



Moranbah North Report 2006

Message from the General Manager



Moranbah North mine produced 3.3 million tonnes (Mt) of saleable coal in 2006. Unfortunately this was less than 2005 due to problems we encountered with the stability of the roof where we were mining.

Three falls of ground occurred in 2006, and regrettably three employees were injured. Various programs have been initiated to manage these issues, including detailed assessment of mine stability by the technical services department. Despite the safety initiatives that we introduced in 2006, our Lost Time Injury Frequency Rate (LTIFR) of 7.5 was above the target of 4.8 and also above last year's rate of five. Our Total Recordable Case Frequency Rate (TRCFR) was 41.9, well above the target of 19.2.

Our Coal Handling and Preparation Plant (CHPP) has shown us the way by operating for 1,095 days without recording a Lost Time Injury (LTI).

After two surveillance audits during 2006, we maintained certification of our Safety, Health, Environment and Community Management System (SHECMS) to Australian Standard AS 4801. Two major non-conformances identified during the audits were resolved. We were very pleased when our mines rescue team won the Queensland Rescue Competition and then went on to win the Australian National Rescue Competition.

In 2006, we recorded no occupational illnesses. In the past, musculoskeletal disorder has been the most common occupational illness on site and we plan to maintain our focus on preventing these injuries by employing an occupational therapist in 2007. Our Graduate Environmental Advisor, Rachel Mitchell, was excited to be selected to train as an educator for Al Gore's Climate Project, to spread the word about climate change. After the training she will educate Central Queensland communities about climate change.

The Moranbah North Environmental Management System (EMS) successfully retained certification to the ISO 14001 standard and the Anglo Technical Team auditors ranked our Biodiversity Action Plan (BAP) highly. To further increase our employees' knowledge in this area we integrated awareness training on biodiversity values into the workforce induction program in 2006.

Unfortunately last year we used more water and were less efficient with its use than the previous year. To address this we have improved our water monitoring system and will begin the construction of a new dam to replace one being subsided, adding to the site water storage capacity. In addition, 98.5% of the water used in the wash plant was sourced from the underground mine.

In 2006, under the auspices of our Community Engagement Plan (CEP), the mine held a community engagement forum on site which was attended by local community members and shire councillors. Issues raised during the forum will be addressed by the mine. To encourage an interest in mining, we partly sponsored the building of a skills centre in Moranbah as well as sponsored the landscape design and tree planting of the yard for the community kindergarten. In 2006, Moranbah North mine and Moranbah Rotary Club helped three young local people achieve their dream of a lifetime of participating in the Young Endeavour Youth Scheme, sailing from Burnie to Hobart in Tasmania.

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

Tim Hobson
General Manager



Moranbah North Coal



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COAL**



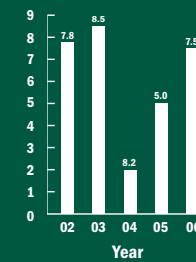


Right: Mick Bryan, Mine Technician,
with the Mine Safety pocket book.

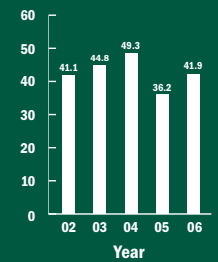
Below: Dennis Bromely,
Production Supervisor.



Figure 1: LTIFR Safety
Performance
(per million exposure hours)



TRCFR Safety Performance
(per million exposure hours)



About the mine

Moranbah North is an underground mine located in the northern part of Queensland's Bowen Basin around 18 kilometres north of the town of Moranbah. Moranbah North mine produced 3.33 Mt of high quality coking coal in 2006, primarily for export to the steel industry.

Safety

Three fall of ground (roof fall) incidents occurred at the mine in 2006, two due to unsupported ground and one where the ground was supported. Three LTIs were recorded in one of these incidents and all involved were provided counselling following the event. The mine regrets to report that one contractor, who received injuries from coal falling from the rib wall whilst inspecting a belt, has not returned to work. Another critical LTI occurred when an employee, trapped between a continuous mine machine and ramp car, suffered a hairline fracture of his pelvis.

Despite the number of safety initiatives that we introduced in 2006, we recorded a LTIFR of 7.5, above the target of 4.8 and also above last year's rate of 5.0. Our TRCFR was 41.9, well above the target of 19.2. Additional effort and resources have been introduced to reduce the potential for injury. A proactive approach of challenging testing in the workplace has produced immediate results by increasing the focus on safety in the workplace.

