1 OUR SUSTAINABILITY REPORT

1.1 ABOUT THIS REPORT

Welcome to the OZ Minerals Sustainability Report 2008. This report details our economic, social and environmental performance and our approach to responsible corporate governance. It also details the performance of Oxiana Limited and Zinifex Limited since each last reported prior to merging to become OZ Minerals in July 2008.

We understand that caring for our people, our neighbours and the environment is critical to our business. Our key sustainability objectives are to:

- Protect the safety, health and wellbeing of our employees and contractors
- Minimise our impact on the environment
- Ensure that the communities in which we operate receive real benefit from our activities, and
- Be known for our integrity.

We see this report as an opportunity to demonstrate our commitment to transparent and accountable reporting of our sustainability challenges and our progress in managing them. It is a key aspect of our engagement with stakeholders regarding our social and environmental performance.

The report preparation process also provides us with an invaluable review of systems and processes, identifying areas in which data accuracy and availability could be improved. This review has been particularly valuable at this time, as we have worked to integrate systems and processes following merger of Oxiana and Zinifex to become OZ Minerals.

Our focus, in preparation of this report has been to bring together performance data for OZ Minerals, Oxiana and Zinifex and to present stakeholders with a comprehensive overview of our performance over a period of significant organisational change. This has presented a number of challenges, including alignment of calendar and financial year reporting periods and different processes for data collection and storage. While we have made every effort to present a report that is easy to understand, we recognise that in some instances, data comparability has been impacted.

1.1.1 Scope

This report details our economic, social and environmental performance since becoming OZ Minerals (1 July 2008 to 31 December 2008). It also details the performance of Oxiana (1 January 2008 to 30 June 2008) and Zinifex (1 July 2007 to 30 June 2008) since each last published a sustainability report prior to the merger.

The report includes operations and exploration activities wholly owned and/or operated by OZ Minerals, Oxiana and Zinifex during this period. Our Group Office in Melbourne and support offices in Australia, Asia and other exploration locations are included in relation to employee data only. Information on the sustainability performance of our joint venture partners, companies in which we have equity interests, suppliers or contractors is not included.

Unless otherwise stated, all group and operational data includes:

- 18 months data for the Century and Rosebery operations
- 12 months data for the Golden Grove, Prominent Hill and Sepon operations, the Martabe and Canadian projects and exploration activities, and
- 6 months data for the Avebury operation.

For information prior to the scope of this report please see the Oxiana Sustainability Report 2007 (published March 2008), the Zinifex Sustainable Development Report 2006/07 (published November 2007) available at www.ozminerals.com

**Data collection, collation and presentation**

Data collection, collation and presentation for this report was coordinated by the Group Office Sustainability team. Data was collected using a combination of interviews and workbooks based largely on the Global Reporting Initiative (GRI) G3 Indicator Protocols.

Data measurement techniques and the basis of calculations (including assumptions and estimation techniques) are aligned with the GRI G3 Indicator Protocols.

All financial data is for the calendar year 2008 and is reported in Australian dollars, based on an average exchange rate of A$1 = US$0.83 for 2008.

Where data collation or presentation does not align with the procedures identified above, this is stated.
1.1.2 Materiality

In this report, priority has been given to issues that we consider to be of material significance to our sustainability performance. We have determined these material sustainability issues based on a range of internal and external considerations, including:

- Concerns raised by stakeholders during the reporting period (see Stakeholder Engagement, page 36)
- Challenges facing the mining industry, identified through our participation in industry associations
- Our commitment to industry standards, including the International Council on Mining and Metals (ICMM) Sustainable Development Framework and the Minerals Council of Australia's (MCA) Enduring Value
- Our core values
- Our sustainability objectives outlined in our new Sustainability Policy.

OZ Minerals’ material sustainability issues are:

Values and Governance
- Engaging clearly, openly and honestly with all key stakeholders
- Aligning our systems and processes across the business
- Developing and implementing sound enterprise-wide risk management processes
- Ensuring the safe handling and transport of our materials and products
- Ensuring mine closure planning is a consideration at all stages of the mine life cycle

Economic
- Delivering value to our shareholders
- Ensuring communities in which we operate receive real benefit from our activities

Social
- Protecting the safety, health and wellbeing of our people
- Retaining and engaging skilled employees
- Building trusting relationships with our local communities

Environment
- Minimising our environmental footprint, by reducing waste and using energy, water and other raw materials efficiently

For more information about our understanding and management of these issues please follow the links to the relevant performance section of this report.

1.1.3 Our readers

While we have attempted to make this report as broadly relevant as possible, we recognise this style of reporting will not meet the needs of all of OZ Minerals’ stakeholders. We believe this report will be of most interest to OZ Minerals’ shareholders, the financial community, Governments, non-government organisations and academics.

To address the needs of our stakeholders in Laos, we are also producing a separate report specific to the Sepon operation which will be made available in Lao only.

We communicate our economic, social and environmental performance with employees and local communities on an ongoing basis through the engagement mechanisms outlined in Stakeholder Engagement (page 36).

1.1.4 External assurance

OZ Minerals engaged Environmental Resources Management Australia Pty Limited (ERM) to provide external assurance of this report. This is intended to provide our stakeholders with confidence in the content and coverage of this report and support our efforts to improve our data collection, collation and presentation processes.

For more information, please see the ERM Independent Assurance Report (page 77).

1.1.5 Global Reporting Initiative

Our Sustainability Report has been prepared in accordance with the Global Reporting Initiative (GRI) G3 Reporting Guidelines (2006) and the Mining and Mineral Industry Supplement (2005). OZ Minerals has self assessed this report as a B+ application of the GRI G3 Reporting Guidelines.

The location of standard disclosures within the report are detailed in the GRI Content Index (page 69).
1.2 CEO'S MESSAGE


By any measure 2008 was an extraordinary year for the global economy, the base metals industry and for OZ Minerals. On 1 July 2008, OZ Minerals was formed with the merger of Oxiana Limited and Zinifex Limited. The rapid and severe decline in base metals prices, particularly in the second half of the year, and a significant deterioration in access to debt and equity markets which accompanied the global financial crisis, culminated in an extremely difficult operating environment for OZ Minerals. Our financial results reflected this difficult economic environment.

Throughout this period of uncertainty and significant organisational change, OZ Minerals has worked to maintain focus on both the financial and non-financial aspects of sustainability. We understand that caring for our people, our neighbours and the environment is critical to our business.

A key area of focus during the integration of the Oxiana and Zinifex operations was alignment and integration of policies, standards, systems and processes across the business. The OZ Minerals Sustainability Policy, adopted in December 2008, details our commitments to economic, social and environmental sustainability while responsible corporate governance is supported by our core values – respect, integrity, action and results.

In August 2008 the OZ Minerals Sustainability Standards were adopted. These are a comprehensive set of standards for management of the safety, health, environmental and social aspects of the business. They are aligned with industry best practice standards such as the International Council on Mining and Metals (ICMM) Sustainable Development Principles and the Minerals Council of Australia’s (MCA) Enduring Value.

To improve the accuracy and transparency of reporting, a number of assurance processes were broadened during 2008, including development of an internal audit function and independent external assurance of this report.

Despite continuing emphasis and initiatives to improve safety during 2008, our safety and health performance was not good enough. We suffered two fatalities and one serious permanent disabling injury. In July 2008, an employee at Sepon was killed when a lightning strike occurred during installation of a radio tower. In September 2008, a contractor at Prominent Hill was killed in a light vehicle rollover and a contractor at Century sustained a serious permanent disabling injury while conducting drill rig maintenance.

Our deepest sympathies are with all those who were impacted by these events and I want to give an assurance that these incidents have resulted in an even greater focus being placed on safety management at all of our operations. Thorough investigations of these incidents were conducted by OZ Minerals and external agencies, and we are in the process of implementing all recommendations.

Pleasingly though, OZ Minerals received recognition for safety innovation, with Avebury and Century mines both receiving awards for development of a cable bolt installation machine and an automatic lighting plant activation system respectively. Our operations also performed consistently well at mine rescue competitions.

OZ Minerals prides itself on being a valued member of the communities we operate in and, to this end, continued to make significant contributions to local, regional and national economies through taxes and royalty payments, direct and indirect employment, purchase of goods and services and community investments. In 2008 we contributed over $7.3 million to community development programs and initiatives targeting improvements in education and training, health, infrastructure and local business development.

At Century mine, in the lower gulf region of North West Queensland, a ten-year review was conducted of the Gulf Communities Agreement, a unique tri-partite agreement between OZ Minerals, the Queensland Government and four Native Title groups. This produced a number of recommendations for improvement, which we are now implementing.

Sepon, in Laos, undertook significant work in developing its cultural heritage program during 2008, including working with the Government of Laos and James Cook University (Australia) to excavate two significant archaeological sites within the area of its operations.

OZ Minerals strives to demonstrate good stewardship of natural resources by minimising its environmental footprint, reducing waste, and using energy, water and other raw materials efficiently.

A range of environmental improvement programs and initiatives were implemented by OZ Minerals during 2008. Sepon achieved certification under the ISO14001 standard for its environmental management system. Land rehabilitation and closure accounting provisions for all operations were updated, including independent external assessment of these provisions.

OZ Minerals continues to participate in the Australian Government’s Energy Efficiency Opportunities and Greenhouse Challenge programs, and is well advanced in its preparations for reporting under National Greenhouse and Energy Reporting Act 2007 (“NGERS”).

During 2008 OZ Minerals had 26 significant environmental incidents and 61 incidences of non-compliance with licence/permit conditions, including exceedences of specified water discharge limits at the Avebury and Golden Grove operations and at the Karumba Port Facility, as well as two chemical spills at the Golden Grove operation.
These events were reported to the relevant authorities and none were judged to have had a major environmental impact with actions implemented to address each of these incidents.

In response to the impact of the Global Financial Crisis, from October 2008 OZ Minerals actively pursued a number of activities to secure its financial position including asset sales, pre-selling expected future production and several equity-raising options.

This culminated in an announcement on 1 April 2009 that OZ Minerals had agreed, subject to regulatory and shareholder approval, to sell all of its assets other than the Prominent Hill operation in South Australia, the Martabe gold and silver project in North Sumatra, Indonesia, certain exploration projects in Cambodia and Thailand, and its listed equity interests to China Minmetals Non-ferrous Metals Company for US$1,206 million.

The Treasurer of the Commonwealth Government of Australia subsequently approved this transaction on 23 April and shareholders will be asked to agree to the sale on 11 June 2009 at the company’s Annual General Meeting. Subject to this approval, the transaction will be executed on 16 June 2009. This offer is unanimously recommended by the Board, in the absence of a superior offer.

On 24 April 2009 OZ Minerals announced the sale of its Martabe project to China Sci-Tech Holdings Limited for US$211 million. The transaction is expected to be completed in early June and the proceeds will make a significant contribution to addressing OZ Minerals’ refinancing issues.

The final months of 2008 and early 2009 have been a turbulent period for OZ Minerals and all of its stakeholders and I want to assure you that the Board and Executive Management fully appreciate the stress and concern that these activities have placed on everyone. I would especially like to acknowledge the ongoing efforts and dedication of all our people who have worked tirelessly to get the company through this uncertain period, continued to meet production forecasts and customers’ requirements and have done so with an ongoing commitment to safety, health, environmental and social concerns.

Andrew Michelmore
Managing Director and Chief Executive Officer
1.3 PERFORMANCE SUMMARY 2008

Following is a summary of our performance against selected commitments made previously by Oxiana and Zinifex. Progress is reported in more detail within the relevant performance sections of this report.

OZ Minerals’ sustainability commitments going forward are outlined in Commitments 2009 (page 6).

<table>
<thead>
<tr>
<th>KEY PERFORMANCE INDICATOR</th>
<th>PERFORMANCE 2008*</th>
<th>PROGRESS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SOCIO-ECONOMIC CONTRIBUTIONS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maximise benefits of our operations to local communities</td>
<td>Community investment of over $7.3 million</td>
<td>✓</td>
</tr>
<tr>
<td>Develop a company-wide sponsorships and donations strategy</td>
<td>Not progressed</td>
<td>❌</td>
</tr>
<tr>
<td><strong>OUR PEOPLE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase levels of employee satisfaction</td>
<td>Conducted an employee perception survey to determine strengths and areas for improvement</td>
<td>✓</td>
</tr>
<tr>
<td>A workforce that is continually developing and performing to its capabilities</td>
<td>Delivered a range of specific development activities across the company, including leadership development</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Commenced development of the OZ Minerals Performance Management Program</td>
<td>✓</td>
</tr>
<tr>
<td>Percentage of women at all levels of the business to increase year on year</td>
<td>Three months paid parental leave extended to all OZ Minerals employees</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Review of proposed salary increases conducted to ensure uniformity across gender</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>16.25 per cent female employees</td>
<td>✓</td>
</tr>
<tr>
<td>Increased Indigenous employment</td>
<td>Pre-employment programs targeting Indigenous communities conducted at Century, Golden Grove, Prominent Hill and Rosebery operations</td>
<td>✓</td>
</tr>
<tr>
<td><strong>SAFETY AND HEALTH</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zero fatalities</td>
<td>2 fatalities, 1 serious permanently-disabling injury</td>
<td>❌</td>
</tr>
<tr>
<td>Improved overall safety performance</td>
<td>3 per cent reduction in TRIFR between June (post merger) and December 2008</td>
<td>✓</td>
</tr>
<tr>
<td>Identification of fatal risks and safety embedded into the way OZ Minerals does business</td>
<td>Fatal risk audits conducted at Rosebery and Century</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Development of OZ Minerals Safety Strategy and Five Key Safety Actions Plan</td>
<td>✓</td>
</tr>
<tr>
<td>Maintain or improve emergency response capability</td>
<td>All sites have well trained emergency response teams in place. Teams from Rosebery, Avebury and Century performed well at Mine Rescue competitions</td>
<td>✓</td>
</tr>
<tr>
<td><strong>COMMUNITY RELATIONS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Formal Community Engagement Plans in place at all operations</td>
<td>Commenced development of Community Engagement Plans at some operations</td>
<td>✓</td>
</tr>
<tr>
<td><strong>ENVIRONMENTAL</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No non-compliances with licence conditions</td>
<td>61 regulatory water discharge exceedances</td>
<td>✓</td>
</tr>
<tr>
<td>Continual improvement in environmental management systems – achieve ISO14001 certification at Sepon and Century and retain certification at Golden Grove and Rosebery</td>
<td>Sepon achieved ISO14001 certification in December 2008. Golden Grove and Rosebery retained certification. Certification was not pursued for Century</td>
<td>✓</td>
</tr>
<tr>
<td>Energy efficiency improvement projects identified and implemented</td>
<td>Projects identified at Golden Grove and Rosebery</td>
<td>✓</td>
</tr>
</tbody>
</table>

**LEGEND**

- ✓ Achieved
- ❌ In progress
- ❌ Not achieved

* Includes performance for the full reporting period, as detailed in Our Sustainability Report – Scope (page 1).
1.4 COMMITMENTS 2009

OZ Minerals Sustainability Commitments for 2009 include targets and initiatives that represent or will result in a significant improvement in sustainability performance.

We will measure our performance against the following commitments in future reports:

**Corporate governance and management systems**
- Each operation audited against the OZ Minerals Sustainability Standards
- Incident classification and reporting processes aligned across OZ Minerals
- Safety, Health, Environment and Community (SHEC) requirements in project development process strengthened
- Specific SHEC plans in place at each operation, including lead indicators
- Closure plans in place at all sites

**Socio-economic contributions**
- A community investment strategy developed

**Social**

**Our people**
- Strategic plan to increase levels of employee engagement and satisfaction developed
- Performance Management System and Leadership Development Training developed and implemented
- Actions to increase the percentage of women at all levels of our workforce implemented
- Actions to increase the percentage of Indigenous employees in our workforce implemented

**Safety and health**
- No fatalities or serious permanently-disabling injuries
- 25 per cent improvement in Total Recordable Injury Frequency Rate (TRIFR) at each operation and major projects (from 7.3 in 2008 to 5.5 by end of 2009)
- Five Key Safety Actions Plan implemented
- Improvements arising from 2008 serious incidents fully implemented
- Aviation Standard fully implemented

**Community relations**
- No incidents with major impact on local communities
- Community engagement plans in place at all operations and major projects

**Environment**
- Management plans in place for acid rock drainage (ARD), water management, energy / greenhouse gases
- No incidents with major environmental impact
- No non-compliances with licence conditions
- Energy efficiency improvement projects implemented

1.5 COMPANY OVERVIEW

OZ Minerals was formed in 2008 through the merger of Australian based, international mining companies Oxiana Limited and Zinifex Limited.

OZ Minerals employs over 5,700 people directly, 3,100 contractors and spans nine countries. The company currently has mining operations located in Australia and Asia and a large portfolio of advanced and early stage exploration projects throughout Australia, Asia and the Americas. The OZ Minerals Group Office is located in Melbourne.

OZ Minerals is the world’s second largest producer of zinc as well as a substantial producer of copper, lead, gold and silver.

OZ Minerals’ operations and pending projects include:
- The Century operation in Queensland which is the world’s second largest open pit zinc mine - producing some 500,000 tonnes of zinc annually
- The Sepon copper and gold operation in Laos which produces approximately 60,000 tonnes of copper annually. The gold operation at Sepon is in its seventh year of production
- The Golden Grove underground base and precious metals operation in Western Australia which produces concentrates of zinc, copper and other base and precious metals
- The Prominent Hill copper-gold operation in South Australia which started production in February 2009
- The Rosebery operation in Tasmania, a polymetallic underground mine, in operation since 1936
- The Martabe gold-silver project in Indonesia*
- The Dugald River undeveloped zinc, lead and silver deposit*
- The Avebury nickel operation in Tasmania currently on care and maintenance
- An extensive portfolio of exploration and advanced development projects and joint ventures across Australia, Asia and North America.

* Deferred development project

For details of changes in ownership or structure during 2009 please see www.ozminerals.com.

1.5.1 Company structure

Below is an illustration of the OZ Minerals structure, including all operational subsidiaries.

* For information on changes to company structure since 31 December 2008 please see www.ozminerals.com

** 10 per cent of Lang Xang Minerals Limited is owned by the Government of Laos.

*** A Memorandum of Understanding has been entered into with the Indonesian Government for the sale of 5 per cent of the shares in PT Agincourt Resources.
OZ Minerals has a number of equity investments in other mining and exploration companies. The holdings are as follows as at 15 May 2009:

- Toro Energy (287.4 million shares) is one of the largest listed Australian uranium exploration and development companies. In October 2008, Toro announced a 1:3.8 renounceable rights issue in which the company took up its full entitlement and now owns 51.7 per cent of Toro.
- Minotaur Exploration (7.0 million shares) holds the non-Prominent Hill assets of the former Minotaur Resources as well as other exploration projects in Australia. OZ Minerals owns approximately 10 per cent of Minotaur Exploration.
- Royalco Resources Ltd (10 million shares) holds a number of royalty interests in gold and base metal assets in New Zealand and the former Philippines exploration assets of Oxiana.
- EMED Mining (27 million shares) holds the former Cyprus exploration interests of Oxiana.
- Beadell Resources (12.8 million shares) an exploration Company that includes the former exploration assets of Agincourt Resources.
- Apex Minerals (9.5 million shares) an exploration Company that owns the Wiluna gold mine formerly owned by Oxiana.
- Strategic Minerals (5.6 million shares) owns the Woolgar gold project in central North Queensland.

**Operations**

### 1.5.2 Avebury

<table>
<thead>
<tr>
<th>Location</th>
<th>10 kilometres west of Zeehan on the West Coast of Tasmania in Australia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product</td>
<td>Nickel sulphide concentrates</td>
</tr>
<tr>
<td>Mining method</td>
<td>Mechanised underground mining</td>
</tr>
<tr>
<td>Processing method</td>
<td>Conventional crushing, grinding and flotation</td>
</tr>
<tr>
<td>Commenced operation</td>
<td>Early 2008</td>
</tr>
<tr>
<td>Reserves *</td>
<td>38,000 tonnes</td>
</tr>
<tr>
<td>Resources *</td>
<td>171,000 tonnes</td>
</tr>
<tr>
<td>2008 production</td>
<td>2,069 tonnes nickel concentrate</td>
</tr>
<tr>
<td>Sales</td>
<td>Nickel sulphide concentrate sales from Avebury are contracted to the Jinchuan Group, a Chinese non-ferrous metallurgical and chemical engineering company.</td>
</tr>
<tr>
<td>Workforce**</td>
<td>Over 180</td>
</tr>
</tbody>
</table>

* As at 30 June 2008 (see OZ Minerals ASX Release 23 December 2008 for full statement of Mineral Resources and Ore Reserves).
** Includes all employees (full-time, part-time and casual) and contractors as at 30 November 2008.

OZ Minerals owns the 8,500 tonnes per annum Avebury nickel mine on Tasmania’s West Coast, which was commissioned during the first quarter of 2008. In December 2008 OZ Minerals announced that it would put the Avebury nickel mine on care and maintenance until further notice.
1.5.3 Century

Century is the world’s second largest open pit zinc mine. The operation is located in the remote lower Gulf region of north-west Queensland and comprises two sites – the mine at Lawn Hill, and associated concentrate dewatering and ship-loading facilities at Karumba, on the Gulf of Carpentaria.

**Operations**

In 2008, 513,571 tonnes of zinc in concentrate and 56,387 tonnes of lead in concentrate was produced at Century. This was in line with guidance for the year and slightly above the previous year’s production.

The Century orebody is covered by a large volume of un-mineralised waste material which must be removed to access the orebody. Costs were elevated in 2008 due mainly to the large volumes of pre-strip mining required. Cash costs associated with this pre-strip mining are expected to be lower in 2009, with a reduction in pre-strip from 40 million bank cubic metres to 24 million bank cubic metres. In addition, all waste will be placed in-pit in 2009 compared to only 10 million bank cubic metres in-pit in 2008 with the balance hauled to the surface waste dumps.

During the year a new ball mill was installed to enable increased zinc recovery from ore.

Production planned at Century for 2009 is 480,000 - 505,000 tonnes of contained zinc in concentrate.

**Exploration**

Exploration at Century is focused on a number of targets in the Century mine lease including the Watson’s Lode prospect, 10 kilometres south of Century. Drilling in 2008 extended mineralisation to over 1,200 metres of strike and further work is required to evaluate the resource potential of this high grade zinc-lead lode. Exploration extended the Silver King zinc-lead lode to over 800 metres of strike, however, scoping studies indicated that the mineralisation is unlikely to be economic at current commodity prices.

The tenements around the Century mine are being explored for similar shale hosted deposits and a comprehensive targeting exercise has generated a suite of quality targets which are being systematically tested by drilling.
1.5.4 Golden Grove

Golden Grove is an underground base and precious metals mine, which produces concentrates of zinc, copper and lead/precious metals. The operation is located in the mid-west region of Western Australia and consists of the Scuddles and Gossan Hill zinc and copper underground mines and the Scuddles plant.

**Operations**

Production (contained metal in concentrate) for 2008 was 139,900 tonnes of zinc, 18,467 tonnes of copper, 13,330 tonnes of lead, 47,755 ounces of gold and 3,157,837 ounces of silver. Zinc production was well above forecasts and mainly the result of high zinc grades and increased throughput in the December quarter. In 2009 mine scheduling will see reduced zinc production and higher copper production. The nature of the Golden Grove polymetallic mine gives capability to vary the mix for 2009, of copper and zinc produced. Production guidance is 50,000 - 55,000 tonnes of zinc and 40,000 - 45,000 tonnes of copper, 4,000 - 6,000 tonnes of lead, 28,000 - 34,000 ounces of gold and 1.1-1.6 million ounces of silver.

Golden Grove consists of the Scuddles and Gossan Hill zinc and copper underground mines and the Scuddles plant. As part of measures taken to reduce operating costs, OZ Minerals announced in January 2009 that the Scuddles mine would be put on care and maintenance.

Operating costs at Golden Grove remained world competitive at US$43.1c/lb zinc due to extensive long-term margin improvement measures.

In 2008, significant discoveries were made at Golden Grove, which highlights the potential for further additions to mine life and annual capacity.

Expansion studies to investigate the addition of open pit copper mining and possible extensions of the underground mine have been temporarily put on hold due to current low commodity prices.

**Exploration**

Exploration drilling on the southern leases at Golden Grove in 2008 concentrated on testing the resource potential within 500 metres of surface.

Although drilling intersected several discontinuous zones of mineralisation in the Gossan Valley area, potential for near surface economic mineralisation was downgraded.
1.5.5 Prominent Hill

Prominent Hill is the first copper (gold) mine to move into production in Australia in more than two years with first production achieved in early 2009. The operation is located in the Gawler Craton of South Australia and approximately 130 kilometres south-east of the town of Coober Pedy.

**Operations**

The Prominent Hill copper-gold mine was brought into operation in February 2009. Prominent Hill has been a major focus for the company with construction ongoing over the past two years. The Prominent Hill operation is comprised of an open pit mine, conventional grinding and flotation processing plant with an 8 mtpa capacity, a permanent village and a haulage road, power line and bore field.

Prominent Hill concentrates will travel directly to customers including smelters in China and India, via the Adelaide to Darwin railway to the Port of Darwin. Concentrates will also be transported by road to local customers.

First production of Prominent Hill copper concentrates occurred in February 2009. Production for 2009 is planned to be 85,000 – 95,000 tonnes of contained copper and 55,000 – 65,000 ounces of gold.

**Exploration**

Work to define extensions to the Prominent Hill orebody continues. In September 2008 OZ Minerals announced an increase in its global resource base for the project with contained copper increasing by 35 per cent to 2.5 million tonnes, contained gold by 100 per cent to 7.4 million ounces and contained silver increasing by 43 per cent to 22.6 million ounces.

The Prominent Hill deposit remains open in most directions, and intensive drilling continued to extend known mineralisation and discover new zones, such as the Western Copper Zone, approximately one kilometre west of the open pit. Excellent high grade infill drilling results at the end of 2008 have lifted the level of confidence in the Western Copper Zone and illustrate the potential upside still to be realised. This new deposit is still open in all directions and is now supported by mine infrastructure.

Intensive ongoing exploration within the large land holdings (4,175 square kilometres) around the Prominent Hill mine development has been targeting additional iron-oxide copper-gold systems within trucking distance of the Prominent Hill processing plant.
The Rosebery mine in Tasmania is a polymetallic underground mine, in operation since 1936, which has current potential to extend life beyond 2020. The operation is located in the town of Rosebery, on Tasmania’s North West Coast in Australia.

Concentrates are transported to the Port of Burnie by rail where they are shipped in bulk carriers to customers.

**Operations**
Rosebery produces approximately 700,000 tonnes of ore per annum, which is processed into concentrates containing zinc, lead and copper. Silver and gold is also extracted from the ore and cast into doré bars.

Concentrates are transported to the Port of Burnie by rail where they are shipped in bulk carriers to customers in Port Pirie and Hobart. In 2008, 84,939 tonnes of zinc in concentrate, 28,674 tonnes of lead in concentrate, 2,062 tonnes of copper in concentrate and 30,675 ounces of gold doré was produced at Rosebery. Production guidance for 2009 is 80,000 - 90,000 tonnes contained zinc, 20,000 - 25,000 tonnes contained lead, 15,000 - 20,000 ounces contained gold and 1.75 - 2 million ounces of silver.

