

DRAYTON SOUTH REPLACEMENT MINE

Presentation to the Planning Assessment Commission – 10th October 2013

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DRAYTON SOUTH

After 30 years Drayton will close in 2015. Drayton South is a replacement for Drayton which will ensure continued community benefits for a further 27 years

A partner and employer of choice

Employees

Over 500 *employees and contractors at Drayton*

Royalties from Drayton South

\$950 Million

Coal production from Drayton South

Continues Drayton output of 4 Mtpa

NSW Community Investment

Voluntary Planning Agreement underway with Muswellbrook LGA. Projected to be >\$10M over the life of the mine

Our social commitment

Achieved Gold Class Status Dow Jones Sustainability Index

Investing in reducing carbon emissions

2.5 Mt per annum of CO₂ captured

Safety – Zero Harm is our commitment at Drayton

85% reduction in injuries in 2013

Economic benefits of the project

Stimulus to NSW economy

- \$930 M in annual direct and indirect output or business turnover;
- \$443 M in annual direct and indirect value added;
- \$195 M in annual direct and indirect household income; and
- 500 direct jobs. Over 1,500 indirect jobs.

Stimulus to regional economy – Upper Hunter

- \$588 M in annual direct and indirect output or business turnover;
- \$264 M in annual direct and indirect value added;
- \$70 M in local procurement;
- \$86 M in annual direct and indirect household income; and
- 500 direct and 285 indirect jobs.

DRAYTON SOUTH - CONSULTATION AND MITIGATION

Since 2009 Drayton South has made over 10 significant changes to the mine plan in response to stakeholder concerns

- ✓ Sterilisation of **53** million tonnes or **35%** of coal reserve through the reduction of mining areas to maintain a buffer from the horse studs and prevent views to mining areas – this represents over \$5 billion of lost revenue to the project
- ✓ Multiple revisions and modifications to the design and location of the Houston visual bund
- ✓ Reduced mining intensity in areas closest to the horse studs
- ✓ Water management system designed to ensure minimal impacts on water resources including the Hunter River and its alluvial aquifers
- ✓ Changes to the conceptual final landform to reduce the size of the final void and include elements of micro-relief in the landscape

DRAYTON SOUTH - CONSULTATION AND MITIGATION

- ✓ Air Quality and Noise improvements:
 - Progressive replacement and reduction in the number of the existing mine trucks with larger models to minimise impacts
 - Surface treat all permanent haul roads with dust suppressant
 - Aerial seeding of temporary rehabilitation areas to minimise impacts
 - Noise suppressing technology on mobile equipment
 - All mining activities remain shielded behind the southern ridgeline and bund

Working with local stakeholders over the past four years has improved the areas of concern at a cost to the project of \$6 billion.

DRAYTON SOUTH PROJECT OVERVIEW

Drayton South Coal Project Visualisation

DRAYTON SOUTH EA TEAM OF EXPERTS

- An EA was completed to meet the Director Generals Requirements and the expectations of Stakeholders
- Independent team of experts
- Extensive consultation process
- Working groups established with key stakeholders

EA Role	Team Member and Company	
EA Management		
Project Director	James Bailey	Hansen Bailey
Project Manager	Daniel Sullivan	
Technical Studies		
Air Quality and Greenhouse Gas	Judith Cox	PAEHolmes
Acoustics	Mark Bridges	Bridges Acoustics
Equine Health	Dr Nick Kannegieter	Specialist Equine Surgeon & Adj. Associate Professor
Visual	John van Pelt	JVP Visual Planning and Design
	David Patrick	Greenpond TSG
Ecology	Dr David Robertson	Cumberland Ecology
Aboriginal Archaeology	Geordie Oakes	AECOM Australia
Non-Aboriginal Heritage	Susan Lampard	AECOM Australia
Surface Water	Greg Roads	WRM Water and Environment
Groundwater	Tim Armstrong	AGE
Stygofauna	Peter Hancock	Eco Logical Australia
Geochemistry	Dr Alan Robertson	RGS Environmental
Soil and Land Capability	Jon Hilliard	Environmental Earth Sciences
Agricultural	Scott Barnett	Scott Barnett & Associates
Traffic and Transport	Damien Chee	DC Traffic Engineering
Economic	Robert Gillespie	Gillespie Economics

DRAYTON SOUTH KEY FINDINGS OF THE EA

Key findings include:

- No exceedance of criteria with regard to air quality, noise or blasting
- No material effects to horse health
- Minimal effects on surrounding groundwater or surface water resources
- Except during the construction of the visual bund (an 8 month period) there will no views of the mine from the south (i.e. key areas of horse studs operations)
- No direct impacts to Biophysical Strategic Agricultural Land (BSAL) or Critical Industry Clusters (CIC)
- Significant social and economic benefits to the Upper Hunter regions and the state of NSW

