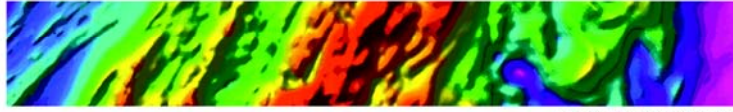

WESTERN AREAS NL



A.B.N. 68 091 049 357

SPOTTED QUOLL OPEN PIT NICKEL MINE

MINISTERIAL STATEMENT 808

Compliance Assessment Report



Prepared by: Western Areas NL

Prepared for: Office of the Environmental Protection
Authority – Proposal Implementation Management Branch

Date: September 2011

Western Areas NL

Forrestania Nickel Project – Spotted Quoll Project

MINISTERIAL STATEMENT 808
COMPLIANCE ASSESSMENT REPORT
CERTIFICATION

I declare that the information in this Compliance Assessment Report for Ministerial Statement 808 is correct and not false or misleading in a material particular.

Signature: 

Name (printed): JOSEPA BELLADONNA

Position: Company Secretary

Date: 16 / 09 / 2011

Seal (if signing under seal): _____



EXECUTIVE SUMMARY

This Compliance Assessment Report (CAR) outlines the current status of compliance of the Western Areas NL owned Spotted Quoll proposal with the proposal implementation conditions set out in Ministerial Statement 808.

The CAR has been signed under the company seal of Western Areas NL.

For the reporting period (i.e. 1st July 2010 – 30th June 2011) there was one minor potential non compliances with the conditions of Statement 808 as follows:

- The Rehabilitation and Mine Closure Plan (RMCP) required by Condition 8-2 was submitted to the Director General of the Department of Mines and Petroleum in July 2010 not May 2010 as was specified in the CAP. Comments from the OEPA were received outside of the current reporting period (25th July 2011). The RMCP will be finalised once the revised version is reassessed after the resolution of the s46 application submitted on the 3rd December 2010.

TABLE OF CONTENTS

1.0	Introduction.....	1
2.0	Purpose and Scope.....	1
3.0	Statement 808 Compliance.....	2
	3.1 Condition 1.....	2
	3.2 Condition 2.....	2
	3.3 Condition 3.....	3
	3.4 Condition 4.....	3
	3.5 Condition 5.....	5
	3.6 Condition 6.....	5
	3.7 Condition 7.....	7
	3.8 Condition 8.....	7
4.0	Audit Table Summary.....	8
5.0	Conclusion.....	11

LIST OF TABLES

Table 1	Summary statement of project compliance with implementation conditions.....	8
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LIST OF FIGURES

Figure 1	Location of Forrestania Nickel Project in Western Australia.....	13
Figure 2	Spotted Quoll project – general site layout plan.....	14

LIST OF APPENDICES

Appendix 1	<i>Eucalyptus steedmanii</i> monitoring summary report
Appendix 2	Malleefowl actions summary report

1.0 Introduction

The Forrestania Nickel Project (FNP) is situated approximately 160 kilometres south of Southern Cross and 80 kilometres east of Hyden in the Shire of Kondinin. This is a new mining development by Western Areas NL (WSA) in an area with a long history of mining and exploration activity. Figure 1 shows the location of the FNP within Western Australia.

WSA currently operate the Flying Fox underground nickel mine, Cosmic Boy accommodation camp and the Cosmic Boy nickel concentrator. The previously approved Digger Rocks project sits on care and maintenance due to the recent slump in world nickel prices. Exploration activities continue throughout the Forrestania area.

On the 17th of September 2009 the Environmental Impact Assessment report (1334) for the Spotted Quoll open pit mine (the project), released by the Western Australian Environmental Protection Authority (EPA) was approved and signed off by the Western Australian Minister for the Environment (Ministerial Statement # 808, henceforth known as Statement 808).

A Works Approval (WA 4499/2008/1) for the construction of dewatering infrastructure including dewatering bores and a pipeline system including a settling pond was granted by the Department of Environment and Conservation (DEC) on 24th September 2009 (ref: DEC9635).

On the 7th of October 2009 the project was signed off (Reg# 22286) by the Environmental Division of the Department of Mines and Petroleum (DMP) and ground disturbance activities commenced on the 9th of October 2009.

The Department of Water (DoW) Water Abstraction Licence for Spotted Quoll (GWL170112) was granted on the 19th of November 2009.

Ground disturbing activities at Spotted Quoll commenced on the 9th of October 2009.

An amendment was made to the Flying Fox Prescribed Premises Licence (L8041/1991/3) on the 4th of February 2010 to include the dewatering activities associated with the Spotted Quoll open pit mine.

Figure 2 shows the general layout of the Spotted Quoll project.

2.0 Purpose and Scope

Statement 808 contains implementation conditions endorsed by the Western Australian Minister for the Environment, by which the project can be implemented. Condition 4 of Statement 808 provides details of Compliance Reporting commitments.

Condition 4-1 states:

The proponent shall prepare and maintain a compliance assessment plan to the satisfaction of the Chief Executive Officer of the Department of Environment and Conservation;

Condition 4-6 states:

The proponent shall submit a compliance assessment report annually from the date of issue of this Implementation Statement addressing the previous twelve month period or other period as agreed by the Chief Executive Officer of the Department of Environment and Conservation. The compliance assessment report shall:

- 1 be endorsed by the proponent's Managing Director or a person, approved in writing by the Department of Environment and Conservation, delegated to sign on the Managing Director's behalf;*
- 2 include a statement as to whether the proponent has complied with the conditions;*

-
- 3 *identify all potential non-compliances and describe corrective and preventative actions taken;*
 - 4 *be made publicly available in accordance with the approved compliance assessment plan; and*
 - 5 *indicate any proposed changes to the compliance assessment plan required by condition 4-1.*

This document serves to meet the requirements of Condition 4-6 of Statement 808 and shows compliance with the Compliance Assessment Plan (CAP).

3.0 Statement 808 Compliance

Statement 808 lists 8 implementation conditions for the Spotted Quoll project. This section of the report compares these conditions with the actions that have been undertaken during project implementation to achieve these so that a measure of compliance can be made.

I should be noted that because of the recent establishment of the Office of the Environmental Protection Authority, reference to the Chief Executive Officer of the Department of Environment and Conservation in Statement 808 now means the Chief Executive Officer of the Office of the Environmental Protection Authority (OEPA); and The Department of Environment and Conservation means the Office of the Environmental Protection Authority.

The reporting period for this Compliance Assessment Report is from the 1st July 2010 to the 30th of June 2011 with the report to be submitted on or before the 16th of September 2010.

3.1 Condition 1

Statement

Condition 1 of Statement 808 relates to Proposal Implementation and states:

The proponent shall implement the proposal as documented and described in schedule 1 of this statement subject to the conditions and procedures of this statement.

Compliance

This document serves to confirm that the proposal has been implemented subject to the conditions and procedures of Statement 808 hence compliance with Condition 1 is met for the reporting period.

3.2 Condition 2

Statement

Condition 2 of Statement 808 relates to the Proponent Nomination and Contact details and comprises 2 parts as follows:

Condition 2-1: The proponent for the time being nominated by the Minister for Environment under sections 38(6) or 38(7) of the Environmental Protection Act 1986 is responsible for the implementation of the proposal;

Condition 2-2: The proponent shall notify the Chief Executive Officer of the Department of Environment and Conservation of any change of the name and address of the proponent for the serving of notices or other correspondence within 30 days of such change.

Compliance

Condition 2-1

Western Areas NL remains the proponent responsible for the implementation of the proposal hence compliance with Condition 2-1 is met for the reporting period.

