

TABLE 1: PROJECT APPROVAL 10_0161: NON-COMPLIANCES & RESPONSES

CLAUSE NUMBER	COMPLIANCE CONDITION	COMMENT/FINDING	RECOMMENDATION	RESPONSE
SCHEDULE 2- ADMINISTRATION CONDITIONS				
COMMUNITY TRUST				
14	The Proponent shall pay WSC \$0.035 for each tonne of ROM coal produced by the project for the purpose of improving public infrastructure and the provision of community projects for the communities of Summerland Point, Gwandalan, Chain Valley Bay and Mannering Park. These payments shall be:	A cost code in the Pulse Mining system, is used to allocate funds which are accrued monthly. The master production spreadsheet was reviewed during the audit and indicated a year-to-date figure (Jan-Sept 2012) of 614,250 tonnes. This equates to a community trust payment of \$21,498.75. The fund contribution sheet indicated the figure for the same period was \$18,455.93. This discrepancy was noticed by the Accountant who had only taken over management of the spreadsheet and fund less than one week prior to the audit. The Accountant indicated that she had not yet investigated the discrepancy in any detail, however she planned to do a complete audit of the figures in the coming weeks to ensure consistency and accuracy.	Complete an audit of production figures and community fund calculations for 2012 to determine the source of discrepancy between production figures and the accrued amount in accounts figures. Improvement Observation Consider developing a documented procedure/flowchart for the calculation of community fund accruals to ensure consistency in determining production figures and fund contributions.	LakeCoal is aware and has budgeted for the contribution of \$0.035 per tonne of ROM coal produced. Consistent with this, costs were being accrued in preparation for the payment, however as identified the accrual was incorrect. While this is being addressed, it is not considered this is a material issue as ultimately the payment to the fund would be calculated and paid based on the total annual production, not simply based on accrued costs.



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SCHEDULE 3- ENVIRONMENTAL PERFORMANCE CONDITIONS				
SUBSIDENCE				
Extraction Plan				
6 (m)	(m) a Spontaneous Combustion Management Plan, prepared in consultation with DRE;	The Spontaneous Combustion Management Plan (July 2012) has been developed. Evidence of consultation with DRE in the development of this plan was not sighted.		The Spontaneous Combustion Management Plan is required as part of the Extraction Plan (Condition 6), however in the notes to Condition 6 it states; "An SMP that is approved by DRE prior to 31 December 2011 is taken to satisfy the requirements of this condition". As the Colliery had an approved SMP (Subsidence Management Plan) dated 27 th July 2011, it is not considered necessary that this Spontaneous Combustion Management Plan be prepared in consultation with DRE. LakeCoal will however prepare any future Spontaneous Combustion Management Plan in accordance with the requirements of the Extraction Plan in consultation with DRE. In addition, MDG 1006: Spontaneous Combustion Management Guideline, published by Industry and Investment NSW (now DRE) was used as a reference when developing the Spontaneous Combustion Management Plan.

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NOISE				
Noise Impact Assessment Criteria				
9	<p>The Proponent shall ensure that the noise generated by the project does not exceed the criteria in Table 3 at any residence on privately-owned land or on more than 25 percent of any privately-owned land.</p> <p><i>Notes:</i></p> <ul style="list-style-type: none"> • To interpret the locations referred to in Table 3, see the appropriate figure in Appendix 3; • Noise generated by the project is to be measured in accordance with the relevant procedures and exemptions (including certain meteorological conditions) of the INP; and • Criteria applicable to a particular parcel of land are those criteria for the nearest specified location in Table 3. 	<p>A noise assessment has been undertaken for the vent fan by EMGA which identifies the fan sound level of the new extraction system is quieter than the old system. However, attended monitoring has not been undertaken to confirm that noise levels meet the required criteria. Attended noise monitoring and noise audit reporting is proposed to be undertaken in November 2012, after this audit is complete.</p>	<p>Attended noise monitoring must be completed.</p>	<p>LakeCoal had commissioned Global Acoustics to undertake the attended monitoring for the Colliery in accordance with the approved Noise Management Plan.</p> <p>This attended noise monitoring will be undertaken quarterly throughout the life of the project, with Global Acoustics commissioned to undertake the first 12 months of monitoring.</p>
Operating Conditions				
10 (b)	<p>(b) regularly assess the noise monitoring and meteorological data and relocate, modify, and/or stop operations on site to ensure compliance with the relevant conditions of this approval;</p>	<p>Continuous real time noise monitoring and regular assessment of meteorological data is carried out - however at this stage, metrological data is only reviewed on a monthly basis. Relevant Conditions are set out in Tables 3 and 4 of the Approval, and in the approved Noise Management Plan.</p>	<p>CVC should obtain more frequent access to meteorological data to allow for modification of work activities in accordance with this Clause if required.</p>	<p>Access to a nearby weather station is now available enabling LakeCoal to directly view data in real time via a web browser interface.</p>

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10 (c)	(c) minimise the noise impacts of the project during temperature inversions;	Temperature inversions are not identified from meteorological monitoring, however it is acknowledged that standard meteorological equipment (including the meteorological station at Mannering Park providing data for CVC) will not provide this data. The lack of inversion data may give insufficient time to make changes to site operations to minimise noise impacts during inversion events.	The Approval requires CVC to achieve the INP lapse rate assessment and modify the operations when inversion conditions were present. It is the understanding of the auditor that there are very few meteorological stations in NSW which would meet this requirement of the INP due to the height of the mast required for monitoring. In addition, it is considered highly unlikely that local government approval would be granted for a 60m high tower in Chain Valley Bay. CVC should liaise with EPA to seek exemption from the requirement to carry out direct measurement of temperature lapse rate as per the INP. Suitable surrogate criteria should be developed to achieve similar results (AECOM in the EA identifies that this is a relatively frequent occurrence.)	LakeCoal has provided comments to the EPA relating to the EPL variation currently occurring. In response to this the EPA has inserted a condition in the draft licence which states "Stability category temperature inversion conditions are to be determined by the sigma-theta method referred to in Part E4 of Appendix E of the NSW Industrial Noise Policy (EPA 2000)". LakeCoal will be able to comply with this requirement. It is also noted that the real-time noise monitoring system, as currently in place, has alerts set based on a noise level trigger. These alerts are reviewed and actioned if the noise source is determined to be directly attributable to the operation. Just as the noise trigger is applied irrespective of the meteorological conditions, so are the management responses mechanisms. As a consequence, noise impacts are automatically minimised under inversion conditions.
10 (e)	(e) carry out a comprehensive noise audit of the project in conjunction with each independent environmental audit; and	Noise assessments for the project were due to be carried out in Nov 2012, and the findings, in the form of an audit report will be subsequently delivered. However, the noise audit had not been completed at the time of this audit.	CVC should complete the planned noise audit to comply with this condition.	LakeCoal has commissioned the noise audit and is awaiting the resultant report. A copy of the final report will be provided to the Department on receipt.