Other strategies to reduce the potential for injury include focused visits to the workplace by members of the

management team and the introduction of the SAFE Program across the business. Programs on personal wellbeing and fitness are to be introduced with a fitness assessment for employees to be conducted in March 2007.

There were no fatalities, safety related prosecutions, fines or breaches recorded in 2006.

Our Safety, Health, Environment and Community (SHEC) Committee, consisting of six senior management and six employee representatives, meets monthly to discuss safety trends and initiatives as well as risk mitigation strategies. In 2006, our risk register was reviewed by external specialists who confirmed major safety related hazards, including fall of ground and fatigue. Various programs have been initiated to manage these issues, including increasing the roof and wall support using bolts, and a number of controls to reduce fatigue, including an awareness campaign. Vehicle and equipment interaction is always a major risk and to address this we increased awareness training through toolbox talks, weekly safety meetings and by placing reflective tape on underground vehicles.

The mine recorded 25 High Potential Incidents (HPI), which was a satisfactory decline when compared to the 2005 result of 34. To further reduce HPIs, corrective actions are recorded on the site work order system. The actions are integrated with the incident reporting system to track progress.

After two surveillance audits, we maintained certification of our Safety, Health, Environment and Community Management System (SHECMS) to Australian Standard AS 4801. During the audits, two major non-conformances

were identified relating to the fact that we had not conducted any internal audits in the six months prior to the audit, and that electrical inspection on cables had not been carried out for 8 months prior to the audit. Corrective actions are being taken to address these non-conformances.

We delivered various training programs in 2006, including:

- Manual handling;
- Fatigue awareness;
- Risk management;
- Alcohol and drugs awareness; and
- A 'no go zone' package, in response to a serious continuous miner and ramp car incident.

We implemented various safety related campaigns in 2006, including reinforcing the zero tolerance target; revisiting the Golden Rules; introducing more comprehensive safety inductions (3 days instead of one); and carrying out retraining every 2-3 years. We also supplied pocket size safety notebooks to the entire workforce.

Moranbah North mine has an emergency response management plan in place and the mine rescue team trains frequently. The mine is pleased to report that the rescue team won the Queensland Rescue Competition and then went on to the win the Australian National Rescue Competition.

In 2007, Moranbah North mine will rollout behaviour based safety initiatives, implement a plan to reduce muscular skeletal injuries and implement new strategies to reduce both our LTIFR and TRCFR.

Table 1: Safety Performance PER MILLION EXPOSURE HOURS

	2006 Target	2006 Actual	2007 Target
Lost Time Injury Frequency Rate	4.8	7.5	4.6
Total Recordable Case Frequency Rate	19.2	41.9	27.4



David Smith, Mine Technician, receiving physiotherapy from Kara Shepard.



Dean Furness, Australian Shaft Drilling Project Manager, speaks to David McMillan, Technical Services Manager, about progress with a shaft drilling project.

Table 2: Key Human Resources Data

	2004	2005	2006
Number of employees	260	267	296
Number of contractors	230	234	285
Number of trainees/apprentices	9	10	9
Graduate Development Program	7	6	13
Employee turnover	16%	20.7%	16%

Sustainable Development

PEOPLE

Staff turnover for 2006 at Moranbah North mine was 16% against a target of 13%. The mine employed an average of 296 employees, an increase of 11% compared to 2005, 285 full time equivalent (FTE) contractors, and nine trainees and apprentices in 2006.

Moranbah North mine runs a proactive recruitment program for indigenous candidates.

In 2006, we pleasingly recorded no occupational illnesses. In the past, musculoskeletal disorder has been the most common occupational illness on site and we plan to employ an occupational therapist in 2007 as a further barrier to such illnesses.

Our Healthy Lifestyle Program continued in 2006 as part of an overall strategy to improve the wellbeing of the workforce. This Program gives employees access to annual medical checkups, health screenings, professional dieticians and a healthy eating education awareness program.

As part of the Healthy Lifestyle Program, employees and their families were offered free flu vaccinations. Other Employee Assistance Program benefits include free gym membership, free swimming pool usage, a counselling service and 10 free visits to a physiotherapist each year.

In 2006, we continued with the ACA wide cultural transformation program, People - Performance - Growth.

Our Graduate Environmental Advisor Rachel Mitchell was excited to be selected to train as an educator for Al Gore's Climate Project to spread the word about climate change. After the training she will educate Central Queensland communities about climate change issues.

