



CALLIDE MINE REPORT 2005

ANGLO COAL AUSTRALIA

Message from the mine's General Manager

Callide mine produced 9.5 million tonnes of saleable coal in 2005, a slight increase of 0.14 Mt from the previous year.

We continued our strong focus on Safety and Health during the year with the implementation of programs and initiatives such as Target Zero, Golden Rules and the provision of high-visibility clothing for employees. Two healthy lifestyle programs, 'Working Bodies' for our employees, and 'Healthy Bananas' in conjunction with the Banana Shire community were conducted with the results to date showing impressive increases in many participants' overall health and wellbeing levels. Certification of the safety and health component our Safety,

Health, Environment and Community Management Systems was maintained to Australian Standard 4801. This year's safety performance was mixed. A LTIFR (Lost Time Injury Frequency Rate) of 1.9 against a target of 1.7 showed improvement from 2004's result of 2.0. This was combined with our TRCFR (Total Recordable Case Frequency Rate) of 14, which was significantly above our target of 5, and slightly higher than the 2004 result of 12.8.

We increased the size of our workforce by 3.5% in 2005. Our turnover rate was a higher-than-acceptable 8.4%, which we attribute to the tight labour market in the mining sector.

"At Callide we are aware that our operations play a major role in the existence and lifestyle of neighboring communities. In 2005 we implemented a Community Engagement Plan to ensure that we continue to promote strong relationships with, and enhance the capacity of, the communities of which we're a part. We also celebrated our 60 year anniversary in October, with a successful open-day attended by over 800 visitors."

Key Statistics		
Parameter	Indicator	2005
Safety	Fatalities	0
	Lost Time Injury frequency rate	1.9
People	New occupational illnesses	5
	Average number of employees	426
	Average number of FTE contractors	110
Environmental	Water used for primary activities (ML)	707
	Water use efficiency (L/saleable tonne)	75*
	Area of land remaining disturbed end 2005 (ha)	1742
	Rehabilitated Land end 2005 (ha)	542
	Incidents (Level 1)	14
Community	Incidents (Level 2)	13
	Complaints (Level 1)	2
Climate	Community cash donations (AUD)	\$30,480
	Energy use (Gj)	1,451,307
	CO ₂ equivalent emissions (tonnes)	183,743
Economic	Saleable Coal (tonnes)	9,482,283



* Callide does not operate a Coal Handling and Preparation Plant



Above: Bruce Hughes, Electrician and Gerard Kranske, Apprentice Electrician, in the workshop.

We implemented a variety of preventative occupational illness programs during 2005 including a 'Whole Body Vibration' program aimed at reducing the rate of musculoskeletal illness caused by operating heavy machinery. We also conducted the Anglo Coal employee satisfaction survey in late 2005, and look forward to integrating the results into our human capital management plans in 2006.

Our Environmental Management System maintained its certification to ISO14001. As part of our Biodiversity Action Plan we have identified 6 Biodiversity Management Units across and adjacent to the site that will be managed according to their biodiversity profiles and risks. Pleasingly we over-performed against our water target of 80L per tonne of saleable coal with an average result of 75L. Our greenhouse gas emissions increased this year as a result of increased production, however our energy efficiency improved, demonstrating that we are using less energy per saleable tonne of coal than in 2004.

This report and Anglo Coal Australia's 2005 Sustainability Report (available on 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.

Mark Heaton - General Manager

About the Mine

Callide Open Cut Mine is located 120 km southwest of Gladstone and 20 km northeast of Biloela, in Central Queensland. In 2005, Callide produced 9.5 million tonnes of saleable coal primarily for domestic power generation.

Safety

Callide's Occupational Health and Safety Committee meets every 5 weeks and includes members from each of the site's operational areas.

Callide experienced two lost time injuries in 2005 that resulted in a LTIFR of 1.9 compared to a target of 1.7. Despite being just over target, this was an improvement against 2004's result of 2.0.

The TRCFR was 14 against a target of 5 and above 2004's rate of 12.8. The predominant factors that led to this result were crush injuries to the hand and foreign bodies (dust) in eyes.

No permanent disabling injuries, safety related fines or prosecutions were recorded in 2005.

Callide maintained certification of its Safety, Health, Environment and Community Management System (SHECMS) to Australian Standard 4801 following a surveillance audit in Q2 2005. The audit revealed no major non-conformances and one minor non-conformance.