Condition 2-2

The name and contact details of Western Areas NL remained the same during the reporting period hence compliance with Condition 2-2 is not applicable for the reporting period. The company changed address on 13th September 2011, the Chief Executive Officer of the Department of Environment and Conservation will be notified by the 30th October 2011.

The new contact details are as follows;

Street Address

Western Areas NL
Level 2, 2 Kings Park Road
West Perth, W.A. 6005

Postal Address

Western Areas NL
PO Box 1891
West Perth
6872

3.3 Condition 3

Statement

Condition 3 of Statement 808 relates to the Time Limit of Authorisation for the proposal and comprises 2 parts as follows:

Condition 3-1: The authorisation to implement the proposal provided for in this statement shall lapse and be void five years after the date of this statement if the proposal to which this statement relates is not substantially commenced;

Condition 3-2: The proponent shall provide the Chief Executive Officer of the Department of Environment and Conservation with written evidence which demonstrates that the proposal has been substantially commenced on or before the expiration of five years from the date of this statement.

Compliance

Condition 3-1

Condition 3-1 is noted. The project was substantially commenced on the 9th of October 2009, hence Condition 3-1 has been met and is complete.

Condition 3-2

A letter notifying the OEPA of substantial commencement was provided on the 17th September 2010. Hence Condition 3-2 has been met and is complete..

3.4 Condition 4

Statement

Condition 4 of Statement 808 relates to Compliance reporting and consists of 6 parts as follows:

Condition 4-1: The proponent shall prepare and maintain a compliance assessment plan to the satisfaction of the Chief Executive Officer of the Department of Environment and Conservation;

Condition 4-2: The proponent shall submit to the Chief Executive Officer of the Department of Environment and Conservation, the compliance assessment plan required by condition 4-1 at least 6 months prior to the first compliance report required by condition 4-6. The compliance assessment plan shall indicate:

- 1 the frequency of compliance reporting;*
- 2 the approach and timing of compliance assessments;*
- 3 the retention of compliance assessments;*
- 4 reporting of potential non-compliances and corrective actions taken;*
- 5 the table of contents of compliance reports; and*
- 6 public availability of compliance reports.*

Condition 4-3: The proponent shall assess compliance with conditions in accordance with the compliance assessment plan required by condition 4-1.

Condition 4-4: The proponent shall retain reports of all compliance assessments described in the compliance assessment plan required by condition 4-1 and shall make those reports available when requested by the Chief Executive Officer of the Department of Environment and Conservation.

Condition 4-5: The proponent shall advise the Chief Executive Officer of the Department of Environment and Conservation of any potential non-compliance within two business days of that non-compliance being known.

Condition 4-6: The proponent shall submit a compliance assessment report annually from the date of issue of this Implementation Statement addressing the previous twelve month period or other period as agreed by the Chief Executive Officer of the Department of Environment and Conservation. The compliance assessment report shall:

- 1 be endorsed by the proponents Managing Director or a person, approved in writing by the Department of Environment and Conservation, delegated to sign on the Managing Director's behalf;*
- 2 include a statement as to whether the proponent has complied with the conditions;*
- 3 identify all potential non-compliances and describe corrective and preventative actions taken;*
- 4 be made publicly available in accordance with the approved compliance assessment plan;*
- 5 indicate any proposed changes to the compliance assessment plan required by condition 4-1.*

Compliance

Condition 4-1:

A Compliance Assessment Plan (CAP) was prepared and is being maintained in accordance with Condition 4-1. The CAP was received by the OEPA and the Proposal Implementation Monitoring Branch (PIMB) provided correspondence dated the 12th of May 2010 that the compliance monitoring database had been updated to reflect their receipt of the CAP, indicating satisfaction with its content. A letter dated 12th October 2010 was provided advising WSA that the revised CAP submitted on the 24th September 2010 meets the requirements for Condition 4-1 and 4-2 of Ministerial Statement 808.

Condition 4-2

On the 23rd of November 2009, the then Proposal Implementation Management Section of the DEC (PIMS; Claire Adams) advised via email that the CAP required by Condition 4-1 should be submitted by the 17th of March 2010 in order to meet Condition 4-2. The Draft CAP was submitted to the OEPA on the 10th of March 2010. Hence compliance has been met for Condition 4-2. A final approved copy of the CAP was provided to the newly created Project Implementation Monitoring Branch (PIMB) on the 5th May 2010. A letter dated 12th October 2010 was provided advising WSA that the revised CAP submitted on the 24th September 2010 meets the requirements for Condition 4-1 and 4-2 of Ministerial Statement 808.

Condition 4-3

This Compliance Assessment Report (CAR) provides an assessment of conditions in accordance with the CAP. Hence compliance has been met for Condition 4-3.

Condition 4-4

Appendices 1 and 2 of this CAR provide the summary reports that have been prepared for the reporting period as a result of implementation of Conditions 6-3 and 7-1.

Condition 4-5

No non-compliances reported for the reporting period.

Condition 4-6

Statement 808 was issued on the 17th of September 2009. Therefore in line with Condition 4-6 and as per Section 2 of the CAP, the CAR is due for submission by (i.e. on or before) the 16th of September 2010 and annually thereafter.

This CAR was submitted on the 16th of September and hence compliance has been met for Condition 4-6.

This CAR addresses points 1, 2, 3, 4 and 5 under Condition 4-6. The CAR was placed on the company website within 2 weeks of submission of the CAR to the CEO of the DEC (i.e. 24th of September 2010).

3.5 Condition 5

Statement

Condition 5 of Statement 808 relates to Performance Review and Reporting as follows:

Condition 5-1: The proponent shall submit to the Chief Executive Officer of the Department of Environment and Conservation, a Performance Review Report at the conclusion of the first year after the start of implementation and then annually, which addresses:

- 1. the major environmental risks and impacts; the performance objectives, standards and criteria related to these; the success of risk reduction/impact mitigation measures and results of monitoring related to management of the major risks and impacts;*
- 2. the level of progress in the achievement of sound environmental performance, including industry benchmarking, and the use of best available technology where practicable; and*
- 3. improvements gained in environmental management which could be applied to this and other similar projects.*

Compliance

Condition 5-1

The Performance Review Report (PRR) required by Condition 5-1 was submitted on the 8th of October 2010. Compliance with this condition has been met. The PRR for the current reporting period will be submitted on the 8th October 2011.

3.6 Condition 6

Condition 6 of Statement 808 relates to Flora and Vegetation and consists of 6 parts as follows:

Statement

Condition 6-1: The proponent shall not cause the loss of the Declared Rare Flora *Eucalyptus steedmanii* from the implementation of the proposal.

Condition 6-2: Prior to ground disturbing activities, the proponent shall undertake baseline monitoring of the health and abundance of the Declared Rare Flora *Eucalyptus steedmanii* populations 2, 3a, 3b, 7 and population 1 (including individuals in close proximity to the haul road and the population fragment to the west of the haul road) identified in Figure 3, schedule 1.

Condition 6-3: The proponent shall monitor impacts on the health and abundance of the Declared Rare Flora *Eucalyptus steedmanii* populations as identified in condition 6-2, from activities undertaken in implementing the proposal. This monitoring shall be carried out to the satisfaction of the Chief Executive Officer of the Department of Environment and Conservation.

Condition 6-4: The proponent shall submit annually the results of monitoring required by condition 6-3 to the Chief Executive Officer of the Department of Environment and Conservation.

