

MINE CLOSURE REPORT

FOR

PAREJ EAST OPEN CAST PROJECT (1.75 MTY)

(CENTRAL COALFIELDS LIMITED)



JULY 2012

Regional Institute – III
Central Mine Planning & Design Institute Ltd.
(A Subsidiary of Coal India Ltd.)
Gondwana Place, Kanke Road
Ranchi-834008, Jharkhand

INTRODUCTION

1.1 About the Mine

The project report for Parej East OCP with output of 1.75 MT of ROM coal per annum, was prepared by CMPDI RI-3 in June 1988. The total mineable reserve was estimated as 41.45 MT and the volume of OB was estimated as 114.78 mm³ with an average stripping ratio of 2.77 mm³/MT.

Presently, Parej-East open cast (1.75 MTY) is in operation in overlying seams (Seam-II (Bottom) to Seam-V).

Details of Mine

The Parej East Open Cast project is located in the southern sector of the Parej East Block It is in the north-central part of West Bokaro Coalfield and lies between latitudes 23°48'20" N and 23°50'30" N and longitudes 85°30'50"E and 85°33'50" E. The block is covered by the Survey of India toposheet No.73 E/9 (1" = 1 mile) and Bokaro Coalfield toposheet No.1 and 2 (4" = 1 mile). Aerial photographs on behalf of CMPDIL have also covered the area.

The life of the mine at the time of preparation of PR was estimated as 20 years. As per existing status of the mine, the estimated remaining life of this mine is 11 years.

1.1.1 Name of mine owner / company

Project----- Parej East OCP
Area----- Hazaribagh Area
Company-----Central Coalfields Limited
Mine Owner---Director (Technical)(Operation), CCL

1.1.2 Address for Communication

Project----- Parej East OCP
Nearest Railway station ----- The Danea Railway station, located near the foot of the Lugu Hill in the north eastern part of the West Bokaro Coalfields on the Gomo- Barkakana loop line of the south-eastern railways is about 21 km from the eastern boundary of the block and is approachable from Laiyo by a fair-weathered dirt tract road.
District----- Hazaribagh.
State-----Jharkhand.

1.1.3 Location of mine:

Project----- The Parej East Open Cast project is located in the southern sector of the Parej East Block It is in the north-central part of West Bokaro

Coalfield and lies between latitudes $23^{\circ}48'20''$ N and $23^{\circ}50'30''$ N and longitudes $85^{\circ}30'50''$ E and $85^{\circ}33'50''$ E. The block is covered by the Survey of India toposheet No.73 E/9 (1" = 1 mile) and Bokaro Coalfield toposheet No.1 and 2 (4" = 1 mile). Aerial photographs on behalf of CMPDIL have also covered the area.

The Danea Railway station, located near the foot of the Lugu Hill in the north eastern part of the West Bokaro Coalfields on the Gomo- Barkakana loop line of the south-eastern railways is about 21 km from the eastern boundary of the block and is approachable from Laiyo by a fair-weathered dirt tract road.

Area----- Hazaribagh area

Latitude----- $23^{\circ}48'20''$ N and $23^{\circ}50'30''$ N

Longitude----- $85^{\circ}30'50''$ E and $85^{\circ}33'50''$ E.

1.1.4 Date of start & Life of mine:

Life of mine as per PR ----- 20 years

Estimated remaining life of mine (as on 01.04.12) ----- 10 years

1.1.5 Total Project Area:----- 379 Ha

1.1.6 Communication

Parej East Block is connected from the National Highway No.33 between Ranchi and Hazaribagh by an all weather road leading from Charhi to the Laiyo block . The NH-33 is about 12 Km from the North-Western end of the block. Ranchi and Hazaribagh towns are approximately 90 and 30 Km from the block. The block is also accessible by another all weather road connecting Giddi Washery, Ghato and Kedla block, which is about 8Km from Parej Block.

Parej East Block is connected from the National Highway No.33 between Ranchi and Hazaribagh by an all weather road leading from Charhi to the Laiyo block . The NH-33 is about 12 Km from the North-Western end of the block. Ranchi and Hazaribagh towns are approximately 90 and 30 Km from the block. The block is also accessible by another all weather road connecting Giddi Washery, Ghato and Kedla block, which is about 8Km from Parej Block.

1.1.7 Topography of the area

The topography of Parej East Block is undulating with occasional mounds and intervening depression occupied by paddy fields. The northern and north-westerly eastern parts of the area are however, uneven, rugged and hilly. The elevation of the area varies from 364.41 m to 428 m. above mean sea level.

The South-westerly flowing Bokaro River, which marks in part the Southern limit of the block, and its tributaries form the most important drainage channel in the area. The Chutua nala, a prominent tributary of the Bokaro River, flows eastwards along the northern part of the block.

1.2 Reasons for Closure

To restore the disturbed area after extraction of planned quantity of coal, to the acceptable limit of local community and regulatory authority.

1.3 Need of mine closure planning

- 1.3.1 Mining activities leave long lasting impacts on the landscape, ecology and on local inhabitants. These activities disturb the delicate environmental and social equilibrium that exists in its area of influence. Hence, it becomes imperative on part of the mine operator to restore the equilibrium in the mine affected area that existed in the pre-mining period. Thus, any mining venture must have adequate closure plan, aimed at rehabilitation of disturbed area, which should be acceptable to local community as well as regulatory authority.
- 1.3.2 Mine closure encompasses rehabilitation process designed to restore physical, chemical and biological quality disturbed by the mining activities. Mine closure is not just something that happens at the end of a mine's life rather mine closure is an ongoing series of decisions and activities beginning in the pre-mining stage of mine and ending with a sustainable site that can be returned to the community.
- 1.3.3 Thus, a Mine closure plan needs to define the liabilities, responsibilities and authorities of the different agencies like the mine management, other regulatory bodies, Central and State Governments after mine closure. Various objectives of the advance mine closure planning are as follows:
- a. To allow productive and sustainable after-use of the site, which is acceptable to the mine owner and the regulatory authority
 - b. To protect public health and safety
 - c. To eliminate environmental damage and thereby encourage environmental sustainability
 - d. To minimize adverse socio-economic impacts of mining activities
 - e. To protect the flora and fauna of the area affected by the mining
 - f. Effective use of the assets created in course of mining
- 1.3.4 Primarily, the mine closure activities are planned in two stages. The initial plan identifies the activities required to be executed as the mining activities progress after the inception of the Project. These activities may undergo subtle changes depending upon the actual site condition during implementation. Finally, a detailed closure plan is to be prepared 4-5 years before the actual closure time of the mine depending upon the existing parameters at that point of time.

