



Towards a Sustainable Future 2009–2010



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Downer EDI Mining (Downer Mining) is a division of Downer EDI Limited (Downer Group) – an ASX-listed company that provides comprehensive engineering and infrastructure management services to the public and private transport, energy, infrastructure, communications and resources sectors across Australia, New Zealand, the Asia Pacific region and the United Kingdom.

As at 30 June 2010, Downer Group employed approximately 21,500 people worldwide, and had total annual revenue of A\$6.1 billion and assets worth A\$3.5 billion.

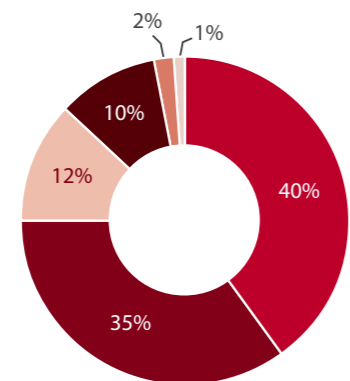
At Downer Mining, we have been successfully delivering contract mining and civil earthmoving services to an impressive list of global clients for almost 90 years. We are now one of Australia's leading diversified mining contractors, with around 2,900 employees and 900 contractors working across more than 50 sites in Australia, New Zealand, Papua New Guinea, South America and South Africa.

We support our coal and metalliferous mining clients at all stages of the mining lifecycle, with a wide range of services including:

- ▀ Open-cut mining
- ▀ Underground mining
- ▀ Drill and blast services, including explosives manufacture and supply (through our subsidiary Downer Blasting Services)
- ▀ Exploration drilling
- ▀ Crushing
- ▀ Tyre management (through our subsidiaries Otraco and Rimtec)
- ▀ Mobile plant maintenance
- ▀ Mine planning and design
- ▀ Civil and bulk earthworks
- ▀ Rehabilitation
- ▀ Indigenous training
- ▀ Low-emissions mining solutions.

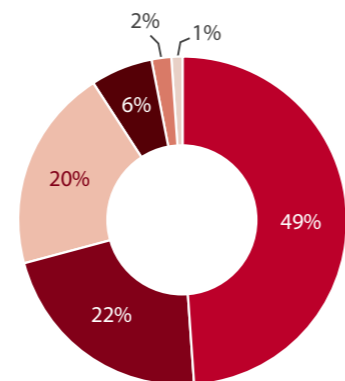
In addition, we can bring to our customers the total capabilities of Downer Group.

Downer Mining Revenue by Commodity 2009/2010



Thermal Coal	40%
Coking Coal	35%
Gold	12%
Iron Ore	10%
Other	2%
Diamonds	1%

Downer Mining Revenue by Location 2009/2010



Queensland	49%
New South Wales	22%
Western Australia	20%
Victoria	6%
Other	2%
New Zealand	1%

Front Cover Top: Mining operations at Sunrise Dam open-cut gold mine.

Front Cover Bottom: Mining Engineer Anthony Hayward at the Blackwater Creek diversion at Curragh.



During 2009-2010, we enjoyed a year of strong business performance, with steady work in hand and encouraging recovery from the previous year's impacts of the Global Financial Crisis. We believe that this demonstrated success of our business was underpinned by our ability to remain competitive and innovative, and by our unwavering commitment to Zero Harm.

While we pride ourselves on the excellence of our work, we recognise that it is also, increasingly, our sustainable development performance that differentiates us from our competitors. This report describes some of the initiatives that have contributed to our contract wins and renewals during the 2009-2010 financial year. For example:

- ▀ By switching to B20¹ biodiesel in our mining fleets at Commodore and Boggabri open-cut coal mines we have become the largest consumer of B20 in the Australian Mining Sector
- ▀ In partnership with Queensland University of Technology, we have actively sought input from our employees to develop Occupational Health and Safety (OH&S) strategies
- ▀ Active engagement with, and recruitment drives in, Indigenous communities ensure that we consistently exceed our annual target for Indigenous employment
- ▀ We have a very engaged workforce, leading to the implementation of many workplace innovations, as evidenced by the number and quality of entries in our annual Health, Safety and Environment (HSE) Awards.

The report provides commentary on our non-financial sustainability performance against key HSE and social criteria for 2009-2010. These are summarised in a Sustainable Development Scorecard (located in the pocket of the inside back cover), which includes the targets we have set and shows how we have performed against them. The accuracy of the information in the scorecard has been verified by independent third-party Net

Balance, and the verification statement is included on page 18 of this report.

In 2010-2011, our business focus will be on extending and expanding our existing mining business, and growing our blasting and tyre management services. Consequently, we expect to recruit many more people. We are adopting smarter attraction and retention processes to ensure that we can meet our need for new recruits and retain our existing employees in an increasingly competitive market.