Condition 6-5: In the event that monitoring required by condition 6-3 indicates a decline in the health or abundance of Declared Rare Flora *Eucalyptus steedmanii* outside the areas to be cleared:

1. the proponent shall report such findings to the Chief Executive Officer of the Department of Environment and Conservation within 21 days of the decline being identified;
2. provide evidence which allows determination of the cause of the decline;
3. if determined by Chief Executive Officer of the Department of Environment and Conservation to be a result of activities undertaken in implementing the proposal, the proponent shall submit actions to be taken to remediate the decline to the Chief Executive Officer; and
4. the actions to remediate the decline of Declared Rare Flora shall be undertaken upon approval of the Chief Executive Officer of the Department of Environment and Conservation

Condition 6-6: The proponent shall make the monitoring reports required by condition 6-5 publicly available in a manner approved by the Chief Executive Officer of the Department of Environment and Conservation

Compliance

Condition 6-1

As at the 30th of June 2011, there has been no recorded loss of the DRF *Eucalyptus steedmanii* through implementation of the project. Hence compliance with Condition 6-1 has been met for the reporting period.

Condition 6-2

Baseline monitoring of *Eucalyptus steedmanii* populations 2, 3a, 3b, 7 and population 1 was undertaken in September 2009. The baseline report was supplied to the PIMS in September 2009 prior to ground disturbance activities taking place in October. Hence compliance with this condition has been met.

Condition 6-3

Monitoring of impacts to the health and abundance of *Eucalyptus steedmanii* has been undertaken in line with the Declared Rare Flora Management Plan. The Management Plan has been endorsed by the Chief Executive Officer of the Department of Environment and Conservation. Monitoring results are summarised in the compliance assessment summary report included as Appendix 1 of this CAR. Hence compliance with Condition 6-3 is met for the reporting period.

Condition 6-4

Monitoring results to the 30th of June 2011 for *Eucalyptus steedmanii* are included in the compliance assessment summary report included as Appendix 1 of this CAR. Hence compliance with Condition 6-4 for the reporting period is met.

Condition 6-5

As at the 30th of June 2011 the monitoring required by Condition 6-3 has not shown a decline in the health of abundance of *Eucalyptus steedmanii*. Hence the requirements of Condition 6-3 are not triggered and compliance is not applicable for the reporting period.

Condition 6-6

No monitoring reports were required to be produced under the requirements of Condition 6-5 and hence compliance with Condition 6-6 is not applicable for the reporting period.

3.7 Condition 7

Condition 7 of Statement 808 relates to Fauna and is as follows:

Statement

Condition 7-1: The proponent shall implement measures identified in Chapter 6.3 of the Environmental Protection Statement for the Proposed Spotted Quoll Mine, prepared by Coffey Environments Pty Ltd, Perth, Western Australia (July 2009) to prevent adverse impacts to Malleefowl along the haul road.

Compliance

WSA has implemented measures identified in Chapter 6.3 for the prevention of adverse impacts to Malleefowl along the Spotted Quoll to Flying Fox haul road. A summary report which details the measures that have been implemented is included as Appendix 2 of this CAR.

3.8 Condition 8

Condition 8 of Statement 808 relates to Mine Closure and Rehabilitation and consists of 3 parts as follows:

Statement

Condition 8-1: Prior to the commencement of ground-disturbing activities, the proponent shall conduct surveys of the proposal area to collect baseline information on the following:

- 1 pre-mining soil profiles;
- 2 groundwater levels;
- 3 surface water flows;
- 4 vegetation complexes;
- 5 landscape and landforms; and
- 6 material characterisation.

Condition 8-2: The proponent shall submit a Rehabilitation and Mine Closure Plan acceptable to the Chief Executive Officer of the Department of Environment and Conservation and the Director General of the Department of Mines and Petroleum with the advice of other agencies as appropriate within 12 months of the commencement of ground disturbing activities.

The Rehabilitation and Mine Closure Plan shall provide for specific outcomes for:

- 1 landform design and material characterisation;
- 2 rehabilitation completion criteria consistent with Environmental Protection Authority Guidance Statement No.6* to provide a self sustaining, functional ecosystem comprising, native vegetation of local provenance species;
- 3 progressive rehabilitation timelines and monitoring against key performance indicators;
- 4 annual reporting procedures; and
- 5 procedures to review and revise the Rehabilitation and Mine Closure Plan.

** Guidance for the Assessment of Environmental Factors: Rehabilitation of Terrestrial Ecosystems: No 6, Environmental Protection Authority, 2006.*

Condition 8-3: The proponent shall ensure that after mine closure, the final pit void:

- 1 does not cause significant groundwater contamination outside of the final pit void;
- 2 is not accessible by terrestrial native fauna if water remains in the final pit void;
- 3 is not accessible by any native fauna which may subsequently be harmed or fauna which may harm surrounding native vegetation.

Compliance

Condition 8-1

Baseline data meeting the requirements of Condition 8-1 was supplied to PIMS in September 2009 prior to ground disturbance activities commencing. Hence compliance with Condition 8-1 has been met.

Condition 8-2

The Rehabilitation and Mine Closure Plan (RMCP) required by Condition 8-2 had not been submitted to the Director General of the Department of Mines and Petroleum (DMP) for comment in May 2010 as required by the CAP. Therefore there was a technical non compliance with the requirements of the CAP in relation to Condition 8-2 during the previous reporting period. The RMCP was submitted on the 26th July 2010 (during the current reporting period). Comments from the DMP were received on the 14th October 2010, outside of the previous reporting period. Comments from the OEPA were received on the 28th July 2011, outside of the previous reporting period. Further advice from the OEPA on the 22nd August 2011 is that the revised RMCP should be submitted once the Section 46 application (submitted on 3rd December 2010) to alter Condition 8-2 and 8-3 of Ministerial Statement 808 has been resolved. As of the 16th September 2011 WSA are still awaiting advice from the OEPA.

Condition 8-3

The 3 points noted in Condition 8-3 were generally addressed in the RMCP that has been submitted to the Chief Executive Officer of the Department of Environment and Conservation and the Director General of the Department of Mines and Petroleum in July 2010.

4.0 Audit Table Summary

Table 1 summarises compliance with the implementation conditions for the reporting period.

Table 1: Summary statement of project compliance with implementation conditions

Number	Subject	Compliance met for current reporting period (1 st July 2010 – 30 th June 2011)
808:M1.1	The proponent shall implement the proposal as documented and described in schedule 1 of this statement subject to the conditions and procedures of this statement.	Yes.
808:M2.1	The proponent for the time being nominated by the Minister for Environment under sections 38(6) or 38(7) of the <i>Environmental Protection Act 1986</i> is responsible for the implementation of the proposal.	Yes.
808:M2.2	The proponent shall notify the Chief Executive Officer of the Department of Environment and Conservation of any change of the name and address of the proponent for the serving of notices or other correspondence within 30 days of such change.	Not applicable for reporting period.
808:M3.1	The authorisation to implement the proposal provided for in this statement shall lapse and be void five years after the date of this statement if the proposal to which this statement relates is not substantially commenced.	Yes. Condition complete.
808:M3.2	The proponent shall provide the Chief Executive Officer of the Department of Environment and Conservation with written evidence which demonstrates that the proposal has substantially commenced on or before the expiration of five years from the date of this statement.	Not applicable for reporting period.
808:M4.1	The proponent shall prepare and maintain a compliance assessment plan to the satisfaction of the Chief Executive Officer of the Department of Environment and Conservation.	Yes, revised CAP submitted on 24/09/10.

