

PART II CONDITIONAL UNDERGROUND LICENCE – GRANTED

WEST CUMBRIA OFFSHORE AREA

LICENCE NUMBER	CA11 / UND / 0185 / N
LICENCE TYPE	Conditional Underground Licence
LICENCE STATUS	Granted
DATE OF GRANT	15 th October 2014
DATE AUTHORISATION COMES INTO FORCE	The first date on which the Licence becomes unconditional, in whole or in part.
IDENTITY OF PERSON TO WHOM LICENCE IS GRANTED	WEST CUMBRIA MINING LIMITED
OTHER PERSONS ENTITLED TO MINE UNDER THE LICENCE	Any Coal-Mining Operations carried out under this Licence may be carried out through any officer, employee or contractor of the Licensee provided that the carrying out of those Coal Mining Operations remains under the control of the Licensee.
AREA TO WHICH AUTHORISATION RELATES	Details attached
DEPTH RESTRICTIONS ON AUTHORISED OPERATIONS	Details attached
OTHER RESTRICTIONS ON AUTHORISED OPERATIONS	Details attached
ANY AREA OF RESPONSIBILITY	Details attached
LICENCE PROVISIONS FOR EXPIRY OF AUTHORISATION	Details attached
LICENCE PROVISIONS FOR THE PURPOSES OF SECTION 58 OF THE 1994 ACT AND LICENCE CONDITIONS REQUIRING THE DISCLOSURE OF INFORMATION THAT MAY BE RELEVANT FOR THE PURPOSES OF SECTION 58 OF THE ACT	<p>Without prejudice to Condition 14.3, all and any information from time to time provided by the Licensee to the Coal Authority pursuant to Conditions 5.2(a), 5.2(b), 5.2(e), 5.2(f), 5.2(g), 5.3, 8.1(a), 8.2, 9 or 12.4(c)(ii) may be disclosed by the Coal Authority for the purposes of replying to the coal-mining searches referred to in Condition 8.2 [Note: Copies of Conditions 14.3, 5.2(a), 5.2(b), 5.2(e), 5.2(f), 5.2(g), 5.3, 8.1(a), 8.2, 9 or 12.4(c)(ii) are available on request from the Coal Authority]</p> <p>All and any information of the description specified above that is disclosed by the Coal Authority for the purposes specified in that Condition shall be treated, for the purposes of section 58 of the Coal Industry Act 1994, as information whose accuracy the Licensee has undertaken to secure.</p>
LICENCE PROVISIONS FOR DETERMINING WHEN AREA CEASES TO BE THE AREA OF RESPONSIBILITY OF THE LICENCE HOLDER	<p>At any time after the Coal Authority has given notice pursuant to Condition 14.2 the Coal Authority may give notice to the Licensee extinguishing the whole of the Area of Responsibility or such part or parts of the Area of Responsibility as may be specified by the Coal Authority in the notice (or further notice(s)).</p> <p>Condition 14.2 provides that, where the Coal Authority has given a notice under Condition 14.1 requiring the Licensee to comply with a final enforcement order (or with a provisional enforcement order that has been confirmed) under Section 31 of the Coal Industry Act 1994, or requiring the remedy of certain breaches of obligations in relation to subsidence damage, and (in either case) the period specified in the notice for this to be done has expired without it having been done, the Coal Authority may give a further notice that the period has expired and this notice shall terminate the permission to carry out coal-mining operations contained in the Authorisation if this permission is still in force.</p>
MODIFICATIONS TO LICENCE PARTICULARS	Licence originally granted for UCG (CA11/UCG/0038/N) but re-classified as underground on 17/03/15 following request from Licensee
DATE OF REVOCATION OF LICENCE OR OF AUTHORISATION TO MINE	-
ENFORCEMENT ORDER IN EXISTENCE (DETAILS ATTACHED IF APPLICABLE)	-
FORM OF SUBSIDENCE SECURITY	To be determined at de-conditionalisation
IDENTITY OF PERSON PROVIDING SECURITY	To be determined at de-conditionalisation
IDENTITY OF TRUSTEE	-
ADDRESS OF TRUSTEE	-