We will also be paying ever-greater attention to HSE leadership and training, to ensure that all those recruited receive the knowledge and support they require to work safely in their new workplace.

We will be placing a particularly strong emphasis on Indigenous recruitment. A key challenge will be the implementation and maintenance of a 20% Indigenous workforce at Fortescue Metals Group's Christmas Creek iron ore mine in Western Australia. We plan to achieve this through a combination of working with Indigenous businesses and our Fitzroy Crossing program, as part of which we have made a commitment to the community to provide local jobs.

We recognise that what we can achieve in the future is dependent on the efforts, commitment and innovative thinking of our people. I would therefore like to conclude by thanking all our employees for their contribution to Downer Mining's ongoing success and to the many successful initiatives described in this report.

David Overall
Chief Executive Officer



1. B20 biodiesel comprises 20% tallow and waste cooking oil and 80% mineral diesel.

While we pride ourselves on the excellence of our work, we recognise that it is also, increasingly, our **sustainable development performance** that differentiates us from our competitors.



We are committed to providing a **hazard-free workplace** in which our employees can perform their tasks safely and efficiently.

Systematic approach

At Downer Mining we aspire to a goal of Zero Harm. We believe that all injuries, occupational illnesses and diseases are preventable. Care for our people is paramount and an integral part of the way we do business. We are committed to providing a hazard-free workplace in which our employees can perform their tasks safely and efficiently.

We recognise the key role that our people play in identifying hazards, and suggesting improvements and innovations in their workplaces. Therefore we have developed a Health and Safety (H&S) Management System that is designed to promote employee engagement in hazard identification and solution development. It forms part of our Integrated Management System (IMS) – our primary tool for managing risk – which incorporates our HSE and quality management policies, standards and procedures.

Our IMS has been certified by third-party accredited certification body Bureau Veritas to the following standards:

- ▶ AS/NZS 4801:2001, Occupational health and safety management systems and BS OHSAS 18001:2007 Occupational health and safety management systems
- ▶ ISO 14001:2004, the International Organization for Standardization's environmental management systems
- ▶ ISO 9001:2008, the International Organization for Standardization's quality management systems.

It also complies with the following international and national management system standards/codes:

- ▶ National Occupational Safety Association (NOSA) *South Africa*
- ▶ National Safety Council of Australia (NSCA) 5 Star
- ▶ Enduring Value – The Australian Minerals Industry Framework for Sustainable Development.

To ensure our compliance with the IMS, we have a thorough internal audit regime to verify the level of implementation of the system across our sites, and any resulting deficiencies are quickly rectified. Bureau Veritas also conducts surveillance audits annually.

Our H&S Management System is used to address hazard control and accident

prevention, and to ensure that our people are trained and involved. We believe that H&S is a shared responsibility. While the system is developed and monitored by trained professionals, all employees are accountable for following the procedures and work practices in the system, and participating in improving the workplace.

H&S leadership

Effective leadership is key to improving our H&S performance. We therefore ensure that our line managers are fully equipped with the skills they require to safely lead their teams. We run an HSE Leadership for Supervisors course every two weeks, designed for those who supervise work teams as a significant part of their job. Attendees include project managers, engineers, superintendents, supervisors, and HSE coordinators. The course teaches participants how to:

- ▶ Conduct inspections; identify, analyse, assess, address and monitor risks; recommend treatments; and contribute to implementation of treatments
- ▶ Participate in the preparation, testing and documentation of safe working instructions
- ▶ Investigate incidents
- ▶ Communicate effectively.

Disappointingly, we failed to meet our target for the percentage of our leaders who completed this course during 2009-2010 (due predominantly to turnover in our supervisory ranks). We have therefore strengthened our commitment to ensuring higher attendance at this course in 2010-2011.

We have made significant progress in embedding leading behavioural-based safety programs at our sites. The number of recorded hazards identified per employee, as well as the number of Safety Behavioural Observations (SBOs) conducted by supervisors, both increased from the previous year. SBOs engage employees in creating a safe workplace, as supervisors: observe their team members conducting tasks; identify positive behaviours, as well as unsafe acts, conditions and work practices; discuss with them corrective actions to be taken; and gain their commitment to address any issues.

