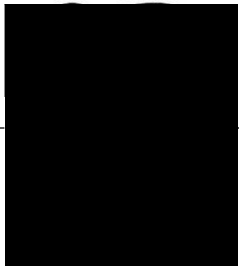
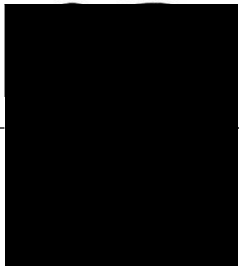




## 2020 Performance Audit & Asset Management System Review – ETL6

### ***KARARA POWER PTY LTD***

| Audit Report              | Authorisation   | Name          | Position   | Date                            |
|---------------------------|---|---------------|--|---------------------------------|
| Prepared By               |  | Nicole Davies | Principal Consultant<br>(GES Pty Ltd)                            | 12/1/2021<br>(Version 4- Final) |
| Reviewed By<br>(licensee) |  | Jian Zhong    | Superintendent Electrical<br>Maintenance<br>(Karara Mining Ltd.) | 12/1/2021<br>(Version 4- Final) |

Geographe Environmental Services Pty Ltd  
PO Box 572 DUNSBOROUGH WA 6281  
Tel: 0438 938 394

Audit Report No: ARKM0201\_4

## Contents

|           |  |            |
|-----------|--|------------|
| <b>1.</b> | <b>EXECUTIVE SUMMARY.....</b>  | <b>5</b>   |
| 1.1       | Performance Audit Summary of Findings _____                                  | 11         |
| 1.2       | Performance Audit Excluded Conditions _____                                  | 11         |
| 1.3       | Asset Management System Review Summary _____                                 | 14         |
| <b>2.</b> | <b>PERFORMANCE AUDIT OBJECTIVE .....</b>                                     | <b>19</b>  |
| 2.1       | Performance Audit Scope _____  | 19         |
| 2.2       | Methodology for the Performance Audit _____                                  | 19         |
| 2.3       | Performance Audit Effectiveness Rating _____                                 | 19         |
| 2.4       | Follow-Up from Previous Performance Audit Findings _____                     | 21         |
| 2.5       | Performance Audit Deficiencies, Recommendations and Action Plans _____       | 25         |
| <b>3.</b> | <b>ASSET MANAGEMENT SYSTEM EFFECTIVENESS REVIEW OBJECTIVE .....</b>          | <b>32</b>  |
| 3.1       | AMS Review Scope _____   | 32         |
| 3.2       | Methodology for Asset Management System Review _____                         | 33         |
| 3.3       | Asset Management System Effectiveness Rating _____                           | 33         |
| 3.4       | Follow-Up from Previous Review Findings _____                                | 35         |
| 3.5       | Asset Management System Deficiencies, Recommendations and Action Plans _____ | 38         |
|           | <b>APPENDIX 1 .....</b>  | <b>59</b>  |
|           | <b>APPENDIX 2 .....</b>  | <b>116</b> |

## List of Tables

|   |     |
|---|-----|
| <b>Table 1 Compliance and Controls Ratings Summary Table</b> .....                              | 11  |
| <b>Table 2 Performance Audit Compliance Summary</b> .....                                       | 12  |
| <b>Table 3 Rating Scale Reviews - Process &amp; Policy and Performance</b> .....                | 15  |
| <b>Table 4 Asset Management System: Effectiveness Summary</b> .....                             | 16  |
| <b>Table 5 Audit Compliant and Control Rating Scales</b> .....                                  | 20  |
| <b>Table 6 Status of Recommendations Addressing Previous Audit Non-Compliances</b> .....        | 21  |
| <b>Table 7 Recommendations to Address Current Non-Compliances and Control Deficiencies</b> .... | 25  |
| <b>Table 8 Interviewed Personnel during the Audit &amp; Review</b> .....                        | 33  |
| <b>Table 9 Asset Management Process and Policy Definition Adequacy Ratings</b> .....            | 34  |
| <b>Table 10 Asset Management Performance Ratings</b> .....                                      | 34  |
| <b>Table 11 Status of Recommendations addressing previous Review Non-Compliances</b> .....      | 35  |
| <b>Table 12 Recommendations to Address Current Asset System Deficiencies</b> .....              | 38  |
| <b>Table 13 - Summary of Audit Recommendations</b> .....  | 60  |
| <b>Table 14 Performance Audit</b> .....   | 61  |
| <b>Table 15 - Summary Review Recommendations</b> .....  | 117 |
| <b>Table 16 Audit Review Ratings and Recommendations</b> .....                                  | 118 |
| <b>Table 17 Referenced Document Audit &amp; Review And Adequacy Assessment</b> .....            | 225 |

## GLOSSARY

| Abbreviation | Description   |
|--------------|---|
| <b>AGAAP</b> | Australian Generally Accepted Accounting Principles |
| <b>AMP</b>   | Asset Management Plan                               |
| <b>AMS</b>   | Asset Management System                             |
| <b>AMSC</b>  | American Superconductor                             |
| <b>ASA</b>   | Auditing Standard                                   |
| <b>ASAE</b>  | Auditing and Assurance Standards Board              |
| <b>CA</b>    | Contract agreement                                  |
| <b>DMIRS</b> | Department of Mines Industry Regulation & Safety    |
| <b>DMS</b>   | Document Management System                          |
| <b>EHV</b>   | Extra high voltage, typically > 200kV               |
| <b>ERA</b>   | Economic Regulation Authority                       |
| <b>ETAC</b>  | Electricity Transfer Access Contract                |
| <b>ETL6</b>  | The transmission licence for Karara Mining Pty Ltd  |
| <b>GES</b>   | Geographe Environmental Services                    |
| <b>INX</b>   | Workforce management software package               |
| <b>KML</b>   | Karara Mine Limited                                 |
| <b>kV</b>    | KiloVolts   |
| <b>MT</b>    | Million Tonnes                                      |
| <b>MW</b>    | MegaWatt  |
| <b>OEM</b>   | Original equipment manufacture                      |
| <b>SAP</b>   | an enterprise resource planning software            |
| <b>SWIN</b>  | South West Integrated Network                       |
| <b>TST</b>   | Three Springs Terminal Yard, WPC substation         |
| <b>Var</b>   | Voltage Amps reactive, reactive power               |
| <b>WP</b>    | Western Power                                       |
| <b>WPC</b>   | Western Power Corporation                           |
| <b>WPN</b>   | Western Power Networks                              |

This report is prepared by representatives of GES Pty Ltd in relation to the above named client's conformance to the nominated audit standard(s). Audits were undertaken using a sampling process and the report and its recommendations were reflective only of activities and records sighted during this audit process. GES Pty Ltd shall not be liable for loss or damage caused to or actions taken by third parties as a consequence of reliance on the information contained within this report or its accompanying documentation. The client has had the opportunity for review to ensure no commercially sensitive information is disclosed.

## 1. EXECUTIVE SUMMARY

The Licensee is Karara Power Pty Ltd (Karara) and the premise is known as Karara Mine site.

Karara Mining Limited (KML) is held by Gindalbie Metals Ltd and Angang Group Investment (Australia) Pty Ltd. A change of ownership within Gindalbie occurred during the audit period and the ownership change resulted in Gindalbie being wholly owned by AnSteel. Karara operates an iron ore mine and associated infrastructure in the mid-west region of Western Australia. The operation was designed for a +30 year mine life at 30MTpa. The current production is approximately 8Mtpa. It comprises a long life magnetite deposit, multiple hematite deposits, dedicated rail infrastructure and an integrated train load-out/ship loading facility at the Geraldton port operations. The licensee has a 330kV Transmission line (106km in length) running from Three Springs to the mine site.

### Asset Overview

Karara Power (Karara) holds an Electricity Transmission Licence (ETL6) issued by the Economic Regulation Authority under the Electricity Industry Act 2004. This performance audit and asset management review will be conducted in accordance with the guidelines issued by the Economic Regulation Authority (ERA) to assess Karara's level of compliance with the licence conditions.

The Licensee has a 330kV transmission line (106km in length) running from Western Power's Three Springs Terminal to Karara mine site. The Licensee purchases power in bulk from Synergy and is metered by Western Power at the network's entry point at Three Springs. There were no meters operated by the Licensee. Western Power wheels power through the second circuit on the Licensee's towers between Three Springs and Golden Grove.

The major changes that occurred in relation to the Transmission Licence during the audit period was the change in ownership and migration from Ellipse to SAP for maintenance management and operational control processes. The line has performed satisfactorily during the audit period and it was noted there were strong commercial incentives for Karara to maintain a high standard of operational performance for the transmission line.

### Performance Audit & Asset Management Review Process

Karara has issued a Consultancy Brief to undertake its third Performance Audit and Asset Management System Review as required by the Economic Regulation Authority (ERA/the Authority). Karara holds a Transmission Licence (Licence Number ETL6) under the Electricity Industry Act 2004.

Sections 13 and 14 of the Electricity Industry Act 2004 require as a condition of every licence that the licensee must, not less than once in every period of 24 months (or any longer period that the Authority allows) calculated from the grant of the licence, provide the Authority with a performance audit and an asset management system review report by an independent expert acceptable to the Authority. Geographe Environmental Services has been approved by the Authority (Ref: D215811 Date: 30/6/20) to undertake the works subject to the approval of an audit plan by the ERA.

The period for the audit and review is 1<sup>st</sup> July 2016 to 30<sup>th</sup> June 2020 and the report is due to be submitted to the Authority on or before 30<sup>th</sup> October 2020. An extension was granted by the ERA to allow for

unscheduled delays and internal review delayed due to management COVID quarantine requirements in return from China.

## Auditor Opinion

Through the execution of the Audit Plan, field work, assessment and testing of the control environment, the information system, control procedures and compliance attitude, the audit team members have gained reasonable assurance that Karara Mine Limited does not have an effective asset management system and has not complied with its Transmission Licence.

Specifically in relation to its;

- **Control environment** – the licensee lacks a defined management philosophy and operational execution towards compliance with the Transmission Lines legal and contractual obligations, assignment of authority and responsibilities was not well demonstrated, there has been no use of internal audit to monitor compliance or review processes for adequacy, the use of information technology has not been demonstrated, particularly with respect to SAP and the skills and experience of the relevant staff members were deficient in achieving compliance.
- **Information system** – the licensee has information systems established on site for the mine operation to record the information needed to comply with the licence, accuracy of data, security of data and documentation describing the information system. However, application of these systems in respect to the transmission line was not evident. SAP has not been used to manage the transmission line.
- **Control procedures** – the systems and procedures to monitor compliance with the licence or the effectiveness of the licensee’s asset management system, were largely obsolete and relate to construction phase. The majority of the documentation has no specific reference to the transmission line and has not been reviewed for suitability and currency. There have been no systems or procedures implemented to detect or prevent instances of non-compliance or under-performance.
- **Compliance attitude** – the licensee has not implemented the 2016 post audit action plan and has not taken response to the previous two audit or review recommendations, and the licensee’s attitude towards compliance has not been reflected in actions undertaken during the audit period. It was noted once fully aware of the non-compliances of the audit and review, Senior Management have conveyed their expectation of compliance and committed to the provision of resources to rectify issues identified. However, not all requests for information to support statements made to the Audit Team were provided, in particular provision of lease payments or land access arrangements for the transmission line corridor.
- **Outcome compliance** – the Licensee has consistently performed poorly against standards prescribed in the licence throughout the audit and review period.

The Audit Team has considered the obligations of the Transmission Licence (ETL6), the Audit & Review Guidelines and the requirements of ISO AS 55001:2014 in relation to Asset Management Systems in the preparation of this audit and review report. The significant areas of concern include;

- An Asset Management System has not been defined and strategic asset management plans have not been established.
- The leadership awareness to compliance obligations associated with ETL6 and the compliance culture, with respect to internal policies and procedures, appears to be a significant obstacle to the effectiveness of any corrective actions previously made. Specifically, Senior Management do not critically review the compliance performance and this was demonstrated through compliance reporting omissions of non-compliances in the Annual Compliance Reports. Compliance was routinely a retrospective function and was unsystematic as largely reliant on the tacit knowledge of employees or prompted by communication from the Authority.
- Risk assessment has not been undertaken on the Transmission line and was not used as the basis of establishing plans to address risks and opportunities of the asset management system. There was not a clear link between the risks of the transmission line and the objectives and plans of the organisation.
- The use of procedures and storage of records was not well executed by the organisation. The organisation lacks definitive structure to document management and needs to further develop policies, strategies, plans, procedures and forms to support the business function and embed operational controls.
- Resourcing was of a concern and training in respect to the obligations of the Transmission Licence was not evident.
- Communication processes were not well defined with respect to the obligations, monitoring and decisions in relation to the Transmission Line. SAP has not been effectively implemented as an asset management tool. Further, the quality of records maintained severely limits the effectiveness of the asset management information system.
- Internal review processes were not established and there has been limited monitoring and internal audit undertaken. There was a definitive lack of critical review and the development of specific actions to mitigate the risks of the transmission line.
- Additionally, there was a disconnect between the operational and the financial objectives of the organisation and this was evident in the Asset register and the use SAP. The management of



the Transmission line was secondary to mine performance yet without an effective transmission line the mine cannot operate.

It is the auditors' opinion that compliance and integrity of reporting by the Licensee is considered not well managed and details of the findings are comprehensively detailed in Appendix 1.

It is the auditors' opinion that the organisation has not established an effective asset management systems and details of the findings are comprehensively defined in Appendix 2.

During the audit and review process there were a number of inconsistencies noted by the Audit Team with the findings and observations of the previous audit and review report (i.e. audit & review period 1<sup>st</sup> July 2013 to 30<sup>th</sup> June 2016). Primarily, the inconsistencies were in relation to failure to establish an asset management system and develop and implement an asset management plan. In order facilitate identification of these inconsistencies, the Auditors have compared the findings of the previous audit and review report with the current audit and review report findings (refer Appendix 1 & 2).

## Assistance Provided by the Licensee

It is confirmed that the licensee facilitated the audit and review process by providing the audit team;

- Access to the facilities and business premises identified in the audit and review plan.
- Access to materials and information sources (with the exception of land lease payments see ref 107) that the auditors needed to conduct the audit or review, including data, reports, records and any other relevant information that were available. Although, timely delivery of documents was not forthcoming due a lack of understanding of licence obligations and difficulty in locating documentation.
- Access to the relevant personnel at each of the Karara Mine Limited sites that were audited.
- An introduction to persons, other than employees of the licensee, who were relevant to the audit and review, such as Western Power representatives.

## Performance Audit and Asset Management Review Objectives

The Asset Management System Review and the Performance Audit have been conducted in order to assess the effectiveness of the Karara Mine Limited's Asset Management Systems and level of compliance with the conditions of its Electricity Transmission Licence ETL6.

Recommendations made within this report align with the requirements of the 2019 Audit and Review Guidelines – Electricity and Gas Licences and the ISO 55001 Asset Management series. The recommendations are aimed at meeting standard/guideline requirements, compliance with ETL6 and relevant contract documentation and as such establishing procedures and processes needed for an effective asset management system and licence compliance. Aspects addressed include;

- Understanding the context of the organisation, including stakeholders and the scope of AMS
- Strengthening leadership and commitment, including policy development and the definition of roles, responsibilities and authorities
- Planning for actions to address risks and establishing objectives to achieve them
- Building support with respect to resources, competence and awareness, communication, information systems and documentation
- Operational planning and control, management of change and outsourcing of key tasks
- Performance evaluation by strengthening monitoring, measurement, analysis and evaluation. As well as building processes for internal audit and management review
- Driving improvement through non-conformity or risk assessment and preventative action and continual improvement.

The site audit was conducted on the 15<sup>th</sup> September 2020 and a visit to the Perth Office, (although not defined in the Audit Plan), to meet with the senior management team, was undertaken on the 18<sup>th</sup> of September 2020 to discuss significant inconsistencies of evidence apparent during the site audit. This audit report is an accurate representation of the audit team's findings and opinions.

### **Variation to Audit Plan**

The Audit Plan was not formally varied during the audit and review. Liaison with the Authority was undertaken and a review of the Audit and Review Priority ratings was completed. Justification for any changes made to the Priority Ratings in the Audit Plan are detailed within Appendix 1 and 2.

Additionally, the Asset Management Review was detailed in the Audit Plan as being undertaken with a limited assurance engagement. Due to the inconsistencies between the 2016 and the current audit and review report, the Review was undertaken as reasonable assurance engagement.

## 1.1 Performance Audit Summary of Findings

A significant proportion of the licence obligations reviewed were found to be non-compliant during the audit (refer Table 1 & 2). During the audit period, the organisation has not established processes and provided resources to ensure compliance requirements were met.

**Table 1 Compliance and Controls Ratings Summary Table**

|                 |       | Compliance Rating |          |          |   |           |           |
|-----------------|-------|-------------------|----------|----------|---|-----------|-----------|
|                 |       | 1                 | 2        | 3        | 4 | N/R       | TOTAL     |
| Controls Rating | A     | 4                 | -        | -        | - | -         | <b>4</b>  |
|                 | B     | -                 | -        | -        | - | -         | <b>0</b>  |
|                 | C     | -                 | 2        | 2        | - | 1         | <b>5</b>  |
|                 | D     | -                 | -        | 6        | - | -         | <b>6</b>  |
|                 | N/P   | -                 | -        | -        | - | 10        | <b>10</b> |
|                 | TOTAL | <b>4</b>          | <b>3</b> | <b>8</b> | - | <b>10</b> | <b>25</b> |

## 1.2 Performance Audit Excluded Conditions

There were some reporting obligations for ETL6 that have been excluded from the audit because they were not applicable to Karara Mine Limited. There were no Type 1 reporting requirements applicable to ETL6. Excluded compliance obligations were detailed in the Audit Plan.

The performance audit was conducted in a period over July to October involving one visit to site and one visit to Perth office. The audit required 225 hours of Nicole Davies time.

The Transmission Licence compliance elements that were included in the scope of this audit and as defined in Table 2, are further detailed in Appendix 1.

**Table 2 Performance Audit Compliance Summary**

| Compliance<br>Obligation<br>Reference No.  | Licence Reference   | Original<br>→<br>Revised<br>Audit<br>Priority | Adequacy of Controls Rating |   |   |   |    | Compliance Rating |   |   |   |    |
|--|---|---|-----------------------------|---|---|---|----|-------------------|---|---|---|----|
|  |   |   | A                           | B | C | D | NP | 1                 | 2 | 3 | 4 | NR |
| <b>SECTION 8: TYPE 1 REPORTING REQUIREMENTS</b>  |   |   |                             |   |   |   |    |                   |   |   |   |    |
| THERE WERE NO TYPE 1 REPORTING REQUIREMENTS APPLICABLE TO ETL6                             |   |   |                             |   |   |   |    |                   |   |   |   |    |
| <b>SECTION 12: ELECTRICITY INDUSTRY ACT - LICENCE CONDITIONS AND OBLIGATIONS</b>           |   |   |                             |   |   |   |    |                   |   |   |   |    |
| 101  | Electricity Industry Act section 13(1)<br>Transmission Licence, condition 5.3.1                 | 5→3   |                             |   |   | D |    |                   |   | 3 |   |    |
| 102  | Electricity Industry Act section 14(1)(a)<br>Transmission Licence, condition 5.1.1              | 5→1   |                             |   |   | D |    |                   |   | 3 |   |    |
| 103  | Electricity Industry Act section 14(1)(b)<br>Transmission Licence, condition 5.1.2 and<br>5.1.3 | 4→1   |                             |   |   | D |    |                   |   | 3 |   |    |
| 104  | Electricity Industry Act section 14(1)(c)<br>Transmission Licence, condition 5.1.4              | 5→3   |                             |   |   | D |    |                   |   | 3 |   |    |
| 105  | Electricity Industry Act section 17(1)<br>Transmission Licence, condition 4.2.1                 | 3→1   |                             |   |   | D |    |                   |   | 3 |   |    |
| 106  | Electricity Industry Act section 31(3)<br>Transmission Licence, condition 4.1.1                 | 5→3   |                             |   |   | D |    |                   |   | 3 |   |    |
| 107  | Electricity Industry Act section 41(6)<br>Transmission Licence, condition 4.1.1                 | 4→3   |                             |   | C |   |    |                   |   |   |   | NR |
| <b>SECTION 13: ELECTRICITY LICENCES - LICENCE CONDITIONS AND OBLIGATIONS</b>               |   |   |                             |   |   |   |    |                   |   |   |   |    |
| 119  | Electricity Industry Act section 11<br>Transmission Licence, condition 4.3.1                    | 4→4   | A                           |   |   |   |    |                   | 1 |   |   |    |
| 121  | Electricity Industry Act section 11<br>Transmission Licence, condition 5.3.2                    | 4→3   |                             |   | C |   |    |                   |   | 2 |   |    |
| 122  | Electricity Industry Act section 11<br>Transmission Licence, condition 5.1.5                    | 4→3   |                             |   | C |   |    |                   |   | 2 |   |    |
| 123  | Electricity Industry Act section 11<br>Transmission Licence, condition 4.4.1                    | 4→1   |                             |   | C |   |    |                   |   |   | 3 |    |
| 124  | Electricity Industry Act section 11<br>Transmission Licence, condition 4.5.1                    | 1→1   |                             |   | C |   |    |                   |   | 2 |   |    |
| 125  | Electricity Industry Act section 11<br>Transmission Licence, condition 3.8.1<br>and 3.8.2       | 4→4   |                             |   |   |   | NP |                   |   |   |   | NR |
| 126  | Electricity Industry Act section 11<br>Transmission Licence, condition 3.7.1                    | 4→4   | A                           |   |   |   |    |                   | 1 |   |   |    |
| <b>SECTION 14: ELECTRICITY INDUSTRY METERING CODE - LICENCE CONDITIONS AND OBLIGATIONS</b> |   |   |                             |   |   |   |    |                   |   |   |   |    |
| 371  | Electricity Industry Metering Code Cl<br>4.4(1)<br>Transmission Licence, condition 4.1.1        | 5→5   |                             |   |   |   | NP |                   |   |   |   | NR |



### 1.3 Asset Management System Review Summary

The licence, ETL6, covers the 330kV transmission line but not the substation and line circuit breakers at either end of the transmission line. The Three Springs Terminal is owned and operated by Western Power with the Karara line circuit breakers owned, but not operated, by Karara Power. The substation at Karara is owned and operated by Karara Power with protection intertripping of the 330kV line circuit breakers by Western Power. The transmission line is operated by Western Power, with Karara responsible for maintenance and the quality of supply requirements resulting from Karara's operations including the switching of the 330kV circuit breaker at Karara.

In general, well-designed extra high voltage, EHV, transmission lines are physically very reliable and require little ongoing capital expenditure and maintenance after the initial high capital investment during construction.

The quality of supply is dependent on initial design and external factors, in particular the reactive power (VAr) compensation system that is part of the 330kV substation at Karara, and other loads on the SWIN system. For this reason we have inquired about the performance and reliability of the American Superconductors (AMSC), VAr compensation scheme that consists of switched capacitors, reactors and filters for longer term changes in load conditions and dynamic VAr compensator that responds in real time. Since installation and fine tuning the voltage regulation and VAr control has met the requirements.

The asset management system was found to be deficient in many areas.

The transmission line was often not considered in policies, procedures, processes and documentation, which were more focused on mine operations. A well-designed transmission line requires little ongoing maintenance and thus can be easily forgotten but security of supply is vital to operations.

The organisation did not have a formalised asset management system, AMS, and no asset management plan, AMP, was presented. Limited documentation supporting the elements of an AMP, most of which were on the Karara portal were available for review. There were some policies in place but frequently these had not been reviewed or updated and were often established during the construction phase. Other aspects relating to asset management were absent and many actions were undocumented, such as condition monitoring, inspections, maintenance and review.

Actions required to be undertaken for the operation and maintenance of the Transmission line (i.e. condition monitoring, reporting, etc) responsibilities and procedures were not always understood or implemented by staff and there was a clear need for additional education and training.

Record keeping of performance and reliability was not easily accessible nor reported to management; possibly because of the high reliability experienced of the Transmission line to date. As such, the focus of the organisation appears to have been on mine production.

Risk analysis has not been significantly applied to the transmission line despite its criticality to Karara's core business. Contingency risks were not formally documented, nor justification for not implementing inspection report recommendations on defect maintenance, which could expose Karara to excessive risk. The process for documenting critical decisions was not well defined.

As required by section 5.1.6.2 of the Audit & Review Guidelines (March 2019) Table 4 summarises the auditor's assessment of both the process and policy definition rating and the performance rating (refer Table 3) for each key process in the licensee's asset management system, using the scales described in Table 9 and Table 10 (refer Section 3.3, Methodology for Asset Management Review).

**Table 3 Rating Scale Reviews - Process & Policy and Performance**

| Process And Policy Rating Scale |                                  | Performance Rating Scale |                            |
|---------------------------------|----------------------------------|--------------------------|----------------------------|
| Rating                          | Description                      | Rating                   | Description                |
| A                               | Adequately defined               | 1                        | Performing effectively     |
| B                               | Requires some improvement        | 2                        | Improvement required       |
| C                               | Requires substantial improvement | 3                        | Corrective action required |
| D                               | Inadequate                       | 4                        | Serious action required    |
| NR                              | Not rated                        | NR                       | Not rated                  |

Note: NR – Not Applicable during audit period.

An Audit Plan was prepared based on public domain documentation; none being provided by Karara apart from verbal descriptions. During the site visit it became obvious that the Audit Plan Review Priorities ratings had to be revised to raise the review priorities and the changes are documented in Table 16, Appendix 2.

The fieldwork was executed as a “reasonable assurance engagement” rather than the “limited assurance engagement” due to the asset management system deficiencies and inconsistency with the 2016 audit and review report. The auditors consulted with the ERA to ensure appropriate processes were undertaken for the review.

The process and policy and asset management system adequacy ratings are summarised below;



**Table 4 Asset Management System: Effectiveness Summary**

| Asset Management System   | Process & Policy Rating | Performance Rating |
|---|-------------------------|--------------------|
| <b>1. Asset planning</b>  | D                       | 4                  |
| 1.1 Asset management plan covers the processes in this table  | D                       | 4                  |
| 1.2 Planning processes and objectives reflect the needs of all stakeholders and are integrated with business planning   | C                       | 4                  |
| 1.3 Service levels are defined in the asset management plan   | D                       | 3                  |
| 1.4 Non-asset options (e.g. demand management) are considered   | NR                      | NR                 |
| 1.5 Lifecycle costs of owning and operating assets are assessed   | C                       | 3                  |
| 1.6 Funding options are evaluated   | NR                      | NR                 |
| 1.7 Costs are justified and cost drivers identified   | C                       | NR                 |
| 1.8 Likelihood and consequences of asset failure are predicted  | D                       | 4                  |
| 1.9 Asset management plan is regularly reviewed and updated   | D                       | NR                 |
| <b>2. Asset creation and acquisition</b>  | C                       | 3                  |
| 2.1 Full project evaluations are undertaken for new assets, including comparative assessment of non- asset options  | NR                      | NR                 |
| 2.2 Evaluations include all life-cycle costs  | NR                      | NR                 |
| 2.3 Projects reflect sound engineering and business decisions   | NR                      | NR                 |
| 2.4 Commissioning tests are documented and completed  | NR                      | NR                 |
| 2.5 Ongoing legal / environmental / safety obligations of the asset owner are assigned and understood   | C                       | 3                  |
| <b>3. Asset disposal</b>  | D                       | 4                  |
| 3.1 Under-utilised and under-performing assets are identified as part of a regular systematic review process  | D                       | 4                  |
| 3.2 The reasons for under-utilisation or poor performance are critically examined and corrective action or disposal undertaken  | C                       | NR                 |
| 3.3 Disposal alternatives are evaluated   | D                       | NR                 |
| 3.4 There is a replacement strategy for assets  | D                       | NR                 |
| <b>4. Environmental analysis</b>  | D                       | 4                  |
| 4.1 Opportunities and threats in the asset management system environment are assessed   | D                       | 4                  |
| 4.2 Performance standards (availability of service Capacity, continuity, emergency response, etc.) are measured and achieved  | B                       | 3                  |
| 4.3 Compliance with statutory and regulatory requirements   | C                       | 3                  |
| 4.4 Service standard (customer service levels etc) are measured and achieved.   | C                       | 3                  |
| <b>5. Asset operations</b>  | C                       | 4                  |
| 5.1 Operational policies and procedures are documented and linked to service levels required  | C                       | 3                  |
| 5.2 Risk management is applied to prioritise operations tasks   | C                       | 3                  |
| 5.3 Assets are documented in an asset register including asset type, location, material, plans of components and an assessment of assets' physical/structural condition | C                       | 4                  |
| 5.4 Accounting data is documented for assets  | C                       | 2                  |

| Asset Management System   | Process & Policy Rating | Performance Rating |
|---|-------------------------|--------------------|
| 5.5 Operational costs are measured and monitored  | C                       | 4                  |
| 5.6 Staff resources are adequate and staff receive training commensurate with their responsibilities.                                       | D                       | 4                  |
| <b>6. Asset maintenance</b>   | C                       | 3                  |
| 6.1 Maintenance policies and procedures are documented and linked to service levels required  | D                       | 3                  |
| 6.2 Regular inspections are undertaken of asset performance and condition   | D                       | 4                  |
| 6.3 Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule                                     | C                       | 3                  |
| 6.4 Failures are analysed and operational / maintenance plans adjusted where necessary  | B                       | 3                  |
| 6.5 Risk management is applied to prioritise maintenance tasks  | C                       | 3                  |
| 6.6 Maintenance costs are measured and monitored  | C                       | 3                  |
| <b>7. Asset Management Information System</b>   | B                       | 3                  |
| 7.1 Adequate system documentation for users and IT operators  | C                       | 3                  |
| 7.2 Input controls include suitable verification and validation of data entered into the system   | B                       | 3                  |
| 7.3 Security access controls appear adequate such as passwords  | A                       | 1                  |
| 7.4 Physical security access controls appear adequate   | A                       | 1                  |
| 7.5 Data backup procedures appear adequate and backups are tested   | A                       | 1                  |
| 7.6 Computations for licensee performance reporting are accurate  | B                       | 3                  |
| 7.7 Management reports appear adequate for the licensee to monitor licence obligations  | D                       | 4                  |
| 7.8 Adequate measures to protect asset management data from unauthorised access or theft by persons outside the organisation                | A                       | 1                  |
| <b>8. Risk management</b>   | D                       | 4                  |
| 8.1 Risk management policies and procedures exist and are applied to minimise internal and external risks                                   | C                       | 3                  |
| 8.2 Risks are documented in a risk register and treatment plans are implemented and monitored   | D                       | 4                  |
| 8.3 Probability and consequences of asset failure are regularly assessed  | D                       | 4                  |
| <b>9. Contingency planning</b>  | C                       | 4                  |
| 9.1 Contingency plans are documented understood and tested to confirm their operability and to cover higher                                 | C                       | 4                  |
| <b>10. Financial planning</b>   | D                       | 4                  |
| 10.1 The financial plan states the financial objectives and identifies strategies and actions to achieve those                              | D                       | 4                  |
| 10.2 The financial plan identifies the source of funds for capital expenditure and recurrent costs  | D                       | NR                 |
| 10.3 The financial plan provides projections of operating statements (profit and loss) and statement of financial position (balance sheets) | D                       | NR                 |

| Asset Management System  | Process & Policy Rating | Performance Rating |
|--|-------------------------|--------------------|
| 10.4 The financial plan provides firm predictions on income for the next five years and reasonable predictions beyond this period        | NR                      | NR                 |
| 10.5 The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services | D                       | NR                 |
| 10.6 Large variances in actual/budget income and expenses are identified and corrective action taken where necessary                     | NR                      | NR                 |
| <b>11. Capital expenditure planning</b>  | D                       | NR                 |
| 11.1 There is a capital expenditure plan covering works to be undertaken, actions proposed, responsibilities and dates                   | D                       | NR                 |
| 11.2 The capital expenditure plan provides reasons for capital expenditure and timing of expenditure                                     | D                       | NR                 |
| 11.3 The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan                | D                       | NR                 |
| 11.4 There is an adequate process to ensure the capital expenditure plan is regularly updated and implemented                            | D                       | NR                 |
| <b>12. Review of AMS</b>   | D                       | 4                  |
| 12.1 A review process is in place to ensure the asset management plan and the asset management system described in it remain current     | D                       | 4                  |
| 12.2 Independent reviews (e.g. internal audit) are performed of the asset management system  | D                       | 4                  |

The Audit & Review Guidelines (March 2019) require that auditors who have rated the adequacy of the process and policy definition process as C or D or the asset management performance as 3 or 4 also make recommendations to address the issue(s). Specific recommendations are given in Table 16, Appendix 2 and overall recommendations are below.

## 2. PERFORMANCE AUDIT OBJECTIVE

The objective of the performance was to assess the effectiveness of measures taken by the Licensee to meet the conditions of its licence obligations (including licence obligations detailed in the Electricity Compliance Reporting Manual – June 2020).

### 2.1 Performance Audit Scope

The Performance Audit scope was as follows:

- **Process compliance** – the effectiveness of systems and procedures in place throughout the audit period, including the adequacy of internal controls.
- **Outcome compliance** – the actual performance against standards prescribed in the licence throughout the audit period.
- **Output compliance** – the existence of the output from systems and procedures throughout the audit period (specifically, proper records which provide assurance that procedures are consistently followed and controls are maintained).
- **Integrity of reporting** – the completeness and accuracy of the compliance and performance reports provided to the ERA.
- **Compliance with any individual licence conditions** – the actual performance against the requirements imposed on the specific licensee by the ERA or specific matters raised by the ERA.

In executing the Audit Plan and in line with the Audit & Review Guidelines (March 2019) the auditors, when assessing if the licensee has complied with its licence obligations, applied a level of scrutiny that corresponds to a “reasonable assurance engagement”. This has been further detailed within the audit plan (refer Paragraph 12(a)(i)(a) of ASAE 3000, June 2014).

### 2.2 Methodology for the Performance Audit

A risk based approach was undertaken to planning and conducting the audit (refer 2019 Audit and Review Guidelines – Electricity and Gas Licences). The risk evaluation model was based on AS ISO 31000:2018 (Risk Management –Guidelines).

Due to the inconsistencies observed with the findings of the previous audit, provision of information that called into question the reliability of the documents, circumstances that called for the need for procedures and conditions that may indicate likely misstatement, the Audit Team adopted an attitude of professional scepticism throughout the audit process.

### 2.3 Performance Audit Effectiveness Rating

A two-dimensional rating scale (refer Section 5.1.6.1 of the Audit Guidelines and Table 5 below) was used in the Audit report to summarise the compliance rating for each licence condition. Each obligation was rated

for both the adequacy of existing controls and the compliance with the relevant licence obligation. The methodology for the Audit has been clearly defined in the Audit Plan.

**Table 5 Audit Compliant and Control Rating Scales**

| <b>Performance Audit Compliance &amp; Controls Rating Scales</b> |  |                          |   |
|--|--|--------------------------|---|
| <b>Adequacy of Controls Rating</b>                               |  | <b>Compliance Rating</b> |   |
| <b>Rating</b>  | <b>Description</b>                                   | <b>Rating</b>            | <b>Description</b>  |
| A  | Adequate controls – no improvement needed            | 1                        | Compliant   |
| B  | Generally adequate controls – improvement needed     | 2                        | Non-Compliant – minor impact on customers or third parties    |
| C  | Inadequate controls – significant improvement needed | 3                        | Non-Compliant – moderate impact on customers or third parties |
| D  | No controls evident                                  | 4                        | Non-Compliant – major impact on customers or third parties    |
| NP   | Not Performed  | NR                       | Not rated – Determined Not Applicable during the audit period |

A comprehensive report of the audit findings is included in Appendix 1.

## 2.4 Follow-Up from Previous Performance Audit Findings

This is the third audit of ETL6. The organisation has not implemented the recommendations of the previous audit and as required by Section 11.3 of the Audit Guidelines (March 2019). Table 6 below details recommendations from the previous audit, states efficiency of resolution in the current audit period and presents further action required.

The recommendations from the previous audit were reviewed and found to be largely unresolved.

**Table 6 Status of Recommendations Addressing Previous Audit Non-Compliances**

| A Resolved during current audit period |  |                          |               |  |
|--|--|--------------------------|---------------|--|
| Recommendation Reference (no./year)    | Licence Obligation Reference Number                  | Auditors' Recommendation | Date Resolved | Further Action Required (Yes/No/Not Applicable)  |
|  | Controls and Compliance Rating                       |                          |               |  |
|  | Legislative Obligation                               |                          |               |  |
|  | Details of Inadequate Controls and/or Non-Compliance |                          |               | Details of Further Action Required (Including Current Recommendation Reference, if Applicable) |

There were no previous audit recommendations that were resolved during the current audit period

**B Unresolved at end of current audit period**

| Recommendation Reference (no./year) | Licence Obligation Reference Number<br><br>Controls and Compliance Rating<br><br>Legislative Obligation<br><br>Details of Inadequate Controls and/or Non-Compliance   | Auditors' Recommendation  | Date Resolved | Further Action Required (Yes/No/Not Applicable)<br><br>Details of Further Action Required (Including Current Recommendation Reference, if Applicable)  |
|-------------------------------------|---|---|---------------|--|
| 1/2016                              | <ul style="list-style-type: none"> <li>• <b>105</b></li> <li>• <b>Rating: B2</b></li> <li>• <i>Electricity Industry Act section 17(1)</i> <ul style="list-style-type: none"> <li>○ A Licensee must pay to the ERA the prescribed licence fee within one month after the day of grant or renewal of the licence and within one month after each anniversary of that day during the term of the licence.</li> </ul> </li> <li>• The 2015 fee was paid late. The ERA invoice gave the date as 12/10/2015. This appears to be date format error where 12/10/2015 appears to be taken as 10 Dec 2015 and paid on 11 Dec 2015. The 2013 and 2014 fees were paid before the anniversary date.</li> </ul> | Establish verification of control processes to ensure regulatory compliance issues are carried out and on time for accuracy and repeatability | Unresolved    | <p>Further Action Required – Yes.</p> <p><b>R6/2020</b> – Develop and maintain a Compliance Register for the Electricity Transmission Licence and contractual requirements and allocate appropriate responsibilities for compliance.</p> <p><b>R7/2020</b> – Ensure employees are adequately trained to understand the requirements of Electricity Transmission Licence and associated contractual documentation. Consideration could be given incorporating a review of their job descriptions and performance to ensure compliance was achieved.</p> <p><b>R9/2020</b> - Utilise SAP for planning of inspection and maintenance work, such as acoustic surveys, vegetation surveys, corona, etc and compliance requirements. Ensure records are verifiable with supporting</p> |

|        |  |   |            |   |
|--------|--|---|------------|---|
|        |  |   |            | <p>evidence and maintenance costs are detailed. Critical entries should be subject to third party review.</p> <p><b>R12/2020</b> - Establish internal audit processes to monitor risks and ensure compliance with Electricity Transmission Licence requirements and other contractual documentation.</p>  |
| 1/2016 | <ul style="list-style-type: none"> <li>• <b>124</b></li> <li>• <b>Rating: C2</b></li> <li>• <i>Transmission Licence condition 16.1</i> <ul style="list-style-type: none"> <li>○ A Licensee must provide the ERA, in the manner prescribed, any information the ERA requires in connection with its functions under the Electricity Industry Act.</li> </ul> </li> <li>• The Licensee has not met the reporting manual requirements. The 2013, and 2015 reports were late. The 2016 report was also late but outside the audit period.</li> </ul> | <p>Establish verification of control processes to ensure regulatory compliance issues are carried out and on time for accuracy and repeatability.</p> | Unresolved | <p>Further Action Required – Yes.</p> <p><b>R6/2020</b> – Develop and maintain a Compliance Register for the Electricity Transmission Licence and contractual requirements and allocate appropriate responsibilities for compliance.</p> <p><b>R7/2020</b> – Ensure employees are adequately trained to understand the requirements of Electricity Transmission Licence and associated contractual documentation. Consideration could be given incorporating a review of their job descriptions and performance to ensure compliance was achieved.</p> <p><b>R9/2020</b> - Utilise SAP for planning of inspection and maintenance work, such as acoustic surveys, vegetation surveys, corona, etc and compliance requirements. Ensure records are verifiable with supporting evidence and maintenance costs are detailed. Critical entries should be subject to third party review.</p> |



---

---

**R12/2020** - Establish internal audit processes to monitor risks and ensure compliance with Electricity Transmission Licence requirements and other contractual documentation.

---

---

## 2.5 Performance Audit Deficiencies, Recommendations and Action Plans

Recommendations made within the report are detailed below and will be reviewed and included in the post audit implementation plan by the licensee to ensure compliance with requirements. Auditor Comments indicated statements made to the auditor following a review of the draft audit report. These have not been verified and will form part of the Post Audit Action Plan to be developed by the Licensee.

**Table 7 Recommendations to Address Current Non-Compliances and Control Deficiencies**

| <b>A Resolved during the current audit period</b> |   |                                 |   |                          |  |
|---|---|---------------------------------|---|--------------------------|--|
| <b>Recommendation Reference (no./year)</b>        | <b>Licence Obligation Reference Number</b>                  | <b>Auditors' Recommendation</b> | <b>Date Resolved &amp; Action Taken by the Licensee</b> | <b>Auditors Comments</b> |  |
|   | <b>Controls and Compliance Rating</b>                       |                                 |   |                          |  |
|   | <b>Legislative Obligation</b>                               |                                 |   |                          |  |
|   | <b>Details of Inadequate Controls and/or Non-Compliance</b> |                                 |   |                          |  |

There were no audit recommendations that were resolved during the current audit period

| Recommendation Reference (no./year) | Licence Obligation Reference Number<br><br>Controls and Compliance Rating<br><br>Legislative Obligation<br><br>Details of Inadequate Controls and/or Non-Compliance  | Auditors' Recommendation  | Auditors Comments  |
|-------------------------------------|--|---|--|
| 1/2020                              | <ul style="list-style-type: none"> <li>• <b>101</b></li> <li>• <b>Rating: D3</b></li> <li>• <b>Transmission Licence, condition 5.3.1</b> <ul style="list-style-type: none"> <li>○ A licensee must provide the ERA with a performance audit conducted by an independent expert acceptable to the ERA, not less than once every 24 months.</li> </ul> </li> <li>• The Licensee has provided the ERA with a performance audit conducted by an independent expert acceptable to the ERA. However, the current audit and a review of the previous audit period findings clearly highlight significant inconsistencies.</li> </ul> | <p><b>A1/2020</b> – Implement R1-9 of the Review Recommendations</p> <p><b>A6/2020</b> – Review legislative and contractual documentation and establish a compliance process and corrective action plan to ensure all obligations are understood and compliance is achieved</p> | <p>The Licensee has indicated that after the audit occurred;</p> <ul style="list-style-type: none"> <li>• the appointment of an Asset Compliance Manager to oversee all statutory compliance matters has been made.</li> </ul> |
| 2/2020                              | <ul style="list-style-type: none"> <li>• <b>102</b></li> <li>• <b>Rating: D3</b></li> <li>• <b>Transmission Licence, condition 5.1.1</b> <ul style="list-style-type: none"> <li>○ A licensee must provide for an asset management system.</li> </ul> </li> </ul>   | <p><b>A1/2020</b> – Implement R1-9 of the Review Recommendations</p> <p><b>A6/2020</b> – Review legislative and contractual documentation and establish a compliance process and corrective action plan to ensure all obligations are understood and compliance is achieved</p> | <p>The Licensee has indicated that after the audit occurred;</p> <ul style="list-style-type: none"> <li>• the appointment of an Asset Compliance Manager to oversee all statutory compliance matters has been made.</li> </ul> |

- The license has not formally established an asset management system and an asset management plan has not been developed or implemented.
- The appointment of a formal Document Controller to implement a formal document control process has been made.
- The transmission line is being reviewed at component level to be itemised in SAP, with assigned maintenance and inspection plans.
- Karara is in discussions with service providers to develop a complete asset management plan.

|        |  |   |   |
|--------|--|---|---|
| 3/2020 | <ul style="list-style-type: none"> <li>• <b>103</b></li> <li>• <b>Rating: D3</b></li> <li>• <b>Transmission Licence, condition 5.1.4</b> <ul style="list-style-type: none"> <li>○ A licensee must notify details of the asset management system and any substantial changes to it to the ERA.</li> </ul> </li> <li>• The licensee has not notified the ERA of the asset management system and any substantial changes, for example, change in maintenance platform from Ellipse to SAP.</li> </ul> | <p><b>A2/2020</b> – Notify the details of the Asset Management System to the ERA and establish a compliance process/change management process to ensure future compliance is achieved.</p> <p><b>A1/2020</b> – Implement R1-9 of the Review Recommendations</p>                 | <p>The Licensee has indicated that after the audit occurred;</p> <ul style="list-style-type: none"> <li>• the appointment of an Asset Compliance Manager to oversee all statutory compliance matters has been made.</li> <li>• The transmission line is being reviewed at component level to be itemised in SAP, with assigned maintenance and inspection plans.</li> <li>• Karara is in discussions with service providers to develop a complete asset management plan.</li> </ul> |
| 4/2020 | <ul style="list-style-type: none"> <li>• <b>104</b></li> <li>• <b>Rating: D3</b></li> <li>• <b>Transmission Licence, condition 5.1.2 &amp; 5.1.3</b></li> </ul>  | <p><b>A1/2020</b> – Implement R1-9 of the Review Recommendations</p> <p><b>A6/2020</b> – Review legislative and contractual documentation and establish a compliance process and corrective action plan to ensure all obligations are understood and compliance is achieved</p> | <p>The Licensee has indicated that after the audit occurred;</p> <ul style="list-style-type: none"> <li>• the appointment of an Asset Compliance Manager to oversee all</li> </ul>  |

|        |  |  |   |
|--------|--|--|---|
|        | <ul style="list-style-type: none"> <li>○ A licensee must provide the ERA with a report by an independent expert about the effectiveness of its asset management system every 24 months, or such longer period as determined by the ERA.</li> <li>• The Licensee has provided the ERA with an asset management review conducted by an independent expert acceptable to the ERA. However, the current audit and a review of the previous audit period findings clearly highlight significant inconsistencies.</li> </ul> |  | <p>statutory compliance matters has been made.</p> <ul style="list-style-type: none"> <li>• The transmission line is being reviewed at component level to be itemised in SAP, with assigned maintenance and inspection plans.</li> </ul>  |
| 5/2020 | <ul style="list-style-type: none"> <li>• <b>105</b></li> <li>• <b>Rating: D3</b></li> <li>• <b>Transmission Licence, condition 4.2.1</b> <ul style="list-style-type: none"> <li>○ A licensee must pay the prescribed licence fees to the ERA according to clauses 6, 7 and 8 of the Economic Regulation Authority (Licensing Funding) Regulations 2014.</li> </ul> </li> <li>• The Licensee has paid standing data fees outside of payment terms repeatedly during the audit period.</li> </ul>                        | <p><b>A1/2020</b> – Implement R1-9 of the Review Recommendations<br/> <b>A6/2020</b> – Review legislative and contractual documentation and establish a compliance process and corrective action plan to ensure all obligations are understood and compliance is achieved</p>  | <p>The Licensee has indicated that after the audit occurred;</p> <ul style="list-style-type: none"> <li>• the appointment of an Asset Compliance Manager to oversee all statutory compliance matters has been made.</li> <li>• The transmission line is being reviewed at component level to be itemised in SAP, with assigned maintenance and inspection plans.</li> </ul>     |
| 6/2020 | <ul style="list-style-type: none"> <li>• <b>106</b></li> <li>• <b>Rating: D3</b></li> <li>• <b>Transmission Licence, condition 4.1.1</b> <ul style="list-style-type: none"> <li>○ A licensee must take reasonable steps to minimise the extent, or duration, of any</li> <li>○ interruption, suspension or restriction of the supply of electricity due to an accident, emergency, potential danger or other unavoidable cause.</li> </ul> </li> </ul>   | <p><b>A1/2020</b> – Implement R1-9 of the Review Recommendations<br/> <b>A3/2020</b> – Implement INX or other appropriate system to record non-standard performances and report to management to ensure compliance and performance of the transmission line.<br/> <b>A4/2020</b> -Consider carrying out a second acoustic emissions test to establish the extent of any deterioration and address any significant defects. The limitation to operations is understood as such instead of organising an outage for inspection/repair of known defects this approach could allow clearer definition of scope for a planned line outage should it be deemed necessary</p> | <p>The Licensee has indicated that after the audit occurred;</p> <ul style="list-style-type: none"> <li>• The appointment of a formal Document Controller to implement a formal document control process has been made.</li> <li>• The transmission line is being reviewed at component level to be itemised in SAP, with assigned maintenance and inspection plans.</li> </ul> |

|        |  |   |   |
|--------|--|---|---|
|        | <ul style="list-style-type: none"> <li>The Licensee has not identified risks or implemented mitigation strategies for reasonably foreseeable events associated with the Transmission Line. A Karara Mining 330kV Powerline Contingency Desktop Audit 20/4/17 noted a number of recommendations these have not been actioned (Note: This document was provided to the Audit Team 28/10/20)</li> </ul>   | <p><b>A5/2020</b> – Review Karara Mining 330kV Powerline Contingency Desktop Audit 20/4/17 and implement recommendations or critically review and document findings and management action</p>   |   |
| 7/2020 | <ul style="list-style-type: none"> <li><b>107</b></li> <li><b>Rating: CNR</b></li> <li><b>Transmission Licence, condition 4.1.1</b> <ul style="list-style-type: none"> <li>A licensee must pay the costs of taking an interest in land or an easement over land.</li> </ul> </li> <li>The Licensee has not been able to provide the Audit Team with documentation to verify payment of costs of taking an interest or easement over land on which the transmission line is located.</li> </ul> | <p><b>A6/2020</b> – Review legislative and contractual documentation and establish a compliance process and corrective action plan to ensure all obligations are understood and compliance is achieved.</p>   | <p>The Licensee has indicated that payments were made to landowners in transmission line corridor, however, information to support this was not provided.</p>   |
| 8/2020 | <ul style="list-style-type: none"> <li><b>121</b></li> <li><b>Rating: C2</b></li> <li><b>Transmission Licence, condition 5.3.2</b> <ul style="list-style-type: none"> <li>A licensee must comply, and require its auditor to comply, with the ERA's standard audit guidelines for a performance audit.</li> </ul> </li> <li>The Licensee has not been able to provide the Audit Team with documentation in a timely manner due to lack of understanding of the licence obligations.</li> </ul> | <p><b>A1/2020</b> – Implement R1-9 of the Review Recommendations</p> <p><b>A6/2020</b> – Review legislative and contractual documentation and establish a compliance process and corrective action plan to ensure all obligations are understood and compliance is achieved</p> | <p>The Licensee has indicated that after the audit occurred;</p> <ul style="list-style-type: none"> <li>the appointment of an Asset Compliance Manager to oversee all statutory compliance matters has been made.</li> <li>The transmission line is being reviewed at component level to be itemised in SAP, with assigned maintenance and inspection plans.</li> </ul> |
| 9/2020 | <ul style="list-style-type: none"> <li><b>122</b></li> <li><b>Rating: C2</b></li> </ul>  | <p><b>A1/2020</b> – Implement R1-9 of the Review Recommendations</p>  | <p>The Licensee has indicated that after the audit occurred;</p>  |

|   |  |  |   |
|---|--|--|---|
| <ul style="list-style-type: none"> <li>• <b>Transmission Licence, condition 5.1.5</b> <ul style="list-style-type: none"> <li>○ A licensee must comply, and must require the licensee's expert to comply, with the relevant aspects of the ERA's standard audit guidelines for an asset management system review.</li> </ul> </li> <li>• The Licensee has not been able to provide the Audit Team with documentation in a timely manner due to lack of understanding of the asset management system requirements.</li> </ul>   |  | <p><b>A6/2020</b> – Review legislative and contractual documentation and establish a compliance process and corrective action plan to ensure all obligations are understood and compliance is achieved</p>   | <ul style="list-style-type: none"> <li>• the appointment of an Asset Compliance Manager to oversee all statutory compliance matters has been made.</li> <li>• The appointment of a formal Document Controller to implement a formal document control process has been made.</li> <li>• The transmission line is being reviewed at component level to be itemised in SAP, with assigned maintenance and inspection plans.</li> </ul> |
| <p>10/2020</p> <ul style="list-style-type: none"> <li>• <b>123</b></li> <li>• <b>Rating: C3</b></li> <li>• <b>Transmission Licence, condition 5.3.2</b> <ul style="list-style-type: none"> <li>○ In the manner prescribed, a licensee must notify the ERA, if it is under external administration or if there is a significant change in the circumstances that the licence was granted which may affect the licensee's ability to meet its obligations.</li> </ul> </li> <li>• The Licensee has failed to notify the ERA of significant changes in the circumstances that the licence was granted which may affect the licensee's ability to meet its obligations</li> </ul> |  | <p><b>A1/2020</b> – Implement R1-9 of the Review Recommendations</p> <p><b>A2/2020</b> – Notify the details of the Asset Management System to the ERA and establish a compliance process/change management process to ensure future compliance is achieved.</p> <p><b>A6/2020</b> – Review legislative and contractual documentation and establish a compliance process and corrective action plan to ensure all obligations are understood and compliance is achieved</p> | <p>The Licensee has indicated that after the audit occurred;</p> <ul style="list-style-type: none"> <li>• the appointment of an Asset Compliance Manager to oversee all statutory compliance matters has been made.</li> </ul>  |
| <p>11/2020</p> <ul style="list-style-type: none"> <li>• <b>124</b></li> <li>• <b>Rating: C2</b></li> <li>• <b>Transmission Licence, condition 5.3.2</b> <ul style="list-style-type: none"> <li>○ A licensee must provide the ERA, in the manner prescribed, with any information that the ERA</li> </ul> </li> </ul>  |  | <p><b>A1/2020</b> – Implement R1-9 of the Review Recommendations</p> <p><b>A6/2020</b> – Review legislative and contractual documentation and establish a compliance process and corrective action plan to ensure all obligations are understood and compliance is achieved</p>  | <p>The Licensee has indicated that after the audit occurred;</p> <ul style="list-style-type: none"> <li>• the appointment of an Asset Compliance Manager to oversee all</li> </ul>  |

---

requires in connection with its functions under the Electricity Industry Act.

- The Licensee has failed to meet the reporting requirements of the ERA in connection with its functions under the Electricity Industry Act. Compliance Reports were routinely submitted after due dates and inaccurately reflected compliance.

statutory compliance matters has been made.

- The transmission line is being reviewed at component level to be itemised in SAP, with assigned maintenance and inspection plans.
-



### 3. ASSET MANAGEMENT SYSTEM EFFECTIVENESS REVIEW OBJECTIVE

The objective of the review is to examine the effectiveness of the processes used by the Karara Mine Limited to deliver asset management, the information systems supporting asset management activities and the data and knowledge used to make decisions about asset management. These elements were examined from a life cycle perspective i.e. planning, construction, operation, maintenance, renewal, replacement and disposal using the guidelines developed by the Economic Regulation Authority and the ISO 55001 Asset Management standard.

#### 3.1 AMS Review Scope

The scope of the AMS review includes an assessment of adequacy and effectiveness of the Karara Mine Limited's Asset Management System by evaluating during the audit period 1<sup>st</sup> July 2016 to 30<sup>th</sup> June 2020 the following;

1. Asset Planning
2. Asset Creation/Acquisition
3. Asset Disposal
4. Environmental Analysis
5. Asset Operations
6. Asset Maintenance
7. Asset Management Information System
8. Risk Management
9. Contingency Planning
10. Financial Planning
11. Capital Expenditure Planning
12. Review of Asset Management System

The review has been established as a requirement of the current Transmission Licence issued by the Economic Regulation Authority to Karara Mine Limited.

The asset management review follows the approved audit plan (as variation previously detailed) and uses;

- a risk based approach to auditing using the risk evaluation model set out in ISO31000:2018
- an overall effectiveness rating for an asset management process, based on a combination of the process and policy adequacy rating and the performance rating,
- the format and content of the reviewer's report; and post- review plan as described in the Guidelines.
- the Asset Management System Review has been carried out as a 'reasonable assurance engagement'.

**Table 8 Interviewed Personnel during the Audit & Review**

| Company         | Name                | Designation                           |
|-----------------|---------------------|---------------------------------------|
| Karara Mine Ltd | Changjiang Zhu      | CEO                                   |
| Karara Mine Ltd | Chris               | IT site                               |
| Karara Mine Ltd | Fred Barreto        | OHS                                   |
| Karara Mine Ltd | Marc Sertis         | Financial Controller                  |
| Karara Mine Ltd | Min Xu              | Superintendent Digital Transformation |
| Karara Mine Ltd | Pieter Bezuidenhout | Electrical Superintendent             |
| Karara Mine Ltd | Scott Everard       | Planning                              |
| Karara Mine Ltd | William Madzikanda  | Senior Engineer HV                    |
| Karara Mine Ltd | Zak Vanden Bergh    | Electrical Maintenance Superintendent |
| Karara Mine Ltd | Gregory Oliver      | Manager Environment & Communities     |
| Western Power   | Rochelle Bosich     | Western Power Contact                 |

The key documents and other information sources are detailed in Appendix 3 and further as applied to requirements in Appendix 2. Due to the significant deficiencies of documentation (i.e. not developed, not adequate in content, not reviewed, not controlled or not able to be located) the Audit Team has assessed the documents for adequacy (refer Appendix 3). It is understood a Document Controller was appointed following the site visit and that this requirement had been identified by management irrespective of the audit and review process.

The review was conducted in conjunction with the Performance Audit during July – October 2020 and included desktop review and a two day site audit on site to execute review plan, interview sessions and report writing. Additionally, one day was spent in Perth Office to discuss with management the deficiencies identified in the audit and review process. In total the review required 150 hours of Simon Ashby’s time.

### 3.2 Methodology for Asset Management System Review

The audit methodology detailed in the Audit and Review Guidelines – Electricity and Gas Licences (March 2019) was used in the execution of the Asset Management System Review and is detailed in the Audit Plan.

### 3.3 Asset Management System Effectiveness Rating

The Audit and Review Guidelines – Electricity and Gas Licences (March 2019) (section 5.1.6.2) states that the asset management review report must provide a table that summarises the auditor’s assessment of both the process and policy definition rating and the performance rating for each key process in the licensee’s asset management system using the scales described in Table 9 and Table 10. It is left to the judgement of the auditor to determine the most appropriate rating for each asset management process.

