



DAWSON MINE REPORT 2005

ANGLO COAL AUSTRALIA

Message from the mine's General Manager

Dawson mine produced 6.07 million tonnes of saleable coal in 2005, the second highest production figure on record but a decrease of 13% from 2004. The decline in tonnes was due to two factors - a change in strategy to focus on coking coal, and lower than budget prime overburden removal performance in the dragline, truck shovel pre-strip, dozer push and blast prime areas.

It is with great sadness that I report on the fatality of a member of our team in 2005. Roger Browne, a senior mining engineer, was found at the bottom of a disused mine pit. Extensive investigation by Police, Mines Inspectorate and Dawson personnel are continuing to determine the cause of the fatality. We continue to extend our deepest sympathy to his family and friends. We maintained certification of our Safety, Health, Environment and Community Management System to Australian Standard 4801.

With the Dawson Project expansion, we increased our workforce (including employees and contractors) by 24% in 2005. We intend to recruit a further 250 employees in 2006, and have in place targets to achieve greater workforce diversity. Many of our employees participated in the 'Working Bodies' Program, and on average have achieved significant health and wellbeing improvements. Our staff turnover for 2005 was high at 8.5%, and is a result of the tight labour market in the mining industry at present.

Following the certification of our Environmental Management System (EMS) to ISO 14001: 1996 in 2004, we maintained our certification and upgraded it to ISO 14001: 2004. Surveillance audits during 2005 reported no major non-conformances.

'At Dawson we are aware that our operations play a major role in the existence and lifestyle of neighbouring communities. In 2005 we implemented a Community Engagement Plan to ensure that we continue to promote strong relationships with, and enhance the capacity of, the communities of which we're a part. Pleasingly we had a significant decrease in the number of complaints received this year.'

Key Statistics

Parameter	Indicator	2005
Safety	Fatalities	1
	Lost time injury frequency rate	3.2
People	New occupational illnesses	6
	Average number of employees	497
	Average number of FTE contractors	368
Environmental	Water use for primary activities (ML)	1,112
	Water use efficiency (L/tonne)	183
	Area remaining disturbed end of 2005 (ha)	3,711
	Rehabilitated land end of 2005 (ha)	628
	Incidents (Level 1)	10
Community	Complaints (Level 1)	2
	Community cash donations (AUD)	\$925,000
Climate	Energy use (GJ)	2,149,069
	CO ₂ equivalent emissions (tonnes)	281,970
Economic	Saleable coal (tonnes)	6,069,069





By re-grading 69 hectares of land disturbed by mining we surpassed our rehabilitation target of 59 hectares. We also took part in two ACARP projects - one to research high-wall rehabilitation improvement, and the other to improve habitats for micro bats on and around mine sites. The results of these studies are expected in 2006. One of our targets for 2005 was to improve the understanding of our water management on-site through the implementation of a water balance model. The second iteration of the Dawson water balance was undertaken in 2005, with results incorporated into the expansion of the project and across the operation. Site personnel have also undergone training to improve the accuracy of the model.

This report and Anglo Coal Australia's 2005 Report to Society (available on www.anglocoal.com.au) provide a summary of the way this site and the business manages its responsibilities. Your feedback on any aspect of our performance and reporting is welcome.

David O'Rourke - General Manager

About the Mine

The Dawson open cut coal mine is located in the South eastern flank of Queensland's Bowen Basin Coalfield 200 kilometres south-west of Rockhampton. In 2005 we produced 6.07 million tonnes of saleable coal. The mine is currently undertaking the Dawson expansion program to increase saleable production to 12.7 Mtpa of high quality metallurgical and thermal coals.

Dawson also operates a coal seam methane gas operation, currently producing approximately 15 terajoules per day. The gas is sold under long-term contracts to a number of natural gas wholesalers.

Programs and procedures in place to address these risks include:

- ▶ Hazard Management Plans and Standard Operating Procedures; and
- ▶ The Surface Operation of Mobile Equipment Fatal Injury Reduction Exercise (SOMEFIRE) assessment based on a 'defence in depth' philosophy to reduce risks associated with vehicle/equipment operations.