808:M4.2	<p>The proponent shall submit to the Chief Executive Officer of the Department of Environment and Conservation, the compliance assessment plan required by condition 4-1 at least 6 months prior to the first compliance report required by condition 4-6. The compliance assessment plan shall indicate:</p> <ol style="list-style-type: none"> 1 the frequency of compliance reporting; 2 the approach and timing of compliance assessments; 3 the retention of compliance assessments; 4 reporting of potential non-compliances and corrective actions taken; 5 the table of contents of compliance reports; and 6 public availability of compliance reports. 	Yes.
808:M4.3	The proponent shall assess compliance with conditions in accordance with the compliance assessment plan required by condition 4-1.	Yes.
808:M4.4	The proponent shall retain reports of all compliance assessments described in the compliance assessment plan required by condition 4-1 and shall make those reports available when requested by the Chief Executive Officer of the Department of Environment and Conservation.	Yes. Included as Appendix 1 and 2 of the CAR.
808:M4.5	The proponent shall advise the Chief Executive Officer of the Department of Environment and Conservation of any potential non-compliance within two business days of that non-compliance being known.	Yes.
808:M4.6	<p>Condition 4-6: The proponent shall submit a compliance assessment report annually from the date of issue of this Implementation Statement addressing the previous twelve month period or other period as agreed by the Chief Executive Officer of the Department of Environment and Conservation. The compliance assessment report shall:</p> <ol style="list-style-type: none"> 1 be endorsed by the proponents Managing Director or a person, approved in writing by the Department of Environment and Conservation, delegated to sign on the Managing Director's behalf; 2 include a statement as to whether the proponent has complied with the conditions; 3 identify all potential non-compliances and describe corrective and preventative actions taken; 4 be made publicly available in accordance with the approved compliance assessment plan; 5 indicate any proposed changes to the compliance assessment plan required by condition 4-1. 	Yes.
808:M5.1	The proponent shall submit to the Chief Executive Officer of the Department of Environment and Conservation, a Performance Review Report at the conclusion of the first year after the start of implementation and then annually.	Yes, submitted on 08/10/10.
808:M6.1	The proponent shall not cause the loss of the Declared Rare Flora <i>Eucalyptus steedmanii</i> from the implementation of the proposal.	Yes.
808:M6.2	Prior to ground disturbing activities, the proponent shall undertake baseline monitoring of the health and abundance of the Declared Rare Flora <i>Eucalyptus steedmanii</i> populations 2, 3a, 3b, 7 and population 1 (including individuals in close proximity to the haul road and the population fragment to the west of the haul road) identified in Figure 3, schedule 1.	Yes. Condition complete.
808:M6.3	The proponent shall monitor impacts on the health and abundance of the Declared Rare Flora <i>Eucalyptus steedmanii</i> populations and individuals as identified in condition 6-2, from activities undertaken in implementing the proposal. This monitoring shall be carried out to the satisfaction of the Chief Executive Officer of the Department of Environment and Conservation.	Yes.
808:M6.4	The proponent shall submit annually the results of monitoring required by condition 6-3 to the Chief Executive Officer of the Department of Environment and Conservation.	Yes.
808:M6.5	<p>In the event that monitoring required by condition 6-3 indicates a decline in the health or abundance of Declared Rare Flora <i>Eucalyptus steedmanii</i> outside the areas to be cleared:</p> <ol style="list-style-type: none"> 1. the proponent shall report such findings to the Chief Executive Officer of the Department of Environment and Conservation within 21 days of the decline being identified; 	Not applicable for reporting period.

	<ol style="list-style-type: none"> 2. provide evidence which allows determination of the cause of the decline; 3. if determined by Chief Executive Officer of the Department of Environment and Conservation to be a result of activities undertaken in implementing the proposal, the proponent shall submit actions to be taken to remediate the decline to the Chief Executive Officer; and 4. the actions to remediate the decline of Declared Rare Flora shall be undertaken upon approval of the Chief Executive Officer of the Department of Environment and Conservation. 	
808:M6.6	The proponent shall make the monitoring reports required by condition 6-5 publicly available in a manner approved by the Chief Executive Officer of the Department of Environment and Conservation.	Not applicable for reporting period.
808:M7.1	The proponent shall implement measures identified in Chapter 6.3 of the <i>Environmental Protection Statement for the Proposed Spotted Quoll Mine</i> , prepared by Coffey Environments Pty Ltd, Perth, Western Australia (July 2009) to prevent adverse impacts to Malleefowl along the haul road.	Yes.
808:M8.1	<p>Prior to the commencement of ground-disturbing activities, the proponent shall conduct surveys of the proposal area to collect baseline information on the following:</p> <ol style="list-style-type: none"> 1 pre-mining soil profiles; 2 groundwater levels; 3 surface water flows; 4 vegetation complexes; 5 landscape and landforms; and 6 material characterisation. 	Yes. Condition complete.
808:M8.2	<p>The proponent shall submit a Rehabilitation and Mine Closure Plan (RMCP) acceptable to the Chief Executive Officer of the Department of Environment and Conservation and the Director General of the Department of Mines and Petroleum with the advice of other agencies as appropriate within 12 months of the commencement of ground disturbing activities. The Rehabilitation and Mine Closure Plan shall provide for specific outcomes for:</p> <ol style="list-style-type: none"> 1 landform design and material characterisation; 2 rehabilitation completion criteria consistent with Environmental Protection Authority Guidance Statement No.6* to provide a self sustaining, functional ecosystem comprising, native vegetation of local provenance species; 3 progressive rehabilitation timelines and monitoring against key performance indicators; 4 annual reporting procedures; and 5 procedures to review and revise the Rehabilitation and Mine Closure Plan. <p>* <i>Guidance for the Assessment of Environmental Factors: Rehabilitation of Terrestrial Ecosystems: No 6</i>, Environmental Protection Authority, 2006.</p>	<p>Unclear. Possible non compliance with the requirements of the CAP as RMCP not submitted to DG of DMP until July 2010 (non compliant with CAP but within 12 months of ground disturbance).</p> <p>Submitted to on the 26/07/10, DMP comments received on 14/10/10 and comments received from OEPA on 25/07/11 (outside of the reporting period).</p>
808:M8.3	<p>The proponent shall ensure that after mine closure, the final pit void:</p> <ol style="list-style-type: none"> 1 does not cause significant groundwater contamination outside of the final pit void; 2 is not accessible by terrestrial native fauna if water remains in the final pit void; 3 is not accessible by any native fauna which may subsequently be harmed or fauna which may harm surrounding native vegetation. 	Not applicable for reporting period.

The Audit Table for statement 808 should be updated to reflect the current status of compliance with the conditions.

5.0 Conclusion

This CAR outlines the current status of compliance of the Western Areas NL owned Spotted Quoll proposal with the proposal implementation conditions set out in Ministerial Statement 808 and has been signed off by the Managing Director of Western Areas NL.

For the reporting period (i.e. 1st July 2010 – 30th June 2011) there was one minor potential non compliances with the conditions of Statement 808 as follows:

- The Rehabilitation and Mine Closure Plan (RMCP) required by Condition 8-2 was submitted to the Director General of the Department of Mines and Petroleum in July 2010 not May 2010 as was specified in the CAP. Comments from the OEPA were received outside of the current reporting period. The RMCP should be finalised once revised version is reassessed after the conclusion of the s46 application submitted on the 3rd December 2010.

If you have any queries regarding this compliance document please do not hesitate to contact the undersigned.