**Table 9 Asset Management Process and Policy Definition Adequacy Ratings**

| Rating | Description                      | Criteria  |
|--------|----------------------------------|---|
| A      | Adequately defined               | <ul style="list-style-type: none"> <li>Processes and policies are documented.</li> <li>Processes and policies adequately document the required performance of the assets.</li> <li>Processes and policies are subject to regular reviews and updated where necessary.</li> <li>The asset management information system(s) are adequate in relation to the assets being managed.</li> </ul>                            |
| B      | Requires some improvement        | <ul style="list-style-type: none"> <li>Processes and policies require improvement.</li> <li>Processes and policies do not adequately document the required performance of the assets.</li> <li>Reviews of processes and policies are not conducted regularly enough.</li> <li>The asset management information system(s) requires minor improvements (taking into consideration the assets being managed).</li> </ul> |
| C      | Requires substantial improvement | <ul style="list-style-type: none"> <li>Processes and policies require improvement.</li> <li>Processes and policies do not adequately document the required performance of the assets.</li> <li>Reviews of processes and policies are not conducted regularly enough.</li> <li>The asset management information system(s) requires minor improvements (taking into consideration the assets being managed)</li> </ul>  |
| D      | Inadequate                       | <ul style="list-style-type: none"> <li>Processes and policies are not documented.</li> <li>The asset management information system(s) is not fit for purpose (taking into consideration the assets being managed).</li> </ul>   |

**Table 10 Asset Management Performance Ratings**

| Rating | Description                | Criteria  |
|--------|----------------------------|---|
| 1      | Performing effectively     | <ul style="list-style-type: none"> <li>The performance of the process meets or exceeds the required levels of performance.</li> <li>Process effectiveness is regularly assessed and corrective action taken where necessary.</li> </ul>   |
| 2      | Improvement required       | <ul style="list-style-type: none"> <li>The performance of the process requires some improvement to meet the required level.</li> <li>Process effectiveness reviews are not performed regularly enough.</li> <li>Recommended process improvements are not implemented</li> </ul>             |
| 3      | Corrective action required | <ul style="list-style-type: none"> <li>The performance of the process requires substantial improvement to meet the required level.</li> <li>Process effectiveness reviews are performed irregularly or not at all.</li> <li>Recommended process improvements are not implemented</li> </ul> |
| 4      | Serious action required    | <ul style="list-style-type: none"> <li>Process is not performed or the performance is so poor the process is considered to be ineffective.</li> </ul>   |

### 3.4 Follow-Up from Previous Review Findings

The organisation has not implemented the recommendations of the previous review where possible and as required by Section 5.1.5 of the Audit Guidelines (March 2019). Table 11 below details how all recommendations were addressed and their status in the current review period.

**Table 11 Status of Recommendations addressing previous Review Non-Compliances**

| <b>A Resolved during current review period</b> |   |                                 |                      |   |
|--|---|---------------------------------|----------------------|---|
| <b>Recommendation Reference (no./year)</b>     | <b>Rating</b>   | <b>Auditors' Recommendation</b> | <b>Date Resolved</b> | <b>Further Action Required (Yes/No/Not Applicable)</b>  |
|  | <b>Asset Management Process and Effectiveness Criterion</b>                                 |                                 |                      |   |
|  | <b>Details of Deficiency</b><br><b>Details of Inadequate Controls and/or Non-Compliance</b> |                                 |                      | <b>Details of Further Action Required (Including Current Recommendation Reference, if Applicable)</b> |

No recommendations were resolved during the current review period.

**B Unresolved at end of current review period**

| Recommendation Reference (no./year) | Rating<br><br>Asset Management Process and Effectiveness Criterion<br><br>Details of Deficiency<br>Details of Inadequate Controls and/or Non-Compliance   | Auditors' Recommendation  | Date Resolved | Further Action Required (Yes/No/Not Applicable)  |
|-------------------------------------|---|---|---------------|--|
| 1/2016                              | <ul style="list-style-type: none"> <li>• <b>Rating: B1</b></li> <li>• 1.8 (should have been 1.9)                             <ul style="list-style-type: none"> <li>○ Asset management plan is regularly reviewed and updated</li> </ul> </li> <li>• Review of Asset Management System</li> </ul> | Schedule internal reviews in 2 years and formal review every 5 years for the Asset Management System. | Unresolved    | Further Action Required – Yes<br><br><b>R1/2020</b> – Formalise and implement an AMS for the transmission line.<br><b>R2/2020</b> - Develop and implement an AMP for the Transmission Line compliant to regulatory and contractual requirements.<br><b>R7/2020</b> – Ensure employees are adequately trained to understand the requirements of Electricity Transmission Licence and associated contractual documentation. Consideration could be given incorporating a review of their job descriptions and performance to ensure compliance is achieved<br><b>R8/2020</b> – Review and implement a Document Management System incorporating existing policies, procedures and supporting documentation for currency and applicability |

|        |   |   |            |   |
|--------|---|---|------------|---|
| 2/2016 | <ul style="list-style-type: none"> <li>• <b>Rating: B2</b></li> <li>• 9.1 <ul style="list-style-type: none"> <li>○ Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks</li> </ul> </li> <li>• Contingency Plans not yet developed and tested</li> </ul>  | Schedule tests of contingency plan  | Unresolved | <p><b>R12/2020</b> - Establish internal audit processes to monitor risks and ensure compliance with Electricity Transmission Licence requirements and other contractual documentation.</p> <p>Further Action Required – Yes</p>   |
| 3/2016 | <ul style="list-style-type: none"> <li>• <b>Rating: B2</b></li> <li>• 12.1/12.2 <ul style="list-style-type: none"> <li>○ 12.1 - A review process is in place to ensure the asset management plan and the asset management system described in it remain current</li> <li>○ 12.2 - Independent reviews (e.g. internal audit) are performed of the asset management system</li> </ul> </li> <li>• Schedule review of AMS</li> </ul> | Schedule internal reviews every 2 years, starting in 2018, and formal review every 5 years, beginning in 2017, for the Asset Management System. | Unresolved | <p><b>R10/2020</b> - Review and document contingency plans and consider risks</p> <p>Further Action Required – Yes</p> <p><b>R1/2020</b> – Formalise and implement an AMS for the transmission line.</p> <p><b>R2/2020</b> - Develop and implement an AMP for the Transmission Line compliant to regulatory and contractual requirements.</p> <p><b>R9/2020</b> - Utilise SAP for planning of inspection and maintenance work, such as acoustic surveys, vegetation surveys, corona, etc and compliance requirements. Ensure records are verifiable with supporting evidence and maintenance costs are detailed. Critical entries should be subject to third party review.</p> <p><b>R12/2020</b> - Establish internal audit processes to monitor risks and ensure compliance with Electricity Transmission Licence requirements and other contractual documentation.</p> |

### 3.5 Asset Management System Deficiencies, Recommendations and Action Plans

As stipulated in section 5.3 of the Audit and Review Guidelines – Electricity and Gas Licences (March 2019), the Audit Team notes that the Asset Management Review Post Implementation Plan does not form part of the Audit Opinion. It is the responsibility of the licensee to ensure actions are undertaken as determined by Karara Mine Limited. Auditor Comments detailed in Table 12 below are based on information received from the Licensee following an audit close out and review of the draft audit report. The status or progress has not been verified by the Audit Team.

**Table 12 Recommendations to Address Current Asset System Deficiencies**

| <b>A Resolved during current review period</b> |   |                                 |                      |                           |
|--|---|---------------------------------|----------------------|---------------------------|
| <b>Recommendation Reference (no./year)</b>     | <b>Rating</b>   | <b>Action Taken by Licensee</b> | <b>Date Resolved</b> | <b>Auditor's Comments</b> |
|  | <b>Asset Management Process and Effectiveness Criterion</b> |                                 |                      |                           |
|  | <b>Details of Deficiency</b>                                |                                 |                      |                           |
|  | <b>Details of Inadequate Controls and/or Non-Compliance</b> |                                 |                      |                           |

There were no recommendations from the current review that were resolved during the current review period.

| Recommendation Reference (no./year) | Rating<br><br>Asset Management Process and Effectiveness Criterion  | Auditors' Recommendation  | Auditors Comments   |
|-------------------------------------|---|---|---|
| 12/2020                             | <p><b>Details of Deficiency</b><br/> <b>Details of Inadequate Controls and/or Non-Compliance</b></p> <ul style="list-style-type: none"> <li>• <b>Rating: D4</b></li> <li>• 1.1 <ul style="list-style-type: none"> <li>○ <b>Asset management plan covers the processes in this table</b></li> </ul> </li> <li>• The asset planning process was inadequate with respect to the Transmission Line. There was no formal AMS established. There was no documented Asset Management Plan</li> </ul> | <p><b>R1/2020</b> – Formalise and implement an AMS for the transmission line.</p> <p><b>R2/2020</b> - Develop and implement an AMP for the Transmission Line compliant to regulatory and contractual requirements.</p> <p><b>R3/2020</b> - Review the Asset Register to include asset type, location, material, plans of components, and an assessment of assets' physical/structural condition.</p> <p><b>R4/2020</b> - Undertake and record a risk assessment of the transmission line.</p> <p><b>R5/2020</b> - Develop a risk based treatment plan to address issues identified to ensure ongoing compliance and/or accept residual risk. Operational controls should be evident in the AMS and detailed in the AMP i.e. acoustic and vegetation surveys.</p> <p><b>R6/2020</b> – Develop and maintain a Compliance Register for the Electricity Transmission Licence and contractual requirements and allocate appropriate responsibilities for compliance.</p> <p><b>R7/2020</b> – Ensure employees are adequately trained to understand the requirements of Electricity Transmission Licence and associated contractual documentation. Consideration could be given incorporating a review of their job descriptions and performance to ensure compliance was achieved.</p> | <p>The Licensee has indicated that after the audit occurred;</p> <ul style="list-style-type: none"> <li>• the appointment of an Asset Compliance Manager to oversee all statutory compliance matters has been made.</li> <li>• Karara is in discussions with service providers to develop a complete asset management plan.</li> <li>• The transmission line is being reviewed at component level to be itemised in SAP, with assigned maintenance and inspection plans.</li> </ul> |



**R8/2020** – Review and implement a Document Management System incorporating existing policies, procedures and supporting documentation for currency and applicability.

**R9/2020** - Utilise SAP for planning of inspection and maintenance work, such as acoustic surveys, vegetation surveys, corona, etc and compliance requirements. Ensure records are verifiable with supporting evidence and maintenance costs are detailed. Critical entries should be subject to third party review.

**R10/2020** - Review and document contingency plans and consider risks

**R11/2020** -Consider carrying out a second acoustic emissions test to establish the extent of any deterioration and address any significant defects. The limitation to operations is understood as such instead of organising an outage for inspection/repair of known defects this approach could allow clearer definition of scope for a planned line outage should it be deemed necessary

**R12/2020** - Establish internal audit processes to monitor risks and ensure compliance with Electricity Transmission Licence requirements and other contractual documentation.

**R13/2020** – Implement INX or other appropriate system to record non-standard performances and report to management to ensure compliance and performance of the transmission line.

**R14/2020** - Review upgrading SCADA system or a simpler dedicated Transmission line data acquisition system.

**R15/2020** – Identify, record and document operational and maintenance costing and detail how they are monitored by Licensee.

**R16/2020** - Monitor line losses and MVAr performance.

**R19/2020** – Review Karara Mining 330kV Powerline Contingency Desktop Audit 20/4/17 and implement recommendations or critically review and document findings and management action

|                |  |  |  |
|----------------|--|--|--|
| <p>13/2020</p> | <ul style="list-style-type: none"> <li>• <b>Rating: C4</b></li> <li>• 1.2             <ul style="list-style-type: none"> <li>○ <b>Planning processes and objectives reflect the needs of all stakeholders and are integrated with business planning</b></li> </ul> </li> <li>• There have been no significant planning processes undertaken during the audit period and no new works were planned in relation to the Transmission Line.</li> </ul> | <p><b>R1/2020</b> – Formalise and implement an AMS for the transmission line.</p> <p><b>R2/2020</b> - Develop and implement an AMP for the Transmission Line compliant to regulatory and contractual requirements.</p> <p><b>R3/2020</b> - Review the Asset Register to include asset type, location, material, plans of components, and an assessment of assets' physical/structural condition.</p> <p><b>R4/2020</b> - Undertake and record a risk assessment of the transmission line.</p> <p><b>R5/2020</b> - Develop a risk based treatment plan to address issues identified to ensure ongoing compliance and/or accept residual risk. Operational controls should be evident in the AMS and detailed in the AMP i.e. acoustic and vegetation surveys</p> <p><b>R6/2020</b> – Develop and maintain a Compliance Register for the Electricity Transmission Licence and contractual requirements and allocate appropriate responsibilities for compliance.</p> <p><b>R7/2020</b> – Ensure employees are adequately trained to understand the requirements of Electricity Transmission Licence and associated contractual documentation. Consideration could be given incorporating a review of their job descriptions and performance to ensure compliance was achieved.</p> <p><b>R8/2020</b> – Review and implement a Document Management System incorporating existing policies, procedures and supporting documentation for currency and applicability.</p> <p><b>R9/2020</b> - Utilise SAP for planning of inspection and maintenance work, such as acoustic surveys, vegetation surveys, corona, etc and compliance requirements. Ensure</p> | <p>The Licensee has indicated that after the audit occurred;</p> <ul style="list-style-type: none"> <li>• the appointment of an Asset Compliance Manager to oversee all statutory compliance matters has been made.</li> <li>• Karara is in discussions with service providers to develop a complete asset management plan.</li> </ul> |
|----------------|--|--|--|

records are verifiable with supporting evidence and maintenance costs are detailed. Critical entries should be subject to third party review.

**R10/2020** - Review and document contingency plans and consider risks

**R15/2020** – Identify, record and document operational and maintenance costing and detail how they are monitored by Licensee.

|         |   |  |  |
|---------|---|--|--|
| 14/2020 | <ul style="list-style-type: none"> <li>• <b>Rating: D3</b></li> <li>• 1.3 <ul style="list-style-type: none"> <li>○ <b>Service levels are defined in the Asset Management Plan</b></li> </ul> </li> <li>• There was no AMP developed, as such service levels have not been defined.</li> </ul>                                   | <p><b>R1/2020</b> – Formalise and implement an AMS for the transmission line.</p> <p><b>R2/2020</b> - Develop and implement an AMP for the Transmission Line compliant to regulatory and contractual requirements.</p> <p><b>R6/2020</b> – Develop and maintain a Compliance Register for the Electricity Transmission Licence and contractual requirements and allocate appropriate responsibilities for compliance.</p> <p><b>R7/2020</b> – Ensure employees are adequately trained to understand the requirements of Electricity Transmission Licence and associated contractual documentation. Consideration could be given incorporating a review of their job descriptions and performance to ensure compliance was achieved.</p> <p><b>R12/2020</b> - Establish internal audit processes to monitor risks and ensure compliance with Electricity Transmission Licence requirements and other contractual documentation.</p> | <p>The Licensee has indicated that after the audit occurred;</p> <ul style="list-style-type: none"> <li>• the appointment of an Asset Compliance Manager to oversee all statutory compliance matters has been made.</li> <li>• Karara is in discussions with service providers to develop a complete asset management plan.</li> </ul> |
| 15/2020 | <ul style="list-style-type: none"> <li>• <b>Rating: C3</b></li> <li>• 1.5 <ul style="list-style-type: none"> <li>○ <b>Lifecycle costs of owning and operating assets are assessed</b></li> </ul> </li> <li>• No life cycle costing or policy was presented apart from depreciation in the Financials Asset Register.</li> </ul> | <p><b>R1/2020</b> – Formalise and implement an AMS for the transmission line.</p> <p><b>R2/2020</b> - Develop and implement an AMP for the Transmission Line compliant to regulatory and contractual requirements.</p>   | <p>The Licensee has indicated that after the audit occurred;</p> <ul style="list-style-type: none"> <li>• the appointment of an Asset Compliance Manager to oversee all statutory compliance matters has been made.</li> </ul>   |

**R3/2020** - Review the Asset Register to include asset type, location, material, plans of components, and an assessment of assets' physical/structural condition.

**R9/2020** - Utilise SAP for planning of inspection and maintenance work, such as acoustic surveys, vegetation surveys, corona, etc and compliance requirements. Ensure records are verifiable with supporting evidence and maintenance costs are detailed. Critical entries should be subject to third party review.

- Karara is in discussions with service providers to develop a complete asset management plan.
- The transmission line is being reviewed at component level to be itemised in SAP, with assigned maintenance and inspection plans.

16/2020

- **Rating: CNR**
- 1.7
  - **Costs are justified and cost drivers identified**
- The Licensee has not established clear processes to ensure costs were justified and cost drivers were identified with respect to the Transmission Line

**R2/2020** - Develop and implement an AMP for the Transmission Line compliant to regulatory and contractual requirements.

**R4/2020** - Undertake and record a risk assessment of the transmission line.

**R5/2020** - Develop a risk based treatment plan to address issues identified to ensure ongoing compliance and/or accept residual risk. Operational controls should be evident in the AMS and detailed in the AMP i.e. acoustic and vegetation surveys.

**R8/2020** – Review and implement a Document Management System incorporating existing policies, procedures and supporting documentation for currency and applicability.

**R10/2020** - Review and document contingency plans and consider risks

**R11/2020** -Consider carrying out a second acoustic emissions test to establish the extent of any deterioration and address any significant defects. The limitation to operations is understood as such instead of organising an outage for inspection/repair of known defects this approach could allow clearer definition of scope for a planned line outage should it be deemed necessary

The Licensee has indicated that after the audit occurred;

- the appointment of an Asset Compliance Manager to oversee all statutory compliance matters has been made.
- Karara is in discussions with service providers to develop a complete asset management plan.
- The appointment of a formal Document Controller to implement a formal document control process has been made.
- The previously incomplete Contingency Plan is currently reviewed and to be approved for upload onto the Karara Portal.
- Karara is currently in negotiations to have a repeat acoustic and vegetation survey done on the 330kV line

|                |   |   |  |
|----------------|---|---|--|
| <p>17/2020</p> | <ul style="list-style-type: none"> <li>• <b>Rating: D4</b></li> <li>• 1.8 <ul style="list-style-type: none"> <li>○ <b>Likelihood and consequences of asset failure are predicted</b></li> </ul> </li> <li>• Likelihood and consequences of asset failure have not been evaluated. Asset failure consequences and response have not been documented and no policy was presented.</li> </ul>  | <p><b>R2/2020</b> - Develop and implement an AMP for the Transmission Line compliant to regulatory and contractual requirements.</p> <p><b>R4/2020</b> - Undertake and record a risk assessment of the transmission line.</p> <p><b>R5/2020</b> - Develop a risk based treatment plan to address issues identified to ensure ongoing compliance and/or accept residual risk. Operational controls should be evident in the AMS and detailed in the AMP i.e. acoustic and vegetation surveys.</p> <p><b>R10/2020</b> - Review and document contingency plans and consider risks</p> <p><b>R11/2020</b> - Consider carrying out a second acoustic emissions test to establish the extent of any deterioration and address any significant defects. The limitation to operations is understood as such instead of organising an outage for inspection/repair of known defects this approach could allow clearer definition of scope for a planned line outage should it be deemed necessary</p> <p><b>R19/2020</b> – Review Karara Mining 330kV Powerline Contingency Desktop Audit 20/4/17 and implement recommendations or critically review and document findings and management action</p> | <p>The Licensee has indicated that after the audit occurred;</p> <ul style="list-style-type: none"> <li>• the appointment of an Asset Compliance Manager to oversee all statutory compliance matters has been made.</li> <li>• Karara is in discussions with service providers to develop a complete asset management plan.</li> <li>• The previously incomplete Contingency Plan is currently reviewed and to be approved for upload onto the Karara Portal.</li> <li>• Karara is currently in negotiations to have a repeat acoustic and vegetation survey done on the 330kV line</li> </ul> |
| <p>18/2020</p> | <ul style="list-style-type: none"> <li>• <b>Rating: DNR</b></li> <li>• 1.9 <ul style="list-style-type: none"> <li>○ <b>Asset management plan is regularly reviewed and updated</b></li> </ul> </li> <li>• An Asset Management Plan could not be located during the audit period and Management were unaware of any such document. Even though records reflect a review, due to absence of an AMP it was unlikely that any reviews have been made</li> </ul> | <p><b>R1/2020</b> – Formalise and implement an AMS for the transmission line.</p> <p><b>R2/2020</b> - Develop and implement an AMP for the Transmission Line compliant to regulatory and contractual requirements.</p> <p><b>R7/2020</b> – Ensure employees are adequately trained to understand the requirements of Electricity Transmission Licence and associated contractual documentation. Consideration could be given incorporating a review of their job descriptions and performance to ensure compliance is achieved</p>  | <p>The Licensee has indicated that after the audit occurred;</p> <ul style="list-style-type: none"> <li>• the appointment of an Asset Compliance Manager to oversee all statutory compliance matters has been made.</li> <li>• Karara is in discussions with service providers to develop a complete asset management plan.</li> </ul>   |

**R8/2020** – Review and implement a Document Management System incorporating existing policies, procedures and supporting documentation for currency and applicability  
**R12/2020** - Establish internal audit processes to monitor risks and ensure compliance with Electricity Transmission Licence requirements and other contractual documentation.

- The appointment of a formal Document Controller to implement a formal document control process has been made.

|                |  |   |   |
|----------------|--|---|---|
| <p>19/2020</p> | <ul style="list-style-type: none"> <li>• <b>Rating: C3</b></li> <li>• 2.5             <ul style="list-style-type: none"> <li>○ <b>Ongoing legal / environmental / safety obligations of the asset owner are assigned and understood</b></li> </ul> </li> <li>• No formalized systems established for legal obligations in relation to the Transmission Line.</li> </ul>  | <p><b>R6/2020</b> – Develop and maintain a Compliance Register for the Electricity Transmission Licence and contractual requirements and allocate appropriate responsibilities for compliance.<br/> <b>R9/2020</b> - Utilise SAP for planning of inspection and maintenance work, such as acoustic surveys, vegetation surveys, corona, etc and compliance requirements. Ensure records are verifiable with supporting evidence and maintenance costs are detailed. Critical entries should be subject to third party review.<br/> <b>R12/2020</b> - Establish internal audit processes to monitor risks and ensure compliance with Electricity Transmission Licence requirements and other contractual documentation</p> | <p>The Licensee has indicated that after the audit occurred;</p> <ul style="list-style-type: none"> <li>• the appointment of an Asset Compliance Manager to oversee all statutory compliance matters has been made.</li> <li>• Karara is in discussions with service providers to develop a complete asset management plan.</li> <li>• The transmission line is being reviewed at component level to be itemised in SAP, with assigned maintenance and inspection plans.</li> </ul> |
| <p>20/2020</p> | <ul style="list-style-type: none"> <li>• <b>Rating: D4</b></li> <li>• 3.1             <ul style="list-style-type: none"> <li>○ <b>Under-utilised and under-performing assets are identified as part of a regular systematic review process</b></li> </ul> </li> <li>• There was no systemic review process established for under-utilised and under performing assets. Defect reports as a result of monitoring have not been acted upon or reviewed.</li> </ul> | <p><b>R8/2020</b> – Review and implement a Document Management System incorporating existing policies, procedures and supporting documentation for currency and applicability.<br/> <b>R9/2020</b> - Utilise SAP for planning of inspection and maintenance work, such as acoustic surveys, vegetation surveys, corona, etc and compliance requirements. Ensure records are verifiable with supporting evidence and maintenance costs are detailed. Critical entries should be subject to third party review.<br/> <b>R17/2020</b> – Incorporate asset disposal plan in the AMP, ensure process established for disposal/replacement alternatives and review organisational procedures for asset</p>                      | <p>The Licensee has indicated that after the audit occurred;</p> <ul style="list-style-type: none"> <li>• the appointment of an Asset Compliance Manager to oversee all statutory compliance matters has been made.</li> <li>• Karara is in discussions with service providers to develop a complete asset management plan.</li> <li>• The transmission line is being reviewed at component level to be itemised in</li> </ul>  |

disposal. Include costs for disposal or refurbishment in the life cycle spreadsheet.

SAP, with assigned maintenance and inspection plans.

- The appointment of a formal Document Controller to implement a formal document control process has been made.

|                |  |   |  |
|----------------|--|---|--|
| <p>21/2020</p> | <ul style="list-style-type: none"> <li>• <b>Rating: DNR</b></li> <li>• 3.2             <ul style="list-style-type: none"> <li>○ <b>The reasons for under-utilisation or poor performance are critically examined and corrective action or disposal undertaken</b></li> </ul> </li> <li>• Critical examination of assets has not occurred. Corrective action has not been undertaken for defect reports.</li> </ul> | <p><b>R9/2020</b> - Utilise SAP for planning of inspection and maintenance work, such as acoustic surveys, vegetation surveys, corona, etc and compliance requirements. Ensure records are verifiable with supporting evidence and maintenance costs are detailed. Critical entries should be subject to third party review.</p> <p><b>R11/2020</b> -Consider carrying out a second acoustic emissions test to establish the extent of any deterioration and address any significant defects. The limitation to operations is understood as such instead of organising an outage for inspection/repair of known defects this approach could allow clearer definition of scope for a planned line outage should it be deemed necessary</p> | <p>The Licensee has indicated that after the audit occurred;</p> <ul style="list-style-type: none"> <li>• the appointment of an Asset Compliance Manager to oversee all statutory compliance matters has been made.</li> <li>• Karara is in discussions with service providers to develop a complete asset management plan.</li> <li>• The transmission line is being reviewed at component level to be itemised in SAP, with assigned maintenance and inspection plans.</li> <li>• The appointment of a formal Document Controller to implement a formal document control process has been made.</li> <li>• Karara is currently in negotiations to have a repeat acoustic and vegetation survey done on the 330kV line</li> </ul> |
| <p>22/2020</p> | <ul style="list-style-type: none"> <li>• <b>Rating: DNR</b></li> <li>• 3.3             <ul style="list-style-type: none"> <li>○ <b>Disposal alternatives are evaluated</b></li> </ul> </li> </ul>  | <p><b>R17/2020</b> – Incorporate asset disposal plan in the AMP, ensure process established for disposal/replacement alternatives and review organisational procedures for asset</p>  | <p>The Licensee has indicated that after the audit occurred;</p>   |

- There was no AMP and no evaluation process demonstrated for disposal alternatives to be evaluated during the audit period.
- disposal. Include costs for disposal or refurbishment in the life cycle spreadsheet.
- the appointment of an Asset Compliance Manager to oversee all statutory compliance matters has been made.
- Karara is in discussions with service providers to develop a complete asset management plan.
- The transmission line is being reviewed at component level to be itemised in SAP, with assigned maintenance and inspection plans.

|                |  |   |   |
|----------------|--|---|---|
| <p>23/2020</p> | <ul style="list-style-type: none"> <li>• <b>Rating: DNR</b></li> <li>• 3.4                             <ul style="list-style-type: none"> <li>○ <b>There is a replacement strategy for assets</b></li> </ul> </li> <li>• There no replacement strategy for assets established during the audit period. It was understood that replacement of assets was unlikely, however, asset replacement at a sub component level was feasible.</li> </ul> | <p><b>R17/2020</b> – Incorporate asset disposal plan in the AMP, ensure process established for disposal/replacement alternatives and review organisational procedures for asset disposal. Include costs for disposal or refurbishment in the life cycle spreadsheet.</p> | <p>The Licensee has indicated that after the audit occurred;</p> <ul style="list-style-type: none"> <li>• the appointment of an Asset Compliance Manager to oversee all statutory compliance matters has been made.</li> <li>• Karara is in discussions with service providers to develop a complete asset management plan.</li> <li>• The transmission line is being reviewed at component level to be itemised in SAP, with assigned maintenance and inspection plans.</li> <li>• Karara is currently in negotiations to have a repeat acoustic and vegetation survey done on the 330kV line</li> </ul> |
| <p>24/2020</p> | <ul style="list-style-type: none"> <li>• <b>Rating: D4</b></li> <li>• 4.1                             <ul style="list-style-type: none"> <li>○ <b>Opportunities and threats in the asset management system environment are assessed</b></li> </ul> </li> </ul>   | <p><b>R4/2020</b> - Undertake and record a risk assessment of the transmission line.<br/> <b>R5/2020</b> - Develop a risk based treatment plan to address issues identified to ensure ongoing compliance and/or</p>   | <p>The Licensee has indicated that after the audit occurred;</p>  |



|         |  |   |   |
|---------|--|---|---|
|         | <ul style="list-style-type: none"> <li>Opportunities and threats in the asset management system environment were not assessed in detailed or a formalized manner with regard to the Transmission Line.</li> </ul>  | <p>accept residual risk. Operational controls should be evident in the AMS and detailed in the AMP i.e. acoustic and vegetation surveys.</p> <p><b>R12/2020</b> - Establish internal audit processes to monitor risks and ensure compliance with Electricity Transmission Licence requirements and other contractual documentation.</p>   | <ul style="list-style-type: none"> <li>the appointment of an Asset Compliance Manager to oversee all statutory compliance matters has been made.</li> </ul>   |
| 25/2020 | <ul style="list-style-type: none"> <li><b>Rating: B3</b></li> <li>4.2                         <ul style="list-style-type: none"> <li><b>Performance standards (availability of service, capacity, continuity, emergency response, etc.) are measured and achieved</b></li> </ul> </li> <li>It was noted the SCADA overloaded and limited capability with reduction of data points requiring a review upgrading SCADA system or a simpler dedicated Transmission line data acquisition system.</li> </ul> | <p><b>R8/2020</b> – Review and implement a Document Management System incorporating existing policies, procedures and supporting documentation for currency and applicability.</p> <p><b>R13/2020</b> – Implement INX or other appropriate system to record non-standard performances and report to management to ensure compliance and performance of the transmission line.</p> <p><b>R14/2020</b> - Review upgrading SCADA system or a simpler dedicated Transmission line data acquisition system.</p>  | <p>The Licensee has indicated that after the audit occurred;</p> <ul style="list-style-type: none"> <li>the appointment of an Asset Compliance Manager to oversee all statutory compliance matters has been made.</li> <li>The appointment of a formal Document Controller to implement a formal document control process has been made.</li> </ul>   |
| 26/2020 | <ul style="list-style-type: none"> <li><b>Rating:C3</b></li> <li>4.3                         <ul style="list-style-type: none"> <li><b>Compliance with statutory and regulatory requirements</b></li> </ul> </li> <li>Compliance with statutory and regulatory requirements was not well demonstrated.</li> </ul>  | <p><b>R6/2020</b> – Develop and maintain a Compliance Register for the Electricity Transmission Licence and contractual requirements and allocate appropriate responsibilities for compliance.</p> <p><b>R7/2020</b> – Ensure employees are adequately trained to understand the requirements of Electricity Transmission Licence and associated contractual documentation. Consideration could be given incorporating a review of their job descriptions and performance.</p> <p><b>R8/2020</b> – Review and implement a Document Management System incorporating existing policies, procedures and supporting documentation for currency and applicability.</p> <p><b>R12/2020</b> - Establish internal audit processes to monitor risks and ensure compliance with Electricity Transmission Licence requirements and other contractual documentation</p> | <p>The Licensee has indicated that after the audit occurred;</p> <ul style="list-style-type: none"> <li>the appointment of an Asset Compliance Manager to oversee all statutory compliance matters has been made.</li> <li>Karara is in discussions with service providers to develop a complete asset management plan.</li> <li>The appointment of a formal Document Controller to implement a formal document control process has been made.</li> </ul> |

|                |   |  |   |
|----------------|---|--|---|
| <p>27/2020</p> | <ul style="list-style-type: none"> <li>• <b>Rating: C3</b></li> <li>• 4.4             <ul style="list-style-type: none"> <li>○ <b>Service standard (customer service levels etc) are measured and achieved.</b></li> </ul> </li> <li>• It was noted that some service standards were not achieved in relation to contractual documentation. Text</li> </ul> | <p><b>R1/2020</b> – Formalise and implement an AMS for the transmission line.</p> <p><b>R2/2020</b> - Develop and implement an AMP for the Transmission Line compliant to regulatory and contractual requirements.</p> <p><b>R6/2020</b> – Develop and maintain a Compliance Register for the Electricity Transmission Licence and contractual requirements and allocate appropriate responsibilities for compliance.</p> <p><b>R9/2020</b> - Utilise SAP for planning of inspection and maintenance work, such as acoustic surveys, vegetation surveys, corona, etc and compliance requirements. Ensure records are verifiable with supporting evidence and maintenance costs are detailed. Critical entries should be subject to third party review.</p> | <p>The Licensee has indicated that after the audit occurred;</p> <ul style="list-style-type: none"> <li>• the appointment of an Asset Compliance Manager to oversee all statutory compliance matters has been made.</li> <li>• Karara is in discussions with service providers to develop a complete asset management plan.</li> <li>• The transmission line is being reviewed at component level to be itemised in SAP, with assigned maintenance and inspection plans.</li> </ul> |
|----------------|---|--|---|

|                |  |   |   |
|----------------|--|---|---|
| <p>28/2020</p> | <ul style="list-style-type: none"> <li>• <b>Rating: C3</b></li> <li>• 5.1             <ul style="list-style-type: none"> <li>○ <b>Operational policies and procedures are documented and linked to service levels required</b> Text</li> </ul> </li> <li>• Operational policies and procedures were not well documented and linked to service levels required. The majority of document supplied was deficient and/or could not be provided. Several contractual and regulatory obligations were not evident in the policies and procedures and compliance has not been achieved.</li> </ul> | <p><b>R1/2020</b> – Formalise and implement an AMS for the transmission line.</p> <p><b>R2/2020</b> - Develop and implement an AMP for the Transmission Line compliant to regulatory and contractual requirements.</p> <p><b>R5/2020</b> - Develop a risk based treatment plan to address issues identified to ensure ongoing compliance and/or accept residual risk. Operational controls should be evident in the AMS and detailed in the AMP i.e. acoustic and vegetation surveys</p> <p><b>R6/2020</b> – Develop and maintain a Compliance Register for the Electricity Transmission Licence and contractual requirements and allocate appropriate responsibilities for compliance.</p> <p><b>R8/2020</b> – Review and implement a Document Management System incorporating existing policies, procedures and supporting documentation for currency and applicability</p> | <p>The Licensee has indicated that after the audit occurred;</p> <ul style="list-style-type: none"> <li>• the appointment of an Asset Compliance Manager to oversee all statutory compliance matters has been made.</li> <li>• Karara is in discussions with service providers to develop a complete asset management plan.</li> <li>• The appointment of a formal Document Controller to implement a formal document control process has been made.</li> </ul> |
|----------------|--|---|---|

|         |  |   |   |
|---------|--|---|---|
| 29/2020 | <ul style="list-style-type: none"> <li>• <b>Rating: C3</b></li> <li>• 5.2 <ul style="list-style-type: none"> <li>◦ <b>Risk management is applied to prioritise operations tasks</b></li> </ul> </li> <li>• Risk management has not been applied to prioritise operational tasks. The transmission line was not included in any of the risk analysis sighted.</li> </ul>  | <p><b>R4/2020</b> - Undertake and record a risk assessment of the transmission line.</p> <p><b>R5/2020</b> - Develop a risk based treatment plan to address issues identified to ensure ongoing compliance and/or accept residual risk.</p> <p><b>R8/2020</b> – Review and implement a Document Management System incorporating existing policies, procedures and supporting documentation for currency and applicability</p> <p><b>R12/2020</b> - Establish internal audit processes to monitor risks and ensure compliance with Electricity Transmission Licence requirements and other contractual documentation</p> | <p>The Licensee has indicated that after the audit occurred;</p> <ul style="list-style-type: none"> <li>• the appointment of an Asset Compliance Manager to oversee all statutory compliance matters has been made.</li> <li>• The appointment of a formal Document Controller to implement a formal document control process has been made.</li> </ul> |
| 30/2020 | <ul style="list-style-type: none"> <li>• <b>Rating: C4</b></li> <li>• 5.3 <ul style="list-style-type: none"> <li>◦ <b>Assets are documented in an asset register including asset type, location, material, plans of components, and an assessment of assets' physical/structural condition</b></li> </ul> </li> <li>• Assets were documented in an asset register but it does not include asset type, location, material, plans of components, and an assessment of assets' physical/structural condition. The information contained in the asset register was for towers (no sub components have been included) and contains financial information only.</li> </ul> | <p><b>R3/2020</b> - Review the Asset Register to include asset type, location, material, plans of components, and an assessment of assets' physical/structural condition</p>  | <p>The Licensee has indicated that after the audit occurred;</p> <ul style="list-style-type: none"> <li>• The transmission line is being reviewed at component level to be itemised in SAP, with assigned maintenance and inspection plans.</li> </ul>  |
| 31/2020 | <ul style="list-style-type: none"> <li>• <b>Rating: C2</b></li> <li>• 5.4 <ul style="list-style-type: none"> <li>◦ <b>Accounting data is documented for assets</b></li> </ul> </li> <li>• Accounting was documented for assets, however, it was based at a broad level i.e. towers and not detailed sub components</li> </ul>  | <p><b>R3/2020</b> - Review the Asset Register to include asset type, location, material, plans of components, and an assessment of assets' physical/structural condition.</p>   | <p>The Licensee has indicated that after the audit occurred;</p> <ul style="list-style-type: none"> <li>• The transmission line is being reviewed at component level to be itemised in SAP, with assigned maintenance and inspection plans.</li> </ul>  |
| 32/2020 | <ul style="list-style-type: none"> <li>• <b>Rating: C4</b></li> <li>• 5.5 <ul style="list-style-type: none"> <li>◦ <b>Operational costs are measured and monitored</b></li> </ul> </li> </ul>  | <p><b>R15/2020</b> – Identify, record and document operational and maintenance costing and detail how they are monitored by Licensee.</p>   | <p>The Licensee has indicated that after the audit occurred;</p>  |

|         |  |   |  |
|---------|--|---|--|
|         | <ul style="list-style-type: none"> <li>No operational costs associated with the transmission line were detailed. These were incorporated into operational costs of the mine and not specifically attributed to the transmission line</li> </ul>  | <p><b>R16/2020</b> - Monitor line losses and MVAr performance.</p>  | <ul style="list-style-type: none"> <li>The transmission line is being reviewed at component level to be itemised in SAP, with assigned maintenance and inspection plans.</li> </ul>  |
| 33/2020 | <ul style="list-style-type: none"> <li><b>Rating: D4</b></li> <li>5.6 <ul style="list-style-type: none"> <li><b>Staff resources are adequate and staff receive training commensurate with their responsibilities</b></li> </ul> </li> <li>Staffing levels were said to be inadequate and further training was required.</li> </ul>   | <p><b>R7/2020</b> – Ensure employees are adequately trained to understand the requirements of Electricity Transmission Licence and associated contractual documentation. Consideration could be given incorporating a review of their job descriptions and performance.</p>   | <p>The Licensee has not communicated action planned as yet</p>   |
| 34/2020 | <ul style="list-style-type: none"> <li><b>Rating: D3</b></li> <li>6.1 <ul style="list-style-type: none"> <li><b>Maintenance policies and procedures are documented and linked to service levels required</b></li> </ul> </li> <li>There were no maintenance policies and procedures documented or linked to services levels required in regard to the Transmission Line. The HV line was operated by Western Power.</li> </ul> | <p><b>R1/2020</b> – Formalise and implement an AMS for the transmission line.</p> <p><b>R2/2020</b> - Develop and implement an AMP for the Transmission Line compliant to regulatory and contractual requirements.</p> <p><b>R5/2020</b> - Develop a risk based treatment plan to address issues identified to ensure ongoing compliance and/or accept residual risk. Operational controls should be evident in the AMS and detailed in the AMP i.e. acoustic and vegetation surveys</p> <p><b>R6/2020</b> – Develop and maintain a Compliance Register for the Electricity Transmission Licence and contractual requirements and allocate appropriate responsibilities for compliance.</p> | <p>The Licensee has indicated that after the audit occurred;</p> <ul style="list-style-type: none"> <li>the appointment of an Asset Compliance Manager to oversee all statutory compliance matters has been made.</li> <li>Karara is in discussions with service providers to develop a complete asset management plan.</li> </ul> |
| 35/2020 | <ul style="list-style-type: none"> <li><b>Rating: D4</b></li> <li>6.2 <ul style="list-style-type: none"> <li><b>Regular inspections are undertaken of asset performance and condition</b></li> </ul> </li> <li>There were no regular inspections scheduled in SAP. During the audit period one acoustic and one vegetation survey were undertaken.</li> </ul>  | <p><b>R6/2020</b> – Develop and maintain a Compliance Register for the Electricity Transmission Licence and contractual requirements and allocate appropriate responsibilities for compliance.</p> <p><b>R9/2020</b> - Utilise SAP for planning of inspection and maintenance work, such as acoustic surveys, vegetation surveys, corona, etc and compliance requirements. Ensure records are verifiable with supporting evidence and</p>   | <p>The Licensee has indicated that after the audit occurred;</p> <ul style="list-style-type: none"> <li>the appointment of an Asset Compliance Manager to oversee all statutory compliance matters has been made.</li> </ul>   |

maintenance costs are detailed. Critical entries should be subject to third party review.

**R11/2020** -Consider carrying out a second acoustic emissions test to establish the extent of any deterioration and address any significant defects. The limitation to operations is understood as such instead of organising an outage for inspection/repair of known defects this approach could allow clearer definition of scope for a planned line outage should it be deemed necessary

- Karara is in discussions with service providers to develop a complete asset management plan.
- The transmission line is being reviewed at component level to be itemised in SAP, with assigned maintenance and inspection plans.
- Karara is currently in negotiations to have a repeat acoustic and vegetation survey done on the 330kV line

|                |   |   |   |
|----------------|---|---|---|
| <p>36/2020</p> | <ul style="list-style-type: none"> <li>• <b>Rating: C3</b></li> <li>• 6.3                         <ul style="list-style-type: none"> <li>○ <b>Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule</b></li> </ul> </li> <li>• There were no maintenance plans associated with the Transmission Line contained within SAP.</li> </ul> | <p><b>R9/2020</b> - Utilise SAP for planning of inspection and maintenance work, such as acoustic surveys, vegetation surveys, corona, etc and compliance requirements. Ensure records are verifiable with supporting evidence and maintenance costs are detailed. Critical entries should be subject to third party review.</p>  | <p>The Licensee has indicated that after the audit occurred;</p> <ul style="list-style-type: none"> <li>• the appointment of an Asset Compliance Manager to oversee all statutory compliance matters has been made.</li> <li>• Karara is in discussions with service providers to develop a complete asset management plan.</li> <li>• The transmission line is being reviewed at component level to be itemised in SAP, with assigned maintenance and inspection plans.</li> </ul> |
| <p>37/2020</p> | <ul style="list-style-type: none"> <li>• <b>Rating: B3</b></li> <li>• 6.4                         <ul style="list-style-type: none"> <li>○ <b>Failures are analysed and operational/maintenance plans adjusted where necessary</b></li> </ul> </li> <li>• Failures appear to have been reviewed but have not been documented.</li> </ul>  | <p><b>R9/2020</b> - Utilise SAP for planning of inspection and maintenance work, such as acoustic surveys, vegetation surveys, corona, etc and compliance requirements. Ensure records are verifiable with supporting evidence and maintenance costs are detailed. Critical entries should be subject to third party review.</p> <p><b>R13/2020</b> – Implement INX or other appropriate system to record non-standard performances and report to</p> | <p>The Licensee has indicated that after the audit occurred;</p> <ul style="list-style-type: none"> <li>• Karara is in discussions with service providers to develop a complete asset management plan.</li> <li>• The transmission line is being reviewed at component level to be itemised in</li> </ul>   |

|         |  |  |  |
|---------|--|--|--|
|         |  | management to ensure compliance and performance of the transmission line.  | SAP, with assigned maintenance and inspection plans.   |
| 38/2020 | <ul style="list-style-type: none"> <li>• <b>Rating: C3</b></li> <li>• 6.5 <ul style="list-style-type: none"> <li>◦ <b>Risk management is applied to prioritise maintenance tasks</b></li> </ul> </li> <li>• Risk management has not been applied to the Transmission Line asset.</li> </ul>  | <p><b>R4/2020</b> - Undertake and record a risk assessment of the transmission line.</p> <p><b>R5/2020</b> - Develop a risk based treatment plan to address issues identified to ensure ongoing compliance and/or accept residual risk. Operational controls should be evident in the AMS and detailed in the AMP i.e. acoustic and vegetation surveys</p>   | <p>The Licensee has indicated that after the audit occurred;</p> <ul style="list-style-type: none"> <li>• the appointment of an Asset Compliance Manager to oversee all statutory compliance matters has been made.</li> </ul>                         |
| 39/2020 | <ul style="list-style-type: none"> <li>• <b>Rating: C3</b></li> <li>• 6.6 <ul style="list-style-type: none"> <li>◦ <b>Maintenance costs are measured and monitored</b></li> </ul> </li> <li>• Maintenance costs were not measured and monitored and the transmission line was not itemised any financial budgets. Budgets costs incorporated in Maintenance budget for the mine.</li> </ul>  | <p><b>R9/2020</b> - Utilise SAP for planning of inspection and maintenance work, such as acoustic surveys, vegetation surveys, corona, etc and compliance requirements. Ensure records are verifiable with supporting evidence and maintenance costs are detailed. Critical entries should be subject to third party review.</p>   | <p>The Licensee has indicated that after the audit occurred;</p> <ul style="list-style-type: none"> <li>• The transmission line is being reviewed at component level to be itemised in SAP, with assigned maintenance and inspection plans.</li> </ul> |
| 40/2020 | <ul style="list-style-type: none"> <li>• <b>Rating: C3</b></li> <li>• 7.1 <ul style="list-style-type: none"> <li>◦ <b>Adequate system documentation for users and IT operators</b></li> </ul> </li> <li>• The system adequacy of policies and procedures covering the general control and security of the computer systems used to provide management information on compliance with service standards / licence obligations was not well defined.</li> </ul>  | <p><b>R7/2020</b> – Ensure employees are adequately trained to understand the requirements of Electricity Transmission Licence and associated contractual documentation. Consideration could be given incorporating a review of their job descriptions and performance to ensure compliance was achieved.</p> <p><b>R8/2020</b> – Review and implement a Document Management System incorporating existing policies, procedures and supporting documentation for currency and applicability.</p> | <p>The Licensee has indicated that after the audit occurred;</p> <ul style="list-style-type: none"> <li>• The appointment of a formal Document Controller to implement a formal document control process has been made.</li> </ul>                     |
| 41/2020 | <ul style="list-style-type: none"> <li>• <b>Rating: B3</b></li> <li>• 7.2 <ul style="list-style-type: none"> <li>◦ <b>Input controls include suitable verification and validation of data entered into the system</b></li> </ul> </li> <li>• WPC operate the line and control it. Most data collation was automated, often by third parties, WPC, AMSC, MetroPower with cross checking in place. SAP levels of access for different data require review. KML controls on portal documentation has several levels of approval.</li> </ul> | <p><b>R9/2020</b> - Utilise SAP for planning of inspection and maintenance work, such as acoustic surveys, vegetation surveys, corona, etc and compliance requirements. Ensure records are verifiable with supporting evidence and maintenance costs are detailed. Critical entries should be subject to third party review.</p>   | <p>The Licensee has indicated that after the audit occurred;</p> <ul style="list-style-type: none"> <li>• The transmission line is being reviewed at component level to be itemised in SAP, with assigned maintenance and inspection plans.</li> </ul> |

|         |   |   |   |
|---------|---|---|---|
| 42/2020 | <ul style="list-style-type: none"> <li>• <b>Rating: B3</b></li> <li>• 7.6 <ul style="list-style-type: none"> <li>◦ <b>Computations for licensee performance reporting are accurate</b></li> </ul> </li> <li>• The SCADA system, shared with the mine, was overloaded and number of points had to be reduced to obtain acceptable speed. Only limited line data was collated.</li> </ul>   | <p><b>R13/2020</b> – Implement INX or other appropriate system to record non-standard performances and report to management to ensure compliance and performance of the transmission line.</p>  | <p>The Licensee has indicated that after the audit occurred;</p> <ul style="list-style-type: none"> <li>• the appointment of an Asset Compliance Manager to oversee all statutory compliance matters has been made.</li> </ul>  |
| 43/2020 | <ul style="list-style-type: none"> <li>• <b>Rating: D4</b></li> <li>• 7.7 <ul style="list-style-type: none"> <li>◦ <b>Management reports appear adequate for the licensee to monitor licence obligations</b></li> </ul> </li> <li>• No management reports pertaining to the Licensee monitoring licence obligations were available.</li> </ul>  | <p><b>R6/2020</b> – Develop and maintain a Compliance Register for the Electricity Transmission Licence and contractual requirements and allocate appropriate responsibilities for compliance</p> <p><b>R9/2020</b> - Utilise SAP for planning of inspection and maintenance work, such as acoustic surveys, vegetation surveys, corona, etc and compliance requirements. Ensure records are verifiable with supporting evidence and maintenance costs are detailed. Critical entries should be subject to third party review.</p> <p><b>R13/2020</b> – Implement INX or other appropriate system to record non-standard performances and report to management to ensure compliance and performance of the transmission line.</p>       | <p>The Licensee has indicated that after the audit occurred;</p> <ul style="list-style-type: none"> <li>• the appointment of an Asset Compliance Manager to oversee all statutory compliance matters has been made.</li> <li>• The transmission line is being reviewed at component level to be itemised in SAP, with assigned maintenance and inspection plans.</li> </ul> |
| 44/2020 | <ul style="list-style-type: none"> <li>• <b>Rating: C3</b></li> <li>• 8.1 <ul style="list-style-type: none"> <li>◦ <b>Risk management policies and procedures exist and are applied to minimise internal and external risks</b></li> </ul> </li> <li>• There were risk management policies and procedures that exist for the organisation but they have not been applied to minimise internal and external risks with regards to the Transmission Line. No risk management has been undertaken for the Transmission Line</li> </ul> | <p><b>R4/2020</b> - Undertake and record a risk assessment of the transmission line.</p> <p><b>R5/2020</b> - Develop a risk based treatment plan to address issues identified to ensure ongoing compliance and/or accept residual risk. Operational controls should be evident in the AMS and detailed in the AMP i.e. acoustic and vegetation surveys</p> <p><b>R8/2020</b> – Review and implement a Document Management System incorporating existing policies, procedures and supporting documentation for currency and applicability.</p> <p><b>R12/2020</b> - Establish internal audit processes to monitor risks and ensure compliance with Electricity Transmission Licence requirements and other contractual documentation</p> | <p>The Licensee has indicated that after the audit occurred;</p> <ul style="list-style-type: none"> <li>• the appointment of an Asset Compliance Manager to oversee all statutory compliance matters has been made.</li> <li>• The appointment of a formal Document Controller to implement a formal document control process has been made.</li> </ul>                     |

|         |  |  |  |
|---------|--|--|--|
| 45/2020 | <ul style="list-style-type: none"> <li>• <b>Rating: D4</b></li> <li>• 8.2 <ul style="list-style-type: none"> <li>◦ <b>Risks are documented in a risk register and treatment plans are implemented and monitored</b></li> </ul> </li> <li>• Risks were not documented in a risk register and treatment plans were not established, implemented and monitored. Risk management was adhoc and relies on the tacit knowledge of employees. The risk management documentation was not co-ordinated</li> </ul> | <p><b>R4/2020</b> - Undertake and record a risk assessment of the transmission line.</p> <p><b>R5/2020</b> - Develop a risk based treatment plan to address issues identified to ensure ongoing compliance and/or accept residual risk. Operational controls should be evident in the AMS and detailed in the AMP i.e. acoustic and vegetation surveys.</p> <p><b>R12/2020</b> - Establish internal audit processes to monitor risks and ensure compliance with Electricity Transmission Licence requirements and other contractual documentation.</p> | <p>The Licensee has indicated that after the audit occurred;</p> <ul style="list-style-type: none"> <li>• the appointment of an Asset Compliance Manager to oversee all statutory compliance matters has been made.</li> </ul>   |
| 46/2020 | <ul style="list-style-type: none"> <li>• <b>Rating: D4</b></li> <li>• 8.3 <ul style="list-style-type: none"> <li>◦ <b>Probability and consequences of asset failure are regularly assessed</b></li> </ul> </li> <li>• Failure of transmission line was not considered.</li> </ul>  | <p><b>R4/2020</b> - Undertake and record a risk assessment of the transmission line.</p> <p><b>R5/2020</b> - Develop a risk based treatment plan to address issues identified to ensure ongoing compliance and/or accept residual risk. Operational controls should be evident in the AMS and detailed in the AMP i.e. acoustic and vegetation surveys.</p> <p><b>R12/2020</b> - Establish internal audit processes to monitor risks and ensure compliance with Electricity Transmission Licence requirements and other contractual documentation.</p> | <p>The Licensee has indicated that after the audit occurred;</p> <ul style="list-style-type: none"> <li>• the appointment of an Asset Compliance Manager to oversee all statutory compliance matters has been made.</li> </ul>   |
| 47/2020 | <ul style="list-style-type: none"> <li>• <b>Rating: C4</b></li> <li>• 9.1 <ul style="list-style-type: none"> <li>◦ <b>Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks</b></li> </ul> </li> <li>• There contingency plan was incomplete and testing procedures appear inadequate.</li> </ul>   | <p><b>R10/2020</b> - Review and document contingency plans and consider risks</p> <p><b>R19/2020</b> – Review Karara Mining 330kV Powerline Contingency Desktop Audit 20/4/17 and implement recommendations or critically review and document findings and management action</p>   | <p>The Licensee has indicated that after the audit occurred;</p> <ul style="list-style-type: none"> <li>• the appointment of an Asset Compliance Manager to oversee all statutory compliance matters has been made.</li> <li>• The previously incomplete Contingency Plan is currently reviewed and to be approved for upload onto the Karara Portal.</li> </ul> |
| 48/2020 | <ul style="list-style-type: none"> <li>• <b>Rating: D4</b></li> <li>• 10.1</li> </ul>  | <p><b>R18/2020</b> – Monitor the Company and Consolidated Entity's financial performance to ensure that it is a going concern.</p>   | <p>The Licensee has not communicated action planned as yet</p>   |



|         |  |  |   |
|---------|--|--|---|
|         | <ul style="list-style-type: none"> <li>○ The financial plan states the financial objectives and identifies strategies and actions to achieve those</li> <li>• There was no documented financial plan that specifically states objectives and identifies strategies and actions to achieve the objectives.</li> </ul>   |  |   |
| 49/2020 | <ul style="list-style-type: none"> <li>• <b>Rating: DNR</b></li> <li>• 10.5 <ul style="list-style-type: none"> <li>○ <b>The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services</b></li> </ul> </li> <li>• The financial costs associated with the operations and maintenance, administration of the Transmission Line were incorporated into the mine operational budget. They were noted to be relatively low cost expenditures in the Licensees' operations.</li> </ul> | <p><b>R9/2020</b> - Utilise SAP for planning of inspection and maintenance work, such as acoustic surveys, vegetation surveys, corona, etc and compliance requirements. Ensure records are verifiable with supporting evidence and maintenance costs are detailed. Critical entries should be subject to third party review.</p>   | <p>The Licensee has indicated that after the audit occurred;</p> <ul style="list-style-type: none"> <li>• The transmission line is being reviewed at component level to be itemised in SAP, with assigned maintenance and inspection plans.</li> </ul>  |
| 50/2020 | <ul style="list-style-type: none"> <li>• <b>Rating: DNR</b></li> <li>• 11.1 <ul style="list-style-type: none"> <li>○ <b>There is a capital expenditure plan covering works to be undertaken, actions proposed, responsibilities and dates</b></li> </ul> </li> <li>• There was no capital expenditure plan developed for the Transmission Line. No significant capital works during or forecast.</li> </ul>  | <p><b>R2/2020</b> - Develop and implement an AMP for the Transmission Line compliant to regulatory and contractual requirements.</p>   | <p>The Licensee has indicated that after the audit occurred;</p> <ul style="list-style-type: none"> <li>• Karara is in discussions with service providers to develop a complete asset management plan.</li> </ul>   |
| 51/2020 | <ul style="list-style-type: none"> <li>• <b>Rating: DNR</b></li> <li>• 11.2 <ul style="list-style-type: none"> <li>○ <b>The capital expenditure plan provides reasons for capital expenditure and timing of expenditure</b></li> </ul> </li> <li>• There was no capital expenditure plan developed for the Transmission Line. No significant capital works during or forecast.</li> </ul>  | <p><b>R1/2020</b> – Formalise and implement an AMS for the transmission line.</p> <p><b>R2/2020</b> - Develop and implement an AMP for the Transmission Line compliant to regulatory and contractual requirements.</p> <p><b>R3/2020</b> - Review the Asset Register to include asset type, location, material, plans of components, and an assessment of assets' physical/structural condition.</p> | <p>The Licensee has indicated that after the audit occurred;</p> <ul style="list-style-type: none"> <li>• the appointment of an Asset Compliance Manager to oversee all statutory compliance matters has been made.</li> <li>• Karara is in discussions with service providers to develop a complete asset management plan.</li> <li>• The transmission line is being reviewed at component level to be itemised in SAP, with assigned maintenance and inspection plans.</li> </ul> |

|         |  |   |   |
|---------|--|---|---|
| 52/2020 | <ul style="list-style-type: none"> <li>• <b>Rating: DNR</b></li> <li>• 11.3 <ul style="list-style-type: none"> <li>○ <b>The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan</b></li> </ul> </li> <li>• There was no capital expenditure plan developed for the Transmission Line. No significant capital works during or forecast. Monitoring of the projection of asset life and mine life should be incorporated in the AMS.</li> </ul>               | <p><b>R1/2020</b> – Formalise and implement an AMS for the transmission line.</p> <p><b>R2/2020</b> - Develop and implement an AMP for the Transmission Line compliant to regulatory and contractual requirements.</p> <p><b>R3/2020</b> - Review the Asset Register to include asset type, location, material, plans of components, and an assessment of assets' physical/structural condition</p>   | <p>The Licensee has indicated that after the audit occurred;</p> <ul style="list-style-type: none"> <li>• the appointment of an Asset Compliance Manager to oversee all statutory compliance matters has been made.</li> <li>• Karara is in discussions with service providers to develop a complete asset management plan.</li> <li>• The transmission line is being reviewed at component level to be itemised in SAP, with assigned maintenance and inspection plans.</li> </ul> |
| 53/2020 | <ul style="list-style-type: none"> <li>• <b>Rating: DNR</b></li> <li>• 11.4 <ul style="list-style-type: none"> <li>○ <b>There is an adequate process to ensure the capital expenditure plan is regularly updated and implemented</b></li> </ul> </li> <li>• There was no capital expenditure plan developed for the Transmission Line. No significant capital works during or forecast. Capital expenditure processes have been established by the licensee for mine operation and would applied if required.</li> </ul> | <p><b>R1/2020</b> – Formalise and implement an AMS for the transmission line.</p> <p><b>R2/2020</b> - Develop and implement an AMP for the Transmission Line compliant to regulatory and contractual requirements</p> <p><b>R8/2020</b> – Review and implement a Document Management System incorporating existing policies, procedures and supporting documentation for currency and applicability.</p>  | <p>The Licensee has indicated that after the audit occurred;</p> <ul style="list-style-type: none"> <li>• The appointment of a formal Document Controller to implement a formal document control process has been made.</li> </ul>  |
| 54/2020 | <ul style="list-style-type: none"> <li>• <b>Rating: D4</b></li> <li>• 12.1 <ul style="list-style-type: none"> <li>○ <b>A review process is in place to ensure the asset management plan and the asset management system described in it remain current</b></li> </ul> </li> <li>• No AMP developed as such the records of the review were misleading, ineffectual and may indicate likely misstatement.</li> </ul>   | <p><b>R1/2020</b> – Formalise and implement an AMS for the transmission line.</p> <p><b>R2/2020</b> - Develop and implement an AMP for the Transmission Line compliant to regulatory and contractual requirements.</p> <p><b>R9/2020</b> - Utilise SAP for planning of inspection and maintenance work, such as acoustic surveys, vegetation surveys, corona, etc and compliance requirements. Ensure records are verifiable with supporting evidence and</p> | <p>The Licensee has indicated that after the audit occurred;</p> <ul style="list-style-type: none"> <li>• the appointment of an Asset Compliance Manager to oversee all statutory compliance matters has been made.</li> <li>• Karara is in discussions with service providers to develop a complete asset management plan.</li> </ul>  |

maintenance costs are detailed. Critical entries should be subject to third party review.