A pre-feasibility study was carried out in 2007/08 to review the economic merits of renewing the surface facilities at Rosebery. While benefits from replacement of the grinding and flotation circuits at a cost of $125 million were identified, these projects have been deferred in light of OZ Minerals financing difficulties. Work on a new tailings storage facility continues, however the underground ventilation upgrade has been deferred.

**Exploration**
Rosebery mine has traditionally had a rolling mine life of six years. Our exploration program, Project Horizons, commenced work in 2006 and expanded the resource by 65 per cent to 11.7 million tonnes.

Exploration continues elsewhere on the mine lease. The potential for a small zinc resource was identified at the Jupiter prospect near the Rosebery mine.
1.5.7 Sepon

**Location**
Located approximately 40 kilometres north of the town of Sepon, in Savannakhet Province, south-central Laos.

**Workforce***
Over 5,080 (Sepon Copper and Sepon Gold)

<table>
<thead>
<tr>
<th>Product</th>
<th>Sepon Copper</th>
<th>Sepon Gold</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mining method</td>
<td>Open pit</td>
<td>Series of open pits</td>
</tr>
<tr>
<td>Processing method</td>
<td>Whole-of-ore leach, solvent extraction electrowinning (SX-EW)</td>
<td>Conventional carbon-in-leach (CIL)</td>
</tr>
<tr>
<td>Commenced operation</td>
<td>2005</td>
<td>2002</td>
</tr>
<tr>
<td>Reserves**</td>
<td>792,000 tonnes copper</td>
<td>0.18 million ounces gold</td>
</tr>
<tr>
<td>Resources**</td>
<td>1.8 million tonnes copper</td>
<td>3.3 million ounces gold</td>
</tr>
<tr>
<td>2008 production</td>
<td>64,075 tonnes copper cathode</td>
<td>93,072 ounces gold</td>
</tr>
<tr>
<td>Sales</td>
<td>Cathodes are transported via road and sea to customers in south-east Asia</td>
<td>Doré bars are transported by air freight to a refinery in Australia</td>
</tr>
</tbody>
</table>

* Includes all employees (full-time, part-time and casual) and contractors as at 31 December 2008
** As at 30 June 2008 (see OZ Minerals ASX Release 23 December 2008 for full statement of Mineral Resources and Ore Reserves)

The Sepon gold and copper operation comprises a 1,250 square kilometres contract area located approximately 40 kilometres north of the town of Sepon in Savannakhet Province, south-central Laos. The Government of Laos holds a 10 per cent interest in Sepon with OZ Minerals owning the other 90 per cent.

**Sepon copper**
The Sepon copper operation commenced operation in 2005 and has consistently produced more than 60,000 tonnes of copper, as cathodes, annually. The Sepon copper operation is based on mining the very high-grade (+5 per cent) Khanong orebody. The newly discovered, smaller, Thengkham and Phabing deposits will also be mined.

The installation of a second autoclave, designed to increase copper recovery, process reliability and reduce production downtime, was commissioned in the first quarter of 2009.

OZ Minerals had commenced work on an expansion to the Sepon copper operation but this was suspended until after 2009 due to financial constraints.

In 2008, a record 64,075 tonnes of copper cathode was produced. Production for 2009 is forecast to be 65,000 - 70,000 tonnes of copper. Sepon copper is sold to manufacturers of cable, wire and tubes in neighbouring countries including Thailand, Vietnam, Malaysia and China.

**Sepon gold**
Gold has been produced at Sepon since December 2002 and in early 2005, an expansion of the original gold processing facility doubled the capacity of the gold processing plant, to 2.5 mtpa.

In 2008 the operation produced 93,072 ounces of gold. Production for 2009 is forecast to be 90,000 - 105,000 ounces. Gold doré bars produced at Sepon are transported to refineries for refining into gold bullion. These bars are then sold to jewellers, manufacturers and banks.

The Sepon area contains significant resources of primary gold mineralisation. While this material can not be treated in the current plant, a modification to the existing plant could enable processing of this gold ore. Pre-feasibility study work carried out previously indicated that additional primary gold resources are needed to justify such an expansion and work to increase the resource base is ongoing.

**Exploration**
New discoveries continue to be made in the Sepon district and exploration for both copper and gold is ongoing with many targets remaining to be assessed. Exploration for further copper resources at Sepon is focused around the Khanong deposit, which is currently being mined, and on the Thengkham and Phabing deposits which lie seven kilometres to the west of Khanong.

Drilling continued to deliver excellent primary copper-gold results at Thengkham East and new zones of primary copper mineralisation were outlined for follow-up drilling at Thengkham South. A large-scale geophysics survey undertaken in 2008 will aid in targeting gold and copper mineralisation in 2009.
Exploration for gold at Sepon is ongoing. Resource definition drilling in 2008 confirmed Houay Yeng as a new high grade open pit gold deposit. Seven kilometres east of the Sepon Gold plant, drilling at the Houay Bang target intersected moderate-high grade (primary) gold mineralisation.

1.5.8 Exploration and projects

1.5.8.1 Development and advanced exploration projects

As well as advanced exploration projects in the vicinity of our existing mines, OZ Minerals also has stand-alone advanced exploration and near–development projects in Australia, Canada and Indonesia. While requirements to reduce the company's capital expenditure saw these projects suspended or deferred in late 2008, they remain able to be re-started when economic conditions permit.

**Dugald River project**

The Dugald River deposit is an undeveloped zinc, lead and silver resource in northern Queensland. A feasibility study completed in 2008 increased the resource to 54 million tonnes of 12.7 per cent zinc, 2.0 per cent lead and 39 g/t silver. The study determined that Dugald River is a robust project capable of producing 200,000 tonnes of zinc, 25,000 tonnes of lead and one million ounces of silver for a period of over 20 years. It also concluded that the project had mid-tier costs, high grades and significant exploration upside. While the project remains a very attractive zinc deposit, plans to seek Board approval to commence construction of this project were deferred in December 2008 due to the decline in zinc prices.

Exploration work continues on the Dugald River leases.

**Nunavut projects**

OZ Minerals has a suite of polymetallic base metals and gold assets in the Nunavut Territories of northern Canada.

Principal assets include the Izok Lake copper, zinc, lead and silver resource, the High Lake copper, zinc, lead and silver resource, gold resources at Lupin and Ulu, base metal deposits at Gondor and Hood and around 2,000 square kilometres of exploration tenements. Assets also include gold mining and processing plant and equipment on care and maintenance at the Lupin mine.

The Izok Lake resource was the subject of a pre-feasibility study in 2008 which determined that discovery of further resources was required before investment in a full feasibility study was justified.

**Martabe project**

The Martabe project is located on the western side of the province of North Sumatra in Indonesia. It is 3 kilometres northwest of the district capital Batangtoru and 40 kilometres southeast of the coastal town of Sibolga.

The project is based on a gold and silver deposit which contains Mineral Resources of 6 million ounces of gold and 60 million ounces of silver. OZ Minerals had commenced work on developing a 4.5 million tonnes per annum gold mining operation with planned production of around 200,000 ounces of gold and 2 million ounces of silver. Following a review of capital and operating expenditure OZ Minerals announced that development of the operation would be suspended and capital expenditure of approximately US$225 million deferred until after 2009.

As at 31 December 2008 the project had a workforce of over 270 people.
1.5.8.2 Regional exploration projects

OZ Minerals is exploring both in its own right and in partnerships with other companies in Australia, Asia and North America.

Asia

Cambodia
OZ Minerals is exploring in joint venture with a local Cambodian company for gold in the Okvau - Oput area in northeast Cambodia where surface sampling, geophysics and early stage drilling has identified a promising trend of gold mineralisation.

Other areas being explored for gold and copper, include Phnom Chi, 100 kilometres west of Okvau and Ou Anlong north-east of Phnom Penh.

China
In China the company is targeting discovery and development of large-scale base metals deposits in partnership with Chinese companies and organisations. Active joint venture programs have been exploring for nickel sulphide deposits in Inner Mongolia and for gold and base metals tenements in the Sichuan and Yunnan Provinces. China wide generative programs continue to assess new opportunities for nickel, copper and zinc. A new joint venture for nickel sulphide has recently been secured in Jilin Province.

Indonesia
Throughout 2008, OZ Minerals assessed numerous opportunities for copper-gold deposits throughout the Indonesian Archipelago. A number of projects were identified and several have been successfully secured under tenement. Surface exploration programs completed to date have outlined several porphyry copper-gold targets for drill testing.

Laos
Laos is a very under-explored country and is considered to offer excellent potential for the discovery of new mineral deposits. OZ Minerals’ primary focus within Laos is the Sepon Mineral District, a highly mineralised 400 square kilometre area that encompasses the Sepon gold and copper operation.

OZ Minerals has also identified several other areas which are considered to be highly prospective for base metals mineralisation and tenement applications have been submitted.

Thailand
OZ Minerals is pursuing niche opportunities for bulk commodities in Thailand including iron ore, potash and phosphate. Nine tenements have been secured for iron-ore exploration in south-east Thailand close to existing road and port infrastructure. Surface exploration including geophysical surveys has been completed along with initial drilling. Further drilling of priority targets is planned and applications have been submitted for additional tenements.

Australia
OZ Minerals has been actively exploring around the Century, Golden Grove, Rosebery, Prominent Hill and Avebury mines and is also undertaking regional exploration activities throughout other areas of Australia.

The company holds interests and manages exploration over 4,000 square kilometres of the Lawn Hill Platform in the Mount Isa Inlier in northwest Queensland.

Exploration is also carried out in joint venture with other companies in Australia including the Wagga Tank copper project in New South Wales. Other projects are currently being divested, including the Menninnie Dam base metals project in South Australia, and gold and nickel Wiluna tenements in Western Australia.

Canada
As well as well as exploration at the Nunavut development projects mentioned previously, OZ Minerals’ generative activities have focussed primarily on project generation initiatives for nickel-copper-platinum group element and polymetallic zinc deposits together with its alliance partners.

Africa-Europe

Tunisia
OZ Minerals, in joint venture with Albidon Resources, is exploring for zinc deposits over the 4,992 square kilometre Nefza and Haffouz concessions in northern and central Tunisia. OZ Minerals may earn up to 70 per cent of the project from Albidon through staged expenditure and a series of cash payments. Drilling in 2008 intersected encouraging near surface zinc and lead mineralisation at two prospects and further evaluation of these and other newly generated targets is required.

Sweden
Following a strategic review of the exploration portfolio a decision was taken late in 2008 to exit projects in Sweden.
### 1.5.9 Industry associations

OZ Minerals belongs to a number of business and industry associations related to our activities. In some associations senior management hold Board or Executive roles, in others OZ Minerals representatives participate in working committees. These activities allow OZ Minerals to participate in the development and review of industry standards, monitor evolving best practice and comment on potential impacts of new and amended regulation.

Following is a list of our associations during the reporting period, with board or executive positions held by OZ Minerals senior management identified (*);

- Asia Society Australasia Centre
- ASEAN Federation of Mining Associations
- Australian Chamber of Commerce (AustCham) – Thailand
- Australian Chamber of Commerce – Vietnam
- Australian Chamber of Commerce – Cambodia
- Australian New Zealand Business Association – Laos*
- Australia Indonesia Business Council
- Australian Institute of Geoscientists
- Australian Institute of Mining and Metallurgy (AusIMM)
- Business Council of Australia
- Chamber of Minerals and Energy of Western Australia*
- Copper Development Centre, Australia*
- Copper Development Centre, Singapore
- Greater Mekong Sub-region Business Forum*
- Indonesian Mining Association (IMA)
- International Council of Mining and Metals (ICMM)
- International Zinc Association*
- Lao Business Forum
- Lao Mining Association*
- Lao National Chamber of Commerce and Industry
- Minerals Council of Australia*
- North Queensland Area Consultative Committee*
- Queensland Resources Council*
- Society of Economic Geologists
- South Australian Chamber of Mines and Energy (SACOME)
- Tasmanian Minerals Council
- Thai Mining Council
- Townsville Chamber of Commerce
- Vietnam Business Forum Mining Sector Working Group

### 1.5.10 Awards

During the reporting period OZ Minerals operations received recognition for a variety of achievements and innovations. Awards, nominations and their recipients are detailed below.

<table>
<thead>
<tr>
<th>AWARD</th>
<th>AWARDED BY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Champion Employer of the Year Award - OZ Minerals Prominent Hill (finalist)</td>
<td>National Employment Services Association</td>
</tr>
<tr>
<td>Australian Mining Trainee or Apprentice of the Year - OZ Minerals Century apprentice Edmund Busch (winner) - OZ Minerals Prominent Hill apprentice George Klembt (highly commended award) - OZ Minerals Century apprentice Sorren Owens and Prominent Hill apprentice Brett Miller (finalists)</td>
<td>Australian Mining Prospect Awards</td>
</tr>
<tr>
<td>Employer of Choice category for the Indigenous Employment Program - OZ Minerals Century (runner-up)</td>
<td>Australian Mining Prospect Awards</td>
</tr>
<tr>
<td>Community Partnership Award 2008 - OZ Minerals Century Surf’n’Turf program (finalist)</td>
<td>Australian Mining Prospect Awards</td>
</tr>
<tr>
<td>2008 Tasmanian Mines Rescue Competition - OZ Minerals Rosebery (winner) - OZ Minerals Avebury (third place)</td>
<td>Tasmanian Mines Rescue Competition</td>
</tr>
<tr>
<td>Victorian Mines Rescue Competition 2008 - OZ Minerals Rosebery (winner two events)</td>
<td>Victorian Mine Rescue Competition</td>
</tr>
<tr>
<td>Queensland Mines Rescue Challenge - OZ Minerals Century (second place)</td>
<td>Queensland Resources Council</td>
</tr>
<tr>
<td>Human Resources Excellence Award - OZ Minerals Sepon</td>
<td>Asia Mining Congress Sustainability Awards</td>
</tr>
<tr>
<td>Adult Learners’ Week’s Outstanding Adult Education Teacher or Tutor Award - OZ Minerals Century employee Charlie Cameron (winner) - OZ Minerals Century employees Daphne Langdon and Jeremy Wilson (highly commended)</td>
<td>Department of Education, Training and the Arts, Queensland</td>
</tr>
</tbody>
</table>
2 VALUES AND GOVERNANCE

2.1 VALUES AND ETHICS

OZ Minerals requires that the Board and all employees maintain the highest levels of integrity and professional behaviour in their relationships with each other and all stakeholders.

Our core values of respect, integrity, action and results form the basis of our commitment to sustainability and have been articulated to mean;

Respect
- For the safety of everybody in our business
- For each other as individuals
- For communities, cultures and for diversity
- For all our stakeholders
- For the environment

Integrity
- Honest, courageous and open in our communication
- Honouring commitments
- Consistently behaving in line with our values
- High standards of business ethics

Action
- Being bold, decisive and agile
- Being rigorous, responsible and accountable
- Continually improving
- Innovating to add value

Results
- Delivering on goals and objectives
- Meeting or exceeding expectations
- Aspiring for excellence
- Creating sustainable value
- Never compromising on safety and health

OZ Minerals has a number of codes and policies in place to guide the Board and all employees in the application of our values to all day-to-day activities. These include the OZ Minerals Code of Conduct, Whistleblower Policy and Securities Trading Policy, all of which were reviewed and updated following the merger. These are made available to the OZ Minerals workforce via the intranet and are also available on the OZ Minerals website.

The Code of Conduct describes standards for appropriate ethical and professional behaviour for all directors, employees and contractors working for OZ Minerals. The Code provides policy on conflicts of interest, bribery and corruption, consumer and personal privacy and anticompetitive behaviour. Breaches of the Code are taken seriously by OZ Minerals and may be reported using the Whistleblower Policy.

OZ Minerals is committed to ensuring concerns regarding illegal conduct or malpractice can be raised in good faith without being subject to victimisation, harassment or discriminatory treatment, and to have such concerns properly investigated. The Whistleblower Policy provides a mechanism by which all employees can confidentially report improper or illegal conduct without fear or discrimination.

To safeguard against insider trading, OZ Minerals’ Securities Trading Policy prohibits directors and employees from trading the company’s securities if they are aware of any information that would be expected to have a material effect on the price of Company securities. The policy also establishes ‘black out periods’, during which directors and employees must not trade OZ Minerals securities.
2.2 CORPORATE GOVERNANCE

OZ Minerals’ approach to corporate governance is to have a set of values and behaviours that ensure transparency and fair dealing and protect stakeholder interests.

The Board is committed to following the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations (ASX Recommendations) and the Board and Management regularly reviews the company’s policies and practices to ensure that the company continues to maintain and improve its governance standards.

The specific aspects that support the implementation of this approach are described in our Annual Report in accordance with the ASX Recommendations. Details of the main policies of corporate governance adopted by OZ Minerals and referred to in this report and the Annual Report are also available on the company’s website www.ozminerals.com.

2.3 STRUCTURE AND RESPONSIBILITIES

The following diagrams illustrate the overall OZ Minerals organisational structure and key responsibilities for sustainability performance within all levels of the business during 2008.

OZ Minerals organisational and management structure

OZ Minerals sustainability governance

* Formerly known as the Compliance Committee  ** Safety and Health, Environment and Community Relations (SHEC)
Board and committees
Responsibility for our strategic approach to sustainability lies with the OZ Minerals Board. The Board strives to ensure that it is comprised of strongly performing individuals of utmost integrity whose complementary skills, experience, qualifications and personal characteristics are suited to OZ Minerals’ needs.

OZ Minerals’ Constitution provides for a minimum of three and a maximum of fifteen directors. The Board has determined that currently the appropriate number of directors is eight, including the CEO and seven independent non-executive directors.

To facilitate the execution of its responsibilities, the Board’s Committees provide a forum for a more detailed analysis of key issues. The current Board committees are the Audit Committee, Sustainability Committee and the Nomination and Remuneration Committee.

The Sustainability Committee’s role is to assist the Board in the effective discharge of its responsibilities in relation to safety, health, environmental and community issues across the company and the oversight of risks relating to these issues and other non-financial risks.

A profile of each director, including their skills, experience, relevant expertise and special responsibilities is available in our Annual Report (see www.ozminerals.com)

Senior management
Responsibility for OZ Minerals business processes and sustainability performance lies with the CEO, Andrew Michelmore, supported by the executive management team. The CEO’s performance is measured against detailed key performance indicators (KPIs) relating to values and governance, economic, social and environmental performance. This forms the basis of remuneration and short-term incentives (STIs).

These KPIs cascade through to all of the CEO’s direct reports, whose performance is measured against KPIs relating to economic, social and environmental performance within their particular area of responsibility. This cascade of KPIs from manager to direct report flows throughout the company.

Special responsibilities lie with the Executive Sustainability Committee, including the Chief Operating Officer, Company Secretary and General Counsel, the Executive General Manager (EGM) Business Support, EGM Projects and Technical Services, EGM Exploration and the General Manager (GM) Sustainability. All OZ Minerals general managers are accountable for values and governance, economic, social and environmental performance within their particular area of responsibility.

A component of the review of the OZ Minerals performance management system that is currently underway is to review existing KPIs and ensure specific sustainability KPIs cascade consistently throughout all levels of the company.

2.4 SUSTAINABILITY POLICY

The new OZ Minerals Sustainability Policy, released in December 2008, details our commitments to economic, social and environmental sustainability and responsible corporate governance. The policy is supported by our core values - respect, integrity, action, results – which underpin the behaviour of all OZ Minerals employees and the OZ Minerals Sustainability Standards.

OZ Minerals key sustainability objectives are to:

- Protect the safety, health and wellbeing of our employees and contractors
- Minimise our impact on the environment
- Ensure that the communities in which we operate receive real benefit from our activities, and
- Be known for our integrity

For a copy of the OZ Minerals Sustainability Policy see www.ozminerals.com.

2.5 SUSTAINABILITY STANDARDS

In August 2008 we adopted the OZ Minerals Sustainability Standards, a comprehensive set of standards for management of the safety and health, environmental and social aspects of our business. These standards apply to all phases of mine life and will be subject to periodic review to ensure they continue to meet the needs of OZ Minerals and are aligned with industry best practice standards such as the International Council on Mining and Metals (ICMM) Sustainable Development Framework and the Minerals Council of Australia’s (MCA) Enduring Value.

OZ Minerals Sustainability Standards are divided into four sections:

- Integrated Management System Standards – overall management framework
  
  - IMS-01 Program Commitment and Leadership
  - IMS-02 Planning and Decision Making
  - IMS-03 Risk and Opportunity Management
• IMS-04 Document Control and Records Management
• IMS-05 Legal and Other Requirements
• IMS-06 Organisation and Responsibility
• IMS-07 Training, Competency and Awareness
• IMS-08 Internal Communications and Reporting
• IMS-09 External Stakeholder Engagement and Reporting
• IMS-10 Incident Reporting and Investigation
• IMS-11 Emergency Preparedness and Response
• IMS-12 Standard Operating Procedures
• IMS-13 Inspections
• IMS-14 Monitoring and Measurement
• IMS-15 Audits and Assessments
• IMS-16 Corrective and Preventative Action
• IMS-17 Change Management
• IMS-18 Contractor Selection and Management
• IMS-19 Behaviour and Observation
• IMS-20 Management Review

- Safety and Health Standards - standards for the management of safety, health and security risks
  • OHS-01 Occupational Health and Hygiene
  • OHS-02 Surface Ground Control
  • OHS-03 Underground Ground Control
  • OHS-04 Surface Fire Prevention
  • OHS-05 Underground Fire Prevention
  • OHS-06 Remote Control Equipment
  • OHS-07 Energy Isolation
  • OHS-08 Mobile Equipment
  • OHS-09 Electrical Safety
  • OHS-10 Work Permit System
  • OHS-11 Machine Guarding and Conveyors
  • OHS-12 Explosives
  • OHS-13 Light Vehicles and Road Safety
  • OHS-14 Working at Heights
  • OHS-15 Pressurised Systems
  • OHS-16 Cranes and Lifting Equipment
  • OHS-17 Medical Programs
  • OHS-18 Hazardous Materials
  • OHS-19 Aviation Management
  • OHS-20 Security Services Management

- Environment Standards – standards for the management of environmental risks
  • ENV-01 Air Quality Management
  • ENV-02 Biodiversity Management
  • ENV-03 Chemical Management
  • ENV-04 Cyanide Management
  • ENV-05 Heap Leach Facilities Management
  • ENV-06 Hydrocarbon Management
  • ENV-07 Mercury Management
  • ENV-08 Rehabilitation and Closure Planning
As operations and activities within the group vary greatly, it is up to each operation to develop specific statements of commitment, standards and procedures for applying the OZ Minerals Sustainability Standards locally.

A comprehensive safety, health, environment and community relations (SHEC) Management System has been established by the OZ Minerals Exploration team to ensure a consistent approach to, and management of, SHEC risks and issues across the many activities and countries in which we operate. This has provided a framework for rigour and consistency in planning, operating and reporting, reduced duplication of effort and facilitated a significant increase in the sharing of SHEC knowledge, experience and training across the group.

Alignment with these standards will be measured through our internal audit program.

2.6 COMPLIANCE

OZ Minerals regards compliance with all relevant regulations and legislation as the minimum performance standard for all operations and activities.

During the reporting period 61 exceedances of environmental licence limits, related mainly to water discharge, were registered for OZ Minerals operations. For more information on these exceedances, including our actions to address impacts and prevent recurrence see Environmental Performance. (page 60).

No other material non-compliances were registered for OZ Minerals during the reporting period.

2.7 RISK MANAGEMENT

OZ Minerals is exposed to numerous risks across its business, most of which are common to the mining industry. The company's commitment and approach to managing these risks is outlined in the company’s Risk Management Policy and is available at www.ozminerals.com.

Both the Sustainability Committee and Audit Committee assist the Board in monitoring the company's risks.

The Sustainability Committee monitors the company’s non-financial risks. The Committee receives reporting on the control mechanisms which are designed and implemented by management to ensure that the safety, environmental, legal and reputation risks faced by the company are identified, assessed and managed.

The Audit Committee monitors the company's financial risks. The Audit Committee reviews and assesses the adequacy of the company’s internal control and financial management systems and accounting and business policies. The Audit Committee is given further assurance on the company's financial management systems through the company's independent internal audit function.

The company has an internal audit function that assists with the identification and control of financial risks of the company. For more information see the audits (page 22) section of this report.

Senior management are responsible for risk management in their respective areas of accountability. They ensure that procedures exist to monitor risks and, through observation and audit, gain assurance that effective controls are implemented and consistently applied.
The heritage risk management frameworks that operated for Zinifex and Oxiana continued in operation for 2008. Both frameworks apply enterprise wide, thereby considering risks from all sources. They are supported by risk management systems that record the risks identified, their rating, associated controls and follow up actions.

The Board has recognised the need to implement a common risk management framework across the group. The company is in the process of developing this framework and it will be rolled out during 2009. This process includes the implementation at all sites of the company's Sustainability Standards. These are a comprehensive set of standards that provide a systematic approach to the management of safety, health, environmental and community related risks.

2.8 AUDITS

In order to assess our performance against the OZ Minerals Sustainability Standards and meet our commitments to other sets of standards such as the MCA's Enduring Value, the principles of the ICMM's Sustainable Development Framework, third party certifications such as ISO14001 and the conditions of project finance facilities (Sepon), we conduct a range of internal and external audits. These audits provide valuable feedback on opportunities for improvement, important oversight and assurance to the senior management of the company and the Board, and confidence to external stakeholders that these aspects of our business are being actively managed.

Actions resulting from these audits are tracked and reported to management and the Board.

The formation of OZ Minerals has provided the opportunity to streamline and consolidate the range of different social and environmental audits which existed in the two legacy companies. The plan for 2009 will be to use mostly internal resources to conduct these audits, supplemented where necessary by external accredited auditors (e.g. for ISO14001) and specialists if required. The use of internal auditors provides learning opportunities, alignment and skills transfer within our own staff. Timing for these audits will be such as to minimise the number of audits conducted at each site each year. Instead of attempting to cover the full range of all aspects of sustainability, the audits will be focussed on the key sustainability risks inherent to each operation.

OZ Minerals also has an internal audit function that assists with the identification and control of financial risks of the company. The internal audit function for 2008 was outsourced to two external firms. Prior to the merger between Oxiana and Zinifex, the internal audit function of Oxiana was outsourced to Deloitte and the internal audit function of Zinifex was conducted by Protiviti. After the merger both firms continued to conduct the internal audit functions of the respective Oxiana and Zinifex operations. The internal audit function has independent status within the company and conducts regular audits and reviews in accordance with an audit plan approved by the Audit Committee. The Audit Committee of the Board reviews the mission and charter of the internal audit function and ensures that its scope of work is appropriate in relation to the key financial risks facing the company.

The main areas of focus of internal audit include; assessing the design and operating effectiveness of financial controls, reviewing compliance with statutory regulations and Company policies as appropriate, and fraud awareness and prevention.

Internal Audit also recommends improvements in management and control practices to assist in risk mitigation. Internal audit recommendations and key findings are reported to the Audit Committee.

2.9 TRANSPORT OF MATERIALS AND PRODUCTS

At most of our operations, the products are mineral concentrates which leave the site via a combination of pipeline, road, rail and/or ship en route to our customers. In all cases, the concentrates are in the form of a moist powder. After leaving our process plants, the most significant hazard is loss of containment of these concentrates, in the form of spillage or loss as dust.