Plans Enclosed

The following surface plans have been enclosed along with this mine closure report plan:

- a. Pre mining Land use plan of core zone
- b. Quarry & Dump Plan at the end of mining.
- c. Post mining land use plan with reclamation.

Financial Provisions

Mine Closure activities of Parej East OCP would be a constant exercise for the mine which would begin with the commencement of mining operations and continue till post closure. The mine closure activities would naturally entail certain expenditures, which will have to be borne by the mine operator.

2.1 Revenue expenditures

This would cover the activities which are being executed along with normal mining operation and would continue to be executed in course of execution of the Project. The cost of progressive mine closure activities is already part of the project cost.

2.2 Expenditures to be incurred just prior to actual mine closure and in the post closure period

- 2.2.1 As per MOC guidelines, a corpus escrow account @ Rs. 6.0 lakhs per Ha of the property leasehold shall be opened with the coal controller organization to meet the expenses of final mine closure. Thus the total expenditure on this front may be calculated in following manner:

The cost expenditure after closure of mine will be met from the corpus escrow account deposited by the mine operator. However, the additional amount beyond the escrow account will be provided by the mine operator after estimating the final mine closure cost five years prior to mine closure (as per the mine closure guideline).

The progressive mine closure will deal the land reclamation as per the calendar plan of project report. The cost of progressive land reclamation is already part of the project cost. Therefore, the escrow account for mine closure will deal only the final mine closure.

The detail of escrow account

The total mine lease area is **379** Ha, so the corpus based on August, 2009 rate is Rs. 2274 Lakh @ Rs. 6.0 Lakh/Ha of lease area. The wholesale price index in August, 2009 and April 2012 is 129.60 and 163.50 respectively. So the current value of corpus is Rs $2274 \times 163.50 / 129.60$ Lakh, which comes to Rs. 2868.82 lakh. The provision for mine closure expenditure made in the accounts of 2010-11 and 2011-12 for Parej East OCP is 388.48 Lakh. So the net corpus has become Rs. $(2868.82 - 388.48) =$ Rs. 2480.34. Since this is an operating/existing mine, this corpus is to be divided by balance life of mine. The balance life of the mine is 10 years. So, by dividing by 10 years, the

annual corpus comes to Rs. 248.03 Lakh. This amount is to be deposited in escrow account every year with 5% escalation.

ESCROW ACCOUNT

Parej East OCP

1) Current value of Corpus (Total project area x 6x163.50/129.6, fig. in Rs. Lakh)	2868.82
2) Provision for MCP made in the accounts of 2010-11 and 2011-12 (in Rs. Lakh)	388.48
3) Net corpus for MCP (Total corpus - Provision made in the accounts of 2010-11 and 2011-12) (in Rs. Lakh)	2480.34
4) Balance Life of mine as on 1.4.12 (in years)	10
5) Annual corpus (Net corpus / Balance life, in Rs. Lakh)	248.03
Year	Amount in Lakh (Rs.)
1	248.03
2	260.43
3	273.45
4	287.12
5	301.48
6	316.55
7	332.38
8	349.00
9	366.45
10	384.77
Total	3119.66

As per above an amount will be deposited every year up to the last year of mine life. The amount calculated by the above formula shall be deposited every year by CCL in the Escrow amount opened with the Coal Controller organization in a scheduled Bank. An agreement, outlining detailed terms and conditions of operating the said Escrow Account shall be executed amongst CCL, the Coal Controller and the commercial Bank.

However the additional amount beyond the escrow account, if any estimated later on, will be provided by the mine operator after estimating the final mine closure cost five years prior to mine closure (as per the mine closure guideline).

The details of Mine Closure Cost

The above escrow account will meet the cost of different activities of Mine Closure cost which is given in the table below:

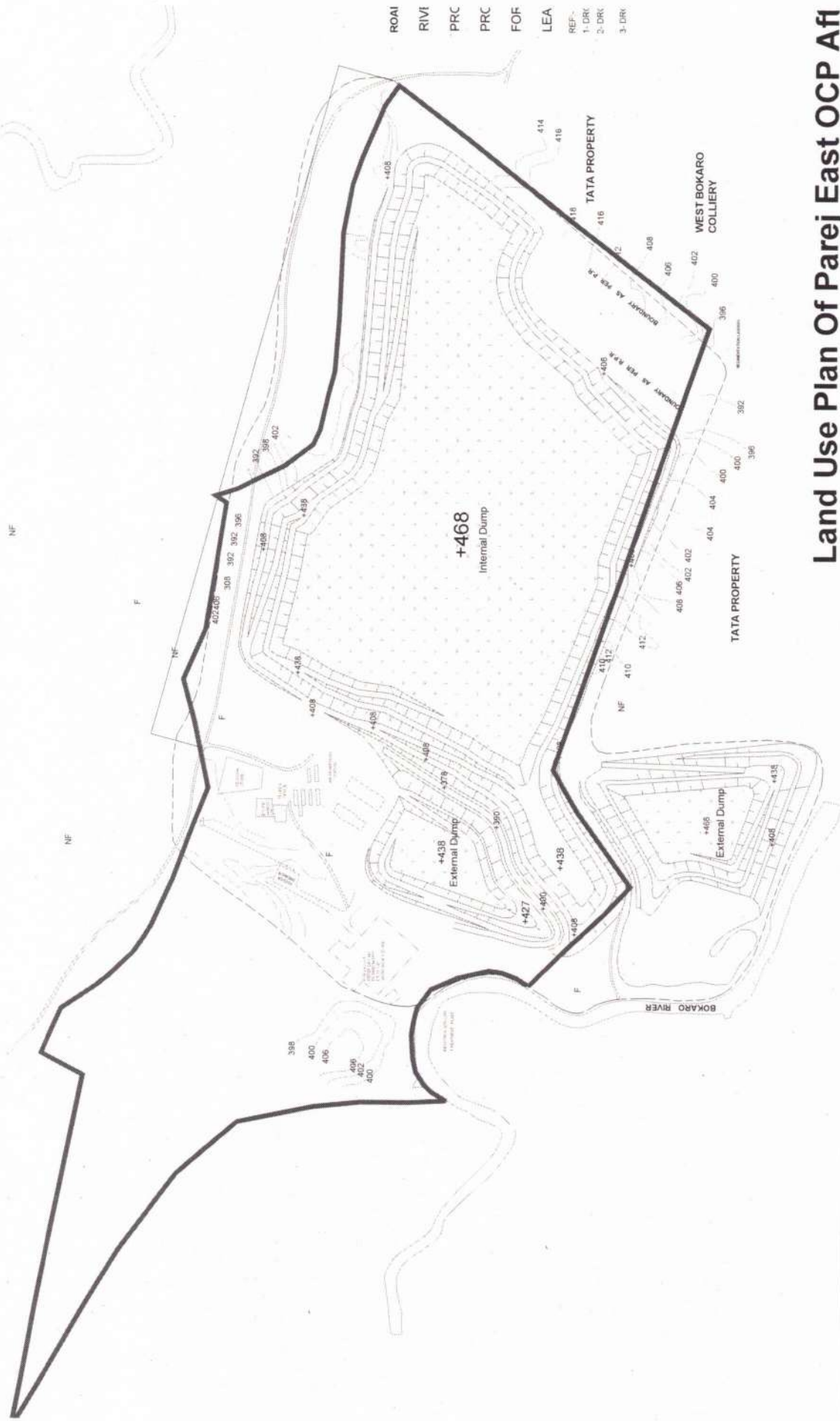
SL. NO.	ACTIVITY	% OF TOTAL MINE CLOSURE COST	AMOUNT IN LAKH (RS.)
A	Dismantling of Structures		
	Service Buildings	0.20	7.02
	Residential Buildings	2.67	93.67
	Industrial structures like CHP, Workshop, field sub-station etc.	0.30	10.52
B	Permanent Fencing of mine void and other dangerous area		
	Random rubble masonry of height 1.2 metre including levelling up in cement concrete 1:6:12 in mud mortar	1.50	52.62
C	Grading of highwall slopes		
	Levelling and grading of highwall slopes	1.77	62.09
D	OB Dump Reclamation		
	Handling/ Dozing of external OB Dump in to mine void	88.66	3110.32
	Bio-reclamation including soil spreading, plantation and maintenance	0.40	14.03
E	Landscaping		
	Landscaping of the clear land for improving its esthetic	0.30	10.52
F	Plantation		
	Plantation over area obtained after dismantling	0.50	17.54
	Plantation around the fencing	0.20	7.02
	Plantation over the cleared off external OB Dump	0.02	0.70
G	Monitoring/ Testing of paramaters for three years		
	Air Quality	0.22	7.72
	Water Quality	0.20	7.02
H	Enterpreneurship Development (Vocational/ skill development training for sustainable income of affected people	0.26	9.12
I	Miscellaneous and other mitigative measures	2.00	70.16
J	Manpower cost for supervision	0.80	28.07
	TOTAL	100.00	3508.14

FINAL STAGE DUMP PLAN OF PAREJ EAST OCP

BOUNDARY OF
UG PROJECT



FINAL STAGE DUMP PLAN OF PAREJ EAST OCP WITH RECLAMATION



Land Use Plan Of Parej East OCP Af

1525
11/11/12
6/11

CENTRAL COALFIELDS LIMITED
DARBHANGA HOUSE: RANCHI

Sub: Forwarding Minutes of the 390th (No.7 of 2012) Meeting of the Board of Directors held on 1.10.2012

Extracts from the minutes of the above meeting, in respect of following item, is appended below:

Item No.4 (2): Proposal seeking approval of Mine Closure Plan of 16 Projects of CCL (Financial assurance).

The Board noted that-

- As per the MoC Guideline issued on 27.08.09 and on 11.01.12, all coal mine owners, who are operating coal mines without the approval of Mine Closure Plan are required to obtain a Mine Closure Plan approved as per these guidelines within a period of one year or two years in advance of mine closure whichever is earlier from the day these guidelines come into effect.
- For Projects/ Mines of Government Companies, the Competent Authority to approve Mine Closure Plan is the Board of Director of the Company.
- The Mine Closure Plans of 15 mines were approved by the CCL Board in its 385th meeting held on 24.02.2012.

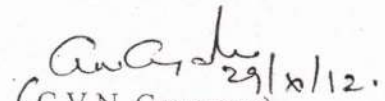
After detailed deliberation, the Board approved the proposal as brought out in the Agenda, regarding Closure Plans of following 16 mines amounting to ₹ 87333.71 lakh to facilitate generation of fund for Escrow Account with Coal Controller Organisation (on behalf of the Central Govt.), as under-

Sl No	Name of Projects	Provision for MCP made in the accounts of 2010-11 & 2011-12 (in ₹ Lakh)	Proposed fund for mine closure (in ₹ Lakh)
1	Rajrappa OCP	1185.17	37816.98
2	North Urimari OCP	188.30	9035.51
3	Jharkhand OCP	174.70	2603.15
4	Tarmi OCP	187.76	2348.55
5	Amlo OCP	203.75	2215.66
6	Khasmahal OCP	84.85	2269.00
7	Dhori OCP	476.19	1620.24
8	Parej East OCP	388.48	3119.66
9	Kathara OCP	1845.00	4593.06
10	Bhurkunda OCP	872.18	8292.25
11	Pundi OCP	364.03	10141.48
12	Urimari UGP	30.83	194.41
13	Bhurkunda UGP	8.88	350.25
14	Sayal D UGP	45.40	1061.81
15	Saunda D UGP	23.45	875.28
16	Dhori Khas UGP	22.65	796.42
GRAND TOTAL		6101.62	87333.71

on, Navij K.
for H.A.P.
BSC
5/11

161

It is requested kindly to take necessary action on the decision, wherever necessary, under intimation to this office.