The mine implemented some important safety initiatives in 2005 including:

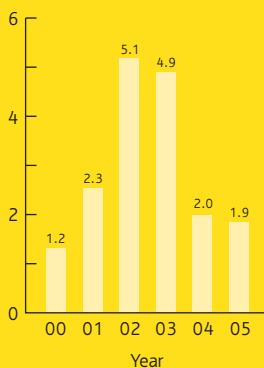
- ▶ The launch of our Target Zero program in January aimed at ensuring our site maintains its zero fatality rate and progresses towards zero injury;
- ▶ The launch of 'Golden Rules', a set of non-negotiable rules for the site relating to the key areas of confined spaces, working at heights, vehicle safety, hazardous energy, mining operations and lifting and material handling;
- ▶ The provision of high visibility clothing, gloves and locks for all mine employees; and
- ▶ Hazard Awareness and Control training followed up with supervisor mentoring.

These initiatives provided a simple message that Callide was intent on improving standards during the year.

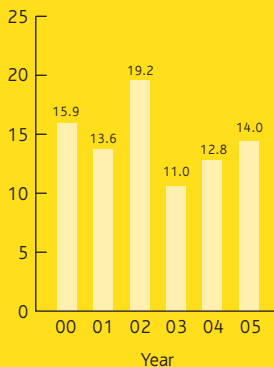
Callide personnel to part in SOMEFIRE (Surface Operation of Mobile Equipment Fatality Incident Reduction Exercise) involving two risk assessment workshops. Improvement opportunities were identified and will be progressively implemented.

In 2005 Callide undertook a major mine rescue exercise to test the mine's emergency response system. The mock electrocution of an employee at the dragline prompted a shut down of the mine and evacuation of all employees from the dragline. The Emergency Management Team, the Biloela emergency response units and Brisbane Corporate Office response teams were involved.

LTIFR Safety Performance
(per million exposure hours)



TRCFR Safety Performance
(per million exposure hours)

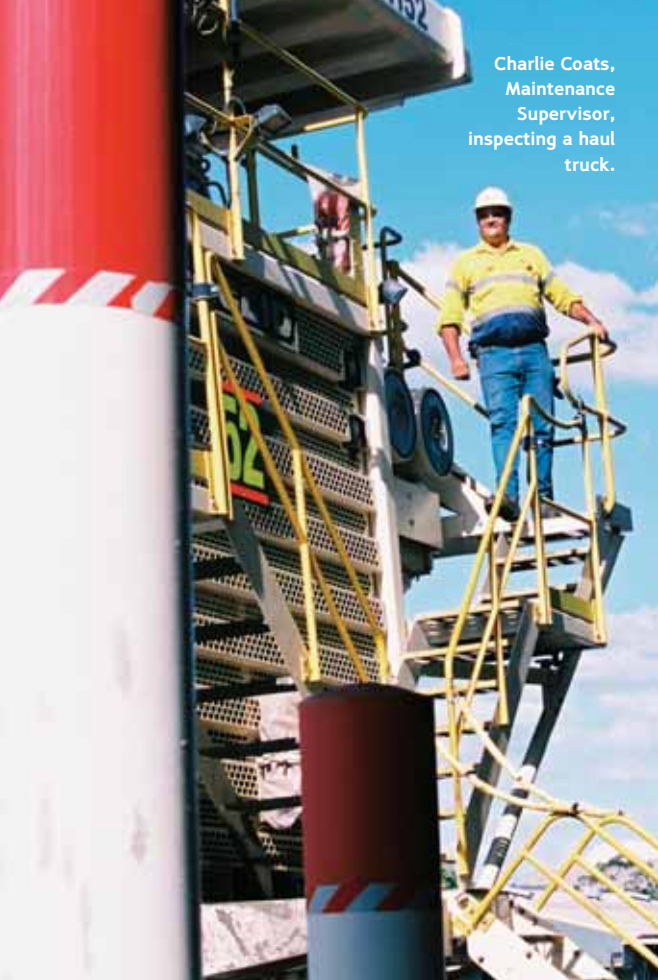


Safety Performance

PER MILLION EXPOSURE HOURS

	2005 Target	2005 Actual	2006 Target
Lost Time Injury Frequency Rate	1.7	1.9	1.5
Total Recordable Case Frequency Rate	5	14	10

A pleasing indicator was that the site achieved almost nine months Lost Time Injury (LTI) Free and the Production department was LTI Free for the duration of 2005.



Charlie Coats,
Maintenance
Supervisor,
inspecting a haul
truck.



Attaching an isolation lock on a truck.

Key Human Resources Data

	2004	2005
Number of employees	360	426
Number of contractors	158	110
Number of trainees and apprentices	25	22
Graduate Development Program	4	3
Employee turnover %	5.5	8.4



People

In 2005, Callide employed 426 employees and 110 contractors, an increase of 3.3%. Callide continued its strong support for youth training with 22 trainees and apprentices and 3 graduates employed at the mine. Callide's staff turnover was 8.4% against the target of 6% due to a lower than expected retention rate for senior staff but pleasingly a number of our temporary employees were converted to permanent employees.

