December 2013 / Issue 01

REVISTA

DRUMMOND

12 GREAT PRODUCTIVITY IN A SHORT TIME

18 A POSITIVE IMPACT

22 AN EXAMPLE FOR THE FUTURE

Coal with an environmental conscience

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REVISTA DRUMMOND

Contents

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Revista Drummond is a publication edited by Drummond Ltd. Colombia.

DRUMMOND LTD.
COLOMBIA

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3. EDITORIAL

4. MAIN TOPICS
Findings on the barge incident
Monitoring air quality For the well-being of our neighboring communities
Infographic: Coal with an environmental conscience

12. AT OUR OPERATIONS
Great productivity in a short time

16. IN BRIEF
Drummond's contribution

18. CURRENT NEWS
A positive impact, interview with Tomás Darío Gutiérrez

20. OUR TALENT
José Miguel Linares, an example to follow

21. CSR
Smile-raisers
An example for the future

23. EVENTS







Mining, a locomotive of development

Mining is now one of the locomotives of development that has contributed to growth in Colombia and solidified itself as one of the most attractive sectors for foreign investment. Today, its risk ratings are positive and attitudes towards Colombia have changed dramatically.

However, conditions in the country in the 1980s, when Drummond Ltd.´s history began here, were very different, and coal was no more than another natural resource waiting to be discovered. It was over 25 years ago that we decided to wager on Colombia and the development of an industry that now contributes more than 2% to our GDP and seeks to be sustainable all along its entire value chain.

At that time, and since 1995 when we extracted the first ton of coal, we have not only grown in our own operations, generating more than 10,000 direct and indirect jobs and producing 25 million tons of coal. Our commitment to responsible and sustainable mining is also renewed every day. Next year our direct loading port will open, eliminating the use of barges, thus making us more competitive, efficient and environmentally sustainable in our operations.

At the end of this year, we will complete the paving of more than 2.5km of roads in La Loma, which will further encourage development there and reaffirm our commitment to the region.

Although we are living through a complex moment in time, marked by low international coal prices, our challenge is to overcome these difficulties inherent in the business so that we can continue to generate respectable, stable employment with benefits for our employees, their families and the community.

Therefore, every day we further strengthen our interest and commitment to an activity that meets the highest standards of quality, that promotes the development of the communities in which we work, that mitigates environmental impacts, that generates welfare for our employees and their families, and that is sustainable in the long term.



Photo: Juan Manuel Pinilla

José Miguel Linares
President

We warmly welcome this new edition of *Revista Drummond*, which will share this new stage in the life of mining, our operations, the talents of our people, and our good practices.

Findings on the barge incident

At the request of Drummond Ltd., the Marine Biology Department of Universidad Jorge Tadeo Lozano, Santa Marta, evaluated the effects on the marine environment from the incident involving a barge in Ciénaga.



The night and the early morning of January 13, 2013, were particularly eventful at Puerto Drummond due to the bad weather in the loading area and around the buoy for barge TS-115.

Security staff inspected the area during the night and did not find any particular problems with the barge on the buoy. At 6:20 a.m., the entering shift supervisor observed that barge 115 was leaning on the stern end, semi-submerged and in a state of emergency, caused by the heavy seas. The situation was assessed and categorized as "Level II."

The staff proceeded as established for this type of emergency in the contingency plan approved by the company. At that time, it was determined that the barge was about to sink and, therefore, the site supervisor activated full emergency actions. Due to the rapidly worsening condition of the barge, the decision was made to remove scoops of water, mixed with small amounts of coal, from the sinking barge and dump them into the sea.

The place where the coal came to rest can be considered an ecosystem that is not as complex as, for example, coastal ecosystems, reef formations, rocky shores, strips of mangroves, and areas like Tayrona.

"Unlike the richness of these ecosystems, the seabed - though it is no less important for its biological role - has properties, principles and functions that are more for recycling and exchanging nutrients," says Guiomar Aminta Jáuregui Romero, a marine biologist with a master's degree in Environmental Science, a lecturer and researcher at the Universidad Jorge Tadeo Lozano's Marine Biology program in Santa Marta.

"We examined the whole area and focused our assessment on places where there were any effects or where some specific operation was performed."

The research report entitled "Environmental Assessment of the Impact Caused by the Barge TS-115 on the Anchoring Area of Puerto Drummond, Ciénaga, Department of Magdalena, in the Colombian Caribbean," showed that one month after the coal fell into the sea, the physical and chemical characteristics of the water and the organisms living there had showed no variations in relation to the natural conditions of that area.



"We did not see any major differences. The fact that we were measuring conditions a month later meant that we could assess the impact of the accident and its significance. Also, the important part of doing so at that moment was that, after that time had elapsed, the ecosystem had already been able to mitigate the effects; otherwise, if the impact had been more aggressive, we would find traces of those effects," says Jauregui.

The purpose of the research was to assess the environmental impact made on the seabed and to determine which ecosystems or organisms were affected by the incident.

The research was overseen by Fundación Fiatmar, which supervised the fieldwork and the processing of samples, technically verifying the process and corroborating the findings.



