

MEETING MINUTES

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| MEETING: | Dendrobium Community Consultative Committee | |
| LOCATION: | Dendrobium Mine meeting room, Mount Kembla | |
| DATE: | 21 June 2018 | |
| ATTENDEES: | Independent Chairperson Community Representatives Illawarra Coal Representatives (IC) | Mike Archer (MA) Phil Clunas (PC) Chris Haley (CH) Phil Grant (PG) Phil Diamond (PD) Ron Zwicker (RZ) Wollongong City Council Amber Cleary (Community) (AC) Wayne Bull (Dendrobium Acting Manager Operations) (WB) Michelle Grierson (Environment) (MG) |
| APOLOGIES: | | Vivien Twyford (VT) Councillor Noel Lowry (NL) (Wollondilly Shire Council) Alex Beccari (AB) |

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| 1 | PURPOSE |
| | <p>The purpose of the DCCC is to provide a forum for open discussion between representatives of Dendrobium Mine, the community, the relevant councils 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.</p> |
| 2 | AGENDA |
| | <ul style="list-style-type: none"> • Welcome/Apologies • Acceptance of minutes of last meeting (April 2018) • South32 Update • Illawarra Coal Operational update • Update on Environment; Logistics; and Community • General Business <ul style="list-style-type: none"> ○ Questions on notice ○ Updates to Freight Changes ○ Updates to proposed Appin Exploration Program ○ Dendrobium Plan for the Future update ○ Meeting dates for 2018 |

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| 3 | <i>WELCOME / APOLOGIES</i> |
| | <ul style="list-style-type: none"> • Mike Archer welcomed all members present to the June meeting of the Dendrobium Community Consultative Committee. |
| 5 | <i>PREVIOUS MINUTES</i> |
| | <ul style="list-style-type: none"> • Approval of the minutes from the previous DCCC meeting (April 2018) were accepted as a correct record of the meetings. First: PD; Moved; CH. |
| 5A | <i>BUSINESS ARISING</i> |
| | <ul style="list-style-type: none"> • NA |
| 6 | <i>ILLAWARRA COAL OPERATIONAL UPDATE</i> |
| | <p>South32 Business Update</p> <ul style="list-style-type: none"> • South Africa Energy Coal (SAEC) is now operating as standalone business (since 30 April 2018). • South32 will acquire a 50% interest in, and assume operatorship of, the Eagle Downs metallurgical coal project in Queensland's Bowin Basin. • Earlier this week, South32 announced that it has entered into an agreement with Arizona Mining Inc to acquire the remaining 83% of issued and outstanding Arizona Mining shares, with a fully funded all cash offer of US\$1.3 Billion. Arizona Mining is the owner of the Hermosa Project, containing the high-grade zinc, lead, and silver deposit, manganese and silver oxide resource and an extensive, highly prospective land package with potential for discovery of polymetallic and copper mineralisation. <p>Illawarra Coal update:</p> <ul style="list-style-type: none"> • Illawarra Coal's Corporate Affairs team is currently recruiting for two positions: Corporate Affairs Specialist; and a Communications Specialist. <p>Subsidence Management Plan (SMP) for Longwall 16:</p> <ul style="list-style-type: none"> • Longwall 16 Subsidence Management Plan was approved by NSW Department of Planning and Environment on 30 May 2018. • Longwall 16 approval documents can be found on South32's website at www.south32.net • Further application for Longwalls 17 and 18 will be submitted in the future. <p>Dendrobium Longwalls 20 and 21 Subsidence Management Plan (SMP)</p> <ul style="list-style-type: none"> • Illawarra Coal is currently in the process of reviewing two potential longwall blocks located within the existing Dendrobium Development Consent Area (Area 3C). • The longwalls (20 and 21) are located immediately to the north of Area 3B – between Donalds Castle Creek and Wongawilli Creeks. • It is proposed to extract these longwalls after Area 3B future longwall blocks. • Environmental assessments are underway to support a Subsidence Management Plan application to DoPE. • These assessments are in the early stages and further updates will be provided to the Committee as data is collected. The assessments include a Cultural Heritage Study (which |

includes a requirement to advertise the proposed mining and for Aboriginal groups to register to participate in the study).

