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Regulator**

COMPLIANCE AUDIT PROGRAM

GLENELLA QUARRY

Glenella Quarry Pty Ltd



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Contents

| | |
|---|----|
| Introduction | 5 |
| Background | 5 |
| Audit objectives | 5 |
| Audit scope..... | 6 |
| Audit criteria | 6 |
| Publishing and Disclosure of Information..... | 7 |
| Audit methods | 8 |
| Preliminary document review..... | 8 |
| Opening meeting..... | 9 |
| Site interviews and inspections | 9 |
| Data collection and verification | 9 |
| Site inspections..... | 10 |
| Closing meeting..... | 10 |
| Compliance assessment definitions..... | 10 |
| Reporting..... | 12 |
| Audit findings..... | 13 |
| Previous compliance history | 13 |
| Operational control (ML1692) | 13 |
| Environmental management..... | 13 |
| Rehabilitation | 14 |
| Compliance management | 14 |
| Mining operations plan | 15 |
| Reporting..... | 16 |
| Records management | 17 |
| Exploration (EL6616)..... | 17 |
| Work program | 17 |
| Native title | 17 |

| | |
|--|----|
| Consultation | 17 |
| Core storage | 18 |
| Reporting | 19 |
| Records management | 19 |
| Security, rents and levies | 19 |
| Other conditions..... | 19 |
| Titleholder response to draft audit findings | 20 |
| Audit conclusions..... | 20 |
| Photographs..... | 27 |
| Appendix 1 | 34 |

Introduction

Background

The Glenella Quarry is on the south western slopes of NSW, about 19 kilometres south-east of Cowra, with the site divided between the local government areas of Cowra and Hilltops.

Glenella Quarry is owned by Glenella Quarry Pty Ltd. Glenella Quarry is on mining lease 1692 (ML1692) granted under the *Mining Act 1992* on 23 September 2013 with the expiry date of 23 September 2034. ML1692 authorises the mining of Group 5 Minerals scheduled under the Mining Regulation 2016, through open cut methods.

In addition to holding ML1692, the company holds exploration licence 6616 (EL6616), which authorises the exploration of Group 1 and Group 2 minerals scheduled under the Mining Regulation. EL6616 was granted on 23 August 2006, was last renewed on 30 October 2017 and expires on 23 August 2019. The company has an approved prospecting title work program for exploration within EL6616 (WP-EL6616-2017-2019). No assessable prospecting operations were undertaken on EL6616 during the audit scope period and no activity approvals were sought or granted.

As part of the compliance audit program, an audit of the Glenella Quarry was undertaken on 13 February 2019.

Audit objectives

The objectives of the audit were to:

- undertake a compliance audit of the company's mining and exploration activities against the requirements of the *Mining Act 1992* and the conditions of the mining lease and exploration licence issued pursuant to that Act, and
- assess the operational performance of Glenella's mining and exploration activities and the ability of the titleholder to implement management systems and controls to provide for sustainable management of the operations.

Audit scope

The scope of the audit included:

- the mining operations associated with the Glenella Quarry including:
 - the extraction areas
 - processing and raw materials stockpiling area
 - product stockpiling area
 - water management structures
 - access roads and tracks, and
 - rehabilitation activities.
- a review of documents and records pertaining to mining operations
- the exploration activities associated with EL6616
- a review of documents and records pertaining to the exploration activities
- the assessment of compliance for the period between 1 January 2016 and 30 November 2018.

Audit criteria

The audit criteria included:

- the *Mining Act 1992*
- the Mining Regulation 2016
- conditions attached to ML1692 (granted 23 September 2013)
- conditions attached to EL6616 (granted 23 August 2006 and last renewed 30 October 2017)
- commitments made in mining operations plan for the Glenella Quarry, prepared in conjunction with RW Corkery & Co Pty Limited, July 2016 (signed and dated 25 July 2016) and approved by Division of Resources and Energy on 22 February 2017
- obligations contained in the Regulator's codes of practice and guidelines including:

- ❑ ESG3: Mining operations plan (MOP) guidelines, September 2013
- ❑ ESB28: Environmental incident reporting requirements (October 2007)
- ❑ *Exploration code of practice: Environmental management* (version 2, April 2017)
- ❑ *Exploration code of practice: Rehabilitation* (version 2, April 2017)
- ❑ *Exploration code of practice: Community consultation* (version 1.1, May 2016)
- ❑ *Exploration code of practice: Produced water management, storage and transfer* (version 2, April 2017)
- ❑ *Exploration guideline: Annual activity reporting for prospecting titles* (version 2a, April 2016), including:
 - a) *Exploration reporting: A guide for reporting on exploration and prospecting in NSW* (version 2, March 2016)
 - b) *ESG4: Guideline for preparing an environmental and rehabilitation compliance report for exploration* (version 2.1 November 2016)

Publishing and Disclosure of Information

This audit report will be published on the NSW Resources Regulator's website consistent with Section 365 of the *Mining Act 1992*.