WEST CUMBRIA OFFSHORE AREA

Reference : CA11 / UND / 0185 / N

Coal Industry Act 1994 Part II : Licence Register Details

THE AUTHORISATION

THE COAL AUTHORITY ("the Authority"), subject to the conditions and other provisions of this Licence **HEREBY AUTHORISES** the Licensee (as defined in Condition 1) for the period of twenty five (25) years, beginning on the first date on which this Licence becomes unconditional, in whole or in part, in satisfaction of the requirements specified in Condition 22 of this Licence, to carry out Coal-Mining Operations (as defined in Condition 1) and Ancillary Operations (as defined in Condition 1) within the Licensed Area (as defined in Condition 1) in compliance with the restrictions and conditions referred to in Schedule 3.

4. AREA OF RESPONSIBILITY

4.1 Subject as mentioned in Conditions 4.2 and 17.1 and to any extinguishment under Conditions 4.3 or 15.3, for the purpose of Part III of the 1994 Act the Area of Responsibility shall be :-

4.1.1 the area delineated by the centre of the blue line(s) shown on Plan A and any further area which the Licensee may from time to time by notice to the Authority request and to which the Authority has agreed, subject to that further area not being an area which is within the area of responsibility for the time being designated under any other licence; and

4.1.2 such area as the Authority may from time to time stipulate to the Licensee and having a maximum surface boundary :-

(i) determined by :-

(A) taking a series of points :-

(1) on the perimeter of any Coal-Mining Operations (being Coal-Mining Operations or Ancillary Operations which would cause or be likely to cause ground movement at the surface) shown on any plan submitted to the Authority from time to time under Condition 5.2(f) and which the Licensee proposes working during the period of two years to which that plan relates; and

(2) at each place at which there is any material change of direction or depth of the relevant seam;

(B) projecting from each of those points a line :-

(1) outwards and upwards from the relevant seam at 35° from a line perpendicular to that seam; and

(2) so as to intersect the surface of the land and/or the seabed above;

(C) joining up consecutively the points at which each line referred to in sub-paragraph (b)(i)(B) of this Condition intersects the surface there mentioned; and

(ii) adjusted having regard to either or both of the following factors and to no others :-

(A) the effect on potential ground movement of any geological or other condition (whether naturally occurring or not) in, or likely to be found in, the locality; and

(B) any Subsidence Damage which has been caused or is likely to be caused as a result of any Coal-Mining Operations or Ancillary Operations which have been carried out or are planned to be carried out within the Licensed Area;

but not being an area which is within the area of responsibility for the time being designated under any other licence.

- 4.2 If any part of the Area of Responsibility and any part of an area of responsibility under any other licence are at any time contiguous, the Authority may by notice to the Licensee and the licensee holding that other licence direct that the Area of Responsibility and the area of responsibility under that other licence shall be varied in accordance with a request to the Authority (to which the Authority has agreed), made jointly by the Licensee and that other licensee, to adjust the boundaries of the Area of Responsibility and that other area of responsibility.
- 4.3 The Authority may give notice to the Licensee extinguishing the whole of the Area of Responsibility or such part or parts of the Area of Responsibility as may be specified by the Authority in the notice (or further notice(s)) :-
- a) at any time after the Authority has given notice pursuant to Condition 14.2; or
 - b) at any time after the appointment of an Insolvency Officeholder acting in relation to the Licensee; or
 - c) immediately before exercising the power to revoke the Licence pursuant to Condition 15.1.
- 4.4 Immediately following any extinguishment under Condition 4.3 of the whole or any part of the Area of Responsibility, and if demanded by the Authority, there shall become due as a debt payable by the Licensee to the Authority, within thirty Working Days of a demand given by the Authority to the Licensee, such sum as the Authority determines is equal to the total anticipated cost of any claims (including the likely cost of dealing with such claims) which have then been made or which are then likely to be made in relation to any Subsidence Damage occurring or which may then be likely to occur within the Area of Responsibility or the part of it extinguished (as the case may require) (but only to the extent that those claims have not then been satisfied or otherwise disposed of).
- 4.5 Any extinguishment under Condition 4.3 of the whole or part of the Area of Responsibility shall be without prejudice to any other power, remedy or right of the Authority against the Licensee or any other person.
- 4.6 In the event of any variation of the Area of Responsibility such variation shall be recorded by the Authority.