Dawson experienced seven Lost Time injuries in 2005, resulting in a LTIFR of 3.2 compared to a target of 2.8. Despite being just over target, this was an improvement against 2004's result of 4.1. The number of Total Recordable Cases increased from 19 in 2004 to 24 in 2005 but the TRCFR decreased from 13.0 in 2004 to 10.8 in 2005.

We are proud to report that two of our production operations, Highwall Mining, and SeamGas both recorded two years Lost Time Injury free in 2005.

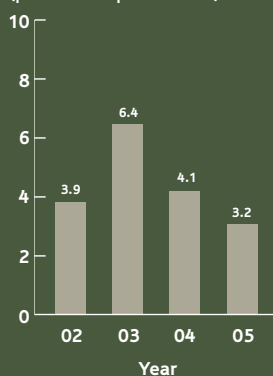
Dawson maintained certification of its Safety and Health Management System to Australian Standard 4801 following two surveillance audits in 2005. The audit revealed no major non-conformances and two minor non-conformances. We conducted 23 internal audits throughout the year in line with our Operating Plan, including a tyre-safety audit following a tyre-related industry alert in 2004.

Our employees took part in a range of training programs in Occupational Health & Safety in 2005 including explosive awareness, Step Back Take 5 and the Black Coal Competency Modules. Employees also attended seminars run by paralympian James Wood.

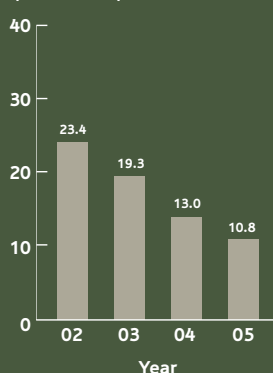
During 2005 we implemented some important fatality related safety initiatives including:

- ▶ An improved Emergency Response Management Plan to fall in line with the incident control systems used Australia wide by the emergency services; and
- ▶ Multiple Fatality Risk Management Plans (an Anglo Coal Initiative).

LTIFR Safety Performance
(per million exposure hours)



TRCFR Safety Performance
(per million exposure hours)



Safety

Tragically we recorded one fatality at the mine in 2005, when a senior mining engineer, Roger Browne, was found deceased at the bottom of a disused pit. Apart from this incident, there were no permanent disabling injuries, safety related fines or other breaches recorded in 2005.

The mine Occupational Health and Safety Committee meets every five weeks and comprises members from each operational area. The mine's major risks include the use of explosives, control of energy, danger of highwall strata failure, vehicle interaction and working at heights.

Safety Performance

PER MILLION EXPOSURE HOURS

	2005 Target	2005 Actual	2006 Target
Lost Time Injury Frequency Rate	2.8	3.2	1.6
Total Recordable Case Frequency Rate	6.4	10.8	4.0



Lindsay Saltner, drag line operator.

Key Human Resources Data		
	2004	2005
Number of employees	463	497
Number of contractors	236	368
Number of trainees	1	2
Number of apprentices	17	17
Graduate Development program	16	12
Employee turnover %	10.2%	7.8%



People

In 2005, Dawson employed an average of 497 employees and 368 contractors, a 24% increase on 2004 due to the mine expansion activities.

With the Dawson Project expansion, we plan to increase the workforce by 250 people in 2006-07. We have workforce diversity targets in place for this expansion including targets for female and indigenous employees.

In 2005 we continued the implementation of our 'Working Bodies' program, extending participation to family members of mine employees. The focus of the program is to improve the lifestyle choices that our employees make. The number of participants in the program was 115 employees and 40 spouses. The results of the first year of the program were very pleasing, including:

- ▶ An average weight loss of 8 kg's per person;
- ▶ An average decrease in blood pressure of 11mm/Hg per person;
- ▶ An average waistline decrease of 10cm per person; and
- ▶ An average increase in weekly exercise of 2 hours per week per person.

The Occupational Health Framework will be rolled out in 2006 with the planned employment of an Occupational Therapist.

In 2005 we undertook a Dawson Organisation Cultural Inventory, the results of which will be released in March of 2006.

Training programs in 2005 included the Anglo Coal Australia People, Performance, Growth (PPG) and Foundation and Frontline Leadership (FFL) courses, as well as investing in a specific training program called Essentials of Supervision.

