Sustainability

Development • Understanding • Achievement

ANGLO COAL

GRI INDICATOR KEY

- VISION AND STRATEGY
- PROFILE
- CORPORATE GOVERNANCE
- ECONOMIC PERFORMANCE
- ENVIRONMENTAL PERFORMANCE
- LABOUR PRACTICES
- HUMAN RIGHTS
- SOCIETY
- PRODUCT RESPONSIBILITY

Sustainability

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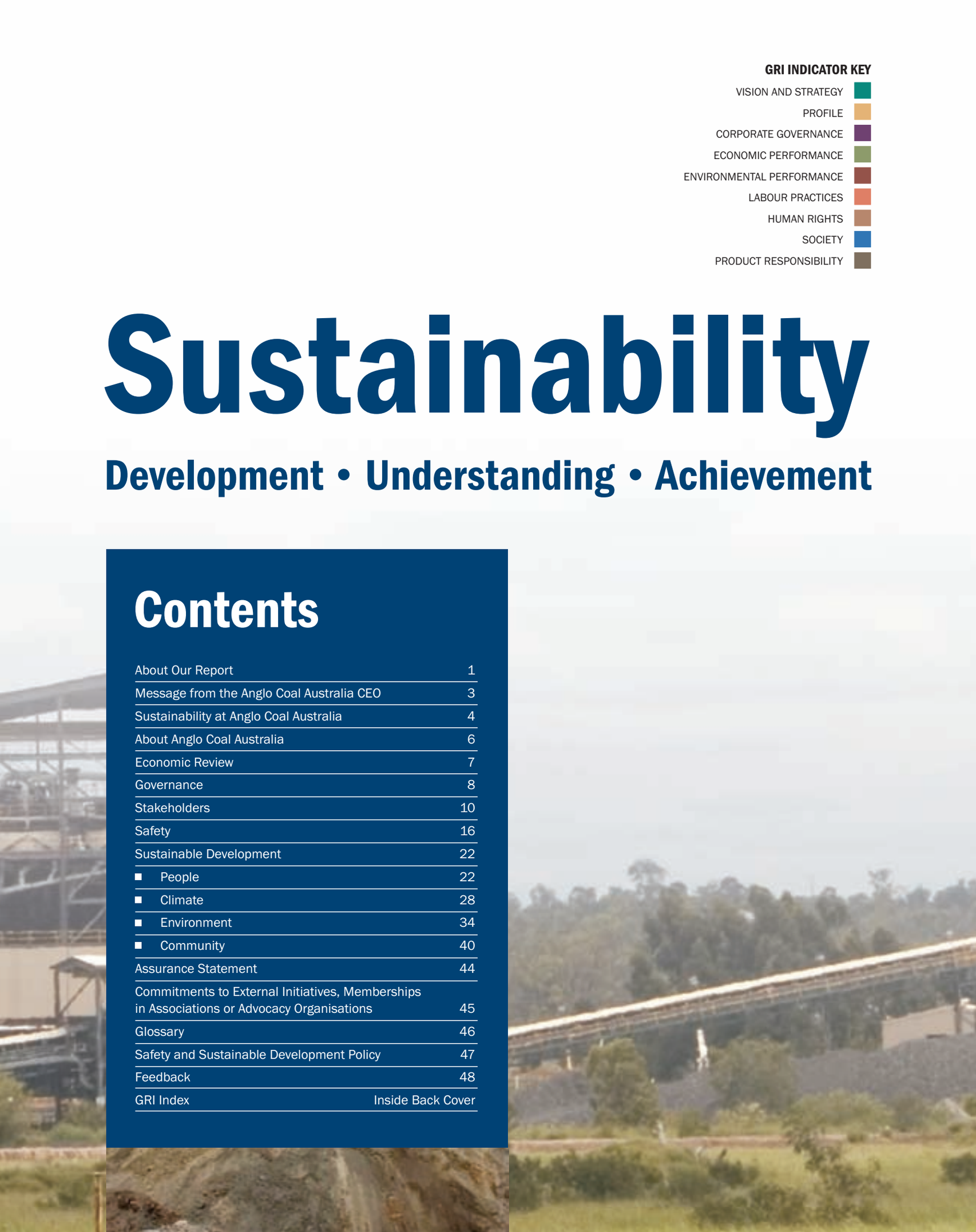
Contents



GRI INDICATOR KEY

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About Our Report

Further information about our sustainability efforts can be obtained from Susan Johnston at **susan.johnston@anglocoal.com.au** or 07 3834 1930.

Anglo Coal Australia's (ACA) annual Sustainability Report for the period from 1 January to 31 December 2006 covers all of the resource operations and projects in Australia managed by ACA. Supplementing this report are the Safety and Sustainable Development (S&SD) reports for each mine site and project development activities in the same period.

This Report is prepared in conjunction with the Anglo Coal South Africa Report and the Anglo Coal Global Report. These reports can be found at **www.anglocoal.com.au**. This is the third Sustainability Report produced by ACA. The sustainability reports have evolved from annual Safety, Health, Environment and Community (SHEC) reports that were published prior to 2004.

This Report is prepared for our stakeholders including employees, local communities, business partners, contractors, customers and suppliers, as well as for relevant government and industry bodies.

ACA's reporting is in accordance with the guidelines established by the Global Reporting Initiative (GRI) as they apply to ACA's operations.

Relevant GRI item indicators are located in each section of the Report. An abbreviated GRI Index is on Page 49.

Irrespective of ACA's equity in joint venture operations, all data contained herein represents the total attributable to each operation. All financial information is presented in Australian dollars, unless otherwise stated.

Selected performance data in the Report have been externally verified by KPMG. An assurance statement is located on Page 44 of this Report.

As always, your views on our conduct and performance shape the way we manage our operations and projects, and we welcome your feedback on our efforts in 2006. A feedback form is located at the back of the Report and should be returned to Susan Johnston, Acting Head of Safety and Sustainable Development.

A web-based feedback form can also be found at **www.anglocoal.com.au**.

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1.2

CEO's Message

2006 has been a year of varied results for ACA with progress and improved performance in some of our main sustainability areas, but also disappointing results in areas where we and our stakeholders have very high expectations, such as safety and the use of water and energy.

ACA produced almost 31 million tonnes (Mt) of saleable coal, which is comparable with our production in 2004 and 2005, despite reduced production from Dartbrook mine which was put under care and maintenance during the year.

Our development projects advanced considerably during 2006, with Dawson Expansion, Lake Lindsay and Grasstree all now producing coal.

Our safety performance has failed to show any significant improvement from previous years. Although we are pleased to report that there were no fatalities in 2006, the Lost Time Injury Frequency Rate (LTIFR) of 5.3 is only marginally better than 2005 and the Total Recordable Case Frequency Rate (TRCFR) increased from 20.5 in 2005 to 26 in 2006.

We have set ourselves the goal of achieving Target Zero in 2008, which means zero Lost Time Injuries (LTI) and, of course, zero fatalities in 2008. Target Zero is a stepping stone to our ultimate target of achieving zero harm. Reaching our goals will require hard work at all levels to ensure that the systems we have are well implemented and that we maintain an unrelenting commitment to continuous improvement.

We have already commenced many initiatives such as the rollout of the Safety Leadership Program to achieve stepwise safety improvement. Over the next 12 months, we will continue to devote resources and energy toward specific initiatives that will assist us to achieve Target Zero.

ACA as a whole and each of our sites will be required to prepare a plan that sets out what needs to be done to make Target Zero a reality. We will then actively monitor and assess performance against those plans.

Let me stress - achieving a stepwise improvement in our safety and health performance is of critical importance to ACA. I look forward to reporting to you on our progress in our next Sustainability Report.

Our performance in meeting our key environmental targets was mixed. There was a pleasing reduction in environmental incidents of 10%, but disappointing results in our efforts to reduce water use, energy use and greenhouse gas emissions.

Our increased water use has been exacerbated by severe drought conditions. There is a very clear recognition at our sites (as there is in the wider community) of the value of water. In response, we have initiated projects at our mines in dust suppression, recycling, metering and water transfers (see Page 36 for details).

As ACA grows and new projects come on line, managing our total water use will become an even greater priority and we must work much harder to improve our water use efficiency.

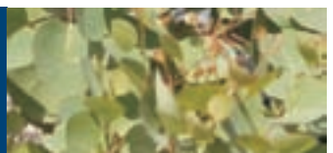
Our total energy use increased, and our energy use efficiency declined, partly due to our projects at Dawson, Lake Lindsay and Grasstree. During their development phase these substantial projects are consuming energy, which is not yet balanced by coal production. In addition, as our operations become older, increasing mine depths and haulage distances are resulting in more energy use per tonne of coal produced.

The energy audit program that was planned in 2005 was started at our operations to find ways of reducing energy use. ACA is also participating in the Australian Government's Energy Efficiency Opportunities (EEO) program.

Our total greenhouse gas emissions also increased, both in absolute terms and per tonne of coal produced; however, we are confident of future reductions as the impacts of our coal seam gas projects completed in 2006 take effect (see Page 31). ACA has made a commitment to develop coal seam gas initiatives that will reduce our overall carbon emissions, and construction of a coal seam methane fired power station is expected to commence in 2007.

Our efforts in climate advocacy and research are continuing. We have taken a leadership position through Monash Energy and by joining the newly formed Australian Business and Climate Group. We are actively involved in groups such as The University of Queensland's Sustainable Minerals Institute (SMI), Cooperative Research Centre for Greenhouse Gas Technologies (CO2CRC) and COAL21.

Our 2005 Report identified our interactions with our communities as an area of weakness. In 2006, we signed a Shared Responsibility Agreement (SRA) with the Woorabinda Aboriginal community and federal and state government representatives to develop a small timber products business. We will maintain our ongoing support of this important project during 2007.



During 2006, we implemented a number of initiatives on a community-by-community basis as identified through our community engagement efforts (see Page 41).

As high levels of growth in the coal industry continue to have significant impacts on community resources in the areas in which we operate, we will continue our efforts to be responsive to the expectations of our people and their communities through consultation and engagement.

ACA like many businesses tries to make the best possible decisions balanced with competing demands on our resources. We recognise that caring for the environment, our people and our neighbours makes good business sense.

Publicly reporting our performance, both good and bad, in all aspects of S&SD is an important part of our management process. It focuses our people on putting plans in place, working with our stakeholders and actively monitoring our performance against our targets. We need to give our people opportunities and responsibility, as well as accountability.

The mixed performance results for 2006 tell us that it is time for ACA to change some of our strategies, review our priorities and to do some things differently in the future. We need to look internally at the way we implement and resource our strategies and support our people across a range of varying operating conditions. We need to consistently reach higher standards by aiming to be the best in everything we do.

ACA's performance is ultimately judged against whether we meet our own targets and how much we can improve to meet our stakeholders' expectations each year. As part of this, we would value your feedback on any aspect of our performance in S&SD in 2006.

On a final note, ACA's CEO Eric Ford resigned from the company during 2006 and left at the end of January 2007. Eric had made a significant contribution to the growth of Anglo Coal in Australia since his appointment in 2001 and we thank him for his leadership and vision, and wish him all the best in his new endeavours.

Neville Sneddon

Acting Chief Executive Officer

Figure 1:

Sustainability at Anglo Coal Australia

The range of our contributions to a more sustainable society is continuing to expand. Whilst our strongest focus during 2006 remained on achieving continual improvement in safety and environmental management, our community engagement and social initiatives are also delivering tangible outcomes.

Our 2005 Report summarised the outcomes from a survey conducted by ECOS consultants, which reviewed our position relative to our peers in terms of sustainability performance. Through interviews and workshops with both internal and external stakeholders, ECOS concluded that we were not, at that time, leaders in sustainable development. However, our ability and willingness to take a leadership stance within the coal mining industry was considered to be high.

We believe we have moved forward strongly since that time and are now amongst the industry leaders in several areas of sustainability. However, there remains considerable scope for improvement. We have identified several opportunities to increase our contribution, particularly in the areas where we work and live.

Although we are planning to continue our focus on mine closure, materials stewardship and support for small to medium sized enterprises, our strongest focus going forward will be in the areas of safety, climate change and water conservation.

Safety

Despite the fact that very substantial efforts have been directed towards safety and health management and improvement we have not met all of our objectives in this regard. In 2006, we experienced a significant number of High Potential Incidents (HPI) and, whilst this is indicative of a robust and transparent reporting culture, the significant number of potentially serious incidents is cause for concern. We do not consider this to be acceptable safety performance.

The expanding nature of our business, the associated substantial numbers of new people and the increased use of contractors are amongst the challenges we face in our efforts to improve safety performance. This is crucial to achieving our intermediate goal of Target Zero (zero LTIs and fatalities in 2008) and our ultimate goal of zero harm.

Key initiatives to improve our safety performance will include an intensified program of visible leadership by our Executive Leadership Team and senior leaders, an enhanced focus on contractor management at all mines and projects, ongoing critical review and improvement in the way in which we manage multiple fatality and high level risks and further promotion of a safe behaviour culture via implementation of the Safety Leadership Program and other training programs.

Programs and resources designed to maintain high levels of safety and health management competence will also be reviewed, amended and implemented as required to ensure all levels of line management proactively lead safety improvement throughout the business.

Climate Change

We maintain the view that coal will continue to provide the main source of global energy in the short and medium term. Therefore, the challenge will be to develop efficient ways to capture carbon emissions from combustion of coal, for storage in a safe and economic way. We are forthright advocates of addressing climate change risk and cleaner energy production.

We recognise the high level of global concern about climate change and the role of coal combustion in generating greenhouse gases. This concern is increasing with the strong economic growth that is occurring in East Asia. Our aim is to contribute to finding solutions to climate change risks associated with our products.

ACA views itself as an energy producer, rather than a coal producer alone. We recognise the need to examine in detail our carbon footprint as we increase our coal production (which will include adding new projects to our portfolio), the size of our gas business, and our stake in clean coal technologies. We will need to identify potential transformation paths to being a cleaner fuel producer.

Significant steps we have taken in 2006 to become a lower carbon energy provider were implementation of methane capture and electricity generation projects, development of energy efficiency baselines and identification of improvement opportunities, support for clean coal technologies through national and international advocacy, and public statements about our position on issues such as carbon trading.

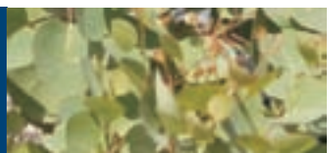


Table 1: Safety and Sustainable Development Targets and Performance

Parameter	2006 Target	Plan	Actual	Progress against 2006 Target	2007 Target
Safety					
	Lost Time Injury Frequency Rate (per million exposure hours)	2.9	5.3	✗	2.5
	Total Recordable Case Frequency Rate (per million exposure hours)	9.5	26.0	✗	12.0
	Develop and implement a Safety Leadership Program for managers and supervisors	-	Program developed and implementation commenced	✓	Full implementation of the Safety Leadership Program
	Identify and implement appropriate innovative strategies for reduction of vehicle/ equipment interaction risks	-		Ongoing	Continue to implement appropriate innovative strategies for reduction of vehicle/equipment interaction risks
					Undertake audits on the 'control of energy' standard
Sustainable Development					
People	Implement a comprehensive framework for the management of occupational health	-		Not implemented	Complete a comprehensive framework for the management of occupational health
Climate	Energy efficiency (gigajoules/tonne saleable coal)	0.190	0.251	✗	0.238
	Greenhouse gas efficiency (CO_2-e tonne/tonne saleable coal)	0.110	0.131	✗	0.112
Environment	Zero Level 3 environmental incidents	0	0	✓	0
	Zero environmental fines	0	0	✓	0
	Efficiency of water use for primary activities (litres/tonne saleable coal)	280	309	✗	346
	Review biodiversity action plans	2	2	✓	2
	Maintain certification to ISO 14001	6 sites	6 sites	✓	5 sites
Community	Prioritise and regularly report key community indicators	6 sites	6 sites	✓	Continue to develop Community Engagement Plans
	Develop strategies to identify indigenous employment opportunities	1 site	1 site	✓	Implement indigenous training programs

In the short to medium term future, we are planning to expand the new coal seam methane fuelled power plant at Capcoal mine, and build a new plant of similar size at Moranbah North mine.

