



**NSW  
Resources  
Regulator**

**COMPLIANCE AUDIT PROGRAM**

# **AUTH346 – MAULES CREEK EXPLORATION**

**Aston Coal No. 2 Pty Ltd**

**Document control**

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# Introduction

## Background

Authorisation 346 was granted in February 1984 to explore for Group 9 minerals (coal). It was most recently renewed in November 2016 and is current until 28 February 2021. AUTH346 has an area of 1270 hectares and is about 21 kilometres north-north-east of Boggabri in northern NSW. The Maules Creek Coal Mine is immediately adjacent to the south of AUTH346.

The title is held by Aston Coal 2 Pty Ltd, ICRA MC Pty Ltd, and J-Power Australasia Pty Ltd. Whitehaven Coal Limited is the operator of the title and it has undertaken the exploration activities conducted over the past three years that are the subject of this audit.

There have been three exploration drilling programs approved, totalling 30 boreholes since 2016. These drilling programs have been completed, with rehabilitation completed on most holes.

As part of the compliance audit program, an audit of the exploration activities associated with AUTH346 was undertaken on 6 March 2019.

## Audit objectives

The objectives of the audit were to:

- undertake a compliance audit of the Aston Coal 2 Pty Ltd exploration activities against the requirements of the *Mining Act 1992* and the conditions of the exploration licence and activity approvals issued pursuant to that Act
- assess the operational performance of the Aston Coal exploration activities and the ability of the operator (Whitehaven) to implement management systems and controls to provide for sustainable management of the exploration activities.

## Audit scope

The scope of the audit included:

- the exploration activities undertaken within AUTH346 by Whitehaven including:
  - exploration activities within AUTH346, including a selection of exploration drillholes listed in Table 1

- borehole sealing and rehabilitation activities for selected drilling activities undertaken since January 2016.
- a review of documents and records pertaining to the exploration activities
- the assessment of compliance for the period between 22 January 2016 and 1 March 2019.

*Table 1 Details of selected boreholes*

HOLE NAME	DATE DRILLED	EASTING	NORTHING	BOREHOLE SEALING
MAC300 & MAC300R	5 March 2016	226852.81	6618967.64	Cemented 6 April 2016
MAC301	4 April 2016	228021.47	6620332.67	Cemented 7 April 2016
MAC307	6 July 2016	227933.96	6619667.85	Cemented 8 July 2016
MAC323	21 June 2017	227594.75	6620098.93	Cemented 9 July 2017
MAC319	1 May 2017	226407.75	6619180.05	Cemented 12 May 2017
MAC324	26 June 2017	226534.67	6618921.14	Cemented 27 June 2017
MAC333	13 April 2018	226854.34	6620435.79	Cemented 30 June 2018
MAC343	8 July 2018	226965.23	6619872.72	Cemented 20 July 2018

HOLE NAME	DATE DRILLED	EASTING	NORTHING	BOREHOLE SEALING
MAC341	11 June 2018	226895	6618735	Cemented 19 July 2018
MAC338	7 May 2018	226405.48	6618543.18	Cemented 30 June 2018
MAC357	In progress	228170.00	6617935.00	

## Audit criteria

The audit criteria against which compliance was assessed included:

- *Mining Act 1992*, specifically, Sections 5, 6, 30, 31, 113 to 119, 140, 163C to 163E, 163G, 292E, and 292I
- Mining Regulation 2016, specifically clauses 35, and 59 to 68
- Conditions attached to AUTH346 (granted 28 February 1984 and last renewed 8 September 2016)
- Exploration activities application (ESF4) dated 11 January 2016 and associated approval dated 22 January 2016
- Application to conduct exploration activities (ESF4) dated 21 March 2017 and associated approval dated 3 April 2017
- Application to conduct exploration activities (ESF4) dated 27 February 2018 and associated approval dated 23 March 2018
- *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:*
  - *Exploration reporting: A guide for reporting on exploration and prospecting in NSW (version 2, March 2016)*
  - *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 the interview of site personnel, a review of documentation and samples of records provided by the titleholder and/or operator and a site inspection of the operations to determine the level of compliance of the operations and assess the status of the operational performance. The audit process and methodology are described in more detail in the sections below.

## Document review

Documentation associated with the exploration activities on AUTH346 was reviewed by the auditor. This involved a review of the following documentation as per tables 2 and 3.