Photo: Juan Manuel Pinilla

METHODOLOGY

First, based on the description that Drummond gave of how the incident occurred, the team of marine biologists went out to the area to mark it out and reproduce or model the way in which the event could have taken place. In order to do so they took into account information on currents and weather conditions at the time of the event.

The researchers prepared an environmental impact matrix that evaluated everything that happened, hour-by-hour, once the incident began. For example, when the seawater, due to the sea swells, began to enter the barge's compartments and then left the barge mixed with coal, or when, during the salvage operation, it was necessary to lighten the load of water mixed with coal. "This affects cycles and lowers oxygen, altering all of the microscopic animals that form part of phytoplankton and zooplankton," Jauregui observed.

In this way, they determined which ecosystems or marine groups might have been affected, as well as where the greatest amount of coal might have fallen, and at what point in time.

"We examined the whole area and focused our assessment on the places where there were any effects or where some specific

operation was performed, such as at Buoy 23, the access channel, and the Red Buoy, which consisted of observing and monitoring the various components of the environment, both biological and abiotic; that is, those that are not part of or derived from living organisms. After the coal reached the bottom, it accumulated and generated the impact which is what we later measured," said Jauregui.

At the same time, a number of underwater inspections were conducted to identify and mark out the area where the greatest amount of coal had fallen, taking samples of the coal to examine how it might have affected the seabed and the organisms associated with it.



Photo: Juan Manuel Pinilla

THE RESULTS

"We found that this accumulation of coal, which is in a particular area close to buoy 23 and is where the greatest impact was caused, stayed where it fell, as if it were embedded in the substrate. The soft bottoms of the seabed were the main ecosystem that was affected in that area," the biologist concluded.

The soft sea bottoms are formed by very fine-grain particles; in that area, they have a muddy texture that is several meters thick known as silt, where the coal accumulated. On the top part of this "mud," at the soil-water interface, part of the mineral is exposed to the water and was colonized by a number of different organisms. The rest of the mineral is embedded in that silt.

"The coal on the soft sea bottoms made the substrate suitable for many larvae and other organisms passing through the area. This is a very interesting fact, because in some way the coal is facilitating this settlement, as we reported in our study," Jáuregui said. However, she explained that the colonization will be temporary because, despite these apparently favorable conditions, for them to settle there and stay in the area, the organisms also need other elements to be able to thrive there.

The purpose of the research was to assess the environmental impact made on the seabed, and to determine which ecosystems or organisms were affected by the incident.

With regard to the possibility of removing the coal from the ecosystem and leaving it as it was initially, Jáuregui explains that the cost of doing this would be high. "To remove it, they would have to use machinery to suck the coal out, and that will also cause a disturbance very similar to the one caused by this incident," the biologist stated.

According to her, if the entire barge had sunk, due to the characteristics of the seabed, the structure would have been trapped as well, which would have undoubtedly meant more serious consequences, given its larger scale.

"The coal on the soft sea bottoms made the substrate suitable for many larvae and other organisms passing through the area."





Photos: Juan Manuel Pinilla

Monitoring air quality

For the well-being of our neighboring communities

To determine the state of the air quality, given its relationship to the health of the population, fourteen Colombian environmental agencies have Air Quality Monitoring Systems (AQMS), which report on the state of the country regarding this vital resource.

How is the air we breathe? This is the main question answered in the report State of Air Quality in Colombia 2007-2010. The report, published by the weather and environment authority IDEAM, compiled information on all cities and other places where air quality is monitored, at 170 different stations. It shows which places have higher or lower concentrations of contaminants.

The air quality systems act as a thermometer to measure the state of the air, whether it is good or a bad, thanks to equipment that works as if a person were breathing in each location. The monitoring is conducted according to the procedures set by IDEAM, and the results are compared with maximum permissible limits established in Resolutions 601 of 2006 and 610 of 2010.

Each place or area of the country that is evaluated has its own particular geographical and meteorological features, and different dynamics caused by industry, mining or urban activities. For this reason, the results cannot be compared without taking these particular features into account. Therefore, we cannot say that one entire city is more polluted than another, but rather parts of these cities or areas where these problems are more acute than others.

The pollutant that causes most concern is PM10 (particles smaller than 10 microns) due to its proven effects on the health of the population, particularly among sensitive groups such as children under five or the elderly. The IDEAM report illustrates the comparison between PM10 concentrations for the various monitoring networks across the country in Table 1.