14. LICENSEE'S DEFAULT AND TERMINATION OF COAL-MINING RIGHTS

- 14.1 Without prejudice to any other power, remedy or right of the Authority :-
- (a) if the Licensee fails to comply with a final enforcement order (within the meaning of Section 31 of the 1994 Act) or with a provisional enforcement order (within the meaning of that Section) which has been confirmed under that Section; or
 - (b) if the Licensee is guilty of persistent or substantial breaches of any of the Conditions of this Licence or any other licence issued by the Authority to the Licensee or any other Licensee's Group Company relating to any of the Authority's Property or any other document or agreement between the parties which is supplemental hereto or is entered into or pursuant to or in accordance with the Conditions hereof or if the Licensee fails to observe any duty imposed by, or any duty arising under, the 1991 Act or, in relation to Subsidence Damage, the 1994 Act or any obligations imposed by the owner of the seabed; or
 - (c) if the Licensee fails to comply with the Working Obligations as defined in Schedule 4
- then the Authority may give notice to the Licensee and any Approved Chargee specifying the failure to comply or breach in question and requiring it to be remedied within such period as the Authority may reasonably require (being not less than ten Working Days).
- Provided that no notice shall be given by the Authority pursuant to this Condition on the grounds mentioned in paragraph (a) above before the expiration of the period within which an application under Section 33 of the 1994 Act can be made questioning the validity of the final or provisional enforcement order or before proceedings relating to any such application are finally determined. Provided further that where the Authority is satisfied that any failure to comply or breach specified in a notice given by the Authority pursuant to this Condition has been remedied, the Authority shall give the Licensee and any Approved Chargee notice to that effect.

- 14.2 Where the Authority has given a notice pursuant to Condition 14.1 and any failure to comply or breach specified in such notice continues after the expiration of the period specified in the notice for remedying any such failure to comply or breach, the Authority may, at any time after the expiration of such period, give notice to the Licensee and any Approved Chargee to that effect, and where prior to such notice the Authorisation granted by this Licence is still in force, a notice given pursuant to this Condition shall terminate forthwith such Authorisation and the notice shall contain a statement to that effect.
- 14.3 Upon the termination of the Authorisation granted by this Licence under Condition 14.2 or Condition 15.1 or by reason of the expiration of the period specified in the Authorisation, the Licensee shall forthwith permanently discontinue all Coal-Mining and Ancillary Operations within the Licensed Area and shall not subsequently recommence them, provided that such requirement to discontinue any Coal-Mining and Ancillary Operations does not extend to any which it may be necessary for the Licensee to carry out to effect an orderly and speedy discontinuation of any Coal-Mining and Ancillary Operations which may have been carried out within the Licensed Area.
- 14.4 Any termination of the Authorisation granted by this Licence under Condition 14.2 or Condition 15.1 or by reason of the expiration of the period specified in the Authorisation shall not relieve the Licensee from any obligation or liability imposed by or arising under this Licence.

