



**Ulan Coal Mines Ltd CCC Meeting
29 March 2011**

Attending Guests: Chris Pavich (CP), Julia Imrie (JI), Esme Martens (EM), Vicky Tapp (VT), Garry West (GW), Bev Smiles (BS), Scott Lillis (SL), Geoff Mitchell (GM)

UCML Attendees: Jamie Lees (JL), Ian Flood (IF), Sam Foster (SF) and Dan Clifford (DC)

Apologies: Cheryl Henriques

Chair: Garry West (GW)

Meeting Opened: 2.00pm **Meeting Closed:** 5.24pm

INTRODUCTION

JL Welcomed members of the new Ulan Coal Mines Ltd (UCML) Community Consultative Committee. Advised that under the new Part 3A approval, there is a new framework that UCML will operate under. The CCC will be operated in accordance with the NSW Department of Planning (DoP) *Guidelines for establishing and operating community consultative committees for mining projects* (JL provided a copy of these guidelines to each member). In accordance with these guidelines, each member of the CCC needed to apply for a position and be appointed by the Director General (DG). JL advised that UCML have not received a formal response from the DG accepting the UCML CCC, however UCML have assumed the CCC has been accepted due to a "clause" in UCML's letter to the DG to the effect that "if UCML do not receive a response to this letter within 28 days it will be assumed the DG is satisfied with the nominations". The letter was submitted to the DG on 1 Feb 2011.

BS questioned the legitimacy of this action. JL explained that it is a requirement of the Part 3A approval for UCML to have a CCC operational before the end of March 2011. As UCML has not received a formal response from the DG, UCML has decided to proceed with the CCC in order to be in compliance with the Part 3A approval.

JL introduced the new independent Chairperson, Garry West

GW Welcomed members. Recognised that UCML has had a very open and transparent relationship in the past with the community (confirmed by JI). Intent is to continue this open dialogue and establish good relationships and also exercise due diligence.

For the purpose of establishing pecuniary interests and background to members, introductions are as follows:

CP

- Has been in the area for 20 years
- Engineering geologist
- Worked for Department of Environment, Climate Change and Water

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Registered Office: Level 38, 1 Macquarie Place Sydney, N.S.W. 2000, Australia

- Has worked overseas, broad knowledge
- Representing Mid-Western Community Action Group and also a member of Rolleston Environmental Society

Jl

- Downstream land owner for over 30 years
- Science and Education background
- Completing Grad Dip in Water Resource Management at CQU
- Board Member of the Hunter CMA

EM

- 35 years in the Mid-Western region
- Councillor of the Mid-Western Regional Council
- Planning Engineer
- Member of 18 council Committees, including Joint Regional Council Representative
- Interest in mining - proper controls and revision of Mining Act

VT

- 13 years in area
- Cooyal Publican
- Interest in getting facts and reducing rumours
- Believes there is a consolidated community problem from mining in the region.

GW

- Resident of Orange
- In past was the Member of Parliament for Orange
- Retired for 16 years
- Chairs a range of committees including Moolarben CCC, Integra CCC and Northern Region committees
- Keen interest in community consultation
- Operates in an open and transparent manner

BS

- 30 years in area
- Downstream land holder
- Interested in the cumulative impact of the three mines in the area
- Interested in the Goulburn River
- On the Nature Conservation Board (representative on the EPA board)

IF

- Resident of Mudgee for the last 8 months, grew up in the regional area
- Environment and Community Officer at Ulan
- Worked with Xstrata in Queensland

SL

- 20 years in area
- Resident of Wollar
- Business of landscaping and nursery
- Since 1996, has occasionally carried out rehabilitation work for Ulan
- Interested in positive changes environmentally and in a community context

GM

- Registered surveyor for 40 years
- Owns Property 254 (as identified in the Ulan Coal Continued Operations Project Environmental Assessment).
- Representing western landowners
- Main interest is water along with noise and subsidence
- His property is not within the UCML acquisition zone

SF

- In area for 2 months, living in Ulan
- Environmental Graduate
- Bachelor of Science- environmental science and hydrology and water resource management, JCU Townsville

JL

- 12 years in area
- Worked for Department of Land and Water Conservation
- In 2004 left the DLWC, did some consulting and became involved in mining
- Currently the Environment and Community Manager of Ulan Coal
- Main task has been the Part 3A approval
- Kids go to local school

DC

- Two years at Ulan Mine
- General Manager of Western Districts for Xstrata, including Ulan
- Permanent resident of Mudgee
- Operational responsibility and success of mine.