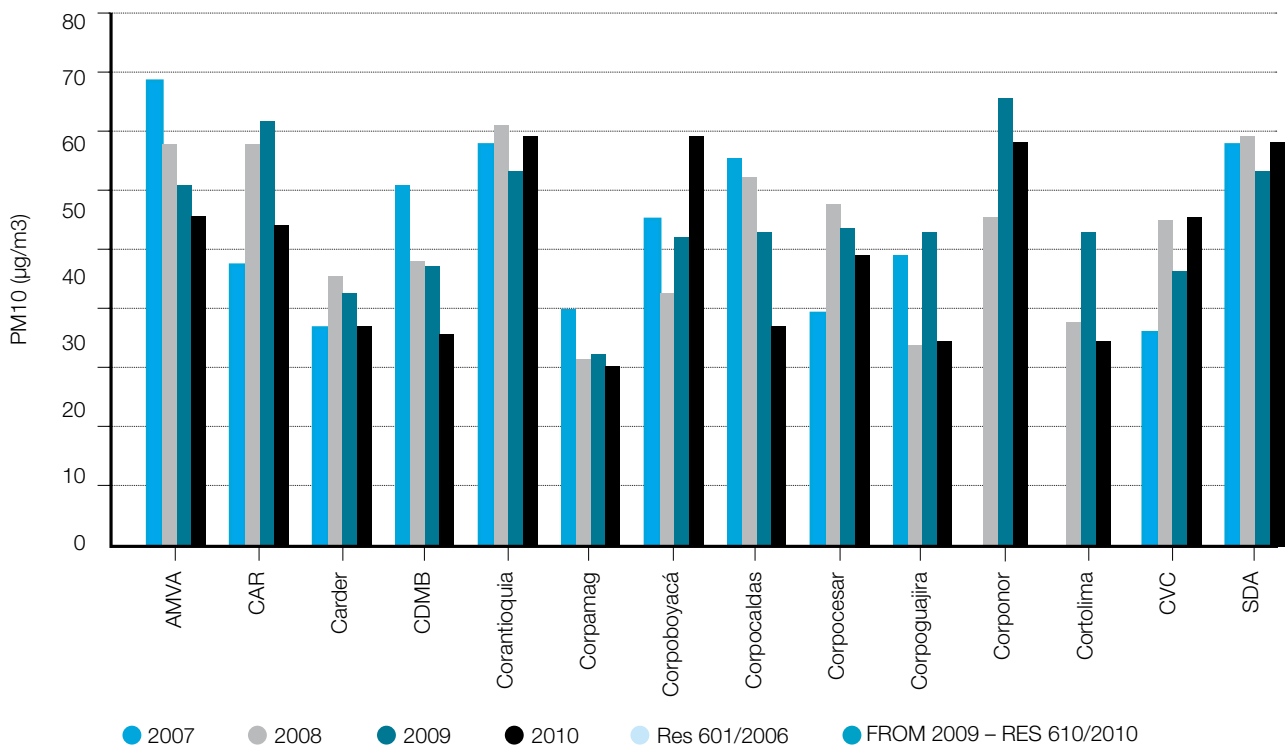
As you can see, the average annual concentration for the period under study in networks from Corpamag (Santa Marta) and the Cesar mining zone have remained steady over the years, below the maximum limits established by regulations, and even with figures lower than those reported by other networks such as Valle de Aburrá, Cundinamarca, Boyacá, Antioquia and others.

Based on these results, and in order to bring them together and make them easier to read, an Air Quality Index (AQI) has been established to classify the values obtained into three quality categories: Good, Fair and Harmful to sensitive groups. Below are the comparative results from the air quality networks obtained by IDEAM:

- Annual average PM10 concentrations at the country's AQMS.
- **Source:** IDEAM 2012
- Percentage of ICA for daily PM10 data (2007-2010)
- **Source:** IDEAM 2013

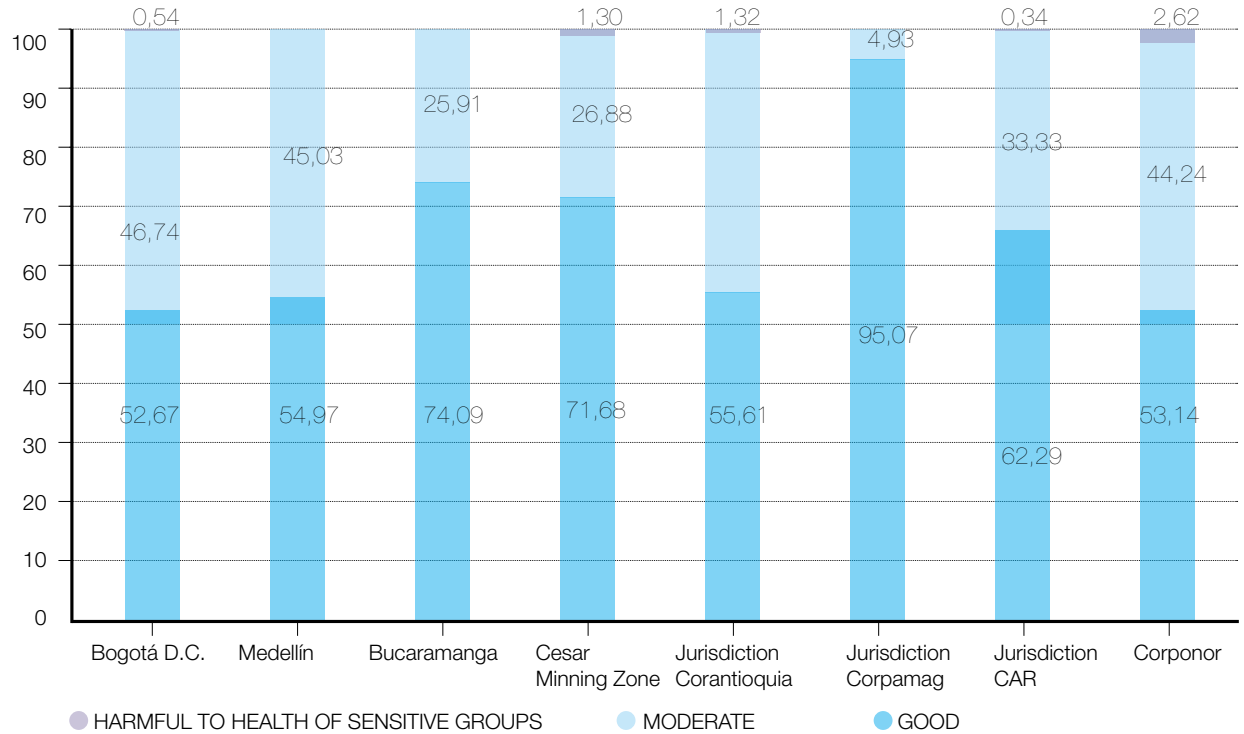
Table 1 shows that the stations installed in Corpamag's jurisdiction (Santa Marta and Ciénaga) and

