

DRUMMOND IN NUMBERS

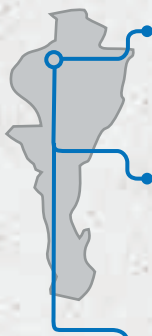
2020



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 2020

7.843.786 tons

Projected 2021

8.2 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

Projected 2021

22.2 million tons

of coal

El Corozo

Located in the municipalities of La Jagua de Ibirico and Chiriguana in the center of Cesar.

Mining started

End of 2020

Contract area

9.459 ha

120.9 million tons

of estimated reserves.

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 2020 we exported **29.7** million tons

from the La Loma and El Descanso mining projects

As at **31** December

the stockpiles at La Loma, El Descanso and Puerto Drummond

stored **3,382,101** tons of coal.

The lowest elevation projected for mining the projects

La Loma and El Descanso

300mts



below sea level

El Corozo

250mts

There are

14 mineable coal seams at La Loma and El Corozo.

20 mineable coal seams at El Descanso,

with an approximate thickness of **0.5 to 5** meters.



- The names of the seams allude to important features of the region, such as: **Cazador, Gran Madre, Monito, or Babilla.**
- The strip ratio for both mines is close to 8. That means, **mining one ton of coal requires removing approximately 8 cubic meters of waste rock.**
- The average parameters for the coal we send our customers are **11,000 BTU per pound, 5% ash and 0.6% sulfur.**
- A high percentage of the waste rock removed during mining is used to backfill areas already mined, which facilitates the recovery of areas, helps mitigate landscape impacts, and reduces 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 canons at storage areas and systems for wetting and compacting the coal while loading it in train cars** and wetting systems at loadout at the port. In addition, we have a fleet of **32 water trucks**, the largest in the country per production unit, to wet roads continuously.



Royalties and Compensations

In **2020** royalties and compensations totaled **US\$209,0 million** and taxes, fees, and contributions totaled **US\$125,7 million.**





Trains

The railway from Cesar to the export ports in Magdalena is operated by Fenoco and 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 

1.992 railway cars 


153
crew members

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

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



1 cars holds
50 tons.



1 train is made up of **150**
cars carrying
7,500 tons.



The Port

Investment in the direct ship loading system and expansion of the port:

US \$440M

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 an **8.000** capacity per hour.

1 Train 
can be unloaded in **1.45 hour**
using the double and quadruple rotary dumpers.



Información adicional

- Coal production began in the year **1995**, exporting 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 places **spray systems** at the points where the coal is dumped, in order to **control** atmospheric emissions. Similar systems 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 the 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.
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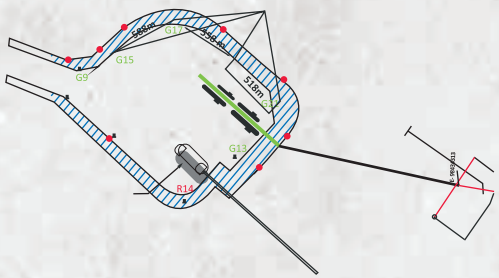
Infrastructure

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, giving us the infrastructure to load 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.





Mining Equipment

16

Front loading hydraulic excavators (Komatsu, Demag).

7

Front loaders (Caterpillar).

4

Bucyrus 495 Excavators.

107

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

18

Backhoe excavators (Demag, Komatsu and Hitachi).

265

240-ton off-road trucks. (251 Caterpillar and 14 Komatsu).

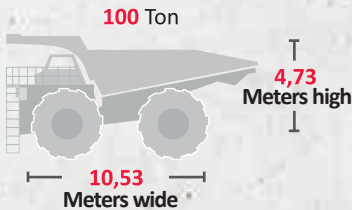
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Draglines (2 Bucyrus y 1 Marion).

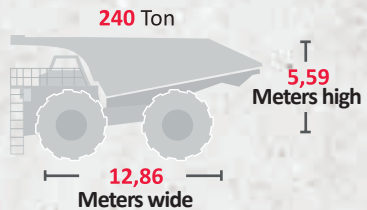
57

100-ton off-road trucks. (57 Caterpillar).