This audit report may be publicly disclosed consistent with the *Government Information (Public Access) Act 2009*.

Audit methods

The audit process involved a detailed site inspection of the operations, the interviews of site personnel, a review of documentation and samples of records provided by the titleholder to determine the level of compliance of the operations and assess the status of the project's operational performance. The audit process and methodology are described in more detail below.

Preliminary document review

Before the audit, documentation associated with the mining activities was reviewed by the auditor. This involved a review of the following:

ML1692

- Glenella Quarry Pty Limited mining operations plan for the Glenella Quarry, prepared in conjunction with RW Corkery & Co Pty Limited, July 2016 (signed and dated 25 July 2016), and approval dated 22 February 2017 (OUT17/8592)
- Glenella Quarry Pty Ltd – Annual environmental management report 22 February 2017 to 21 February 2018
- Glenella Quarry Pty Ltd – Annual exploration reports for ML1692, years ending:
 - 22 September 2018 (report date 17 October 2018)
 - 22 September 2017 (report date 13 October 2017)
 - 22 September 2016 (report date 11 October 2016)

(All annual exploration reports produced by Geos Mining Minerals Consultants)

EL6616

- Glenella Quarry Pty Ltd Environmental and rehabilitation compliance report for exploration licence 6616 (submission date 15 September 2018)
- Glenella Quarry Pty Ltd, Glenella Project – Environmental management report EL6616 for reporting period 23 August 2016 to 22 August 2017, Geos Mining Minerals Consultants, 20 September 2017
- Glenella Quarry Pty Ltd, Glenella Project – Environmental management report EL6616, Geos Mining Minerals Consultants, 18 August 2016

- Glenella Quarry Pty Ltd – Annual exploration reports for EL6616, years ending:
 - 22 August 2018 (report date 15 September 2018)
 - 22 August 2017 (report date 20 September 2017)
 - 22 August 2016 (report date 16 September 2016)

(All annual exploration reports produced by Geos Mining Minerals Consultants)

- Glenella Quarry Pty Ltd, Glenella Quarry Project – EL6616 Annual community consultation report: 23 August 2017 to 22 August 2018, Geos Mining Minerals Consultants, 15 September 2018.
- Prospecting title work program, *Mining Act 1992* ID No. **WP-EL6616-2-17-2019** – Determination Date: 30 October 2017 - expiry date: 23 August 2019

Opening meeting

The opening meeting was held at Glenella Quarry at 8am on 13 February 2019.

The audit team was introduced, and the scope of their responsibilities was conveyed to the auditees. The objectives and scope of the audit were outlined, and the methods to be used by the auditor to conduct the audit were explained.

It was stated that the audit team would interview personnel, review documents, examine records and conduct a site inspection to assess specific compliance requirements.

Site interviews and inspections

Data collection and verification

Where possible, documents and data collected during the audit process were reviewed on site. Several documents were unable to be reviewed on site and were reviewed following the site visit.

All information obtained during the audit process was verified by the auditor where possible. For example, statements made by site personnel were verified by viewing documentation and/or site inspections where possible. Where suitable verification could not be provided, this has been identified in the audit findings as not determined.

Site inspections

A detailed inspection was undertaken comprising the following company operations and aspects of the site management:

- Site operations – overview and active quarry pit (refer to figure 1 and 2)
- Water management (refer to figure 3 and 4)
- Product management (refer to figure 5)
- Environmental management issue examples (refer to figure 6, 7 and 8)
- Rehabilitation (refer to figure 9, 10 and 11)
- New infrastructure (refer to figure 12)

No 'on the ground' exploration-related activities were being undertaken at the time of the site inspection, nor have any 'on the ground' exploration-related activities been undertaken during the scope of the audit.

Closing meeting

The closing meeting was held at Glenella Quarry at 4.20pm on 13 February 2019. The objectives of this meeting were to discuss any outstanding matters, present preliminary findings and outline the process for finalising the audit report.

Compliance assessment definitions

The reporting of results from the compliance audit was determined based on the definitions presented below in Table 1.