Table 1: Annual average PM10 concentrations at the country's AQMS



Source: IDEAM 2012

Table 2: Percentage of ICA for daily PM10 data (2007-2010)



Source: IDEAM 2013

in the Cesar mining zone overall have Air Quality Indices in the GOOD category, in a much higher percentage than other networks such as Bogota, Cundinamarca, Medellin or Norte de Santander.

According to the report, the highest concentrations of pollutants in Colombia were recorded in the stations operated by AMVA (Metropolitan Area of Valle de Aburrá), Corponor (Regional Autonomous Corporation of the Northeast Frontier), Corantioquia (Regional Autonomous Corporation of Antioquia), SDA (Office of the District Secretary of the Environment Bogotá), CAR (Regional Autonomous Corporation of Cundinamarca) and Corpoboyacá, (Regional Autonomous Corporation of Boyacá).

By contrast, the smallest concentrations are found in the systems from Carder (Regional Autonomous Corporation of Risaralda), Corpamag (Regional Autonomous Corporation of Magdalena), Corpocesar (Regional Autonomous Corporation of Cesar), Corpoguajira (Regional Autonomous Corporation of La Guajira), Cortolima (Regional Autonomous Corporation of Tolima) and CVC (Regional Autonomous Corporation of the Valle del Cauca).

Although there are public monitoring networks in the areas of influence, Drummond has its own air quality monitoring system as part of the continuous follow-up on the impact of its activities. This system has been accredited by the IDEAM both for monitoring and for laboratory analysis, and its information has been useful to the public networks in their evaluation of correlations and in moving forward in the process of continuous improvement.

Air-quality monitoring systems perform a fundamental role in establishing the current conditions of the air, and as a guide to the actors involved in improvements for the benefit of neighboring communities.



Coal

with an environmental conscience

1 Studies

Once a mining concession is obtained, geological and mineral studies are performed to identify how much coal there is underground and where it is located.

2 Design

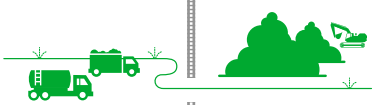
Based on the above information, mining engineers make the design, while environmental studies are prepared in order to obtain the license that authorizes the extraction of coal.

In the El Descanso project, the environmental license took

5 years

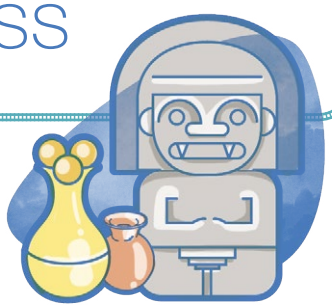
from the initial studies until it was obtained.





3 Coal extraction process

A Before



- ARCHAEOLOGICAL RECOVERIES

The search and rescue begins for archaeological pieces from Colombia's heritage. The artifacts found are handed over to the Colombian Anthropology and History Institute, ICANH, for safekeeping.

In the El Descanso project, this work lasted five months, and

22 archaeologists

participated.

- RELOCATION OF WILDLIFE

Biologists relocate the wildlife found in areas intended for mining, transferring them to nearby areas where they have the food and shelter they need to develop.



B During

COLLECTING SEEDLINGS AND SEEDS



Along with the relocation process, seedling and seeds from native species are collected to be taken to a nursery for reproduction. The new plants will subsequently be planted during the mine's rehabilitation stage.

USE OF FOREST AREAS



The removal of vegetation begins to make way for mining operations to start. The neighboring communities can then make use of any of the timber for their benefit.

SOIL COLLECTING AND STORAGE



Organic soil is collected and stored in piles to be used later in replanting areas that have been disturbed. Otherwise, the ecosystems will not be able to recover.

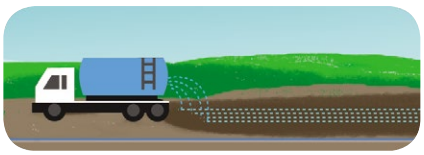
IMPLEMENTATION OF THE MANAGEMENT, MONITORING AND CONTROL PLAN

Development of the mine begins, along with the implementation of environmental control and management measures to avoid harming the environment. They include:



Sedimentation ponds and treatment pools to prevent water from polluting river beds.

Permanent spraying of roads and coal storage yards to maintain air quality.