Callide recorded 2 incidents of noise related occupational illness and 3 musculoskeletal disorders in 2005 and continued noise and vibration monitoring programs across the site. In response to the number of back injuries recorded across the operations, the mine commenced a 'Whole Body Vibration' program where seats in a range of vehicles across the mine site were replaced with ones that reduce vibration.

In early 2005 we completed the implementation of our 'Working Bodies' program. The focus of the program was to improve the lifestyle choices that our employees make in terms of diet, sleep and exercise. The results of the first year of the program were very pleasing, including:

- ▶ An average weight loss of 3.1 kg's per person;
- ▶ An average decrease in body fat of 4.4% per person;

- ▶ An average waistline decrease of 5 cm per person; and
- ▶ An average increase in weekly exercise of 1.5 hours per week per person.

In addition we are the major sponsor and coordinator for a community health based program called 'Healthy Bananas' which started in late 2005. We are working with the Banana Shire community to lose 500 kilograms as a collective group. As part of the program we are providing:

- ▶ A weekly newsletter full of ideas on how to lose weight;
- ▶ Supermarket tours aimed at teaching people how to shop healthily;
- ▶ Sponsorship of talks by well-known nutritionist Annette Sims; and
- ▶ A monetary donation to the PCYC (Police Citizens Youth Club) for the upgrade and purchase of new equipment.

The program will run for six months. As at 1st January 2006 the group had lost 105 kilograms and are on target to achieve our 500 kilogram weight loss goal.



Rhonda Stubbins, Human
Relations advisor

In 2006 we will be developing an Employee-Based Health Forum to give employees input into the mine's health and well-being programs to ensure that they are relevant and meet their needs. We have allocated \$120,000 for the program to be spent on a range of employee-chosen services and equipment.

We communicate with our employees through a range of media including daily stump talks, weekly toolbox talks, crew meetings, noticeboards, monthly GM meetings with managers and staff, quarterly reviews with GM's and managers, and the bi-monthly newsletter 'Draglines'. In December 2005 we undertook the Anglo-Coal employee survey to evaluate employee satisfaction and gain a better understanding of their concerns and needs. The results of the survey will be available in 2006.

We conducted a range of training programs during 2005 including the Anglo Coal People, Performance, Growth (PPG) Program, the Foundation and Frontline Leadership (FLL) Course, as well as investing in a specific training program called Supervisor Essentials. This course involves one-on-one coaching for our Supervisors to train them in improved people development skills and leadership behaviors.

Environment

Following the certification of our Environmental Management System to ISO14001 in 2004, we maintained our certification with 2 follow-up surveillance audits. There were no major non-conformances and only one minor non-conformance recorded.

There were 14 level 1 (minor) and 13 level 2 incidents recorded in 2005. The majority of the level 1 and 2 incidents related to exceedences of sewage treatment plant effluent and water discharge licence limits. Callide is currently operating under an Environmental Management Program (EMP) for air blast overpressure exceedences. There were no environment related fines or prosecutions during 2005.

Rehabilitation and Land Management >

We rehabilitated 27.6 hectares of land in 2005, above our target of 25 hectares, bringing the total land rehabilitated to 541.7 hectares. In conjunction with Callide Valley Landcare Group we are also sponsoring a research project to incorporate softwood scrub species into our rehabilitation program. A trial site, within a newly rehabilitated area, was seeded with a number of softwood species in November 2004. In 2006, we intend to rehabilitate 49 hectares of disturbed land.

Environmental Incidents

	2005
Level 1	14
Level 2	13
Level 3	0

Biodiversity > In 2005 Callide began developing a Biodiversity Action Plan in accordance with the Anglo American Biodiversity Guidelines. To date, a total of 6 draft Biodiversity Management Units covering an area of 10,000 hectares across and adjacent to the mine site have been identified according to their different biodiversity characteristics. Action plans will be developed to manage those units that have high biodiversity risks.

In conjunction with Queensland National Parks and Wildlife Service (QNPWS) the mine is assisting with the natural re-vegetation of a 700 hectare grazing lease on the mine site. The area which lies within an existing Timber Reserve was cleared for grazing by a previous lessee.

Callide is also negotiating with QNPWS to develop a Nature Refuge over an area known as Mt Murchison, which holds a variety of local biodiversity values including a significant undisturbed community of Semi-Evergreen Vine Thicket. The 400 hectare area is owned by Callide Mine but is outside the mining lease area.

Water > Callide obtains 86% of its water from site surface and groundwater, and purchases potable water from the Callide Power Station. The average Anglo Coal Australia target for site water efficiency for 2005 was 226L/tonne of saleable coal, however because Callide does not have a Coal Handling and Preparation Plant (CHPP) on site which is where most of the site's water would be used, its specific target is reduced to 80 L/tonne of saleable coal. Pleasingly in 2005 we used 75 L/tonne of saleable coal, which was not only less than 2004, but also compliant with our site-specific target.

