

MINE REPORT 2003

► General Manager's Report



Anglo Coal Australia purchased a 51% share in Moura Mine in May 2002, with the remainder (49%) held by Mitsui Moura Investment Pty Ltd. The unincorporated Joint Venture is managed by Anglo Coal. Over the past 18 months we have focused on the development of a long term mine plan for the operation and the re-introduction of the management systems necessary to support a large, modern mining operation.

This report is the first for Moura containing data for a full 12 months since joining Anglo Coal Australia's managed assets.

Moura Mine's rapid growth resulted in a full year's raw coal production of almost 7 million tonnes during 2003 and included extending into the northern part of the Joint Venture's Theodore lease. A 15% increase in the efficiency of our dragline operation over a four year period and a similar increase in the efficiency of our coal handling plant have contributed to strong operational performance. In 2003, we continued to develop our highwall mining technology, and gained support for several capital improvement programs that have boosted our performance and overall efficiency. The Joint Venture partners have also approved substantial expenditure in 2004 to reduce the rehabilitation backlog.

The mine's *Seamgas* operations expanded during the year, with new contracts now servicing industrial developments in Gladstone. These expansions represented a first step towards a much larger scale harvesting of coal bed methane in Queensland.

Moura Mine's training and development programs include the application of competency based training at all levels. The introduction of key statutory competencies has underpinned performance and output improvements.

In 2003, we streamlined our data collection and reporting systems to overcome the shortfalls we experienced during the 2002 reporting period. This year, we have supplemented the overview provided in this printed report with more detail on our operation on the Moura Mine webpage of the Anglo Coal Australia website www.anglocoal.com.au.

I would welcome any comments or suggestions you may have after reading this report.



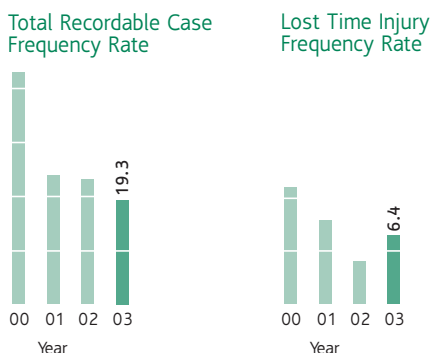
Mike O'Brien
General Manager



► Safety and Health

The Total Recordable Case Frequency Rate (TRCFR) for Moura Mine for 2003 was 19.3 (per million exposure hours), while the Lost Time Injury Frequency Rate (LTIFR) was 6.4 (per million exposure hours).

Safety Performance (per million exposure hours)



During 2003, Moura Mine continued developing and implementing processes to conform with the Anglo Coal Australia SHEC Management System framework which will enable certification to AS 4801 and ISO 14001 by the end of 2004.

Moura Mine maintains a strong focus on SHEC management through active involvement by the senior management team. To achieve best practice in safety and environment, we need to continually improve the culture in employees and contractors through a system of proactive risk minimisation within the work environments. Furthermore, employees and contractors are encouraged through active participation and supervision, to follow established work practices.

Our short and long-term intervention strategies will continue, alongside an added focus on systems and program activities to achieve our target of a 30% reduction in injuries during 2004. We will continue to communicate positive change throughout the business operations, cascade our strategic planning initiatives into departmental plans, and monitor our progress against agreed objectives through the site SHEC Management System and our employees.

► Incident Reporting

There were no safety or environmental related fines during 2003, however the Theodore Stage 1 Project had 3 Level 1 environmental incidents regarding air blast overpressure during blasting operations.

During 2003, the Environmental Protection Agency (EPA) indicated that the Theodore Stage 1 Project had the potential to cause environmental harm due to inadequacies of the water management and monitoring system. In response to this, the mine has worked with the EPA to resolve the matter. To date no environmental harm has occurred and large containment structures have been built. Resolution of this matter is expected in 2004 and will be addressed in the 2004 report.

► Employment

The mine has built up permanent employee numbers (predominantly in the production area) in the latter half of 2003 to reduce the reliance on casual and contract labour. Current employee numbers stand at around 400 against a budget of 435 total employees. Average employee turnover is estimated at 6.5% while an average of 3.5 days of training per employee was undertaken during the year.

In total there were 25 apprentices and trainees employed by Moura in 2003. In addition vacation students, work experience and trainee personnel are used in the operation.



Graduate program participants (from left) Matt Henderson, Shah Chaudari, Andre Stengl and Ruth Kinal simulate open-cut mining operations and environmental aspects in a classroom setting at Moura Mine's offices.

In the last quarter of 2003 a new position of Human Resources Manager was appointed in recognition of the need to build and develop a HR structure of policy and procedures to underpin the operations and growth of the business. An external audit was carried out and the findings will form the basis of the Manager's strategic HR plan for 2004 and beyond. Recent reviews of previous employment practices have led to a more structured approach to recruitment in our endeavours to attract and retain staff.

The Moura Business Improvement Certified Agreement was finalised in the Australian Industrial Relations Commission on 5 December 2003. Negotiations are nearing final stages for the voting and signing of both the Seamgas and Archveyor operations' Certified Agreements.

► Community and Stakeholders

Moura management representatives are involved in many community stakeholder organisations including the Moura Futures Steering Committee, Dawson Valley Development Association, Moura Chamber of Commerce and the Moura Interagency Group.