Within a decade, we plan to continue working towards establishing large scale coal-to-gas and coal-to-liquids projects in conjunction with commercial carbon capture and storage (CCS).

Within two decades, we will seek to transform our product from a high-carbon to a low-carbon commodity by developing and leveraging new technology in future projects to reduce or eliminate carbon emissions.

Water Conservation

The current record drought in eastern Australia has highlighted the critical importance of water supplies to the community. The low availability of water supplies in regional mining centres has been exacerbated by rapid expansion and development of new mines.

In 2005, we committed to identifying broader economies of scale in water use and quantifying the benefits of water supply options through engaging with external stakeholders such as other mines, industry sectors, communities and government organisations.

Although some of our mine sites have engaged in water sharing initiatives, these have been on a small scale. Most activity has been technically based, focusing on assessment of water use processes and efficiency. Some initial steps were taken to benchmark our site water use processes against other operations to identify where we could improve.

We recognise that water supplies will be a critical issue for obtaining community support for our operations, particularly for expansions and greenfield sites. Therefore, we are sponsoring a study in the Moranbah area to identify long term solutions to water supply security concerns. An important aspect of the study will be to examine the potential to transfer water from mining and industrial facilities with excess storage to those with inadequate water for their current and/or future operations. Positive engagement with other mining companies, other industries and government will be necessary to identify opportunities to supply fit-for-purpose water to users. Re-use and recycling of water are expected to be amongst the options to reduce dependence on raw water and the need to discharge waste water into the environment. We will examine this report with other stakeholders to determine the level of support for more detailed studies that could lead to the development of projects.


Coal loading at Dawson mine.

GRI INDICATOR KEY

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Economic Review

Our economic impacts relate not only to the return we provide to our shareholders and investors, but also to the range of direct and indirect contributions we make to the economic sustainability of a range of stakeholders. These include the communities in which we live and work, our permanent and contract workforces, the suppliers of materials and services, and governments who use tax revenues to fund public services and infrastructure.

We have a policy of directing economic benefits to local communities as far as possible, for example by purchasing from local suppliers.

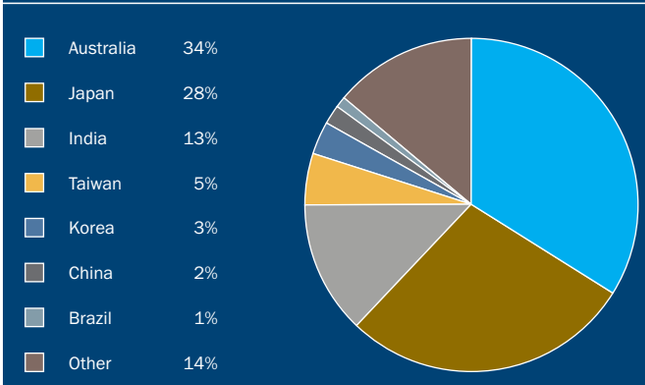
Details of the contributions we made and key economic indicators are summarised in Table 5. Further information on the ways in which we contributed to our communities can be found on Page 40. Further information on our full financial results can be found in the AAplc 2006 Annual Report, available on the AAplc website **www.angloamerican.co.uk**.

ANGLO COAL

Table 5: Economic Table and Marketing Graph

$ Million	2006	2005	2004
Turnover	1815	1746	1092
Costs of goods materials and services	1417	853	646
Total labour costs	333	280	251
Net taxes paid	147	296	275
Subsidies received	34	32	32
Exploration expenditure	16	17	15
Corporate social investment expenditure	1.39	1.29	0.61
Cash payments to suppliers	1685.4	1284.4	876.8
Percentage of contracts paid in accordance with agreed terms	90	90	90
Distribution to providers of capital	109.6	286.5	227.5
Decrease (increase) in retained earnings	(145.4)	94.8	119.5

Figure 2: Geographic Breakdown of Markets



GRI INDICATOR KEY

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About Anglo Coal Australia

Anglo American publicly listed corporation (AAplc), ACA's parent company, is a global leader in mining with a diversified range of high quality businesses covering platinum, gold, diamonds, coal, base and ferrous metals, industrial minerals, and paper and packaging. AAplc operates in over 60 countries in Africa, Europe, South and North America, Australia and Asia.

Anglo Coal, a wholly owned subsidiary of AAplc, has mines and projects in South Africa, Australia, Colombia and Venezuela and projects in China and is one of the world's largest coal producers.

Since Anglo Coal is not listed on the Australian Stock Exchange, it is not required to produce public financial statements; however, comprehensive information about the financial performance of AAplc and its subsidiaries is available on the AAplc website **www.angloamerican.co.uk**.

ACA employed an average of 2,374 permanent employees and 1,802 contractors in 2006 and is headquartered in Brisbane Queensland. ACA operates five world class coal mines in Queensland and New South Wales (NSW) and is planning project expansions into five new areas. In addition to mining coal, coal seam gas is produced from three mines. One of these mines generates electricity from the gas and the other two supply gas into the Central Queensland pipeline network. The Lake Lindsay project, adjacent to Capcoal mine, mined its first coal and the Dartbrook underground mine was placed under care and maintenance during 2006. In 2006, ACA sold 30.28 Mt of metallurgical and thermal coal.

Table 2: Mines

Operation	Type of Mining	Coal Processing	Ownership %	2006 Saleable Production (million tonnes)	Coal Type
Callide	Open-cut		100	9.82	Thermal coal for domestic and industrial use and power production
Dawson Central and South (Moura)	Open-cut and highwall	*	51	6.90	Thermal and coking coal for export
Drayton	Open-cut	*	88.2	4.69	Thermal coal for domestic and export markets
Capcoal (German Creek)	Open-cut and underground	*	70	4.52	Premium hard coking coal for export steel markets Hard coking coal for export markets
Moranbah North	Underground	*	88	3.33	Premium hard coking coal for export steel markets
Dartbrook (Care and maintenance)	Underground	*	78	1.02	Thermal coal exported for power generation and industrial use

** Coal washplant on site.*

Table 3: Coal Seam Methane Operations

Operation	Type	Ownership %	Product
Dawson	Seam gas	51	Commercial coal seam gas
Moranbah North	Seam gas	88	Commercial coal seam gas
Capcoal	Methane Drainage Plant	70	Harvests and collects methane for electricity generation

Table 4: Projects

Project	Coal Type
Dawson Stage III	Export thermal and coking coal
Lake Lindsay	Export thermal and coking coal
Grosvenor	Export coking coal
Moranbah South	Export coking coal
Saddlers Creek	Export thermal and coking coal
Monash Energy	Coal to gas to liquids

GRI INDICATOR KEY

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SO2

Governance

Peter Mackenzie and Bob McBain attending a shift stump talk at Drayton mine.

Governance Structure and Responsibilities

Anglo Coal is a wholly owned division of AAplc and thus does not operate with its own formal Board of Directors. Through the establishment of strategic objectives and key policies, AAplc's Board of Directors sets its direction and that of its subsidiaries. These objectives and policies are applied to Anglo Coal, often as part of the broad AAplc direction, and sometimes as part of a direction that is specific to Anglo Coal.

The AAplc Board S&SD Committee meets four times a year and is chaired by a non-executive independent director. The Committee is responsible for developing the framework, policies and guidelines for the management of sustainable development issues, and ensuring the progressive implementation of these throughout the Company.

The CEO of Anglo Coal is required to make an annual presentation to the Committee, to report on Anglo Coal's key S&SD challenges and the organisation's progress against them.

In addition, ACA's CEO submits an annual SHEC Letter of Assurance (LoA) to the CEO of Anglo Coal. This is then consolidated into a global coal LoA to the AAplc Board.

Sustainability Governance at Anglo Coal Australia

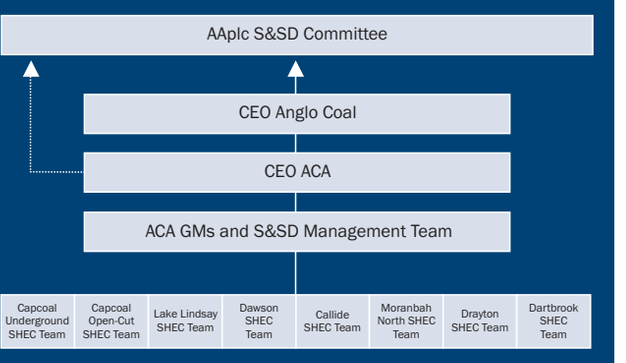
In addition to the AAplc S&SD governance procedures, ACA has a robust structure and framework in place for the management of S&SD issues as illustrated by Figure 3. It comprises an S&SD Committee, whose mandate is to:

- Drive S&SD leadership and commitment across the business and maintain senior management focus on S&SD issues;
- Develop sustainable development initiatives and opportunities as part of the strategic planning of the business;
- Provide a high level review forum for S&SD incidents and initiatives and ratify S&SD standards and policies; and
- Provide a governance support role on S&SD matters.

The Committee, which comprises the CEO, all functional heads and general managers (GMs) of operations and projects, aims to continually improve our S&SD performance. An annual strategy conference is held in May to review progress and ensure actions are prepared for mid-year business planning activities.

ACA also has a Corporate S&SD team to support the implementation of sustainability principles. The Head of S&SD reports directly to the CEO of ACA. Each operation employs qualified professionals to implement S&SD programs.

Figure 3: Organisational Structure



Anglo American Good Citizenship Business Principles

In 2002, AAplc defined and launched a Good Citizenship Framework, setting out its Business Principles. Our conduct in Anglo Coal today is underpinned by the following four pillars:

- Business integrity and ethics;
- Corporate citizenship;
- Employment and labour rights; and
- Safety, health and environmental stewardship.

Our Business Principles are fully implemented at all our sites and apply to the entire workforce at every operation we manage, every action we perform as Anglo Coal, and in every part of the world in which AAplc operates. The Business Principles can be found at **www.angloamerican.co.uk/corporateresponsibilty/**.

Safety and Sustainable Development Policy

Our S&SD Policy supports our Business Principles with a goal of exemplary business performance, providing lasting shareholder value whilst protecting and enhancing the community's foundations. These foundations are people, the natural environment and society's prosperity into the future (refer to the Policy on Page 47).

SHEC Management Systems

All ACA sites maintained certification of their Safety, Health, Environment and Community Management Systems (SHECMS), by meeting the requirements of the Australian and New Zealand Standard for Occupational Health and Safety Management Systems AS4801.

The SHECMS also meet the requirements of the ISO 14001 Standard for Environmental Management Systems, as amended in 2004. External auditing in 2006 (Lloyd's Register Quality Assurance) reaffirmed certification at all ACA sites to both of these standards.

Community issues are managed through the AAplc Socio-Economic Assessment Toolbox (SEAT) process, which is intended to help operations benchmark and improve the management of local social and economic impacts.

Risk Management and Audits

The management of risk occurs at a number of levels. Along with the maintenance of SHEC risk registers, specific risk considerations including the development of multiple fatality risk management plans are a priority.

Enduring Value

The Minerals Council of Australia (MCA) Enduring Value Framework for Sustainable Development is based on the ten Principles of Sustainable Development Performance committed to by members of the International Council of Mining and Minerals (ICMM), including AAplc. As a member of the MCA, ACA is committed to implementing the Enduring Value Principles.

Whistleblowing

AAplc's independently managed 'Speakup' facility provides stakeholders with a process for reporting irregularities about behaviour that may endanger the health or safety of people, damage the environment, result in failure to comply with Business Principles or legal obligations, or involve fraud, bribery and corruption, and miscarriages of justice. The facility guarantees anonymity to any person who reports irregularities.

During 2006 one 'Speakup' report was received by ACA concerning references received by a worker who had left the company. The matter was addressed and resolved.

Political Donations

No political donations were made in 2006. ACA has a policy of not making political donations.

Bribery

The Business Principles reinforce that no one in AAplc will offer to pay or accept bribes.

The Precautionary Principle

ACA uses a tailored integrated risk management procedure to assess the likelihood of SHEC events occurring and the consequences if they do occur. We are currently considering two mine projects in the Moranbah vicinity that have given rise to community concern about the impacts of the potential developments on the town.

We engaged the SMI to apply its Sustainability Opportunities and Threats Analysis (SOTA) process to identify key strengths, threats and opportunities that could then be used to develop suitable strategies to design projects.

After consulting with the community to identify broad sustainability issues associated with the projects, information gathered was used in a workshop environment to rank threats and opportunities. Results were then used to develop a Community Engagement Plan (CEP). A summary of the workshop results is presented in the Stakeholders section on Page 12.

We plan to use our integrated risk management matrix to carry out sustainability risk and opportunity assessments on all our new projects in the future. SOTA assessments will assist in developing better informed CEPs for each project.

GRI INDICATOR KEY

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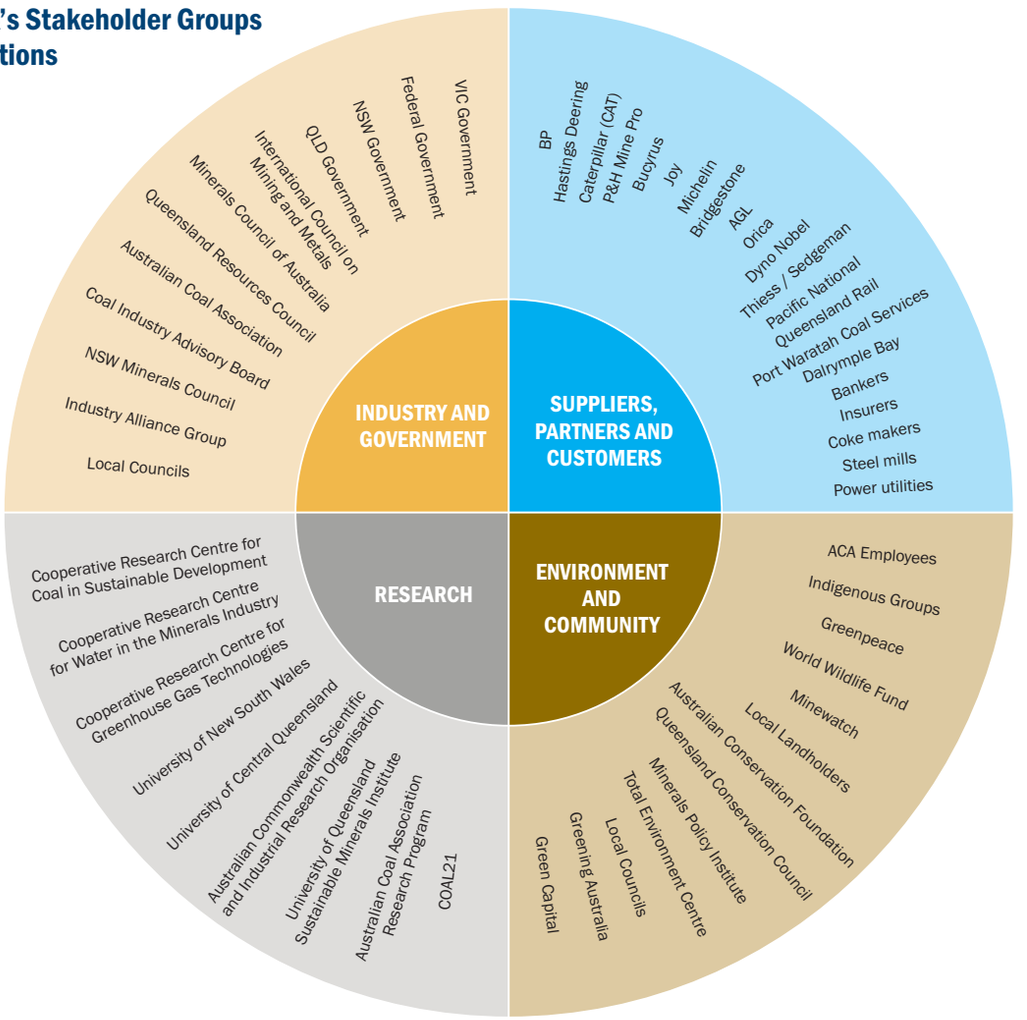
S01

Stakeholders

ACA recognises that we can create value by working more closely with all of our stakeholders. We acknowledge that we have legal and other obligations to all stakeholders including shareholders, employees, contractors and the communities in which we operate. Our stakeholder engagement covers a number of sectors, each of which has a significant influence on the way we manage our S&SD activities. The Corporate S&SD team engages with government, educational institutions and other mining and interested parties in all areas critical to the mining industry and sustainability. Key topics discussed with local community stakeholders in 2006 included highwall safety, infrastructure constraints, water supplies and shortage of accommodation in Central Queensland.

