

22 January 2024

The Honorary Mark Monaghan  
Minister for Mining  
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Dear Minister Monaghan

Re: McArthur River Mine - Independent Monitor Annual Environmental Performance Audit Report 2023

The Department welcomes the opportunity to respond to the Independent Monitor's findings presented in their fourth Annual Environmental Performance Audit Report 2023 (Audit Report) for the period 1 May 2022 through to 30 April 2023.

Key findings of the Independent Monitor's Audit Report with respect to evaluation of the Department include:

- continued regulatory attention on the key environmental risk areas having translated into improved performance in the audit period
- the monitoring and management actions of the operator and regulator have continued to protect the health of the McArthur River from mine related impacts
- no significant environmental issues requiring urgent investigation or additional regulatory attention being identified at McArthur River Mine or Bing Bong Loading Facility
- achievement of an overall compliance of 97% against 149 active conditions in Authorisation 0059 – a 1% improvement on 2022 when assessed against 81 less active conditions
- maintaining a compliance score of 98% with respect to implementation of NT EPA recommendations requiring action by the Department

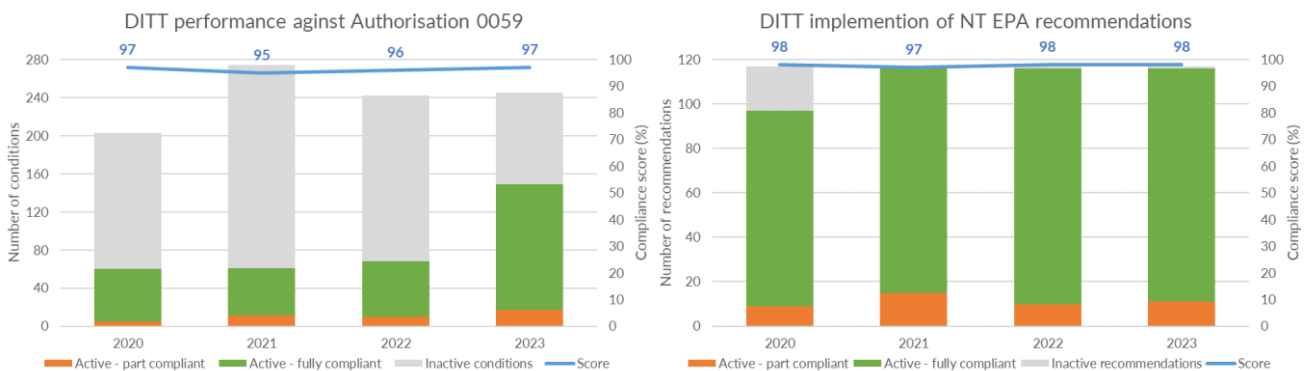
I am pleased with the Department's performance as the regulator of McArthur River Mine in achieving a 97% overall compliance score. However, I acknowledge that while demonstrating strong compliance in relation to conditions of Authorisation 0059 and NT EPA recommendations, there remains room for improvement which the Department can implement to maintain its already strong focus on environmental outcomes.

I am heartened that the small number of “part compliance” determinations made do not represent a risk to the environment with minimal consequence to the environmental performance of the mine and the health of the McArthur River. The part compliances, where a small number of elements of the Authorisation condition (17 of the 149 active conditions audited) and NT EPA recommendations (11 of the 116 elements) were not satisfied, relate to administrative tasks.

The Department’s response to the identified Opportunities for Improvement (OFIs) arising from these part compliances are presented in **Attachment A** against the three aspects audited by the Independent Monitor: Authorisation 0059 (Table 4-3), NT EPA recommendations (Table 4-6) and Regulatory Approach (Table 4-8). The detail in the attached tables comprise an extract from the Annual Environmental Performance Audit Report 2023 against which the Department provides its specific response.

I am pleased by the Department’s response to OFIs previously identified by the Independent Monitor. Action to address past OFIs has supported continuous improvement and has contributed to the consistently high compliance scores attained by MRM.

I would like to acknowledge the high level of compliance maintained by my Department, considering the increased number of conditions of Authorisation and NT EPA recommendations becoming active and requiring action over the last four years. This trend is evident in the following figures.



In addition to the environmental performance audit conducted annually, the Independent Monitor undertook a number of targeted audits focusing on key environmental management systems approved for implementation at McArthur River Mine.

