

2012–2013

SUSTAINABLE DEVELOPMENT REPORT





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Construction Supervisor, Steve Taylor, from the Civil Projects team at the construction site at Christmas Creek Stage 2 in Western Australia.

Expanding our civil and construction capabilities is a key component of the diversification of our business.

At Downer Mining, we have been successfully delivering contract mining and civil earthmoving services to an impressive list of global clients for over 90 years. We are now one of Australia's leading mining contractors. As at the end of June 2013, we directly employed 4,704 people, at over 50 sites in Australia, New Zealand, Papua New Guinea (PNG), South America and Southern Africa, and had work-in-hand of around \$5.6 billion.

Our vision is to be the preferred provider of quality mining services throughout the regions in which we operate. An essential part of our business strategy to achieve this is to support our coal and metalliferous mining clients at all stages of the mining lifecycle. We do this through a wide range of services including:

OPEN CUT AND UNDERGROUND MINING

- Mine planning and design
- Mine operation and management
- Mobile plant maintenance
- Construction of mine-related infrastructure
- Crushing

BLASTING SERVICES

(through our subsidiary Downer Blasting Services (DBS))

- Down-the-hole and total loading services
- Emulsion manufacturing
- Supply and delivery of bulk explosives and accessories
- Shotfiring and blast management

TYRE MANAGEMENT

(through our subsidiaries Otraco International and Rimtec)

- Next generation OTRACOM™ web-based, real-time software solutions
- Electronic tread-depth and pressure metering with PDA interface
- Distribution and supply of rim and wheel accessories, and the repair and maintenance of rims
- Full suite of training programs delivered by Otraco's Registered Training Organisation and its unique training centre

EXPLORATION DRILLING

- Heli-portable rigs
- Exploration, resource and dewatering hole drilling
- Underground diamond drilling
- Drill rig maintenance

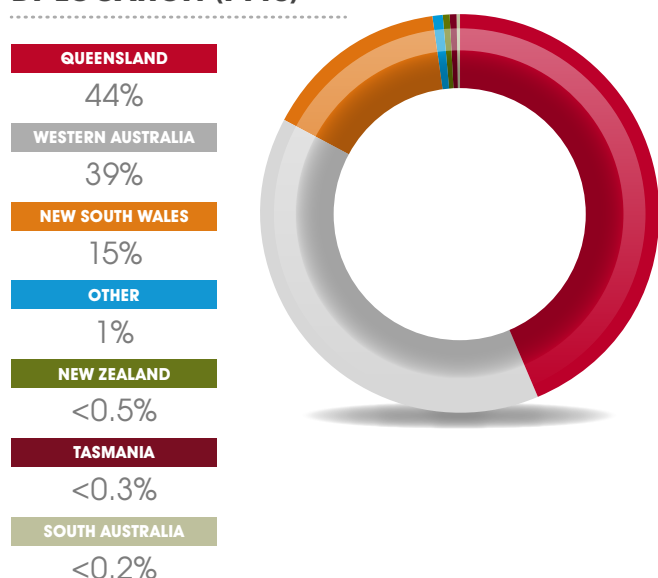
REGEN: MINE RECLAMATION AND LAND REHABILITATION SERVICES

- Design
- Bulk earthworks
- Civil works
- Revegetation
- Monitoring and maintenance

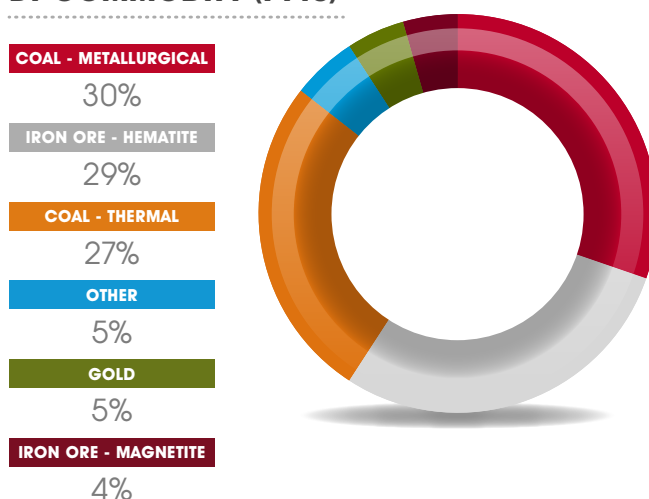
As a division of Downer EDI Limited (Downer Group) – an ASX- and NZX-listed company – we can also offer our clients the broad capabilities that this geographically diverse, multi-disciplined engineering, construction and resource services business has to offer.

ABOUT US

MINING REVENUE BY LOCATION (FY13)



MINING REVENUE BY COMMODITY (FY13)





FY13 saw us achieve a solid financial result for the business, with record revenue of \$2.55 billion. This excellent result is attributed to our long-standing client relationships, proven successful delivery of projects and the continued diversification of our business.

Most importantly, this result was achieved with our people working safely and taking care of each other. We achieved our best-ever Total Recordable Injury Frequency Rate (TRIFR) of 5.34 – a 14% reduction from FY12.

We continued to win new business, with a new five-and-a-half-year contract with Stanwell Corporation at Meandu Mine worth over \$600 million and a number of contract extensions during the year, including over \$230 million secured by DBS in three separate extensions.

That's not to say that the year was not a challenging one for us. Although our business outlook remains strong and we entered FY14 with work-in-hand of \$5.6 billion, we have not been immune to the changing market conditions. We have faced reduced production targets at a number of our sites, and three of our contracts returned to owner-operator during the year.

As our clients turn towards reducing the cost of operations, we are clearly focused on providing enhanced productivity and reducing our cost base by getting the basics right. We have identified five key areas to help us achieve this, and they will continue to underpin our business strategy going forward.

PLANT AND PRODUCTIVITY

Productivity is the key to a successful contract mining business. By focusing on areas such as equipment selection, improved meantimes between failures and tyre change reductions, we can run more efficient and cost-effective operations.

We have implemented a plant strategy across the business and are working towards standardising all our equipment at our sites, to reduce the costs associated with the storage of different spare parts and training our fitters to work on different machinery.

FINANCE

We have been focusing on ways to increase our business effectiveness, continuing to improve our strong financial results while looking at ways to improve our costs, to ensure that we can remain competitive and relevant.

For example, our procurement team has renegotiated a number of contracts with our suppliers, passing on the cost savings to our clients.

TECHNOLOGY

Enhancing our innovation capabilities is pivotal to improving our efficiency. For example, DBS has

developed a way of reprocessing a mine's waste oil on site and using it as an alternative to diesel in blasting products (see case study, page 21).

We've also partnered with Immersive Technologies – the company responsible for the training software in our haul truck simulators – to create a Fuel Efficiency Training package for our operators. Responding to rising fuel costs and our responsibility to the environment, the training is designed to equip operators with the skills and knowledge they need to operate productively, while eliminating behaviours that cause excessive fuel consumption.

DIVERSIFICATION OF THE BUSINESS

By diversifying our business – both in Australia and internationally – we can continue to win contracts in different markets. Our tyre fitting business, Otraco, substantially expanded its reach into the overseas market, winning new contracts in South Africa, Botswana and South America during the year.

We also saw the launch of ReGen – our mine reclamation and land rehabilitation business (see case study, page 25).

Our Civil Projects team continues to win contracts and has been recognised for its innovative approach to mine-site projects, as well as proving to be an important value-add service for our business.

