

DRUMMOND IN FIGURES

2019



DRUMMOND LTD.
COLOMBIA



Mining Projects

La Loma

Located in the municipalities of El Paso, La Jagua de Ibirico, and Chiriguana.

Mining started

1.995

Contract area

6.560 ha

Production 2019

9.5 million tons

El Descanso

Located in the municipalities of Becerril, Agustin Codazzi, El Paso, La Jagua de Ibirico, and Chiriguana.

Mining started

2.009

Contract area

31.559 ha

Production 2019

23.2 million tons

• Future Mining Projects

Rincón Hondo

Contract area: 9.459 ha

Cerrolargo

Contract area: 213 ha

Similoa

Contract area: 6.938 ha

• The Operations

Coal Exports



In 2019

31.1 million tons

were exported from the La Loma and El Descanso mining projects.



As of **December 31, 2019**, the stockpiles at La Loma, El Descanso and Puerto Drummond stored **3,630,390** tons of coal.

The lowest elevation projected for the mining at the La Loma and El Descanso mining projects is

300mts



meters below sea level

There are

14 mineable coal seams at La Loma, and

20 mineable coal seams at El Descanso,

with thicknesses from **0.5 to 5 meters.**



- The names of the seams allude to important aspects of the region, such as: **Cazador, Gran Madre, Monito, or Babilla.**
- The average ratio for the amount of sterile rock removed to obtain a ton of coal at both mines is close to 8, **which means that mining one ton of coal requires removing approximately 8 cubic meters of sterile rock.**
- The average for the coal we send to customers is **11,000 BTU per pound, 5% ash and 0.6% sulfur.**
- A high percentage of the sterile rock removed during mining is used to backfill areas already mined that have reached their maximum depth. Backfilling facilitates the recovery of areas, helps mitigate landscape impacts, and reduces the percentage of emissions.
- With the purpose of minimizing and controlling emissions from the mining operations, **we have several systems in place for wetting the coal during the mining. These include spray systems and fog cannons at storage areas and systems for wetting and compacting the coal while loading it in train cars,** ensuring emissions are not generated during transportation. There are also wetting systems at the loadout at the port. In addition, we have a fleet of **32 water trucks,** the largest in the country per production unit, to wet the roads continuously.



Royalties and Compensations

In **2019**, royalties and compensations totaled **US\$332,5 million** and taxes, fees, and contributions totaled around **US\$209,7 million.**





Fenoco operates the railway concession from Cesar to the export ports in Magdalena, and it is used by mining companies. The distance between the mining operations and Puerto Drummond is **198 kilometers**. The trains belong to and are operated by each company.

At Drummond we have

44 locomotives 

1.996 railway cars 


153
Crew members



Fenoco installed the **satellite-based Incremental Train Control System, or ITCS**. This advanced technology tracks and controls trains at any point on the route. Designed for safety first, the ITCS speed enforcement and vital positive stop functions mean that the train will never go past a boundary or exceed the safety limits of operation.

The configuration of the trains is **3 locomotives** and **150 cars** in each train.



1 car holds
50 Ton.



1 train has **150**
cars carrying
7.500 Ton.



The Port

Investment: **US \$440M** for the direct loading system

3 car dumpers to unload coal
(single, double and quadruple dumpers)

Two direct ship loading systems with the capacity to load **8,000 tons** /hour each.

Annual loading capacity
at Puerto Drummond

60
million
tons.

6 main coal conveyor belts.



All with a capacity for 8,000 tons per hour.

8.000 tons per hour.

1 train 
can be unloaded in **1.45 hours**
using the double and quadruple rotary dumpers.



Additional information

- Coal production began in the year **1995**, and it was exported from Puerto Drummond.
- After operating a loading system with barges for years, **on March 31, 2014** Drummond's port operations made the first coal shipment using a direct ship loading system.
- To **protect the environment**, Drummond's system for unloading trains has placed **spray systems** at the points where the coal is unloaded, in order to **control** atmospheric emissions. They are also located at the points for direct offloading onto ships. All conveyor belts are covered, and water is sprayed at transfer points.
- In line with the need and the availability of ships, coal is either sent to the stockpiles or directly to the cargo holds of ships waiting at the dock.