- A committee member raised serious concerns regarding information provided at the meeting that was contrary to information previously provided that clearly indicated Area 3C would not be mined because of high gas levels. The committee member expressed concern that the potential for future mining in Area 3C was a complete reversal of previous assurances and seriously tested his trust of the Company. The committee member requested that Area 3C be included in future information and discussions to do with the Company's Plans for the Future Working Group.
- WB responded to the Committee member's concerns that the Company conducts its operations within the regulations and guidelines on it by the regulatory authorities and that while internal study is still required for proposals around mining in Area 3C, any future activities would similarly be conducted in accordance with the NSW regulations.
- Note: Area 3C is located within Dendrobium Mine's Development Consent Area, approved by the NSW Government Department of Planning and Environment.
- AC committed to updating the Committee on mine operations in Area 3C at all future regulatory DCCC meetings.

Longwall Progress Update

- Longwall 14 is currently underway, with 194 metres extracted to date. The Longwall is expected to be completed in May 2019.
- As previously mentioned Longwall 14 has been shortened to avoid impact to WC15.

General Update – Environment

- No non-compliance for environmental monitoring.
- Two environmental incidents, both relating to increases in dust in our Dust Deposition Gauges (collecting dust over a one-month period). One gauge on the mine portal road at Dendrobium (Point 13) and the other at Kemira Valley (Point 18) reported higher than usual dust over the month.
- Site Security Risk Assessment conducted recently. DCCC will be kept updated with any changes to the site's management of security.
- Water balance steady with no issues to report.
- Routine noise monitoring program to be conducted this quarter.
- Since last DCCC there has been 10 impacts reported as a result of Longwall 13.
- This includes 9 Level 5 impacts (soil cracks); 4 Level 2 impacts (soil cracking on fire roads and rock fracturing); and 1 Level 3 impact (low pool water levels observed at Wongawilli Creek)
- MG presented Swamp 13, Swamp 14 and Swamp 109 and 111 (Area 5) reference piezometer data to members present.

Community Update

Community Complaints:

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| | <ul style="list-style-type: none"> • Since the last meeting there has been zero complaints received regarding Dendrobium’s operations. • A complete account of Dendrobium’s complaint for the year is available on South32’s website under ‘Dendrobium Monthly Complaints Report’. <p><u>Community investment initiatives:</u></p> <ul style="list-style-type: none"> • Dendrobium’s Community Enhancement Committee (DCEC) has welcomed two new members: Craig Hicks and Darren Nicholls. • Upcoming and recent events supported by Illawarra Coal include: <ul style="list-style-type: none"> ○ Illawarra Careers Expo – 8 & 9 May ○ Greenacres Mountain to Mountain Challenge – 29 July ○ Wollondilly IlluminARTe – 5 May • Social Baseline Assessment (SBA) expected to commence mid-2018. The SBA is conducted every 5 years as per the South32 Community Standard. |
| 8 | <p>GENERAL BUSINESS</p> |
| | <p><u>Dendrobium Plan for the Future Update</u></p> <ul style="list-style-type: none"> • AC advised the Committee the EIS is likely to be submitted late 2018. Work on the Environmental Assessments is continuing. • Further updates will be shared at the Working Group meeting in July. <p><u>Update on Freight changes</u></p> <ul style="list-style-type: none"> • As previously shared with the Committee, Illawarra Coal has changed the way we transport goods to and from our operations. On 1 January 2018, Linfox assumed responsibility for general and repairs freight. Since the inception of the new program, key changes from the former process include: <ul style="list-style-type: none"> ○ We now have a structure in place where Transport Companies will phone or email Linfox, who act as our “virtual guard house” where they book in a time slot for the next day. This provides structure and stops multiple delivery and pickup trucks from coming to Dendrobium at the same time. ○ On average 15 trucks used to come up the hill on a daily basis with no structure and no notice. With the current transport model, the volume of trucks has reduced by 20% - 30%. ○ Non-Conformance are logged on Vendors who come to site without following process which is key to managing the community and South32’s expectation. <p><u>Proposed Exploration Program Update</u></p> <ul style="list-style-type: none"> • AC provided an update on the community engagement program for the proposed exploration project in Appin’s Bulli Seam Operations (as previously shared at the CCC joint meeting in April). • Illawarra Coal has now completed its 5-week community engagement program, with assistance from community engagement expert consultancy firm, Umwelt. In this time, the Company: <ul style="list-style-type: none"> ○ Held more than 26 1:1 meetings with landholders involving more than 49 participants ○ Phoned/left messages for more than 117 landholders |