Purpose and Scope of Committee

The purpose of this committee is to provide a forum for open discussion between representatives of the company, the community, the council and other stakeholders on issues directly relating to the mine's operations, environmental performance and community relations, and to keep the community informed on these matters.

Please refer to Guidelines for full purpose description.

Modifications to Committee

- EM Would prefer council to nominate another representative, as she is disappointed that she is their representative and would rather be a community representative.
- JL Noted in her application she stated that she would be happy to fill either role. JL also called Warwick Bennett from council to discuss a representative and seeing as EM had put her hand up, no further action was taken to nominate a different council representative.
- BS/SL Suggested John Webb would be a valuable council representative
- GM Suggested perhaps there could be more than one representative as UCML is a big operation - perhaps Linda from the Planning Department would also be a valuable member.
- GW Confirmed that it is council's responsibility to appoint a representative and that an alternative nomination should be made. EM to take this matter up internally with council (bearing in mind that whoever council nominates will need to be appointed by the Director General) - ACTION.

Independence of Chair

GW Explained that he is paid by UCML for duties - must maintain independence (also chairs a number of other CCCs with other mining companies).

Ulan Mine Cooperation

JL Explained that UCML operates in an open and transparent manner through goodwill. Expect committee members to respect the company and be fair and treat information provided in the manner and context that it is received. There is a presumption that all documents and other information considered by the committee should be generally available to the community (CCC Guidelines 2007). UCML would appreciate that any information provided to the media is done so with UCML knowledge & approval. However provision of some data is sensitive and cannot be relayed due to context. Sensitivity of documents will be made known to members.

Current Legal Climate

GW Explained that there is currently a merit appeal in the NSW Land and Environment Court - UCML are the second respondents. Encouraged committee to be mindful of this legal climate and not to stray into sensitive territory. These meetings will not address the court case in any way, as this would put UCML in a difficult position. The only comment UCML can make is that the hearing is in June 2011.

Minutes Process

GW The process is that a UCML representative will take the minutes and format them, JL will approve the minutes and then forward to GW who will then approve and forward to committee members for review. If the committee wishes to make comments on the minutes they have 7 days to respond. The minutes will then be uploaded to the intranet within 28 days of the meeting.

1 PREVIOUS MINUTES

GW Moved that the previous minutes be accepted as a true and accurate record of the CCC meeting, noting that the minutes are from a previous committee.

JL Seconded that the previous minutes be accepted (former member of previous committee).

1.1. MATTERS ARISING FROM PREVIOUS MINUTES

JL Formally objected to lifting of water quality discharge limits (EC limit increased from 900 offsite discharge to 1200 EC downstream monitor site). Questioned the conclusions in UCML consultant report used as justification for increase in limits– e.g. insufficient data and selection of monitoring points. Would also like update on “the Drip” (JL - the Water Management Plan and associated monitoring and response plans have now been submitted to the Department of Planning) and progress on Goulburn River diversion rehabilitation to be permanent items on the agenda. Believes it would be beneficial for the CCC to visit “the Drip” (GW intends to do this in the future).

JL Acknowledges JL’s objection, clarified her objection, UCML’s discharge limits at LDP6 were increased but UCML still had a requirement to ensure that the downstream waters of the Goulburn River were not over 1200 microsiemens/cm. Will ensure the Goulburn River Diversion is on the next agenda, and will discuss in future with the committee the possible visit to the Drip.

