

MINE REPORT 2003

▶ General Manager's Report



Over the past year, Drayton has continued to meet or exceed our employees' and external stakeholder expectations in the areas of Safety, Health, Environment and Community (SHEC). This has been achieved in harmony with the need to maintain a productive and profitable business.

Drayton's primary safety focus is to create a culture where zero injuries is achievable. Our high standard of safety, health and risk behaviour training, in combination with the use of proactive safety indicators, are key to us being successful in achieving this goal.

In 2003, an improvement was achieved in our safety performance with a Total Recordable Case Frequency Rate of only 4.9, the lowest recorded at Drayton. Despite this, the number of Lost Time Injuries (three), was above last year's record achievement of one LTI. Drayton has also continued to reduce the number of more serious incidents.

Our efforts in environment and safety were recognised when we achieved ISO 14001 and AS 4801 certification in 2003. A significant amount of work was undertaken during the year in order to meet the major milestones required for certification. This included the commencement of additional training of our workforce in environmental awareness and management.

In 2003, our mining lease was renewed and we were granted a new mining lease over adjoining coal reserves. This process required Development Approval from the Muswellbrook Shire Council and final approval from the Department of Mineral Resources.

Drayton continues to develop as an operation in all areas of SHEC.

During the year we will also be introducing a new process into the operation with the introduction of the coal treatment unit. It will be important to manage the risks presented by this process. The challenge in 2004 is to build on the accreditation of our management systems and to develop risk and hazard management to a new level on the site so that it is more actively used and better understood by our workforce.

2003 has been a year of continuing improvement in the way we manage our Safety, Health, Environment and Community responsibilities. Our report this year provides a summary of outcomes in 2003, and detailed information behind this summary can be found on the Drayton Mine webpage of the Anglo Coal Australia website www.anglocoal.com.au. Your feedback on our efforts, performance and clarity of reporting would be warmly welcomed.



Steve Hedges
General Manager

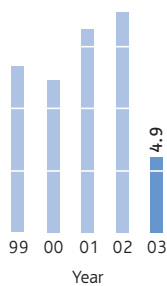


▶ Safety and Health

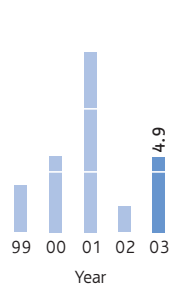
We met our Total Recordable Case Frequency Rate target for 2003 but our Lost Time Injury Frequency Rate was higher than expected. The number of incidents with a higher potential for injury was reduced from 35 in 2002 to 20 in 2003.

Safety Performance (per million exposure hours)

Total Recordable Case Frequency Rate



Lost Time Injury Frequency Rate



Our focus on chronic exposure injuries continued from previous years, and a new manual handling program based on a risk management approach was developed to reduce the incidence of sprain and strain injuries.

Our good safety performance in 2003 was underpinned by our SHEC Management System, the safety component of which was certified to AS 4801 in November. With this solid foundation and further effort, we aim to achieve continual improvement during 2004.

▶ Employment

Our employee turnover rate was below 1% for the year. We participate in ACAP's Graduate Recruitment Program and currently employ three university graduates working in a variety of roles, including maintenance, engineering, and commercial. The mine provides opportunities for local youth by offering apprenticeships in both mechanical and electrical trades, as well as traineeships in areas such as supply, purchasing, warehousing and production. We also participate in high school work experience and university undergraduate vacation employment programs.

▶ Community and Stakeholders

Drayton has had more than 20 years of association with the local community, and this has provided a sound basis for understanding the needs and concerns of community stakeholders. During 2003, we participated in the following initiatives with our stakeholders:

- ▶ Four meetings of the [Community Consultative Committee](#);
- ▶ One community [open day](#) for neighbours at the mine;
- ▶ Two meetings between the combined [Community Consultative Committee](#) and [Mount Arthur Coal Group](#);
- ▶ Two day presentation at the [Mining Expo](#) as a component of the local [Muswellbrook Show](#);
- ▶ Quarterly meetings of the [Muswellbrook Mines Committee](#);
- ▶ [Mine General Managers' Forum](#) facilitated by the [Muswellbrook Shire Council](#);
- ▶ Hosting several local and state wide school groups at the mine; and
- ▶ Presentations and mine tours made to 20 teachers as part of the [Teachers in Education](#) program.

A significant amount of indigenous cultural heritage fieldwork was conducted during 2003. This involved consultation with five local groups, the development of a study program, the granting of consents from the National Parks and Wildlife Service and about 20 days field work in and around proposed new mining areas. This field study will conclude in 2004. Consultation with indigenous representatives will continue for the life of the mine.

Local indigenous community members work at a sieving station to recover artefacts in excavation areas. To date, over 5,000 artefacts (mostly stone tool remnants) have been recovered.



▶ Community Feedback

Our activities attracted 41 environmental enquiries that required our action in 2003, and related predominantly to blasting and vibration issues. In addition to those specific enquiries, we also answered 17 regional enquiries relating to matters such as dust, noise and odours.