(C.V.N. Gangaram)
Company Secretary.

CGM (P&P)

GM (E&F)

Copy for kind information to- D(T/O)

No.CS/BM/390/2012/ 230

Date: 29 -10-2012

Office of the CGM (Env. & Forest)
City No. 1272
Date 10/2/12
C.C.L., Ranchi

CENTRAL COALFIELDS LIMITED

Note for 390th (No.7 of 2012)
Meeting of the Board of Directors
to be held at Ranchi on 20.09.2012

CS/BM/230
Gm(E&F)

Item No.4 (2):

Sub: Proposal seeking approval of Mine Closure Plan of 16
Projects of CCL (Financial assurance).

The "Mine Closure Plans" for 16 mines have been prepared as per the guidelines issued by Ministry of Coal, Government of India in August, 2009 by Regional Institute, CMPDI. The Mine Closure Plans of 15 mines was approved by the CCL Board in its 385th meeting held on 24.02.2012.

The Board approval of Mine Closure Plans of all mines are a requirement of Ministry of Coal as per its guidelines issued on 27.08.09 and recently one additional guideline dated 11.01.12 (copy enclosed at **Annexure – I**)

Financial Assurance

For financial assurance for mine closure, CCL shall open an Escrow Account with any scheduled bank, with the Coal Controller Organization (on behalf of the Central Govt.) as exclusive beneficiary. CCL shall ensure payments to be deposited in such Escrow Account at the computed rate. The amount being deposited will be reviewed with such periodicity as deemed fit by the Coal Controller.

Implementation of the approved Mine Closure Plan shall be the sole responsibility of the mine owner. It is estimated that major expenditure on the final mine closure plan will be incurred during last five years of the project life. Upto 20% of the deposited amount from the Escrow Account can be released every year starting from 4th year before the proposed mine closure date. The balance amount will remain as security. The Coal Controller's Organization shall release the fund from the Escrow Account based on the progress made in the closure activities for the mine.

The funds deposited in the Escrow Account are towards the security to cover the cost of closure in case the mine owner fails to complete the relevant closure activities.

The prime responsibility of mine closure shall always lie with the mine owner. In case these funds are found to be insufficient to cover the cost of final mine closure, the additional fund shall be recovered from the mine owner by the Government. After the closure of the mine, the reclaimed leasehold area & any structure thereon, which is not to be utilized by mine owner, shall be surrendered to the State Govt. concerned, following a laid down procedure as in vogue at that point of time.

The CCL Board has approved Mine Closure Plans of 15 projects in their meeting held on 24.02.12 at Ranchi. CMPDI has finalized Mine Closure Plan of another 16 projects.

The corpus for mine closure has to be generated as per this guideline @ ₹ 1.0 Lakh / Ha of lease area in case of underground mines & ₹ 6.0 Lakh / Ha of lease area in case of opencast mines.

The base date for this rate is August, 2009 which has to be escalated at the time of preparation of mine closure plan on the basis of Wholesale Price Index issued from Ministry Of Finance from time to time (The wholesale price index in August, 2009 was 129.60). The wholesale price index for calculating the proposed fund for mine closure in Escrow Account is based on April 2012 (The wholesale price index in April 2012 is 163.50).

Annual closure cost is to be computed considering the total leasehold area at the above mentioned rates (evaluated at the time of preparation of mine closure plan on the basis current WPI) and dividing the same by the balance life of the mine in case of operating / existing mines. An amount to the annual cost is to be deposited each year throughout the life of the mine compounded @ 5% annually.

Competent Authority For Approval of the Mine Closure Plan

The competent authority for approval of the mine closure plan shall be the standing committee constituted by the Ministry of Coal for the purpose of approval of mining plans. In case of projects or mines of Government Companies, the competent authority to approve the mine closure plan will be the authority competent to approve the mining plan ie. Board of Directors of the Company.

Need For Mine Closure Plan

The Board's approval of Mine Closure Plans of all mines are a requirement of Ministry of Coal as per its Guideline issued on 27.08.09 and recently one additional guideline dated 11.01.12.

As per the guideline "all coal mine owners, who are operating coal mines without the approval of any Mine Closure Plan are required to obtain a Mine Closure Plan approved as per these guidelines within a period of one year or two years in advance of mine closure whichever is earlier from the day these guidelines come into effect."

Basis Of Preparation of Mine Closure Plans

The guideline states that all coal mine owners shall adopt a mine closure plan comprising of progressive closure plan & final mine closure plan, duly approved by the competent authority.

As per the guideline, all operating coal mines should have approved mine closure plan.

The progressive mine closure plan would include various land use activities to be done continuously & sequentially during the entire period of mine operations and final mine closure activities would start toward the end of mine life and may continue even after mine is discontinued, till the mining area is restored to an acceptable level to create a self-sustained eco-system.

It is estimated that major expenditure on final mine closure plan will be incurred during the last five years of the project life.

The summarized data of the mines is given below.

Sl No	Name of Projects	Rated Production (Mty)	Project Area (Ha)	Balance life (Years) as on 01.04.12	Provision made in the accounts of 2010-11 and 2011-12 (in ₹ Lakh)	Proposed fund for mine closure from April 2012 (in ₹ Lakh)
1	Rajrappa OCP	3.0	2697.94	26	1185.17	37816.98
2	North Urimari OCP	3.00	516.90	33	188.30	9035.51
3	Jharkhand OCP	1.0	255.66	16	174.70	2603.15
4	Tarmi OCP	1.00	258.70	12	187.76	2348.55
5	Amlo OCP	2.50	247.59	12	203.75	2215.66
6	Khasmahal OCP	0.60	219.56	15	84.85	2269.00
7	Dhori OCP	0.60	251.72	6	476.19	1620.24
8	Parej East OCP	1.75	379.0	10	388.48	3119.66
9	Kathara OCP	1.90	792.81	5	1845.00	4593.06
10	Bhurkunda OCP	-	777.83	20	872.18	8292.25
11	Pundi OCP	0.55	749.88	25	364.03	10141.48
12	Urimari UGP	0.36	105.22	25	30.83	194.41
13	Bhurkunda UGP	-	132.33	30	8.88	350.25
14	Sayal D UGP	0.32	416	30	45.40	1061.81
15	Saunda D UGP	0.23	332	30	23.45	875.28
16	Dhori Khas UGP	0.17	456.75	15	22.65	796.42