Other training programs and initiatives include the following:

- ▶ Further development of emergency response training to improve crew effectiveness;
- ▶ Maintenance of statutory and mine tailored S1, S2, S3 and G2 supervision competencies;
- ▶ Continuation of the ACA Graduate Program;
- ▶ Continuation of the Dragline Trainee and Improvement Program;
- ▶ Refresher Hazard Identification Program for all employees; and
- ▶ Development of a cultural development program for Dawson.



Mick Hooper, Diesel Fitter, maintaining haul truck.

Types of Waste

	2004 Disposed	2004 Recycled	2005 Disposed	2005 Recycled
Hazardous Waste (t)	59	289	158	300
Non-hazardous waste (t)	725	1,737	296	681

Environment

Following the certification of our Environmental Management System (EMS) to ISO14001: 1996 in 2004, we maintained our certification and upgraded it to ISO 14001: 2004. Surveillance audits during 2005 reported no major non-conformances. The 10 level one environmental incidents consisted of four airblast overpressure exceedences, two diesel spills, two breaches of the cultural heritage clearance procedure, coal fines released to an internal drain and an issue with the quality of the potable water at one of the mobile crib rooms.

Environmental Incidents

	2005
Level 1	10
Level 2	0
Level 3	0

Rehabilitation and Land Management >

During 2005, 69 ha of land disturbed by mining was rehabilitated, exceeding our target of 59 ha. We also commissioned an independent consultant to conduct post-mine rehabilitation monitoring of soils, vegetation and vertebrate fauna across the site. The findings demonstrated that a variety of native fauna have colonised since rehabilitation was completed. We also participated in the Australian Coal Association Research Program (ACARP) highwall rehabilitation project to investigate the mechanisms driving instability, and conversely sustainability, of highwalls.

Biodiversity > Following a flora and fauna survey highlighting potential impacts, Dawson mine will enforce an Environmental Management Plan to protect remnant vegetation during the construction of a new conveyor system through the Malakoff Range Area.

We are continuing our work with the Queensland Parks and Wildlife Service to establish and care for the Willawa Nature Refuge, a 187 hectare area near Theodore in the Dawson South lease. The State's Executive Council officially declared the area a Nature Refuge on 23 June 2005.

We also continued our participation in the ACARP Microbat Project, investigating the value of artificial structures in enhancing microbat fauna habitat values and increasing the rates of colonisation within mine rehabilitation areas. In 2005, artificial bat roosts were developed on site, and monitoring was conducted to assess the species diversity of foraging bats in the immediate surrounds of each research site. The final report and findings are expected in 2006.

Water > Dawson mine obtains its offsite water from the Dawson River via a 19 km pipeline, and its onsite water from surface water storages. Water use for primary activities in 2005 was 1,112 ML, an increase on last year even though coal production dropped. This decline in efficiency is mainly attributable to works associated with the expansion of the mine.

We achieved our target for 2005 to improve the understanding of our water management on-site through the implementation of a computer based water balance model. Site personnel underwent training to improve the accuracy of the model, and a second iteration of the Dawson Water Balance was undertaken. Results from this have been incorporated into the mine expansion project and across the operation.

As part of the Dawson Expansion Project, an arterial pipeline will be constructed to link inactive mining voids to a central water line, enabling the reliable supply of water to the new Coal Preparation Plant. The pipeline will also allow water to be pumped to the Dawson North and South operations in times of drought. In addition, it will enable the storage of surplus water in mining voids in times of high rainfall. This initiative will significantly reduce the mine's dependence on raw water from the Dawson River.

Other Emissions > Dawson is required to report to the National Pollutant Inventory, Australia's national database of pollutant emissions. To obtain further detail on Dawson's emissions during 2004/05 please refer to <http://www.npi.gov.au/>. Dawson Mine will continue to report and monitor it's emissions in 2006.

Noise > Dawson purchased three new automatic blast monitors in 2005, bringing the total number of blast monitors on site to 9. We continued our noise monitoring program in the township of Moura and also at a neighbouring property. Additional monitoring will be conducted in 2006 during the expansion project.

