



DRAYTON MINE REPORT 2005

ANGLO COAL AUSTRALIA

Message from the mine's General Manager

Drayton Mine is continuing to look to the future, with preliminary investigations and assessments into the extension of the mine proceeding throughout 2005. The proposed mine extension will see the mine continue to operate until approximately 2017. Together with a comprehensive community consultation process, detailed assessments will continue to be undertaken in 2006.

During 2005 both Drayton's safety and environmental management systems maintained their certifications. While the overall safety performance did not meet the site targets, the mine management and OHS committees focused on the implementation of prevention strategies. This was successful in reducing the number of high potential incidents.

The risk mentoring program, which was commenced in 2004, is now well implemented across the site and approximately half the workforce has been trained in hazard awareness, identification and control.

We continued our employee health and well being programs, some of which have also been extended to employees families. The major programs undertaken in 2005 were nutritional awareness and fatigue management. We now have a dietician available on site to assist employees in understanding and improving their health and diet.

During 2005 we had no breaches of our environmental licence conditions. An independent audit of our development consent conditions was undertaken with only minor actions being identified.

'A Community Engagement Plan was developed by Drayton which describes the processes we use to engage with our local community. Key performance indicators and community targets are now incorporated into our Business Plan. During 2005 we continued to sponsor local community groups and sporting groups and schools in the region.'

Key Statistics

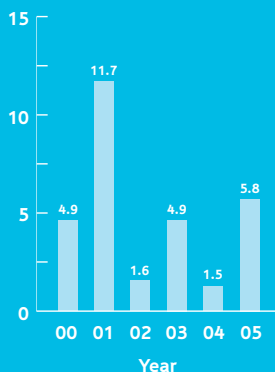
Parameter	Indicator	2005
Safety	Fatalities	0
	Lost time injury frequency rate	5.8
People	Occupational illnesses	5
	Average number of employees	246
	Average number of FTE contractors	67
Environmental	Water used for primary activities (ML)	1117.4
	Water use efficiency (L/saleable tonne)	240
	Area remaining disturbed end 2005 (ha)	697
	Rehabilitated land end 2005 (ha)	511
	Incidents (Level 1)	22
Community	Complaints (Level 1)	22
	Community cash donations (AUD)	\$20,000
Climate	Energy use (GJ)	934,922
	CO ₂ equivalent emissions (tonnes)	119,637
Economic	Saleable coal (tonnes)	4,648,644



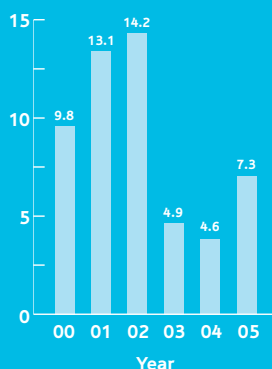


Above: Jan Van Roon undertaking maintenance on truck hydraulics.

LTIFR Safety Performance
(per million exposure hours)



TRCFR Safety Performance
(per million exposure hours)



The majority of these actions have already been resolved. The site was also awarded a Highly Commended award in the 2005 Hunter-Central Rivers Coal Industry Environmental Awards for the Hearth Experiment Program. Presentations on the program were made to judges and a site inspection was held which included members of the local indigenous community who assisted by explaining the cultural importance of the hearth experiments.

A Community Engagement Plan was developed by Drayton which describes the processes we use to engage with our local community. Key performance indicators and community targets are now incorporated into our Business Plan. During 2005 we continued to sponsor local community groups, sporting groups and schools in the region.

This report and the Anglo Coal Australia 2005 Report to Society provide comprehensive information about the performance of our operations. They are also available at www.anglocoal.com.au. We value your feedback and welcome any requests for further information.

Hans Hayes - General Manager

About the Mine

Drayton open cut mine is located 13 kilometres south east of Muswellbrook in the Hunter Valley of New South Wales. In 2005 the mine produced 4.7 million tonnes of saleable coal for export and domestic supply.

