

1 GLENDELL UPDATE

Following approval by the Minister for Planning, Frank Sartor, mining commenced on 3 April. Glendell will take over full operation of the mine toward the end of 2008.

2 FROM THE COAL FACE



Production for the first quarter was 1.6 million product tonnes, with wet weather providing excellent growing conditions for the rehabilitation works.

3 BIODIVERSITY RESEARCH PROGRAM



Conducted over 415 hectares of land, the findings of the program will benefit the establishment of native forest and woodland communities throughout the Hunter Valley.

4 COMMUNITY VACANCY

A vacancy exists for a community representative to join the Mt Owen CCC. Interested persons should contact Brian Thomas at Singleton Council on 6578 7351.



MT OWEN TWO-WAY

The Mt Owen Two-Way Issue No.11 May 2008

Message from the General Manager



Welcome to the latest newsletter from the Mount Owen Complex. I hope everybody enjoyed the Easter break even though the weather may not have been conducive to outdoor family activities.

The first quarter of 2008 saw a continued focus on Health, Safety, Environment and Community (HSEC) issues by all people

on site. The wet weather throughout the first part of this year, while affecting production, has provided some excellent growing conditions for the rehabilitation works and tree plots in the forest offset. During February the University of Newcastle conducted an open day showcasing the research programs being conducted in the biodiversity offset areas, which was well received by all.

Production for the year first quarter was 1.6 million product tonnes, which was slightly below budget due to the impact of wet weather through the summer months. The mining areas are working according to plan and opportunities to feed the newly constructed Coal Preparation Plant Extension are being maximised.

Xstrata Mount Owen has now gained all the approvals required to commence the operation of the Glendell Mine. Construction of the infrastructure associated with the mine has commenced. This will involve the establishment of access to the site from Hebden Road and the construction of office and workshop facilities. These works will cost approximately 23 million dollars and will be undertaken by primarily Hunter Valley based contractors. The initial mining works have also commenced on site with another local business, Hunter Valley Earthmoving being engaged to undertake the works. This newly developing mine will present many opportunities for our current and future employees.

To meet the expanding needs of the business, Xstrata Coal has changed the management structure for the Mount Owen Complex. Ashley McLeod has joined the Xstrata Coal team and has taken on the role of Xstrata Operations Manager for the Mount Owen Mine and Tony Israel has been appointed as Xstrata Operations Manager for the Glendell Mine. Peter Roser has joined the Thiess organisation and has been appointed as the Thiess Operations Manager for the Mount Owen Mine. I will be assuming an expanded role as General Manager for the Mount Owen Complex and the Liddell Coal Operations. I look forward to introducing these managers to you at future community meetings and other events.

Trevor Wells
General Manager, Xstrata Mt Owen

Update on the Glendell Mine

Approval of the modification of the development consent for the Glendell mine was granted by the Minister for Planning, Frank Sartor on 25 February 2008. Mining commenced on 3 April 2008 following receipt of approval for the Mining Operations Plan from the Department of Primary Industries – Mineral Resources and the issuing of an Environmental Protection Licence from the Department of Environment and Climate Change.

Initial mining is being conducted under contract by Hunter Valley Earthmoving in the north east of the mining area as Glendell's mining fleet and mine personnel arrive over the coming months in a planned manner. Glendell will take over the full operation of the mine toward the end of 2008.

The construction of the permanent workshop and administration buildings has commenced with completion of the facilities expected in December 2008. A temporary construction access has already been established and a permanent access to the new facilities will be constructed off Hebden road. New road signage has been installed to advise road users of the construction entrance.

Glendell Community Hotlines

With the commencement of mining at Glendell, the Mt Owen Complex blasting hotline and community enquiries hotline has been extended to include blasting information and enquiries related to Glendell. The toll free numbers for these hotlines have not changed from those listed in the newsletter.

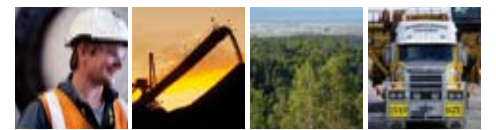
Environmental Management

As a result of the Glendell mine modification approval, all Mt Owen Complex environmental management plans apart from the Flora and Fauna Management Plan have been updated with relevant Glendell mine information and submitted to the Department of Planning for approval. A separate Landscape Management Plan was required to be developed for the Glendell mine that considered the existing rehabilitation programs and strategies in the surrounding region. The current real time monitoring network for noise and dust will be extended to the south to include monitoring locations within Camberwell Village as proposed in the Glendell Environment Assessment.



New Glendell trucks, completed and arriving onsite.

MT OWEN TWO-WAY



Community & Educational Support

Biodiversity Offset Research Program (BORP)

In February 2008 Xstrata Mt Owen's model experimental site was officially opened by Pro Vice Chancellor Bill Hogarth.