These lead indicators are a means of focussing positively on our progressive



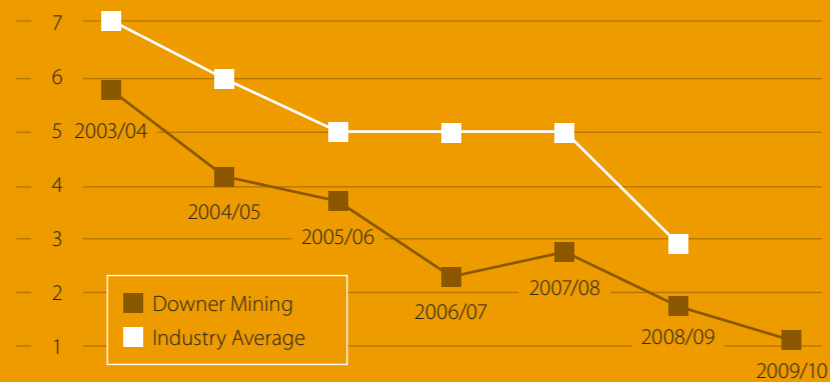
Gerry Cooper is a Production Driller at Cracow underground coal mine.

Safety performance

Pleasingly, the focus, commitment and efforts of our people were reflected in the achievement of a record-low Lost Time Injury Frequency Rate (LTIFR)¹ of 1.2 (against a target of ≤1.3). This was a 33% reduction from the previous year's 1.8. During 2010-2011, we will be focusing on reducing the number of LTIs still further, with a target set of ≤1.

We also exceeded our Total Recordable Incident Frequency Rate (TRIFR)² target of ≤11, reducing from 15.9 in 2008-2009 to 10.7 in 2009-2010. We are now increasing our focus on this indicator as a means of raising employee awareness of our broader H&S performance.

LTIFR Performance Against Industry Average (Frequency)



Source: Annual Safety Performance Reports of the Australian Minerals Industry, published by the Minerals Council of Australia. The data in the table was drawn from injury data collected by state/territory mines inspectorate. The industry average for 2009-2010 was not available at the time of publication.

Zero Harm journey and quantifying metrics that continuously improve our leadership culture.

Unfortunately we did not achieve our targeted 95% of safety actions closed out within 28 days of due date, achieving just 89%, consistent with the previous year. Despite this result, we have tightened up this indicator for 2010-2011, with the target being set at ≥90% of safety actions closed out *by the due date*. These safety actions are developed through hazard



Otraco's Mick Cave at Goonyella-Riverside open-cut mine.

identification, audit or incident mitigation measures, and are critical to preventing occurrence/recurrence of an incident.

We are pleased to report that we did not incur any safety-related fines or prosecutions during the financial year.

During 2009-2010, our mining operations developed H&S improvement strategies and plans, to provide direction and focus for our business unit managers to address key issues and challenges relating to the inherent exposures that each and every project has. These include, for example, manual handling, fatigue, heat stress, and vehicle interaction. Trials with collision-avoidance technologies have been successfully conducted at several projects, culminating in a whole-of-project trial at Commodore mine in Queensland. We look forward to implementing these technologies at more of our sites in the coming year.

In 2010-2011, we will also be introducing Downer Group's first Group-wide Zero Harm database into our organisation. The new system facilitates real-time, workflow-based, online information recording and sharing which, in turn, provides a uniform approach to the management of Zero Harm information monitoring, compliance and reporting.

Enhancing Workplace Health (EWH)

The current resources boom presents new challenges to all mining companies, particularly in the areas of staff recruitment and retention. Health and safety are paramount for success in building a sustainable workforce, but production pressures and skill shortages also present challenges to maintaining a strong health and safety culture and organisational framework.

During the year, our EWH Program (in partnership with the Institute of Health & Biomedical Innovation at Queensland University of Technology [QUT]) has assisted in meeting these challenges by putting into place evidence-based strategies designed to improve workplace health practices. These have included:

- ▶ Conducting a heat stress awareness campaign
- ▶ Raising awareness of current health status and opportunities for health promotion
- ▶ Improving understanding of work practices through task analyses
- ▶ Reviewing the OH&S climate at Downer Mining.

1. A Lost Time Injury (LTI) is an injury that results in a minimum one shift's absence. The LTIFR is the number of LTIs per million hours worked.

2. TRIFR is the number of fatal injuries + lost-time injuries + medically treated injuries per million hours worked.



CASE STUDIES

Climate survey identifies need for greater balance between H&S

We recognise that the culture of an organisation is an important driver in achieving strong outcomes in areas such as reducing accidents, injuries and illnesses. To enable evaluation of our H&S culture, all our sites completed a climate survey in 2009-2010.

The survey results supported the findings of earlier focus groups conducted by QUT; that while a relatively strong safety climate exists in Downer Mining as a whole, the health climate is less mature. The survey supports the need for progressive improvements in the health domain, including greater inclusion of health issues in H&S strategies and procedures, closer integration of health with safety, and increased recognition of the importance of health to business success.

As a result of the climate survey feedback, each site is implementing strategies for progressive improvement. Additional surveys have been developed to provide information on heat stress, musculoskeletal injury, general health status and work ability, and H&S culture. Further objective data has been obtained on heat stress, which has enabled establishment of new hydration procedures.