We communicate with our employees through a range of media including weekly toolbox talks, crew meetings, noticeboards, monthly General Manager meetings with managers and staff, and a weekly newsletter. We also invite feedback at all forums.

ENVIRONMENT

Two environmental professionals provide environmental advice to the operation. Moranbah North mine was pleased to be awarded the ACA Environmental Award for work done on the Isaac River Erosion Project in March 2006.

The Moranbah North EMS successfully retained certification to the ISO 14001 standard following two external audits during 2006.

We internally audited our water and waste systems, and the Anglo Technical Division review team awarded our BAP a high rating.

Although improvement opportunities were noted in all the audits, no significant non-conformances were observed.

In 2006 we trained our workshop employees on how to respond to oil and diesel spills. We also discussed waste management with our workforce during toolbox talks.

We recorded six level 1 and one level 2 environmental incidents in 2006. The level two incident related to the accidental disturbance of a cultural heritage scarred tree. The mine did not record any environmental non-compliances, or attract any environmental related regulatory actions, fines or prosecutions in 2006.

Table 3: Environmental Incidents

	2006
Level 1	6
Level 2	1
Level 3	0

Rehabilitation and Land Management

Moranbah North mine's main land rehabilitation focus is to return subsided areas to the pre-mining land use. In 2006, the mine rehabilitated 163 hectares of mine disturbed land. This was below the target of 234 hectares. An unplanned change to exploration activities undertaken in 2006 resulted in more clearing of vegetation than planned, and the disturbed land was not released for rehabilitation during the year. Our rehabilitation target for 2007 is 285 hectares.

During the year, we conducted a trial of techniques to protect cultural heritage scarred trees from the impacts of land subsidence due to underground mining. Scarred trees result from removal of bark by Aboriginal people for production of implements or creation of foot holds for climbing. The trial involved trenching and irrigating around two scarred trees. Unfortunately when subsidence occurred



Left: Cameron Stewart, Graduate Process Engineer, in the CHPP control room.

Below: Rachel Mitchell, Environment Graduate at Dam 3.



in this case the surface cracking did not extend to the trees and no results were achieved. We intend to repeat the trial in another area during 2007.

Biodiversity

Anglo Technical Division carried out a peer review of Moranbah North mine's BAP in 2006. The BAP recieved relatively high scores from the auditors.

The mine is currently conducting various biodiversity studies including:

- Identifying aquatic macroinvertebrates;
- Identifying terrestrial fauna and flora; and
- An Australian Coal Association Research Program (ACARP) flora and fauna study on ornamental snakes, which are considered to be a vulnerable species in the area.

In 2007, we intend to extend an existing irrigation system along the Isaac River to irrigate ground prior to subsidence as well as continue ongoing river stabilisation.

Water

We draw our raw water supply from the Eungella Dam, west of Mackay. In 2006, our water use for primary activities (activities associated with coal mining and processing) was 1,346 mega litres (ML), 130 ML more than last year. Our water efficiency declined 30% to 404 litres per tonne since saleable coal production was less than in 2005.

In 2006, we enhanced our water monitoring system by installing additional water meters. In addition to this initiative, new water balance software (WaterMiner) and unique ACA water indicators were effectively used in planning our water use. The indicators assisted in planning the construction of a new water storage dam and measuring the mine footprint on local catchments.

Table 4: Types of Waste

	2005 Disposed	2005 Recycled	2006 Disposed	2006 Recycled
Hazardous Waste (t)	21	17	5	48
Non-hazardous Waste (t)	237	221	549	264

Moranbah North mine contributed to ACARP's Northern Bowen Basin Water and Salt Management Practices projects. ACARP was provided with water management data for input to a model that seeks to identify good practices and promote improved management of water in the Bowen Basin.

In 2007, Moranbah North mine will begin the construction of a new dam to replace one being subsided and add to the site water capacity.

National Pollutant Inventory

Moranbah North mine is required to report in accordance with the National Pollutant Inventory, Australia's national database of pollutant emissions. To obtain further detail on Moranbah North mine's emissions data please refer to www.npi.gov.au.

Waste

We use waste contractors to manage both general and hazardous waste and sort waste streams for recycling, re-use, refurbishment or disposal. The contractor is required to minimise the amount of waste being transported offsite. In 2006, we began recycling gloves and safety glasses. During 2007, we will consider chipping wood pallets and recycling conveyor belts.