The site will play a key role in the continuing partnership between Xstrata Coal, Thiess Pty Ltd and the University of Newcastle's Centre for Sustainable Ecosystem Restoration.

Xstrata Coal New South Wales Chief Operating Officer, Mick Buffier, said, "This model experimental site will enable research into the best ways to reconstruct sustainable native forest communities not only on rehabilitated mine land, but also on degraded pasture areas beyond Mt Owen.

"The research program is being conducted over 415 hectares of land offset by Mt Owen, with the findings of the program set to benefit the establishment of native forest and woodland communities throughout the Hunter Valley."

Biodiversity research has been undertaken at Mt Owen for 12 years. To date, one PhD and six Honours students from the University of Newcastle have completed their work at the complex, which has assisted Mt Owen to solve several challenges facing the industry in the areas of soil, nutrients, topsoil replacements, and forest and woodland reconstruction.

Mike Cole, Director of the University's Centre for Sustainable Ecosystem Restoration, said the partnership with Xstrata Coal was the result of forward-thinking business tapping into local research expertise to work towards a result that meets the needs of industry, the community and the environment.

Future research at the model site will include development of best practice methods for the restoration of degraded pastureland to a forest/woodland ecosystem. This will complement Mt Owen's on-going native forest research program.

Research findings will be published in a book – "Ravensworth State Forest Research Program – Restoration and Reconstruction" – early next year.

From the Coal Face

The Mt Owen Complex now comprises the adjacent Mt Owen, Ravensworth East and Glendell open-cut coal mines, with mining commencing at Glendell in April 2008. The Complex is managed by Xstrata Mt Owen (XMO) on behalf of Xstrata Coal. Both Mt Owen and Ravensworth East mines are operated by Thiess Pty Limited, whilst Glendell is currently operated by Hunter Valley Earthmoving. In the first quarter of 2008, the Mt Owen Complex produced approximately 1.56 million tonnes of product coal for the export and domestic markets, with all of this coal exported via the port of Newcastle.

Update on Mt Owen

In 2008, Mt Owen mine will continue to mine out the remainder of Block B. Mining in this area has been difficult due to complex geological structures and unseasonal rainfall during Feb and March. Mining in the C blocks is progressing well with coal delivery becoming more reliable. Overburden waste from Pit B is being hauled back into the mined out areas whilst Pit C waste is being hauled to the remainder of the West Dump. Rehabilitation will focus on the western side to the West Dump as well as some minor rehabilitation works on the Main Dump. Ongoing rehabilitation of the Eastern Rail Pit should see the area completed by the middle of 2009.

Update on Ravensworth East

In 2008, mining will continue in a southerly direction targeting blocks 9 to 11. Overburden waste will target the bayswater ramp to fill this area to the final landform shape and in accordance with the Mining Operations Plans. Waste from Stage 3 mining area has assisted this process. By the end of 2008, there will be sufficient area to trim, topsoil and seed in time for the autumn rains in early 2009.

Mining in the Stage 3 and RW pit areas has progressed slowly with mining targeting the bayswater seam in mid 2008. Mining in these two areas should be complete by the end of 2008. Establishment of the Stage 3 tailings area and RW Pit water management area will then be targeted for operation mid 2009.



Mt Owen Operations Community Consultative Committee

Update on CCC Meetings

The Mt Owen Complex CCC has met once so far in 2008. Items discussed at the meeting include:

- Review of the implementation of key Mt Owen and Ravensworth East Consent conditions.
- Bushfire Management at Mt Owen Complex.
- Presentation on the progress of the Glendell project.
- Presentation from site personnel on the operational performance of the Mt Owen Complex.
- Consultation with the committee members regarding environmental and community risk of the mining operation from a community viewpoint.

Remember that minutes of each CCC meeting are available on the Mt Owen website with the next meeting planned for 20 June 2008.

Xstrata Mt Owen Engagement Strategy

Xstrata Mt Owen, will be holding a Community meeting on Monday 23 June 2008 at Glennies Creek Hall, commencing at 6:00pm.

The meeting will be used to convey information to the community regarding production, health, safety and environment and community issues relating to the Mt Owen Complex. To complement this meeting, Xstrata Mt Owen will meet with individual landholders as requested to discuss any issues relevant to the Mt Owen Complex. Community members interested in gaining more information about the program should call John Watson on 6570 0883 or 0428 746 707.

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 three times per year at Mt Owen Mine, typically on Fridays. Interested persons should contact Brian Thomas at Singleton Council on 6578 7351.



Mt Owen Complex mining areas.

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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 number.

1800 248 745

Mt Owen Blasting Information Line

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

02 6570 0800

24 Hour Emergency Contact Number

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

www.mtowencomplex.com.au