- The transmission line is being reviewed at component level to be itemised in SAP, with assigned maintenance and inspection plans.

55/2020

- **Rating: D4**
- 12.2
  - **Independent reviews (e.g. internal audit) are performed of the asset management system**
- Text Process for Independent reviews (e.g. internal audit) of the asset management system were not established. No AMS formally established and implemented to conduct review against.

**R9/2020** - Utilise SAP for planning of inspection and maintenance work, such as acoustic surveys, vegetation surveys, corona, etc and compliance requirements. Ensure records are verifiable with supporting evidence and maintenance costs are detailed. Critical entries should be subject to third party review.

**R12/2020** - Establish internal audit processes to monitor risks and ensure compliance with Electricity Transmission Licence requirements and other contractual documentation.

The Licensee has indicated that after the audit occurred;

- the appointment of an Asset Compliance Manager to oversee all statutory compliance matters has been made.
- Karara is in discussions with service providers to develop a complete asset management plan.
- The transmission line is being reviewed at component level to be itemised in SAP, with assigned maintenance and inspection plans.

# **APPENDIX 1**

## **KARARA MINE LIMITED**

### **PERFORMANCE AUDIT**

**(Note: 2016 Audit Findings have been included to allow reader ease in reference to the inconsistencies noted during the current audit)**

**Table 13 - Summary of Audit Recommendations**

| Finding   |
|---|
| <b>A1/2020</b> – Implement R1-9 of the Review Recommendations   |
| <b>A2/2020</b> – Notify the details of the Asset Management System to the ERA and establish a compliance process/change management process to ensure future compliance is achieved.   |
| <b>A3/2020</b> – Implement INX or other appropriate system to record non-standard performances and report to management to ensure compliance and performance of the transmission line.  |
| <b>A4/2020</b> -Consider carrying out a second acoustic emissions test to establish the extent of any deterioration and address any significant defects. The limitation to operations was understood as such instead of organising an outage for inspection/repair of known defects this approach could allow clearer definition of scope for a planned line outage should it be deemed necessary |
| <b>A5/2020</b> – Review Karara Mining 330kV Powerline Contingency Desktop Audit 20/4/17 and implement recommendations or critically review and document findings and management action  |
| <b>A6/2020</b> – Review legislative and contractual documentation and establish a compliance process and corrective action plan to ensure all obligations are understood and compliance is achieved.  |

**Table 14 Performance Audit**

| 12. Electricity Industry Act – Licence conditions and obligations |  |   |
|---|--|---|
| No.   | 2016 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION   | 2020 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION  |
| 101*  | <b>OBLIGATION: Transmission Licence, condition 5.3.1 / Electricity Industry Act, section 13(1)</b>   |   |
| Type  | <i>A licensee must provide the ERA with a performance audit conducted by an independent expert acceptable to the ERA, not less than once every 24 months</i>   |   |
| [2]   | <p><b>2016 Finding</b> – The Licensee contracted with the auditor to carry out the audit to meet the requirements. The last audit met the requirements.</p> <p><b>2016 Documents Reviewed</b> – interviewed Senior HV Engineer, listed staff. Documents: The Licensee contracted with the auditor to carry out the audit. The documents were forwarded to the ERA as part of the approval of the auditor. Licensee received approval from the ERA for audit scope and appointment of auditor</p> <p><b>2016 Observations</b> –</p> <p>Compliance indicated for;</p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Documents</li> <li><input checked="" type="checkbox"/> Compliance</li> <li><input checked="" type="checkbox"/> Process</li> <li><input checked="" type="checkbox"/> Outcome</li> <li><input checked="" type="checkbox"/> Output</li> <li><input checked="" type="checkbox"/> Reporting</li> <li><input checked="" type="checkbox"/> Compliance</li> </ul> | <p><b>2020 Findings</b> – During the audit period the Licensee has provided the ERA with an audit report (refer report dated 09/10/2016). The Audit Team was of the opinion that the evidence in the previous audit report was inconsistent with other evidence obtained during this current audit period. The Audit Team were unable to verify the assessment of the previous auditor of the Licensee's control environment. Specifically in relation to the licensee's management philosophy and operating style, organisational structure, assignment of authority and responsibilities, the use of internal audit, the use of information technology and the skills and experience of the relevant staff members.</p> <p>Historical records, including SAP and Ellipse reports, policies and procedures, were reviewed in an effort to verify previous report observations. Information reviewed calls into question the reliability of documents and responses to enquiries indicate likely misstatement.</p> <p>As a result of extensive efforts to interview personnel, obtain and review documentation, a visit to both site and to head office, the Audit Team have assessed the previous audit report to be inconsistent with evidence reviewed. The Licensee was undertaking the required Performance Audit for current audit period but has not well demonstrated appreciation for compliance obligations and has not provided the information in a timely manner to the Audit Team. Fieldwork has raised areas of concern relating to control environment, information systems, control procedures, compliance attitude and outcome compliance.</p> <p><b>2020 Documents/Evidence</b> – 36, 37, 52, 104, 105,106, 115, 150, 161, 162</p> <ul style="list-style-type: none"> <li>• Communication from licensee regarding engagement</li> <li>• ERA communication</li> </ul> |

|  |  |   |
|--|--|---|
|  |  | <ul style="list-style-type: none"> <li>• Purchase Order</li> <li>• Interview with Karara Mining Personnel;             <ul style="list-style-type: none"> <li>❖ Senior Engineer HV</li> <li>❖ Interview Electrical &amp; Instrumentation Supervisor</li> <li>❖ Electrical Superintendent</li> </ul> </li> </ul> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>• Reminder notices were issued by the ERA for the audit and review to be undertaken</li> <li>• The audit was scheduled and auditor engaged. Due to site shutdown demands an extension was sought and provided by the ERA.</li> <li>• There were limited documents made available to the auditors prior to attending site (previous audit report, compliance reports, ERA public documents, and licence fee payments sought directly from the ERA).</li> <li>• The Licensee did not provide the required documentation in a timely manner due to an absence of documentation and systems.</li> <li>• Observations in the previous audit report inconsistent with those of the Audit Team, for example, absence of a verification of control process (refer Post Audit Action Plan 2016 ref 1/2016).</li> <li>• Organisation has a Legal Obligations Register but this does not cover the Transmission Licence requirements</li> <li>• The Licensee provided the ERA with a performance report, it was the Audit Teams assessment that the fieldwork (refer Audit Guidelines S4.2) did not met the ERAs expectations with respect to assessment of the;             <ul style="list-style-type: none"> <li>- Control environment</li> <li>- Information System</li> <li>- Control procedures</li> <li>- Compliance Attitude</li> <li>- Outcome Compliance</li> </ul> </li> <li>• Staff training with respect to legal and contractual obligations was not evident.</li> <li>• The performance audit was not scheduled within a compliance system and a routine has not been embedded in the SAP system to prompt the audit scheduling and preparation.</li> </ul> |
|--|--|---|

|  |  |  |  |   |                                     |  |  |   |  |   |  |  |  |   |                                     |  |  |   |  |
|--|--|--|--|---|-------------------------------------|--|--|---|--|---|--|--|--|---|-------------------------------------|--|--|---|--|
| <b>2016 Controls Rating:</b><br>A  |  |  |  |   | <b>2016 Compliance Rating:</b><br>1 |  |  |   |  | <b>2020 Controls Rating:</b><br>D   |  |  |  |   | <b>2020 Compliance Rating:</b><br>3 |  |  |   |  |
| <b>2016 Recommendation:</b><br>• Nil   |  |  |  |   |                                     |  |  |   |  | <b>2020 Recommendation:</b><br>• <b>A1/2020</b> – Implement R1-9 of the Review Recommendations<br>• <b>A6/2020</b> – Review legislative and contractual documentation and establish a compliance process and corrective action plan to ensure all obligations are understood and compliance is achieved |  |  |  |   |                                     |  |  |   |  |
| <b>2016 Action:</b><br>• Nil   |  |  |  |   |                                     |  |  |   |  | <b>2020 Action:</b><br>• Refer 2020 Post Audit Action Plan  |  |  |  |   |                                     |  |  |   |  |
| <b>2020 AUDIT PLAN PRIORITY RATING</b>   |  |  |  |   |                                     |  |  |   |  | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>   |  |  |  |   |                                     |  |  |   |  |
| <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major   |  | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely |  | <b>INHERENT RISK</b><br>Low<br>Medium<br>High |                                     | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak |  | <b>AUDIT PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA |  | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major  |  | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely |  | <b>INHERENT RISK</b><br>Low<br>Medium<br>High |                                     | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak |  | <b>AUDIT PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA |  |
| 1  |  | C  |  | L   |                                     | S  |  | 5   |  | 2   |  | B  |  | M   |                                     | W  |  | 3   |  |
| <b>REVISED AUDIT PRIORITY RATING JUSTIFICATION</b>   |  |  |  |   |                                     |  |  |   |  |   |  |  |  |   |                                     |  |  |   |  |
| Very limited documentation was provided by Karara for the preparation of the Audit & Review Plan, as such the Audit Priority Ratings in the Audit Plan were based on publicly available documentation and the previous Performance Audit. Site evidence was inconsistent with other evidence obtained and calls into question the reliability of documents and responses to enquiries to be used as evidence. As such the audit priority was revised during the audit. |  |  |  |   |                                     |  |  |   |  |   |  |  |  |   |                                     |  |  |   |  |



|                              |  |
|------------------------------|--|
| <p>102<br/>Type<br/>[NR]</p> | <p><b>OBLIGATION: Transmission Licence, condition 5.1.1 / Electricity Industry Act, section 14(1)(a)</b><br/> <i>A licensee must provide for an asset management system.</i></p> <p><b>2016 Finding</b> – The Licensee has an asset management system. A copy of the asset management plan was obtained, and maintenance systems reviewed at site. These included maintenance planning modules in Ellipse supported by spreadsheets. The asset management system includes time based and conditioned based maintenance. The review examined the efficacy of the asset management system.</p> <p><b>2016 Documents Reviewed</b> – interviewed Senior HV Engineer, listed staff. Documents: Include, Asset Management Plan, Risk management policy, Project Execution Plan, Ellipse Screen shots, Asset Register, Environmental management plans Energy budget Commissioning Plans, Environmental Plans and Approvals, Spares List, Karara Mining Financial reports, Annual compliance returns, Licence fees payment details, Reticulation plans, Asset management plan, Project management manual.</p> <p><b>2016 Observations –</b></p> <p>Compliance indicated for;</p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/>Documents</li> <li><input checked="" type="checkbox"/>Compliance</li> <li><input checked="" type="checkbox"/>Process</li> <li><input checked="" type="checkbox"/>Outcome</li> <li><input checked="" type="checkbox"/>Output</li> <li><input checked="" type="checkbox"/>Reporting</li> <li><input checked="" type="checkbox"/>Compliance</li> </ul> |
|------------------------------|--|

**2020 Findings** – The Licensee has established elements of an AMS but has not established or implemented an Asset Management System during the audit period. Further the licensee has not developed an asset management plan as required by the Electricity Transmission Licence and contractual obligations. Both Ellipse and SAP were reviewed for existence and quality of data for all towers, however, it was found that there was limited or no information recorded in these systems to verify observations as indicated in the previous audit (i.e. refer 2016 finding relating to maintenance planning modules in Ellipse and supporting spreadsheets). Time based and condition based monitoring did not occur in the previous audit period and there were no such events detailed in either SAP or Ellipse. Monitoring of vegetation and an acoustic survey were undertaken, however, these were not captured in the maintenance information systems. Response to the recommendations made in the 2016 Audit Report was not evident.

**2020 Documents/Evidence** – 1, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 105,106, 163

- Review of SAP and Ellipse records
- Vegetation Survey results
- SAP Report on plant equipment number 1456
- Interview with Karara Mining Personnel;
  - ❖ Senior Engineer HV
  - ❖ Interview Electrical & Instrumentation Supervisor
  - ❖ SAP Planner
  - ❖ Electrical Superintendent

**2020 Observations:**

- The Licensee changed from Ellipse to SAP during the audit period on during 2018 (date of transition not provided)
- The Licensee has not been able to demonstrate an asset management system has been developed as stated in the previous audit report

|  |   |   |  |   |
|--|---|---|--|---|
|  |   |   | <ul style="list-style-type: none"> <li>• Copy of the AMP not provided</li> <li>• A SAP system work order to review AMS was closed out without any supporting evidence, notes or reference to AMS requirements (ref SAP work order 40020232)</li> <li>• Routine maintenance and monitoring not incorporated into the SAP system, for example Acoustic Monitoring, Vegetation monitoring</li> <li>• Acoustic Inspect Report Defect Record 12/3/18 noted micro arcing may result in conductor erosion recommended replacement in 1-3 year timeframe. It was noted this was not evident in the SAP report</li> <li>• No evidence in SAP of time based or condition based monitoring – although It was noted some monitoring has occurred (ref Acoustic Inspect Report Defect Record 12/3/18), vegetation surveys</li> <li>• No maintenance planning modules in Ellipse/SAP supported by spreadsheets were able to be located an management was not aware of their requirement</li> <li>• Asset Register provided was financial only and was detailed at tower level only. It does not account for subcomponents.</li> <li>• There were no spares held for the Transmission Line.</li> <li>• Licensee could not locate documentation submitted to the ERA in original ETL6 application submission</li> <li>• Documentation sighted in previous audit not available/located during the audit. Specifically;                         <ul style="list-style-type: none"> <li>❖ Asset Management Plan</li> <li>❖ Risk management policy</li> <li>❖ Project Execution Plan</li> <li>❖ Commissioning Plans</li> <li>❖ Environmental Plans and Approvals</li> <li>❖ Spares List</li> <li>❖ Reticulation plans</li> <li>❖ Project management manual.</li> </ul> </li> </ul> |   |
|  | <b>2016 Controls Rating:</b><br><p style="text-align: center;"><b>A</b></p>         | <b>2016 Compliance Rating:</b><br><p style="text-align: center;"><b>1</b></p> | <b>2020 Controls Rating:</b><br><p style="text-align: center;"><b>D</b></p>  | <b>2020 Compliance Rating:</b><br><p style="text-align: center;"><b>3</b></p> |
|  | <b>2016 Recommendation:</b> <ul style="list-style-type: none"> <li>• Nil</li> </ul> |   | <b>2020 Recommendation:</b> <ul style="list-style-type: none"> <li>• <b>A1/2020</b> – Implement R1-9 of the Review Recommendations</li> </ul>  |   |

|   |  |   |  |   |   |  |   |  |   |
|---|--|---|--|---|---|--|---|--|---|
|   |  |   |  |   | <ul style="list-style-type: none"> <li><b>A6/2020</b> – Review legislative and contractual documentation and establish a compliance process and corrective action plan to ensure all obligations are understood and compliance is achieved</li> </ul> |  |   |  |   |
| <b>2016 Action:</b> <ul style="list-style-type: none"> <li>Nil</li> </ul>   |  |   |  |   | <b>2020 Action:</b> <ul style="list-style-type: none"> <li>Refer 2020 Post Audit Action Plan</li> </ul>   |  |   |  |   |
| <b>2020 AUDIT PLAN PRIORITY RATING</b>  |  |   |  |   | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>   |  |   |  |   |
| <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major  | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>AUDIT PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major  | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>AUDIT PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA |
| 1   | C  | L   | S  | 5   | 2   | B  | H   | W  | 1   |
| <b>REVISED AUDIT PRIORITY RATING JUSTIFICATION</b>  |  |   |  |   |   |  |   |  |   |
| Very limited documentation was provided by Karara for the preparation of the Audit & Review Plan, as such the Audit Priority Ratings in the Audit Plan were based on publicly available documentation and the previous Performance Audit. Site evidence was inconsistent with other evidence obtained and calls into question the reliability of documents and responses to enquiries to be used as evidence. An asset management system was not defined and an AMP not located. As such the audit priority was revised during the audit. |  |   |  |   |   |  |   |  |   |

|      |   |  |
|------|---|--|
| 103  | <b>OBLIGATION:</b> Transmission Licence, condition 5.1.2 and 5.1.3 / Electricity Industry Act, section 14(1)(b)   |  |
| Type | <i>A licensee must notify details of the asset management system and any substantial changes to it to the ERA</i>   |  |
| [2]  | <p><b>2016 Finding</b> – In the licence application the asset management system was advised to the ERA. There have been no substantial changes that required notifying the ERA.</p> <p><b>2016 Documents Reviewed</b> – interviewed Senior HV Engineer, listed staff. Documents: Include letter to ERA about AMP. The asset management system was examined in the audit and review.</p> <p><b>2016 Observations</b> –</p> <p>Compliance indicated for;</p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Documents</li> <li><input checked="" type="checkbox"/> Compliance</li> <li><input checked="" type="checkbox"/> Process</li> <li><input checked="" type="checkbox"/> Outcome</li> <li><input checked="" type="checkbox"/> Output</li> <li><input checked="" type="checkbox"/> Reporting</li> <li><input checked="" type="checkbox"/> Compliance</li> </ul> | <p><b>2020 Findings</b> – The Licensee has not notified the ERA of the details of the Asset Management System nor any substantial changes to it during the audit period. AMS not able to be verified on site during field work. The Licensee changed from Ellipse to SAP during the current audit period. The Licensee failed to advise the ERA of this change in Asset Management Information System i.e. asset management platform.</p> <p><b>2020 Documents/Evidence</b> –</p> <ul style="list-style-type: none"> <li>• Review of SAP and Ellipse records</li> <li>• Interview Senior Engineer HV confirmed no communication regarding AMS changes communicated to ERA</li> <li>• Interview with Karara Mining Personnel;             <ul style="list-style-type: none"> <li>❖ Senior Engineer HV</li> <li>❖ Electrical &amp; Instrumentation Supervisor</li> <li>❖ Electrical Superintendent</li> <li>❖ Financial Controller</li> <li>❖ SAP Planner</li> </ul> </li> </ul> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>• The Licensee changed from Ellipse to SAP during the audit period on during 2018 (date of transition not provided)</li> <li>• Refer Asset Management Review for specific detail</li> <li>• Electrical Superintendent confirmed the ERA had not been notified of the change in maintenance platform or the change in ownership.</li> <li>• Key deficiencies of note during the audit include;             <ul style="list-style-type: none"> <li>❖ Licensee was subject to change in ownership during audit period</li> <li>❖ Licensee moved from Ellipse to SAP during audit period</li> <li>❖ AMP not developed or implemented</li> <li>❖ AMS not formally defined</li> </ul> </li> </ul> |

|  |  |  |  |   |                                      |  |  |   |  |   |  |  |  |   |                                      |  |  |   |  |
|--|--|--|--|---|--------------------------------------|--|--|---|--|---|--|--|--|---|--------------------------------------|--|--|---|--|
| <b>2016 Controls Rating:</b><br>A  |  |  |  |   | <b>2016 Performance Rating:</b><br>1 |  |  |   |  | <b>2020 Adequacy Rating:</b><br>D   |  |  |  |   | <b>2020 Performance Rating:</b><br>3 |  |  |   |  |
| <b>2016 Recommendation:</b><br>• Nil   |  |  |  |   |                                      |  |  |   |  | <b>2020 Recommendation:</b><br>• <b>A1/2020</b> – Implement R1-9 of the Review Recommendations<br>• <b>A2/2020</b> – Notify the details of the Asset Management System to the ERA and establish a compliance process/change management process to ensure future compliance is achieved. |  |  |  |   |                                      |  |  |   |  |
| <b>2016 Action:</b><br>• Nil   |  |  |  |   |                                      |  |  |   |  | <b>2020 Action:</b><br>• Refer 2020 Post Audit Action Plan  |  |  |  |   |                                      |  |  |   |  |
| <b>2020 AUDIT PLAN PRIORITY RATING</b>   |  |  |  |   |                                      |  |  |   |  | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>   |  |  |  |   |                                      |  |  |   |  |
| <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major   |  | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely |  | <b>INHERENT RISK</b><br>Low<br>Medium<br>High |                                      | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak |  | <b>AUDIT PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA |  | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major  |  | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely |  | <b>INHERENT RISK</b><br>Low<br>Medium<br>High |                                      | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak |  | <b>AUDIT PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA |  |
| 1  |  | B  |  | M   |                                      | M  |  | 4   |  | 2   |  | A  |  | H   |                                      | W  |  | 1   |  |
| <b>REVISED AUDIT PRIORITY RATING JUSTIFICATION</b>   |  |  |  |   |                                      |  |  |   |  |   |  |  |  |   |                                      |  |  |   |  |
| Very limited documentation was provided by Karara for the preparation of the Audit & Review Plan, as such the Audit Priority Ratings in the Audit Plan were based on publicly available documentation and the previous Performance Audit. Site evidence was inconsistent with other evidence obtained and calls into question the reliability of documents and responses to enquiries to be used as evidence. An asset management system was not defined and an AMP not located. The ERA were not notified of any changes to the AMS. As such the audit priority was revised during the audit. |  |  |  |   |                                      |  |  |   |  |   |  |  |  |   |                                      |  |  |   |  |

|             |  |  |
|-------------|--|--|
| 104*        | <b>OBLIGATION: Transmission Licence, condition 5.1.4 / Electricity Industry Act, section 14(1)(c)</b>  |  |
| Type<br>[2] | A licensee must provide the ERA with a report by an independent expert about the effectiveness of its asset management system every 24 months, or such longer period as determined by the ERA.   |  |
|             | <p><b>2016 Finding</b> – The Licensee contracted McGill Engineering Services, with approval of the ERA, for the review in accordance with the requirements and the review plan documents have been forwarded to the ERA as part of approval of the auditor.</p> <p><b>2016 Documents Reviewed</b> – interviewed Senior HV Engineer, listed staff. Documents: Include, Asset Management Plan. Approval and Appointment letters for current review.</p> <p><b>2016 Observations</b> –</p> <p>Compliance indicated for;</p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/>Documents</li> <li><input checked="" type="checkbox"/>Compliance</li> <li><input checked="" type="checkbox"/>Process</li> <li><input checked="" type="checkbox"/>Outcome</li> <li><input checked="" type="checkbox"/>Output</li> <li><input checked="" type="checkbox"/>Reporting</li> <li><input checked="" type="checkbox"/>Compliance</li> </ul> | <p><b>2020 Findings</b> – During the audit period the Licensee has provided the ERA with an asset management review report (refer report dated 09/10/2016). The Audit Team was of the opinion that the evidence in the previous review was inconsistent with other evidence obtained during this current audit period, for example, no asset management plan could be located. The Audit Team were unable to verify the assessment of the previous auditor of the Licensee’s control environment. Specifically in relation to the licensee’s management philosophy and operating style, organisational structure, assignment of authority and responsibilities, the use of internal audit, the use of information technology and the skills and experience of the relevant staff members.</p> <p>Historical records, including SAP and Ellipse reports, policies and procedures, were reviewed in an effort to verify. Information reviewed calls into question the reliability of documents and responses to enquiries indicate likely misstatement.</p> <p>As a result of extensive efforts to interview personnel, obtain and review documentation, a visit to both site and to head office, the Audit Team have assessed the previous review findings to be inconsistent with evidence reviewed. The Licensee was undertaking the required Asset Management Review for current audit period but has not demonstrated adequate compliance with its licence obligations and has not provided the information in a timely manner. Fieldwork has raised areas of concern relating to control environment, information systems, control procedures, compliance attitude and outcome compliance.</p> <p><b>2020 Documents/Evidence</b> – 36, 37, 52, 104, 105,106, 115, 150, 161, 162</p> <ul style="list-style-type: none"> <li>• Communication from licensee regarding engagement</li> <li>• ERA communication</li> <li>• Purchase Order</li> <li>• ERA Notice</li> <li>• Interview with Karara Mining Personnel;             <ul style="list-style-type: none"> <li>❖ Senior Engineer HV</li> </ul> </li> </ul> |

|  |   |  |   |   |
|--|---|--|---|---|
|  |   | <ul style="list-style-type: none"> <li>❖ Interview Electrical &amp; Instrumentation Supervisor</li> <li>❖ Electrical Superintendent</li> </ul> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>• Reminder notices were issued by the ERA for the audit and review to be undertaken</li> <li>• The review was scheduled and auditor engaged. Due to site shutdown demands an extension was sought and provided by the ERA.</li> <li>• There were limited documents made available to the auditors prior to attending site (previous audit and review report).</li> <li>• The Licensee has not provided the required documentation in a timely manner due to lack of appreciation for ERA Licence requirements and an absence of documentation and systems.</li> <li>• Observations in the previous audit and review report were inconsistent with those of the Audit Team, for example, absence of a verification of control process (refer Post Audit Action Plan 2016 ref 1/2016, 2/2016, 3/2016).</li> <li>• The Licensee provided the ERA with a asset management review report, it was the Audit Teams assessment that the fieldwork (refer Audit Guidelines S4.2) did not met the ERAs expectations with respect to assessment of the;                         <ul style="list-style-type: none"> <li>- Control environment</li> <li>- Information System</li> <li>- Control procedures</li> <li>- Compliance Attitude</li> <li>- Outcome Compliance</li> </ul> </li> <li>• Training and awareness to legal and contractual obligations was not evident.</li> <li>• The asset management review was not scheduled within a compliance system and a routine has not been imbedded in the SAP system to prompt the audit scheduling and preparation.</li> </ul> |   |   |
|  | <p><b>2016 Controls Rating:</b><br/>A</p> | <p><b>2020 Compliance Rating:</b><br/>D</p>  | <p><b>2020 Controls Rating:</b><br/>D</p> | <p><b>2020 Compliance Rating:</b><br/>3</p> |

|  |  |   |  |   |   |  |   |  |   |
|--|--|---|--|---|---|--|---|--|---|
| <b>2016 Recommendation:</b><br>• Nil   |  |   |  |   | <b>2020 Recommendation:</b><br>• <b>A1/2020</b> – Implement R1-9 of the Review Recommendations<br>• <b>A6/2020</b> – Review legislative and contractual documentation and establish a compliance process and corrective action plan to ensure all obligations are understood and compliance is achieved |  |   |  |   |
| <b>2016 Action:</b><br>• Nil   |  |   |  |   | <b>2020 Action:</b><br>• Refer 2020 Post Audit Action Plan  |  |   |  |   |
| <b>2020 AUDIT PLAN PRIORITY RATING</b>   |  |   |  |   | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>   |  |   |  |   |
| <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major   | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>AUDIT PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major  | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>AUDIT PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA |
| 1  | C  | L   | S  | 5   | 2   | B  | M   | W  | 3   |
| <b>REVISED AUDIT PRIORITY RATING JUSTIFICATION</b>   |  |   |  |   |   |  |   |  |   |
| Very limited documentation was provided by Karara for the preparation of the Audit & Review Plan, as such the Audit Priority Ratings in the Audit Plan were based on publicly available documentation and the previous Performance Audit. Site evidence was inconsistent with other evidence obtained and calls into question the reliability of documents and responses to enquiries to be used as evidence. As such the audit priority was revised during the audit. |  |   |  |   |   |  |   |  |   |



|                               |  |
|-------------------------------|--|
| <p>105**<br/>Type<br/>[2]</p> | <p><b>OBLIGATION: Transmission Licence, condition 4.2.1 / Economic Regulation Authority (Licensing Funding) Regulations 2014</b></p> <p>A licensee must pay the prescribed licence fees to the ERA according to clauses 6, 7 and 8 of the <i>Economic Regulation Authority (Licensing Funding) Regulations 2014</i>.</p> <p><b>2016 Finding</b> – The 2015 fee was paid late. The ERA invoice gave the date as 12/10/2015. This appears to be date format error where 12/10/2015 appears to be taken as 10 Dec 2015 and paid on 11 Dec 2015. The 2013 and 2014 fees were paid before the anniversary date.</p> <p><b>2016 Documents Reviewed</b> – interviewed Senior HV Engineer, listed staff. Documents:<br/>                 Include invoices and receipts</p> <p><b>2016 Observations</b> –</p> <ul style="list-style-type: none"> <li>• Fees were late.</li> </ul> <p>Compliance indicated for;</p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Documents</li> <li><input checked="" type="checkbox"/> Compliance</li> <li><input checked="" type="checkbox"/> Process</li> <li><input checked="" type="checkbox"/> Outcome</li> <li><input checked="" type="checkbox"/> Output</li> <li><input checked="" type="checkbox"/> Reporting</li> <li><input checked="" type="checkbox"/> Compliance</li> </ul> <p><b>2020 Findings</b> – During the Audit Period the Licensee has paid the ETL6 Licence fee as required by the 26th of October each year. Compliance was assessed to be as a result of tacit knowledge of employees rather than a systemic compliance process.</p> <p>Compliance with terms for standing charges for the Licence were not achieved, there were 16 standing charge invoices issued during this period and 10 out of 16 were paid outside the required payment parameters. With late payment dates ranging from 2 -58 days after the due dates. On one occasion an interest penalty was charged. Payment with regards to Licence fees was demonstrated by employees as a result of previous audit but not in respect to standing charges invoice payments. It was noted the invoices were routinely not posted to SAP until after the due date</p> <p><b>2020 Documents/Evidence</b> – 106, 146, 151</p> <ul style="list-style-type: none"> <li>• ERA Finance Officer verified payment timeframes email 12/8/20</li> <li>• ERA Invoices 1/7/2016 – 30/6/2020</li> <li>• Interview with Karara Mining Personnel;                     <ul style="list-style-type: none"> <li>❖ Financial Controller</li> <li>❖ Electrical Superintendent</li> </ul> </li> </ul> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>• ERA contacted prior to audit plan development to obtain following information. Due date of invoices 26/11 annually</li> <li>• Licensee was not able to provide invoices prior to site visit</li> <li>• Financial controller provided information from both Ellipse and SAP systems</li> <li>• SAP allows late payment to be monitored.</li> <li>• It was noted the invoices were routinely not posted to SAP until after the due date.</li> <li>• 2016 Post Audit Action Plan - Establish verification of control processes to ensure regulatory compliance issues were carried out and on time for accuracy and repeatability. Not able to be systematically verified. Compliance of payment of Licence fee was largely attributed to tacit knowledge.</li> <li>• Not clear who was receiving the standing charges invoices and if they were aware of compliance requirement</li> </ul> |
|-------------------------------|--|

|   |  |   |  |   |  |  |   |  |   |
|---|--|---|--|---|--|--|---|--|---|
|   |  |   |  |   | <ul style="list-style-type: none"> <li>The remedial action in the 2016 PAIP was not implemented at all during the 2020 audit period.</li> </ul>  |  |   |  |   |
| <b>2016 Controls Rating:</b><br>B   |  |   | <b>2016 Performance Rating:</b><br>2                                     |   | <b>2020 Adequacy Rating:</b><br>D  |  |   | <b>2020 Performance Rating:</b><br>3                                     |   |
| <b>2016 Recommendation:</b> <ul style="list-style-type: none"> <li><b>1/2016</b> - Establish verification of control processes to ensure regulatory compliance issues are carried out and on time for accuracy and repeatability.</li> </ul>  |  |   |  |   | <b>2020 Recommendation:</b> <ul style="list-style-type: none"> <li><b>A1/2020</b> – Implement R1-9 of the Review Recommendations</li> <li><b>A6/2020</b> – Review legislative and contractual documentation and establish a compliance process and corrective action plan to ensure all obligations are understood and compliance is achieved</li> </ul> |  |   |  |   |
| <b>2016 Action:</b> <ul style="list-style-type: none"> <li>Process implemented but there may have been date confusion so this item is still not resolved.</li> <li>Action to have been complete Q1 2017</li> <li>Accountability – Karara Compliance &amp; Finance Teams</li> </ul>  |  |   |  |   | <b>2020 Action:</b> <ul style="list-style-type: none"> <li>Refer 2020 Post Audit Action Plan</li> </ul>  |  |   |  |   |
| <b>2020 AUDIT PLAN PRIORITY RATING</b>  |  |   |  |   | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>  |  |   |  |   |
| <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major  | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>AUDIT PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major   | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>AUDIT PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA |
| 2   | B  | M   | W  | 3   | 2  | A  | H   | W  | 1   |
| <b>REVISED AUDIT PRIORITY RATING JUSTIFICATION</b>  |  |   |  |   |  |  |   |  |   |
| Very limited documentation was provided by Karara for the preparation of the Audit & Review Plan, as such the Audit Priority Ratings in the Audit Plan were based on publicly available documentation and the previous Performance Audit. Invoice payments were not provided to the Audit Team prior to the site visit. As such the ERA Finance Officer provided payment details of Electricity Transmission Licence payments only. Non-compliance with payment of standing charges only became evident during the visit to the Perth office. |  |   |  |   |  |  |   |  |   |

|  |  |
|--|--|
| 106<br>Type<br>[NR]  | <b>OBLIGATION: Transmission Licence, condition 4.1.1 / Electricity Industry Act, section 31(3)</b> |
| A licensee must take reasonable steps to minimise the extent, or duration, of any interruption, suspension or restriction of the supply of electricity due to an accident, emergency, potential danger or other unavoidable cause.   |  |
| <div style="display: flex; justify-content: space-between;"> <div style="width: 48%; padding-right: 10px;"> <p><b>2016 Finding</b> – There have been 15 interruptions one being protracted at 50 hours. The outages were all Related to the Western Power supply generally and bushfires and lightning on the Western Power network. There is a need for mine production to keep interruptions to a minimum. All interruptions were minimized.</p> <p><b>2016 Documents Reviewed</b> – interviewed Senior HV Engineer, listed staff. Documents: Include incident log.</p> <p><b>2016 Observations</b> –</p> <ul style="list-style-type: none"> <li>• The line is monitored manually and by Western Power.</li> </ul> <p>Compliance indicated for;</p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/>Documents</li> <li><input checked="" type="checkbox"/>Compliance</li> <li><input checked="" type="checkbox"/>Process</li> <li><input checked="" type="checkbox"/>Outcome</li> <li><input checked="" type="checkbox"/>Output</li> <li><input checked="" type="checkbox"/>Reporting</li> <li><input checked="" type="checkbox"/>Compliance</li> </ul> </div> <div style="width: 48%; padding-left: 10px;"> <p><b>2020 Findings</b> – In general, the line performance during the audit period was satisfactory. Western Power have confirmed there were 3 Planned Line Outages and 5 Unplanned Line Outages. All unplanned outages indicated a return to service in a timely manner.</p> <p>The Licensee has not formally identified any specific risks associated with the transmission line.. Condition monitoring has not been incorporated in SAP.</p> <p>It was noted a Karara Mining 330kV Powerline Contingency Desktop Audit was undertaken in April 2017 and states;</p> <ul style="list-style-type: none"> <li>• a vegetation growth survey was scheduled every 2 years</li> <li>• No line maintenance regime was currently in place</li> <li>• No strategic spares were being kept.</li> <li>• Electrical spare parts scattered across various locations on site, without proper documentation and storage.</li> <li>• of great concern was the situation regarding the lack contingency plans and strategic spares on the 106 kilometre transmission line</li> <li>• with no strategic spares or pre-arranged agreements with service providers to manage a transmission line failure, Karara mine production would be adversely affected and would result in excessive financial losses</li> <li>• No contingency management plans available should a tower failure occur (Note draft plan provided 28/10/20 was not previously able to be located during the audit by the licensee)</li> <li>• No Tower design drawings available.</li> <li>• No spare tower or tower components available.</li> <li>• No service agreement with possible service providers to erect or repair a collapsed tower.</li> <li>• Land access to facilitate tower repair would be a problem due to failed relations with the current land owners.</li> <li>• it was disturbing to note that the transmission line has never been inspected or had any maintenance done since in-service commissioning almost 5 years ago, and at</li> </ul> </div> </div> |  |

|  |  |  |
|--|--|--|
|  |  | <p>this stage, no plans exist for maintenance to be done. It was furthermore concerning to note that no formal contingency plan for such a strategic asset was available or have been considered.</p> <ul style="list-style-type: none"> <li>• The primary recommendation from this audit will be to establish a risk based contingency plan for the 330kV system, taking into account the expected frequency of failure, the mitigation strategies, cost, operational impact, and alternative measures.</li> </ul> <p><b>2020 Documents/Evidence – 40, 41, 84, 113, 164, 165</b></p> <ul style="list-style-type: none"> <li>• Western Power Line Performance Data</li> <li>• Interview with Karara Mining Personnel;             <ul style="list-style-type: none"> <li>❖ Senior Engineer HV</li> <li>❖ Interview Electrical &amp; Instrumentation Supervisor</li> <li>❖ Electrical Superintendent</li> <li>❖ Western Power Representative</li> <li>❖ Safety Officer</li> </ul> </li> </ul> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>• No risk assessed for the transmission line</li> <li>• Protection systems installed by Karara and operated by Western Power</li> <li>• AMSC monitor line performance at the 32KV substation and this data was used to automatically monitor line voltage, stability and corrections (this was outside the Licence scope)</li> <li>• MetroPower (A company engaged to monitor load and forecast prices to monitor costs to advise mine production on load management practices) minimise use of peak load tariffs and load control to efficiently operate mine power demand.</li> <li>• Western Power monitor the frequency, voltage at Three Springs and MWhrs</li> <li>• Emergency Response Plan provided during audit (not able to be reviewed for Audit Plan development) does not address the transmission line specifically.</li> <li>• Email communication between the Senior HV Engineer and the Manager Environment and Communities regarding a compliance condition for DMIRS compliance reporting regarding clearing vegetation near powerlines (24/8/20) – note outside audit scope but supports finding. Note this is an example of a duplicate</li> </ul> |
|--|--|--|

|   |  |  |  |
|---|--|--|--|
|   |  | <p>compliance requirement that would be captured in a site compliance schedule/register.</p> <ul style="list-style-type: none"> <li>• Emergency Risk Assessment safety focus</li> <li>• No INX (INX was the organisations incident reporting and investigation system) transmission incidents documented</li> <li>• Note Review Karara Mining 330kV Powerline Contingency Desktop Audit 20/4/17 was provided to the Audit Team on the 28/10/20.</li> <li>• Karara ETL6 Power Line Contingency Test Plan (also provided on 28/10/20) has synchronising and on and off load testing, for 20min which may not be adequate, generally undertaken for 1-2hrs.</li> </ul>  |  |
| <b>2016 Controls Rating:</b><br>A   |  | <b>2016 Performance Rating:</b><br>1   |  |
| <b>2016 Recommendation:</b> <ul style="list-style-type: none"> <li>• Nil</li> </ul> |  | <b>2020 Adequacy Rating:</b><br>D  |  |
|   |  | <b>2020 Performance Rating:</b><br>3   |  |
| <b>2016 Recommendation:</b> <ul style="list-style-type: none"> <li>• Nil</li> </ul> |  | <b>2020 Recommendation:</b> <ul style="list-style-type: none"> <li>• <b>A1/2020</b> – Implement R1-9 of the Review Recommendations</li> <li>• <b>A3/2020</b> – Implement INX or other appropriate system to record non-standard performances and report to management to ensure compliance and performance of the transmission line.</li> <li>• <b>A4/2020</b> -Consider carrying out a second acoustic emissions test to establish the extent of any deterioration and address any significant defects. The limitation to operations was understood as such instead of organising an outage for inspection/repair of known defects this approach could allow clearer definition of scope for a planned line outage should it be deemed necessary</li> <li>• <b>A5/2020</b> – Review Karara Mining 330kV Powerline Contingency Desktop Audit 20/4/17 and implement recommendations or critically review and document findings and management action</li> </ul> |  |
| <b>2016 Action:</b> <ul style="list-style-type: none"> <li>• Nil</li> </ul>         |  | <b>2020 Action:</b> <ul style="list-style-type: none"> <li>• Refer 2020 Post Audit Action Plan</li> </ul>  |  |
| <b>2020 AUDIT PLAN PRIORITY RATING</b>  |  | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>  |  |

| CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major   | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | AUDIT PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA | CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | AUDIT PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA |
|---|---|--|---|--|---|---|--|---|--|
| 1   | B   | L                                      | S   | 5  | 2   | B   | M                                      | W   | 3  |
| <b>REVISED AUDIT PRIORITY RATING JUSTIFICATION</b>  |   |  |   |  |   |   |  |   |  |
| Very limited documentation was provided by Karara for the preparation of the Audit & Review Plan, as such the Audit Priority Ratings in the Audit Plan were based on publicly available documentation and the previous Performance Audit. KML have limited impact and the risk of failure of transmission lines was low. No risk assessment has been undertaken and no response to monitoring has been implemented. |   |  |   |  |   |   |  |   |  |

|                    |   |   |                                   |                                       |
|--------------------|---|---|-----------------------------------|---------------------------------------|
| 107<br>Type<br>[2] | <b>OBLIGATION: Transmission Licence, condition 4.1.1 / Electricity Industry Act, section 41(6)</b>  |   |                                   |                                       |
|                    | A licensee must pay the costs of taking an interest in land or an easement over land.   |   |                                   |                                       |
|                    | <p><b>2016 Finding</b> – No land has been acquired under Part 9 of the Land Administration Act and therefore no costs and expenses for taking an interest in land or an easement over land</p> <p><b>2016 Documents Reviewed</b> – interviewed Senior HV Engineer, listed staff. Documents: Not applicable</p> <p><b>2016 Observations</b> –</p> <p>Compliance indicated for;</p> <input type="checkbox"/> Documents<br><input type="checkbox"/> Compliance<br><input type="checkbox"/> Process<br><input type="checkbox"/> Outcome<br><input type="checkbox"/> Output<br><input type="checkbox"/> Reporting<br><input type="checkbox"/> Compliance | <p><b>2020 Findings</b> – The Licensee indicated that during the audit period they had paid the costs of taking an easement over land on which the transmission line was located. No details of lease payments or details of land access agreements were made available during the audit. As such, assessment of compliance with this obligation cannot be made.</p> <p><b>2020 Documents/Evidence</b> – 165</p> <ul style="list-style-type: none"> <li>• Interview with Karara Mining Personnel;             <ul style="list-style-type: none"> <li>❖ Senior Engineer HV</li> <li>❖ Financial Controller</li> <li>❖ Electrical Superintendent</li> </ul> </li> </ul> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>• No details pertaining to lease payments were made available. Lease payments were confirmed to have been made in interview with Electrical Superintendent.</li> <li>• Advised by Electrical Superintendent that there were no disputes with relation to transmission line corridor, however, there were disputes with some lease holders.</li> <li>• Access to Transmission Line appeared available as access for Acoustic and vegetation surveys was forthcoming.</li> <li>• Note the Karara Mining 330kV Powerline Contingency Desktop Audit (20/4/2017) states "Land access should we have a line failure would be a problem as Karara was currently in dispute with land owners." (Ref 3.1 Transmission Line Failure)</li> <li>• No evidence of compliance monitoring, management reporting or corrective action planning was sighted in any of the documentation reviewed.</li> </ul> |                                   |                                       |
|                    | <b>2016 Controls Rating:</b><br>NR  | <b>2016 Performance Rating:</b><br>NR   | <b>2020 Adequacy Rating:</b><br>C | <b>2020 Performance Rating:</b><br>NR |

|   |  |   |  |   |   |  |   |  |   |
|---|--|---|--|---|---|--|---|--|---|
| <b>2016 Recommendation:</b><br>• Nil  |  |   |  |   | <b>2020 Recommendation:</b><br>• <b>A6/2020</b> – Review legislative and contractual documentation and establish a compliance process and corrective action plan to ensure all obligations are understood and compliance is achieved. |  |   |  |   |
| <b>2016 Action:</b><br>• Nil  |  |   |  |   | <b>2020 Action:</b><br>• Refer 2020 Post Audit Action Plan  |  |   |  |   |
| <b>2020 AUDIT PLAN PRIORITY RATING</b>  |  |   |  |   | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>   |  |   |  |   |
| <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major  | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>AUDIT PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major  | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>AUDIT PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA |
| 2   | C  | M   | M  | 4   | 2   | B  | M   | W  | 3   |
| <b>REVISED AUDIT PRIORITY RATING JUSTIFICATION</b>  |  |   |  |   |   |  |   |  |   |
| The Licensee did not provide evidence of lease payments and no supporting compliance processes identified the obligation. |  |   |  |   |   |  |   |  |   |



| 13. Electricity Licences – Licence conditions and obligations |  |   |
|---|--|---|
| No.   | 2016 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION   | 2020 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION  |
| 119<br>Type<br>[2]  | <p><b>OBLIGATION: Transmission Licence, condition 4.3.1</b></p> <p>A licensee and any related body corporate must maintain accounting records that comply with the Australian Accounting Standards Board Standards or equivalent International Accounting Standards.</p> <p><b>2016 Finding</b> – The Karara Mining annual reports show compliance with accounting standards.</p> <p><b>2016 Documents Reviewed</b> – interviewed Senior HV Engineer, listed staff. Documents: The Karara annual report declaration by the financial auditor has been sighted. The Karara financial accounts refer to compliance with the appropriate accounting standards.</p> <p><b>2016 Observations –</b></p> <p>Compliance indicated for;</p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/>Documents</li> <li><input checked="" type="checkbox"/>Compliance</li> <li><input checked="" type="checkbox"/>Process</li> <li><input checked="" type="checkbox"/>Outcome</li> <li><input checked="" type="checkbox"/>Output</li> <li><input checked="" type="checkbox"/>Reporting</li> <li><input checked="" type="checkbox"/>Compliance</li> </ul> | <p><b>2020 Findings</b> – The License has maintained accounting records that comply with the Australian Accounting Standards Board Standards. It was noted accounting was also completed to Chinese accounting standard as the parent company was Chinese. Budgeting follows the Chinese financial calendar.</p> <p><b>2020 Documents/Evidence</b> – 4, 5, 6, 7, 8, 9, 10, 11, 12, 13,14, 15, 16, 17, 18, 19 20, 21, 22</p> <ul style="list-style-type: none"> <li>• Interview with Karara Mining Personnel;                         <ul style="list-style-type: none"> <li>❖ Senior Engineer HV</li> <li>❖ Financial Controller</li> <li>❖ Electrical Superintendent</li> </ul> </li> </ul> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>• Accounting processes appears to be adequate.</li> <li>• Accounting was done to Chinese standards with an audited report to Australian standards prepared at the same time.</li> <li>• Australian accounting methods were utilised. Compliance was stated by the independent auditors.</li> <li>• Chinese financial year was January 1st to December 31st.</li> <li>• The Transmission line was not separately identified in the documents provided.</li> <li>• RSM, the third party auditors engaged by the Licensee, routinely stated that the financials “may cast significant doubt on the Consolidated Entity’s ability to continue as a going concern” throughout the 4 year audit period.</li> <li>• It was noted in the 2019 KML Financial statements that “the Directors believe the Company and the Consolidated Entity will each be able to continue as going</li> </ul> |

|  |  |   |                                      |  |  |  |  |   |             |  |   |
|--|--|---|--------------------------------------|--|--|--|--|---|-------------|--|---|
|  |  |   |                                      |  | concerns during the relevant period of at least the next twelve months and that it was appropriate to adopt the going concern basis in preparation of the financial statements for the year ended 31st December 2019". |  |  |   |             |  |   |
| <b>2016 Controls Rating:</b><br>A                      |  |   | <b>2016 Performance Rating:</b><br>1 |  | <b>2020 Adequacy Rating:</b><br>A  |  |  | <b>2020 Performance Rating:</b><br>1          |             |  |   |
| <b>2016 Recommendation:</b><br>• Nil                   |  |   |                                      |  | <b>2020 Recommendation:</b><br>• Nil   |  |  |   |             |  |   |
| <b>2016 Action:</b><br>• Nil                           |  |   |                                      |  | <b>2020 Action:</b><br>• Nil   |  |  |   |             |  |   |
| <b>2020 AUDIT PLAN PRIORITY RATING</b>                 |  |   |                                      |  | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>  |  |  |   |             |  |   |
| <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>RISK</b>                          | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>AUDIT PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA  | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>RISK</b> | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>AUDIT PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA |
| 2  | C  | M   |                                      | S  | 4  | 2  | C  | M   |             | S  | 4   |
| <b>REVISED AUDIT PRIORITY RATING JUSTIFICATION</b>     |  |   |                                      |  |  |  |  |   |             |  |   |
| No change performance audit priority rating.           |  |   |                                      |  |  |  |  |   |             |  |   |

|   |   |   |  |  |
|---|---|---|--|--|
| 121<br>Type<br>[2]  | <b>OBLIGATION: Transmission Licence, condition 5.3.2 / Electricity Industry Act, section 11</b>   |   |  |  |
|   | A licensee must comply, and require its auditor to comply, with the ERA's standard audit guidelines for a performance audit.  |   |  |  |
|   | <b>2016 Finding</b> – The Licensee has contracted with the auditor to comply with the requirements.<br><br><b>2016 Documents Reviewed</b> – interviewed Senior HV Engineer, listed staff. Documents: The audit plan was forwarded to the ERA, approval of the auditor obtained prior to appointment.<br><br><b>2016 Observations</b> –<br><br>Compliance indicated for;<br><input checked="" type="checkbox"/> Documents<br><input checked="" type="checkbox"/> Compliance<br><input checked="" type="checkbox"/> Process<br><input checked="" type="checkbox"/> Outcome<br><input checked="" type="checkbox"/> Output<br><input checked="" type="checkbox"/> Reporting<br><input checked="" type="checkbox"/> Compliance |   | <b>2020 Findings</b> – In general, the Licensee complied, and required its auditor to comply, with the ERA's standard audit guidelines for a performance audit. However, information was not available in a timely manner due to the absence of key systems and documentation, for example, compliance processes, risk assessment, etc. Failure to provide the required documentation largely attributed to a lack of understanding of compliance obligations.<br><br><b>2020 Documents/Evidence</b> – 24, 25, 26,27, 28, 29, 52, 104, 150 <ul style="list-style-type: none"> <li>• Capability and quotation documentation</li> <li>• Interview with Karara Mining Personnel;                         <ul style="list-style-type: none"> <li>❖ Senior Engineer HV</li> <li>❖ Interview Electrical &amp; Instrumentation Supervisor</li> <li>❖ Electrical Superintendent</li> </ul> </li> </ul> <b>2020 Observations:</b> <ul style="list-style-type: none"> <li>• Auditor approval obtained prior to appointment.</li> <li>• The audit plan was submitted and approved by the ERA</li> <li>• Email communication between KML and GES</li> <li>• Compliance was inherent in the audit plan and auditor nomination process</li> <li>• The Licensee did not provide documentation to the Audit Team in a timely manner.</li> <li>• The Licensee did facilitate access to the facilities and business premises identified in the audit plan.</li> <li>• Additional to the site visit, a visit to head office was scheduled in response to the inconsistencies identified during the fieldwork.<br/>                     During the site audit a number of key personnel were unavailable for a variety of reasons including quarantine due to COVID-19, training and ill health</li> </ul> |  |
|   | <b>2016 Controls Rating:</b><br><p style="text-align: center;"><b>A</b></p>   |   | <b>2016 Performance Rating:</b><br><p style="text-align: center;"><b>1</b></p>   |  |
| <b>2016 Recommendation:</b> <ul style="list-style-type: none"> <li>• Nil</li> </ul> |   | <b>2020 Adequacy Rating:</b><br><p style="text-align: center;"><b>C</b></p>   |  |  |
|   |   | <b>2020 Performance Rating:</b><br><p style="text-align: center;"><b>2</b></p>  |  |  |
|   |   | <b>2020 Recommendation:</b> <ul style="list-style-type: none"> <li>• <b>A1/2020</b> – Implement R1-9 of the Review Recommendations</li> </ul> |  |  |

|   |  |   |  |   |   |  |   |  |   |  |
|---|--|---|--|---|---|--|---|--|---|--|
|   |  |   |  |   | <ul style="list-style-type: none"> <li><b>A6/2020</b> – Review legislative and contractual documentation and establish a compliance process and corrective action plan to ensure all obligations are understood and compliance is achieved</li> </ul> |  |   |  |   |  |
| <b>2016 Action:</b> <ul style="list-style-type: none"> <li>Nil</li> </ul>   |  |   |  |   | <b>2020 Action:</b> <ul style="list-style-type: none"> <li>Refer 2020 Post Audit Action Plan</li> </ul>   |  |   |  |   |  |
| <b>2020 AUDIT PLAN PRIORITY RATING</b>  |  |   |  |   | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>   |  |   |  |   |  |
| <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major  | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>AUDIT PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major  | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>AUDIT PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA |  |
| 2   | C  | M   | S  | 4   | 2   | B  | M   | W  | 3   |  |
| <b>REVISED AUDIT PRIORITY RATING JUSTIFICATION</b>  |  |   |  |   |   |  |   |  |   |  |
| Very limited documentation was provided by Karara for the preparation of the Audit & Review Plan, as such the Audit Priority Ratings in the Audit Plan were based on publicly available documentation and the previous Performance Audit. The absence of documentation and systems and under appreciation for the compliance requirements of the Electricity Transmission Licence made compliance with the audit guideline more challenging. The scope and time taken to complete the audit and review has increased significantly. |  |   |  |   |   |  |   |  |   |  |

|                    |  |  |
|--------------------|--|--|
| 122<br>Type<br>[2] | <b>OBLIGATION: Transmission Licence, condition 5.1.5 / Electricity Industry Act, section 11</b>  |  |
|                    | A licensee must comply, and must require the licensee's expert to comply, with the relevant aspects of the ERA's standard audit guidelines for an asset management system review.  |  |
|                    | <p><b>2016 Finding</b> – The Licensee has contracted with the reviewer to comply with the requirements.</p> <p><b>2016 Documents Reviewed</b> – interviewed Senior HV Engineer, listed staff. Documents: The AMS review plan has been forwarded to the ERA approval of the reviewer obtained prior to appointment.</p> <p><b>2016 Observations –</b></p> <p>Compliance indicated for;</p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Documents</li> <li><input checked="" type="checkbox"/> Compliance</li> <li><input checked="" type="checkbox"/> Process</li> <li><input checked="" type="checkbox"/> Outcome</li> <li><input checked="" type="checkbox"/> Output</li> <li><input checked="" type="checkbox"/> Reporting</li> <li><input checked="" type="checkbox"/> Compliance</li> </ul> | <p><b>2020 Findings</b> – In general, the Licensee complied, and required its auditor to comply, with the ERA's standard audit guidelines for an asset management review. However, information was not available in a timely manner due to the absence of key systems and documentation, for example, asset management plan. Failure to provide the required documentation largely attributed to a lack of understanding of compliance obligations.</p> <p><b>2020 Documents/Evidence</b> – 24, 25, 26,27, 28, 29, 52, 104, 150</p> <ul style="list-style-type: none"> <li>• Capability and quotation documentation</li> <li>• Interview with Karara Mining Personnel;                         <ul style="list-style-type: none"> <li>❖ Senior Engineer HV</li> <li>❖ Interview Electrical &amp; Instrumentation Supervisor</li> <li>❖ Electrical Superintendent</li> </ul> </li> </ul> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>• Auditor approval obtained prior to appointment.</li> <li>• The audit and review plan was submitted and approved by the ERA</li> <li>• Email communication between KML and GES</li> <li>• Compliance was inherent in the audit and review plan and auditor nomination process</li> <li>• The Licensee did not enable the Audit Team to provide documentation in a timely manner.</li> <li>• The Licensee did facilitate access to the facilities and business premises identified in the audit and review plan.</li> <li>• An additional visit to head office was scheduled in response to the inconsistencies identified during the fieldwork on site.</li> <li>• An AMS review plan noted as forwarded to the ERA in the previous audit could not be located.</li> <li>• During the site visit a number of key personnel were unavailable for a variety of reasons including quarantine due to COVID-19, training and ill health</li> </ul> |

|   |  |  |  |   |                                      |  |  |   |  |   |  |  |  |   |                                      |  |  |   |  |
|---|--|--|--|---|--------------------------------------|--|--|---|--|---|--|--|--|---|--------------------------------------|--|--|---|--|
| <b>2016 Controls Rating:</b><br>A   |  |  |  |   | <b>2016 Performance Rating:</b><br>1 |  |  |   |  | <b>2020 Adequacy Rating:</b><br>C   |  |  |  |   | <b>2020 Performance Rating:</b><br>2 |  |  |   |  |
| <b>2016 Recommendation:</b><br>• Nil  |  |  |  |   |                                      |  |  |   |  | <b>2020 Recommendation:</b><br>• <b>A1/2020</b> – Implement R1-9 of the Review Recommendations<br>• <b>A6/2020</b> – Review legislative and contractual documentation and establish a compliance process and corrective action plan to ensure all obligations are understood and compliance is achieved |  |  |  |   |                                      |  |  |   |  |
| <b>2016 Action:</b><br>• Nil  |  |  |  |   |                                      |  |  |   |  | <b>2020 Action:</b><br>• Refer 2020 Post Audit Action Plan  |  |  |  |   |                                      |  |  |   |  |
| <b>2020 AUDIT PLAN PRIORITY RATING</b>  |  |  |  |   |                                      |  |  |   |  | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>   |  |  |  |   |                                      |  |  |   |  |
| <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major  |  | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely |  | <b>INHERENT RISK</b><br>Low<br>Medium<br>High |                                      | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak |  | <b>AUDIT PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA |  | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major  |  | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely |  | <b>INHERENT RISK</b><br>Low<br>Medium<br>High |                                      | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak |  | <b>AUDIT PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA |  |
| 2   |  | C  |  | M   |                                      | S  |  | 4   |  | 2   |  | B  |  | M   |                                      | W  |  | 3   |  |
| <b>REVISED AUDIT PRIORITY RATING JUSTIFICATION</b>  |  |  |  |   |                                      |  |  |   |  |   |  |  |  |   |                                      |  |  |   |  |
| Very limited documentation was provided by Karara for the preparation of the Audit & Review Plan, as such the Audit Priority Ratings in the Audit Plan were based on publicly available documentation and the previous Performance Audit. The absence of documentation and systems and under appreciation for the compliance requirements of the Electricity Transmission Licence made compliance with the audit guideline more challenging. The scope and time taken to complete the audit and review has increased significantly. |  |  |  |   |                                      |  |  |   |  |   |  |  |  |   |                                      |  |  |   |  |

|  |   |  |  |
|--|---|--|--|
| 123<br>Type<br>[2]   | <b>OBLIGATION: Transmission Licence, condition 4.4.1 / Electricity Industry Act, section 11</b> |  |  |
| In the manner prescribed, a licensee must notify the ERA, if it is under external administration or if there is a significant change in the circumstances that the licence was granted which may affect the licensee's ability to meet its obligations.  |   |  |  |
| <p><b>2016 Finding</b> – The Licensee is not under external administration so not able to assess compliance with advice requirements.</p> <p><b>2016 Documents Reviewed</b> – interviewed Senior HV Engineer, listed staff. Documents: Not applicable.</p> <p><b>2016 Observations</b> – – interviewed Senior HV Engineer, listed staff. Documents: Not applicable.</p> <p>Compliance indicated for;</p> <input type="checkbox"/> Documents<br><input type="checkbox"/> Compliance<br><input type="checkbox"/> Process<br><input type="checkbox"/> Outcome<br><input type="checkbox"/> Output<br><input type="checkbox"/> Reporting<br><input type="checkbox"/> Compliance |   | <p><b>2020 Findings</b> – During the audit period there has been a significant change in the circumstances that the licence was granted which may affect the licensee's ability to meet its obligations. For example, the Licensee has changed ownership and has changed maintenance platforms from Ellipse to SAP.</p> <p><b>2020 Documents/Evidence</b> – 163</p> <ul style="list-style-type: none"> <li>• Interview with Karara Mining Personnel;                             <ul style="list-style-type: none"> <li>❖ Senior Engineer HV</li> <li>❖ Interview Electrical &amp; Instrumentation Supervisor</li> <li>❖ Electrical Superintendent</li> </ul> </li> </ul> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>• The Licensee was in well publicised financial crisis and Gindalbie was purchased by Ansteel and supported by the shareholders</li> <li>• This was not communicated to the ERA</li> <li>• Interview Senior Engineer HV confirmed no such communication has been made to the ERA in regards to change in ownership</li> <li>• Circumstances on which the licence was granted were difficult to establish as the licensee does not have evidence of documentation submitted for the transmission licence application</li> <li>• Transmission line was noted in the previous audit as being 176km originally and 98km of the line from Eneabba to three Springs being transferred to Western Power leaving 78km. Noted that when line length queried by the ERA it was quoted as being 106km (refer email Electrical Superintendent)</li> <li>•</li> </ul> |  |
| <b>2016 Controls Rating:</b><br>NP   |   | <b>2016 Performance Rating:</b><br>NR  |  |
| <b>2020 Adequacy Rating:</b><br>C  |   | <b>2020 Performance Rating:</b><br>3   |  |
| <b>2016 Recommendation:</b><br>• Nil   |   | <b>2020 Recommendation:</b><br>• A1/2020 – Implement R1-9 of the Review Recommendations  |  |