Table 2 Exploration activity approval documentation

ACTIVITY APPLICATION	DESCRIPTION	ACTIVITY APPROVAL	RCE APPLICATION	REHABILITATION SIGNOFF
INW16/961/DOI 11 February 2016	9 partly cored boreholes	OUT16/1762/DOI 22 January 2016	DOC18/849787 7 November 2018	DOC18/858064 23 November 2018
INW17/15398/DOI 21 March 2017	7 partly cored boreholes	OUT17/13300/DOI 3 April 2017	INW18/15/DOI 22 December 2017	OUT18/737/DOI 15 January 2018
INW18/5722/DOI 27 February 2018	12 drill holes	OUT18/3969/DOI 23 March 2018	DOC18/905559 21 November 2018	DOC19/312349 9 April 2019

Table 3 Documents required by licence conditions

CONDITION NO./DESCRIPTION	2016	2017	2018
Work program	OUT16/16221/DOI Approved 6 May 2016	INW17/25377/DOI Submitted 4 May 2017	DOC19/25806 Submitted
Environmental and rehabilitation compliance report	INW16/16587/DOI Submitted 26 February 2016 Approved 27 April 2016	INW17/25438/DOI Submitted 9 March 2017 Approved 12 July 2017	Submitted 28 March 2018
Community consultation report	Submitted 27 March 2016	Submitted 28 March 2017	Submitted 22 March 2018
Annual exploration report	Submitted 24 March 2016	Submitted 27 March 2017	Submitted 22 March 2018

## Opening meeting

The opening meeting was held onsite at the Whitehaven Gunnedah office at 8.30am on 6 March 2019.

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

It was stated that the audit team would interview personnel, review documentation, 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 provided following the site visit.

All information obtained during the audit process was verified by the audit team 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 was identified in the audit findings as not determined.

### Site inspections

A site inspection was undertaken comprising the following elements of the exploration activities:

- Core and chip sample storage at Teston Lane property and at Boggabri core storage shed
- MAC301 (Site E302) – hole grouted and rehabilitated
- MAC307 (Site E305) - hole grouted and rehabilitated
- MAC323 (Site E409) - hole grouted and rehabilitated
- MAC343 (Site MC18\_N03) - hole grouted and rehabilitated
- MAC300 (Site E297) - hole grouted and rehabilitated
- MAC341 (Site MC18\_N06) - hole grouted and rehabilitated
- MAC338 (Site MC18\_N08) - hole grouted and rehabilitated
- MAC324 (Site E438) - hole grouted and rehabilitated
- MAC319 (Site E415) - hole grouted and rehabilitated
- MAC333 (Site MC18\_N01) - hole grouted and rehabilitated

Drill hole MAC357 (Site E406) was not inspected during the audit because drilling had recently been completed, but rehabilitation had not yet been undertaken.

## Closing meeting

The closing meeting was held onsite at Whitehaven Gunnedah office, at 2pm on 6 March 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 in Table 4.

Table 4 Audit assessment categories

ASSESSMENT	CRITERIA
<b>Compliant</b>	Sufficient and appropriate evidence is available to demonstrate the particular requirement has been complied with.
<b>Non-compliant</b>	<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><b>NC1</b> – the absence of planning or implementation of a required operational element which has the potential to result in a significant risk</p> <p><b>NC2</b> – an isolated lapse or absence of control in the implementation of an operational element which is unlikely to result in a significant risk</p> <p><b>NC3</b> – an administrative or reporting non-compliance which 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>
<b>Observation of concern</b>	<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>

ASSESSMENT	CRITERIA
<b>Suggestion for improvement</b>	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.
<b>Not determined</b>	<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"> <li>■ insufficient information on the file relating to the period covered by the audit or insufficient evidence collected to reach a conclusion</li> <li>■ the wording on the criteria (approval condition) meant that no evidence could be gathered, or it was too difficult to gather the evidence.</li> </ul> <p>A ‘not determined’ assessment was also made where the condition was outside the scope of the audit.</p>
<b>Not applicable</b>	<p>The circumstances of the authorisation or titleholder have changed and were 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, the 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 in relation to the exploration activities and identify any non-compliances or observations of concern noted by the auditors during the site inspections and interviews.