Figure 4 depicts the range of stakeholder groups and organisations we engage with.

Figure 4: ACA's Stakeholder Groups and Organisations



SEAT guides our mine operations in better managing their impacts and involvement with local communities. The process was recently highly commended by judges at the World Business Awards for supporting the United Nations Millennium Development Goals.

Use of the SEAT process to develop CEPs is continuing. The steps in the SEAT process are illustrated in Figure 5.

The Socio-Economic Assessment Toolbox in Practice

During 2006, Dawson mine engaged with the community to gain a better understanding of issues of potential concern.

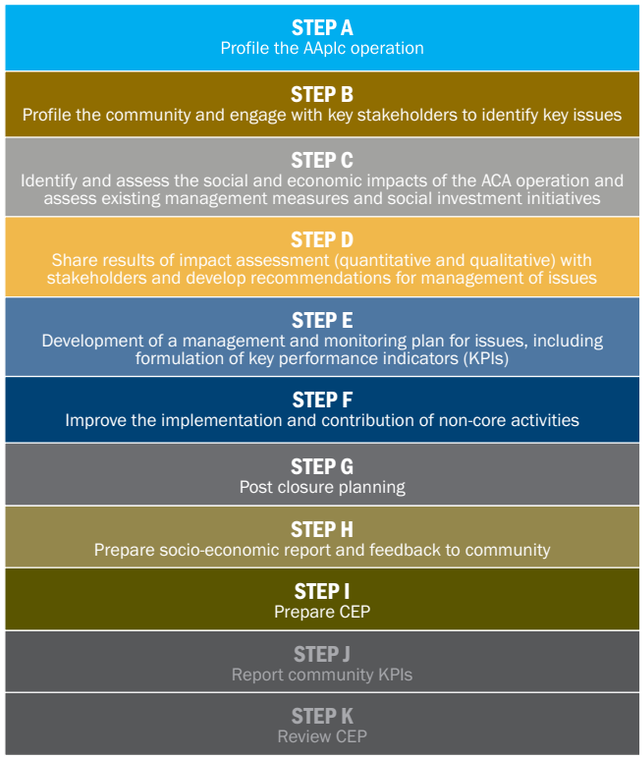
A CEP was produced as part of the final SEAT report. This provides an overview of the process to be followed by the mine when working with the community in the future.

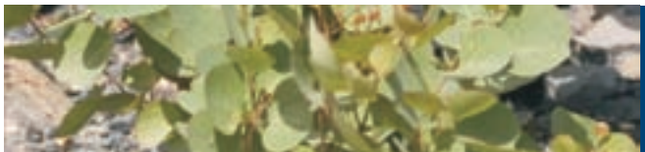
Forty-nine stakeholders were consulted as part of the process to develop an understanding of the socio-economic impacts of the Dawson mine. A Dawson Stakeholder Forum then prioritised the key issues as:

- Shortage and increased cost of housing;
- Shortage of infrastructure and services;
- Need for ongoing education and training; and
- Lack of doctors and medical services.

Dawson mine and other ACA sites are working to develop a set of key performance indicators that will be used to monitor the social and economic state of the community and provide factual information to communicate to local stakeholders. Indicators will include value added by the mine, indirect contractor and supplier induced employment, spending on social and community programs, and total numbers dependent on the mine for livelihood.

Figure 5: AAplc SEAT Process Steps





John Blades, Coal Handling and Preparation Plant Operator, at Capcoal mine.

When assessing new projects we work with our local communities. We are undertaking studies to determine the feasibility of developing two mines, Grosvenor and Moranbah South, in the Moranbah area. As a precursor to the studies, we conducted a range of community engagement processes to gain a better understanding of local community attitudes and issues.

Based on these processes, a CEP was developed to guide the operation in the future. Stakeholders identified in the CEP included:

- Local:
  - Residents in the town;
  - Cattle producers, rock and sand quarry operators and CH4 (Arrow Energy) on the leases; and
  - ACA and other mining company workers, unions, contractors and service providers, Traditional Owners and the Belyando Shire Council.
- Regional:
  - Mackay Whitsunday Regional Economic Development Corporation, Mining Industry Road Safety Alliance, Mackay Business Group, Environmental Defenders Office, and state and federal regulators.

We propose to further engage with focus groups from the community and the region to understand their priorities, obtain feedback and take advantage of opportunities to deliver workable solutions to concerns. We consider the Belyando Shire Council to be a key stakeholder in the process. Together with Council, industry and state government representatives, we are a member of the Moranbah Growth Management Group, whose goal is to develop future plans for Moranbah. The plans will include addressing the availability of vacant land for building, sewerage and water infrastructure.

A proactive approach has been applied to the Grosvenor and Moranbah South projects to enable us to engage and work with our stakeholders and community. To better understand the sustainability issues associated with the projects, a SOTA study to identify and assess the environmental and community threats and opportunities associated with the potential mines was carried out.

The SOTA study identified the following as the most important issues:

- ACA projects will contribute to the increasing pressure on housing and community services in Moranbah;
- Risk posed by coal mining and processing facilities to community amenity. At the same time, there are opportunities to mitigate these risks by exploring synergies with existing (Moranbah North mine) infrastructure and other potential operations in the area;
- Water availability has the potential to be a limiting factor for the town and other local mine developments; and
- Well resourced, appropriate community engagement and communication strategies need to be in place.

Ian McDonald, Crew Leader, inspecting longwall hydraulic chocks removed from the underground at Dartbrook mine.

Callide employees get ready to start their shift.

Carmen Dyer, Environmental Graduate at Drayton mine, collecting a dust sample.

Research

We continue to be involved in research to resolve the sustainability challenges confronting us. The various climate change projects we participate in are discussed in the Climate section on Page 28.

We are a sponsor of the SMI which comprises six University of Queensland research centres. It is focused on identifying major sustainability challenges facing the global mining industry and developing new expertise and research to meet these challenges. ACA's Head of S&SD is a director of the SMI. We recently agreed to fund the position of Director of the Centre for Water in the Minerals Industry (within the SMI) for the next five years.

The Australian Coal Association Research Program's (ACARP) mission is to research, develop and demonstrate technologies that lead to the safe, sustainable production and utilisation of coal. Along with other producers of black coal, ACA contributes five cents per tonne of saleable coal to ACARP to fund this research. Sustainability related ACARP research projects that ACA sites are specifically involved in include:

Coal loading at Callide mine.

- The human factor engineering design of large surface mining equipment to reduce risk associated with operations and maintenance;
- Examining the use of the 'Safety Case' process for developing and demonstrating effective safety and health management in the NSW and Queensland underground coal mining industry;
- Addressing improvement in water quality of pit and recycled mine waters in the Bowen Basin, including a detailed study of issues related to the toxicity and management of bluegreen algae;
- Identifying overburden that could be used as suitable cover for potentially saline or acidic spoil;
- Developing a set of cost effective and efficient tests for reliably predicting the acid rock drainage potential of coal rejects and tailings;
- Developing and documenting a process for using a panel of stakeholders to evaluate rehabilitation by visual inspections;
- Developing a laser based processing technology for the dry beneficiation of coal;
- Developing a diesel particulate matter real time atmospheric monitoring unit; and
- Developing indicators that can be used by the minerals industry to demonstrate its contribution to sustainable development.

ACA is committed to improving its position amongst the country's resource leaders by continuing to develop its sustainability and corporate responsibility performance. A component of this improvement is our commitment to a number of external initiatives, associations and advocacy organisations in Australia. Through AAplc, we support a number of key international multi-stakeholder groups intended to promote sustainable development practices. Details of these groups can be found on Page 45.

GRI INDICATOR KEY

EN5 EN8 EN16

LA1 LA7

EC10

Table 6: Key Statistics

Parameter	Indicator	Calide	Capcoal	Dartbrook	Dawson	Drayton	Moranbah North	Anglo Coal Australia
Safety	Fatalities	0	0	0	0	0	0	0
	Lost Time Injury Frequency Rate	4.8	10.4	7.5	1.6	6.4	7.5	5.3
	Total Recordable Case Frequency Rate	11.5	55.2	15	18	9	41.9	26
People	New occupational diseases	5	16	2	14	6	0	47
	Average number of employees	438	649	178	594	300	296	
	Average number of contractors	89	593	69	544	78	285	
Environmental	Water used for primary activities (ML)	1,065	2,961	139	2,705	1,360	1,346	9,576
	Disturbed land remaining at end 2006 (ha)	1,795	3,317	183	6,349	698	629	12,971
	Rehabilitated land at end 2006 (ha)	596	1,704	786	679	518	819	5,101
	Incidents (Level 1)	15	21	2	27	3	6	75
	Incidents (Level 2)	7	1	0	1	0	1	9
Community	Complaints (Level 1)	5	0	1	2	15	3	26
	Complaints (Level 2)	0	0	0	0	0	0	0
	CSI expenditure AUD*	71,500	126,733	41,000	823,000	24,109	87,858	1,174,200
Climate	Energy Use (GJ)	1,325,440	1,392,337	193,251	3,265,882	1,113,345	473,648	7,765,562
	CO_2 equivalent (tonnes)	170,019	1,588,166	367,529	412,629	132,060	1,384,907	4,055,797
Economic	Saleable tonnes	9,816,098	4,521,975	1,021,890	6,902,635	4,691,250	3,327,858	30,281,706

** Cash donations, gifts in kind.*

GRI INDICATOR KEY

3.20

MM12 MM13 LA6 LA7

Safety

Toni Delaney, Safety Administration Assistant, displays Capcoal Surface Operation's Safety Observation Checklist.

ACA's target is to achieve Target Zero - zero fatalities and LTIs in 2008 and thereafter. Target Zero is considered a critical stepping stone to the ultimate goal of zero harm.

Performance

There were no fatalities, permanent disabling injuries, safety related fines or breaches recorded in 2006.

Fifty-seven LTIs and 281 Total Recordable Cases (TRC) were reported in 2006. Disappointingly, these injuries resulted in a LTIFR and a TRCFR of 5.3 and 26.0 respectively. The LTIFR is a marginal improvement on 2005 but above the target of 2.9. The TRCFR is well above the 2006 target of 9.5. The closure of underground mines along with significant organisational challenges at the Capcoal underground operations contributed to this decline in performance.

A number of initiatives under the banner of Target Zero have commenced to improve the injury performance. Initiatives to date include:

- The ACA Safety Leadership Program (DuPont based line management safety training) that commenced in 2006 will continue to be rolled out during 2007;
- An enhanced focus on incident investigation, analysis, broad communication and implementation of improvement opportunities;
- Contractor management audits and enhanced contractor management; and
- Ongoing focus on the management of multiple fatality risks.

Other initiatives to be further pursued in 2007 include:

- Implementation of the ACA updated 'Golden Rules';
- Safety and health cultural research; and
- Greater use of proactive indicators in safety management.

Table 7: Safety Performance

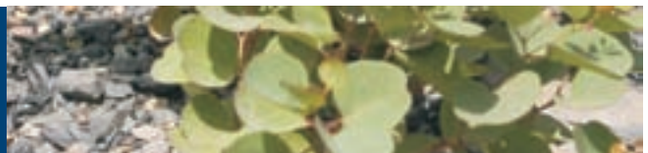
	2005 Result	2006 Target	2006 Result	2007 Target
Fatalities	1	0	0	0
Total Recordable Case Frequency Rate (TRCFR)	20.5	9.5	26	12.0
Lost Time Injury Frequency Rate (LTIFR)	5.6	2.9	5.3	2.5

A number of areas within the business have reported significant safety achievements in 2006:

- Capcoal's Coal Handling and Preparation Plant (CHPP) was six years LTI free in November 2006;
- The seam gas business was 1,300 days LTI free at the end of 2006;
- The highwall mining activity at Dawson mine achieved 1,118 days LTI free; and
- The Dawson operations achieved over 231 LTI free days.

We rate all incidents according to their actual and potential seriousness so that we can profile, analyse and better understand those incidents with the potential to give rise to serious consequences. In 2006, there were 77 incidents with the potential for serious consequences compared to 27 in 2005, reflecting the heightened focus and benefits of reporting potentially serious incidents.

In addition to the increasing awareness of the nature and circumstances pertaining to these potentially serious incidents, several strategies are being implemented to reduce the frequency of these types of incidents including:



- Improvement of open-cut site multiple fatality risk management plans by adoption of the generic plans developed in 2006;
- Continued implementation of specific safety management improvement initiatives;
- Implementation of improvements to contractor management, the need for which was identified via ACA audits in 2006;
- Business wide audits of the 'Control of Energy' in 2007;
- Ongoing focus on High Potential Incident identification, investigation, analysis and implementation of improvement opportunities; and
- Conducting monthly 'significant incident' video conferences where all the significant incidents that have occurred that month are discussed.

On the downside, in November 2005, Anglo Coal (Kayuga Management) Pty Ltd was formally charged with breaches of the *Occupational Health and Safety Act 2000 (NSW)* in relation to a fatality that occurred at the Kayuga project in 2003. A guilty plea has been entered and a judicial decision is pending.

Anglo Coal (Dartbrook Management) Pty Ltd was also charged with breaches of the *Occupational Health and Safety Act 2000 (NSW)* in relation to a contractor fatality in 2004. This case is still proceeding.

Managing Our Safety Risks

All of our sites have comprehensive programs to manage safety and health risks and these program requirements are specified in the SHECMS. Each mine's safety and health risks are recorded on the site risk register which is regularly reviewed to ensure that current controls remain effective and appropriate.

The major risks identified at our underground and surface operations include vehicle and equipment interaction, rock falls, high voltage electricity, sources of noise, strata management, and equipment and manual handling. In particular, a major concern for the Moranbah North mine in 2006 was four rock fall incidents. A number of programs were initiated to address this issue, including increased roof and rib bolt support and monitoring.

All sites maintained certification of their SHECMS to the Australian and New Zealand Standard for Occupational Health and Safety Management Systems AS4801 following surveillance audits in 2006.

The surveillance audits revealed three major non-conformances: a lack of internal audits and lack of inspection of electrical cables at Moranbah North mine and a lack of safety audits at Drayton mine. These issues were resolved and improvement opportunities were observed at all sites.

All sites conducted internal safety audits with an emphasis on contractor management, multiple fatality risk management plans, risk management, explosives management and handling, transport rules, pit wall stability and fire systems.

