

Update on Exploration Program Regulation

On 15 April 2014, the NSW government commissioned Mr Bret Walker SC to undertake an independent review of the land access arbitration processes relating to exploration under the Mining Act 1992 (Mining Act) and the Petroleum (Onshore) Act 1991 (Petroleum (Onshore) Act).

The outcome of the review resulted in a report, Examination of the Land Access Arbitration Framework (the Walker Report), which made 31 recommendations to improve the arbitration land access framework. The government intends to implement the recommendations progressively including through administrative means where necessary, while legislative amendments are prepared. It is anticipated that amending legislation will be introduced to the NSW Parliament during 2015.

Ridgелands acknowledges that the NSW Government has committed to embracing Mr Walker's recommendations, noting a number of these will require legislative change to put into effect. Ridgелands also intends to accept all changes relating to the land access arbitration process adopted by the NSW Government once they are implemented.

Of particular interest to landholders is Recommendation 25:

*'A Landholder is entitled as part of the negotiation and arbitration of an access arrangement to have the following costs paid by an explorer: Their time spent negotiating and arbitrating the access arrangement up to a capped amount'.*

As part of implementing Mr Walker's Recommendation 25 the NSW Government is planning to appoint an independent expert to consult with stakeholders in the development of an appropriate cost model. The government would then seek to amend the legislation accordingly and implement this recommendation. At this time Ridgелands would retrospectively apply and pay any additional compensation due to all relevant Landholders in the EL.

However, it is important to note that Ridgелands is endeavouring to continue face-to-face negotiations for land access in good faith and is contributing to legal costs as per the guidelines and Ridgелands has no plan to pursue arbitration or other legal avenues as outlined in Clause 14 of the Deed of Access at this stage.

Ridgелands Exploration Project

The Ridgелands exploration project team have been out in the community since October 2014 and have been meeting with landholders and key stakeholders in relation to the project. To date, a total of 45 landholders have participated in discussions. The program is continuing and this information sheet provides an update on our progress.

Landholder Engagement

Landholder discussions have been progressing well, with 45 of 66 (71 percent) landholders in the exploration area having met with the project team personally. The purpose of these meetings has been to provide an overview of the exploration program and for landholders to gain a better understanding of the project first hand.

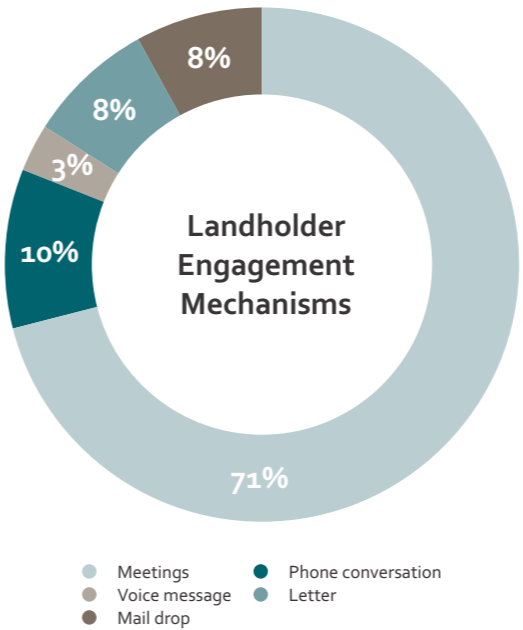
Meetings have largely been in person, with a small proportion of telephone conversations. Where personal contact has not been able to be made, we have left messages and placed letters through the mail box. If you fall within the licence area and haven't been contacted yet, please don't hesitate to call us and we will arrange a time to come out and see you.

Your Issues

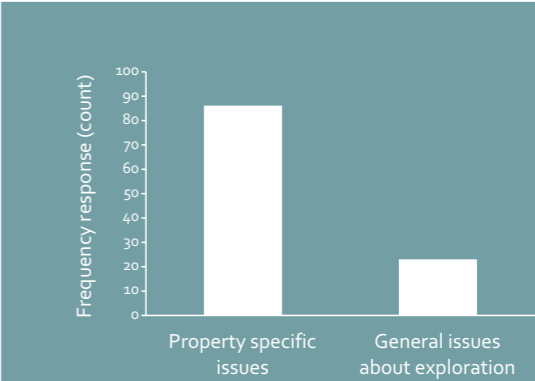
Some of the issues raised by landholders participating in the community engagement related to:

- the broader concept of coal mining in the region;
- operational details relating to the overall exploration program; and
- potential impacts of exploration activities on individual properties.