Table 1 Audit assessment categories

| ASSESSMENT | CRITERIA |
|-----------------------------------|--|
| Compliant | Sufficient and appropriate evidence is available to demonstrate the particular requirement has been complied with. |
| Non-compliant | <p>Clear evidence has been collected to demonstrate the particular requirement has not been complied with. There are three subcategories of non-compliance reflecting the severity and level of risk associated with the non-compliance:</p> <p>NC1 – the absence of planning or implementation of a required operational element that has the potential to result in a significant risk.</p> <p>NC2 – an isolated lapse or absence of control in the implementation of an operational element that is unlikely to result in a significant risk.</p> <p>NC3 – an administrative or reporting non-compliance that does not have a direct environmental or safety significance.</p> <p>Note: The identification of a non-compliance in this audit may or may not constitute a breach of the <i>Mining Act 1992</i>. Non-compliances identified in this audit report may be further investigated by the NSW Resources Regulator.</p> |
| Observation of concern | <p>Where an auditee may be compliant at the time of the audit but there are issues that exist that could result in the potential for future non-compliance if not addressed.</p> <p>Observation of concern was also used where an issue may not have particular compliance requirements, but which was not conducive to good management or best practice.</p> |
| Suggestion for improvement | Where changes in processes or activities inspected or evaluated at the time of the audit could deliver improvement in relation to risk minimisation, sustainable outcomes and management practices. |
| Not determined | <p>The necessary evidence has not been collected to enable an assessment of compliance to be made within the scope of the audit.</p> <p>Reasons why the audit team could not collect the required information include:</p> <ul style="list-style-type: none"> ■ insufficient information on the file relating to the period covered by the audit or insufficient evidence collected to reach a conclusion |

| ASSESSMENT | CRITERIA |
|------------------------------|--|
| | <ul style="list-style-type: none"> the wording on the criteria (approval condition) meant that no evidence could be gathered, or it was too difficult to gather the evidence. <p>A 'not determined' assessment was also made where the condition was outside of the scope of the audit.</p> |
| <p>Not applicable</p> | <p>The circumstances of the authorisation or titleholder have changed and are no longer relevant, e.g. no longer mining, mining equipment and plant has been removed, etc.</p> <p>An invoking element in the criteria was not activated within the scope of the audit.</p> |

Reporting

Following completion of the site audit, audit checklists were completed and audit notes were reviewed to compile a list of outstanding matters to be noted in the audit report. This report was prepared to provide an overview of the operational performance of the site and to identify any non-compliances or observations of concern noted by the auditor during the site inspections and interviews.

The draft audit findings were forwarded to Glenella Quarry for comment. Consideration was given to the representations made during the finalisation of the audit report.

Audit findings

Previous compliance history

Glenella Quarry Pty Ltd has three sustained allegations against it under the Mining Act, all of which fell within the period of the audit scope. All investigations into these allegations have been finalised. A summary of the allegations is listed in Table 2 below.

Table 2 Sustained allegations against the company

| AUTHORISATION | NON-COMPLIANCE | REGULATORY RESPONSE |
|---------------|---|-----------------------------------|
| ML1692 | s5 Mining or prospecting without authorisation | Penalty infringement notice |
| ML1692 | s378D Contravention of condition of authorisation – offence by holder | Official caution (warning letter) |
| EL6166 | s163C Reports (Failure to report in accordance with authorisation) | Warning letter (overdue) |

Operational control (ML1692)

Environmental management

Environmental management of the site is generally of a high standard across the operation.

Ground disturbance associated with the operation is within the boundaries of ML1692 and limited to the areas of operation. There appears to be no unnecessary clearing of any areas. The area surrounding the site appears to have been cleared for grazing livestock some time ago. Access tracks into and out of the site, and on site, are restricted to essential traffic only and are well maintained. The topography of the quarry site is relatively flat, for the most part, with steep slopes off the west, north and eastern sides. It was noted that the edges of these roads have suitable control structures in place for the management of water flow during rainfall. These flow into a well maintained and managed water management system consisting of numerous ponds on site.

While water/run-off and erosion and sedimentation are generally well managed across the site (refer to figures 4 and 5), there is an exception. At the northern end of the site, there is evidence of erosion

having occurred because of poor management. This was raised as **non-compliance No. 1** ranked **NC2**. It is noted that while erosion has occurred in this area (refer to figures 6, 7 and 8), and there is evidence of some movement of sedimentation downhill from the northern edge of the disturbed area of the site, sedimentation has not travelled far and there is little to no risk of movement outside of ML1692.

It is noted that this was previously identified by the Regulator, which in turn reported the matter to the Environmental Protection Authority (EPA). The company is working with both the Regulator and the EPA, including the development of a pollution reduction program for the EPA, and a MOP amendment to include relevant measures for more effective erosion and sedimentation management.

Given the location of the operation, noise, air and visual issues are negligible.

Waste from the site is well managed, with evidence sighted of waste oil stored for removal in bunded areas, and other well managed waste stockpiles on site. Dockets were sighted from waste removal companies contracted to remove various waste streams.