2 ULAN OPERATIONS

JL Ulan is an old mine, with mining dating back to the 1920's. The first open cut was established in the 1980's after the diversion of the Goulburn River was undertaken. The old underground mine used board and pillar mining techniques. Ulan No 3 is the current underground workings and Ulan West box cut is the new open cut mine. As of the 15th Nov 2010, Ulan received Part 3A approval for continued operations. Explained what the new Project Approval includes e.g. consolidation of existing development approvals, new approval for additional open cut etc. Explained that, although UCML operates under this new approval, there is still a requirement to consider and act in accordance with relevant legislation. Explained UCML are looking to build a concrete batching plant onsite – benefits include reduction in heavy vehicle traffic on local roads. Briefly explained mining process and surface infrastructure at Ulan including Bobadeen Irrigation Scheme

3 ULAN OPERATIONAL UPDATE

JL Ulan UG has experienced difficulties with strata and groundwater. LW26 has recently been inundated with water and this has resulted in a temporary halt to production. Significant stress zones underground, particularly in the main gate road of LWW3 are causing problems with the roof and ribs resulting in significant delays in development in this area. Due to the strata and water management issues in the northern area, UCML have started first workings in the area known as the North 1 panels. These N1 panels are between two sills and in the past were considered unviable to mine, however with better technology, market conditions and the current situation of the mine these panels are now a viable option and a section 75W modification for these second workings is about to be lodged.

In previous open cut operations, a dragline has been used to mine the seam. The current box cut (for the Ulan West underground mine) will use truck and shovel mining techniques. The dragline will possibly be moved to another Xstrata site for utilisation. National Mining Services (NMS) have been awarded the contract to develop the Ulan West Box Cut. NMS were approved as the Nominated Operator on 6 January 2011.

Current activities at the surface operations include:

- Final capping of South 5 Tailings Dam
- Preparation of conveyor traces
- Preparation of surface facilities area
- Construction of Box Cut clean water diversion drain
- Selective clearing and stripping of Box Cut footprint (First blast today, no issues).

Current longwall panels in the Ulan No 3 underground are 400m wide (older panels are 200m wide). This increased width means higher efficiency and lower energy input to retrieve the coal. Actual subsidence from longwall mining is within the subsidence predictions.

The transport of coal from site for export is undertaken by rail. Xstrata utilises QR, Pacific National (PN) and their own internal trains, which has been a recent initiative of the company to reduce costs. The Ulan project approval allows for a maximum of 10 trains per day.

UCML have experienced a significant increase in water inventory on site due to summer storms, less than adequate discharges offsite (due to poorer mine water quality), reduced irrigation and limited water sharing with Moolarben Coal Mine (MCM). In December 2010 a variation to Environment Protection Licence (EPL) 394 was sought to allow increased offsite discharge - this variation was approved for a period of three months ending on the 31 March 2011. The variation allowed UCML to discharge water offsite from its Licensed Discharge Points (LDPs) with no EPL water quality limits provided the electrical conductivity (EC) limit at the Goulburn River station downstream of the mine stayed below 1200 microsiemens per centimetre. A total of 2135 ML was discharged offsite between 22 December 2010 and 22 March 2011. This water was discharged from LDP 3 (Rowan's Dam) and LDP 6 (Bobadeen). During this period the EC level remained below the EPL limit of 1200 microsiemens per centimetre.

A background study is currently being conducted on the possibility of discharging to the Talbragar River via Mona Creek.

4 APPROVALS

- JL Provided an update on major approvals:
- Part 3A project approval received from DoP on 15 Nov 2010.
 - Voluntary Planning Agreement has been negotiated with MWRC.
 - EPBC approval received on the 30 Nov 2010
 - Integrated Mining Operations Plan for Ulan Complex approved by NSW Industry & Investment on 17 Nov 2010.

5 ENVIRONMENTAL MANAGEMENT SYSTEM

- JL Provided a general overview of what the new EMS will look like under the Part 3A approval. Under the current approval the old management plans are no longer appropriate, thus new management plans are in the process of being developed and will be submitted by the end of March. UCML will continue to operate under current management plans until the new plans are approved.

6 ENVIRONMENTAL MONITORING NETWORK

- JL Provided an overview of the environmental monitoring network, including air quality, blast and noise monitoring program, surface water and ground water monitoring program, ecological and rehabilitation monitoring program and attended and real time noise monitoring program.
- CP Commented on duration of baseline data for these monitoring programs.
- SL Brought up that due to noise data requiring a specialist to interpret, the raw data could be misunderstood by the public.
- JL UCML engage an independent contractor to carry out the noise data collection and interpretation. UCML will provide the interpretation as part of their results in the monitoring program which will be publicly available.
- In terms of noise monitoring, UCML is endeavouring to cooperate with MCM to coordinate the noise monitoring networks. This will greatly help in terms of noise complaints. MCM have already established an extensive network to the south of CML's operation. Monitoring at Ulan village will be a focal point. So far this year UCML have received one complaint (26 Jan – MCM received a complaint from the same person on this day). An investigation into the noise was undertaken however, as there were limited

surface activities occurring at UCML during the period of the noise complaint, UCML could not determine the noise source was caused by UCML's operation.

