

9 June 2005

The Mining Registrar  
Attention: Mr Nathan Brown  
Department of Natural Resources and Mines  
PO Box 19  
Emerald QLD 4720.

Dear Sir

### Mining Lease 70307 Initial Development Plan

1. Plan period.

The period of the initial development plan is five years commencing on 1 January 2005.

2. Overview during whole of lease current term.

The Rolleston Coal mine commenced construction in 2004 following receipt of all necessary approvals. The Rolleston Coal mine is a new export thermal coal mine. Initial production of one million tonnes is scheduled for 2005 and full production of six million export tonnes and two million domestic tonnes is expected in 2008. The project has identified coal resources of approximately 600 million tonnes, including 173 million tonnes of recoverable coal reserves.

The project is an open cut mine utilising two large draglines and railing all export coal to Gladstone. The mine will be developed with three main pit areas: Spring Creek Pit, Bootes Creek Pit and Meteor Creek Pit. Additionally there will be two smaller pits: the BV and BT pits. The mine will be developed from the eastern sub-crop and will proceed to the west. A combination of single seam and double seam dragline stripping techniques will be used on the project.

The mine life is anticipated to exceed 20 years.

3. Mining activities in each year of the plan.

The Rolleston Coal mine production profile is provided in Table 1 and Figures 1 and 2 at the end of this Initial Development Plan.

Major construction of the mine commenced in 2004.

In 2005, activities include dragline assembly, construction of train load-out facility, workshops, roads, offices, water infrastructure and fuel facilities. Dragline excavation of overburden is planned to commence in the third quarter with commercial railing of coal product scheduled for the fourth quarter. Topsoil stripping will continue in 2005.

In years 2006 to 2009, ongoing mining activities across the mining lease will include dragline overburden removal, drilling and blasting, coal excavation, topsoil removal, infrastructure development, exploration drilling, rehabilitation of disturbed ground and coal raiiling.

4. Resources estimated in Mining Lease area.

49-Sch4 - Business/Financial Affairs

5. Reasons why plan is considered appropriate.

This development plan is considered appropriate within the context of the orderly development of the Rolleston Coal mine, taking account of site infrastructure capacity, market capacity and resource size. Recent feasibility studies have confirmed the appropriateness of the plan.

6. CSG Assessment Criteria.

A check of ATP tenements revealed two overlapping tenements with ML70307. The ATPs are 337 and 756. ATP 337 is held by Origin Energy CSG Limited and Santos QNT (No.1) Pty Ltd. ATP 756 is held by OME Resources Australia Pty Ltd.

Gas testing data available to Rolleston Coal Pty Ltd indicates that there is little coal seam gas present. Rolleston Coal mine is an open cut coal mine and the gathering of CSG data is not as high a priority as would be the case on underground mines. With the limited data available to the Rolleston Coal mine operator, there appear to be few prospects of commercial CSG operations.

7. The legitimate business interests of the applicant and the authority to prospect holder.

The Rolleston Coal mine is planned to produce export and domestic thermal coal for over twenty years. Coal output of around 8 million tonnes per annum will be achieved with two large walking draglines. The Joint Venturers have invested in significant infrastructure including the construction of a rail line to enable coal to be delivered to Gladstone. The mine is expected to provide employment for approximately 140 full time equivalent positions over the life of the mine inclusive of contractors.

The Rolleston Joint Venture is a joint venture between Xstrata Coal Queensland Pty Ltd (75%), Sumisho Coal Australia Pty Limited (12.5%) and ICRA Rolleston Pty Limited (12.5%).

The Xstrata group of companies are a significant mining business in several commodities. Coal mines are operated in New South Wales, Queensland and South Africa. The Queensland coal mines are Oak Creek Coal, Newlands, Collinsville, Cook Colliery and Rolleston.

The joint venture partners of the Rolleston Joint Venture spend considerable sums in furthering the exploration for coal resources on the current mining lease and on surrounding exploration permits. In 2005, exploration expenditure outside of the mining lease will be around

OME Resources Australia Pty Limited is a private company of which little public information is available. The Origin Energy and Santos entities holding the ATP are related to listed public companies. According to the Santos web site, Santos are planning only one hole in 2005 in the Bowen basin.

8. The likely effect of proposed coal mining on the future development of petroleum production from the land.

The coal mining operation at Rolleston Coal will involve ground disturbance over a large portion of the mining lease area. Blasting operations will take place in much of the overburden. Access for any potential CSG operator is likely to be impeded by these open pit mining activities. The removal of the economic coal deposits will remove some potential hosts for any coal seam gas.

It is considered unlikely that any commercially viable petroleum production is possible on the land covered by ML 70307.

Yours sincerely

49-Sch4 - Personal Information

Phil Price  
Technical Services Manager  
Rolleston Coal Pty Ltd

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**Table 1 - Rolleston Coal Production Profile 2005 - 2009**


49-Sch4 - Business/Financial affairs

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
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| <b>Xstrata Coal Pty Ltd</b>   |  |
| <b>Rolleston Coal Project</b>   |  |
| Detailed Coal Production Schedule<br>Blocks by 1-Year Steps<br>2 Dragline Scheduling Run Option 2 |  |
| DATE: 8-Jun-2005  | SCALE: To Fit Page   |
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|---|--|
| <b>Xstrata Coal Pty Ltd</b>   |  |
| <b>Rolleston Coal Project</b>   |  |
| Detailed Production Schedule - Truck & Shovel + Dozer<br>Blocks by 1-Year Steps<br>2 Dragline Scheduling Run Option 2 |  |
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