Safety

Drayton has Occupational Health and Safety Committees, with members from each of the site's operational areas meeting monthly. Drayton has identified its major health and safety related hazards as being vehicle interaction, drill and blast, working below or above pit walls, fire, manual handling, spontaneous combustion and whole body vibration. Programs implemented during 2005 to address these issues included the review, update and re-issuing of transport rules, whole body vibration monitoring and a review of procedures for working near pit walls.

Through surveillance audits the mine maintained certification to AS4801. A Multiple Fatality Risk audit, Anglo American safety audit and a MINEX evaluation were also carried out during the year.

Drayton personnel took part in the Anglo Coal project SOMEFIRE (Surface Operation of Mobile Equipment Fatal Injury Reduction Exercise) involving two risk assessment workshops. Improvement opportunities were identified and will be progressively implemented into the operation.

Unfortunately the 2005 safety performance did not meet expectations with four Lost Time Injuries occurring (LTIFR 5.8), contributing to five Total Recordable Cases (TRCFR). There were no fatalities, permanent disabling injuries, safety-related fines or prosecutions at Drayton during the year.

During 2005, the mine management and the OHS committees focused on prevention strategies including monitoring high potential incidents. Emphasis was placed on the reporting of near misses

and high potential incidents and on using these as learning experiences across the site.

A program of safety initiatives continued throughout 2005 including a risk mentoring program designed to build the skills of the co-ordinators in identifying potential hazards and managing the associated risks.

Approximately half the workforce undertook hazard awareness, awareness and control training during 2005 with the remainder to be trained during 2006. The site also conducted emergency response training and competed in the Hunter Valley Mines Rescue Competition.

Safety Performance

PER MILLION EXPOSURE HOURS

	2005 Target	2005 Actual	2006 Target
Lost Time Injury Frequency Rate	3.3	5.8	2.9
Total Recordable Case Frequency Rate	5.0	7.3	4.4

People

In 2005, Drayton employed an average of 246 employees (including apprentices and trainees) and 67 full time equivalent (FTE) contractors. Approximately 80% of the workforce lives in the local communities of Muswellbrook, Scone, Aberdeen and Singleton. The site had a turnover rate in 2005 of 9% (21 personnel) which included five retirements, five transfers within the business and three trainees completing their tenure.

One of the occupational health issues at Drayton is musculoskeletal disorders and five new cases were reported in 2005. A draft occupational health standard was developed and an occupational physician engaged to assist Drayton in this area. During 2006, Drayton will be working towards implementing this standard and to further refine an occupational health matrix to improve the management of workplace health and hygiene risks.



David Vaughan and Alan Suttner inspecting emergency response first aid equipment.



Nutritionist, Trent Watson, explaining the 'Clued on Food' program to employee Dave Mephan.

Employee health and well being initiatives implemented in 2005 included:

- ▶ Flu vaccinations offered to all employees and their families;
- ▶ Sponsorship of smoking cessation programs;
- ▶ Mandatory attendance at a nutritional awareness session;
- ▶ Mandatory attendance at a fatigue management session; and
- ▶ A weekly onsite physiotherapist program for injury prevention and management.

In 2005, key training programs included the Foundations of Frontline Leadership development program for management and frontline supervisors.

Environment

The Drayton Environmental Management System (EMS) is certified to ISO14001. A surveillance audit conducted in mid 2005 did not identify any major non-conformances. In preparation for re-certification, the audit included a gap analysis to assess the site's EMS against changes to the ISO14001 standard that were made in 2004. Drayton intends to seek recertification to the amended ISO14001 standard in 2006.

An external independent audit of the operation against its development consent found the site had a high level of compliance with the consent conditions. The majority of issues identified were administrative, rather than related to environmental performance.

The NSW Department of Primary Industries (DPI) carried out its annual rehabilitation inspection and found that rehabilitation was completed to an acceptable standard given the extended drought conditions. No significant non-conformance issues were identified. An external independent audit will be held in 2006 to assess compliance with the development consent conditions for the rail spur that provides for the movement of coal from Drayton and Mount Arthur Coal along shared infrastructure.

An Environmental Assessment (EA) has commenced on the proposed north and south extension to the mine site. If approved, this will see the mine continue to operate until about 2017. An initial flora and fauna overview and cultural heritage assessment have been conducted. Detailed studies will be conducted in 2006 as part of the EA process.