777 TRUCKS



793 TRUCKS



TANKERS

20,000 gallons



32 Tankers models Caterpillar 777C and 777D:

12 Pribbenow mine, 18 El Descanso mine, 2 Puerto Drummond.

The water tanker operator controls the spraying electronically from the cabin, depending on the road conditions. The tanker has the capacity to spray for approximately 30 minutes before the tank must be refilled.

DRAGLINES

Marion 5780 Dragline

Weight: 5,897 tons.

Bucket capacity: 88 cubic meters of waste rock.

Bucyrus (Tobie II) 2570W Dragline

Weight: 5,386 tons.

Bucket capacity: 88 cubic meters of waste rock.

Bucyrus (Elza) 1570 Dragline

Weight: 3,282 tons.

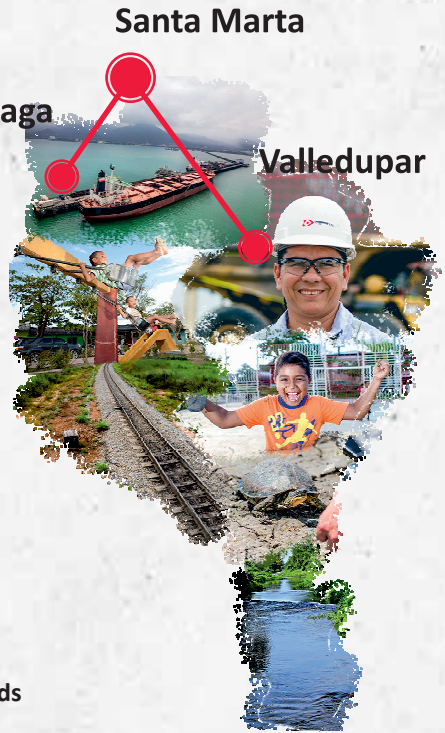
Bucket capacity: 57 cubic meters of waste rock.



5 hours

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

Drummond's coal is exported to:



The Americas

- Canada
- United States
- Mexico
- Puerto Rico
- The Dominican Republic
- Guatemala
- Panama
- Brazil
- Chile
- Argentina

Europe-Asia

- Poland
 - Spain
 - The Netherlands
 - France
 - Turkey
- ## Asia and the Pacific
- South Korea
 - Japan
 - China
 - Taiwan
 - India

Middle East

- Israel

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 at **December 31, 2020** we had:

- **9,761** (5,053 direct employees and 4,708 contractors)
- **70%** of the direct employees were born in Cesar and Magdalena.
- **79%** of the direct employees live in Cesar and Magdalena.
- **87%** of the direct employees are from the Colombian coastal area.



Benefits

● Complementary Health Plan (Hospitalization and Surgery)

Covers **100%** of the cost. Benefits more **18.400** people

● Group 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 **1,700** employees have benefited who live apart from their families during their rotation.

● Extra-legal bonuses

● Eyeglass assistance:

More than **1,500** employees benefited in 2020.

● 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 **900** employees located outside this area of influence.

● Investment in education for employees and their children:

More than **7.800** children of employees received educational assistance.

177 employees have received college scholarships.

● Home loans:

99 employees received loans in 2020.



Employee Welfare

Mine



Average percentage occupation per day:



- Daily meal services for Drummond Ltd. employees: 5,350 - Hourly employees 4,400, and salaried employees 950
- Daily meal services for hourly and salaried contractors: 400

Meal services per year Drummond Ltd. and contractors

5.750 Per day

172.500 Per month

=

2.070.000 Total meal services per year



Dining rooms

40

for hourly employees

2

for salaried employees

=

42


Dining rooms

8

local suppliers

Port

Staff House Lodging

 25 Rooms with continuous occupancy of 15%

 1400

Meal services per year approximately (COVID-19 pandemic)

Casino dining room:

280 meal services per.