15. REVOCATION

- 15.1 The Authority may revoke this Licence :-

- (a) in respect of the whole of the Licensed Area :-
- (i) by notice to the Licensee and any Approved Chargee given at any time after the Authority has given notice pursuant to Condition 14.2;
 - (ii) if the Licensee for the time being is a body corporate or if the Licensee for the time being comprises persons any of which is a body corporate, and that Licensee or each of those bodies corporate is dissolved as provided by the 1985 Act, the 1986 Act or any other legislation having similar effect;
 - (iii) if the Licensee for the time being is an individual or if the Licensee for the time being comprises persons any of whom is an individual, and if that Licensee or each of those individuals is adjudged bankrupt and the interest of the Licensee in this Licence is not transferred in accordance with its conditions to some other person or persons within six months after the making of a bankruptcy order against that Licensee or against each of those persons (as the case may require);
 - (iv) if the Licensee or any one or more of the persons comprising the Licensee become subject to any insolvency proceedings including liquidation, bankruptcy or administration or an arrangement or composition with its creditors by which an Insolvency Officeholder is appointed to run the Licensee's affairs within the jurisdiction of England, Wales and Scotland;
 - (v) if the interest of the Licensee in this Licence is not transferred in accordance with its conditions to some other person or persons within 6 months after the appointment of an Insolvency Officeholder;
 - (vi) if the Licensee for the time being is a Scottish partnership and if that partnership is, or each of the partners are, sequestrated and the interest of the Licensee in this Licence is not transferred in accordance with its Conditions to some other person or persons within six months of the award of sequestration against that Licensee or against each of the partners (as the case may require);
 - (vii) if the Licensee or any one or more of the persons comprising the Licensee, becomes subject to any insolvency proceedings analogous or similar to liquidation, bankruptcy or administration or an arrangement or composition with its creditors by which a person analogous to an Insolvency Officeholder is appointed to run the Licensee's or that person's affairs under a jurisdiction other than England, Wales and Scotland; or
 - (viii) by notice to the Licensee and any Approved Chargee given at any time after the Lease has terminated for any reason;

- (b) at the request of the Licensee, in respect of the whole of the Licensed Area or such part of it as the Licensee may request and on such terms as the Authority may require.
 - 15.2 Where the Authority has grounds to revoke this Licence pursuant to Condition 15.1(a)(vii), the Authority may instead of revoking this Licence vary the provisions of this Licence as the Authority considers appropriate in the circumstances.
 - 15.3 The Authority shall, at the request of the Licensee, revoke this Licence and may extinguish the Area of Responsibility provided that all of the following conditions have been satisfied :-
 - (a) the Licensee's request for revocation of this Licence is made at any time after the expiration of a period of five years from the permanent cessation of all Coal-Mining Operations authorised by this Licence;
 - (b) the Licensee has delivered to the Authority copies in a written form (or in such form as the Authority may approve) of the Records referred to in Condition 8.4; and
 - (c) the Licensee has paid to the Authority a Commutation Payment in such sum as may be agreed between the Authority and the Licensee (both parties acting reasonably) calculated in accordance with the provisions of Condition 4.4 (*mutatis mutandis*) as at the anticipated date of revocation under this Condition.
 - 15.4 Any revocation of this Licence under Condition 15.1 or Condition 15.3 shall be without prejudice to any other power, remedy or right of either party.
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22. CONDITIONALITY

- 22.1 If the provisions of this Licence (apart from those referred to in Condition 22.2) have not taken effect in relation to part (including the whole) of the Maximum Licensed Area by the date specified in Part 1 of Schedule 5, this Licence (including this Condition 22) shall thenceforth cease to have any further effect in respect of that part (save for any right or remedy of the Authority against the Licensee for any antecedent breach of the terms of this Licence).
- 22.2 Subject to Condition 22.1, the Authorisation granted by this (apart from Conditions 1, 2, 9, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21 and this Condition 22) shall not take effect in relation to any part of the Maximum Licensed Area unless and until such time as the Licensee is or has become a party to the Interaction Agreement and all the conditions mentioned in Part 2 of Schedule 5 are fulfilled in relation to such part.

SCHEDULE 2

Part 1

Maximum Licensed Area

The area comprising :-

1. Access Boreholes together with all roadways and other underground spaces used in connection with the winning, working or getting of Coal or product of Coal from the Specified Seams which are within the area edged red on the Plan; and
2. (to the extent not covered by paragraph 1 above) the seabed shown edged red on the Plan down to a depth, at any point, which is 1,000 metres below the deepest Specified Seam beneath that point.

