

Bulga Coal Optimisation Project

Community information sheet 1
April 2011



Who is Bulga Coal?

Coal mining has been undertaken extensively at Bulga Coal for 30 years. Since purchasing the operations in 1989, Bulga Coal has worked hard to develop positive relationships with immediate neighbours and key stakeholders, establish responsible environmental performance and create a strong safety culture.

What is the purpose of this information sheet?

This information sheet provides details about the company's plans for the Bulga Coal Surface Operations, and outlines the long-term planning project that has commenced to ensure a future vision for the operations. An overview of the project, the planning and approvals process and most importantly how you, the community, can be more involved in the process, is also outlined.

To ensure that environmental and social issues / impacts are appropriately considered in project planning, Bulga Coal has engaged Umwelt Australia to undertake the Environmental Impact Assessment (EIA) program. Bulga Coal has also engaged Coakes Consulting to conduct a Social Impact Assessment (SIA) and support the community consultation program.

These integrated programs will ensure that all environmental and social issues associated with the project are clearly documented and assessed and that appropriate management and enhancement strategies are put in place to address important project and community issues.



What is the Bulga Coal Optimisation Project?

The Bulga Coal Optimisation Project aims to ensure the continuation of surface operations at Bulga Coal until around 2035 and would enable current coal resources to be maximised largely within the existing mining footprint.



As illustrated on the following plan, key aspects of the Bulga Coal Optimisation Project include:

- Minimal increase in new mining areas to recover the coal under Broke Road
- Reduced visible exposure of ongoing mining areas
- Building and positioning of a noise and visual bund
- Realignment of Broke and Charlton Roads
- Relocation of the 330kV power lines

- Mining deeper to maximise resource recovery.

Other key features include no increase in the approved mining capacity and ongoing mining for approximately 25 years.

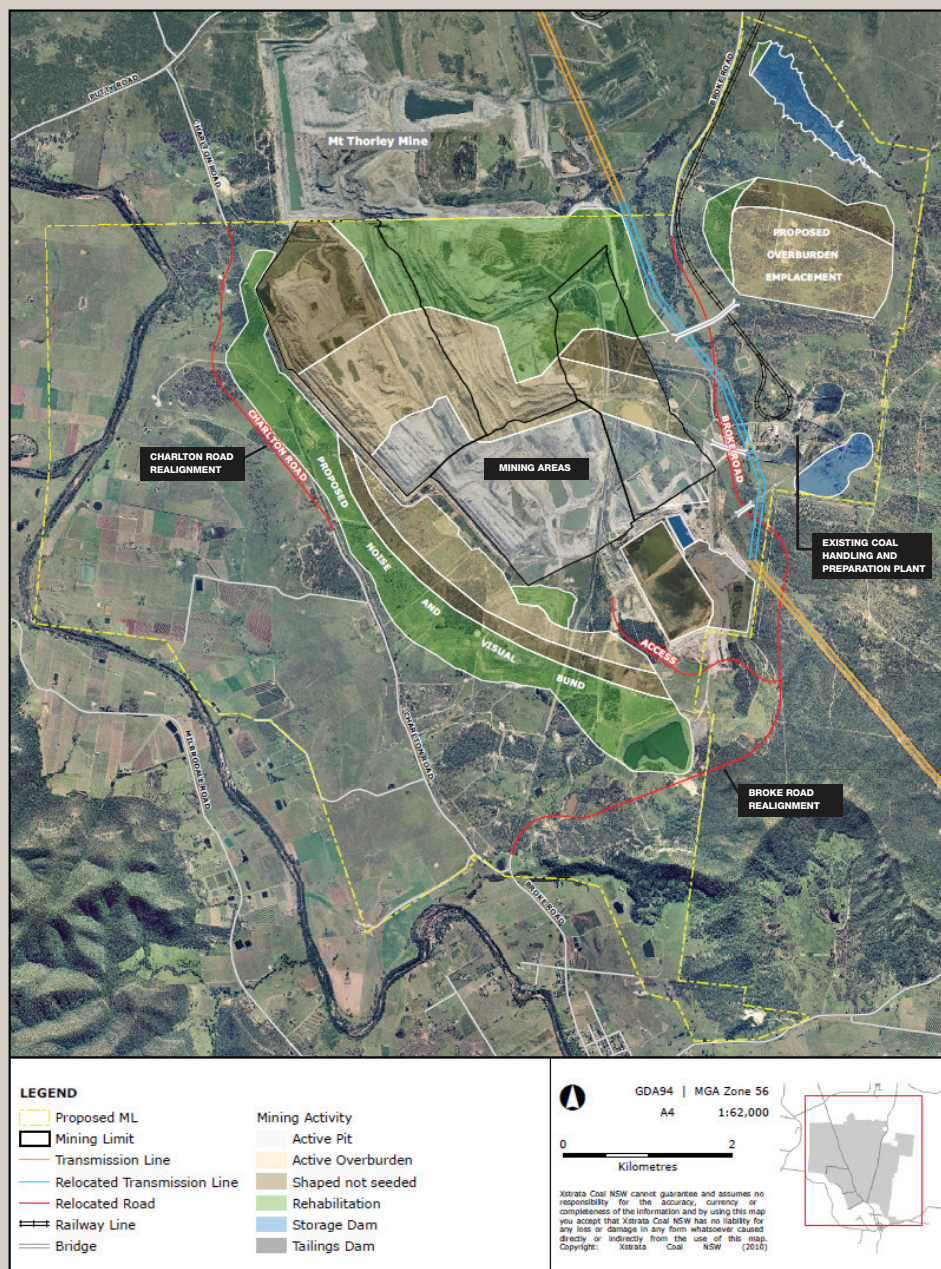
A key consideration for the project team in their preliminary planning has been the consideration of how noise, dust and visual impacts associated with the operations, may be reduced and appropriate management strategies employed.

