

1 OPERATIONS MANAGER'S MESSAGE

We hope that this newsletter will be a useful source of information and bring you up to date with mine development and key environmental management and community initiatives.

2 FROM THE COAL FACE



In 2006, the Mt Owen Complex will produce approximately 5.5 million tonnes of product coal for the export and domestic markets, with 95% of this coal exported via the port of Newcastle.

3 BIODIVERSITY STRATEGY RESEARCH



Key achievements in 2006 include planting and seeding of approximately 30 ha of source vegetation in the North West and Forest east offset areas.

4 COMMUNITY NOTICEBOARD

24 HOUR CONTACT NUMBER

The number is the same as Mt Owen Switch Phone Number 0265 700 800.



MT OWEN TWO-WAY

The Mt Owen Two-Way Issue No.8 December 2006

Message from the Operations Manager



Welcome to the latest Community Newsletter for the Mt Owen Complex. We hope that this newsletter will be a useful source of information and bring you up to date with mine development and key environmental management and community initiatives.

In particular, I am delighted to report that we were recently announced as runner up at the inaugural NSW Minerals Council Environmental Excellence Awards for our continuous environmental monitoring system. I am also pleased to report that work has commenced on the expansion of the existing Mt Owen Coal Handling and Preparation Plant. The expansion will allow Mt Owen to process up to 15Mt/pa of coal from the Mt Owen, Ravensworth East and eventually Glendell mines. Full-scale construction work is expected to commence in early 07 and be completed by early 2008.

After a period of approximately three and a half years at Mt Owen Complex, our Environment and Community Officer Nigel Charnock will be departing at the end of 2006 to take up a new position with Xstrata Coal NSW based at their Bulga Corporate Office. John Watson, who is currently based at Xstrata's nearby Ravensworth Operations, will commence at Mt Owen Complex in January 2007 as Environment and Community Manager. I wish Nigel all the best in his new role and welcome John to the team.

On behalf of the Mt Owen team I wish everyone a merry Christmas and safe New Year and we look forward to keeping you informed of our progress in 2007.

Trevor Wells
Operations Manager, Xstrata Mt Owen

NSW Minerals Council Environment Excellence Awards

On 10 September 2006, Mt Owen Complex was recognised for the development and implementation of its continuous environmental monitoring system by being named as runner up at the inaugural NSW Minerals Council Environment Excellence Awards in Wollongong. In the same category Xstrata was also named as winner for the successful rehabilitation of the former New Wallsend Colliery underground mine site.

Presented by the Hon Ian Macdonald MLC, NSW Minister for Natural Resources, Minister for Primary Industries and Minister for Mineral Resources, the prestigious awards recognise excellence in environmental management within the NSW mining industry.

Further information on the awards can be found on the NSW Minerals Council website at www.nswmin.com.au

Update on the Glendell Project

The Glendell project area is located immediately south of the Ravensworth East and Mt Owen mines and forms part of the Mt Owen Complex, which is managed by Xstrata Mt Owen (XMO) on behalf of Xstrata Coal.

An existing development consent is in place for the Glendell project, which was first approved by the then Department of Planning in May 1983. Aside from preparation works, there has been no mining undertaken at Glendell to date.

It is anticipated that mining at Glendell will begin in January 2008, which will require construction works to commence around July 2007. Prior to construction commencing, XMO are seeking a modification to the existing Glendell development consent to allow for:

- the implementation of an improved mine plan;

- the development of synergies with the adjacent Mt Owen and Ravensworth East mines, which will prevent the duplication of infrastructure and improve efficiencies; and
- the integration of Glendell into the existing Mt Owen Complex Environmental Management System.

The proposed mine plan and environmental management approach represents a significant improvement on existing approved operations.

Consultation with the community and other key stakeholders will form a key part of the modification process and is expected to commence around February 2007. Prior to this date, XMO will contact local landholders and circulate a newsletter to introduce the community to the project and advise how you can be involved in the consultation process.