At Commodore in South East Queensland, voluntary medical check-ups and functional capacity tests have been implemented. These have raised awareness of these issues and, importantly, provided opportunities for the workforce to prevent them from occurring. The medical screens also identified two major cancer-related problems, which adds support to the value of more regular health check-ups. Other sites are currently initiating health promotion programs.



Otraco's innovative nose-cone extension reduces the risk of injury.

Torque tool extension reduces finger-trapping injuries

The Otraco team has earned a strong reputation for innovative continuous improvement, with team members consistently developing new and effective tools to enhance safety and productivity performance.

For example, as part of its tyre-maintenance process, Otraco uses pneumatic torque wrenches that potentially expose the operator's fingers to pinch/crush points between the tooling and vehicle rim. To eliminate the risk of this occurring, Otraco has redesigned the tooling to allow hands to be moved away from the pinch/crush zone.

One drawback of the modifications was an increase in weight. This was overcome by incorporating elevated work platforms, which were equipped with jib arms to allow easy positioning of tooling. Further improvements were identified to reduce hand/arm vibration, lower physical work effort and mitigate risk of injury.

These improvements have now been successfully rolled out across all Rio Tinto operations and are being introduced at all Otraco projects.

This initiative was recognised with the Safety Innovation Award at the 2010 Downer Mining HSE Awards.



BHP Billiton Quarry 8 Superintendent Tony Castelli (left) presents Nigel Taylor with his Oresome award.

Redmont recognises 'Oresome' safety performance

Two of our employees at Redmont quarry set the safety standard in the Crushing Services division during the year by receiving client and peer recognition for safety excellence. Leading Hand Nigel Taylor received a BHP Billiton Iron Ore 'Oresome' Award for his contribution and ongoing commitment to working safely on site.

Fellow Leading Hand Robert Michaud was also recognised for his safety approach. He received the Downer Mining safety award for quick thinking in getting an injured colleague to the base medic after he suffered an electric shock from a switch in his room.

Our **successful Indigenous recruitment strategy** is underpinned by strong community relationships and partnerships with community organisations throughout Australia.

Smarter recruitment processes

Our demand for employees remained high during 2009-2010. Our recruitment task will also increase substantially in 2010-2011, given our significant contract wins early in the financial year. We are therefore adopting smarter processes to attract new recruits and retain our existing employees.

A key initiative rolled-out across Downer Group last year was the implementation of an e-recruitment (Page Up) system to enable us to more effectively manage recruitment applications. A key benefit of this system is that it enables our existing employees to see opportunities for advancement, thereby assisting with retention.

Throughout the year we continued our "Bring a Friend" employee referral program, which rewards our people for referring candidates for open vacancies in roles where skills are scarce. The "Bring a Friend" program is made up of two reward streams: a cash payment and a holiday draw. Over the past year, 12 candidates were referred, of whom 11 were employed. This is a considerable reduction on last year (when 35 candidates were referred and 32 hired), but reflects the skills scarcity that the resources sector is experiencing.



Jodie Steger is a Plant Operator at Commodore open-cut coal mine.

Training for the future of our industry

We employ graduates from a variety of disciplines and with a diverse range of skills. In 2009-2010, we employed 24 graduates (up from 20 in 2008-2009), in the disciplines of mining, civil and mechanical engineering, OH&S, environment and human resources. Our graduates are offered placements at our head office in Brisbane, or at open-cut and underground mine sites across Australia, and, as we work in the international environment, there may also be opportunities to visit our overseas operations. Support and coaching is provided throughout the graduate program.

We recognise that success comes through individual achievements and development – not in a specific timeframe. Therefore the program is self-paced; graduates have the flexibility to progress through the program as quickly or slowly as they like. Completing the program can also open the door for advancement opportunities within the business as suitable positions arise.

Not all roles with Downer Mining require new recruits to have existing skills or qualifications. We recognise that, in an expanding industry, we need to develop people who haven't worked in mining before. At some of our sites we offer apprenticeships, so that people can learn a trade while they are with us. We directly employ 30 apprentices nationally (up from 25 in 2008-2009), in the diesel fitting, electrical and automotive trades.

We also use state-of-the-art operator-training, mining-equipment simulators to identify people with no previous experience who have the fundamental skills to become safe mining operators. These simulators allow trainees to experience what it is like to drive a truck or operate a shovel without any risk of hurting themselves or damaging the equipment.

Diversity and fairness in the workplace

Through embracing a culture in which we recognise and accommodate our employees' differences, we hope to successfully decrease turnover, attract more talented and skilled employees, retain experienced employees, and better manage our employees' well-being issues.