Bath House service point:

600 meals packed to go per day.

Direct ship loading dock dining room:

70 meals packed to go per day.

Service point for packaged food services:

250 meal services per day.

Programas de Bienestar

Due to the COVID-10 pandemic, some well-being programs and some in-person training sessions were suspended, including the In House Program and Family Day.

We implemented online programs such:



OnLine Learning

During 2020

44

talks

They included topics such as:

- Healthy sleep patterns
- Effective time management
- Families that work together
- News on COVID-19 prevention.

In House program objectives:

- 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.
- Expresses social responsibility toward our neighbors.
- Provides skilled personnel to the company who know how to operate mining equipment.





The Environment

In March 2020, Lloyd's Register did the ISO 14001:2015 standard recertification audit for the Environmental Management System for the mining and port operations. It confirmed that the company's environmental management system meets the requirements of the standard, and that it has effectively fulfilled its commitment to protect the environment and to prevent pollution through proper control of its environmental aspects. The certifying agent therefore expanded the validity of the ISO 14001:2015 certificate out to the year 2023.



For treating **wastewater**, we have **25 settling ponds**, including:

13

Preliminary treatment ponds that aid in the sedimentation process.

12

Main ponds prior to discharge.

WATER



88% of the water used by our operations **comes from rainwater** and the mine.

Only **6%** of the water used comes from natural surface bodies of water.

AIR

We have an **Internal Air Quality Network**, made up of:

6 **Monitoring stations**

to measure emissions:

3

El Descanso Mine

3

Pribbenow Mine

WASTE MANAGEMENT

88% of the waste products produced by the **mining operations** were reutilized.

93% El Descanso Mine **86%** Pribbenow Mine

427 points for waste collection and sorting at our **mining and port operations**.

160 El Descanso Mine

267 Pribbenow Mine

76 Puerto



The **PRIBBENOW MINE**

explosives plant

used **1,742** tons of used oil

from the **mining equipment maintenance** activities.

2020

TREES

As part of the **revegetation program**,



we planted **132,968** trees

on **266** hectares

intervened by the mining operation.



65,757 trees grown in the nursery



20,131 trees donated to the community

1,346

hectares replanted

EDUCATION

We ran

4

training cycles of environmental education programs

attended by:

5,083

Employees

314

Contractors

We have **403** environmental monitoring stations.





Social Contribution - Good Neighbor Policy



765 classrooms improved, built, or remodeled

34.083 beneficiaries

51 cafeterias improved, built, or remodeled



Scholarships for college degrees

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



13.855 Niños beneficiados.



11 hospitals improved, built, or remodeled: **395,026** beneficiaries

17 health posts built or rebuilt, and equipped: **79,897** beneficiaries



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

Drummond mining training program



From **2009 to 2020**, **745** people have been trained in the In House program.



11 music schools sponsored: **4.173** students taught





Human Rights Policy

We share our 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.



In 2020, we updated the risk matrix and the management methods for each risk.

From 2016 to 2020:

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 2020, sessions were organized with:

- 6 More than **100 contractors** who have operations at the mine or port.
- 2 Associations from **Community Action** boards 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. This project is developed by Drummond and Prodeco with political and financial support from the Embassy of the Netherlands and under the direction of CREER-IHRB.

✓ In 2019 we joined the **Board of Directors of the Energy Mining Committee**, a multi-actor initiative that focuses on respect for human rights.

✓ Thanks to the work we have done with the Working Group on Human Rights and Coal, during 2020 we improved the "Protocol for Business Action in the case of Threats to Lives or Integrity" based on experiences to date using the first version issued in 2018 and on conversations with expert third parties. We also proposed dialogue with expert third parties on the recommendations for managing the risk of dispossession. And we contributed experiences that could be useful to our counterpart working groups in the gold and copper mining, hydrocarbons, and electric power sectors.



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COLOMBIA

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