Environmental Management

Continued Focus on Noise and Dust Management

Operational noise and dust remain key areas of concern for the community and are taken very seriously by XMO. Consistent with commitments we made during our 2004 development application process for Mt Owen, we have maintained a strong focus on noise and dust management. Recent initiatives include:

- addition of a third noise attenuated overburden excavator and additional overburden trucks to the existing attenuated mining fleet;
- further development of our continuous noise and dust monitoring system, including implementation of alarming for elevated noise and dust levels, which are sent to key site personnel; and
- further refinement of our pre-blasting weather assessment system to minimise potential for dust impacts on neighbouring private residents



Continuous PM10 dust monitoring unit and High Volume Dust Samplers located along Falbrook Road.

Update on Biodiversity Offset Strategy Research Program

In our December 2005 Newsletter we reported that a five year native forest research program had commenced at Mt Owen (in conjunction with the University of Newcastle) to assist with the implementation of the Mt Owen Biodiversity Offset Strategy.

Key achievements in 2006 include:

- planting and seeding of approximately 30 ha of source vegetation in the North West and Forest east offset areas;
- establishment of frog conservation zones around creeks and dams in the Forest East offset area and South East Corridor offset areas, which includes habitat construction works; and
- establishment of experimental areas in the North West, Forest East, South East and South East corridor offset areas to test alternative measures of site preparation for seeding and planting, herbivore deterrents and to test the effect of patch size on future seed dispersal into surrounding areas.

The University of Newcastle has started to develop collaborative work with Greening Australia who are assisting with plantings and seed collection at Mt Owen. Greening Australia will also assist with the establishment of a major experiment in the south east corridor offset in 2007.



Work progressing in the Forest East Offset Area.

MT OWEN TWO-WAY



Community & Educational Support

Glennies Creek Rehabilitation Project

In our last newsletter we introduced the Glennies Creek Rehabilitation Project. We are pleased to report that excellent progress has been made on the project since July 2006. Works undertaken to date by Conservation Volunteers Australia (CVA) and XMO's land management consultant Hunter Land Management include:

- removal of dense weed infestations along Glennies Creek;
- planting of trees along Glennies Creek and Glennies Creek Road;
- fencing of eroded sections of Main Creek and tree planting areas to exclude cattle; and
- erosion control structure installed on Main Creek

Follow up weed control and watering of trees has been periodically undertaken to ensure the survival and growth of established vegetation. Maintenance of the project area will be on-going.

Work on the project will re-commence in early 2007. Persons interested in participating in the project should contact Leonie Koshorn of CVA on 49262103



CVA Representatives at the Glennies Creek Project Site

From the Coal Face

The Mt Owen Complex comprises the adjacent Mt Owen and Ravensworth East open-cut coal mines and the Glendell project area. In 2006, the Mt Owen Complex will produce approximately 5.5 million tonnes of product coal for the export and domestic markets, with 95% of this coal exported via the port of Newcastle.

Update on Mt Owen

In 2006 mining at Mt Owen has occurred in very difficult geological conditions at the interface of Pit B and Pit C. Overburden has been hauled and dumped back into mined out areas of Pit B and onto the out of pit West Dump. Rehabilitation efforts have focused on the Main Dump, with 86 hectares reshaped and topsoiled in preparation for seeding in Autumn 2007.

Maintenance of an overburden bund on the West Dump has remained a priority and by working behind the bund during adverse weather conditions we have been able to reduce our impact on the community. The current height of the West Dump is approaching RL190m, which is the maximum approved height. Mining in the Eastern Rail Pit commenced in late August 2006. It is expected that mining of this shallow coal resource will be completed during 2007.

Mining over the next 12 months will see operations continue in Pit B and progress further into Pit C. Overburden will continue to be dumped back into mined out areas of Pit B and onto the West Dump.

