

MINE REPORT 2003

► General Manager's Report



During 2003, the group's brief expanded to include business development activities in Australia. We also continued our previous functions of co-ordinating ongoing projects, developing new projects and identifying future resources through increased exploration.

At our Kayuga Project, an employee of a local crane company died in an accident that occurred while he was unloading a delivery truck. This tragic incident occurred despite improving safety systems across all projects. Investigations are currently being conducted by the NSW Department of Mineral Resources and an Anglo Coal Australia internal team. The results of those investigations have not been finalised.

In November 2003, the **Kayuga Project** was incorporated into the Dartbrook Mine operation. Underground connections between the new and existing seams allow people, supplies and coal to be moved through the mine and on to the existing Dartbrook coal washing facility on the opposite side of the Hunter River without surfacing. This has minimised the environmental impact to the area.

During the year, the **Grasstree Mine Project** sunk two main shafts into the German Creek Coal seam 250 metres below the surface and began mining in November. This rapid development, whilst meeting all safety and environmental targets, has placed Grasstree Mine ahead of schedule for producing longwall coal in 2006.

In addition to these two key underground projects, teams were established in 2003 to develop **Dawson** and **Lake Lindsay**, major new open cut projects in Central Queensland.

Project development during the year occurred alongside an 11% decrease in exploration spending from 2002. Exploration activity was maintained at the existing operations, with a sharper focus on new mining areas in Queensland and New South Wales.

During 2003 we continued our efforts to harness coal bed methane for electricity generation. In addition to planned increases to our **Moura Mine methane production**, we are working on projects that will see Moranbah North Mine gas sent to power stations in Townsville, and German Creek Mine gas used in new generators on site, within the next two years. These initiatives will help offset projected Greenhouse gas emission increases from Queensland's power generation activities in the near future.

Our work at the forefront of development opportunities gives us a unique ability to shape decisions that support our vision of a sustainable business. This is the second year in which we have reported our efforts in Safety, Health, Environment and Community. The summary provided is, where highlighted in the text, supplemented with material on our website, www.anglocoal.com.au. We welcome your comments on the transparency of our reporting, and look forward to your suggestions on how we may improve this aspect of our business.

Jeff Cochrane
General Manager



► Safety and Health

The safety and health performances at our projects in 2003 were overshadowed by a tragic fatality at the Kayuga Mine. Jamie Sullivan, an employee of a local crane company, was fatally injured in an accident that occurred while he was unloading a delivery truck. Investigations into the causes of the incident are continuing.

The safety performance of our exploration activities improved significantly in 2003, although there were heightened risks associated with extremely high summer temperatures at some drill sites.

The following safety and health statistics applied to our exploration drilling activities:

Lost Time Injuries	1	A sprained ankle at Bylong
Medical Treatment Cases	1	Steel splinter in an eye at Dawson
Restricted Work Cases	0	
Occupational Illnesses	0	

All of the incidents were investigated, and the findings were circulated to Anglo Coal Australia mine sites.

Our near misses were also reported during the year. Although these incidents did not result in harm to personnel, the environment or damage to equipment, they had the potential to do so. All incidents and near misses were investigated. Procedures were modified to reduce or eliminate the risk of recurrence and were discussed during briefings with field crews. Where considered necessary, refresher training of field personnel was also undertaken.

Safety and health training is provided to Anglo Coal Australia staff and contractors. Training courses included hazard awareness, the contents of Safe Operating Procedures and the safe operation of vehicles in 'off-road' conditions.

► Employment

At December 2003, 26 full time Anglo Coal Australia staff were working within the Projects and Resources group. On average, around 80% of field exploration crews were contractors, while the percentage of contracting personnel on projects varied throughout the year.



The 'C' Crew cut the first coal at our Grasstree Project in Queensland, which progressed ahead of schedule in 2003.

Females generally make up less than 5% of the contractor workforce although female geologists comprise about 15% of the Anglo Coal Australia geological staff.

Wherever possible, local contractors are employed to provide support services to exploration activities, such as line clearing and rehabilitation work. Local Traditional Owner groups are employed to provide Cultural Heritage clearance prior to the commencement of exploration activities.

There are currently four geologists in the Anglo Coal Australia graduate program. A three-year program of training and work experience provides recent university graduates with the basic skills required for their chosen profession.



Drilling activities during the year at Lake Lindsay provided vital information allowing us to plan safe, efficient and environmentally sound development in the future.

► Community and Stakeholders

During our exploration activities, ongoing discussions are held with key stakeholders (usually the owners and/or occupiers of the land we wish to access) about the location, access and timing of exploration and subsequent rehabilitation work. These discussions help to minimise nuisance and inconvenience to stakeholders.

Three community update meetings were held in 2003 with members of local communities and representative community bodies in the vicinity of our exploration areas. The meetings inform our neighbours about our activities and any opportunities for contract labour.

► Community Donations

In 2003, no monetary donations were made to local communities. In-kind donations included upgrading farm access tracks and providing access to exploration boreholes for conversion to water wells, the value of which was not quantified.