|  |  |   |  |   |  |  |   |  |   |
|--|--|---|--|---|--|--|---|--|---|
|  |  |   |  |   | <ul style="list-style-type: none"> <li><b>A2/2020</b> – Notify the details of the Asset Management System to the ERA and establish a compliance process/change management process to ensure future compliance is achieved.</li> <li><b>A6/2020</b> – Review legislative and contractual documentation and establish a compliance process and corrective action plan to ensure all obligations are understood and compliance is achieved</li> </ul> |  |   |  |   |
| <b>2016 Action:</b>  |  |   |  |   | <b>2020 Action:</b>  |  |   |  |   |
| <ul style="list-style-type: none"> <li>Nil</li> </ul>  |  |   |  |   | <ul style="list-style-type: none"> <li>Refer 2020 Post Audit Action Plan</li> </ul>  |  |   |  |   |
| <b>2020 AUDIT PLAN PRIORITY RATING</b>   |  |   |  |   | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>  |  |   |  |   |
| <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major   | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>AUDIT PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major   | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>AUDIT PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA |
| 2  | C  | M   | M  | 4   | 2  | A  | H   | W  | 1   |
| <b>REVISED AUDIT PRIORITY RATING JUSTIFICATION</b>   |  |   |  |   |  |  |   |  |   |
| Very limited documentation was provided by Karara for the preparation of the Audit & Review Plan, as such the Audit Priority Ratings in the Audit Plan were based on publicly available documentation and the previous Performance Audit. The absence of documentation and systems and under appreciation for the compliance requirements of the Electricity Transmission Licence has led to a change in audit priority. |  |   |  |   |  |  |   |  |   |



|  |   |   |  |  |
|--|---|---|--|--|
| 124<br>***<br>Type<br>[2]  | <b>OBLIGATION: Transmission Licence, condition 4.5.1 / Electricity Industry Act, section 11</b>   |   |  |  |
|  | A licensee must provide the ERA, in the manner prescribed, with any information that the ERA requires in connection with its functions under the Electricity Industry Act.  |   |  |  |
|  | <b>2016 Finding</b> – Licensee has not met the reporting manual requirements. The 2013, and 2015 reports were late. The 2016 report was also late but outside the audit period<br><br><b>2016 Documents Reviewed</b> – interviewed Senior HV Engineer, listed staff. The Utilities Superintendent advised that there have been no requests for information from the ERA other than Performance Audit, AMS Review and Compliance Report. Documents:<br><br><b>2016 Observations</b> –<br><br>Compliance indicated for;<br><input checked="" type="checkbox"/> Documents<br><input checked="" type="checkbox"/> Compliance<br><input checked="" type="checkbox"/> Process<br><input checked="" type="checkbox"/> Outcome<br><input checked="" type="checkbox"/> Output<br><input checked="" type="checkbox"/> Reporting<br><input checked="" type="checkbox"/> Compliance |   | <b>2020 Findings</b> – The Licensee has failed to meet the reporting requirements of the ERA in connection with its functions under the Electricity Industry Act.<br><br><b>2020 Documents/Evidence</b> – 168, 169, 170, 171 <ul style="list-style-type: none"> <li>• Compliance Reports due 31 August annually;</li> <li>• 2016-2017 Submitted 18<sup>th</sup> September 2017 – Non-Compliant Obligation 124</li> <li>• 2017-2018 - Submitted 19<sup>th</sup> September 2018 – Non-Compliant Obligation 124</li> <li>• 2018-2019 Submitted 28<sup>th</sup> August 2019 - Non-Compliant Obligation 124</li> <li>• Interview with Karara Mining Personnel;                         <ul style="list-style-type: none"> <li>❖ Senior Engineer HV</li> <li>❖ Interview Electrical &amp; Instrumentation Supervisor</li> <li>❖ Electrical Superintendent</li> </ul> </li> </ul> <b>2020 Observations:</b> <ul style="list-style-type: none"> <li>• 2019-2020 Compliance Report reported no non-compliances. There were 8 Type 2 non-compliant obligations for the reporting period.</li> <li>• No verification of control processes to ensure regulatory compliance issues were carried out and on time for accuracy and repeatability has been established as recommended in previous audit (refer 1/2016)</li> <li>• Submission of compliance reporting requirements continues to be an issue during the audit period.</li> <li>• Delineation of responsibility for the reporting requirements not clear (done by the Electrical Superintendent but addressed to the Mechanical Engineer)</li> <li>• .</li> </ul> |  |
|  | <b>2016 Controls Rating:</b><br>C   |   | <b>2016 Performance Rating:</b><br>2   |  |
| <b>2016 Recommendation:</b> <ul style="list-style-type: none"> <li>• <b>1/2016</b> - Establish verification of control processes to ensure regulatory compliance issues are carried out and on time for accuracy and repeatability.</li> </ul> |   | <b>2020 Recommendation:</b> <ul style="list-style-type: none"> <li>• <b>A1/2020</b> – Implement R1-9 of the Review Recommendations</li> </ul> |  |  |

|  |  |   |  |   |   |  |   |  |   |
|--|--|---|--|---|---|--|---|--|---|
|  |  |   |  |   | <ul style="list-style-type: none"> <li><b>A6/2020</b> – Review legislative and contractual documentation and establish a compliance process and corrective action plan to ensure all obligations are understood and compliance is achieved</li> </ul> |  |   |  |   |
| <b>2016 Action:</b> <ul style="list-style-type: none"> <li>Process implemented but late so this item is still not resolved.</li> <li>Action to have been complete Q1 2017</li> <li>Accountability – Karara Compliance &amp; Finance Teams</li> </ul> |  |   |  |   | <b>2020 Action:</b> <ul style="list-style-type: none"> <li>Refer 2020 Post Audit Action Plan</li> </ul>   |  |   |  |   |
| <b>2020 AUDIT PLAN PRIORITY RATING</b>   |  |   |  |   | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>   |  |   |  |   |
| <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major   | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>AUDIT PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major  | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>AUDIT PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA |
| 2  | A  | H   | W  | 1   | 2   | A  | H   | W  | 1   |
| <b>REVISED AUDIT PRIORITY RATING JUSTIFICATION</b>   |  |   |  |   |   |  |   |  |   |
| No change performance audit priority rating.   |  |   |  |   |   |  |   |  |   |

|  |   |   |  |  |
|--|---|---|--|--|
| 125<br>Type<br>[2]                     | <b>OBLIGATION: Transmission Licence, condition 3.8.1 and 3.8.2 / Electricity Industry Act, section 11</b>   |   |  |  |
|  | A licensee must publish any information as directed by the ERA to publish, within the timeframes specified.   |   |  |  |
|  | <b>2016 Finding</b> – The ERA has not directed any information to be published so unable to assess compliance with publishing requirements.   |   | <b>2020 Findings</b> – No directions have been made by the Authority for the Licensee to publish information.  |  |
|  | <b>2016 Documents Reviewed</b> – interviewed Senior HV Engineer, listed staff. Documents: Not applicable.   |   | <b>2020 Documents/Evidence</b> – Nil <ul style="list-style-type: none"> <li>• Interview with Karara Mining Personnel;                         <ul style="list-style-type: none"> <li>❖ Senior Engineer HV</li> <li>❖ Interview Electrical &amp; Instrumentation Supervisor</li> <li>❖ Electrical Superintendent</li> </ul> </li> </ul> |  |
|  | <b>2016 Observations</b> –<br><br>Compliance indicated for; <ul style="list-style-type: none"> <li><input type="checkbox"/> Documents</li> <li><input type="checkbox"/> Compliance</li> <li><input type="checkbox"/> Process</li> <li><input type="checkbox"/> Outcome</li> <li><input type="checkbox"/> Output</li> <li><input type="checkbox"/> Reporting</li> <li><input type="checkbox"/> Compliance</li> </ul> |   | <b>2020 Observations:</b> <ul style="list-style-type: none"> <li>• Nil</li> </ul>  |  |
|  | <b>2016 Controls Rating:</b><br><p style="text-align: center;"><b>NP</b></p>  |   | <b>2016 Performance Rating:</b><br><p style="text-align: center;"><b>NR</b></p>  |  |
|  | <b>2016 Recommendation:</b> <ul style="list-style-type: none"> <li>• Nil</li> </ul>   |   | <b>2020 Recommendation:</b> <ul style="list-style-type: none"> <li>• Nil</li> </ul>  |  |
|  | <b>2016 Action:</b> <ul style="list-style-type: none"> <li>• Nil</li> </ul>   |   | <b>2020 Action:</b> <ul style="list-style-type: none"> <li>• Nil</li> </ul>  |  |
| <b>2020 AUDIT PLAN PRIORITY RATING</b> |   | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b> |  |  |

| CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major    | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | AUDIT PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA | CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | AUDIT PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA |
|--|---|--|---|--|---|---|--|---|--|
| 2  | C   | M                                      | M   | 4  | 2   | C   | M                                      | M   | 4  |
| <b>REVISED AUDIT PRIORITY RATING JUSTIFICATION</b> |   |  |   |  |   |   |  |   |  |
| No change performance audit priority rating.       |   |  |   |  |   |   |  |   |  |

|   |  |   |  |  |
|---|--|---|--|--|
| 126<br>Type<br>[2]  | <b>OBLIGATION: Transmission Licence, condition 3.7.1 / Electricity Industry Act, section 11</b>  |   |  |  |
|   | All notices must be in writing, unless otherwise specified.  |   |  |  |
|   | <b>2016 Finding</b> – No notices have been required by the ERA. All material communication with the ERA is in writing.   |   | <b>2020 Findings</b> – During the audit period the Licensee maintained records of communication with the Authority, primarily via mail or email communication. All responses have been in writing and specific notices in relation to the ETL6 have been reviewed as part of the audit.  |  |
|   | <b>2016 Documents Reviewed</b> – interviewed Senior HV Engineer, listed staff. Documents: Sample communication with ERA sighted.   |   | <b>2020 Documents/Evidence</b> – 52, 162 <ul style="list-style-type: none"> <li>• Communication between ERA and Licensee</li> <li>• Interview with Karara Mining Personnel;                         <ul style="list-style-type: none"> <li>❖ Senior Engineer HV</li> <li>❖ Interview Electrical &amp; Instrumentation Supervisor</li> <li>❖ Electrical Superintendent</li> </ul> </li> </ul> |  |
|   | <b>2016 Observations</b> –<br><br>Compliance indicated for; <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Documents</li> <li><input checked="" type="checkbox"/> Compliance</li> <li><input checked="" type="checkbox"/> Process</li> <li><input checked="" type="checkbox"/> Outcome</li> <li><input checked="" type="checkbox"/> Output</li> <li><input checked="" type="checkbox"/> Reporting</li> <li><input checked="" type="checkbox"/> Compliance</li> </ul> |   | <b>2020 Observations:</b> <ul style="list-style-type: none"> <li>• Nil</li> </ul>  |  |
|   | <b>2016 Controls Rating:</b><br><div style="text-align: center;">A</div>   |   | <b>2016 Performance Rating:</b><br><div style="text-align: center;">1</div>  |  |
|   | <b>2020 Adequacy Rating:</b><br><div style="text-align: center;">A</div>   |   | <b>2020 Performance Rating:</b><br><div style="text-align: center;">1</div>  |  |
|   | <b>2016 Recommendation:</b> <ul style="list-style-type: none"> <li>• Nil</li> </ul>  |   | <b>2020 Recommendation:</b> <ul style="list-style-type: none"> <li>• Nil</li> </ul>  |  |
| <b>2016 Action:</b> <ul style="list-style-type: none"> <li>• Nil</li> </ul> |  | <b>2020 Action:</b> <ul style="list-style-type: none"> <li>• Nil</li> </ul> |  |  |
| <b>2020 AUDIT PLAN PRIORITY RATING</b>                                      |  | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>                     |  |  |

| CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major    | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | AUDIT PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA | CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | AUDIT PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA |
|--|---|--|---|--|---|---|--|---|--|
| 2  | B   | M                                      | S   | 4  | 2   | B   | M                                      | S   | 4  |
| <b>REVISED AUDIT PRIORITY RATING JUSTIFICATION</b> |   |  |   |  |   |   |  |   |  |
| No change performance audit priority rating.       |   |  |   |  |   |   |  |   |  |

| 13. Electricity Licences – Licence conditions and obligations |  |   |   |   |
|---|--|---|---|---|
| No.   | 2016 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION   |   | 2020 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION  |   |
| 371<br>Type<br>[NR]   | <p><b>OBLIGATION: Transmission Licence, condition 4.1.1 / Electricity Industry Metering Code, clause 4.4(1)</b></p> <p>If there is a discrepancy between energy data held in a metering installation and in the metering database, the affected Code participants and the network operator must liaise to determine the most appropriate way to resolve the discrepancy.</p> <p><b>2016 Finding</b> – The Licensee has no meters with all metering by Western Power. The Licensee has no metering database and no metering installation to allow a discrepancy.</p> <p><b>2016 Documents Reviewed</b> – interviewed Senior HV Engineer, listed staff, inspected Transmission line. Documents: n/a.</p> <p><b>2016 Observations</b> –</p> <p>Compliance indicated for;</p> <p><input type="checkbox"/> Documents</p> <p><input type="checkbox"/> Compliance</p> <p><input type="checkbox"/> Process</p> <p><input type="checkbox"/> Outcome</p> <p><input type="checkbox"/> Output</p> <p><input type="checkbox"/> Reporting</p> <p><input type="checkbox"/> Compliance</p> |   | <p><b>2020 Findings</b> – There have been no discrepancies between energy data held in metering installation and in the metering database. As such compliance with this requirement cannot be made. Western Power as the Network Operator of the tariff meters at Three Springs control all aspects of metering for the Transmission Line. The Licensee does not have any tariff meters as they do not sell or generate electricity. Discrepancies were determined through protection relay devices and the use of statistical meter data. The protection relay was on the substation which is outside the audit scope.</p> <p><b>2020 Documents/Evidence</b> – Ref 99</p> <ul style="list-style-type: none"> <li>• Interview with Karara Mining Personnel;                             <ul style="list-style-type: none"> <li>❖ Senior Engineer HV</li> <li>❖ Interview Electrical &amp; Instrumentation Supervisor</li> <li>❖ Electrical Superintendent</li> </ul> </li> </ul> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>• Metering at Three Springs was under Western Powers Control</li> <li>• Western Power have double metering</li> <li>• Check metering calculations are difficult to forecast due to line losses and no metering at 330kV and 33kV at Karara.</li> <li>• Electrical Superintendent indicated no discrepancies occurred during the audit period.</li> </ul> |   |
|   | <p><b>2016 Controls Rating:</b><br/>NP</p>   | <p><b>2016 Performance Rating:</b><br/>NR</p> | <p><b>2020 Adequacy Rating:</b><br/>NP</p>  | <p><b>2020 Performance Rating:</b><br/>NR</p> |

|  |  |   |  |   |   |  |   |  |   |
|--|--|---|--|---|---|--|---|--|---|
| <b>2016 Recommendation:</b><br>• Nil                   |  |   |  |   | <b>2020 Recommendation:</b><br>• Nil                    |  |   |  |   |
| <b>2016 Action:</b><br>• Nil                           |  |   |  |   | <b>2020 Action:</b><br>• Nil                            |  |   |  |   |
| <b>2020 AUDIT PLAN PRIORITY RATING</b>                 |  |   |  |   | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b> |  |   |  |   |
| <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>AUDIT PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major  | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>AUDIT PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA |
| 1  | C  | L   | M  | 5   | 1   | C  | L   | M  | 5   |
| <b>REVISED AUDIT PRIORITY RATING JUSTIFICATION</b>     |  |   |  |   |   |  |   |  |   |
| No change performance audit priority rating.           |  |   |  |   |   |  |   |  |   |



|   |  |   |   |  |
|---|--|---|---|--|
| 372<br>Type<br>[NR]                                     | <b>OBLIGATION: Transmission Licence, condition 4.1.1 / Electricity Industry Metering Code, clause 4.5(1)</b>   |   |   |  |
|   | A Code participant must not knowingly permit the registry to be materially inaccurate.   |   |   |  |
|   | <p><b>2016 Finding</b> – The Licensee has no meters with all metering by Western Power. The Licensee is no knowledge of Western Power’s registry other than their own details.</p> <p><b>2016 Documents Reviewed</b> – interviewed Senior HV Engineer, listed staff, inspected Transmission line. Documents: n/a.</p> <p><b>2016 Observations –</b></p> <p>Compliance indicated for;</p> <input type="checkbox"/> Documents<br><input type="checkbox"/> Compliance<br><input type="checkbox"/> Process<br><input type="checkbox"/> Outcome<br><input type="checkbox"/> Output<br><input type="checkbox"/> Reporting<br><input type="checkbox"/> Compliance |   | <p><b>2020 Findings</b> – KML does not maintain any standing data or energy data in relation to the metering installations captured under the Metering Code. These activities are managed by Western Power and are outside the control of the Licensee. As Western Power maintains sole responsibility for the management the registry metering database these obligations are not relevant to the Licensee’s operations for the period 1 July 2016 to 30 June 2020.</p> <p><b>2020 Documents/Evidence –</b></p> <ul style="list-style-type: none"> <li>• Interview with Karara Mining Personnel;                         <ul style="list-style-type: none"> <li>❖ Senior Engineer HV</li> <li>❖ Interview Electrical &amp; Instrumentation Supervisor</li> <li>❖ Electrical Superintendent</li> </ul> </li> </ul> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>• Nil</li> </ul> |  |
|   | <b>2016 Controls Rating:</b><br>NP   |   | <b>2016 Performance Rating:</b><br>NR   |  |
|   | <b>2020 Adequacy Rating:</b><br>NP   |   | <b>2020 Performance Rating:</b><br>NR   |  |
|   | <b>2016 Recommendation:</b>  |   | <b>2020 Recommendation:</b>   |  |
|   | <ul style="list-style-type: none"> <li>• Nil</li> </ul>  |   | <ul style="list-style-type: none"> <li>• Nil</li> </ul>   |  |
| <b>2016 Action:</b>                                     |  | <b>2020 Action:</b>                                     |   |  |
| <ul style="list-style-type: none"> <li>• Nil</li> </ul> |  | <ul style="list-style-type: none"> <li>• Nil</li> </ul> |   |  |
| <b>2020 AUDIT PLAN PRIORITY RATING</b>                  |  | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b> |   |  |

| CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major    | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | AUDIT PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA | CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | AUDIT PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA |
|--|---|--|---|--|---|---|--|---|--|
| 1  | C   | L                                      | M   | 5  | 1   | C   | L                                      | M   | 5  |
| <b>REVISED AUDIT PRIORITY RATING JUSTIFICATION</b> |   |  |   |  |   |   |  |   |  |
| No change performance audit priority rating.       |   |  |   |  |   |   |  |   |  |

|                     |  |  |   |  |
|---------------------|--|--|---|--|
| 451<br>Type<br>[NR] | <b>OBLIGATION: Transmission Licence, condition 4.1.1 / Electricity Industry Metering Code, clause 7.2(1)</b>   |  |   |  |
|                     | Code participants must use reasonable endeavours to ensure that they can send and receive a notice by post, facsimile and electronic communication and must notify the network operator of a telephone number for voice communication in connection with the Code.   |  |   |  |
|                     | <b>2016 Finding [472]</b> – The Licensee has no meters with all metering by Western Power. Western Power has the contact details and the licensee’s control room operates 24/7.<br><br><b>2016 Documents Reviewed</b> – interviewed Senior HV Engineer, listed staff, inspected Transmission line. Documents: n/a.<br><br><b>2016 Observations –</b><br><br>Compliance indicated for;<br><input type="checkbox"/> Documents<br><input type="checkbox"/> Compliance<br><input type="checkbox"/> Process<br><input type="checkbox"/> Outcome<br><input type="checkbox"/> Output<br><input type="checkbox"/> Reporting<br><input type="checkbox"/> Compliance |  | <b>2020 Findings</b> – The Licensee has well established communication processes such as a main telephone line, mobile telephone coverage, remote system monitoring, and wireless internet access. During the audit period there have been no communication issues arising.<br><br><b>2020 Documents/Evidence –</b> <ul style="list-style-type: none"> <li>• Interview with Karara Mining Personnel;                     <ul style="list-style-type: none"> <li>❖ Senior Engineer HV</li> <li>❖ Interview Electrical &amp; Instrumentation Supervisor</li> <li>❖ Electrical Superintendent</li> </ul> </li> </ul> <b>2020 Observations:</b> <ul style="list-style-type: none"> <li>• Nil</li> </ul> |  |
|                     | <b>2016 Controls Rating:</b><br>NP   |  | <b>2016 Performance Rating:</b><br>NR   |  |
|                     | <b>2016 Recommendation:</b> <ul style="list-style-type: none"> <li>• Nil</li> </ul>  |  | <b>2020 Recommendation:</b> <ul style="list-style-type: none"> <li>• Nil</li> </ul>   |  |
|                     | <b>2016 Action:</b> <ul style="list-style-type: none"> <li>• Nil</li> </ul>  |  | <b>2020 Action:</b> <ul style="list-style-type: none"> <li>• Nil</li> </ul>   |  |
|                     | <b>2020 AUDIT PLAN PRIORITY RATING</b>   |  | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>   |  |
|                     |  |  |   |  |

| CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major    | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | AUDIT PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA | CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | AUDIT PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA |
|--|---|--|---|--|---|---|--|---|--|
| 1  | C   | L                                      | M   | 5  | 1   | C   | L                                      | M   | 5  |
| <b>REVISED AUDIT PRIORITY RATING JUSTIFICATION</b> |   |  |   |  |   |   |  |   |  |
| No change performance audit priority rating.       |   |  |   |  |   |   |  |   |  |

|  |  |   |   |  |
|--|--|---|---|--|
| 452<br>Type<br>[2]                     | <b>OBLIGATION: Transmission Licence, condition 4.1.1 / Electricity Industry Metering Code, clause 7.2(2)</b>   |   |   |  |
|  | A network operator must notify each Code participant of its initial contact details and of any change to its contact details at least 3 business days before the change takes effect.  |   |   |  |
|  | <b>2016 Finding</b> – NA<br><br><b>2016 Documents Reviewed</b> – NA<br><br><b>2016 Observations</b> – NA<br><br>Compliance indicated for;<br><input type="checkbox"/> Documents<br><input type="checkbox"/> Compliance<br><input type="checkbox"/> Process<br><input type="checkbox"/> Outcome<br><input type="checkbox"/> Output<br><input type="checkbox"/> Reporting<br><input type="checkbox"/> Compliance |   | <b>2020 Findings</b> – Although there has been a change in ownership, there has not been a change in the Licensee’s contact details.<br><br><b>2020 Documents/Evidence</b> – <ul style="list-style-type: none"> <li>• Interview with Karara Mining Personnel;                     <ul style="list-style-type: none"> <li>❖ Senior Engineer HV</li> <li>❖ Interview Electrical &amp; Instrumentation Supervisor</li> <li>❖ Electrical Superintendent</li> </ul> </li> </ul> <b>2020 Observations:</b> <ul style="list-style-type: none"> <li>• Change in ownership has not been formally communicated.</li> <li>• ABN has not changed due to change in ownership.</li> <li>• Contact details have remained the same</li> </ul> |  |
|  | <b>2016 Controls Rating:</b><br>NA   |   | <b>2016 Performance Rating:</b><br>NA   |  |
|  | <b>2020 Adequacy Rating:</b><br>A  |   | <b>2020 Performance Rating:</b><br>1  |  |
|  | <b>2016 Recommendation:</b> <ul style="list-style-type: none"> <li>• NA</li> </ul>   |   | <b>2020 Recommendation:</b> <ul style="list-style-type: none"> <li>• Nil</li> </ul>   |  |
|  | <b>2016 Action:</b> <ul style="list-style-type: none"> <li>• NA</li> </ul>   |   | <b>2020 Action:</b> <ul style="list-style-type: none"> <li>• Nil</li> </ul>   |  |
| <b>2020 AUDIT PLAN PRIORITY RATING</b> |  | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b> |   |  |

| CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major    | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | AUDIT PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA | CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | AUDIT PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA |
|--|---|--|---|--|---|---|--|---|--|
| 2  | B   | M                                      | M   | 4  | 2   | B   | M                                      | M   | 4  |
| <b>REVISED AUDIT PRIORITY RATING JUSTIFICATION</b> |   |  |   |  |   |   |  |   |  |
| No change performance audit priority rating.       |   |  |   |  |   |   |  |   |  |

|                    |   |  |   |  |
|--------------------|---|--|---|--|
| 455<br>Type<br>[2] | <b>OBLIGATION: Transmission Licence, condition 4.1.1 / Electricity Industry Metering Code, clause 7.5</b>   |  |   |  |
|                    | A Code participant must subject to subclauses 5.17A and 7.6 not disclose, or permit the disclosure of, confidential information provided to it under or in connection with the Code and may only use or reproduce confidential information for the purpose for which it was disclosed or another purpose contemplated by the Code.  |  |   |  |
|                    | <b>2016 Finding</b> – The Licensee has no meters with all metering by Western Power. There has been no confidential information to disclose.<br><br><b>2016 Documents Reviewed</b> – interviewed Senior HV Engineer, listed staff, inspected Transmission line. Documents: n/a.<br><br><b>2016 Observations</b> –<br><br>Compliance indicated for;<br><input type="checkbox"/> Documents<br><input type="checkbox"/> Compliance<br><input type="checkbox"/> Process<br><input type="checkbox"/> Outcome<br><input type="checkbox"/> Output<br><input type="checkbox"/> Reporting<br><input type="checkbox"/> Compliance |  | <b>2020 Findings</b> – During the period 1 July 2016 to 30 June 2020, the Licensee was not required to disclose or permit the disclosure of confidential information in connection to the Code.<br><br><b>2020 Documents/Evidence</b> – <ul style="list-style-type: none"> <li>• Interview with Karara Mining Personnel;                     <ul style="list-style-type: none"> <li>❖ Senior Engineer HV</li> <li>❖ Interview Electrical &amp; Instrumentation Supervisor</li> <li>❖ Electrical Superintendent</li> </ul> </li> </ul> <b>2020 Observations:</b> <ul style="list-style-type: none"> <li>• Nil</li> </ul> |  |
|                    | <b>2016 Controls Rating:</b><br>NP  |  | <b>2016 Performance Rating:</b><br>NR   |  |
|                    | <b>2020 Adequacy Rating:</b><br>NP  |  | <b>2020 Performance Rating:</b><br>NR   |  |
|                    | <b>2016 Recommendation:</b> <ul style="list-style-type: none"> <li>• Nil</li> </ul>   |  | <b>2020 Recommendation:</b> <ul style="list-style-type: none"> <li>• Nil</li> </ul>   |  |
|                    | <b>2016 Action:</b> <ul style="list-style-type: none"> <li>• Nil</li> </ul>   |  | <b>2020 Action:</b> <ul style="list-style-type: none"> <li>• Nil</li> </ul>   |  |
|                    | <b>2020 AUDIT PLAN PRIORITY RATING</b>  |  | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>   |  |

| CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major    | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | AUDIT PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA | CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | AUDIT PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA |
|--|---|--|---|--|---|---|--|---|--|
| 2  | C   | M                                      | M   | 4  | 2   | C   | M                                      | M   | 4  |
| <b>REVISED AUDIT PRIORITY RATING JUSTIFICATION</b> |   |  |   |  |   |   |  |   |  |
| No change performance audit priority rating.       |   |  |   |  |   |   |  |   |  |



|                    |  |  |   |  |
|--------------------|--|--|---|--|
| 456<br>Type<br>[2] | <b>OBLIGATION: Transmission Licence, condition 4.1.1 / Electricity Industry Metering Code, clause 7.6(1)</b>   |  |   |  |
|                    | A Code participant must disclose or permit the disclosure of confidential information that is required to be disclosed by the Code.  |  |   |  |
|                    | <b>2016 Finding</b> – The Licensee has no meters with all metering by Western Power. There has been no confidential information to disclose.<br><br><b>2016 Documents Reviewed</b> – interviewed Senior HV Engineer, listed staff, inspected Transmission line. Documents: n/a.<br><br><b>2016 Observations</b> –<br><br>Compliance indicated for;<br><input checked="" type="checkbox"/> Documents<br><input checked="" type="checkbox"/> Compliance<br><input checked="" type="checkbox"/> Process<br><input checked="" type="checkbox"/> Outcome<br><input checked="" type="checkbox"/> Output<br><input checked="" type="checkbox"/> Reporting<br><input checked="" type="checkbox"/> Compliance |  | <b>2020 Findings</b> – During the period 1 July 2016 to 30 June 2020, the Licensee was not required to disclose or permit the disclosure of confidential information in connection to the Code.<br><br><b>2020 Documents/Evidence</b> – <ul style="list-style-type: none"> <li>• Interview with Karara Mining Personnel;                     <ul style="list-style-type: none"> <li>❖ Senior Engineer HV</li> <li>❖ Interview Electrical &amp; Instrumentation Supervisor</li> <li>❖ Electrical Superintendent</li> </ul> </li> </ul> <b>2020 Observations:</b> <ul style="list-style-type: none"> <li>• Nil</li> </ul> |  |
|                    | <b>2016 Controls Rating:</b><br>NP   |  | <b>2016 Performance Rating:</b><br>NR   |  |
|                    | <b>2020 Adequacy Rating:</b><br>NP   |  | <b>2020 Performance Rating:</b><br>NR   |  |
|                    | <b>2016 Recommendation:</b> <ul style="list-style-type: none"> <li>• Nil</li> </ul>  |  | <b>2020 Recommendation:</b> <ul style="list-style-type: none"> <li>• Nil</li> </ul>   |  |
|                    | <b>2016 Action:</b> <ul style="list-style-type: none"> <li>• Nil</li> </ul>  |  | <b>2020 Action:</b> <ul style="list-style-type: none"> <li>• Nil</li> </ul>   |  |
|                    | <b>2020 AUDIT PLAN PRIORITY RATING</b>   |  | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>   |  |

| CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major    | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | AUDIT PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA | CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | AUDIT PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA |
|--|---|--|---|--|---|---|--|---|--|
| 2  | C   | M                                      | M   | 4  | 2   | C   | M                                      | M   | 4  |
| <b>REVISED AUDIT PRIORITY RATING JUSTIFICATION</b> |   |  |   |  |   |   |  |   |  |
| No change performance audit priority rating.       |   |  |   |  |   |   |  |   |  |

|   |   |   |  |  |
|---|---|---|--|--|
| 457<br>Type<br>[NR]   | <b>OBLIGATION: Transmission Licence, condition 4.1.1 / Electricity Industry Metering Code, clause 8.1(1)</b>  |   |  |  |
|   | If any dispute arises between any Code participants, then (subject to subclause 8.2(3)) representatives of disputing parties must meet within 5 business days after a notice given by a disputing party to the other disputing parties and attempt to resolve the dispute by negotiations in good faith.  |   |  |  |
|   | <b>2016 Finding</b> – The Licensee has no meters with all metering by Western Power. There have been no disputes to resolve.  |   | <b>2020 Findings</b> – There have been no disputes arising during the audit period.  |  |
|   | <b>2016 Documents Reviewed</b> – interviewed Senior HV Engineer, listed staff, inspected Transmission line. Documents: n/a.   |   | <b>2020 Documents/Evidence</b> – <ul style="list-style-type: none"> <li>• Interview with Karara Mining Personnel;                         <ul style="list-style-type: none"> <li>❖ Senior Engineer HV</li> <li>❖ Interview Electrical &amp; Instrumentation Supervisor</li> <li>❖ Electrical Superintendent</li> </ul> </li> </ul> |  |
|   | <b>2016 Observations</b> –<br><br>Compliance indicated for; <ul style="list-style-type: none"> <li><input type="checkbox"/> Documents</li> <li><input type="checkbox"/> Compliance</li> <li><input type="checkbox"/> Process</li> <li><input type="checkbox"/> Outcome</li> <li><input type="checkbox"/> Output</li> <li><input type="checkbox"/> Reporting</li> <li><input type="checkbox"/> Compliance</li> </ul> |   | <b>2020 Observations:</b> <ul style="list-style-type: none"> <li>• Western Power Representative contacted and referred to Karara to respond who confirm no disputes during the audit period.</li> </ul>  |  |
|   | <b>2016 Controls Rating:</b><br><p style="text-align: center;"><b>NP</b></p>  |   | <b>2016 Performance Rating:</b><br><p style="text-align: center;"><b>NR</b></p>  |  |
|   | <b>2016 Recommendation:</b> <ul style="list-style-type: none"> <li>• Nil</li> </ul>   |   | <b>2020 Recommendation:</b> <ul style="list-style-type: none"> <li>• Nil</li> </ul>  |  |
| <b>2016 Action:</b> <ul style="list-style-type: none"> <li>• Nil</li> </ul> |   | <b>2020 Action:</b> <ul style="list-style-type: none"> <li>• Nil</li> </ul> |  |  |
| <b>2020 AUDIT PLAN PRIORITY RATING</b>                                      |   | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>                     |  |  |

| CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major    | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | AUDIT PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA | CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | AUDIT PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA |
|--|---|--|---|--|---|---|--|---|--|
| 1  | C   | L                                      | M   | 5  | 1   | C   | L                                      | M   | 5  |
| <b>REVISED AUDIT PRIORITY RATING JUSTIFICATION</b> |   |  |   |  |   |   |  |   |  |
|  |   |  |   |  |   |   |  |   |  |

|                     |   |  |   |  |
|---------------------|---|--|---|--|
| 458<br>Type<br>[NR] | <b>OBLIGATION: Transmission Licence, condition 4.1.1 / Electricity Industry Metering Code, clause 8.1(2)</b>  |  |   |  |
|                     | If a dispute is not resolved within 10 business days after the dispute is referred to representative negotiations, the disputing parties must refer the dispute to a senior management officer of each disputing party who must meet and attempt to resolve the dispute by negotiations in good faith.  |  |   |  |
|                     | <b>2016 Finding</b> – The Licensee has no meters with all metering by Western Power. There have been no disputes to resolve.<br><br><b>2016 Documents Reviewed</b> – interviewed Senior HV Engineer, listed staff, inspected Transmission line. Documents: n/a.<br><br><b>2016 Observations</b> –<br><br>Compliance indicated for;<br><input type="checkbox"/> Documents<br><input type="checkbox"/> Compliance<br><input type="checkbox"/> Process<br><input type="checkbox"/> Outcome<br><input type="checkbox"/> Output<br><input type="checkbox"/> Reporting<br><input type="checkbox"/> Compliance |  | <b>2020 Findings</b> – There have been no disputes arising during the audit period.<br><br><b>2020 Documents/Evidence</b> – <ul style="list-style-type: none"> <li>• Interview with Karara Mining Personnel;                         <ul style="list-style-type: none"> <li>❖ Senior Engineer HV</li> <li>❖ Interview Electrical &amp; Instrumentation Supervisor</li> <li>❖ Electrical Superintendent</li> </ul> </li> </ul> <b>2020 Observations:</b> <ul style="list-style-type: none"> <li>• Western Power Representative contacted and referred to Karara to respond who confirm no disputes during the audit period.</li> </ul> |  |
|                     | <b>2016 Controls Rating:</b><br>NP  |  | <b>2016 Performance Rating:</b><br>NR   |  |
|                     | <b>2016 Recommendation:</b><br>• Nil  |  | <b>2020 Recommendation:</b><br>• Nil  |  |
|                     | <b>2016 Action:</b><br>• Nil  |  | <b>2020 Action:</b><br>• Nil  |  |
|                     | <b>2020 AUDIT PLAN PRIORITY RATING</b>  |  | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>   |  |

| CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major    | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | AUDIT PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA | CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | AUDIT PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA |
|--|---|--|---|--|---|---|--|---|--|
| 1  | C   | L                                      | M   | 5  | 1   | C   | L                                      | M   | 5  |
| <b>REVISED AUDIT PRIORITY RATING JUSTIFICATION</b> |   |  |   |  |   |   |  |   |  |
| No change to audit priority rating.                |   |  |   |  |   |   |  |   |  |

|  |   |   |   |  |
|--|---|---|---|--|
| 459<br>Type<br>[NR]                    | <b>OBLIGATION: Transmission Licence, condition 4.1.1 / Electricity Industry Metering Code, clause 8.1(3)</b>  |   |   |  |
|  | If the dispute is not resolved within 10 business days after the dispute is referred to senior management negotiations, the disputing parties must refer the dispute to the senior executive officer of each disputing party who must meet and attempt to resolve the dispute by negotiations in good faith.  |   |   |  |
|  | <p><b>2016 Finding</b> – The Licensee has no meters with all metering by Western Power. There have been no disputes to resolve.</p> <p><b>2016 Documents Reviewed</b> – interviewed Senior HV Engineer, listed staff, inspected Transmission line. Documents: n/a.</p> <p><b>2016 Observations</b> –</p> <p>Compliance indicated for;</p> <input type="checkbox"/> Documents<br><input type="checkbox"/> Compliance<br><input type="checkbox"/> Process<br><input type="checkbox"/> Outcome<br><input type="checkbox"/> Output<br><input type="checkbox"/> Reporting<br><input type="checkbox"/> Compliance |   | <p><b>2020 Findings</b> – There have been no disputes arising during the audit period.</p> <p><b>2020 Documents/Evidence</b> –</p> <ul style="list-style-type: none"> <li>• Interview with Karara Mining Personnel;                             <ul style="list-style-type: none"> <li>❖ Senior Engineer HV</li> <li>❖ Interview Electrical &amp; Instrumentation Supervisor</li> <li>❖ Electrical Superintendent</li> </ul> </li> </ul> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>• Western Power Representative contacted and referred to Karara to respond who confirm no disputes during the audit period.</li> </ul> |  |
|  | <b>2016 Controls Rating:</b><br>NP  |   | <b>2016 Performance Rating:</b><br>NR   |  |
|  | <b>2016 Recommendation:</b><br>• Nil  |   | <b>2020 Recommendation:</b><br>• Nil  |  |
|  | <b>2016 Action:</b><br>• Nil  |   | <b>2020 Action:</b><br>• Nil  |  |
| <b>2020 AUDIT PLAN PRIORITY RATING</b> |   | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b> |   |  |

| CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major    | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | AUDIT PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA | CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | AUDIT PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA |
|--|---|--|---|--|---|---|--|---|--|
| 1  | C   | M                                      | M   | 4  | 1   | C   | M                                      | M   | 4  |
| <b>REVISED AUDIT PRIORITY RATING JUSTIFICATION</b> |   |  |   |  |   |   |  |   |  |
| No change to audit priority rating.                |   |  |   |  |   |   |  |   |  |



|   |   |   |  |  |
|---|---|---|--|--|
| 460<br>Type<br>[2]  | <b>OBLIGATION: Transmission Licence, condition 4.1.1 / Electricity Industry Metering Code, clause 8.1(4)</b>  |   |  |  |
|   | If the dispute is resolved by representative negotiations, senior management negotiations or CEO negotiations, the disputing parties must prepare a written and signed record of the resolution and adhere to the resolution.   |   |  |  |
|   | <b>2016 Finding</b> – The Licensee has no meters with all metering by Western Power. There have been no disputes to resolve.  |   | <b>2020 Findings</b> – There have been no disputes arising during the audit period.  |  |
|   | <b>2016 Documents Reviewed</b> – interviewed Senior HV Engineer, listed staff, inspected Transmission line. Documents: n/a.   |   | <b>2020 Documents/Evidence</b> – <ul style="list-style-type: none"> <li>• Interview with Karara Mining Personnel;                     <ul style="list-style-type: none"> <li>❖ Senior Engineer HV</li> <li>❖ Interview Electrical &amp; Instrumentation Supervisor</li> <li>❖ Electrical Superintendent</li> </ul> </li> </ul> |  |
|   | <b>2016 Observations</b> –<br><br>Compliance indicated for; <ul style="list-style-type: none"> <li><input type="checkbox"/> Documents</li> <li><input type="checkbox"/> Compliance</li> <li><input type="checkbox"/> Process</li> <li><input type="checkbox"/> Outcome</li> <li><input type="checkbox"/> Output</li> <li><input type="checkbox"/> Reporting</li> <li><input type="checkbox"/> Compliance</li> </ul> |   | <b>2020 Observations:</b> <ul style="list-style-type: none"> <li>• Western Power Representative contacted and referred to Karara to respond who confirm no disputes during the audit period.</li> </ul>  |  |
|   | <b>2016 Controls Rating:</b><br><p style="text-align: center;"><b>NP</b></p>  |   | <b>2016 Performance Rating:</b><br><p style="text-align: center;"><b>NR</b></p>  |  |
|   | <b>2016 Adequacy Rating:</b><br><p style="text-align: center;"><b>NP</b></p>  |   | <b>2016 Performance Rating:</b><br><p style="text-align: center;"><b>NR</b></p>  |  |
|   | <b>2016 Recommendation:</b> <ul style="list-style-type: none"> <li>• Nil</li> </ul>   |   | <b>2020 Recommendation:</b> <ul style="list-style-type: none"> <li>• Nil</li> </ul>  |  |
| <b>2016 Action:</b> <ul style="list-style-type: none"> <li>• Nil</li> </ul> |   | <b>2020 Action:</b> <ul style="list-style-type: none"> <li>• Nil</li> </ul> |  |  |
| <b>2020 AUDIT PLAN PRIORITY RATING</b>                                      |   | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>                     |  |  |

| CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major    | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | AUDIT PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA | CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | AUDIT PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA |
|--|---|--|---|--|---|---|--|---|--|
| 1  | C   | L                                      | M   | 5  | 1   | C   | L                                      | M   | 5  |
| <b>REVISED AUDIT PRIORITY RATING JUSTIFICATION</b> |   |  |   |  |   |   |  |   |  |
| No change to audit priority rating.                |   |  |   |  |   |   |  |   |  |

|  |   |   |  |  |
|--|---|---|--|--|
| 461<br>Type<br>[NR]                    | <b>OBLIGATION: Transmission Licence, condition 4.1.1 / Electricity Industry Metering Code, clause 8.3(2)</b>  |   |  |  |
|  | The disputing parties must at all times conduct themselves in a manner which is directed towards achieving the objective in subclause 8.3(1).   |   |  |  |
|  | <b>2016 Finding</b> – The Licensee has no meters with all metering by Western Power. There have been no disputes to resolve.  |   | <b>2020 Findings</b> – There have been no disputes arising during the audit period.  |  |
|  | <b>2016 Documents Reviewed</b> – interviewed Senior HV Engineer, listed staff, inspected Transmission line. Documents: n/a.   |   | <b>2020 Documents/Evidence</b> – <ul style="list-style-type: none"> <li>• Interview with Karara Mining Personnel;                     <ul style="list-style-type: none"> <li>❖ Senior Engineer HV</li> <li>❖ Interview Electrical &amp; Instrumentation Supervisor</li> <li>❖ Electrical Superintendent</li> </ul> </li> </ul> |  |
|  | <b>2016 Observations</b> –<br><br>Compliance indicated for; <ul style="list-style-type: none"> <li><input type="checkbox"/> Documents</li> <li><input type="checkbox"/> Compliance</li> <li><input type="checkbox"/> Process</li> <li><input type="checkbox"/> Outcome</li> <li><input type="checkbox"/> Output</li> <li><input type="checkbox"/> Reporting</li> <li><input type="checkbox"/> Compliance</li> </ul> |   | <b>2020 Observations:</b> <ul style="list-style-type: none"> <li>• Western Power Representative contacted and referred to Karara to respond who confirm no disputes during the audit period.</li> </ul>  |  |
|  | <b>2016 Controls Rating:</b><br><p style="text-align: center;"><b>NP</b></p>  |   | <b>2016 Performance Rating:</b><br><p style="text-align: center;"><b>NR</b></p>  |  |
|  | <b>2016 Recommendation:</b> <ul style="list-style-type: none"> <li>• Nil</li> </ul>   |   | <b>2020 Recommendation:</b> <ul style="list-style-type: none"> <li>• Nil</li> </ul>  |  |
|  | <b>2016 Action:</b> <ul style="list-style-type: none"> <li>• Nil</li> </ul>   |   | <b>2020 Action:</b> <ul style="list-style-type: none"> <li>• Nil</li> </ul>  |  |
| <b>2020 AUDIT PLAN PRIORITY RATING</b> |   | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b> |  |  |

| CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major    | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | AUDIT PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA | CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | AUDIT PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA |
|--|---|--|---|--|---|---|--|---|--|
| 1  | C   | L                                      | S   | 5  | 2   | B   | M                                      | W   | 3  |
| <b>REVISED AUDIT PRIORITY RATING JUSTIFICATION</b> |   |  |   |  |   |   |  |   |  |
| No change to audit priority rating.                |   |  |   |  |   |   |  |   |  |

Note:

\* indicates obligation was reclassified during the audit period from NR to Type 2 (Refer Amendment Record - Electricity Compliance Reporting Manual – June 2020). Prior to this period the rating was NR.

\*\* indicates identified as non-compliant in previous audit

\*\*\* indicates identified as non-compliant in previous audit, included in post audit action plan and non-compliance during current audit period

NP - not possible to provide a controls rating because no activity has taken place to exercise the obligation during the audit period

NA - Not applicable to audit period and as such not assessed

2016 Compliance Ratings  Compliant  Non-Compliant  Not Rated

# **APPENDIX 2**

## **KARARA MINE LIMITED**

### **ASSET MANAGEMENT REVIEW**

**Table 15 - Summary Review Recommendations**

| <b>Review Finding</b>   |
|---|
| <b>R1/2020</b> – Formalise and implement an AMS for the transmission line.  |
| <b>R2/2020</b> - Develop and implement an AMP for the Transmission Line compliant to regulatory and contractual requirements.   |
| <b>R3/2020</b> - Review the Asset Register to include asset type, location, material, plans of components, and an assessment of assets' physical/structural condition   |
| <b>R4/2020</b> - Undertake and record a risk assessment of the transmission line.   |
| <b>R5/2020</b> - Develop a risk based treatment plan to address issues identified to ensure ongoing compliance and/or accept residual risk. Operational controls should be evident in the AMS and detailed in the AMP i.e. acoustic and vegetation surveys.   |
| <b>R6/2020</b> – Develop and maintain a Compliance Register for the Electricity Transmission Licence and contractual requirements and allocate appropriate responsibilities for compliance.   |
| <b>R7/2020</b> – Ensure employees are adequately trained to understand the requirements of Electricity Transmission Licence and associated contractual documentation. Consideration could be given incorporating a review of their job descriptions and performance to ensure compliance was achieved.  |
| <b>R8/2020</b> – Review and implement a Document Management System incorporating existing policies, procedures and supporting documentation for currency and applicability.   |
| <b>R9/2020</b> - Utilise SAP for planning of inspection and maintenance work, such as acoustic surveys, vegetation surveys, corona, etc and compliance requirements. Ensure records are verifiable with supporting evidence and maintenance costs are detailed. Critical entries should be subject to third party review.   |
| <b>R10/2020</b> - Review and document contingency plans and consider risks  |
| <b>R11/2020</b> -Consider carrying out a second acoustic emissions test to establish the extent of any deterioration and address any significant defects. The limitation to operations is understood as such instead of organising an outage for inspection/repair of known defects this approach could allow clearer definition of scope for a planned line outage should it be deemed necessary |
| <b>R12/2020</b> - Establish internal audit processes to monitor risks and ensure compliance with Electricity Transmission Licence requirements and other contractual documentation.   |
| <b>R13/2020</b> – Implement INX or other appropriate system to record non standard performances and report to management to ensure compliance and performance of the transmission line.   |
| <b>R14/2020</b> - Review upgrading SCADA system or a simpler dedicated Transmission line data acquisition system.   |
| <b>R15/2020</b> – Identify, record and document operational and maintenance costing and detail how they are monitored by Licensee.  |
| <b>R16/2020</b> - Monitor line losses and MVAr performance.   |
| <b>R17/2020</b> – Incorporate asset disposal plan in the AMP, ensure process established for disposal/replacement alternatives and review organisational procedures for asset disposal. Include costs for disposal or refurbishment in the life cycle spreadsheet   |
| <b>R18/2020</b> – Monitor the Company and Consolidated Entity's financial performance to ensure that it is a going concern.   |
| <b>R19/2020</b> – Review Karara Mining 330kV Powerline Contingency Desktop Audit 20/4/17 and implement recommendations or critically review and document findings and management action   |

**Table 16 Audit Review Ratings and Recommendations**

| 1. ASSET PLANNING  |   | ADEQUACY RATING  | PERFORMANCE RATING |
|--|---|--|--------------------|
| <p><input type="checkbox"/> Assess the adequacy of the asset planning process<br/> <input type="checkbox"/> Assess the adequacy of the asset management plan<br/> <input type="checkbox"/> Assess whether the asset management plan is up-to-date and implemented in practice<br/> <input type="checkbox"/> Assess whether the asset management plan clearly assigns responsibilities and whether these have been applied in practice</p> <p><b>Key Process</b> – <i>Asset planning strategies focuses on meeting customer needs in the most effective and efficient manner (delivering the right service at the right price).</i></p> <p><b>Outcome</b> – <i>Asset planning is integrated into operational or business plans, providing a framework for existing and new assets to be effectively utilised and their service optimised.</i></p> |   | <b>D</b>   | <b>4</b>           |
| No.  | 2016 AUDIT REPORT EVIDENCE/ VERIFICATION/FINDING/ACTION   | 2020 AUDIT REPORT EVIDENCE/ VERIFICATION/FINDING/ACTION  |                    |
| 1.1  | <p><b>OBLIGATION: Asset management plan covers the processes in this table</b></p> <p><b>2016 Finding</b> – The AMP meets this criterion.</p> <p><b>2016 Documents Reviewed</b> – Transmission Licence, Asset Register, Environmental Plans and Approvals, Spares List, Commissioning Plans, Karara Mining energy budget, Reticulation plans, Asset management plan, Risk management policy, Risk register, Project management manual, As constructed details, Financial philosophy (Plan)</p> <p><b>2016 Observations</b> –</p> <p>The asset management has to be in the context of the licensed operations as part of the business of the company, which is mining. The licensed facilities primarily exist to facilitate mining and are governed by the life of the mine. The life cycle of Transmission assets is usually much longer than the life of a mine. Asset planning will be subservient to mine planning, that is, there will be no planning for expansion of the licensed assets that are not dependent on a mining development.</p> <p>Given this context the plan is appropriate for the scale and nature of the business.</p> <p>The internal reviews of the AMP to be scheduled.</p> | <p><b>2020 Findings</b> – The asset planning process was inadequate with respect to the Transmission Line. There was no formal AMS established. There was no documented Asset Management Plan. The Licensee was unable to provide a plan or document that matched the elements stated in the previous Audit &amp; Review Report (refer 2016 Observations). It was noted that some elements of an AMS exist within the organisation with respect to policies, plans, business processes and information systems. However, these were only observed to be implemented in relation to the mine operation and many were found to be from construction and not reviewed for operational purposes. The Licensees' Electricity Transmission Licence (ETL6) requires that the Asset Planning process was documented, adequate, maintained, implemented, assigned and actioned and there was no evidence to support this.</p> <p>In general key elements required for asset planning such as asset planning strategy, planning for uncertainty, business cases, risk management, cost/benefit analysis and accounting treatment were not defined.</p> <p>It was noted that the Mine life was potentially greater than initially projected. Original forecasts were for 30MTpa for 30 years, however, it was operationally performing at approximately 8MTpa. Although unlikely, it is not unforeseeable for transmission line life cycle and mine life cycle to</p> |                    |

|  |   |
|--|---|
| <p>The asset management plan consists of following parts:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Purpose of the Asset Management Plan (AMP)</li> <li><input type="checkbox"/> Key Stakeholders</li> <li><input type="checkbox"/> Future Power Transmission Demand</li> <li><input type="checkbox"/> Risk Management</li> <li><input type="checkbox"/> Financials</li> <li><input type="checkbox"/> Disposal of Eneabba to Three Springs 330kV Transmission Line</li> <li><input type="checkbox"/> Land Access</li> <li><input type="checkbox"/> Supply Reliability</li> <li><input type="checkbox"/> Maintenance (Eneabba 132kV Substation to Three Springs Terminal)</li> <li><input type="checkbox"/> Maintenance (Three Springs Terminal to Karara's Mine)</li> <li><input type="checkbox"/> Corona and Thermal Imaging</li> <li><input type="checkbox"/> Photos and Drawings</li> <li><input type="checkbox"/> Annual Inspections</li> <li><input type="checkbox"/> Spares</li> <li><input type="checkbox"/> Emergency and Breakdown</li> <li><input type="checkbox"/> Evaluation of Asset Performance</li> </ul> | <p>become aligned in life expectancy. The Audit Team was of the opinion that Asset Management System was inadequate for the nature and scale of the business and compliance with its Electricity Transmission Licence. There was no asset disposal process documented.</p> <p>Given that the Audit Team did not locate the following documentation relating to the Transmission Line; asset management plan, business plan, asset register (copy sighted was financial only does not consider condition), spares (no spares were held), risk register, maintenance schedule or identify and condition monitoring undertaken prior to the current audit period (i.e. corona or thermal imaging). It became evident, during the site audit, that the evidence obtained during the audit period was inconsistent with other evidence previously obtained. It was our opinion that the internal reviews of the AMS, as recommended in the previous Audit &amp; Review Report, documented in SAP (reference SAP Work Order 40020231) were found to be ineffective, unsubstantiated and conditions may indicate likely misstatement e.g. SAP entry that reviews of AMS had been carried out. There was no evidence attached to verify SAP records and in the absence of an effective AMS they were considered ineffectual.</p> <p><b>2020 Documents/Evidence –</b><br/>         1, 31, 32, 33, 34, 35, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 50, 51, 54, 55, 83, 84, 95, 165</p> <p><b>2020 Observations: -</b></p> <ul style="list-style-type: none"> <li>• No documented asset management system or AMP was provided.</li> <li>• Aspects of an AMS were available on the Karara internal portal and information systems but many documents had not been revised since the commissioning of the operations and as such were obsolete.</li> <li>• There was no asset creation during the audit period</li> <li>• There was no asset disposal during the audit period</li> <li>• No decommissioning plan has been established</li> <li>• Employees were not aware of how to utilise the organisations document management system. Retrieval and storage of documentation was not well demonstrated as indicated by the protracted timeframe for the delivery of documentation for the audit and review. Training in the use of document management system was not evident</li> <li>• Staff were unaware of many of the documents/forms requested.</li> </ul> |
|--|---|



|  |   |  |   |                                      |
|--|---|--|---|--------------------------------------|
|  |   | <ul style="list-style-type: none"> <li>The Audit Team were informed that policies and standards relating to the mine and 330kV substation also apply to the transmission line where applicable. However, there were no specific references to the transmission line sighted.</li> <li>Operation was by Western Power but maintenance by KML. The maintenance carried out did not meet contractual requirements.</li> <li>Routine line inspections were not incorporated in the SAP asset maintenance process.</li> <li>Identified defects were not entered into SAP for action</li> <li>No documented minutes relating to decisions to not act upon Transmission Line Acoustic Survey see recommendation A4/R13/2020</li> <li>No contingency plan has been formally documented and testing appears inadequate</li> <li>No risk analyses for the transmission line have been undertaken</li> <li>A Karara Mining 330kV Powerline Contingency Desktop Audit was undertaken and noted some risks but was never acted upon nor critically reviewed (Note dated 20/4/17 but footer has 30/5/17. Doubt as to finality of report which was only provided to the Audit Team on 28/10/20)</li> <li>Asset register was financial only and does not consider condition for the transmission line</li> <li>Majority of the documents reviewed have not been revised for over 5 years</li> <li>No formalised maintenance routines for transmission line have been established , vegetation inspections and acoustic surveys had not been included in SAP. It was unclear what impacts this will have on third party insurances</li> <li>The transmission line was not incorporated clearly into existing policies and procedures, for example Crisis Management Plan, Environmental Management Plan.</li> <li>No capital spending was planned in the foreseeable future.</li> <li></li> </ul> |   |                                      |
|  | <b>2016 Adequacy Rating:</b><br>A   | <b>2016 Performance Rating:</b><br>1   | <b>2020 Adequacy Rating:</b><br>D   | <b>2020 Performance Rating:</b><br>4 |
|  | <b>2016 Recommendation:</b> <ul style="list-style-type: none"> <li>Schedule internal reviews of AMP.</li> </ul> |  | <b>2020 Recommendation:</b> <ul style="list-style-type: none"> <li><b>R1/2020</b> – Formalise and implement an AMS for the transmission line.</li> <li><b>R2/2020</b> - Develop and implement an AMP for the Transmission Line compliant to regulatory and contractual requirements.</li> <li><b>R3/2020</b> - Review the Asset Register to include asset type, location, material, plans of components, and an assessment of assets' physical/structural condition.</li> </ul> |                                      |

- **R4/2020** - Undertake and record a risk assessment of the transmission line.
- **R5/2020** - Develop a risk based treatment plan to address issues identified to ensure ongoing compliance and/or accept residual risk. Operational controls should be evident in the AMS and detailed in the AMP i.e. acoustic and vegetation surveys.
- **R6/2020** – Develop and maintain a Compliance Register for the Electricity Transmission Licence and contractual requirements and allocate appropriate responsibilities for compliance.
- **R7/2020** – Ensure employees are adequately trained to understand the requirements of Electricity Transmission Licence and associated contractual documentation. Consideration could be given incorporating a review of their job descriptions and performance to ensure compliance was achieved.
- **R8/2020** – Review and implement a Document Management System incorporating existing policies, procedures and supporting documentation for currency and applicability.
- **R9/2020** - Utilise SAP for planning of inspection and maintenance work, such as acoustic surveys, vegetation surveys, corona, etc and compliance requirements. Ensure records are verifiable with supporting evidence and maintenance costs are detailed. Critical entries should be subject to third party review.
- **R10/2020** - Review and document contingency plans and consider risks
- **R11/2020** -Consider carrying out a second acoustic emissions test to establish the extent of any deterioration and address any significant defects. The limitation to operations is understood as such instead of organising an outage for inspection/repair of known defects this approach could allow clearer definition of scope for a planned line outage should it be deemed necessary
- **R12/2020** - Establish internal audit processes to monitor risks and ensure compliance with Electricity Transmission Licence requirements and other contractual documentation.
- **R13/2020** – Implement INX or other appropriate system to record non-standard performances and report to management to ensure compliance and performance of the transmission line.
- **R14/2020** - Review upgrading SCADA system or a simpler dedicated Transmission line data acquisition system.
- **R15/2020** – Identify, record and document operational and maintenance costing and detail how they are monitored by Licensee.