Detailed calculation sheet is enclosed as **Annexure-II.**

The Closure Plans of following 10 mines with corresponding funds is as under-

Sl No	Name of Projects	Provision for MCP made in the accounts of 2010-11 & 2011-12 (in ₹ Lakh)	Proposed fund for mine closure (in ₹ Lakh)
1	Rajrappa OCP	1185.17	37816.98
2	North Urimari OCP	188.30	9035.51
3	Jharkhand OCP	174.70	2603.15
4	Tarmi OCP	187.76	2348.55
5	Amlo OCP	203.75	2215.66
6	Khasmahal OCP	84.85	2269.00
7	Dhori OCP	476.19	1620.24
8	Parej East OCP	388.48	3119.66
9	Kathara OCP	1845.00	4593.06
10	Bhurkunda OCP	872.18	8292.25
11	Pundi OCP	364.03	10141.48
12	Urimari UGP	30.83	194.41
13	Bhurkunda UGP	8.88	350.25
14	Sayal D UGP	45.40	1061.81
15	Saunda D UGP	23.45	875.28
16	Dhori Khas UGP	22.65	796.42
GRAND TOTAL		6101.62	87333.71

The Proposal has been recommended by D(T/O), concurred by D(F) and agreed by CMD for placing before the Board. A Copy of the proposal is enclosed as **Annexure-III**.

Accordingly, approval of the Board is sought for the Mine Closure plans of above 16 mines amounting to ₹ 87333.71 Lakhs to facilitate generation of fund for Escrow Account with Coal Controller Organization (on behalf of the Central Govt.)

Company Secretary

भारतीय गैर न्यायिक

एक सौ रुपये

रु. 100



सत्यमेव जयते

Rs. 100

ONE
HUNDRED RUPEES

भारत INDIA
INDIA NON JUDICIAL

पश्चिमबङ्ग पश्चिम बंगाल WEST BENGAL

P 527852

AMENDED AGREEMENT

ESCROW ACCOUNT AGREEMENT BETWEEN

Central Coalfields Limited (Coal Mining Company) for its Parej East OCP (Name of Coal Block/Mine) with Coal Controller's Organization & Bank.

This Escrow Account Agreement is made at Kolkata on 5th day of June 20 17 amongst

1) Central Coalfields Limited (a company registered under the Indian Companies Act, 1956 having its registered office at Darbhanga House, Ranchi - 834001 and branch office at _____, hereinafter called a mining company or lessee or mine owner which expression shall unless repugnant to the subject or context thereof includes, its successors and permitted assigns.

AND

2) Coal Controller's Organisation, Government of India, Ministry of Coal having its office at 1, Council House Street, Kolkata, and branch office at Dhanbad, Ranchi, Bilaspur, Nagpur, Kothagudam, Sambalpur & Asansol hereinafter called the Coal Controller's Organization which expression shall unless repugnant to the subject or context thereof include its, successors and permitted assigns.

AND

3) United Bank of India, a body corporate constituted under the Banking Companies (Acquisition & Transfer of Undertakings Act, 1970) having its H.O. at 11, Hemanta Basu Sarani, Kolkata-700001 & Branch Office at Ranchi Branch, Post Box No.94, Main Road, Ranchi - 834001 hereinafter called the "Escrow Agent" which expression shall, unless repugnant to the subject or context thereof include its, successors and assigns.

Each of the parties mentioned hereinabove, hereinafter collectively referred to as parties and individually as party.

CENTRAL COALFIELDS LIMITED
DARBHANGA HOUSE
RANCHI.

25.08.13

कृते, युनाइटेड बैंक ऑफ इंडिया
For & on behalf of
For UNITED BANK OF INDIA
राँची शाखा/Ranchi Branch

सहायक महाप्रबंधक
Asstt. General Manager

25/8/13

अ. आचार्य/A. ACHARYA
कोयला नियंत्रक/Coal Controller
भारत सरकार / Government of India
कोयला मंत्रालय/Ministry of Coal
काउन्सिल हाउस स्ट्रीट/1, Council House Street
कोलकाता-700001/Kolkata - 700 001

Whereas :

- 1) As per the guidelines of the Ministry of Coal, Government of India all Coal Mine owners who are operating Coal Mines are required to obtain a Mine Closure Plan within a period of One year from the day when the original guidelines came into effect (i.e. 27th August, 2009) and from the date of publishing of the amended guidelines i.e. 7th January, 2013 for those mine owners who have not yet complied to the same failing which the Government will take action as appropriate.
 - 2) The Coal Mine Owners who have been accorded approval of mining Plan/Project Reports without the Mine Closure Plans as per the guidelines framed by the Ministry of Coal, Govt. of India, are required to prepare and obtain the approval of Mine Closure Plan as per guidelines of the said Ministry of Coal, Government of India, within a period of one year of the day when the original guidelines coming into effect (i.e. 27th August, 2009).
 - 3) The money to be deposited every year by the said Mining Company is the annual Mine closure cost as approved by the Ministry of Coal and which is to be verified by the Coal Controller's Organization as per the guidelines of the Ministry of Coal, Govt. of India, (at the price level of August, 2009 which will be reviewed on the basis of the wholesale price index) on a yearly basis in the Escrow A/c to be opened by the said Coal Mine owners with any Scheduled Bank with Coal Controller's Organization (on behalf of the Central Government) as exclusive beneficiary as per the guidelines of the Ministry of Coal.
 - 4) Up to 80% of the total deposited amount including interest accrued in the Escrow Account may be released after every 5 years in the line with the periodic examination of the closure plan as per clause 3.1 of the annexure of the guidelines. The amount released should be equal to the expenditure incurred in the Progressive Mine Closure in the past 5 years or 80% whichever is less. The balance amount at the end of the Final Mine Closure shall be released to the Mine Owners/Leaseholder on compliance of all provisions of closure plan duly signed by the Lessee to the effect that said closure of mine complied all statutory rules, regulations, orders made by the Central or State Government, statutory organizations, court etc. and duly certified by the Coal Controller.
 - 5) If the Coal Controller has reasonable grounds for believing that the protective, reclamation and rehabilitation measures as envisaged in the approved mine closure plan in respect of which financial assurance was given has not been or will not be carried out in accordance with mine closure plan, either fully or partially, the Coal controller shall give the mine owner a written notice of his intention to issue the orders for forfeiting the sum assured at least thirty days prior to the date of the order to be issued after giving an opportunity to be heard.
 - 6) It is also stipulated in the guidelines of the Ministry of Coal, Govt. of India, that an agreement outlining the details of terms and conditions of opening and operating the Escrow Account/arrangements is to be executed amongst Mining Companies, Coal Controller's Organization & the concerned Bank for giving effect to the same.
 - 7) Parties now have agreed to establish an Escrow Account/Arrangements and engage an Escrow Agent to act in connection with the said deposits and withdrawal in the said Escrow account on the terms and conditions contained herein.
- Whereas **Central Coalfields Limited** Company, (the Mining Company) has approached **United Bank of India**, a scheduled Bank under Schedule II of the RBI Act, 1934 for opening such Escrow Accounts and **United Bank of India** has agreed for the same.