- The coal is stored in the storage yard using **two longitudinal stackers**. **Yard 1** uses a combination of radial stackers, front loaders, and coal haulers. The piles are separated and classified according to quality of the coal and the mine of origin.

- If the coal goes directly to ship cargo holds, conveyor belts are used to transport the coal to the loading arm on the direct ship loading dock.



Infrastructure

The conveyor belts are fed by the car dumpers, and are also fed from the stockpiles using hoppers and front loaders.

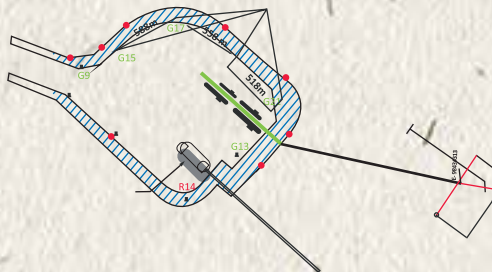
We can moor up to four Cape Size ships at the dock, and our infrastructure permits loading two ships simultaneously. Puerto Drummond is the most modern coal loading terminal in South America and its capacity is among the largest in the world.



The system can load Handy, Supramax, Panamax, Cape Size and New Castle Max ships.



The access channel is for public use and is regulated, administered, operated, and controlled exclusively by the General Maritime Authority - DIMAR.





Mining Equipment

16 Front loading hydraulic excavators (Komatsu, Demag)

4 Bucyrus **495** Excavators

18 Backhoe excavators (Demag, Komatsu and Hitachi)

3 Draglines
(**2** Bucyrus and **1** Marion)

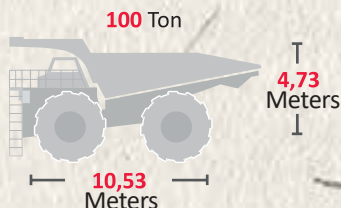
7 Front loaders (Caterpillar)

107 Caterpillar tractors (Caterpillar).
(**73** D11, **13** D10, **15** D9, **6** D6).

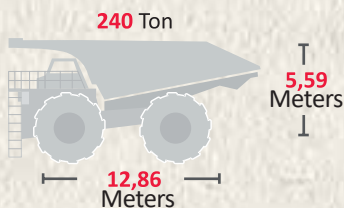
265 240-ton Off-highway trucks
(**251** Caterpillar and **14** Komatsu)

57 100-ton Off-road trucks
(**57** Caterpillar).

CATERPILLAR 777 TRUCKS

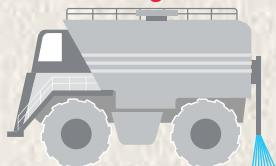


CATERPILLAR 793 TRUCKS



TANKERS

20.000 gallons



32 Tankers

models Caterpillar 777C and 777D:

12 Pribbenow mine | **18** El Descanso mine

2 Port Drummond

The water tanker operator controls the spraying electronically from the cabin. Spray duration is not fixed because conditions are constantly changing, so the operator determines the spray time according to the road conditions. The tanker has the capacity to spray for approximately 30 minutes before the tank must be refilled.

DRAGALINES

Marion 5780 Dragline

Weight: **5,897** tons.

Bucket capacity: **88** cubic meters of sterile rock

Bucyrus (Tobie II) 2570W Dragline

Weight: **5,386** tons.

Bucket capacity: **88** cubic meters of sterile rock

Bucyrus (Elza) 1570 Dragline

Weight: **3,282** tons

Bucket capacity: **57** cubic meters of sterile rock



5 Hours

200 Km
from La Loma, Cesar
to Ciénaga, Magdalena.

Santa Marta

Ciénaga

Valledupar



Drummond's coal is exported to:

- Turkey
- Brazil
- Puerto Rico
- Chile
- The United States
- Guatemala
- Israel
- Poland
- Mexico
- The Dominican Republic
- Spain
- Portugal
- The Netherlands
- South Korea
- Japan
- China
- Taiwan
- India

Coal is used to generate electricity at thermal power stations.

With the construction of a second storage yard in 2015,
the port now has the capacity to store up to **1,500,000 tons**.

13 to 15 trains run daily

for an average annual transportation of

32,000,000 tons.





