

1 RAVENSWORTH HOMESTEAD



Internal and external works for the Homestead complex expected to be completed in early 2009.

2 COMMUNITY PROJECTS

Throughout 2008 XMO continues to be active in supporting a range of local community projects along with investment in research for the long-term conservation of local flora and fauna.

3 GLENDELL UPDATE



In the year to date Glendell has produced 0.6 million tonnes of coal with rehabilitation works already commenced.

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.12 December 2008

Message from the Operations Manager – Mt Owen

Welcome to the latest newsletter from the Mount Owen Complex. No doubt everyone has been hard at work over the last six months and is looking forward to a well earned Christmas break.

The second half of 2008 has seen continued focus on Health, Safety, Environment and Community (HSEC). In particular Thiess have encouraged safe behaviour through positive communication which has resulted in zero lost time injuries in the last six months. This is a great achievement which we hope to continue in 2009.

During November, further shaping of the Mount Owen main dump has linked the final landform surface to the Ravensworth State Forest. A further 60Ha of rehabilitation is expected in 2009 which will further reduce the surface area that is exposed to the environment.

Ravensworth Homestead

Throughout 2008, Xstrata Mt Owen have been undertaking renovation works at Ravensworth Homestead. The Homestead complex is comprised of the Main House, Cottage, Outbuilding 1 and 2 and Ablutions building. The kitchen wing of the Main House dates back to 1832, and the main house is thought to have been designed by John Macarthur's architectural advisor John Verge, with Doctor James Bowman and Mary Macarthur being the first owners of the Ravensworth Estate.

The works have focused on ensuring the structural stability of the buildings is maintained and to avoid further deterioration. Detailed documentation designed to conform with the Burra Charter lists the required repair work and maintenance for each building. This was developed by EJE Architecture with Australian Heritage Restorations undertaking the works. This has included stabilisation works of walls and chimneys, replacement of roofing, repair of windows, repair of internal floor boards and plaster walls and repainting.

A major effort was also required to combat rising damp with a cocooning process (see top right) used on the stonework of the buildings to assist in drawing out moisture and salt. The paper poultice used is non toxic and very effective in the remediation of the stonework. New mortar sympathetic to the stonework was then applied following treatment. The internal and external works for the Homestead complex are expected to be completed in early 2009 with Xstrata Mt Owen now assessing options for the buildings ongoing use.



Xstrata Mt Owen Operations Manager, Ashley McLeod

Production for the second half of 2008 is expected to be approximately 4.0 million product tonnes, which is consistent with the budget. The mining areas are progressively getting deeper in the main north pit and have extended to a maximum depth of 270m. Thiess will concentrate mining operations in the lower working sections of the north pit in 2009 and as a result there will be less surface disturbance.

I have particularly enjoyed my first eight months at Mount Owen and hope to consolidate on our last six months performance to deliver the strategy and goals that we expect from our business.

I wish you all a safe and happy Christmas and prosperous new year.

Ashley McLeod
Operations Manager, Xstrata Mt Owen



Cocooning of stonework



Front of Homestead

Message from the Operations Manager – Glendell



Xstrata Glendell Operations Manager, Tony Israel

Hello and welcome from all of us at Glendell. As the first new greenfield operation for Xstrata Coal NSW we are very proud our achievements in 2008.

At Glendell we believe that our people will make the difference. The recruitment of an entire workforce is never easy; however we believe we have the right people displaying the values and behaviours needed to set a strong foundation for a safe, efficient and environmentally responsible operation.

Since the commencement of mining in April we have achieved zero lost time injuries while posting significant production performance. The construction of the new administration area, bathhouse and team muster areas were completed injury free and were ready for occupation in early December. The construction of our new maintenance workshop is nearing completion and will be ready for our maintenance teams early in the new year.

The staged introduction of our mining and maintenance teams in line with the delivery of our sound attenuated equipment is on schedule to have Glendell at a steady state of operation by February 2009.

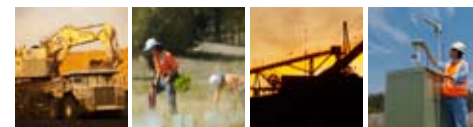
I have enjoyed the opportunity to meet with our neighbours and members of the wider community during 2008 and look forward to building on those positive relationships in the future.

Personally, it has been an exciting, challenging and rewarding year. I have been privileged to watch Glendell grow from its humble beginnings at the 'Coffey (Project) House' with a handful of dedicated people through to what we have today – a new workforce, new equipment and new facilities realising a great resource.

On behalf of Glendell I wish you all a happy and healthy festive season and look forward to working with you in 2009.