Audits by mines inspectorate and other agencies occurred regularly, and whilst findings occasionally arose from these audits, they were generally relatively minor in nature.

Amongst other topics, the assessment and mitigation of risk is discussed during site Safety and Health meetings. Management and worker representatives from all areas at each site regularly meet to discuss risk, hazard identification, safety program review and implementation, incident review and investigation and the implementation of Safety and Health plans.

Jim Knowles, Consultant, and John Easter, Production Worker at Drayton mine, discuss the Safety, Task, Assessment and Review process.

Val Turns, Training Officer, assisting a safety induction at Moranbah North mine.

Safety signs at Dartbrook mine.

Initiatives

Anglo Safety Way

In 2005, ACA's CEO committed to implementing the Anglo Safety Way, an overarching safety campaign that incorporates the AAplc Safety Management Principles, Framework and Management Standards at the ACA sites. During 2006, after a comprehensive gap analysis, minor improvements were made to the ACA SHECMS to ensure our SHECMS addressed all aspects of the AAplc Safety Way, and hence ensure we were fully compliant with the AAplc Safety Way.

In addition, a Safety Leadership Program designed to enhance the safety management skills of all line managers was developed. The Program incorporates a safety interaction process where supervisors observe practices in the workplace and talk to employees about the safety aspects of their job. The Program commenced at Dawson mine late in 2006 and will be implemented throughout our business in 2007.

SOMEFIRE

The SOMEFIRE (Surface Operation of Mobile Equipment Fatality Incident Reduction Exercise) that took place in 2005 recommended a number of improvement opportunities to reduce the potential for vehicle and equipment interaction incidents (see case study on Page 20). A number of innovative strategies recommended during this exercise have been implemented. These include the increased use of operator simulators, separating traffic on haul roads and improving the competence of truck drivers.

Australia China Joint Working Group on Coal Mine Safety

ACA is participating in the Australia China Joint Working Group on Coal Mine Safety established in April 2006. The objective of this Group is to identify the broad safety needs of the Chinese coal industry and align these with potential areas of assistance from Australia and its coal industry members.

Agreement in principle was reached in late 2006 for the development of a demonstration mine in China, which will be used to evaluate the application of Australian technology, safety training, risk management systems, education and monitoring. The mine is expected to be selected in mid 2007. As a member of the Joint Working Group, ACA is supplying key resources for the project.

Australian Minerals Industry Cooperation Initiative

We are a sponsor of the Australian Minerals Industry Cooperation Initiative (MICI), which was established to provide a set of national industry resources to assist all operations in the Australian minerals industry with the management of safety and health risks. Amongst other initiatives, MICI developed the National Minerals Industry Safety and Health Risk Assessment Guidelines to help users achieve effective and efficient deliverables from risk assessment.

Training

Our sites conducted a comprehensive range of regular safety and health training programs on a variety of subjects in 2006 including:

- Root cause analysis - the relationship between cause and effect of events (usually with undesirable consequences) was analysed with the goal of ensuring events are not repeated and proper analysis is consistently applied across the business. All ACA sites participated in this training;
- The Zero Incident Process - senior management, supervisors and employees at a number of sites were presented with this program to assist them in developing their safety values;
- The Benchtalk program at Callide mine - critical standard operating procedures, including incident reporting and manual handling, are reviewed monthly with the workforce;
- The 'Enough is Enough' program - Dawson mine shut down the operation for 48 hours to raise awareness of safety, specifically hazard and vehicle interaction awareness, potential incidents and communication; and
- Hazard awareness training - 90% of the Drayton mine workforce attended this program.

Emergency Response Training and Evacuation Simulation

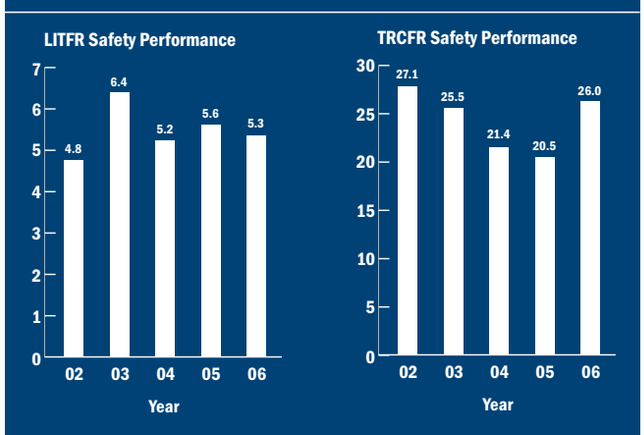
All ACA business units have in place site or operation specific Emergency Organisation and Response Plans appropriate to their identified level of risk. In addition, emergency response teams conduct regular training to maintain a high state of emergency preparedness.

For example, during 2006, the Capcoal surface operation instigated four unplanned emergency scenarios and one planned emergency scenario involving vehicle interaction. Capcoal mine also held a home fire safety campaign, which involved delivering talks on home fire safety and distribution of 50 home fire safety kits for community members and employees and their families. The kit contained a fire extinguisher, fire blanket and smoke detector.

Dawson mine implemented an Emergency Crisis Management System and Standard that is aligned with the Australian Incident Management Framework, enabling the mine to interact with other emergency response personnel in Queensland Health, Queensland Fire and Rescue and the Queensland Police.

Alex List, Callide Crew Coordinator, with a recently acquired heart defibrillator.

Figure 6: ACA Injury Frequency Rate Trends Over The Last Five Years



Shane McCarty, Operator, using the Capcoal mine large truck driving simulator.

Opposite: Mike Bryan, Mine Technician at Moranbah North mine, with the Safety Pocket Book.

Case Study

Surface Operation of Mobile Equipment Fatality Incident Reduction Exercise (SOMEFIRE)

The frequency of serious vehicle and equipment interaction incidents on open-cut mines has decreased substantially over the last decade due to the implementation of a range of controls. However, given the propensity for humans to make errors and the substantial reliance on behavioural controls, it is considered that vehicle and equipment incidents will continue to occur, albeit at a low frequency.

Consequently, it is considered that higher level and additional controls will need to be identified and implemented to initiate a step change reduction in the frequency of these incidents.

In 2005, a unique risk assessment technique, SOMEFIRE took place in the form of two workshops comprised of an appropriate mix of persons, primarily from ACA open-cut mine sites.

The first workshop utilised a HAZOP (Hazard and Operability) style approach for the identification of the risks associated with the various duties of haul trucks and the vehicles and equipment with which they interact. The second workshop utilised a 'defences in depth' approach and involved a different cross-site team.

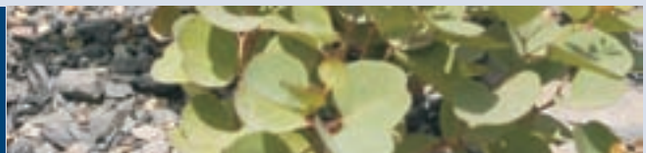
The anticipated outcomes of these workshops were:

- Recommendation of potential higher level innovation and utilisation of additional controls to complement existing controls in the management of vehicle and mobile equipment operation; and
- The identification and confirmation of existing good practice controls to input into a generic Multiple Fatality Risk Management Plan for the management of common multiple fatality risks.

The highest priority recommendations made by the team were:

- Maximise the use of driving simulators to improve driver skills;
- Develop a corporate standard for safe intersection design and protocol, and also roadway and mine design that incorporates the limitations of equipment; and
- Develop a corporate standard detailing the principles of separating heavy and light traffic.

In addition, we are actively investigating the installation of collision avoidance systems on heavy mobile equipment. A system will be selected and trialled in one or more of our open-cut mines in 2007.




ANGLO COAL
Anglo Coal (Morambah North)
ANGLO COAL
OTTO
ANGLO COAL

GRI INDICATOR KEY

LA1 LA2 LA4 LA5 LA6 LA7 LA10 LA12 LA14 LA17

HR11 HR14 HR15 HR16 HR17

Sustainable Development

People

We recognise that our workforce is our most important asset. Their sustained efforts, both at our mine sites and within our corporate services departments, have been a vital component of our success as a world class mining operator. Our workforce engagement efforts continue to ensure we both retain and attract good people. The challenge of maintaining corporate beliefs and values at the leading edge of what our community expects ensures a constant vigilance is maintained. We employ 4,124 people in Australia and strive to be an employer of choice. We seek to provide a stimulating work environment that encourages employees to join our team, and stay with us, so that they can benefit from a long-lasting career with our organisation.

We also recognise that a company is no longer just a place of work, but that it must provide opportunities for growth, learning, development and social and community involvement. We have continued to focus on these key areas in 2006 with ongoing rollout of our People-Performance-Growth (PPG) transformation initiative. Alongside this program we are also continuing to invest in training and health and wellbeing programs that are tailored to suit the variety of needs within our workforce. Examples of the ways in which we are working to create a productive, healthy, safe and connected workforce are detailed in this section and also in the Safety section on Page 16.

Anglo Coal has in place anti-discrimination policies and grievance procedures underpinned by strong state and federal anti-discrimination legislation.

Through the AAplc Business Principles, ACA supports the principles found in the Universal Declaration of Human Rights and will not tolerate inhuman treatment of employees, including any form of forced labour, physical punishment or other abuse, and prohibits the practice of child labour.

Table 8: Workforce as at 31 December

	2005	2006
Number of Employees	2,255	2,457*
Number of Contractors	1,639	1,667*
Number of Trainees and Apprentices	100	110
Graduates in Development Programs	47	60
Employee Turnover %	15.9	16.7*

** Does not include Dartbrook mine employees as workers were released in 2006 when the mine went under care and maintenance.*

In addition to the AAplc Good Citizenship Business Principles, Anglo Coal has a Freedom of Association Policy.

Demographics

Anglo Coal is an equal opportunity employer that values diversity and actively encourages the employment of all, regardless of gender, age, race or ethnicity. We employ our people according to industrial relations legislation, awards and agreements and in keeping with International Labour Organisation Principles of decent work.

2006 saw an increase in employee and contractor numbers as we expanded operations at our Capcoal and Dawson sites. We plan to increase our workforce again in 2007 as the Dawson project expansion continues.

Whilst we recognise that within the mining industry the workforce is predominantly male, we have been proactive and successful in recent years in attracting and retaining female employees across all areas of our business.

Callide Maintenance Administration Officer Peta Constable working with Fitter Mark Krenske.

People - Performance - Growth

We continued our major business transformation initiative, PPG, in 2006. This initiative involves a range of programs including the continued development of the ACA Leadership Team, and the streamlining of organisational structures and systems. Further effort was invested in the definition of roles and accountabilities, the optimisation of business performance to deliver agreed business strategies and an increased capacity to manage and influence the external environment. Approximately 70 PPG workshops have now been run across the business. Structural redesign continued with the most emphasis on Dawson, Capcoal and Moranbah sites and the Brisbane Corporate Office. A new business planning system was implemented and new people systems in the form of performance management and 'manager once removed' processes were implemented. Emphasis in the latter half of 2006 was placed on building internal capability to sustain PPG and reduce reliance on consultants through 2007. We believe that the PPG initiative will produce an achievement culture within ACA by enhancing our capability and improving our leadership, systems and processes.

Dennis Bromely, Production Supervisor at Moranbah North mine.

Top: Elissa Hennaford, Mining Logistics Coordinator at Drayton mine.

Table 9: 2006 Occupational Disease Cases

Mine	Musculoskeletal Disorders	Noise Induced Hearing Loss	Skin Disorder	Legionnaires'	Others
Callide	2	3	0	0	0
Capcoal open-cut	4	1	1	0	0
Capcoal underground	4	0	1	2	3
Dartbrook	2	0	0	0	0
Dawson	11	0	0	0	3
Drayton	5	1	0	0	0
Moranbah North	0	0	0	0	0
Projects	3	0	0	0	1
TOTAL	**31**	**5**	**2**	**2**	**7**

Employee Recognition

Evan Bayntun, a Trainee at Callide mine, was awarded the Coal Industry Trainee of the Year at the 2006 Mining Industry Skills Conference, while Paul McMah, a Trainee from Capcoal mine, won the Most Consistent Trainee Award at the MRAEL Apprentice and Trainee Awards evening.

Employee Feedback and Communication

We realise that to better meet the needs of our employees we must first ensure that we have understood their requirements. In November 2006, a survey to measure culture improvement was rolled out to employees across the Company. The purpose of the survey was to inform the Executive Leadership Team, and subsequently other leaders, on the overall progress made in developing a constructive culture, and people management and planning skills. The feedback provided data which will be used to develop appropriate actions for 2007.

We make sure that our employees are kept well informed of business and operational decisions that affect them. At our operations, we communicate with our employees through a range of media, including weekly toolbox (or stump) talks, crew meetings, noticeboards, monthly GM meetings with managers and staff, quarterly review meetings with GMs and managers, and weekly newsletters. These tools help ensure that workforce issues are communicated throughout the operations, and addressed with minor disruption to the business.

Health and Wellbeing

We understand that the health of our employees includes ensuring that not only are they protected from occupational disease and illness, but also that we provide an environment where healthy lifestyle choices and opportunities are encouraged through the promotion of wellbeing, work/life balance, fitness activities and education programs.

Occupational Health

ACA's occupational health programs include the identification of hazards, monitoring of exposure and implementation of controls to minimise or eliminate exposure. In 2006, there were 47 new cases of occupational illness reported, compared to 46 in 2005.

We are developing an Occupational Health Framework (OHF) that identifies and details all aspects of the management of occupational health. Our mine sites will continue to rollout a range of key health and wellbeing initiatives under this Framework including:

- A focus on whole body vibration monitoring with the development of a whole body vibration awareness package and the implementation of a seat replacement program;
- Revision and implementation of the Fitness for Duty training program at each site targeting specific concerns such as fatigue, road safety and drug and alcohol awareness;
- Improvement of preventative and injury illness management through the introduction of on-site nursing and physiotherapy services; and
- A program with the Mining Industry Road Safety Alliance (MIRSA) aimed at improving road safety in Central Queensland (see case study on Page 26).

Two Capcoal mine underground employees contracted and were treated for Legionnaires' disease during 2006. Although the source of the disease remains unclear, it is suspected that it was a refrigeration unit used for cooling the underground workings. All preventative and precautionary measures were taken, including widespread testing of others who may have been similarly exposed.

Wellbeing

In addition to the OHF, we have invested in a range of programs, incentives and activities aimed at improving and maintaining the physical, mental and emotional wellbeing of our workforce. These programs have been developed to support employees and their families in making healthy lifestyle choices and provide them with access to services that will assist them in achieving their desired goals. Examples of these include:

- Lifestyle workshops, open to employees and their partners, were facilitated at Callide mine. This program was focused on providing participants with tools and strategies for managing workloads and achieving work/life balance;
- The continuation of our Healthy Lifestyle Program at Moranbah North mine was aimed at improving the wellbeing of employees and their families through raising awareness and education about lifestyle choices;
- The introduction of Health Week at Capcoal mine where employees and their families are given free access to medical practitioners conducting routine health assessments, plus skin and diabetes checks and tests for other health indicators; and
- The provision of free on-site counselling services on a weekly basis at most mine sites, offering confidential counselling sessions to employees and their immediate families.

We are convinced that the investments we are making in this area are paying dividends, not only through the improvement of our employees' health and wellbeing, but also in their ability to perform as members of our workforce.

Training

Our commitment to training in 2006 was approximately $35.6 million, equating to around $15,000 per permanent employee. We are committed to ensuring that our workforce members gain valuable and transferable skills whilst in our employ, and invest considerable time and effort in appropriate development programs at all levels. Some of the training and development programs we ran in 2006 are listed below:

- PPG initiative involving development of the ACA Leadership Team;
- Employment and training under the ACA Graduate Development Program and vacation student employment program;
- Training on the ACA anti-corruption ‘Speakup’ program;
- Mines rescue and emergency response training;
- Operator simulator training for draglines, haul trucks and dump trucks (there are now three simulators across our open-cut operations);
- The ACA scholarship, traineeship and apprenticeship programs; and
- Cultural training programs.