Darren Coulson
Environmental Manager
Western Areas NL
Ph: 9334 7777
Email: dcoulson@westernareas.com.au

Figures

Figure 1 – Location of Forrestania Nickel Project in Western Australia
Figure 2 – Spotted Quoll project – general site layout plan

Appendices

Appendix 1 - *Eucalyptus steedmanii* monitoring summary report

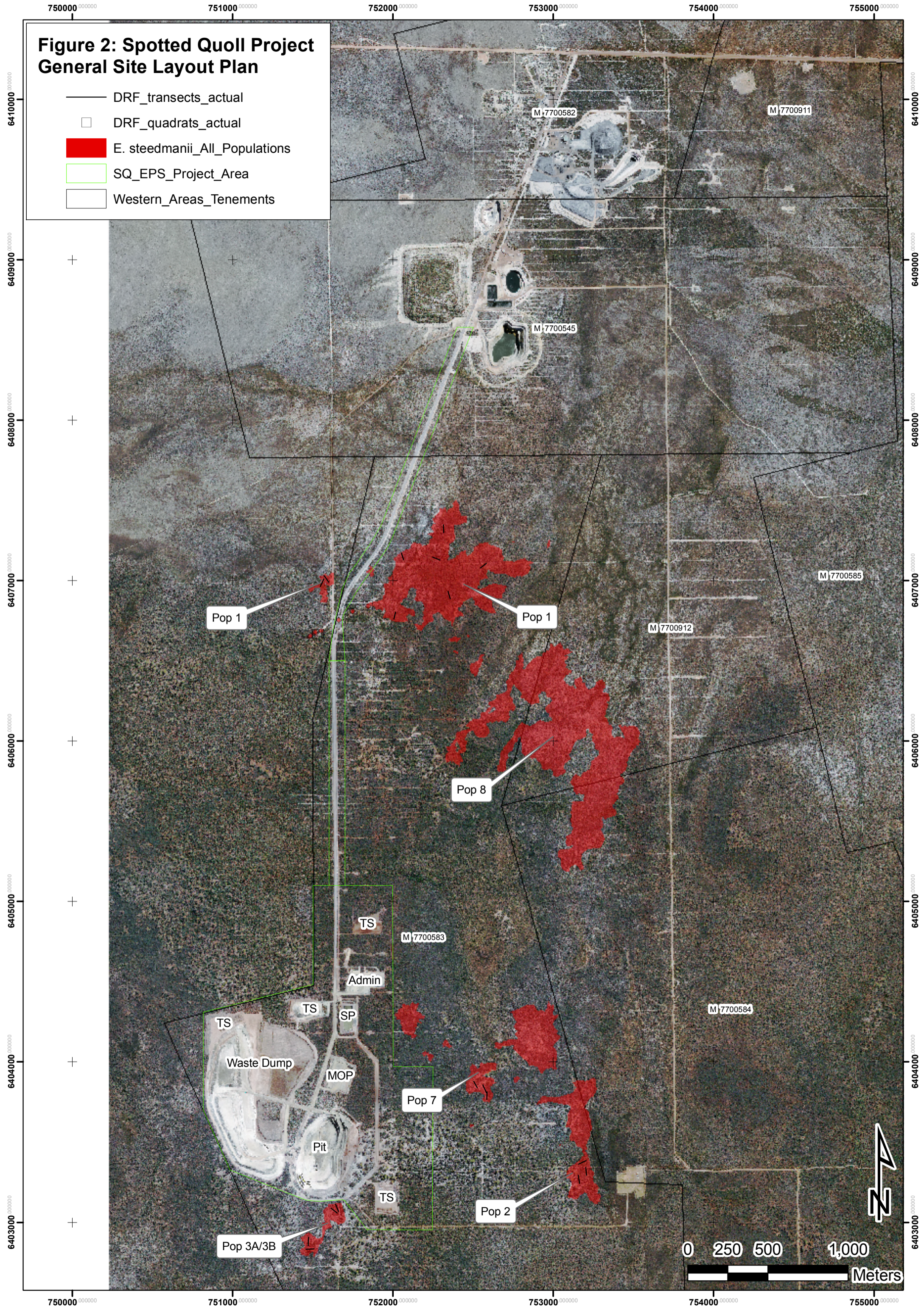
Appendix 2 - Malleefowl actions summary report



Figure 1: Location of Forrestania Nickel Project in Western Australia

Figure 2: Spotted Quoll Project General Site Layout Plan

- DRF_transects_actual
- DRF_quadrats_actual
- E. steedmanii_All_Populations
- SQ_EPS_Project_Area
- Western_Areas_Tenements



Pop 1

Pop 1

Pop 8

M 7700583

Admin

TS

SP

Waste Dump

MOP

Pit

TS

Pop 7

Pop 2

Pop 3A/3B

0 250 500 1,000
Meters





Suite 3, Level 1, 11 Ventnor Avenue
 WEST PERTH WA 6005
 Ph: 08 9334 7777 Fax: 08 9486 7866
 Website: www.westernareas.com.au

APPENDIX 1

Spotted Quoll Open Pit Nickel Mine - Ministerial Statement 808

***Eucalyptus steedmanii* monitoring summary report**

Western Areas NL (WSA) received Ministerial Approval (Ministerial Statement 808) to commence development of the Spotted Quoll Open Pit Nickel Mine on the 17th of September 2009.

Condition 6 of Ministerial Statement 808 requires that WSA monitor impacts to the health and abundance of the Declared Rare Flora *Eucalyptus steedmanii* populations as follows:

Condition 6-1: The proponent shall not cause the loss of the Declared Rare Flora Eucalyptus steedmanii from the implementation of the proposal.

Condition 6-2: Prior to ground disturbing activities, the proponent shall undertake baseline monitoring of the health and abundance of the Declared Rare Flora Eucalyptus steedmanii populations 2, 3a, 3b, 7 and population 1 (including individuals in close proximity to the haul road and the population fragment to the west of the haul road) identified in Figure 3, schedule 1.

Condition 6-3: The proponent shall monitor impacts on the health and abundance of the Declared Rare Flora Eucalyptus steedmanii populations as identified in condition 6-2, from activities undertaken in implementing the proposal. This monitoring shall be carried out to the satisfaction of the Chief Executive Officer of the Department of Environment and Conservation.

Condition 6-4: The proponent shall submit annually the results of monitoring required by condition 6-3 to the Chief Executive Officer of the Department of Environment and Conservation.

Condition 6-5: In the event that monitoring required by condition 6-3 indicates a decline in the health or abundance of Declared Rare Flora Eucalyptus steedmanii outside the areas to be cleared:

- 1. the proponent shall report such findings to the Chief Executive Officer of the Department of Environment and Conservation within 21 days of the decline being identified;*
- 2. provide evidence which allows determination of the cause of the decline;*
- 3. if determined by Chief Executive Officer of the Department of Environment and Conservation to be a result of activities undertaken in implementing the proposal, the proponent shall submit actions to be taken to remediate the decline to the Chief Executive Officer; and*
- 4. the actions to remediate the decline of Declared Rare Flora shall be undertaken upon approval of the Chief Executive Officer of the Department of Environment and Conservation*

Condition 6-6: The proponent shall make the monitoring reports required by condition 6-5 publicly available in a manner approved by the Chief Executive Officer of the Department of Environment and Conservation

Baseline Monitoring

To ensure compliance with Condition 6-2, on 18th 19th and 20th August 2009 Botanica Consulting (BC) was commissioned to complete baseline level vegetation monitoring of seven *Eucalyptus steedmanii* (DRF) populations as known to the DEC. The boundary of these populations were walked with a GPS and the spatial area of each defined. Monitoring transects were then planned and positioned so as to be incorporated by these boundaries. Twenty two 50m transects were established within the population boundaries with 4 quadrats established surrounding other trees outside of these boundaries at Population 1. Locations of transects and quadrats are shown in Figure 1.