PEOPLE

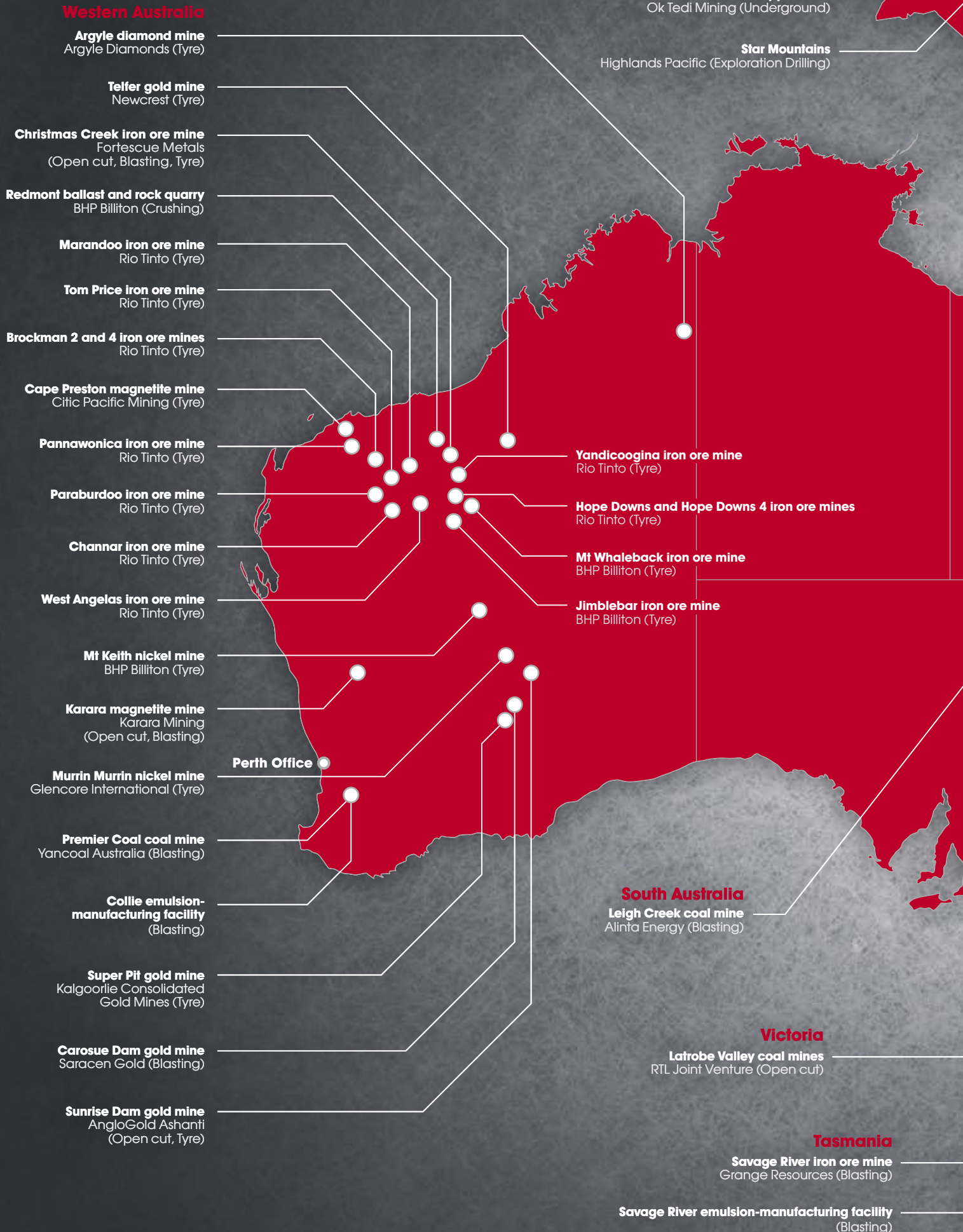
At the heart of our business are our people. We provide training opportunities and employee engagement initiatives to keep them connected, rewarded and productive. Our Trade Up-Grade Program is a great example of this, providing career development opportunities for our service people (see page 14). This initiative rewards our employees, while at the same time encouraging retention and saving the business recruitment costs.

Our employees' health and well-being, in particular with regard to mental health, go hand in hand with their safety and productivity. We have recruited two new Health Advisors – Employee Support, and are introducing a range of initiatives to raise awareness of mental health issues and facilitate early identification (see case study, page 11).

With guidance from our newly formed Community Investment Committee, we have pledged our support to some exciting community partnerships in the coming year, which will not only assist those in need, but also provide the opportunity for our employees to become more involved in the communities where they live and work.

Without a doubt, the initiatives and successes highlighted in this report could not have been achieved without the vision, integrity and passion of our people. I thank each and every one of our employees for their contribution over the past year.

David Overall
Chief Executive Officer





Cerro Colorado copper mine
BHP Billiton (Tyre)

Radomiro Tomic copper mine
Codelco (Tyre)

Ministro Hales copper mine
Codelco (Tyre)

Escondida copper mine
BHP Billiton (Tyre)

Los Bronces copper mine
Anglo American SUR (Tyre)

Husab Uranium Project
Swakop
Uranium (Tyre)

Jwaneng Orapa, Letlhakane and Damtshaa diamond mines
Debswana Diamond Company (Tyre)

Kolomela iron ore mine
Sishen Iron Ore Company (Tyre)

Sishen iron ore mine
Anglo American Kumba Iron Ore (Tyre)

Mogalakwena platinum mine
Anglo Platinum (Tyre)

Queensland

Century zinc mine
MMG (Tyre)

Goonyella Riverside coal mine
BMA Coal (Open cut, Blasting, Tyre)

Daunia coal mine
BMA Coal (Open cut, Tyre)

Bajool emulsion-manufacturing facility
(Blasting)

Yarrabee coal mine
Yancoal Australia (Blasting)

Blackwater coal mine
BMA Coal (Open cut, Tyre)

Meandu coal mine
Stanwell Corporation (Open cut, Tyre)

Commodore coal mine
Millmerran Power Partners (Open cut)

Millennium coal mine
Peabody Energy (Tyre)

Jellinbah coal mine
Jellinbah Group (Blasting)

Minerva coal mine
Sajitz Corporation (Blasting)

Duralie coal mine
Yancoal Australia (Blasting)

Moolarben coal project
Yancoal Australia (Blasting)

Wilpinjong coal mine
Peabody Energy (Tyre)

Wambo coal mine
Peabody Energy (Tyre)

Mackay Office

Head Office Brisbane

Maitland Office

New South Wales

Boggabri coal mine
Idemitsu (Open cut, Blasting, Tyre)

Pine Dale coal mine
Enhance Place (Blasting)

Mt Thorley emulsion-manufacturing facility
(Blasting)

Cullen Valley coal mine
Coalpac (Blasting)

Cadia gold mine
Newcrest (Tyre)

Cowal gold mine
Barrick Gold (Tyre)

New Zealand

Stockton coal mine
Solid Energy (Open cut, Tyre)



HSE Compliance Coordinator, Erin Kelly, runs through a Take 5 procedure with Service Fitter, Adrian Cornelissen, at Daunia Mine in Central Queensland.

Downer Mining is a successful values-based organisation where we are committed to working safely and taking care of each other.

FY13 saw the business deliver the best Health and Safety (H&S) performance in our business history, with a TRIFR of 5.34 recordable injuries per million hours worked (1.07 per 200,000 hours). For our industry sector this is a good result, but in human terms it still saw 87 of our work colleagues requiring medical treatment through incidents at work; none of which were fatalities.

Through the year we also worked on better understanding and controlling the causes of High Potential Incidents (HPIs) across our business. This approach was led by our CEO and supported across Downer Mining. We believe that living our Zero Harm value with a clear intent will prevent all injuries and that we should particularly focus on managing the critical risks in our business.

SAFETY PERFORMANCE

In addition to reducing our TRIFR by 14%, we met our Lost Time Injury Frequency Rate (LTIFR) target of ≤ 1.0 with a result of 0.7.

We closed out 99.8% of around 30,000 actions by due date, bettering our target of 92%. Actions are generated through suggestions, risk assessments, registers, observations, meetings, inspections,

incident investigations, health surveillance, hazard identification, communications, change management and audits.

We maintained our commitment to Safety Behavioural Observation reporting, carrying out an average of seven per supervisor per month against our target of four. We also exceeded our target for the number of hazards identified per employee each month, achieving 0.5 against a target of ≥ 0.3 .

Once again, we did not incur any safety-related fines or prosecutions.

IMS SYSTEM

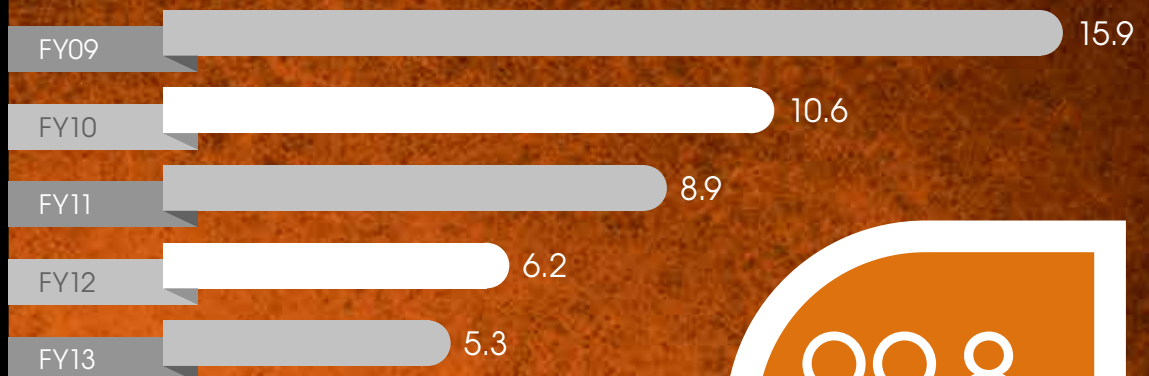
Our approach to health and safety management is supported by a well-developed H&S Management System. This platform efficiently captures and distributes company information, and is part of the Integrated Management System (IMS) – our business tool for managing risk and incorporating operational, H&S, environmental, sustainability 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 and BS OHSAS 18001:2007 occupational health and safety management systems¹
- ISO 14001:2004 environmental management system
- ISO 9001:2008 quality management system.

