

DRAYTON SOUTH COAL PROJECT

The Drayton South coal project will allow operations to continue at Anglo American's Drayton mine, which would otherwise be required to close in 2015 after 30 years of operation. Drayton South saves jobs, protects the livelihoods of existing employees and their families and will not add to cumulative environmental impacts in the Hunter Valley as it simply replaces an existing mine.

Project benefits

- Continued employment for more than 500 Drayton mine employees;
- More than 300 construction jobs;
- Reuses the Drayton mine infrastructure - the same coal handling preparation plant (CHPP), rail loop and load-out infrastructure, workshops, bath houses and administration offices;
- \$70 million a year in local procurement; and
- \$35 million a year in New South Wales State Government Royalties.

Compromising to coexist

We have been working with our neighbours for many years to minimise project impacts. Since 2009 Anglo American has made **no less than 10 changes** to the Drayton South mine plan as a result of stakeholder feedback, including:

- Sterilising 53 million tonnes or **\$5 billion** worth of coal reserves through the reduction of mining areas to maintain a buffer from the horse studs;
- Several revisions and modifications to the design and location of a visual bund in consultation with Coolmore, including acceptance of the visual bund proposed by Coolmore in their submission regarding the project;
- Reduced mining intensity in areas closest to the horse studs;
- Progressive replacement and reduction in the number of the existing mine trucks with larger models to minimise air quality impacts;
- Commitment to surface treat all permanent haul roads with dust suppressant;
- Aerial seeding of temporary rehabilitation areas to minimise air quality impacts; and
- The addition of noise suppressing technology on mobile equipment.

These mine plan changes have been the result of more than 25 meetings with the Coolmore and Darley Horse Studs over four years.

Environmental Assessment

The Drayton South Environmental Assessment process was completed in November 2012 and all public submissions received in response to the project were addressed in early 2013.

Minimal visual impacts

A visual bund has been designed to create a physical barrier - a vegetated hill - that will shield Drayton South's mining operations. Mining activities will remain behind the ridgeline once it is constructed.

Image 1 - Oak Range Road, bund option 4A V2

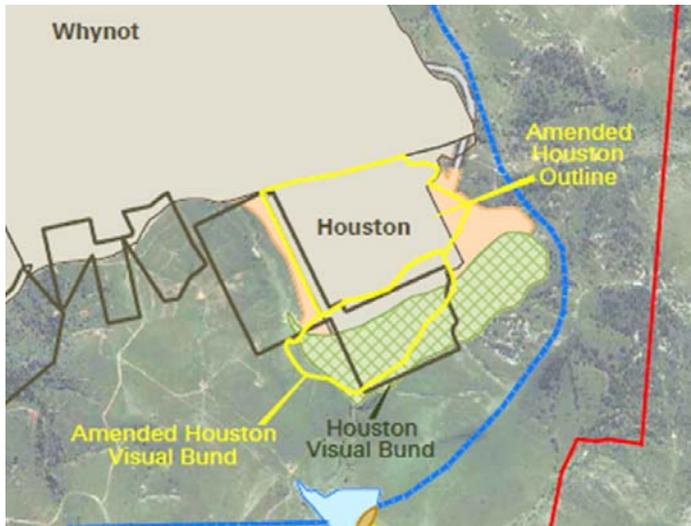


Image 2 - Oak Range Road, view after 27 years of Drayton South, showing the pit limit line



Public infrastructure: Anglo American is currently working on a Voluntary Planning Agreement with the Muswellbrook Shire Council in the order of \$0.5 million per year. We will also work with the NSW Government to assist in funding the Thomas Mitchell Drive upgrade.

SUMMARY OF KEY FINDINGS AND COMMITMENTS



Visual

- All mining activities are designed to remain behind the southern ridgeline and out of view;
- Incorporation of extensive tree screening into the Project Mine Plan;
- Establishment of the Houston visual bund to shield views of operations in the Houston and Whynot mining areas; and
- Continued use of Anglo American property located south of the ridgeline to undertake agricultural activities to maintain rural landscape and blend with surrounds.

At the request of Coolmore Australia and the New South Wales Department of Planning and Infrastructure, the Houston Visual Bund was redesigned as part of the Preferred Project Report (PPR). The redesign produced Option 4A which achieves a reduced footprint, reduced volume of material and a reduced construction time.

Water

The Environmental Assessment (EA) and PPR contain detailed assessments of the potential impacts on water resources. Predicted impacts have been found to be localised, temporary and the effects manageable through proven practical controls.

The project will not have any significant impact on surface water or groundwater resources including the Hunter River.

Air quality and acoustics

Commitments to minimise air quality impacts include:

- Reduced mining intensity in areas closest to the horse studs and receivers to the south;
- Progressive replacement and reduction in the number of the existing mine trucks with larger models to minimise air quality impacts;
- The use of dust suppressants to surface treat all permanent haul roads; and
- Aerial seeding of temporary rehabilitation areas.

Commitments to minimise noise impacts include:

- The addition of noise suppressing technology on mobile equipment;
- Reduced mining intensity in areas closest to the horse studs and receivers to the south;
- Ensuring all mining activities remain behind the southern ridgeline and visual bund; and
- Implementation of additional controls for reducing adverse noise levels from mobile plant and conveyors at the CHPP.

Commitments to minimise blasting impacts include:

- All blasts will be designed to meet relevant vibration and overpressure criteria in accordance with the blast management plan.

Conceptual final landform

Since the EA, Anglo American has undertaken further design works with regard to the conceptual final landform for the project leading to:

- 80% size reduction of the final void;
- Progressive infilling of the central ramp;
- Removal and shaping of the highwall;
- Reduction in catchment area draining to the final void (by over 40%); and
- Micro-relief emulates the natural landscape.