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

## Audit findings

### Previous compliance history

A review of records showed an alleged non-compliance for late payment of rents and levies in 2018. This was investigated by the Regulator and the allegation was not sustained. Evidence was provided by the company to show that rents and levies were paid by the due date and no further action was required.

### Operational control

#### Work program

Condition 1 of the conditions of title for AUTH346 requires the licence holder to carry out the operations described in the approved work program. Whitehaven is the operator of the title and has undertaken the exploration activities. The work program submitted by Whitehaven with the 2016 renewal application and approved in November 2016 included a ground magnetic survey over the eastern half of the authorisation. The revised work program submitted with the first annual activity report included drilling of eight partly cored HQ boreholes to follow up from the drilling program in progress at the time of the renewal. The magnetic survey was put on hold to coincide with a survey over CL375. Year two of the revised work program (2018) included the drilling of 13 additional HQ cored boreholes. Drilling of these holes has been completed and generally, the work program appears on track.

#### Exploration activity approvals

Section 23A of the Mining Act requires the holder of an exploration licence to obtain an activity approval before carrying out assessable prospecting operations. Generally, Whitehaven has submitted applications for activity approval and been granted activity approvals for the exploration activities undertaken.

Activity approval OUT16/1762 for nine partly cored boreholes was granted on 22 January 2016. During the audit site inspection, it was noted that site E305 on the application appears to be about 80 metres further west than the location of corresponding drilled hole MAC307, but in a similar cleared paddock area closer to the fenceline. There was no evidence of a variation to the activity approval, however, there was no greater impact from the relocated hole. It was noted that rehabilitation of all nine of these holes was approved in January 2018.

Activity approval OUT17/13300 for seven boreholes was granted on 3 April 2017. The exploration report submitted in March 2018 showed eight boreholes had been drilled. Site E438 (MAC324) does not appear to have approval because it was not identified on the original ESF4 and no evidence of a modification or additional approval was found. This is raised as **non-compliance No. 1** and is ranked **NC3**. Failure to obtain approval for the additional drill hole is a breach of Section 23A of the Act. It was noted that rehabilitation of all eight of these holes was approved in January 2018.

Activity approval OUT18/3969 was granted on 28 March 2018 for 12 boreholes. Drilling of an additional hole was approved by the Regulator in January 2019. Drilling of 13 holes was completed in March 2019 and an application for rehabilitation completion (ESF2) has been lodged for 10 of the holes and is currently under assessment by the Regulator.

It was noted that Auth346 has a depth restriction to 20 metres. CL375 (held by the same titleholder) underlies Auth346 with depth restriction from 20 metres to 900 metres. Therefore, technically Auth346 does not have entitlement to drill to the depths drilled. Despite this, all three exploration activity approvals since 2016 have been incorrectly submitted and issued under Auth346. The drilling should have been approved under CL375, through an amendment to the approved MOP process. This is raised as **observation of concern No. 1**. Whitehaven should ensure that future exploration activities are undertaken under CL375.

## Environmental management

Environmental management obligations are contained in the *Exploration code of practice: Environmental management* and in the activity approval applications submitted by Whitehaven, describing how the exploration activities are to be carried out. An assessment of compliance against the code of practice and the activity approval documentation was undertaken during the audit. Key findings from this assessment are discussed below.

Whitehaven undertakes a broad-brush risk assessment for the exploration activities, which is reviewed every two to three years. Controls to manage identified risks are included in the risk assessment. Drilling was not in progress at the time of the audit, therefore not all the identified risk controls could be verified.

Clearing for drilling activities has been minimised through careful siting of exploration boreholes. It was observed that the exploration manager has sited all the holes in the three programs inspected as part of the audit, in existing, cleared and previously disturbed paddocks (Figures 1, 2, 3 and 4). Generally, the holes have been sited adjacent to an existing track or along fence lines to minimise impacts on and interference with the use of the paddocks.

*Figure 1 Site E302 (Borehole MAC301) drilled in a cleared paddock and rehabilitated*



*Figure 3 Site MC10\_N03 (Borehole MAC343) drilled in a cleared paddock and rehabilitated*



*Figure 2 Site E305 (Borehole MAC307) drilled in a cleared paddock and rehabilitated*



*Figure 4 Site MC\_N01 (Borehole MAC333) drilled at the edge of a cleared paddock and rehabilitated*





The sites inspected were generally flat, with no specific requirements for erosion and sediment control. No evidence of erosion or sedimentation was observed at any of the sites inspected.