1. Certification excludes Otraco's subsidiary group Rimtec.

TRIFR PERFORMANCE



99.8%

of safety actions
closed out by
due date

Regional Health Advisor, Jan McGrath, conducts a Healthy Heart check on Project Manager, Greg Dickson, at Paraburdoo Mine in Western Australia.

HEALTHY HEART CHECKS
DON'T MISS A BEAT

Our employees in the West were weighed, measured, poked and prodded in the past year – all with the aim of assessing and reducing their risk of heart disease.

The free check was offered as part of the campaign on cardiovascular health and administered by our Regional Health Advisor. It assessed the individual's blood pressure, blood cholesterol, blood sugar level, waist measurement and body mass index (BMI). Employees were also given the opportunity to discuss any concerns regarding their health and lifestyle.

This proactive approach to looking after the well-being of our workforce has acted as a wake-up call, with a number of our employees concerned by the results and vowing to turn them around.

The Health team will take the Healthy Heart checks back on the road again in the coming year, this time to our employees in the East.



The team at Christmas Creek take part in an exercise class before their shift starts.

It also aligns with the principles of 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. Bureau Veritas also conducts annual surveillance audits.

VISIBLE SAFETY LEADERSHIP

Leadership in H&S is an expectation that we have of all employees in every part of our organisation. Delivering business results without injury or incident is a deeply held personal value and a practical expectation of all of our senior managers. To support this, the role of Executive General Manager – Zero Harm was created and filled in late 2012, so that a stand-alone H&S position now has executive-level prominence and visibility.

We expect all our supervisors and line managers to lead the way when it comes to keeping our workplaces safe. To assist them with this, we run an HSE Leadership course that equips supervisors with the skills they need to be successful leaders and communicators in their workplace. Sixty-seven per cent of our supervisors have now completed this course – up from 60% in FY12. The HSE Leadership course will be reviewed in the coming year to establish further practical production connections with on-site work.

REDUCING HPIs

In response to a detailed analysis of HPIs in FY13, we have focused our attention on those risks that have the potential to cause serious injuries, including fatalities. This has seen the development of tools and capabilities to manage HPIs, and the implementation

of two campaigns – *Prevention is Better than Cure* and *Critical Risks*.

The *Prevention is Better than Cure* video campaign was rolled out in October 2012. To reinforce the importance of following safe work practices in their time off, as well as at work, every employee was given a personal first aid kit for their homes.

A *Critical Risks* pilot was launched at Christmas Creek after a high-level risk assessment was conducted to identify the top ten risks with the potential to cause fatalities at the project. By developing an icon for each risk (see page 11), we are creating a recognisable 'language' associated with critical risk. The icons will be rolled out at site, and feature on posters, banners, booklets and general H&S correspondence.

WORKFORCE HEALTH

An integral part of Zero Harm at Downer Mining is our commitment to the health of our people. Over the past year, we have taken strides to significantly raise the profile of health across the business, with an industry-leading program that offers a proactive approach to managing the health and well-being of our employees.

Our partnership with the Workforce Health Innovation group at the Queensland University of Technology (QUT) Institute of Health and Biomedical Innovation (IHBI) continued to gain momentum. The Enhancing Workforce Health Program, established five years ago in collaboration with IHBI, provides us with access to a range of internationally recognised experts who counsel us with industry best-practice guidance. The partnership also enables us to collaborate with QUT to develop and trial evidence-based, innovative solutions for our priority health risk areas: obesity and nutrition, musculoskeletal disorder and mental health.

PRIORITISING MENTAL HEALTH

According to the Australian Bureau of Statistics, around one million Australian adults live with depression and over two million have an anxiety disorder. Depression and anxiety can be as serious, debilitating and life-threatening as a physical illness – yet less than half of those experiencing these conditions seek help. This is largely because mental health issues are traditionally shrouded in mystery, shame and stigma.

However, mental health isn't just about the absence of a diagnosable condition; often mental distress can arise from personal and social circumstances. According to our Q4 FY13 Employee Assistance Program (EAP) usage report, 82% of employees who made contact were experiencing personal issues. Of those, nearly 50% were dealing with family or relationship issues.

Mental health issues clearly impact on productivity and profitability through absenteeism, attrition of employees, and the flow-on effect on the cost of recruiting and training replacement employees. Something that isn't so obvious is the impact that mental health has on safety. An employee who is suffering depression or anxiety may be at increased risk in the workplace because of a lack of focus on the job. As Zero Harm to our people is our number one value, we've decided to tackle these issues head on.

An important first step has been the recruitment of two Health Advisors – one in Eastern Australia and one in the West – to provide support to those struggling with mental health issues. Already, in the short time they have been with us, these two advisors have helped many employees to deal more effectively with the stresses in both their work and personal lives, enabling them to be safe, healthy and productive. Additionally, they have assisted the employee's supervisor or manager by educating them about the impact of mental health in the workplace, so that they have a better understanding of how to manage issues when they arise.

In addition to providing this in-house counselling service, we are continuing to facilitate mental health promotion initiatives and increase mental health literacy through training programs. For example, health content in the revised HSE Leadership course will have specific mental health and EAP sections that increase our supervisors' awareness of mental health in their workplace, and how to use our internal health and EAP support services.

We are also reviewing a range of strategies targeting early identification and treatment, using trained internal staff to connect with our internal employee support resources and our EAP service to address these issues before they become an H&S issue.



The Brisbane contingent of the Health team reinforced the importance of looking out for our workmates on R U OK? Day, while similar events were held at mine sites and at our Perth office. Pictured are Health Advisors, Bob Rosenberg, Keith Owen and Natasha Palethorpe, with EGM Zero Harm, Mike Boyle (centre), and Group Manager Health, Shaun Smith (far right).

TOP TEN CRITICAL RISKS

STORED ENERGY



INCIDENTS TRAVELLING TO AND FROM SITE

HEAVY VEHICLE TO LIGHT VEHICLE COLLISION



STRUCK BY FALLING EQUIPMENT OR PRODUCT

FALL FROM HEIGHT



BLASTING AND FLYROCK

CONTACT WITH ELECTRICITY



HEAVY VEHICLE TO HEAVY VEHICLE COLLISION

VEHICLE OVER EMBANKMENT



VEHICLE TO PEDESTRIAN IMPACT

Christmas Creek's top ten critical risks.



Trainer Assessor, Kel Scott, with trainee, Hughie Rawiri, at the Otraco Tyre Training Centre in Perth.

We rolled out four campaigns last year, three of which were targeted health awareness campaigns focusing on cardiovascular health, breast cancer and prostate cancer. To provide our employees with innovative and engaging resources, we released a digital story for these campaigns, each of which included interviews with an employee who has battled one of these illnesses and with an expert in the relevant professional field.

Our fourth campaign was the national Health Calendar, which was distributed to all employees again last year. The calendar had a strong focus on family engagement, and included six children's competitions that encouraged families to send in their stories or drawings about healthy eating, exercise, and staying connected with parents who were working away from home.

We are currently assisting QUT with its research into the effectiveness of our communication tools – particularly the digital stories and their impact on health literacy. Research conducted at Millennium and Cracow mines to compare the effectiveness of different methods of communication involved showing half the workforce at each site the cardiovascular digital story in video format and the other half a PowerPoint presentation. Results will be collated in the coming year and will be used to guide how we engage with our employees in the future.

We have had a continued focus on healthy lifestyle and weight management. To complement the cardiovascular health campaign, we ran Healthy Heart checks at a number of our sites and offices (see case study, page 9). We also entered a partnership with Diabetes Western Australia, who visited our Paraburdoo project three times to raise awareness of

Type 2 diabetes prevention and to coach people who already have the disease.