Rehabilitation

The quarry is operational with most areas still in use, so there has been limited rehabilitation on site. As extraction across the quarry progresses, so does the backfilling of voids and the levelling and compacting of areas to progress towards the proposed rehabilitation in the MOP (refer to figure 9).

During the site inspection, it was noted that an area of 2 hectares, on the eastern side of the disturbed area of the quarry, is expected to reach final stabilisation as part of rehabilitation by the end of February 2019 (dependent on weather). Establishment of vegetation in this area will begin as soon as possible following earthworks. Rehabilitation works in this area is ahead of the timeframe for rehabilitation in this area according to the MOP. This area of rehabilitation is not being required for completion until the completion of the MOP in 2022 (refer to photographs 10 and 11).

Compliance management

Overall compliance with the requirements under the Mining Act, and the commitments presented by the company in the MOP for the operation, is of a relatively high standard. It is noted that the company has conducted a risk assessment to identify and establish the basis for managing risks associated with rehabilitation (it also has a safety risk assessment) but the company does not have comprehensive processes and procedures to allow for the overall evaluation of its effectiveness in implementing its compliance requirements, with a view to continual improvement of its performance.

Review of reports, such as the MOP, and records are not completed by the company on a regular basis to ensure that records and reports remain in compliance with the requirements of the operation.

The audit identified 'gaps' in the company's 'system', which are raised as suggestions for improvement but these present a risk to the operations if not adequately addressed:

- The periodic review and update, when required, of the risk assessment for the operation, including rehabilitation.
- The inspection, monitoring and evaluation of key risk controls of the operation through a formal system.
- The periodic review and evaluation of any monitoring and inspection results for the verification of control effectiveness and for identification of trends, including that for rehabilitation.
- Management review of internal reporting systems, whether they are being implemented, and their effectiveness.
- The regular monitoring, review and revision, if necessary, of the MOP for the site.
- A comprehensive records maintenance/management system.
- A formal system to ensure that staff, contractor and subcontractors are trained and competent, and are aware of the company's obligations.

Mining operations plan

Condition 3 of ML1692 requires the licence holder to carry out mining operations in accordance with an approved MOP. The MOP was lodged in July 2016 (signed and dated 25 July 2016) and approved on 22 February 2017. The Regulator directed the company on 21 December 2018 to provide a revised MOP, in accordance with condition 3(b) of the conditions of title for ML1692, due 7 June 2019. The direction to modify the MOP was in response to the identification of issues regarding erosion and sediment control in ML1692 on 30 May 2018, which was subsequently referred to the EPA due to the potential for pollution through adverse off-site environmental impact(s). The EPA varied the Glenella Quarry environmental protection licence (EPL) formalising a pollution reduction program as part of its EPL.

Condition 3(b) of ML1692 states that the MOP must:

'(iv) identify how mining operations will be carried out in order to prevent and or minimise harm to the environment', and

'(v) reflect the conditions of approval under the Protection of Environment Operations Act 1997.'

It is also noted that an unsealed road, illustrated on Figure 3 of the MOP, on the eastern side of the operation, is in a different location to that on the ground and is raised as **non-compliance 2** ranked as **NC2**. This road was incomplete (at the time of writing), and the company was in the process of constructing and aligning this road to create an exit that would result in a one-way loop through the operations. It could not be ascertained if this road was included in the quarry's development consent. The company was made aware of this discrepancy with the MOP during a previous site inspection.

In addition to meeting the requirements of the direction, and the amelioration of the alignment of the road, the company advised that it intended to review the entire MOP to update discrepancies it had identified, and to ensure the document's accuracy with existing and future site operations at the Glenella Quarry.

It is also recommended that the company review and include any relevant issues/information from this compliance audit in the revised MOP.

Reporting

Exploration reporting

All annual exploration reporting for the audit period has been submitted in accordance with the relevant guidelines. Reports are prepared by a contractor with input from the company and final review by the company. Tracking of annual exploration reporting requirements for ML1692 is well managed.

Annual environmental management report

Condition 4 of ML1692 requires the annual lodgement of an annual environmental management report (AEMR). The company failed to submit an AEMR as required by 22 March 2018, which has been noted as **non-compliance No. 3** ranked as **NC3**. A warning letter was issued to the company (dated 31 October 2018, about seven months after the due date of the report). The warning letter advised that the AEMR was to be submitted by 28 November 2018 or consideration would be given to escalated enforcement action. The titleholder submitted the AEMR on 27 November 2018.

Environmental incident reporting

There have been no incidents on ML1692 in the audit period. It is noted that the company has a pollution incident response management plan (PIRMP) as all holders of an environmental licence from the EPA must have one. The plan was required as part of the amendments to the *Protection of the Environment Operations Act 1997* (section 153C of the POEO Act and the POEO(G) Regulations). During the audit, the company representatives updated contact details for the Regulator within this document and the PIRMP was amended to also cover EL6616.