CENTRAL COALFIELDS
RANCHI
05.08.13

कृते, युनाइटेड बैंक ऑफ इंडिया
For & on behalf of
For UNITED BANK OF INDIA
राँची शाखा/Ranchi Branch

सहायक महाप्रबंधक
Asstt. General Manager

05/08/13
अ. आचार्य/A. ACHARYA
कोयला नियंत्रक/Coal Controller
भारत सरकार / Government of India
कोयला मंत्रालय/Ministry of Coal
काउन्सिल हाउस स्ट्रीट/1, Council House Street
कोलकाता-700001/Kolkata - 700 001

NOW, IT IS HEREBY AGREED BY AND AMONGST THE PARTIES AS FOLLOWS:

Appointment of Escrow Agent:

- i) The parties (Other than the Escrow Agent) hereby appoint **United Bank of India**, as Escrow Agent to act subject to and in accordance with the terms and conditions set out in this agreement.
- ii) The Escrow Agent shall not be personally liable in any manner whatsoever to any party for any acts it may do or omit to do hereunder as Escrow Agent or for any loss, harm, damage cost or expenses of any kinds suffered by any person, party or entity as a consequence of the action or inaction of the Escrow Agent other than for its gross negligence or willful disregards of the terms of the agreements.
- iii) In its performance of its duties under this agreement, the Escrow Agent shall be entitled to rely upon any documents, instruments, or signature believed by it in good faith to be genuine & signed by an authorized signatory of any parties hereto and shall not be required to investigate the truth or accuracy of any statement contained in such document or instrument. The Escrow Agent may assume that any person purporting to give any notice in accordance with the provision hereof has been duly authorized to do so.
- iv) The party shall jointly and severally indemnify & hold harmless the Escrow Agent from and against all claims, actions, demands, liabilities, proceedings or judgments which the Escrow Agent may incur or suffer or may be brought against Escrow Agent and from and against all losses, costs, charges, liabilities, and expenses reasonably incurred in connection with the performance by the Escrow Agent of its duties under or in connection with this agreement save where there is gross negligence or willful misconduct or willful disregard of the terms of this agreement and the part of the Escrow Agent.
- v) The Escrow Agent will act in terms of the agreement, only if sufficient funds are available in the escrow account for discharging its obligation as Escrow Agent.

Establishment of Escrow Account

- i) The Mining Company shall open an Escrow Account (Fixed Deposit, any type) with **United Bank of India** (Bank name) under the title "Mine-Closure Escrow A/c No. 0059101073739", the Coal Controller's Organization being the exclusive beneficiary. The Coal Controller will have the authority to write to the Bank to freeze operation in the said Escrow A/c without the concurrence of the mining company & the said decision of the Coal Controller will be binding on the mining company and mining company cannot have any objection on the same.
- ii) The opening, operation of Escrow Account, deposit and withdrawal of money from the said account shall be in accordance with this agreement.
- iii) The parties agree (other than the Escrow Agent) that all rights, title and interest in and to the Escrow Account shall be vested in the Escrow Agent and shall be in trust for the parties.
- iv) The Escrow Account will be operated as per direction of Coal Controller by the authorized

3

CENTRAL COAL FIELD
DARBHANGA
RANCHI

05.08.13

कृते, युनाइटेड बैंक ऑफ इंडिया
For & on behalf of
FOR UNITED BANK OF INDIA
राँची शाखा/Ranchi Branch
सहायक महाप्रबंधक
Asstt. General Manager

अ. आचार्य, A. ACHARYA
कोयला नियंत्रक/Coal Controller
भारत सरकार / Government of India
कोयला मंत्रालय/Ministry of Coal
१, काउन्सिल हाउस स्ट्रीट/1, Council House Street
कोलकाता-700001/Kolkata - 700 001

signatories of the Company.

- v) For any avoidance of the doubts it is made clear that all money held by the Escrow Agent/Designated Bank shall not be considered as part of the personal assets of the Escrow Agent/Designated Bank.
- vi) In the event of any deviation in the withdrawals, the parties shall communicate the same in writing to the Escrow Agent.
- vii) Tax will be deducted at source as per Income Tax Act. Without discontinuing Mine Escrow Account till the life of the mine, the total deposited amount including interest in Escrow Account will be renewed / reinvested after three years and this amount may continue with same bank or other bank as selected by mining company in consultation with Coal Controller. Up to 80% of the total deposited amount including interest accrued in the Escrow Account may be released after every 5 years in the line with the periodic examination of the closure plan as per clause 3.1 of the annexure of the guidelines. The amount released should be equal to the expenditure incurred in the Progressive Mine Closure in the past 5 years or 80% whichever is less. The balance amount at the end of the Final Mine Closure shall be released to the Mine Owners/Leaseholder on compliance of all provisions of closure plan duly signed by the Lessee to the effect that said closure of mine complied all statutory rules, regulations, orders made by the Central or State Government, statutory organizations, court etc. and duly certified by the Coal Controller.
- viii) Funds: Interest will be paid at the offered rate at the time of opening the Escrow Account.
- ix) Income Tax: Tax will be deducted at source as per Income Tax Act. The Mining Company shall not charge the funds kept in the term deposits in escrow accounts by way of assignment / lien / hypothecation to secure any loan/advance/credit facilities taken / to be taken by the mining Company. The deposits created out of funds of Escrow account automatically be renewed for a further period of one year on due date if the Escrow Agent do not receive any instruction from the Coal Controller to the contrary.