Environmental Incidents

	2005
Level 1 (enquiries/complaints)	22
Level 2	0
Level 3	0

Key Human Resources Data

	2004	2005
Number of Employees	230	246
Number of contractors	60	67
Number of trainees	5	2
Number of apprentices	5	14
Graduate Development Program	6	4
Employee Turnover %	1.2%	9%



James Benson, Environmental Assistant, inspecting progress of the South Tip rehabilitation area.

The operation is supporting an ACARP project to develop a system for monitoring regional weather conditions such as temperature inversions. Early detection of weather conditions will allow re-scheduling of blasts, if needed, to avoid adverse effects on the community.

There were a total of 22 level one environmental incidents. These consisted of eleven enquiries about blasts, six about noise, four about dust and one about kangaroo impacts on neighbours. The mine did not attract any fines or prosecutions and did not have any environmental non-compliances.

Rehabilitation Work Completed in 2004/05 Hectares	
Final rehabilitation	82.9
Area topsoiled but not revegetated	13.4
Area clayed but no topsoil	5.2
Area reshaped but not yet clayed	10.2
Total	111.7

Rehabilitation and Land Management > Drayton targeted rehabilitation of 120 hectares during 2004 and 2005. In 2004, 18.6 hectares was fully rehabilitated while 64.3 hectares was sown in 2005, totalling 82.9 hectares. In addition, other areas were at various stages of preparation at the end of 2005, as shown above.

Although Drayton did not achieve its overall target, due primarily to scheduling and availability of contractor equipment, significant progress has been made in the preparation of areas ready for final rehabilitation. The remaining 37.1 hectares to achieve the 2005 target is scheduled to be completed in 2006.

Approximately 20 hectares of native tree species will be planted to replace 10 ha cleared for mining in the Rocky Knob area ensuring that future wildlife corridors will be available. Trials of growing trees in saline water have continued and monitoring to date indicates good growth and tree health.

Additional coal reserves have been identified on the site. As a result, the 2010 closure strategy has been reviewed. The approval process for extension of mining will require the development of a revised mine closure strategy.

Biodiversity > The documentation of a Biodiversity Action Plan was a major focus for the site in 2005 and the Anglo Technical Division undertook a peer review of the action plan. Improvement opportunities have been identified for the next revision of this document.

Drayton conducted an annual flora survey in both rehabilitated and undisturbed areas and a review of potential flora and fauna in the proposed extension area. The mine continued weed and feral animal control programs and the development of a wildlife register. In 2006, additional flora and fauna studies will be undertaken.

Water > Drayton obtains water for dust suppression and coal treatment from the mine site whilst potable water is sourced from Muswellbrook Shire Council. There were no discharges of mine water from site into waterways during the year. Drayton does however supply minewater to the adjacent Mount Arthur Coal mine for their use.

The Drayton target for primary water use efficiency was 200 L/tonne of saleable coal and in 2005, 240 L/saleable tonne was used. Commissioning of the Coal Treatment Unit was the main reason for exceeding the target.

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

Waste > Drayton's focus in 2005 has been to increase recycling quantities above that already in place. A program to recycle printer toners was implemented across the site during 2005. Initiatives to lengthen tyre life have also been successfully implemented, leading to a reduction in heavy vehicle tyre disposal. The waste management system has also been improved with the introduction of separate front-lift bins for recyclable materials across the site. This has resulted in a 4% increase of total materials recycled to 307 tonnes.

Noise & Vibration > Drayton has installed a new blast monitoring system to record vibration and overpressure levels from all blasts. During 2005 there were no blast exceedances against regulatory requirements.

Noise reduction barriers are being installed at the coal handling and preparation plant and coal treatment unit. Noise suppression was also installed at the rotary breaker resulting in a noise emission reduction of at least 10 dBA from that source. A noise wall is being constructed on top of and adjacent to the dump hopper to further reduce noise impacts on surrounding residences.

Below: Carmen Dyer, Environmental Graduate, sampling site water.