These systems required under the *Mining Management Act 2001* are essential to effective environmental management by MRM to achieve the overarching objective of protecting the health of the McArthur River from mine-related impacts. The management systems reviewed included those relating to air quality and surface water, adaptive management and the Independent Certifying Engineer. In relation to each of these I offer the following comments that validate the approval of the relevant documents under the *Mining Management Act 2001*:

- The Independent Monitor concluded MRM’s air quality management meets best practice requirements and is effective in minimising the risk of potential air emissions-related impacts from sulphur dioxide (SO<sub>2</sub>) and dust related impacts on the Mine and surrounding areas. Importantly, implementation of the Air Quality Management Plan and waste rock management practices consistent with the approved MMP has eliminated the historical waste rock combustion issue that was the primary cause of the SO<sub>2</sub> issues
- The Independent Monitor concluded the surface water management activities undertaken in accordance with the approved Water Management Plan were effective in avoiding uncontrolled

releases of contaminated water from onsite water storages. The surface water plan requires ongoing annual water balance assessments that inform water inventory management in order to meet the overarching objective of protecting the health of the McArthur River from mine-related impacts

- The Independent Monitor acknowledged the significant improvements made to the approved Adaptive Management Plan as a result of refinement over various iterations to provide greater clarity regarding processes on site for environmental management, monitoring and performance reporting. The incorporation of results from studies undertaken to address information gaps and monitoring programs has facilitated continuous improvement to the Adaptive Management Plan
- The Independent Monitor concluded oversight activities undertaken by the Independent Certifying Engineer are important to giving assurance to the broader community that the engineered structures built on the Mine site are built according to plans designed to meet performance criteria that will protect the health of the McArthur River from mine-related impacts. I take this opportunity to advise that improvements to processes around documentation identified by the Independent Monitor, that would enhance the role of the Independent Certifying Engineer, have been addressed in Authorisation 0059 varied in May 2023.

Overall, I am pleased with the performance of my Department as the regulator for McArthur River Mine that has resulted in the Independent Monitor finding *“Continued focus on the effective management and monitoring of key environmental risk areas by the Operator and DITT has resulted in improved performance during the audit period. This has involved ongoing implementation of management actions to avoid or reduce environmental risk.”*

The achievement of regulatory compliance scores of 97% or higher by both MRM and the Department can be attributed to the strong commitment of both parties to work to develop and implement practical, risk and evidence based conditions to achieve positive environmental outcomes.

The Department remains committed to effective regulation of all mining activities under the *Mining Management Act 2001* and will continue to work with MRM to protect the health of the McArthur River from mine-related impacts.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Shaun Drabsch', written over a horizontal line.

Shaun Drabsch  
Chief Executive Officer

## DITT response to opportunities for improvement (OFI) regarding Authorisation 0059 conditions

OFI Ref (Table 4-3)	Authorisation condition	Opportunity for improvement (OFI)	DITT response
Mining Management Plan and Reporting			
OFI-23-DE-AUTH-01	8^^	DITT to follow up the requirement for the Operator to submit TSF [Tailings Storage Facility] as built construction reports for approved works for the TSF Cell 1 Stage 5 and Cell 2 Stage 6 raises.	Accepted  The OFI has been addressed through the inclusion of conditions 8(a) and 8(b) in Authorisation 0059 as varied on 17 May 2023.
OFI-23-DE-AUTH-02	9	DITT to formally assess the annual EMR within an agreed timeframe.	Completed  Correspondence sent to MRM 22 December 2023  Finalisation of the formal response to EMRs submitted by MRM was delayed due to competing priorities. Informal feedback has been provided in a timely manner through the Technical Working Group forum.

OFI Ref (Table 4-3)	Authorisation condition	Opportunity for improvement (OFI)	DITT response
Overburden Management Project			
OFI-22-DE-AUTH-03	16.e, 17.b, 23.e, 27.e, 29.c, 36.e, 37.d	Provide more timely responses from DITT on review/approval of submitted documents.	<p>Noted</p> <p>The Department will review documents submitted by the operator and provide initial feedback and outline requests for information at the Technical Working Group forum.</p> <p>Advice provided to the delegate for decision under the <i>Mining Management Act 2001</i> regarding appropriateness of plans submitted by MRM to satisfy the relevant conditions requires reference to advice from the yet to be established Independent Panels.</p> <p>Panels are due to be established during 2024 in order to facilitate more timely provision of formal responses on essential matters within the remit of the Independent Panels to inform appropriate management of site and maintain the health of the McArthur River</p>
OFI-23-DE-AUTH-04	21	DITT to establish the Independent Panels (NOEF [North Overburden Emplacement Facility] and TSF [Tailings Storage Facility]) as soon as practicable.	<p>Accepted</p> <p>Terms of reference for the Independent Panels were approved by the Minister for Mining in June 2022. Expressions of interest have been received from individuals for Independent Chairpersons for both panels. A decision is pending.</p>

OFI Ref (Table 4-3)	Authorisation condition	Opportunity for improvement (OFI)	DITT response
OFI-23-DE-AUTH-05	22^	DITT to establish the independent expert panel (NOEF) or use an alternative expert review in the interim to assess requirement for the NOEF seepage interception trench and recovery system.	Accepted  Action being taken as detailed above.
OFI-23-DE-AUTH-06	27.d^	DITT to establish the Independent Panels (NOEF and TSF) so that consultation during the preparation of future management plans can occur.	Accepted  As above.
OFI-23-DE-AUTH-07	27.g.i, 27.g.ii, 27.g.iii	DITT to request the Operator to update the WMP [Water Management Plan] to include the requirements to: report results annually to DITT; require the Independent Monitor audit of the results every three years; and publish the results of the program on the Operator's website. Alternately, reword Conditions 27.g.i, ii. and iii. so that they refer to these activities as needed to be done but not necessarily for the plan to ensure they are done.	Completed  Changes reflected in conditions of Authorisation 0059 as varied on 17 May 2023.