In addition, designated employees underwent specific SHEC training. Further information on these specific training programs is provided on Page 18.

David O’Rourke, General Manager of Dawson mine, undergoes a routine health assessment from David Brown, Registered Nurse.

Callide mine Surveyor Tim Bongers discusses plans with Mining Associate Jeremy Giles, Cadet Surveyor Daniel Martin and Graduate Mining Engineer Paulo Chirinos.

Case Study

ACA Aids Road Safety

The expansion of mining activities in Central Queensland, where four of our six mines and a number of projects and exploration interests are located, has resulted in increased traffic flows on roads in the Bowen Basin in recent years. The growing tendency for mining families to live on the coast has led to an increased number of mine workers on the roads, particularly after shifts. This increase in traffic flow is believed to have contributed to a number of traffic accidents.

As a large mining operator in the area with significant numbers of our workforce operating under shift-roster arrangements, we have a responsibility to our employees, their families and local communities to ensure that employees' safety is given the highest priority when travelling to and from work.

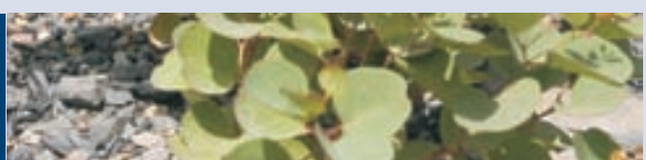
This means doing all we can to ensure that the workforce is educated about driving risks such as fatigue, alcohol and drug abuse; that the road infrastructure is of an appropriate standard to accommodate increased traffic flows; and, where necessary, stopping bays are provided for drivers to revive.

As such, ACA has joined other mine operators in the region to form the MIRSA aimed at improving road safety. We are working with other Alliance partners, Queensland Transport and the Queensland Police Service, on a number of initiatives including:

- Improving highway infrastructure in the Bowen Basin;
- Better coordination of wide-load movements;
- Increased police enforcement;
- Road safety education targeting the general public and the mining industry; and
- The establishment of full time project positions to implement the Alliance initiatives.

In 2006, ACA donated $100,000 to MIRSA to assist with the implementation of a number of initiatives. It is hoped that our involvement in the Alliance and our commitment to road safety will help decrease road traffic incidents and prevent any further injuries and fatalities from occurring.

ACA CEO Eric Ford (left) hands over a $100,000 cheque to Superintendent Garry Harland and Senior Sergeant Noel Lang to assist with the implementation of a number of road safety initiatives.



Callide Coal Quality Supervisor Noel McCabe oversees the Plant.

GRI INDICATOR KEY

3.17

EN3 EN8 EN14 EN17 MM5

Climate

For ACA and the coal industry, a major challenge lies in addressing the need to reduce the greenhouse gas emissions from the production and utilisation of coal, while continuing our role as the primary energy source. As a leading supplier of coal to both developed and developing countries, we play a significant role in providing a stable energy supply that sustains and underpins the economic and social development of many parts of the world. However, coal was responsible for approximately 43% of the world's greenhouse gas emissions from primary energy usage (electricity) in 2006.

We understand the need to find a balance between meeting our customers' growing energy demands and mitigating potential climate change impacts. ACA has begun to respond to this need on four fronts - reducing greenhouse gas emissions from coal mining, developing low carbon products, integrating carbon pricing analysis into decision making, and climate change research and advocacy. A graphic illustrating our progress is in Figure 9 on Page 30.

Performance

Greenhouse Gas Emissions

During the past year, we emitted 4.056 Mt of carbon dioxide (CO_2) equivalent (e). This represents an 11% increase on 2005 emissions. The increase was mostly due to a 12% increase in methane emitted as our underground mines moved to deeper, more 'gassy' areas.

Fugitive methane released from coal seams during mining was equivalent to 2.9 Mt CO_2 or 72% of the estimated total greenhouse gases emitted by ACA.

Although methane abatement projects came on stream at Capcoal and Moranbah North operations late in 2006, the overall methane emissions for the full year at these operations rose. Encouragingly the emission trends fell after the projects were commissioned. It is expected that substantial abatement will occur in 2007.

There was also a general increase in greenhouse gas emissions from increased energy use (electricity and fossil fuels). This resulted from increasing overburden to coal ratios in our open-cut mines and increasing transport distances as our mines mature.

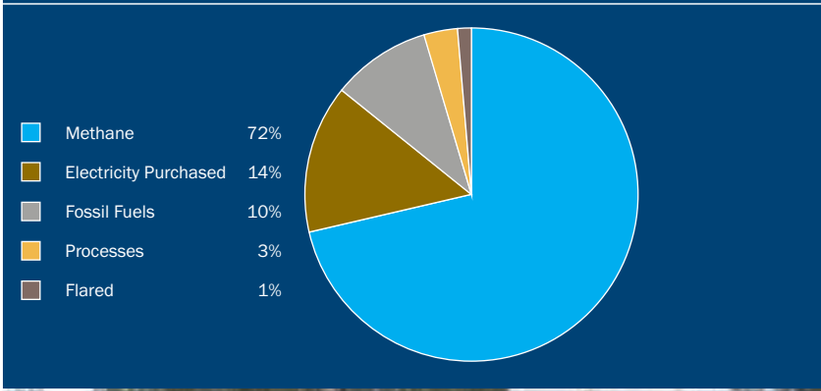
Energy

Most of the energy used is in the form of electricity and on-site combustion of fossil fuels, predominantly diesel. We have embarked on a number of expansion initiatives and this, together with the increase in depth of coal reserves and greater haulage distances at our older mines, has led to an increase in overall diesel use.

Therefore, energy use in 2006 increased by 24% compared to 2005. The increase in the amount of energy used to produce a similar amount of coal relative to 2005 led to a decline in energy efficiency, 24% below the target set for 2006.

Our commitment to implementing energy saving opportunities, both at our mines and in the communites in which we operate, was realised when we developed a Sustainable Accommodation and Construction Policy and Standards in 2006. The Policy and Standards require that houses and other accommodation buildings constructed for ACA implement minimum energy and water efficiency measures (see case study on Page 32).

Figure 7: Sources of Greenhouse Gas Emissions



Matthew Pietsch and Greg Eagle, Monash Energy, and Aaron Frood, Drilltec, inspect drill core in the Monash Energy Mining Licence zone.

Opposite: Flaring methane at Capcoal operations.

Figure 8: Climate Performance

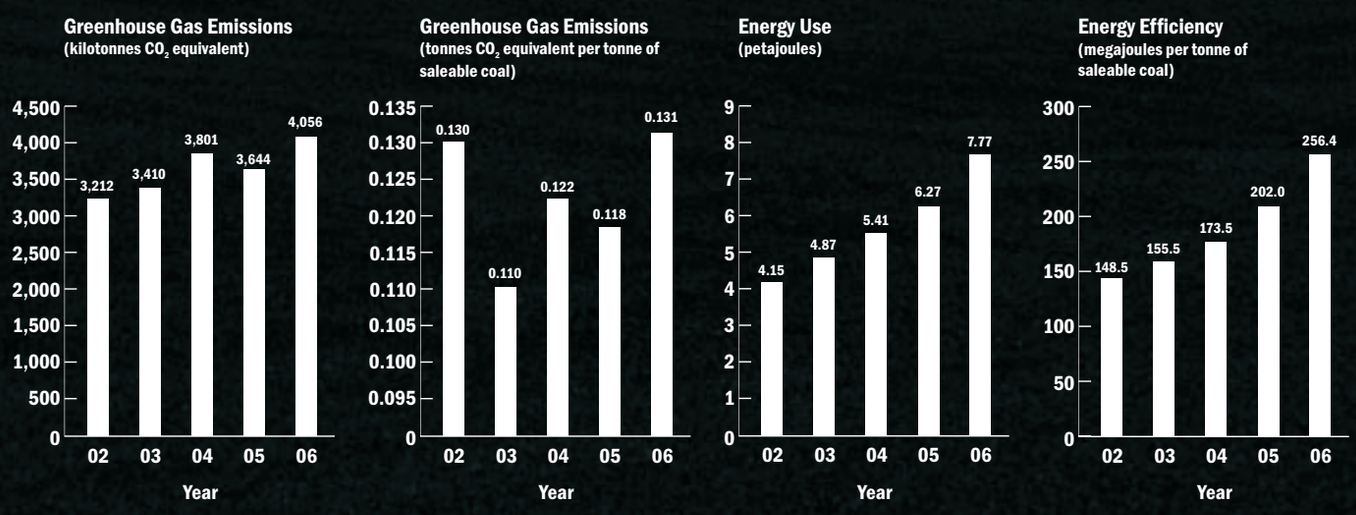
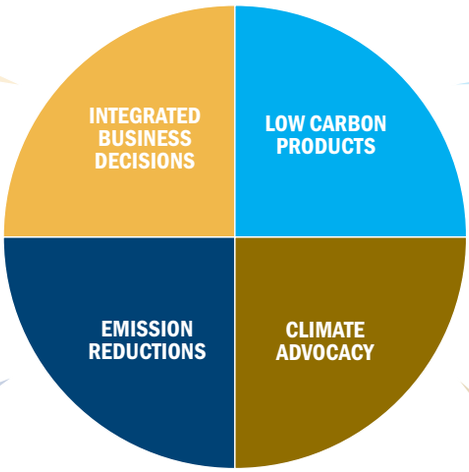


Figure 9: Climate Progress

INTEGRATED BUSINESS DECISIONS

With the development of carbon pricing mechanisms and their expected evolution into carbon trading schemes, our business is potentially exposed to significant future costs. To effectively measure our current and planned exposure to carbon costs we are applying the AAplc carbon pricing sensitivity analysis policy to all new capital projects over $US20 million. In 2006, we applied the sensitivity analysis to the Grosvenor and Saddlers Creek projects to ensure we understand the potential cost impacts and design changes needed to reduce carbon emissions.



EMISSION REDUCTIONS

Climate Change Policy

The AAplc Climate Change Policy commits its global operations to striving for efficient use of energy and reducing greenhouse gas emission intensities.

Greenhouse Challenge Plus

In July 2005, we joined the Australia Greenhouse Challenge Plus Program, a cooperative partnership between industry and the Australian Government, to identify abatement actions that will reduce greenhouse emissions. Signatories to the program report annually on their progress with abatement actions and emissions reduction. ACA produced its first Greenhouse Challenge Plus public statement in early 2006.

Energy Efficiency Opportunities

We are participating in the EEO program, which came into effect in mid 2006. This program encourages large energy using businesses (those using more than 0.5 petajoules per year of energy) to identify, evaluate and report publicly on cost effective energy saving opportunities. The initial public report is required by the end of 2008. To better understand the use of energy at our operations, we have embarked on an energy audit program scheduled to be completed by mid 2007. The aim of these audits is to evaluate site energy use and detail and prioritise a number of actions that could improve our energy efficiency.

Targets

AAplc established a target to reduce greenhouse gas emissions by 10% between 2004 and 2014. In the Greenhouse Challenge Plus report we committed to a number of direct actions in 2006 to reduce greenhouse gas emissions by around 20% relative to 2004 emissions.

ACA, together with other AAplc divisions, has also committed to reducing its collective energy intensity by 15% between 2004 and 2014.

Easy Being Green

Drayton mine, in partnership with the Muswellbrook Shire Council and 'Easy Being Green', gave away free climate change packs to mine employees and Muswellbrook residents. One thousand climate change starter packs, including six energy saving light globes, were distributed. Drayton mine also replaced eight high energy consuming lights with four high intensity lights at the mine, resulting in energy savings of 30-40%.

Biodiesel Trial

To help drive our commitment to reduce our mine site greenhouse gas emissions by 10% within 10 years, we are exploring alternative renewable fuels for use in our on-site machinery and equipment.

In 2006, trials using biodiesel fuel were conducted at our Callide mine where mobile equipment has been fuelled using a biodiesel blend since June 2006.

Biodiesel was chosen as the preferred alternative fuel for the trial as it offered a low-cost, low-carbon alternative to traditional petroleum products. The ethanol component of biodiesel is produced from a feedstock of vegetable oils and animal fats, which is blended with petroleum diesel and a catalyst. The biodiesel was sourced from a commercial supplier in Brisbane.

The preliminary results of the trial showed no significant reduction in power output or increase in fuel burn rate of the machinery. The trial will continue into 2007 with use in other equipment at Callide mine. We are continuing work to develop more accurate estimates of the benefits of biodiesel; however, external studies report greenhouse gas emission reductions of 16% when utilising a 20% biodiesel blend.

Methane Capture

The methane gas in coal seams has a global warming potential 21 times that of CO_2; therefore, capturing fugitive methane and using it as an energy source is our priority emission abatement strategy.

Methane capture and utilisation projects at Capcoal, Moranbah North and Dawson operations will substantially reduce methane and total greenhouse gas emissions in 2007 and beyond (see section on Coal to Liquids on Page 31).

LOW CARBON PRODUCTS

Methane

Our coal seam methane is being captured and used in a number of projects:

- A methane fired 32 megawatt capacity electricity generation plant commenced operation in August 2006 at our Capcoal site. It is expected that in 2007, this initiative will reduce methane emissions by approximately 1.2 Mt CO_2-e . The generated electricity is sold into the state grid, reducing the need for generation of coal fired electricity.
- Moranbah North mine began delivering methane to Arrow Energy in late 2006. The gas is carried via pipeline to Townsville, particularly the Townsville Power Station. The mitigating benefits of this project are expected to be 1.3 Mt CO_2-e in 2007.
- Although the methane captured at Dawson mine is not associated with current mining activities, the operation has delivered methane into the Central Queensland gas pipeline network for industrial consumers since 1995. We have recently purchased the Origin Energy methane drainage assets in the Moura area, increasing the size of our gas business and allowing us to develop our gas drainage skills in support of our underground mines.

Coal to Liquids

In 2006, AAplc and Shell formed a clean coal energy alliance to pursue coal conversion projects across the globe. The Monash Energy Project coal-to-liquids project is the first to be developed under this alliance.

The Monash Energy Project involves the gasification of brown coal from Victoria's Latrobe Valley for further conversion by Fischer-Tropsch synthesis into clean transportation fuels, particularly synthetic diesel. This fuel can be used in conventional diesel engines, but provides significantly lower emissions of local pollutants, even when compared to 'sulphur-free' diesel.

If the trials are successful, CO_2 emitted during gasification will be captured and permanently stored underground through geosequestration or CCS techniques. A number of locations in the Gippsland Basin have been identified as potential sites for safe and secure storage of CO_2, particularly depleted oil and gas fields. The Commonwealth Government is currently preparing legislation to provide a legal and regulatory framework for offshore CCS.

If the Monash Energy Project becomes operational, it is forecast to process around 72,000 tonnes of coal into approximately 60,000 barrels of ultra-clean, low-sulphur diesel per day over a project life of 50 years, achieving carbon savings of 13 Mt CO_2 per year.

CLIMATE ADVOCACY

Research

Cooperative Research Centre for Greenhouse Gas Technologies

The CO2CRC is a leading collaborative research organisation focused on CO_2 capture and geological storage (geosequestration). We have joined the CO2CRC and provided financial support towards the Otway Demonstration Project, a trial to geosequester 100,000 tonnes of CO_2 in the Otway Basin in Victoria, Australia.

COAL21 Program

COAL21 is a partnership between the electricity and coal industries (including ACA), unions, federal and state governments and the research community to create a national plan to develop and implement near zero emissions coal-based electricity generation.