For these reasons, every effort is made to ensure that road and rail transport is conducted by reliable and reputable carriers with appropriate track records and contingency plans are in place in case of spillage.

Unloading, stockpiling and shiploading operations are conducted so as to minimise the generation of dust, and clean up any unavoidable minor spillages.

During 2008, the Australian Dangerous Goods Code was revised and re-issued for implementation by 2010. Some of the changes have potential to change the Dangerous Goods classification of some OZ Minerals products. Some of our concentrates may become classified as Class 9 Environmentally Hazardous. This classification is determined using prescribed dissolution tests and protocols for predicting potential environmental impact.

We tested our concentrates from Golden Grove during 2008 and determined that the lead concentrate met the criteria for classification as a Class 9 Dangerous Good (Environmentally Hazardous). The zinc and copper concentrates did not qualify as Dangerous Goods.

The impact of this changed classification of lead concentrate has resulted in changes to trucking operations (driver training, spillage clean-up methods, placarding and signage, etc) and modifications to the stockpiling and handling operations at the port of Geraldton (improved dust containment and wash-down facilities). Required modifications to the kibbles used to carry the concentrates by truck will be implemented during 2009.
Similar testing of concentrates is underway at our other operations. Any changes arising from re-classification under the new Dangerous Goods Code are required to be in place as of 1 January 2010.

Part of the Prominent Hill project consisted of building a storage shed at the Port of Darwin. Custom-made kibbles will be used to transport the concentrate by rail to Darwin, where the concentrate will be stockpiled, ready for shipment to overseas customers. These kibbles are the same as those used over many years by our Golden Grove operation and ensure encapsulation of the concentrate from Prominent Hill to the Port of Darwin. Baseline environmental studies have been conducted at the Port of Darwin to provide a basis for assessing any potential impact from the shipments of Prominent Hill copper concentrate.

During 2008, risk assessments and community consultation was conducted along the rail transport route to Darwin to ensure that the export operation is conducted safely and with no environmental impact.

The smelter at BHP Billiton’s Olympic Dam operation is also a customer for Prominent Hill concentrate. Transport to Olympic Dam will be via road train and similar precautions have been taken.

Prominent Hill ore and concentrate contains background levels of uranium. Radiation levels are below regulatory limits and monitored under a radiation management plan that ensures there is no risk to the workforce or the public at any stage of the production or transport operations.

OZ Minerals operations reported there were no incidents of non-compliance with regulations and voluntary codes related to the safety and health impacts of our products, information and labelling, breaches of customer privacy, losses of customer data or marketing communications during the reporting period.

All sales contracts for OZ Minerals’ products contain agreed levels of chemical specifications including maximum limitations for any potential deleterious elements which may be contained or derived from the ore or production processes. Monitoring and testing regimes are maintained to ensure adherence to all of these contractual commitments. This process of consultation and contracting ensures there are no issues in downstream smelting or refining of OZ Minerals’ products.

In addition, all customers are provided with Material Safety Data Sheets which describe safety, health or environmental hazards associated with our products.

**MV Wunma – Board of Inquiry follow up**

On 7 February 2007 Century’s concentrate transfer vessel, MV Wunma, relayed a distress signal indicating that it had taken on water in severe seas caused by cyclone Nelson. The ten crew members were safely evacuated and the vessel eventually stabilised by the Emergency Response Team. After a full assessment, and minor remedial work, the vessel was returned to service on 23 February with no significant disruption to mine production.

On 15 March 2007, it was announced that a Marine Board of Inquiry (BOI) would be established to “investigate the circumstances surrounding a ship abandoned in the Gulf of Carpentaria during a tropical cyclone in February 2007. After 10 months of hearings and deliberations, the BOI released its final report in December 2007. Although a large number of factors were found to have contributed to the incident, three key opportunities for improvement were identified in the report. These were:

- Aspects of the Maritime Safety Queensland’s (MSQ) role as a regulator and the legislative framework it operated in
- The water management system on board the MV Wunma
- The company’s cyclone contingency plan and, more particularly, the need for a dedicated cyclone mooring

The company implemented the recommendations of the BOI as they were raised during the inquiry process and by the time the report was released, the majority of recommendations had been implemented.

As part of this process, the company worked closely with Maritime Safety Queensland to improve the Cyclone Contingency Plan which the Wunma has been operating under for the previous two cyclone seasons. Additional mooring facilities to increase the cyclone category rating of the Karumba wharf were fabricated and are currently being installed.

The Wunma operated under a Restricted Use Flag for the duration of the inquiry and while the recommendations were being implemented. The vessel’s full registration was re-instated on 1 December 2008.

**2.10 CLOSURE PLANNING**

Closure planning is a consideration during all stages of our operations. It is our intention that through careful and proactive planning we will mitigate the social and environmental impacts of eventual mine closure. Importantly, the latter part of 2008 presented an important reminder to the industry that the early unforeseen suspension of activities also needs to be considered in an overall planning framework.

The current OZ Minerals Closure Standard aims to ensure that potential closure and post-closure risks and opportunities are effectively identified and managed throughout the mining life-cycle. In addition, the group standards for waste rock management and tailings management include requirements for the management of these wastes to promote beneficial post-mining land uses and reduce post-mining rehabilitation and closure liability.
All OZ Minerals operations, with the exception of Century, have detailed closure plans in place as at the end of 2008. At Century, much of the key information necessary to prepare a closure plan is either in place or under development, and work has commenced to collate that information into a single document.

Independent external reviews were conducted in 2008 of our financial provisions for closure. These reviews aimed to verify that our mine closure plans are current and are accurately reflected in financial provisions for closure that inform the group annual accounts. Financial sureties are also in place for operations in accordance with government requirements or company commitments. Costs of progressive rehabilitation are considered normal operating expenses and so are not included in mine closure accounts.

In December 2008 we announced that our Avebury operation was moving into care and maintenance. Accordingly, a care and maintenance plan was issued to the Tasmanian Government as part of the orderly temporary cessation of operations.

The potential impacts of closure are an ongoing consideration in our engagement with governments and local communities and our support for community development activities, including development of local businesses not related to mining activities.

**Social aspects of closure planning at Century**

In July 2008, a study into the social aspects of closure at Century mine was released by the Centre for Social Responsibility in Mining at the University of Queensland.

The report, titled *Completion of Mining at OZ Minerals Century Mine: Implications for Gulf Communities* provides an assessment of the impact of the Century Mine on the Gulf Communities, documents the likely impacts of closure and identifies strategies for mitigating these impacts and maximising long term development outcomes for the region.

The key conclusions of the study were:

- The operation has become a major provider of jobs and training opportunities to local Indigenous people
- The operation has significantly increased income flows into the region

However:

- Employment and financial benefits have been unevenly distributed
- Only a small proportion of the increased income has been converted into savings or long-term assets
- The successful Indigenous businesses which have been established are not likely to be sustainable post closure
- Skill levels obtained through training are still at relatively low levels
- The quality and availability of housing remains a significant issue

The report makes a number of recommendations to assist in addressing these issues. With mine closure some seven years away, the attention of lower Gulf stakeholders will become increasingly focussed on the socio-economic implications of completion of mining.
OZ Minerals aims to maximise the benefits of its activities to all stakeholders. This section of the report includes a review of our operational and financial performance and our socio-economic contributions to the economies in which we operate.

3.1 OPERATING AND FINANCIAL PERFORMANCE

2008 was a remarkable year for the global economy, the base metals industry and for OZ Minerals. OZ Minerals was formed on 1 July 2008 with a substantial pipeline of development and exploration projects and the financial capacity, based on conditions at that time, to bring those projects into production.

However, the rapid and severe deterioration in base metal prices, particularly in the second half of the year, and the significant contraction in access to debt and equity markets which accompanied the global financial crisis, culminated in an extremely difficult operating environment for OZ Minerals.

The company’s financial results reflected this difficult economic environment with OZ Minerals recording an adjusted net loss after tax of A$66.4 million and a net loss after asset writedowns and one-off items of A$2,484.9 million.

Following is a summary of OZ Minerals’ financial performance data, as measured by a range of indicators.

<table>
<thead>
<tr>
<th>Consolidated entity results</th>
<th>12 months ended 31 December 2008</th>
<th>12 months ended 31 December 2007</th>
<th>Movement $m</th>
<th>Movement %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue from ordinary activities from continuing operations – A$m</td>
<td>879.2</td>
<td>602.6</td>
<td>276.6</td>
<td>46%</td>
</tr>
<tr>
<td>Revenue from ordinary activities from discontinued operations – A$m</td>
<td>339.2</td>
<td>523.8</td>
<td>(184.6)</td>
<td>(35%)</td>
</tr>
<tr>
<td>Consolidated revenue – A$m</td>
<td>1,218.4</td>
<td>1,126.4</td>
<td>92.0</td>
<td>8%</td>
</tr>
<tr>
<td>(Loss)/profit after tax attributable to equity holders of OZ Minerals Limited – A$m</td>
<td>(2,501.7)</td>
<td>305.8</td>
<td>(2,807.5)</td>
<td>(918%)</td>
</tr>
<tr>
<td>Net tangible assets per share – cents</td>
<td>103.3</td>
<td>98.3</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Dividends paid on:

<table>
<thead>
<tr>
<th>Dividends paid on</th>
<th>Cents per share</th>
<th>Record date</th>
</tr>
</thead>
<tbody>
<tr>
<td>29 September 2008</td>
<td>156.1</td>
<td>5.0</td>
</tr>
<tr>
<td>9 April 2008</td>
<td>61.8</td>
<td>–</td>
</tr>
<tr>
<td>4 October 2007</td>
<td>–</td>
<td>61.5</td>
</tr>
<tr>
<td>30 April 2007</td>
<td>–</td>
<td>76.3</td>
</tr>
</tbody>
</table>

OZ Minerals’ share price fell throughout the second half of 2008. Much of this decline can be linked to the general fall in equities markets over that period which was exacerbated by the significant decline in commodity prices, especially zinc and copper.

Notwithstanding our financial performance the company delivered strong operating performance in 2008.

Operations overview

- Strong production at Century. Installation of a new ball mill to improve metal recovered
- Golden Grove zinc production forecasts met, copper production slightly lower than planned but to increase significantly in 2009
- Increased zinc production from Rosebery through improved concentrator runtime
- Record production from the Sepon copper operation in Laos
- Production to plan at the Sepon gold operation

Development projects

- Successful start-up and first production from the Prominent Hill copper-gold operation in early 2009
- Avebury nickel mine commissioned. Placed on care and maintenance in December
- Approvals to mine received for the Martabe* project and commencement of construction
- Dugald River* feasibility study completed, resources increased
- Pre-feasibility study completed for the Izok Lake and High Lake projects*

* Deferred development project
**Exploration**

- Group copper, gold and zinc resources increased due to discoveries at Prominent Hill, Sepon, Golden Grove and Rosebery
- Identification of a potential new deposit at Prominent Hill in the ‘Western Copper Zone’
- Positive results from Okvau in north-east Cambodia
- Mineralisation at Avebury extended

Production figures for all OZ Minerals operations are detailed in the Company Overview section of this report (page x).

OZ Minerals consolidated revenue totalled $1,218.4 million in 2008. Following is a breakdown of revenue by commodity and destination (Figures 1 and 2).

OZ Minerals' products were sold primarily to customers in Asia and Australia (Figure 3).

For more information regarding OZ Minerals operational and financial performance see our Annual Report.

### 3.2 SOCIO-ECONOMIC CONTRIBUTIONS

OZ Minerals makes significant contributions to local, regional and national economies directly through the payment of taxes and royalties to governments and payments to our workforce and suppliers. Our operations also add significant value through indirect employment, capacity building for governments and investments in community development initiatives and programs. The benefits of our investments include improvements in infrastructure, health, safety awareness, education and training, and local business development. These direct and indirect benefits are illustrated in the OZ Minerals Benefits Model (page 27).

Part of our commitment to delivering maximum benefits to all stakeholders, is being aware of potential inequities that distribution of benefits can generate and having programs in place to monitor and manage these outcomes, where it is within our area of influence to do so. Our community investments target the inclusion of women, children, Indigenous people and other potentially disadvantaged groups.

The global financial crisis, and the subsequent rapid fall in commodity prices which occurred during the latter part of 2008, has resulted in a significant drop in revenue and cashflow for OZ Minerals. This has significantly stressed the finances of the company and has seen it reduce its operational and capital expenditure across the board. This has duly impacted on OZ Minerals’ community investment programs.

Along with all its capital and operational expenditure, this situation has necessitated OZ Minerals significantly reducing the level of funding it put towards community activities and this has resulted in a decrease in the levels of support offered by the company. However, the company recognizes the benefit of maintaining, even in these difficult circumstances, a core investment presence in our local communities. The reduced contributions have been refocused away from sponsorships and donations in favour of longer term investments such as education and training and business development.
3.2.1 Contributions to local economies

Mining operations, by their nature, are in remote parts of the country which means that the investment and employment opportunities generated by these operations have a significant impact on the economic activity in the region.

It is important to OZ Minerals that the local communities share in the benefits that our operations may bring to an area and that these communities understand the contribution the company makes to the places it operates. However, mines generally have a prescribed life and so it is equally important to the company that when we eventually do leave an area, we leave the local community in a stronger economic position than when we arrived.

To this end, in addition to the economic flown-on effects of employment opportunities and capital and operational spending, OZ Minerals actively seeks to contribute to local community development. This investment is targeted to generate long term and sustainable benefits for the local region in areas such as business development, education and training and health and safety.

In Australia our operations in Queensland, South Australia, Tasmania and Western Australia also make significant contributions to regional, state and national economies. It is anticipated that our Prominent Hill operation, which was commissioned in early 2009, will contribute over $500 million per annum to the gross state product (GSP) of South Australia. During development of the project over $310 million, 28 per cent of the total capital expenditure of $1,100 million was spent on goods and services within South Australia.

In South-East Asia the minerals industry has an opportunity to contribute to the development of some of the world’s less developed countries. Our Sepon operation continued to make a significant contribution to the macroeconomic stability and growth of Lao PDR during 2008, the details of which are outlined in the case study below.

The total monetary value of OZ Minerals’ contributions to Australian and Asian economies is provided in the Economic Value Generated and Distributed Table.
## ECONOMIC VALUE GENERATED AND DISTRIBUTED for year ended 31 December 2008

All amounts in AUD millions

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Queensland</td>
<td>267.7</td>
<td>-223.5</td>
<td>-25.4</td>
<td>0.0</td>
<td>-4.2</td>
<td>-13.0</td>
<td>-2.2</td>
</tr>
<tr>
<td>Victoria</td>
<td>20.6</td>
<td>-82.4</td>
<td>-75.1</td>
<td>-217.9</td>
<td>-33.7</td>
<td>-17.0</td>
<td>0.0</td>
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<tr>
<td>Tasmania</td>
<td>86.2</td>
<td>-85.4</td>
<td>-17.5</td>
<td>0.0</td>
<td>-1.4</td>
<td>0.0</td>
<td>-1.4</td>
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<tr>
<td>South Australia</td>
<td>7.6</td>
<td>33.5</td>
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<td>0.0</td>
<td>-1.1</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Western Australia</td>
<td>266.5</td>
<td>-136.2</td>
<td>-72.8</td>
<td>0.0</td>
<td>-1.6</td>
<td>0.0</td>
<td>-11.5</td>
</tr>
<tr>
<td><strong>Total Australia</strong></td>
<td><strong>648.6</strong></td>
<td><strong>-494.0</strong></td>
<td><strong>-228.3</strong></td>
<td><strong>-217.9</strong></td>
<td><strong>-42.0</strong></td>
<td><strong>-21.5</strong></td>
<td><strong>-25.9</strong></td>
</tr>
<tr>
<td>Laos</td>
<td>601.0</td>
<td>-122.0</td>
<td>-94.6</td>
<td>0.0</td>
<td>-4.2</td>
<td>-96.6</td>
<td>-26.5</td>
</tr>
<tr>
<td>Indonesia</td>
<td>0.0</td>
<td>-1.5</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>Total Asia</strong></td>
<td><strong>601.0</strong></td>
<td><strong>-123.5</strong></td>
<td><strong>-94.6</strong></td>
<td><strong>0.0</strong></td>
<td><strong>-4.2</strong></td>
<td><strong>-96.6</strong></td>
<td><strong>-26.5</strong></td>
</tr>
<tr>
<td>Canada</td>
<td>0.0</td>
<td>-27.3</td>
<td>0.0</td>
<td>0.0</td>
<td>-0.6</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>Total Other</strong></td>
<td><strong>0.0</strong></td>
<td><strong>-27.3</strong></td>
<td><strong>-0.6</strong></td>
<td><strong>0.0</strong></td>
<td><strong>-0.6</strong></td>
<td><strong>0.0</strong></td>
<td><strong>0.0</strong></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1,249.6</strong></td>
<td><strong>-644.8</strong></td>
<td><strong>-323.5</strong></td>
<td><strong>-217.9</strong></td>
<td><strong>-46.8</strong></td>
<td><strong>-118.1</strong></td>
<td><strong>-52.4</strong></td>
</tr>
</tbody>
</table>

### NOTES

[a] Amounts are divided into the regions identified below based on where the segment is located (i.e. Century is located in Queensland and therefore all revenues, costs, etc relating to Century are included in the Queensland region). The regions include the following segments:

- Queensland: Century Mine, Dugald River Project
- Victoria: All Head Office entities
- Tasmania: Rosebery Mine, Avebury Mine
- South Australia: Prominent Hill Mine
- Western Australia: Golden Grove Mine
- Laos: Sepom Gold Mine, Sepom Copper Mine
- Indonesia: Martabe Project
- Canada: Canadian Project

[b] Amounts included in the economic value generated and distributed calculation include results for continuing operations and discontinued operations as disclosed in the OZ Minerals audited financial statements for the year ended 31 December 2008.

[c] Revenue includes sales adjusted for discounts, treatment charges, refining and distribution costs, other income and financing income as disclosed in the income statement in the OZ Minerals audited financial statements for the year ended 31 December 2008, as reconciled below:

- Revenue: 1,249.6
- Other income: 4.1
- Financing income: 27.1
- **Total**: 1,249.6

[d] Operating expenses include changes in inventories, raw materials, consumables and other direct costs, contracting and consulting expenses, freight expenses and other expenses as disclosed in the income statement of the OZ Minerals audited financial statements for the year ended 31 December 2008.

- Changes inventories: 174.0
- Raw materials: -412.1
- Contracting: -182.7
- Freight expenses: -11.1
- Other expenses: -111.9
- **Total**: -644.8

[e] Employee wages expenses of $323.5 million are as per the income statement in the OZ Minerals audited financial statements for the year ended 31 December 2008.

[f] Payments to shareholders relates to dividend payments of $217.9 million as disclosed in the OZ Minerals audited financial statements for the year ended 31 December 2008. All dividend payments were made by the OZ Minerals Head Office which is located in Melbourne, Victoria.

[g] Payments to providers of funds relates to financing expenses of $46.8 million as per the income statement in the OZ Minerals audited financial statements for the year ended 31 December 2008.

[h] Income taxes paid of $118.1 million are as per the cash flow statement in the OZ Minerals audited financial statements for the year ended 31 December 2008 (includes a refund received in August 2008 of $44.6 million).

[i] Royalties expenses of $52.4 million as per the income statement in the OZ Minerals audited financial statements for the year ended 31 December 2008.

[j] Community investments of $7.3 million includes voluntary contributions and investment of funds in the broader community.
### 3.2.1.1 Local employment

OZ Minerals operations provide a direct benefit to local economies in the form of wages and salaries paid to employees. At each of our operations a significant proportion of employees are drawn from the local community (Figure 4).

**Figure 4. Breakdown of employees by origin**

Our operations have a variety of programs and initiatives in place to ensure employment opportunities are offered preferentially to local people, including individuals from disadvantaged or minority groups. These are generally developed and implemented by the operations’ human resources and community relations teams, working in conjunction with local communities and government agencies.

In some of the locations in which we operate, standards of community health and education are below the minimum prerequisites for employment on a mine site. To improve standards of living and build the capacity of local people to take advantage of employment opportunities, OZ Minerals undertakes a range of community health, education and pre-employment training initiatives.

At our Australian operations a key focus is creation of opportunities for increased Indigenous employment.

At Century we recruit local indigenous people through our community liaison offices in Mornington Island, Burketown, Doomadgee and Normanton as part of the Gulf Communities Agreement, which is the operation’s social licence to operate. Numeracy and literacy assistance, mentoring and a pre-vocational program are provided to assist with the transition into a career in mining.

One of the outcomes of the Gulf Communities Agreement Ten Year-Review was to develop specific targets for Indigenous employment at Century in 2009.

At Golden Grove, support was increased during 2008 for the Bayalgu Indigenous trainee program.
At our Sepon operations we implemented an initiative which involves channelling all local external recruitment via the community relations department to district representatives and village chiefs. This allows the operation to better monitor the villages from which the majority of labour is sourced and support the requirement of the Government of Laos to distribute more even offers of employment across all areas surrounding our mining operations.

Sepon also employed community relations representatives who speak a minority dialect and developed a new approach to recruitment that aims to share opportunities with all local villages. As employment opportunities will not increase proportionally with the operation's footprint, a significant issue during 2009 will be to manage expectations and maximise alternative employment options.

Through ongoing training of local employees, OZ Minerals aims to develop and retain the skilled employees who are essential to our operations and ensure employees develop skills that are transferable post mine closure. OZ Minerals is a Registered Training Organisation (RTO) and can train and accredit employees in a range of formal qualifications. For more information see the training and development section (page 40).

At the end of 2008 27 per cent of senior management, middle management and technical/professional roles across OZ Minerals operations were held by local employees.

At Sepon the Minerals Exploration and Production Agreement (MEPA) between OZ Minerals and the Government of Laos includes targets for employment of Laotians at all levels of the operation. The internal definition of employee categories, specifically Clerical, Technical Supervisory and Management Professionals has been amended and clarified to ensure data is more representative of performance against the MEPA and to ensure the accuracy of report is replicable on an annual basis. Following the reclassification performance in the categories of Unskilled, Skilled, Clerical and Technical Supervisory have either achieved or are on track to achieve target performance in 2010. The number of Lao employees engaged as Management Professionals has not dropped although the percentage has decreased from 61 per cent to 37.6 per cent as compared to a 2010 target of 75 per cent. This decrease in the percentage of local employees is a function of reclassification of the category. A key long term strategy to increasing the number of Lao employees engaged as Management Professionals is the ongoing development and mentoring of high potential Lao employees plus the provision of scholarships to enable further overseas tertiary education.

### MEPA Localisation targets and performance

<table>
<thead>
<tr>
<th>EMPLOYEE CATEGORY</th>
<th>2007 ACTUAL</th>
<th>2008 TARGET</th>
<th>2008 ACTUAL</th>
<th>2010 TARGET</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unskilled</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Skilled</td>
<td>99%</td>
<td>75%</td>
<td>99.9%</td>
<td>90%</td>
</tr>
<tr>
<td>Clerical</td>
<td>99%</td>
<td>75%</td>
<td>96.5%</td>
<td>90%</td>
</tr>
<tr>
<td>Technical Supervisory</td>
<td>57%</td>
<td>50%</td>
<td>62.6%</td>
<td>75%</td>
</tr>
<tr>
<td>Management Professionals</td>
<td>61%</td>
<td>50%</td>
<td>37.7%</td>
<td>75%</td>
</tr>
</tbody>
</table>

Employment opportunities are also created by OZ Minerals operations’ purchase of goods and services preferentially from local suppliers. For more information see the local expenditure section below.

#### 3.2.1.2 Local expenditure

OZ Minerals operations preferentially purchase goods and services locally wherever feasible. Our operations made significant contributions to local and regional economies through payments to suppliers and contractors during the reporting period, with over A$95 million spent locally, over A$797 million regionally and over A$679 million within the state or province.

**Figure 5. Breakdown of expenditure by origin**

The short-term benefit of this expenditure is the generation of income and employment, while in the long-term it contributes to the development of local businesses. OZ Minerals operations actively support the development of local businesses as a key part of our community investments.

For more information see the local business development section (page 34).
3.2.2 Contributions to Indigenous communities

Domestically, a number of OZ Minerals's operations owe their existence to agreements with the local Indigenous people. Therefore, at these sites there is an added emphasis on ensuring that we work with the Indigenous community to ensure that they can benefit fully from any material gains the mine may bring and that operations do not adversely impact on Indigenous culture.

Prominent Hill

Prominent Hill's Pre-employment Training Program (PEP) has been particularly successful since it was launched in late 2006. The program is run by Prominent Hill, in conjunction with TAFE. After successful completion of the 60 day program, trainees receive a nationally accredited Certificate II in Metalliferous Mining and are offered employment at Prominent Hill. Four PEPs have been run to date, with 34 people successfully completing the program. In 2008 ten trainees (5 Indigenous) completed the program and are now employed with OZ Minerals. In 2009 the program will aim to increase the number of applications and trainees from the Antakarinja Native Title Group.

Prominent Hill also contributes to education and training initiatives for the Antakarinja people through the Antakarinja Trust Fund. These initiatives include scholarships and ongoing support for educational outcomes post mine closure. In addition OZ Minerals will start making production payments in 2009, once target production levels have been achieved.

In addition to the pre-employment training program, Prominent Hill runs a number of education and Indigenous support programs in conjunction with TAFE and Compleat Personnel, including the Workplace English Language and Literacy (WELL) Program and the proposed Indigenous Mentoring Program. For the WELL program, Prominent Hill facilitated funding through the Department of Education, Employment and Workplace Relations (DEEWR) and provided ongoing in-kind support (flights, accommodation, facilities, employee time etc). This WELL Program is run by TAFE, with approved DEEWR funding of A$77,000. It targets improvements in numeracy and literacy of Prominent Hill employees (Indigenous and non-Indigenous) to support enhanced lifestyle and better career opportunities.

The Indigenous Mentoring Program will be run by Compleat Personnel when funding from DEEWR is finalised. The program will provide mentoring support for Indigenous employees and people from the local community. During 2009, it will focus on identifying and providing training for potential on-site mentors (Indigenous and non-Indigenous).

Management at Prominent Hill have also engaged with a local program which supports at-risk youth gaining work experience and the opportunity to participate in an apprenticeship program.

Century

At Century, Indigenous employees make up 19 per cent of the operation's workforce (full time employees and contractors) which makes OZ Minerals an Australian leader in this field.

At Century funding for Indigenous education and pre-employment training is part of the Gulf Communities Agreement (GCA). The operation invested over A$2 million in payments to GCA Native Title groups, over A$450,000 in in-kind support (flights, accommodation and employee time) and A$330,000 for a dedicated apprentice, a trainee workshop and a coordinator as part of the GCA during the reporting period.

Century recruits and provides charter flights for employees from the Gulf communities of Burketown, Normanton, Doomadgee, Mornington Island and other regional centres. Youths in the Gulf communities are particularly encouraged to apply for apprenticeships as electricians, diesel mechanics, boilermakers, light vehicle mechanics, fitters/welders, carpenters and plumbers. These apprenticeships take four years to complete. Traineeships are also on offer for the roles of process operators, hospitality workers, office administrators and maritime workers for 18-month periods. At the end of 2008 date Century had 45 apprentices and trainees.