No new tracks were required for the drilling undertaken because siting of drill holes considered the location of existing tracks. During the site inspection, drill holes were accessed using existing tracks and no evidence of excessive track development was observed.

A cultural heritage assessment was done on the first drilling program, but because all sites are in previously disturbed areas (i.e. cleared paddocks), only AHIMS searches have been conducted for the second and third drilling programs. This is consistent with the *Due diligence code of practice for the protection of Aboriginal objects in NSW*. During the audit site inspection, areas containing Aboriginal cultural heritage items were observed to have been fenced and sign posted to protect them.

## Community consultation

Condition 3 of AUTH346 requires the licence holder to carry out community consultation in relation to the planning and conduct of exploration activities. This consultation is required to be carried out in accordance with the *Exploration code of practice: Community consultation*. The activity impact level was assessed by Whitehaven to be low under the provisions of Table 2 of the code. The auditor concurs with this assessment.

Community consultation for exploration works is undertaken through the Maules Creek Mine Community Consultative Committee, in accordance with the community consultation strategy developed for the Maules Creek Mine. This strategy generally meets the code of practice requirements. There has been no separate consultation strategy developed specifically for the exploration works on AUTH346. Whitehaven has a strategy and consultation team in Gunnedah and the exploration manager liaises with the team in relation to exploration activities as required.

No complaints have been reported in relation to the exploration activities, however there have been some enquiries that are generally addressed through the Maules Creek Community Consultative Committee.

## Core and sample storage

Section 163G of the Mining Act and clause 65 of the Mining Regulation prescribe the requirements for the collection, retention and preservation of cores and samples from exploration activities. Core and sample storage for AUTH346 is undertaken at a property on Teston Lane near Maules Creek, as well as at the Whitehaven Boggabri core storage facility. Both were inspected during the audit. Generally, cores and samples were adequately labelled and stored in modular plastic core trays or chip sample trays (refer to figures 5 and 6).

Figure 5 Labelled modular plastic core trays for borehole MAC343 at the Teston Lane storage facility



Figure 6 Example of core for borehole MAC333



Preservation of sample integrity was generally achieved through storing the trays in a building or under a covered awning. Samples stored outdoors, at the Teston Lane facility, were generally observed to be covered with an empty core tray to minimise adverse weather effects. (refer to figure 7).

Figure 7 Core tray 'lids' on core stored outdoors at Teston Lane



## Records management

General requirements for record-keeping are identified in Sections 163D and 163E of the Mining Act and Condition 8 of the conditions of title. Specific requirements for the types of records to be maintained are detailed in the mandatory requirements of the exploration codes of practice.

It was observed that the exploration manager maintained well organised electronic records. Folders were maintained for each drill hole. These folders contained the drilling records, cementing records, photographs etc for that hole. A Microsoft Access database was maintained that detailed all the tenements and provided weekly reporting to identify when tenements were due for renewal, when rents and levies were due and when exploration reporting was due.

## Reporting

### Exploration reporting

The 2016 annual geoscientific report was submitted under the previous exploration licence conditions. It was noted to be generally consistent with the exploration reporting guidelines and was accepted as satisfactory.

Both the 2017 and 2018 annual activity reports were submitted pursuant to condition 10 of AUTH 346 and in accordance with the requirements of *Exploration guideline: Annual activity reporting for prospecting titles* (March 2016). These annual activity reports included the standard requirements of a community consultation report, an environmental rehabilitation and compliance report, a work program and a geological report. It was noted that the 2017 report was submitted 27 days late (being due 28 March 2017 but received 24 April 2017), however there was no evidence that any enforcement action was undertaken.

All reports were noted to be generally in accordance with the relevant reporting guidelines and were accepted as satisfactory by the Regulator.

## Community consultation reporting

Community consultation reporting in accordance with the requirements of the code of practice was undertaken for both the 2016 and 2017 reporting years. The reports follow the standard template for reporting. Both reports identified no specific exploration community consultation, other than through the Maules Creek Mine community consultative committee. For both reporting periods, there was no specific engagement of either Narrabri Council or state government agencies, but these organisations are represented on the committee. It was noted that both reports identified the drilling undertaken within the reporting period. Whitehaven owns the freehold land within A346, but reported that it does liaise with leaseholders during exploration works.