Our holistic health program recognises the importance of maintaining our physical health but also appreciates the significant role of mental health in overall well-being. As such, we have taken the proactive approach of appointing two Health Advisors – Employee Support to our allied health team.

The new Health Advisors are experienced psychologists that provide services for all our employees by running psychological health promotion initiatives, increasing mental health literacy through training, and providing in-house counselling support to individuals who are experiencing distress (see case study, page 11).

OUR FOCUS FOR FY14

We have made considerable progress on our journey to Zero Harm. Over the coming year we will build upon previous work and concentrate on the following areas:

- **Employee resilience** – supporting employees and living our values
- **Critical risk line of sight** – developing a project approach to improving the management of critical risks
- **Fit-for-purpose systems** – developing and enhancing the Zero Harm framework and components so that they add more value
- **HSE leadership** – reviewing and reframing the HSE Leadership course, building commitment and capability
- **Identifying health risks** – trialling new innovative technologies to measure work exposure to health risks.



The Downer Mining-specified Alton Fly Rig complete with the new controls.



The panel has control lockouts installed on the levers to prevent accidental engagement.



Adjustable guarding around foot clamps.

OK TEDI TEAM CREATES A SAFER WORKPLACE

The Ok Tedi team came up with an innovative way to improve the safety of their colleagues last year, collaborating with Alton Drilling to modify the design and production of the diamond drill rigs on site.

The drill rigs had contributed to a couple of lost time injuries, and the team quickly decided that better controls on the machinery were needed to prevent any more injuries. After researching existing items on the market, they determined that there was nothing suitable available.

The team therefore approached Alton about potential proactive engineering solutions to make the drill rigs safer to operate. Alton was very receptive to the team's conceptual ideas, and agreed to work with them to design, engineer and fabricate components to suit their needs.

Within three months Alton and the Ok Tedi team had developed engineering solutions for:

- Safety interlocked spin guards to eliminate entanglement in rotating parts
- Safety interlocked levers to operate functions such as rotation, feed, wire and cable reel
- Autorotation shut-off when the spin cage is opened
- Guarding on all mechanical moving parts, e.g. drum cables and foot clamps
- Adjustable offside's platform that can be raised or lowered to suit the height of the employee to eliminate slips, trips and falls, as well as manual handling injuries
- Mechanical jaws to break drill joints (breakout tool), which significantly reduces the physical effort required to manually break drill joints.

The first drill with all engineered modifications was manufactured in July 2012. A detailed risk assessment was conducted on the drill and, after rigorous testing in the workshop, it was sent to Ok Tedi Mine in November 2012.

All modifications were designed with the view that they should have the ability to be retrofitted to the existing fleet at Ok Tedi. Alton has indicated that the engineering modifications will become their base standard for all new drills manufactured.



Regional HSE Advisor for Underground and Exploration Drilling, Simon Cole, with Recruitment Administrator, Kylie Hills, at our Head Office in Brisbane.

Providing meaningful training opportunities, cultivating a diverse and inclusive workforce, and taking a strategic approach to our community investments are just a few of the ways that we rewarded and connected with our people in FY13.

The past financial year was a challenging one for the mining services sector, and we have not been immune to the changing market conditions, with our workforce decreasing from 5,174 in FY12 to 4,704 people in FY13. This was largely due to reduced production targets at some of our sites, as well as three of our projects transitioning to owner-operator.

As a consequence, we shifted our focus from rapidly expanding our workforce to keep up with the demands of the industry, to concentrating on retention through employee development, and placing a greater emphasis on engagement within the business and the communities in which we operate.

UNEARTHING RESOURCES

Graduates, apprentices and trainees are the cornerstone of a successful company. Investing in our employees at the start of their careers means that we are developing an engaged and committed talent pool to lead the business into the future.

The Graduate Development Program (GDP) was revised during FY13 to allow for the increased number of graduates hired over the past few years. The GDP is now structured around on-the-job experience, and targeted training and coaching from mentors and executive-level career sponsors. Graduates complete four modules over two years to develop their self-leadership, strategic thinking, coaching and mentoring, and networking skills – key attributes for our future leaders.

We employed 17 graduates in FY13, taking the total number of graduates on the GDP to 52, across a range of disciplines, including mining, mechanical engineering, surveying, environmental science, H&S, human resources and communication.

Tradespeople are a vital part of our day-to-day operations, and our Apprenticeship Program ensures that we equip them with the high-level skill set needed to carry out the in-house maintenance support and asset management capabilities we provide to our clients. We hired 19 apprentices during the past year, 16 of whom were mature-aged.

We also offer in-house training opportunities to our current tradespeople and service personnel. In FY13 four of our apprentices joined our Trade Up-Grade Program in the West – a skills-gap training program that fast-tracks our light- and heavy-vehicle servicemen to gain a Certificate III Mobile Plant Mechanic.

In an industry-first, we developed a Certificate II Vehicle Servicing (Heavy) – a 12-month, site-based program incorporating theory and practical components, which provides our service personnel and trade assistants with a stepping stone towards a Certificate III qualification. Twelve employees signed up for the FY14 program in the West.

These two programs were developed in partnership with Polytechnic West. Our commitment to providing training opportunities to our employees was recognised when the Polytechnic named us 'Employer of the Year' in the Engineering and Resources division (see case study, page 17).

As well as providing training opportunities to tradespeople, we also provide opportunities for people to join our business as trainee mobile plant operators. In FY13, we hired 110 trainee operators across the business.



Redesigned graduate program

ROLE MODEL RACHEL RECEIVES A BIG RAP

Christmas Creek's Rachel Cameron is a stand-out operator for many reasons. For a start she's the envy of her peers because she gets to operate one of the biggest hydraulic excavators in the world – the Liebherr R 9800. And in March 2013, her achievements earned her industry recognition, as she made it to the final three out of 91 entries in the Outstanding Technician/Operator/Tradeswoman category in the Chamber of Mines and Energy of Western Australia (CME) Women in Resources Awards.

Rachel started out in mining when she was just 17, working in IT at the Century Zinc mine in Queensland. When she was 22, she decided that she'd rather be where the action was and became an operator, working for Roche Mining and then MMG. In June 2011, she rejoined us at our Christmas Creek project in WA.

Rachel loves working in the mining industry. "The mining family really sticks together and has helped me progress through my career to where I am now – operating one of the biggest diggers in the world," she says.

"We all look out for each other – we are operating such big machines and we all make sure we get home at the end of our shifts – back safely to our family and friends."

Mining is in Rachel's blood, with her father, two brothers and little sister all working on mine sites.

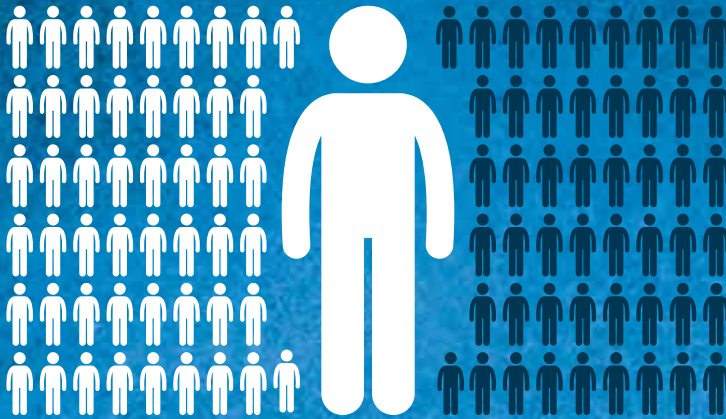
She believes that there are many opportunities for women in the resources sector and that it's the responsibility of those already working in the industry to show support to the newcomers, just like the support she was given when she first joined.

"I absolutely love when I see young girls getting into the industry and sticking with it. There are so many people that find it hard at the start, but once you stick with it – get past the honeymoon period and the first big pay cheque – once you get past all of that, the rewards and the life experience you develop are more than worth it," she says.

She believes that women make excellent operators, saying that you need to be "pretty calm, pretty relaxed and pretty patient".

Rachel has been a great ambassador for women in the industry and has showed how, by playing to her strengths – specifically her ability to remain calm under pressure, and being friendly and easygoing – she has been able to move up the career ladder to where she is now.

101 new Indigenous recruits



50 people recruited with little or no previous experience in the mining industry



Rachel Cameron with her very proud parents at the CME Women in Resources Awards breakfast.