|  |   |  |   |   | <ul style="list-style-type: none"> <li>• <b>R16/2020</b> - Monitor line losses and MVAr performance.</li> <li>• <b>R19/2020</b> – Review Karara Mining 330kV Powerline Contingency Desktop Audit 20/4/17 and implement recommendations or critically review and document findings and management action</li> </ul> |   |  |   |   |
|--|---|--|---|---|--|---|--|---|---|
| <b>2016 Action:</b> <ul style="list-style-type: none"> <li>• Reviews scheduled and documented but no AMP or AMS defined as such considered a misstatement.</li> </ul>  |   |  |   |   | <b>2020 Action:</b> <ul style="list-style-type: none"> <li>• Refer Post Review Action Plan</li> </ul>  |   |  |   |   |
| 2020 AUDIT PLAN PRIORITY RATING  |   |  |   |   | 2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING   |   |  |   |   |
| CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major  | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | REVIEW PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA | CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major  | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | REVIEW PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA |
| 2  | B   | M                                      | M   | 4   | 2  | A   | H                                      | W   | 1   |
| REVISED REVIEW PRIORITY RATING JUSTIFICATION   |   |  |   |   |  |   |  |   |   |
| Very limited documentation was provided by Karara for the preparation of the Audit & Review Plan, as such the Audit Priority Ratings in the Audit Plan were based on publicly available documentation and the previous Asset Management Review. The previous Review refers to an AMP and gives content headings but this could not be located by Karara. The site visit failed to identify the documentation required and given the lack of comprehension by the Licensee personnel to the requirements of the Transmission Licence, the absence of substantive documentation and the observations made on site the Review Priority has been revised as above. |   |  |   |   |  |   |  |   |   |

| No. | 2016 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION  | 2020 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION  |
|-----|---|---|
| 1.2 | <p><b>OBLIGATION: Planning processes and objectives reflect the needs of all stakeholders and are integrated with business planning</b></p> <p><b>2016 Finding</b> – The AMP meets this criterion and reflects the needs of all stakeholders and is integrated with business planning</p> <p><b>2016 Documents Reviewed</b> – Transmission Licence, Asset Register, Environmental Plans and Approvals, Spares List, Commissioning Plans, Karara Mining energy budget, Reticulation plans, Asset management plan, Risk management policy, Risk register, Project management manual, As constructed details, Financial philosophy (Plan)</p> <p><b>2016 Observations</b> – As detailed in 1.1</p> | <p><b>2020 Finding</b> – It was acknowledged that Transmission Lines by virtue of function were associated with high construction costs and limited operation and maintenance expenditure. As such, there have been no significant planning processes undertaken during the audit period and no new works were planned in relation to the Transmission Line. However, planning processes include risk management and cost/benefit analysis. Costs associated with routine maintenance inspections and line losses were not identified in the financial documentation sighted. It was understood they have been absorbed in overall operating budgets. The needs of stakeholders were considered but not documented in a formal manner. It was evident compliance with the Electricity Transmission Licence and some contractual obligations have not been met during the audit period, for example the failure to develop an asset management plan. Development of an AMP would help to identify any specific considerations required for the business planning process. It was understood there was some level of dispute with land holders but not impacting the transmission line corridor</p> <p><b>2020 Documents/Evidence</b> –<br/>                     1, 2, 3, 5, 39, 40, 41, 42, 43, 44, 45, 46, 50, 51, 95, 99, 101, 125, 165, 166, 167</p> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>• Documentation provided was not detailed enough to identify asset planning processes for the transmission line, i.e. absence of AMP, risk register, etc.</li> <li>• Maintenance planning for the transmission line was deficient.</li> <li>• Ellipse changed over to SAP during audit period.(during 2018, specific date not provided)</li> <li>• Neither Ellipse nor SAP had planned maintenance for the transmission line nor any defects detected entered i.e. acoustic survey defects</li> <li>• No documented evidence of decisions not to undertake the defect recommendations in the suggested timeframe.</li> <li>• SAP only had review of Contingency Plan and AMS as being planned and performed but no evidence was attached or provided to support the nature of the review. No formalised contingency plan has been developed.</li> <li>• WPC wheeling contract required an AMP to be submitted and maintained but none available. Awareness by personnel to the requirement was not evident.</li> <li>• ERA require an AMP for the transmission licence to be granted. It was understood that a template was submitted with the application for the licence (due the timeline of the</li> </ul> |

|  |  |  |  |
|--|--|--|--|
|  |  | <p>project development) and it was never finalised as per the ERAs expectation. The subsequent audits and reviews have not highlighted this deficiency.</p> <ul style="list-style-type: none"> <li>• ERA's compliance requirements have clearly not been met.</li> <li>• Western Power performance requirements were generally achieved, however, it was unclear whether contractual reporting requirements were met, i.e. development of an AMP</li> <li>• Relationships with landowners have improved with the use of a 'local' Community Liaison Officer.</li> <li>• Systems for stakeholder and business planning consideration have not been formally established</li> <li>• Roles and responsibilities of key personnel have not been documented to ensure compliance was understood and achieved</li> </ul>   |  |
| <b>2016 Adequacy Rating:</b><br>A  |  | <b>2016 Performance Rating:</b><br>1   |  |
| <b>2016 Recommendations:</b> <ul style="list-style-type: none"> <li>• Nil</li> </ul> |  | <b>2020 Adequacy Rating:</b><br>C  |  |
|  |  | <b>2020 Performance Rating:</b><br>4   |  |
|  |  | <b>2020 Recommendation:</b> <ul style="list-style-type: none"> <li>• <b>R1/2020</b> – Formalise and implement an AMS for the transmission line.</li> <li>• <b>R2/2020</b> - Develop and implement an AMP for the Transmission Line compliant to regulatory and contractual requirements.</li> <li>• <b>R3/2020</b> - Review the Asset Register to include asset type, location, material, plans of components, and an assessment of assets' physical/structural condition.</li> <li>• <b>R4/2020</b> - Undertake and record a risk assessment of the transmission line.</li> <li>• <b>R5/2020</b> - Develop a risk based treatment plan to address issues identified to ensure ongoing compliance and/or accept residual risk. Operational controls should be evident in the AMS and detailed in the AMP i.e. acoustic and vegetation surveys</li> <li>• <b>R6/2020</b> – Develop and maintain a Compliance Register for the Electricity Transmission Licence and contractual requirements and allocate appropriate responsibilities for compliance.</li> <li>• <b>R7/2020</b> – Ensure employees are adequately trained to understand the requirements of Electricity Transmission Licence and associated contractual documentation. Consideration could be given incorporating a review of their job descriptions and performance to ensure compliance was achieved.</li> <li>• <b>R8/2020</b> – Review and implement a Document Management System incorporating existing policies, procedures and supporting documentation for currency and applicability.</li> </ul> |  |

|  |  |   |  |  |   |  |   |  |  |
|--|--|---|--|--|---|--|---|--|--|
|  |  |   |  |  | <ul style="list-style-type: none"> <li><b>R9/2020</b> - Utilise SAP for planning of inspection and maintenance work, such as acoustic surveys, vegetation surveys, corona, etc and compliance requirements. Ensure records are verifiable with supporting evidence and maintenance costs are detailed. Critical entries should be subject to third party review.</li> <li><b>R10/2020</b> - Review and document contingency plans and consider risks</li> <li><b>R15/2020</b> – Identify, record and document operational and maintenance costing and detail how they are monitored by Licensee.</li> </ul> |  |   |  |  |
| <b>2016 Action:</b> <ul style="list-style-type: none"> <li>Nil</li> </ul>  |  |   |  |  | <b>2020 Action:</b> <ul style="list-style-type: none"> <li>Refer Post Review Action Plan</li> </ul>   |  |   |  |  |
| <b>2020 AUDIT PLAN PRIORITY RATING</b>   |  |   |  |  | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>   |  |   |  |  |
| <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major   | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major  | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA |
| 2  | C  | M   | M  | 4  | 2   | B  | M   | W  | 3  |
| <b>REVISED REVIEW PRIORITY RATING JUSTIFICATION</b>  |  |   |  |  |   |  |   |  |  |
| Very limited documentation was provided by Karara for the preparation of the Audit & Review Plan, as such the Audit Priority Ratings in the Audit Plan were based on publicly available documentation and the previous Asset Management Review. It was noted that Karara was the sole consumer and a Wheeling contract with Wester Power was in place. Although power supply and quality requirements were generally addressed there was little indication in respect to the Transmission Line of specific business planning or all stakeholders being considered. As such, the Review Priority has been revised as above. |  |   |  |  |   |  |   |  |  |

| No. | 2016 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION  |   | 2020 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION  |   |
|-----|---|---|---|---|
| 1.3 | <b>OBLIGATION: Service levels are defined in the Asset Management Plan</b>  |   |   |   |
|     | <p><b>2016 Finding</b> – The AMP defines service levels</p> <p><b>2016 Documents Reviewed</b> – Transmission Licence, Asset Register, Environmental Plans and Approvals, Spares List, Commissioning Plans, Karara Mining energy budget, Reticulation plans, Asset management plan, Risk management policy, Risk register, Project management manual, As constructed details, Financial philosophy (Plan)</p> <p><b>2016 Observations</b> – As detailed in 1.1</p> |   | <p><b>2020 Finding</b> – Service levels exist for the Electricity Transmission Licence, WPC, various stakeholders and the mine. There was no Asset Management Plan developed for the licence. As such, there were no service levels defined within the AMP. Service levels with WPC and the mine were understood and managed with various agreements. However, those with other stakeholders were not well documented.</p> <p><b>2020 Documents reviewed</b> –<br/>                     1, 2, 3, 6, 11, 16, 21, 50, 51, 95, 99, 101, 125</p> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>• Verified line performance data was not provided in a timely manner but performance of the line appeared to be satisfactory.</li> <li>• The mine has had a reliable power supply from the transmission line.</li> <li>• ERA's licencing requirement have clearly not been understood or met particularly with respect to Asset Management System.</li> <li>• Technical Rules relaxed for Karara as part of Western Power's exemption.</li> <li>• The Wheeling Agreement defines WP's requirements for the 132kV supply to Golden Grove.</li> <li>• The Power contract and Technical Rules defines some of the performance requirements for the SWIN with respect to ETL 6.</li> <li>• Verve/Synergy Contract covers energy purchase</li> <li>• Service levels should be defined within the AMP</li> </ul> |   |
|     | <p><b>2016 Adequacy Rating:</b><br/>                     A</p>  | <p><b>2016 Performance Rating:</b><br/>                     1</p> | <p><b>2020 Adequacy Rating:</b><br/>                     D</p>  | <p><b>2020 Performance Rating:</b><br/>                     3</p> |
|     | <p><b>2016 Recommendations:</b></p> <ul style="list-style-type: none"> <li>• Nil</li> </ul>   |   | <p><b>2020 Recommendation:</b></p> <ul style="list-style-type: none"> <li>• <b>R1/2020</b> – Formalise and implement an AMS for the transmission line.</li> <li>• <b>R2/2020</b> - Develop and implement an AMP for the Transmission Line compliant to regulatory and contractual requirements.</li> </ul>  |   |

|  |  |   |  |  |  |  |   |  |  |
|--|--|---|--|--|--|--|---|--|--|
|  |  |   |  |  | <ul style="list-style-type: none"> <li>• <b>R6/2020</b> – Develop and maintain a Compliance Register for the Electricity Transmission Licence and contractual requirements and allocate appropriate responsibilities for compliance.</li> <li>• <b>R7/2020</b> – Ensure employees are adequately trained to understand the requirements of Electricity Transmission Licence and associated contractual documentation. Consideration could be given incorporating a review of their job descriptions and performance to ensure compliance was achieved.</li> <li>• <b>R12/2020</b> - Establish internal audit processes to monitor risks and ensure compliance with Electricity Transmission Licence requirements and other contractual documentation.</li> </ul> |  |   |  |  |
| <b>2016 Action:</b>  |  |   |  |  | <b>2020 Action:</b>  |  |   |  |  |
| <ul style="list-style-type: none"> <li>• Nil</li> </ul>  |  |   |  |  | <ul style="list-style-type: none"> <li>• Refer Post Review Action Plan</li> </ul>  |  |   |  |  |
| <b>2020 AUDIT PLAN PRIORITY RATING</b>   |  |   |  |  | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>  |  |   |  |  |
| <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major   | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major   | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA |
| 2  | C  | M   | M  | 4  | 2  | B  | M   | W  | 3  |
| <b>REVISED REVIEW PRIORITY RATING JUSTIFICATION</b>  |  |   |  |  |  |  |   |  |  |
| Very limited documentation was provided by Karara for the preparation of the Audit & Review Plan, as such the Audit Priority Ratings in the Audit Plan were based on publicly available documentation and the previous Asset Management Review. Service levels to non-WPC stakeholders were not clearly defined. |  |   |  |  |  |  |   |  |  |



| No. | 2016 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION   |  |   |             |  | 2020 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION  |  |  |   |             |  |  |
|-----|--|--|---|-------------|--|---|--|--|---|-------------|--|--|
| 1.4 | <b>OBLIGATION: Non-asset options (e.g. demand management) are considered</b>   |  |   |             |  |   |  |  |   |             |  |  |
|     | <p><b>2016 Finding</b> – The AMS is substantially about utilization of the current assets and no new proposals are likely outside mining development. Further asset options are unlikely and non-asset options such as better utilization of the current assets will be most likely for capacity increases. The current assets have scope for expansion.</p> <p><b>2016 Documents Reviewed</b> – Transmission Licence, Asset Register, Environmental Plans and Approvals, Spares List, Commissioning Plans, Karara Mining energy budget, Reticulation plans, Asset management plan, Risk management policy, Risk register, Project management manual, As constructed details, Financial philosophy (Plan)</p> <p><b>2016 Observations</b> – As detailed in 1.1</p> |  |   |             |  | <p><b>2020 Finding</b> – Demand management and non-asset options have not been considered as the Licensee (i.e. the mine) was the only customer. The Licence relates to the transmission line only and not the substation and load.</p> <p><b>2020 Documents reviewed</b> – 49</p> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>The load profile was a flat 73MW when the mine was operating and the transmission line contractual transfer rate was 120MW</li> <li>The load was mine driven and outside of the licenced facility however Initially Perth Energy Management and from 2017 MetroPower monitored mine loads and price forecasts to advise on peak load management. We were advised that this provided cost savings.</li> <li>Again outside of the licensed facility the reactive compensator that was part of the substation has significantly reduced the reactive power requirements with associated financial savings.</li> </ul> |  |  |   |             |  |  |
|     | <b>2016 Adequacy Rating:</b><br>A  |  | <b>2016 Performance Rating:</b><br>1          |             |  | <b>2020 Adequacy Rating:</b><br>NR  |  | <b>2020 Performance Rating:</b><br>NR                          |   |             |  |  |
|     | <b>2016 Recommendations:</b><br>• Nil  |  | <b>2016 Action:</b><br>• Nil                  |             |  | <b>2020 Recommendation:</b><br>• Nil  |  | <b>2020 Action:</b><br>• Nil                                   |   |             |  |  |
|     | <b>2020 AUDIT PLAN PRIORITY RATING</b>   |  |   |             |  | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>   |  |  |   |             |  |  |
|     | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major   | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>RISK</b> | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA  | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>RISK</b> | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA |
|     | 1  | C  | L   |             | M  | 5   | 1  | C  | L   |             | M  | 5  |
|     | <b>REVISED REVIEW PRIORITY RATING JUSTIFICATION</b>  |  |   |             |  |   |  |  |   |             |  |  |

|     | Non-asset options considered unlikely. No change was made to the Audit Priority rating.  |  |   |
|-----|--|--|---|
| No. | 2016 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION   |  | 2020 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION                  |
| 1.5 | <b>OBLIGATION: Lifecycle costs of owning and operating assets are assessed</b>   |  |   |
|     | <p><b>2016 Finding</b> –The AMP meets this criterion with lifecycle costs of owning and operating assets assessed as part of the existing mine infrastructure and any future mining proposals. Mine life, which is generally shorter than network asset life, is likely to be the determining factor of lifecycle costing. The capital cost will be considered and costed in mine project feasibility and not in terms of the electrical assets cost viability in its own right. Servicing the mines is the dominant requirement for the assets with mine profitability and metal prices being the major driving force</p> <p><b>2016 Documents Reviewed</b> – Transmission Licence, Asset Register, Environmental Plans and Approvals, Spares List, Commissioning Plans, Karara Mining energy budget, Reticulation plans, Asset management plan, Risk management policy, Risk register, Project management manual, As constructed details, Financial philosophy (Plan)</p> <p><b>2016 Observations</b> – As detailed in 1.1</p> | <p><b>2020 Finding</b> – No life cycle costing or policy was presented apart from depreciation in the Financials Asset Register.</p> <p>It was noted that, personnel responsible for planning and acquisition decisions differ from those responsible for operation and disposal of the assets. It appears issues may have arisen due to this fragmentation of management responsibilities for assets over their life-cycle. The Licensee needs to ensure that leadership and accountability for the activities associated with each stage of the asset life-cycle have been assigned to relevant personnel, and that there was effective monitoring of asset management performance.</p> <p><b>2020 Documents reviewed</b> – 84</p> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>• No new works during the review period</li> <li>• No planning for new works sighted.</li> <li>• No evidence of use of life cycle costing presented other than in the financials with each tower listed as an asset</li> <li>• Long term contracts with Verve (Synergy) and WPC have presumably been considered in the mine operations</li> <li>• Noted that the Electricity Transmission Licence expires 26 October 2040 and the mine Environmental Licence (L8721/2013/1) duration 20/05/2013 to 19/05/2021</li> <li>• Life cycle costing should be incorporated in the development of the AMP</li> <li>• SAP not used for asset planning processes i.e. asset operations, such as, monitoring, maintenance, information management, asset valuation, utilisation and functionality.</li> </ul> |   |
|     | <b>2016 Adequacy Rating:</b><br>A  | <b>2016 Performance Rating:</b><br>1   | <b>2020 Adequacy Rating:</b><br>C<br><b>2020 Performance Rating:</b><br>3 |

|  |  |   |  |  |  |  |   |  |  |
|--|--|---|--|--|--|--|---|--|--|
| <b>2016 Recommendations:</b> <ul style="list-style-type: none"> <li>Nil</li> </ul>   |  |   |  |  | <b>2020 Recommendation:</b> <ul style="list-style-type: none"> <li><b>R1/2020</b> – Formalise and implement an AMS for the transmission line.</li> <li><b>R2/2020</b> - Develop and implement an AMP for the Transmission Line compliant to regulatory and contractual requirements.</li> <li><b>R3/2020</b> - Review the Asset Register to include asset type, location, material, plans of components, and an assessment of assets' physical/structural condition.</li> <li><b>R9/2020</b> - Utilise SAP for planning of inspection and maintenance work, such as acoustic surveys, vegetation surveys, corona, etc and compliance requirements. Ensure records are verifiable with supporting evidence and maintenance costs are detailed. Critical entries should be subject to third party review.</li> </ul> |  |   |  |  |
| <b>2016 Action:</b> <ul style="list-style-type: none"> <li>Nil</li> </ul>  |  |   |  |  | <b>2020 Action:</b> <ul style="list-style-type: none"> <li>Refer Post Review Action Plan</li> </ul>  |  |   |  |  |
| <b>2020 AUDIT PLAN PRIORITY RATING</b>   |  |   |  |  | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>  |  |   |  |  |
| <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major   | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major   | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA |
| 2  | C  | M   | M  | 4  | 2  | B  | M   | M  | 4  |
| <b>REVISED REVIEW PRIORITY RATING JUSTIFICATION</b>  |  |   |  |  |  |  |   |  |  |
| Very limited documentation was provided by Karara for the preparation of the Audit & Review Plan, as such the Audit Priority Ratings in the Audit Plan were based on publicly available documentation and the previous Asset Management Review. No new work during audit period but no life cycle costing policy seen so likelihood increased. |  |   |  |  |  |  |   |  |  |

| No.  | 2016 AUDIT REPORT EVIDENCE/ VERIFICATION/FINDING/ACTION  |   |  |   |   | 2020 AUDIT REPORT EVIDENCE/ VERIFICATION/FINDING/ACTION   |   |  |   |   |
|--|--|---|--|---|---|---|---|--|---|---|
| 1.6  | <b>OBLIGATION: Funding options are evaluated</b>   |   |  |   |   |   |   |  |   |   |
|  | <p><b>2016 Finding</b> – Financial decisions are often taken on mining project feasibility rather than analysis of the expected life of the electrical assets. Funding is determined by what is necessary to serve mining functions and funding provided for expansion from mining project feasibility</p> <p><b>2016 Documents Reviewed</b> – Transmission Licence, Asset Register, Environmental Plans and Approvals, Spares List, Commissioning Plans, Karara Mining energy budget, Reticulation plans, Asset management plan, Risk management policy, Risk register, Project management manual, As constructed details, Financial philosophy (Plan)</p> <p><b>2016 Observations</b> – As detailed in 1.1</p> |   |  |   |   | <p><b>2020 Finding</b> – Funding options were unable to be assessed in relation to the Transmission Line.</p> <p><b>2020 Documents reviewed</b> – 7, 12, 17, 22</p> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>Transmission Line operational expenses included in the mine operational budgets.</li> <li>Procurement policies and procedures were provided (although out dated). However, the application to vegetation and acoustic surveys was not demonstrated.</li> <li>.</li> </ul> |   |  |   |   |
|  | <b>2016 Adequacy Rating:</b><br>A  |   | <b>2016 Performance Rating:</b><br>1   |   |   | <b>2020 Adequacy Rating:</b><br>NR  |   | <b>2020 Performance Rating:</b><br>NR  |   |   |
|  | <b>2016 Recommendations:</b><br>• Nil  |   | <b>2016 Action:</b>                    |   |   | <b>2020 Recommendation:</b><br>• Nil  |   | <b>2020 Action:</b><br>• Nil           |   |   |
|  | <b>2020 AUDIT PLAN PRIORITY RATING</b>   |   |  |   |   | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>   |   |  |   |   |
|  | CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major  | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | REVIEW PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA | CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major   | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | REVIEW PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA |
|  | 2  | C   | M                                      | M   | 4   | 2   | B   | M                                      | M   | 4   |
| <b>REVISED REVIEW PRIORITY RATING JUSTIFICATION</b>  |  |   |  |   |   |   |   |  |   |   |
| Very limited documentation was provided by Karara for the preparation of the Audit & Review Plan, as such the Audit Priority Ratings in the Audit Plan were based on publicly available documentation and the previous Asset Management Review. No capital works were anticipated as the transmission line had already been funded, however, due to the lack of data the likelihood was amended to Probable. |  |   |  |   |   |   |   |  |   |   |

| No.   | 2016 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION   | 2020 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION   |  |
|---|--|--|--|
| 1.7   | <p><b>OBLIGATION: Costs are justified and cost drivers identified</b></p> <p><b>2016 Finding</b> – Financial decisions are often taken on metal prices and mining project feasibility rather than analysis of the expected life of the electrical assets. Funding is determined by what is necessary to serve mining functions. Any proposal would include justification of costs and identification of cost drivers including availability and reliability of supply.</p> <p><b>2016 Documents Reviewed</b> – Transmission Licence, Asset Register, Environmental Plans and Approvals, Spares List, Commissioning Plans, Karara Mining energy budget, Reticulation plans, Asset management plan, Risk management policy, Risk register, Project management manual, As constructed details, Financial philosophy (Plan)</p> <p><b>2016 Observations</b> – As detailed in 1.1</p> | <p><b>2020 Finding</b> – The Licensee has not established clear processes to ensure costs were justified and cost drivers were identified with respect to the Transmission Line. A Procurement Policy and Purchasing Procedure have been established but were considerably out of date and have not been reviewed since change of ownership. Application to surveys undertaken throughout the audit period was not evident.</p> <p><b>2020 Documents reviewed</b> – 48, 53, 55</p> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>• No new capital works were carried out during the audit period</li> <li>• Procurement policy defines process.</li> <li>• Procurement policy has no date or revision history</li> <li>• Purchasing procedure has not been amended since 7/6/2012.</li> <li>• KML Authority Matrix was 2013 and refers to “interim” positions</li> </ul>   |  |
| <p><b>2016 Adequacy Rating:</b><br/>A</p>   |  | <p><b>2016 Performance Rating:</b><br/>1</p>   |  |
| <p><b>2016 Recommendations:</b></p> <ul style="list-style-type: none"> <li>• Nil</li> </ul> |  | <p><b>2020 Recommendation:</b></p> <ul style="list-style-type: none"> <li>• <b>R2/2020</b> - Develop and implement an AMP for the Transmission Line compliant to regulatory and contractual requirements.</li> <li>• <b>R4/2020</b> - Undertake and record a risk assessment of the transmission line.</li> <li>• <b>R5/2020</b> - Develop a risk based treatment plan to address issues identified to ensure ongoing compliance and/or accept residual risk. Operational controls should be evident in the AMS and detailed in the AMP i.e. acoustic and vegetation surveys.</li> <li>• <b>R8/2020</b> – Review and implement a Document Management System incorporating existing policies, procedures and supporting documentation for currency and applicability.</li> <li>• <b>R10/2020</b> - Review and document contingency plans and consider risks</li> <li>• <b>R11/2020</b> -Consider carrying out a second acoustic emissions test to establish the extent of any deterioration and address any significant defects. The limitation to operations is understood as such instead of organising an outage for inspection/repair of known defects</li> </ul> |  |

|   |  |   |  |  |   |  |   |  |  |
|---|--|---|--|--|---|--|---|--|--|
|   |  |   |  |  | this approach could allow clearer definition of scope for a planned line outage should it be deemed necessary |  |   |  |  |
| <b>2016 Action:</b>   |  |   |  |  | <b>2020 Action:</b>   |  |   |  |  |
| <ul style="list-style-type: none"> <li>Nil</li> </ul>   |  |   |  |  | <ul style="list-style-type: none"> <li>Refer Post Review Action Plan</li> </ul>                               |  |   |  |  |
| <b>2020 AUDIT PLAN PRIORITY RATING</b>  |  |   |  |  | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>   |  |   |  |  |
| <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major  | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major  | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA |
| 2   | C  | M   | M  | 4  | 2   | B  | M   | M  | 4  |
| <b>REVISED REVIEW PRIORITY RATING JUSTIFICATION</b>   |  |   |  |  |   |  |   |  |  |
| Very limited documentation was provided by Karara for the preparation of the Audit & Review Plan, as such the Audit Priority Ratings in the Audit Plan were based on publicly available documentation and the previous Asset Management Review. No capital works were anticipated as the transmission line had already been built but with the lack of data the likelihood was increased to Probable. |  |   |  |  |   |  |   |  |  |

| No. | 2016 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION  | 2020 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION   |
|-----|---|--|
| 1.8 | <p><b>OBLIGATION: Likelihood and consequences of asset failure are predicted</b></p> <p><b>2016 Finding</b> – The evaluation of risks addressed in the AMP cover the aspects of asset failure and consequences.</p> <p><b>2016 Documents Reviewed</b> – Transmission Licence, Asset Register, Environmental Plans and Approvals, Spares List, Commissioning Plans, Karara Mining energy budget, Reticulation plans, Asset management plan, Risk management policy, Risk register, Project management manual, As constructed details, Financial philosophy (Plan)</p> <p><b>2016 Observations</b> – As detailed in 1.1</p> | <p><b>2020 Finding</b> – Likelihood and consequences of asset failure have not been evaluated and had strategic responses defined. Risk of asset failure consequences and response have not been documented and no policy was presented.</p> <p>It was noted the Licensee undertook a Karara Mining 330kV Powerline Contingency Desktop Audit in April 2017. The report was provided to the audit team on 28/10/20 and was not finalised nor acted upon. The document itself identified many of the concerns raised by this audit report, however, no action was undertaken by management. Retrieval of the final copy of the report was not possible as document system was not used to file report.</p> <p><b>2020 Documents reviewed</b> –<br/>                     1, 2, 3, 9, 14, 19, 40, 41, 44, 45, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 84, 100, 108, 109, 165</p> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>• The only contingency plan in place was the use of back-up generators during outages or supply restrictions. These only covered administration and camp loads and production has to cease.</li> <li>• Although unlikely the collapse of tower(s) had not been evaluated and there was no documented risk assessment in relation to the Transmission Line,</li> <li>• There was no spares stockholding.</li> <li>• Recommendations from the acoustic testing (ultrasonic partial discharge) of the line appear to have not been addressed in SAP one defect was given a P2 level in March 2018 with the recommendation that it was addressed within 3 months. It was noted that 2.5 years since recommendation made it hadn't been entered into SAP as planned work or documented as to why decision to postpone or discount recommendation occurred. This was contrary to the WP maintenance agreement and exposes the business to insurance risk</li> <li>• Record inspection results and actions required in SAP and plan rectification where applicable</li> <li>• Document and justify recommendations not act upon.</li> </ul> |

|  |  |   |                                      |  |  |  |  |   |             |  |  |
|--|--|---|--------------------------------------|--|--|--|--|---|-------------|--|--|
|  |  |   |                                      |  | <ul style="list-style-type: none"> <li>Seek advice from internal Legal Counsel with respect to insurances</li> <li>Karara Mining 330kV Powerline Contingency Desktop Audit would form solid foundation for the development of a risk assessment process for the transmission line.</li> </ul>  |  |  |   |             |  |  |
| <b>2016 Adequacy Rating:</b><br>B  |  |   | <b>2016 Performance Rating:</b><br>1 |  | <b>2020 Adequacy Rating:</b><br>D  |  |  | <b>2020 Performance Rating:</b><br>4          |             |  |  |
| <b>2016 Recommendation:</b> <ul style="list-style-type: none"> <li>1/2016 – Asset Planning - Schedule internal reviews in 2 years and formal review every 5 years for the Asset Management System</li> </ul> |  |   |                                      |  | <b>Recommendation:</b> <ul style="list-style-type: none"> <li><b>R2/2020</b> - Develop and implement an AMP for the Transmission Line compliant to regulatory and contractual requirements.</li> <li><b>R4/2020</b> - Undertake and record a risk assessment of the transmission line.</li> <li><b>R5/2020</b> - Develop a risk based treatment plan to address issues identified to ensure ongoing compliance and/or accept residual risk. Operational controls should be evident in the AMS and detailed in the AMP i.e. acoustic and vegetation surveys.</li> <li><b>R10/2020</b> - Review and document contingency plans and consider risks</li> <li><b>R11/2020</b> -Consider carrying out a second acoustic emissions test to establish the extent of any deterioration and address any significant defects. The limitation to operations is understood as such instead of organising an outage for inspection/repair of known defects this approach could allow clearer definition of scope for a planned line outage should it be deemed necessary</li> <li><b>R19/2020</b> – Review Karara Mining 330kV Powerline Contingency Desktop Audit 20/4/17 and implement recommendations or critically review and document findings and management action</li> </ul> |  |  |   |             |  |  |
| <b>2016 Action:</b> <ul style="list-style-type: none"> <li>Not yet implemented by the end of the previous audit period.</li> </ul>   |  |   |                                      |  | <b>2020 Action:</b> <ul style="list-style-type: none"> <li>Refer Post Review Action Plan</li> </ul>  |  |  |   |             |  |  |
| <b>2020 AUDIT PLAN PRIORITY RATING</b>   |  |   |                                      |  | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>  |  |  |   |             |  |  |
| <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major   | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>RISK</b>                          | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA   | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>RISK</b> | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA |
| 2  | C  | M   |                                      | M  | 4  | 2  | A  | H   |             | W  | 1  |



|  | <b>REVISED REVIEW PRIORITY RATING JUSTIFICATION</b>  |
|--|--|
|  | Very limited documentation was provided by Karara for the preparation of the Audit & Review Plan, as such the Audit Priority Ratings in the Audit Plan were based on publicly available documentation and the previous Asset Management Review. Early discussions and previous Asset Management Review implied potential failures had been considered, evidence in site visit inconsistent with other evidence obtain. |

| No. | 2016 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION   |   | 2020 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION  |  |
|-----|--|---|---|--|
| 1.9 | <b>OBLIGATION: Asset management plan is regularly reviewed and updated</b>   |   |   |  |
|     | <p><b>2016 Finding</b> – The AMP meets this criterion as the responsibility of review of the AMS is assigned to the Superintendent Electrical Maintenance. Annual performance reviews that take place and would be the basis for the AMP review. It was proposed that it be reviewed internally in 2014 and 5 yearly formal reviews of the AMP thereafter.</p> <p><b>2016 Documents Reviewed</b> – Transmission Licence, Asset Register, Environmental Plans and Approvals, Spares List, Commissioning Plans, Karara Mining energy budget, Reticulation plans, Asset management plan, Risk management policy, Risk register, Project management manual, As constructed details, Financial philosophy (Plan)</p> <p><b>2016 Observations</b> – As detailed in 1.1</p> |   | <p><b>2020 Finding</b> – An Asset Management Plan could not be located during the audit period and Management were unaware of any such document. As such it was unlikely that any reviews have been made.</p> <p><b>2020 Documents reviewed</b> –<br/>                     31, 32, 33, 37, 38, 39, 40, 41, 42, 47, 48, 49, 50, 83, 84, 95,</p> <p><b>2020 Observations</b> –</p> <ul style="list-style-type: none"> <li>• There was no AMP and the Electrical Superintendent has indicated that during the audit period and to his knowledge there has not been a documented AMP for the Transmission Line</li> <li>• No overarching AMS was provided.</li> <li>• Although SAP records implied that the AMS had been reviewed no substantive evidence was provided and no versions of the AMS were available.</li> <li>• Cited documents above have not been reviewed during the audit period.</li> <li>• Both the previous Asset Management Reviews identified this as a shortcoming but no action on the Post-Review Implementation Plan had been taken.</li> <li>• Regular review and update the AMP not demonstrated and should be considered once it is created.</li> <li>• Allocation of responsibility for compliance and monitoring implementation was not demonstrated.</li> </ul> |  |
|     | <p><b>2016 Adequacy Rating:</b><br/>                     B</p>   | <p><b>2016 Performance Rating:</b><br/>                     1</p> | <p><b>2020 Adequacy Rating:</b><br/>                     D</p>  | <p><b>2020 Performance Rating:</b><br/>                     NR</p> |
|     | <p><b>2016 Recommendations:</b></p> <ul style="list-style-type: none"> <li>• Nil</li> </ul>  |   | <p><b>2020 Recommendation:</b></p> <ul style="list-style-type: none"> <li>• <b>R1/2020</b> – Formalise and implement an AMS for the transmission line.</li> <li>• <b>R2/2020</b> - Develop and implement an AMP for the Transmission Line compliant to regulatory and contractual requirements.</li> <li>• <b>R7/2020</b> – Ensure employees are adequately trained to understand the requirements of Electricity Transmission Licence and associated contractual</li> </ul>  |  |

|   |  |   |  |  |   |  |   |  |  |
|---|--|---|--|--|---|--|---|--|--|
|   |  |   |  |  | documentation. Consideration could be given incorporating a review of their job descriptions and performance to ensure compliance is achieved <ul style="list-style-type: none"> <li>• <b>R8/2020</b> – Review and implement a Document Management System incorporating existing policies, procedures and supporting documentation for currency and applicability</li> <li>• <b>R12/2020</b> - Establish internal audit processes to monitor risks and ensure compliance with Electricity Transmission Licence requirements and other contractual documentation.</li> </ul> |  |   |  |  |
| <b>2016 Action:</b>   |  |   |  |  | <b>2020 Action:</b>   |  |   |  |  |
| <ul style="list-style-type: none"> <li>• Nil</li> </ul>   |  |   |  |  | <ul style="list-style-type: none"> <li>• Refer Post Review Action Plan</li> </ul>   |  |   |  |  |
| <b>2020 AUDIT PLAN PRIORITY RATING</b>  |  |   |  |  | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>   |  |   |  |  |
| <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major  | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major  | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA |
| 2   | B  | M   | W  | 3  | 2   | A  | M   | W  | 3  |
| <b>REVISED REVIEW PRIORITY RATING JUSTIFICATION</b>   |  |   |  |  |   |  |   |  |  |
| Very limited documentation was provided by Karara for the preparation of the Audit & Review Plan, as such the Audit Priority Ratings in the Audit Plan were based on publicly available documentation and the previous Asset Management Review. No Asset Management Plan could be located which indicates serious deficiencies and risk likelihood was increased. |  |   |  |  |   |  |   |  |  |

| 2. ASSET CREATION AND ACQUISITION  |   | ADEQUACY RATING  | PERFORMANCE RATING |
|--|---|--|--------------------|
| <p><input type="checkbox"/> Assess the adequacy of policies and procedures covering the creation and acquisition of assets</p> <p><input type="checkbox"/> Select a sample of asset creations/ acquisitions over the review period and confirm adequate procedures have been followed and actual costs are as predicted</p> <p><b>Key Process</b> – Asset creation/acquisition is the provision or improvement of assets.</p> <p><b>Outcome</b> – The asset acquisition framework is economic, efficient and cost-effective; it reduces demand for new assets, lowers service costs and improves service delivery.</p> |   | <b>C</b>   | <b>3</b>           |
| No.  | 2016 AUDIT REPORT EVIDENCE/ VERIFICATION/FINDING/ACTION   | 2020 AUDIT REPORT EVIDENCE/ VERIFICATION/FINDING/ACTION  |                    |
| 2.1  | <b>OBLIGATION: Full project evaluations are undertaken for new assets, including comparative assessment of non-asset options</b>  |  |                    |
|  | <p><b>2016 Finding</b> – Asset creation is unlikely outside of mining development or expansion. In that circumstance, there will be comprehensive assessment of creation options and justified as part of the mining project. Non-asset creating solutions would need to be considered against existing capacity and the ability of mine expansion to operate within the capacity. Significant demand management is not likely to be acceptable or satisfy the mine where expansion is required. The most likely options are to utilize existing capacity of the current network or upgrading.</p> <p><b>2016 Documents Reviewed</b> – Asset Register, Commissioning Plans, Reticulation plans, Asset management plan, Project management manual, as constructed details, Sample tender documents were sighted and seen to be comprehensive.</p> <p><b>2016 Observations</b> – The procurement processes are appropriate.</p> <p><i>Policies and procedures for asset creation / sample creation activities</i><br/>                     Procurement of major electricity plant is a very significant exercise taking considerable time. There are documented procedures for creation of fixed assets. There has been no creation in the review period.</p> <p><i>Meeting statutory obligations</i></p> | <p><b>2020 Finding</b> – There has been no requirement to undertake full project evaluations for new assets created during reporting period.</p> <p><b>2020 Documents reviewed</b> –95</p> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>• No new works in reporting period</li> <li>• No new assets were planned within the licence.</li> <li>• The transmission line has the capability of supplying the full design capability of the mine</li> <li>• No project evaluation or project management documentation presented.</li> </ul> |                    |

|   |  |   |  |  |   |  |   |  |  |
|---|--|---|--|--|---|--|---|--|--|
| There are documents and policies requiring contractors to comply with statutory obligations.<br>There are HR standards that deal with non-compliance and the induction process covers these obligations.<br>The asset creation processes are appropriate with extensive project approval processes and standard engineering specifications prepared. The Project execution plan requires compliance with Australian Standards and Codes and Government Acts and Regulations |  |   |  |  |   |  |   |  |  |
| <b>2016 Adequacy Rating:</b><br>NR  |  |   | <b>2016 Performance Rating:</b><br>NR                                    |  | <b>2020 Adequacy Rating:</b><br>NR                      |  |   | <b>2020 Performance Rating:</b><br>NR                                    |  |
| <b>2016 Recommendations:</b><br>• Nil   |  |   | <b>2016 Action:</b><br>• Nil   |  | <b>2020 Recommendation:</b><br>• Nil                    |  |   | <b>2020 Action:</b><br>• Nil   |  |
| <b>2020 AUDIT PLAN PRIORITY RATING</b>  |  |   |  |  | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b> |  |   |  |  |
| <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major  | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major  | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA |
| 2   | B  | M   | M  | 4  | 2   | B  | M   | M  | 4  |
| <b>REVISED REVIEW PRIORITY RATING JUSTIFICATION</b>   |  |   |  |  |   |  |   |  |  |
| No new projects in the auditing period and as such no change in priority rating.  |  |   |  |  |   |  |   |  |  |

| No. | 2016 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION   |  |   |  |  | 2020 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION  |  |   |  |  |
|-----|--|--|---|--|--|---|--|---|--|--|
| 2.2 | <b>OBLIGATION: Evaluations include all life-cycle costs</b>  |  |   |  |  |   |  |   |  |  |
|     | <p><b>2016 Finding</b> – Asset creation is unlikely outside of mining development or expansion where the capital cost is considered as part of the life cycle cost of the mine development. In that circumstance, there will be comprehensive assessment of life cycle costs. The life of the asset is much more likely to be determined by the life of the mine rather than the life of the Transmission asset.</p> <p><b>2016 Documents Reviewed:</b> Asset Register, Commissioning Plans, Reticulation plans, Asset management plan, Project management manual, as constructed details, Sample tender documents were sighted and seen to be comprehensive.</p> <p><b>2016 Observations</b> – As detailed in 2.1</p> |  |   |  |  | <p><b>2020 Finding</b> – No life cycle costing or policy presented and no capital works in the audit period in relation to asset creation. No evaluations undertaken during the audit period.</p> <p><b>2020 Documents reviewed</b> – None presented</p> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>No new works in reporting period.</li> <li>No life cycle costing process has been established. This should be included in the AMP to be developed.</li> <li>Life-cycle costing should be included AMS for planning, acquisition, operation (including maintenance and monitoring) and asset disposal.</li> </ul> |  |   |  |  |
|     | <b>2016 Adequacy Rating:</b><br>A  |  | <b>2016 Performance Rating:</b><br>1          |  |  | <b>2020 Adequacy Rating:</b><br>NR  |  | <b>2020 Performance Rating:</b><br>NR         |  |  |
|     | <b>2016 Recommendations:</b>   |  |   |  |  | <b>2020 Recommendation:</b>   |  |   |  |  |
|     | <ul style="list-style-type: none"> <li>Nil</li> </ul>  |  |   |  |  | <ul style="list-style-type: none"> <li>Nil</li> </ul>   |  |   |  |  |
|     | <b>2016 Action:</b>  |  |   |  |  | <b>2020 Action:</b>   |  |   |  |  |
|     | <ul style="list-style-type: none"> <li>Nil</li> </ul>  |  |   |  |  | <ul style="list-style-type: none"> <li>Nil</li> </ul>   |  |   |  |  |
|     | <b>2020 AUDIT PLAN PRIORITY RATING</b>   |  |   |  |  | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>   |  |   |  |  |
|     | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major   | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major  | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA |
|     | 2  | B  | M   | M  | 4  | 2   | B  | M   | M  | 4  |
|     | <b>REVISED REVIEW PRIORITY RATING JUSTIFICATION</b>  |  |   |  |  |   |  |   |  |  |
|     | No new works in the audit period   |  |   |  |  |   |  |   |  |  |

| No. | 2016 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION   |  |   |             |  | 2020 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION   |  |  |   |             |  |  |
|-----|--|--|---|-------------|--|--|--|--|---|-------------|--|--|
| 2.3 | <b>OBLIGATION: Projects reflect sound engineering and business decisions</b>   |  |   |             |  |  |  |  |   |             |  |  |
|     | <p><b>2016 Finding – The</b> Licensee has the resources in house and by contract to ensure sound engineering and business decisions. There will be no asset creation likely outside mining related development. Extensive use has been made of external consultants for detailed engineering design. Karara has a comprehensive project approval process. Karara has a comprehensive set of standard engineering specifications available for major components of the network.</p> <p><b>2016 Documents Reviewed:</b> Asset Register, Commissioning Plans, Reticulation plans, Asset management plan, Project management manual, as constructed details, Sample tender documents were sighted and seen to be comprehensive.</p> <p><b>2016 Observations –</b> As detailed in 2.1</p> |  |   |             |  | <p><b>2020 Finding –</b> The original transmission line design used QA assessed materials and experienced contractors. The transmission line has performed satisfactorily. No new project works were undertaken during the audit period.</p> <p><b>2020 Documents reviewed –</b><br/>                     49, 50, 53, 80, 86, 87, 88, 89, 90, 95</p> <p><b>2020 Observation:</b></p> <ul style="list-style-type: none"> <li>No new works in reporting period.</li> <li>Some policies apply to the mine site and not necessarily to the transmission line</li> <li>Construction phase policies, some of which form legacy policies for the operational stage in the absence of newer ones, were well prepared.</li> </ul> |  |  |   |             |  |  |
|     | <b>2016 Adequacy Rating:</b><br>A  |  | <b>2016 Performance Rating:</b><br>1          |             |  | <b>2020 Adequacy Rating:</b><br>NR   |  | <b>2020 Performance Rating:</b><br>NR                          |   |             |  |  |
|     | <b>2016 Recommendations:</b><br>• Nil  |  | <b>2016 Action:</b><br>• Nil                  |             |  | <b>2020 Recommendation:</b><br>• Nil   |  | <b>2020 Action:</b><br>• Nil                                   |   |             |  |  |
|     | <b>2020 AUDIT PLAN PRIORITY RATING</b>   |  |   |             |  | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>  |  |  |   |             |  |  |
|     | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major   | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>RISK</b> | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA   | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>RISK</b> | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA |
|     | 2  | B  | M   | M           | M  | 4  | 2  | B  | M   | M           | M  | 4  |
|     | <b>REVISED REVIEW PRIORITY RATING JUSTIFICATION</b>  |  |   |             |  |  |  |  |   |             |  |  |
|     | No new works during the audit period.  |  |   |             |  |  |  |  |   |             |  |  |

| No. | 2016 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION  |  |   |  |  | 2020 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION   |  |   |  |  |
|-----|---|--|---|--|--|--|--|---|--|--|
| 2.4 | <b>OBLIGATION: Commissioning tests are documented and completed</b>   |  |   |  |  |  |  |   |  |  |
|     | <p><b>2016 Finding –</b> The Licensee has the resources in house and by contract to ensure commissioning tests are documented and completed</p> <p><b>2016 Documents Reviewed:</b> Asset Register, Commissioning Plans, Reticulation plans, Asset management plan, Project management manual, as constructed details, Sample tender documents were sighted and seen to be comprehensive.</p> <p><b>2016 Observations –</b> As detailed in 2.1</p> |  |   |  |  | <p><b>2020 Finding –</b> There have been no commissioning tests required during the audit period</p> <p><b>2020 Documents reviewed –</b> None presented</p> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>No new works in reporting period.</li> </ul> |  |   |  |  |
|     | <b>2016 Adequacy Rating:</b><br>A   |  | <b>2016 Performance Rating:</b><br>1          |  |  | <b>2020 Adequacy Rating:</b><br>NR   |  | <b>2020 Performance Rating:</b><br>NR         |  |  |
|     | <b>2016 Recommendations:</b><br>• Nil   |  | <b>2016 Action:</b><br>• Nil                  |  |  | <b>2020 Recommendation:</b><br>• Nil   |  | <b>2020 Action:</b><br>• Nil                  |  |  |
|     | <b>2020 AUDIT PLAN PRIORITY RATING</b>  |  |   |  |  | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>  |  |   |  |  |
|     | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major  | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major   | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA |
|     | 2   | B  | M   | M  | 4  | 2  | B  | M   | M  | 4  |
|     | <b>REVISED REVIEW PRIORITY RATING JUSTIFICATION</b>   |  |   |  |  |  |  |   |  |  |
|     | No new works during the reporting period.   |  |   |  |  |  |  |   |  |  |



| No. | 2016 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION  | 2020 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION  |
|-----|---|---|
| 2.5 | <p><b>OBLIGATION: Ongoing legal / environmental / safety obligations of the asset owner are assigned and understood</b></p> <p><b>2016 Finding</b> – The responsibilities of the AMS are assigned to the Utilities Superintendent and understood. Legal, environmental and safety are key components of new project work within the organisation and are specifically required to be addressed in projects.</p> <p><b>2016 Documents Reviewed:</b> Asset Register, Commissioning Plans, Reticulation plans, Asset management plan, Project management manual, as constructed details, Sample tender documents were sighted and seen to be comprehensive.</p> <p><b>2016 Observations</b> – As detailed in 2.1</p> | <p><b>2020 Finding</b> – During the audit period, the organisation has not demonstrated an understanding of the legal obligations and compliance requirements associated with the Electricity Transmission Licence. In respect to environmental and safety obligations the organisation has demonstrated the use of systemic controls and business processes, such as the INX system and risk based management. However, a review of the Safety performance (Department of Mines Industry Regulation and Safety) suggests that historically the application and use of documentation as an adequate means of control was an organisational wide concern and not just limited to the Transmission Licence.</p> <p><b>2020 Documents reviewed –</b><br/>                     1, 2, 3, 5, 18, 19, 20, 22, 25, 26, 27, 28, 29, 30, 37, 39, 41, 44, 45, 46, 51, 83, 91, 93, 99, 100, 118, 119, 120, 121, 122, 123, 125</p> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>• There appears to be a lack of appreciation of ongoing obligations with respect to the transmission line and little understanding of the ERA licence requirements nor contractual obligations with Western Power, both of which require a regularly reviewed AMS.</li> <li>• Environmental and safety processes appear to be satisfactory for the mine, with reporting to the Department of Mines etc. As there was no or very little activity on the transmission line, which comes under the same policies, we could not assess performance during the reporting period.</li> <li>• Communications were sighted from Manager Environment and Communities (noted these were outside the audit scope) relating to DMIRS Compliance Reporting requirements in regards to clearing of dry or other growth (vegetation) considered by the Inspector to be a potential risk for fire or for any other reason the Inspector may deem was necessary.</li> <li>• The organisation was subject to two separate charges for events one in 2013 and one in 2015 under the Mines Safety and Inspection Act 1994 - Section 9(1) &amp; 9A(2). In both instances fines of \$40,000 were applied. One of the charges was outside the audit period (fine issued 7 August 2015) but detailed systemic issues in regard</li> </ul> |

|  |   |  |  |  |
|--|---|--|--|--|
|  |   | <p>to documentation not being enforced and noted failure to adequately review the task to identify hazards and to control risks was a recurring problem (i.e. JHAs not adhered to). Similarly the second event which occurred on the 3 August 2015 (convicted on 13 February 2019) also raised issue with regard to workers inadequate communications across different onsite work teams and a lack of attention to risk assessment and hazard identification procedures (Refer <a href="http://www.dmp.wa.gov.au/">http://www.dmp.wa.gov.au/</a>.) This is raised to highlight the ineffectiveness of corrective actions undertaken and management review processes for continual improvement. Additionally, it is the Auditor’s opinion that it calls into question the workplace culture of the organisation with respect to the implementation and use of documented processes and risk assessment.</p> <ul style="list-style-type: none"> <li>• No corporate compliance register with due by dates and automatic notifications were in place. Site wide compliance could potentially improve resource allocation where duplicate requirements were applicable i.e. vegetation clearing compliance requirements under ETL6 and DMIRS.</li> <li>• Regulatory and contractual obligations not compiled and monitored.</li> <li>• Maintenance reports and plans to WPC not presented</li> <li>• Transmission line specific issues, visual, acoustic, aerial, inspections, vegetation surveys, access not identified and recorded</li> <li>• Review the site culture in regard to the application of documented procedures as a suitable control measure.</li> </ul> |  |  |
|  | <p><b>2016 Adequacy Rating:</b><br/>A</p>   | <p><b>2016 Performance Rating:</b><br/>1</p>   | <p><b>2020 Adequacy Rating:</b><br/>C</p>  | <p><b>2020 Performance Rating:</b><br/>3</p> |
|  | <p><b>2016 Recommendations:</b></p> <ul style="list-style-type: none"> <li>• Nil</li> </ul> |  | <p><b>2020 Recommendation:</b></p> <ul style="list-style-type: none"> <li>• <b>R6/2020</b> – Develop and maintain a Compliance Register for the Electricity Transmission Licence and contractual requirements and allocate appropriate responsibilities for compliance.</li> <li>• <b>R9/2020</b> - Utilise SAP for planning of inspection and maintenance work, such as acoustic surveys, vegetation surveys, corona, etc and compliance requirements. Ensure records are verifiable with supporting evidence and maintenance costs are detailed. Critical entries should be subject to third party review.</li> <li>• <b>R12/2020</b> - Establish internal audit processes to monitor risks and ensure compliance with Electricity Transmission Licence requirements and other contractual documentation.</li> </ul> |  |

|  |  |   |  |  |   |  |   |  |  |
|--|--|---|--|--|---|--|---|--|--|
| <b>2016 Action:</b><br>• Nil   |  |   |  |  | <b>2020 Action:</b><br>Refer Post Review Action Plan    |  |   |  |  |
| <b>2020 AUDIT PLAN PRIORITY RATING</b>   |  |   |  |  | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b> |  |   |  |  |
| <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major   | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major  | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA |
| 2  | C  | M   | M  | 4  | 2   | A  | H   | W  | 1  |
| <b>REVISED REVIEW PRIORITY RATING JUSTIFICATION</b>  |  |   |  |  |   |  |   |  |  |
| Very limited documentation was provided by Karara for the preparation of the Audit & Review Plan, as such the Audit Priority Ratings in the Audit Plan were based on publicly available documentation and the previous Asset Management Review. Non compliances were identified from public domain documents and as such risk level increased. |  |   |  |  |   |  |   |  |  |

| 3. ASSET DISPOSAL   |   | ADEQUACY RATING  | PERFORMANCE RATING |
|---|---|--|--------------------|
| <p><input type="checkbox"/> Assess the adequacy of policies and procedures covering the identification of under-performing assets, disposal of assets and replacement strategy</p> <p><input type="checkbox"/> Determine whether a regular review of the performance of assets is undertaken</p> <p><input type="checkbox"/> Select a sample of disposals over the review period and confirm adequate procedures have been followed</p> <p><b>Key Process</b> – <i>Asset disposal is the consideration of alternatives for the disposal of surplus, obsolete, under-performing or unserviceable assets.</i></p> <p><b>Outcome</b> – <i>The asset management framework minimises holdings of surplus and underperforming assets and lowers service costs. The cost-benefits of disposal options are evaluated.</i></p> |   | <b>D</b>   | <b>4</b>           |
| No.   | 2016 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION  | 2020 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION   |                    |
| 3.1   | <b>OBLIGATION: Under-utilised and under-performing assets are identified as part of a regular systematic review process</b>   |  |                    |
|   | <p><b>2016 Finding</b> – The AMS meets this criterion. There is little likelihood of disposal of the system or portions thereof outside mining operation imperatives. There are make good requirements in land leases and in the Environmental approval.</p> <p><b>Documents Reviewed</b> – Reticulation plans, Asset management plan, Project management manual</p> <p><b>2016 Observations</b> –<br/> <i>Policies and procedures for asset disposal / sample disposal activities</i></p> <p>There was no disposal action in the review period. Disposal processes are being developed. Removing the licensed plant is unlikely during the life of the customers' mines. The transfer of the Eneabba to Three Springs section may be seen as an asset disposal but is only a financial transaction and not because of life / condition of the asset. The Licensee has been paid for the line. The second circuit used by Western Power for its customer (Golden Grove) was connected on 31 March 2015.</p> | <p><b>2020 Finding</b> – There was no systemic review process established for under-utilised and under performing assets. Defect reports as a result of monitoring have not been acted upon or reviewed.</p> <p>It was noted that the Transmission line performed satisfactorily. Asset disposal was not applicable during the audit period. The Licensee has not well defined an asset disposal process in the absence of an AMP. There was an asset disposal form but undated and appears unimplemented.</p> <p><b>2020 Documents reviewed</b> – 35</p> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>• The transmission line has performed satisfactorily and is not under-utilised.</li> <li>• The Licensee has not established an asset disposal plan.</li> <li>• With the mine possibly being unviable, consideration of asset disposal plan was considered necessary.</li> <li>• KML Disposal form was not document controlled, was out of date and not well understood by employees.</li> <li>• Defects from monitoring reports not acted upon or documented.</li> </ul> |                    |

|   |   |  |   |   |   |   |  |   |   |
|---|---|--|---|---|---|---|--|---|---|
| <p><i>Meeting statutory obligations</i><br/>                 There are documents and policies requiring contractors to comply with statutory obligations. There are HR standards that deal with non-compliance and the induction process covers these obligations. This is addressed under Asset Creation</p>   |   |  |   |   |   |   |  |   |   |
| <p><b>2016 Adequacy Rating:</b><br/>                 A</p>  |   |  | <p><b>2016 Performance Rating:</b><br/>                 1</p>   |   | <p><b>2020 Adequacy Rating:</b><br/>                 D</p>  |   |  | <p><b>2020 Performance Rating:</b><br/>                 4</p>   |   |
| <p><b>2016 Recommendations:</b></p> <ul style="list-style-type: none"> <li>Nil</li> </ul>   |   |  |   |   | <p><b>2020 Recommendation:</b></p> <ul style="list-style-type: none"> <li><b>R8/2020</b> – Review and implement a Document Management System incorporating existing policies, procedures and supporting documentation for currency and applicability.</li> <li><b>R9/2020</b> - Utilise SAP for planning of inspection and maintenance work, such as acoustic surveys, vegetation surveys, corona, etc and compliance requirements. Ensure records are verifiable with supporting evidence and maintenance costs are detailed. Critical entries should be subject to third party review.</li> <li><b>R17/2020</b> – Incorporate asset disposal plan in the AMP, ensure process established for disposal/replacement alternatives and review organisational procedures for asset disposal. Include costs for disposal or refurbishment in the life cycle spreadsheet.</li> </ul> |   |  |   |   |
| <p><b>2016 Action:</b></p> <ul style="list-style-type: none"> <li>Nil</li> </ul>  |   |  |   |   | <p><b>2020 Action:</b></p> <ul style="list-style-type: none"> <li>Refer Post Review Action Plan</li> </ul>  |   |  |   |   |
| <p><b>2020 AUDIT PLAN PRIORITY RATING</b></p>   |   |  |   |   | <p><b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b></p>  |   |  |   |   |
| <p><b>CONSEQUENCE</b><br/>                 1=Minor<br/>                 2=Moderate<br/>                 3=Major</p>   | <p><b>RISK LIKELIHOOD</b><br/>                 A=Likely<br/>                 B=Probable<br/>                 C=Unlikely</p> | <p><b>INHERENT RISK</b><br/>                 Low<br/>                 Medium<br/>                 High</p> | <p><b>ADEQUACY OF EXISTING CONTROLS</b><br/>                 S=Strong<br/>                 M=Moderate<br/>                 W=Weak</p> | <p><b>REVIEW PRIORITY</b><br/>                 1 / 2 / 3 / 4 / 5 / NA</p> | <p><b>CONSEQUENCE</b><br/>                 1=Minor<br/>                 2=Moderate<br/>                 3=Major</p>   | <p><b>RISK LIKELIHOOD</b><br/>                 A=Likely<br/>                 B=Probable<br/>                 C=Unlikely</p> | <p><b>INHERENT RISK</b><br/>                 Low<br/>                 Medium<br/>                 High</p> | <p><b>ADEQUACY OF EXISTING CONTROLS</b><br/>                 S=Strong<br/>                 M=Moderate<br/>                 W=Weak</p> | <p><b>REVIEW PRIORITY</b><br/>                 1 / 2 / 3 / 4 / 5 / NA</p> |
| 2   | C   | M  | M   | 4   | 1   | A   | M  | W   | 3   |
| <p><b>REVISED REVIEW PRIORITY RATING JUSTIFICATION</b></p> <p>Very limited documentation was provided by Karara for the preparation of the Audit &amp; Review Plan, as such the Audit Priority Ratings in the Audit Plan were based on publicly available documentation and the previous Asset Management Review. The Licensee has not established an asset disposal plan or implemented processes.</p> |   |  |   |   |   |   |  |   |   |

