



# LEARNING FROM WASTE IN THE WILDERNESS

**MARATHON IS FULLY COMMITTED TO REALISING A VISION OF SUSTAINABILITY THAT EMBRACES ALL KEY STAKEHOLDERS, AND DEMONSTRATES INDUSTRY-LEADING PRACTICE.**



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# 1. EXECUTIVE SUMMARY

This report examines the issues that led to the suspension of Marathon Resources' exploratory drilling operations at the Mt Gee project in South Australia, how the company has changed and will continue to change its policies and systems and how it intends managing its ongoing engagement with a wide range of key regional stakeholders, especially the Adnyamathanha community and the owner-operators of the Arkaroola Sanctuary.

The suspension early in 2008 of Marathon's exploration drilling program at Mt Gee by the independent regulator, the Department of Primary Industries and Resources South Australia (PIRSA), has profoundly affected Marathon Resources. Although there have been direct financial impacts, the major consequences of the suspension have been to the company's reputation, a likely and significant delay in the Mt Gee project and impact on the company's reputation with key stakeholders.

The suspension - and the background to it - has already been widely reported and commented upon by the government and in the media.

**There are four main issues addressed by this report:**

- **Issue 1:** Marathon misread both the extent of the technical risk associated with uranium exploration and mining, and the heightened sensitivity of the community given the international context of the resource and its uses. Marathon inadequately managed environmental hazards, responded insufficiently to compliance requirements and did not adequately address potential community concern.
- **Issue 2:** Marathon failed to take the broader view of sustainable development expected of resource companies today. It did not learn from the experience of its Myponga exploration in SA and subsequently failed to sufficiently understand and engage with its key stakeholders in the culturally and environmentally significant Mt Gee/Arkaroola area.
- **Issue 3:** Prior to the recent issue at Mt Gee, Marathon had not sufficiently developed the culture needed to sustain leading practice environmental management policies and behaviours throughout its operations.
- **Issue 4:** Marathon's key stakeholder engagement strategy, although developing, was not sufficiently advanced to be able to proactively address the issues that caused concerns among those key stakeholders.

Since the suspension by PIRSA, Marathon has been undertaking a major review and working with independent consultants to address these issues. Marathon has taken time and made the commitment to change its organisational structure, enhance its management culture and embrace a commitment to international leading practices in safety, community, environment, sustainability and understanding of the implications for the key stakeholders.

As part of this process, workshops have been, and will continue to be conducted with Marathon executives, staff and contractors explaining an approach that acknowledges and mitigates social and environmental risks associated with uranium exploration. An action plan involving wider, more transparent engagement with the community, the government and industry has also been developed in order to better inform the development of a new management system and operational culture for Marathon. This plan is outlined in Figure 1 and Table 1, which follow.

Commencing immediately, Marathon will develop and implement an environmental management system (EMS) to meet compliance requirements at site. The company has made a commitment to more human and financial resources, effective communication and data management that will enable site-specific social and cultural considerations to be taken into account. Over time Marathon will develop a framework for an integrated system of governance that will be leading practice.

By committing to this plan, Marathon will be able to demonstrate that it is capable of operating responsibly and accountably.

Figure 1 Timeline: Marathon Resources



Table 1

Component	Current State	Low Risk	Innovation
	<b>Environmental Policy</b>	<b>Environmental Management System</b>	<b>Integrated Management System</b>
Policies, Systems and Processes	Minimal environmental, community and safety policy	Site specific and self sustaining policies self allowing the opportunity for continual improvement  Complete environmental compliance and evaluation [at site level]	Integration of Sustainability Principles at all levels of the organisation from governance of the Board to operations on site  Incorporation of social, environmental and economic considerations into policy formation and delivery  Delivery of a Sustainability Report
Culture and Practices	Forced regulation by PIRSA – including the need for rectification of Mt Gee  Limited knowledge of requirements for a 'social licence'  Misunderstanding of the risk equation for uranium	Identification of critical projects and environmental 'Aspects' or elements of potential risk  Compliance with all the conditions and requirements of its exploration licence, and in accordance with all relevant Acts  Clear instructions and policy manuals for staff and contractors to ensure compliance and the safe handling of low-level radioactive materials  Systems and procedures that follow leading practice guidelines not only for exploration, but conceptually for uranium mining  Research and development in order to continuously improve environmental management.	Site-based personnel have sustainability, engagement and cross-cultural competency training in relation to the Arkaroola Sanctuary and the Sprigg family legacy and the Traditional Owners (the Adnyamathanha)  All employees trained in and regularly updated on sustainability principles and their application – with recognition of social and environmental leadership and initiative  Ongoing independent assessments and re-structuring of social and environmental policies, including environmental audits and life-cycle assessments  Collaborative development of environmental stewardship projects
Governance		New governance and re-affirmed leadership  Re-structure of management with a commitment to, and expansion of, human capital to ensure effective policy implementation	Key sustainability principles, and performance against social and environmental targets incorporated into key performance indicators for board and management
Engaging key stakeholders	A history of poor community engagement (including a lack of acknowledgement of the Sprigg family legacy)  Establishment of NFCCC but with limited affect	NFCCC meeting re-convened and membership widened  Formal key stakeholder analysis conducted with NFCCC members to establish key issues and suggestions for company activities  Development of a formal report following NFCCC engagement to update on progress and establish next steps  Regular detailed updates to PIRSA and the EPA on management and policy changes - with information made publicly available and regularly updated on the company website	At least six NFCCC meetings a year  Three-part visioning exercise undertaken with NFCCC members about how a mineral development could be compatible with the land, animals and flora as well as beneficial economically  Establish an external assurance process to check that the integrated management system is functioning appropriately  Collaboratively develop and extend community programs and sponsorships in line with key stakeholder expectations  Public reporting of environmental and social targets guided by relevant GRI reporting standards