Records management

Throughout the audit, company representatives were able to provide most records when requested, but it was apparent that there was no comprehensive records management system in place. A tool should be developed to ensure records are managed, maintained and readily retrievable, and forms part of the overall compliance management system for the site.

Exploration (EL6616)

Work program

Condition 1 of EL6616 requires the licence holder to comply with an approved work program. A work program was approved on 30 October 2017 with an expiry date of 23 August 2019. No exploration drilling, as detailed in the program, was conducted in the audit period due to the company waiting for a response from the Department of Resources and Geoscience in relation to including an additional mineral group to EL6616 (at the time of writing). As a result of this, most of the approved work program activities were unable to be completed, with only marketing studies and some mineralogical studies progressed with respect to Group 1 and 2 only.

The company is aware that it requires a new exploration licence to explore for additional minerals to those in EL6616. The company is in discussions with the department regarding this matter and therefore the approved work program has not progressed from the exploratory drilling perspective. Therefore, this has not been noted as a non-compliance.

Native title

The company advised it has considered whether any Native Title claims cover the area of EL6616. Following the audit, Glenella provided additional information including land title searches to demonstrate that native title has generally been extinguished on EL6616, with the exception of one leasehold property. The company advised that no exploration works have been conducted on this property. A search of department data bases found that EL6616 was largely freehold land and excluded the Lachlan River, a Crown waterway.

Consultation

Condition 3 of EL6616 requires the licence holder to undertake community consultation in accordance with the *Exploration code of practice: Community consultation*. A consultation strategy covering both ML1692 and EL6616 is yet to be finalised. The draft risk assessment rates the project as low risk, which

the auditor agrees with. However, to meet the requirements and adequately manage consultation, the current version of the consultation strategy requires the inclusion of a number of aspects before its finalisation:

- Objectives of the strategy must be listed.
- Further details of each stakeholder need to be provided, including an analysis of all potential stakeholders and potential impacts on each.
- Details on how consultation with stakeholders will be conducted and reference to a log to record consultation undertaken.
- Reference to the regular review of the strategy to ensure it remains current.
- A process for the monitoring, review and response to community feedback, complaints and enquiries, and the assessment of the feedback, complaints and enquiries to identify trends and make adjustments to operations if required.

The failure to comply with the guidelines for the consultation strategy has been noted as **non-compliance 4** ranked as **NC3**.

Only one community consultation report relating to EL6616 was required during the audit period. The report was a reduced consultation report that met requirements, with the exception of the inclusion of contact details – this has been noted as a suggestion for improvement. The company is aware that once the work program begins, a comprehensive consultation report will be required.

Core storage

While there has been no drilling undertaken in the audit period, the company has been responsible for the storage of samples from previous exploration on EL6616. Due to the nature of the drilling undertaken and the nature of the geology of the area, previous drilling resulted in flake samples of sand/gravel composite only, i.e. no core. However, these samples were not adequately stored and has been noted as **non-compliance 5** ranked as **NC3**. Samples were stored in labelled plastic bags that appeared in reasonable condition, but these bags were then kept in larger bags on the floor of a shed, and were torn, with sample bags spilling onto the ground.

Samples require more careful storage in accordance with clause 65 of the Mining Regulation. It requires that samples are '*collected and retained and preserved*' (subclause (a)) and '*as far as is reasonably practicable, preserve the integrity of the sample*' (subclause (d)). The company has advised that no samples have been disposed of and no samples have been requested.

Reporting

All required reporting for the audit period was submitted in accordance with the relevant guidelines. Reports were prepared by a contractor with input from the company and final review by the company. Tracking of reporting requirements for EL6616 is well managed.

Records management

During the audit, all records were easily located when requested, but there appeared to be no comprehensive records maintenance and tracking system in place. The company advised that all records pertaining to EL6616 were maintained at the quarry office and with the company's contracted geologist, and that these have been managed by the company directors.

Following the site inspection/interview component of the compliance audit, the auditor provided preliminary observations/findings, advising the company that this is a suggestion for improvement. While most compliance requirements are being met by the company in relation to EL6616 92, there is a risk in the future that compliance requirements may not be met.

The company has since advised the auditor that it has taken on board these preliminary observations/findings and has contracted a specialist to assist in the development of systems and a 'master file' to include all requisite documentation, checklists, reporting schedules and legislative requirements to better manage its compliance requirements and records management.

Security, rents and levies

Securities rents and levies are all up-to-date. There have been no outstanding payments. The company has systems in place to ensure these are tracked.