Part 2

The Specified Seams

Such parts of all coal seams that lie at a depth of two hundred metres or greater beneath the surface area of 10,125 hectares or thereabouts in the Irish Sea that is shown edged red on the Plan.

Part 3

Licensed Area

The part or parts (if any) of the Maximum Licensed Area in respect of which all the provisions of this Licence are fully in effect in accordance with Condition 22.

SCHEDULE 4

Working Obligations

1. The provision to the Authority, annually from the date of this Licence, of all information requested by the Authority for the purpose of the performance of the Authority's duties under sections 2(1)(b) and 2(2)(a) of the 1994 Act, in particular evidence of :-
 - a. continued funding for the project development;
 - b. continuing financial stability of the Licensee and the progress and viability of the project.
2. The determination of a JORC-compliant measured resource to establish the amount and quality of coal within the Maximum Licensed Area
3. The carrying out of a Pre-Feasibility Study to see if the Whitehaven Coking Coal project, of which this Licence forms a part, is viable.
4. The carrying out of a Definitive Feasibility Study to cover all aspects of permitting and engineering required for the Whitehaven Coking Coal project, of which this Licence forms a part.

SCHEDULE 5

Part 1

Date by which Conditions Precedent are to be satisfied

1. The Conditions Precedent are to be satisfied no later than five (5) years from the first date on which this Licence becomes unconditional, in whole or in part,.
2. Where there are reasonable grounds for extending the period described in paragraph 1 above and there has been no breach of any obligation of the Licensee pursuant to this Licence, the Authority shall not unreasonably refuse to extend this period for such time as is reasonable but any such extension may be made subject to such reasonable and proper further fees, consideration and conditions as the Authority reasonably thinks fit including satisfaction of the Working Obligations as described in Schedule 4 and the provision of appropriate information so that the Authority can discharge its duties under Section 2(1)(b) and 2(2)(a) of the Coal Industry Act 1994.