Monthly and Weekly Monitoring

To ensure compliance with Condition 6-3, WSA developed a *Eucalyptus steedmanii* Management Plan as a part of the approvals process for the Spotted Quoll open pit project. The Management Plan detailed a number of monitoring activities that would be undertaken during the construction and operation phase of the project to ensure that the *Eucalyptus steedmanii* populations involved were not impacted by the project. These activities are listed as follows:

- Undertake weekly visual observations of *Eucalyptus steedmanii* populations in close proximity to the haul road and operations (i.e. Populations 1, 3A/3B and other plants identified by Botanica, 2009). Written and photographic records will be kept of the visual inspections of plant conditions.
- Undertake monthly transect monitoring of Populations 1, 2, 3A/3B and 7, and annual transect monitoring in Populations 4, 5 and 6. Transect monitoring will address plant health, recruitment and reproductive status of *Eucalyptus steedmanii* populations. Plant condition for each individual that intersects the transect will be assessed using a rating method that assigns a score based on species health/vigour (e.g. 0=dead, 1=poor health (i.e. extensive crown decline), 2=moderate health (i.e. some evidence of crown decline) and 3 = very healthy (i.e. no evidence of crown decline)), as well as noting information relating to the stage of seed development.
- Undertake monthly collection and analysis of dust deposition gauges. Results will be correlated with visual plant health observations and monthly transect monitoring results
- After 12 months of monitoring dust deposition and DRF plant health, in consultation with the DEC, assess the feasibility of developing appropriate operational dust deposition targets.
- In the event that dust levels exceed acceptable limits, dust suppression measures will be immediately reviewed and more stringent measures implemented as appropriate. Remediation actions will be undertaken on the affected plants on consultation with the DEC.

Both weekly and monthly monitoring of known populations of the DRF species *Eucalyptus steedmanii* has been undertaken in accordance with the *Eucalyptus steedmanii* Management Plan since the commencement of mining activities associated with the Spotted Quoll open pit mine commenced on tenement M77/583 in October 2009. No deterioration in health of the populations has been observed. The most important change that has been recorded is the development of the reproductive maturity of populations. All populations contain plants that have mature fruit, most populations are showing mature reproductive status as of Autumn 2010.

Only a summary of the monitoring results for each population is presented here. Monitoring data including photographs is available on request if required.

Population 1

Population 1 is located in close proximity to the new haul road between Spotted Quoll mine and the Flying Fox mine. Photo monitoring is undertaken on a weekly basis and transect monitoring is undertaken on a monthly basis for this population. This population includes a number of individual plants located by Botanica Consulting Pty Ltd which are remote from the main population.

No decline in the health assessment of the plants was observed for the reporting period. Some plants are affected by the parasitic creeper *Cassytha melantha* (Large Dodder Laurel), however there has been no indication that the health of the affected plants has deteriorated over the monitoring period due to this. The reproductive maturity of the population has increased throughout the monitoring period. During the baseline surveys approximately 39% of the trees were sterile, 15% had immature fruit and 46% had mature fruit. As of June 2011 the ratios were as follows; 23% sterile, 15% immature and 63% reproductively mature.

Population 2

Population 2 is located some 1.8km east of the Spotted Quoll mine. Monthly transect monitoring is undertaken for this population. No decline in the health assessment has been observed. Reproductive maturity has remained constant at 100% of all individuals being at reproductive maturity during baseline monitoring and also each month through to June 2011.

Population 3A/3B

Population 3A and 3B is located immediately south of the Spotted Quoll open pit (~50m from the edge of the pit). Photo monitoring is undertaken on a weekly basis and transect monitoring is undertaken on a monthly basis for this population. No decline in health assessment was observed during the reporting period. Reproductive maturity increased from 45% sterile, 8% immature and 47% mature in the baseline surveys to 39%, 0% and 61% respectively.

Population 4

Populations 4 is located approximately 20km north of the Spotted Quoll area. This population is monitored on an annual basis during spring (October). Population 4 shows no decline in vegetation health during the reporting period. Reproductive maturity increased from 40% sterile, 18% immature and 42% mature to 40%, 1% and 59% respectively.

Population 5

Populations 5 is located approximately 20km north of the Spotted Quoll area. This population is monitored on an annual basis during spring (October). Population 5 shows no decline in vegetation health during the reporting period. Reproductive maturity increased with population 5 increasing from 47% sterile, 16% immature and 38% mature during baseline surveys to 47%, 8%, 46% during spring 2010.

Population 6

Population 6 has not been located to date.

Population 7

Population 7 is located approximately 800m east of the Spotted Quoll mine. Monthly transect monitoring is undertaken for this population. No decline in health assessment has been observed in this population. Reproductive maturity has also increased in this population most plants maintaining mature fruit but some immature fruit maturing during the course of monitoring. During Baseline surveys approximately 43% of trees were sterile, 7% immature and 50% with mature fruit. In June 2011 those figures were 35%, 13% and 53% respectively.

Visual records have been kept via photographic monitoring of transects and quadrats on both a weekly and monthly basis. No obvious change in populations has been observed during this monitoring. Several transects in populations 1, 3A and 3B plus individual plants in quadrats near the haul road have been observed weekly with photographic records kept on file.

Dust Monitoring

Dust monitoring in the form of strategically placed dust deposition gauges has been undertaken at the Spotted Quoll site since June 2009. The location of the dust deposition gauges is shown in Figure 1. Dust deposition gauges provide an indication of deposition for the TSP dust fraction and where possible are located on the project side of *Eucalyptus steedmanii* populations 1 (SQMP1 and SQMP02), 2 (SQMP09), 3A/3B (SQMP06) and 7 (SQMP08) although location depends on meeting the Australian Standard for placement of dust gauges. Only a summary of the dust deposition results obtained for the reporting period of July 2010 through to June 2011 are presented here. Dust deposition data is available on request if required.

SQMP01 - For the reporting period dust deposition reached a high of 5.9 g/m²/month in June 2011 and a low of 0.34 g/m²/month in April 2011. The average result is 2.11 g/m²/month.

SQMP02 - For the reporting period dust deposition reached a high of 2.11 g/m²/month in June 2011 and a low of 0.26 in April 2011. The average result is 1.59 g/m²/month.

SQMP03 – For the reporting period dust deposition reached a high of 5.3 g/m²/month in June 2011 and low of 0.36 g/m²/month in April 2011. The average result is 2.59 g/m²/month.

SQMP04 – This monitor was taken out of service May 2010 due to its close proximity to the waste dump and the fact that its positioning no longer met the Australian Standard for placement of dust deposition gauges. A new point SQMP10 has been installed as a replacement.

SQMP05 – For the reporting period dust deposition reached a high of 8.6 g/m²/month in July 2010 and a low of 2.1 g/m²/month in December 2010. The average was 5.26 g/m²/month. This monitoring point has been removed in March 2011 to install infrastructure around the open pit.

SQMP06 – For the reporting period dust deposition reached a high of 7.9 g/m²/month in June 2011 and a low of 1.78 g/m²/month in January 2011. The average was 3.77 g/m²/month.

SQMP07 – For the reporting period dust deposition reached a high of 6.2 g/m²/month in June 2011 and a low of 0.67 g/m²/month in April 2011. The average was 1.89 g/m²/month.

SQMP08 – For the reporting period dust deposition reached a high of 6.5 g/m²/month in June 2011 and a low of 0.6 g/m²/month in April 2011. The average was 2.22 g/m²/month.

SQMP09 – For the reporting period dust deposition reached a high of 6.1 g/m²/month in June 2011 and a low of 0.66 g/m²/month in April 2011. The average was 1.83 g/m²/month.

SQMP10 – This site was commissioned in March 2010 to replace SQMP04 which was decommissioned in May 2010. For the reporting period dust deposition reached a high of 5.8 g/m²/month in June 2011 and a low of 1.2 g/m²/month in April 2011. The average was 4.45 g/m²/month.