Operation of Escrow Account.

Deposit

- i) The Escrow Account shall continue as a debit freeze account subject to withdrawal of 80% of total deposited amount including interest accrued in the Escrow Account after 5 years of every deposit in line with the periodic examination of the closure plan. The balance amount shall be released to the mine owner/leaseholder at the end of the final Mine Closure on compliance of all provision of closure Plan.
- ii) The Central Coalfields Limited (Mining Company) shall cause deposit in such "Escrow Account" in the following manner on yearly basis as would be communicated by the Coal Controller from time to time to it.
 - a) The payment shall be made by RTGS/NEFT/DEMAND DRAFT/PAY ORDER.
 - b) Around Six lakhs per hectare of the total project area in case of OC mines at current price level (August, 2009) subject to modification based on the wholesale price Index (WPI) as notified by the Government of India from time to time.
 - c) One lakh per hectare for UG project area, at current price level of (August, 2009) subject to modification based on the wholesale price Index as notified by the Government of

4

कृते, युनाइटेड बैंक ऑफ इंडिया
For & on behalf of
For UNITED BANK OF INDIA
राँची शाखा/Ranchi Branch

सहायक महाप्रबंधक
Asstt. General Manager

अ. आचार्य/ACHARYA
कोयला नियंत्रक/Coal Controller
भारत सरकार / Government of India
कोयला मंत्रालय / Ministry of Coal
१, काउन्सिल हाउस स्ट्रीट/1, Council House Street
कोलकाता-७००००१/Kolkata - 700 001

CENTRAL COALFIELDS LIMITED
DARBHANGA
RANCHI
05-08-13

India from time to time.

- d) Annual Closure Cost is to be computed on the total Project Area over and above the aforesaid rate per hectare and dividing the same by the entire life of the mine in years for new projects and balance life of mine in years for operating /existing mines is to be deposited each year by the said company (**Central Coalfields Limited**, the mining company) throughout the life of the mine compounded at the rate of 5% annually.
- e) An amount equal to the annual cost is to be deposited each year throughout the life of the mine compounded at the rate of 5% annually.
- f) Mine closure plan which have already been approved earlier on the basis of lease hold area, the project proponents are required to recalculate the closure cost on the basis of total project area and submit a certificate stating that amount in Escrow Account would be deposited as per re-calculated amount.
- g) The Closure Cost may change subject to Government of India's Notification from time to time.
- h) If the Mine owners fail to deposit the annual amount required to be deposited, the Government can withdraw the mining permission.
- i) It is to be clearly understood that the fund so generated are towards the security to cover the cost of closure in case the mine owner fails to complete the relevant closure activities. The prime responsibility of mine closure shall always lie with the mine owner, and in case the funds so generated are found to be insufficient to cover the cost of final mine closure, the mine owner shall undertake to provide the additional fund equivalent to the gap in funding before five years of Mine Closure failing which it may be recovered by such other methods as the competent authority may deem fit in this regard.

Withdrawal.

Withdrawal/transfer from Escrow Account shall be in accordance with the water fall mentioned herein below:

- (1) To allow the mine owners by way of reimbursement up to 80% of the total deposited amount including interest accrued in the Escrow Account after every 5 years of every deposit in line with the periodic examination of the closure plan as per clause 3.1 of the Annexure of the Guidelines.
- 2) The balance amount shall be released to mine owner/lease holder at the end of the final mine Closure on compliance of all provision of closure plan. The compliance report should be duly signed by the lessee and certify that the said closure of mine complied all statutory rules, regulations, orders made by the Central or State Government, statutory organizations, court etc. and certified by the Coal Controller. Provided that if all the above criteria is not completed within the period specified in mine closure plan the amount in the Escrow Account shall be forfeited.

Duties of Escrow Agent

Escrow Agent shall:

- i) Keep proper books of accounts relating to Escrow Account maintained by the agent.
- ii) Provide Statement of Accounts to the parties at such frequencies which will be evolved by consensus amongst the **Central Coalfields Limited** (mining company),

CENTRAL COALFIELDS LIMITED
DARJEELING
RAJCHUR
05.08.13

5
कृते, युनाइटेड बैंक ऑफ इंडिया
For & on behalf of
For UNITED BANK OF INDIA
राँची शाखा/Ranchi Branch

सहायक महाप्रबंधक
Asstt. General Manager

अ. अचार्य/A. ACHARYA
कोयला नियंत्रक/Coal Controller
भारत सरकार / Government of India
कोयला मंत्रालय/Ministry of Coal
१, काउन्सिल हाउस स्ट्रीट/1, Council House Street
कोलकाता-७००००१/Kolkata - 700 001

the Coal Controller's Organization and Escrow Agent.

- iii) Not to allow any payment out of the Escrow account in respect of money deposited without the approval of the Coal Controller's Organization except in the manner stated hereinabove.
- iv) Act in accordance with the agreement.
- v) Irrevocably and absolutely waive all present and future rights to make or exercise any claims or demands, any rights of counter-claim, lien/set-off and all other present or future rights against the balance amount standing to the credit of the Escrow account, to make any withholding or balancing of any accounts or to effect any transfers without the approval of the Coal Controller's Organisation.
- vi) Irrevocably and absolutely waive all present and future rights to combine or consolidate any other non-Escrow Account of any offices anywhere with the Escrow Agent or the designated Bank.
- vii) As promptly, as is reasonably practical, after receipt of any reasonable written request from the parties provide such information to such parties regarding the amounts available in the Escrow Accounts and balances there under.

Termination/Resignation of Escrow Agent.