In 2006, we increased the amount of material recycled to 312 tonnes (from 238 tonnes in 2005).

We promoted reduced plastic bag use by giving all employees blue compact fabric bags. The fabric bags can be folded and zipped so that they can be conveniently stored in a handbag or car glove box.





Left: The upgraded Moranbah kindergarten.

Below left: Brett Allan, Shift Engineer, taking his personal tag off the underground board at the end of his shift

Below right: Glove recycling initiative at Moranbah North mine.

COMMUNITY

Moranbah North mine's key stakeholders include:

- The mine's workforce (employees and full time contractors) and their families;
- Regular contractors and service providers;
- Near neighbours and adjacent landholders;
- Aboriginal Traditional Owners;
- Belyando Shire Council and the Moranbah community;
- Customers and suppliers; and
- Regulators.

In 2006, as part of the CEP the mine held a community engagement forum on site which was attended by local community members and shire councillors.

In conjunction with ACA, the mine partly sponsored the building of a skills centre in Moranbah, which is envisaged to be ready for use in 2007. Moranbah North mine also sponsored the landscape design work and tree planting at the community kindergarten. During the year we donated \$87,850 to numerous community causes.

Moranbah North mine carried out cultural heritage training for all surface personnel and managers to identify artefacts and scarred trees. A cultural heritage group relocated indigenous materials such as artefacts.

In 2006, Moranbah North mine and Moranbah Rotary Club helped three young local people achieve their dream of a lifetime of participating in the Young Endeavour Youth Scheme, sailing from Burnie to Hobart in Tasmania.

Three level 1 complaints were received in 2006 relating to personnel leaving gates open allowing stock to enter other areas.

CLIMATE

Due to a 27% increase in electricity use and a 19% increase in diesel use we used 473,648 gigajoules of energy in 2006. This was an overall increase in energy use from the previous year. Together with a decline in saleable coal production, the higher energy use meant a fall in energy efficiency of 42%.

To increase the focus on our energy performance, we internally reported monthly energy use in 2006. We intend carrying out an energy audit in 2007 to map our usage profile and identify opportunities for cost effective reduction of energy use.



Moranbah North Coal





Rachel Mitchell at the methane collection plant.



ACA is a signatory to the Greenhouse Challenge Plus program, under which annual reporting of greenhouse gas emissions and mitigation actions is required. Through an agreement reached between Moranbah North mine and a coal bed methane company to capture methane gas, the mine started delivering gas to North Queensland through a gas pipeline in 2006. Despite this the methane emissions from the site were higher than 2005, resulting in greenhouse gas emissions increasing by 19% during 2006. The methane content of the coal seam is increasing as the mine moves eastward. Therefore, plans are being developed to build a gas fired power station in 2008 to utilise the gas and control greenhouse gas emissions.

It is anticipated that the methane emissions will drop substantially in 2007, improving greenhouse gas efficiencies.

CONTACT

This SHEC Report covers the period of 1 January to 31 December 2006.

Further details on the content of this Report can be obtained by contacting Les Merton on 07 4968 8633 (email: leslie.merton@anglocoal.com.au).

This report, links to web-based supplementary material and an electronic feedback form can be viewed at www.anglocoal.com.au.

Table 5: Performance Summary

Parameter	Indicator	2006
Safety	Fatalities	0
	Lost Time Injury Frequency Rate	7.5
	Total Recordable Case Frequency Rate	41.9
People	New occupational illnesses	0
	Average number of employees	296
	Average number of FTE contractors	285
Environmental	Water used for primary activities (ML)	1,346
	Water use efficiency (L/saleable tonne)	404
	Area of land remaining disturbed end 2006 (ha)	629
	Rehabilitated land end 2006	819
	Incidents (Level 1)	6
Community	Incidents (Level 2)	1
	Complaints (Level 1)	3
	Community Cash Donations (AUD)	87,858
Climate	Energy Use (Gj)	473,648
	CO ₂ equivalent emissions (tonnes)	1,384,907
Economic	Saleable Coal (tonnes)	3,327,858



	2004	2005	2006
Energy use (GJ)	380,460	379,091	473,648
Energy efficiency (GJ/t saleable coal)	0.306	0.097	0.142
Greenhouse gas emissions (kt CO ₂)	630	1,162	1,385
Greenhouse gas efficiency (tCO ₂ -e/t saleable coal)	0.507	0.298	0.416
Methane (t)	25,771	50,497	59,509