Management has attended some meetings of the Callide Mine Community Liaison Forum with a view to beginning similar sessions in the Moura community next year.

► Community Feedback

During 2003, a Cultural Heritage Investigation and Management Agreement (CHIMA) was established between Moura Mine, Callide Mine and local Traditional Owners. The CHIMA has provided a strong platform for future relations between Moura Mine and the Traditional Owners.

Moura Mine has received positive feedback from the Moura Futures Steering Committee for supporting the Premier's Department initiative on regional development and, as part of this co-operation, will co-host the launch of the Department of Natural Resources and Mines' website from its video conferencing facility.

Moura Mine received 7 complaints during the year; 6 in relation to dust generation and one regarding noise generation. An automatic dust monitor was installed to better understand the impacts of dust at a potentially affected residence. Dust generation from the mine was minimised after running trials on a 50% increase in the volume of water applied by the spray system at Dump Station 4.

► Community Donations

Cash donations to the community organisations totalled in excess of \$20,000 during 2003. Several sporting organisations, the kindergarten, schools, and the Theodore Hospital Auxiliary were some of the recipients of donations. In addition, Moura employees have participated in the community by giving of their own time to voluntary work through schools and service organisations such as Apex and Rotary.

► Land

During 2003, approximately 90 hectares of mined land were regraded. Fifty hectares were revegetated by direct seeding of native tree, shrub and grass seed, and 5 hectares were revegetated using tubestock planting as part of a [community forestry traineeship program](#) with the Dawson Agroforestry Group and the local Moura High School.

During 2003, the mine commenced an independent study into using the quality of existing rehabilitation as the benchmark for future rehabilitation success.

A comprehensive rehabilitation performance review regarding this subject will be completed during early 2004, which will propose a suite of auditable rehabilitation success parameters.

► Water

Surface water in the region around Moura Mine is used for agricultural purposes and provides habitat for wildlife. Water in inactive mining areas is used by both aquatic and terrestrial wildlife such as Spangled Perch, Bony Bream, Kreft's River Turtle, Wallaroo, Herbert's Rock Wallaby, Echidna and Swamp Wallaby. Several mining pits also contain water that is used by the mine for activities such as dust suppression, equipment wash-down, and coal handling and preparation.

The mine was permitted to discharge excess water during heavy rains in early 2003. Monitoring ensured that the discharges met water quality compliance limits.

In 2003, a water audit was conducted to improve the understanding of water management on site. During 2004, areas identified in the water audit that require improvement will be progressively addressed.



Water dams in and around the site, such as the Hillview Dam, support agricultural as well as wildlife needs.

► Biodiversity

The process of mapping diversity across our mining leases resulted in the identification of significant stands of intact remnant vegetation in the Malakoff Range at the south-eastern corner of our leases.

We have voluntarily classified these remnants as a conservation area, which protects them from agricultural and mining activities. The ecological communities within this area are regularly monitored as part of the mine's flora and fauna monitoring program. During 2004, the mine will also liaise with the community regarding the future management of the Malakoff Range remnant vegetation on the mining lease.



Light vehicle access was provided to enable ongoing flora and fauna monitoring in the Malakoff Range conservation area.

► Energy and Emissions

Significant improvements in the way we monitor and measure our energy consumption has allowed us to establish an inventory and to report on our usage more accurately. This inventory will form the basis for Moura Mine to investigate opportunities to reduce energy consumption and, consequently, our Greenhouse gas emissions. Energy use and emissions for the mine in 2003 were:

Energy Use: 1,596,685 GJ

Energy Efficiency: 0.268 GJ/t saleable coal

Greenhouse Emissions: 222 kt CO₂-e

Greenhouse Efficiency: 0.037 t CO₂-e/t saleable coal

Methane: 12 t

SO₂: 549 t

NO_x: 764 t

Ozone Depleting Compounds: 0.0 t

► Waste

During 2003, a specialist Waste Management Contractor commenced on site which enabled the operation to consistently divert part of its waste stream from disposal to landfill through a recycling and recovery program. We achieved the following outcomes:

Type of Waste	Disposed	Recycled
Tailings	1,199,067 t	0 t
Hazardous waste	12.0 t	108.0 t
Non-hazardous waste	554.4 t	72.0 t

► Our 2003 Statistics at a Glance

- Saleable production: 5.96 million tonnes
- Land under company management: 21,000 hectares
- Land approved for mining activity: 11,000 hectares
- Land pending approvals for mining: 0 hectares
- Employees at 31 December 2003: 397
- Trainees/apprentices during calendar year: 25
- Average hours of training per employee: 28
- Employee turnover rate: 6.5%
- Number of complaints: 7
- Community donations (cash): \$20,000

This SHEC report covers the period of 1 January to 31 December 2003.

Further details on the content of this report can be obtained by contacting Jeff Beatty, Safety Manager on 07 4990 9717. (email: jeff.beatty@anglocoal.com.au).

This report, its links to web-based supplementary material and an electronic feedback form can be viewed on www.anglocoal.com.au.

Moura Mine's Seamgas operation is being expanded to triple its production of coal bed methane, an alternative and cleaner energy source, over the next two years.