Low Emissions Technology Fund

We have joined the COAL21 Fund, a $300 million fund established to develop technologies for reducing greenhouse gas emissions from coal utilisation. This Fund will support a range of Australian demonstration projects designed to improve technologies required for the deployment of near zero emissions coal utilisation.

Australian Business and Climate Group

We have joined with 12 other leading Australian organisations to form the Australian Business and Climate Group. The Group, formed in November 2006, is taking a proactive leadership position within the Australian business community to promote debate and action in addressing the climate change challenge. The Group is currently funding an analysis of government policies and market-based initiatives that will drive the deployment and commercialisation of low and zero emissions technologies within Australia.

An Inconvenient Truth

To increase awareness of issues involved in the global warming debate, ACA co-hosted a pre-screening of the Alumbrera Gore documentary film, *An Inconvenient Truth*, in 2006. While ACA does not endorse all of the views expressed in the film, it provides a good focus for discussion, and the screening was attended by over 200 guests from various stakeholder groups including government, industry, shareholders, suppliers and employees. ACA's CEO spoke to guests during the reception about ACA's investment in and commitment to reduce greenhouse gas emissions.

Since the film was screened, the Climate Project has been established to train 'climate messengers' who will take the climate challenge issue out into the wider community. Rachel Mitchell, the Graduate Environmental Advisor at Moranbah North mine, was selected as one of 85 Australian 'climate messengers' to receive training under the Climate Project.

Case Study

Sustainable Housing

At ACA we are learning to integrate the concepts of Sustainable Development into all areas of our operation. We see the efficient and effective use of natural resources such as energy and water and the reduction of greenhouse gas emissions not only as a key driver for our on-site business decisions, but one that extends to decisions we make for the accommodation and transportation of our workforce. With many of our operations located in remote regional areas, the design and construction of housing and municipal facilities is integral to our attraction and retention of employees. We have embarked on a program to ensure that developments we are involved in incorporate best practice sustainable design features.

At our Dawson operations in Central Queensland where a major expansion is taking place, a new housing development was constructed during 2006, with more to be built within the coming years, to accommodate the increased workforce. We saw an opportunity to integrate sustainable design features into this development. The 10 houses and five duplexes were constructed using the highest level of energy and water efficiency features. The designs took into account the warm climate of the region by including wide eaves, tinted windows, bulk ceiling insulation and solar hot water systems. The development achieved the maximum five star energy rating in the industry recognised Building Energy Rating System.

'The design features were developed to maximise the benefits of energy efficient design in the Central Queensland region', Peter Tracy, Project Manager for the Dawson housing project, said. 'As a result new residents have been delighted with the energy and water efficiency features, not only due to the environmental and cost savings they are achieving, but also with the overall liveability of the residences.'

Following on from the success of this development, ACA formalised its commitment with the development of a Living Better Sustainable Accommodation Policy in 2006. The Policy will be applied using a set of standards (shown in Table 10) and guidelines for the design, construction, replacement and maintenance of all company-owned accommodation and related building construction proposals.

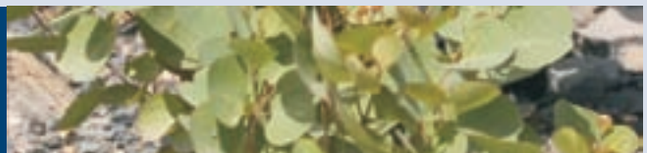
We see the development and implementation of this Sustainable Housing initiative as just one further way in which we are transforming our business to contribute positively to a more secure and sustainable future.

Table 10: Standards and Guidelines for ACA Construction Proposals

Item	ACA Draft Standard
AAA shower head	✓
AAA rated taps	✓
Dual flush toilet	✓
Rain water tanks	✓
Solar hot water system	✓
Wide eaves	✓
Low mass walls	✓
Florescent lighting	✓
Ceiling fans	✓
Ventilated roof	✓
Bulk ceiling insulation	✓
Tinted windows	✓
Windows designed to capture cooling breezes	✓

Opposite: (Top) One of the houses in Dawson with the integrated sustainable design features.

(Bottom): Electricity generators (16 x 2 megawatt) at Capcoal site driven by engines fuelled with methane gas.




ANGLO
COAL
DAWSON
Cavalier Homes

GRI INDICATOR KEY

3.20

EN10 EN11 EN12 EN13 EN16 EN23 EN26 EN27 EN30 MM3 MM6 MM10

Environment

As a leading coal mine operator in Australia, we consume significant amounts of natural resources in our mining operations. We therefore acknowledge our role in the responsible use and management of resources in order to preserve the ecosystems within and surrounding our operations. The impacts of our operations, and the efforts we are making to rehabilitate our disturbance and conserve resources, are discussed in this section. For more detail on the environmental performance and initiatives at each of the ACA sites see the individual site reports at **www.anglocoal.com.au**.

We are committed to achieving the goals stated in the AAplc Environment Policy which are to:

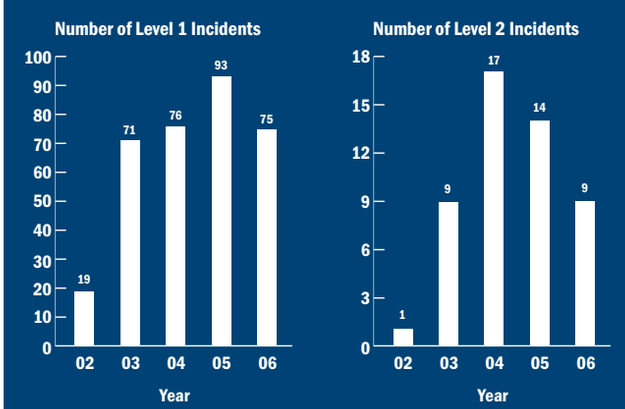
- Conserve environmental resources;
- Prevent or minimise adverse impacts arising from our operations; and
- Demonstrate active stewardship of land and biodiversity.

Environmental Management

We continued to achieve our target of zero level 3 environmental incidents and zero environmental fines in 2006 (definitions of each level are in the Glossary on Page 46).

We are pleased that the reporting of level 1 and level 2 incidents decreased in 2006. The level 2 incidents related to exceedance of airblast overpressure limits from the use of explosives, unplanned water discharge and exceedance of discharge water quality licence limits. At our Capcoal site, a corroded borehole casing led to saline water being discharged from the site before it was detected and repaired. No environmental harm was observed but the incident was reported to the Environmental Protection Agency (EPA). Although the EPA issued a warning letter, it was satisfied with measures put in place to avoid a recurrence of this incident.

Figure 10: Environmental Incidents



Risk Management

Environmental hazards are identified and associated risks are assessed at a number of levels. Risk registers are maintained and higher level corporate environmental risk reviews are also conducted. Environmental risks identified at our sites include:

- Structural failure or seepage from tailings surface facilities;
- Blast generated overpressure (noise) and vibration; and
- Pollution of local waterways.

As the failure of tailings storage facilities is a key risk, we have a program where a mixture of third party and internal auditors annually assess the risk status of the facilities at the four sites where they occur. The last audits found that the residual risk of impact occurring at any of our tailings surface facilities was low.

Audits

Sites carry out internal audits in areas carrying the most risk to the operation. In 2006, these audits included inspections of dust, land management, water, noise, waste systems and subsidence.

The effectiveness of our site environmental management systems is also audited and reviewed by external auditors and state environmental regulators. Surveillance audits in 2006 confirmed certification of all our sites to ISO 14001, the International Environmental Management Standard, as amended in 2004. The audits identified one major non-conformance at the Grasstree surface operation relating to breaches of dirty area bunding and fuel and chemical storage. This, along with identified minor non-conformances, was addressed.

Training

Environmental training continued throughout 2006 in the form of inductions, awareness programs and toolbox talks. Training on the reduction, re-use and recycling of waste reinforced the importance of waste management at Callide mine while Dawson mine introduced specific snake handling and other reptile awareness training after snakes were observed on the mine site.

Approvals and Closure

Drayton mine is preparing an Environmental Assessment (EA) report, to be submitted in March 2007, to enable it to expand its operation to the north and south of the existing mine site. The Environmental Impact Study for the development of the Lake Lindsay mine site at Capcoal operations was approved and the mine started operation in 2006. The Dartbrook mine was placed under care and maintenance in late 2006.

Each site has a life of mine rehabilitation and decommissioning plan, which is reviewed every five years, or whenever there is a major change to the operation. Annual financial provisions are made for rehabilitation and decommissioning during the life of each site's operation and US$142.3 million had been provided in the accounts for these purposes by ACA at the end of 2006.

Water

Four of our mines and other proposed projects in Central Queensland continue to suffer from extreme drought conditions. It is imperative that, in conjunction with our stakeholders, we continue to implement proactive management strategies for efficient water use.

Performance

Water is used on site for a number of activities, including dust suppression, coal processing and underground longwall production.

In 2006, we used 9,576 million litres (ML) of water for primary activities (associated with coal mining), 10% more than in 2005. As our mine sites mature, the depth to coal reserves and distances to processing facilities are increasing and this, together with an increase in expansion projects in 2006, particularly in open-cut mining operations, resulted in an increased need for dust suppression.

As a similar amount of coal was mined in 2006 relative to 2005, the efficiency of water use for primary activities declined to 309 litres per tonne (L/tonne) of saleable coal, 29 L/tonne of saleable coal more than in 2005. Our water use efficiency target will increase to 346 L/tonne in 2007 due to our continued expansion.

Individual site efficiencies are listed in Table 11:

Table 11: Site Water Efficiencies 2006

Litres/tonne of saleable coal	2006 Actual	2006 Target	2005 Actual	2007 Target
Callide	108	77	75	104
Capcoal	655	681	896	617
Dartbrook	136	80	53	0
Dawson	392	278	183	349
Drayton	290	180	240	258
Moranbah North	404	438	312	452
Anglo Coal Australia	322	280	281	346

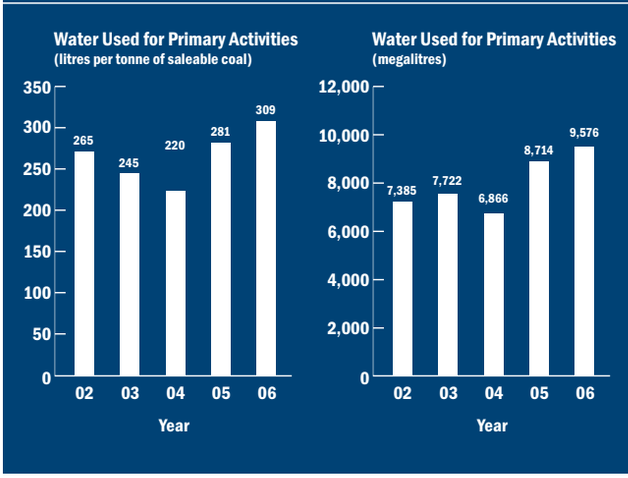
During 2006, 586 ML of excess water was released by ACA sites to surface waters. Quantities of total dissolved solids (TDS), total suspended solids (TSS) and sulphates contained in the water are detailed in Table 12.

Table 12: Site Discharges Water Qualities

	2006	2005
TDS (tonnes)	460	341
TSS (tonnes)	90	28
Sulphates (tonnes)	138	67

Rachel Mitchell, Environment Graduate, at Moranbah North's Dam 3.

Figure 11: Water Use



Initiatives

Emphasis is placed on responsible water use and targets are in place to reduce water consumption on all of our sites. All operations use water balance models to support decision making about water infrastructure, storage and use. In addition, all sites have implemented initiatives to improve monitoring and overall water use efficiency. These include:

Reduction:

- Mixing an additive with water used for dust suppression at Callide mine, reducing watering frequency by up to 50%.

Recycling:

- Dartbrook mine installing additional pipelines to circulate recycled water to the CHPP. Dartbrook mine is now closed due to care and maintenance.

Monitoring:

- Moranbah North, Dawson and Capcoal operations introducing additional water meters and Dartbrook mine installing water meters on groundwater bores to improve the accuracy of monitoring water use.

Research:

- Moranbah North and Capcoal operations continuing to sponsor ACARP's Northern Bowen Basin Water and Salt Management Practices project; and
- The current drought increased the potential for blue green algae (cyanobacteria) to bloom in water bodies. Two related projects studying the management of blue green algae and treatment and recycling options are underway at Capcoal and Dawson sites.

Allocation:

- Drayton mine exporting water to an adjacent mine in 2006, allowing that mine to reduce its uptake from the Hunter River. Capcoal operations also transferred water to a neighbouring mine for use in its operation.

ANGLO COAL

Biodiversity and Land Management

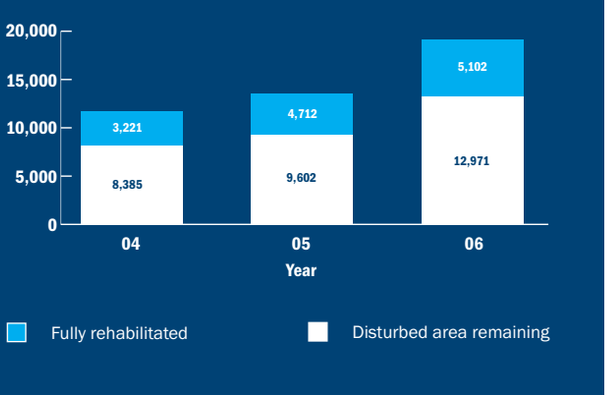
Rehabilitation and Land Management

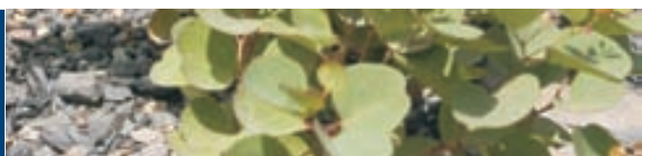
During 2006, 1,034 hectares of land disturbed by mining was rehabilitated, leaving the total area rehabilitated at the end of 2006 at 5,101 hectares. We disturbed 4,067 hectares of land during 2006 leaving a total of 12,971 hectares disturbed at the end of 2006. The substantial increase in disturbance in 2006 is mainly due to project expansions at the Dawson operation.

Land management and rehabilitation projects and activities currently underway include:

- Callide mine trialling regeneration of softwood scrub in the mine rehabilitation program in collaboration with the Callide Valley Landcare Group and the Department of Natural Resources and Water;
- Capcoal mine trialling the effectiveness of capping spoils containing highly dispersive tertiary clays with a metre of rock mulch;
- Moranbah North mine continuing to rehabilitate subsidence related disturbance along the bed and banks of the Isaac River;
- Rehabilitating the reject emplacement area at Dartbrook mine;
- Participating in an ACARP highwall rehabilitation project investigating the mechanisms affecting the stability of highwalls; and
- Rehabilitating a section of the severely eroded Saltwater Creek on the Plashett property (within the Saddlers Creek project) in NSW (see case study on Page 39).

Figure 12: Disturbed Area Remaining (hectares) vs Land Fully Rehabilitated





Christopher Chiang, Graduate Environmental Engineer at Dawson mine, inspecting a feral cat trap.

Biodiversity

Protecting biodiversity, particularly remnant ecosystems and species that are considered to be threatened, is a key element of sustainable development.

Over the past three years, ACA sites have been developing and maintaining Biodiversity Action Plans (BAPs). These plans are based on assessment of opportunities to enhance biodiversity values, implement proactive measures to remove threatening processes and ensure that desired biodiversity outcomes are achieved at mine closure.

A review of BAPs at Capcoal and Moranbah North mines was completed by the Anglo Technical Division during 2006. A similar review will be undertaken at Dawson and Dartbrook mines during 2007.