7 ENVIRONMENTAL OFFSET AREAS

JL Aboriginal conservation areas include the Brokenback area and 2 grinding groove conservation areas. Ecological offset areas include the Bobadeen salinity offset area, vegetation offset areas and cliffline offset area. UCML has drafted a Biodiversity, Rehabilitation and Offsets Management Plan, in accordance with the project Approval. UCML will work with Colinta (the agricultural arm of Xstrata) to ensure that stock access to the offset areas is in accordance with the management plan. In total there is about 1491 ha of offset area.

8 REHABILITATION

JL Provided an update on the rehabilitation activities in 2011

- Completed 3m cap on South 5 tailings dam
- Completed 6ha of rehab on South Hill – Grey Box communities seed mix applied to flatter areas, Ironbark communities seed mix applied on slopes. Seed mix also included native grasses for the first time. SL's company completed this work.
- Detailed design of drainage/final landform in West Pit has commenced
- Expression of Interest (EOI) process has been undertaken for reclamation/reuse of tailings in the old Lagoons (Rail loop Tailings Dam)
- 2011 targets
 - 100ha to be disturbed, including boxcut and clean water catchment dams. Of this 100 ha only approx 50 ha is new disturbance, with the remaining 50 ha being previously rehabilitated land.
 - West Pit final landform and drainage works to be undertaken to enable licensed discharge offsite once sediment has been dropped out
 - Completion of South 5 tailings dam rehab – to final landform
 - Commencement of Goulburn River Diversion Rehabilitation – currently having tender documents prepared for works

9 SITE PROJECTS

JL Provided an update on key site projects

- No 3 Vent fan construction nearing completion – commissioning April 2011
- Rowan's water treatment facility (WTF) completed – commissioning currently underway
- MG 26 Dewatering facility complete
- Upstream Goulburn River gauging station – requires upgrade due to flood damage and significant sedimentation and cumbungi growth (distorting rating curve and thus affecting flow monitoring). Initial discussions held with NSW Office of Water regarding the removal of cumbungi and upgrade to equipment

BS Noted UCML will need to go through Fisheries to do this work.

10 ENVIRONMENTAL MONITORING SUMMARY 2010-2011

JL Provided environmental monitoring results

- Groundwater

- Latest water balance showing increase in onsite water inventory since Dec 2010
- Surface Water
 - Ulan Creek discharge and water quality graph shown
- Meteorological – rainfall, temperature and wind speed/direction graphs shown
- Dust – No annual exceedance of Dust Concentration levels
- Changing environment around UCML will impact on air quality
 - Existing quarry operations
 - New mining operations
 - New Industrial Estate
- Progressive rehabilitation of UCML’s Open Cut mining area has reduced exposed soils
- A number of elevated readings have been recorded at UCML’s monitors as a result of external sources. This is determined by:
 - Meteorological data
 - Observations
 - Investigations into onsite activities
- PM10, Dust Deposition and High Volume Air Sampler graphs shown & discussed

11 COMMUNITY UPDATE

JL UCML have recently established a new community complaints and information hotline, the number is 1800 647 630. The hotline is updated with current blasting information and relevant notifications. Due to learning’s from the 2010 flood events the number also includes an employee information update to allow access to information on road conditions, flooding or bushfire incidents.

JL Advised that he has been given approval to expand the Environment and Community team and have a position on his team dedicated to Community and land management - filling this position will occur later in the year.

JL Gave update on 2010 Community Support Program (CSP). In our local area, Xstrata have assisted in sponsorship and donations including:

- A donation of \$5,000 to the Hydrotherapy Pool Lift Chair (PCYC Mudgee);
- Sponsorship of \$3,000 for the 2010 Rotary Clock Awards;
- Donations of \$2,000 each for Cainbil Bungaba Bushfire Brigade, Cooks Gap Bushfire Brigade and Turrill Rural Fire Brigade;
- Contributions of \$2000 each to the Gulgong and Mudgee Rescue Services; and
- \$1,000 donation each to local schools, \$5,000 donation to Ulan Primary school;

Other projects and events supported:

- Start Line Crusaders;
- Reading in Schools program;
- ‘Rising Stars’ project;
- Gulgong Folk Festival;
- the MERV men’s health van; and
- Annual Shows within the Shire.

