



## CAPCOAL MINE REPORT 2005

ANGLO COAL AUSTRALIA

### Message from the mine's General Manager

Capcoal mine produced 4.98 million tonnes of saleable coal in 2005, 0.8 million tonnes less than in 2004. A highlight in 2005 was the completion of the Grasstree development. The Grasstree development replaces the Central and Southern Longwall operations. It will be integrated into the Capcoal Operations in 2006 with the commencement of longwall operations. We also completed the Environmental Impact Statement process for the Lake Lindsay development, a new open cut coal mine. We received no objections to the development and are in the final stages of the mining lease application process.

We continued our focus on Safety and Health during the year with the implementation of a range of initiatives including improvements to incident

reporting and analysis, healthy lifestyles training, fatigue management awareness training, and ZIP (Zero Incident Potential) courses. Disappointingly, both our Lost Time Injury (LTI) and Total Recordable Case (TRC) frequency rates worsened against last year's performance and did not meet the 2005 targets. These will be areas of focus in 2006.

We increased the size of our workforce by 5% in 2005, employing a further 149 people mainly for the Grasstree operation. We responded to the shortage of skilled employees in the mining sector by training our own employees to become qualified mine Deputies and open cut Examiners. This has not only met the needs of our current resourcing requirements, but also provided our employees with transferable skills for their ongoing career development.

**'Our greenhouse gas emissions decreased by 28% in 2005, primarily due to the cessation of development at both Central and Southern Collieries. We expect to further decrease our greenhouse emissions in 2006 when the methane fired power generation plant comes on line.'**

#### Key Statistics

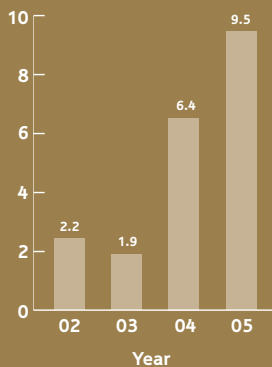
Parameter	Indicator	2005
Safety	Fatalities	0
	Lost time injury frequency rate	9.5
People	New occupational illnesses	17
	Average number of employees	547
	Average number of FTE contractors	324
Environmental	Water used for primary activities (ML)	4,459
	Water use efficiency (L/saleable tonne)	896
	Area remaining disturbed end 2005 (ha)	2,695
	Rehabilitated land end 2005 (ha)	1,691
	Incidents (level 1)	25
	Incidents (level 2)	1
Community	Complaints (level 1)	0
	Community cash donations (AUD)	\$54,926
Climate	Energy use (GJ)	1,048,875
	CO <sub>2</sub> equivalent emissions (tonnes)	1,467,295
Economic	Saleable coal (tonnes)	4,979,342



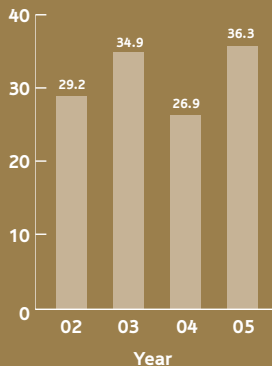


Above: Shaft for the new Grasree underground operation.

**LTIFR Safety Performance**  
(per million exposure hours)



**TRCFR Safety Performance**  
(per million exposure hours)



Our Environmental Management System maintained its certification to ISO14001. We recognise that water management is a significant issue for mines in the Bowen Basin and are working with the University of Queensland on a study to identify ways in which to reduce the quantity of raw water used on site. Water management will be a target for improved performance in 2006.

At Capcoal 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 apart. We also participated in 2 Australian Coal Association Research Program (ACARP) projects this year. The first was looking into the socio-economic impacts of mines on communities, and the second was related to tracking water usage to minimise fresh water use in mine operations.

This report and Anglo Coal Australia's 2005 Report to Society (available on [www.anglocoal.com.au](http://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.

