

# Independent Assurance Report to PanAust Limited

**PanAust Limited (PanAust) appointed ERM-Siam, Co Ltd (ERM) to provide independent assurance on selected sustainability performance indicators (data) presented in its 2010 Sustainability Report and to provide an independent review and assurance statement of the 2010 Sustainability Report.**

## Our brief

ERM was asked to provide independent assurance and to assess the information in the 2010 Sustainability Report including the following data for the year ended 31 December 2010:

- Incident log (LA7)
- Indirect energy consumption (EN4)
- Total water withdrawn by source (EN8)
- Percentage and total volume of water recycled and reused (EN10)
- Total amounts of overburden, rock, tailings, and sludge and their associated risks (MM3)
- Grievance and request mechanism (MM6 and MM7)

## Our approach

### *Standards and criteria used*

ERM assessed PanAust's status against the Global Reporting Initiative (GRI) G3 Sustainability Reporting Guidelines and assessed the accuracy, materiality, completeness and responsiveness of the information and data contained in PanAust 2010 Sustainability Report. The report review was informed by the G3 guidelines. ERM delivered our work in accordance with ERM's assurance methodology which is based on the international assurance and audit standards: ISAE 3000 and AA1000 AS.

ERM planned and performed our work to obtain all the information and explanations that we believe were necessary to provide a basis for our assurance conclusions as to whether the reported information and data set out in 'Our Brief' was appropriately reported, i.e. that nothing has come to our attention through the course of our work that the data are materially mis-reported (moderate assurance).

If ERM had been asked to conclude on whether the reported subject matters were robust, we would have needed to conduct more work at corporate and operational levels and to gather further evidence to support our assurance opinion.

The reliability of the reported information and data is subject to inherent uncertainties, given the available methods for determining, calculating or estimating the underlying information. It is important to understand our assurance conclusions in this context.

### *Our work*

A multi-disciplinary team of mining and assurance specialists performed work at corporate level and in selected operating location.

As part of the review, ERM conducted face to face and telephone interviews at corporate and regional levels. A Site visit was also undertaken to PanAust's principal and only operating asset for the reporting year 2010, the Phu Kham Copper – Gold Operation.

During these interviews and facility visit, ERM sought to:

- Understand the logistics of the data collection and reporting process;
- Review the mechanisms for checking and verifying data at the facility and corporate level;
- Review how errors are communicated to the data providers and corrective action checked to ensure accuracy in the reported data;
- Review of the presentation of the selected data in the 2010 Sustainability Report related to 'Our Brief' to ensure consistency with our findings; and
- Discuss our assurance findings with management as they arose to provide them with the opportunity to address them prior to finalisation of our work.

## Respective responsibilities and ERM's independence

PanAust's management is responsible for preparing the 2010 Sustainability Report and for the information in it. ERM's responsibility is to express our assurance conclusions on the agreed brief.

During 2010, ERM has worked with PanAust on other consulting engagements. ERM conducts strict conflict checks and has confirmed its independence to PanAust for this assurance engagement.

## Our assurance conclusions

Based on our work undertaken as described above, we conclude that in all material respects the selected 2010 sustainability performance indicator data set out in the 2010 Sustainability Report is appropriately reported.

ERM believes that the PanAust 2010 Sustainability Report reflects the sustainability issues and challenges facing PanAust. In addition, our review confirmed that the PanAust 2010 Sustainability Report meets the requirements of application level B+ of the GRI reporting framework.

Overall, PanAust shows reasonable corporate efforts to ensure that sustainability reporting is transparent and effective. These efforts represent the company's commitment to identify and understand its material social, environmental, and economic performance and impacts.

During the review period, ERM identified a number of issues that were discussed and subsequently addressed by PanAust in the 2010 Sustainability Report. These issues and the associated recommendations are included in detail in a separate project report to PanAust.

## Our key observations and recommendations

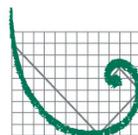
Based on our work set out above, and without affecting our conclusions, here are our key observation and recommendations for improvement.

### *Observation:*

- Information solutions have been adopted for some key data collection at site (such as Incident Management System) contributing in good data collection practices and records at the facility.

### *Recommendations for improvement:*

- PanAust should consider defining and communicating scope and boundary of performance data collection to responsible individuals (data owners) as its operating locations grow in numbers i.e. which data is to be aggregated at group level or site-specific level to assure consistent understanding regarding corporate data reporting requirements.
- Building on the good data collection system at site level, PanAust should consider establishing a database to allow sustainability data recordkeeping and reporting.
- PanAust should continue to revisit the data for internal check prior to authorising and distributing the approved data set in the public report.



**ERM**

**ERM-Siam, Co Ltd (ERM)**

**Bangkok, Thailand**

**8 July 2011**

*ERM is an independent global provider of environmental, social and corporate responsibility consulting and assurance services. Over the past 5 years we have worked with over half of the world's 500 largest companies, in addition to numerous governments, international organisations and NGOs.*