In 2008 two female Indigenous employees commenced trained in the Light Vehicle Workshop, two female employees commenced training in Communications and one female employee commenced as an electrical apprenticeship. Additionally an apprentice at Century was awarded Apprentice of the Year in the Australian Mining Prospect Awards and another was declared runner-up.

Golden Grove

Our Golden Grove operation invested over $290,000 in the Bayalgu Training Program during 2008. The program is a partner initiative lead by Golden Grove, designed to deliver entry level pre-employment training, and to support the employment transition of Indigenous youth in the Mid West region of Western Australia into the resources, civil construction and associated service industries. Golden Grove's investment increased from A$200,000 in 2007 as a consequence of the strategic review of the program conducted by the operation during 2008.

A comprehensive structural review of the program was conducted to address a range of issues and barriers identified during the programs pilot phase from October 2006 until December 2007. The particular focus, scope, and intent of the review was to develop a more coherent strategic framework to in which to embed the training courses, in order to improve the programs strategic functioning, employment transition, and structures of support. The structural review has informed the development of a reconfigured partnership agreement that will frame the delivery of four training courses over the next two years.
During 2008 28 trainees graduated from the program, with 19 now employed at Golden Grove or by other program partners.

### CASE STUDY: GULF COMMUNITIES AGREEMENT TEN-YEAR REVIEW

At our Century operation, increasing Indigenous employment is one of the key focuses of the Gulf Communities Agreement (GCA), a unique partnership between OZ Minerals, the Queensland Government and four Native Title Groups in the Lower Gulf region. The GCA was signed in 1997 by elders representing Waanyi, Mingginda, Ghuatharn and Kukatj peoples. As the first agreement to be negotiated under the right-to-negotiate clause of the Native Title Act 1993 it is a landmark agreement. The GCA ten main schedules that describe the responsibilities of Century, the Native Title Groups and the Queensland Government in a range of areas, including community engagement, education and training, environment, cultural heritage and land rights.

It is a requirement of the agreement that Century and the Queensland Government conduct a review of the GCA every five years. The second of these reviews, the Ten-Year Review, was conducted during the reporting period.

Ensuring that as many people as possible felt welcome to participate in the review was a significant challenge. The Five-Year Review process was considered highly unsatisfactory by most of the Gulf Communities, so this Review had to overcome considerable negativity from the community at the start of the process. Geographically, working in the Gulf poses unique distance issues. All parties needed to balance the need for completion within a reasonable timeframe with the time-consuming consultation and feedback process.

Engagement processes for the Ten-Year Review were designed to maximise participation of Native Title Groups and the local community and included:

- Verbal consultation with community leaders over twelve months regarding the pitfalls of the first review
- A series of community workshops with an independent facilitator
- Selection of a representative Steering Committee from the workshops
- Steering Committee development of terms of reference for Ten-Year Review
- Consultants conducting the review were briefed to engage with local communities
- Three separate visits into communities occurred, first to gain an understanding of issues and future needs, second to validate what they had heard, third to gain acceptance of the ‘what they had heard’ publication
- Regular reporting to the Steering Committee
- Preparation of Final Report
- 18 recommendations accepted by the Steering Committee on behalf of the Gulf Communities
- Creation of the GCA Management Board (Recommendation 1)

The review produced a number of recommendations for improvement, which are now being progressed, including:

- Formation of a new GCA Management Board, a Gulf Business Forum and a Young Leaders Forum
- Improved strategic and organisational planning around delivery of the GCA
- Improved monitoring of outcomes of the GCA
- Release of A$5.7 million by Queensland Government for Social Impact Assessment, and
- New initiatives in governance and leadership training for signatory Native Title groups, supported by federal and state governments

Originally a compliance exercise, the Ten Year Review revealed improvements Century could make to ensure that the last seven years of the mine’s life deliver the maximum benefit to the Gulf Communities in the spirit of the GCA.

#### 3.2.3 Contributions to community development

During 2008 OZ Minerals invested over A$3.1 million, 43 per cent of our total community investment, in community development initiatives targeting improvements in community health and educational facilities, communications, transport, agriculture and other infrastructure.

Our single largest area of community investment was in Laos, where our Sepon operation contributed over A$3.4 million, including over A$1.6 million in community development initiatives.

#### UXO Clearance

Work in any mine faces many challenges if it is to be conducted safely. Our Sepon operation faces the additional challenge, familiar in many parts of Lao PDR but not in many other mining projects, of unexploded ordnance (UXO)
a legacy of the Vietnam War. Since exploration began over sixteen years ago, Sepon has cleared over 100,000 UXOs from over 3,000 hectares of land with no UXO related injuries. In 2008, a further 1,209 UXO were found and disposed of over an area of 508 hectares and over 2 million pieces of scrap were recovered. This is a major contribution towards long-term development in an area where almost no land is free of UXO, which poses a constant threat to farming and a major barrier to investment of any sort.

CASE STUDY: SEPON DEVELOPMENT TRUST AND SOCIAL MITIGATION FUNDS

The Sepon Development Trust Fund (SDTF) provides the basis for Sepon’s community investment approach. It is the principal mechanism through which the operation supports the development plans of Vilabouly District. The purpose of the SDTF is to assist, not replace, the District Government in providing basic government services in education, health, agriculture, development of infrastructure and to improve living standards for people in Vilabouly District and surrounding areas. Projects implemented by the SDTF are spread across the whole of the District.

The SDTF is administered by a combined Board of Vilabouly District Officials and Sepon management. OZ Minerals invests US$500,000 annually, with the Board allocating this funding into individual sectors (agriculture and forestry, health, education, industry, communications and transport and tourism) in accordance with a five year plan linked directly to the District Government’s five year plan (Figure 6).

![Figure 6. SDTF expenditure by category](image)

The current SDTF five year plan was determined in 2005. As the operation has developed and expanded, new areas of impact, unforeseen in 2005, have arisen. Consequently from 2007 a further US$500,000 was set aside under the Social Mitigation Fund (SMF) to meet the immediate needs of surrounding communities. The SMF operates under the auspice of senior managers from Sepon and in 2008 expended over US$427,700. Projects undertaken or commenced under the SMF during 2008 were:

- A joint project with UN Habitat and the Savannakhet Water Board to provide a reliable water and sanitation system in Vilabouly Town. SMF contributed US$58,000 towards this in 2008 and will contribute a further US$100,000 in 2009
- The extension of the existing electricity line from Latdeng Nyai to Ban Mai costing over US$298,000; this will link with a government funded line to bring electric power to villages along Road 10 in the west of the district
- A mother and child nutrition and education capacity building project managed by the Burnet Institute over a three year period commencing mid-2008
- Sports facilities for the holding (in 2009) in Vilabouly Town of the Savannakhet Provincial Games
- A small rice donation program to five elderly and disabled families in the impact area who have no means of support

3.2.3.1 Education and Pre-Employment Training

At OZ Minerals we believe that human development is one of the most significant contributions we can make to our local communities. In many of the locations in which we operate, standards of education are poor and access to education limited. To improve standards of living and build the capacity of local people to take advantage of employment and other opportunities generated by our operations, OZ Minerals undertakes a range of education and pre-employment training initiatives. We also support local education through sponsorships, donations and investments through development mechanisms such as the Sepon Development Trust and Social Mitigation Funds.

Pre-employment training programs offer people who have no experience in the mining industry an opportunity to gain an understanding of what we do and the necessary skills for a career on a mine site. At our Century, Golden Grove and Prominent Hill operations these programs target increased employment for Indigenous communities.
At the Sepon operations in Laos, OZ Minerals continues with its significant investment in training and development through the Apprenticeship Program and the Pre-Employment Technical Training Program. These two programs which are delivered in conjunction with the Royal Melbourne Institute of Technology (RMIT) will result in more than 84 trainees, 56 of which will have been trained in a Certificate III in either of:

- Electro-Technology Electrician
- Electro-Technology Instrumentation
- Engineering – Mechanical Trade
- Engineering – Fabrication Trade
- Engineering - Refrigeration and Air Conditioning
- Carpentry and Joinery
- Automotive Technology – Heavy Vehicle Road Transport

Additionally, OZ Minerals Sepon operations sponsor teachers from the Savannakhet Technical & Vocational school who are enrolled into the apprenticeship program. Equipment is donated to the school for the Pre-Employment Technical Training Program.

At the Martabe project in Indonesia, which in 2008 was in early construction, OZ Minerals implemented a series of three month training programs focussing on light vehicle, mechanical, welding, and electrical skills development in cooperation with the Community Development team. The intent of the program was to provide practical work skills to younger members of the local community to assist them to secure employment with OZ Minerals or one of the Martabe project’s contractors.

During 2008 Martabe also conducted financial management courses for former landowners whose land had been purchased as part of the land acquisition program to support development of the project. Guided by World Bank Best Practices on Land Acquisition, Martabe sought and arranged for financial management advice to be provided to former landowners through two training courses. In all 54 former land owners attended the courses and one-on-one counselling was provided to 58 different former land owners. As part of the land acquisition program, over 200 families received significant payments from Martabe as compensation for land and crops. Most of these families had no prior experience with the management of large sums of money. To reduce the possibility that these families might be provided with inappropriate advice and as a result invest their money poorly, Martabe provided training courses on general financial management. This program was undertaken in conjunction with PT Permodalan Nasional Madani (PNM), a state owned capital venture and SME empowerment company.

### 3.2.3.2 Local business development

OZ Minerals supports development of local businesses directly through contracts for mine-related services, mentoring and training initiatives and seed funding. Indirectly our operations support local businesses through preferential purchase of local goods and services.

We are conscious that our operations are often the primary source of revenue for local businesses during operations. Hence, we focus our business development initiatives on transferable technologies, skills and building livelihoods that are sustainable post mine closure.

Prominent Hill developed a new Indigenous business development program, which will commence in 2009. The program involves inviting successful Indigenous businesses from around Australia to mentor and train Indigenous contractors on-site, with a view to Indigenous businesses taking over some contracts.

At Sepon local business development initiatives have to date included purchase of food, locally made sample bags, mine uniforms and other services. During 2008, business development activities were extended to include contracting a variety of essential site services to local enterprises including housekeeping, grounds, shops and bars. The operation also continued to actively support the development of textile, handicraft and other local businesses. Link to Sepon SDTF and SMF case study.

### 3.2.3.3 Community health and safety awareness

An important aspect of OZ Minerals’ contribution to community development is assisting local communities to address health issues and improve safety awareness. In many of the locations in which we operate community health standards are poor and access to medical services is limited. Understanding of workplace and general safety practices also varies between locations. Improving basic health and increasing safety awareness assists local communities to take advantage of education and employment opportunities and develop competitive local businesses.

We recognise that one of the most effective ways to ensure knowledge and practices are transferred to our local communities is through our employees. In addition to workplace safety communications and initiatives, specific community health and safety issues are addressed through employee inductions, and targeted presentations and events.
During development of the Martabe project, increasing awareness and prevention of malaria has been a priority, with the disease endemic to the project area. A regular and thorough fogging program, coupled with site inspections and education programs was developed and implemented during 2008. The initiative has resulted in a significant drop in the number of reported malaria cases at Martabe, from 12 in 2007 to 5 in 2008.

At our Sepon operation, improvements in maternal and child health are an ongoing area of focus for research and investment initiatives of the Social Mitigation Group. During 2008 this included commissioning a review of maternal child health status by the Burnett Institute and development and implementation of the mother and child health and education program. The program aims to build capacity of local medical staff, improve child nutrition and reduce maternal mortality in villages in the area surrounding the operation.

In August 2008, Sepon management and employees participated in fun run from Savannakhet to the mine site. The ‘Running for Awareness’ event was designed to raise community road safety awareness along the regions main transport route and in the villages surrounding the Sepon operation. The event was well received by local communities and consideration is being given to conducting it annually.

OZ Minerals has lead-in-blood monitoring programs in place at our Century, Golden Grove and Rosebery operations, as each of these operations mine lead ore and produce lead concentrate. Monitoring programs are extended to local communities where there is a risk of potential exposure or where an incident involving potential exposure has occurred.

At Rosebery, a voluntary community blood testing program has been conducted by the Government since 1992. The mean lead-in-blood concentrations have been steadily reducing and are within acceptable guidelines.

In August 2007, a spillage of lead concentrate occurred from the processing operations adjacent to the Rosebery township, resulting in lead concentrate being washed onto a residential property in a nearby street. The company immediately arranged industrial cleaning of the property and relocation of the family until this was complete. Blood tests indicated elevated levels in some family members, leading to further review of sources of lead and additional clean-up of the property. The family were relocated back to their property in August 2008. Blood testing has continued and shown progressively decreasing levels.

This incident led to a wider review of potential sources of contamination in the Rosebery community, together with a new voluntary testing program and several public meetings to keep the community fully informed. The testing results are provided to the individuals on a confidential basis, with OZ Minerals being advised of the collective blood lead levels detected. The aggregate results to date are within acceptable limits.

A number of our operations have management programs in place for non-occupational diseases that may affect our personnel at some locations.

At Sepon mine in Laos, there is a comprehensive awareness program in place for HIV/AIDS, which is also extended into the local communities.

Our Martabe operation has developed a management plan for avian influenza that includes education and health checks. OZ Minerals personnel also conduct health-related education sessions once per month in local villages.

Our exploration teams’ plans include programs for managing gastroenteritis, malaria and dengue fever.

At the Century port facility in Karumba on the Gulf of Carpentaria, community lead-in-blood monitoring is offered annually to the community. 2008 was the second year this monitoring was undertaken with all results within acceptable limits.

3.2.3.4 Sponsorships and donations

OZ Minerals engages in a range of sponsorship and donation activities both at group level and at individual operations. These activities assist us to build an understanding and relationships with our local communities.

During the reporting period OZ Minerals contributed over A$1.8 million, 25 per cent of our total community investment of over $7.3 million, in sponsorships and donations to benefit local communities. Our sponsorships generally focused on community health and education initiatives, while our donations were for a variety of short-term or one-off initiatives, including humanitarian relief, festivals and cultural events.

OZ Minerals continued to support the Royal Flying Doctors Service (RFDS) donating $80,000 during 2008, as part of an ongoing partnership with the RFDS worth $280,000 over four years. This partnership assists the RFDS to purchase new aircraft and medical equipment, and ensure the service can continue to offer vital emergency and general medical support to rural Australian communities and mining operations. Our Golden Grove operation’s social club also donated over $60,000 to the RFDS in Western Australia. This donation funded a flight simulator which will be used for on-the-ground training, and will make it possible for RFDS to conduct training without removing an aircraft from service.
## 4 SOCIAL PERFORMANCE

### 4.1 STAKEHOLDER ENGAGEMENT

OZ Minerals aims to engage its stakeholders so that we have a mutual understanding of our respective goals and objectives. Our approach is based on building mutual respect and understanding, engaging the communities we are a part of and demonstrating the value that we contribute, and forming mutually beneficial partnerships.

OZ Minerals stakeholders include a wide range of individuals and groups that directly or indirectly support, influence or are impacted by our activities. Key stakeholders include contractors, customers, employees, financial institutions, governments, local communities, shareholders and suppliers.

The stakeholder engagement summary below identifies our key stakeholders and provides an overview of their interests and concerns, and how OZ Minerals engages with them.

**Stakeholder engagement summary**

<table>
<thead>
<tr>
<th>STAKEHOLDER GROUP</th>
<th>STAKEHOLDERS</th>
<th>INTERESTS AND CONCERNS</th>
<th>ENGAGEMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers</td>
<td>Smelters, refiners and downstream copper products fabricators.</td>
<td>Product quality, price, reliability of supply, timely delivery of monthly orders.</td>
<td>Regular formal and informal communication with Marketing Department staff. Personal visits by Marketing Department and Process Management staff. Newsletters sent to Prominent Hill future customers to inform them of project status. MSDS and contracts sent by hard copy, majority of other written communication by email. Site visits to customers’ plants and customers’ representatives encouraged to visit OZ Minerals’ operations.</td>
</tr>
<tr>
<td>Employees</td>
<td>Employees.</td>
<td>Workplace safety and health, general working conditions, roster length, living conditions in accommodation camps, job satisfaction, career opportunities and training.</td>
<td>Regular communication with staff through an intranet, email alerts, hard copy newsletters and ‘noticeboard items’. Open door policy for all senior managers.</td>
</tr>
<tr>
<td>Governments</td>
<td>Local, provincial/state and national regulators, government agencies and diplomatic corps.</td>
<td>Regulatory compliance, land use, ESIs, access permits, mining leases, licences, closure provisions and plans, product stewardship, environmental performance, community relations, socioeconomic benefits.</td>
<td>Regular formal and informal communications with External Relations, operational senior management and staff through site visits, meetings, events and reporting (including Annual and Sustainability Reports).</td>
</tr>
<tr>
<td>Industry associations</td>
<td>Mining and minerals industry, commodity specific, national and international.</td>
<td>Best practice, lobbying for industry interests.</td>
<td>Representative on boards and committees, engagement on specific projects.</td>
</tr>
<tr>
<td>Investment community</td>
<td>Mainstream brokers, financial analysts and fund managers, sustainability and ethical investment analysts, retail investment advisors, existing and potential shareholders both domestically and internationally.</td>
<td>Financial returns, growth, governance, risk management.</td>
<td>Annual General Meeting, Annual and Sustainability Reports, Quarterly Report and shareholder summary, up-to-date website where all releases and other information on the company is maintained, direct phone contact with Investor Relations, presentations at industry conferences and briefings, site visits.</td>
</tr>
</tbody>
</table>
### STAKEHOLDER GROUP

- **Local communities**: Individuals and groups local to our operations – including traditional land owners, agriculturalists/pastoralists, development groups, local businesses.

- **Media**: Print, radio, TV and interactive.

- **Non-government organisations**: Local, regional and international environmental, human rights, development, corporate social responsibility and sustainability organisations.

- **Shareholders**: *Retail 45%, Institutional 55% Australia 69%, North America 12%, UK 12%, Europe 3%, Asia 3% and other 1%*
  
  *as at 31 December 2008*

- **Suppliers**: Local businesses to large international organisations.

- **Other mining companies and academics**: Other mining companies, mining regulators, industry associations and minerals industry academics.

### INTERESTS AND CONCERNS

- Employment, business development, infrastructure, land access, cultural heritage, sponsorship and donations, environmental performance, transparency.

- Financial and operational related queries.

- Governance, risk management, socio-economic contributions, human rights, environmental performance, compliance.

- Financial returns, growth, governance, risk management.

- Supply agreements, reliable payment processes, social and environmental requirements.

- Company updates, project information.

### ENGAGEMENT

- Location-specific Community Relations Plans, community meetings and groups, newsletters and targeted communications, Sustainability report, surveys.

- Dedicated media relations function. Regular engagement with business and regional media through six teleconferences a year, regular ad-hoc one-on-one discussion, interviews, site visits.

- Liaise directly with operational management, environment and community relations departments on specific issues. Annual and Sustainability Reports, media releases, Sustainability Group and External Relations attendance at forums and policy discussions.

- Annual General Meeting, Annual and Sustainability reports, quarterly report and shareholder summary, website where all releases and other information on OZ Minerals is maintained and regularly updated, direct phone contact with Investor Relations.

- Supply Managers /Departments at each operation and Group Office Strategic Sourcing team support, regular reporting, communications and review, liaison with single point of contact.

- Papers and presentations given by executives at various industry related conferences.

### 4.2 OUR PEOPLE

OZ Minerals recognises that its people are crucial to the company’s success. Through all stages of the economic cycle, we must continue to develop the capability of our people, as well as enhance our ability to attract, retain and engage employees. During 2008, OZ Minerals’ employees made a significant contribution to the business during challenging circumstances.

The merger of Oxiana and Zinifex required that two workforces and different cultures to join and create a new way of working together using legacy systems and processes across the business. An employee communications program which was initiated following the announcement of the merger, aimed to keep employees up to date on the merger process and business changes. Group Office employees were offered change management workshops in the early stages of the process and all employees were supported by the company’s Employee Assistance Program as required.

Following this period, in late 2008, the global economy and commodity prices contracted sharply forcing the company to cut capital and operating expenditure and defer a number of exploration and development projects. Unfortunately, this resulted in the removal of 1,212 employees and contractors from the business. Outplacement services and employee assistance programs were provided to employees and contractors affected by this, and the initial merger of the two businesses.

In addition, the company implemented a whole-of-business review designed to trim costs from the 2009 budget and ensure that all operations and offices were operating as efficiently and effectively as possible in a tougher economic environment. A large component of this program was engagement with employees who alone, through workshops and other sessions, identified in excess of A$370 million in savings across the business.
4.2.1 Workforce profile and diversity

OZ Minerals directly employs over 5,700 people and approximately 3,100 additional contractors in nine countries. OZ Minerals has a diverse workforce with good Indigenous, local community and female employment figures for the resources industry which demonstrates our commitment to the communities in which we operate. However operations have different employee profiles that reflect diverse geographic locations and local communities.

At Century, Prominent Hill and Golden Grove Indigenous employment is encouraged through active recruitment amongst the local communities. At Sepon, the vast majority of the workforce is Lao. This is detailed further in the discussion on local employment in the socio-economic contributions section of this report (page 29).

The average age of OZ Minerals employees is 39.68 years. The challenge is to develop and retain a highly skilled workforce. At Rosebery the mean age of our workforce is 45 with an average employee tenure of 14 years, and the challenge is to attract and retain younger, professional employees to the operation.

OZ Minerals also has a strong commitment to increasing its employment of women and the diversity of its workforce. We believe this diversity helps to achieve a healthy culture in a traditionally male-dominated industry. At the end of 2008 female employees represented 16.2 per cent of OZ Minerals employees.

A company-wide ‘Women in Mining’ strategy targeting increases in the number of female employees was developed during 2007 and 2008. Initiatives implemented in 2008 included the extension of three months paid parental leave extended to all employees and a review of proposed salary increases, as part of the annual remuneration review, to ensure that salary increases were uniform across gender for Oxiana originating employees. This allowed the company to review and make any necessary changes prior to payments being made.

The strategy was reflected in the company’s annual report to the Federal Government’s Equal Opportunity for Women in the Workplace agency, which demonstrated a strong commitment to women in the workplace. This resulted in nominations for an award in 2007 and 2008.

OZ Minerals has developed a number of inclusive employee-related practices tailored for the locality of employees, gender, age and nationality. All operations have a policy of preferential employment from local communities. The Human Resources and Community Development functions of each operation work together to promote employment at OZ Minerals, and to identify potential employees from the local community.

An example of this commitment exists at Prominent Hill where an initiative called Project Unity was implemented to delivering an equitable workplace and a diverse workforce reflective of the demographics of the broader external environment. The project aims to build a culture where all individuals respect and value diversity within the operation and reflect this in their day-to-day behaviours. Key activities included the development of programs to assist employees and managers better understand appropriate workplace behaviours, the provision of support mechanisms for new at-risk employees to provide a smooth induction to the operation and development of specific forums and profile building tools for individuals from disadvantaged or minority groups. As part of this, Prominent Hill developed a Memorandum of Understanding, declaring the operation’s commitment to the employment of women and Indigenous employees.

4.2.2 Attraction, retention and engagement

At the height of the resources boom in early 2008 the industry experienced a skills shortage across all categories of employees and came under pressure to increase remuneration to meet rising salary demands to attract and retain employees.

With commodity prices falling sharply in the second half of the year, the reverse in fact occurred, with the industry scaling back projects and development leading to large scale redundancy programs. OZ Minerals was not immune to this, as detailed above, and by January had removed 1,212 employee and contractor positions from the business.

However, OZ Minerals still believes that good people are critical to its business and continues to be committed to the attraction and retention of employees with key professional skills.

While remuneration is not currently available as a method of reward with the OZ Minerals Board ratifying a salary freeze and no bonus payments in 2009, it is more important than ever to focus on non-cash recognition and ongoing performance management.

As the company aligned performance review periods at the end of 2008, it began implementing a new performance review system. The system aims to link employees’ key performance indicators back to the business strategy. It also ensures that expectations of employees are clearly outlined and understood by both managers and employees, encouraging managers to act as role models and support their teams. A key part of this is ensuring that employees learn and grow in their roles and receive ongoing coaching and feedback. OZ Minerals will continue to roll this program out through 2009.

Through the integration in the second half of 2008 of the two former business, the Human Resources team developed common people-related policies, for example recruitment, relocation and employee insurances. While there will be some variation between policies at operations taken into account local situations and legacy benefits, the intent is
to have consistent minimum standards across the business. Significant work in this area was achieved during 2008, however this is ongoing and will continue during 2009.

The turnover rate for OZ Minerals for the 12 months to 31 December 2008 was 15.38 per cent. The turnover for operations varied from 30 per cent at Group Office to 9.4 per cent at Rosebery. Redundancy and resignation accounted for the majority of employees leaving the business. A breakdown of turnover by age and gender is as follows (Figures 7 and 8).

**Figure 7. Employee turnover by age**

<table>
<thead>
<tr>
<th>Location</th>
<th>Under 30 years of age</th>
<th>30-50 years of age</th>
<th>Over 50 years of age</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avebury</td>
<td>20</td>
<td>60</td>
<td>20</td>
</tr>
<tr>
<td>Canada</td>
<td>10</td>
<td>70</td>
<td>20</td>
</tr>
<tr>
<td>Century</td>
<td>5</td>
<td>90</td>
<td>5</td>
</tr>
<tr>
<td>Exploration</td>
<td>10</td>
<td>90</td>
<td>10</td>
</tr>
<tr>
<td>Group Office</td>
<td>10</td>
<td>90</td>
<td>10</td>
</tr>
<tr>
<td>Golden Grove</td>
<td>30</td>
<td>70</td>
<td>10</td>
</tr>
<tr>
<td>Martabe</td>
<td>0</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Prominent Hill</td>
<td>0</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Rosebery</td>
<td>0</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

**Figure 8. Employee turnover by gender**

<table>
<thead>
<tr>
<th>Location</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avebury</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Canada</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Century</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Exploration</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Group Office</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Golden Grove</td>
<td>20</td>
<td>80</td>
</tr>
<tr>
<td>Martabe</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>Prominent Hill</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>Rosebery</td>
<td>0</td>
<td>100</td>
</tr>
</tbody>
</table>

There were numerous other initiatives to improve attraction and retention rates and minimise turnover across the company. Our Century operation made a commercial decision to end the contract mining arrangement with Downer EDI in March and instead employ the same workforce directly through OZ Minerals. One of the goals in taking this action was to reduce the level of turnover in the previously contracted workforce from 40 percent to the direct employee turnover rate of approximately 20 percent. Having a direct relationship between the mining operators and site management has improved communication processes across the operation. Transfer of the workforce was completed in October 2008.

Several of our operations, including Century and Prominent Hill, offer employees’ families the opportunity to visit the employees’ operation and gain a better understanding of their family members’ work environment. Ensuring that amenities at our fly in/fly out operations are comfortable and clean is important, and this year we upgraded facilities at both Golden Grove and Prominent Hill to this end.

At our Group Office in Melbourne a number of Career Development Planning Workshops were offered to employees to help them recognise their personal capabilities and identify potential career paths within the organisation. Participants were provided with feedback during the workshop and received coaching and guidance from the workshop leader and their manager after the conclusion of the workshop to set a career plan within the business.