**Jim Randall - General Manager**

## About the Mine

Capcoal produced five million tonnes of high quality coking coal in 2005, primarily for export to East Asia and India. It is located in the Bowen Basin coalfield of central Queensland, about 250 km inland from the cities of Mackay and Rockhampton.

## Safety

Capcoal's Occupational Health and Safety Committee, with members from each of the site's operational areas, meets every five weeks. The mine's major health and safety risks, which are regularly reviewed to ensure programs are in place to address them, are:

- ▴ Vehicle interaction;
- ▴ Mobile equipment;
- ▴ Control of energy;
- ▴ Strata and ventilation gas management; and
- ▴ Working at heights.

Capcoal maintained certification of its Safety Health Environment and Community Management System (SHECMS) to Australian Standard 4801 following a surveillance audit in October 2005. The audit revealed one major non-conformance where absence of 'work at height' controls were noted, and one minor non-conformance. Improvements have been built in to the 2006 Safety Roadmap.

Safety Performance			
PER MILLION EXPOSURE HOURS			
	2005 Target	2005 Actual	2006 Target
Lost Time Injury Frequency Rate	6.1	9.5	3.7
Total Recordable Case Frequency Rate	20.0	36.3	14.0

Site employees underwent a range of training programs in Occupational Health & Safety in 2005 including:

- ▴ Drugs, alcohol and fatigue management awareness;
- ▴ ZIP (Zero Incident Potential);
- ▴ Incident reporting;
- ▴ Fatigue/heat and stress/manual handling; and
- ▴ Risk management.

Capcoal recorded no fatalities in 2005 and we are proud to report that our CHPP was five years LTI free in November 2005 and the open cut operation worked for 324 days without lost time injury. Disappointingly, both our LTI and TRC frequency rates worsened against last year's performance and 2005 budget. This can be attributed to an increase in the workforce due to the opening of Bundoora and Aquila mines and the closure activities associated with Central and Southern Colliery. There were no fatalities, no permanent disabling injuries, safety related fines or breaches recorded in 2005.

A thorough analysis of incidents that occurred at Capcoal during 2004/05 determined areas to be targeted to improve the operations' Safety & Health performance. A review led to an overhaul of the Incident Reporting and Investigation procedure. Training and coaching employees in the revised procedure and investigation techniques will ensure high standards are maintained, with the focus on determining corrective actions that will address active and latent failures.

In 2005 the mine reviewed and updated the emergency response management plan and ran five unplanned and one planned emergency scenarios. The Open Cut Emergency Response Team underwent training in line with the Queensland Mines Rescue core skills training program.





Operator at Bundoora underground mine.



Robert Black, Coal Handling Preparation Plant Operator.

### Key Human Resources Data

	2004	2005
Number of employees	521	547
Number of contractors	373	324
Number of trainees & apprentices	28	24
Graduate development program	13	15
Employee turnover %	15.3	20.7



## People

Capcoal employed an average of 547 employees, an increase of 5%, due mainly to the Grasree expansion. The staff turnover was 20.7% against a target of 21%. The operation also employed an average of 324 contractors. The mine employed a further 24 trainees and apprentices during the year, bringing the total employed to an average of 894.

In 2005, 13 new cases of musculoskeletal disorder, two new cases of noise induced hearing loss, and two skin disorder cases were reported. In 2006 the operations plan to roll out the Anglo Coal Australia Occupational Health Framework, which is aligned to Queensland's new Mining Industry Health Surveillance Program. The areas that Capcoal will focus on include management of diesel particulates, whole body vibration, fitness for duty and better management of injury/illness.

Capcoal communicates with its employees through a range of media including emails, weekly toolbox and stump talks, crew meetings, noticeboards, monthly GM meetings with managers and staff, quarterly reviews with GMs and Managers, and a weekly newsletter.

Employee training in 2005 included the Anglo Coal People, Performance, Growth (PPG) program, induction and competency development, and training local community members for casual roles.