Shaun Gordon is a Heavy Equipment Fitter at Daunia Mine.

UNLOCKING POTENTIAL

We believe that a key way to attract and retain good people is to invest in their professional development. Our Performance Development and Feedback process allows our salaried employees to discuss their development requirements and career aspirations with their managers. During the year, 99% of our salaried employees completed this process.

We offer a range of training programs and courses to suit all our employees, with the aim of developing future and aspiring leaders across the business. To complement our suite of established leadership programs, we introduced a new course last year. 'From Buddy to Boss' is targeted primarily at site-based employees who are making the transition into a supervisor or management role.

We also offer development opportunities for our senior managers through the Strategic Leadership Program – a simulation that challenges the participants to develop their business acumen and strategic thinking skills – and the Senior Managers' Forum, which brings the leaders in our business together over a few days to network, collaborate and work out ways that they can best support each other and the business.

Our employees can now also benefit from training in their own time, and at their own pace, with Downer Mining Online Training. The online training was launched in 2012 and now has over 20 modules from which they can choose.

In the coming year, Downer Mining Online Training will move to TANDEM (Training and Development Management System) – combining the online training with a platform for managing our employees' training records. As well as streamlining our record-keeping process, it will enable us to demonstrate compliance with regulatory and organisational obligations required in the mining industry.

VALUING OUR PEOPLE

To continue to attract and retain high-calibre people, we are committed to offering a range of benefits to our employees, including competitive remuneration packages, paid parental leave, salary sacrifice options, and deals and discounts with a range of suppliers.

The 'Refer a Friend' recruitment scheme, through which we reward employees who successfully refer a candidate for an eligible vacancy, continues to be a success. We recognise that our employees feel more engaged when we enable them to give back to the community; so, with this in mind, we have modified the scheme so that the winner of the draw can now donate \$7,500 to the charity of their choice, as well as receiving a \$7,500 holiday voucher.

DIVERSITY AND INCLUSIVENESS

We place a high value on diversity and inclusiveness in our workplace, and take steps to ensure that we provide equal recruitment and career development opportunities for all our people. We set targets for the recruitment of Indigenous employees and to increase the representation of women across the business, particularly in operational roles.

Our Indigenous employment strategy delivered a solid result in FY13 – recruiting 101 Indigenous employees into the business. Unfortunately, our target of 135 employees recruited over the year was not realised, with external market factors meaning that recruitment across the whole business slowed down.

Encouragingly, 50 of the Indigenous employees we hired throughout the year had little or no previous experience in the mining industry. Some of these new recruits were employed through our award-winning Indigenous recruitment strategy. The strategy is based on three steps – local community consultation, community information sessions and on-site workshops for potential recruits, centred on the 'hire for attitude, train for skill' ethos.

We ran the recruitment strategy in two regional communities in Western Australia – Fitzroy Crossing in the Pilbara for Christmas Creek Mine and Morowa in the Mid West for Karara Mine, providing employment opportunities for Indigenous Australians who live in remote locations.

In 2012 we formed a Diversity Working Group, with the aim of raising the profile of diversity across the business. As we have had a strong focus on Indigenous employment over the last few years, the Diversity Working Group has now turned its attention to gender diversity and is looking at ways to increase female participation in our business.



Maintenance Training Superintendent, Andrew Scudds (left), accepts the Employer of the Year award from Polytechnic West's Executive Director Engineering and Resources Sector, Jonathon Maile.

DOWNER MINING AWARDED 'EMPLOYER OF THE YEAR'

At Downer Mining we've discovered that a partnering approach pays dividends in all facets of our business. Certainly this has been the case with our relationship with Polytechnic West.

At their awards night in February 2013, Polytechnic West honoured us with the title of 'Employer of the Year' in the Engineering and Resources division, thanks largely to our Trade Up-Grade program to 'upskill' our employees and the industry-first Certificate II Vehicle Servicing (Heavy) – both developed in collaboration with the Polytechnic (details on page 14).

Reinforcing our commitment to providing training opportunities for members of our local communities so that they can benefit from working in the resources industry, we also donated two pieces of machinery to Polytechnic West. Valued at over \$100,000, the Volvo L180 wheel loader and Caterpillar off-highway truck will provide students with practical exposure to operational machinery in a controlled environment.

INDIGENOUS RECRUITMENT STRATEGY 'HIGHLY COMMENDED' AT QUEENSLAND RECONCILIATION AWARDS

Our innovative approach to Indigenous recruitment received yet another external accolade in the past year, with our strategy to recruit 'green' Indigenous employees taking out a 'Highly Commended' award in the Business division at the 2013 Queensland Reconciliation Awards.

Our submission was based on our success in recruiting local Indigenous people at one of our former projects – Norwich Park Mine in Central Queensland.

In June 2011, we hired 15 trainees for the mine through our specialist recruitment and training methodology – a process that has proven successful due to the high level of engagement between site management and the local community.

To date, 13 of the trainees are still employed with us as fully-fledged mobile plant operators, having stuck with us through a mine shutdown and relocation to Blackwater coal mine after our client ceased production at Norwich Park.



HR Manager, Chrys McDuffie; Regional Health and Safety Superintendent, Derek Muirhead; Regional Training Manager – East, Cameron Martin; Project Manager, Brad Zillman; GM Operations – QPAC, Peter Connor; and GM Business Development and Indigenous Affairs, Daniel Archer; with Indigenous Business Australia's Senior Manager – Traditional Owner and Native Title Unit, Ken Markwell, and Queensland Premier, Campbell Newman, at the Queensland Reconciliation Awards.



Operator, Andrew Yarran, at Karara Mine.

Our intent is to continue to set, and reach, targets for female employment that are higher than the industry average, to develop a strong and supportive network for women in our organisation, and to see a greater number of women in management and supervisory roles, both in our offices and on site.

This commitment to female employment delivered a strong result with our target of 14% achieved. We have set a target of 16% for FY14, confident that we can continue to encourage women to join, and remain in, our workforce.

We were very proud to see our Liebherr R 9800 operator from Christmas Creek, Rachel Cameron, named as a finalist in the CME Women in Resources Awards in March 2013 (see case study, page 15). To showcase the achievements of more of our employees in the area of diversity, we have introduced our own Diversity Awards, with the categories of 'Female operator/tradesperson', 'Indigenous role model' and 'Diversity champion'. The winners of these awards will be nominated for the relevant industry awards.

COMMUNITY INVESTMENT

Community investment continued to be an area of focus, with the establishment of the Community Investment Committee. The committee comprises senior managers from all areas of the business dedicated to building strong relationships with the communities in which we operate, and ensuring that our community investment initiatives support our vision and are aligned with our values.

In particular, the Committee has a strong focus on building enduring partnerships with community organisations. During the year, we donated \$50,000 to Tabubil Hospital in PNG, near our operations at Ok Tedi Mine, to buy essential equipment for new babies born at the hospital (see case study, page 19).

In FY14, we will be renewing two partnerships in WA, established in FY12, donating a further \$25,000 to Brightwater Care Group for a research foundation, investigating how to replicate in other parts of Australia their Perth-based rehabilitation program for people with acquired brain injuries, and \$55,000 to Food Rescue, continuing to help eliminate food wastage and provide healthy meals to Perth's people in need.

We will also be embarking on two new partnerships. We will be providing \$40,000 in support to RACQ CQ Rescue Helicopter Service in the Bowen Basin,

to assist them in providing emergency rescue and treatment in the remote locations of Central Queensland. We will also be entering into a \$50,000 per year, three-year, nationwide partnership with The Smith Family, to help them support disadvantaged young people all the way through their education from pre-school to tertiary studies.

To better identify community priorities in the Bowen Basin, South Burnett, South East Queensland and Gunnedah Basin, during the year we hired a Community Relations Manager for our operations in the East, who coordinated many small, regional donations to schools and community groups.

Our sites also have an opportunity to support their local community if they win one of our five annual HSE Awards and receive \$5,000 to donate to the charity of their choice. The recipients for the 2012 awards included RACQ CQ Rescue Helicopter Service, A Miner's Legacy, Potikohua Trust and Homebuilders West Coast Trust.

We recognise that by encouraging our employees to participate in charitable events, we are cultivating greater employee engagement, as well as helping the community. We support our employees in their endeavours by paying entry fees to a number of fun runs and charity rides across the country. We also supported nine employees to participate in the Rio Tinto Ride to Conquer Cancer in aid of the Queensland Institute of Medical Research. They jointly raised over \$27,000.