The results show that SQMP05 was the gauge showing the highest average level of dust deposition for the reporting period of 5.26 g/m²/month. This result can be attributed to the fact that the gauge was located in the SE corner of the pit and is in close proximity to areas where surface infrastructure works were occurring. The gauge was eventually removed to install infrastructure close to the pit crest. The average dust deposition decreased from the last reporting period to the current reporting period until it was removed. This is likely because the dust emissions from the pit were reduced as the mining operation progressed deeper. The relatively high dust deposition at this site may be due to the fact that surface infrastructure works were being carried out in the immediate vicinity.

Eucalyptus steedmanii monitoring for the reporting period has shown that there has been no visible detrimental impacts to the health of any of the *Eucalyptus steedmanii* populations that occur in the vicinity of the Spotted Quoll project due to dust deposition or other factors.

Regards



Darren Coulson
Environmental Manager
Western Areas NL

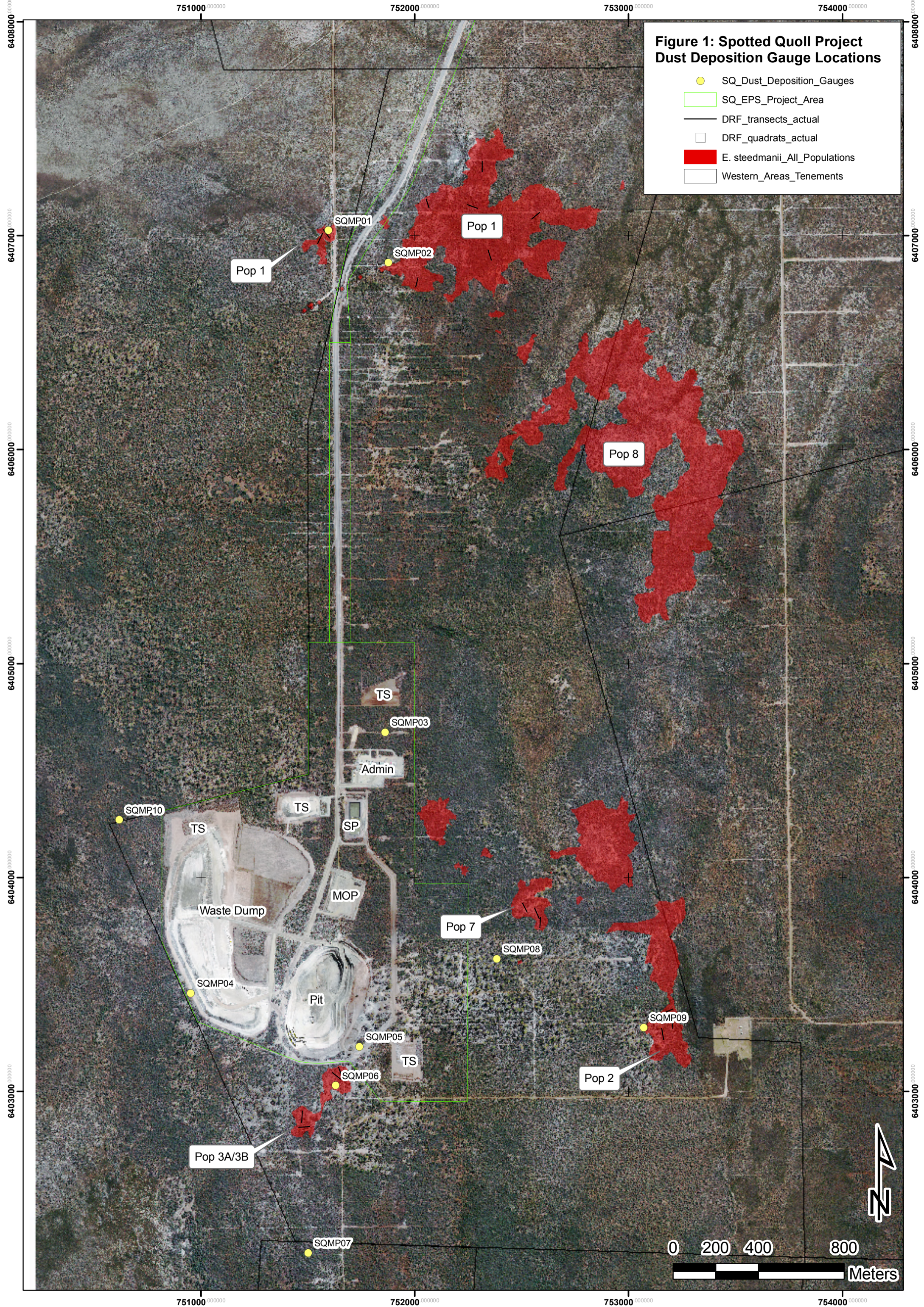


Figure 1: Spotted Quoll Project Dust Deposition Gauge Locations

- SQ_Dust_Deposition_Gauges
- SQ_EPS_Project_Area
- DRF_transects_actual
- DRF_quadrats_actual
- E. steedmanii_All_Populations
- Western_Areas_Tenements

Pop 1

SQMP01

SQMP02

Pop 1

Pop 8

TS

SQMP03

Admin

SQMP10

TS

SP

Waste Dump

MOP

Pop 7

SQMP08

Pop 3A/3B

SQMP04

Pit

SQMP05

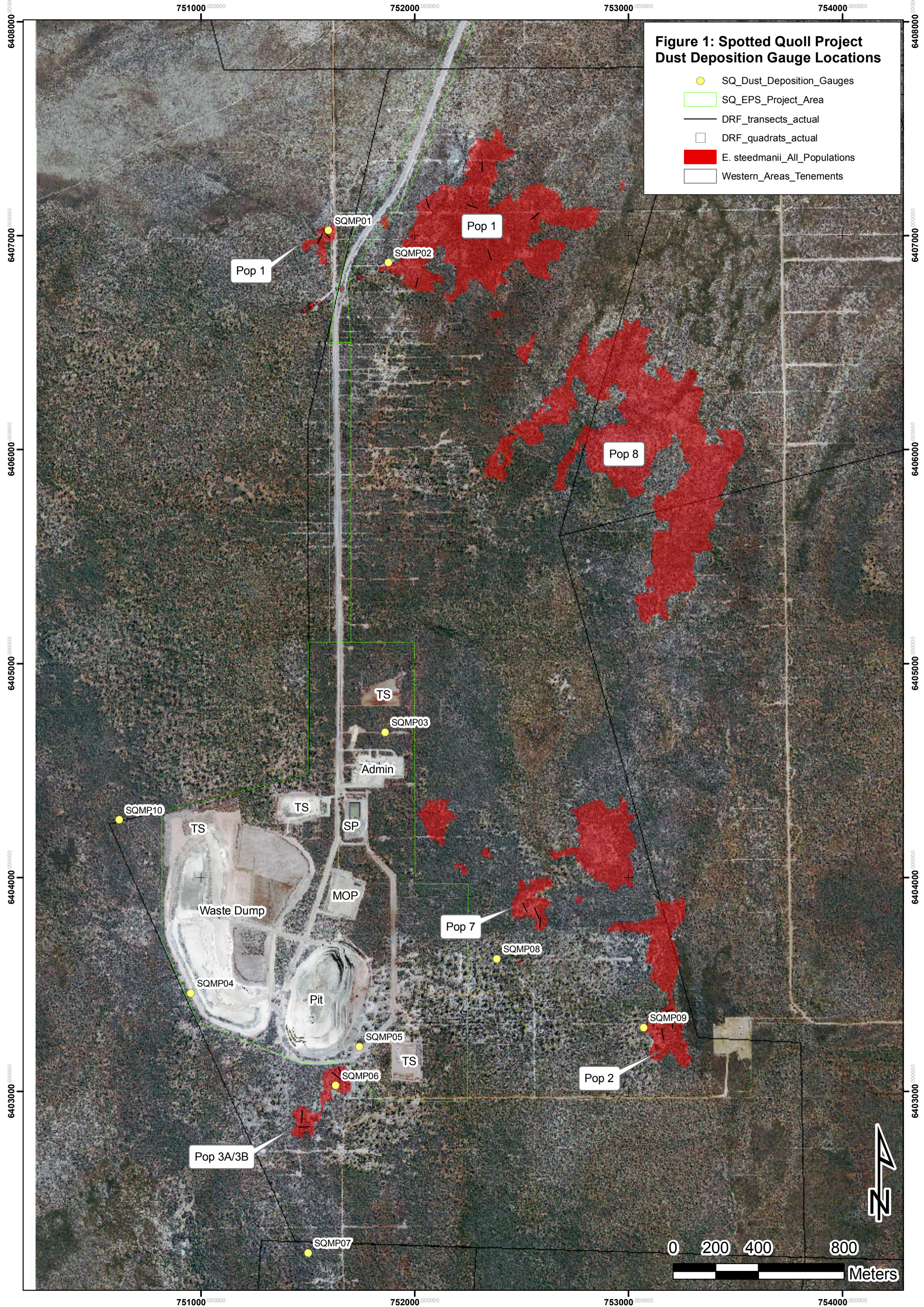
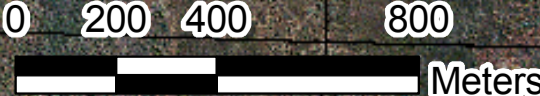
TS