Our recruitment and selection procedure actively promotes diversity in the



Ivan Matasia is a Trainee Serviceman at Sunrise Dam open-cut gold mine.

workplace, with targets to recruit 40 new Aboriginal employees per year and to increase the representation of women in operational roles. Disappointingly, the percentage of female employees decreased slightly from 13% in 2008-2009 to 12.5% in 2009-2010, and this will be a key area of future focus for us. We were, however, successful in exceeding our target of 40 new Indigenous employees, recruiting 46.

Our successful Indigenous recruitment strategy is underpinned by strong community relationships and partnerships with community organisations throughout Australia. We have developed specialist Indigenous recruitment and training methodologies using strategies such as alternative selection processes and assessment workshops, which enable applicants to demonstrate their suitability for employment through a range of hands-on and group activities.

Applying our learnings to the training and development of Indigenous employees, we have introduced a Certificate II Metalliferous Mining, which surpasses industry standards and qualifies participants across 22 units of competency in as little as three months. The training is completed on the job, and participants are Downer Mining employees from day one.

A unique feature of our Indigenous development methodology is a strong focus on mainstreaming people into "real jobs". Underpinned by structured training and supported by line management, our Indigenous recruits are part of the line structure from commencement. This supports the view that separating Indigenous workers from the mainstream workforce disadvantages them in the long term. Managing diversity is a skill required by managers and supervisors, and we provide the necessary training and development to enable our leaders to acquire this.

In addition, we have continued to develop commercial partnerships with Indigenous businesses. For example, since 1996, we have worked continuously with Aboriginal-owned mining contractor, Carey Mining, at Western Australian gold mining operations, including Sunrise Dam. This association will be further strengthened at Fortescue Metals Group's Christmas Creek project in the East Pilbara, at which Carey Mining is one of three leading Indigenous companies with whom we have formed partnerships for the supply of plant and people.

Community support

In addition to providing local employment opportunities, we are committed to making a positive contribution to the communities in which we operate through sponsorship and donations, either financial or in-kind. A key component of our community support program is our HSE Awards. Each winning site is allocated \$5,000 to donate to the community cause of its choice (see case study page 13). We also encourage our employees to participate in charity events, such as fun runs and cycle rides, by paying their entry fees.

In addition, every year we provide a scholarship through not-for-profit intercultural exchange organisation, AFS Australia, to the son or daughter of one of our employees, to study abroad and experience life from a new perspective.



The Tabubil Cats on the Gold Coast.



CASE STUDIES

From the mountains to the sea

With support from our Exploration Drilling business, the Tabubil Cats Rugby Union Club had the chance to compete at the annual Alleygators' Rugby Tournament on Queensland's Gold Coast.

Our sponsorship helped buy jerseys and pay for travel for the 20-strong Cats squad from Tabubil, in Papua New Guinea's remote Western Province. Tabubil is located in the Star Mountains region some 40 kilometres from Ok Tedi mine, where the Exploration Drilling team has been operating (LTI-free) for the past six years.

Held at Currumbin Waters in February 2010, the 10-a-side rugby union tournament also included teams from Brisbane, New South Wales, Fiji and New Zealand. Cats team members were billeted by Palm Beach-Currumbin Alleygators Club players and friends.

The Tabubil Cats played four pool matches but were knocked out of the competition by eventual winners, Sydney's Gordon Highlanders.

The Cats sponsorship complements our long-term support of the Tabubil Tarangau (or Tabubil Eagles) in the local rugby league competition.

Homeless women and children benefit from our HSE Awards

Winners of the Best Health and Safety Innovation in the HSE Awards, Wambo open-cut coal mine in the Hunter Valley, New South Wales, donated their \$5,000 to Murrane house, a service that connects homeless women and children to accommodation support, and helps them to access other services, such as counselling, legal advice and health care. Wambo Production Manager Garry Wilkinson said that the driving force behind Murrane house is Allison Howlett.

"The facility would not be in existence if it were not for Allison's drive and initiative to provide a facility for victims of domestic violence. She works closely with the local police and is looking at other roles for Murrane house, such as a venue for youth counselling amongst others. She was so happy when I notified her that we would like to donate this sum to assist. She told me that prior to the phone call she was having a bad day, and it was the best medicine to turn it around."



South East Region's General Manager Operations Alan Simms and Wambo Production Manager Garry Wilkinson make Allison Howlett's day.

Short visit leads to long-term employment at Sunrise Dam

In March 2010, six representatives of the Mulga Queen and Mount Margaret Aboriginal communities in Western Australia's Laverton region visited our operations at AngloGold Ashanti's Sunrise Dam gold mine. With enthusiastic support from the project team, the site visit comprised an induction, dump-truck ride and visit to the accommodation camp. As a direct result, four local Aboriginal people from those communities commenced employment at the mine in April.