In addition to implementing our BAPs we are currently working internally and with a range of stakeholder groups to conserve biodiversity through the following programs:

- Dartbrook mine continued to restore and rehabilitate the banks of the Dart Brook and Hunter River. Activities undertaken in 2006 included fencing land and planting native vegetation to help control steam bank erosion;
- Projects to protect remnant River Red Gum and White Box Woodland (refer to our 2005 Sustainability Report) continued in 2006 at Dartbrook mine;
- Callide mine continued discussions with Queensland National Parks and Wildlife Service to establish a 470 hectare Nature Refuge over the Mt Murchison area, which is outside the Mining Lease but owned by the mine;
- The Queensland Department of Natural Resources and Water signed off on the German Creek Nature Refuge Conservation Agreement under which Capcoal mine has undertaken to protect biodiversity values within a remnant vegetation area;
- While developing the Lake Lindsay mining area, Capcoal mine assessed the mining related impacts on cultural heritage listed scar trees. The aim was to identify strategies to minimise these impacts; and
- Capcoal operations engaged the SMI to apply its SOTA approach to identify opportunities and threats associated with the management of biodiversity. The results are to be considered in future development plans.

To increase our understanding of biodiversity, studies carried out in 2006 included:

- A Central Queensland University research team conducting an aquatic macroinvertebrate study at Dawson mine;
- Dawson mine also sponsoring Greening Australia to continue with the Fitzroy River Turtle Conservation Project; and
- Moranbah North mine currently conducting aquatic macroinvertebrates studies and hosting an ACARP study on the ornamental snake, which is listed as a vulnerable species.

Pam Simpson, Environmental Coordinator at Drayton mine, inspecting rehabilitation progress.

Haul road dust suppression at Callide mine.

Other Emissions

No ozone depleting substances were emitted by ACA in 2006. We are required to report our emissions under the National Pollutant Inventory, Australia's national emissions database. To obtain further detail on ACA's emissions from 1 July 2005 to 30 June 2006 refer to **www.npi.gov.au**.

Noise/Overpressure and Vibration

The use of explosives to fracture rock generates air blast overpressure (noise) and ground vibration. Where applicable, our mine sites monitor overpressure and ground vibration at nearby residences to determine compliance with regulatory limits. Dawson mine purchased two additional blast monitors in 2006 to assist in the monitoring of blast impacts and also to provide feedback to those who design the blasts.

To reduce impacts on surrounding residences, Drayton mine erected a noise barrier above and adjacent to the dump hopper and rotary breaker facilities.

Waste

Most waste collection and disposal at ACA mine sites is contracted to private companies. Hazardous waste disposed to licensed landfills in 2006 increased 77 tonnes relative to 2005, but the amount of non-hazardous waste sent to legal landfill fell by 18%, due to a 69% increase in the amount of metal sent for recycling.

Hazardous waste made up 25% of the waste we recycled. When compared to 2005, the total waste recycled in 2006 improved by 54%.

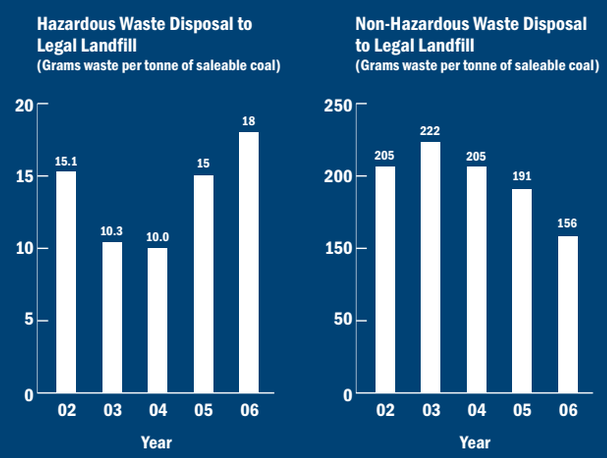
Our initiatives to improve recycling and reduce waste disposed to landfills included:

- Recycling gloves and safety glasses at Moranbah North mine;
- Placing Dartbrook mine's washery wastes in mined out underground areas; and
- Combining three landfills into one at Capcoal operations.

Table 13: Waste Disposed and Recycled

Type of Waste	2005 Disposed	2005 Recycled	2006 Disposed	2006 Recycled
Hazardous Waste (t)	465	979	544	1,253
Non-hazardous waste (t)	5,931	2,262	4,848	3,483

Figure 13: Waste Disposal



The new glove recycling initiative at Moranbah North mine.

Case Study

Saddlers Creek Rehabilitation

After observing the severely eroded Saltwater Creek on Plashett, a property in the Saddlers Creek project, the ACA project team approached the NSW Hunter Catchment Management Authority with a view to developing an erosion control program. The Saltwater Creek is a tributary of the Hunter River and soil erosion is a major concern for the community.

After joint funding was negotiated, Stage 1 of the rehabilitation began, including reshaping a gully head that was eroding dispersible soils, and extending 500 metres downstream.

The earthworks were completed by the NSW Department of Lands Soil Conservation Service.

A rock flume was constructed to halt the advancing gully head. The foundations of the flume were formed using 150 tonnes of rock. The flume will be revegetated with pasture and native shrub species and the area will be fenced to exclude stock.

This is believed to be the first time funding has been granted for soil conservation on pastoral lands owned by a coal mining company in NSW.

Above: Daniel Lewer from Hunter Land Management inspects the erosion.

Left: The eroded area following earthworks.

GRI INDICATOR KEY

3.17

SO1 MM7 MM11

Community

As a mining operator in mainly rural locations, we are aware that our presence has significant impacts on the local services, economies, infrastructure and demography of neighbouring towns and communities. These impacts present our most material and relevant community challenges. We are committed to effectively engaging our communities to gain and maintain our social licence to operate. Some of the processes, activities and initiatives we are undertaking across our sites to achieve our objectives are explained below.

Assessing Needs and Impacts - The Socio-Economic Assessment Toolbox

SEAT is a suite of tools designed by AAplc to guide its operations in benchmarking and improving their management of local social and economic issues. The Toolbox includes a number of questionnaires that enable our sites to collect information to assist in:

- Strategically managing socio-economic impacts;
- Developing partnerships with government and non-government organisations to improve the lives of people associated with our operations;
- Helping to balance the depletion of natural capital with the enhancement of local social and human capital;
- Enhancing the social dimension of closure planning;
- Demonstrating the local development opportunities available to an operation; and
- Creating key performance indicators for local and corporate reporting.

In addition to implementing the SEAT process, three of our mine operations, Capcoal, Drayton and Dartbrook, are currently involved in a voluntary ACARP project to further understand the socio-economic impacts of mining on local communities and develop community engagement strategies to reduce conflict. The draft findings of the study are still with the industry steering committee.

Staying in Touch - Community Engagement Plans

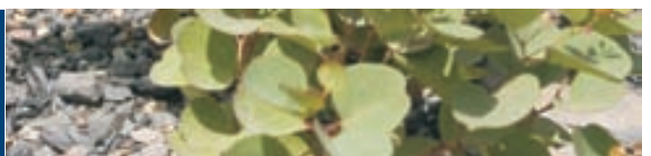
As an outcome of the SEAT process, the majority of ACA sites implemented CEPs in 2006. These plans have been developed to guide each site's engagement process with its community based stakeholders according to their varying needs and preferences.

Examples of the variety of different communication forums undertaken with stakeholders at each of our sites in 2006 included:

- Open days for community members and families of mine employees;
- Stakeholder and Community Liaison Forums both on-site and in regional town centres;
- The distribution of weekly and monthly newsletters to neighbours and local community members;
- Mine representation on numerous community associations and committees; and
- The distribution of the annual ACA regional and site Sustainability Reports to neighbours, local councils, regulators and other interested parties.

Through the implementation of regular and proactive communication processes, we are demonstrating our commitment to work with our stakeholders, ensuring that their needs and concerns are considered in our operating decisions.

Right: Cover page of the Dawson mine CEP.



Alison Cunningham, vacation student, helping with landscaping work at the Moranbah community kindergarten.

Our Performance in Meeting Community Stakeholder Needs

Through utilisation of our SEAT and CEP processes we have been able to identify and respond to our communities on issues and concerns that they have raised. In 2006, we committed to working with our communities to solve a number of issues, some of which are highlighted below:

- A lack of affordable housing was identified as a concern by community stakeholders of the Capcoal mine. ACA is investing $20 millon to build new mine accommodation and upgrade existing homes in Middlemount, the town closest to the mine. This will alleviate the housing shortage in the town and provide permanent mine employees and contractors with improved housing options.
- Community stakeholders of Dawson mine raised the issue of a limited medical service, with just one doctor in the town of Moura, the town closest to the mine site. Through negotiations with Queensland Health, Dawson mine has partly funded the employment of an additional doctor to serve the community in Moura, in effect doubling the medical services previously available.
- The town of Moranbah has grown rapidly during the mining boom with some services and infrastructure still limited. Moranbah residents identified the need for a community kindergarten that would accommodate the children of the region, including those from families directly employed by the mine. Moranbah North mine supported the development of the kindergarten, including assisting with design and landscaping, and was responsible for organising a working bee to lay soil and plant trees. This initiative helped expedite the kindergarten's opening and alleviated a community service issue in the region.
- In rural areas of Australia, youth suicide has been highlighted as a growing social issue. At Callide mine, the site is working with the community on the issue of teenage suicide. Through a workshop attended by a number of community organisations and facilitated by Callide mine, the mine is in the process of addressing youth counselling services. External consultants and psychologists have also been engaged to draft a report on youth suicide in the region.
- For Dartbrook mine, a focus of concern for stakeholders is the potential closure of certain local community services that Dartbrook mine has supported during its operation. This includes Dartbrook mine's support of the Youth off the Streets program, a program for disadvantaged youth. Dartbrook mine has supported this program for six years, through the provision of a house and other contributions. Dartbrook mine realised the importance of this service to the community and, through ACA, will continue to support the program.
- Drayton mine, in partnership with the Muswellbrook Shire Council and the 'Easy Being Green' initiative, gave away 1,000 free climate change packs to mine employees and Muswellbrook residents that included AAA rated shower heads and six energy saving light globes.

In 2006, ACA donated over $1.4 million to various charitable and community organisations. Donations to local communities accounted for 72% of these contributions. Cash donations totalled $733,000 while gifts and staff time accounted for the balance. Examples of the types of organisations that we contributed to in 2006 are:

- Upgrading the kindergarten in Moranbah;
- Supporting the Queensland Youth Orchestra; and
- Contributing $200,000 to the re-development of a community park in Aberdeen, the town closest to Dartbrook mine.

Complaints

Each ACA mine site maintains a stakeholder communication register that includes any complaints received by the mine and their resolution status. In 2006, 26 level 1 complaints were received by the sites. No level 2 or level 3 complaints were received (refer to the Glossary on Page 46 for explanation of these levels).

Aboriginal Relations

ACA respects the traditions and cultures of Aboriginal people and, in particular, the Traditional Owners of our mine sites. We have developed an Aboriginal Relations Policy to guide our relationships and frame our interactions with indigenous groups. We also have Cultural Heritage Indigenous Management Agreements and Cultural Heritage Management Plans in place to guide our operational decisions.

Activities continued across all of our sites in 2006 in line with our policies and agreements to ensure we develop and maintain constructive, respectful and open relationships with the Traditional Owners. In addition, we continued our relationship with Woorabinda, an Aboriginal community near our sites in Central Queensland, to assist them with the development of a small business enterprise (see case study on Page 42).

Case Study

Woorabinda - From Little Things Big Things Grow

At ACA we understand the importance of contributing to local communities and the regional economies in which we operate. We contribute through a range of direct and indirect means, including the employment of local people and suppliers, the development of local housing and town amenities, and donations and financial support to community groups, charities, schools and events. However, we also recognise the need to adapt our giving programs in some instances to less financially focused outcomes in order to achieve tangible, secure and sustainable futures for our stakeholders. We did this in 2005 and 2006 by taking the step to better engage with an Aboriginal community located close to our Queensland mine operations, helping them to realise their goal of creating sustainable ongoing employment for their residents.

Historically, the Aboriginal community of Woorabinda, with a population of approximately 1,200 people, lacked employment opportunities and needed to rely on government funding for survival. The Council of Woorabinda was keen to pursue ideas for new businesses that would create jobs and boost the community's business skills base. In conjunction with ACA personnel, the Woorabinda Council decided to establish a furniture making business using timber from nearby woodland.

Paul Wood, Safety and Sustainable Development Manager at Dawson mine, accepting the first table constructed by Woorie Wood from Jason Smith, Manager. Looking on are Woorie Wood employees Archie R Sullivan, Steven J Williams, Joel Cameron, Colin Watson and Maurie Cameron.

The Community Development Employment Program (CDEP) Coordinator and Woorabinda Council Member Steve Kemp worked with ACA to develop the idea, making it clear the community's intention was not to obtain a financial commitment, but rather assistance with business development and project management. It was agreed that key employees from the surrounding ACA mines would be involved in supporting the project by assisting with planning the layout of the furniture construction area, the development of appropriate occupational health and safety processes, and developing a business plan and strategy. Involvement of the Federal Government was also sought at a number of levels, and funding to set up the enterprise has since been provided.

In January 2006, an SRA between ACA, the Aboriginal community of Woorabinda and the Federal Government was signed. This was the first agreement of its kind to be signed anywhere in Australia between a local community, business and government. The agreement formalised the commitments of the three parties in the development of the venture, with milestones set for each participant in achieving the project's outcomes. Since the signing of the SRA, many of ACA's milestones have been realised and the production of timber goods has commenced. The timber products are being sold to the local community and a commercial contract for production of outdoor furniture for mine accommodation centres in Central Queensland has also been awarded. We see this as helping contribute to broader sustainability in the Woorabinda community.

Dale Burden from Capcoal mine helping workers to lay the concrete slab for the timber products work area.

The benefits do not end there. The community is working closely with the Department of Natural Resources and Water to ensure adherence to government sustainable forestry practices, which includes the re-planting of native vegetation.

Other doors have also opened as a result of the SRA including:

- The employment of four Woorabinda residents at our mine sites;
- A commercial contract for Woorabinda artists with the purchase of 180 hand painted t-shirts for an ACA Leadership Summit, and subsequent repeat orders; and
- The community has been working closely with Environmental Advisors from Dawson mine to trial the germination of seeds from plants used for mine rehabilitation purposes.

As part of our ongoing commitment to the Woorabinda community, ACA also sponsored a visit by Sam Thaiday, a Brisbane Bronco, State of Origin and Australian rugby league player, to support and motivate the young members of the community.

'We wanted Sam to meet with the children and to tell "his own story" of growing up in regional Queensland. Sam's success makes him well suited to guiding indigenous youth with life choices and career paths', said ACA Sustainable Development Manager Paul White.

Above (from left to right): Ara Harathunian, Central Queensland Indigenous Development Ltd (CQID) (CDEP Coordinator Bundaberg), Mitch Jakeman (ACA Head of Safety and Sustainable Development), Lee Sunderland, Department of Employment and Workplace Relations (Rockhampton Regional Manager), Steve Kemp, CQID (CDEP Coordinator Mimosa), Colin Johnson, CQID (Chairperson), Ron Beazley, CQID (CDEP Coordinator Central West) and Jason Field, CQID (Manager).

The success of the SRA and its projects was acclaimed when the Australian Federal Minister for Employment and Workplace Relations selected it as the winner of the Jobs Careers Future Award 2006 for Outstanding Community Benefit. This award recognises initiatives that generate sustainable benefits for communities, and excellence shown by individuals and organisations in working with indigenous Australians to develop the skills and opportunities needed to provide sustainable employment.

We are proud to have taken this step to assist the Woorabinda community on the journey to achieving its goal of providing skills and local work opportunities to sustain the local community. We believe that our engagement with the community through our in-kind support and advice will ensure that, even when our mine operations come to an inevitable end, we will have left a long-term positive legacy in the region.