Other conditions

As the drilling/exploration activities in the approved work program have not progressed, a large number of the conditions of title are at this stage **not applicable**. While this is the case, there are some systems that are established for the quarry on ML1692, which also cover the exploration activities conducted by the company. Examples of evidence was observed during the audit of effective contractor management, management of chemical, lubricants and fuel, and environmental incident reporting (including the pollution incident response plan for the quarry amended to include EL6616).

Titleholder response to draft audit findings

Glenella was provided with a copy of the draft audit report and invited to submit a response to the draft audit findings. A copy of the response is provided in Appendix 1.

The company did not dispute the audit findings, and provided information in relation to its proposed actions to address the non-compliances raised. Generally, the actions proposed are considered appropriate and will be followed up during future inspections.

In relation to the 'not determined' finding for the issue of extinguishment of native title, Glenella has provided additional information, including land title searches to demonstrate that native title has generally been extinguished on EL6616, with the exception of one leasehold property. The company advised that no exploration works have been conducted on this property.

Based on the information submitted, the auditor considered that there was sufficient information available to determine that Glenella was compliant with the native title condition on EL6616. Accordingly, the final audit report was amended to reflect this.

Audit conclusions

From the evidence reviewed during the audit and observations made on site during the site inspections, it was concluded that Glenella has achieved an acceptable level of compliance with the requirements of its authorisations.

The company has not established adequate systems and processes to adequately identify, manage and regularly review its compliance obligations. Development of these systems would be beneficial in increasing the level of compliance, reducing risk and providing for sustainable and safe management of activities. It is noted that the company, following the 13 February 2019 audit, has advised the auditor of its intent to contract a specialist to ensure adequate comprehensive systems are developed for the quarry and exploration operations.

Five non-compliances, two ranked NC2 and three ranked NC3 are summarised in Table 3. In addition, there are 10 suggestions for improvement detailed in Table 4.

Table 3 Summary of non-compliances

| NON- CONFORMANCE NO. | DESCRIPTION OF ISSUE | RECOMMENDATION |
|----------------------------|---|--|
| ML1692 | | |
| 1 (NC2) | <p>Obligation</p> <p>Condition 2 of ML1692 requires that the titleholder must implement all practicable measures to prevent and/or minimise any harm to the environment that may result from the construction, operation or rehabilitation activities under the ML.</p> <p>For the purposes of this condition: environment means ‘components of the earth, including: land, air and water’</p> <p>Finding</p> <p>There is evidence of erosion in various locations on the site, but there is no evidence of any issues off title because of erosion. The issue has previously been identified and reported to the EPA. This has resulted in the requiring a pollution reduction program (PRP) to be developed by the company.</p> <p>The PRP and the erosion issues are being progressively managed by the company in conjunction with the Regulator and the EPA.</p> <p>The company has committed to a modified MOP to incorporate pollution management measures resulting from erosion.</p> | <p>Continue to work with the Regulator and the EPA to achieve the best measures to prevent and/or minimise any harm to the environment.</p> <p>Ensure that the modified MOP captures relevant aspects of these measures and the PRP.</p> |
| 2 (NC2) | <p>Obligation</p> <p>Condition 3 of ML1692 requires that ‘mining operations must not be carried</p> | <p>Submit a MOP modification ensuring this is road is accurate.</p> |

| NON- CONFORMANCE NO. | DESCRIPTION OF ISSUE | RECOMMENDATION |
|----------------------------|--|--|
| | <p>out otherwise than in accordance with a Mining Operations Plan (MOP) which has been approved by the Director-General.'</p> <p>Finding</p> <p>An unsealed road illustrated on Figure 3 of the MOP on the eastern side of the operation, is in a different location to that on the ground. This road was incomplete, and the company was in the process of constructing and aligning this road to create an exit that would result in a one-way loop through the operations. The company was made aware of this discrepancy with the MOP during a previous site inspection.</p> | |
| <p>3 (NC3)</p> | <p>Obligation</p> <p>Condition 4 of ML1692 requires the annual lodgment of an environmental management report (AEMR).</p> <p>Finding</p> <p>The company failed to submit an AEMR by 22 March 2018. A warning letter was issued to the company (dated 31 October 2018, about seven months after the due date of the report). The warning letter advised that the AEMR was to be submitted by 28 November 2018 or consideration would be given to escalated enforcement action. The titleholder submitted the AEMR on 27 November 2018.</p> | <p>Development of a system that includes the monitoring of reporting due dates and requirements.</p> |