Further north, four new Indigenous recruits joined Downer Mining's Paraburdoo iron ore mine Aboriginal training program, as a result of a recruitment drive in the Murchison Gascoyne region early in the year.



Our Aboriginal training program at Paraburdoo qualifies participants to Certificate II Metalliferous Mining.

Our environmental strategy is **progressive and responsive**, and places a particular focus on implementing GHG, energy, water and rehabilitation programs.

Environmental sustainability

Environmental sustainability is fundamental to our business success now and into the future. Our licence to operate relies on robust performance outcomes based on an externally certified ISO 14001 Environmental Management System (EMS). We have in place governance systems that underpin our compliance and risk-based performance standards through our EMS.

Every project has an Aspects and Impacts Register and an Environmental Management Plan (EMP), which are audited against internal and external standards. The specific environmental needs of our clients and the community are integrated into our planning and operational processes through the project EMPs. Each EMP contains annual company-wide and project-specific Key Performance Indicators (KPIs), which are regularly tracked, evaluated and revised. Some of these KPIs are included in the scorecard at the back of this document. We added waste recycling as a new KPI in 2009-2010.

Consistent with ISO 14001, our EMS is underpinned by the following five foundation areas: compliance management, risk management, incident management, continuous improvement, and performance reporting. These form the foundation of our environmental governance and performance programs.

In terms of compliance, we are pleased to report that we once again received no fines, prosecutions or infringements. In addition, we had no significant incidents¹ or reportable non-compliances.

We continually seek to reduce our risks and improve our systems. During the year our compliance register program was

implemented at all projects. The program requires each mining project to have a compliance register, which systematically identifies obligations, determines actions to demonstrate compliance, and ensures routine checking of compliance status.

Our near miss and minor incident² reporting improved significantly during the year, with the Minor Environmental Incident Frequency Rate (EIFR)³ increasing from 12.6 in 2008-2009 to 25.5 in 2009-2010. The increase shows that our environmental awareness programs are working, as our people are becoming increasingly familiar with what constitutes an environmental risk or hazard. The EIFR also enables us to track and rectify minor issues before they become significant.

A key tool in raising environmental awareness is our two-day "Muddy Boots" environmental training course, which has been custom-designed for our supervisory and professional staff. Specific company environmental risks and controls, as well as supervisory obligations, form part of the course.

The sustainability of the resources sector in Australia hinges on efficient mine operations, including mine planning, blast optimisation, tyre management, and equipment selection and use. As efficient specialist mine operators, contract mining service providers have an important role to play in the future sustainable development of the Australian mining landscape.

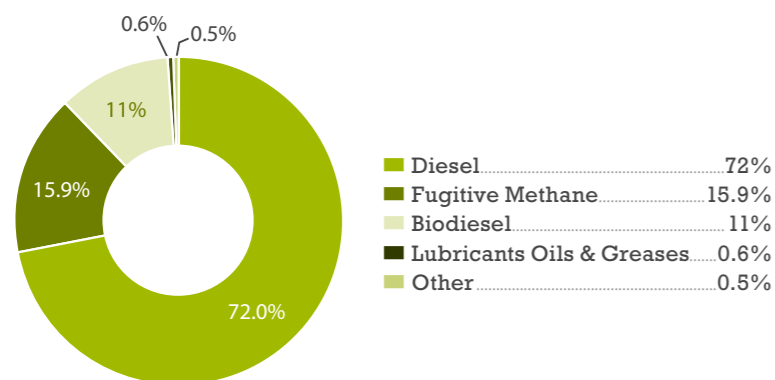
As such, our environmental strategy is progressive and responsive, with a strong focus on continuously improving both our management systems and our performance. It places a particular focus on implementing greenhouse gas (GHG) and energy, water and rehabilitation programs across the organisation.

1. Significant environmental incidents are those ranked levels 4, 5 and 6, with a moderate to major environmental consequence.
2. Minor environmental incidents are those incidents ranked levels 1, 2 or 3, with a low- or small-impact environmental consequence.
3. The minor EIFR is the number of minor environmental incidents per million hours worked.



Environmental Graduate Sam Templar supervises rehabilitation activities at Commodore open-cut coal mine.

**Total GHG Emissions (Scope 1, 2, and 3)
including Fugitive Methane Emissions 2009-2010**



Notes:

Scope 1 emissions are those produced directly by Downer Mining activities.

Scope 2 emissions are indirect emissions, such as electricity consumption.

Scope 3 emissions are those emissions that occur from sources not owned or controlled by Downer Mining.