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Noise Management Plan				
11 (c)	(b) describe the measures that would be implemented to ensure compliance with the relevant conditions of this approval;	<p>The noise management measures and further investigations to reduce noise impacts of the works are provided in the NMP.</p> <p>The site is not identifying temperature inversion conditions, in non-compliance with the requirement to achieve INP noise environmental conditions.</p>	<p>The Approval requires CVC to achieve the INP lapse rate assessment and modify the operations when inversion conditions were present.</p> <p>It is the understanding of the auditor that there are very few meteorological stations in NSW which would meet this requirement of the INP due to the height of the mast required for monitoring. In addition, it is considered highly unlikely that local government approval would be granted for a 60m high tower in Chain Valley Bay.</p> <p>CVC should liaise with EPA to seek exemption from the requirement to carry out direct measurement of temperature lapse rate as per the INP. Suitable surrogate criteria should be developed to achieve similar results (AECOM in the EA identifies that this is a relatively frequent occurrence.)</p>	See response to Condition 10 (c), Schedule 3.



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AIR QUALITY AND GREENHOUSE GAS				
Air Quality Assessment Criteria				
15	The Proponent shall ensure that all reasonable and feasible avoidance and mitigation measures are employed so that particulate matter emissions generated by the project do not exceed the criteria listed in Tables 5, 6 or 7 at any residence on privately-owned land or on more than 25 percent of any privately-owned land.	There have been no air quality exceedances. The CVC Best Management Practice Air Quality Assessment has been prepared by PAE Holmes PL and LakeCoal. The colliery undertakes depositional dust sampling at four sites currently (fifth site to be installed Nov 2012). The colliery does not currently undertake volumetric sampling for dust. Consultation with OEH has been sought on the Best Management Practice Air Quality Assessment document.	Air quality sampling using a volumetric sampler (RTD01) and one depositional dust monitoring point (DDG05) should be installed and made operational.	The fifth depositional dust gauge has been installed subsequent to the audit. An order was placed for the supply and installation of the real time volumetric sampler in November 2012, with the monitor now built and ready for installation. LakeCoal has been in discussions with local land owners and Wyong Shire Council regarding a suitable site for the monitor. The most suitable location identified is within the Mannering Park Wastewater Treatment Facility, and discussion with Council to pursue installation at this site is ongoing. LakeCoal is committed to installing the volumetric sampler as soon as possible however delays obtaining landowner consent have taken longer than expected.
Air Quality and Greenhouse Gas Management Plan				
17 (c)	(c) include an air quality monitoring program, that: <ul style="list-style-type: none"> · uses a combination of volumetric sampling and dust deposition gauges to evaluate the performance of the project; · monitors greenhouse gas emissions, particularly methane; and · includes a protocol for determining exceedances with the relevant conditions of this approval; 	An air quality monitoring program is included in the plan. The volumetric sampler is programmed for installation in late 2012, however, it was not installed at the time of the audit. Greenhouse gases are continuously monitored within the mine, and reported through the Citect system - this includes warnings for site when trigger levels of mine gases are exceeded.	Air quality sampling using a volumetric sampler (RTD01) and one depositional dust monitoring point (DDG05) should be installed and made operational.	See response above to Condition 15, Schedule 3.

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METEOROLOGICAL MONITORING				
18 (a)	(a) complies with the requirements in the <i>Approved Methods for Sampling of Air Pollutants in New South Wales</i> guideline; and	The audit was unable to confirm that the Mannering Colliery meteorological station complies with the requirements in <i>Approved Methods for Sampling of Air Pollutants in New South Wales</i> guidelines. It was reported that no verification has been sought from Mannering Colliery.	Seek clarification from Mannering Colliery or install a meteorological station that complies with the requirements in <i>Approved Methods for Sampling of Air Pollutants in New South Wales</i> guidelines.	The equipment complies with AM2 and AM4 but siting does not comply with AM1 due to proximity of vegetation. AM1 would be extremely difficult for anyone to comply with in the Lake Macquarie region in close proximity to the Colliery. For example, AM1 would require 100m distance between a 10m tall tree and the weather station. Given the vegetation in the vicinity of the site, this is not practical to comply with. Further, it is noted that the EPA, who developed the guideline, are in a similar position for some of their air quality monitoring sites, noting on their website that a number of these monitoring locations do not comply due to proximity of trees. LakeCoal will provide a similar disclaimer on any data published.
18 (b)	(b) is capable of continuous real-time measurement of temperature lapse rate, in accordance with the <i>INP</i> .	Correspondence from Colin Davies at Carbon Based indicates that the meteorological station does not comply with the <i>INP</i> (the mast is only 10m high and measures a lapse rate over 2 to 10m so does not comply with <i>INP</i> for temperature lapse rate monitoring which requires a 60m mast). It is the understanding of the auditor that there are very few meteorological stations in NSW which would meet this requirement of the <i>INP</i> . In addition, it is considered highly unlikely that local government approval would be granted for	The Approval requires CVC to achieve the <i>INP</i> lapse rate assessment and modify the operations when inversion conditions were present. It is the understanding of the auditor that there are very few meteorological stations in NSW which would meet this requirement of the <i>INP</i> due to the height of the mast required for monitoring. In addition, it is considered highly unlikely that local government approval would be granted for a 60m high tower in Chain Valley Bay. CVC should liaise with EPA to seek	See response to Condition 10 (c), Schedule 3.

