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DIVERSITY POLICY

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DISTRIBUTION

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AMENDMENT CERTIFICATION

Original Document Created on 30/08/2012

| Revision | Reason | Page | Approved By | Date |
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REVISION AND ISSUE CONTROL

Pages listed above are the subject of a revision to the current issue of this manual. This manual can have pages of different revision status; however, the official issue of the completed manual is to be the same on all pages.

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1 Introduction

- 1.1 This policy has been established to outline the Cuesta Coal Limited's ("the Company") commitment to inspiring equality in the workplace, to provide a work environment where every employee is treated fairly and has the opportunity to contribute to the success of the business and to their own development.
- 1.2 This policy has been adopted by the board of directors of the Company (**Board**).

2 Objectives

- 2.1 The objectives of this policy are to;
- (1) recognise the importance of promoting and encouraging diversity in the workplace;
 - (2) recognise the benefits of diversity which enables the Company to draw upon a broad range of perspectives, experiences and skills which contributes to the Company's success and creates values for our shareholders; and
 - (3) ensure transparency of Board processes, review and appointments of directors, employees and consultants.
- 2.2 To achieve these objectives, directors, employees and consultants of the group should consider this policy to be binding on them.

3. What is Diversity?

- 3.1 Diversity refers to the many factors which make individuals different from each other, such as gender, religion, race, sexual orientation, age, disability, or any other potential dissimilarity.

4. Benefits of Diversity

The Company recognises the value of attracting and retaining a diverse selection of employees, directors and contractors. The benefits arising from embracing a diverse workforce are as follows:

- *A broader pool of employees* – diversity in recruitment and increases the available labour pool for selection;
- *Accessing a wider range of perspectives, ideas and experience* – engaging persons from diverse backgrounds enables different approaches to problem solving and decision making; and
- *Improving efficiency and retention* – diversity in the workplace will promote an equal and fair corporate culture and a motivating environment for staff, which will increase retention and productivity.

5. Equal Opportunity

The Company is an equal opportunity employer. This means that the Company does not discriminate on the basis of racial origin, gender, age, ethnicity, marital status, disability, religious or philosophical beliefs, sexual preference or political affiliation.

6. Measurable Objectives

The Company is committed to embracing a diverse corporate culture by incorporating the following standards:

- Ensure that recruitment and selection decisions are based on the principle of merit, skills and qualifications and are regardless of gender, religion, race, sexual orientation, age, disability or any other factor not relevant to the position.
- Past experience and skills gained in the mining and exploration industries (or a field relevant to the position on offer) will be a key determinant in the selection process.
- During the appointment of board members the Company will develop gender, age and cultural diversity as well as the necessary skills and experience required to add value to the board.
- Leadership, management and communication skills, technical expertise, corporate governance experience, reputation, qualifications and exploration and mining experience will be a key determinant in the selection process for board members. The company must consider diversity in addition to these requirements when selecting board members.
- The company will ensure their staff and director selection process is formal and transparent. The individual candidate's attributes, skills and experience, reputation and suitability to the role will be assessed fairly.
- The company will build and maintain a safe working environment by taking action against inappropriate workplace behavior, including discrimination, harassment, bullying and victimisation.

7. Monitoring and Evaluation

The Company is responsible for implementing, monitoring and reporting on the measurable objectives as established by the Remuneration and Nomination Committee.

Measurable objectives will be included in the annual key performance indicators for the Chief Executive Officer and senior executives.

The objectives of the Diversity Policy will be reviewed by the Board annually.

8. Review of the Policy

This policy shall be reviewed annually and revised by the Board as required.

9. Public Availability of Material

This policy or a summary of its main provisions shall be made publicly available on the Company's website in a clearly marked corporate governance section.

Approved by the Board on 30 August 2012.



Matthew Crawford

Managing Director