Revegetation: process through which vegetation is re-planted in the areas that have been disturbed by mining activities.

Separation of waste for use.





Nearby communities are informed regarding environmental management activities and social investments.

THE COAL ARRIVES AT THE PORT

The coal is sprayed with water at the unloading station where the wagons are emptied and when the hoppers are loaded. After that, the coal is carried along on enclosed conveyors, and again sprayed when unloaded onto the barges. All of this is done so that the air will not be polluted. Next year, a system for directly loading onto ships will come into operation, eliminating the use of barges altogether.

C After

During project operations, there is hydro-biological monitoring of wildlife for relocation, as well as solid waste management and monitoring of the beaches around the port to make sure that there is no coal present, among many other environmental monitoring activities.

ENVIRONMENTAL COMPLIANCE REPORTS



Finally, semi-annual and annual reports are submitted to the environmental authorities to document the implementation of the environmental management measures and the results of monitoring.

Great productivity in a short time



Drummond is committed to developing sustainable mining activities through the implementation of effective and innovative practices.

The company strives to grow, to produce coal in the safest and most efficient way possible and to enhance its employees' quality of life, so it is constantly looking for new and better practices. This interest and the concrete results of its activities have made Drummond one the major mining projects in the country and a great opportunity for the people of Cesar and Magdalena.

For Jorge Hinojosa, a mining engineer with 18 years of experience in the sector, and Drummond's Superintendent of Operations, human capital is the company´s most valuable asset. It is worth noting that in the mine and at all operations, our processes are being led by Colombian personnel. The draglines (which only Drummond has in Colom-

Photos: Juan Manuel Pinilla



At the mine, coal is classified by quality ranges, since each seam has its own characteristics that make them unique.

bia,) and all of the equipment are handled by Colombians, "people from the region who have trained and made progress not only at work but also at a personal level, because we understand that training is fundamental for our people to grow; and they, in turn, are the key to our success," says Hinojosa.

At the mine, coal is classified by quality ranges, since each seam has its own characteristics that make them unique.

A STEP AHEAD

Additionally, the company also places great importance on innovative processes, one of which can be seen in the mine's loading and shovel equipment areas, where fans were installed with tanks storing up to 10,000 gallons of water. The system creates a cloud of micro-particles of water that traps coal dust to prevent it from spreading into the atmosphere.

Another innovative mechanism was the implementation of the Highwall Miner that, according to Hinojosa, is used to make better use of the coal left behind in the mine area and will recover many tons that before were considered lost.

Further, the coal is classified at the mine by quality ranges,

since each seam has its own characteristics that make them unique. The most important parameter used in this process is the calorific value, that is, the material's capacity to produce heat when burned. It is measured in British Thermal Units per pound (BTU/lb).

Using this system, and thanks to the fact that it has its own laboratory, Drummond classifies its coal as "High BTU," "Medium BTU" and "Low BTU," according to each customer's requirements.

To preserve the quality of the mineral according to the specifications required, large equipment is used when extracting the rock that is found over the coal seams, whose thickness varies from 4 to 70 meters. A small layer of this rock, known as the "wedge," is left on top of the coal as a protective measure, so that the coal does not fracture or become contaminated. Later, when the coal seam is going to be recovered, the "wedge" is carefully removed by small backhoes. Once the coal has been extracted, it is stored at the loading stations with coal from the same BTU range.

ON TRACK

Through FENOCO, the company has taken part in the rehabilitation and expansion of the Atlantico rail network, since, as Javier González, the Superintendent of Rail Operations, says, the company is aware that rail transportation is more efficient and more environment-friendly than road transportation.

The first train began to operate in July 1995, a month when it moved 1,312 tons. That figure has risen considerably: in January 2000, it was 831,730 tons and last June it was 2,613,929 tons; so, if we compare the increase from 2000 through 2013, the movement of coal by train has tripled.



Photos: Juan Manuel Pinilla

DRUMMOND, WITH A GOOD NEIGHBOR POLICY

Drummond has always pursued a good neighbor policy, consistent with its social and environmental responsibility, and so all of its innovations, such as the use of draglines, spraying systems, water fans in the loading areas and the air quality monitoring systems are all aligned with the goals of having production that is cleaner and friendlier to the environment and the welfare of our employees and neighboring communities.

This figure will continue to grow with the improvements FENOCO is making to the track. Currently, there is only one line in use, but FENOCO is working on a second line, which in a few months will reduce the transit time between the mine and the Port to 4½ hours (it is currently 6 hours), and double the loads carried.

In addition, the communications system, which works by radio, will be replaced by a CBC computerized system, a centralized system –also used by Medellin's metro system– with which the trains will operate, and through which rail transportation



At points of transfer coal there High systems Spray pressure water, with the to control the emission material particulate in the air.

will be more efficient, safe and technically advanced.

WATER IN SIGHT

After travelling 193km by train, the coal from the mine is received in Ciénaga (Magdalena) by equipment that unloads each wagon onto conveyor belts. From there, the coal passes to the barges, which are towed out to the cranes offshore. They take the material from the barges in giant buckets and place it in the hold of its customers' ships. This system will be replaced by a direct ship loader in 2014, which will eliminate the use of barges.