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		a 60m tower in Chain Valley Bay.	exemption from the requirement to carry out direct measurement of temperature lapse rate as per the INP. Suitable surrogate criteria should be developed to achieve similar results (AECOM in the EA identifies that this is a relatively frequent occurrence.)	

TRANSPORT

Maintenance of Ruttleys Road and Scenic Drive

24	<p>Throughout the life of the project, the Proponent shall contribute an amount to fund the maintenance of local roads proportionate to the wear and tear of those roads caused by traffic generated by the colliery's operations and in accordance with road maintenance agreement(s) to be negotiated between the Proponent and WSC. The local roads to be covered by agreement(s) are:</p> <p>(a) Ruttleys Road from the Pacific Highway intersection to Construction Road; and</p> <p>(b) Scenic Drive from Pacific Highway intersection to Coal Plant Road (if coal is proposed to be trucked from the colliery to the Munmorah Power Station).</p> <p>Each agreement is to take into consideration a Dilapidation Report, prepared at the Proponents cost, covering the relevant sections of road and must include a method for determining reduced pavement life on the road section that is attributable to traffic generated by the colliery's operations.</p>	<p>CVC was in the process finalising an agreement with Wyong Council for road maintenance on sections of Ruttleys Road at the time of the audit. A Draft Road Maintenance Agreement is dated 5/10/12, and has been sent to council for review. It was reported that a Dilapidation Report was commissioned from Lyle Marshall & Associates on 19/6/12 however the audit is yet to be completed as the auditor is waiting on information from council. An additional agreement will be required for Scenic Drive if coal is to be transported to Munmorah Power Station. The Road Maintenance Agreement cannot be finalised until the Dilapidation Report is completed. Funds for road maintenance will not be allocated/provided until the agreement is in place.</p>	<p>The Road Maintenance Agreement for Ruttleys Road must be completed.</p>	<p>The Ruttleys Road dilapidation report has been completed and provided to Wyong Shire Council along with a finalised copy of a recommended road maintenance agreement for review by Council.</p> <p>On the 13/2/13 LakeCoal had received advice from Council stating that comments had not been received from all internal stakeholders but that the initial comments received had been positive and accordingly finalisation should occur fairly quickly.</p>
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	The road maintenance agreement for Ruttleys Road must be finalised within seven months of the date of this approval. The Dilapidation Report for Scenic Drive must be completed prior to recommencing coal haulage to Munmorah Power Station. The road maintenance agreement for Scenic Drive must be finalised within six months of any recommencement of coal haulage to Munmorah Power Station.			
SOIL AND WATER				
NOTE	<i>Note: Under the Water Act 1912 and/or the Water Management Act 2000, the Proponent is required to obtain all necessary water licences for the project.</i>	A Groundwater Extraction Licence is being sought by CVC for the site. This is with NSW Office of Water to finalise, but is a current non-compliance as the current dewatering of the mine requires a licence.	The groundwater extraction licence is to be obtained by CVC to ensure compliance with this clause for current dewatering of the mine.	17 months after an application was lodged, on the 12 th March 2013 LakeCoal received the groundwater bore licence from the NSW Office of Water - Licence number 20BL173107.
Surface Water Discharges				
27	The Proponent shall ensure that all surface water discharges from the site comply with the discharge limits (both volume and quality) set for the project in any EPL.	The EPL discharge limits are generally being met by the activity in terms of water volume and quality. However, there were one non-compliance during the 2011-12 licence period. The discharge point was identified as not conforming to the EPL monitoring requirements and an official warning was issued by the EPA. Changes to the sampling point are to be agreed with EPA and finalised.	CVC should liaise with EPA to agree to changes to the EPL water monitoring point description or water sampling point(s) to ensure compliance with this clause.	LakeCoal understands that this non-compliance relates to having a monitoring device on the spillway from the final sediment dam. LakeCoal is committed to installing a flow monitoring device on the dam spillway, however to complete this the spillway needs to be upgraded and monitoring device installed. In this regard LakeCoal has commissioned GHD Pty Ltd to design a new spillway with volumetric flow monitoring capability and expects this will be undertaken in 2013. It is noted that this also forms part of a larger project to remediate the dam embankment.

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HERITAGE				
Heritage Management Plan				
35 (b)	(b) be submitted for approval to the Director-General within seven months of the date of this approval;	The HMP was submitted to the Director-General as a draft document within the required submission period, however, it had not been completed due to the extended length of the stakeholder consultation being undertaken. The finalisation of the HMP is awaiting the completion of stakeholder consultation.	CVC should finalise heritage management consultations and submit the Heritage Management Plan for approval of the Director-General.	The Heritage Management Plan (HMP) was finalised based on consultation with Aboriginal stakeholders and submitted to the Director-General for approval on the 20 th November 2012. However to date no response has been received. Nevertheless, in January 2013 LakeCoal undertook the monitoring of Aboriginal site 47-7-0189 as nominated in the HMP.
VISUAL				
Visual Amenity and Lighting				
36 (c)	(c) ensure that all external lighting associated on site complies with <i>Australian Standard AS4282 (INT) 1995 – Control of Obtrusive Effects of Outdoor Lighting</i> ,	The site has not completed an assessment under AS4282 of off-site light impact. No complaints have been received by CVC in regard to light impact.	The site should to undertake an assessment under AS4282 to ensure external light impacts are consistent with this Clause. Improvement Observation In view of the location adjacent to Vales Point Power Station, this condition seems excessive and CVC may wish to seek exemption from the Director-General.	LakeCoal will engage a suitable person with experience in the area of external lighting to undertake an assessment of compliance with this condition and make recommendations, considering the context of the local lighting environment, for any items determined not to be complying with AS4282.