Because of the nature of the terrain and size of the mining leases, Callide Mine is unable to contain all pit water and runoff from disturbed areas on site, so a proportion is discharged offsite as permitted on the mine's Environmental Authority. During some high rainfall events, the quality of discharged water does not comply with licence limits. We are operating under an approved Environmental Management Plan to address a number of recent licence quality exceedences.

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

Below: Water quality sampling of stream diversion.

Bottom: Angus Ball, Graduate Environmental Advisor, assessing rehabilitation progress.





Far left: Members of the Callide community watch a rescue simulation during community open-day.

Left: Clockwise from right - Brett McKewin, Brad Halberstater, Adrian Brown, Ian Shannon and Graeme Winter demonstrating a rescue simulation.

Types of Waste

	2004 Disposed	2004 Recycled	2005 Disposed	2005 Recycled
Hazardous Waste (t)	29.3	623	78	362
Non-hazardous waste (t)	893.1	160	946	450

Waste > A proportion of our waste, was recycled in 2005, including 420 tonnes of metal and 380 kilolitres of used oil. The remaining 1,024 tonnes of waste was sent to legal landfill sites. Of the total non-mineral waste generated on site, 44% was recycled, the majority of which was scrap steel.

Community

We have identified our key stakeholders as follows:

- ▷ Mine workforce (employees and full-time contractors) and their families;
- ▷ Regular contractors and service providers;
- ▷ Near neighbours/adjacent landholders and Aboriginal traditional owners;
- ▷ Biloela and Callide Valley community and business groups;
- ▷ Banana Shire Council and Regulators;
- ▷ Callide Valley Landcare Group; and
- ▷ Oaky Creek Water Board.

The following is a list of the communications forums that Callide uses to ensure that it is effectively engaging the community:

- ▷ Annual Neighbour's Day;
- ▷ Quarterly employee newsletter 'Dragline';
- ▷ Callide Mine Community Liaison forum;
- ▷ Formal agreements and one to one discussions with neighbours;
- ▷ Blast notifications;

- ▷ Complaints handling procedure and register;
- ▷ Representation on Callide Valley Water Forum, Enterprise Biloela, Landcare and other community groups;
- ▷ Pre-arranged mine tours for schools and community groups;
- ▷ Liaison with the Oaky Creek Rural Water Supply Board; and
- ▷ Distribution of ACA Sustainability Reports to all employees, neighbours, Banana Shire Council and the Community Liaison Forum.

In 2005 Callide developed and implemented a Community Engagement Plan (CEP) to ensure that we are applying a pro-active risk based approach to effectively engaging and working with our stakeholders and community.

Below: Clint Bull, Supply Officer, Alan Azzopardi, Safety and Health Advisor, Scott Andrews, Fitter, and Peter Arthur, Trainer Service Provider, undergoing Supervisor Legislative training.



In October 2005 over 800 people from the community celebrated the mine's 60 year anniversary taking part in mine tours, barbecues and entertainment for children and family members.

During 2005 we worked with the traditional owners of the site to undertake a cultural heritage survey prior to the drilling program at Kilburnie in accordance with the Cultural Heritage Investigation and Management Agreement (CHIMA) developed with the traditional owners.

We donated a total of \$30,480 to a range of community groups in 2005.

We received 2 complaints in 2005, both relating to dust emissions from haul roads. In both instances we watered the roads in response to the complaints.

Climate

There was an eleven percent increase in diesel use compared to 2004, due to longer haulage routes and increased prestrip volumes, which led to a decline in energy efficiency.

Anglo Coal Australia is a signatory of the Greenhouse Challenge Plus initiative and as such annually reports greenhouse gas emissions and minimization initiatives. The emissions increased marginally but as more coal was sold in 2005 than 2004, our efficiency improved slightly.

	2003	2004	2005
Energy use (GJ)	954,699	1,276,009	1,451,307
Energy efficiency (GJ/t saleable coal)	0.112	0.130	0.153
Greenhouse gas emissions (kt CO ₂ -e)	138	183	184
Greenhouse gas efficiency (CO ₂ -e/t saleable coal)	0.016	0.0196	0.0194
Methane (t)	803	914	907



Top: Lyn Grose, Dispatch Supervisor in the dispatch office.

Above: Coal hauler with Callide power station in the background.



This SHEC report covers the period of 1 January to 31 December 2005. Further details on the content of this report can be obtained by contacting Brad Cartwright on 07 4990 1820 (email: brad.cartwright@anglocoal.com.au). This report, its links to web-based supplementary material and an electronic feedback form can be viewed on <http://www.anglocoal.com.au>