A pilot program at our Sepon operation is the Home Loan Assistance Scheme introduced to support local employees to purchase, build or renovate their own home.

The Scheme is open to all permanent employees with more than two years continuous service and who meet a number of other selection criteria. In the long term it is expected that a number of home loans will be offered for use in Vientiane, Savannakhet and Vilabouly however the initial pilot is restricted to houses in the capital of Vientiane where land titles exist. In the first year a maximum of 50 home loans were offered and it is expected that this number will increase to 200 per annum by 2013.

The Scheme operates with the ANZ Bank in Vientiane with the amount of capital subsidy offered by the company based on the grade of the employee at the time of their application. Although the loan is an employee benefit, it is essentially an arrangement between the bank and the employee and OZ Minerals has no influence in any employee securing a loan from the bank. The company makes the capital subsidy assistance payment to the bank, once an approved loan is advised to the Human Resources department.
Employees are selected to participate in the scheme through a ballot which is conducted twice per year. Specific housing covenants are applied by the bank relating to basic amenities which must be included in the house. The company expects that any employee who has received a loan subsidy will continue to work with the company for at least one additional year.

The OZ Minerals’ core values – respect, integrity, action, results - are designed to underpin and guide our employees’ behaviours in the workplace. Several operations used the values roll-out last year as an engagement activity holding operation-wide workshops to articulate the behaviours for their operation that bring the values to life. Our goal is that all employees can recognise the behaviours and actions that reflect the values, from strategy development and decision making to their approach to day-to-day operations.

In November 2008, the company rolled out its inaugural Employee Perception Survey. The survey, initiated by CEO Andrew Michelmore, was designed for employees to direct their opinions on a range of issues including safety, health, environmental, facilities and services, management and decision-making, directly to the CEO and senior management in a confidential and open manner. The company plans for the perception survey to be repeated in the future, the results of which can be built on and compared, ultimately allowing us to benchmark changes and improvements in our organisation.

Good response rates were obtained with the results showing that OZ Minerals has a healthy organisational culture characterised by a strong sense of commitment to the company on the four engagement indicators of job satisfaction, motivation, commitment and advocacy.

Results and issues were targeted for each business area and management have commenced the process of delivering the findings back to their teams, prioritising issues for response and developing action plans to address them.

Anecdotal evidence suggests that the difficult operating environment and pressures on the business anecdotally had a galvanising effect on the organisational culture by early 2009 as employees were engaged in the efforts to ensure the ongoing viability of the business.

4.2.3 Training and development

Through training and development OZ Minerals aims to get the best out of all its people. This is of particular importance when employing low or unskilled people from our local communities. Through training and development the company, and also the community receives the benefit of the person's employment. The company is committed to professional development at all levels of the business, and supports employees’ decisions to undertake further education and training in providing study leave and other support as available.

Technical training

OZ Minerals is a Recognised Training Organisation (RTO) which means that OZ Minerals can train and accredit employees in the following qualifications:

- Certificate III and IV in Business (Frontline Management)
- Certificate III and IV in Frontline Management
- Diploma of Business (Frontline Management)
- Diploma of Management
- Certificate II and III in Metalliferous Mining Operations - Underground
- Certificate II and III in Metalliferous Mining Operations - Processing
- Certificate III in Mine Emergency Response and Rescue (Western Australia)

The RTO is administered and audited at a Company level ensuring consistency in approach across the business, with the Sepon, Golden Grove and Prominent Hill operations (the former Oxiana operations) participating in 2008. While training is provided at an operational level, all certificates are issued with authorisation from the RTO.

In 2008 25 employees from Sepon, 212 from Golden Grove and 13 from Prominent Hill participated in the training programs.

Former Zinifex operations including Rosebery and Century offered employees training through the Certificate IV in Business (Frontline Management) that is recognised throughout Australia. The 12 month program includes seven modules, completed as two-day workshops, plus individual follow-up projects.

In 2008 two employees from Group Office, five employees from Century, and five employees from Rosebery completed this training

Tasmanian TAFE was under contract to provide program standards and participation auditing for all Zinifex training across Australia however this will now be moved internally given the company's RTO status as described above.

An online training program called On-Tap was first developed and implemented at our Sepon operation called On-Tap was implemented in 2008 at our Prominent Hill operation to assist train process plant operators as the operation moved toward commissioning.
On-Tap provides introductory training followed by in-depth learning modules and assessment tools suitable for training employees at a range of developmental levels. On-Tap meets all RTO and assessment requirements, OZ Minerals safety requirements and is flexible enough to meet the training needs of the company.

Using On-Tap, Prominent Hill developed an introductory on-line training program using animations, cartoons, photos, video and snap assessments providing an overview for new trainees while delivering contextual training to more experienced operators. Training on the processing plant was then divided into six areas, with each area then divided into six Learning Blocks. Workbooks link the Standard Operating Procedures and hands-on activities to each trainee and related assessment tools were then developed for each workbook.

Trainees of all developmental levels at Prominent Hill overwhelmingly supported the On-Tap program with 89 per cent of trainees reaching online competency within a month of access. The Learning Blocks and Workbooks have also been well received and feedback indicates they will continue to be the prime tools for hands-on training.

In 2008 over 80 per cent of processing employees at Prominent Hill utilised the On-Tap software. Given its success, the company will review implementing the program at other operations in the future.

Sample screens from the On-Tap training program

OZ Minerals also runs a number of successful education and pre-employment training programs that provide employment and business opportunities for Indigenous and other local communities near our operations. For more information see Education and Pre-Employment Training (page 33) and Local Business Development. (page 34).

Cultural awareness training
Cultural awareness training is an important part of our operating in different locations and cultures. An overview of each operation’s local cultural context is incorporated into inductions for all employees, contractors and visitors. Our operations also offer cultural awareness training to employees and contractors. Programs vary between locations, but each provided information on the history and culture of the local communities and countries in which we operate. At our Australian operations, such as Golden Grove and Prominent Hill, these training programs are often conducted in conjunction with local Indigenous groups.
Leadership development

Leadership development is a crucial part of succession planning for any organisation. Prior to the merger, Oxiana ran leadership development workshops and Zinifex ran a program offering professionals and frontline leaders, who had been identified as having the potential to progress through leadership roles at operations or elsewhere in the business.

Graduate development

While the current economic climate has forced OZ Minerals to halt the intake of new graduates in 2009, in 2008 the company employed seven graduates in a variety of disciplines including engineering, geology and metallurgy in graduate development programs at Australian operations.

4.2.4 Labour relations

Our labour relations are guided by the intent of relevant employment legislation and the Universal Declaration of Human Rights. At all our operations our approach is to provide for:

• All our employees to have the right to free choice of employment, to just and favourable conditions of work including safe working conditions
• Everyone who works for OZ Minerals has the right to just and favourable remuneration ensuring for himself/herself and family an existence worthy of human dignity
• Everyone has the right to freedom of association and to receive adequate training to perform their job
• All employees to have open and honest communication in relation to all matters affecting them

We deliver on these rights by:

• Always complying with employment law as a minimum
• Providing every employee with a written contract of employment which clearly details terms and conditions of employment
• Requiring all employees to comply with our Code of Conduct which outlines the ethical standards of behaviour demanded of directors, managers and employees
• Having company policies dealing with equal employment opportunity and harassment and sexual discrimination
• Running awareness sessions on the behavioural standards expected of all directors, managers and employees
• Driving safe working practices using our safety management system and setting safety targets for managers as part of their annual performance assessment
• Supporting a company Intranet to enable employees to have electronic access to all information affecting them

OZ Minerals is committed to hearing the collective voice of its workforce and uses employee perception surveys to receive feedback on a wide range of issues which impact employees and help management to develop action plans to address suggestions and issues of concern.

OZ Minerals employees are engaged under a range of employment instruments. Mining operators at Century mine in Queensland are covered by an Interim Individual Transitional Employment Agreement (ITEA). At Avebury process operators were engaged through an ITEA and contractors working underground and employed by the operation’s mining contractor, Barminc, were covered by a Certified Agreement. Underground miners at Rosebery in Tasmania are employed under an Underground Certified Agreement. This agreement is scheduled to expire in February 2009 and in anticipation of this, negotiations to replace the agreement commenced in late 2008. All other employees are engaged under an individual contract of employment.

Employees at Australian operations are free to choose whether or not to become members of a union and the company does not discriminate between union and non-union workers. Lao employees at our Sepon operations are voluntary members of the Lao trade union which is affiliated with the Government of Laos Ministry of Labour.

All employees receive a fair salary based on skills, experience and competitive market rates. These market rates are validated on a regular basis through external remuneration surveys.

All employees who work in Australia contribute to superannuation through the Australian Government Superannuation Guarantee Contribution. Expatriates who work in countries other than Australia are not required to make this contribution. Employees have choice in the selection of superannuation funds. Employees in Indonesia are required to contribute to the government run pension fund and employees in Laos contribute to the Government Health Fund.

OZ Minerals is proud of its record in labour relations and continually strives to maintain harmonious relations with all employees.
4.3 SAFETY AND HEALTH

Safety and health strategy
A strategic safety review of Zinifex operations conducted in late 2007 found that the company had many different processes and measures in place for managing safety and health within the business. A small steering committee was formed with representatives from management, the workforce and our contractors to develop a new safety strategy.

The committee had the following guiding themes:
- Getting back to basics
- There were too many initiatives - do less, but better
- Quality, implementation and consistency with all safety processes
- Timely review and communication with our people

The strategy was developed with six key goals identified:
1. Communication - More effective internal communication on safety
2. Leadership - that actively supports safety and health
3. Contractor Management - Contractors and partners are integrated into safety and health processes
4. Risk Management - Everyone understands and manages risk
5. Safety Management Systems - Organisational structures and processes support and sustain safety and health outcomes.
6. Health and Wellbeing - A healthy workplace where we actively enhance our people’s wellbeing

The strategy was endorsed by management and the Zinifex Board prior to being included in the operating plans for the Zinifex operations. Subsequently the strategy has been adopted throughout OZ Minerals.

Five Key Safety Actions Plan
Following the poor safety performance experienced in the second part of 2008, operational General Managers and the Chief Operating Officer held an extensive safety workshop during October. In addition to reviewing the Safety and Health Strategy for each operation, the team committed to implementing a series of additional actions at each of their operations. These additional actions were termed the Five Key Safety Actions Plan. Implementation began immediately and will continue throughout 2009.

The key objective of the Five Key Safety Actions Plan is to generate a rapid step-change in safety performance. The five key actions include:
- Leadership team safety walk: All management teams agreed to conduct walks around different parts of each operation at least once each week in order to maintain direct contact with the workforce, to promote zero harm and to inspect all physical areas of the operations.
- Quarterly high-impact safety sessions: Individuals who had been injured in industrial / mining incidents were invited to share their experiences with our work teams. This provided a valuable opportunity for employees to really understand that the choices they make whilst at work can impact severely on their lives and the lives of their loved ones.
- Intervention: this program was designed to ensure that everyone at each operation understands clearly that they had both permission and an expectation on them to intervene upon observing at-risk behaviour by others, regardless of who they are.
- One-on-one safety discussions: each operation’s leaders are required to conduct one-on-one safety discussions with each and every employee to enable expectations and concerns related to safety to be discussed openly and frankly.
- Extreme safety focus campaigns: Company-wide campaigns focussing on one particular safety issue for a sustained period of time are to be run each quarter. The first of these campaigns was focussed on hand safety in response to an increasing number of hand injuries. The objective is to gain high visibility and frequent communications on a single aspect of safety each quarter.

4.3.1 Safety performance
During 2008, OZ Minerals suffered three tragic safety incidents. Two of our people died at work and one person sustained serious head injuries.

The electrical superintendent at Sepon was killed as a result of a lightning strike during preparatory works associated with installation of new radio transmission equipment.

A supervisor for the EPCM contractor managing construction at Prominent Hill was killed when the light vehicle in which he was the driver and sole occupant rolled on an unsealed road between the bore field and the mine site.

A boilermaker employed by a drilling contractor at Century sustained serious injuries to his head, upper body and hand when struck by a falling object while undertaking maintenance on a drill rig.
OZ Minerals has provided support and assistance to the families impacted by these tragedies.

Thorough investigations using the Incident Cause Analysis Method (ICAM) have been conducted by OZ Minerals into all of these incidents to identify opportunities to improve our management systems and practices across the company. OZ Minerals cooperated fully with the relevant mine safety regulators while they conducted independent investigations into these events. Learnings from these incidents have been distributed throughout the company.

For further information regarding our management of fatal risks see Fatal Risk Management (page 48).

At OZ Minerals, Total Recordable Injury Frequency Rate (TRIFR) is the primary measure for safety performance. TRIFR is the total number of recordable injuries per million working hours. “Days lost” are measured using rostered days, not calendar days. Recordable injuries include fatality, lost time, restricted work and medical treatment injuries.

The TRIFR at the end of December 2008 was 7.3 (Figure 9). This represents a 3 per cent improvement in performance since the formation of OZ Minerals in July 2008.

There were no fatalities at Zinifex operations during the six months July to December 2007, and a TRIFR of 8.7 was reported for December 2007.

Figure 9. TRIFR 12 Month Moving Average

Significant safety incidents

OZ Minerals operations reported a total of 143 Significant Safety Incidents (SSIs) across our operations, projects and exploration activities during 2008. A breakdown of SSIs by operation is provided below.

<table>
<thead>
<tr>
<th>OPERATION</th>
<th>SSIs (2008)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avebury</td>
<td>8</td>
</tr>
<tr>
<td>Canada</td>
<td>5</td>
</tr>
<tr>
<td>Century*</td>
<td>24</td>
</tr>
<tr>
<td>Golden Grove</td>
<td>10</td>
</tr>
<tr>
<td>Martabe</td>
<td>4</td>
</tr>
<tr>
<td>Prominent Hill</td>
<td>31</td>
</tr>
<tr>
<td>Rosebery</td>
<td>29</td>
</tr>
<tr>
<td>Sepon</td>
<td>20</td>
</tr>
<tr>
<td>Exploration</td>
<td>12</td>
</tr>
<tr>
<td><strong>Total SSIs</strong></td>
<td><strong>143</strong></td>
</tr>
</tbody>
</table>

At OZ Minerals a SSI is defined as an incident that has an actual or potential consequence rating of Level 4 or above. This rating is determined using OZ Minerals risk matrices, with the highest consequence ranking available being Level 5.
SSIs must be reported to the Group Office within 24 hours of occurrence and require a thorough investigation be performed using the ICAM process. Significant Incident Alerts are later developed and shared with all OZ Minerals operations to ensure we learn from these events and where necessary implement additional control measures.

During the development of the Five Key Safety Actions Plan (see page x), an analysis of SSIs for the second half of 2008 demonstrated that vehicle and mobile equipment related incidents made up the highest percentage of all significant incidents occurring within the company (Figure 10).

As a result vehicles and mobile equipment will be one of the priorities of the extreme safety focus program when this commences in 2009. The extreme safety focus will be supported by the roll out of the new vehicle and traffic management standard which will be implemented at all operating sites during 2009.

Figure 10. Q3/Q4 2008 SSIs by Type

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vehicle</td>
<td>26%</td>
</tr>
<tr>
<td>Equipment damage, loss or failure</td>
<td>12%</td>
</tr>
<tr>
<td>Working at heights</td>
<td>10%</td>
</tr>
<tr>
<td>Drilling</td>
<td>9%</td>
</tr>
<tr>
<td>Electrical</td>
<td>8%</td>
</tr>
<tr>
<td>Cranes and lifting</td>
<td>7%</td>
</tr>
<tr>
<td>Aviation</td>
<td>6%</td>
</tr>
<tr>
<td>Explosives</td>
<td>5%</td>
</tr>
<tr>
<td>Fire</td>
<td>3%</td>
</tr>
<tr>
<td>Wildlife</td>
<td>2%</td>
</tr>
<tr>
<td>Rock fall</td>
<td>2%</td>
</tr>
<tr>
<td>Other</td>
<td>2%</td>
</tr>
<tr>
<td>Hazardous Substances</td>
<td>2%</td>
</tr>
<tr>
<td>Thermal</td>
<td>1%</td>
</tr>
<tr>
<td>Lightning</td>
<td>1%</td>
</tr>
<tr>
<td>Isolation</td>
<td>1%</td>
</tr>
<tr>
<td>Confined space</td>
<td>1%</td>
</tr>
</tbody>
</table>

4.3.2 Health performance

Lead-in-blood monitoring

Lead-in-blood monitoring is a key performance indicator at our Rosebery, Century and Golden Grove operations due to the potential for human uptake of lead during mining and processing of lead concentrates.

The following table details acceptable levels of lead-in-blood set by the Australian National Standard and OZ Minerals internal standards.

<table>
<thead>
<tr>
<th></th>
<th>ACTION LEVEL</th>
<th>TRANSFER LEVEL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>Australian National Standard</td>
<td>≥ 50 μg/dL*</td>
<td>≥ 20 μg/dL</td>
</tr>
<tr>
<td>OZ Minerals Standard</td>
<td>≥ 30 μg/dL</td>
<td>≥ 8 μg/dL</td>
</tr>
</tbody>
</table>

* μg/dL = micrograms of lead per decilitre of blood

The former Zinifex business implemented internal lead-in-blood limits which were lower than the requirements of the National Standard. It is our intention to adopt this as the OZ Minerals standard during 2009. Century and Rosebery operations continue to operate under the OZ Minerals standard, while Golden Grove operation currently operates under the National Standard.

During 2008 work commenced through the integration process to develop a common standard that aligns lead-in-blood and other monitoring programs across the company. This process will be completed in 2009.

During 2008, OZ Minerals conducted 2,136 lead-in-blood tests on our people. Of these six reached an action level and three reached a transfer level. The break down of the tests by operation is detailed in the table below.

<table>
<thead>
<tr>
<th></th>
<th>NUMBER OF PEOPLE TESTED FOR LEAD-IN-BLOOD LEVELS</th>
<th>NUMBER OF PEOPLE REACHING ACTION LEVELS</th>
<th>NUMBER OF PEOPLE REACHING TRANSFER LEVELS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
<td>Male</td>
</tr>
<tr>
<td>Century</td>
<td>1464</td>
<td>191</td>
<td>5</td>
</tr>
<tr>
<td>Golden Grove</td>
<td>66</td>
<td>10</td>
<td>0</td>
</tr>
<tr>
<td>Rosebery</td>
<td>361</td>
<td>44</td>
<td>1</td>
</tr>
</tbody>
</table>
The process implemented when our people register an action level is to work closely with that individual to determine the reason for the elevated result and apply additional monitoring until the lead-in-blood level falls below the action level.

When an individual reaches a transfer level, the person involved will be transferred from their current position into another role with minimal exposure to lead until the level reduces.

**Other health hazards**

The table below outlines the number of Occupational Exposure Limit (OEL) exceedances by agent for OZ Minerals operations. Those operations not included in the table did not have an OEL exceedance during the reporting period.

<table>
<thead>
<tr>
<th>OPERATION</th>
<th>AGENT</th>
<th>OEL EXCEEDANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avebury</td>
<td>Diesel particulate matter</td>
<td>8</td>
</tr>
<tr>
<td>Sepon</td>
<td>Mercury</td>
<td>8</td>
</tr>
</tbody>
</table>

The table below outlines the number of occupational disease cases by operation. Those operations not included in the table did not have any occupational disease cases during the reporting period.

<table>
<thead>
<tr>
<th>OPERATION</th>
<th>DISEASE</th>
<th>TOTAL NUMBER IN 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Martabe</td>
<td>Malaria</td>
<td>5</td>
</tr>
<tr>
<td>Exploration</td>
<td>Malaria</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Dengue Fever</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Typhus</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Altitude Sickness</td>
<td>1</td>
</tr>
</tbody>
</table>

**4.3.3 Communications**

One of the goals of our safety and health strategy is to improve internal communications by delivering consistent and accurate information on safety and health. This goal was supported by invigoration of safety and health committees.

Each OZ Minerals operation has consultation mechanisms in place via these committees to ensure health and safety matters are discussed and communicated. The committees generally represent all sections of the workforce although some large contractors have their own Safety and Health Committee structures in place. The committees are made up of elected employees and nominated management representatives.

Across our exploration activities each country office is required to hold a monthly safety, health environment and community relations (SHEC) meeting, with all personnel encouraged to participate.

At Group Office the safety, health and environment (SHE) Committee is made up of volunteer employee representatives from all departments and a committee-elected chairperson.

The Committees’ functions include the provision of feedback to management on safety and health leadership, hazard and risk identification, inspections, suggestions for amendments to standards and improvement initiatives.

Additional safety and health communication processes included the generation and distribution of Significant Incident Alerts (based on incidents from within and outside the company), placement of safety and health information on the company Intranet for access by all operations, and the frequent and high-visibility safety activities associated with the Five Key Safety Actions plan (page 43).
4.3.4 Leadership

The focus of this aspect of our safety and health strategy is to strengthen safety leadership across OZ Minerals and ensure all leaders at all levels across the business demonstrate a commitment to safety and actively follow up on safety issues.

During 2008 the Company supported its leaders in the development and implementation of safety leadership programs at a number of operations. The following table describes some of the safety leadership activities undertaken by our operations during 2008.

<table>
<thead>
<tr>
<th>OPERATION</th>
<th>SAFETY LEADERSHIP ACTIVITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Century</td>
<td>• Safety critical process observations completed by operation management team</td>
</tr>
<tr>
<td></td>
<td>• Line management participated in a safety leadership survey</td>
</tr>
<tr>
<td>Golden Grove</td>
<td>• Weekly management team site walk around</td>
</tr>
<tr>
<td></td>
<td>• Safety leadership training undertaken by line management</td>
</tr>
<tr>
<td>Martabe</td>
<td>• Implementation of a site induction process</td>
</tr>
<tr>
<td></td>
<td>• Recruitment of safety professional to support management</td>
</tr>
<tr>
<td>Prominent Hill</td>
<td>• Operation management required to spend two hours per week in the field focused only on safety</td>
</tr>
<tr>
<td></td>
<td>• All safety and health representatives trained in positive safety interaction process</td>
</tr>
<tr>
<td>Rosebery</td>
<td>• Weekly management team walk around the operation</td>
</tr>
<tr>
<td></td>
<td>• Roll out of hazard awareness and identification training</td>
</tr>
<tr>
<td></td>
<td>• Line management participated in a safety leadership survey</td>
</tr>
<tr>
<td>Sepon</td>
<td>• The General Manager undertakes a weekly safety contact at different locations around the operation</td>
</tr>
<tr>
<td></td>
<td>• Golden Rules established for site operations</td>
</tr>
<tr>
<td>Exploration</td>
<td>• Recruitment of safety professional to support management in Canada</td>
</tr>
<tr>
<td></td>
<td>• Management lead daily safety, health, environment and community relations (SHEC) meetings with all staff</td>
</tr>
</tbody>
</table>

4.3.5 Contractor management

OZ Minerals recognises that the interface between contractor and company is a significant challenge in the management of safety, health, environment and social performance at our operations and activities. We aim to ensure the management systems and procedures of contractors engaged by OZ Minerals are consistent with our values, Code of Conduct, and Sustainability Standards.

In developing a consistent and aligned approach to safety the aim is to remove duplication of effort and where possible develop shared safety cultures.

As part of our tender process, potential contractors are screened in relation to safety, health, environment and social performance by subject matter experts. Contractors are selected through the OZ Minerals contractor selection process, which incorporates, but is not limited to the review of previous safety and health, environmental and social performance, contractor availability, competent persons, equipment in safe operating condition, cost, past performance and technical ability.

The majority of our operations have safety and health, environmental and social aspects in standard contracts. Martabe, Prominent Hill, Sepon and exploration also include human rights clauses in their standard contracts.

4.3.6 Safety and health risk management

Our approach to safety and health risk management is to ensure we manage this risk across the company by applying a consistent approach. In doing so, risk is well understood across the company and individuals actively take responsibility for managing risk at all levels.

Our operational sites have developed and reviewed their risk registers during 2008. Further alignment of the approach to risk management is planned for 2009.

OZ Minerals recognises the importance of providing our people with the necessary skills and tools to manage safety and health risks within their workplaces. At our operational sites the induction programs contain content on basic hazard identification techniques and inductions are provided in various formats for visitors, employees and contractors. Additional training in this area is also provided to other groups including supervisors, managers and safety and health representatives.

For more information on OZ Minerals’ management of financial and non-financial risks see Risk Management (page 21).
Fatal risk management
During 2008, additional focus was placed on fatal risk exposure. Based on a review of all significant incidents that had occurred in the first half of 2008 it was determined that the group office would conduct fatal risk audits at both the Century and Rosebery operations.

These audits focused specifically on work at heights and isolation practices at both operations. The audits involved a review of compliance with group standards, state legislation and Australian Standards. The program included physical inspections of workplaces and observations of workers undertaking operational and maintenance activities.

While both operations were found to be compliant with their respective state legislation, the audits identified a number of action items that could reduce the likelihood of fatal injuries in the specific focus areas.

These included:
• The introduction of a group isolation standard
• Focus on reducing at-risk employee behaviour particularly around working-at-heights practices
• Installing fall-prevention measures for maintenance personnel working on the shovels at Century operation
• A move away from tags to physical locks when isolating energy sources at Rosebery operation

During 2008, a plan was developed to review the OZ Minerals safety and health performance standards to ensure the management of fatal risk was integrated into our business processes.

Aviation risk management
Many of OZ Minerals operations, projects and exploration activities take place in remote regions, where access is primarily via aircraft. To ensure the safety of our workforce at fly-in/fly-out operations, we have developed a comprehensive aviation risk management process.

During 2008 we developed a group Aviation Standard which specifies minimum standards for chartered aircraft, geophysical survey and helicopter external loader operations.

We also appointed HART Aviation as an external aviation safety advisor. HART’s services to OZ Minerals include:
• Provision of access to an airline risk evaluator
• Conducting audits and providing assessments to determine compliance with the OZ aviation management standard and regulatory requirements of all aviation contractors engaged by OZ Minerals
• Provision of auditing and consulting services for airfields and ground support processes as requested
• Assisting in the development of aircraft charter agreements and contracts
• Provision of assistance in the investigation and review of aviation incidents as requested

During 2008 there were 21 aviation audits completed on aviation charter companies contracted to OZ Minerals.

CASE STUDY: AVEBURY SAFETY INNOVATION AWARD
The underground operation at Avebury in Tasmania requires ground support to be installed to stabilise the underground stopes and ensure the safety of our people. The process of achieving this ground support up until the end of August 2008 was labour-intensive, time-consuming and involved multiple processes. Each of these processes required mining personnel to undertake manual handling of steel cables and also exposed the grouting crews to chemicals that had the potential for burns to limbs and the face.

In addition to the safety related issues the ground support installation process was expensive. It was determined that the ground support technique needed to be reviewed.

The solution was jointly identified by a steering committee that included the Avebury operation, Barminco and Atlas Copco.

The team determined that this process could move to mechanized equipment for both drilling and installation. With Atlas Copco on the steering committee the team had direct access to the supplier who could build a prototype unit.

Atlas Copco in Sweden built the prototype Cabletec unit which is the only one of its type in the world.

The installation of ground support can now be done with fewer personnel and only requires one vehicle. The Atlas Copco Cabletec Cable Bolter bores the hole, then places the cable in the hole and has a grout mixing facility.

