

Xstrata Coal NSW
Presentation to Aboriginal Stakeholder Groups
January 2010



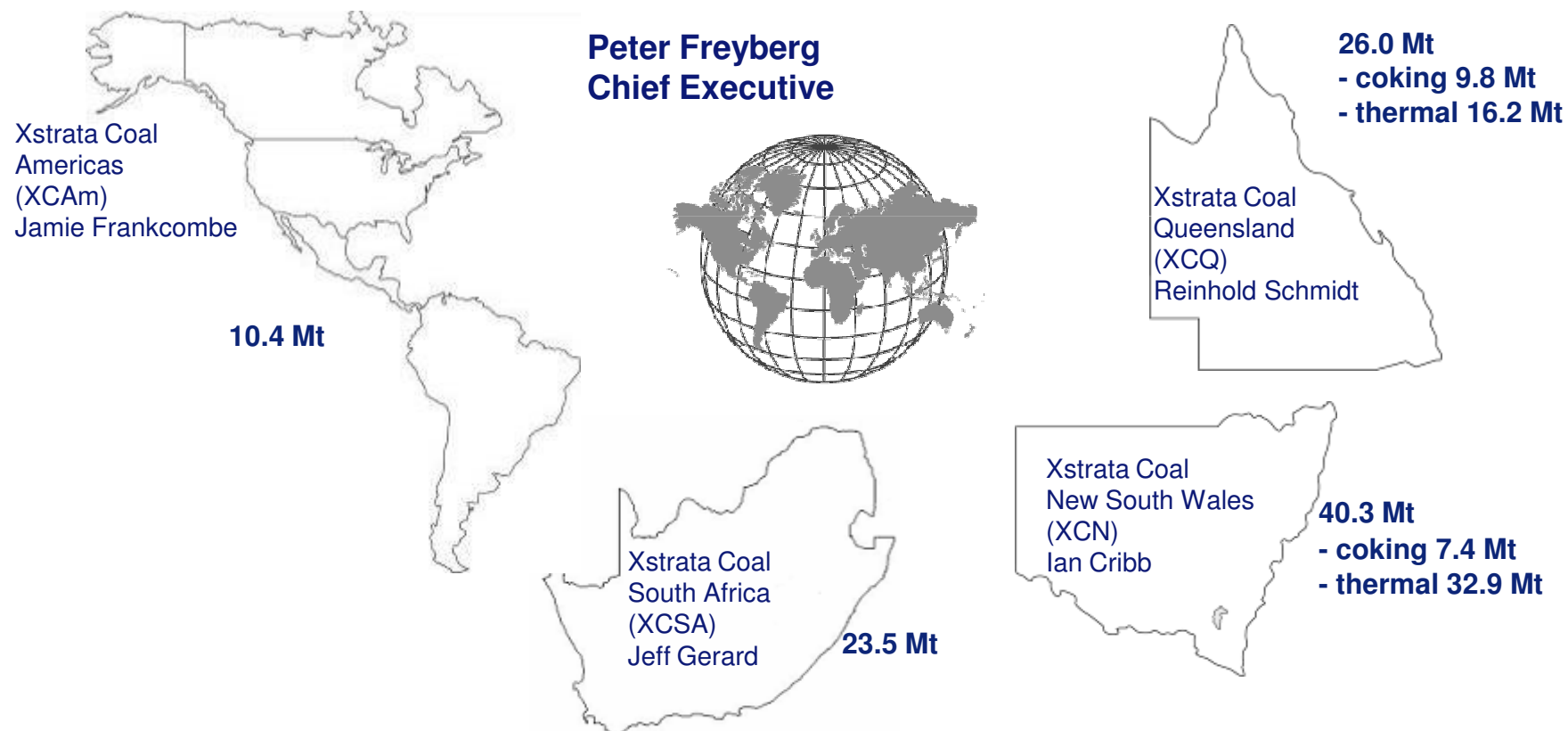
Xstrata Coal



- Overview of Xstrata Coal
- Xstrata Coal Business Principles
- XCN Guiding Principles for Engagement with Aboriginal People
- XCN Aboriginal Engagement Standard
- Overview of XCN Corporate Social Involvement Program
- On-going Communication