Bottom: Pam Simpson, Environmental Coordinator, and Carmen Dyer, Environmental Graduate, discussing noise and vibration monitoring on adjacent land.



Types of Waste				
	2004 Disposed	2004 Recycled	2005 Disposed	2005 Recycled
Hazardous waste (t)	0	217	0	198
Non-hazardous waste (t)	11,076	64	957	109



Above: Patrick Clancy
Commercial Manager, Hans
Hayes General Manager and Pam
Simpson Environmental
Coordinator in the monthly SHEC
meeting.

Community

Where possible, Drayton engages the services of local small to medium sized businesses. Some services include cultural surveys, security services and landscaping work.

In 2005 Drayton continued its community consultation program. This included:

- ▶ Four meetings of the Community Consultative Committee plus two meetings between the combined Community Consultative Committee and the Mount Arthur Coal Community Consultative Committee to discuss issues relating to the joint rail facility;
- ▶ One community open day for near neighbours;
- ▶ One meeting with local indigenous community groups;
- ▶ The publication of a community newsletter every six months;
- ▶ Participation in a two day Mining Expo at the Muswellbrook Show;
- ▶ Participation in the General Managers' Forum facilitated by the Muswellbrook Shire Council; and
- ▶ School group tours of the mine.

An ACARP project, monitoring the impact of Drayton on the local community, continued in 2005. The study identified that the biggest issue of concern in the local community was the cumulative impacts from a number of mines in the area. A second study is now proceeding to assess the cumulative impacts of mining on regional communities.

A 2004 Hearth Experiment Program, was awarded a Highly Commended award in the 2005 Hunter-Central Rivers Coal Industry Environmental Awards. Traditional Aboriginal 'hearth' fireplaces were recreated, buried and recorded using geomagnetometer equipment. The objective was to identify the magnetometer profile of the buried hearth to enable similar structures to be identified in future exploration areas. After presentations to the judges, a site inspection was held where members of the local indigenous community explained the cultural importance of these experiments.

Drayton employees also participated in career workshops with local schools to give school students experience in completing job applications and resumes, and in undertaking interviews.

During 2005, Drayton used the Anglo American Socio-Economic Assessment Toolbox (SEAT) to finalise a Community Engagement Plan (CEP) which documents the processes used to engage with the community. The CEP also includes Key Performance Indicators to enable us to measure our ongoing performance. Community targets have also been incorporated into the Drayton Business Plan.

Complaints by Type	
	Number
Blasting and vibration	11
Noise	6
General dust	4
Other (Kangaroos)	1
Total	22

Twenty two complaints were received during 2005 from 8 complainants. The majority of the complaints related to blasting and noise. All complaints are investigated and the complainant informed about the actions taken to resolve the issue.

During 2005 Drayton continued to sponsor local community and sporting groups and schools. Donations to these organisations were approximately \$20,000 and in kind support is valued at \$50,000.

Climate

Energy use rose during 2005 due to:

- ▶ extra equipment being required on longer haul routes;
- ▶ selected equipment being placed on 7 day roster; and
- ▶ the coal treatment unit being commissioned in late 2004.

An energy savings action plan is to be developed in 2006 to identify actions that the site will implement to reduce energy use.

Anglo Coal Australia is a signatory to the Greenhouse Challenge Plus initiative under which greenhouse gas emissions and progress with minimisation initiatives are reported annually. The increase in electricity and diesel use, and a drop in production led to a decline in greenhouse gas efficiency at Drayton compared to 2004.

	2003	2004	2005
Energy use (GJ)	778,484	762,506	934,922
Energy efficiency (GJ/t saleable coal)	0.160	0.157	0.201
Greenhouse gas emissions (kt CO ₂ -e)	99	105	120
Greenhouse gas efficiency (CO ₂ e/t saleable coal)	0.020	0.020	0.026
Methane (tonnes)	451	418	416



Top: Water cart operator Leya Williams with Tony Melichar electrical technician.

Above: Jim Stevens, maintenance fitter, preparing to board the dragline.



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 Peter Forbes on 02 6542 0256 (email:

peter.forbes@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>