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STATEMENT OF COMMITMENTS				
Ecology				
Within 6 months of Project Approval	The existing Seagrass Management Plan would be reviewed in consultation with DTIRIS (Fisheries) and Lake Macquarie City Council and updated as warranted. The review shall:	CVC commissioned a seagrass survey (undertaken in June 2012 and reported in August 2012). There is evidence that CVC provided the survey report (in hardcopy) to; DTIRIS (Division of Resources and Energy), Mr Greg Summerhayes and Department of Primary Industries (Fisheries), Mr Scott Carter. There was no evidence of provision of the report to LMCC at that time. The Seagrass Management Plan was not reviewed in consultation with DTIRIS (Fisheries) and LMCC within six months of the project approval.	There was no evidence of provision of the seagrass Management Plan to Lake Macquarie City Council. The Seagrass Management Plan should be reviewed in consultation with DTIRIS (Fisheries) and LMCC as required by this Clause.	LakeCoal has continued to implement the existing Seagrass Management Plan, however recognises that the timeline to review the document has not been met. The document is now under review and will be provided to DTIRIS (Fisheries) and LMCC for consultation by the 30/6/13.
Within 6 months of Project Approval	- address the need for additional baseline data analysis and conduct Tests of statistical significance;	The monitoring of seagrass by CVC is ongoing at this stage, however, there is no evidence that the analysis of seagrass undertaken in the 2012 survey report has been reviewed as required.	There is no evidence that the analysis of seagrass undertaken in the 2012 survey report has been reviewed.	It is understood this commitment relates to items to be addressed in the review of the Seagrass Management Plan which is currently being undertaken. It is however noted that each annual seagrass report assesses the % change in seagrass at each transect, using 20% as the significance difference from the baseline year (2008) and comments on changes.
Within 6 months of Project Approval	- address the continuation of data collection in order to determine natural variation in seagrass distribution and abundance; and	There is no evidence that continuing data collection on seagrass has been reviewed as required.	A review of the continued data collection in regard to seagrass distribution and abundance should be undertaken as required by this Clause.	As above this commitment relates to items to be addressed in the review of the Seagrass Management Plan which is currently being undertaken. However changes detected in the annual seagrass monitoring were reviewed, which is evident in the letters sent accompanying the report to both DTIRIS (Fisheries) and DTIRIS (Division of Mineral Resources).

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Within 6 months of Project Approval	- provide clear definitions of seagrass impact threshold criteria.	There is no evidence that a review has provided clear definitions of seagrass impact threshold criteria has been undertaken as required.	Ensure the seagrass management plan review provides a clear definition of seagrass impact threshold criteria as required by this clause.	As above, this condition relates to items to be addressed in the review of the Seagrass Management Plan which is currently being undertaken. Currently the seagrass impact threshold is 20% from the baseline survey which then requires further assessment to ensure changes are not associated with mining activities. Since the commencement of monitoring, mining has not impacted seagrass communities.
Surface Water and Soils				
During mining operations	- review of water consumption by individual facilities, equipment and appliances;	Water consumption by facilities is yet to be reviewed.	An analysis/review of water consumption by the facility should be undertaken as required by this Clause.	Additional consumption by facility items has been undertaken as part of the surface water assessment (water balance) which forms part of the Mining Extension 1 EIS. However this data was not available at the time of the audit but will be made available to the Department (and the public) during exhibition of the Mining Extension 1 EIS.
During mining operations	- Suitable bunding has been installed around all liquid storage areas and would be maintained for the life of the Project.	Bunding was observed to be suitable. The main storage bunds had drainage valves fitted with locks and signage as required by AS 1940. Site inspection revealed that some bunding was not being maintained at the time of the audit however (e.g. bund in main workshop was close to overflowing, as were drip trays located adjacent to the bund).	Bunds on site should be maintained to ensure no loss of functionality due to rainwater, spills or other content remaining within the bund. Ensure bunds are included in site maintenance schedules.	The bund in the workshop was emptied into the waste oil tank shortly after the audit. The stores personnel have the day to day responsibility of ensuring bunded areas are managed appropriately, however the monthly environmental inspection will be updated specifically to ensure an additional check of the bunded areas occurs.
During mining operations	LakeCoal would obtain all appropriate licences and approvals to undertake such works and update the site's Water Management Plan accordingly.	CVC has applied for a ground water licence needed for current dewatering activities (see Schedule 3, Clause 27 above). Other licences appear to be held as required.	The groundwater extraction licence is to be obtained by CVC to ensure compliance with this clause for current dewatering of the mine.	17 months after an application was lodged, on the 12 th March 2013 LakeCoal received the groundwater bore licence from the NSW Office of Water - Licence number 20BL173107.

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During mining operations	Existing monitoring of ponds would continue, to assist in the identification of the need for erosion-related maintenance.	Several of the ponds are in urgent need of de-silting, and should have markers installed to identify depth of sedimentation once they have been cleaned out. The capacity of at least one pond to retain sediment is close to zero.	Many of the settling ponds are full of sediment and require cleaning to re-establish their function.	Sediment dam cleaning is scheduled quarterly in the work order system, with the sediment dams cleaned out shortly after the audit in December 2012 in line with the work order schedule. LakeCoal is also seeking a height restricted excavator capable of safely working under the 330 kV power lines which would allow additional cleaning of dams located under these power lines. It is also noted that the dams which required cleaning were the smaller of the site's sediment dams, which subsequently flow through a series of larger sediment dams before any discharge occurs. All these larger dams had substantial storage capacity remaining at the time of the audit and monitoring results in November indicated total suspended solids below 5 mg/L at the final discharge point, indicating that the system was still functioning effectively.
During mining operations	Water that is potentially contaminated with suspended solids, for example, from unsealed areas, would continue to be directed to the existing ponds.	Ponds are to be de-silted and continue to be used for water quality improvement.	Many of the settling ponds are full of sediment and require cleaning to re-establish their function.	Refer to response above.
During mining operations	- the development or maintenance on-site of written protocols for: · collection and analysis of surface water samples; and · review and evaluation of surface water analytical results to confirm that adverse impacts for the discharge of water from the site is identified, addressed and reported in	There is a written protocol for collection and analysis of surface water samples and actions to be undertaken if analytical results do not achieve the required limits. This procedure is not maintained as required by this clause (has not been updated since 2008 and refers to Peabody as the site owner).	'Procedures for Water Sampling from Pit Top Dams' should be updated to reflect current arrangements on site.	As noted, a procedure is in place, but will be reviewed and updated/amended as necessary by the 30/6/13. Importantly the sampling, review and analysis of results is occurring on a monthly basis, as is monthly public reporting of this data on the website.