DRUMMOND'S FIGURES

Along the same lines, another of the company's goals is to have operations with zero accidents, that are efficient and in which the neighboring communities benefit.

AT THE MINE

- 30 women are part of Drummond's operations at the mine. This is a process that has been led by the company for the last few years.
- One minute is the time it takes to load a coal truck at the mine.

ALWAYS ON TRACK

- A train has 130 wagons, which together transport 6,500 tons of coal.
- Zero tons of coal are transported in tractor trailers in public highways.
- Drummond moves 14 trains a day.
- If this operation were carried out by road, 2,843 tractor trailers would have to be used for a one way trip only.
- The railway never stops; it operates 24 hours a day.
- Each train travels 193 km of track to reach Puerto Drummond in Ciénaga, Magdalena.
- Drummond's rail fleet consists of 40 locomotives and 1,800 wagons and, most importantly, it has 114 crewmen, all of which are Colombians.
- There are 70 mechanics and electricians responsible for maintenance to ensure that the trains never stop.

ON THE DOCK

- At the dock, 1.5 tons of coal are loaded per second or 5,400 tons per hour.
- In 2014, the direct loading system will come into operation, replacing the barges currently used.
- One of the measures used to guarantee coal quality is the stacking process, both at the loading stations and at Puerto Drummond.

Drummond's contribution

The numbers show that the company's operations in Colombia are on a large scale.

Since it arrived in Colombia in the early 1990s, Drummond's growth has never stopped. Today, it is second-largest exporter of steam coal in Colombia, and the largest coal producer in Cesar.



COMMITMENT TO SUPPLIERS

Suppliers are an essential part of the proper functioning of Drummond's operations in Colombia. Today, 74% of the companies and contractors that provide some type of service to the company are domestic, while the remaining 26% are foreign. In 2012, payments for this item totaled more than US $1.5 billion, of which more than US $1.127 billion went to Colombian companies.

LEGALLY COMMITTED

Between 1995 and 2012, Drummond paid more than US $1.234 billion in taxes, fees and contributions, money that, along with royalties, has contributed to the country's economic and social development. The figure is close to the initial estimated cost for the construction of the Medellin Metro, which was US $1.009 billion.



Photo: Archivo Semana - Luis Benavides

COLOMBIAN LABOR

At the end of 2012, the extraction, transportation and exporting of Drummond's coal from Cesar had generated 9,186 jobs between the company and its contractors, and more than 30,000 indirect ones; 78% of them work in the mines, 21% at the port, and 1% at other sites. More than 99% of the workforce is Colombian.

SOCIAL SECURITY

In 2012, the company paid over US $69.07 million in social security contributions distributed to the SENA, compensation funds, healthcare promotion entities, pension funds and occupational risk management companies. The total cost is close to the amount invested to expand the capacity of the dock for the Cartagena Regional Port Corporation, which exceeded US $60 million.



Photo: Archivo Semana - Joaquín Sarmiento

EXPORT-GRADE COAL

Drummond's production reaches the major power plants in Europe, the United States, Central and South America, the United Kingdom and Israel, among others.
In 2012, the company exported 24,787,000 tons. Since operations began in 1995, its export sales have exceeded 270.8 million tons.

In 2012, Drummond exported 24,787,000 tons of coal.

BENEFITS OF COMPENSATION

For royalties as compensation for the extraction of natural resources, the company paid the Colombian government more than US $368 million in 2012. Since its operations began, the company has paid more than US $1.758 billion in royalties. This is close to the amount of the government's investment in one of its most important infrastructure projects, which seeks to improve the navigability of the Magdalena river, at an estimated cost of US $2 billion in the next two years.



Photo: Archivo Semana - Carlos Julio Martínez

INVESTMENT IN HUMAN CAPITAL

For the company, human capital is its greatest investment. This is a commitment that is reflected in the strict payment of employee wages, which exceeded US $156.9 million in 2012. In that same year, US $28.9 million was paid out for employment benefits and US $73.5 million for discretionary benefits. In total, US $259.6 million was paid in this area, an amount similar to the loan issued by the Inter-American Development Bank (IADB) to Colombia to move forward with its reform of the healthcare system.



A positive **impact**



Photo: Adamis Rafael Guerra

Tomas Dario Gutiérrez is a well-known defender of the environment in the Department of Cesar and creator of the Los Besotes ecological foundation. He visited our biodiversity recovery project at Caño Paujil. He said that he was "pleasantly surprised."

A lawyer, researcher and lecturer at several universities, a composer, writer and cultural and environmental expert, Tomas Dario Gutiérrez is probably one of the academics who is most familiar with the geography and history of the Department of Cesar and Colombia. Since he was very young, he felt a deep interest in the biodiversity of his region. Born in Becerril, a town close to Valledupar, he witnessed the deterioration of the ecosystem brought about by cotton farming more than half a century ago.

For this reason, he created the Los Besotes ecological foundation, aiming to provide a refuge for the wildlife that had been endangered in recent decades. With government and private support, he consolidated a protected area of about 1,000 hectares close to Valledupar, the first facility of its kind in Colombia to be recognized as an Important Area for Bird Conservation (IABC). Based on this project, Gutiérrez, who had taken on defending biodiversity in the Department of Cesar, was invited by Drummond to find out about the biodiversity recovery

Tomas Dario Gutiérrez is probably one of the academics who is most familiar with the geography and history of the Department of Cesar and Colombia.