Job Creation

The company's hiring policy gives priority to personnel from the Departments where Drummond operates. As of **December 31, 2019** we had:

- **9,341** workers (**5,123** direct employees and **4,218** contractors).
- **69%** of the direct employees were born in Cesar and Magdalena.
- **77%** of the direct employees live in Cesar and Magdalena.
- **87%** of the direct employees are from the Atlantic Coast.



Benefits

● Complementary Health Plan (Hospitalization and Surgery Insurance Policy):

Covers **100% of the cost** Benefits more than **18,500 people**
(Employees and their families)

● Collective Life Insurance Policy:

Paid **100% by the company**

● Company Savings Plan:

Employees can save up to **10%** of their basic salary and the Company will match **30%** of the employee's contribution. More than **2,100** employees benefit.

● Relocation subsidy/ support: More than **2,000** employees have benefited who live apart from their families during their rotation.

● Extra-legal bonuses.

● Eyeglass assistance: More than **1,800** employees benefited in 2019.

● Seniority Bonus.

● Transportation: Drummond Ltd. has a fleet of buses to transport its employees from different towns in Cesar and Magdalena, and gives a transportation subsidy to more than **1,200** employees located outside this area of influence.

● Investment in education for employees and their children:

More than **7,990** children of employees benefited from educational assistance.

More than **125** employees have received college scholarships.

● Home loans:

More than **2,300** children of employees benefited from educational assistance.



Employee Welfare

Mine

645

Rooms for Drummond Ltd. employees

136

Rooms for contractors

=

781

Rooms in total

Average percentage occupation per day



Daily meal services for Drummond Ltd. employees: **7,680 total**: Hourly employees **6,300** and Salaried employees **1,380**

Daily meal services for Contractors, hourly and salaried employees: **900**

Meal services per year Drummond Ltd. and Contractors

8.580
Daily

257.400
Monthly

=

3.088.800
Total services per year



Dining rooms

36

Hourly Employees

2

Salaried Employees

=

38

Dining rooms

Port

Staff House Lodging



25

rooms with continuous occupancy of **55%**.



10

thousand meal services per year, approximately.

Company dining room:

310 meal services daily

Bath House service point:

660 meals packed to go daily.

Direct ship loading dock dining room

70 meals packed to go daily.

Service point for packaged food services

from the Company dining room: **277** meals daily.

Well-being Programs

Family Day 2019:

This event promotes arenas at the company for employees and families to spend time together, while giving the families an opportunity to get to know the employee's place of work.



194

Families

735

People attended

In House 2019:

- Trains skilled labor in the operation of mining equipment.
- Creates the greatest number of jobs possible for the inhabitants in the mining operation's area of influence in the Department of Cesar.
- Conveys social responsibility toward our neighbors.
- Provides skilled personnel to the company who know how to operate mining equipment.