| No.  | 2016 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION  |   | 2020 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION |   |
|--|---|---|--|---|
| 3.2  | <b>OBLIGATION: The reasons for under-utilisation or poor performance are critically examined and corrective action or disposal undertaken</b> |   |  |   |
| <p><b>2016 Finding</b> – The most likely issue is plant failures and these are critically examined. There is unlikely to be disposal of the asset but components will be disposed as they become unserviceable.</p> <p><b>Documents Reviewed</b> – Reticulation plans, Asset management plan, Project management manual</p> <p><b>2016 Observations</b> – As detailed in 3.1</p> |   | <p><b>2020 Finding</b> – There have been no under-utilised or poorly performing assets under the Transmission Licence. It was noted that the vegetation and acoustic surveys have not been critically reviewed or corrective action taken. The Licensee has not established and implemented a disposal process.</p> <p><b>2020 Documents reviewed</b> – 35</p> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>• KML Disposal form was not document controlled, was out of date and not well understood by employees.</li> <li>• Employees unaware of asset disposal obligations.</li> <li>• There was no AMP established, asset disposal would form part of this process.</li> <li>• No action taken in regards to condition monitoring reports i.e. acoustic survey defects</li> </ul>              |  |   |
| <p><b>2016 Adequacy Rating:</b><br/>A</p>  |   | <p><b>2016 Performance Rating:</b><br/>1</p>  | <p><b>2020 Adequacy Rating:</b><br/>C</p>                | <p><b>2020 Performance Rating:</b><br/>NR</p> |
| <p><b>2016 Recommendations:</b></p> <ul style="list-style-type: none"> <li>• Nil</li> </ul>  |   | <p><b>2020 Recommendation:</b></p> <ul style="list-style-type: none"> <li>• <b>R9/2020</b> - Utilise SAP for planning of inspection and maintenance work, such as acoustic surveys, vegetation surveys, corona, etc and compliance requirements. Ensure records are verifiable with supporting evidence and maintenance costs are detailed. Critical entries should be subject to third party review.</li> <li>• <b>R11/2020</b> -Consider carrying out a second acoustic emissions test to establish the extent of any deterioration and address any significant defects. The limitation to operations is understood as such instead of organising an outage for inspection/repair of known defects this approach could allow clearer definition of scope for a planned line outage should it be deemed necessary</li> </ul> |  |   |
| <p><b>2016 Action:</b></p> <ul style="list-style-type: none"> <li>• Nil</li> </ul>   |   | <p><b>2020 Action:</b></p> <ul style="list-style-type: none"> <li>• Refer Post Review Action Plan</li> </ul>  |  |   |
| <b>2020 AUDIT PLAN PRIORITY RATING</b>   |   |   | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>  |   |

| CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major     | RISK<br>LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF<br>EXISTING<br>CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | REVIEW<br>PRIORITY<br><br>1 / 2 / 3 / 4 / 5 / NA | CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major | RISK<br>LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF<br>EXISTING<br>CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | REVIEW PRIORITY<br><br>1 / 2 / 3 / 4 / 5 / NA |
|---|--|--|---|--|---|--|--|---|---|
| 2   | C  | M                                      | M   | 4  | 2   | C  | M                                      | M   | 4   |
| <b>REVISED REVIEW PRIORITY RATING JUSTIFICATION</b> |  |  |   |  |   |  |  |   |   |
| No change to review priority rating.                |  |  |   |  |   |  |  |   |   |

| No. | 2016 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION   | 2020 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION   |
|-----|--|--|
| 3.3 | <p><b>OBLIGATION: Disposal alternatives are evaluated</b></p> <p><b>2016 Finding –</b> The AMS meets this criterion. There is little likelihood of disposal of the system or portions thereof outside mining operation imperatives.</p> <p><b>Documents Reviewed –</b> Reticulation plans, Asset management plan, Project management manual</p> <p><b>2016 Observations –</b> As detailed in 3.1</p> | <p><b>2020 Finding –</b> There was no AMP and no evaluation process demonstrated for disposal alternatives to be evaluated during the audit period. No disposal of assets occurred during the audit period.</p> <p><b>2020 Documents reviewed –</b> 35</p> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>The transmission line has performed satisfactorily.</li> <li>The Licensee has not established an asset disposal plan.</li> <li>With the mine possibly being unviable, consideration of asset disposal plan was considered necessary.</li> <li>KML Disposal form has no document control, was out of date and not well understood by employees.</li> </ul> |
|     | <p><b>2016 Adequacy Rating:</b><br/>A</p> <p><b>2016 Performance Rating:</b><br/>1</p>   | <p><b>2020 Adequacy Rating:</b><br/>D</p> <p><b>2020 Performance Rating:</b><br/>NR</p>  |
|     | <p><b>2016 Recommendations:</b></p> <ul style="list-style-type: none"> <li>Nil</li> </ul>  | <p><b>2020 Recommendation:</b></p> <ul style="list-style-type: none"> <li><b>R17/2020 –</b> Incorporate asset disposal plan in the AMP, ensure process established for disposal/replacement alternatives and review organisational procedures for asset disposal. Include costs for disposal or refurbishment in the life cycle spreadsheet.</li> </ul>  |
|     | <p><b>2016 Action:</b></p> <ul style="list-style-type: none"> <li>Nil</li> </ul>   | <p><b>2020 Action:</b></p> <ul style="list-style-type: none"> <li>Refer Post Review Action Plan</li> </ul>   |

| 2020 AUDIT PLAN PRIORITY RATING  |   |  |   |   | 2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING |   |  |   |   |
|--|---|--|---|---|--|---|--|---|---|
| CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major  | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | REVIEW PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA | CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major  | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | REVIEW PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA |
| 2  | C   | M                                      | M   | 4   | 1  | C   | L                                      | W   | 3   |
| <b>REVISED REVIEW PRIORITY RATING JUSTIFICATION</b>  |   |  |   |   |  |   |  |   |   |
| Very limited documentation was provided by Karara for the preparation of the Audit & Review Plan, as such the Audit Priority Ratings in the Audit Plan were based on publicly available documentation and the previous Asset Management Review. No asset disposal process has been considered. |   |  |   |   |  |   |  |   |   |



| No. | 2016 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION   |   |  |   |   | 2020 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION   |   |  |   |   |
|-----|--|---|--|---|---|--|---|--|---|---|
| 3.4 | <b>OBLIGATION: There is a replacement strategy for assets</b>  |   |  |   |   |  |   |  |   |   |
|     | <p><b>2016 Finding – The AMS meets this criterion and allows for plant replacement.</b><br/>                     Replacement will be determined by expansion need or a finding from condition based maintenance. There are make good requirements in land leases and in the Environmental approval.</p> <p><b>Documents Reviewed –</b> Reticulation plans, Asset management plan, Project management manual</p> <p><b>2016 Observations –</b> As detailed in 3.1</p> |   |  |   |   | <p><b>2020 Finding –</b> There no replacement strategy for assets established during the audit period. It was understood that replacement of assets was unlikely, however, asset replacement at a component level was feasible. It was noted the defect reports from condition monitoring were not critically reviewed.</p> <p><b>2020 Documents reviewed –</b> 35</p> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>The transmission line's life were expected to exceed that of the mine.</li> <li>Asset replacement at a component level has not been considered</li> </ul> |   |  |   |   |
|     | <b>2016 Adequacy Rating:</b><br>A  |   | <b>2016 Performance Rating:</b><br>1   |   |   | <b>2020 Adequacy Rating:</b><br>D  |   | <b>2020 Performance Rating:</b><br>NR  |   |   |
|     | <p><b>2016 Recommendations:</b></p> <ul style="list-style-type: none"> <li>Nil</li> </ul>  |   |  |   |   | <p><b>2020 Recommendation:</b></p> <ul style="list-style-type: none"> <li><b>R17/2020 –</b> Incorporate asset disposal plan in the AMP, ensure process established for disposal/replacement alternatives and review organisational procedures for asset disposal. Include costs for disposal or refurbishment in the life cycle spreadsheet.</li> </ul>  |   |  |   |   |
|     | <p><b>2016 Action:</b></p> <ul style="list-style-type: none"> <li>Nil</li> </ul>   |   |  |   |   | <p><b>2020 Action:</b></p> <ul style="list-style-type: none"> <li>Refer Post Review Action Plan</li> </ul>   |   |  |   |   |
|     | <b>2020 AUDIT PLAN PRIORITY RATING</b>   |   |  |   |   | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>  |   |  |   |   |
|     | CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major  | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | REVIEW PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA | CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major  | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | REVIEW PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA |
|     | 2  | C   | M                                      | M   | 4   | 2  | C   | M                                      | M   | 4   |
|     | <b>REVISED REVIEW PRIORITY RATING JUSTIFICATION</b>  |   |  |   |   |  |   |  |   |   |
|     | No change to review priority rating.   |   |  |   |   |  |   |  |   |   |

| 4. ENVIRONMENTAL ANALYSIS  |  | ADEQUACY RATING  | PERFORMANCE RATING |
|--|--|--|--------------------|
| <p><input type="checkbox"/> Review achievement of performance and service standards over the review period</p> <p><input type="checkbox"/> Investigate any statutory or regulatory breaches and assess corrective action taken</p> <p><input type="checkbox"/> Review the adequacy of reporting and monitoring tools</p> <p><b>Key Process</b> – Environmental analysis examines the asset management system environment and assesses all external factors affecting the asset management system.</p> <p><b>Outcome</b> – The asset management system regularly assesses external opportunities and threats and identifies corrective action to maintain performance requirements.</p> |  | <b>D</b>   | <b>4</b>           |
| No.  | 2016 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION   | 2020 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION   |                    |
| 4.1  | <b>OBLIGATION: Opportunities and threats in the asset management system environment are assessed</b>   |  |                    |
|  | <p><b>2016 Finding</b> – Opportunities are unlikely outside mining initiatives. The facilities are subject to SWIN network threats such as outages, voltage, frequency, fault and stability performance</p> <p><b>Documents Reviewed</b> – Environmental Plans and Approvals, Reticulation plans, Asset management plan, Risk management policy, Risk register, Project management manual</p> <p><b>2016 Observations</b> – There are no environmental non-compliances reported. Karara monitors and considers the mining environment in which it operates.</p> <p><i>Standards / monitoring / reporting / breaches</i></p> <p>The Licensee has an Environmental Management Plan (EMP). Reporting and monitoring tools are appropriate. The Licensee has a number of environmental licences and no unresolved issues have arisen with respect to environmental matters. No non-compliances have been reported. The principal external threats to the assets relate to storms or bush fires to Transmission assets. Given the close relationship to the mines there are little threats of external competition to the assets. The capability to meet customer capacity requirements is part of the asset management plan.</p> | <p><b>2020 Finding</b> – Opportunities and threats in the asset management system environment were not assessed in detailed or a formalized manner with regard to the Transmission Line.</p> <p><b>2020 Documents reviewed</b> –<br/>                     1, 2, 3, 39, 40, 41, 43, 44, 45, 83, 94, 99, 100, 108, 109</p> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>• No Transmission Line opportunities and threats seen to be assessed, some risks of failures in compliance and operation were not considered.</li> <li>• Poor record keeping could result in insurance claim rejection or reduction, legal action, loss of licence, step in rights etc.</li> <li>• Covid-19 response was relatively thorough, e.g. checks before flights (to site only), masks whilst in transit, sanitiser applied at mess.</li> <li>• No review of opportunities and threats, document with rationale rating and where necessary prepare response or avoidance measures.</li> <li>• No regular review and maintenance of a risk register</li> </ul> |                    |

|   |  |   |  |   |  |  |   |  |   |
|---|--|---|--|---|--|--|---|--|---|
| <b>2016 Adequacy Rating:</b><br>A   |  | <b>2016 Performance Rating:</b><br>1              |  |   | <b>2020 Adequacy Rating:</b><br>D  |  | <b>2020 Performance Rating:</b><br>4              |  |   |
| <b>2016 Recommendations:</b><br><ul style="list-style-type: none"> <li>Nil</li> </ul>   |  |   |  |   | <b>2020 Recommendation:</b><br><ul style="list-style-type: none"> <li><b>R4/2020</b> - Undertake and record a risk assessment of the transmission line.</li> <li><b>R5/2020</b> - Develop a risk based treatment plan to address issues identified to ensure ongoing compliance and/or accept residual risk. Operational controls should be evident in the AMS and detailed in the AMP i.e. acoustic and vegetation surveys.</li> <li><b>R12/2020</b> - Establish internal audit processes to monitor risks and ensure compliance with Electricity Transmission Licence requirements and other contractual documentation.</li> </ul> |  |   |  |   |
| <b>2016 Action:</b><br><ul style="list-style-type: none"> <li>Nil</li> </ul>  |  |   |  |   | <b>2020 Action:</b><br><ul style="list-style-type: none"> <li>Refer Post Review Action Plan</li> </ul>   |  |   |  |   |
| <b>2020 AUDIT PLAN PRIORITY RATING</b>  |  |   |  |   | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>  |  |   |  |   |
| <b>CONSEQUEN<br/>CE</b><br>1=Minor<br>2=Moderate<br>3=Major   | <b>RISK<br/>LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT<br/>RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY<br/>OF EXISTING<br/>CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW<br/>PRIORITY</b><br>1 / 2 / 3 / 4 / 5 /<br>NA | <b>CONSEQUEN<br/>CE</b><br>1=Minor<br>2=Moderate<br>3=Major  | <b>RISK<br/>LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT<br/>RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY<br/>OF EXISTING<br/>CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW<br/>PRIORITY</b><br>1 / 2 / 3 / 4 / 5 /<br>NA |
| 2   | C  | M   | M  | 4   | 2  | B  | M   | W  | 3   |
| <b>REVISED REVIEW PRIORITY RATING JUSTIFICATION</b>   |  |   |  |   |  |  |   |  |   |
| Very limited documentation was provided by Karara for the preparation of the Audit & Review Plan, as such the Audit Priority Ratings in the Audit Plan were based on publicly available documentation and the previous Asset Management Review. There has been no risk assessment undertaken and opportunities and threats have not been considered in relation to the transmission line. |  |   |  |   |  |  |   |  |   |

| No.  | 2016 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION   |   | 2020 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION |  |
|--|--|---|--|--|
| 4.2  | <b>OBLIGATION: Performance standards (availability of service, capacity, continuity, emergency response, etc.) are measured and achieved</b> |   |  |  |
| <p><b>2016 Finding</b> – The AMS meets this criterion with service standards defined. There has not been a customer to apply them to and performance statistics from the Network Reliability Code are not applicable without a customer. With Western Power wheeling power to their customer they will be responsible the power quality and supply continuity and metering requirements for that customer. As supply is to the mining industry, capacity is only considered on a project by project basis. Forecasting for expansion is not relevant in this environment. Mining expansion is not predictable in the normal sense as it is heavily dependent on exploration and metal markets.</p> <p><b>2016 Documents Reviewed</b> – Environmental Plans and Approvals, Reticulation plans, Asset management plan, Risk management policy, Risk register, Project management manual</p> <p><b>2016 Observations</b> – As detailed in 4.1</p> |  | <p><b>2020 Finding</b> – Performance standards were detailed in contractual documentation and monitored, line performance has been satisfactory during the audit period. The Licensee has established crisis management and emergency response processes. It was noted the SCADA overloaded and limited capability with reduction of data points requiring a review upgrading SCADA system or a simpler dedicated Transmission line data acquisition system.</p> <p><b>2020 Documents reviewed</b> –<br/>62, 116, 117, 118, 119, 120,</p> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>• Performance standards were measured by third parties, WPC, MetroPower AMSC and not necessarily reported to Karara.</li> <li>• Reactive response to deviations by getting data from contractors.</li> <li>• SCADA overloaded and limited capability requiring a reduction of data points.</li> <li>• Operation of the line has been relatively benign with few incidents, but consequence include total loss of production and revenue</li> <li>• Emergency, incident and crisis management plans were in place but there were some administrative inconsistencies and the documents were in need of review</li> </ul> |  |  |
| <p><b>2016 Adequacy Rating:</b><br/>A</p>  |  | <p><b>2016 Performance Rating:</b><br/>1</p>  | <p><b>2020 Adequacy Rating:</b><br/>B</p>                | <p><b>2020 Performance Rating:</b><br/>3</p> |
| <p><b>2016 Recommendations:</b></p> <ul style="list-style-type: none"> <li>• Nil</li> </ul>  |  | <p><b>2020 Recommendation:</b></p> <ul style="list-style-type: none"> <li>• <b>R8/2020</b> – Review and implement a Document Management System incorporating existing policies, procedures and supporting documentation for currency and applicability.</li> <li>• <b>R13/2020</b> – Implement INX or other appropriate system to record non-standard performances and report to management to ensure compliance and performance of the transmission line.</li> <li>• <b>R14/2020</b> - Review upgrading SCADA system or a simpler dedicated Transmission line data acquisition system.</li> </ul>  |  |  |
| <p><b>2016 Action:</b></p> <ul style="list-style-type: none"> <li>• Nil</li> </ul>   |  | <p><b>2020 Action:</b></p> <ul style="list-style-type: none"> <li>• Refer Post Review Action Plan</li> </ul>  |  |  |

| 2020 AUDIT PLAN PRIORITY RATING                     |   |  |   |   | 2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING |   |  |   |   |
|---|---|--|---|---|--|---|--|---|---|
| CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major     | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | REVIEW PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA | CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major  | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | REVIEW PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA |
| 2   | C   | M                                      | M   | 4   | 2  | B   | M                                      | M   | 4   |
| <b>REVISED REVIEW PRIORITY RATING JUSTIFICATION</b> |   |  |   |   |  |   |  |   |   |
| No change to review priority ratings.               |   |  |   |   |  |   |  |   |   |

| No.   | 2016 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION                 |   | 2020 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION |   |  |  |  |
|---|--|---|--|---|--|--|--|
| 4.3   | <b>OBLIGATION: Compliance with statutory and regulatory requirements</b> |   |  |   |  |  |  |
| <p><b>2016 Finding</b> – The Licensee’s HR policy documents require compliance with statutory and regulatory obligations. There have been no noted environmental breaches for the assets covered by the licence during the review period.<br/>                     Procedures at site require environmental approval for new projects, clearing of ground, protection of threaten birdlife and other activities that impact the environment. Policy documents were sighted.</p> <p><b>2016 Documents Reviewed</b> – Environmental Plans and Approvals, Reticulation plans, Asset management plan, Risk management policy, Risk register, Project management manual</p> <p><b>2016 Observations</b> – As detailed in 4.1</p> |  | <p><b>2020 Finding</b> – Compliance with statutory and regulatory requirements was not well demonstrated. There were no compliance process established, regulatory requirements were not well understood with regard to the Electricity Transmission Licence. The performance of the Transmission Line was satisfactory.</p> <p><b>2020 Documents reviewed</b> –<br/>                     1, 3, 93, 100, 104, 105, 106, 107, 111, 112, 113, 114, 115, 125</p> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>Regulatory and contractual obligations were not evident, for example absence of an AMP, change to 100% Ansteel not formally advised to ERA and contract parties, AMS not reviewed, many policies apply to the construction phase rather than operational phase.</li> <li>Line performs well so organisation complacent in regard to compliance requirements due to lack of appreciation of obligations, training and awareness</li> <li>Avoid duplication with reporting, different bodies may require the same data, a centralised compliance register for the organisation would help facilitate this goal.</li> <li>Environmental and OHS section had some processes in place</li> </ul> |  |   |  |  |  |
| <p><b>2016 Adequacy Rating:</b><br/>A</p>   |  | <p><b>2016 Performance Rating:</b><br/>1</p>  |  | <p><b>2020 Adequacy Rating:</b><br/>C</p> |  | <p><b>2020 Performance Rating:</b><br/>3</p> |  |
| <p><b>2016 Recommendations:</b></p> <ul style="list-style-type: none"> <li>Nil</li> </ul>   |  | <p><b>2020 Recommendation:</b></p> <ul style="list-style-type: none"> <li><b>R6/2020</b> – Develop and maintain a Compliance Register for the Electricity Transmission Licence and contractual requirements and allocate appropriate responsibilities for compliance.</li> <li><b>R7/2020</b> – Ensure employees are adequately trained to understand the requirements of Electricity Transmission Licence and associated contractual documentation. Consideration could be given incorporating a review of their job descriptions and performance.</li> <li><b>R8/2020</b> – Review and implement a Document Management System incorporating existing policies, procedures and supporting documentation for currency and applicability.</li> </ul>   |  |   |  |  |  |

|   |  |   |  |  |   |  |   |  |  |  |  |
|---|--|---|--|--|---|--|---|--|--|--|--|
|   |  |   |  |  | <ul style="list-style-type: none"> <li><b>R12/2020</b> - Establish internal audit processes to monitor risks and ensure compliance with Electricity Transmission Licence requirements and other contractual documentation.</li> </ul> |  |   |  |  |  |  |
| <b>2016 Action:</b> <ul style="list-style-type: none"> <li>Nil</li> </ul>   |  |   |  |  | <b>2020 Action:</b> <ul style="list-style-type: none"> <li>Refer Post Review Action Plan</li> </ul>   |  |   |  |  |  |  |
| <b>2020 AUDIT PLAN PRIORITY RATING</b>  |  |   |  |  | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>   |  |   |  |  |  |  |
| <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major  | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major  | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA |  |  |
| 2   | C  | M   | M  | 4  | 2   | C  | M   | W  | 3  |  |  |
| <b>REVISED REVIEW PRIORITY RATING JUSTIFICATION</b>   |  |   |  |  |   |  |   |  |  |  |  |
| Very limited documentation was provided by Karara for the preparation of the Audit & Review Plan, as such the Audit Priority Ratings in the Audit Plan were based on publicly available documentation and the previous Asset Management Review. Compliance not well demonstrated. |  |   |  |  |   |  |   |  |  |  |  |

| No. | 2016 AUDIT REPORT EVIDENCE/ VERIFICATION/FINDING/ACTION  |                                      | 2020 AUDIT REPORT EVIDENCE/ VERIFICATION/FINDING/ACTION  |                                      |
|-----|--|--------------------------------------|--|--------------------------------------|
| 4.4 | <b>OBLIGATION: Service standard (customer service levels etc) are measured and achieved.</b>   |                                      |  |                                      |
|     | <p><b>2016 Finding</b> – The AMP defines the customer service levels. Environmental requirements are met. There are no external customers to consider as part of the environment and outages</p> <p><b>2016 Documents Reviewed</b> – Environmental Plans and Approvals, Reticulation plans, Asset management plan, Risk management policy, Risk register, Project management manual</p> <p><b>2016 Observations</b> – As detailed in 4.1</p> |                                      | <p><b>2020 Finding</b> – The line has performed satisfactorily and there have been no disputes with Western Power or the mine in regards to performance. Service standard (customer service levels etc) were defined, measured. It was noted that some service standards were not achieved in relation to contractual documentation.</p> <p><b>2020 Documents reviewed</b> –<br/>                     1, 3, 6, 11, 16, 21, 50, 80, 95, 100, 125</p> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>• Performance standards were measured by third parties, WPC, MetroPower AMSC and not necessarily reported to Karara.</li> <li>• Electrical non-compliances have been addressed successfully.</li> <li>• Some electrical non-compliances early in the audit period but rectified with VAR compensation adjustments.</li> <li>• Documentation on these not presented.</li> <li>• Wheeling Agreement covers third party users of the towers</li> <li>• Contractual obligations to WPC relating to aerial survey not complied with. (meeting and inspections have not complied with WPC) Both ERA and WP require an AMP to be developed and maintained.</li> </ul> |                                      |
|     | <b>2016 Adequacy Rating:</b><br>A  | <b>2016 Performance Rating:</b><br>1 | <b>2020 Adequacy Rating:</b><br>C  | <b>2020 Performance Rating:</b><br>3 |
|     | <b>2016 Recommendations:</b><br>Nil  |                                      | <b>2020 Recommendation:</b>  |                                      |
|     |  |                                      | <ul style="list-style-type: none"> <li>• <b>R1/2020</b> – Formalise and implement an AMS for the transmission line.</li> <li>• <b>R2/2020</b> - Develop and implement an AMP for the Transmission Line compliant to regulatory and contractual requirements.</li> <li>• <b>R6/2020</b> – Develop and maintain a Compliance Register for the Electricity Transmission Licence and contractual requirements and allocate appropriate responsibilities for compliance.</li> </ul>   |                                      |



|   |   |  |  |  |   |   |  |  |  |
|---|---|--|--|--|---|---|--|--|--|
|   |   |  |  |  | <ul style="list-style-type: none"> <li><b>R9/2020</b> - Utilise SAP for planning of inspection and maintenance work, such as acoustic surveys, vegetation surveys, corona, etc and compliance requirements. Ensure records are verifiable with supporting evidence and maintenance costs are detailed. Critical entries should be subject to third party review.</li> </ul> |   |  |  |  |
| <b>2016 Action:</b> <ul style="list-style-type: none"> <li>Nil</li> </ul>   |   |  |  |  | <b>2020 Action:</b> <ul style="list-style-type: none"> <li>Refer Post Review Action Plan</li> </ul>   |   |  |  |  |
| <b>2020 AUDIT PLAN PRIORITY RATING</b>  |   |  |  |  | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>   |   |  |  |  |
| <b>CONSEQUEN<br/>                     CE</b><br>1=Minor<br>2=Moderate<br>3=Major  | <b>RISK<br/>                     LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT<br/>                     RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY<br/>                     OF EXISTING<br/>                     CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW<br/>                     PRIORITY</b><br>1 / 2 / 3 / 4 / 5 /<br>NA | <b>CONSEQUEN<br/>                     CE</b><br>1=Minor<br>2=Moderate<br>3=Major  | <b>RISK<br/>                     LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT<br/>                     RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY<br/>                     OF EXISTING<br/>                     CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW<br/>                     PRIORITY</b><br>1 / 2 / 3 / 4 / 5 /<br>NA |
| 2   | C   | M  | M  | 4  | 2   | C   | M  | M  | 4  |
| <b>REVISED REVIEW PRIORITY RATING JUSTIFICATION</b>   |   |  |  |  |   |   |  |  |  |
| Very limited documentation was provided by Karara for the preparation of the Audit & Review Plan, as such the Audit Priority Ratings in the Audit Plan were based on publicly available documentation and the previous Asset Management Review. Compliance not well demonstrated. |   |  |  |  |   |   |  |  |  |

| 5. ASSET OPERATIONS   |  | ADEQUACY RATING   | PERFORMANCE RATING |
|---|--|---|--------------------|
| <input type="checkbox"/> Assess the adequacy of policies and procedures covering operations functions<br><input type="checkbox"/> Assess the adequacy of staff resourcing and training<br><input type="checkbox"/> Confirm the policies and procedures have been followed during the review period by examining the asset register, observing operational procedures, analysing costs, etc.<br><input type="checkbox"/> Assess the significance of exceptions identified and whether adequate corrective action has been taken<br><br><b>Key Process</b> – <i>Asset operations is the day-to-day running of assets (where the asset is used for its intended purpose).</i><br><br><b>Outcome</b> – <i>The asset operation plans adequately document the processes and knowledge of staff in the operation of assets so service levels can be consistently achieved.</i> |  | <b>C</b>  | <b>4</b>           |
| No.   | 2016 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION   | 2020 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION  |                    |
| 5.1   | <b>OBLIGATION: Operational policies and procedures are documented and linked to service levels required</b>  |   |                    |
|   | <p><b>2016 Finding</b> – The AMS meets this criterion with service standards defined. Due to the size and topology of the network there is no requirement for additional formal documentation.<br/>                     The Transmission system is static and does not require operation outside maintenance/fault switching. Operational policies are substantially maintenance/reliability matters and those dictated by SWIN system requirements.</p> <p><b>2016 Documents Reviewed</b> – Asset Register, Environmental Plans and Approvals, Spares List, Commissioning Plans, Karara Mining energy budget, Reticulation plans, Asset management plan, Risk management policy, Risk register, Project management manual</p> <p><b>2016 Observations</b> –<br/> <i>Policies and procedures for asset operation / sample activities</i><br/>                     The system is operated by Western Power from the Three Springs end and by Karara at the mine end. The asset operation is appropriate for the duty. The line from Eneabba to Three springs (about 98km) was transferred to Western Power in the audit period. Western Power operated and maintained this segment both before and after the transfer. The use of the second circuit by Western Power for its customer (Golden Grove) was cut over on 31 March 2015. The Licensee had no control over these segments at any time. The demands of the mining process dictate continuous supply but due to the nature of radial</p> | <p><b>2020 Finding</b> – Operational policies and procedures were not well documented and linked to service levels required. The majority of document supplied was deficient and/or could not be provided. Several contractual and regulatory obligations were not evident in the policies and procedures and compliance has not been achieved.</p> <p><b>2020 Documents reviewed</b> –<br/>                     1, 2, 3, 13, 18, 23, 31, 32, 34, 35, 39, 40, 41, 43, 44, 45, 48, 49, 50, 51, 99, 100, 125,</p> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>• Asset Register was financial only and does not assess asset condition.</li> <li>• No Asset Management Plan developed</li> <li>• Risk Register does not encompass the Transmission Line</li> <li>• The line was operated by Western Power, who have control over the Three Springs 330kV circuit breaker and protection intertrip to the 330kV circuit breaker at Karara.</li> <li>• Karara were obliged to maintain their load to certain parameters and responsible for line maintenance.</li> <li>• No documented evidence was given of an AMS, annually reviewed, being given to Western Power, as required under the contracts.</li> <li>• The actual performance of the transmission line during the audit period was satisfactory but was not well documented.</li> </ul> |                    |

|  |  |   |                                      |  |  |  |  |   |             |  |  |
|--|--|---|--------------------------------------|--|--|--|--|---|-------------|--|--|
| feed supply some interruptions are always going to occur. The Licensee records outages manually. The service levels are defined. The asset register is part of the maintenance system and supported by spread sheets and standard procedures.<br><br><i>Training/ resources / exceptions</i><br>The Licensee and Western Power operate the plant. The resourcing is considered appropriate for the size of the network and ongoing training is evident, as are the operating procedures and practices. Plant operation and related maintenance appears to take due allowance of any possible faults or operating requirements in the licensed plant. |  |   |                                      |  | <ul style="list-style-type: none"> <li>No formally documented evidence of risk analysis and contingency plans for the transmission lines</li> </ul>  |  |  |   |             |  |  |
| <b>2016 Adequacy Rating:</b><br>A  |  |   | <b>2016 Performance Rating:</b><br>1 |  | <b>2020 Adequacy Rating:</b><br>C  |  |  | <b>2020 Performance Rating:</b><br>3          |             |  |  |
| <b>2016 Recommendations:</b> <ul style="list-style-type: none"> <li>Nil</li> </ul>   |  |   |                                      |  | <b>2020 Recommendation:</b> <ul style="list-style-type: none"> <li><b>R1/2020</b> – Formalise and implement an AMS for the transmission line.</li> <li><b>R2/2020</b> - Develop and implement an AMP for the Transmission Line compliant to regulatory and contractual requirements.</li> <li><b>R5/2020</b> - Develop a risk based treatment plan to address issues identified to ensure ongoing compliance and/or accept residual risk. Operational controls should be evident in the AMS and detailed in the AMP i.e. acoustic and vegetation surveys</li> <li><b>R6/2020</b> – Develop and maintain a Compliance Register for the Electricity Transmission Licence and contractual requirements and allocate appropriate responsibilities for compliance.</li> <li><b>R8/2020</b> – Review and implement a Document Management System incorporating existing policies, procedures and supporting documentation for currency and applicability</li> </ul> |  |  |   |             |  |  |
| <b>2016 Action:</b> <ul style="list-style-type: none"> <li>Nil</li> </ul>  |  |   |                                      |  | <b>2020 Action:</b> <ul style="list-style-type: none"> <li>Refer Post Review Action Plan</li> </ul>  |  |  |   |             |  |  |
| <b>2020 AUDIT PLAN PRIORITY RATING</b>   |  |   |                                      |  | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>  |  |  |   |             |  |  |
| <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major   | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>RISK</b>                          | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA   | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>RISK</b> | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA |
| 2  | C  | M   |                                      | M  | 4  | 2  | A  | H   |             | W  | 1  |

| <b>REVISED REVIEW PRIORITY RATING JUSTIFICATION</b> |
|---|
|---|

|   |
|---|
| Very limited documentation was provided by Karara for the preparation of the Audit & Review Plan, as such the Audit Priority Ratings in the Audit Plan were based on publicly available documentation and the previous Asset Management Review. Priority raised as transmission line was a critical item in supply and no back up for production was available. |
|---|

| No.                                       | 2016 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION   | 2020 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION   |   |  |
|---|--|--|---|--|
| 5.2                                       | <p><b>OBLIGATION: Risk management is applied to prioritise operations tasks</b></p> <p><b>2016 Finding –</b> There is very little operational control as the assets are predominantly operated for maintenance requirements. Simple risk analysis is applied by developing a task hazard analysis for all tasks on the site.</p> <p><b>2016 Documents Reviewed:</b> Asset Register, Environmental Plans and Approvals, Spares List, Commissioning Plans, Karara Mining energy budget, Reticulation plans, Asset management plan, Risk management policy, Risk register, Project management manual</p> <p><b>2016 Observations –</b> As detailed in 5.1</p> | <p><b>2020 Finding –</b> Risk management has not been applied to prioritise operational tasks. The transmission line was not included in any of the risk analysis sighted.</p> <p><b>2020 Documents reviewed –</b><br/>50, 79, 83, 84, 94</p> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>• No evidence that risk management has been undertaken for the transmission line. It was not considered in any of the risk assessments presented.</li> <li>• The acoustic report identifies defects requiring response, however, there has been no action undertaken.</li> <li>• No details of insurance policy requirements were presented.</li> <li>• There were some discrepancies in regards to the line length, and consequently tower locations, from the previous audit, line proposed route chainage in contracts and Karara’s claimed length of 106km appear to differ. Actual line length, sourced from Downers approved construction schedule, has been confirmed at 104.312km (assuming this excludes the final chainage which was outside the scope of the Transmission licence and would equate to the 106km length quoted by the Licensee)</li> <li>• It was noted during the inspection of the transmission line that the plates identifying the towers number and location were quite faded and difficult to read.</li> <li>• No operational controls evident in the AMS and detailed in the AMP i.e. acoustic and vegetation surveys.</li> <li>• WPC use a different numbering system to that on the towers which could lead to confusion in identifying towers.</li> <li>• Consideration could be given to actioning items such as acoustic survey defects in a risk based assessment and act upon them if deemed necessary. If not determined necessary, a documented justification should be defined for the residual risk.</li> <li>• Consideration as to the impacts of not acting upon third party advice should be considered in terms of insurance liability.</li> </ul> |   |  |
| <p><b>2016 Adequacy Rating:</b><br/>A</p> |  | <p><b>2016 Performance Rating:</b><br/>1</p>   | <p><b>2020 Adequacy Rating:</b><br/>C</p> | <p><b>2020 Performance Rating:</b><br/>3</p> |

|   |  |   |  |  |  |  |   |  |  |
|---|--|---|--|--|--|--|---|--|--|
| <b>2016 Recommendations:</b> <ul style="list-style-type: none"> <li>Nil</li> </ul>  |  |   |  |  | <b>2020 Recommendation:</b> <ul style="list-style-type: none"> <li><b>R4/2020</b> - Undertake and record a risk assessment of the transmission line.</li> <li><b>R5/2020</b> - Develop a risk based treatment plan to address issues identified to ensure ongoing compliance and/or accept residual risk.</li> <li><b>R8/2020</b> – Review and implement a Document Management System incorporating existing policies, procedures and supporting documentation for currency and applicability</li> <li><b>R12/2020</b> - Establish internal audit processes to monitor risks and ensure compliance with Electricity Transmission Licence requirements and other contractual documentation</li> </ul> |  |   |  |  |
| <b>2016 Action:</b> <ul style="list-style-type: none"> <li>Nil</li> </ul>   |  |   |  |  | <b>2020 Action:</b> <ul style="list-style-type: none"> <li>Refer Post Review Action Plan</li> </ul>  |  |   |  |  |
| <b>2020 AUDIT PLAN PRIORITY RATING</b>  |  |   |  |  | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>  |  |   |  |  |
| <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major  | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major   | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA |
| 2   | C  | M   | M  | 4  | 2  | B  | M   | W  | 3  |
| <b>REVISED REVIEW PRIORITY RATING JUSTIFICATION</b>   |  |   |  |  |  |  |   |  |  |
| Very limited documentation was provided by Karara for the preparation of the Audit & Review Plan, as such the Audit Priority Ratings in the Audit Plan were based on publicly available documentation and the previous Asset Management Review. Risk revised due to lack of risk management evidence. |  |   |  |  |  |  |   |  |  |

| No. | 2016 AUDIT REPORT EVIDENCE/ VERIFICATION/FINDING/ACTION   |                                      | 2020 AUDIT REPORT EVIDENCE/ VERIFICATION/FINDING/ACTION  |                                      |
|-----|---|--------------------------------------|--|--------------------------------------|
| 5.3 | <b>OBLIGATION: Assets are documented in an asset register including asset type, location, material, plans of components, and an assessment of assets' physical/structural condition</b>   |                                      | <b>2020 AUDIT REPORT EVIDENCE/ VERIFICATION/FINDING/ACTION</b>   |                                      |
|     | <p><b>2016 Finding –</b> Asset registers are contained with the appropriate information in the Ellipse system with each tower listed as an asset.</p> <p><b>2016 Documents Reviewed:</b> Asset Register, Environmental Plans and Approvals, Spares List, Commissioning Plans, Karara Mining energy budget, Reticulation plans, Asset management plan, Risk management policy, Risk register, Project management manual</p> <p><b>2016 Observations –</b> As detailed in 5.1</p> |                                      | <p><b>2020 Finding –</b> Assets were documented in an asset register but it does not include asset type, location, material, plans of components, and an assessment of assets' physical/structural condition. The information contained in the asset register was for towers (no sub components have been included) and contains financial information only.</p> <p><b>2020 Documents reviewed –</b><br/>                     4, 9, 14, 19, 56, 65, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 81, 82, 108, 109</p> <p><b>2020 Observations :</b></p> <ul style="list-style-type: none"> <li>• The asset register had each tower as a separate item but no more detailed breakdown such as insulators, conductor, compression joints, OPGW and fittings.</li> <li>• The current version of SAP appears to have the capability to record additional information.</li> <li>• Electrical Superintendent stated there were various types of towers installed (provided as an explanation for lack of spares). There was no distinction in this regard in the Asset Register. Spare towers may not be justified and reflected by low likelihood of failure, however, consideration of subcomponents has not occurred.</li> <li>• As components were not detailed on asset register and recorded and it was not possible to address defects so that component defect rates can be observed for the whole line.</li> <li>• Location of mid span compression joints have not been recorded.</li> <li>• Condition should be included in asset register</li> <li>• Acoustic survey identified several component defects not entered into SAP</li> <li>• Vegetation survey not in SAP</li> </ul> |                                      |
|     | <b>2016 Adequacy Rating:</b><br>A   | <b>2016 Performance Rating:</b><br>1 | <b>2020 Adequacy Rating:</b><br>C  | <b>2020 Performance Rating:</b><br>4 |
|     | <p><b>2016 Recommendations:</b></p> <ul style="list-style-type: none"> <li>• Nil</li> </ul>   |                                      | <p><b>2020 Recommendation:</b></p> <ul style="list-style-type: none"> <li>• <b>R3/2020</b> - Review the Asset Register to include asset type, location, material, plans of components, and an assessment of assets' physical/structural condition</li> </ul>   |                                      |

|  |  |   |             |  |  |   |  |   |             |  |  |
|--|--|---|-------------|--|--|---|--|---|-------------|--|--|
| <b>2016 Action:</b><br>• Nil   |  |   |             |  |  | <b>2020 Action:</b><br>• Refer Post Review Action Plan  |  |   |             |  |  |
| <b>2020 AUDIT PLAN PRIORITY RATING</b>   |  |   |             |  |  | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b> |  |   |             |  |  |
| <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major   | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>RISK</b> | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major  | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>RISK</b> | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA |
| 2  | C  | M   |             | M  | 4  | 2   | B  | M   |             | W  | 3  |
| <b>REVISED REVIEW PRIORITY RATING JUSTIFICATION</b>  |  |   |             |  |  |   |  |   |             |  |  |
| Very limited documentation was provided by Karara for the preparation of the Audit & Review Plan, as such the Audit Priority Ratings in the Audit Plan were based on publicly available documentation and the previous Asset Management Review. Risk revised due to deficient documentation. |  |   |             |  |  |   |  |   |             |  |  |



| No. | 2016 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION   |   |  |   |   | 2020 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION  |   |  |   |   |
|-----|--|---|--|---|---|---|---|--|---|---|
| 5.4 | <b>OBLIGATION: Accounting data is documented for assets</b>  |   |  |   |   |   |   |  |   |   |
|     | <b>2016 Finding – None</b><br><br>Note: amendment to numbering in previous audit with numbering and reporting for this clause<br><br><b>2016 Documents Reviewed:</b> None<br><br><b>2016 Observations – None</b>   |   |  |   |   | <b>2020 Finding – Accounting was documented for assets, however, it was based at a broad level i.e. towers and not detailed sub components</b><br><br><b>2020 Documents reviewed – 4, 9, 14, 19</b><br><br><b>2020 Observations:</b> <ul style="list-style-type: none"> <li>No major costs have been incurred</li> <li>Asset register has towers only with no detailed breakdown of components.</li> <li>Financial depreciation based on line construction cost divided by number of towers with no distinction between suspension and tension towers.</li> </ul> |   |  |   |   |
|     | <b>2016 Adequacy Rating:</b><br>A  |   | <b>2016 Performance Rating:</b><br>1   |   |   | <b>2020 Adequacy Rating:</b><br>C   |   | <b>2020 Performance Rating:</b><br>2   |   |   |
|     | <b>2016 Recommendations:</b> <ul style="list-style-type: none"> <li>Nil</li> </ul>   |   |  |   |   | <b>2020 Recommendation:</b> <ul style="list-style-type: none"> <li>R3/2020 - Review the Asset Register to include asset type, location, material, plans of components, and an assessment of assets' physical/structural condition.</li> </ul>   |   |  |   |   |
|     | <b>2016 Action:</b> <ul style="list-style-type: none"> <li>Nil</li> </ul>  |   |  |   |   | <b>2020 Action:</b> <ul style="list-style-type: none"> <li>Refer Post Review Action Plan</li> </ul>   |   |  |   |   |
|     | <b>2020 AUDIT PLAN PRIORITY RATING</b>   |   |  |   |   | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>   |   |  |   |   |
|     | CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major  | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | REVIEW PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA | CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major   | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | REVIEW PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA |
|     | 2  | C   | M                                      | M   | 4   | 2   | C   | M                                      | M   | 4   |
|     | <b>REVISED REVIEW PRIORITY RATING JUSTIFICATION</b>  |   |  |   |   |   |   |  |   |   |
|     | Very limited documentation was provided by Karara for the preparation of the Audit & Review Plan, as such the Audit Priority Ratings in the Audit Plan were based on publicly available documentation and the previous Asset Management Review. No change to review priority rating. |   |  |   |   |   |   |  |   |   |

| No. | 2016 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION  |                                      | 2020 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION   |                                      |
|-----|---|--------------------------------------|--|--------------------------------------|
| 5.5 | <b>OBLIGATION: Operational costs are measured and monitored</b>   |                                      |  |                                      |
|     | <p><b>2016 Finding</b> – Operational costs – staffing, contracts and materials are measured and monitored. These are not significant to profitability or viability in the context of Karara ETL6 – Audit &amp; Asset Management System Review Report McGill Engineering Services Pty Ltd Page 51 the core business being mining. The mining operations cover energy infrastructure and operational costs.</p> <p><b>2016 Documents Reviewed:</b> Asset Register, Environmental Plans and Approvals, Spares List, Commissioning Plans, Karara Mining energy budget, Reticulation plans, Asset management plan, Risk management policy, Risk register, Project management manual</p> <p><b>2016 Observations</b> – As detailed in 5.1</p> |                                      | <p><b>2020 Finding</b> – No operational costs associated with the transmission line were detailed. These were incorporated into operational costs of the mine and not specifically attributed to the transmission line.</p> <p><b>2020 Documents reviewed –</b><br/>116, 117, 118, 119, 120</p> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>• Metering with check metering was by WPC at Three Springs Terminal.</li> <li>• No separate cost data for the transmission line was provided.</li> <li>• Performance was monitored by AMSC but reported only for out of quality of supply requirements (Volts, VArS and PF) only however detail can be made available of other events upon request.</li> <li>• Mine load was monitored by MetroPower and forecasting used to minimise peak load costs.</li> <li>• Line losses aren't calculated or reported but were paid for by Karara.</li> <li>• SCADA records line volts and current and data stored on Babelfish where data since inception was available.</li> <li>• Load transfer capacity and line losses very dependent on the MVAr compensation, which has been reliable to date and was not part of ETL6</li> </ul> |                                      |
|     | <b>2016 Adequacy Rating:</b><br>A   | <b>2016 Performance Rating:</b><br>1 | <b>2020 Adequacy Rating:</b><br>C  | <b>2020 Performance Rating:</b><br>4 |
|     | <p><b>2016 Recommendations:</b></p> <ul style="list-style-type: none"> <li>• Nil</li> </ul>   |                                      | <p><b>2020 Recommendation:</b></p> <ul style="list-style-type: none"> <li>• <b>R15/2020</b> – Identify, record and document operational and maintenance costing and detail how they are monitored by Licensee.</li> <li>• <b>R16/2020</b> - Monitor line losses and MVAr performance.</li> </ul>   |                                      |
|     | <p><b>2016 Action:</b></p> <ul style="list-style-type: none"> <li>• Nil</li> </ul>  |                                      | <p><b>2020 Action:</b><br/>Refer Post Review Action Plan</p>   |                                      |
|     | <b>2020 AUDIT PLAN PRIORITY RATING</b>  |                                      | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>  |                                      |

| CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major   | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | REVIEW PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA | CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | REVIEW PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA |
|---|---|--|---|---|---|---|--|---|---|
| 2   | C   | M                                      | M   | 4   | 2   | B   | M                                      | M   | 4   |
| <b>REVISED REVIEW PRIORITY RATING JUSTIFICATION</b>   |   |  |   |   |   |   |  |   |   |
| Very limited documentation was provided by Karara for the preparation of the Audit & Review Plan, as such the Audit Priority Ratings in the Audit Plan were based on publicly available documentation and the previous Asset Management Review. Lack of information presented increased likelihood. |   |  |   |   |   |   |  |   |   |

| No. | 2016 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION  |   | 2020 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION  |   |
|-----|---|---|---|---|
| 5.6 | <b>OBLIGATION: Staff resources are adequate and staff receive training commensurate with their responsibilities</b>   |   |   |   |
|     | <p><b>2016 Finding:</b><br/>                     The staff receives training commensurate with their responsibilities. Personnel undergo HV Operator training for switching operations at established training centres followed by on site approval and appointment under Mining Regulations.<br/>                     Karara follows a standard isolation permit procedure across all sites. Staff are adequate for effective operation of the plant</p> <p><b>2016 Documents Reviewed:</b> Asset Register, Environmental Plans and Approvals, Spares List, Commissioning Plans, Karara Mining energy budget, Reticulation plans, Asset management plan, Risk management policy, Risk register, Project management manual</p> <p><b>2016 Observations –</b> As detailed in 5.1</p> |   | <p><b>2020 Finding:</b><br/>                     Staffing levels were said to be inadequate and further training was required</p> <p><b>2020 Documents reviewed:</b><br/>                     1, 31, 32, 33, 37, 38, 39, 40, 41, 48, 49, 50, 93, 100, 104, 105, 106, 107</p> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>Staffing was said to be inadequate for the transmission line and focus was more on mining operations.</li> <li>Staff failed to recognise statutory, regulatory and contractual requirements</li> <li>Staff were unaware of existing processes and procedures and these were not followed</li> <li>More training in responsibilities and processes required together with encouragement to use the correct processes once these have been developed.</li> <li>SAP should be employed to streamline processes and ensure they are followed.</li> <li>Automation of record keeping and compliance through a document management system should be considered.</li> <li>Staff descriptions should clearly define roles with respect to mining operations and the transmission line</li> </ul> |   |
|     | <p><b>2016 Adequacy Rating:</b><br/>                     A</p>  | <p><b>2016 Performance Rating:</b><br/>                     1</p> | <p><b>2020 Adequacy Rating:</b><br/>                     D</p>  | <p><b>2020 Performance Rating:</b><br/>                     4</p> |
|     | <p><b>2016 Recommendations:</b></p> <ul style="list-style-type: none"> <li>Nil</li> </ul>   |   | <p><b>2020 Recommendation:</b></p> <ul style="list-style-type: none"> <li><b>R7/2020</b> – Ensure employees are adequately trained to understand the requirements of Electricity Transmission Licence and associated contractual documentation. Consideration could be given incorporating a review of their job descriptions and performance.</li> </ul>   |   |
|     | <p><b>2016 Action:</b></p> <ul style="list-style-type: none"> <li>Nil</li> </ul>  |   | <p><b>2020 Action:</b></p> <ul style="list-style-type: none"> <li>Refer Post Review Action Plan</li> </ul>  |   |

| 2020 AUDIT PLAN PRIORITY RATING  |  |   |   |   | 2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING    |  |   |   |   |
|--|--|---|---|---|---|--|---|---|---|
| CONSEQUEN<br>CE<br>1=Minor<br>2=Moderate<br>3=Major  | RISK<br>LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT<br>RISK<br>Low<br>Medium<br>High | ADEQUACY<br>OF EXISTING<br>CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | REVIEW<br>PRIORITY<br>1 / 2 / 3 / 4 / 5 /<br>NA | CONSEQUEN<br>CE<br>1=Minor<br>2=Moderate<br>3=Major | RISK<br>LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT<br>RISK<br>Low<br>Medium<br>High | ADEQUACY<br>OF EXISTING<br>CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | REVIEW PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA |
| 2  | C  | M   | M   | 4   | 2   | B  | M   | W   | 3   |
| <b>REVISED REVIEW PRIORITY RATING JUSTIFICATION</b>  |  |   |   |   |   |  |   |   |   |
| Very limited documentation was provided by Karara for the preparation of the Audit & Review Plan, as such the Audit Priority Ratings in the Audit Plan were based on publicly available documentation and the previous Asset Management Review. Poor document capture indicated a lack of understanding of processes hence likelihood and adequacy of controls were changed. |  |   |   |   |   |  |   |   |   |

| 6. ASSET MAINTENANCE  |  | ADEQUACY RATING  | PERFORMANCE RATING |
|---|--|--|--------------------|
| <p><input type="checkbox"/> Assess the adequacy of policies and procedures covering maintenance functions</p> <p><input type="checkbox"/> Confirm the policies and procedures have been followed during the review period by examining maintenance schedules, analysing costs, etc.</p> <p><input type="checkbox"/> Assess the significance of exceptions identified and whether adequate corrective action has been taken</p> <p><b>Key Process</b> – <i>Asset maintenance is the upkeep of assets.</i></p> <p><b>Outcome</b> – <i>The asset maintenance plans cover the scheduling and resourcing of the maintenance tasks so work can be done on time and on cost.</i></p> |  | <b>C</b>   | <b>3</b>           |
| No.   | 2016 AUDIT REPORT EVIDENCE/ VERIFICATION/FINDING/ACTION  | 2020 AUDIT REPORT EVIDENCE/ VERIFICATION/FINDING/ACTION  |                    |
| 6.1   | <p><b>OBLIGATION: Maintenance policies and procedures are documented and linked to service levels required</b></p> <p><b>2016 Finding</b> – Policies and procedures are documented. The AMP supports this criterion with service standards defined</p> <p><b>2016 Documents Reviewed</b> – Asset Register, Environmental Plans and Approvals, Spares List, Commissioning Plans, Reticulation plans, Asset management plan, Risk management policy, Risk register, Project management manual</p> <p><b>2016 Observations –</b></p> <p><i>Policies and procedures for asset maintenance / sample activities</i></p> <p>The Ellipse business application is used by Karara</p> <p>The asset management plan contains performance measures and lists significant maintenance plans.</p> <p>The Licensee engages contractors to service their major maintenance outages as required for the Three Springs/mine section. Western Power are contracted to maintain the Eneabba to Three Springs section that they assumed ownership of during the review period. The line was cut over on 31 March 2015. Condition inspection of the lines is routinely carried out. Inventory of critical spares has been developed.</p> | <p><b>2020 Finding</b> – There were no maintenance policies and procedures documented or linked to services levels required in regard to the Transmission Line. The HV line was operated by Western Power.</p> <p><b>2020 Documents reviewed</b> – 1, 39, 57, 58, 64, 65, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 81, 82, 83, 90, 91, 100, 124</p> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>No maintenance policy in place, there has been one acoustic survey and a vegetation survey on a one-off basis and recommendations have not been implemented.</li> <li>There were limited processes established to review service level requirements to performance, i.e. absence of AMP and condition monitoring program</li> <li>The reason for no response to defects identified in Acoustic survey not documented</li> <li>No maintenance plan complying with ERA and WPC contractual obligations shown.</li> <li>No prompting for maintenance plan in AMS and SAP or to record events.</li> <li>Responsibility for maintenance plan execution not allocated.</li> <li>There are no spares and spares have never been kept, even at component level</li> <li>No documented evidence was given of an annual maintenance plan being negotiated and prepared with Western Power, as required under the contracts.</li> <li>No documented evidence of exemption of annual aerial inspection of line as required by the WPC Maintenance contract</li> </ul> |                    |

|   |   |  |   |   |   |   |  |   |   |
|---|---|--|---|---|---|---|--|---|---|
| <p><i>Training / resources / exceptions</i></p> <p>Maintenance is scheduled well into the future and these actions are appropriate for the type of equipment. The resourcing is appropriate and ongoing training is evident as are the operating procedures and practices. High Voltage training occurs at Registered Training Organisations. Plant maintenance appears to take account of any expected failures in the licensed plant.</p> |   |  |   |   | <ul style="list-style-type: none"> <li></li> </ul>  |   |  |   |   |
| <p><b>2016 Adequacy Rating:</b><br/>A</p>   |   |  | <p><b>2016 Performance Rating:</b><br/>1</p>                                |   | <p><b>2020 Adequacy Rating:</b><br/>D</p>   |   |  | <p><b>2020 Performance Rating:</b><br/>3</p>                                |   |
| <p><b>2016 Recommendations:</b></p> <ul style="list-style-type: none"> <li>Nil</li> </ul>   |   |  |   |   | <p><b>2020 Recommendation:</b></p> <ul style="list-style-type: none"> <li><b>R1/2020</b> – Formalise and implement an AMS for the transmission line.</li> <li><b>R2/2020</b> - Develop and implement an AMP for the Transmission Line compliant to regulatory and contractual requirements.</li> <li><b>R5/2020</b> - Develop a risk based treatment plan to address issues identified to ensure ongoing compliance and/or accept residual risk. Operational controls should be evident in the AMS and detailed in the AMP i.e. acoustic and vegetation surveys</li> <li><b>R6/2020</b> – Develop and maintain a Compliance Register for the Electricity Transmission Licence and contractual requirements and allocate appropriate responsibilities for compliance.</li> </ul> |   |  |   |   |
| <p><b>2016 Action:</b></p> <ul style="list-style-type: none"> <li>Nil</li> </ul>  |   |  |   |   | <p><b>2020 Action:</b></p> <ul style="list-style-type: none"> <li>Refer Post Review Action Plan</li> </ul>  |   |  |   |   |
| <p><b>2020 AUDIT PLAN PRIORITY RATING</b></p>   |   |  |   |   | <p><b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b></p>  |   |  |   |   |
| <p>CONSEQUENCE<br/>1=Minor<br/>2=Moderate<br/>3=Major</p>   | <p>RISK LIKELIHOOD<br/>A=Likely<br/>B=Probable<br/>C=Unlikely</p> | <p>INHERENT RISK<br/>Low<br/>Medium<br/>High</p> | <p>ADEQUACY OF EXISTING CONTROLS<br/>S=Strong<br/>M=Moderate<br/>W=Weak</p> | <p>REVIEW PRIORITY<br/>1 / 2 / 3 / 4 / 5 / NA</p> | <p>CONSEQUENCE<br/>1=Minor<br/>2=Moderate<br/>3=Major</p>   | <p>RISK LIKELIHOOD<br/>A=Likely<br/>B=Probable<br/>C=Unlikely</p> | <p>INHERENT RISK<br/>Low<br/>Medium<br/>High</p> | <p>ADEQUACY OF EXISTING CONTROLS<br/>S=Strong<br/>M=Moderate<br/>W=Weak</p> | <p>REVIEW PRIORITY<br/>1 / 2 / 3 / 4 / 5 / NA</p> |
| 2   | C   | M  | M   | 4   | 2   | C   | M  | W   | 3   |
| <p><b>REVISED REVIEW PRIORITY RATING JUSTIFICATION</b></p> <p>Very limited documentation was provided by Karara for the preparation of the Audit &amp; Review Plan, as such the Audit Priority Ratings in the Audit Plan were based on publicly available documentation and the previous Asset Management Review. Adequacy reduced to Weak because of lack of data supplied.</p>  |   |  |   |   |   |   |  |   |   |

| No. | 2016 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION   | 2020 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION   |
|-----|--|--|
| 6.2 | <p><b>OBLIGATION: Regular inspections are undertaken of asset performance and condition</b></p> <p><b>2016 Finding</b> – The Ellipse maintenance planning system fulfils this criterion by regular scheduling of inspections to assess condition. Time based schedules are set up for physical inspection, testing and collection of samples for condition based analysis (eg Corona, thermographic, etc).</p> <p><b>2016 Documents Reviewed</b> – Asset Register, Environmental Plans and Approvals, Spares List, Commissioning Plans, Reticulation plans, Asset management plan, Risk management policy, Risk register, Project management manual</p> <p><b>2016 Observations</b> – As detailed in 6.1</p> | <p><b>2020 Finding</b> – There were no regular inspections scheduled in SAP. During the audit period one acoustic and one vegetation survey were undertaken.</p> <p><b>2020 Documents reviewed</b> –<br/>                     1, 39, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 81, 82, 90, 91, 100, 108, 109, 124</p> <p><b>2020 Observations</b></p> <ul style="list-style-type: none"> <li>• Unclear how many outages, quality of supply etc issues during the reporting period and they do not appear to be recorded or reported to management or INX unless critical, some incomplete data was supplied later on as well as WP’s records</li> <li>• Contracts require annual Aerial and vegetation surveys but only one vegetation survey has taken place.</li> <li>• Only one acoustic survey has been undertaken</li> <li>• Sections of vegetation survey “too far from the car” for results but visual interpretation indicated adequate clearances.</li> <li>• On transverse profile some vegetation higher than lowest conductor, need to confirm and document that these aren’t below conductor</li> <li>• Ellipse data was merged into the SAP system and could still be accessed by the organisations Planner. A review of both SAP and Ellipse did not provide data consistent with the previous review, in particular evidence of time based schedules for physical inspection, testing and collection of samples or condition based analysis.</li> <li>• As confirmed with the Electrical Superintendent, there was no documented corona or thermographic condition based analysis that has been undertaken in relation to the transmission line.</li> <li>• Contractual maintenance requirements not collated.</li> <li>• One off acoustic and vegetation surveys haven’t been followed up to compare degradation against baseline.</li> </ul> |