Our people no longer have the manual handling tasks normally associated with this procedure and also have reduced exposure and handling requirements associated with the grout product.
4.3.7 Emergency response

Crisis management
A “crisis” is any event, excluding financial or marketing matters, that seriously threatens OZ Minerals’ people, operations, assets, environment, or long-term prospects and reputation.

During 2008 OZ Minerals developed a crisis management plan which outlines the roles, responsibilities and processes that the corporate Crisis Management Team (CMT) would follow in the event of a crisis event occurring. The team includes representatives covering operations, legal, commercial, safety, environment, community, media and government relations aspects of a crisis event.

Some examples of events requiring activation of the CMT include;

- Fatality, serious injury or entrapment
- Large fire or explosion
- Significant material release or marine incident
- Natural disasters
- Kidnap or significant security incident

A quick reference guidebook was produced and issued to all members of the CMT, and an exercise is planned for 2009 to test the plan and supporting processes.

Emergency response
We must be adequately prepared to respond to all potential emergency situations at our operations effectively and in a timely manner. Each of our operations maintains a fully-staffed mine rescue team on-call, which is trained in numerous emergency disciplines such as fire fighting, search and rescue, first aid, vehicle extraction, vertical rope rescue and long-duration breathing apparatus.

Our rescue crews are trained to work in close co-operation with experienced mine incident controllers whilst carrying out emergency operations such as making explorations ahead of fresh air to reach trapped people or to look for and extinguish fires. Each rescue team has a structured annual training program that is designed using internal instructors, complemented as required by emergency training professionals.

The following table outlines the emergency response (ER) resources available to each OZ Minerals operation.

<table>
<thead>
<tr>
<th>OPERATION</th>
<th>DOCTOR</th>
<th>NURSE</th>
<th>ER TEAM MEMBERS (PERMANENT)</th>
<th>ER TEAM MEMBERS (VOLUNTEER)</th>
<th>FIRE APPLIANCE</th>
<th>AMBULANCE</th>
<th>ON-SITE HELICOPTER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avebury</td>
<td>4</td>
<td>25</td>
<td>4</td>
<td>25</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Canada</td>
<td></td>
<td>4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Century</td>
<td>✓</td>
<td>2</td>
<td>57</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Golden Grove</td>
<td>✓</td>
<td>1</td>
<td>30</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Prominent Hill</td>
<td>✓</td>
<td>2</td>
<td>34</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Rosebery</td>
<td>At Rosebery Hospital</td>
<td>At Rosebery Hospital</td>
<td>1</td>
<td>10</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Sepon</td>
<td>✓</td>
<td>✓</td>
<td>5</td>
<td>15</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Martabe</td>
<td>✓</td>
<td>✓</td>
<td>4</td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
</tr>
</tbody>
</table>

OZ Minerals recognises that skills maintenance is a very important aspect of our emergency preparedness. During 2008, a number of our mine rescue teams participated in rescue competitions through out Australia with some good results. Group Office also provided an adjudicator for the 2008 Victorian Mine Rescue Competition.

<table>
<thead>
<tr>
<th>AWARD</th>
<th>AWARDED BY</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008 Tasmanian Mines Rescue Competition - OZ Minerals Rosebery (winner) - OZ Minerals Avebury (third place)</td>
<td>Tasmanian Mines Rescue Competition</td>
</tr>
<tr>
<td>Victorian Mines Rescue Competition 2008 - OZ Minerals Rosebery (winner two events)</td>
<td>Victorian Mine Rescue Competition</td>
</tr>
<tr>
<td>Queensland Mines Rescue Challenge - OZ Minerals Century (second place)</td>
<td>Queensland Resources Council</td>
</tr>
</tbody>
</table>
4.3.8 Safety Management System

The OZ Minerals Sustainability Standards adopted during 2008, incorporate safety and health aspects, and provide a uniform framework for managing safety and health across the company.

The development and implementation of safety management systems has occurred at each of our operations. At Century, Golden Grove, Rosebery and Sepon operations and across our exploration activities these systems are aligned with AS4801 - Occupational health and safety management systems. Our Rosebery operation has been certified to AS4801.

Safety and health audits

During 2008, OZ Minerals conducted health and safety audits at all operations. Some of these focused on management systems while others focused on fatal risk reduction.

A combination of external and internal resources, using a number of different audit protocols, was used to carry out the audits.

Rosebery was audited against AS4801 and also underwent a fatal risk audit, while Century had several fatal risk audits. Both external and internal auditors audited Golden Grove and Sepon against the OZ Minerals Sustainability Standards.

These audits identified opportunities for improvement, which are tracked and reviewed quarterly by the Executive Sustainability Committee and the Board Sustainability Committee.

The following table summarises the different types of audits completed at our operations during 2008.

<table>
<thead>
<tr>
<th>OPERATION</th>
<th>MANAGEMENT SYSTEM AUDITS</th>
<th>FATAL RISK AUDITS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avebury</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Century</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Golden Grove</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Rosebery</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Sepon</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Exploration</td>
<td>✓</td>
<td></td>
</tr>
</tbody>
</table>

4.3.9 Health and wellbeing

Health and wellbeing promotion programs

OZ Minerals operations involve activities and chemicals which have the potential to harm the health of its people. Our goal is to minimise health related risks across the company. Each of our operations has health and wellbeing programs in place for both employees and contractors.

CASE STUDY - SEPON EMERGENCY RESPONSE: SX PLANT FIRE

On the 27 May 2008 at 3.30am, a fire broke out in the electro-winning tank house at the Sepon copper plant in Laos. Sepon’s emergency processes were activated and the operation’s emergency response personnel extinguished the fire some two hours later.

There were no injuries to any personnel during the incident or response thereafter. The resulting plant and roof damage was substantial and led to a production interruption of 10 days. Partial production was restored on Saturday, 7 June with the ramp up to full production completed on the 10 June 2008.

OZ Minerals personnel undertook a full investigation using the Incident Cause Analysis Method (ICAM).

The investigation found that the fire started as a result of maintenance work being conducted on crane rails within the SX plant building on the previous day. The maintenance operation required the use of hot work, the sparks from this activity landed on a wooden beam. The fire smouldered slowly until noticed by plant personnel early the following morning.
The table below outlines some of the programs that were implemented during the reporting period.

<table>
<thead>
<tr>
<th>OPERATION</th>
<th>PROGRAM NAME</th>
<th>PROGRAM DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avebury</td>
<td>Airborne contaminants</td>
<td>Education and awareness programs on potential effects of airborne contaminants, monitoring and reporting processes. Contaminants included are Diesel Particulate Matter, Nickel Dust, Inhalable and Respirable dusts, and asbestos.</td>
</tr>
<tr>
<td>Century</td>
<td>Cancer awareness</td>
<td>Skin cancer checks conducted by a doctor, supported by education on bowel, breast and prostate cancer. Diabetes check, blood pressure check - promotions after hours at village area's Program of awareness and self-testing implemented.</td>
</tr>
<tr>
<td></td>
<td>Heart health</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Hydration management</td>
<td></td>
</tr>
<tr>
<td>Exploration</td>
<td>Occupational health</td>
<td>Awareness packs detailing prevention, symptoms and treatment for malaria, dengue fever, altitude sickness and hygiene provided to staff. Extreme cold standard rolled out to employees in Canada A travel health and safety standard was prepared for the exploration team</td>
</tr>
<tr>
<td></td>
<td>awareness</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Extreme cold</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Travel health</td>
<td></td>
</tr>
<tr>
<td>Golden Grove</td>
<td>“Operation Lift” Flu</td>
<td>Manual handling awareness program for our people These vaccinations were offered to our people</td>
</tr>
<tr>
<td></td>
<td>vaccinations</td>
<td></td>
</tr>
<tr>
<td>Martabe</td>
<td>First aid</td>
<td>Basic life support training provided to all employees and contractors A Health newsletter was developed and distributed on a monthly basis. Part of all fly-in/fly-out camp inspections includes a tool box meeting on health related issues.</td>
</tr>
<tr>
<td></td>
<td>Health newsletter</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Health talks</td>
<td></td>
</tr>
<tr>
<td>Prominent Hill</td>
<td>Healthy living</td>
<td>The Healthy Living Coordinator coordinates sporting teams, runs regular sporting events and daily aerobics/weights sessions.</td>
</tr>
<tr>
<td>Rosebery</td>
<td>Fatigue management program</td>
<td>Provision of fatigue management education to allow individual self-management of fatigue. Introduction of compulsory hydration testing for all underground personnel. Supported by education and awareness program.</td>
</tr>
<tr>
<td></td>
<td>Hydration management</td>
<td></td>
</tr>
<tr>
<td>Sepon</td>
<td>High risk exposure groups</td>
<td>Supports our people over the age of 50 and those with a medical condition. A management plan is developed for the individual which includes regular visits to the operation's clinic Provision of well-equipped gyms in the camps, supported by fitness professional regularly visiting the operation to provide exercise programs and awareness sessions.</td>
</tr>
<tr>
<td></td>
<td>Fitness awareness</td>
<td></td>
</tr>
</tbody>
</table>

Medical and health surveillance

The majority of our operations have processes in place to conduct medical and health surveillance activities for employees. These medicals can occur at different periods during the course of employment including:

- Pre employment – this assessment is generally completed prior to engagement or immediately following engagement
- During employment – this assessment is completed at different times during employment. These can be annual, bi annual or every three years. The difference in the assessment period can be driven by risk, operation's policy or legislation
- Exit employment - this assessment is completed when an employee or contractor’s employment relationship is concluded
The following table provides a summary of employee medical and health surveillance assessments across OZ Minerals operations.

<table>
<thead>
<tr>
<th>OPERATION</th>
<th>PRE EMPLOYMENT</th>
<th>DURING EMPLOYMENT</th>
<th>EXIT EMPLOYMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avebury</td>
<td>✓</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Canada</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Century</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Exploration</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Golden Grove</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Martabe</td>
<td>✓</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Prominent Hill</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rosebery</td>
<td>✓</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Sepon</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The following table identifies occupational activities in which workers may have a high risk of exposure to specific disease. Our operations have management plans in place to address potential exposures and reduce the risk to our workforce.

<table>
<thead>
<tr>
<th>OPERATION</th>
<th>POTENTIAL EXPOSURE AREA FOR OUR PEOPLE</th>
</tr>
</thead>
</table>
| Avebury    | • Exposure to fibrous material present in ore  
• Exposure to nickel dust present in ore  
• Whole body vibration at crusher station                                                                 |
| Century    | • Silicosis from dust exposure  
• Legionella from water cooling towers  
• Exposure to lead and cadmium present in ore and concentrate  
• Skin cancers from sun exposure                                                                 |
| Golden Grove| • Silicosis from dust exposure  
• Exposure to lead present in ore and concentrate  
• Skin cancers from sun exposure                                                                 |
| Prominent Hill | • Silicosis from dust exposure  
• Exposure to radioactive material present in the ore and concentrate  
• Skin cancers from sun exposure                                                                 |
| Rosebery   | • Exposure to lead present in ore and concentrate  
• Silicosis from dust exposure                                                                 |
| Sepon      | • Mercury exposure in gold plant  
• Acid mist in copper cell-house  
• Silicosis from dust exposure  
• Skin cancers from sun exposure                                                                 |

**Fitness for work**

OZ Minerals operations have fitness-for-work programs in place to ensure that all persons at our operations present for work in a condition that will not pose a safety risk to themselves or others.

At OZ Minerals, the fitness-for-work program includes a wide range of activities and education including fatigue management, employee assistance programs, functional assessments, access to fitness centres or activities along with alcohol and drug programs.

Fatigue management programs are in place at Century, Golden Grove, Rosebery, Sepon and Martabe. These programs are still under development at Prominent Hill.

OZ Minerals is committed to educating our people on matters relating to alcohol and drugs. This education is supported by testing programs for both alcohol and drugs at all mine sites with the exception of Sepon where only alcohol testing is conducted. Drug testing is scheduled for introduction at Sepon in 2009.
Fitness-for-work programs are generally coordinated at an operation level with similarities in approach across the company, as summarised in the table below.

<table>
<thead>
<tr>
<th>OPERATION</th>
<th>FATIGUE MANAGEMENT PROGRAM</th>
<th>EAP AVAILABLE</th>
<th>EMPLOYEE ACCESS TO GYM</th>
<th>FUNCTIONAL ASSESSMENT</th>
<th>ALCOHOL AND DRUG EDUCATION</th>
<th>ALCOHOL TESTING</th>
<th>DRUG TESTING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avebury</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Canada</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Century</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Exploration</td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Golden Grove</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Martabe</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prominent Hill</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Rosebery</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Sepon</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Group Office</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

The intent of all our Fitness-for-work programs is to provide our people with the necessary education and information to self manage their own fitness-for-work.

During 2008 work commenced through the integration process to develop a standard that aligns all these programs across the company. This process is expected to be completed during 2009.

4.4 COMMUNITY RELATIONS

OZ Minerals strives to build long-term, mutually beneficial relationships with local communities in the locations in which we operate. Open, honest and proactive engagement is essential to the success of these relationships and to OZ Minerals maintaining its social licence to operate.

At each operation we have a community relations team that works directly with communities impacted by our activities. These teams ensure OZ Minerals responds quickly and appropriately to concerns or grievances and keep communities informed regarding any planned changes to our activities.

In conjunction with the operation’s management and other key stakeholders, community relations teams coordinate activities associated with social impact assessment and monitoring, cultural heritage, compensation and community investment programs. Engagement with communities impacted by OZ Minerals exploration activities is supported by operational community relations teams and the Group Office exploration team.

Regular meetings with community representative groups are a key means of consultation at each of our operations. At Sepon the Community Issues Consultative Committee (CICC) meets monthly to discuss the operations’ activities and address community grievances. Meetings of the CICC are attended by Sepon senior management and community relations staff, government representatives, special interest groups and a senior representative from each village within the area of the operation. At Century regular meetings with Native Title Groups and the Queensland Government are a component of the Gulf Communities Agreement. The operation also convenes a community meeting at its Karumba port facility on a quarterly basis. Rosebery mine, on the west coast of Tasmania, facilitates regular “townhall” meetings to discuss the operations activities and the impact these may have on the local community.

Community consultation also occurs informally, through one-on-one discussions with individuals and community visits by OZ Minerals representatives. In locations such as Sepon and Rosebery, where communities are located within close proximity to our operations interactions are frequent and OZ Minerals representatives are readily accessible to communities. In some of the more remote locations in which we operate, such as Century and Prominent Hill, distance is a challenge to successful engagement with our local communities. To ensure communities across the Gulf of Carpentaria regularly have an opportunity to express concerns and hear updates from Century’s management team, the operation conducts regular community visits. Each quarter Century’s General Manager spends a week visiting communities, including Mornington Island, Burketown, Doomadgee and Normanton.

OZ Minerals is working toward all operations having comprehensive community engagement plans in place by the end of 2009.
4.4.1 Community investment

Community investment is an important part of our approach to community relations. Through investments that support sustainable local development, we aim to share the benefits of our operations with our local communities and support our social licence to operate.

During 2008 OZ Minerals contributed over $7.3 million in community programs and initiatives. In addition to this, while payment did not fall into the 2008 reporting period, at the company’s Sepon operations in Laos a further $1.6 million was committed in late 2007 to undertake a community road sealing project. This spending was not previously reported in Oxiana’s Sustainability Report but has been captured in OZ Minerals’ community investment figures as outlined in its recently released Business Review 2008.

While the structure of community investments varies between operations, with priorities determined based on local development needs, initiatives and programs generally target:

- Community development (including infrastructure, communications and health)
- Local business development
- Education and pre-employment training, and
- Sponsorships and donations

A breakdown of OZ Minerals investments by category is provided in figure 11.

**Figure 11. Community Investment by Type**

![Community Investment by Type](image)

OZ Minerals works with governments, local communities, development groups, non-government organisations, financial institutions and other stakeholders to continually improve our understanding of and ability to support local development priorities.

For more information about OZ Minerals’ community investments see socio-economic contributions section (pages 26–35).

4.4.2 Impact assessment and monitoring

Our approach to social impact assessment is to identify potential impacts early and conduct monitoring on an ongoing basis through formal impact assessments, consultation, engagement and surveys.

Formal environmental and social impact assessments (ESIAs) are undertaken in the initial stages of any new project or significant expansion of an existing project. ESIAs identify potential impacts of our activities on the local community, including loss of assets (individual or communal), whether or not involuntary resettlement is likely to be required, the presence of minority or vulnerable groups and key community organisations. Through these ESIAs we establish local contexts, key stakeholders, development priorities and processes, consultation mechanisms and incorporate local and traditional knowledge into assessment of potential impacts.

During the reporting period ESIAs were undertaken for a potential project in the Nunavut region of Canada and an expansion of the Sepon operation in Laos.

Potential socio-economic impacts of the Izok and High Lake mines on the Inuit communities of the Kitikmeot region of Nunavut were researched as part of the Canadian ESIA. A key requirement of the ESIA was the incorporation of Traditional Knowledge in the assessment of the potential impacts of the project.

Traditional Knowledge is accumulated knowledge of natural ecosystems, based in the spiritual, health, culture and language of the Inuit people that is passed between successive generations. Elders were recruited to contribute to the ESIA from communities most immediately impacted by the proposed project.

There were two levels of community engagement during the ESIA process. The first, an introduction to the project where OZ Minerals and community elders share information regarding the project during a visit to the proposed mine site. The process of gathering traditional knowledge began after this visit. To ensure traditional knowledge studies are carried out consistently across the Nunavut region, an agreement outlining the terms of the study was signed with the Kitikmeot Inuit Association (KIA). A questionnaire was then used to gather the information from selected elders.
The next level of engagement was with individuals within the communities, through community visits, open houses and attendance of trade shows put on by the communities. This information was to be provided in the final EIS, but the project is currently deferred.

The Sepon ESIA assessed the potential impacts of the Thengkham expansion project, which will significantly increase the operations footprint and the number of villages immediately impacted. As part of this process, consultation was undertaken with local communities to establish their past experiences of the mine’s impact and likely future impacts. Baseline studies of health and nutrition were also undertaken. Given the widespread nature of mineral deposits in the Sepon area, ESIA extension surveys occur every eighteen months on average. The Thengkham ESIA was finalised in early 2009.

During 2008 OZ Minerals developed a new social impact assessment process for exploration activities and began trialing it in Cambodia. The process involves conducting a baseline Initial Assessment of Social Risks (IASR) prior to any physical activity or land disturbance in a new exploration area (i.e., any area not previously the site of exploration). It applies whether the new area is a greenfield site, an extension of existing exploration sites or OZ Minerals operations. The IASR includes consideration of all social variables relevant to an exploration site including, but not limited to:

- Local government
- Population, including estimates of population numbers and ethnicity
- General land use and tenure
- The presence of other mining activities including small-scale mining in or adjacent to the exploration area
- Local environmental sensitivities
- General issues and concerns in the local communities, including communities outside the immediate exploration area but immediately downstream (in the case of activities that might impact on watercourses) or down road thereof (in the case of activities with restricted road access)
- Any special characteristics of the prospective mineral body (such as near surface visible gold) that might be reasonably expected to pose community issues at a later stage

Some of the potential impacts of our activities, as identified through impact assessments, include:

Positive
- Employment and training opportunities
- Local and Indigenous business creation
- Improved infrastructure and access to essential services
- Increased income
- Increased housing values
- UXO clearance (Sepon only)

Negative
- Increased wealth gap between employees and other community members
- Increased traffic
- Population influx
- Skilled community members drawn from community to mine or opportunities elsewhere
- Loss of agricultural land and food insecurity
- Builds resentment and envy in communities outside influence of mine
- Opens up previously undisturbed areas with exploration tracks.

Ongoing monitoring of social impacts, including socio-economic contributions, assists us understand evolving community needs and expectations. An important aspect of managing community expectations is the recognition that social perceptions do not remain fixed, but change as society’s views and opinions evolve. Community needs change over time. Young people have different perceptions of their needs from those of their elders who may have been intimately involved in the initial establishment of a mining operation. Hence the need for annual social risk analysis. Moreover, no plan can hope to accurately and completely forecast what needs might be in the future or what unexpected changes might occur.

Currently OZ Minerals community satisfaction measures are largely informal, with the exception of surveys at Sepon (bi-annual Household Survey), Rosebery (Stakeholder Perception Survey), Century (Stakeholder Perception Survey) and Martabe (Community Perception Survey).

Sepon monitors community health, in-migration and a variety of other measures through a bi-annual household survey. In 2008 additional monitoring was undertaken in the form of a census of the GPDA, for recruitment purposes.
Every two years an external and independent consultant undertakes a household survey of thirty four villages (total population 8,500). The survey gathers not only quantitative information concerning population growth, food sources, household possessions and income but also opinions relating to change in the area and the operations of the mine.

In future, Perception Surveys will increasingly become a significant component of OZ Minerals’ community engagement program and will be conducted across the business on a regular basis, at least once in every two years.

Other research and monitoring of our socio-economic impacts during the reporting period has included the following activities:

- The Centre for Economic Research in Canberra has undertaken its third (since 2001) economic assessment of the project’s impact on Laos
- During 2008 Sepon undertook an internal review of educational facilities in the Savannakhet District, with a view to developing educational investment in the next Sepon Development Trust Fund five year plan
- Daily contact with the community by CR and other staff gives detailed, if informal insights into community concerns
- In 2008 additional monitoring was undertaken in the form of a census of the GPDA, for recruitment purposes
- In addition there were also some parameters on community perception about the company within the questionnaires of the University of North Sumatra’s Socio-Economic Baseline Survey conducted in mid 2008

Information collected though social impact assessment activities feeds into ongoing community engagement and investment initiatives/programs.

4.4.3 Cultural heritage and traditional rights

OZ Minerals respects cultural heritage and traditional land rights through a variety of agreements and programs unique to each operation.

In the initial stages of any project we work with local communities, governments and other representative bodies, to identify all land owners, land users and aspects of cultural heritage that may be impacted by our activities.

Once all stakeholders have been identified, we seek to ensure appropriate approvals are in place. From this initial assessment and engagement process, programs and procedures are then put in place to manage potential negative impacts and maximise benefits.

At our Century and Prominent Hill operations Indigenous land rights are identified through the Native Title Agreement Act and both operations have agreements in place with impacted Native Title Groups.

At the Martabe project, determination of land ownership and acquisitions required to support initial mining has largely been finalised. The process involved a combination of extensive field interviews, boundary pegging, topographic survey and consultation with local regulatory and other agencies through which a specific Acquisition Committee was established. The identification of customary rights was undertaken with the assistance of local government agencies and no Indigenous peoples have been identified in the project area.

The Canadian project is located in the Nunavut Territories where the Nunavut Land Claim Act determines what land is Inuit owned and what land still remains as Crown Land. OZ Minerals must apply to the KIA for the right to access any Inuit owned land and abide by the terms and conditions set out in the granted land use license. As part of the impact assessment of the potential mine site elder’s from the community were approached regarding the historical land uses in this area and the information they provided has been incorporated into the ESIA.

In the case of exploration activities in OKvau, Cambodia, OZ Minerals is seeking to clarify the situation with regard to indigenous traditional rights to both land and the gathering of forest produce in the area, and has begun making contact with local community leaders in the OKvau area. We are also liaising closely with environmental planners. Our Cambodian sites are mainly located in areas where few people live but also where the non-Khmer speaking minorities are dominant. These groups currently do not have formal land rights. In their absence, our projects can readily - but inadvertently - undermine traditional ways of life. OZ Minerals regards it as essential that once (and if) initial exploration - which does little or no damage to natural resources - transitions into extensive exploration (which has the potential for damage) then traditional land rights must be properly investigated.

To ensure all employees understand our commitment to and their role in respecting cultural heritage and traditional rights, our operations conduct a range of Cultural Awareness Training programs. At Century, Golden Grove and Prominent Hill these programs are run in conjunction with an Indigenous service provider.
CASE STUDY: SEPON CULTURAL HERITAGE PROGRAM

Our operations pay particular attention to preserving known sites of cultural significance.

Sepon operation is located in an area of the Laos PDR which has long been known to be of cultural significance, as it straddles the central portion of the Ho Chi Minh Trail which served as the supply line between North and South Vietnam during the Vietnam War. During the initial stages of the project two archaeological sites, the Dragon Field and Puen Baolo (Crucible Terrace) were identified as nationally significant and the operation has implemented measures to prevent their disturbance.

During 2008, OZ Minerals presence in the area led to the discovery of previously unknown and highly significant prehistoric sites and artefacts associated with mining.

On the 31 January 2008, UXO clearance activities unearthed a Dong Son drum potentially dating back to 100BC. While these drums have been found in many locations across South-East Asia, this drum is rare due to it’s large size and outstanding condition. The find heightened archaeological interest in the area. Sepon undertook significant work in developing its cultural heritage program, including working with the Government of Laos and James Cook University (Australia) to carry out initial investigative excavations of the Dragon Field and Crucible Terrace. Artefacts and findings from excavations indicate that both sites possess a wealth of cultural heritage information reflecting neolithic and bronze-age occupation of the site. Information from these studies will be used to develop cultural heritage management plans for the sites.

Parallel to this Sepon also upgraded its cultural heritage management system, including codes of practices and standard operating procedures for the location, recording and protection of cultural heritage. The operation also conducts training for all employees regarding cultural heritage issues.

4.4.4 Land compensation and resettlement

In all locations OZ Minerals adheres to laws and regulations regarding compensation payments. Where there are not in place, compensation is determined in consultation with land owners, land users, community and other representative groups and governments.

At our Sepon operation eligibility for compensation for land impacted by OZ Minerals’ activities is established under the 2005 Lao PDR Decree on Compensation and Resettlement for Development Projects. The decree applies to all development projects within Lao PDR. Rates and schedules for payment are established by the Provincial Administration Authority (Savannakhet Province). Sepon works in partnership with the local administrative authority (Vilabouly District) to establish eligibility for compensation and rates. All compensation agreements are assessed and authorised by the local administrative authority. Disputes over access to land or compensation rates are resolved through the Community Information and Consultation Committee (CICC) or escalated through provisional or national levels of government. Sepon continues to work with the Government of Laos in supporting the country-wide land use registration program. It is hoped that this registration process will facilitate better and more accurate land access and acquisition negotiations and secure equitable and sustainable compensation for parties.

At the Martabe project land compensation rates were determined through extended negotiations between the project and the affected Land Owners. The process was mediated by a Government Land Committee (GLC) formed under Bupati (Regency) Decree. The GLC could not “veto” the compensation rate and acted as an impartial guide for local land owners. By way of example the parties used existing records of land sales and the local market price as mechanisms to establish a fair market price.

The area around the mine has historically been characterised by food insecurity and extreme poverty. The operations presence has to a great extent relieved poverty among a large proportion of the District’s population and will continue to do so for as long as it operates. However, our acquisition of land has the potential to exacerbate long-term food security issues.

In 2008 LXML established a Land Committee to rigorously review all operational demands for access to land previously untouched by our activities and implemented a number of agricultural programs targeting development of new or improved forms of agricultural production. A land offset and land-for-land program is also being reviewed to compensate for the loss of communal or individual resources. To date land-for-land has not been attractive to villagers, since replacement land located further away from the operation and villagers wish to close to maximise employment opportunities. People losing land, to now, have been keen to take monetary compensation despite offers to provide them with alternate land. It is anticipated that the longer the operation is in place, the land-for-land solution will become increasingly popular and so is being reviewed.