The 2016 and 2017 reports were reviewed and deemed to be adequate. The 2018 report was due in March 2019.

## Rehabilitation

Condition 6 of the conditions of title requires the licence holder to carry out rehabilitation of all disturbances caused by activities carried out under the licence in accordance with the requirements of Part B of the *Exploration code of practice: Rehabilitation*. Mandatory requirement No. 2 of the code requires that rehabilitation objectives and completion criteria be developed and submitted to the Secretary no later than 14 days before the commencement of any surface disturbance. Whitehaven did develop rehabilitation objectives and completion criteria for the exploration activities that were included in each application for rehabilitation sign off (Form ESF2). There was no evidence that these had been submitted to the Regulator before drilling commenced, as required by the code of practice. This was raised as **non-compliance No. 2** and is ranked NC3. Failure to submit the rehabilitation objectives and completion criteria is a breach of Condition 6 of the title and as such could be considered an offence against S378D of the Mining Act.

Whitehaven should ensure that rehabilitation objectives and completion criteria are submitted before any future surface disturbances occur, as required by the code of practice.

Applications using Form ESF2 have been submitted for rehabilitation completion for each of the three drilling programs. For the 2016 and 2017 programs, the Regulator has provided written formal confirmation that rehabilitation has been successful. The 2018 ESF2 application is being processed by the Regulator and was signed off at the time of writing. It was noted that the 2018 ESF2 application had included an assessment against the objectives and completion criteria as part of the submission. This was verified for the sites inspected during the audit. No issues of concern were identified.

The primary mechanism for rehabilitation monitoring is visual inspection and maintaining a photographic record. Examples of the photographic records for the drill holes inspected were reviewed by the audit team.

## Titleholder response to draft audit findings

Whitehaven 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 response from Whitehaven addressed the two alleged non-compliances as follows:

- Non-compliance 1 – *the ESF4 submitted and approved, included the total surface disturbance of 0.8 hectares (nine pads approximately 30 metres x 30 metres) with existing tracks used for site access (question 11.3).*

While the ESF4 did indicate nine pads in Question 11.3, the answer to Question 11.1 clearly states that the proposed activity consists of non-intensive drilling of seven (7) partly cored boreholes. Eight holes were actually drilled. No further evidence of approval was provided, therefore the non-compliance stands.

- Non-compliance 2 – *The ESF4 submission included rehabilitation objectives and completion criteria that were considered to be proportionate to the disturbance activities, in the answers to question 11.*

Basic information on rehabilitation was noted to be included in the ESF4 submitted, but this information did not meet the mandatory requirements of Part B of the *Exploration code of practice: Rehabilitation*. It is acknowledged that rehabilitation objectives and completion criteria were developed and used to assess the rehabilitation and were included in the *ESF2 Rehabilitation Completion and/or Review of Rehabilitation Cost Estimate* submission. However, they were not submitted to the Regulator at least 14 days before the commencement of any surface disturbance. Therefore, the non-compliance stands.

## Audit conclusions

From the evidence reviewed during the audit, and observations made on site during the audit site inspections, it is concluded that Whitehaven has achieved a high level of compliance with the requirements of the exploration licence and exploration activity approvals in relation to exploration activities undertaken.

Two non-compliances ranked NC3 and one observation of concern were noted by the auditor as summarised in Table 5 and Table 6 below.

Table 5 Summary of non-compliances

NON-COMPLIANCE NO.	DESCRIPTION OF ISSUE	RECOMMENDATION
1 (NC3)	<p>Whitehaven submitted an exploration activity approval application (ESF4) for seven boreholes that was granted by the Regulator on 3 April 2017 (OUT17/13300). The exploration report submitted in March 2018 showed eight boreholes were drilled. Site E438 (MAC324) does not appear to have approval because it was not identified on the original ESF4 and no evidence of a modification or additional approval was found in department records.</p> <p>Failure to obtain approval for the additional drill hole is a breach of Section 23A of the Act.</p>	Whitehaven should ensure that additional approvals or modifications are sought where there are changes to approved exploration activities.
2 (NC3)	<p>Rehabilitation objectives and completion criteria were developed and were included in each ESF2 application for rehabilitation sign off. There was no evidence that these had been submitted to the Regulator before drilling commenced, which is a mandatory requirement of the <i>Exploration code of practice: Rehabilitation</i>. Failure to submit the rehabilitation objectives and completion criteria is a breach of Condition 6 of the title.</p>	Whitehaven should ensure that rehabilitation objectives and completion criteria are submitted before any surface disturbances occur as required by the <i>Exploration code of practice: Rehabilitation</i> .