These were grouped as either those issues relating to individual properties and potential impacts from mining and exploration processes more generally. Overall landholders were more concerned about issues relating to their individual property than issues generally about exploration at this stage.



Please also let us know if your details change so we can keep you informed of activities as the program progresses.



Stakeholder concerns relating to the Ridgелands Exploration Project

Further Information

Ridgелands welcomes your feedback about the exploration program especially as it moves into the drilling phase. Please feel free to get in touch to highlight any questions or concerns either by phone, email or though the website. We are keen to receive your feedback and to answer any questions you may have about the project.

We would like to thank all landholders who have been involved in the process to date. We look forward to further working with you as the project moves into the drilling phase.

Community contact details:

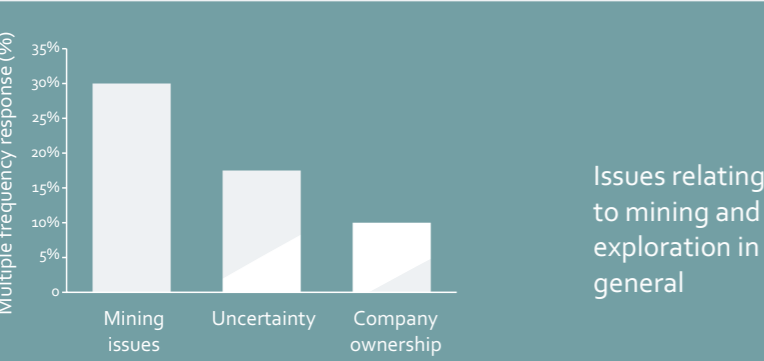
**Website:** [www.ridgелandsresources.com.au](http://www.ridgелandsresources.com.au)  
**Email:** [contact@ridgелandsresources.com.au](mailto:contact@ridgелandsresources.com.au)  
**Phone:** 1800 137 958



▲ Field inspection

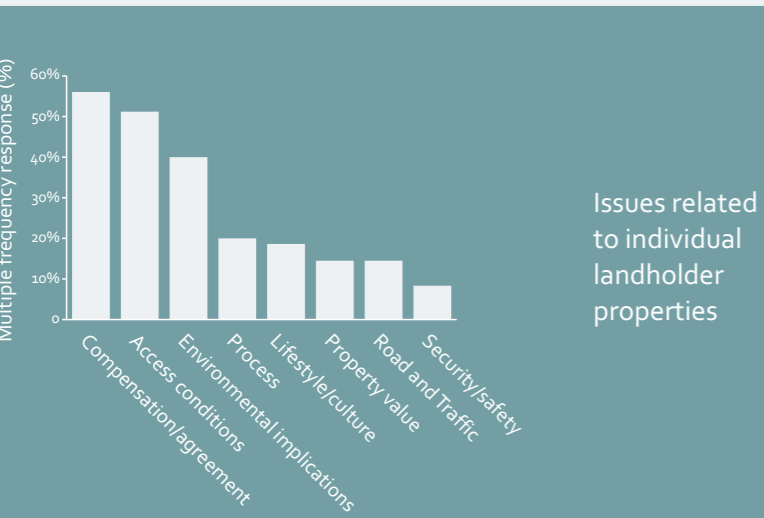
Your Issues (cont.)

Landholders commonly raised concerns about mining and exploration generally (31%) given other mining developments in the region. Landholders were also concerned about the high level of uncertainty in relation to timing and current market conditions (18%) and the future of company ownership (10%).



Landholders were most concerned about their specific exploration agreement and negotiating compensation (56%) and additionally discussing conditions of access to their properties (51%). The environmental implications of the drilling program were also commonly raised e.g. noise and dust (41%).

Other potential impacts to landholder properties such as, impacts to property values, lifestyle, culture, traffic and deterioration of the roads were also noted.



Landholders were encouraged to utilise the Annexure C (Farm Protocols) and Annexure D (Special Conditions) of the Deed of Access, to ensure that their interests and specific circumstances were being taken into account during exploration. While many access agreements have been signed, discussions are ongoing with other landholders.