|   |  |   |             |  |  |  |  |   |             |  |  |  |  |  |                                      |  |  |  |  |
|---|--|---|-------------|--|--|--|--|---|-------------|--|--|--|--|--|--------------------------------------|--|--|--|--|
| <b>2016 Adequacy Rating:</b><br>A   |  |   |             |  | <b>2016 Performance Rating:</b><br>1             |  |  |   |             | <b>2020 Adequacy Rating:</b><br>D  |  |  |  |  | <b>2020 Performance Rating:</b><br>4 |  |  |  |  |
| <b>2016 Recommendations:</b><br><ul style="list-style-type: none"> <li>Nil</li> </ul>   |  |   |             |  |  |  |  |   |             | <b>2020 Recommendation:</b><br><ul style="list-style-type: none"> <li><b>R6/2020</b> – Develop and maintain a Compliance Register for the Electricity Transmission Licence and contractual requirements and allocate appropriate responsibilities for compliance.</li> <li><b>R9/2020</b> - Utilise SAP for planning of inspection and maintenance work, such as acoustic surveys, vegetation surveys, corona, etc and compliance requirements. Ensure records are verifiable with supporting evidence and maintenance costs are detailed. Critical entries should be subject to third party review.</li> <li><b>R11/2020</b> -Consider carrying out a second acoustic emissions test to establish the extent of any deterioration and address any significant defects. The limitation to operations is understood as such instead of organising an outage for inspection/repair of known defects this approach could allow clearer definition of scope for a planned line outage should it be deemed necessary</li> </ul> |  |  |  |  |                                      |  |  |  |  |
| <b>2016 Action:</b><br><ul style="list-style-type: none"> <li>Nil</li> </ul>  |  |   |             |  |  |  |  |   |             | <b>2020 Action:</b><br><ul style="list-style-type: none"> <li>Refer Post Review Action Plan</li> </ul>   |  |  |  |  |                                      |  |  |  |  |
| <b>2020 AUDIT PLAN PRIORITY RATING</b>  |  |   |             |  |  |  |  |   |             | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>  |  |  |  |  |                                      |  |  |  |  |
| <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major  | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>RISK</b> | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>RISK</b> | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak   | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA |  |  |  |                                      |  |  |  |  |
| 2   | C  | M   |             | M  | 4  | 2  | B  | M   |             | M  | 4  |  |  |  |                                      |  |  |  |  |
| <b>REVISED REVIEW PRIORITY RATING JUSTIFICATION</b>   |  |   |             |  |  |  |  |   |             |  |  |  |  |  |                                      |  |  |  |  |
| Very limited documentation was provided by Karara for the preparation of the Audit & Review Plan, as such the Audit Priority Ratings in the Audit Plan were based on publicly available documentation and the previous Asset Management Review. Risk level increased because of lack of data. |  |   |             |  |  |  |  |   |             |  |  |  |  |  |                                      |  |  |  |  |

| No. | 2016 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION   |  |   |             |  | 2020 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION   |  |  |   |             |  |  |
|-----|--|--|---|-------------|--|--|--|--|---|-------------|--|--|
| 6.3 | <b>OBLIGATION: Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule</b>   |  |   |             |  |  |  |  |   |             |  |  |
|     | <p><b>2016 Finding</b> – Corrective (condition based) and preventative maintenance plans can be recorded in the Ellipse system but the line is too new for condition based issues yet. The electrical and shutdown maintenance planners run the maintenance process.</p> <p><b>2016 Documents Reviewed</b> – Asset Register, Environmental Plans and Approvals, Spares List, Commissioning Plans, Reticulation plans, Asset management plan, Risk management policy, Risk register, Project management manual</p> <p><b>2016 Observations</b> – As detailed in 6.1</p> |  |   |             |  | <p><b>2020 Finding</b> – There were no maintenance plans associated with the Transmission Line contained within SAP. SAP was introduced in 2018 (date of transition not provided) and a review of Ellipse resulted in the same finding.</p> <p><b>2020 Documents reviewed</b> – 124</p> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>No plans documented</li> <li>Defects identified in acoustic survey not acted upon.</li> <li>No maintenance plan for the transmission line that meets contractual and operational requirements and incorporated in SAP</li> <li>Maintenance work due and inspection findings not entered into SAP.</li> </ul> |  |  |   |             |  |  |
|     | <b>2016 Adequacy Rating:</b><br>A  |  | <b>2016 Performance Rating:</b><br>1          |             |  | <b>2020 Adequacy Rating:</b><br>C  |  | <b>2020 Performance Rating:</b><br>3                           |   |             |  |  |
|     | <p><b>2016 Recommendations:</b></p> <ul style="list-style-type: none"> <li>Nil</li> </ul>  |  |   |             |  | <p><b>Recommendation:</b></p> <ul style="list-style-type: none"> <li><b>R9/2020</b> - Utilise SAP for planning of inspection and maintenance work, such as acoustic surveys, vegetation surveys, corona, etc and compliance requirements. Ensure records are verifiable with supporting evidence and maintenance costs are detailed. Critical entries should be subject to third party review.</li> </ul>  |  |  |   |             |  |  |
|     | <p><b>2016 Action:</b></p> <ul style="list-style-type: none"> <li>Nil</li> </ul>   |  |   |             |  | <p><b>2020 Action:</b></p> <ul style="list-style-type: none"> <li>Refer Post Review Action Plan</li> </ul>   |  |  |   |             |  |  |
|     | <b>2020 AUDIT PLAN PRIORITY RATING</b>   |  |   |             |  | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>  |  |  |   |             |  |  |
|     | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major   | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>RISK</b> | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA   | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>RISK</b> | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA |
|     | 2  | C  | M   | M           | M  | 4  | 2  | B  | M   | W           | W  | 3  |

| <b>REVISED REVIEW PRIORITY RATING JUSTIFICATION</b> |
|---|
|---|

|   |
|---|
| Very limited documentation was provided by Karara for the preparation of the Audit & Review Plan, as such the Audit Priority Ratings in the Audit Plan were based on publicly available documentation and the previous Asset Management Review. A review of the risk likelihood and adequacy of existing controls was resultant from the lack of implementation of actions from inspections undertaken. |
|---|

| No.   | 2016 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION  |  | 2020 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION |   |  |  |  |
|---|---|--|--|---|--|--|--|
| 6.4   | <b>OBLIGATION: Failures are analysed and operational/maintenance plans adjusted where necessary</b> |  |  |   |  |  |  |
| <p><b>2016 Finding</b> – Failures are infrequent. The Licensee has not had any failures of their plant with outages being from external sources such as Western Power equipment, lightning bushfires or system outages. There was no evidence of significant failure warranting adjustment of the plans within the review period.</p> <p><b>2016 Documents Reviewed</b> – Asset Register, Environmental Plans and Approvals, Spares List, Commissioning Plans, Reticulation plans, Asset management plan, Risk management policy, Risk register, Project management manual</p> <p><b>2016 Observations</b> – As detailed in 6.1</p> |   | <p><b>2020 Finding</b> – No significant failures during audit period but some fine tuning of the VAR compensator by AMSC early in the audit period was required. Failures appear to have been reviewed but have not been documented.</p> <p><b>2020 Documents reviewed</b> –<br/>75, 116, 117, 118, 119, 120, 121, 122, 123</p> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>• Babelfish records available since inception and used together with reports from WPC, AMSC and MetroPower in analysis.</li> <li>• The Electrical Superintendent indicated that have been no disputes during the reporting period</li> <li>• Reports of outages early in the reporting period not presented</li> <li>• Failures appear to have been reviewed but not recorded in an accessible manner.</li> <li>• Western Power confirmed some of the early outages</li> <li>• 330kV supply not monitored in SCADA but detected by loss of downstream equipment</li> <li>• Verbal statements sometimes confirmed a long time later by records</li> </ul> |  |   |  |  |  |
| <p><b>2016 Adequacy Rating:</b><br/>A</p>   |   | <p><b>2016 Performance Rating:</b><br/>1</p>   |  | <p><b>2020 Adequacy Rating:</b><br/>B</p> |  | <p><b>2020 Performance Rating:</b><br/>3</p> |  |
| <p><b>2016 Recommendations:</b></p> <ul style="list-style-type: none"> <li>• Nil</li> </ul>   |   | <p><b>2020 Recommendation:</b></p> <ul style="list-style-type: none"> <li>• <b>R9/2020</b> - Utilise SAP for planning of inspection and maintenance work, such as acoustic surveys, vegetation surveys, corona, etc and compliance requirements. Ensure records are verifiable with supporting evidence and maintenance costs are detailed. Critical entries should be subject to third party review.</li> <li>• <b>R13/2020</b> – Implement INX or other appropriate system to record non-standard performances and report to management to ensure compliance and performance of the transmission line.</li> </ul>  |  |   |  |  |  |
| <p><b>2016 Action:</b></p> <ul style="list-style-type: none"> <li>• Nil</li> </ul>  |   | <p><b>2020 Action:</b></p> <ul style="list-style-type: none"> <li>• Refer Post Review Action Plan</li> </ul>   |  |   |  |  |  |

| 2020 AUDIT PLAN PRIORITY RATING   |   |  |   |   | 2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING |   |  |   |   |
|---|---|--|---|---|--|---|--|---|---|
| CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major   | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | REVIEW PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA | CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major  | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | REVIEW PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA |
| 2   | C   | M                                      | M   | 4   | 2  | C   | M                                      | M   | 4   |
| <b>REVISED REVIEW PRIORITY RATING JUSTIFICATION</b>   |   |  |   |   |  |   |  |   |   |
| Very limited documentation was provided by Karara for the preparation of the Audit & Review Plan, as such the Audit Priority Ratings in the Audit Plan were based on publicly available documentation and the previous Asset Management Review. Good reliability of the transmission line so rating remained the same |   |  |   |   |  |   |  |   |   |

| No. | 2016 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION   |  |   |   |  | 2020 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION   |  |   |   |  |
|-----|--|--|---|---|--|--|--|---|---|--|
| 6.5 | <b>OBLIGATION: Risk management is applied to prioritise maintenance tasks</b>  |  |   |   |  |  |  |   |   |  |
|     | <p><b>2016 Finding</b> – Maintenance tasks and frequencies have been developed over a period of time using local experience and industry standards applied at the mine.<br/>                     Documents Reviewed: Asset Management Plan, Business Plan<br/>                     Asset Management Plan</p> <p><b>2016 Documents Reviewed</b> – Asset Register, Environmental Plans and Approvals, Spares List, Commissioning Plans, Reticulation plans, Asset management plan, Risk management policy, Risk register, Project management manual</p> <p><b>2016 Observations</b> – As detailed in 6.1</p> |  |   |   |  | <p><b>2020 Finding</b> – Risk management has not been applied to the Transmission Line asset. There were no documented risk assessments that relate to Transmission Line. The organisation has a well establish risk management process for the mine operations.</p> <p><b>2020 Documents reviewed</b> – 84, 94, 113</p> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>No documented risk assessment of the transmission line has taken place</li> <li>No risk based maintenance program for the Transmission Line is formulated or implemented</li> <li>Application of risk management was not apparent with NorthPower acoustic survey suggesting rectification within 3 months but no action by the Licensee in the following 2.5 years with no justification or risk assessment documented.</li> <li>Management approach to the Transmission line has been in an adhoc manner.</li> <li>Little maintenance required</li> </ul> |  |   |   |  |
|     | <b>2016 Adequacy Rating:</b><br>A  |  | <b>2016 Performance Rating:</b><br>1          |   |  | <b>2020 Adequacy Rating:</b><br>C  |  | <b>2020 Performance Rating:</b><br>3          |   |  |
|     | <p><b>2016 Recommendations:</b></p> <ul style="list-style-type: none"> <li>Nil</li> </ul>  |  |   |   |  | <p><b>Recommendation:</b></p> <ul style="list-style-type: none"> <li><b>R4/2020</b> - Undertake and record a risk assessment of the transmission line.</li> <li><b>R5/2020</b> - Develop a risk based treatment plan to address issues identified to ensure ongoing compliance and/or accept residual risk. Operational controls should be evident in the AMS and detailed in the AMP i.e. acoustic and vegetation surveys.</li> </ul>   |  |   |   |  |
|     | <p><b>2016 Action:</b></p> <ul style="list-style-type: none"> <li>Nil</li> </ul>   |  |   |   |  | <p><b>2020 Action:</b></p> <ul style="list-style-type: none"> <li>Refer Post Review Action Plan</li> </ul>   |  |   |   |  |
|     | <b>2020 AUDIT PLAN PRIORITY RATING</b>   |  |   |   |  | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>  |  |   |   |  |
|     | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major   | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>RISK ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major   | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>RISK ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA |

|  |   |   |   |   |   |   |   |   |   |   |
|--|---|---|---|---|---|---|---|---|---|---|
|  | 2   | C | M | M | 4 | 2 | C | M | W | 3 |
|  | <b>REVISED REVIEW PRIORITY RATING JUSTIFICATION</b>   |   |   |   |   |   |   |   |   |   |
|  | Very limited documentation was provided by Karara for the preparation of the Audit & Review Plan, as such the Audit Priority Ratings in the Audit Plan were based on publicly available documentation and the previous Asset Management Review. Controls reduced to weak because of experience elsewhere. |   |   |   |   |   |   |   |   |   |

| No. | 2016 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION  |  |   |  |  | 2020 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION   |  |   |  |  |
|-----|---|--|---|--|--|--|--|---|--|--|
| 6.6 | <b>OBLIGATION: Maintenance costs are measured and monitored</b>   |  |   |  |  |  |  |   |  |  |
|     | <p><b>2016 Finding</b> – Maintenance costs are recorded, measured and monitored by the site</p> <p><b>2016 Documents Reviewed</b> – Asset Register, Environmental Plans and Approvals, Spares List, Commissioning Plans, Reticulation plans, Asset management plan, Risk management policy, Risk register, Project management manual</p> <p><b>2016 Observations</b> – As detailed in 6.1</p> |  |   |  |  | <p><b>2020 Finding</b> – Maintenance costs were not measured and monitored and the transmission line was not itemised any financial budgets. Budgets costs incorporated in Maintenance budget for the mine.</p> <p><b>2020 Documents reviewed</b> – None presented</p> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>•</li> </ul>  |  |   |  |  |
|     | <b>2016 Adequacy Rating:</b><br>A   |  | <b>2016 Performance Rating:</b><br>1          |  |  | <b>2020 Adequacy Rating:</b><br>C  |  | <b>2020 Performance Rating:</b><br>3          |  |  |
|     | <p><b>2016 Recommendations:</b></p> <ul style="list-style-type: none"> <li>• Nil</li> </ul>   |  |   |  |  | <p><b>2020 Recommendation:</b></p> <ul style="list-style-type: none"> <li>• <b>R9/2020</b> - Utilise SAP for planning of inspection and maintenance work, such as acoustic surveys, vegetation surveys, corona, etc and compliance requirements. Ensure records are verifiable with supporting evidence and maintenance costs are detailed. Critical entries should be subject to third party review.</li> </ul> |  |   |  |  |
|     | <p><b>2016 Action:</b></p> <ul style="list-style-type: none"> <li>• Nil</li> </ul>  |  |   |  |  | <p><b>2020 Action:</b></p> <ul style="list-style-type: none"> <li>• Refer Post Review Action Plan</li> </ul>   |  |   |  |  |
|     | <b>2020 AUDIT PLAN PRIORITY RATING</b>  |  |   |  |  | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>  |  |   |  |  |
|     | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major  | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major   | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA |
|     | 2   | C  | M   | M  | 4  | 2  | C  | M   | M  | 4  |
|     | <b>REVISED REVIEW PRIORITY RATING JUSTIFICATION</b>   |  |   |  |  |  |  |   |  |  |
|     | Very limited documentation was provided by Karara for the preparation of the Audit & Review Plan, as such the Audit Priority Ratings in the Audit Plan were based on publicly available documentation and the previous Asset Management Review.   |  |   |  |  |  |  |   |  |  |



| 7. ASSET MANAGEMENT INFORMATION SYSTEM  |   | ADEQUACY RATING   | PERFORMANCE RATING |
|---|---|---|--------------------|
| <p><input type="checkbox"/> Assess the adequacy of policies and procedures covering the general control and security of the computer systems used to provide management information on compliance with service standards / licence obligations</p> <p><input type="checkbox"/> Confirm management reports on service standards / licence obligations are reviewed and substantial exceptions to service standards / licence obligations are promptly followed up and implemented</p> <p><b>Key Process</b> – <i>An asset management information system is a combination of processes, data and software supporting the asset management functions.</i></p> <p><b>Outcome</b> – <i>The asset management information system provides authorised, complete and accurate information for the day-to-day running of the asset management system. The focus of the review is the accuracy of performance information used by the licensee to monitor and report on service standards.</i></p> |   | <b>B</b>  | <b>3</b>           |
| No.   | 2016 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION  | 2020 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION  |                    |
| 7.1   | <p><b>OBLIGATION: Adequate system documentation for users and IT operators</b></p> <p><b>2016 Finding</b> – The Ellipse system is well documented. The system is intuitive with online assistance and documentation is rarely required. The viewing of Historic data is also intuitive</p> <p><b>2016 Documents Reviewed</b> – Karara Mining energy budget, Asset management plan, Ellipse overview. Viewed Ellipse, viewing of Historical database.</p> <p><b>2016 Observations – Policies and Procedures</b><br/>                     The Licensee has a competent asset management information system with a number of elements. The maintenance management system based on the Ellipse business software system V6.31 (described in section 6 above). The system allows for both time based and condition based activities. The system was viewed. The Licensee uses standard financial packages.<br/>                     The maintenance system links project management to scheduled tasks to standard work plans, asset register and parts inventory. Documentation and familiarity of the system appears appropriate.<br/>                     Access to write to the database is controlled (passwords) and changes are tracked. There is good documentation for data recovery procedures which include operating on the Perth office server and backing up the servers to ensure data integrity.</p> | <p><b>2020 Finding</b> – The asset management information system did not provide authorised, complete and accurate information for the day-to-day running of the asset management system.<br/>                     The data and software supporting the asset management functions is not being utilise optimally. For example, SAP was not populated with detailed monitoring, inspection routines and other requirements for the licensee to report on service standards</p> <p>Staff had difficulty obtaining documents for this audit.</p> <p>Document control and retrieval was poor with lack of understanding by staff using it and policies out of date.</p> <p><b>2020 Documents reviewed</b> – 95, 96, 97, 98</p> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>Limited documentation was able to be located through the portal but file structure never supplied.</li> <li>Document management system was lacking with respect to consistency, document identification and retrieval.</li> </ul> |                    |

|  |  |   |                                      |  |  |  |  |   |             |  |  |
|--|--|---|--------------------------------------|--|--|--|--|---|-------------|--|--|
| The reliability of the plant is evidence of good maintenances practices and that exceptions are being followed up.   |  |   |                                      |  | <ul style="list-style-type: none"> <li>Employees had difficulty locating documents</li> <li>Lack of documented policy on non-portal document storage</li> <li>Lack of documented policy on email storage, although Manager Environment &amp; Communities did confirm access to predecessor emails.</li> <li>IT staff were knowledgeable and competent but extent of documentation unclear.</li> <li></li> </ul>  |  |  |   |             |  |  |
| <b>2016 Adequacy Rating:</b><br>A  |  |   | <b>2016 Performance Rating:</b><br>1 |  | <b>2020 Adequacy Rating:</b><br>C  |  |  | <b>2020 Performance Rating:</b><br>3          |             |  |  |
| <b>2016 Recommendations:</b> <ul style="list-style-type: none"> <li>Nil</li> </ul>   |  |   |                                      |  | <b>Recommendation:</b> <ul style="list-style-type: none"> <li><b>R7/2020</b> – Ensure employees are adequately trained to understand the requirements of Electricity Transmission Licence and associated contractual documentation. Consideration could be given incorporating a review of their job descriptions and performance to ensure compliance was achieved.</li> <li><b>R8/2020</b> – Review and implement a Document Management System incorporating existing policies, procedures and supporting documentation for currency and applicability.</li> </ul> |  |  |   |             |  |  |
| <b>2016 Action:</b> <ul style="list-style-type: none"> <li>Nil</li> </ul>  |  |   |                                      |  | <b>2020 Action:</b> <ul style="list-style-type: none"> <li>Refer Post Review Action Plan</li> </ul>  |  |  |   |             |  |  |
| <b>2020 AUDIT PLAN PRIORITY RATING</b>   |  |   |                                      |  | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>  |  |  |   |             |  |  |
| <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major   | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>RISK</b>                          | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA   | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>RISK</b> | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA |
| 2  | C  | M   | M                                    | M  | 4  | 2  | B  | M   | M           | M  | 4  |
| <b>REVISED REVIEW PRIORITY RATING JUSTIFICATION</b>  |  |   |                                      |  |  |  |  |   |             |  |  |
| Very limited documentation was provided by Karara for the preparation of the Audit & Review Plan, as such the Audit Priority Ratings in the Audit Plan were based on publicly available documentation and the previous Asset Management Review. Likelihood changed as risk was seen to be greater. |  |   |                                      |  |  |  |  |   |             |  |  |

| No.   | 2016 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION   |   | 2020 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION  |  |
|---|--|---|---|--|
| 7.2   | <p><b>OBLIGATION: Input controls include suitable verification and validation of data entered into the system</b></p> <p><b>2016 Finding</b> – The system is easy to use with a maintenance focus rather than a database focus and includes appropriate verification and validation of data entered into the system.<br/>                     Documents Reviewed: Asset Management Plan, Business Plan<br/>                     Asset Management Plan</p> <p><b>2016 Documents Reviewed</b> – Karara Mining energy budget, Asset management plan, Ellipse overview. Viewed Ellipse, viewing of Historical database.</p> <p><b>2016 Observations</b> – As detailed in 7.1</p> |   | <p><b>2020 Finding:</b> WPC operate the line and thus control it. Most data collation was automated, often by third parties, WPC, AMSC, MetroPower with cross checking in place. SAP levels of access for different data require review as it appears there is not a process to assess the effectiveness of the action (for example, AMS review raised and closed out without data review process). KML controls on portal documentation has several levels of approval that appear adequate</p> <p><b>2020 Documents reviewed</b> – 95, 96</p> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>• No support data provided only verbal descriptions</li> <li>• SAP records concerning internal AMP review are likely to be a misstatement and not verified as no AMP was available or could be located by the Licensee.</li> <li>• SCADA data energy balance check in place</li> <li>• Limited power quality data reported to KML only no-compliances.</li> <li>• Little has been done since construction apart from change from Ellipse to SAP</li> <li>• SAP said to be a non-OEM version but not substantiated</li> <li>• Some cross checking of power and power quality data in place by AMSC, MetroPower and WPC.</li> </ul> |  |
| <p><b>2016 Adequacy Rating:</b><br/>A</p>   |  | <p><b>2016 Performance Rating:</b><br/>1</p>  | <p><b>2020 Adequacy Rating:</b><br/>B</p>   | <p><b>2020 Performance Rating:</b><br/>3</p> |
| <p><b>2016 Recommendations:</b></p> <ul style="list-style-type: none"> <li>• Nil</li> </ul> |  | <p><b>Recommendation:</b></p> <ul style="list-style-type: none"> <li>• <b>R9/2020</b> - Utilise SAP for planning of inspection and maintenance work, such as acoustic surveys, vegetation surveys, corona, etc and compliance requirements. Ensure records are verifiable with supporting evidence and maintenance costs are detailed. Critical entries should be subject to third party review.</li> </ul> |   |  |

|  |  |   |  |  |   |  |   |  |  |
|--|--|---|--|--|---|--|---|--|--|
| <b>2016 Action:</b><br>• Nil   |  |   |  |  | <b>2020 Action:</b><br>• Refer Post Review Action Plan  |  |   |  |  |
| <b>2020 AUDIT PLAN PRIORITY RATING</b>   |  |   |  |  | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b> |  |   |  |  |
| <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major   | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major  | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA |
| 2  | C  | M   | M  | 4  | 2   | C  | M   | M  | 4  |
| <b>REVISED REVIEW PRIORITY RATING JUSTIFICATION</b>  |  |   |  |  |   |  |   |  |  |
| Very limited documentation was provided by Karara for the preparation of the Audit & Review Plan, as such the Audit Priority Ratings in the Audit Plan were based on publicly available documentation and the previous Asset Management Review. Recently appointed IT personnel in Perth were going to address the shortcomings. |  |   |  |  |   |  |   |  |  |

| No. | 2016 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION   |  |   |  |  | 2020 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION  |  |   |  |  |
|-----|--|--|---|--|--|---|--|---|--|--|
| 7.3 | <b>OBLIGATION: Security access controls appear adequate, such as passwords</b>   |  |   |  |  |   |  |   |  |  |
|     | <p><b>2016 Finding</b> – Logical control is adequate with hierarchical access by password. Personnel are automatically logged out of computer systems after periods of inactivity.<br/>                     Documents Reviewed: Asset Management Plan, Business Plan<br/>                     Asset Management Plan</p> <p><b>2016 Documents Reviewed</b> – Karara Mining energy budget, Asset management plan, Ellipse overview. Viewed Ellipse, viewing of Historical database.</p> <p><b>2020 Observations</b> – As detailed in 7.1</p> |  |   |  |  | <p><b>2020 Finding</b> – Security access controls appear adequate, such as passwords. Standard IT security in place.</p> <p><b>2020 Documents reviewed</b> –<br/>                     107, 121, 122, 124</p> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>• Conventional security, fire walls, back up etc was in place</li> <li>• Password protection in place</li> <li>• 2 Firewalls.</li> <li>• Levels of document/data access in place</li> <li>• Regularly review of security systems could be considered.</li> </ul> |  |   |  |  |
|     | <b>2016 Adequacy Rating:</b><br>A  |  | <b>2016 Performance Rating:</b><br>1          |  |  | <b>2020 Adequacy Rating:</b><br>A   |  | <b>2020 Performance Rating:</b><br>1          |  |  |
|     | <b>2016 Recommendations:</b><br>• Nil  |  | <b>2016 Action:</b><br>• Nil                  |  |  | <b>2020 Recommendation:</b><br>• Nil  |  | <b>2020 Action:</b><br>• Nil                  |  |  |
|     | <b>2020 AUDIT PLAN PRIORITY RATING</b>   |  |   |  |  | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>   |  |   |  |  |
|     | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major   | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major  | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA |
|     | 2  | C  | M   | M  | 4  | 2   | C  | M   | M  | 4  |
|     | <b>REVISED REVIEW PRIORITY RATING JUSTIFICATION</b>  |  |   |  |  |   |  |   |  |  |
|     | No change to priority rating   |  |   |  |  |   |  |   |  |  |

| No. | 2016 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION  |  |   |  |  | 2020 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION  |  |   |  |  |
|-----|---|--|---|--|--|---|--|---|--|--|
| 7.4 | <b>OBLIGATION: Physical security access controls appear adequate</b>  |  |   |  |  |   |  |   |  |  |
|     | <p><b>2016 Finding</b> – Physical security is adequate with the system on access controlled mine sites</p> <p><b>2016 Documents Reviewed</b> – Karara Mining energy budget, Asset management plan, Ellipse overview. Viewed Ellipse, viewing of Historical database.</p> <p><b>2016 Observations</b> – As detailed in 7.1</p> |  |   |  |  | <p><b>2020 Finding</b> – Physical security access controls at site and head office appear adequate.</p> <p><b>2020 Documents reviewed</b> – 96</p> <p><b>2020 Observations :</b></p> <ul style="list-style-type: none"> <li>• Site was remote and has manned access gates and induction/pass approval processes.</li> <li>• Head Office has 'tag' entrance locking</li> <li>• Entry to head office was transparent to staff with open plan main office</li> <li>• Induction processes were established, however as the Audit Team was accompanied at all times we did not review this other than high level mustering an emergency response.</li> </ul> |  |   |  |  |
|     | <b>2016 Adequacy Rating:</b><br>A   |  | <b>2016 Performance Rating:</b><br>1          |  |  | <b>2020 Adequacy Rating:</b><br>A   |  | <b>2020 Performance Rating:</b><br>1          |  |  |
|     | <b>2016 Recommendations:</b><br>• Nil   |  | <b>2016 Action:</b><br>• Nil                  |  |  | <b>2020 Recommendation:</b><br>• Nil  |  | <b>2020 Action:</b><br>• Nil                  |  |  |
|     | <b>2020 AUDIT PLAN PRIORITY RATING</b>  |  |   |  |  | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>   |  |   |  |  |
|     | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major  | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major  | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA |
|     | 2   | C  | M   | M  | 4  | 2   | C  | M   | M  | 4  |
|     | <b>REVISED REVIEW PRIORITY RATING JUSTIFICATION</b>   |  |   |  |  |   |  |   |  |  |
|     | No change to priority rating  |  |   |  |  |   |  |   |  |  |

| No. | 2016 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION   |   |  |   |   | 2020 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION   |   |  |   |   |
|-----|--|---|--|---|---|--|---|--|---|---|
| 7.5 | <b>OBLIGATION: Data backup procedures appear adequate and backups are tested</b>   |   |  |   |   |  |   |  |   |   |
|     | <p><b>2016 Finding</b> – Data backup is reported by the site IT personnel to be carried out daily and weekly on all servers. Backups are tested</p> <p><b>2016 Documents Reviewed</b> – Karara Mining energy budget, Asset management plan, Ellipse overview. Viewed Ellipse, viewing of Historical database.</p> <p><b>2016 Observations</b> – As detailed in 7.1</p> |   |  |   |   | <p><b>2020 Finding</b> – Data backup procedures appear adequate with backup twice a day. We were advised that backups were tested.</p> <p><b>2020 Documents reviewed</b> – 96, 97</p> <p><b>2020 Observations :</b></p> <ul style="list-style-type: none"> <li>Data was regularly backed up twice a day</li> </ul> |   |  |   |   |
|     | <b>2016 Adequacy Rating:</b><br>A  |   | <b>2016 Performance Rating:</b><br>1   |   |   | <b>2020 Adequacy Rating:</b><br>A  |   | <b>2020 Performance Rating:</b><br>1   |   |   |
|     | <b>2016 Recommendations:</b><br>• Nil  |   | <b>2016 Action:</b><br>• Nil           |   |   | <b>2020 Recommendation:</b><br>• Nil   |   | <b>2020 Action:</b><br>• Nil           |   |   |
|     | <b>2020 AUDIT PLAN PRIORITY RATING</b>   |   |  |   |   | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>  |   |  |   |   |
|     | CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major  | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | REVIEW PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA | CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major  | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | REVIEW PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA |
|     | 2  | C   | M                                      | M   | 4   | 2  | C   | M                                      | M   | 4   |
|     | <b>REVISED REVIEW PRIORITY RATING JUSTIFICATION</b>  |   |  |   |   |  |   |  |   |   |
|     | No change to priority rating   |   |  |   |   |  |   |  |   |   |

| No. | 2016 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION  |   |  |   |   | 2020 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION   |   |  |   |   |
|-----|---|---|--|---|---|--|---|--|---|---|
| 7.6 | <b>OBLIGATION: Computations for licensee performance reporting are accurate</b>   |   |  |   |   |  |   |  |   |   |
|     | <p><b>2016 Finding</b> – There is minimal regular computation work. Key computations related to Licensee performance reporting are materially accurate, to the extent possible to assess with visual inspection</p> <p><b>2016 Documents Reviewed:</b> Karara Mining energy budget, Asset management plan, Ellipse overview. Viewed Ellipse, viewing of Historical database.</p> <p><b>2016 Observations</b> – As detailed in 7.1</p> |   |  |   |   | <p><b>2020 Finding:</b> The SCADA system, shared with the mine, was overloaded and number of points had to be reduced to obtain acceptable speed. Only limited line data was collated. AMSC monitor at a high sampling rate but downstream at 33kV (not part of the licence).</p> <p><b>2020 Documents reviewed</b> –<br/>96</p> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>• SCADA data was automated</li> <li>• SAP data was extremely limited and unsubstantiated</li> <li>• INXS was operated as an event monitor by OHS and appears to function satisfactorily.</li> </ul> |   |  |   |   |
|     | <b>2016 Adequacy Rating:</b><br>A   |   | <b>2016 Performance Rating:</b><br>1   |   |   | <b>2020 Adequacy Rating:</b><br>B  |   | <b>2020 Performance Rating:</b><br>3   |   |   |
|     | <p><b>2016 Recommendations:</b></p> <ul style="list-style-type: none"> <li>• Nil</li> </ul>   |   |  |   |   | <p><b>2020 Recommendation:</b></p> <ul style="list-style-type: none"> <li>• <b>R13/2020</b> – Implement INX or other appropriate system to record non-standard performances and report to management to ensure compliance and performance of the transmission line.</li> </ul>   |   |  |   |   |
|     | <p><b>2016 Action:</b></p> <ul style="list-style-type: none"> <li>• Nil</li> </ul>  |   |  |   |   | <p><b>2020 Action:</b></p> <ul style="list-style-type: none"> <li>• Refer Post Review Action Plan</li> </ul>   |   |  |   |   |
|     | <b>2020 AUDIT PLAN PRIORITY RATING</b>  |   |  |   |   | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>  |   |  |   |   |
|     | CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major   | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | REVIEW PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA | CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major  | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | REVIEW PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA |
|     | 2   | C   | M                                      | M   | 4   | 2  | B   | M                                      | M   | 4   |
|     | <b>REVISED REVIEW PRIORITY RATING JUSTIFICATION</b>   |   |  |   |   |  |   |  |   |   |
|     | Very limited documentation was provided by Karara for the preparation of the Audit & Review Plan, as such the Audit Priority Ratings in the Audit Plan were based on publicly available documentation and the previous Asset Management Review. Risk level changed as only limited SAP data was displayed.  |   |  |   |   |  |   |  |   |   |



| No. | 2016 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION  |   |  |   |   | 2020 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION   |   |  |   |   |
|-----|---|---|--|---|---|--|---|--|---|---|
| 7.7 | <b>OBLIGATION: Management reports appear adequate for the licensee to monitor licence obligations</b>   |   |  |   |   |  |   |  |   |   |
|     | <b>2016 Finding:</b><br><br><b>2016 Documents Reviewed – Karara</b> Mining energy budget, Asset management plan, Ellipse overview. Viewed Ellipse, viewing of Historical database.<br><br><b>2016 Observations –</b> As detailed in 7.1 |   |  |   |   | <b>2020 Finding –</b> No management reports pertaining to the Licensee monitoring licence obligations were available.<br><br><b>2020 Documents reviewed –</b><br>97<br><br><b>2020 Observations:</b> <ul style="list-style-type: none"> <li>Unclear who was responsible and if they were aware of obligations</li> <li>No management reports seen</li> </ul>   |   |  |   |   |
|     | <b>2016 Adequacy Rating:</b><br>A   |   | <b>2016 Performance Rating:</b><br>1   |   |   | <b>2020 Adequacy Rating:</b><br>D  |   | <b>2020 Performance Rating:</b><br>4   |   |   |
|     | <b>2016 Recommendations:</b> <ul style="list-style-type: none"> <li>Nil</li> </ul>  |   |  |   |   | <b>2020 Recommendation:</b> <ul style="list-style-type: none"> <li><b>R6/2020</b> – Develop and maintain a Compliance Register for the Electricity Transmission Licence and contractual requirements and allocate appropriate responsibilities for compliance</li> <li><b>R9/2020</b> - Utilise SAP for planning of inspection and maintenance work, such as acoustic surveys, vegetation surveys, corona, etc and compliance requirements. Ensure records are verifiable with supporting evidence and maintenance costs are detailed. Critical entries should be subject to third party review.</li> <li><b>R13/2020</b> – Implement INX or other appropriate system to record non-standard performances and report to management to ensure compliance and performance of the transmission line.</li> </ul> |   |  |   |   |
|     | <b>2016 Action:</b> <ul style="list-style-type: none"> <li>Nil</li> </ul>   |   |  |   |   | <b>2020 Action:</b> <ul style="list-style-type: none"> <li>Refer Post Review Action Plan</li> </ul>  |   |  |   |   |
|     | <b>2020 AUDIT PLAN PRIORITY RATING</b>  |   |  |   |   | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>  |   |  |   |   |
|     | CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major   | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | REVIEW PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA | CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major  | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | REVIEW PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA |
|     | 2   | C   | M                                      | M   | 4   | 2  | B   | M                                      | W   | 3   |

|  |   |
|--|---|
|  | <b>REVISED REVIEW PRIORITY RATING JUSTIFICATION</b> |
|--|---|

|  |  |
|--|--|
|  | Very limited documentation was provided by Karara for the preparation of the Audit & Review Plan, as such the Audit Priority Ratings in the Audit Plan were based on publicly available documentation and the previous Asset Management Review. Likelihood and adequacy changed on light of limited documentation presented. |
|--|--|

| No. | 2016 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION  |  |   |  |  | 2020 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION   |  |   |  |  |
|-----|---|--|---|--|--|--|--|---|--|--|
| 7.8 | <b>OBLIGATION: Adequate measures to protect asset management data from unauthorised access or theft by persons outside the organisation</b>   |  |   |  |  |  |  |   |  |  |
|     | <p><b>2016 Finding</b> – No detailed management reports are generated by the Ellipse system which would assist to monitor licence obligations. The key reports are for outage logging and the capacity to develop appear adequate.</p> <p><b>2016 Documents Reviewed</b> – Karara Mining energy budget, Asset management plan, Ellipse overview. Viewed Ellipse, viewing of Historical database.</p> <p><b>2016 Observations</b> – As detailed in 7.1</p> |  |   |  |  | <p><b>2020 Finding:</b><br/>                     Firewalls, physical security and restricted levels of access to software provide security against unauthorised access. Control of the asset was by WPC.</p> <p><b>2020 Documents reviewed</b> –<br/>                     95, 96, 98</p> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>• Firewalls in place</li> <li>• Access to confidential data restricted to approved staff</li> <li>• Hardly any data on the transmission line</li> <li>• Secure storage</li> </ul> |  |   |  |  |
|     | <b>2016 Adequacy Rating:</b><br>A   |  | <b>2016 Performance Rating:</b><br>1          |  |  | <b>2020 Adequacy Rating:</b><br>A  |  | <b>2020 Performance Rating:</b><br>1          |  |  |
|     | <b>2016 Recommendations:</b><br>• Nil   |  | <b>2020 Action:</b><br>• Nil                  |  |  | <b>Recommendation:</b><br>• Nil  |  | <b>Action:</b><br>• Nil                       |  |  |
|     | <b>2020 AUDIT PLAN PRIORITY RATING</b>  |  |   |  |  | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>  |  |   |  |  |
|     | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major  | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major   | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA |
|     | 2   | C  | M   | M  | 4  | 2  | C  | M   | M  | 4  |
|     | <b>REVISED REVIEW PRIORITY RATING JUSTIFICATION</b>   |  |   |  |  |  |  |   |  |  |
|     | No change to priority rating.   |  |   |  |  |  |  |   |  |  |

| 8. RISK MANAGEMENT   |  | ADEQUACY RATING   | PERFORMANCE RATING |
|--|--|---|--------------------|
| <input type="checkbox"/> Assess whether the risks that most affect the management and performance of the assets have been identified<br><input type="checkbox"/> Assess the adequacy of policies and procedures covering risk management<br><input type="checkbox"/> Assess whether the risk management policies and procedures have been applied in practice<br><input type="checkbox"/> Assess the adequacy of staff understanding and training on risk management |  | <b>D</b>  | <b>4</b>           |
| <b>Key Process</b> – Risk management involves the identification of risks and their management within an acceptable level of risk.   |  |   |                    |
| <b>Outcome</b> – The risk management framework effectively manages the risk that the licensee does not maintain effective service standards  |  |   |                    |
| No.  | 2016 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION   | 2020 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION  |                    |
| 8.1  | <b>OBLIGATION: Risk management policies and procedures exist and are applied to minimise internal and external risks</b>   |   |                    |
|  | <p><b>2016 Finding</b> – The AMS meets this criterion. The risk management section of the plan and Risk Plan set out risks, risk assessment and risk mitigation</p> <p><b>2016 Documents Reviewed</b> – Asset Register, Environmental Plans and Approvals, Spares List, Commissioning Plans, Reticulation plans, Asset management plan, Risk management policy, Risk register, Project management manual</p> <p><b>2016 Observations –</b></p> <p><i>Policies and procedures</i><br/>                     The Licensee has a documented risk management procedure and there is evidence that risk based approaches is being carried out.<br/>                     The Licensee has assessed and prioritised the threats to specific plant and developed contingencies for these threats which are based on assessment of risks.<br/>                     The power quality measurement plan is a strategy to mitigate quality/reliability threats. The power quality at Karara is a joint effort between Western Power and Karara based on the agreed operating parameter for the final supply. This stipulates maintenance of power factor, and a range of reactive power within which Karara operates and achieves this by using STATCOMS installed at Karara 330kV substation.</p> <p><i>Training</i><br/>                     There is evidence of training and awareness by staff of risk based approaches.</p> | <p><b>2020 Finding</b> – There were risk management policies and procedures that exist for the organisation but they have not been applied to minimise internal and external risks with regards to the Transmission Line. No risk management has been undertaken for the Transmission Line.</p> <p><b>2020 Documents reviewed –</b><br/>                     83, 84, 94, 113</p> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>• Risk management was centred on mining operations. The primary focus was on safety and environmental risks associate with mining operations.</li> <li>• Majority of documentation based on construction phase documents and has not been updated since operations commenced.</li> <li>• Environmental departmental risk assessments were provided</li> <li>• Staff were unaware of risk assessments or requirements for them.</li> <li>• There was no evidence of training in regard to the risk management application to the Transmission Line.</li> <li>• Management were aware of potential risks but have not formally documented them.</li> </ul> |                    |

|  |  |   |             |  |  |  |  |   |             |  |  |  |  |  |                                      |  |  |  |  |
|--|--|---|-------------|--|--|--|--|---|-------------|--|--|--|--|--|--------------------------------------|--|--|--|--|
| <b>2016 Adequacy Rating:</b><br>A  |  |   |             |  | <b>2016 Performance Rating:</b><br>1             |  |  |   |             | <b>2020 Adequacy Rating:</b><br>C  |  |  |  |  | <b>2020 Performance Rating:</b><br>3 |  |  |  |  |
| <b>2016 Recommendations:</b><br><ul style="list-style-type: none"> <li>Nil</li> </ul>  |  |   |             |  |  |  |  |   |             | <b>2020 Recommendation:</b><br><ul style="list-style-type: none"> <li><b>R4/2020</b> - Undertake and record a risk assessment of the transmission line.</li> <li><b>R5/2020</b> - Develop a risk based treatment plan to address issues identified to ensure ongoing compliance and/or accept residual risk. Operational controls should be evident in the AMS and detailed in the AMP i.e. acoustic and vegetation surveys</li> <li><b>R8/2020</b> – Review and implement a Document Management System incorporating existing policies, procedures and supporting documentation for currency and applicability.</li> <li><b>R12/2020</b> - Establish internal audit processes to monitor risks and ensure compliance with Electricity Transmission Licence requirements and other contractual documentation.</li> </ul> |  |  |  |  |                                      |  |  |  |  |
| <b>2016 Action:</b><br><ul style="list-style-type: none"> <li>Nil</li> </ul>   |  |   |             |  |  |  |  |   |             | <b>2020 Action:</b><br><ul style="list-style-type: none"> <li>Refer Post Review Action Plan</li> </ul>   |  |  |  |  |                                      |  |  |  |  |
| <b>2020 AUDIT PLAN PRIORITY RATING</b>   |  |   |             |  |  |  |  |   |             | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>  |  |  |  |  |                                      |  |  |  |  |
| <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major   | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>RISK</b> | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>RISK</b> | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak   | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA |  |  |  |                                      |  |  |  |  |
| 2  | C  | M   |             | M  | 4  | 2  | B  | M   |             | W  | 3  |  |  |  |                                      |  |  |  |  |
| <b>REVISED REVIEW PRIORITY RATING JUSTIFICATION</b>  |  |   |             |  |  |  |  |   |             |  |  |  |  |  |                                      |  |  |  |  |
| Very limited documentation was provided by Karara for the preparation of the Audit & Review Plan, as such the Audit Priority Ratings in the Audit Plan were based on publicly available documentation and the previous Asset Management Review. Likelihood and adequacy changed on light of lack of documentation presented. |  |   |             |  |  |  |  |   |             |  |  |  |  |  |                                      |  |  |  |  |

| No. | 2016 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION  |  |   |             |  | 2020 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION   |  |  |   |             |  |  |
|-----|---|--|---|-------------|--|--|--|--|---|-------------|--|--|
| 8.2 | <b>OBLIGATION: Risks are documented in a risk register and treatment plans are implemented and monitored</b>  |  |   |             |  |  |  |  |   |             |  |  |
|     | <p><b>2016 Finding</b> – The risk process is set out in the AMP. There is a risk register of Karara Mining which includes the Licensee.</p> <p><b>2016 Documents Reviewed</b> – Asset Register, Environmental Plans and Approvals, Spares List, Commissioning Plans, Reticulation plans, Asset management plan, Risk management policy, Risk register, Project management manual</p> <p><b>2016 Observations</b> – As detailed in 8.1</p> |  |   |             |  | <p><b>2020 Finding</b> – Risks were not documented in a risk register and treatment plans were not established, implemented and monitored. Risk management was adhoc and relies on the tacit knowledge of employees. The risk management documentation was not co-ordinated.</p> <p><b>2020 Documents reviewed</b> –<br/>83, 84, 94, 113</p> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>Advised there were departmental risk assessments but not seen</li> <li>Employees were uninformed about risk assessments.</li> </ul>   |  |  |   |             |  |  |
|     | <b>2016 Adequacy Rating:</b><br>A   |  | <b>2016 Performance Rating:</b><br>1          |             |  | <b>2020 Adequacy Rating:</b><br>D  |  | <b>2020 Performance Rating:</b><br>4                           |   |             |  |  |
|     | <p><b>2016 Recommendations:</b></p> <ul style="list-style-type: none"> <li>Nil</li> </ul>   |  |   |             |  | <p><b>2020 Recommendation:</b></p> <ul style="list-style-type: none"> <li><b>R4/2020</b> - Undertake and record a risk assessment of the transmission line.</li> <li><b>R5/2020</b> - Develop a risk based treatment plan to address issues identified to ensure ongoing compliance and/or accept residual risk. Operational controls should be evident in the AMS and detailed in the AMP i.e. acoustic and vegetation surveys.</li> <li><b>R12/2020</b> - Establish internal audit processes to monitor risks and ensure compliance with Electricity Transmission Licence requirements and other contractual documentation.</li> </ul> |  |  |   |             |  |  |
|     | <p><b>2016 Action:</b></p> <ul style="list-style-type: none"> <li>Nil</li> </ul>  |  |   |             |  | <p><b>2020 Action:</b></p> <ul style="list-style-type: none"> <li>Refer Post Review Action Plan</li> </ul>   |  |  |   |             |  |  |
|     | <b>2020 AUDIT PLAN PRIORITY RATING</b>  |  |   |             |  | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>  |  |  |   |             |  |  |
|     | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major  | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>RISK</b> | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA   | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>RISK</b> | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA |
|     | 2   | C  | M   | M           | M  | 4  | 2  | C  | M   | W           | W  | 3  |

| <b>REVISED REVIEW PRIORITY RATING JUSTIFICATION</b> |
|---|
|---|

|  |
|--|
| Very limited documentation was provided by Karara for the preparation of the Audit & Review Plan, as such the Audit Priority Ratings in the Audit Plan were based on publicly available documentation and the previous Asset Management Review. The absence of the risk register resulted in an increased review priority. |
|--|

| No. | 2016 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION  |   | 2020 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION   |   |
|-----|---|---|--|---|
| 8.3 | <b>OBLIGATION: Probability and consequences of asset failure are regularly assessed</b>   |   |  |   |
|     | <p><b>2016 Finding –</b> During the review period, the risks of asset failures have been assessed based on probability and consequence parameters</p> <p><b>2016 Documents Reviewed –</b> Asset Register, Environmental Plans and Approvals, Spares List, Commissioning Plans, Reticulation plans, Asset management plan, Risk management policy, Risk register, Project management manual</p> <p><b>2016 Observations –</b> As detailed in 8.1</p> |   | <p><b>2020 Finding –</b> Failure of transmission line was not considered.</p> <p><b>2020 Documents reviewed –</b><br/>                     94, 113</p> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>• There was no risk assessment for the Transmission Line.</li> <li>• Extreme events not considered or documented, although unlikely, such events have occurred elsewhere in Australia and could be considered reasonably foreseeable.</li> <li>• The original transmission line design covers for some extremes, wind, temperature, conductor creep etc., although this was not reviewed.</li> <li>• Consequence of loss of transmission line are severe</li> <li>• A deficiency noted in the previous two Reviews but not addressed</li> <li>• No back up for production if line was out of service</li> </ul> |   |
|     | <p><b>2016 Adequacy Rating:</b><br/>                     A</p>  | <p><b>2016 Performance Rating:</b><br/>                     1</p> | <p><b>2020 Adequacy Rating:</b><br/>                     D</p>   | <p><b>2020 Performance Rating:</b><br/>                     4</p> |
|     | <p><b>2016 Recommendations:</b></p> <ul style="list-style-type: none"> <li>• Nil</li> </ul>   |   | <p><b>2020 Recommendation:</b></p> <ul style="list-style-type: none"> <li>• <b>R4/2020</b> - Undertake and record a risk assessment of the transmission line.</li> <li>• <b>R5/2020</b> - Develop a risk based treatment plan to address issues identified to ensure ongoing compliance and/or accept residual risk. Operational controls should be evident in the AMS and detailed in the AMP i.e. acoustic and vegetation surveys.</li> <li>• <b>R12/2020</b> - Establish internal audit processes to monitor risks and ensure compliance with Electricity Transmission Licence requirements and other contractual documentation.</li> </ul>   |   |
|     | <p><b>2016 Action:</b></p> <ul style="list-style-type: none"> <li>• Nil</li> </ul>  |   | <p><b>2020 Action:</b></p> <ul style="list-style-type: none"> <li>• Refer Post Review Action Plan</li> </ul>   |   |



| 2020 AUDIT PLAN PRIORITY RATING   |   |  |   |   | 2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING |   |  |   |   |
|---|---|--|---|---|--|---|--|---|---|
| CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major   | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | REVIEW PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA | CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major  | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | REVIEW PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA |
| 2   | C   | M                                      | M   | 4   | 3  | B   | H                                      | W   | 1   |
| <b>REVISED REVIEW PRIORITY RATING JUSTIFICATION</b>   |   |  |   |   |  |   |  |   |   |
| Very limited documentation was provided by Karara for the preparation of the Audit & Review Plan, as such the Audit Priority Ratings in the Audit Plan were based on publicly available documentation and the previous Asset Management Review. Due the absences of controls this priority has been reviewed. |   |  |   |   |  |   |  |   |   |

| 9. CONTINGENCY PLANNING  |  | ADEQUACY RATING  | PERFORMANCE RATING |
|--|--|--|--------------------|
| <p><input type="checkbox"/> Determine whether contingency plans have been developed and are current</p> <p><input type="checkbox"/> Determine whether contingency plans have been tested. If so, review the results to confirm any improvements identified have been implemented.</p> <p><b>Key Process</b> – <i>Contingency plans document the steps to deal with the unexpected failure of an asset.</i></p> <p><b>Outcome</b> – <i>Contingency plans have been developed and tested to minimise any major disruptions to service standards.</i></p> |  | <b>C</b>   | <b>4</b>           |
| No.  | 2016 AUDIT REPORT EVIDENCE/ VERIFICATION/FINDING/ACTION  | 2020 AUDIT REPORT EVIDENCE/ VERIFICATION/FINDING/ACTION  |                    |
| 9.1  | <p><b>OBLIGATION: Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks</b></p> <p><b>2016 Finding</b> – The AMS does not meet this criterion Critical spares are identified and being sourced. Standard spares such as insulators are on site. Contingency plans have not been developed during the review period but have been since. There has been no test yet.</p> <p><b>2016 Documents Reviewed</b> – Asset Register, Environmental Plans and Approvals, Spares List, Reticulation plans, Asset management plan, Risk management policy, Risk register, Project management manual.</p> <p><b>2016 Observations –</b><br/> <i>Development of contingency plans / currency</i><br/>                     The Licensee has good documentation of its data recovery plans.<br/>                     The Licensee has documented the threats to specific plant but not yet developed contingencies for these threats. An inventory of spare parts has been developed.<br/>                     The Licensee has detailed maintenance scheduled out for several years, with minor and major shutdowns allowed to deal with potential issues. Maintenance is partly conducted on condition based maintenance which monitors critical items for indicators of future failure (eg Corona, thermo-graphic assessment, tower/line inspections).<br/>                     The maintenance regime is geared to keeping the plant operational without forced outages.<br/>                     The power quality measurement plan (a strategy to mitigate quality/reliability threats) is carried out by Western Power.</p> <p><i>Testing of contingency plans</i></p> | <p><b>2020 Finding</b> – Contingency process only covers service loads and not production. There was no formally documented contingency plan. There was a draft contingency plan, however not formalised and not document controlled. Generator sets were regularly full load tested as part of the monthly scheduled maintenance regime and tested during forced and planned outages and load restriction.</p> <p><b>2020 Documents reviewed –</b><br/>                     1, 2, 40, 44, 45, 49, 56, 165</p> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>• No formal contingency plan in place</li> <li>• Tech rules exemption permits no N-1 or N-1-1 redundancy.</li> <li>• Generators can supply admin/camp load but no process</li> <li>• Emergency Response Plan, Incident Management Plans and Crisis Management and Recovery Plan have some inconsistencies between them, such as terminology</li> <li>• Generator sets were maintained by Cummins and no-load tested regularly.</li> <li>• Previous reports noted lack of contingency planning</li> <li>• Karara ETL6 Power Line Contingency Test Plan has synchronising and on and off load testing, for 20min which may not be adequate, generally undertaken for 1-2hrs.</li> <li>• Karara Mining 330kV Powerline Contingency Desktop Audit highlighted contingency concerns</li> </ul> |                    |

|   |  |   |  |  |  |  |   |  |  |
|---|--|---|--|--|--|--|---|--|--|
| <p>The plans have not been developed during the review period but have been since. There has been no test yet.<br/>                 The company conducts major incident training for the emergency services crews at site.<br/>                 4/2013 Contingency Plans not yet developed.</p> <p>Auditors Recommendation in 2013 report was that the development of contingency plans occur based on risk assessment and subsequently scheduling of testing of the contingency plans. It was noted in the 2016 Audit Report that the Contingency Plans has not been tested.</p> |  |   |  |  |  |  |   |  |  |
| <p><b>2016 Adequacy Rating:</b><br/> <b>B</b></p>   |  |   | <p><b>2016 Performance Rating:</b><br/> <b>2</b></p>   |  | <p><b>2020 Adequacy Rating:</b><br/> <b>C</b></p>  |  |   | <p><b>2020 Performance Rating:</b><br/> <b>4</b></p>   |  |
| <p><b>2016 Recommendations:</b></p> <ul style="list-style-type: none"> <li>2/2016 - Contingency plans not yet developed and tested. Contingency plans were noted to have been developed after the review period (i.e. after the 30/6/2016) but not yet tested.</li> </ul>   |  |   |  |  | <p><b>2020 Recommendation:</b></p> <ul style="list-style-type: none"> <li><b>R10/2020</b> - Review and document contingency plans and consider risks</li> <li><b>R19/2020</b> – Review Karara Mining 330kV Powerline Contingency Desktop Audit 20/4/17 and implement recommendations or critically review and document findings and management action</li> </ul> |  |   |  |  |
| <p><b>2016 Action:</b></p> <ul style="list-style-type: none"> <li>Schedule tests of <b>contingency</b> plan.</li> </ul>   |  |   |  |  | <p><b>2020 Action:</b></p> <ul style="list-style-type: none"> <li>Refer Post Review Action Plan</li> </ul>   |  |   |  |  |
| <p><b>2020 AUDIT PLAN PRIORITY RATING</b></p>   |  |   |  |  | <p><b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b></p>   |  |   |  |  |
| <p>CONSEQUENCE<br/>                 1=Minor<br/>                 2=Moderate<br/>                 3=Major</p>  | <p>RISK LIKELIHOOD<br/>                 A=Likely<br/>                 B=Probable<br/>                 C=Unlikely</p> | <p>INHERENT RISK<br/>                 Low<br/>                 Medium<br/>                 High</p> | <p>ADEQUACY OF EXISTING CONTROLS<br/>                 S=Strong<br/>                 M=Moderate<br/>                 W=Weak</p> | <p>REVIEW PRIORITY<br/>                 1 / 2 / 3 / 4 / 5 / NA</p> | <p>CONSEQUENCE<br/>                 1=Minor<br/>                 2=Moderate<br/>                 3=Major</p>   | <p>RISK LIKELIHOOD<br/>                 A=Likely<br/>                 B=Probable<br/>                 C=Unlikely</p> | <p>INHERENT RISK<br/>                 Low<br/>                 Medium<br/>                 High</p> | <p>ADEQUACY OF EXISTING CONTROLS<br/>                 S=Strong<br/>                 M=Moderate<br/>                 W=Weak</p> | <p>REVIEW PRIORITY<br/>                 1 / 2 / 3 / 4 / 5 / NA</p> |
| 2   | C  | M   | M  | 4  | 2  | C  | M   | W  | 3  |
| <p><b>REVISED REVIEW PRIORITY RATING JUSTIFICATION</b></p> <p>Very limited documentation was provided by Karara for the preparation of the Audit &amp; Review Plan, as such the Audit Priority Ratings in the Audit Plan were based on publicly available documentation and the previous Asset Management Review. Previous inaction, misstatement and inconsistency raised the adequacy concerns.</p>   |  |   |  |  |  |  |   |  |  |