DRAYTON SOUTH CHANGES MADE AS PART OF THE RTS AND PPR

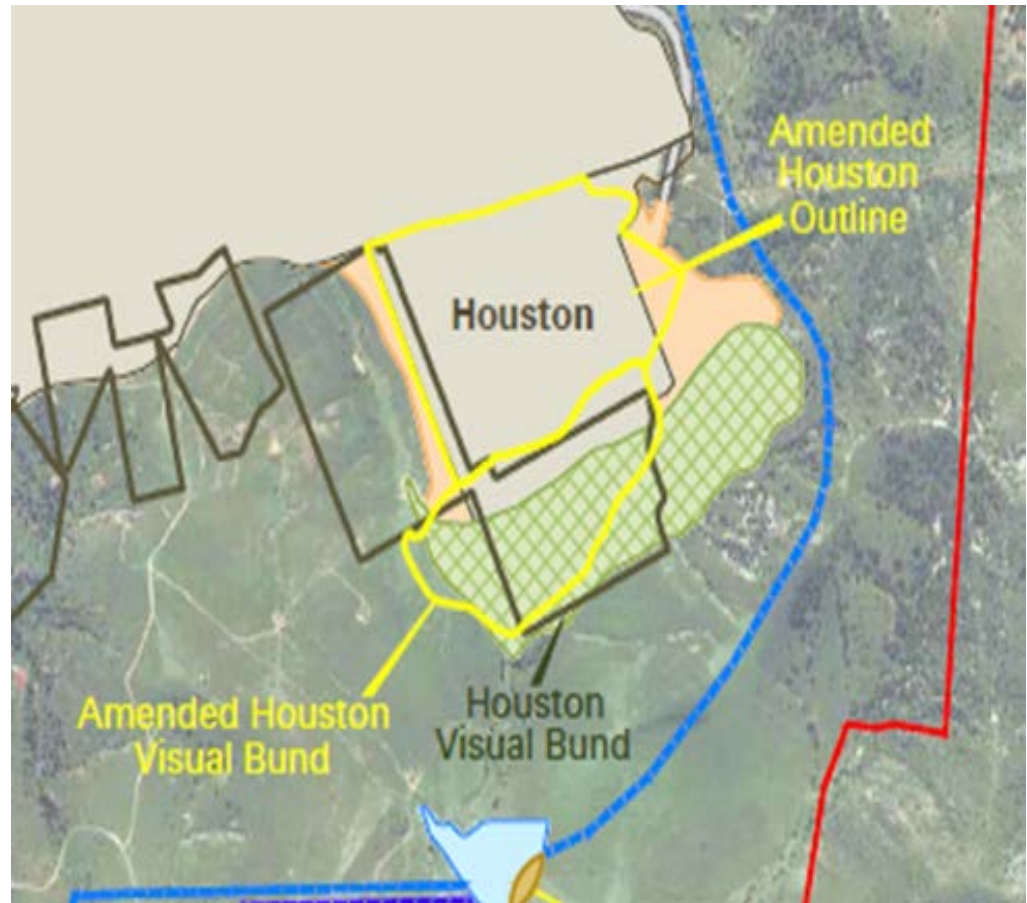
Changes following the DP&I Independent Mine Plan Review and those implemented in the Preferred Project Report, have enhanced environmental and social outcomes.

Including:

- Air Quality - additional controls resulting in improvements to the predicted air quality impacts, ensuring no offsite exceedances of criteria
- Visual - changes to the visual bund and Houston mining area adopting the Option 4A design
- Landform - changes to the conceptual final landform, as discussed with Muswellbrook Shire Council, to reduce the size of the final void
- Water – road set back from Saddlers Creek by at least 40m in all areas and no overburden emplacement closer than 90m

DRAYTON SOUTH CHANGES - OPTION 4A VISUAL BUND

- ✓ Reduced Houston footprint with consequential loss of resource
- ✓ Reduce the Bund footprint
- ✓ Reduced volume of material (from 16.6 to 7.7 Mlcm)
- ✓ Reduced construction time (from 16 to 8 months)
- ✓ Once constructed, no views of the mine from the south
- ✓ Aerial seeding of the Bund to accelerate rehabilitation and minimise any visual impacts



EXAMPLE OF A COMPLETED VISUAL BUND



DRAYTON SOUTH CHANGES - CONCEPTUAL FINAL LANDFORM

- ✓ 80% size reduction
- ✓ Progressive infilling of the central ramp
- ✓ Reduced gradient from ridge line to final void
- ✓ Increased water shed to natural water courses rather than into the void
- ✓ Micro-relief emulates the natural landscape



DRAYTON SOUTH SUMMARY

- The Drayton mine has provided benefits to the local community over 30 years; Drayton South continues these benefits for the next 27 years
- Drayton South ensures:
 - ✓ continued employment of over 500 workers
 - ✓ continued spend of \$70 million a year in local procurement
 - ✓ \$35 million a year in royalties to NSW
- The assessment process is on the critical path for continuity of employment from Drayton to Drayton South to deliver first coal in 2015
- Drayton South is committed to:
 - ✓ Maintaining its Environmental & Social Licence to Operate
 - ✓ Co-existing in a sustainable manner with its neighbours
 - ✓ Continuing engagement with the horse studs and other local industries

As a result of this engagement 10 significant changes have been made to the mine plan at a cost of \$6 billion

Following review of scientific literature to evaluate the potential effects of dust, noise, vibration and blasting on equine health a technical expert concluded that 'the Project will have no detrimental affects on the health of horses on the adjoining properties.' Dr Nicholas Kannegieter, Adj Associate Prof, School of Animal and Veterinary Sciences, Charles Sturt University

Further changes to the mine plan and delays to the proposal will make the project financially unviable and will do nothing to change the views of its opponents