The project will require significant changes such as the realignment of sections of Broke and Charlton Roads and the development of a new overburden emplacement area away from residential areas.

There will be opportunities for the community to influence planning outcomes that may enhance some aspects of the local community and better meet community needs and aspirations e.g. road beautification programs, tourist walks.

Key project features:

- The Bulga Coal Optimisation Project will utilise the existing Coal Handling and Preparation Plant and rail spur.
- The noise and visual bund will enclose the mine from western and southern neighbours reducing environmental impact.
- An eastern overburden emplacement area is established to reduce the project's noise and dust impacts.
- Dams will be provided to store clean water to discharge into Loders Creek.
- Mining will continue for another 25 years with no increase in its current approved capacity.
- Realignment of part of Broke Road will add only 2km distance which is less than 2 minutes travel time at 80kph. Charlton Road realignment will add only 400m travel distance. These new alignments will be designed for 100kph Standards.



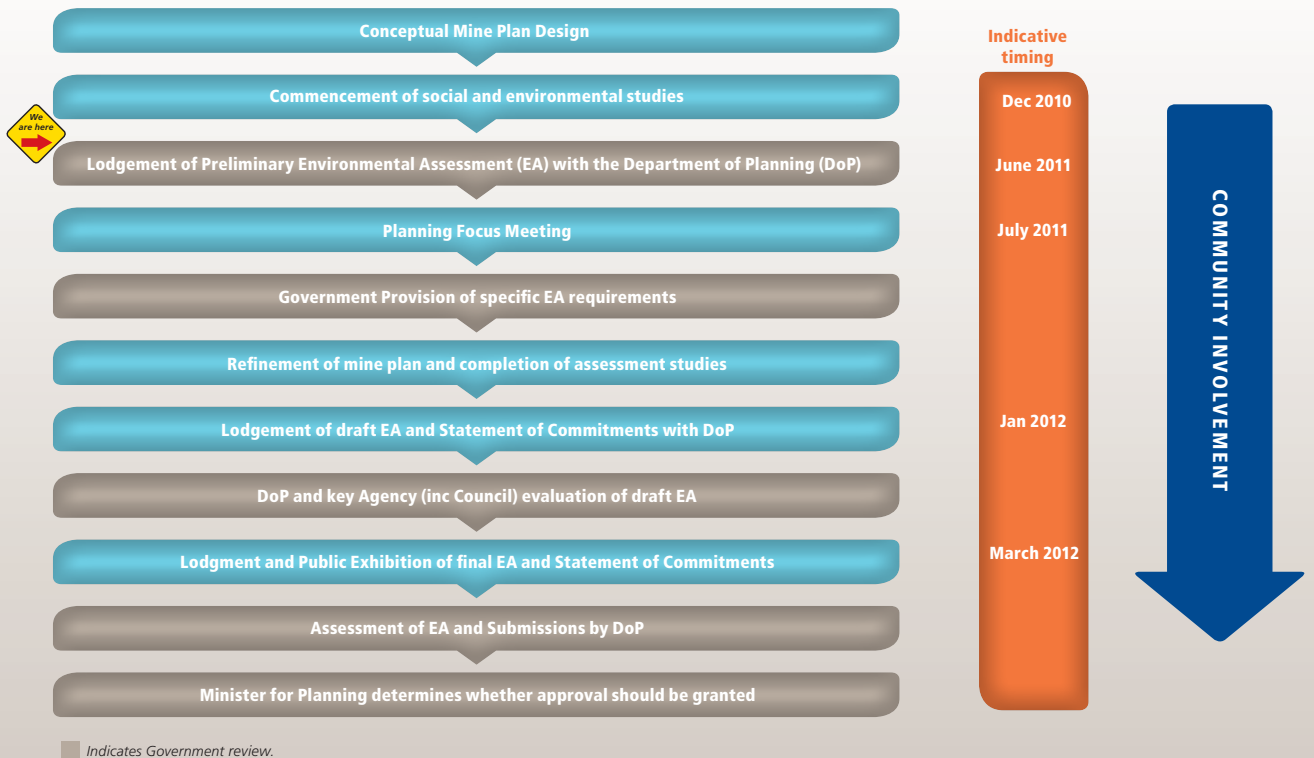
What is the process for project approval?