Photo: Juan Manuel Pinilla

The Paujil Reservoir has positively changed the landscape of the dry savannah. Since its construction, it has been an oasis in the region and has brought many environmental and ecological benefits.

project in Caño Paujil. His point of view is now more optimistic.

Drummond Magazine: What was your initial perception of the impact of mining in the region?
Tomás Darío Gutiérrez: My initial perception was chaotic; I had a negative impression of coal mining in Cesar. The idea that had spread –and that we all accepted as true at that time–, was that a million hectares were already under concession and that another million were underway, which was equal to two thirds of the size of our department, and that it was going to be turned into a black hole by mining.

D.M.: What changed that point of view?
T.D.G.: I had the chance to make a visit to Drummond's environmental project in Caño Paujil, and I could see for myself that the land was being recovered and was becoming productive again. That invitation clarified many ideas for me.

D.M.: How did the invitation come about?
T.D.G.: At an academic conference, I said that after the coal, all that would be left for history would be two million hectares of desert, lakes of acid water, hills of overburden and soil that would never be useful for anything. Knowing that this was not the case, Drummond's management wanted to show me their environmental recovery project.

D.M.: What did your visit consist of?
T.D.G.: I saw the first areas where Drummond started work, which is now a totally green area. The only change is in the topography, which I do not consider to be a problem. Now it is no longer a savannah, it has small hills that were once barren and are now covered with vegetation. There, I found trees up to 14 and 15 meters tall, which had been planted in places where the coal had been removed.

D.M.: In your opinion, what was the most impressive part of your trip?
T.D.G.: That the recovery of the land has enabled some wetlands to be created, which are beneficial. To judge by what I saw, the water is not sterile; there is life there, a variety of wildlife from capybaras, alligators, amphibians, tortoises and fresh-water turtles, even rabbits, deer, and a good number of birds. Caño Paujil, aside from Los Besotes, is the only nature reserve that we have at this time in the Department.

In addition to the economic benefits that we are aware of and the monumental source of work that (mining) represents, we can ensure that the land will be productive again.

D.M.: Based on this introduction, what is your opinion now about mining in the region, in environmental terms?
T.D.G.: We can dream of a future full of wetlands with perfectly usable water, which will look something like the original ecosystem which we had more than half a century ago.

D.M.: And in the environmental field, how would you describe Drummond's work?
T.D.G.: From an environmental point of view, much better than I previously thought. I think it's excellent. For example, they provide protection for that land that would not be possible if it was given over to other uses. There is total monitoring of species that not even some of our national nature parks have. As an environmentalist, this fills me with hope.

An example to follow

1990 was a memorable year for José Miguel Linares. How could he forget, since that was the year he got married and started working at Drummond? These are two events that changed his life.

José Miguel is much more than the President of one of Colombia's largest companies. He has been a witness to the entire process when the company arrived in this country, first as an employee of Jimenez, Neira e Hijos y Asociados, Augusto Jimenez's law firm that advised Drummond, and later as one of its first employees.

For 23 years, this lawyer from the Universidad de Los Andes has seen the company grow as he has held different positions. He excelled as Administrative and Legal Manager and subsequently served as the Vice President of Corporate Affairs. With this track record, he became one of the best-known figures in the mining sector.

Therefore, on May 7, 2012 he became President of the company, and in doing so took the reins of a business that generates more than 9,800 direct jobs, between its own payroll and contractors, and more than 30,000 indirect jobs.

In addition, there are the challenges that he will have to face in this position: the beginning of the operation of the direct loading system at Puerto Drummond, the expansion of the El Descanso mine, and the strengthening of production chains in the sector.

According to José Miguel, who considers himself an analytical person, the pillars of remaining stable and moving up within the organization have been dedication, honesty, and loyal hard work. "I do everything with a great love for the company, because I have spent more than half of my life dedicated to it," he says.

Today, he has many stories to tell of his experiences: difficult moments in which he has been able to remain notably calm; or funny situations, such as when they opened the mine for the first time. "I was in my twenties, and very proud of the work we had been doing for so long to get the project off the ground. Two days after the pit opened, I went to the mine to see what was going on, without thinking about the "little" issue of safety boots. I rushed in and got stuck in the mud. I tried to move quickly and the shoes I was wearing – typical Bogotá office shoes – got stuck and I had to leave in my socks. I couldn't do anything else for the rest of the afternoon," this lover of pasta and chocolate recalled.

In addition to being with his family and sharing "quality time," as he calls his spare time, with his wife and children, he loves films and literature and plays sports, especially soccer. "Some days I play tennis, and on weekends I don't miss a soccer game, although I'm in the veterans league now," he added.

I come from the generation that grew up with local soccer, fans of our Colombian teams. So, I'm passionate about the Santa Fe club.



José Miguel Linares, the current president of Drummond who has worked for the company for 23 years.

Photo: Juan Manuel Pinilla



Drummond Ltd. employees deliver Christmas presents to a group of children in the company's area of influence in Cesar.