| NON- CONFORMANCE NO. | DESCRIPTION OF ISSUE | RECOMMENDATION |
|----------------------------|--|---|
| EL6616 | | |
| 4 (NC3) | <p>Obligation</p> <p>The licence holder must carry out community consultation in relation to the planning and conduct of activities under this licence in accordance with the <i>Exploration code of practice: Community consultation</i>.</p> <p>To conduct effective consultation a consultation strategy should be developed which meets the components listed in the code.</p> <p>Finding</p> <p>A draft consultation strategy has been developed with some aspects having been omitted.</p> | <p>Review the code requirements against the draft consultation strategy, making sure all aspects of the strategy are included to ensure robust and successful community consultation.</p> |
| 5 (NC3) | <p>Obligation</p> <p>Clause 65 of the Mining Regulation requires that samples are ‘collected and retained and preserved’ (subclause (a)) and ‘as far as is reasonably practicable, preserve the integrity of the sample’ (subclause (d)).</p> <p>Finding</p> <p>Samples are not adequately preserved or stored.</p> | <p>Samples should be better preserved and stored as required by the guideline.</p> |

Table 4 Summary of suggestions for improvement

| SUGGESTIONS FOR IMPROVEMENT NO. | DESCRIPTION OF ISSUE | RECOMMENDATIONS |
|---------------------------------|--|--|
| ML1692 | | |
| 1 | The rehabilitation risk assessment is not regularly reviewed and updated as required to reflect changes in operations or risks to rehabilitation outcomes. | Develop a system that requires regular review of the risks to meeting rehabilitation requirements and commitments and to update the risk assessment and risk management as required to ensure compliance. |
| 2 | Monitoring and reporting of rehabilitation does not consistently meet the commitments in the MOP and appears to be relatively informal. Rehabilitation records do not include enough detail, for example there are insufficient details of rehabilitation methodologies and evidence of rehabilitation activities having been conducted. | A rehabilitation monitoring plan should be developed considering scope and frequency of monitoring, numbering of monitoring locations and use of analogue sites. This plan should include recording of monitoring which may include the use of checklists, photos etc. |
| 3 | There are no systems and processes in place to monitor compliance against the MOP requirements. | Develop a system that includes the monitoring of compliance with commitments and requirements of the MOP. |
| 4 | There is no comprehensive compliance management tracking system in place to manage compliance requirements/ commitments. Nor is there any formal mechanism for internally communicating to staff and contractors of the compliance requirements/ commitments. | Develop a compliance management tool for all compliance requirements/ commitments to manage risk for the operation and allow for continual improvement to the operation. This should also include a formal mechanism to communicate to staff and contractors the compliance requirements/ commitments for the operation. |
| 5 | There is no process for regular review of the risk assessment for the operation | Develop a system that requires regular review of the risks, provides for the |

| SUGGESTIONS FOR IMPROVEMENT NO. | DESCRIPTION OF ISSUE | RECOMMENDATIONS |
|---------------------------------|--|--|
| | to ensure it is updated to remain current. | implementation of updates and for continual improvement. |
| 6 | There is no process for the inspection, monitoring and evaluation of key risk controls of the operation. | Develop a system for the inspection, monitoring and evaluation of key risk controls of the operation which includes: <ul style="list-style-type: none"> ■ documentation of inspections ■ a ‘close out loop’ such that any non-compliances or defects identified can be tracked, addressed and closed out, including timeframes and responsibilities ■ a periodic review and evaluation of monitoring and inspection results to verify controls are effective, or identify any trends in particular issues ■ internal reporting systems using information from this system to inform the decision-making process, and ■ management review on a formal regular basis. |
| 7 | There is no formal system in place to ensure staff, contractor and subcontractors are trained and competent. | Develop a system to ensure competent trained staff, contractors and subcontractors covering operational and environmental requirements, as well as safety requirements, which includes: <ul style="list-style-type: none"> ■ required competencies |

| SUGGESTIONS FOR IMPROVEMENT NO. | DESCRIPTION OF ISSUE | RECOMMENDATIONS |
|---------------------------------|--|--|
| | | <ul style="list-style-type: none"> ■ a skills matrix (competencies and staff/contractors/subcontractors) ■ monitor for training expiry dates and programs requiring re-training, and ■ induction program to address key operational, environmental, and safety risks. |
| EL6616 | | |
| 8 | <p>The annual community consultation report title page must include the author’s name, contact details and position.</p> <p>No contact details were provided on the consultation report submitted during the audit scope period.</p> | <p>Ensure that all requirements of the Exploration code of practice: Community consultation are met.</p> |
| 9 | <p>There is no comprehensive records maintenance/management system in place.</p> | <p>Develop a tool for the management of records to ensure records are managed, maintained and readily retrievable.</p> |
| 10 | <p>There is no comprehensive compliance management tracking system in place, nor has any analysis of compliance risks been undertaken.</p> | <p>Conduct a risk assessment of the potential compliance risks and develop a compliance management tool for all requirements to manage risk for the operation.</p> |