Update on Ravensworth East

Mining at Ravensworth East over the previous 12 months has occurred in a southerly direction in mining blocks 6 to 10 targeting the Ravensworth and Bayswater coal seams. Overburden has been used to progressively backfill mined out areas. These areas are being progressively shaped in preparation for future trimming, topsoiling and seeding.

Mining over the next 12 months will continue in a southerly direction, backfilling into the current mining void.



Mt Owen Complex Mining Areas.

Community Noticeboard

Family Day

On Saturday 28 October and 4 November 2006, Mt Owen Complex hosted family days for employees and their families' to celebrate 10 years of mining at Mt Owen. Over 800 people attended over the two weekends. Activities included mine tours, display of mining equipment, information and photos depicting the history of the mine, activities for children and various competitions. Thankyou to all employees and our suppliers who volunteered their time and donated prizes, which helped to make the event a great success.



Mining Equipment Display at the Mt Owen Complex Family Day.

Xstrata Coal NSW Community Survey

You may recall from our last newsletter that XMO's parent company Xstrata Coal NSW (XCN) embarked on the 'Viewpoint' program to better understand community perceptions of the company and its operations and to assess the needs of local communities in which it operates.

The program included a community survey involving 73 face to face interviews and 95 surveys via mail and phone with landholders, community groups and local and state government representatives between March and September 2006. The survey included residents in the Glennies Creek, Falbrook and Camberwell areas.

The survey sought to identify community knowledge and attitudes towards XCN. The survey asked residents to comment on the environmental performance of XCN operations, level of engagement with the community and benefits and opportunities arising from having a mine in the local area. Residents were asked if they were affected by a number of mining related activities and were asked to suggest ways that XCN could minimise these effects.

Key environmental themes included water, air quality, noise and visual impacts. Many people spoke of the need for more regular consultation and communication with the community, particularly local landholders. There was also community confusion over the ownership of mines in their area.

XMO is currently reviewing the results of the survey and your suggestions. The information will be used to refine XMO's community consultation and social investment strategies.

We would like to thank everyone who participated in the survey. For further information on the survey please contact John Watson on (02) 6570 0883.

Mt Owen Operations Community Consultative Committee

Update on CCC Meetings

The Mt Owen Complex CCC met four times in 2006.

Key activities for the year included:

- Review of the implementation of key Mt Owen and Ravensworth East Consent conditions.
- Regular updates on mining activities and environmental performance of the Mt Owen Complex.
- Presentations from the Department of Primary Industries- Mineral Resources and the Department of Natural Resources relating to environmental aspects of the Mt Owen Complex.
- Presentation from the University of Newcastle on the Mt Owen Native Forest Restoration Research and Monitoring Program.
- Presentation from a member of the local Aboriginal Community on the Yorks Creek Landscape Remediation Project and Cultural Awareness.
- Regular updates on community projects.

Remember that minutes of each CCC meeting are available on the Mt Owen Complex website.

Community Vacancy on the Mt Owen Complex CCC

We would like to remind you that a vacancy exists for another community representative to join the Mt Owen Complex Community Consultative Committee (CCC). The CCC meets quarterly at Mt Owen Mine, typically on Fridays. Interested persons should contact Brian Thomas at Singleton Council on 65 787351.

Contacts John Watson – Xstrata Mt Owen Environment & Community Manager PO Box 320 Singleton NSW 2330 Phone: (02) 6570 0883 Fax: (02) 6576 1643 Email: jwatson@xstratacoal.com.au

1800 730 883

Mt Owen Community Response Line

If you have any inquiries or concerns in relation to the Mt Owen Complex, please contact the Mine on the 24-hour freecall Community Response Line.

1800 248 745

Mt Owen Blasting Information Line

For information on blasting times please contact Mt Owen Complex on the 24-hour freecall number.

0265 700 800

24 Hour Emergency Contact Number

For Emergency Events please contact Mt Owen Complex on the 24-hour number.