OUR FOCUS FOR FY14

We have taken strides to connect and engage with our employees over the last year, and we plan to maintain this momentum in FY14, focusing on the following key areas:

- **Community investment** – continuing to implement the Community Investment Strategy across our business
- **A strategic approach to diversity** – applying the recommendations of the Diversity Working Group to the way we do business
- **Commitment to innovative training** – responding to the needs of our people, including a focus on online training through TANDEM
- **Indigenous employment** – ensuring that we continue to provide meaningful employment opportunities for Indigenous Australians.

110

trainee mobile plant
operators hired

Operational Support Manager – PNG, Scott Bell, hands over the cheque to Tabubil Hospital's Director, Margareth Samei.



UED TEAM FUNDS ESSENTIAL MEDICAL EQUIPMENT IN PNG

At Tabubil Hospital, just 40 kilometres away from the Ok Tedi Mine in the North Fly district of PNG's Western Province, two babies are born every day. Thanks to the generous support of the hospital by the local mining industry, the new infants and their mothers are assured of the best health care that the region has to offer.

Ok Tedi Mining Limited (OTML) established the hospital to provide health services to its workforce and villagers living within the mining lease area. Before mining began in 1984, infant mortality rates in the region were estimated at 129 per thousand. Today, as a result of improved medical services and nutrition, the rate has now dropped to less than 15 per thousand, lower than the national average.

Recognising the importance of the services the hospital provides, our Underground and Exploration Drilling (UED) team donated \$50,000 to enable the hospital to buy new neonatal equipment, including humidicribs and several phototherapy blankets for infants born prematurely.

The funds also went towards emergency triage equipment, in particular, lightweight splint packs and carbon fibre stretchers, to allow for quicker treatment of severe fractures and easier evacuation from the accident scene to an aircraft.

Our CEO, David Overall, has since visited the hospital and been shown how the equipment has improved treatment standards and eased the staff's day-to-day operations.

According to Managing Director and CEO of OTML, Nigel Parker, our commitment to the hospital, as well as our support to local sporting and community groups, places us as a leader among contractors in the area.



Dr John Oakley demonstrates the use of a phototherapy blanket to COO – Downer Mining Services, Peter Newman, and GM – Underground, Mark Roderick (far right).



Environmental and Sustainability Graduate, Alannah Wigg, monitoring the water at Commodore Mine in South East Queensland.

As a mining contractor we know it's as important to measure and manage our own environmental impact as it is to work with our clients to develop solutions that minimise the environmental impacts of their mines.

Our environmental processes, systems and innovations focus on the areas in which we have the greatest potential to make a difference – reducing greenhouse gases (GHG), energy emissions, water use and waste.

Our forward-looking approach to these key areas has enabled us to once again deliver strong environmental sustainability results, as well as adopting leading-practice environmental systems and processes.

FY13 also saw the launch of our new business, ReGen – which takes our environmental capabilities to a whole new level. In an industry first, ReGen offers mine owners complete mine reclamation and land rehabilitation services by integrating our civil capability with our environmental expertise (see case study, page 25).

FROM COMPLIANCE TO BEST PRACTICE

Robust governance and compliance processes are pivotal to maintaining a strong environmental sustainability performance. Our well-established systems and processes cover each phase of a mining operation – from start-up, through to operations, and ultimately to closure.

Central to upholding our systems and processes is our externally certified ISO 14001 Environmental Management System (EMS), which focuses on the following five governance areas:

- Compliance management
- Risk management
- Incident management
- Continuous improvement
- Performance reporting.

In addition to maintaining our ISO 14001 accreditation for the EMS, we achieved high environmental compliance scores at all of our mining projects, with seven scoring a compliance rate of over 90%. These scores are based on an internal audit that measures compliance against the ISO 14001 standard.

Our Compliance Register Program is a key component of the EMS, enabling all our projects to monitor their environmental performance against their compliance obligations on a monthly basis. The program identifies these obligations, determines actions to demonstrate compliance and ensures the systematic checking of compliance status.

In FY13, we formalised a broader Compliance and Risk Review program to assess the monthly compliance register process and past compliance scores, as well as review the risks across a number of other areas, including:

- Environmental incidents and management actions
- Broad-brush business risks
- Contractual environmental compliance
- Compliance against applicable government project approval conditions.

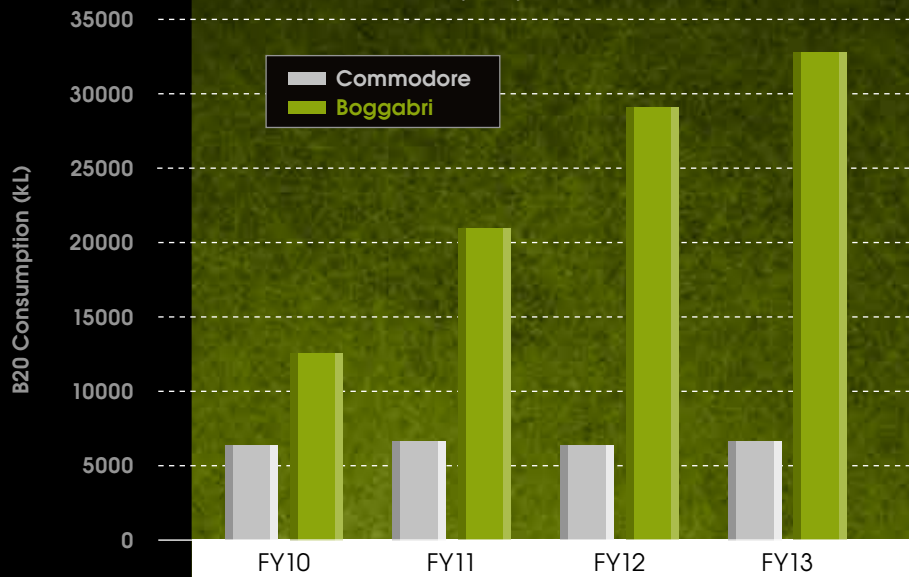
With three major mining contracts coming to an end during the year, a new process was developed to ensure full environmental compliance is achieved throughout the demobilisation process. The procedure assesses all operational areas for residual environmental risk and ensures that the best-possible environmental outcomes are achieved for the client.

ENVIRONMENTAL PERFORMANCE Compliance, reporting and training

We maintained our exemplary environmental compliance record, receiving no regulatory fines, prosecutions or infringements. This was despite increasing public expectations and environmental regulation associated with mining-related activities, such as dust management, post-blast fume events and reduced water use.

ENVIRONMENTAL

BIODIESEL (B20) PURCHASED FY10-13



11.3%
increase in
biodiesel usage



0

0
fines, prosecutions
or infringements



CREATENERGY Chief Operating Officer, Adrian Abbott, pictured with the waste oil processing unit at Boggabri.

A GROUNDBREAKING SOLUTION TO WASTE OIL DISPOSAL

After two years of research, followed by trials at Boggabri Mine, DBS has developed a way of reprocessing a mine's waste oil on site and using it as an alternative to diesel in blasting products.

Typically, waste oil is reprocessed off site at waste management facilities. To reduce reprocessing and transport costs, DBS worked with environmental technology provider, CREATENERGY, to develop an on-site reprocessing unit with the capacity to handle the total volume of waste oil from Boggabri Mine's workshops.

During blasting trials at the mine in late 2012, the product was loaded into a small number of blast holes to ensure that the overall blast wasn't compromised if the product didn't work. The trials proved the product performed in line with standard DBS products in terms of velocity of detonation, fuming potential, heave profile, density and visual observations.

To conclusively determine whether the fragmentation in the area could be solely attributed to the product, a large number of blast holes were loaded with the product during a trial blast in May 2013. Pleasingly, the fragmentation in the trial area was very successful and plant achieved a rate of production consistent with the fragmentation results when using normal explosive products.

With waste oil volumes on mine sites typically amounting to hundreds of thousands of litres annually, this innovation can help reuse this waste, reduce transport-related GHG emissions and costs, and decrease the amount of diesel required in blasting products.



Graduate Engineer, Taylor Elms, maps a creek diversion at Commodore Mine.

We use our InControl incident management system to manage impacts and appropriately mitigate damage to the environment, people or equipment. The system has facilitated comprehensive, timely and open reporting of incidents, with our Minor Environmental Incident Frequency Rate increasing by 82%. This increase is viewed as a positive result, as it reflects a significant improvement in our reporting culture and a far greater awareness of what constitutes an environmental incident.