► Water

All water used was captured within sumps and no uncontrolled discharges occurred on exploration activities.

► Significant Environmental Incidents

There were no significant environmental incidents reported for Anglo Coal Australia's exploration activities during 2003.

► Land

Anglo Coal Australia has exploration rights over approximately 156,000 hectares of land, outside our operating mines. These exploration rights cover areas with land use categories ranging from uncleared forest, through various classes of grazing land, to areas with cropping potential. Our procedures for developing access and work areas for exploration vary depending on the type of land being utilised. Disturbance is minimised and rehabilitation involves backfilling excavations, re-spreading topsoil and re-seeding. Independent environmental audits are undertaken before commencing exploration in any new area, and on the completion of the annual exploration program to check that rehabilitation had been successfully completed.



A typical bore drilling site, showing the site after decommissioning (before rehabilitation), and after rehabilitation has been completed.

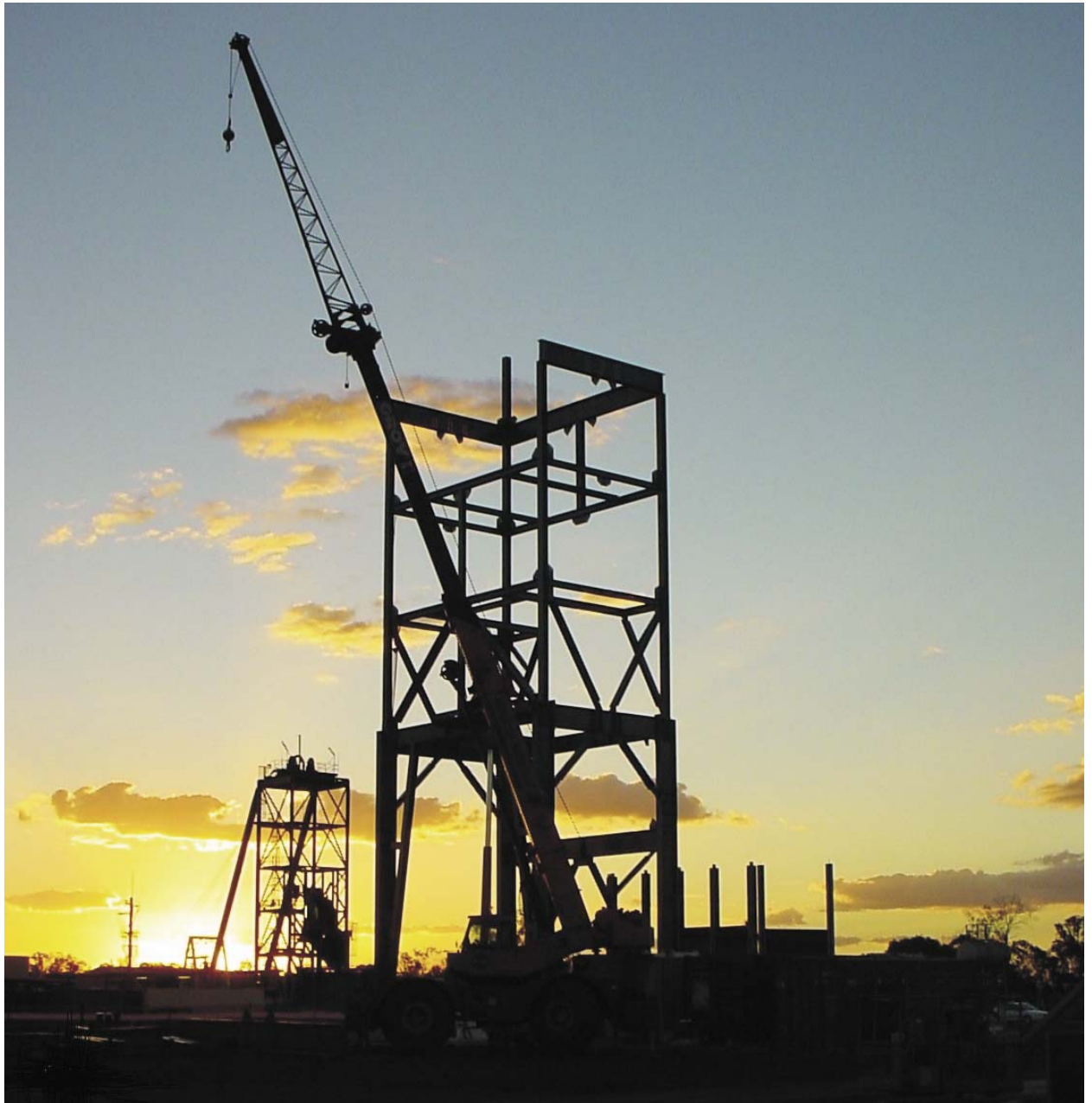
► Key Activities in 2003

- Kayuga Project completion
- Grasstree Project
- Lake Lindsay exploration
- Dawson exploration
- Saddlers Creek exploration

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 Cochrane on 07 3834 1208.
(email: jeff.cochrane@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.



Headframes at the Grasstree Project under construction.