33

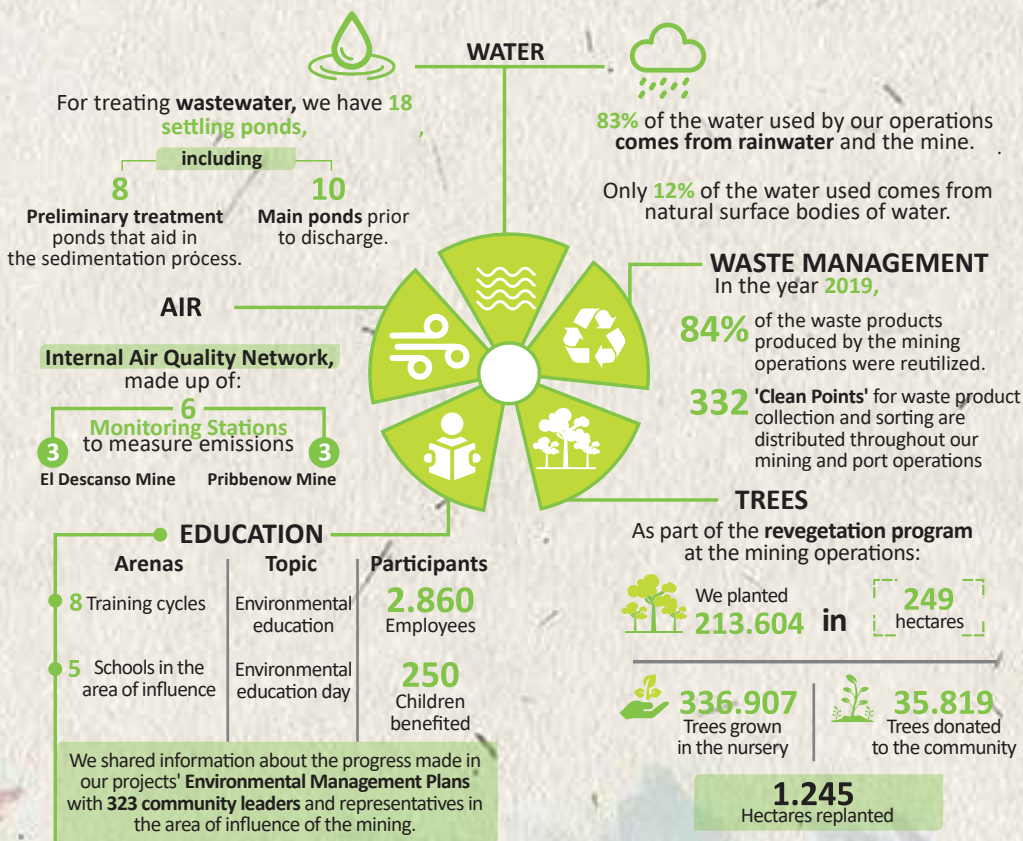
People trained in 2019





Environment

In July 2019, Lloyd's Register did the third follow-up audit on the **certification of the Environmental Management System for the mining and port operations**. The process confirmed that the company's environmental management system meets the requirements of the ISO 14001:2015 standard, and that it has effectively fulfilled its commitment to protect the environment and to prevent pollution through proper control of its environmental aspects.



We have **364** environmental monitoring stations.





Social Contribution - Good Neighbor Policy



742

classrooms improved, built, or remodeled

31.310
beneficiaries

50

Dining rooms improved



Scholarships for college degrees



13.745

Children benefited

150 college scholarships awarded to students graduating from public high schools in the towns in the area of influence in Cesar and Magdalena.



16

Music schools sponsored: **3,787** students taught.

Drummond mining training program



From **2009** to **2019**, **745** people have been trained in the In House program.



10 hospitals improved, built, or remodeled: **351,700** beneficiaries.



14 health posts built or rebuilt, and equipped: **76,000** beneficiaries.



63 sports fields built: **116,009** beneficiaries.





Human Rights Policy

To share the Human Rights Policy with employees, contractors, and communities, and receive feedback regarding the risks identified by the company in the area of human rights, and on the methods being used to mitigate them.



From 2016 to 2019:

8 follow up exercises on the implementation of management measures. One each semester.



12 at Puerto Drummond
29 at the Mining Operations
2 in Bogotá

Administrative personnel
Leaders
Expatriates

Workshops for hourly workers were taught by Drummond managers, with coverage of **82%** of all employees.

12 workshops to train trainers targeting hourly workers

FROM 2016 TO 2019, SESSIONS WERE ORGANIZED WITH:

- 5 More than **100 contractors** who have operations at the mine or port.
- 2 **Community Action Board Associations** and local authorities.
- 2 **Trade union leaders.**
- 2 **Elected** Municipal and Departmental authorities.
- 1 Professionals in Training.
- 3 Agreements office at the **Ministry of Defense.**
- 3 Commander of the **10th Brigade.**
- 3 Commander of the **Police Department in Cesar.**
- 1 Energy Miners' Committee on Security and Human Rights.
- ✓ During the year, progress was also made with the Trust Generation project in Cesar, developed by Drummond and Prodeco with political and financial support from the Embassy of the Netherlands and under the direction of CREER-IHRB.
- ✓ During 2019 we joined the **Board of Directors of the Energy Mining Committee**, a multi-stkholder initiative that focuses on respect for human rights.
- ✓ Thanks to the work we have done with the Working Group on Human Rights and Coal, at the end of the year we were invited by the Ministry of Energy and the National Hydrocarbons Agency to form a part of the Working Group on Human Rights and Hydrocarbons.



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