Woorabinda Artwork

Assurance Statement

Independent review report to
Anglo Coal Australia Pty Ltd
on its Sustainability Report 2006

Introduction

We have been engaged by Anglo Coal Australia Pty Ltd (Anglo Coal Australia) to review selected Safety, Health, Environment and Community performance data (the Performance Data) for the year ended 31 December 2006, as reported in the Anglo Coal Australia Annual Sustainability Report 2006 (the Sustainability Report) on Page 15.

Scope

The Sustainability Report and director responsibilities

The directors of Anglo Coal Australia are responsible for the preparation of the Sustainability Report and the information and assessments contained within it, for determining Anglo Coal Australia's objectives in relation to sustainability performance, and for establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived. Management's assertions about the effectiveness of the performance management and internal control systems are included in a separate letter we have received from management.

Review approach

We have conducted an independent review of the Performance Data for the Dartbrook, Drayton and Capcoal operations set out on Page 15 in the Sustainability Report for the year ended 31 December 2006. There are no mandatory requirements for the preparation, publication or review of sustainability performance data. Anglo Coal Australia applies its own internal reporting guidelines for sustainability reporting ("the Criteria"), a summary of which can be found in the Glossary on Page 46 of the Sustainability Report. The selection and suitability of the Criteria is the responsibility of management and our review did not include an assessment of the adequacy of the Criteria. Our review also did not include an assessment of whether the report is in accordance with the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI). Further, the internal control structure which management has established and from which the Performance Data has been derived, has not been reviewed and no opinion is expressed as to its effectiveness.

Our review was conducted in accordance with the International Standard on Assurance Engagements ISAE 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board, and with Australian Auditing Standards AUS 108 "Assurance Engagements" and AUS 902 "Review of Financial Reports". A review is limited primarily to inquiries of company personnel and other procedures applied to the compilation and presentation of the quantitative data.

A review does not provide all evidence that would be required in an audit thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, do not express an audit opinion.

We visited the three sites of Dartbrook, Drayton and Capcoal operations. We performed procedures in order to obtain all the information and explanations that we considered necessary to provide sufficient evidence for us to state whether anything has come to our attention that would indicate the Performance Data has not been presented fairly in accordance with the Criteria established by management.

The Performance Data

We have reviewed the following quantitative Performance Data for Dartbrook, Drayton and Capcoal operations reported in the Sustainability Report 2006 for the year ended 31 December 2006: number of fatalities, lost time injury frequency rate, total recordable case frequency rate, new cases of occupational disease, CO_2 equivalent emissions, energy use, water used for primary activities, number and level of environmental complaints, number and level of environmental incidents, land utilised by operations, land under company charge, land fully rehabilitated.

Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

Statement

Based on our review, which is not an audit, nothing came to our attention to indicate that the Performance Data set out on Page 15 of the Sustainability Report for the year ended 31 December 2006 has not been presented fairly in accordance with the Criteria established by management.

KPMG

Rob Hogarth, Partner
Melbourne, 18 October 2007

Commitments to External Initiatives, Memberships in Associations or Advocacy Organisations

Minerals Council of Australia (MCA)

The MCA is the peak mining industry body in Australia and we are represented on the Environment and Social Committee, the Safety and Health Committee and the Social Practice Task Force. The CEO of ACA was a director of the MCA in 2006.

Queensland Resources Council (QRC)

The QRC is the main mining industry body in Queensland. ACA's CEO is a director of the organisation and ACA representatives serve on key committees and strategic advisory groups.

NSW Minerals Council (NSWMC)

We are a member of the NSWMC, the peak mining industry body in NSW. ACA representatives serve on key safety and health and environment committees.

Australian Coal Association

We are a member of the Australian Coal Association, representing the interests of coal producers in NSW and Queensland (contributing 98% of Australia's black coal). The Australian Coal Association is closely affiliated with the NSWMC and the QRC.

The Coal Industry Advisory Board (CIAB)

The CIAB is a group of executives from coal related industrial enterprises (including the ACA CEO) established by the International Energy Agency (IEA) to provide advice on a wide range of issues relating to coal. ACA's CEO was the Deputy Chairman in 2006.

Industry Alliance Group

The Industry Alliance Group brings together National Industry Associations to collaborate on national areas of interest. The MCA represents the mining industry on this group.

International Council on Mining and Metals (ICMM)

The ICMM consists of 15 of the largest world mining and metal companies, including AAplc, and 24 national mining and global commodities associations. We are committed to measuring our sustainable development performance against the 10 ICMM principles of sustainable development.

Global Compact

AAplc is a signatory to the United Nations Global Compact, a voluntary corporate responsibility initiative that supports 10 universal principles in the areas of human rights, labour, the environment and anti-corruption.

World Business Council on Sustainable Development

AAplc is one of the 180 international companies providing business leadership towards a shared commitment to sustainable development through economic growth, ecological balance and social progress.

The International Business Leaders Forum (IBLF)

AAplc's CEO is involved in the IBLF that works with governments, international agencies and other stakeholders to create new partnerships that help both business and communities to flourish.

The Global Corporate Citizenship Initiative of the World Economic Forum

The Global Corporate Citizenship Initiative works with more than 40 Forum member companies, including AAplc, to increase business' awareness, engagement and support for corporate citizenship as a business strategy.

Extractive Industries Transparency Initiative (EITI)

The EITI is a program whereby companies declare their tax and royalty payments to governments. In turn, governments declare their receipts from oil, gas and mining. AAplc was one of the first companies to support the EITI and Edward Bickham, AAplc's Head of External Affairs, is on the board of the EITI.

Voluntary Principles of Security and Human Rights

The Voluntary Principles of Security and Human Rights were originally adopted in December 2000 by a meeting of extractive companies, including AAplc and key NGOs, convened by the British and United States Governments. The Principles consist of three major elements which prescribe best practice in relation to the conduct of security risk assessments; the management and control of private security contractors; and the governance of relations with public security forces engaged in providing security for oil, gas or mining installations.

Glossary

Care and maintenance - Refers to the temporary cessation of operations where infrastructure remains in place and the site continues to be managed.

Community Complaints
Level 1: Isolated or 'one-off' complaints
Level 2: Widespread or repeated complaints
Level 3: Widespread public, national or international objections

Highwall - The unexcavated face or advancing of overburden and coal in an open-cut mine.

Efficiency - Activity or resource use per unit of output (usually per tonne of saleable coal).

Environmental incidents
Level 1: Minor impact or disturbance with no long-term effect
Level 2: Moderate impact or disturbance with medium-term effect
Level 3: Significant impact with extensive or long-term effect

Greenhouse gas - Atmospheric trace gases that keep the Earth's surface warm are known as greenhouse gases. About three quarters of the natural greenhouse effect is due to water vapour. The next most significant greenhouse gas is CO_2. Methane, nitrous oxide, ozone in the lower atmosphere and chlorofluorocarbons are also greenhouse gases. Greenhouse gas emissions are usually reported as equivalent tonnes of CO_2.

Geological sequestration - The capture, separation, injection and storage of CO_2 into underground geological formations.

Longwall - Large rectangular blocks of underground coal extracted in a single continuous operation using a shearer and conveyor belts connected to the surface.

Petajoule - Measure of the energy content of fuels (1 petajoule = 10^{15} joules).

Rehabilitation - Returning land that was altered by the operation's activities to its planned post mining land use, as determined in conjunction with other stakeholders.

Abbreviations

AAplc - Anglo American publicly listed corporation

ACA - Anglo Coal Australia Pty Ltd

ACARP - Australian Coal Association Research Program

AS 4801 - Australian Standard for Occupational Health and Management Systems

CEO - Chief Executive Officer

CEP - Community Engagement Plan

CO_2 - Carbon dioxide

CO_2-e - Carbon dioxide equivalent

EEO - Energy Efficiency Opportunities

EPA - Environmental Protection Agency

GJ - Gigajoules (10^9 Joules)

GM - General Manager

GRI - Global Reporting Initiative

HAZOP - Hazard and Operability

ISO 14001 - International Standard for Environmental Management Systems

LTI - Lost Time Injury

LTIFR - Lost Time Injury Frequency Rate (per million exposure hours)

ML - Million litres

Mt - Million tonnes

NSW - New South Wales

OHF - Occupational Health Framework

PPG - People - Performance - Growth Program

SEAT - Anglo American Socio-Economic Assessment Toolbox

SHEC - Safety, Health, Environment and Community

SHECMS - Safety, Health, Environment and Community Management Systems

SMI - University of Queensland's Sustainable Minerals Institute

SOMEFIRE - Surface Operation of Mobile Equipment Fatality Incident Reduction Exercise

SOTA - Substainability Opportunities and Threats Analysis

S&SD - Safety and Sustainable Development

SRA - Shared Responsibility Agreement

STAR - Safety, Task, Assessment and Review Process

TDS - Total dissolved solids

TSS - Total suspended solids

TRC - Total Recordable Cases

TRCFR - Total Recordable Case Frequency Rate (per million exposure hours)

Safety and Sustainable Development

POLICY

At **Anglo Coal Australia**, our goal is to demonstrate exemplary business performance, providing lasting shareholder value whilst protecting and enhancing the community's foundations. These foundations are people, the natural environment and society's prosperity into the future.

We believe in, and work toward, undertaking our business so that our employees, contractors and people in the broader community are neither exposed to, nor incur, any illness or injury as a direct or indirect result of our operations. Ours is a culture of nil tolerance towards situations or practices that may cause personal harm. To this end we establish measurable objectives and targets to ensure continued improvement aimed at achievement of this belief.

We value our employees, their quality of life and their personal growth to the benefit of our company and the broader society. We actively promote the health and wellbeing of employees and their families. Workplace equality, freedom of association and employee rights are fundamental operational values.

We recognise our place within local and broader communities. We understand and promote the rights of individuals and communities, and uphold the traditional rights and cultural heritage of indigenous people. Our understanding of the issues, and our actions, are underpinned by regular, open engagement with those affected by our operations, relevant government authorities and non-governmental organisations. We regularly review, and report publicly on our own performance on safety and sustainable development.

We seek to assist and transform communities that host us, adding socio-economic value that will last beyond our tenure and into future generations. To that end, we seek ways in which to contribute to the infrastructure, quality of life, health, education and opportunities for the growth of local communities.

We undertake our business with ethics, transparency and fairness. Compliance with relevant legislation, other requirements to which we subscribe and societal expectations is our minimum standard. We aim to proactively contribute to raising the standard of business practices in our industry in accordance with evolving statutory and community norms.

We recognise our role in addressing the key local and global concerns of our time, and seek ways in which our business can contribute to the mitigation of these concerns. These include climate change, water scarcity, indigenous capacity building, poverty, disease and education. Where our operations can make practical sustainable improvements in these areas of concern, we apply our people, knowledge, technology and resources to realise these improvements.

We are committed to protection of the natural environment wherever we operate. Land, biodiversity and water resources are fundamental to a sustainable future. Our operational strategies are built around the efficient use of energy and natural resources, and the minimisation of waste. Our operations also strive to minimise any negative effects on other environmental amenities, including air, noise and visual amenity.

Our view of sustainability involves striking an optimal balance between economic, environmental and social development. We engage with employees, communities, investors, regulators, non-governmental organisations, business partners and industry representatives to help define this balance.

Neville Sneddon
Chief Executive Officer, Acting
Anglo Coal Australia Pty Ltd
ACN 076 059 679

ANGLO COAL

February 2007

Feedback Form

ANGLO COAL

Report (please ✓):

- ☐ Callide
- ☐ Capcoal
- ☐ Dartbrook
- ☐ Drayton
- ☐ Moranbah North
- ☐ Dawson
- ☐ Growth and Strategy Group
- ☐ Monash
- ☐ 2006 Sustainability Report

Which sections were you most/least interested in:

Most	Least	
☐	☐	About our report
☐	☐	Message from the Coal Australia CEO
☐	☐	Sustainability at Anglo Coal Australia
☐	☐	About Anglo Coal Australia
☐	☐	Economic Review
☐	☐	Governance
☐	☐	Stakeholders
☐	☐	Safety
☐	☐	People
☐	☐	Climate
☐	☐	Environment
☐	☐	Community
☐	☐	Assurance Statement
☐	☐	Commitments to external bodies

How should we change the report in future?

More	Less	
☐	☐	Information on Anglo Coal Australia
☐	☐	Information on safety
☐	☐	Information on people
☐	☐	Information on climate
☐	☐	Information on the environment
☐	☐	Information on the community
☐	☐	Photos
☐	☐	Case studies
☐	☐	Other (please specify)

_____

_____

How do you rate the information?

- ☐ Excellent
- ☐ Good
- ☐ Fair
- ☐ Needs improvement

Was the report easy to read?

- ☐ Yes
- ☐ No

How can our report or our performance be improved?

_____

_____

_____

_____

Stakeholder category (please ✓):

- ☐ Employee group
- ☐ Member of the mining industry
- ☐ Community or environmental
- ☐ Community member near an Anglo Coal Australia site
- ☐ Media representative
- ☐ Regulatory body
- ☐ Researcher
- ☐ Student
- ☐ Other (please specify)

Your feedback on our reports will assist us with producing our future reports. Your comments can be submitted by going to **www.anglocoal.com.au** and completing the form online or could be emailed to **susan.johnston@anglocoal.com.au**

Or please send your response in an envelope to:

Susan Johnston
Anglo Coal Australia Pty Ltd
GPO Box 1410, Brisbane QLD 4001

or fax to **07 3834 1390**

GRI Index

GRI Indicator	Page Number
1.1	4
1.2	2
2.1	6
2.2	6
2.3	6
2.4	6
2.5	6
2.6	6
2.7	6
2.8	6, 7
2.9	10
2.10	1
2.11	1
2.12	1
2.13	1
2.14	6
2.15	1
2.16	Not applicable
2.17	1
2.18	49
2.19	Not applicable
2.20	44
2.21	44
2.22	1
3.1	8
3.2	Not applicable
3.3	8
3.4	8
3.5	Anglo American Report
3.6	8
3.7	9
3.8	9
3.9	10
3.10	11, 12
3.11	11
3.12	12
3.13	9
3.14	45
3.15	45
3.16	Will be reported in 2008
3.17	7, 30, 31
3.18	6
3.19	Throughout
3.20	16
4.1	Inside back cover
EC1	7
EC2	7
EC3	7
EC4	7
EC5	7
EC6	7
EC7	7
EC8	7
EC9	7
EC10	15
EN1	Website
EN2	Not applicable

GRI Indicator	Page Number
EN3	15, 28, 29
EN4	15, 28, 29
EN5	15
EN6	36, 37
EN7	36, 37
EN8	15, 28, 29
EN9	38
EN10	38
EN11	38
EN12	35
EN13	34
EN14	30,31
EN15	Not applicable
EN16	15
EN17	30, 31
EN27	36,37
LA1	15,22
LA2	22
LA3	Not applicable
LA4	23
LA5	16
LA6	16
LA7	15,16
LA8	Not applicable
LA9	Will be reported in 2008
LA10	22
LA11	Anglo American Report
LA12	24, 25
LA14	22
LA17	23
HR1	22
HR2	Not applicable
HR3	Not applicable
HR4	22
HR5	22
HR6	22
HR7	22
SO1	11, 40
SO2	8, 9
SO3	9
PR1	Not applicable
PR2	Not applicable
PR3	Not applicable
MM1	Site reports
MM2	7
MM3	37
MM4	Not applicable
MM5	28
MM6	9
MM7	15
MM8	Not applicable
MM9	Not applicable
MM10	35
MM14	Not applicable
MM12	16
Mm13	16

Sustainability

Development • Understanding • Achievement

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