| <b>10. FINANCIAL PLANNING</b>  |  | <b>ADEQUACY RATING</b>   | <b>PERFORMANCE RATING</b> |
|--|--|--|---------------------------|
| <p><input type="checkbox"/> Obtain a copy of the financial planning, budgeting and reporting process and assess its effectiveness<br/> <input type="checkbox"/> Obtain a copy of the current financial plan (including budget/actual) and assess whether the process is followed</p> <p><b>Key Process</b> – <i>Financial brings together the financial elements of the service delivery to ensure its financial viability over the long term.</i></p> <p><b>Outcome</b> – <i>The financial plan is reliable and provides for the long-term financial viability of the services.</i></p> |  | <b>D</b>   | <b>4</b>                  |
| No.  | 2016 AUDIT REPORT EVIDENCE/ VERIFICATION/FINDING/ACTION  | 2020 AUDIT REPORT EVIDENCE/ VERIFICATION/FINDING/ACTION  |                           |
| 10.1   | <p><b>OBLIGATION: The financial plan states the financial objectives and identifies strategies and actions to achieve those</b></p> <p><b>2016 Finding</b> – The Licensed assets are a small part of the company core business of mining which will determine the viability of the operations. The licensed electrical assets are part of that budgeting process. The overall budgets are related to objectives / strategies and actions to achieve the objectives of reliability and continuity of supply. There is no income at present. There is a financial budget which is a financial plan given the simplicity of the financial model</p> <p><b>2016 Documents Reviewed</b> – Karara Mining energy budget.</p> <p><b>2016 Observations –</b><br/> <i>Financial planning process / plans</i><br/>                     The Licensee carries out budgeting and monitoring processes. These are on 1 year and 5 year cycles and upgraded year by year. Long ranges forecasting provides business outlook over the next 5 years. With Western Power wheeling power to their customer (Golden Grove) and there will be minimal income (\$1). Costs are budgeted and funded by mining operations.</p> <p>Costs are accrued monthly and estimates updated quarterly, The expenditure reports go to the parent body's executives. There is a financial philosophy document together with the budget which is a financial plan given the simplicity of the financial model.</p> | <p><b>2020 Finding</b> – There was no documented financial plan that specifically states objectives and identifies strategies and actions to achieve the objectives. However, Budget Reporting Packs, Financial Statements, Energy Budgets and other supporting documentation provided by the Financial Controller demonstrated this process has been established to achieve the objectives of reliability and continuity of supply.</p> <p><b>2020 Documents reviewed –</b><br/>                     4, 5, 7, 8, 9, 10, 12, 14, 15, 17, 19, 20, 22, 24</p> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>• Accounting processes appears to be adequate.</li> <li>• Accounting was done to Chinese standards with an audited report to Australian standards prepared at the same time.</li> <li>• Australian accounting methods were utilised.</li> <li>• Chinese financial year is January 1st to December 31st.</li> <li>• The Transmission line was not separately identified in the documents provided. Having a high up front cost, low operating and maintenance costs and an asset life greater than that of the mine financing (establishment and interest) would be the main ongoing costs.</li> <li>• RSM routinely stated that the financials “may cast significant doubt on the Consolidated Entity's ability to continue as a going concern” throughout the 4 year audit period.</li> </ul> |                           |

|  |  |   |  |  |  |  |   |  |  |
|--|--|---|--|--|--|--|---|--|--|
|  |  |   |  |  | <ul style="list-style-type: none"> <li>Since the transmission line costs were not separately identified from mining operations the documentation doesn't meet requirements for an AMS</li> <li>The response "the Directors believe the Company and the Consolidated Entity will each be able to continue as going concerns during the relevant period of at least twelve months and that it was appropriate to adopt the going concern basis in preparation of the financial statements for the year ended 31st December 2019".</li> </ul> |  |   |  |  |
| <b>2016 Adequacy Rating:</b><br>A  |  |   | <b>2016 Performance Rating:</b><br>1                                     |  | <b>2020 Adequacy Rating:</b><br>D  |  |   | <b>2020 Performance Rating:</b><br>4                                     |  |
| <b>2016 Recommendations:</b> <ul style="list-style-type: none"> <li>Nil</li> </ul> |  |   |  |  | <b>2020 Recommendation:</b> <ul style="list-style-type: none"> <li><b>R18/2020</b> – Monitor the Company and Consolidated Entity's financial performance to ensure that it is a going concern.</li> </ul>  |  |   |  |  |
| <b>2016 Action:</b> <ul style="list-style-type: none"> <li>Nil</li> </ul>          |  |   |  |  | <b>2020 Action:</b> <ul style="list-style-type: none"> <li>Refer Post Review Action Plan</li> </ul>  |  |   |  |  |
| <b>2020 AUDIT PLAN PRIORITY RATING</b>   |  |   |  |  | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>  |  |   |  |  |
| <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major                             | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major   | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA |
| 2  | C  | M   | M  | 4  | 2  | C  | M   | M  | 4  |
| <b>REVISED REVIEW PRIORITY RATING JUSTIFICATION</b>                                |  |   |  |  |  |  |   |  |  |
| No change to review priority rating.   |  |   |  |  |  |  |   |  |  |

| No.  | 2016 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION  |  |   |  |  | 2020 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION  |  |   |  |  |
|------|---|--|---|--|--|---|--|---|--|--|
| 10.2 | <b>OBLIGATION: The financial plan identifies the source of funds for capital expenditure and recurrent costs</b>  |  |   |  |  |   |  |   |  |  |
|      | <p><b>2016 Finding –</b> The Licensed assets are a small part of the mining electrical assets and are part of that budgeting process. The overall budget identifies the source of funds for capital expenditure and recurrent costs. All capital expenditure will be funded from mining. Minimal capital is required for other reasons except those arising from SWIN network issues</p> <p><b>2016 Documents Reviewed –</b> Karara Mining energy budget.</p> <p><b>2016 Observations –</b> As detailed in 10.1</p> |  |   |  |  | <p><b>2020 Finding –</b> During the audit period, there has been no capital expenditure on the Transmission Line and therefore no source of funding was evident. Since the change in ownership, Chinese funding has been forthcoming for operational expenses.</p> <p><b>2020 Documents reviewed –</b><br/>6, 12, 17, 22</p> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>Funding has been provided through the audit period from various Chinese funding agencies, often underwritten by Ansteel.</li> <li>Refinancing improbable without Chinese banks and Ansteel support.</li> <li>Since the transmission line costs were not separately identified from mining operations the documentation doesn't meet requirements for an AMS</li> <li></li> </ul> |  |   |  |  |
|      | <b>2016 Adequacy Rating:</b><br>A   |  | <b>2016 Performance Rating:</b><br>1          |  |  | <b>2020 Adequacy Rating:</b><br>D   |  | <b>2020 Performance Rating:</b><br>NR         |  |  |
|      | <b>2016 Recommendations:</b><br>• Nil   |  | <b>2016 Action:</b><br>• Nil                  |  |  | <b>2020 Recommendation:</b><br>• Nil  |  | <b>2020 Action:</b><br>• Nil                  |  |  |
|      | <b>2020 AUDIT PLAN PRIORITY RATING</b>  |  |   |  |  | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>   |  |   |  |  |
|      | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major  | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major  | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA |
|      | 2   | C  | M   | M  | 4  | 2   | C  | M   | M  | 4  |
|      | <b>REVISED REVIEW PRIORITY RATING JUSTIFICATION</b>   |  |   |  |  |   |  |   |  |  |
|      | No change to review priority rating   |  |   |  |  |   |  |   |  |  |

| No.  | 2016 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION  |   |  |   |   | 2020 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION  |   |  |   |   |
|------|---|---|--|---|---|---|---|--|---|---|
| 10.3 | <b>OBLIGATION: The financial plan provides projections of operating statements (profit and loss) and statement of financial position (balance sheets)</b>   |   |  |   |   |   |   |  |   |   |
|      | <p><b>2016 Finding</b> – As the network is only part of the core business of mining detailed financial plans for the network are not relevant. Detailed financial plans for the mine are prepared. The Licensed assets do not attempt operating statements (profit and loss) and statement of financial position (balance sheets) but monitors costs with respect to budgets</p> <p><b>2016 Documents Reviewed</b> – Karara Mining energy budget.</p> <p><b>2016 Observations</b> – As detailed in 10.1</p> |   |  |   |   | <p><b>2020 Finding</b> – The KML Financial Statements provide projections of profit and loss and balance sheets. Forecasting was only for 2 years.</p> <p><b>2020 Documents reviewed</b> – 6, 12, 17, 22</p> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>RSM routinely states the financials “may cast significant doubt on the Consolidated Entity’s ability to continue as a going concern” throughout the 4 year audit period.</li> <li>The response “the Directors believe the Company and the Consolidated Entity will each be able to continue as going concerns during the relevant period of at least twelve months and that it was appropriate to adopt the going concern basis in preparation of the financial statements for the year ended 31st December 2019”.</li> <li>Major losses in the audit period with an increasing balance deficit.</li> <li>Volatility in iron ore price makes long term forecasting e.g. 5 years, unreliable so only 2 years was used.</li> <li>Since the transmission line costs were not separately identified from mining operations the documentation doesn’t meet requirements for an AMS</li> <li></li> </ul> |   |  |   |   |
|      | <b>2016 Adequacy Rating:</b><br>A   |   | <b>2016 Performance Rating:</b><br>1   |   |   | <b>2020 Adequacy Rating:</b><br>D   |   | <b>2020 Performance Rating:</b><br>NR  |   |   |
|      | <b>2016 Recommendations:</b>  |   |  |   |   | <b>2020 Recommendation:</b>   |   |  |   |   |
|      | <ul style="list-style-type: none"> <li>Nil</li> </ul>   |   |  |   |   | <ul style="list-style-type: none"> <li>Nil</li> </ul>   |   |  |   |   |
|      | <b>2016 Action:</b>   |   |  |   |   | <b>2020 Action:</b>   |   |  |   |   |
|      | <ul style="list-style-type: none"> <li>Nil</li> </ul>   |   |  |   |   | <ul style="list-style-type: none"> <li>Nil</li> </ul>   |   |  |   |   |
|      | <b>2020 AUDIT PLAN PRIORITY RATING</b>  |   |  |   |   | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>   |   |  |   |   |
|      | CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major   | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | REVIEW PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA | CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major   | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | REVIEW PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA |

|  | 2   | C   | M                                      | M   | 4   | 2   | C   | M                                      | M   | 4   |
|--|---|---|--|---|---|---|---|--|---|---|
| <b>REVISED REVIEW PRIORITY RATING JUSTIFICATION</b> - No change to review priority rating. |   |   |  |   |   |   |   |  |   |   |
| No.  | 2016 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION  |   |  |   |   | 2020 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION  |   |  |   |   |
| 10.4   | <b>OBLIGATION: The financial plan provides firm predictions on income for the next five years and reasonable predictions beyond this period</b>   |   |  |   |   |   |   |  |   |   |
|  | <p><b>2016 Finding</b> – The licensee does not predict income for access to the network as any customers do not yet exist and do not charge the parent miner for electricity as income. Profitability of the network per-se is immaterial.</p> <p><b>2016 Documents Reviewed</b> – Karara Mining energy budget.</p> <p><b>2016 Observations</b> – As detailed in 10.1</p> |   |  |   |   | <p><b>2020 Finding</b> – The transmission line does not generate revenue, with the intended purpose to provide energy to the mine. The financial process provided predictions on income for the next two years. Little change in fiscal conditions was anticipated. Predictions were for 2 years not 5 years and were based on mining operations.</p> <p><b>2020 Documents reviewed</b> –<br/>5, 6, 11, 16, 21</p> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>The transmission line does not generate income.</li> <li>Budget was for 2 years ahead, not 5 years, and very dependent on iron ore prices that were hard to predict.</li> <li>Continuing losses forecast.</li> </ul> |   |  |   |   |
|  | <b>2016 Adequacy Rating:</b><br>A   |   | <b>2016 Performance Rating:</b><br>1   |   |   | <b>2020 Adequacy Rating:</b><br>NR  |   | <b>2020 Performance Rating:</b><br>NR  |   |   |
|  | <b>2016 Recommendations:</b>  |   |  |   |   | <b>2020 Recommendation:</b>   |   |  |   |   |
|  | <ul style="list-style-type: none"> <li>Nil</li> </ul> <p><b>Action:</b></p>   |   |  |   |   | <ul style="list-style-type: none"> <li><b>R18/2020</b> – Monitor the Company and Consolidated Entity's financial performance to ensure that it is a going concern.</li> </ul>   |   |  |   |   |
|  | <b>2016 Action:</b>   |   |  |   |   | <b>2020 Action:</b>   |   |  |   |   |
|  | <ul style="list-style-type: none"> <li>Nil</li> </ul>   |   |  |   |   | <ul style="list-style-type: none"> <li>Refer Post Review Action Plan</li> </ul>   |   |  |   |   |
|  | <b>2020 AUDIT PLAN PRIORITY RATING</b>  |   |  |   |   | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>   |   |  |   |   |
|  | CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major   | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | REVIEW PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA | CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major   | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | REVIEW PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA |



|  |   |   |   |   |   |   |   |   |   |   |
|--|---|---|---|---|---|---|---|---|---|---|
|  | 2   | C | M | M | 4 | 2 | A | H | M | 2 |
|  | <b>REVISED REVIEW PRIORITY RATING JUSTIFICATION</b> |   |   |   |   |   |   |   |   |   |
|  | No change to review priority rating.                |   |   |   |   |   |   |   |   |   |

| No.  | 2016 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION   |   |  |   |   | 2020 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION   |   |  |   |   |
|------|--|---|--|---|---|--|---|--|---|---|
| 10.5 | <b>OBLIGATION: The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services</b>   |   |  |   |   |  |   |  |   |   |
|      | <p><b>2016 Finding</b> – The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services.</p> <p><b>2016 Documents Reviewed</b> – Karara Mining energy budget.</p> <p><b>2016 Observations</b> – As detailed in 10.1</p> |   |  |   |   | <p><b>2020 Finding</b> – The financial costs associated with the operations and maintenance, administration of the Transmission Line were incorporated into the mine operational budget. They were noted to be relatively low cost expenditures in the Licensees' operations.</p> <p><b>2020 Documents reviewed</b> –<br/>6, 12, 17, 22</p> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>No new works were anticipated</li> <li>Ongoing costs of a transmission line were small compared with those of the mine.</li> </ul> <p>Since the transmission line costs were not separately identified from mining operations the documentation doesn't meet requirements for an AMS</p> |   |  |   |   |
|      | <b>2016 Adequacy Rating:</b><br>A  |   | <b>2016 Performance Rating:</b><br>1   |   |   | <b>2020 Adequacy Rating:</b><br>D  |   | <b>2020 Performance Rating:</b><br>NR  |   |   |
|      | <p><b>2016 Recommendations:</b></p> <ul style="list-style-type: none"> <li>Nil</li> </ul>  |   |  |   |   | <p><b>2020 Recommendation:</b></p> <ul style="list-style-type: none"> <li><b>R9/2020</b> - Utilise SAP for planning of inspection and maintenance work, such as acoustic surveys, vegetation surveys, corona, etc and compliance requirements. Ensure records are verifiable with supporting evidence and maintenance costs are detailed. Critical entries should be subject to third party review.</li> </ul>   |   |  |   |   |
|      | <p><b>2016 Action:</b></p> <ul style="list-style-type: none"> <li>Nil</li> </ul>   |   |  |   |   | <p><b>2020 Action:</b></p> <ul style="list-style-type: none"> <li>Refer Post Review Action Plan</li> </ul>   |   |  |   |   |
|      | <b>2020 AUDIT PLAN PRIORITY RATING</b>   |   |  |   |   | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>  |   |  |   |   |
|      | CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major  | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | REVIEW PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA | CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major  | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | REVIEW PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA |
|      | 2  | C   | M                                      | M   | 4   | 2  | C   | M                                      | M   | 4   |
|      | <b>REVISED REVIEW PRIORITY RATING JUSTIFICATION</b>  |   |  |   |   |  |   |  |   |   |

---

|  |                                      |
|--|--------------------------------------|
|  | No change to review priority rating. |
|--|--------------------------------------|

| No.  | 2016 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION  |  |   |  |  | 2020 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION   |  |   |  |  |
|------|---|--|---|--|--|--|--|---|--|--|
| 10.6 | <b>OBLIGATION: Large variances in actual/budget income and expenses are identified and corrective action taken where necessary</b>  |  |   |  |  | <b>OBLIGATION: Large variances in actual/budget income and expenses are identified and corrective action taken where necessary</b>   |  |   |  |  |
|      | <p><b>2016 Finding</b> – When significant variation in expenditure or budget are noted this is investigate</p> <p><b>2016 Documents Reviewed</b> – Karara Mining energy budget.</p> <p><b>2016 Observations</b> – As detailed in 10.1</p> |  |   |  |  | <p><b>2020 Finding</b> – The Licensee has not experienced large variances in actual/budget income and expenses associated with the Transmission Line were identified. Power Demand has been consistent through the audit period.</p> <p><b>2020 Documents reviewed</b> –<br/>6, 12, 17, 22, 24</p> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>No significant variances in reporting period so unable to rate responses to large variances. No new works in reporting period.</li> <li>Energy demand was forecast</li> </ul> |  |   |  |  |
|      | <b>2016 Adequacy Rating:</b><br>A   |  | <b>2016 Performance Rating:</b><br>1          |  |  | <b>2020 Adequacy Rating:</b><br>NR   |  | <b>2020 Performance Rating:</b><br>NR         |  |  |
|      | <b>2016 Recommendations:</b><br>• Nil   |  | <b>2016 Action:</b><br>• Nil                  |  |  | <b>2020 Recommendation:</b><br>• Nil   |  | <b>2020 Action:</b><br>• Nil                  |  |  |
|      | <b>2020 AUDIT PLAN PRIORITY RATING</b>  |  |   |  |  | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>  |  |   |  |  |
|      | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major  | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major   | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA |
|      | 2   | C  | M   | M  | 4  | 2  | C  | M   | M  | 4  |
|      | <b>REVISED REVIEW PRIORITY RATING JUSTIFICATION</b>   |  |   |  |  |  |  |   |  |  |
|      | No change to review priority rating.  |  |   |  |  |  |  |   |  |  |

| 11. CAPITAL EXPENDITURE PLANNING  |  | ADEQUACY RATING  | PERFORMANCE RATING |
|---|--|--|--------------------|
| <p><input type="checkbox"/> Understand the capital expenditure planning process and assess its effectiveness</p> <p><input type="checkbox"/> Obtain a copy of the capital expenditure plan for the current year and assess whether the process is being followed</p> <p><b>Key Process</b> – <i>The capital expenditure plan provides a schedule of new works, rehabilitation and replacement works, together with estimated annual expenditure for these works over the next five or more years. Since capital investments tend to be large and lumpy, projections would normally be expected to cover at least 10 years, preferably longer. Projections over the next five years would usually be based on firm estimates.</i></p> <p><b>Outcome</b> – <i>The capital expenditure plan provides reliable forward estimates of capital expenditure and asset disposal income. Reasons for the decisions and for the evaluation of alternatives and options are documented.</i></p> |  | <b>D</b>   | <b>NR</b>          |
| No.   | 2016 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION   | 2020 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION   |                    |
| 11.1  | <p><b>OBLIGATION: There is a capital expenditure plan covering works to be undertaken, actions proposed, responsibilities and dates</b></p> <p><b>2016 Finding</b> – The AMP sets out “capital expenditure” but there is no significant expenditure planned.</p> <p><b>2016 Documents Reviewed</b> – Karara Mining energy budget</p> <p><b>2016 Observations –</b><br/> <i>Capital expenditure process / plans</i><br/>                     The Licensee has budgeting and monitoring processes. These are on 1 year and 5 year cycles and upgraded year by year. Long ranges forecasting provides business outlook over the next 5 to 10 years.<br/>                     Capital expansion and expenditure is justified against mining projects. The funds for expansion or rearrangement of the network are provided from the mine project requiring the change.</p> | <p><b>2020 Finding</b> – There was no capital expenditure plan developed for the Transmission Line and no significant capital works during the review period nor are any forecast.</p> <p><b>2020 Documents reviewed –</b><br/>                     3, 6, 11, 16, 21, 49</p> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>• There was high capital expenditure in the construction phase of the transmission line and by nature of design and operation there were expected to be limited capital expenditure costs throughout the lifecycle of the asset.</li> <li>• It was projected that the asset life exceeds mine life and there was no plan for further capital spending</li> <li>• Monitoring of this assumption should be undertaken given the projections were based on 30MTpa x 30Yrs and the mine operation was approximately 8MTpa.</li> <li>• It would be expected that capital expenditure for part of the AMP.</li> <li>• Risks were not defined and asset replacement/disposal has not been considered.</li> <li>• Since the transmission line costs were not separately identified from mining operations the documentation doesn’t meet requirements for an AMS</li> </ul> |                    |

|  |  |   |             |  |  |  |  |   |             |   |  |  |  |  |                                       |  |  |  |  |  |  |
|--|--|---|-------------|--|--|--|--|---|-------------|---|--|--|--|--|---------------------------------------|--|--|--|--|--|--|
| <b>2016 Adequacy Rating:</b><br>A                      |  |   |             |  | <b>2016 Performance Rating:</b><br>1             |  |  |   |             | <b>2020 Adequacy Rating:</b><br>D   |  |  |  |  | <b>2020 Performance Rating:</b><br>NR |  |  |  |  |  |  |
| <b>2016 Recommendations:</b><br>• Nil                  |  |   |             |  |  |  |  |   |             | <b>2020 Recommendation:</b><br>• R2/2020 - Develop and implement an AMP for the Transmission Line compliant to regulatory and contractual requirements. |  |  |  |  |                                       |  |  |  |  |  |  |
| <b>2016 Action:</b><br>• Nil                           |  |   |             |  |  |  |  |   |             | <b>2020 Action:</b><br>• Refer Post Review Action Plan  |  |  |  |  |                                       |  |  |  |  |  |  |
| <b>2020 AUDIT PLAN PRIORITY RATING</b>                 |  |   |             |  |  |  |  |   |             | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>   |  |  |  |  |                                       |  |  |  |  |  |  |
| <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>RISK</b> | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>RISK</b> | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak  | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA |  |  |  |                                       |  |  |  |  |  |  |
| 2  | C  | M   | M           | M  | 4  | 2  | C  | M   | M           | M   | 4  |  |  |  |                                       |  |  |  |  |  |  |
| <b>REVISED REVIEW PRIORITY RATING JUSTIFICATION</b>    |  |   |             |  |  |  |  |   |             |   |  |  |  |  |                                       |  |  |  |  |  |  |
| No change to review priority rating.                   |  |   |             |  |  |  |  |   |             |   |  |  |  |  |                                       |  |  |  |  |  |  |

| No.  | 2016 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION  |  |   |  |  | 2020 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION   |  |   |  |  |
|------|---|--|---|--|--|--|--|---|--|--|
| 11.2 | <b>OBLIGATION: The capital expenditure plan provides reasons for capital expenditure and timing of expenditure</b>  |  |   |  |  |  |  |   |  |  |
|      | <p><b>2016 Finding</b> – The AMP does not set out “capital expenditure” values as these are unlikely in the near future</p> <p><b>2016 Documents Reviewed</b> – Karara Mining energy budget</p> <p><b>2016 Observations</b> – As detailed in 11.1</p> |  |   |  |  | <p><b>2020 Finding</b> – There was no capital expenditure plan developed for the Transmission Line. No significant capital works during the review period nor any forecast.</p> <p><b>2020 Documents reviewed</b> – 49</p> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>Projected that asset life exceeds mine life and no plan for further capital spending. The original design allowed for a future second stage of mine expansion to 30Mtpa, current load was 73MW for 8Mtpa</li> <li>It would be expected that capital expenditure form part of the AMP. Since the transmission line costs were not separately identified from mining operations the documentation doesn't meet requirements for an AMS</li> </ul> |  |   |  |  |
|      | <b>2016 Adequacy Rating:</b><br>A   |  | <b>2016 Performance Rating:</b><br>1          |  |  | <b>2020 Adequacy Rating:</b><br>D  |  | <b>2020 Performance Rating:</b><br>NR         |  |  |
|      | <p><b>2016 Recommendations:</b></p> <ul style="list-style-type: none"> <li>Nil</li> </ul>   |  |   |  |  | <p><b>2020 Recommendation:</b></p> <ul style="list-style-type: none"> <li><b>R1/2020</b> – Formalise and implement an AMS for the transmission line.</li> <li><b>R2/2020</b> - Develop and implement an AMP for the Transmission Line compliant to regulatory and contractual requirements.</li> <li><b>R3/2020</b> - Review the Asset Register to include asset type, location, material, plans of components, and an assessment of assets' physical/structural condition.</li> </ul>   |  |   |  |  |
|      | <b>2016 Action:</b><br>Nil  |  |   |  |  | <b>2020 Action:</b><br>Refer Post Review Action Plan   |  |   |  |  |
|      | <b>2020 AUDIT PLAN PRIORITY RATING</b>  |  |   |  |  | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>  |  |   |  |  |
|      | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major  | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major   | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA |
|      | 2   | C  | M   | M  | 4  | 2  | C  | M   | M  | 4  |
|      | <b>REVISED REVIEW PRIORITY RATING JUSTIFICATION</b>   |  |   |  |  |  |  |   |  |  |

---

|  |                                      |
|--|--------------------------------------|
|  | No change to review priority rating. |
|--|--------------------------------------|



| No.  | 2016 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION   |   |  |   |   | 2020 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION   |   |  |   |   |
|------|--|---|--|---|---|--|---|--|---|---|
| 11.3 | <b>OBLIGATION: The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan</b>  |   |  |   |   |  |   |  |   |   |
|      | <p><b>2016 Finding</b> – The AMP sets out that the asset life is most likely to be governed by mine life rather than asset life. The plan responds to asset condition.</p> <p><b>2016 Documents Reviewed</b> – Karara Mining energy budget</p> <p><b>2016 Observations</b> – As detailed in 11.1</p> |   |  |   |   | <p><b>2020 Finding</b> – There was no capital expenditure plan developed for the Transmission Line. No significant capital works during or forecast. Monitoring of the projection of asset life and mine life should be incorporated in the AMS.</p> <p><b>2020 Documents reviewed</b> – 49</p> <p><b>2020 Observations :</b></p> <ul style="list-style-type: none"> <li>There was no AMP, the asset register does not identify asset condition or detail subcomponents.</li> <li>Operational assumption that the asset life exceeds mine life and no plan for further capital spending. The original design allowed for a future second stage of mine expansion to 30Mtpa, current load was 73MW for 8Mtpa.</li> <li>Since the transmission line costs were not separately identified from mining operations the documentation doesn't meet requirements for an AMS.</li> </ul> |   |  |   |   |
|      | <b>2016 Adequacy Rating:</b><br>A  |   | <b>2016 Performance Rating:</b><br>1   |   |   | <b>2020 Adequacy Rating:</b><br>D  |   | <b>2020 Performance Rating:</b><br>NR  |   |   |
|      | <p><b>2016 Recommendations:</b></p> <ul style="list-style-type: none"> <li>Nil</li> </ul>  |   |  |   |   | <p><b>Recommendation:</b></p> <ul style="list-style-type: none"> <li><b>R1/2020</b> – Formalise and implement an AMS for the transmission line.</li> <li><b>R2/2020</b> - Develop and implement an AMP for the Transmission Line compliant to regulatory and contractual requirements.</li> <li><b>R3/2020</b> - Review the Asset Register to include asset type, location, material, plans of components, and an assessment of assets' physical/structural condition.</li> </ul>  |   |  |   |   |
|      | <p><b>2016 Action:</b></p> <ul style="list-style-type: none"> <li>Nil</li> </ul>   |   |  |   |   | <p><b>2020 Action:</b></p> <ul style="list-style-type: none"> <li>Refer Post Audit Action Plan</li> </ul>  |   |  |   |   |
|      | <b>2020 AUDIT PLAN PRIORITY RATING</b>   |   |  |   |   | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>  |   |  |   |   |
|      | CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major  | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | REVIEW PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA | CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major  | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | REVIEW PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA |

|  |   |   |   |   |   |   |   |   |   |   |
|--|---|---|---|---|---|---|---|---|---|---|
|  | 2   | C | M | M | 4 | 2 | C | M | M | 4 |
|  | <b>REVISED REVIEW PRIORITY RATING JUSTIFICATION</b> |   |   |   |   |   |   |   |   |   |
|  | No change to review priority rating.                |   |   |   |   |   |   |   |   |   |

| No.  | 2016 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION  |  | 2020 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION |   |  |   |  |
|--|---|--|--|---|--|---|--|
| 11.4   | <b>OBLIGATION: There is an adequate process to ensure the capital expenditure plan is regularly updated and implemented</b> |  |  |   |  |   |  |
| <p><b>2016 Finding</b> – The AMP sets out a review process. Karara has financial review processes.</p> <p><b>2016 Documents Reviewed</b> – Karara Mining energy budget</p> <p><b>2016 Observations</b> – As detailed in 11.1</p> |   | <p><b>2020 Finding</b> – There was no capital expenditure plan developed for the Transmission Line. No significant capital works during or forecast. Capital expenditure processes have been established by the licensee for mine operation and would applied if required.</p> <p><b>2020 Documents reviewed</b> – Nil</p> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>• Assumption that asset life exceeds mine life and no plan for further capital spending.</li> <li>• The Capital Expenditure Form was not a controlled document.</li> <li>• Capital Expenditure documents presented appeared not to be fit for purpose.</li> <li>• Since the transmission line costs were not separately identified from mining operations the documentation doesn't meet requirements for an AMS</li> </ul> |  |   |  |   |  |
| <p><b>2016 Adequacy Rating:</b><br/>A</p>  |   | <p><b>2016 Performance Rating:</b><br/>1</p>   |  | <p><b>2020 Adequacy Rating:</b><br/>D</p> |  | <p><b>2020 Performance Rating:</b><br/>NR</p> |  |
| <p><b>2016 Recommendations:</b></p> <ul style="list-style-type: none"> <li>• Nil</li> </ul>  |   | <p><b>Recommendation:</b></p> <ul style="list-style-type: none"> <li>• <b>R1/2020</b> – Formalise and implement an AMS for the transmission line.</li> <li>• <b>R2/2020</b> - Develop and implement an AMP for the Transmission Line compliant to regulatory and contractual requirements</li> <li>• <b>R8/2020</b> – Review and implement a Document Management System incorporating existing policies, procedures and supporting documentation for currency and applicability.</li> </ul>  |  |   |  |   |  |
| <p><b>2016 Action:</b></p> <ul style="list-style-type: none"> <li>• Nil</li> </ul>   |   | <p><b>2020 Action:</b></p> <ul style="list-style-type: none"> <li>• Refer Post Review Action Plan</li> </ul>   |  |   |  |   |  |
| <p><b>2020 AUDIT PLAN PRIORITY RATING</b></p>  |   | <p><b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b></p>   |  |   |  |   |  |

| CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major   | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | REVIEW PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA | CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | REVIEW PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA |
|---|---|--|-------------------------------|---|---|---|---|--|-------------------------------|---|---|
| 2   | C   | M                                      | M                             | M   | 4   | 1   | C   | L                                      | M                             | M   | 5   |
| <b>REVISED REVIEW PRIORITY RATING JUSTIFICATION</b>   |   |  |                               |   |   |   |   |  |                               |   |   |
| Very limited documentation was provided by Karara for the preparation of the Audit & Review Plan, as such the Audit Priority Ratings in the Audit Plan were based on publicly available documentation and the previous Asset Management Review. Revised considering very limited capital spending involved. |   |  |                               |   |   |   |   |  |                               |   |   |

| 12. REVIEW OF AMS  |   | ADEQUACY RATING   | PERFORMANCE RATING |
|--|---|---|--------------------|
| <p><input type="checkbox"/> Determine when the asset management plan was last updated and assess whether any substantial changes have occurred</p> <p><input type="checkbox"/> Determine whether any independent reviews have been performed. If so, review the results and action taken</p> <p><input type="checkbox"/> Consider the need to update the asset management plan based on the results of this review</p> <p><input type="checkbox"/> Determine when the asset management system was last reviewed.</p> <p><b>Key Process</b> – <i>The asset management system is regularly reviewed and updated.</i></p> <p><b>Outcome</b> – <i>The asset management system is regularly reviewed and updated.</i></p> |   | <b>D</b>  | <b>4</b>           |
| No.  | 2016 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION  | 2020 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION  |                    |
| 12.1   | <p><b>OBLIGATION: A review process is in place to ensure the asset management plan and the asset management system described in it remain current</b></p> <p><b>2016 Finding</b> – The AMP assigns responsibility for review of the AMS to the Utilities Superintendent. A review process is in place to ensure that the asset management plan and the asset management system described therein are kept current, but the scheduled review has not occurred. The churn of staff in the review period is a contributory factor.</p> <p><b>2016 Documents Reviewed</b> – Transmission Licence, Asset Register, Environmental Plans and Approvals, Spares List, Commissioning Plans, Karara Mining Financial reports, Reticulation plans, Asset management plan, Risk management policy, Risk register, Project management manual</p> <p><b>2016 Observations</b> –<br/>                     As a supplier of electricity the service delivery is heavily asset based and needs an AMS. There is ongoing review of the asset management plan.</p> |   |                    |
|  |   | <p><b>2020 Finding</b> – A review process was established as an outcome of the previous two audits and was maintained in SAP (Refer SAP Work Order 40020231). However, an assessment of the effectiveness of the measures taken by licensee to meet this obligation in the management of their assets was found to be highly ineffective and unsubstantiated. The Licensee does not have an AMP, there was no documented AMS and as such a review of the AMS cannot have occurred. There was no documentation attached to the SAP routine to support the review had taken place. The records were misleading, ineffectual and may indicate likely misstatement.</p> <p><b>2020 Documents reviewed</b> –<br/>                     104, 105, 106, 107</p> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>• Due to the high level of inconsistent evidence with the previous audit report the audit team adopted an attitude of professional scepticism. In depth testing of records was undertaken, and although a 2 yearly AMS review was entered in SAP as completed it appears that no review took place.</li> <li>• The Post Audit Action Plan was considered ineffective in this regard</li> <li>• The SAP routine was closed out without independent evaluation. Consideration could be given to establishing accountable processes for review.</li> </ul> |                    |

|  |  |   |  |  |  |  |   |  |  |   |  |   |  |  |   |  |  |  |  |
|--|--|---|--|--|--|--|---|--|--|---|--|---|--|--|---|--|--|--|--|
| <b>2016 Adequacy Rating:</b><br><b>B</b>   |  |   |  |  | <b>2016 Performance Rating:</b><br><b>2</b>            |  |   |  |  | <b>2020 Adequacy Rating:</b><br><b>D</b>  |  |   |  |  | <b>2020 Performance Rating:</b><br><b>4</b> |  |  |  |  |
| <b>2016 Recommendations:</b>   |  |   |  |  |  |  |   |  |  | <b>2020 Recommendation:</b>   |  |   |  |  |   |  |  |  |  |
| <ul style="list-style-type: none"> <li>Schedule internal reviews in every 2 years, starting in 2018, and formal review every 5 years, beginning in 2017, for the Asset Management System</li> </ul>  |  |   |  |  |  |  |   |  |  | <ul style="list-style-type: none"> <li><b>R1/2020</b> – Formalise and implement an AMS for the transmission line.</li> <li><b>R2/2020</b> - Develop and implement an AMP for the Transmission Line compliant to regulatory and contractual requirements.</li> <li><b>R9/2020</b> - Utilise SAP for planning of inspection and maintenance work, such as acoustic surveys, vegetation surveys, corona, etc and compliance requirements. Ensure records are verifiable with supporting evidence and maintenance costs are detailed. Critical entries should be subject to third party review</li> </ul> |  |   |  |  |   |  |  |  |  |
| <b>2016 Action:</b><br>Implementation Plan is still ineffective in this regard   |  |   |  |  |  |  |   |  |  | <b>2020 Action:</b><br><ul style="list-style-type: none"> <li>Refer Post Review Action Plan</li> </ul>  |  |   |  |  |   |  |  |  |  |
| <b>2020 AUDIT PLAN PRIORITY RATING</b>   |  |   |  |  |  |  |   |  |  | <b>2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING</b>   |  |   |  |  |   |  |  |  |  |
| <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major   | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA | <b>CONSEQUENCE</b><br>1=Minor<br>2=Moderate<br>3=Major  | <b>RISK LIKELIHOOD</b><br>A=Likely<br>B=Probable<br>C=Unlikely | <b>INHERENT RISK</b><br>Low<br>Medium<br>High | <b>ADEQUACY OF EXISTING CONTROLS</b><br>S=Strong<br>M=Moderate<br>W=Weak | <b>REVIEW PRIORITY</b><br>1 / 2 / 3 / 4 / 5 / NA |   |  |  |  |  |
| 2  | C  | M   | M  | 4  | 2  | B  | M   | W  | 3  |   |  |   |  |  |   |  |  |  |  |
| <b>REVISED REVIEW PRIORITY RATING JUSTIFICATION</b>  |  |   |  |  |  |  |   |  |  |   |  |   |  |  |   |  |  |  |  |
| Very limited documentation was provided by Karara for the preparation of the Audit & Review Plan, as such the Audit Priority Ratings in the Audit Plan were based on publicly available documentation and the previous Asset Management Review. Likelihood and adequacy revised as no documentation was available. |  |   |  |  |  |  |   |  |  |   |  |   |  |  |   |  |  |  |  |

| No.  | 2016 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION  | 2020 AUDIT REPORT EVIDENCE/ /VERIFICATION/FINDING/ACTION  |   |  |
|------|---|---|---|--|
| 12.2 | <b>OBLIGATION: Independent reviews (e.g. internal audit) are performed of the asset management system</b>   |   |   |  |
|      | <p><b>2016 Finding:</b><br/>                     The AMP is too new for a formal review but a formal review should be scheduled in 2017 (5 years from commencement of operation) and internal reviews at 2-yearly intervals from <b>2014</b></p> <p><b>Documents Reviewed:</b> Asset Management Plan, Business Plan<br/>                     Asset Management Plan</p> <p><b>2016 Observations –</b></p> <p>5/2013 12.2 Implementation Plan is still ineffective in this regard</p> | <p><b>2020 Finding –</b> Process for Independent reviews (e.g. internal audit) of the asset management system were not established. No AMS formally established and implemented to conduct review against.</p> <p><b>2020 Documents reviewed –</b><br/>                     104, 105</p> <p><b>2020 Observations:</b></p> <ul style="list-style-type: none"> <li>No internal audit or risk based review processes in relation to transmission line have been established</li> <li>Recommendations for review of AMS made in previous Asset Management Reviews not effectively implemented.</li> <li>Note finding in first audit and review undertaken 5/2013 12.2 Implementation Plan was still ineffective in this regard</li> <li>SAP not used to schedule and review the AMS</li> <li>Threat to independence observed as the review included in SAP was raised and closed out by the same person with no supporting evidence and no approval process.</li> </ul> |   |  |
|      | <p><b>2016 Adequacy Rating:</b><br/> <b>B</b></p>   | <p><b>2016 Performance Rating:</b><br/> <b>2</b></p>  | <p><b>2020 Adequacy Rating:</b><br/> <b>D</b></p>   | <p><b>2020 Performance Rating:</b><br/> <b>4</b></p> |
|      | <p><b>2016 Recommendation:</b></p> <ul style="list-style-type: none"> <li>3/2016 - Schedule Review of AMS Schedule internal reviews every 2 years starting in 2018, and formal review every 5 years, beginning in 2017, or the Asset Management System.</li> </ul>  |   | <p><b>2020 Recommendation:</b></p> <ul style="list-style-type: none"> <li><b>R9/2020</b> - Utilise SAP for planning of inspection and maintenance work, such as acoustic surveys, vegetation surveys, corona, etc and compliance requirements. Ensure records are verifiable with supporting evidence and maintenance costs are detailed. Critical entries should be subject to third party review.</li> <li><b>R12/2020</b> - Establish internal audit processes to monitor risks and ensure compliance with Electricity Transmission Licence requirements and other contractual documentation.</li> </ul> |  |

| <b>2016 Action:</b>  |   |  |   |   | <b>2020 Action:</b>   |   |  |   |   |
|--|---|--|---|---|---|---|--|---|---|
| <ul style="list-style-type: none"> <li>Not yet implemented by the end of the previous audit period.</li> </ul>   |   |  |   |   | <ul style="list-style-type: none"> <li>Refer Post Review Action Plan</li> </ul> |   |  |   |   |
| 2020 AUDIT PLAN PRIORITY RATING  |   |  |   |   | 2020 REVISED AUDIT REPORT REVIEW PRIORITY RATING                                |   |  |   |   |
| CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major  | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | REVIEW PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA | CONSEQUENCE<br>1=Minor<br>2=Moderate<br>3=Major                                 | RISK LIKELIHOOD<br>A=Likely<br>B=Probable<br>C=Unlikely | INHERENT RISK<br>Low<br>Medium<br>High | ADEQUACY OF EXISTING CONTROLS<br>S=Strong<br>M=Moderate<br>W=Weak | REVIEW PRIORITY<br>1 / 2 / 3 / 4 / 5 / NA |
| 2  | C   | M                                      | M   | 4   | 2   | C   | M                                      | W   | 3   |
| <b>REVISED REVIEW PRIORITY RATING JUSTIFICATION</b>  |   |  |   |   |   |   |  |   |   |
| Very limited documentation was provided by Karara for the preparation of the Audit & Review Plan, as such the Audit Priority Ratings in the Audit Plan were based on publicly available documentation and the previous Asset Management Review. Likelihood and adequacy revised as no documentation was available. |   |  |   |   |   |   |  |   |   |



## APPENDIX 3

# DOCUMENTS REFERENCED AND ADEQUACY ASSESSMENT AUDIT & REVIEW

### Key Reference Documents

| Document Adequacy Legend |                             |
|--------------------------|-----------------------------|
| <b>Green</b>             | Satisfactory                |
| <b>Orange</b>            | Requires improvement/Review |
| <b>Red</b>               | Inadequate                  |

**Table 17 Referenced Document Audit & Review And Adequacy Assessment**

| Number |  | ASSET PLANNING | ASSET CREATION & ACQUISITION | ASSET DISPOSAL | ENVIRONMENTAL ANALYSIS | ASSET OPERATIONS | ASSET MAINTENANCE | A M INFORMATION SYSTEM | RISK MANAGEMENT | CONTINGENCY PLANNING | FINANCIAL PLANNING | CAPITAL EXPENDITURE PLANNING | REVIEW OF AMS | PERFORMANCE AUDIT |
|--------|--|----------------|------------------------------|----------------|------------------------|------------------|-------------------|------------------------|-----------------|----------------------|--------------------|------------------------------|---------------|-------------------|
| 1      | Wheeling Agreement between KP and WPC.pdf              | Green          |                              |                | Green                  | Green            | Green             |                        |                 | Green                |                    |                              |               | Green             |
| 2      | WP contract Untitled attachment 03393.pdf              | Green          | Green                        |                | Green                  | Green            |                   |                        |                 | Green                |                    |                              |               | Green             |
| 3      | KML WPC Power Agreement CG DA Western Power.pdf        | Green          | Green                        |                | Green                  | Green            |                   |                        |                 |                      |                    | 3                            |               | Green             |
| 4      | Asset Register AGAAP June 2020.xlsx                    |                |                              |                |                        | Red              |                   |                        |                 |                      | Green              |                              |               | Green             |
| 5      | Budget Reporting Pack CY2020 Final June 2020.pdf       | Yellow         | Yellow                       |                |                        |                  |                   |                        |                 |                      | Yellow             |                              |               | Green             |
| 6      | Energy Budget 2020.xlsm                                | Green          |                              |                |                        | Green            |                   |                        |                 |                      | Green              |                              |               | Green             |
| 7      | KML Financial Statements AGAAP December 2019.pdf       | Red            |                              |                |                        |                  |                   |                        |                 |                      | Red                |                              |               | Green             |
| 8      | Payment Summary.XLSX                                   |                |                              |                |                        |                  |                   |                        |                 |                      | Yellow             |                              |               | Red               |
| 9      | 2016 Asset Register.XLSX                               | Yellow         |                              |                |                        | Yellow           |                   |                        |                 |                      | Yellow             |                              |               | Green             |
| 10     | 2016 Budget.pdf  |                |                              |                |                        |                  |                   |                        |                 |                      | Yellow             | 3                            |               | Green             |
| 11     | 2016 Energy Budget.xlsm                                | Green          |                              |                |                        | Green            |                   |                        |                 |                      | Green              |                              |               | Green             |
| 12     | 2016 Stat Accounts.pdf                                 | Green          |                              |                | Green                  |                  |                   |                        |                 |                      | Green              | 3                            |               | Green             |
| 13     | 2016 Warehouse Report Dist'n.xlsx                      |                |                              |                |                        | Green            |                   |                        |                 |                      |                    |                              |               | Green             |
| 14     | 2017 Asset Register.XLSX                               |                |                              |                |                        | Yellow           |                   |                        |                 |                      | Yellow             |                              |               | Green             |
| 15     | 2017 Budget.pdf  |                |                              |                |                        |                  |                   |                        |                 |                      | Yellow             |                              |               | Green             |
| 16     | 2017 Energy Budget.xlsm                                | Green          |                              |                |                        | Green            |                   |                        |                 |                      | Green              |                              |               | Green             |
| 17     | 2017 Stat Accounts.pdf                                 | Green          |                              |                | Green                  |                  |                   |                        |                 |                      | Green              | 3                            |               | Green             |
| 18     | 2017 Warehouse Report.xlsx                             |                |                              |                |                        | Yellow           |                   | Green                  |                 |                      |                    |                              |               | Green             |
| 19     | 2018 Asset Register.XLSX                               |                |                              |                |                        | Yellow           |                   |                        |                 |                      | Yellow             |                              |               | Green             |
| 20     | 2018 Budget.pdf  |                |                              |                |                        |                  |                   |                        |                 |                      | Yellow             |                              |               | Green             |
| 21     | 2018 Energy Budget.xlsm                                | Green          |                              |                |                        | Green            |                   |                        |                 |                      | Green              |                              |               | Green             |
| 22     | 2018 Stat Accounts.pdf                                 | Green          |                              |                | Green                  |                  |                   |                        |                 |                      | Green              | Green                        |               | Green             |
| 23     | 2018 Warehouse Report.xlsx                             |                |                              |                |                        | Yellow           |                   | Green                  |                 |                      |                    |                              |               | Green             |
| 24     | 02112018000152_APES_110_Restructured_Code_Nov_2018.pdf |                |                              |                |                        |                  |                   |                        |                 |                      | Green              |                              |               | Green             |
| 25     | ASA_315_Compiled_2015.pdf                              |                |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               | Green             |
| 26     | ASA_500_Compiled_2017.pdf                              | Green          |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               | Green             |
| 27     | ASA_530_27-10-09.pdf                                   |                |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               | Green             |
| 28     | ASAE_3000_revised_2017.pdf                             | Green          |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               | Green             |
| 29     | ASAE_3100_Compliance_Engagements.pdf                   | Green          |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               | Green             |
| 30     | AS ISO 31000:201 (HARDCOPY)                            | Green          |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               | Green             |

| Number |  | ASSET PLANNING | ASSET CREATION & ACQUISITION | ASSET DISPOSAL | ENVIRONMENTAL ANALYSIS | ASSET OPERATIONS | ASSET MAINTENANCE | A M INFORMATION SYSTEM | RISK MANAGEMENT | CONTINGENCY PLANNING | FINANCIAL PLANNING | CAPITAL EXPENDITURE PLANNING | REVIEW OF AMS | PERFORMANCE AUDIT |
|--------|--|----------------|------------------------------|----------------|------------------------|------------------|-------------------|------------------------|-----------------|----------------------|--------------------|------------------------------|---------------|-------------------|
| 31     | HIGH VOLTAGE VICINITY PERMIT CORP_HS_FRM 1018.pdf                      | Red            |                              |                |                        | Green            |                   |                        |                 |                      |                    |                              |               |                   |
| 32     | SANCTION TO TEST PERMIT CORP_HS_FRM 1019.pdf                           | Red            |                              |                |                        | Green            |                   |                        |                 |                      |                    |                              |               |                   |
| 33     | Travel request form 4341_001.pdf                                       | Green          |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               | Green             |
| 34     | High Voltage Access Permit CORP_HS_FRM_1017.pdf                        | Green          |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               |                   |
| 35     | KML Disposal Form.DOC  | Red            |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               | Red               |
| 36     | CORP-AD-FRM-1046_6 - SITE ENTRY REQUEST FORM SA filled in.pdf          | Green          |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               | Green             |
| 37     | CORP-AD-FRM-1050_2 Personnel Compliance Verificatio1 SA filled in.docx | Red            | Green                        |                |                        | Green            |                   |                        |                 |                      |                    |                              |               |                   |
| 38     | CORP-AD-FRM-1046_6 - SITE ENTRY REQUEST FORM.PDF                       | Green          |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               |                   |
| 39     | Construction Environmental Management Plan.pdf                         | Red            | Red                          |                | Red                    | Red              | Red               |                        |                 |                      |                    |                              |               |                   |
| 40     | Crisis management and recovery plan-33580_4.pdf                        | Red            | Red                          |                | Red                    | Red              |                   |                        |                 |                      |                    |                              |               | Yellow            |
| 41     | Bushfire management plan_38199_1.pdf                                   | Yellow         | Yellow                       |                | Yellow                 | Yellow           |                   |                        |                 |                      |                    |                              |               | Yellow            |
| 42     | DOCUMENT AND DATA MANAGEMENT PLAN.pdf                                  | Yellow         |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               | Yellow            |
| 43     | Change management record form_39203_2.docx                             | Green          |                              |                | Green                  | Green            |                   |                        |                 |                      |                    |                              |               | Yellow            |
| 44     | incident management plan_38477_2.pdf                                   | Yellow         | Yellow                       |                | Yellow                 | Yellow           |                   |                        |                 |                      |                    |                              |               | Yellow            |
| 45     | Emergency response plan_33581_9.pdf                                    | Yellow         | Yellow                       |                | Yellow                 | Yellow           |                   |                        |                 |                      |                    |                              |               | Yellow            |
| 46     | Karara Health & Safety Management Plan.pdf                             | Green          | Green                        |                |                        |                  |                   |                        |                 |                      |                    |                              |               |                   |
| 47     | DOCUMENT AND DRAWING PREPARATION PROCEDURE.pdf                         | Red            |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               |                   |
| 48     | Purchasing Procedure.pdf   | Red            |                              |                |                        | Red              |                   |                        |                 |                      |                    |                              |               | Red               |
| 49     | Electrical design criteria_32366_1_136461266.pdf                       | Red            | Red                          |                |                        | Red              |                   |                        |                 |                      |                    |                              |               |                   |
| 50     | HV electrical asset Maintenance Policy_36960_1.pdf                     | Red            | Red                          |                | Red                    | Red              |                   |                        |                 |                      |                    |                              |               |                   |
| 51     | HV Electrical Safety Procedure_37563_4_140407280.pdf                   | Green          | Green                        |                |                        | Green            |                   |                        |                 |                      |                    |                              |               |                   |
| 52     | Approval of Auditor D215811  |                |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               | Green             |
| 53     | Procurement Policy.pdf   | Yellow         | Yellow                       |                |                        |                  |                   |                        |                 |                      |                    | Yellow                       |               | Yellow            |
| 54     | Portal screen shot.docx  | Yellow         |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               |                   |
| 55     | 2013 Authority Matrix Rev0.xlsx  | Red            |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               |                   |
| 57     | CB 901_LTB420E2_1HSB01108093.pdf                                       |                |                              |                |                        |                  | Red               |                        |                 |                      |                    |                              |               |                   |
| 58     | KARARA 362kV DISCONNECTOR SERVICE.pdf                                  |                |                              |                |                        |                  | Red               |                        |                 |                      |                    |                              |               |                   |
| 67     | Warehouse Report June 2020.xlsx  | Green          |                              |                |                        | Green            |                   |                        |                 |                      |                    |                              |               |                   |
| 68     | Defect -2018-03-KARARA-0001.pdf  | Yellow         |                              |                |                        | Yellow           | Yellow            |                        |                 |                      |                    |                              |               | Yellow            |
| 69     | Defect -2018-03-KARARA-0003.pdf  | Yellow         |                              |                |                        | Yellow           | Yellow            |                        |                 |                      |                    |                              |               | Yellow            |
| 70     | Defect -2018-03-KARARA-0004.pdf  | Yellow         |                              |                |                        | Yellow           | Yellow            |                        |                 |                      |                    |                              |               | Yellow            |

| Number |   | ASSET PLANNING | ASSET CREATION & ACQUISITION | ASSET DISPOSAL | ENVIRONMENTAL ANALYSIS | ASSET OPERATIONS | ASSET MAINTENANCE | A M INFORMATION SYSTEM | RISK MANAGEMENT | CONTINGENCY PLANNING | FINANCIAL PLANNING | CAPITAL EXPENDITURE PLANNING | REVIEW OF AMS | PERFORMANCE AUDIT |
|--------|---|----------------|------------------------------|----------------|------------------------|------------------|-------------------|------------------------|-----------------|----------------------|--------------------|------------------------------|---------------|-------------------|
| 71     | Defect -2018-03-KARARA-0005.pdf   |                |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               |                   |
| 72     | Defect -2018-03-KARARA-0006.pdf   |                |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               |                   |
| 73     | Defect -2018-03-KARARA-0007.pdf   |                |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               |                   |
| 74     | Defect -2018-03-KARARA-0008.pdf   |                |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               |                   |
| 75     | Defect -2018-03-KARARA-0009.pdf   |                |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               |                   |
| 76     | Defect -2018-03-KARARA-0010.pdf   |                |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               |                   |
| 77     | Defect -2018-03-KARARA-0011.pdf   |                |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               |                   |
| 78     | Defect -2018-03-KARARA-0012.pdf   |                |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               |                   |
| 79     | Inspection Data - KARARA MINING-2018-03-KARARA.XLSM   |                |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               |                   |
| 80     | Karara Mine Foresight Acoustic Inspection Proposal.pdf (003).pdf  |                |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               |                   |
| 81     | Defect -2018-03-KARARA-0002.pdf   |                |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               |                   |
| 82     | 2018-03-KARARA.KMZ  |                |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               |                   |
| 83     | OH & S RISK MANAGEMENT.pdf  |                |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               |                   |
| 84     | Site Broad Brush Risk Register(V2).xls  |                |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               |                   |
| 93     | No notification of transfer to 100% Ansteel   |                |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               |                   |
| 94     | Emergency Risk Assessment.pdf   |                |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               |                   |
| 95     | Project Basis of Design.pdf   |                |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               |                   |
| 96     | Email IT.docx   |                |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               |                   |
| 97     | Backup Report Card - KAR - FULL_DESCRIPTION_09_13_2020_09_01_55 (1).html                                |                |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               |                   |
| 98     | IT Systems Password Requirements.pdf  |                |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               |                   |
| 99     | Electricity Transfer Access Contract Between KE and WPC (1).PDF   |                |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               |                   |
| 100    | Maintenance Services Contract between KP and WPC.PDF  |                |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               |                   |
| 101    | Karara supplemental deed.pdf  |                |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               |                   |
| 104    | Audit and Review Guidelines Electricity and Gas Licences (clean version) - published on ERA website.PDF |                |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               |                   |
| 105    | Karara Power Pty Ltd - 2016 Performance Audit and Asset Management Review.pdf                           |                |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               |                   |
| 106    | Karara Power Pty Ltd - 2016 Post Audit _ Post Review Implementation Plan.PDF                            |                |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               |                   |
| 109    | Karara Mining 330kV Vegetation Survey Results\1158-330kvKararaPowerLine.pdf                             |                |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               |                   |
| 111    | Department Water & Environmental Regulations licence 12229_L8721_2013_1_I.pdf                           |                |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               |                   |
| 112    | NVCP 39614 - application for amendment (2.81 MB).msg  |                |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               |                   |
| 113    | 2019_CORP-EN-LST-1002 Environmental Risk Register.XLSB  |                |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               |                   |

| Number |  | ASSET PLANNING | ASSET CREATION & ACQUISITION | ASSET DISPOSAL | ENVIRONMENTAL ANALYSIS | ASSET OPERATIONS | ASSET MAINTENANCE | A M INFORMATION SYSTEM | RISK MANAGEMENT | CONTINGENCY PLANNING | FINANCIAL PLANNING | CAPITAL EXPENDITURE PLANNING | REVIEW OF AMS | PERFORMANCE AUDIT |
|--------|--|----------------|------------------------------|----------------|------------------------|------------------|-------------------|------------------------|-----------------|----------------------|--------------------|------------------------------|---------------|-------------------|
| 114    | Enviro man plan controlled_documents_32659_4.pdf   |                |                              |                | Green                  |                  |                   |                        |                 |                      |                    |                              |               | Green             |
| 115    | Legal Obligations and Document Register_2020.XLSX  |                |                              |                | Yellow                 |                  |                   |                        |                 |                      |                    |                              |               | Yellow            |
| 116    | Down Time 28 July 2017 to 30 Nov 2017.xlsx   |                |                              |                | Green                  |                  |                   |                        |                 |                      |                    |                              |               |                   |
| 117    | Down Time 1 Jan 2016 to 27 July 2017 with marked power loss.xlsx                                     |                |                              |                | Green                  |                  |                   |                        |                 |                      |                    |                              |               |                   |
| 118    | image002.jpg   |                |                              |                | Green                  |                  |                   |                        |                 |                      |                    |                              |               |                   |
| 119    | image004.jpg   |                |                              |                | Green                  |                  |                   |                        |                 |                      |                    |                              |               |                   |
| 120    | image007.jpg   |                | Red                          |                | Red                    | Red              |                   |                        |                 |                      |                    |                              |               |                   |
| 121    | ERA Audit INX Actions example.PNG  |                |                              |                | Yellow                 | Yellow           | Yellow            |                        | Yellow          |                      |                    |                              |               |                   |
| 122    | ERA Audit INX Documentation example.PNG  | Yellow         | Yellow                       |                | Yellow                 |                  |                   | Yellow                 |                 |                      |                    |                              |               |                   |
| 123    | INX 44711 Hand Injury.pdf  |                |                              |                |                        |                  |                   | Yellow                 |                 |                      |                    |                              |               |                   |
| 124    | Maintenance OHL spec bit.pdf   |                |                              |                |                        |                  |                   | Green                  |                 |                      |                    |                              |               |                   |
| 125    | Current Oct 2020- technical rules 1st august 2016 version .pdf                                       |                |                              |                |                        |                  |                   | Green                  |                 |                      |                    |                              |               |                   |
| 135    | Karara Mining 330kV Vegetation Survey Results\11158-330kvKararaPowerLine.pdf                         | Yellow         |                              |                | Yellow                 | Yellow           | Yellow            |                        |                 |                      |                    |                              |               |                   |
| 146    | Invoices   |                |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               | Red               |
| 150    | 2020 Approved Karara Mining Audit Plan   |                |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               | Green             |
| 151    | REF_151_Payment of Licence Fee Invoices from 01 July 2016-30 June 2020 - Karara Power Pty Ltd - ETL6 |                |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               | Red               |
| 161    | Approval of audit plan - 2020 audit and review - ETL006 - Karara Power Pty Ltd                       |                |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               | Green             |
| 162    | ERA NOTICE_Karara Power Pty Ltd - ETL006 - 2016 Audit & Review                                       |                |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               | Green             |
| 163    | ERA Licence Application Guidelines and Form –Electricity Gas and Water Licences                      |                |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               | Green             |
| 164    | Emergency Risk Assessment  |                |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               | Red               |
| 165    | Karara Mining 330kV Powerline Contingency Desktop Audit  |                |                              |                |                        |                  |                   |                        |                 | Red                  |                    |                              |               | Red               |
| 166    | Karara ETL6 330kV Power Line Contingency Test Plan   |                |                              |                |                        |                  |                   |                        |                 | Red                  |                    |                              |               | Red               |
| 167    | Karara Mining 330kV Powerline Contingency  |                |                              |                |                        |                  |                   |                        |                 | Red                  |                    |                              |               | Red               |
| 168    | Karara Mining July 2019 to June 2020 Annual Compliance Report  |                |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               | Red               |
| 169    | ComplianceReport2017_2018  |                |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               | Red               |
| 170    | ERA Annual Compliance Report 2016_2017   |                |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               | Red               |
| 171    | ComplianceReport2018_2019  |                |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               | Red               |
| 176    | Ministerial Statement 805_0  |                |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               | Green             |
| 177    | ERA Email ETL6 - Accounts  |                |                              |                |                        |                  |                   |                        |                 |                      |                    |                              |               | Green             |