Forest areas within the original mining area (SPDA) were generally of very low biodiversity value, while in the expansion area there are significant tracts of land with good or high potential. This has created a need to compensate communities as a whole for the loss of such land and the compensation of people who rely on forest products as essential part of their livelihoods.
Laos regulations state that all lost or damaged assets shall be compensated, including vitally important forest products that are a critical component of household subsistence in this and many other areas of Laos. This is more difficult to achieve since the compensation must be communal and, since poorer people depend more on forest gathering than richer ones, must tend to favor poorer members of the community rather than richer ones. The strategy adopted (and agreed with government regulators) is that where communal bush or forest land is lost to the project, Sepon negotiates in an open forum with community leaders for compensation that is both communal and appropriate to the affected community’s situation. To date only two such ‘community compensations’ have been negotiated (one at Ban Vang Ngang and one at Ban Namkhip). In one case an extensive package of community facilities was agreed upon, in the other case (where losses were less) a community reservoir to provide both water for domestic consumption and drinking and irrigation as well as fisheries was agreed to.

**Resettlements**

OZ Minerals’ approach to resettlement is guided by the World Bank Operational Directive on Voluntary Resettlement. There have been no involuntary resettlements as a result of our operations during the reporting period.

However, the Government of Lao has a nation-wide policy of relocating villages short distances so that they are nearer centralised rural service points. This policy is followed in the area of our Sepon operation.

Two villages close to our Sepon operation (Ban Nava and Ban Namkeun) were in process of moving at the end of 2008 to main roads partly in line with the government policy and partly on a voluntary basis. The District Government, in following the national policy of improving rural peoples’ access to infrastructure and resources, is gradually amalgamating villages across the District; two villages just beyond our direct impact area, Nakasin and Kengkeuk, were combined in this way in 2008. Three houses/villages (one from Vilabouly District, two from Saybouthong District (Khammoune Province) were relocated as a result of a powerline being built by Electricite du Laos (EDL) as part of an Sepon Project Development Group (SPDG) project. Households moved voluntarily having negotiated compensation as dictated by Lao legislation and World Bank guidelines.

At OKvau, Cambodia, a key issue presently under investigation is the challenge posed by unlicensed miners. Serious consideration is currently being given to their future relocation. Their activities, carried out without any licence, are increasingly an impediment to normal exploration activities and are causing significant environmental damage to the surrounding area through the use of cyanide.

### 4.4.5 Human rights

OZ Minerals strives to understand, uphold and promote fundamental human rights within our sphere of influence, respecting traditional rights and cultural heritage. The OZ Minerals Human Rights Awareness standard addresses the identification, reporting and management of human rights issues and incidents.

With operations, projects and exploration activities in developing countries, we are conscious of exposure to risks such as child labour, corruption and security issues.

OZ Minerals commitment to ensuring the safety and health of our workforce is detailed in the safety and health section of this report (page 43).

OZ Minerals has human resources policies and procedures in place that address avoidance of discrimination, including recruitment, selection and fair treatment. These include compliance mechanisms and communicate expected standards of behaviour in contracts, induction and the code of conduct.

The inclusion and promotion of cross cultural awareness is significant for both employees and contractors in understanding operation issues.

No significant human rights related incidents were reported by OZ Minerals operations during 2008.

### 4.4.6 Grievances and incidents

OZ Minerals received 127 complaints from local communities during the reporting period, including 57 at Martabe, 42 at Sepon, 14 at Prominent Hill, 8 at Rosebery, 5 at Century and 1 at Canada operations. A breakdown of these grievances by category is provided below.

![Figure 12. Community grievances by type](image)
OZ Minerals classifies significant incidents as those that have or have the potential to have a major impact on local communities and/or the reputation of the company. During the reporting period four significant community relations incidents occurred at OZ Minerals operations, including two at Rosebery and two at Sepon.

In September 2008 our Rosebery operation was approached by local residents in relation to water seepage on their residential property. The operation immediately responded and an inspection of the area revealed that the seepage was localised and unlikely to be contributed to by any of the Rosebery mining operations. Rather the issue appeared to be the consequence of either natural seepage or overflow from local drainage or the water service network.

Rosebery undertook to work with the residents and arranged for independent tests to be taken on the water. These tests showed elevated levels of some heavy metals although it was concluded that it was not attributable to the mining operations.

A meeting was convened between Rosebery, EPA, DHHS and the WCC to discuss issues, responsibilities and future actions.

An independent toxicologist was engaged by the DHHS to set up a team to investigate health concerns raised by the residents. Public advice from the Directors of EPA and Public Health concluded that “the investigation does not support the belief that the residents’ health problems are related to exposure to heavy metals in the environment”. "none of the soil, dust, water or air samples taken indicated a significant risk of toxic exposure”. Furthermore, “as a consequence the report recommends that further environmental sampling is not warranted and that further biological monitoring will not be helpful in resolving the exposure question”.

In August 2007 Rosebery Mine experienced an environmental incident where storm water overflow resulted in lead concentrate being washed through a property in the adjacent Howard Street. At the time a remediation program was undertaken, including relocating the family, to clean the property and blood lead tests were given to the family (including their young children). These results initially indicated slightly elevated levels of lead-in-blood in the two children. Subsequent tests confirmed the persistence of elevated levels and, on the basis of this, Rosebery operation began to explore the potential of a more widespread issue.

In late February test results for two children from the house in Howard Street which was originally contaminated blood indicated increased levels of lead-in-blood. On the strength of these results the family was immediately relocated from the residence into a furnished property while industrial cleaning of clothing, personal belongings, furniture and linen.

Ongoing support to monitor the two Howard Street children with elevated blood levels will continue. A further community lead-in-blood testing program was undertaken in August 2008 with a follow up program scheduled for March 2009.

At our Sepon operation, two separate incidents of armed theft of diesel occurred during 2008. Both incidents involved community members stealing fuel from remote exploration drill rigs. Fuel stored in larger containers on remote operations to limit theft risk. Risk assessment undertaken on remote site work - armed guards secured for sites where deemed appropriate in risk assessment. Ongoing consultation by Sepon Security and Community Relations with local village authorities and police force regarding security issues.
ENVIRONMENTAL PERFORMANCE

Environmental data summary

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>PERFORMANCE¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Significant environmental incidents²</td>
<td>26</td>
</tr>
<tr>
<td>Regulatory reportable environmental incident³</td>
<td>40</td>
</tr>
<tr>
<td>Significant spills or discharges⁴</td>
<td>25</td>
</tr>
<tr>
<td>Regulatory water discharge exceedances⁵</td>
<td>61</td>
</tr>
<tr>
<td>Fines and prosecutions – environment</td>
<td>None received</td>
</tr>
<tr>
<td>Energy use (2008)</td>
<td>12.86 petajoules</td>
</tr>
<tr>
<td>Total greenhouse gas emissions (2008)</td>
<td>1.09 million tonnes CO2-e</td>
</tr>
<tr>
<td>Water input</td>
<td>31.1 gigalitres</td>
</tr>
<tr>
<td>Water recycled</td>
<td>9.6 gigalitres</td>
</tr>
<tr>
<td>Water discharge</td>
<td>28.7 gigalitres</td>
</tr>
<tr>
<td>Waste rock mined</td>
<td>169 million tonnes</td>
</tr>
<tr>
<td>Tailings produced</td>
<td>12.7 million tonnes</td>
</tr>
<tr>
<td>Hazardous waste generated</td>
<td>3.2 kilotonnes</td>
</tr>
<tr>
<td>Total land holding</td>
<td>27,600 square kilometres</td>
</tr>
<tr>
<td>Footprint</td>
<td>89 square kilometres</td>
</tr>
<tr>
<td>Land disturbance</td>
<td>7,424 hectares</td>
</tr>
<tr>
<td>Land rehabilitation</td>
<td>533 hectares</td>
</tr>
</tbody>
</table>

¹ Covers an overall "reporting period" that differs for individual operations as specified previously in this report, unless otherwise noted
² Incidents that cause or have the potential to cause at least moderate impact on the environment
³ Incidents which among other consequences, also result in a legal requirement to report to a regulatory authority
⁴ Significant incidents that typically involve the loss from containment of poor quality mine water or a hazardous chemical or fuel
⁵ Exceedances of water discharge limits as defined in operating licences and permits issued by a regulatory authority

Environmental performance

Compliance with all laws and regulations is the foundation on which our environmental performance is built. Significant non-compliances, including spills and other discharges to the environment, are reported principally through our incident reporting system. Significant environmental incidents are defined as any occurrence that has actually resulted in or had the potential to cause at least moderate environmental impact. Non-compliances that result in a failure to meet legal requirements may also result in fines and prosecutions.

There were 663 environmental incidents during the reporting period. Of these, 26 (4 per cent) were significant incidents and 637 (96 per cent) were non-significant. None of the significant incidents were rated as causing or having the potential to cause major environmental impact. Forty incidents (6 per cent) were required to be reported to a regulatory authority, generally either because of their high significance or due to the specific requirements of the local operating licence.

Of the 26 significant incidents, one incident saw a load of regulated waste catch on fire during road transportation. Sixteen significant incidents involved the discharge of water from our mine sites, five incidents involved the spillage of product, tailings or sediment outside of their containment areas, and four incidents involved the loss of hydrocarbons or chemicals to the environment. These included:

• At the Golden Grove operation in Western Australia, approved mine water discharge to Lake Wownaminya exceeded the discharge licence limit for cadmium for 12 samples collected throughout the year. Upgrade of the mine water treatment system is underway. No toxicological effects on the local ecology have been defined to date, with impact monitoring ongoing

• A temporary sediment control structure that was under construction at the Phavat deposit, Sepon, failed due to heavy rain and resulted in the uncontrolled release of sediments into the creek system. Activities at the immediate site were stopped for 24 hours until an approved interim structure was constructed and signed off
• Approximately 16 tonnes of lead concentrate spilt to the ground when a truck carrying the concentrate rolled the last of its three trailers whilst en route from the Century mine in northwest Queensland. The incident occurred during the night when the driver of the vehicle swerved to avoid hitting kangaroos. Concentrate trucking was immediately suspended and cleanup of the site commenced the following day. A soil testing program to ensure appropriate cleanup standards was implemented in consultation with the Queensland Environmental Protection Agency.

• During the excavation of a pit during upgrade of the Izok camp facility in Nunavut, Canada, a 200 litre drum of fuel was found buried in what appears to have been a historical landfill site. Oil texture and odour in the soil suggested that an undetermined amount of fuel had been lost from the drum. The drum and impacted soil were recovered and containerised for transport off site.

• The incorrect installation of pipe work for a bulk fuel tank at Prominent Hill resulted in 1,100 litres of diesel overflowing from the emergency vent onto the surrounding ground. As soon as this was discovered the generator was removed and the tank emptied. The contaminated area was contained with a dirt bund and all contaminated material was removed to the bioremediation area.

Sixty one exceedances of licence limits related mainly to water discharge were recorded. At the Avebury mine, which OZ Minerals acquired in July 2008, 38 exceedances in 11 water samples were reported to the Tasmanian Government. These discharges were judged not to have had a major environmental impact. The company is liaising closely with the regulatory authority to review the water discharge quality program and amend the current water discharge limits so that they are more appropriate to the local environmental conditions and actual potential for environmental impact.

No fines or prosecutions arose from the incidents recorded during the reporting period.

Investigations were conducted into all significant incidents to ensure that the factors that contributed to the incident were identified and additional controls were implemented to prevent a recurrence.

Figure 13. Incidents, spills and water discharge non-compliances

5.1 IMPROVEMENT PROGRAMS AND INITIATIVES

A range of environmental improvement programs and initiatives were implemented by OZ Minerals operations during the reporting period. Areas of key focus during the period of integration included the implementation of environmental standards across the group and improvements in the processes for reporting on business environmental performance. Other examples of our activities included:

• Achieving international certification under the ISO14001 standard for our environmental management system at Sepon. At our Golden Grove and Rosebery mines, existing ISO14001 certification was successfully retained following assessments undertaken by external independent auditors.

• At the Prominent Hill operation, specific environmental management plans and processes started to be implemented in preparation for the transition from project development to full mine operations. Planning focus in 2008 was on undertaking work to improve energy use efficiency, establish a site water balance and increase the recycling of waste materials.

• Land rehabilitation and closure accounting provisions for all operations were updated through a process of independent external assessment. This provided the opportunity for a number of the operations to reassess their long term environmental management challenges and update the plans in place to address those issues.

• Ongoing co-sponsorship of a three year collaborative research program run through AMIRA International and involving Century mine to identify improved treatments and approaches for reducing the development of acid rock drainage in mining waste materials.
5.2 CLIMATE CHANGE

The topic of climate change has evoked a significant global response, culminating in 2008 with the introduction in Australia of a Commonwealth Government framework aimed at enabling a transition towards a lower carbon future. As an operator and producer of mineral products in Australia, OZ Minerals seeks to understand and manage the business risks associated with emerging climate change policy.

With operations and development projects spread across Australia and Southeast Asia, our climate change risk profile is based on the following:

- The impact of an Australian emissions trading scheme on the cost structure of our business, primarily due to increased operating costs and/or supply risk for electricity and fuel
- The effect on demand for our products resulting from business constraints felt by our customers due to changing emissions trading regulation in their jurisdictions
- Changing climatic regime, including the potential disruption of exploration activity, operations and transportation due to extreme weather and changes in climate systems
- Potential opportunities through our operations in Laos to generate credits under the Kyoto Clean Development Mechanism whilst simultaneously contributing to our broader social and environmental objectives

The focus of our work in 2008 has been in three areas:

- Fully characterising the energy and greenhouse inventory of the merged group operations
- Assessing opportunities for reducing greenhouse gas emissions and delivering business value through improved energy efficiency
- Monitoring the potential business impact of climate change regulation, including the implementation of an emissions trading scheme

In recognition of the fact that climate change is a global problem requiring an integrated global solution, we will continue to focus our efforts now on incorporating energy efficiency into project design and implementing opportunities for energy efficiency at existing operations.

5.3 ENERGY AND GREENHOUSE EMISSIONS

The consumption of energy, which is central to all operations, has operating cost and environmental implications for the business. Impacts of energy consumption, such as release of greenhouse gas emissions and other air pollutants, can in part be minimised through improved energy use efficiency. “Real” efficiency improvements are, however, commonly affected over time by variations in ore grade, increased haulage and process control fluctuations.

Total energy consumption and greenhouse gas emissions for OZ Minerals during 2008 are listed by operation in the table below in terms of:

- Direct energy consumption and greenhouse gas emissions – resulting from the on-site consumption of fuels and explosives or where electricity is generated; and
- Indirect energy consumption and greenhouse gas emissions – due to the import of electricity from external parties; commonly the electricity grid.

**Total direct and indirect energy consumption and greenhouse gas emissions in 2008**

<table>
<thead>
<tr>
<th>Energy Consumption (GJ)</th>
<th>Avebury</th>
<th>Century</th>
<th>Golden Grove</th>
<th>Prominent Hill</th>
<th>Rosebery</th>
<th>Sepon</th>
<th>Other1</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct</td>
<td>60,947</td>
<td>3,594,251</td>
<td>339,108</td>
<td>1,637,559</td>
<td>158,790</td>
<td>1,657,25</td>
<td>21,116</td>
<td>7,367,495</td>
</tr>
<tr>
<td>Indirect</td>
<td>89,654</td>
<td>3,552,411</td>
<td>412,104</td>
<td>10,925</td>
<td>334,761</td>
<td>1,089,986</td>
<td>2,130</td>
<td>5,491,972</td>
</tr>
<tr>
<td>Total</td>
<td>150,601</td>
<td>7,146,662</td>
<td>751,212</td>
<td>1,648,484</td>
<td>493,551</td>
<td>2,695,732</td>
<td>23,246</td>
<td>12,859,467</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Greenhouse gas emissions (CO2-e t)</th>
<th>Avebury</th>
<th>Century</th>
<th>Golden Grove</th>
<th>Prominent Hill</th>
<th>Rosebery</th>
<th>Sepon</th>
<th>Other1</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct</td>
<td>4,660</td>
<td>276,791</td>
<td>24,216</td>
<td>115,537</td>
<td>14,023</td>
<td>140,034</td>
<td>1,677</td>
<td>576,938</td>
</tr>
<tr>
<td>Indirect</td>
<td>3,237</td>
<td>201,777</td>
<td>115,974</td>
<td>11,651</td>
<td>12,090</td>
<td>168,023</td>
<td>394</td>
<td>513,145</td>
</tr>
<tr>
<td>Total</td>
<td>7,897</td>
<td>478,568</td>
<td>140,190</td>
<td>127,188</td>
<td>26,112</td>
<td>308,057</td>
<td>2,071</td>
<td>1,090,083</td>
</tr>
</tbody>
</table>

1 Includes exploration and key project activities in Australia, Canada and Asia
OZ Minerals energy use during 2008 was 12.86 petajoules. Century is dominant in the group energy inventory, accounting for 7.15 petajoules (56 per cent) of energy use over the year. On a reporting period basis, total energy use was 16.50 petajoules. Purchased electricity and diesel are the dominant energy sources, contributing 43 per cent and 48 per cent, respectively, of the on-site energy use in 2008. Approximately ten per cent of electricity purchased by OZ Minerals during the year was from renewable energy sources, principally hydro-electric power.

The group's total greenhouse gas emissions for 2008 were equivalent to 1.09 million tonnes of carbon dioxide. Approximately 780,000 tonnes of CO2-e was emitted due to our Australian-based activities, representing 72 per cent of the group inventory. Thirty-nine per cent per cent of group emissions (424,000 tonnes of CO2-e) were produced on site largely from the use of fuel in heavy mobile equipment and vehicles (Figure 14). Forty-four per cent of emissions (480,000 tonnes of CO2-e) were associated with the purchase of electricity to run ore processing plants, ancillary equipment and other infrastructure (including offices and accommodation villages) at our mines. The remaining emission sources stem from items including processing reagents and explosives. Emissions on a reporting period basis were equivalent to 1.34 million tonnes of carbon dioxide.

**Figure 14. Greenhouse gas emissions by type in 2008**

OZ Minerals seeks to improve energy efficiency where clear value to the business can be demonstrated. During 2008 we met our ongoing commitments under the Energy Efficiency Opportunities and Greenhouse Challenge Plus programs, and we continued our participation in the Carbon Disclosure Project. At the same time, focus was placed on preparations to meet the requirements of the National Greenhouse and Energy Reporting Act 2007. In meeting our obligations under Greenhouse Challenge Plus, we had independent limited assurance of our Century and Rosebery energy and greenhouse data provided by Environmental Resources Management Australia Pty Limited (ERM).

As part of the Energy Efficiency Opportunities program, Century and Golden Grove operations undertook work to assess and implement cost-effective energy efficiency opportunities. An initial assessment of energy use was also conducted at Rosebery. For Century and Golden Grove, 47 opportunities were identified, with ten of these either implemented or under implementation, and a further nine opportunities planned for implementation. The range of opportunities is variable and in some case quite innovative and quick to implement:

- An opportunity was identified in the Golden Grove mill where material was passing through a bank of flotation cells, effectively acting as a transfer channel. This bank has twelve agitators to keep particles in suspension and avoid settling in the cells. This material has been diverted around a bank of flotation cells using poly piping, resulting in the agitators no longer being required to operate. The project is expected to save 4,541GJ of energy per annum (1,261MWh) resulting in a greenhouse gas emission reduction of 1,250 tonnes CO2-e.
- Century mine was recognised at the 2008 Queensland Mining Industry Health and Safety Awards for its innovative Lighting Plant Auto Start System. In order to address risks associated with people entering the mine pit on a daily basis to manually turn on lighting for night time operations, the operation introduced a system whereby automatic on/off switches were installed on all lighting plants. With 45 lighting plants in operation, the reduction in diesel use can be significant. Annual diesel use is estimated to be reduced by 65,000 litres of diesel, resulting in a reduction of 175,000 tonnes of CO2e emitted.

Our work to identify cost-effective energy use savings through the Energy Efficiency Opportunities program will remain a key component of the group's energy and greenhouse gas management program. Opportunities will be sought to transfer value-adding ideas across the business through our group Energy Steering Committee and via our Sustainability Network forum.

### 5.4 Air quality management

Emissions to air have the potential to adversely impact upon health, the environment and local public amenity. In response to these potential impacts, we collect data for key emissions to air from stationary and mobile emission sources. For our Australian operations we report annually on these emissions to the National Pollutant Inventory.
Outside of greenhouse gas emissions, our main emissions to air are dust generated by stockpiling and moving materials and from vehicles operating on unsealed surfaces, and oxides of sulphur and nitrogen from the burning of fuels. In addition, dust emissions may create visual amenity issues and can pose a potential risk to human health. At the Rosebery operation, two new high volume air sampling machines were installed to improve dust monitoring coverage of the mine site and the adjacent township. A major dust characterisation survey continued throughout 2008 which, once completed, will lead to improved controls for different sources of dust at the operation.

Throughout 2008 we continued to undertake action to address two Environmental Protection Orders in respect of activities at the Karumba port facility, the first from June 2007 and the second issued in March 2008 by the Queensland Environmental Protection Agency. These orders relate to the implementation of improved controls for dust generation at the port facility and the implementation of programs to better monitor dust emissions at Karumba, including the potential impact on metal levels in rainwater tanks. In accordance with these orders, OZ Minerals implemented a community-wide monitoring program of rainwater tanks and improved housekeeping procedures at the port facility to minimise the release of mineral concentrate dust. OZ Minerals continues to work with its independent air quality specialists and the Environmental Protection Agency to ensure compliance at the Karumba port facility.

5.5 Water management

OZ Minerals operates in different climatic regimes and within varying social environments where water has different inherent value. Our extraction of water in areas of other beneficial use, the efficiency with which we use water and the quality of our wastewater discharge are key aspects of our operational performance. Furthermore, these aspects are of significant importance to our regulators, local communities and the protection of ecosystems in the catchments where we operate.

Water is used in all aspects of our activities and operations including exploration, mining and processing. Where we operate in arid areas where supply may be limited we aim to use water efficiently by reducing our extraction of water from the environment and recycling. In areas of excess water, we have to manage discharges to minimise impacts on the environment and communities. Where water is discharged from our sites, this occurs according to water quality discharge limits. Water treatment is commonly undertaken to enable us to comply with our limits.

Details of water management in OZ Minerals over the reporting period are listed by operation in the table below in terms of:

- Water input – water that is taken from the environment or otherwise enters the site where it is either used or directly discharged without use
- Recycling - the recovery and treatment of water for use more than once at the site before it is returned to the environment, and
- Water discharge – Water that leaves the site following use or as a result of direct discharge without use

### Water input, recycling and discharge (ML) by quality

<table>
<thead>
<tr>
<th>PARAMETER</th>
<th>AVEBURY</th>
<th>CENTURY¹</th>
<th>GOLDEN GROVE</th>
<th>PROMINENT HILL</th>
<th>ROSEBERY²</th>
<th>SEPON</th>
<th>OTHER²</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water input</td>
<td>1,302</td>
<td>15,201</td>
<td>2,341</td>
<td>1,095</td>
<td>6,654</td>
<td>3,363</td>
<td>1,165</td>
<td>31,122</td>
</tr>
<tr>
<td>Fresh</td>
<td>599</td>
<td>15,201</td>
<td>177</td>
<td>0</td>
<td>6,232</td>
<td>3,071</td>
<td>1,161</td>
<td>26,442</td>
</tr>
<tr>
<td>Poor</td>
<td>703</td>
<td>0</td>
<td>2,164</td>
<td>1,095</td>
<td>422</td>
<td>292</td>
<td>5</td>
<td>4,680</td>
</tr>
<tr>
<td>Recycling</td>
<td>0</td>
<td>0</td>
<td>3,108</td>
<td>0</td>
<td>6,517</td>
<td>0</td>
<td>9,624</td>
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<tr>
<td>Water discharge</td>
<td>954</td>
<td>3,138</td>
<td>873</td>
<td>1,095</td>
<td>9,908</td>
<td>11,567</td>
<td>1,166</td>
<td>28,700</td>
</tr>
<tr>
<td>Fresh</td>
<td>0</td>
<td>3,138</td>
<td>0</td>
<td>0</td>
<td>9,908</td>
<td>10,034</td>
<td>876</td>
<td>24,240</td>
</tr>
<tr>
<td>Poor</td>
<td>954</td>
<td>0</td>
<td>873</td>
<td>1,095</td>
<td>0</td>
<td>1,533</td>
<td>290</td>
<td>4,460</td>
</tr>
</tbody>
</table>

¹ Data is reported for the 18-month period from July 2007 to December 2008
² Includes exploration and key project activities in Australia, Canada and Asia

The total water input to our operations during the reporting period was 31,122 megalitres. Twenty-seven per cent of water input was from the removal of groundwater to enable safe access to mineral resources, 40 per cent was sourced from groundwater bores, and a further 16 per cent is estimated to have entered our sites as direct rainfall (Figure 1). Century mine had the greatest input of water and accounted for 15,201 megalitres (49 per cent) of the group total input. In addition to this inventory for our operating sites, an estimated 1,166 megalitres of water was input to our exploration and key project activities in Australia, Canada and Asia.
Fresh water accounted for 26,422 megalitres (85 per cent) of the total water input across the group. At our Prominent Hill and Golden Grove operations, both of which are located in arid to semi arid parts of Australia, total water input was 3,436 megalitres (11 per cent) of the group total. Fresh water input at Prominent Hill and Golden Grove was 177 megalitres (5 per cent) of the total water input at those sites.

Situated in a location with low average annual rainfall of approximately 160 millimetres, the Prominent Hill site is dependent on the supply of groundwater to allow its development and ultimately sustain its operation. Various water supply options were evaluated as part of the project assessment, with a groundwater resource in the Arkaringa Basin selected as the preferred option. Importantly, it was recognised that the use of this groundwater resource was not expected to impact upon the springs within the Great Artesian Basin that support local oases of endangered animals and plants in an otherwise dry and barren environment. Monitoring of water levels will remain an ongoing part of operations so that any changes to environmental conditions can be identified and addressed.

Recycling of water at our operations is achieved principally by the recirculation of water that is captured in water control dams and removed from tailings storage facilities. Recycling is an effective way of improving water use efficiency and reducing our dependence on fresh water supply. During the reporting period 9,624 megalitres of water was recycled for further use within our operations. All of this water was of poor quality and required treatment before it could be reused. The volume of recycled water use represented thirty-one per cent of our total water input, and thirty-six per cent of fresh water input. At Golden Grove, the volume of recycled water used was 133 per cent of total water input, indicating a very significant rate of water recycling for a site located in a water deficient environment.

Over the reporting period we returned 28,700 megalitres of water to the environment. Of that discharge, 17,053 megalitres (59 per cent) was water discharged directly without use and 6,139 megalitres (21 per cent) was water discharged after use and treatment (Figure 2). Other water was lost mainly through seepage and evaporation. Of the total volume of water returned to the environment by the group, 24,613 megalitres (86 per cent) was from the Century, Rosebery and Sepon operations. These operations are all located in environments where rainfall significantly exceeds evaporation. In addition to this inventory for our operating sites, an estimated 1,166 megalitres of water was discharged by our exploration and key project activities in Australia, Canada and Asia.