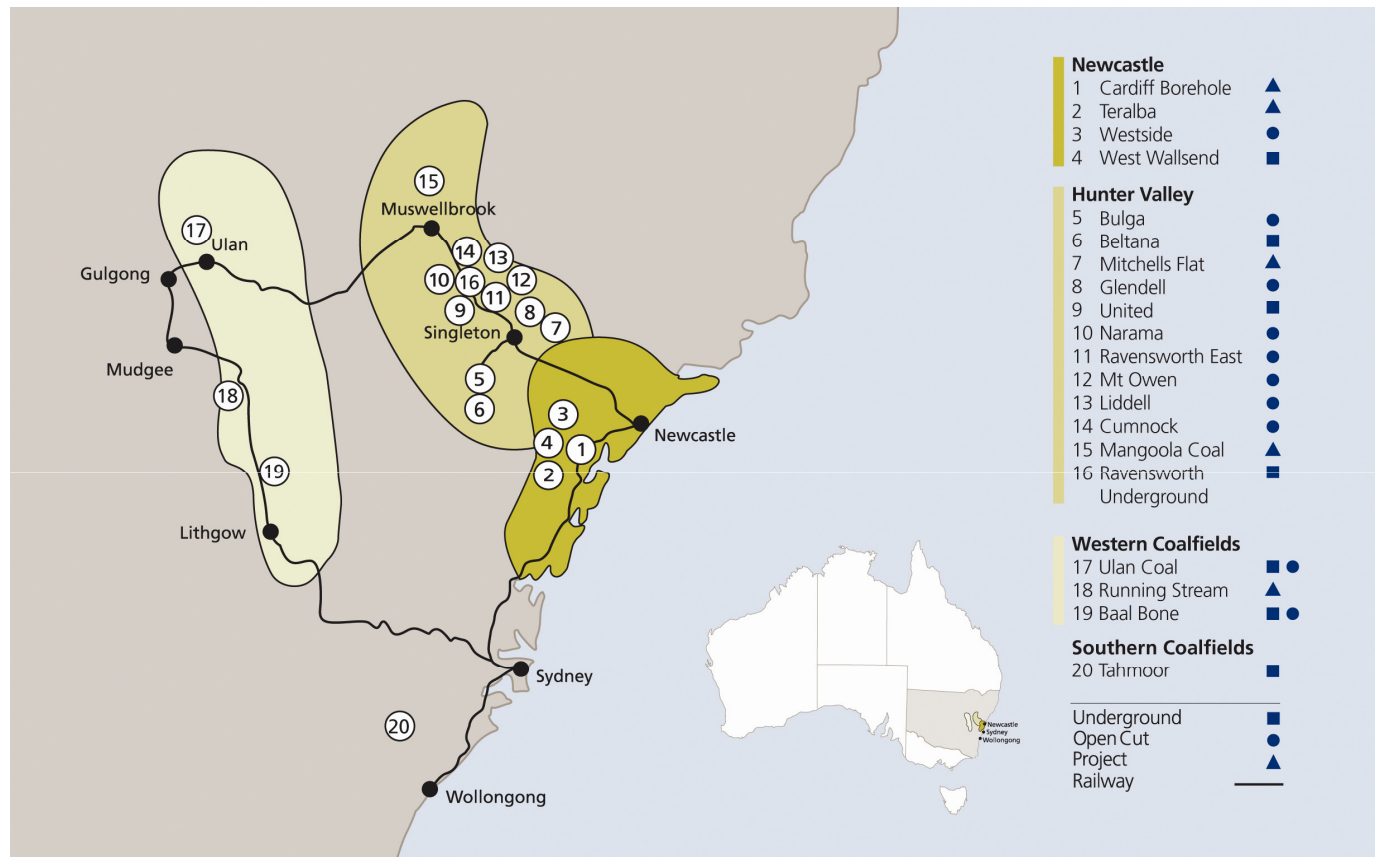
2008 Total Managed Production: 100.2 Mt

(XCAm & XCSA – Consolidated production)



Xstrata Coal

Xstrata Coal NSW



Largest coal producer in the Hunter Valley and NSW

Production of domestic, export thermal, semi-soft coking and hard coking coals

Over 4250 employees in NSW

Xstrata Coal

Sustainable Development Policy



Sustainable Development Policy

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.

We comply in full with the laws and regulations in each country where we operate. In addition, we operate in accordance with Xstrata's sustainable development framework, aspiring to achieve the highest international standards regardless of location and without exception. We conduct regular internal and external audits of our businesses and operations to assure compliance with our business principles, policies and standards.