OFI Ref (Table 4-3)	Authorisation condition	Opportunity for improvement (OFI)	DITT response
Independent Tailings Review Board [ITRB], Tailings Storage Facility			
OFI-23-DE-AUTH-08	50.c	DITT to liaise with the Operator with a standing agenda item on ITRB [Independent Tailings Review Board] in the TWG [Technical Working Group] regarding ITRB matters for example: <ul style="list-style-type: none"> <li>▪ ITRB review of TSF construction documentation not occurring in timely manner</li> <li>▪ OMS [Operations, Maintenance and Surveillance] Manual not being updated and progressed from draft version for the Cell 1 stage 5 and Cell 2 Stage 7 raises or reviewed by ITRB</li> <li>▪ Design changes to the Cell 2 Stage 7 raise buttressing not being reviewed or endorsed by the ITRB.</li> </ul>	Accepted  ITRB and TSF activities included as a standing agenda item for discussion at Technical Working Group forum.
Tailings Storage Facility [TSF]			
OFI-23-DE-AUTH-09	80*	DITT to formally review and assess TSF Quarterly Reports received after November 2022 and advise the Operator in writing when reports are accepted.	Accepted  Informal feedback is provided in a timely manner through the Technical Working Group forum.
OFI-23-DE-AUTH-10	80*	DITT to formally review and assess TSF Quarterly Reports in a more timely fashion.	Accepted  As above.
OFI-23-DE-AUTH-11	80*	DITT to request that the Operator submit TSF quarterly reports in a more timely fashion.	Accepted  As above.

^^ indicates OFI carried over from 2021 AEPAR

^ indicates OFI carried over from 2022 AEPAR  
 \* indicates OFI was very similar to an OFI from 2022 AEPAR.

**DITT response to opportunities for improvement (OFI) regarding NT EPA Recommendations**

OFI Ref (Table 4-6)	NT EPA Recommendation <sup>#</sup>	Opportunity for improvement (OFI)	DITT response
Inland Water Environmental Quality			
OFI-23-DE-REC-01	27***	Incorporate into DITT processes a review of the Operator's NOEF management program every three years.	<p>Accepted in 2021</p> <p>Terms of reference require the Independent Panel to review the performance of the NOEF every three years.</p> <p>Terms of reference for the Independent Panel have been endorsed by the NT EPA and were approved by the Minister responsible for Mining in June 2022.</p> <p>Expressions of interest have been received from individuals for Independent Chairpersons for both panels. Advice from the Department has been provided to the Minister for consideration.</p>

\*\*\* indicates OFI was very similar to an OFI from 2020 AEPAR



## DITT response to opportunities for improvement (OFI) regarding the Department's Regulatory Approach

OFI Ref (Table 4-7)	Opportunity for improvement (OFI)	DITT response
OFI-23-DE-REG-01^^	DITT to prioritise the establishment of the Independent Panels of Experts for TSF and NOEF to facilitate independent reviews of the Operator's monitoring program and reporting	Accepted in response to 2021 AEPAR As above.
OFI-23-DE-REG-02^^	DITT to facilitate an internal review to examine the annual EMR [Environmental Mining Report] process, tasks and outputs with a view to streamline the activity. As part of this review, examine what is sufficient for regulatory requirements and responding to community expectations, as well as how the annual process could be more efficient	Ongoing Annual review conducted with a view to improving relevance and focus of the content of the EMR submitted in compliance with section 37(e) of the <i>Mining Management Act 2001</i> . 2023 EMR submitted by MRM in August 2023 has addressed feedback from the review.
OFI-23-DE-REG-03^^	DITT to prepare an internal procedure for the regulation of the Authorisation conditions and NT EPA recommendations to document the processes, timing, due dates, overdue submissions, approvals, decisions, public /community communication and records requirements to assist managing the complex regulatory requirements relating to DITT activities	Ongoing Departmental business practices are subject to regular internal review to achieve efficiencies.
OFI-22-DE-REG-04^	DITT to reduce reliance on key individuals within DITT to ensure consistency and continuity of compliance and performance	Ongoing Recruitment and retention of suitability qualified Mining Officers is a focus of the Department to achieve effective regulation of all projects authorised under the <i>Mining Management Act 2001</i> .

^ indicates OFI carried over from 2020 regulatory approach DITT review

^^ indicates OFI carried over from 2020, 2021 and 2022 regulatory approach review.