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| | <ul style="list-style-type: none"> ○ Spoke directly with 70 landholders ○ Letterbox dropped project information to more than 319 properties (out of 350) ○ Met with Wollondilly Shire Council; Member for Campbelltown, Greg Warren; Member for Wollondilly, Jai Rowell; the DCCC and the IC CCC ● Community feedback to date: <ul style="list-style-type: none"> ○ Residents are well informed about mining and other industries in the area ○ Overall the sentiment is generally neutral regarding the proposal, some landholders generally supportive and others not (this is equal) ○ Residents have asked a similar set of questions such as: <ul style="list-style-type: none"> ▪ Timing of when/if mining would occur ▪ Detail about subsidence ▪ Discussion regarding other proposals in the area (M9) and past activities (Sydney Gas) ▪ Questions about traffic impacts during exploration ● In terms of next steps, Illawarra Coal will continue to meet with residents as requested and will consider lodging the exploration licence mid this year. <p><u>Meeting dates for 2018:</u></p> <ul style="list-style-type: none"> ● Committee agreed to the below meeting dates for 2018. <ul style="list-style-type: none"> 16 August 18 October 13 December ● Meeting dates for the Working Group <ul style="list-style-type: none"> 19 July 20 September 22 November |
| 9 | QUESTIONS ON NOTICE – TRACKER |
| | <p><i>1. Will Dendrobium Mine work with the NSW Rural Fire Service to implement hazard reduction in the American Creek area during the Winter months as appropriate? This would protect the mine itself but also the community that surrounds the mine.</i></p> <ul style="list-style-type: none"> ● From a fire mitigation perspective Illawarra Coal maintain an Asset Protection Zone on the Northern side of Cordeaux Road and a fire trail over Stage 3 of the Pathway to a category 1 standard. The houses that bound this land form Benjamin Road are protected by a monoculture which is maintained by local animal life and land use licence agreements. ● From a hazard reduction perspective, the veg type is rainforest and as such approval for hazard reduction by burning would not be granted by NSW RFS. ● Other constraints to hazard reduction by fire include smoke impact on Dendrobium Mine and neighbouring houses – this needs to be approved by NSW RFS and due to the proximity to both NSW RFS would not approve. |

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| | <ul style="list-style-type: none"> • Most of the hazard reduction Dendrobium undertake around the mine is mechanical removal of the fuel load e.g. slashing of accessible areas around the perimeter of the mine (American Creek is not included due to lack of access) • Note, a map showing the vegetation type in the area is available on the Department's website - http://www.environment.nsw.gov.au/resources/nature/illawarVegmap01.pdf <p>2. As we recently visited the emplacement of coal wash at West Cliff, I would be interested to hear if Illawarra Coal or its predecessors have looked at the possibility of using this material to produce hydrocarbons. These can be used as liquid fuel. Also, if this possible use has not been examined, whether Illawarra Coal is prepared to look at this process to extract value rather than just burying the material under a thin layer of topsoil.</p> <ul style="list-style-type: none"> • The coal wash has a calorific value (carbon for fuel) that is too low to use this method e.g. we would put in more energy than we would get out with current technology. • It is also worth noting this process has quite a large environmental impact e.g. produces huge GHG footprint through the process itself and the additional energy required to heat and pressurise, large water use, potentially release carcinogens into the air. • Illawarra Coal is looking at/has implemented alternative uses such as road base, engineering fill, colouring agents etc. <p>3. A Committee member attended a NSW Government session that provided an update on their intentions to address the EIS process through the NSW Government Environmental Impact Assessment Improvement Project. Whilst this project only applies to NEW project of state significance, the NSW Planning Department is hoping that approvals that have been issued to earlier on Conditions of Consent will also follow the same process. So, I would like to ask a question on notice that deals with this issue. Could South 32 indicate its approach to this updated planning requirement and indicate whether it intends to comply with the new legislation or not?</p> <ul style="list-style-type: none"> • For Illawarra Coal the key changes include: The Planning Assessment Commission, which will now be known as the Independent Planning Commission and will no longer perform duplicative review functions. • The Government is closing off the transitional arrangements for former Part 3A projects. All future modifications to these projects will be assessed under the State significant development or State significant infrastructure pathways. • Illawarra Coal would always comply fully with all legislation, including the Environmental Planning and Assessment Act) the primary legislation administered by the Department of Planning and Environment). |
| 10 | ACTIONS |
| | <ul style="list-style-type: none"> • AC to provide Rail corridor map for the next meeting showing areas where the Mysore thorn and other weeds are being targeted. |

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| | <ul style="list-style-type: none">• AC to invite Southern Habitat to attend future DCCC meeting to discuss weed management plan.• AC to include information on Area 3C in future DCCC regulatory meetings. |
| | <i>MEETING CLOSE / NEXT MEETING</i> |
| | <p>Meeting close: 7.35pm</p> <p>Next Meeting: 16 August 2018, 6.00pm at the Dendrobium Conference Room, Dendrobium Mine (Next Working Group Meeting, 19 July).</p> |