Health and Safety

We aim to operate a safe workplace that is injury and fatality-free, and to enhance the well-being of employees, contractors and communities. To achieve this:

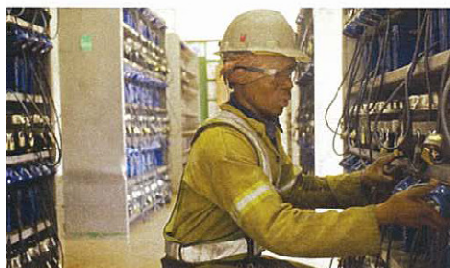
- we provide visible safety leadership, and appropriate leadership development and training at every level;
- we foster and maintain a positive safety culture, behaviour, and awareness;
- we identify and eliminate or mitigate safety, occupational and community health and hygiene hazards;
- we maintain operational integrity;
- we apply safe work systems and occupational and community health and hygiene programmes;
- we actively engage with and monitor contractors, suppliers and business partners so that they understand and respect our occupational and community health and safety standards;
- we encourage and support our people and the communities associated with our operations to participate in programmes which enhance their health and well-being;
- we report, manage and learn from injuries, illnesses and high potential incidents; and
- we prepare for and effectively respond to emergencies and crises.



Environment

We aim to preserve the long-term health, function, and viability of the natural environments affected by our operations. To achieve this:

- we act as responsible stewards of our owners' assets and operate to leading practice environmental standards;
- we eliminate, mitigate or remediate the environmental impacts of our activities;
- we continually improve the efficiency with which we use raw materials, energy and natural resources;
- we reduce our direct and indirect greenhouse gas emissions and work with other organisations, governments and groups to address climate change;
- we reduce harmful emissions to air, water and land;
- we avoid net losses or degradation of natural habitats, biodiversity and landscape functions;
- we reduce wastes and the toxicity of our wastes;
- we prevent or mitigate the impacts of adverse environmental incidents; and
- we work with our stakeholders to mitigate the environmental impacts of our product life cycle and supply chain.



Sustainable Communities

We contribute to the social and economic development of sustainable communities associated with our operations.

To achieve this:

- we identify the communities and other stakeholders associated with our operations and actively engage with them in a culturally appropriate and transparent manner as early as possible and throughout the life cycle of our operations to establish relationships based on mutual benefit and active participation;
- we respect the culture, customs, interests and rights of communities, including indigenous peoples and vulnerable or previously disadvantaged groups;
- we work with governments, local authorities, community representatives, inter-governmental and non-governmental organisations and other interested parties to develop and support projects that benefit the communities associated with our operations;
- we contribute a minimum of 1% of Group profit before tax each year to fund initiatives that benefit the communities associated with our operations, particularly those located in remote areas or in regions with a lower level of social and economic development and infrastructure;
- we manage our funding so that our community initiatives receive stable and continuing financial support; and
- we work to minimise the adverse impacts of our operations on the communities in which we operate and to avoid sole dependence on our operations.



Our People

We maintain a safe workplace that is based on mutual respect, fairness and integrity. To achieve this:

- we do not tolerate any form of workplace discrimination, bullying, harassment or physical assault and we provide a fair and non-discriminatory employee grievance system;
- we value diversity and treat all employees and contractors fairly, providing equal opportunity at all levels of the organisation without bias;
- we employ and promote employees on the basis of merit while upholding legislation in regions that aim to benefit historically disadvantaged groups;
- we provide fair remuneration;
- we stipulate and enforce a drug- and alcohol-free workplace;
- we collect personal and private information about employees in a legal and ethical manner and take every precaution to protect the privacy of our employees and their personal information;
- we uphold the right of employees to freedom of association and collective bargaining;
- we provide appropriate training and development opportunities; and
- we consult, communicate and provide appropriate support to employees during significant organisational changes including closures, acquisitions, mergers and divestitures.

ML Davis

ML Davis, Chief Executive – December 2007



- As a division of Xstrata Coal, Xstrata Coal NSW (XCN) is committed to operating within the Business Principles and SD Policy and Standards set by Xstrata plc.