The Bulga Coal Optimisation Project will require approval by the NSW government under the Environmental Planning and Assessment Act (1979) and the Part 3A approvals process. Given the recent change in government in NSW, the Part 3A approvals process is under review and we will keep you informed of any changes in that regard. The chart below summarises the steps involved in the current process and outlines the opportunities for community input during the main phases of the assessment and approvals program.

To deliver the project successfully, Bulga Coal Surface Operations will require a modification to the existing approval prior to full project approval. The modification will allow the re-mining of existing spoil to enable mining of the underlying coal.



Project approval process



How can I get involved?

Bulga Coal believes that the best project outcomes are achieved through an integrated approach to social and environmental assessment.

Over the next nine months, the community will have an opportunity to work with the Company and its consultants to ensure that potential project impacts are identified, assessed and any mitigation strategies required are incorporated into the planning process.



The Company plans to build on some of the engagement methods that it has been using to date e.g. personal meetings and community barbeques, as well as through other mechanisms such as community workshops, focus groups and project presentations. Community residents will be invited to have an input to the Bulga Coal Optimisation Project across its various phases. This will include opportunities to:

- Identify key project issues at the beginning of the process
- Review the key issues for the project
- Better understand the outcomes of the various assessments e.g. noise, dust, visual, water, social, economic etc.
- Identify and review potential strategies to address project issues/impacts.



Working together to articulate a collective vision for the area

Bulga Coal has been a member of the community for 30 years. Having recently embarked upon a dedicated long-term planning phase for the Bulga Complex, the Company is interested in exploring the following key question with its communities and stakeholders: "What will a vibrant and sustainable future look like for your community".

The Company is proposing to support a process where community residents can get together and develop a vision for their community. This process will run independently from the current mine planning project and provide a vision for the future. Ideally this will help to guide future community planning initiatives.

It may also identify opportunities for long-term collaboration between Bulga Coal and local communities. This process will commence in mid-June 2011 and be independently facilitated. If you are keen to be involved, please let us know.

Where to from here?



Bret Jenkins (above left) and Ralph Northey.

If you would like to be involved in the consultation program or would like to learn more about the project, please contact:

Bret Jenkins – Bulga Coal Optimisation Project Approvals Manager
on 6570 2923 or 0428 832 997.

Ralph Northey – Environment and Community Manager – Bulga Coal
on 6570 2539 or 0418 439 874.

Email: brjenkins@xstratacoal.com.au

We will be contacting residents in April 2011, with meetings and barbeques scheduled for much of April and May 2011.

We look forward to your involvement and participation and welcome your feedback as the project progresses.



For further information contact:

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Xstrata's commitment to Sustainable Development

We are committed to the goal of sustainable development. We balance social, environmental and economic considerations in how we manage our business. We believe that operating to leading standards of health, safety and environmental management, contributing to the development of sustainable communities, and engaging with our stakeholders in two-way, open dialogue, regardless of our location, enhances our corporate reputation and is a source of competitive advantage. This enables us to gain access to new resources, maintain a licence to operate, attract and retain the best people, access diverse and low-cost sources of capital, identify and act upon business opportunities, and optimise our management of risks.