Smile-raising

For several years now, Drummond employees have been engaged in a series of social initiatives for the communities, particularly those living in the areas where the company operates.

In response to some employees' interest in helping people in vulnerable situations, we felt the need to "do our part" to support good causes. Thus far, there have been three social programs led by administrative managers and some departments in each facility. These are charitable projects that show our employees' and the company's philanthropic commitment to collective responsibility.

NUTRITION FOR THE ELDERLY

This is an initiative born of a worldwide campaign that started in Brazil in 2006, whose goal is to reduce the amount of food waste generated by the company. With the "clean plate" policy, employees of Puerto Drummond have made special efforts to eat all of their lunches to receive bonuses that are equal to 10 grams, which are deposited in an urn, added up at the end of the month and converted into kilograms. Once this has been done, the total number of kilograms obtained is donated in kind (in rice, meat, grains, and other foods), to the *Asilo Sagrado Corazón* in the town of Ciénaga, Magdalena. So far the program has collected and delivered more than 3.2 tons of food.

CHRISTMAS PRESENTS

With the help of some of contractors, for the last five years Drummond employees have made a commitment through its "*Give a present, get a smile*" campaign to give presents to children in the towns in the mining areas of El Cesar, such as La Aurora in Chiriguaná and El Carmen in the municipal area of El Paso, among others. So far, more than 1,240 children have benefited from this initiative.

SAVING LIVES

Fundación SANAR is also part of Drummond's social initiatives. So far, and as a result of employees' actions in collecting up plastic bottle tops, the company has donated more than 256 kg, –that is, 100,090 caps. For every thousand caps donated, a child with cancer receives free medical treatment.

An example for the future

Revista Drummond spoke to Patricia Tovar, Director of the Colombian British Chamber of Commerce, about the _Britcham Lazos_ Award that last year recognized the positive social impact that the company has had in its areas of influence on the Caribbean coast.

Revista Drummond:
What does the award mean?
Patricia Tovar. For the last seven years, the Chamber has been engaged in work on corporate social responsibility, identifying the best corporate programs. We have worked on arranging field visits, understanding the issues they are working on and giving them greater visibility, so as to provide stronger support for vulnerable groups and develop specific programs with an environmental impact.

RD. How was the selection process managed?
PT. The Colombian British Chamber of Commerce organized two field visits, one of them with the senior management from several companies – not just from the mining or oil sector – to find out about the management model being implemented. After that, they decided to be considered for the social responsibility award. Based on two technical committees, a visit and some work by the jury, plus a presentation by the company to support its candidacy, the winners were selected.

RD. What did you find in Drummond's work to grant it this recognition?
PT. We found that Drummond was supporting a vulnerable population in the area of social sustainability, and had responsible environmental management programs. Drummond has a business approach and some very clear principles about its values and transparency. This is reflected in its enormous projects in education, health, childhood nutrition, recreation, sports, green projects, maintenance and support for the infrastructure that the local people need. We are learning from the actions of businesses like this, and finding out how a mining company that follows international parameters and standards handles its social responsibility. Drummond is a testament to a company that tries to do things the right way.



Alfredo Araújo Castro, Community Relations Manager for Drummond Ltd., accompanied by Patricia Tovar, Director of the Colombian British Chamber of Commerce, and representatives of other companies that were also recognized in the competition.

Photo: Cámara Colombo Británica

ENVIRONMENTAL SOLUTIONS SUPPORTED BY DRUMMOND

By working together with Drummond, close to 130 families in the town of El Hatillo in El Paso, Cesar benefitted from the eradication of an open trash pit that was affecting the quality of life of its residents.
For 20 days, the cleaning work was carried out and the more than 3,400 cubic meters of trash collected was deposited in a waterproof container that is 60 meters long and 30 meters wide, with a depth of 3 meters. This coated container will prevent the waste from affecting groundwater and since it was covered with overburden material, the container was left at the same level as the rest of the land.
"Although other companies are present in the area, only Drummond Ltd. has truly given us a hand to ultimately resolve this problem," said residents of the town through a letter addressed to Drummond's Vice President of Mining Operations, Ron Damron.
To keep it from becoming a landfill again, the mayor's office will be responsible for collecting garbage from this sector, and Drummond will donate fruit and hardwood trees to be planted by the community, to give life to a green area that will be named after Alberto Mejia, a great community leader from this town.



Before



After

FOR SANTA MARTA'S REEF AREAS

Drummond joined the project led by Ecopetrol and the Universidad del Magdalena to create artificial reefs in the Pozos Colorados bay in Santa Marta.
In order to improve marine biodiversity conditions and contribute to the development of the fishing community, on June 6 th and 7 th Drummond participated in the installation of structures made of recycled petroleum pipes on the seabed that will help with the formation of reefs and contribute to the biodiversity of the sea floor.



To do so, the Michael T. tugboat and the Seaworthy I crane were used, which carried out the process of anchoring and submerging the six structures that will facilitate formation of the reefs. Additionally, the support of the team of professional divers and all of the company's employees who participated in this activity was also critical.
Through this project, Drummond seeks to engage in practices that contribute to environmental conservation, with the support of the Fundación Sociedad Portuaria, the Sena, Corpamag and Incoder, among others.

REVISTA

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