GHG and energy

We are committed to being an active part of the solution to climate change, through delivering significant emission reductions for our clients' mining operations. Our industry-leading performance in this area is founded on our suite of low-emissions mining solutions, including:

- Renewable fuels – we are now the largest consumer of B20 biodiesel in the Australian mining industry
- Fugitive methane – we are pioneering site-specific emission factors
- GHG and energy unit measures⁴ – we have developed an accurate measurement system
- Energy-efficiency program – this includes practical implementation of technical improvements, including automating lighting plants and decreasing plant turbo shutdown time.

We achieved our emission and energy reduction targets for 2009-2010, and have set new targets for the coming year. We will implement further renewable fuels and energy-efficiency programs to help us meet this challenge.

4. Our GHG unit measure is unique. It is based on litres of fuel per tonne moved and equivalent flat haul for our haul trucks, and on litres of fuel per total tonnage moved for our excavators and other ancillary plant.

Water

Water is a critical issue for regional communities. We have therefore included water as a key metric in the annual KPIs for each project. Our primary use of water is for dust suppression in water carts. During 2009-2010, our water use increased, due to a drier year, and we are now placing a high priority on investigating ways to reduce our usage.

Rehabilitation

We have a long history of successfully rehabilitating mined land. Over and above our contractual arrangements, we seek to leverage operational efficiencies at the end-of-mine to minimise rehandling and optimise efficient topsoil replacement. Our rehabilitation capabilities include revegetation through use of native endemic trees, shrubs and grasses to recreate a native ecosystem or to return land to pre-mined pasture in areas such as the Hunter Valley in New South Wales.



Wallabies frequent the rehabilitated Blackwater Creek diversion.



CASE STUDIES

Blasting's bulka bag recycling solution

Downer Blasting Services' emulsion-manufacturing facility at Mt Thorley distributes explosives to customers throughout the Hunter Valley. One of the manufacturing ingredients, ammonium nitrate, is transported in bulka bags, which represent a significant waste source and are typically disposed of in landfill.

The Mt Thorley team identified an innovative recycling opportunity, and purchased a compactor so that they could compact and batch the bags before sending them to China for recycling. This has many environmental benefits, including: reducing landfill waste; conserving resources; reducing GHG emissions through compacting and minimising transport energy; and reducing the potential for littering from bags being blown away.

The Mt Thorley bulka bag compaction and recycling solution is being implemented across four Australian state operations and received the Environmental Innovation Award at the 2010 Downer Mining HSE Awards.



Emulsion Plant Operator Darryl Stowe uses the bale compactor.

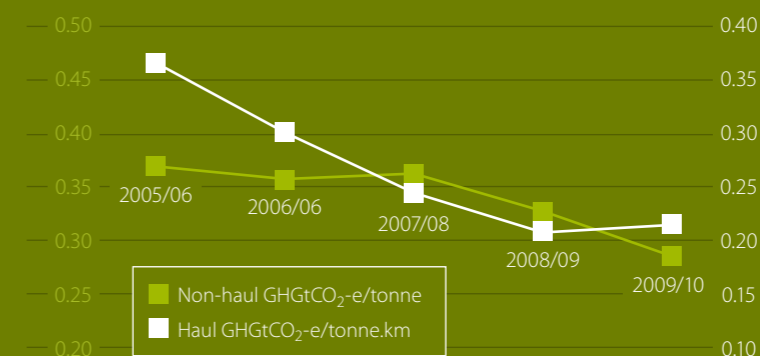
Commodore rewarded for climate smarts

We were proud to be selected as finalists (jointly with our client InterGen) in the Industrial Eco-efficiency category of the 2010 Queensland Premier's ClimateSmart Awards, for progressively demonstrating our commitment to developing and deploying industry-leading clean-mining technologies and solutions throughout the lifecycle at Commodore Mine.

Environmental sustainability solutions have been applied to all aspects of the mine's operations, including water recycling, waste management, rehabilitation, and the current significant challenge of climate change. The project is self-sufficient in its water use, and prioritises innovative rehabilitation practices that minimise disturbance and protect rare grass species.

A suite of best-practice GHG emission-reduction solutions has been applied, resulting in a 30 per cent reduction in GHG intensity for the mine over four years. Leading energy-efficiency programs and the pioneering of renewable fuels in mining have made Commodore Mine one of Australia's most competitive and eco-efficient producers of thermal coal for electricity, resulting in new sustainability benchmarks being set for the broader mining industry.

Greenhouse Gas Efficiency at Commodore Mine



Creek diversion challenge exceeds expectations

The diversion of approximately 10.2 kilometres of Blackwater Creek to re-establish an important ecological corridor at Wesfarmers Resources' Curragh Mine in Central Queensland was an ambitious and technically challenging project.