NON-COMPLIANCE NO.	DESCRIPTION OF ISSUE	RECOMMENDATION
	As such, could be considered an offence against S378D of the Mining Act.	

*Table 6 Summary of observations of concern*

OBSERVATION OF CONCERN NO.	DESCRIPTION OF ISSUE	RECOMMENDATION
1	It was noted that Auth346 has a depth restriction to 20 metres. CL375 (held by the same titleholder) underlies Auth346 with depth restriction from 20 metres to 900 metres. Therefore, technically Auth346 does not have entitlement to drill to the depths drilled. Despite this, all three exploration activity approvals since 2016 have been incorrectly submitted and issued under Auth346. The drilling should have been approved under CL375, through an amendment to the approved MOP for CL375.	Whitehaven should ensure that future exploration activities are undertaken under CL375.

# Appendix 1

## Titleholder response to draft audit findings

**From:** Benjamin Thompson  
**To:** [Jenny Ehrman](#)  
**Cc:** [Megan Hobbs](#)  
**Subject:** RE: Maules Creek Exploration Activities Audit (AUTH346)  
**Date:** Friday, 26 April 2019 12:21:40 PM  
**Attachments:** [image003.png](#)  
[image004.jpg](#)  
[image001.png](#)

Jenny

Please see below comments in relation to the findings in the draft report for the 6 March 2019 audit of AUTH346 exploration activities.

Non-Compliance No.	Description of Issue	Recommendation	Comment
1 (NC3)	Whitehaven submitted an exploration activity approval application (ESF4) for seven boreholes which was granted by RR on 3/4/2017 (OUT17/13300). The exploration report submitted in March 2018 showed eight boreholes were drilled. Site E438 (MAC324) does not appear to have approval because it was not identified on the original ESF4 and no evidence of a modification or additional approval was found in departmental records.	Whitehaven should ensure that additional approvals or modifications are sought where there are changes to approved exploration activities.	The ESF4 submitted and approved also included the total surface disturbance of "0.8 hectares (nine pads approximately 30x30 metres) with existing tracks utilized for site access" (question 11.3).
2 (NC3)	Rehabilitation objectives and completion criteria were developed and were included in each ESF2 application for	Whitehaven should ensure that rehabilitation objectives and completion criteria are submitted prior to any surface	The ESF4 submission(s) included rehabilitation objectives and completion criteria, that were considered to be proportionate to the disturbance activities, in the answers to question 11.



	rehabilitation signoff. There was no evidence that these had been submitted to RR prior to drilling commencing which is a mandatory requirement of the Exploration Code of Practice: Rehabilitation.	disturbances occurring as required by the code of practice.	
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<b>Observation of Concern No.</b>	<b>Description of Issue</b>	<b>Recommendation</b>	<b>Comment</b>
1	It was noted that Auth346 has a depth restriction to 20m. CL375 (held by the same titleholder) underlies Auth346 with depth restriction from 20m - 900 m. Therefore, technically Auth346 does not have entitlement to drill to the depths drilled. Despite this, all three exploration activity approvals since 2016 have been incorrectly submitted and issued under Auth346. The drilling should have been approved under CL375, through the MOP process.	Whitehaven should ensure that future exploration activities are undertaken under CL375.	The prospecting operations on the surface are also targeting minerals within AUTH346 and therefore an activity approval is required for AUTH346.  Whitehaven are currently investigating whether the MOP includes these activities currently.

Regards

**Benjamin Thompson**

Senior Mine Geologist

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**From:** Jenny Ehmsen <jenny.ehmsen@planning.nsw.gov.au>  
**Sent:** Tuesday, 9 April 2019 10:34  
**To:** Benjamin Thompson <benthompson@whitehavencoal.com.au>  
**Cc:** Megan Hobbs <megan.hobbs@planning.nsw.gov.au>  
**Subject:** Maules Creek Exploration Activities Audit (AUTH346)

Hi Ben

Following on from the recent audit of exploration activities on Auth346, please find attached a covering letter and copy of the draft audit report for your review.

Regards

Jenny

**Jenny Ehmsen**  
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