SQMP06

Pop 2

SQMP09

SQMP07





Suite 3, Level 1, 11 Ventnor Avenue
WEST PERTH WA 6005
Ph: 08 9334 7777 Fax: 08 9486 7866
Website: www.westernareas.com.au

APPENDIX 2

Spotted Quoll Open Pit Nickel Mine - Ministerial Statement 808

Malleefowl actions summary report: 2010 – 2011 reporting period.

Western Areas NL (WSA) received Ministerial Approval (Ministerial Statement 808) to commence development of the Spotted Quoll Open Pit Nickel Mine on the 17th of September 2009.

Condition 7 of Ministerial Statement 808 relates to Fauna and requires that WSA implement measures to prevent adverse impacts to Malleefowl (*Leipoa ocellata*) through implementation of the proposal. Condition 7 states:

- 7 *Fauna*
7-1 *The proponent shall implement measures identified in Chapter 6.3 of the Environmental Protection Statement for the Proposed Spotted Quoll Mine, prepared by Coffey Environments Pty Ltd, Perth, Western Australia (July 2009) to prevent adverse impacts to Malleefowl along the haul road.*

The measures identified in Chapter 6.3 of the Spotted Quoll Environmental Protection Statement (EPS) for the protection of Malleefowl along the haul road are as follows:

- (1) Ensuring all staff and contractors attend an environmental induction to raise awareness about conservation of fauna;
- (2) Limit clearing of vegetation to the minimum necessary to implement the project;
- (3) Restricting traffic to established roads and parking areas;
- (4) Erecting signs on haulage and access roads to create awareness of Malleefowl in the area;
- (5) Survey for malleefowl sign and mounds in any previously unsurveyed areas within the project area.

A brief summary of the measures and what has been implemented in relation to each during the course of the current reporting year (i.e. 1st July 2010– 30th June 2011) and previously follows:

Staff and Contractor Induction

Two inductions are carried out onsite at Forrestania which are relevant to the Spotted Quoll project. These are:

- General site induction; and
- Spotted Quoll site specific induction.

The inductions have been in place since the project commenced, continued through the reporting period and will continue for the life of the open pit mining operation.

General site induction

The general site induction is carried out for all new staff and contractors coming to Forrestania Nickel Project (FNP) site and gives a general overview of the site and the safety and

environmental issues that relate to the FNP. Western Areas onsite safety and environmental personnel present the induction. Slides related to management of fauna of conservation significance at FNP are included in the induction.

Currently the general site induction is carried out on Wednesday and Saturday mornings. An interim induction is provided for people starting work outside of these days.

Spotted Quoll site specific induction

The Spotted Quoll site specific environmental induction specifically relates to the environmental issues relevant to the development and operation of the Spotted Quoll project site. This induction has been compiled by Western Areas environmental staff and is presented to all new employees that will be working at the site by a representative from the mining contractor in charge of the site (i.e. Mining and Civil Australia). The site specific environmental induction is presented in a package with the site specific safety induction. The induction package is carried out as required.

Flora and fauna issues relevant to the site are included in the induction and a booklet has been developed which is distributed around the FNP site which includes a brief explanation of the environmental issues at Spotted Quoll and the level of management of fauna species of conservation significance such as the Malleefowl, the Chuditch and the Declared Rare Flora (DRF) species *Eucalyptus steedmanii*.

Site Clearing

WSA has a policy of minimal clearing for all its operations. In addition areas disturbed by historical mining and/or exploration operations as opposed to previously undisturbed area are preferred for locating new project infrastructure.

With regard to the Spotted Quoll project the following measures have been implemented to ensure that clearing has been minimised, which in turn will help to prevent adverse impact on Malleefowl:

- Waste dump design footprint reduced as far as is practicable whilst still allowing acceptable parameters for rehabilitation;
- Previous disturbance caused by exploration activities and historical activities (e.g. access tracks) utilised wherever possible for placement of project infrastructure;
- Internal clearing approvals procedure required to be followed before any clearing allowed for site infrastructure;
- Approximately 121 Ha cleared of a total allowance of 140 Ha for the project to date with approximately 8 Ha cleared during the reporting period.
- Spotted Quoll underground operations disturbance of approximately 5 Ha to fit within the 140 Ha allowance.
- Minimal further disturbance for project infrastructure expected after establishment of the Spotted Quoll underground operations.
- Progressive rehabilitation of disturbed areas wherever possible.

Traffic Restrictions

At the Spotted Quoll project site, traffic movements are restricted to established roads/tracks and parking is only to occur in established parking areas. Staff are made aware of these requirements during both the general and site specific inductions. Where there is a requirement for access to areas outside established roads/tracks, authorisation from Western Areas management and environmental staff is required. All traffic management restrictions have been adhered to during the reporting period.

Malleefowl signage

Signage creating awareness of Malleefowl in the area has been erected along the main haul road into the Spotted Quoll project. Figure 1 shows an example of the signs that have been erected.

Figure 1 – Malleefowl signage used along the SQ haul road and other areas of the FNP



As Malleefowl have been sited in other areas of the FNP these signs have been placed on other roads and tracks outside the Spotted Quoll project area. No new signs were erected during the reporting period.

Photographs and location details for signage along the Spotted Quoll haul road or in other areas of the Forrester Nickel project can be provided on request if required.

Malleefowl survey

A survey for Malleefowl mounds and sign which covered areas not previously surveyed within the Spotted Quoll project area was undertaken in August 2009 by Biota Environmental Sciences Pty Ltd. A copy of the draft report was supplied to PIMB on the 31st of March 2010. A further targeted Malleefowl survey was undertaken by Keith Linbeck and Associates in September 2010.

No malleefowl or evidence of their recent presence were recorded within the Spotted Quoll area envelope during the survey. Three very old malleefowl mounds were recorded in the survey area and another 5 inactive mounds plus one active mound were recorded outside of the Spotted Quoll project area (within a 5km radius). Figure 1 illustrates the survey area and location of mounds.

Please don't hesitate to contact me with any queries regarding this summary report.

Regards



Darren Coulson
Environmental Manager
Western Areas NL
Ph: (8) 9334 7777
E-mail: dcoulson@westernareas.com.au



Figure 1 – 2010 Malleefowl Survey Area