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	a timely manner;			
Traffic and Transport				
During mining operations	Subject to the agreement of the landowner, LakeCoal agree to install barriers to prevent trucks entering the unpaved area from Construction Road into the electricity substation for the purpose of parking or potentially bypassing the formal intersection of Construction and Ruttleys Roads.	CVC has had a traffic engineer provide barrier options for the area, met with Ausgrid at the site and subsequently sent details to Ausgrid to determine if they have any issues with the proposal. No correspondence had been received back from Ausgrid at the time of the audit.	CVC should follow-up with Ausgrid and ensure barriers are installed as required by this condition.	LakeCoal has approached Ausgrid, and advised of the proposal, met with an Ausgrid representative at the location and subsequently requested Ausgrid's concurrence for the proposed installation of barriers. No response has been received from Ausgrid since the latest correspondence sent in December 2012. LakeCoal will continue to follow this up.
Noise and Vibration				
Within 6 months of Project Approval	A noise monitoring program would be prepared to assist in confirming and/or identifying the site specific potential for disturbance at nearby residential receiver locations. The noise monitoring program would identify areas where operational methods or sequences or alternate plant could be used to reduce noise emissions from the site.	Continuous noise monitoring is undertaken on site, with trigger levels for exceedances sending SMS and other notifications to appropriate staff. Attended monitoring and a noise audit will be undertaken in November 2012. The noise monitoring program was not commenced within six months.	Attended noise monitoring must be completed.	The attended monitoring program was approved under the Noise Management Plan on the 6 th November 2012 and has since been implemented.

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TIMING	COMMITMENT	COMMENT/FINDING	RECOMMENDATION	RESPONSE
Air Quality				
During mining operations	Monitoring would be undertaken with both the existing and augmented fan arrays and the results presented to the Director-General.	No evidence of air quality monitoring at the vent fan was available during the audit.	Monitoring should be undertaken with the augmented fan arrays and the results presented to the Director-General as required by this condition.	Depositional dust monitoring adjacent to the ventilation shaft site is now in place. Results will be reported monthly in the environmental monitoring results placed on the company's website. Following the receipt of 12 months of data from the site (as the depositional dust criteria is based on a 12 month average) these results will be forwarded to the Director-General.
Community Infrastructure and Service Contributions				
During mining operations	Two cents from each tonne of coal produced at the Chain Valley Mine would be contributed to a fund to be administered by Council for the provision of public infrastructure and services for the communities of Summerland Point, Gwandalan, Chain Valley and Mannering Park.	Refer to Schedule 2, Clause 14 of the Project Approval (above) for details.		LakeCoal is currently accruing funds for this purpose, however an appropriate mechanism to hold and distribute these funds has not been agreed upon by Wyong Shire Council and the CCC members. Payment will be made following a suitable fund/trust being established.
During mining operations	One and half cents from each tonne of coal produced would be contributed towards a dedicated Chain Valley Community Fund.	Refer to Schedule 2, Clause 14 of the Project Approval (above) for details.		LakeCoal is currently accruing funds for this purpose, however an appropriate mechanism to hold and distribute these funds has not been agreed upon by Wyong Shire Council and the CCC members. Payment will be made following a suitable fund/trust being established.

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TABLE 2: EPL 1770: NON-COMPLIANCES & RESPONSES

COND. NUMBER	COMPLIANCE CONDITION	COMMENT/FINDING	RECOMMENDATION	RESPONSE
1. Administrative Conditions				
A1 What the licence authorises and regulates				
A1.1	<p>This licence authorises the carrying out of the scheduled activities listed below at the premises.</p> <p>Unless otherwise further restricted by a condition of this licence, the scale at which the activity is carried out must not exceed the maximum scale specified in this condition.</p>	<p>No other scheduled activities were observed on site during the audit. Review of 2012 production figures indicate that CVC has exceeded the 500,000 tonnes permitted by the EPL, however it was noted that an EPL variation has been lodged to change level to max of 2,000,000 tonnes (previous correspondence with the EPA identified that the lodgement of the variation should wait until project approval was issued).</p>	<p>CVC should follow-up with EPA to progress the status of the EPL variation for maximum production tonnages and minimise the length of time this non-compliance exists.</p>	<p>LakeCoal has now been issued with the draft variation of the EPL which is inclusive of changes to maximum ROM production. It is expected this licence variation will be finalised in the near future. Prior to requesting the most recent licence variation, LakeCoal had applied to increase the permissible maximum rate to 2,000,000 tonnes back in 2009. The EPA advised that given no Part 3A approval existed, that the application should be withdrawn and re-submitted following approval (email dated 4/9/09).</p>