While each operation measures and reports on discharge water quality, these data cannot be aggregated across the group with any real meaning since discharge effects are localised. However, an indication of the types of aspects being managed for the more important discharge parameters is shown below:

- Century and Sepon were the only operations that reported cyanide loadings. Total loading amounted to 26 tonnes. Cyanide does not persist in water or soil and chronic environmental effects are therefore rare. However in certain chemical forms, cyanide can be acutely toxic. Discharge limits are set to manage that risk. At Sepon, residual cyanide is removed using hydrogen peroxide and other chemical agents that are used to precipitate residual metals. The treated water is analysed prior to discharge to ensure compliance with World Bank guidelines.

- Sepon, Rosebery and Golden Grove accounted for an estimated 373 tonnes of suspended solids discharge. High levels of suspended solids in water create an aesthetic issue and can impact upon the people that depend upon affected water bodies for their livelihoods. Moreover, they can reduce the ability of a water body to support aquatic life. The operations control these issues by minimising erosion and through the installation of drainage and sediment control structures designed to reduce the sediment load in discharge water.
• Over the reporting period 321 tonnes of biological oxygen demand (BOD) was discharged by Sepon and Century’s Karumba port facility. BOD is used as a measure for the pollution of water bodies since it reflects the amount of organic compounds in water. At Karumba, an activated sludge treatment process is used to reduce BOD levels in water discharge entering the Norman River. Although four exceedances of the licence limit occurred over the reporting period, BOD levels at Karumba have reduced significantly since 2005 when treatment commenced.
• The majority of operations contributed to the discharge of soluble metal loading over the reporting period. This is aggregated across the group to an estimated 0.58 tonnes of arsenic, 2.13 tonnes of copper, 1.24 tonnes of lead, 0.36 tonnes of cadmium, 5.3 tonnes of zinc and 26.8 tonnes of manganese. All operations that discharge water after use treat the water, commonly through the addition of lime, to achieve pH adjustment and reduce metal loadings in order to meet operation discharge criteria.

In relation to water discharge, the quantities water quality parameters discharged from our operations includes a proportion that was based on estimation or irregular frequency of sample collection. This reflects that this is the first period for which we collected this data as OZ Minerals and that further work will be undertaken to standardise and align environmental data collection and reporting across the operations.

5.6 WASTE MANAGEMENT

Mining and ore processing waste
Our mining operations produce significant volumes of waste rock and tailings. Of particular importance is waste that is chemically reactive and that poses risks due to acid rock drainage and other geochemical hazards. In addition, associated activities give rise to large volumes of waste, some of which is hazardous. Consequently, appropriate waste management is required to minimise environmental impacts and risks associated with waste disposal infrastructure.

Over the reporting period the operations produced 169 million tonnes of waste rock and 12.7 million tonnes of tailings. Most (97 per cent) of the waste rock generated was placed in rock dumps within the mining areas, with the remainder placed in pit or as underground backfill, or used for the construction of mine infrastructure (Figure 17). Similarly, nearly all (96 per cent) of tailings waste was placed in engineered surface tailings storage facilities. The remainder of the tailings was disposed as underground backfill.

Figure 17. Destination/disposal of waste rock

Ninety five per cent of total waste rock generation for the group occurred at Century and Prominent Hill. At Century mine, 95 million tonnes of waste rock generation included the removal of overburden at the western cutback to expose additional ore at depth. At Prominent Hill, 65 million tonnes of overburden material was removed as part of the development of the new open-cut mine. Of that amount, 2.9 million tonnes was used for the construction of new mine infrastructure including the embankment of the tailings storage facility.

To prevent or minimise the potential environmental impacts associated with waste rock and tailings disposal, we implement a range of strategies during project development and operations. They include the geochemical characterisation of acid-generating materials, resource modelling, selective handling and encapsulation of waste rock, disposal of tailings into specially designed and engineered facilities, linking operational planning to long-term closure management and the containment and treatment of mine waters to meet regulatory discharge criteria. In addition, the group standards for Waste Rock Management and Tailings Management define the requirements for the management of waste rock to prevent environmental impacts, promote beneficial post-mining land uses and reduce post mining rehabilitation and closure liability.

Of the total tonnage of waste rock produced in 2008, 97 million tonnes (57 per cent) is considered to be potentially acid forming, 59 million tonnes (35 per cent) is non-acid forming, and the remaining 13 million tonnes (8 per cent) has not been characterised for its acid generating potential (Figure 18). Virtually all waste rock (97 per cent) with acid generating potential is disposed in waste rock dumps. At Century and Sepon, emphasis during operations in placed on selective placement of the waste rock, the installation of drainage to capture and contain contaminated seepage for treatment, and monitoring of the local environment. Once construction of the waste rock dump has been completed, dump top surfaces may be compacted and covered to reduce the ingress of water. At the Avebury, Golden Grove and Rosebery operations, a majority (66 percent) of the acid generating waste rock is placed in the underground mine workings.
Figure 18. Waste rock characterisation

Case Study – Martabe waste rock management
During the early development phase of a project, our standards require us to identify acid rock drainage potential of waste rock to enable the design of controls that will isolate acid generating material from the environment. Through the use of internationally accepted geochemical test procedures, the potential to generate acid rock drainage was established early for the Martabe gold project. The high proportion of sulphide minerals in the ore and waste rock, coupled with approximately four metres of annual rainfall in that part of in Northern Sumatra, made early characterisation of acid rock drainage potential a critical aspect of project planning and development. Laboratory scale testing and larger scale tests of drill core conducted at site provide definitive information on the amount of acid rock drainage that may be generated and the rate of generation. With extensive pre-mining test work undertaken, initial mine and waste rock dumping plans have been developed for the operational phase of the project aimed at limiting the likelihood of acid rock drainage being formed.

Non-mining and processing waste
In addition to the waste generated from mining and the processing of mineral ore, we produce a range of others wastes in mining and processing including oils, greases and other hydrocarbon waste, chemicals and solvents, scrap steel, tyres and domestic rubbish. We aim to reduce the generation of waste and, where possible, have materials recycled and reused. Where that is not possible, we generally dispose of waste in specially designed on-site landfills or off-site through approved disposal facilities.

Our operations reported the generation of 3.2 kilotonnes of hazardous waste. Waste oil was the dominant component of the hazardous waste, with 1.84 million litres generated. Of that, 1.74 million litres (94 per cent) was recycled and 0.1 million litres was disposed off-site at approved disposal facilities. Similarly, 194 tonnes of greases and other hydrocarbon waste were generated across the sites, with 72 per cent of that disposed off-site through approved disposal facilities.

A total of 10.8 kilotonnes of non-hazardous waste was generated during the reporting period, comprising mainly scrap steel and general rubbish. Of that, 3 kilotonnes (28 per cent) was sent off-site for recycling and 7.6 kilotonnes (70 per cent) was disposed to on-site landfills.

5.7 LAND MANAGEMENT
The manner in which we manage land strongly influences our reputation with our local communities and other stakeholders. This has implications for future access to land and, therefore, our licence to operate. It is essential that we account for our total land use including, as a minimum, the reporting of our land disturbance and rehabilitation of land for future use by others.

At the end of 2008 OZ Minerals had a total land holding of 27,600 square kilometres (Figure 19). Ninety-six per cent of this area was land held under title for our exploration and project development activities. Eighty-nine square kilometres, or 0.3 per cent of the total land holding, represented our operational footprint where land was disturbed for exploration, project development, mining and ore processing purposes. Our footprint also includes all land that has been rehabilitated. At the end of 2008, approximately 533 hectares (15 per cent of disturbed land) had been rehabilitated.

Century and Prominent Hill are the largest contributors to the group's footprint area, representing 30 per cent (26.9 square kilometres) and 21 per cent (19 square kilometres), respectively. Our results show that 197 hectares of land was rehabilitated in 2008, with a further 415 hectares under rehabilitation at the end of the period. The major contributor to rehabilitation in 2008 was Sepon, where the 173ha of land rehabilitated represented 88 per cent of the group total for the reporting period. Sepon adopts a progressive approach to rehabilitation and aims to commence within one year of the land becoming available, with focus on achieving stable landforms that can withstand short duration high intensity rainfall events, thereby controlling the runoff of sediment into the local river system.
The remaining footprint will be progressively rehabilitated as the land becomes available. At the end of 2008, 912 hectares of land was available for rehabilitation, with 666 hectares (73 per cent) of that land at the Century mine. Century has been involved in a number of rehabilitation studies, including extensive revegetation and cover system trials, to determine the most appropriate method for reducing the rehabilitation backlog on the south and north waste rock dumps. Rehabilitation specifications for the waste rock dumps are being developed through scientific input through the University of Queensland and in consultation with stakeholders.

5.8 BIODIVERSITY

Our understanding of the potential to impact upon biodiversity-rich habitats is critical in order to ensure that impacts are managed. Furthermore, the presence of a biodiversity-rich habitat within our land holding can provide an opportunity for an operation to input to the conservation of species and ecosystems within a local or broader regional context.

In 2008, four sites indicated that they operated within immediate proximity of area of high biodiversity value. In addition, several of our exploration projects were located in and surrounding areas of conservation value. Activities which are proposed to be undertaken in close proximity to biodiversity-rich habitats will only occur following the identification of risks to biodiversity and the implementation of appropriate measures to manage potential impacts:

- **Banded Iron Formations** representing “islands” of priority and rare flora and fauna species exist on the western fringes of the Golden Grove leases. Although prevalent in the Midwest Region of Western Australia, the State government has limited exploration and mining development in these areas and it is likely that stringent protection measures will be introduced. As a control measure, Golden Grove avoids any exploration work in the area and has established a buffer zone to ensure separation of the area from a proposed new tailings storage facility.

- **The Indonesian island of Sumatra** has exceedingly high biodiversity values and a large nationally protected area lies a few kilometres to the north-east of the Martabe project site. Studies undertaken as part of the project development indicate that mining will not have significant direct impacts on this area. However, impacts will be sustained from hunting and habitat loss through deforestation. Within the Martabe site itself, biodiversity survey work in 2008 was undertaken by a team of Indonesian scientists including ornithologists (bird specialists), herpetologists (specialists in reptiles and amphibians) and vegetation ecologists. This is part of an ongoing monitoring program of established flora and fauna monitoring sites.

- **Lake Johnson Nature Reserve**, a 138 hectares reserve located 8 kilometres south or the Rosebery mine contains unreserved or poorly reserved rainforest communities of conservation significance; notably subalpine patches of Huon pine believed to derive from trees present on the site for over 10,000 years. Whilst no work is planned for that area, exploration has the potential to impact the habitat of the rare lichen species Menegazzia minuta known to exist on the eastern side of Mount Black. Studies of potential exploration sites in that area did not identify any species.

- **Increase of the mine footprint at Sepon in 2008** has included vegetation clearance and ground disturbance as part of expansion projects. Associated with this clearance is the loss of intact forest habitat; namely high quality forest Type A (dense canopy), forest Types B (medium canopy) and C (sparse canopy). Recognising the cumulative impact of project expansion on biodiversity, Sepon aims to monitor and mitigate the effects of vegetation clearance and land disturbance. Detailed biodiversity monitoring is undertaken, which in itself can cause minor impact on biodiversity due to areas needing to be surveyed for unexploded ordinance. An internal authorisation process controls all land clearance activities, and land stabilisation and rehabilitation works occur within twelve months of an area becoming available to minimise erosion.

- **In China (Inner Mongolia)**, the XiaSongShan Project is situated in the Helanshan National Nature Reserve. The Reserve is divided into a Core Zone, Buffer Zone, Experimental Zone and Grazing–prohibited Zone, as required by the Regulations of Nature Reserve Protection of the People’s Republic of China (1993). Approximately 60 per cent of the company’s Exploration License lies within the Experiment Zone and the remaining eastern part is within the Grazing–prohibited Zone. To manage potential impacts, a full environmental and social baseline study of the area was completed prior to work commencing. Exploration in 2008 involved non-ground disturbance activities comprising sampling, mapping and ground geophysics.
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<td>CEO’s message (p. 3)</td>
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<td>Company overview (p. 6)</td>
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<td>Company overview (p. 6)</td>
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<td>Company overview (p. 6)</td>
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<td>• Net sales (for private sector organisations) or net revenue (for public sector organisations);</td>
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<td>• Total capitalisation broken down in terms of debt and equity (for private sector organisations); and</td>
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<td>• Quantity of products or services provided.</td>
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<td>2.9</td>
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<td>CEO’s message (p. 3); Company overview (p. 6)</td>
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<td>• The location of, or changes in operations, including facility openings, closings, and expansions; and</td>
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<td>• Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organisations).</td>
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<td>Contact point for questions regarding the report or its contents.</td>
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<td>• Prioritising topics within the report; and</td>
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<tr>
<td>• Identifying stakeholders the organisation expects to use the report.</td>
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<tr>
<td>3.6</td>
<td>Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).</td>
<td></td>
<td>Our sustainability report (p. 1-2)</td>
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**LEGEND**
- Fully reported
- Partially reported
- Not reported
- Not material
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<td>State any specific limitations on the scope or boundary of the report.</td>
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<td>3.8</td>
<td>Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations.</td>
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<td>3.9</td>
<td>Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.</td>
<td>Fully reported</td>
<td>Our sustainability report (p. 1-2)</td>
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<td>3.10</td>
<td>Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).</td>
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<td>Our sustainability report (p. 1-2)</td>
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<td>3.13</td>
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<td>Fully reported</td>
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Governance, Commitments and Engagement

| 4.1       | Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight. | Fully reported | Structure and responsibilities (p. 18) |
| 4.2       | Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organisation's management and the reasons for this arrangement). | Fully reported | Structure and responsibilities (p. 18) |
| 4.3       | For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members. | Fully reported | Structure & responsibilities (p.18); Annual Report (www.ozminerals.com) |
| 4.4       | Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body. | Fully reported | Structure & responsibilities (p.18); Annual Report (www.ozminerals.com) |
| 4.5       | Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organisation's performance. | Fully reported | Structure & responsibilities (p.18); Annual Report (www.ozminerals.com) |
| 4.6       | Processes in place for the highest governance body to ensure conflicts of interest are avoided. | Fully reported | Annual report (www.ozminerals.com) |
| 4.7       | Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental, and social topics. | Fully reported | Annual report (www.ozminerals.com) |
| 4.8       | Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation. | Fully reported | Values and governance (p. 17); Sustainability policy (p. 19) |
| 4.9       | Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles. | Fully reported | Structure & responsibilities (p. 18), Annual Report (www.ozminerals.com) |
| 4.10      | Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environment, and social performance. | Fully reported | Annual Report (www.ozminerals.com) |

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<td>• Provides substantive funding beyond routine membership dues; or</td>
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**Performance Indicators**

**Economic Performance**

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<td>EC3 Coverage of the organisation’s defined benefit plan obligations.</td>
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<td>EC4 Significant financial assistance received from government.</td>
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**Environment Performance**

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**Mining and Minerals Sector Supplement**

| MM1       | Identify those sites where the local economic contribution and development impact is of particular significance and interest to stakeholders (e.g., remote sites) and outline policies with respect to assessing this contribution. Relevant information includes:  
  - percentage of goods, materials, and services purchased locally;  
  - percentage of workforce from local communities;  
  - investment in public infrastructure and its maintenance; and  
  - compensation payments | 🟢 | Socio-economic contributions (p. 26-35) |
| MM2       | Value added disaggregated to country level. | 🟢 | Socio-economic contributions (p. 26-35) |
| MM3       | The number/percentage of sites identified as requiring biodiversity management plans, and the number/percentage of sites with plans in place. Also include criteria for deciding that a biodiversity management plan is required and the key components of a plan. | 🟢 | Biodiversity (p. 68) |
| MM4       | Percentage of product(s) derived from secondary materials. | 🟢 |  |
| MM5       | Describe policies for assessing the eco-efficiency and sustainability attributes of products (e.g., recyclability, material use, energy use, toxicity, etc.) | 🟢 |  |
| MM6       | Describe approach to management of overburden, rock, tailings, and sludges/residues including:  
  - assessment of risks;  
  - structural stability of storage facilities;  
  - metal leaching potential; and  
  - hazardous properties. | 🟢 | Waste management (p. 66) |
| MM7       | Describe significant incidents affecting communities during the reporting period, and grievance mechanisms used to resolve the incidents and their outcomes. | 🟢 | Community relations (p. 53); Grievances and incidents (p. 58); Land rights & compensation (p. 57) |
| MM8       | Describe programs in which the reporting organisation has been involved that addressed artisanal and small-scale mining (ASM) within Company areas of operation. | 🟢 | Land rights & compensation (p. 57); Resettlements (p. 57) |
| MM9       | Describe resettlement policies and activities. | 🟢 | Resettlements (p. 57) |
| MM10      | Number or percentage of operations with closure plans, covering social – including labour transition-, environmental and economic aspects. Describe Company policy, stakeholder engagement processes, frequency of plan review, and amount and type of financial provision for closure. | 🟢 | Closure planning (p. 23) |
| MM11      | Describe process for identifying local communities’ land and customary rights, including those of Indigenous peoples, and grievance mechanisms used to resolve any disputes. | 🟢 | Land rights and compensation (p. 57) |
| MM12      | Describe approach to identifying, preparing for, and responding to emergency situations affecting employees, communities, or the environment. Include a description of the nature of existing skills, teams who respond to emergency situations, training, drills, review processes and community involvement. | 🟢 | Safety and health – emergency response (p. 49) |
| MM13      | Number of new cases of occupational disease by type. Describe programs to prevent occupational disease. | 🟢 | Health performance (p. 45); Health & wellbeing (p. 50) |

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The location of disclosures related to the ICMM Sustainability Principles within this report are detailed in the ICMM content index below.

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<td>Implement and maintain ethical business practices and sound systems of corporate governance</td>
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<td>Values and governance (p. 17)</td>
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<td>2</td>
<td>Integrate sustainable development considerations within the corporate decision-making process</td>
<td>●</td>
<td>Values and governance (p. 17)</td>
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<td>3</td>
<td>Uphold fundamental human rights and respect cultures, customs and values in dealings with employees and others who are affected by the companies activities</td>
<td>●</td>
<td>Human rights (p. 58)                Cultural awareness training (p. 40) Labour relations (p. 42) Cultural heritage (p. 56)</td>
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<tr>
<td>4</td>
<td>Implement risk management strategies based on valid data and sound science</td>
<td>●</td>
<td>Risk management (p. 21)</td>
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<td>5</td>
<td>Seek continual improvement of our health and safety performance</td>
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<td>Safety and health strategy (p. 43)</td>
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<td>6</td>
<td>Seek continual improvement of in environmental performance</td>
<td>●</td>
<td>Environmental performance (p. 60)</td>
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<tr>
<td>7</td>
<td>Contribute to conservation of biodiversity and integrated approaches to land use planning</td>
<td>●</td>
<td>Biodiversity (p. 68)</td>
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<tr>
<td>8</td>
<td>Facilitate and encourage responsible product design, use, re-use, recycling and disposal of our products</td>
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<tr>
<td>9</td>
<td>Contribute to the social, economic and institutional development of the communities in which we operate</td>
<td>●</td>
<td>Socio-economic contributions (p. 26-35)</td>
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<td>10</td>
<td>Implement effective and transparent engagement, communication and independently verified reporting arrangements with our stakeholders</td>
<td>●</td>
<td>Our sustainability report (p. 1-2)                              External assurance (p. 2, 77) Stakeholder engagement (p. 36)</td>
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ERM Independent Assurance Report to OZ Minerals Limited

Environmental Resources Management Australia Pty Limited (ERM) was engaged by OZ Minerals Limited (OZ Minerals) to provide independent assurance of its Sustainability Report 2008 (2008 Report), to the scope of work outlined below.

Scope of Work
The 2008 Report covers OZ Minerals’ operations for the period 1 July 2007 to 31 December 2008, unless stated otherwise in the text. This work was performed in accordance with ERM’s assurance methodology, which is based on the international assurance standards: AA1000AS (2008), ISAE3000 and ISO19011. ERM reviewed OZ Minerals’ use of the AA1000AS (2008) Principles of Inclusivity, Materiality and Responsiveness in reporting performance to provide Type 2, moderate assurance. To do this, we interviewed a number of personnel and reviewed relevant documentation at OZ Minerals’ head office in Australia, Sepon Mine (Laos) and Century Mine (Queensland). The subject matter for this limited assurance consisted of the following material data streams: Environment: energy use and greenhouse, water management (including wastewater discharge quality), waste generation (including process and non-process wastes), biodiversity impacts and land management; Social: stakeholder engagement activities, social impact assessment and monitoring, community investment and incidents; Safety and health: total recordable injuries (TRI)/TRI frequency rate (TRIFR) and emergency response training. The scope excluded data and statements relating to other sections of the 2008 Report, financial information and previous financial years.

ERM’s independence
OZ Minerals was responsible for preparing the 2008 Report. The ERM team, led by Jo Cain, Partner and Practice Leader for Corporate Advisory Services, Australia & New Zealand, was responsible for expressing assurance conclusions in line with the scope of work agreed with OZ Minerals. During 2007-08, ERM undertook additional assurance and auditing work for OZ Minerals.

Our Conclusion
On the basis of its scope of work, and in consideration of the limitations of the assurance engagement presented above, ERM concludes that, for the specified subject matter, OZ Minerals’ 2008 Report appropriately addresses the AA1000AS (2008) Principles of Inclusivity, Materiality and Responsiveness for the period to 1 July 2007 to 31 December 2008. In addition, ERM has provided a more detailed Management Report to OZ Minerals.

Key Observations
Based on its scope of work, and without affecting our limited assurance conclusion, ERM identified the following good practice:

- **Data accuracy:** is within acceptable limits and data trails are readily identifiable, thus providing confidence in the data reported.
- **Energy and greenhouse data collation:** is robust, with spreadsheets linked, emission factors included, any changes detailed and explained and internal verification undertaken.
- **Environment and community team:** members demonstrate an in-depth understanding of environment and community challenges, achievements and data requirements.
- **Stakeholder communication:** presents a unique challenge for Sepon in relation to language and terminology, hence the development of a Lao language Report is commended.

ERM also identified the following areas for improvement:

- **Data collation:** processes could be improved to allow sufficient time for sites to provide data for the full reporting period, for example Sepon originally extrapolated December 2008 data, which have since been updated.
- **Definitions:** and guidance on parameters and related data would assist with consistency across the organisation and terminology issues. For example, at Century the incorrect reporting period was used for water data and waste data were double counted for disposal and recycling, which have since been addressed. At Sepon, due to language challenges, a material discrepancy was identified in relation to land rehabilitation, which has since been corrected.
- **Community investment:** records could be more comprehensive and readily accessible at Group Office and the sites.

ERM congratulates OZ Minerals on its 2008 sustainability report.

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Environmental Resources Management Australia Pty Limited (ERM), 25 May 2008, Melbourne, Australia

Environmental Resources Management Australia Pty Limited (ERM) is an independent global provider of environmental, social and corporate responsibility consulting and assurance services. ERM has prepared this statement for OZ Minerals Limited in accordance with ERM’s standard terms and the standard practised by members of the environmental consulting profession performing this type of service at the same time. No other warranty, express or implied, is given by ERM as a result of the provision of this statement. To the extent permitted by law, this statement is provided for informational purposes only, without the right to rely, and ERM will not be liable for any reliance which may be placed on this statement by a third party. 

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**acid rock drainage (ARD)**
When rock surfaces are exposed to air and rain, a reaction can occur with the elements in the rock which results in a change in the characteristics of the water that drains off. If the rock contains sulphides, oxidation processes can acidify the water. This is known as acid rock drainage (ARD).

**biodiversity**
Biodiversity is the variety of plants, animals and micro-organisms, their genetic variation and the different ecosystems of which they are part.

**carbon dioxide equivalent (CO2e)**
Carbon dioxide equivalent is a standard of measurement used to indicate the impact of various greenhouse gas emissions on global warming relative to the same amount of carbon dioxide (CO2).

**environmental and social impact assessment (ESIA)**
An Environmental and Social Impact Assessment (ESIA) is an assessment of the anticipated impacts of a project on the local environment and community.

**footprint**
The area covered by OZ Minerals’ operations and activities.

**Global Reporting Initiative (GRI)**
The Global Reporting Initiative is an international, multi-stakeholder process aimed at producing and disseminating globally applicable sustainability reporting guidelines. These guidelines are for voluntary use by organisations for reporting on the economic, environmental and social dimensions of their activities, products and services. For more information, see www.globalreporting.org

**Government of Laos**
Government of the Lao People's Democratic Republic

**GPDA**
The Greater Project Development Area (GPDA) lies within the Mineral Exploration and Production Area (MEPA) and includes the previously permitted Sepon Project Development Area (SPDA).

**greenhouse gases (GHG)**
Gases in the earth’s atmosphere that absorb and re-emit infra red radiation, including carbon dioxide (CO2); methane (CH4); nitrous oxide (N2O); hydrofluorocarbons (HFCs); perfluorocarbons (PFCs); and sulphur hexafluoride (SF6).

**gross domestic product (GDP)**
Total market value of the goods and services produced by a country’s economy during a specific period of time.

**gross state product (GSP)**
Total market value of the goods and services produced by a state or territory’s economy during a specific period of time.

**human rights**
Basic standards of treatment to which all people are entitled, regardless of nationality, gender, race, economic status or religion.

**ISO14001**
ISO14001 is an international standard for environmental management systems.

**IUCN Red List**
The World Conservation Union (IUCN) Red List provides information about the characteristics, conservation status and distribution of flora and fauna species facing the risk of global extinction.

**KPI**
Key Performance Indicator

**kilolitre (kL)**
One kilolitre is equal to one thousand litres.

**licence to operate**
Securing and maintaining the trust and confidence of a community and regulators in order to set up and conduct business.

**Material Safety Data Sheet (MSDS)**
Documentation prepared for each of our products identifying the potential safety, health and environmental aspects associated with their use.

**megalitre (ML)**
One megalitre is equal to one million litres.

**Mineral Exploration and Production Agreement (MEPA)**
The formal agreement between the Government of Laos and OZ Minerals, regarding development and operation of the Sepon gold and copper mine.

**overburden**
See waste rock.
petajoule (PJ)
One petajoule is equal to 1015 joules.

precautionary principle
The precautionary principle emerged from Article 15 of the Rio Principles. This principle states that where scientific evidence is uncertain, decision-makers should take action to limit continued environmental damage and should err on the side of caution when evaluating proposals that may have a serious or irreversible impact on the environment.

Sepon Project Development Area (SPDA)
The SPDA lies within the area defined by the Mineral Exploration and Production Agreement (MEPA). The Sepon operation was encompassed within the SPDA prior to expansion into the Greater Project Development Area (GPDA).

stakeholders
Any person, group or interested party that may be impacted by OZ Minerals’ operations, activities or performance.

tailings
Finely ground materials from which the desired mineral values have been largely extracted.

tailings storage facility
Facility designed for the storage of tailings material produced during ore processing.

Total Recordable Injury Frequency Rate (TRIFR)
TRIFR is the total number of recordable injuries per million working hours. ‘Recordable Injuries’ are lost time, restricted work and medical treatment injuries. First aid injuries are not included.

waste rock
Material such as soils, barren or uneconomic mineralised rock that surrounds a mineral orebody and must be removed in order to mine the ore.
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