A key contributor to this cultural change is the Downer Environmental Sustainability Awareness (DESA) course, which trains our employees to implement good environmental practices. The program focuses on managing cultural heritage, flora and fauna, GHG emissions, land, water, noise and dust at our operations. By the end of FY13, 29% of our supervisors had completed DESA training.

GHG and energy

Energy and emissions management remains one of our key priorities. In FY13, we recorded our Scope 1 and 2 GHG emissions at 18,916 CO₂-e tonnes, which was a 1.7% reduction in our GHG emissions intensity (kt CO₂-e/Revenue \$) compared with FY12.

Our use of renewable fuels (B20 biodiesel) at our Commodore and Boggabri projects reduced our FY13 GHG emissions at these sites by some 22,324 tonnes – equivalent to 5,190 cars' annual emissions. We supplied these operations with more than 39,000kL in FY13 with no negative impact on the performance or reliability of the equipment.

We also made progress in improving our energy efficiency performance, achieving a 5% improvement from FY12 levels.

This achievement was made possible by a number of business improvement initiatives that have delivered considerable equipment efficiencies. Two of these are

the reduction in the idle engine speed on our electric-drive trucks during retarder brake use (24,131GJ), and using low-energy LED lights at our Karara and Christmas Creek projects (15,839GJ).

Water use and waste

We recognise that water is a valuable resource that must be managed responsibly and effectively in all weather conditions, from drought to flood. As water is a key component in the emulsion manufacturing process, our blasting business has a target aimed at reusing water and using captured rainwater as alternatives to town water. The FY13 indicator measured the volume of town water used, with the intent to use less than the previous year. Unfortunately we fell slightly below target for the year.

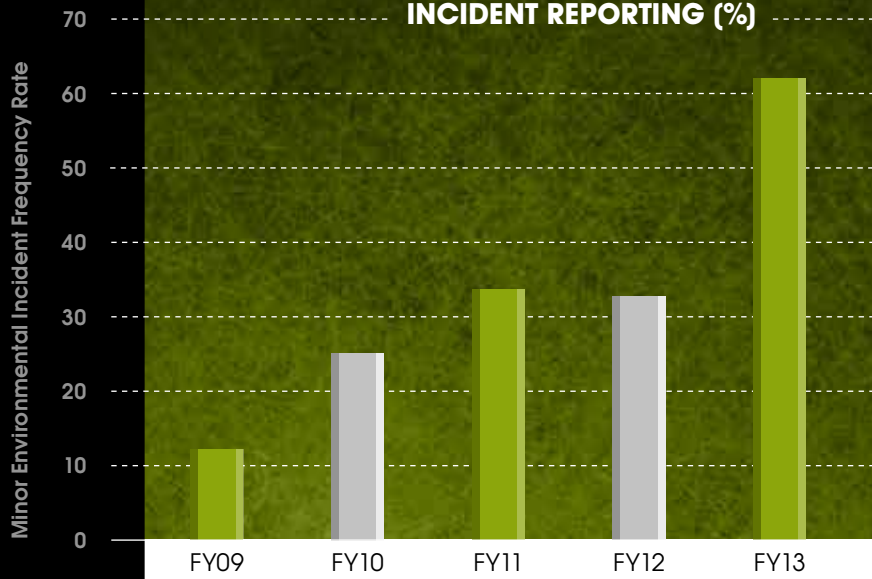
Ammonium Nitrate Emulsion (ANE) is manufactured to particular specifications, with little flexibility to adjust the volume of water required. To ensure a more meaningful target for FY14, the indicator has been changed to measure the ratio of town water versus recycled water used for emulsion manufacture.

We also implement plans to manage and reduce waste generation at our sites and offices, conducting our operations in line with the waste management principle of 'reduce, reuse, recycle'. Nineteen per cent of total solid waste was recycled across the sites at which we are the major primary contractor – up 5% from FY12.

DELIVERING STRONG RESULTS THROUGH INNOVATION

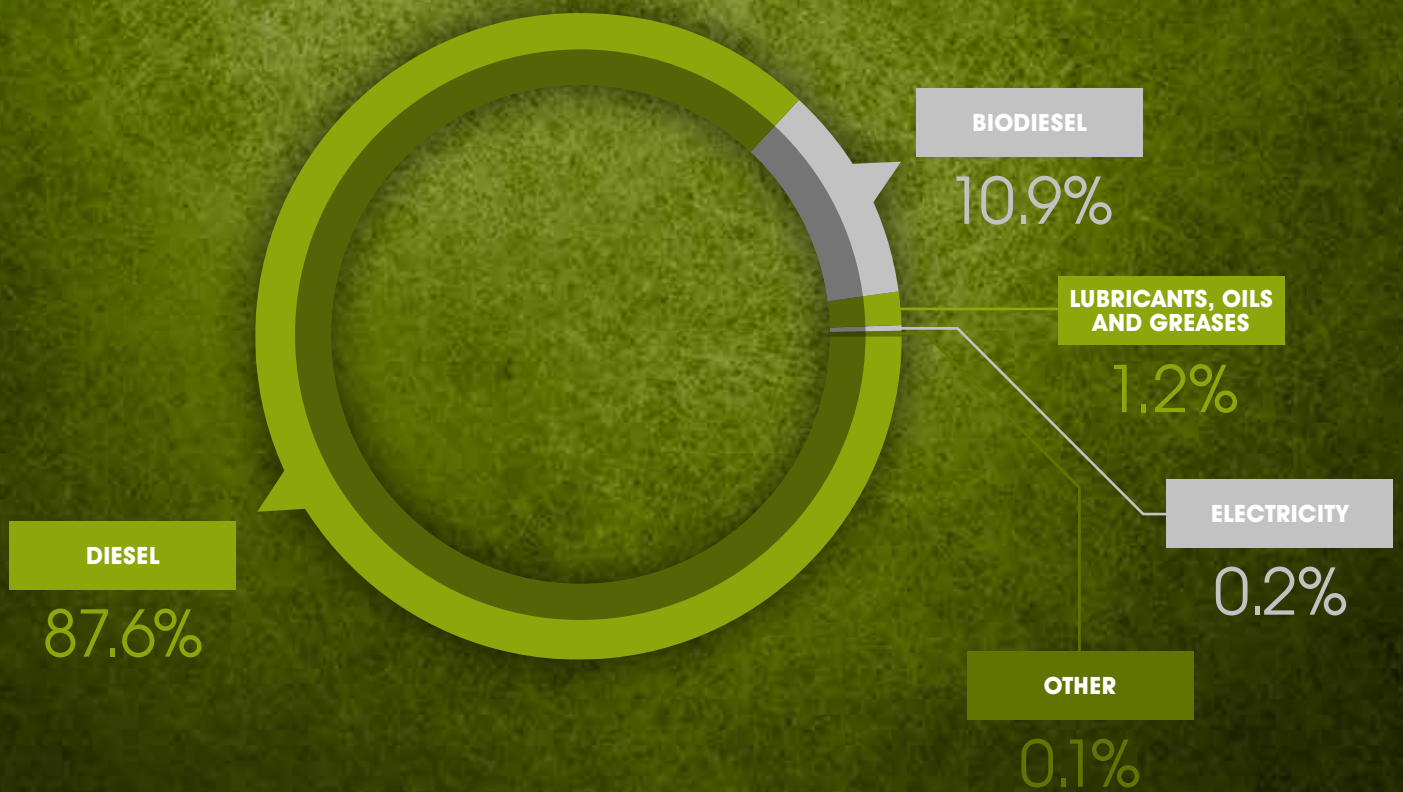
Our environmental strategies continue to evolve and respond to key risks and opportunities in the industry. Through engineering new environmental innovations, we have made impressive progress in the management of dust, alternative fuels, energy efficiency, Off-the-Road (OTR) tyres and waste oil (see case study, page 21).

IMPROVEMENT IN ENVIRONMENTAL INCIDENT REPORTING (%)



82%
improvement

TOTAL GHG EMISSIONS (SCOPE 1, 2 & 3) INCLUDING FUGITIVE METHANE EMISSIONS FY13



Scope 1 and 2 emissions are those resulting from activities over which we have operational control and that we are required to report under the National Greenhouse and Energy Reporting legislation. In the FY13 reporting period, our Scope 1 and 2 emissions were 18,916 CO₂-e tonnes.

Scope 3 emissions are those associated with our activities on sites that are under the operational control of our clients.