In addition, two programs to train a number of Underground and Open Cut employees to become qualified Deputies and open cut Examiners were implemented. These courses reinforce the mine's commitment to training employees in transferable skills for their ongoing career development. We also conducted a range of special training courses for our new employees and contractors at Bundoora focusing on healthy lifestyle, incident reporting, Zero Incident Potential and risk management.

Capcoal offers their employees a range of additional benefits including housing assistance, rental subsidies, and an Employee Assistance Program (EAP). One of the services of the EAP is to provide all employees with a confidential helpline for any issues of concern.

## Environment

In 2005 the mine site underwent some significant operational changes. The Grasree underground mine was developed and the Environmental Impact Study for the development of the Lake Lindsey mine site was completed.

An external audit of the site's ISO14001 Environmental Management System was undertaken in 2005, and certification was maintained.



Peter 'Westy' Westcott, Workshoop Leading Hand, preparing to inspect the dragline.

## Types of Waste

	2004 Disposed	2004 Recycled	2005 Disposed	2005 Recycled
Hazardous Waste (t)	165	56	126	95
Non-hazardous waste (t)	2837	208	2981	333

Two major non-conformances were recorded for failure of a component of the site's water management system, and for failure to meet environmental requirements whilst conducting surface drilling operations. Agreed corrective actions have been completed and submitted to the certification body for review.

Capcoal recorded 25 level 1 incidents in 2005, and 1 level 2 incident. The level 1 incidents mainly concerned minor diesel spills, disturbance procedure breaches and water related issues. The level 2 incident related to a water overflow.

## Environmental Incidents

	2005
Level 1	25
Level 2	1
Level 3	0

### Rehabilitation and Land Management >

With the addition of the 50.3 ha rehabilitated in 2005, 1,691 ha have been rehabilitated leaving 2,695 ha of land remaining disturbed. The rehabilitation target for 2006 is 17 ha.

**Biodiversity >** The mine has a Biodiversity Action Plan in order to identify and manage the potential impacts of our activities on the biodiversity of our local environments. We recognise that biodiversity means more than species protection.

We are currently conducting two research studies to identify aquatic macroinvertebrates and terrestrial invertebrates to determine the potential impacts of mining on these communities. Initial findings indicate that there are no significant differences between invertebrate populations in remnant vegetation versus cleared areas. Both studies are planned to continue in 2006.

Capcoal engaged the University of Queensland's Sustainable Minerals Institute Centre for Social Responsibility in Mining to conduct an assessment of opportunities and threats associated with the biodiversity on land not subject to mining. This assessment will assist Capcoal to prioritise its actions with regard to the management and monitoring of biodiversity in 2006.

**Water >** During 2005, 4,459 ML of raw and worked water was used for primary activities such as washing coal and dust suppression. This was a 40% increase in water use from 2004. The increase is primarily due to the increased use of worked water for dust suppression in the open cut mining operation, particularly at the new Oak Park mining area. Our performance with water management remains below expectations and will be a target for improvement in 2006.

Capcoal engaged the University Of Queensland's Sustainable Minerals Institute Centre for Water in the Minerals Industry to track worked water that is being pumped from the underground mining operations. By measuring isotopes in the water, the Centre has been able to track the source of the water. (See case study in the ACA Sustainability Report.)

**Other Emissions >** Capcoal is required to report to the National Pollutant Inventory, Australia's national database of pollutant emissions. To obtain further detail on Capcoal's emissions during 2004/05 please refer to <http://www.npi.gov.au/>

Below: Rehabilitation dozer re-contouring overburden.

Bottom: Matt Crisp, Graduate Environmental Advisor, calibrating water monitoring equipment.







Above: Community tennis courts at Middlemount Village.

Below: John Eales with left, Alex Mackay Mining Engineer and Stephen Curtis Development Miner before presenting a motivational speech to employees at a sports dinner.