Xstrata Coal Business Principles:

- *We Work Together and With Others*
- *We are committed to open and two-way engagement with employees, employee representatives, communities, customers, suppliers, shareholders and other stakeholders.*
- *We will contribute to the social and economic development of sustainable communities associated with our operations.*

- Xstrata Coal New South Wales (XCN) recognises the importance of maintaining positive relationships with Aboriginal people in the different locations that we conduct business in NSW
- Our vision is to develop genuine sustainable partnerships which are based on integrity, co-operation, transparency and mutual respect and which support Aboriginal communities
- This will be achieved through a balanced approach that considers opportunities relating to:
 - communication
 - cultural heritage awareness and management
 - education and skills development
 - employment opportunities
 - community development programs

- In order to achieve our vision, a set of Guiding Principles has been developed which describe how XCN will engage with Aboriginal people to pursue mutually beneficial outcomes
- The Guiding Principles has been developed with consideration to the former *Draft XCN Aboriginal Engagement Strategy of 2007-08*
- New XCN Guiding Principles and Aboriginal Engagement Standard replace the former Strategy:
 - Little feedback from Aboriginal community on former draft Strategy
 - Draft Strategy was not supported by all groups at the time

Principle 1:

XCN respects the interests, cultures and customs of Aboriginal people with a demonstrated traditional and cultural connection with the land associated with XCN's mining operations and projects.

Principle 2:

XCN will work closely with Aboriginal people with a legitimate connection or interest in its mining operations or projects, and other interested stakeholders, to mitigate impacts on Aboriginal cultural heritage.

Principle 3:

XCN will communicate with Aboriginal people in a respectful and culturally appropriate manner through all stages of mining and will establish forums for information exchange on mining operations and projects, where relevant.

Principle 4:

XCN will engage with Aboriginal people to build constructive and sustainable relationships based on openness, trust, honesty, fairness and a mutual understanding of each other's roles and responsibilities and needs.

Principle 5:

XCN understands that its employees and contractors must be conscious and respectful of the uniqueness and diversity of Aboriginal culture and of the importance of the landscape and its values to Aboriginal people. In recognition of this, all relevant employees and contractors will be provided with cultural awareness training.

Principle 6:

XCN will identify opportunities to support Aboriginal communities in the areas of employment, business, education and training and economic development through its established Corporate Social Involvement (CSI) Program.

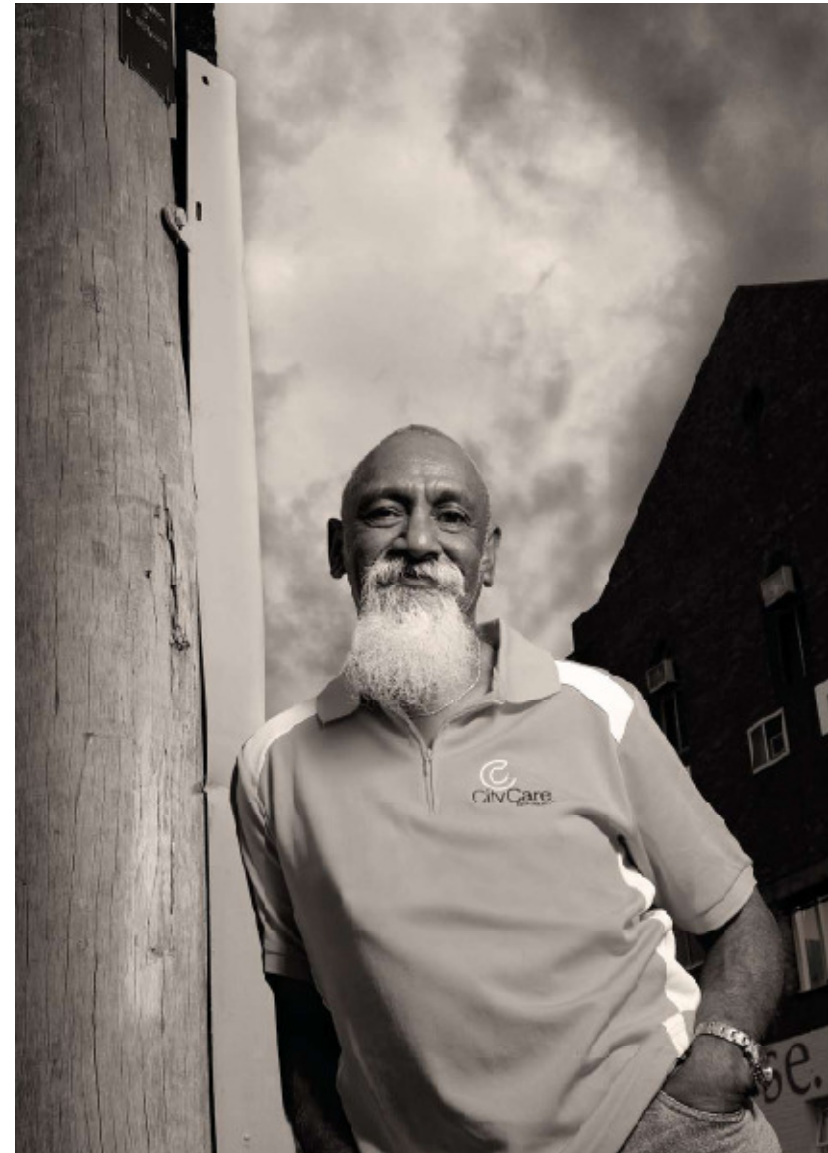
Principle 7:

XCN will comply with the requirements of all existing cultural heritage and native title legislation.

- XCN's vision is to establish, formalise and resource a culturally sensitive and respectful Aboriginal Engagement Standard to be implemented at XCN operations throughout NSW
- The Standard is in process of being finalised and will be used to:
 - guide consultation with Traditional Owners, Native Title holders, registered Native Title claimants and other registered Aboriginal stakeholders on cultural heritage assessment and management
 - guide meaningful engagement with the broader Aboriginal community in relation to respecting their rights and interests in land when developing new projects, modifying existing projects or regarding on-going management of cultural heritage.
- The Standard is based on a strong corporate commitment to maintain and enhance fair, constructive, positive and above all sustainable relationships with Aboriginal people
- The Standard is consistent with XCN's Guiding Principles for Engagement with Aboriginal people.

- The Standard provides guidance to all XCN operations across a number of key areas to facilitate a consistent approach:
 - Communication with Aboriginal people and other stakeholders
 - Legislative Requirements relating to cultural heritage
 - Cultural Heritage Assessment and Management
 - Consultation and Engagement of Aboriginal people for cultural heritage related services:
 - Job Particulars
 - Remuneration
 - Experience and Expertise of Aboriginal participants
 - Insurance and Safety Requirements
 - Contractual Arrangement for Services

- Annual voluntary commitment across areas of:
 - Health
 - Education
 - Enterprise & Job Creation
 - Community Development
 - Environment
 - Arts & Culture
- \$9.7 M across NSW & QLD in 2009
- More than 50 CSI partners in 2009
- Focus on identifying areas of significant need within our local and regional communities
- Focus on projects that will address areas of need and provide a positive and lasting benefit to the community
- Specific projects supporting local Aboriginal communities



Examples of XCN projects supporting Aboriginal communities in the Hunter:

- Teaching & Keeping Place for the Broke Area (\$600K over 2 years)
- Hunter River Indigenous Bush Regeneration Trainee Program (\$150K annually)
- Learning, Place & Identity (\$200K over 2 years)
- University of Newcastle – Indigenous Scholarships (\$10K each annually)
- Mt Owen Yorks Creek Cultural Heritage Remediation Project
- Further 1-2 additional Aboriginal Projects expected to commence in 2010



Examples of other significant community projects in NSW

- New Singleton Neighbourhood Centre (\$650K)
- New Singleton Youth Venue (\$600K)
- Singleton Information & Business Culture Centre (\$460K)
- Carrie's Place (\$125K)
- Hunter Institute of Mental Health – Education and Prevention (\$100K)
- Muswellbrook Women's and Children's Refuge (\$50K)
- Lifeline – Crisis Service (\$75K)
- Lifeline - Men Exploring New Directions (\$80K)
- Maitland Neighbourhood Centre (\$50K)
- All Abilities Playground – Singleton, Tahmoor and Lake Macquarie (\$500K)



- Each XCN site is required to establish forums for on-going communication with Aboriginal people
- This is typically achieved through face to face group or individual meetings
- XCN active participant on Upper Hunter Working in Partnerships (WIP) Committee
- Purpose of the WIP Committee is to:
 - promote a shared understanding of the issues that are important to each stakeholder group and the broader community in the Upper Hunter Valley, and encourage others to do the same
 - Working cooperatively & seek solutions and outcomes in the areas of training, employment and economic development that are based on a true partnership approach