Waste > A new waste management training package, including posters and an induction presentation, was developed during 2005. Other improvements undertaken during the year included an upgrade of the waste oil shed to comply with Australian Standard 1940 and the Environmental Protection Act. Of the total non-mineral waste generated on site 68% was recycled, the majority of which was scrap metal, was recycled. The reduction in recycled material in 2005 compared to 2004 is due a lot less steel being available for recycling.

Below: Brian Barry, Environmental Advisor, reviewing rehabilitation progress.

Bottom: Dust suppression on haul road.





Above: Aboriginal artefacts discovered during cultural heritage surveys carried out prior to drilling.

Below: Aaron Salter, apprentice diesel fitter.

Community

Our key stakeholders include:

- ▶ Mine workforce (employees and full-time contractors) and their families;
- ▶ Regular contractors and service providers;
- ▶ Near neighbours/adjacent landholders;
- ▶ Aboriginal traditional owners;
- ▶ Regulators and the Banana Shire Council; and
- ▶ Local community and business groups (eg Moura Chamber of Commerce).

We aim to communicate effectively with all of our stakeholders through the following mediums:

- ▶ Monthly company employee newsletters/communications;
- ▶ Regular presentations conducted at the Moura High School;
- ▶ Participation on Moura Chamber of Commerce, Dawson Valley Development Association and Moura & Districts Health Care Association as a committee member;
- ▶ Newsletters to neighbours;
- ▶ One-on-one contact with neighbours on particular issues;
- ▶ A complaints handling procedure and register; and
- ▶ Distribution of the annual ACA Report to Society Reports to all employees and other stakeholders on request.

Dawson mine has developed a good working relationship with its traditional owners the Toby Gangulu and Palmtree Wutaru people in the central and of the mine northern areas, with whom there is a Cultural Heritage Investigation Management Plan (CHIMA) and the Wulli Wulli people to the south with whom we have a Cultural Heritage Management Plan in place. Cultural heritage negotiations and land clearance involve ongoing consultation with these groups.

A community engagement plan is being developed and implemented using the Anglo American Social Economic Assessment Toolbox (SEAT) process. The Plan is being implemented to ensure that we apply a pro-active risk based approach to effectively engaging and working with our stakeholders.

In addition, we sponsored, donated or contributed to the community in a number of ways during the year, including:

- ▶ Sponsorship of the Coal and Country Festival;
- ▶ Donation of computers to schools as part of the Computers for School program;
- ▶ Upgrading Moura Airport to enable the Royal Flying Doctor Service to access the airstrip in all weather conditions; and
- ▶ Donating to the State Emergency Service.

Only two complaints were recorded in 2005 compared to 23 in 2004. These complaints related to dust emissions and the 'smell of burning coal' from small pockets of spontaneous combustion..



Climate

Anglo Coal Australia is a signatory of the Greenhouse Challenge Plus initiative and annually reports their greenhouse gas emissions and progress with minimisation initiatives. Despite a drop in methane emissions, an increase in fossil fuel consumption led to a decline in greenhouse gas efficiency in 2005. The energy efficiency per saleable tonne also declined with an increase in diesel use due to longer coal haulage routes.

5.56 petajoules of energy were sold to the grid as methane from SeamGas operations. This equates to approximately 150 million m³ of methane. If released to the atmosphere, this methane would have a global warming potential equivalent to 2.2 million tonnes of CO₂.

	2003	2004	2005
Energy Use (GJ)	1,596,685	1,710,784	2,149,069
Energy efficiency (GJ/t saleable coal)	0.268	0.243	0.354
Greenhouse gas emissions (kt CO ₂ -e)	222	290	282
Greenhouse gas efficiency (tonnes CO ₂ saleable coal)	0.037	0.041	0.046
Methane (tonnes)	12	1284	382



Above: The Dawson SeamGas operation.



This Sustainability Report covers the period of 1 January to 31 December 2005. Further details on the content of this report can be obtained by contacting Paul Wood on 07 4990 9717 or email:

Dawson.Community@anglocoal.com.au. This report, its links to web-based supplementary material and an electronic feedback form can be viewed on <http://www.anglocoal.com.au>