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2. Discharges to Air and Water and Application to Land				
P1 Location of monitoring/ discharge points and areas				
P1.2	<p>The following utilisation areas referred to in the table below are identified in this licence for the purposes of the monitoring and/or the setting of limits for any application of solids or liquids to the utilisation area.</p> <p>EPA Identification No: 1 Type of Monitoring Point: Discharge to waters Discharge quality and volume monitoring Type of Discharge Point: Discharge to waters Discharge quality and volume monitoring Location Description: Discharge drain from settling & diffusion pond labelled as 'Sampling Point No 1' as shown on map titled "Chain Valley Colliery Surface facilities" submitted to the EPA on 10/09/09</p>	<p>Sampling is undertaken at location identified in the EPL however this location may be influenced by other inputs as it is some 40 metres from the dam discharge point. The water quality in the final dam is recorded voluntarily, and is considered to represent the final water quality. Additionally, the discharge volume is not measured at the specified point, with the mine dewatering volume being preferred as a more reliable measurement. This is understood to have been discussed with EPA, and it was reported that discussions were being undertaken at the time of the audit to clarify these matters. Refer also to Clause L3.1.</p> <p>CVC takes EPL specified water quality samples on a monthly basis. It also takes samples at three other related locations as part of its baseline data gathering. CVC acknowledges that the final dam has a semi-porous wall, with a small breach also being present.</p>	<p>The EPL monitoring location should be clarified with EPA as a matter of urgency to rectify this ongoing non-conformance.</p> <p>Improvement Observation The arrangements for the final dam wall should be agreed with EPA, specifically considering the impact of changing the hydrological regime on the existing downstream vegetation community (an EEC).</p>	<p>The water quality is sampled at the location specified as the EPL "Sampling Point No 1". Therefore it is understood the issue relates to volumetric flow monitoring, and the relevance of "Sampling Point No 1". These are addressed below.</p> <ol style="list-style-type: none"> 1. Volumetric flow monitoring location. LakeCoal has commissioned the design of a new dam spillway to incorporate flow monitoring equipment. An amendment to the EPL would be sought following completion of this upgrade. 2. Monitoring location. Voluntary sampling is also being undertaken at the spillway of the final dam, which has shown results generally consistent with Sampling Point No 1. LakeCoal would however request this point be amended at the same time as the flow monitoring change occurs, which would bring all monitoring and sampling to the same location, i.e. to the proposed new spillway from the final dam. It is noted that the new spillway is not proposed to be in the same location as the current spillway and as such relocating the Sampling Point No 1 to the current spillway would not achieve the desired outcome. <p>Any impacts to the EEC would be managed in accordance with the Biodiversity Management Plan.</p>

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3. Limit Conditions				
L2 Concentration Limits				
L2.1	For each monitoring/discharge point or utilisation area specified in the table below (by a point number), the concentration of a pollutant discharged at that point, or applied to that area, must not exceed the concentration limits specified for that pollutant in the table.	pH and TSS are the water quality parameters that have prescribed discharge quality limits. These have predominantly been within the prescribed limits, however on one occasion TSS was outside of the limits. CVC investigated the circumstances and was unable to identify any cause and subsequent samples were within limits. This was reported to EPA in the annual return. EPA was also notified of an internal oily water discharge that entered the settling ponds. Other parameters are required to be collected for information. The Water Management Plan has reviewed the water quality of Lake Macquarie, and baseline sampling and analysis is being undertaken by CVC to further inform water management in and around the site.	One discharge sample was identified as having exceeded the specified concentration limit (100% compliance) in 2012. CVC should to continue to monitor all parameters and act as required to stop further exceedances.	Parameters continue to be monitored and there has been no further exceedance in concentration limits since the event referred to in May 2012. The exceedance of the TSS limit was associated with a result of 36 mg/L as opposed to the current licence limit of 25 mg/L. This limit is however lower than both: <ul style="list-style-type: none"> the accepted guidelines of 50 mg/L provided within Managing urban stormwater: soils and construction, volume 1, 4th edition (Landcom 2004); and the limit of 50 mg/L proposed by the EPA within the draft EPL variation for the Colliery, indicating that the magnitude of the exceedance was not significant.

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COND. NUMBER	COMPLIANCE CONDITION	COMMENT/FINDING	RECOMMENDATION	RESPONSE
L3 Volume and Mass Limits				
L3.1	For each discharge point or utilisation area specified below (by a point number), the volume/mass of: a) liquids discharged to water; or; b) solids or liquids applied to the area; must not exceed the volume/mass limit specified for that discharge point or area. Point Unit of Measure Volume/Mass Limit: 12161 kilolitres per day	The volume of water extracted from the underground working is measured and reported. The volume reported in this way is in compliance with the volume limits set by the EPA, however, this is not the licensed monitoring point and EPA has issued an official caution in regard to this (September 2011). As agreed with EPA, a flow recording device is to be installed by CVC at an agreed location representing the off-site discharge. Refer also to Clause P1.2.	The EPL discharge water quality and volume monitoring location should be clarified with EPA as a matter of urgency to rectify this ongoing non-conformance. See also Clause P1.2 above.	LakeCoal is committed to installing the flow monitoring device at a point suitable to capture total discharge volume. As noted previously, to achieve this LakeCoal will be constructing a new spillway for the dam, with associated flow monitoring. Also refer to response to P1.2.
5. Monitoring and Recording				
M4 Recording of pollution complaints				
M4.3	The record of a complaint must be kept for at least 4 years after the complaint was made.	CVC has a suitable complaints register which contains records back to the beginning of 2010. The register is being maintained and updated as necessary however there are no records available prior to 2010.	CVC must maintain a minimum of four (4) years of complaint records.	As identified by the auditors, record keeping practices for complaints have improved since 2010, which coincides with LDO Coal's purchase of LakeCoal in December 2009. In addition, records of all complaints are now also made available on the Chain Valley Colliery website. It was confirmed by current staff who were employed prior to 2010, that during that period, complaints were forwarded to the technical services manager or general manager for action. However documented evidence of the complaints and action taken was not able to be located.

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M6 Requirement to monitor volume or mass				
M6.1	For each discharge point or utilisation area specified below, the licensee must monitor: a) the volume of liquids discharged to water or applied to the area; b) the mass of solids applied to the area; c) the mass of pollutants emitted to the air; at the frequency and using the method and units of measure, specified below.	Volume monitoring not undertaken at discharge point. Refer to Clause L3.1 and P1.2 for details.		Refer response to P1.2 and L3.1.