General discussion on the 2010 CSP and opportunities for 2011 - JL indicated that he was happy to take feedback and suggestions from the CCC on worthy community causes.

12 GENERAL BUSINESS

- Jl In regards to the EPL discharge variation Jl questioned the scientific justification and assumptions contained in the consultants report. It was her opinion the report's conclusions lacked adequate supportive data and monitoring e.g. the control site was a highly modified part of the Goulburn River, monitoring sites were not representative of the subcatchment.
- JL Goulburn River diversion remediation process is in tender preparation at the moment - work will commence later this year and consultation with stakeholders will occur in due course.
- Jl Requested that "the Drip" monitoring and Goulburn River diversion remediation be made regular items on the agenda.
- JL Agreed and will ensure it is on the next agenda- ACTION
- JL Provided general discussion on how the impact on "the Drip" may be measured e.g installation of piezometers etc
- Jl Aquifer characterisation required to determine source of flows – will require installation of piezometers. Need time to think about and possibly coordinate with MCM.
- JL Water management on site - high EC of water in goafs, need to segregate water in terms of quality. Discharge and irrigated water good quality and poor quality water stays within mine recirculation or is shared with MCM or is treated by the WTFs.
- JL Even throughout the period of the discharge variation, grab samples were still collected and analysed for parameters that are usually monitored under normal operating conditions. This varied discharge licence will end on the 31st March 2011.
- BS Seeing as there was a need to apply for a discharge variation does this not indicate that the water holding capacity and treatment of mine water needs to be improved?
- JL Possibly but the mine is dealing with the water in the best possible way at the moment.
- BS What is happening with the brine?
- JL Investigation into export off site in coal product - precedent set in Queensland
- CP Requested an update on subsidence at the next meeting (end of panel report) - ACTION
- GM Asked about the process for acquisition for people affected by noise
- JL Explained process for acquisition – under Part 3A approval a number of properties have been identified where the owner can request acquisition due to noise at any time during the project. The Part 3A approval documents the process for acquisition etc.
- GM Commented that John Rouse, a landowner to the north west of UCML, was interested about the Talbragar discharge and the status.
- JL At the moment, this project is undergoing modelling and is still in the investigation stage. JL has been out to visit John in regards to this project.
- GM Piezo on McGrath's property is currently not included in the annual private bore survey.
- JL This piezo will be included in next survey.

- Jl Suggested a joint CCC meeting with other mines in the area (ie combine regular) to discuss environmental issues and specific regulations which overlap sites. e.g. water, impact on The Drip, dust/noise
- JL Maybe a good option however politics between sites and different company policies may not aid the situation. JL to follow up and determine the scope of a joint meeting.
- All Agreed upon meeting schedule for 2011 - July, September and December. The next meeting will be held at site on 25th July starting 1pm and will incorporate a field trip around site.
- JL Thanked the CCC for their efforts and contributions.
- DC Thanked members of community for their interest and participation.
- GW Closed meeting

Meeting Closed: 5.24pm

Next Meeting: 25th July 2011 1pm at UCML (including field trip)

Action Status Table

ITEM	RAISED BY	ACTION	RESPONSIBILITY	STATUS
1	BS	Provide laminated site maps to CCC at next meeting	SF	Complete (maps are printed and will be distat next meeting)
2	EM	Follow-up internally with MWRC re council CCC representative	EM	
3	GW	Social Involvement Plan (SIP) to be circulated to members	SF	
4	CP	Provide an update on subsidence (end of panel report) at the next meeting	SF	
5	Jl	Discuss a joint CCC meeting with MCM and Wilpinjong Coal Mine ECM's	JL	
6	Jl	Provide an update on the monitoring of "the Drip and also how the baseflow will be verified at the next meeting	JL	
7	GW	Supply a copy of the Xstrata Sustainable Development Policy to members at next meeting	SF	Printed and will be at next meeting
8	GM	Include Mcgrath's piezo in next private bore survey	JL	