Photographs

Figure 1 View across the operation (facing north)



Figure 2 Quarry pit floor (facing south)



Figure 3 Example 1 of water management structures (western edge facing north)



Figure 4 Example 2 of water management structures (western edge facing south)



Figure 5 Stockpile management



Figure 6 Erosion on northern edge of disturbed area (facing north)



Figure 7 Erosion – no evidence of pollution off site (facing north)



Figure 8 Erosion on road on northern edge of disturbed area (facing north)



Figure 9 Progressive backfill on quarry floor



Figure 10 Rehabilitation on eastern side of operation (facing north)



Figure 11 Rehabilitation on eastern side of operation (facing east)



Figure 12 New exit road on eastern side of operation (facing south)



Appendix 1

Response to draft audit findings

GLENELLA GROUP

8 April 2019

Jenny Ehmsen
Principal Compliance Auditor
Resources Regulator
NSW Planning and Environment
PO Box 344 Hunter Region Mail Centre
NSW 2310

Dear Jenny

Compliance Audit: ML1692 & EL6616 - Glenella Quarry

Thank you for your letter and audit report dated 11th March 2019.

In response to non-compliances, not determined and suggestions for improvements noted in your report, we provide the following information:

Non-compliances

- ML1692
 1. (NC2) - Erosion identified has been rectified in line with a PRP (pollution reduction program) in conjunction with the EPA and a site visit on the 21 March 2019 signed off works completed were accepted. Please see attached email for verification. Please note as per the correspondence that:
U1.1 has been completed as per the email;
U1.2 report has been submitted but am awaiting confirmation of completion;
U1.3 updated soil and water management plan will be supplied as a result of the scheduled review and amendment of the current MOPs which is planned to be completed prior to the 21 June 2019 as per the correspondence.
 2. (NC2) - Progress towards reviewing and progressing an amended MOPs submission is currently underway and will be completed prior to deadline of June 2019. Inspection of the remedial works as part of the PRP needed to be witnessed and appropriately signed off by the EPA to progress with the amended MOPs document.
 3. (NC3) - AMER for this period has been submitted.

Glenella has engaged Andrew Bruem of iOnSUCCESS to assist with record management, compliance and tasking that will include roles and responsibilities and scheduling alerts for ongoing attention in this area as identified.

- EL6616

4. (NC3) - A review of our Community Consultation Strategy has commenced to ensure the necessary aspects identified in the draft audit are met. The non-compliance for the current Consultation Strategy ie: missing author details has been added – please see attachment.
5. (NC3) - Samples have been better preserved and stored. Samples have now been re-stored in sealed containers. Please find photos attached.

6. Not determined
EL6616

Further investigation of Native Title having been extinguished over EL6616 is being undertaken. I have spoken with Sylvia of Native Title Tribunal and was advised if the land is freehold then the Native Title would be extinguished. She suggested I also speak with Jedda Hoffman from the Department. After ringing Jedda, I received a call from Tracey Goodwin and explained the research that had completed. Tracey suggested that I include all information with this report and advised she would do some additional research and come back to me.

Please note that I contacted Hetherington Exploration and Mining Services and was advised that due to the age of original research and turnover in staff they were not able to obtain documents from their archives. I was however able to search my files and have included a portion of report that was conducted in 2001 stating that there were only two areas of potential Native Title. One being the river beds of the Lachlan and Boorowa Rivers and the other being Lot 148 DP 75484. At the time this lot was not freehold but a Perpetual Lease.

Please note that Glenella does not intend to explore within the creek beds of the Lachlan or Boorowa rivers. Please also note that we have not conducted any exploration activities on Lot 148 DP 75484.

Suggestions for improvement
ML1692

- A system for regular risk review of meeting rehab requirements is in initial stages of development
- Scoping for a rehabilitation monitoring plan will be part of the overall system of monitoring and compliance as indicated in 3 above.
- Compliance monitoring of MOP will also be part of the overall system of monitoring and compliance.
- Operational and compliance management tracking system will be part of the identified overall system of monitoring and compliance.
- Risk assessment review will be part of the overall system of monitoring and compliance.
- Operational key risk monitoring and evaluation will be part of the overall system of monitoring and compliance being initiated.
- Competency assessment and training of staff, contractors and sub-contractors will be systemised as part of the overall monitoring and compliance process being developed.
- Noted. Exploration Code of Practice: Community Consultation document will be updated.
- Records management system will be part of a process for continual improvement as indicated in point 4 of this section.

We are encouraged by the process and drafted findings of this audit and we thank you for your assistance.

Yours sincerely,

 