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TABLE 3: ML 1051: NON-COMPLIANCES & RESPONSES

COND. NUMBER	COMPLIANCE CONDITION	COMMENT/FINDING	RECOMMENDATION	RESPONSE
Prevention of Soil Erosion and Pollution				
18	Operations must be carried out in a manner that does not cause or aggravate air pollution, water pollution (including sedimentation) or soil contamination or erosion, unless otherwise authorised by a relevant approval, and in accordance with an accepted Mining Operations Plan. For the purpose of this condition, water shall be taken to include any watercourse, waterbody or groundwaters. The lease holder must observe and perform any instructions given by the Director-General in this regard.	Site inspection and audit evidence from the audit indicates that CVC generally carries out its activities in conformance with this requirement. Water and air quality sampling results largely support this however, soil has been contaminated with hydrocarbons in several areas (e.g. near wash down bay and winder house), and is not conforming to the requirements set out in the EPL for the water discharge point (see Appendix 2 for details).	Improvement Observation Oil staining of soil around the wash bay, oily water sump and adjacent to winder house was observed and should be addressed before it impacts off site or groundwater.	It is understood this relates to a number of minor oil stains, as opposed to major leaks or spills. To address this LakeCoal has recently improved waste management services, inspection and reporting. In addition, a toolbox talk was issued to all employees reiterating the correct storage and disposal of oil drums. A reoccurring task, managed through the site work order system, will also be set up to provide for inspections and the clean-up of minor hydrocarbon spills.
Special Conditions				
31	Unless with the consent of the Minister and subject to such conditions as he may stipulate, the leaseholder shall not transport any export coal, won from or conveyed through or over the subject area, by public road to Port Waratah Coal Services, Newcastle otherwise than in accordance with the document entitled 'Chain Valley Colliery, Road Transport Protocol' prepared by Planning NSW and dated 25 February 2003. <i>Note. The Road Transport Protocol prepared by Planning NSW dated 25</i>	The route for coal haulage is specified in the current Road Transport Protocol and appended plans, and this is provided to the haulage contractor and drivers as part of the induction process. Additionally an Independent Traffic Audit was completed in September 2012. The audit report states that the auditors "did not observe any behavioural problems or impacts to the travelling public or road network functionality as a result of the increased coal haulage operation". Some minor stakeholder concerns were, however identified in the audit.	CVC should review arrangements for minor variations to the transport route, such as trucks returning home or driver convenience stops, to ensure that it is fully compliant at all times. Refer to Clauses 19-26 of Schedule 3 of the Project Approval for further details. Improvement Observation CVC should inform Planning NSW that the current TMP is based on the current Road Transport Protocol (2012) approved by the Department of Planning and Infrastructure, and not the 2003 protocol referred to in	The Road Transport Protocol will be updated by the 30/6/13 to include provisions for minor deviations from the transport route, such as would be required for rest breaks, refuelling or bathroom stops. In all instances the immediate and direct return to the designated route will be required following the minor deviation. LakeCoal will inform DTIRIS (Division of Minerals and Energy), not Planning NSW (now the Department of Planning and Infrastructure) of the most recent Road Transport Protocol and seek consent from



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	<i>February 2003 as referenced in the lease conditions has been superceded by the current Road Transport Protocol (2012) approved by the Department of Planning and Infrastructure.</i>	In addition, interviews with the Logistics Coordinator revealed that there are a small number of drivers who make convenience/lunch stops at their homes where they are located close to the designated transport route. Refer to Clause 19-26 of Schedule 3 of the Project Approval (Appendix 1) for further details.	this condition.	the Minister to utilise the latest Road Transport Protocol, not the 2003 version referred to in the Mining Lease.

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TABLE 4: GENERAL RECOMMENDATIONS & RESPONSES

The following table provides those audit findings which, while not associated with a non-compliance, had recommendations from the auditors. The finding number referenced relates directly to the table within Section 3 of the audit report, with the relevant Schedule, Condition number or component of MP10_0161 identified in brackets after this identifier.

FINDING NUMBER (CONDITION)	COMMENT/FINDING	RECOMMENDATION	RESPONSE
18 (Sch 3, Cond. 32)	<p>A program to monitor and/or validate the impacts of the project has been developed in the GwMP, and is being implemented.</p> <p>As identified in the GwMP, accessible neighbouring licensed water bores will be sampled. Investigation has identified that most are unusable, and so investigation of alternative sites is being undertaken by CVC.</p> <p>Monitoring frequency is identified as on access and post mining.</p>	<p>Improvement Observation</p> <p>CVC should obtain suitable site groundwater bores analysis results on 'access'.</p>	<p>LakeCoal have actively been seeking to gain access to groundwater bores through searches for registered bores, obtaining landowner contact information from Council on the registered Lot / DP, writing to each individual landowner regarding obtaining access and undertaking site inspections.</p> <p>LakeCoal will undertake groundwater bore analysis upon obtaining access to private bores.</p>
19 (Sch 3, Cond. 33 and Statement of Commitments)	<p>The Surface and Ground Water Response Plan (SGWRP) sets out response processes for an exceedance in the water system.</p> <p>Many of the settling ponds are full of sediment and require cleaning to re-establish their function and capacity to manage process water.</p>	<p>Improvement Observation</p> <p>Many of the settling ponds are full of sediment and require cleaning to re-establish their function.</p>	<p>Sediment dam cleaning is scheduled quarterly in the work order system, with the sediment dams cleaned out in December 2012 shortly after the audit and in line with the work order schedule. LakeCoal is also endeavouring to source a height restricted excavator capable of safely working under the 330 kV power lines which would then allow additional cleaning of dams located under these power lines.</p> <p>It is also noted that the dams which required cleaning were the smaller of the sites sediment dams, which subsequently flow through a series of larger sediment dams before any discharge occurs. All these larger dams had substantial storage capacity remaining at the time of the audit and monitoring results in November indicated total suspended solids below 5 mg/L at the final discharge point, indicating that the system was still functioning effectively.</p>