The project involved relocating the creek to allow access to coal reserves beneath it, and included bulk earthworks, civil works, and the rehabilitation of approximately 167 hectares of land with 35,000 seedlings, hydromulch pastures and native shrub species. With key objectives of reinstating habitat, creek biodiversity and ecological function, the project exceeded its vegetative cover and flora species diversity targets 12 months ahead of schedule.

The project has demonstrated that such diversions can deliver a high standard of environmental outcomes through the application of sustainable design principles, collaborative partnerships and innovative solutions. Its success was externally recognised through its selection as a finalist in the 2010 Civil Contractors Federation Earth Awards.



The completed diversion prior to first flow.

To the Management and Stakeholders of Downer EDI Mining:

Downer EDI Mining commissioned Net Balance Management Group Pty Ltd (Net Balance) to provide independent verification of the information presented within the Downer EDI Mining 2009-2010 Sustainable Development Scorecard (the 'scorecard'). The scorecard presents a summary of Downer EDI Mining's sustainable development performance over the period 1 July 2009 to 30 June 2010. Downer EDI Mining was responsible for the preparation of the scorecard and this verification statement represents Net Balance's independent opinion on the reliability of information presented within the scorecard. Net Balance's responsibility as an independent verification provider is to Downer EDI Mining's Management alone and in accordance with the terms of reference agreed with them. Other stakeholders should perform their own due diligence before taking any action as a result of this statement.

Verification Objective

The objective of the verification process is to provide Downer EDI Mining and its stakeholders with an independent opinion on the accuracy of the information presented within the scorecard. This was achieved by reviewing the accuracy and quality of disclosed sustainable development performance information and the underlying systems, processes, information and data used to support the sustainable development performance disclosures presented.

Verification Level and Limitations

The level of verification provided is moderate as defined by the methodology described in this verification statement. The verification process covered the whole scorecard and focussed on the systems and activities of Downer EDI Mining during the reporting period, with the following limitations:

- The scope of work did not involve verification of the accuracy of financial data.
- Verification of National Greenhouse and Energy Reporting Act data was undertaken by another external party. Consequently, Net Balance only undertook a review of greenhouse gas data.

- Evidence gathering was carried out at the corporate level of the organisation. Only the Brisbane office was visited as part of this verification engagement. Interviews were mostly conducted with indicator managers in person.

Verification Methodology

The verification process was undertaken in December 2010 and involved:

- a review of the scorecard for any significant anomalies, particularly in relation to significant claims as well as trends in data
- a review of Downer EDI Mining's key systems and processes used for managing and reporting sustainable development performance information
- a review of the accuracy and source of information presented in the scorecard through examination of 27 selected sustainable development performance disclosures
- a series of interviews with key personnel responsible for collating and reporting various components of the scorecard in order to substantiate the veracity of selected claims
- collecting and evaluating evidence to support the verification work undertaken.

Independence and Credentials

Net Balance was not responsible for preparation of any part of the scorecard. Net Balance confirms that we are not aware of any issue that could impair our objectivity in relation to this verification engagement. The verification engagement was carried out by a team of professionals with expertise in environmental, social and economic performance measurement, and led by a Lead Sustainability Assurance Practitioner (Lead CSAP) accredited by the International Register of Certified Auditors (IRCA UK).

Reliability of Performance Information

Based on the verification procedures undertaken, the following represents Net Balance's opinion:

- The findings of the verification engagement provide confidence in the systems and processes used for managing and reporting sustainable development performance information.



- The level of accuracy of sustainable development performance information was found to be within acceptable limits.
- Data trails selected were generally identifiable and traceable, and in most instances the personnel responsible were able to reliably demonstrate the origin(s) and interpretation of data.
- The sustainable development performance disclosures presented in the scorecard appropriately reflect environmental, social and economic performance achieved during the period.

Overall, it is Net Balance's opinion that the information presented within the scorecard is fair and accurate and that the scorecard is a reliable account of Downer EDI Mining's sustainable development performance during the reporting period.

Findings and Recommendations

Based on the findings of the verification engagement, the following key recommendations are made:

- Where systems do not already exist, Downer EDI Mining should develop a documented process for collecting, recording and storing data that is reported on an annual basis. This would ensure consistent indicator measurement and reporting over time.
- While data trails were generally identifiable and traceable, suitable supporting evidence was not always available in the first instance. It is recommended that Downer EDI Mining develops a centralised system of evidence retention for sustainable development performance information.
- Downer EDI Mining should consider implementing an internal review process to reduce the incidence of minor errors in transcription and aggregation processes.

On behalf of the verification team
22 December 2010
Melbourne, Australia

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FEEDBACK

How did we do? Please send your feedback on our sustainability performance and this report to sustainability.report@downeredimining.com.