- i) The obligation of the Escrow Agent under this agreement shall end on the final payment of the amount under the aforesaid scheme.
- ii) The Escrow Agent may resign from its appointment as an Escrow Agent subject to the Escrow Agent giving 30 Business days prior notice in writing to the other parties. The Escrow Agent shall deal with the Escrow Account in accordance with the provisions of the Escrow Agreement and continue to be bound by the terms and conditions hereof until the Coal Controller's Organization identify a successor.
- iii) The Escrow Agent may be removed by the Coal Controller's Organisation on giving 30 days notice to the Escrow Agent. In case the Coal Controller's Organization fails to identify a successor Escrow Agent within the above-mentioned 30 days, the Escrow Agent, **United Bank of India** (Bank Name), shall by itself appoint a successor as Escrow Agent.
- iv) If the Escrow Agent resigns or removed in accordance with the agreement, then Coal Controller's Organisation shall appoint a successor as Escrow Agent in consultation with the Coal Mining Company.
- v) If the Escrow Agent resigns or is replaced pursuant to this agreement, such Escrow Agent shall do all necessary acts for the transfer of the Escrow account to the successor Escrow Agent.
- vi) The fees for the service rendered if any by the Escrow Agent shall be in accordance with the letter to be exchanged between the Escrow Agent, the Coal Controller's Organisation and Coal Mining Company.

CENTRAL COAL
DARJILING

05.08.13

6
कृते, युनाइटेड बैंक ऑफ इंडिया
For & on behalf of
For UNITED BANK OF INDIA
राँची शाखा/Ranchi Branch

सहायक महाप्रबंधक
Asstt. General Manager

518/13
अ. आचार्य/A. ACHARYA
कोयला नियंत्रक/Coal Controller
भारत सरकार / Government of India
कोयला मंत्रालय/Ministry of Coal
काउन्सिल हाउस स्ट्रीट/1, Council House Street
कोलकाता-700001/Kolkata - 700 001

Amendment of the Agreement

- i) This agreement may be altered, amended, modified or revoked by an instrument in writing signed in original by Coal Controller as and when required.

Notices

All notices or other communications to be given under this agreement shall be made in writing to:

- i) **Central Coalfields Limited** (Mining Company),
Address. Darbhanga House, Ranchi -834001
Tel: 0651-2360123/0606/5998
Fax: 0651-2360012
- ii) **Coal Controller Organization**,
Address: 1, Council House Street, Kolkata.
Tel: 033-22489613-16
Fax: 03322482459
- iii) **United Bank of India**,
Address. Ranchi Branch, Post Box No. 94, Main Road. Ranchi-834001
Tel: 0651-2204266/3320
Fax: 0651-2204266

Governing Law & Jurisdiction

- i) This agreement shall be governed by and interpreted in accordance with Indian Law and shall be subject to the exclusive jurisdiction of the courts at Kolkata.

Whole Agreement & Variation

- i) This agreement together with the schedules hereto contains the whole agreement between the parties relating to the rights and obligations in relation to the subject matter of the agreement.

Invalidity

- i) If any term or provision in this agreement is held to be illegal or unenforceable in whole or in part, under any enactment or rule of law, such term or provision or part to that extent will be deemed not to form part of this agreement, but the enforceability of the remainder of the agreement will not be affected.

Counterparts

- i) This agreement may be entered into in any number of counterparts and the parties of it on separate counterpart each of which when so executed and delivered will be in original, but all the counterparts will together constitute one and the same instrument.

No Waiver

CENTRAL COALFIELDS
DARBHANGA
RANCHI.

05.08.13

कृते, युनाइटेड बैंक ऑफ इंडिया
For & on behalf of
For UNITED BANK OF INDIA
रांची शाखा/Ranchi Branch

सहायक महाप्रबंधक
Asstt. General Manager

अ. आचार्य/A. ACHARYA
कोयला नियंत्रक/Coal Controller,
भारत सरकार / Government of India
कोयला मंत्रालय/Ministry of Coal
१, काउन्सिल हाउस स्ट्रीट/1, Council House Street
कोलकाता-700001/Kolkata - 700 001

- i) No failure to exercise or delay in exercising any right or remedy under this agreement by any party will operate as a waiver of any other right or remedy hereunder, nor will any single or partial exercise of such right or remedy preclude any further exercise thereof or of any other right or remedy which such party may have in this agreement.

Rights Cumulative

- i) The rights and remedies provided herein are cumulative and not exclusive of any rights and remedies provided by law in equity or otherwise.

Rights of Third Parties

- i) For the avoidance of doubts, this agreement does not and shall not confer rights upon a person which is not a party to this agreement.

In witness of which the parties have executed the agreement on 5th day of Aug 2013 as mentioned above.

SIGNED AND DELIVERED BY

CENTRAL COALFIELDS LIMITED
(Central Coalfields Limited)

By [Signature]
Name: P.K Guin
Designation: CGM(Project and Planning)

SIGNED AND DELIVERED BY

अ. आचार्य / A. ACHARYA
कोयला नियंत्रक / Coal Controller
भारत सरकार / Government of India
कोयला मंत्रालय / Ministry of Coal
१, काउन्सिल हाउस स्ट्रीट / 1, Council House Street
कोलकाता-७००००१ / Kolkata - 700 001

By
Name:
Designation:

SIGNED AND DELIVERED BY

(United Bank of India)

कृते, युनाइटेड बैंक ऑफ इंडिया
For & on behalf of
For UNITED BANK OF INDIA
राँची शाखा / Ranchi Branch
By [Signature]
Name
Designation :
सहायक महाप्रबंधक
Asstt. General Manager

WITNESSES

P.K Gupta
GM(F), CCL

[Signature]
5/8/13

क. गुप्ता / K. GUPTA
उप सहायक कोयला नियंत्रक / Coal Controller
भारत सरकार / Government of India
कोयला नियंत्रक का कार्यालय / Coal Controller
१ काउन्सिल हाउस स्ट्रीट / 1, Council House Street
कोलकाता-700 001 / Kolkata-700 001

[Signature]
S. P. KULSON
मुख्य प्रबंधक / CHIEF MANAGER
विपणन विभाग / Marketing Deptt.
युनाइटेड बैंक ऑफ इंडिया, प्र.का.
UNITED BANK OF INDIA, H.O.

[Signature]
5/8/13