FINDING NUMBER (CONDITION)	COMMENT/FINDING	RECOMMENDATION	RESPONSE
20 (Sch 3, Cond. 33)	Measures for mitigation and/or offset of adverse impacts on groundwater dependent ecosystems and riparian or lakeshore vegetation are identified in the GwMP.	Improvement Observation Arrangements for final ponds should be finalised, including de-silting, dam wall management and EPL monitoring point revision.	Refer response to EPL conditions P1.2 and L3.1.
23 (Sch 3, Cond. 37)	The site recycles many of its waste products, and is generally observed to manage waste well. Redundant spill kits were observed on site, and are attracting rubbish.	Improvement Observation Redundant spill kits should be removed from site.	Redundant spill kits have now been removed.
24 (Sch 3, Cond. 33)	The site is generally observed to be well managed with waste being appropriately stored. The washdown bay was observed to be in a generally poor condition, with a pump to lower water levels in the oily water sump being located outside of the bunded area. Areas of hydrocarbon staining were also evident, primarily associated with stored machinery.	Improvement Observation It is recommended that all dirty water be kept within the bunded areas, and that in particular the current pumping system from the sump to the oily water separator be relocated to be wholly within the bunded area. It is recommended that temporary bunding, spill or drip trays be emptied when any identifiable volume of material enters the tray so that spill catch volume can be maintained.	Pumping from one side of the sump to the other is generally not required as the water flows into the oil separator side from the drive-in sump side at a specific height (around 1.5m from the bottom of the drive in sump). This allows sediment to accumulate in the drive-in sump side, as opposed to accumulating in the oil separator side. The pump referred to is typically used to completely dewater the drive-in sump side to allow sediment to be removed as required. The pump and hoses will be relocated to have the majority located in a bunded area (the current bunded area would not enable the entire length of the hoses to be contained), which is considered adequate given the pumping system is only used intermittently. The second observation regarding temporary bunding / drip trays was actioned shortly after the audit and is managed on a day-to-day basis by workshop tradespeople.

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FINDING NUMBER (CONDITION)	COMMENT/FINDING	RECOMMENDATION	RESPONSE
25 (Sch 3, Cond. 38)	<p>Fire fighting equipment, including hydrants, hoses and extinguishers are present on the surface and serviceability checks were evidenced as having been conducted as required. Hydrants are compatible with NSW emergency services fittings (and adaptors are maintained on site). Two 100,000L water tanks supply the reticulated fire hydrant line. A dedicated fire crew of approx. 20 workers is maintained (attending approx. 6 training sessions per year).</p> <p>The LDO Bushfire Fighting Standard was not identified by the fire officer during interview.</p>	<p>Improvement Observation</p> <p>The site needs to review both the availability and usage of LDO management plans and links between surface operations and underground operations and other fire management procedures/plans. Ensure bushfire standard is adequate, referenced or detailed in the CVC Fire & Explosion Major Hazard Management Plan. Consider moving the content of the LDO standard into the management plan to avoid confusion.</p>	<p>Consideration of this recommendation will occur as part of the next review for the Fire and Explosion Major Hazard Management Plan (due 18/11/2013)</p>
26 (Sch 5, Cond. 7)	<p>The CVC Incident Management System identifies the requirement for management and reporting of incidents. Reporting of incidents that cause or threaten material harm to the environment are required to be notified, as set out in the Protection of the Environment Operations Act. The Pollution Incident Response for CVC is set out in Duty Card 15.</p>	<p>Improvement Observation</p> <p>The incident management system should include the requirement for the Director-General to be notified of any incident arising from activities associated with the approved project.</p>	<p>The Environmental Management Strategy sets out incident notifications, including to the Director-General. The incident management system referred to was specifically for notification of "pollution incidents" as required under the Protection of the Environment Legislation Amendment Act 2011.</p> <p>As there a number of incidents which may be required to be reported to the Director-General (not just "pollution incidents") the current incident reporting requirements within the Environmental Management Strategy are considered adequate to address this concern.</p>
32 (Statement of Commitments)	<p>Two water tanks are to be installed (approximately 22,000 litres each), supplying around 10ML of site water each year (pers comm). One tank is currently on site and the other has had a purchase order issued. Arrangements for water re-use are being finalised (pers comm).</p>	<p>Improvement Observation</p> <p>CVC should install the planned two water tanks to collect roof water and connect for identified re-use.</p>	<p>One tank has been purchased and installed, the second tank is onsite but still requires additional work to relocate it into a suitable position for plumbing into the operations office roof. This will be completed ASAP.</p>

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FINDING NUMBER (CONDITION)	COMMENT/FINDING	RECOMMENDATION	RESPONSE
33 (Statement of Commitments)	The Feb 2012 Water Audit identifies a number of onsite water re-use options which require refinement. Opportunities for water recycling include use in the water cart, but other options are being canvassed (pers comm).	Improvement Observation Specific plans for proposed water management works based on 2012 Water Audit should be developed as required by this Clause.	The specific proposed water reuse plans identified in the Water Management Plan, including the purchase and use of a pump to allow water from sediment dams to be reused, will be implemented in 2013.
35 (Statement of Commitments)	The oil separator has been recently upgraded and will operate in tandem with the water storage sump. Recommendations of the site water audit would determine the nature of any works which may relate to an upgrade of existing water infrastructure. Where necessary, a comprehensive report would be prepared prior to the commencement of works, by an experienced and qualified person, including water quality modelling (for example MUSIC) and engineering plans.	Improvement Observation As identified in the Water Audit, the general arrangement of this area should be revised to separate clean and process water, minimise risks for dispersal and possible off-site hydrocarbon impact and hydrocarbon contamination of soils. Action identified in the Feb 2012 Water Audit should be reviewed for implementation.	The recommendations from the Water Audit were considered and form the basis for the actions committed to in the Water Management Plan. Since the development of these actions, sixteen have been completed, and the others are in the process of being implemented or planned for implementation. The remaining actions such as inspections, monitoring and reporting requirements are ongoing in nature. These have been implemented to date and will continue to be undertaken.
36 (Statement of Commitments)	Recommendations of the site water audit would determine the nature of any works which may relate to an upgrade of existing water infrastructure. Where necessary, a comprehensive report would be prepared prior to the commencement of works, by an experienced and qualified person, including water quality modelling (for example MUSIC) and engineering plans.	Improvement Observation The existing ground surface contouring and bunding around the liquid store should be reviewed with an objective of separating clean and dirty water systems as far as possible.	Refer response above to finding 35. In addition the bunding was reviewed and resulted in bund drain valves being locked and signage being fitted in accordance with AS 1940.

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