▲ Pre-drilling inspections



▲ Review of environmental factors

Drill site inspections

Since February 2015 pre-drilling inspections have been completed for a number of proposed drill sites. Drill site inspections must be completed prior to drilling commencing and are a requirement of the licence conditions. These inspections are being undertaken by accredited experts and include surveys for threatened flora and fauna species and cultural heritage.

Review of Environmental Factors

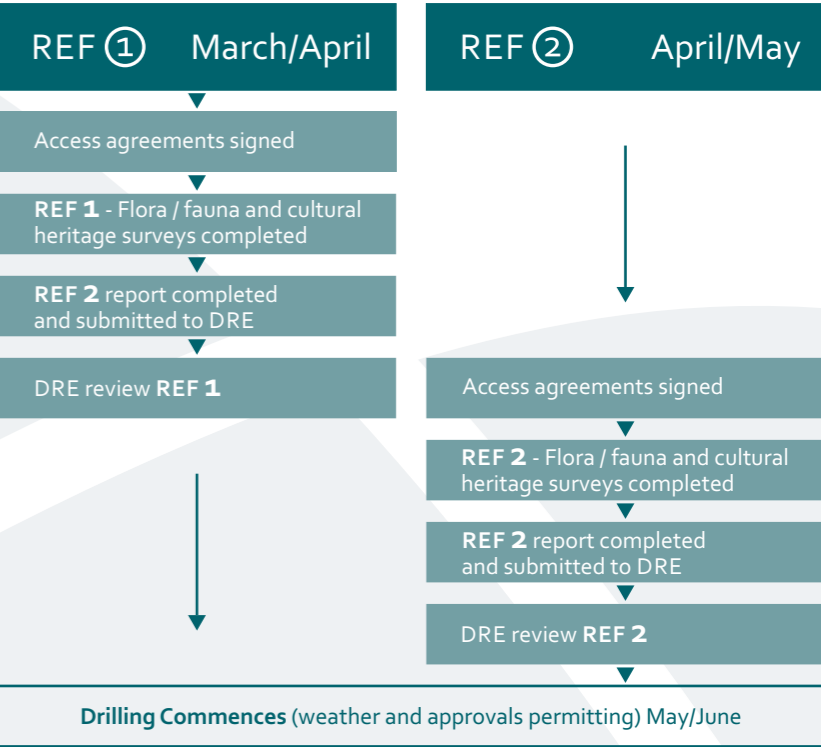
Upon completion of the drill site inspections, the survey findings are incorporated into a report titled: A Review of Environmental Factors (REF). The REF serves three main purposes.

- **Firstly**, the REF will document potential impacts from exploration activities to threatened flora and fauna species and cultural heritage identified during the surveys;
- **Secondly**, the REF will outline various mitigation and control measures Ridgeland will be required to put in place to minimise impacts to any threatened flora and fauna species and cultural heritage; and
- **Thirdly**, the REF will outline environmental controls required to manage operational issues including noise control and monitoring requirements, traffic management, dust management, handling and storage of drilling supplies, access and security of drill sites.

Once finalised the REF will require approval from the NSW Department of Trade and Investment - Division of Resources and Energy (DRE) before drilling can commence. The first REF report was submitted in March 2015 for approval by the DRE, with any recommendations also incorporated.

Commencement of Exploration Drilling

Drilling in the Ridgeland licence will be carried out in phases after land access agreements and relevant REF approvals are in place. The drilling sites will then be prepared and drilling crews mobilised to these drill sites. Individual landholders will be kept fully informed by SRK and its representatives regarding drill rig movements on their property. The following diagram illustrates this process and sequence of these phases.



Who will be undertaking the drilling?

SKR have appointed a local drilling company to carry out the drilling and the drilling program has been designed to minimise impact to resident's local amenity and lifestyle. It is envisaged one drill rig will be mobilised in May, with a second mobilised shortly afterwards.

Residents may see periodic movements of the drill rig/s and other equipment on public roads, as well as traffic movements of geologists, drilling company personnel, and various other project related personnel.

Some noise will be generated by the machinery during drilling and noise modelling has been undertaken to assist in the positioning of drill locations to adhere to strict licence conditions and minimise disruption to residents. Noise monitoring will be undertaken at intervals during drilling to ensure noise thresholds are not exceeded.

Drilling is not expected to generate odour, or dust as water-based drilling methods will be utilised.

Management of any dust created from an increase in traffic on existing dirt roads and drill site access tracks will include a combination of vehicle speed limits and use of a water cart. Management controls will be documented in the various REF reports.