

ANGLO COAL AUSTRALIA



FACT SHEET:

COMMITMENT TO REDUCING GREENHOUSE GAS EMISSIONS

Anglo Coal Australia (ACA) strongly supports action to reduce carbon emissions. As a company, we are committed to developing and utilising low emission technology and implementing carbon management in our business.

We aim to achieve this by being efficient and effective in the way energy is used, as well as endeavouring to minimise greenhouse gas emissions to the atmosphere.

We have a number of upstream and downstream initiatives including methane capture and utilisation, use of biodiesel, revegetation of disturbed land, establishment of nature refuges, development of a sustainable accommodation standard, and the Monash Energy Project.

Utilising Methane for Power Generation and Industrial Purposes

The highest priority for ACA in its efforts to reduce its greenhouse gas emissions is to capture and utilise methane drained from coal seams.

ACA is one of the few coal mining companies actively involved in harvesting coal seam methane in Australia.

Rather than vent drainage methane into the atmosphere, in 2004 ACA adopted a strategy to mitigate methane emissions through the long-term sale of waste mine gas to gas pipelines and on-site power stations.

At Dawson Mine, more than 5.5 petajoules of energy in methane drained from coal seams are sold to the electricity grid each year. If released to the atmosphere, this annual methane production would have a global warming potential equivalent to 2.2 million tonnes of carbon dioxide (CO₂).

A gas-fired power station, owned by Energy Developments Limited, was built at the Capcoal (previously German Creek) Mining Complex to utilise coal seam methane. Construction work on the 32 megawatt power station began in early 2005 and it was commissioned in late 2006. The power station will reduce greenhouse gas emissions by 1.1 million tonnes of CO₂ equivalent per year, which has similar benefit to taking 250,000 cars off the road.

At Moranbah North Mine, a coal seam methane project developed by ACA and Arrow Energy established horizontal wells capable of producing 1.4 petajoules of gas per year. The wells maximise gas extraction in advance of coal mining operations. Gas from the Moranbah North Mine is sold into the Moranbah Gas Project which currently supplies natural gas into the Townsville market.

The Moranbah North Coal Mine Methane Power Project was announced in August 2007. It will be a 40 megawatt power station, also owned by Energy Developments Limited, using coal seam gas from Moranbah North Mine. The power generated will be transmitted to the Australian power grid. Construction of the power station will begin late in 2007 and it is expected that it will be operational by late 2008.

The Moranbah North gas drainage project and power plant combined will reduce greenhouse gas emissions equivalent to 1.4 million tonnes of CO₂ per year. This has similar benefit to taking 350,000 cars off our roads.



FACT SHEET:

COMMITMENT TO REDUCING GREENHOUSE GAS EMISSIONS



Using Biodiesel in Mining Equipment

ACA is undertaking a trial using B20 biodiesel in heavy mining equipment at Callide Mine. The trial will determine if a 20% biodiesel/80% petroleum diesel blend is both technically and financially viable.

It is estimated that by the end of 2007, 1.2 million litres of biodiesel will be used by Callide Mine since the start of the trial.

ACA has engaged a third party to quantify emission reductions, with results to date showing significant reductions in particulate matter and greenhouse gas emissions compared with petroleum diesel.

The Australian Greenhouse Office has quoted a reduction of 0.6 tonnes of CO₂ per 1000 litres of B20 used as compared with petroleum diesel, which equates to a reduction of 720 tonnes of CO₂ equivalent emissions for the duration of the trial.

Developing Monash Energy

The Monash Energy Project, planning for a major investment in clean coal technology, is being developed under the Anglo American-Shell Global Clean Coal Alliance, which was formed in May 2006.

The core of the project is a large scale commercial plant in Victoria's Latrobe Valley, drawing coal from its own mine and then drying and gasifying the coal for conversion into transport fuels.

The project critically depends on the development of Carbon Capture and Storage (CCS) infrastructure in Victoria. CCS means collection of a concentrated stream of CO₂ that can be then transported to injection wells for secure storage in deep underground geological formations.

At a production scale of 70,000 barrels per day of ultra clean synthetic diesel, the project would involve the capture and offshore geological storage of approximately 15 million tonnes of CO₂ per year.

Taking a leadership position

ACA is a founding member of the Australian Business and Climate Group, an affiliation of major companies which investigated Government policies needed to accelerate the development of new technologies to counter climate change. The Group produced a report entitled "Stepping Up: Accelerating the Deployment of Low Emission Technology in Australia" which can be downloaded from the Group's website www.businessandclimate.com.

We are also participating in the COAL21 Fund to support low emission technology development, the Cooperative Research Centre for Greenhouse Gas Technologies, the Coal Industry Advisory Board, Methane to Markets and the Carbon Sequestration Leadership Forum – all of which are working to develop solutions to climate change.

In addition, we have been an active participant in establishing the Sustainable Minerals Institute at the University of Queensland, which has a number of research centres developing the materials, background analysis and metrics needed to measure our progress toward sustainable development.