## Community

We have identified our key stakeholders as follows:

- ▲ Employees and their families;
- ▲ Other town residents;
- ▲ Local landholders;
- ▲ Traditional owners;
- ▲ Broadsound and Peak Downs Shire Councils;
- ▲ Joint venture partners; and
- ▲ Customers.

We also recognise a range of other stakeholders such as government departments, neighbouring mines, NGO's and research and service providers.

We engage with our stakeholders through a range of forums including the distribution of weekly newsletters throughout the community, an Annual Report to our shareholders, meetings with landholders, regular briefings with shire councils and site tours for schools and other visitor groups.

In 2005 the Community Engagement Plan was reviewed. The guiding principles of this plan are:

- ▲ Effective communication and engagement with stakeholders;
- ▲ Working in partnership with the community;
- ▲ Working with traditional owners and indigenous people;
- ▲ Providing funding assistance and sponsorship within the community; and
- ▲ Providing local employment investment and employment opportunities.

Capcoal provided monetary and in-kind support to assist with various community-based activities including a visit by the Queensland Youth Orchestra to Middlemount, three motivational sports dinners attended by guest speakers John Eales, Merv Hughes and Anna Meares and the provision of monthly youth BBQ's in Middlemount. Donations for community based events and sponsorship totalled \$54,296 in 2005.

Representatives of the traditional owners of the land on which Capcoal mine is located, visited the mine in 2005 and led awareness training sessions with mine employees to help them identify sacred sites and artefacts. A cultural heritage survey of the mine area was completed in 2005 as planned.

Social and Environmental Impact Statements for the development of Lake Lindsay, a new open cut project at Capcoal, were also completed in 2005. These documents were made available to the public for comment, and no objections were received.

Capcoal is currently involved in a voluntary regional study which focuses on the socio-economic impacts of mining on communities. The broad aim of this project is to develop a toolkit to assist mining companies to develop effective processes for engaging with their stakeholders. The findings of the study are due to be released in May 2006.

Capcoal received no complaints from the community during 2005.



## Climate

In 2005, Capcoal used 1.05 million GJ of energy, an increase of 9% from 2004. Although electricity use decreased, a 24% increase in diesel use on longer truck haul routes led to a decline in overall energy efficiency. In 2005 we started the first stage of an energy reduction project, by installing electricity meters at each business unit to record energy usage. By individually identifying each business unit's energy use, we will then be able to identify areas for reduction. In 2006 we intend to report monthly on energy efficiency and will seek justification in terms of energy efficiency gains for every new capital purchase. Capcoal plans to engage an external party to audit its current energy efficiency performance in 2006.

Anglo Coal is a signatory to the Greenhouse Challenge Plus initiative and is required under this agreement to report annual greenhouse gas emissions and minimisation initiatives. We are pleased to report that our greenhouse emissions decreased by 28% in 2005, mainly due to the cessation of development at both Central and Southern Collieries. The development of a methane fired power generation plant also commenced in December 2005. The commencement of operation of this plant in 2006 will see a further decrease in the site's greenhouse gas emissions.

	2003	2004	2005
Energy Use (GJ)	864,639	965,462	1,048,875
Energy efficiency (GJ/t saleable coal)	0.159	0.13	0.211
Greenhouse gas emissions (kt CO <sub>2</sub> -e)	1.893	2.034	1,467
Greenhouse gas efficiency (CO <sub>2</sub> -e/t saleable coal)	0.349	0.352	0.295
Methane (tonnes)	79,510	84,940	59,053



Top: Jason Davis (left), coal mine worker, Todd Rankin (centre), Fitter, and Trent Atkinson (right), fitter, prepare to go underground.

Above: Jeff Bride, contractor from StrataGas, inspecting the new methane capture plant.



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 John Merritt on 07 4985 0335 (email: [john.merritt@anglocoal.com.au](mailto:john.merritt@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>