▶ Community Donations

In 2003, \$43,980 was donated to local community groups, charities, junior sporting clubs, the Muswellbrook Hospital and schools as well as organisations such as the Westpac Rescue Helicopter and The Cancer Council of NSW. Estimated in-kind support of \$20,000 was also provided, including First Aid training in the community, lighting towers for the Muswellbrook Show and ice packs and drink bottles for sporting teams.

▶ Land

Drayton's rehabilitation target of 50 hectares for 2003 was achieved, with much of our effort focused on the East Tip, W6 Ramp, West Tip and Licence 6 areas. Despite drought conditions for most of the year, timely rainfall benefitted direct seeded areas resulting in rapid germination of some Acacia species.

Significant activity has been undertaken in the West Pit, the major source of spontaneous combustion, in preparation for rehabilitation in 2004. Once completed, odours produced in this pit will be substantially reduced or eliminated. Our rehabilitation target for 2004 is 55 hectares.

In 2002, a detailed Environmental Impact Statement was prepared for renewal of the existing Drayton mining lease and to apply for an extension of the mining operation, primarily to the east. The renewal and extension were granted in 2003. An intensive archaeological program using a magnetometer survey followed with the identification of 14 cultural heritage sites within the new lease areas.

Further work was undertaken in 2003 for our Mine Closure Strategy, with a re-evaluation of mining areas and infrastructure rehabilitation costs.

Drayton's closure plan defines post-mining land uses that will provide an ongoing contribution to the community. We continued our research activities into opportunities for future post-closure enterprises in 2003; notably, further monitoring of renewable tree plantations irrigated with saline mine water, and trials on re-grafting single species rootstock to assess the suitability of rehabilitated mine land for supporting viticulture.

▶ Water

Drayton Mine has a net water surplus and is not permitted to discharge water from the site. Water management during 2003 consisted of using 462 megalitres of water in the mining operation and transferring, under arrangement, 620 megalitres to a neighbouring mine. No water was discharged off site.

▶ Environmental Management

Drayton achieved ISO 14001 certification during 2003, having met the requirements of the international standard. Procedures were developed to implement new programs for environmental awareness training of the workforce, which commenced in mid 2003. Additional intensive training will be provided during 2004 in areas of high environmental impact such as blasting and waste management. 2004 will also see an increase in internal environmental auditing.

▶ Significant Environmental Incidents

During 2003, 31 Level one environmental incidents occurred, resulting in 41 enquiries and seven complaints. The total number of incidents is substantially less than experienced in 2002, however the complaint level is similar. There were no reportable exceedences or non-conformances during 2003.



Contractors (from left) George Thrift and Daniel Wisemantel assist Paul Tierney in removing waste sludge from workshop drains and washpad sumps.

► Biodiversity

Drayton's reforestation plan is to incorporate wildlife corridors as a key component of final rehabilitation. This will enhance conservation areas on the leases proclaimed as wildlife refuges. During 2003, ten hectares were sown with native tree seed as we continued to pursue this strategy. We also continued our support of local community actions for the care of sick and injured animals prior to their release back into their natural habitats, offering Drayton as a release site. At the Drayton mine's 20th anniversary celebrations, 300 native trees were distributed to guests for planting.



Designated wildlife refuge corridors such as this are retained at the mine site.

► Energy and Emissions

Similar energy efficiency to previous years was recorded. In 2003, a 50% improvement in greenhouse gas efficiency was achieved following remediation of areas affected by spontaneous combustion and improvements in the accuracy of determining CO₂ emissions from spontaneous combustion. Slight increases in SO₂ and NO_x emissions were attributed to increased activity in raising coal production.

Energy Use: 778,484 GJ

Energy Efficiency: 0.160 GJ/t saleable coal

Greenhouse Emissions: 99 kt CO₂-e

Greenhouse Efficiency: 0.020 t CO₂-e/t saleable coal

Methane: 451 t

SO₂: 341 t

NO_x: 474 t

Ozone Depleting Compounds: 0.0 t

► Waste

A contractor manages all of Drayton's waste materials including waste oil, batteries, metal, general rubbish, paper, cardboard, grease, empty drums, filters and septic waste. There has been an overall improvement in waste reduction and recycling during the year.

Type of Waste	Disposed	Recycled
Hazardous waste	0.0 t	230.0 kL
Non-hazardous waste	1,130.0 t	112.0 t

► Our 2003 Statistics at a Glance

- Saleable production: 4.86 million tonnes
- Land under company management: 1,972 hectares
- Land approved for mining activity: 1,767 hectares
- Land pending approvals for mining: 0 hectares
- Employees at 31 December 2003: 224
- Contractors at 31 December 2003: 48
- Trainees/apprentices during calendar year: 11
- Average hours of training per employee: 32
- Employee turnover rate: 0.92%
- Number of complaints: 7
- Community donations (cash): \$43,980

This SHEC report covers the period of 1 January to 31 December 2003.

Further details on the content of this report can be obtained by contacting Peter Forbes on 02 6542 0256. (email: peter.forbes@anglocoal.com.au).

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

Drayton's DC2 conveyor is located beside established rehabilitation undertaken in the late 1980s.