Environmental Graduates, Bridget McNeill and Ignacio Czajkowski, at one of Commodore Mine's rehabilitated areas.

Tyre recycling at Karara

Tyres constitute a significant volume of waste in mining operations; however, the rubber and steel components of OTR tyres can be recycled and processed into a range of rubber granule and powder products for various industries. During the year we worked with our client, Karara Mining, to trial off-site recycling of tyres.

Eighteen OTR tyres were recycled, which eliminated the need for these tyres to be disposed of in-pit and maximised resource recovery.

We are now working with several suppliers to investigate new innovative ways to recycle and reuse our tyres, such as for use as an energy source, road surface material or for stemming blast holes.

Dust suppression agent trials

Dust emissions are a growing problem for the mining industry, and our recent trial at Boggabri Mine in New South Wales proved that a lot can be done to minimise the amount of wheel-generated dust.

The trial of four dust-suppressant products demonstrated that dust particulates and water usage on site could be reduced by as much as 80%.

In addition, the trial confirmed that using a dust-suppressant agent minimises damage to equipment and reduces the risk of uncontrolled vehicle movements caused by the over watering of roads.

Pongamia trial underway at Meandu

A trial planting of Pongamia seedlings commenced at Meandu Mine as part of a collaborative research project with Stanwell Corporation and the University of Queensland's ARC Centre of Excellence for Integrative Legume Research.

With 1,200 seedlings planted across both rehabilitated and non-rehabilitated sites, the trial aims to assess both the capability of these small trees to grow in mine spoil and the viability of using their oil-rich seeds as a feedstock for the production of biofuel.

The project is expected to be completed in 2016, and the results of the trial will determine whether the planting of Pongamia can provide both a sustainable and commercially viable use for post-mining land.

OUR FOCUS FOR FY14

Our focus areas for FY14 demonstrate our commitment to continuously raising the bar in our environmental performance:

- **Addressing new risks** – conducting environmental compliance and risk reviews at all of our larger projects to reaffirm our monthly compliance review process and, where necessary, amend the process to address other areas of potential environmental risk
- **Capturing innovations** – introducing Sustainability and Environmental Workshops at each site to identify new environmental and sustainability initiatives in collaboration with our clients
- **Developing our people** – including new modules in our DESA course to develop our employees to a level where they are qualified in Certificate III Sustainable Environmental Mine Management
- **Building the ReGen business** – raising the profile of this new business and its unique suite of services, and win work within the mining industry.

PRO
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INTRODUCING REGEN

ReGen is the latest addition to our Downer Mining Services division, complementing the division's already diverse suite of services by offering complete solutions for mine reclamation and land rehabilitation.

Although there are a number of companies that offer services for certain aspects of

rehabilitation, there are none with the capacity and expertise to offer the complete suite of requirements: design, bulk earthworks, civil capacity, revegetation, and monitoring and maintenance. The creation of ReGen means that mine owners can now contract to a single business that has the cost-effectiveness, efficiency and low-risk profile of a Tier 1 mining contractor.

The potential market for our ReGen services covers the 200-plus open cut mines across Australia that require, or will require, rehabilitation services, progressively and upon closure. With increasing regulatory and community expectations for mine rehabilitation and post-mining land uses, ReGen is looking to tap into this \$1 billion per year – and growing – market.

We already have a strong track record in the field, including rehabilitating 300 hectares at Baal Bone Mine in NSW, and constructing and revegetating the Blackwater Creek diversion at Curragh Mine in Queensland. We are also currently demonstrating this expertise at existing mining projects, like Commodore, where our rehabilitation program continues to deliver remarkable results.



The work site showing the weir formwork in place and the temporary dam with the aggregate-filled fertiliser bags forming the bund.



The finished work site, after removal of the temporary dam, with no observable effects.

TEMPORARY DAM DIVERSION LEADS STOCKTON TO SUSTAINABLE RESULTS

Our team at Stockton in New Zealand have taken a proactive approach to protecting a section of streambed containing unique aquatic bryophyte² at the site.

They were faced with the challenge of constructing a concrete diversion weir in the streambed to manage water during new mining activities. This meant damming and diverting the stream. Instead of following the 'normal' practice of creating an earth dam upstream of the work site – which would result in significant, and potentially irreversible, sedimentation in the streambed – they came up with a temporary way to divert the stream.

Clean one-tonne fertiliser bags were filled with inert site-sourced aggregate (granite chip), then craned into position upstream of the construction site to create a temporary dam. Water was then pumped from the resulting impoundment around the work site. When the engineered weir was completed, the aggregate bags were lifted back out of the streambed and stored for reuse.

The result was an environmentally sustainable, cost-effective solution. The effects on the streambed have been localised, and are short-term and largely reversible with negligible water-quality impact.

2. Bryophyte is a division of small flowerless green plants that comprises the mosses and lichens.

INDEPENDENT ASSURANCE STATEMENT

TO THE MANAGEMENT AND STAKEHOLDERS OF DOWNER EDI MINING:

Downer EDI Mining engaged Net Balance Management Group Pty Ltd (Net Balance) to provide limited assurance on the information described below and set out in the 2013 Sustainable Development Scorecard (the 'Scorecard') and supporting contextual information in the 2013 Sustainable Development Report (the 'Report') for the year ended 30 June 2013.

ASSURED SUBJECT MATTER:

Indicators presented in the Scorecard and the contextual information relating to these indicators in the Report.

HOW THE INFORMATION IS ASSESSED (REPORTING CRITERIA):

We assessed the assured subject matter using Downer EDI Mining's reporting criteria as set out in the Sustainable Development Scorecard Reference Sheet. The Reporting Criteria outlines the basis of Downer EDI Mining's reporting, including the approach taken for evaluating and measuring the assured subject matter.

PROFESSIONAL STANDARDS APPLIED AND LEVEL OF ASSURANCE:

We have used ASAE 3000 (limited level of assurance) issued by the Australian Auditing and Assurance Standards Board.

ASSURANCE APPROACH:

Our approach included assessing the risk of material misstatement and an evaluation of key systems, processes and controls for reporting the assured subject matter. Considering this risk assessment, we:

- Conducted interviews with Downer EDI Mining's management to understand the sources, reliability and completeness of data and the basis for any assumptions used in the calculations
- Performed testing (to a limited level) to check that data had been measured, recorded, collated and reported in accordance with Downer EDI Mining's Reporting Criteria
- Performed analytical procedures over the data
- Checked the disclosure and presentation of the assured subject matter.

DOWNER EDI MINING'S RESPONSIBILITIES:

The Management and Directors of Downer EDI Mining are responsible for:

- Designing, implementing and maintaining internal controls over information relevant to the preparation of the assured subject matter that is free from material misstatement, whether due to fraud or error
- Establishing objective Reporting Criteria for preparing the assured subject matter
- The content of the Scorecard and Report.

OUR RESPONSIBILITIES:

We are responsible for:

- Planning and performing the engagement to obtain limited assurance about whether the assured subject matter is free from material misstatement, whether due to fraud or error
- Forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained
- Reporting our conclusion to the Management and Directors at Downer EDI Mining.

Net Balance's responsibility in performing its assurance activities was to the Management and Directors of Downer EDI Mining alone and in accordance with the terms of reference agreed with them. We disclaim any assumption of responsibility for reliance on this assurance statement or on the subject matter to which it relates, to any person other than the Management and Directors of Downer EDI Mining, or for any purpose other than that for which it was prepared. Other stakeholders should perform their own due diligence before taking any action as a result of this statement.

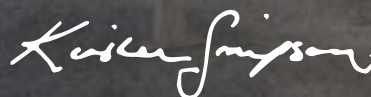
OUR INDEPENDENCE:

Net Balance confirms that we are not aware of any issues that could impair our objectivity in relation to this assurance engagement. This assurance engagement has been conducted in compliance with our Independence Policy which can be found at www.netbalance.com/services/assurance

OUR CONCLUSIONS:

As a result of our procedures nothing has come to our attention that indicates the assured subject matter for the year ended 30 June 2013 has not been prepared in all material respects with the Reporting Criteria.

On behalf of the assurance team
31 October 2013
Melbourne, Australia



Kirsten Simpson,
Associate Director, Net Balance
Lead CSAP (AccountAbility UK)



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Plant Operator, Dustin Crawford, Product Specialist, Sandri van Heerden, Mobile Production Unit Operator, Danny Mitchell, and Plant Operator, Brett Hunt, at the DBS emulsion-manufacturing facility at Savage River, Tasmania.

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FEEDBACK

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



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