Tony Israel
Operations Manager, Xstrata Glendell

MT OWEN TWO-WAY



Glendell Update – MIA, Mining

Glendell has continued on with the setting up of the mine since May including:-

- Delivery of the majority of mining equipment including five Hitachi excavators, several trucks, graders, watercarts and dozers.
- Year to date Glendell has produced 0.6 million tonnes of coal.
- Glendell now employs 119 people with one more major employee intake to occur in January 2009.
- Completion of new infrastructure facilities off Hebden Road.
- Installation of real time dust and noise monitors in Camberwell village.
- Review and update the Mt Owen Complex environmental management plans to incorporate Glendell.
- Tree screen along the New England highway being extended.
- Rehabilitation works already commenced with planting scheduled in early 2009.



Before infrastructure development



Mining progress at Glendell



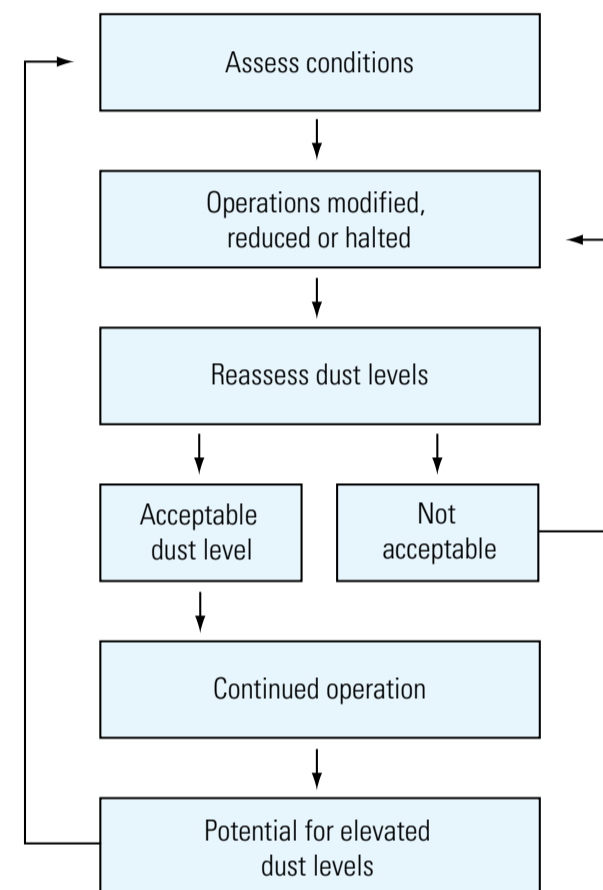
Glendell Infrastructure

Dust Management

Potentially, one of the most visible impacts of any mining operation is dust. Dust is also associated with other industry sectors such as agriculture, manufacturing and power generation etc.

Dust limits are specified in mining approvals with the basis for these limits contained within the Australian Ambient Air Quality National Environment Protection Measures. The Mt Owen Complex operates an extensive air quality monitoring network including a real time dust monitoring network to demonstrate compliance with these limits. Any exceedance is reported to the Department of Environment and Climate Change and Department of Planning, with regular audits undertaken by government departments of mine procedures.

The following flowchart shows how the Mt Owen Complex manages dust on site.



Mt Owen Operations Community Consultative Committee

Update on CCC Meetings

The Mt Owen Complex CCC has met three times in 2008. Items discussed throughout the year included:

- Review of the implementation of key Mt Owen, Ravensworth East and Glendell 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 and feedback from DPI-MR.
- 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 March 2009.

Xstrata Mt Owen Engagement Strategy

Xstrata Mt Owen held a community meeting in June 2008 at Glennies Creek Hall with an excellent representation of community members attending the meeting to speak to the senior management of the Mt Owen Complex.

The meeting provided an opportunity for the community to gain an update on production, health, safety, environment and community issues relating to the Mt Owen Complex as well as providing a forum for open discussion.

To complement this process targeted individual consultation is currently being undertaken within the local area. If you have not been contacted by Mt Owen Complex regarding a personal meeting and would like to participate, then please feel free to contact Xstrata Mt Owen to organise a suitable time.

Community members interested in gaining more information about the program should call John Watson on 6570 0883 or 0428 746 707.

Community Projects

Throughout 2008 Xstrata Mt Owen has again been active in supporting community projects, a selection of these supported include the Mt Pleasant School Horse Sports Day, National Tree Day, Singleton High School Safety Initiative, Singleton Council Community Programs – Creating the Future and B4U Drink – Think programs.

Along with these projects Xstrata Mt Owen is continuing to invest in research in the Biodiversity Offset Area for the long term conservation of local flora and fauna and the York's Creek Cultural Heritage area which is designed to be available as a teaching resource in the long term.

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.

Contacts John Watson – Xstrata Mt Owen HSEC 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 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.