Part 2

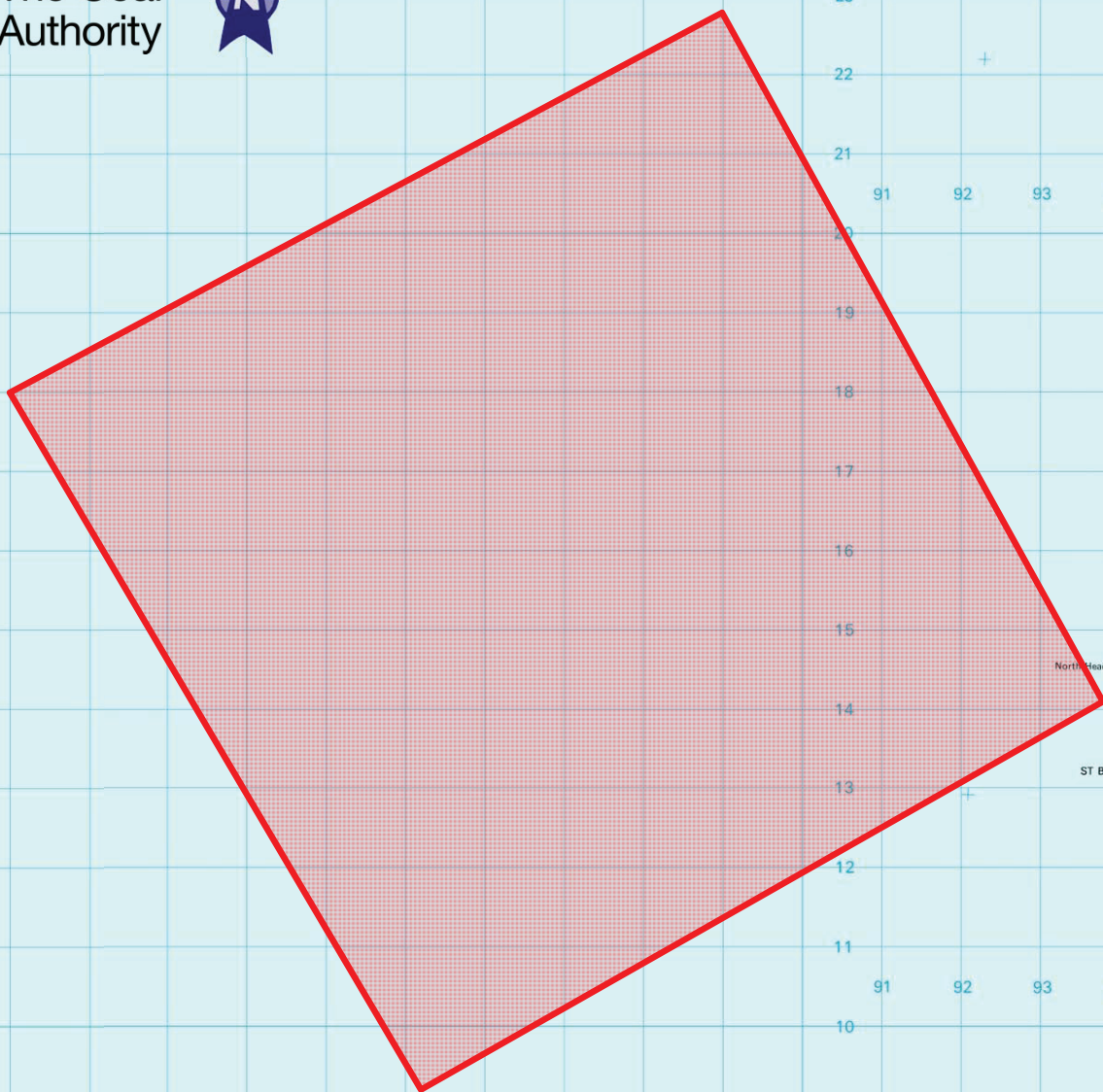
Conditions Precedent

1. The Licensee has served a valid notice pursuant to the Option Agreement in relation to the relevant part of the Maximum Licensed Area so as to entitle the Licensee, subject to the provisions of paragraph 3.2 of the Third Schedule to the Option Agreement, to be granted a lease of the Coal in the relevant part of the Maximum Licensed Area.
2. The Planning Condition Precedent as described in Paragraph 2.3 of Schedule 2 to the Option Agreement has been satisfied.
3. The Licensee has secured the necessary surface and/or seabed access rights to carry out Coal-Mining Operations in the relevant parts of the Maximum Licensed Area.
4. The Licensee has secured all other rights and permissions necessary to carry out Coal-Mining Operations in the relevant parts of the Maximum Licensed Area.
5. The Licensee has supplied all information requested by the Authority for the purpose of the performance of its duties under sections 2(1)(b), 2(1)(c), 2(2)(a) and 2(3) of the 1994 Act.
6. The Licensee has become a party to the Interaction Agreement.
7. Where :-
 - (a) all the above Conditions Precedent are fulfilled in respect of the relevant part of the Maximum Licensed Area; and
 - (b) the Authority has not, within one calendar month of receipt of the Licensee's notice pursuant to paragraph 4.1 of the Option Agreement, notified the Licensee that :-
 - (i) it requires further information to be supplied for the purpose aforesaid, or
 - (ii) it has decided, in the performance of its duties under sections 2(1)(b) and 2(2)(a) of the 1994 Act, that the Licence should not become unconditional in relation to such parts of the Maximum Licensed Area; and
 - (c) the Licensee has given notice to the Authority referring to this Condition 7;

this Condition 7 shall be construed as if the Authority had at the expiry of the said period of one calendar month served the Licensee with a notice that the Licence had become unconditional in relation to such part.



The Coal
Authority



WEST CUMBRIA OFFSHORE AREA

Underground
Conditional Licence and
Exploration Licence

Ref: CA11 / UND / 0185 / N

Scale 1/100,000

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Maximum Licence Area and
Exploration Licence Area