## 2. THE CONTEXT OF MARATHON'S EXPLORATION ACTIVITIES

### WHERE IS MARATHON NOW?

The suspension early in 2008 of Marathon's exploration drilling program at Mt Gee by PIRSA has profoundly affected Marathon Resources. Although there have been direct financial impacts, the major consequences of the program suspension have been to the company's reputation and a likely delay in the Mt Gee project.

### MARATHON'S PAST EXPLORATION ACTIVITIES

Marathon Resources began as a small explorer, listing on the Australian Stock Exchange in 2005. Over the past three years, the company has explored the extensive Gawler Craton and Paralana Mineral Systems (including the Mt Gee, Armchair-Streitberg and Hodgkinson sites) in SA, and undertaken joint ventures in Western Victoria and Western Australia.

In 2006, Marathon was granted an exploration licence (EL 3582) that would allow stream sediment sampling, geological mapping and a general review of the existing Wild Dog mine in Myponga, on the Fleurieu Peninsula, South Australia. However, after statutory notices of entry were issued to property owners in the area, there followed an escalation of community concern. The company's consultative process was criticised by local government and PIRSA, with the South Australian Government publicly ruling out uranium mining in the area as a result. Marathon relinquished its licence and handed over research activities to the regulator.

Early in 2007, Marathon's mineral sands exploration licence (EL4052) in the SA Riverland area of Blanchetown also created controversy when an administrative error in the application form led to community concern about exploration of extensive areas of the Murray River. Although the mistake did not result in the level of controversy seen with the Myponga matter, this administrative error suggested that Marathon's operational systems were inadequate.

Both these incidents were considered separate or unrelated within the organisation. However, it had already begun to shape a critical view of the company amongst some key stakeholders.

### MARATHON'S PRESENCE AT MT GEE

Late in 2005, Marathon began exploratory drilling of Mt Gee, within the Arkaroola Wilderness Sanctuary pursuant to EL 3258.

Although Marathon's association with the Mt Gee area is a relatively recent one, it adds to the long history of mining and exploration in the region, which is summarised in the following table. The Mt Gee and Mt Painter areas figure prominently.

Although there is a long history of exploration and some mining in the Mt Gee area, historical economic factors (mainly resource prices) have significantly impacted on the commercial prospects for uranium mining in the past.

Some of these past mining activities have also had negative environmental consequences. In the current context, it is important that any exploration or mining in the area is conducted in accordance with leading practice environmental management standards to minimise any further impacts.

With modern methods of resource quantification, along with world uranium prices, the Mt Gee resource is now thought to represent a probable world-class economic resource, and is certainly in the top handful of uranium resources in Australia. Notwithstanding the apparent size of the resource, Marathon is aware that this does not guarantee a social licence to proceed to the mining phase.

Event	Year	Event	Year
Yudnamutana copper mining field discovered	1852	Fenton's ill-fated Paralana Hot Springs Health Spa	1923
First mineral leases in Nth Flinders	1852	Limited radium mining	1924
Govt sponsored exploration	1856	Woottana Bat Guano Cave mining started	1924
J Bull copper lease at Mt Stuart	1856	Afghans fossicking for gold	1932
JM Painter survey beyond Mt Serle	1857	Arkaroola lease changes. Greenwood bros took up lease including uranium finds	1936
First pastoral lease in area	1857	Gold discovered near Arkaroola homestead	1938
Discovery & mining copper @ Oratunga	1857	Geological visit to Arkaroola by Mawson, Sprigg, Greenwood	1939
Copper lease granted & lapsed @ Mt Stuart	1857	First road to Mt Painter dozed by Mines Dept	1944
J & W Thomas "took up area about Mt Gee"	1858	Arkaroola Radium Ridge fire during Pt Painter Uranium survey	1945
First mining leases at Yudnamutana	1859	Mt Painter Uranium Exploration Survey	1945
Blinman copper mine	1859	Ediacaria formations discovered by R Sprigg	1946
Great Northern Copper Mining Company	1859	Low grade uranium extracted ex East Painter	1946
Copper gouging at Yudnamutana	1860	Proposal to operate luxury spa resort at Paralana Sp (never eventuated)	1947
Yudnamutana copper mine operates	1862	All SA Govt exploration ceased	1950
Yudnamutana copper mine started operations	1862	Aerial geological survey of Arkaroola area by R Sprigg et al	1956
Surveyed Yudnamutana copper mine	1862	Exoil NL started exploration	1967
Copper mining at Cadnia near Beltana	1870	Exoil NL creates track that eventually becomes Ridge Top Track (created to avoid using eroded E Painter track)	1968
Survey of Yudnamutana mine	1872	North Flinders exploration drilling at Munyallina Valley	1968
Blinman mine operated	1874	R Sprigg sinks 5 water wells - eventually dry up	1968
Ediacara Range mined for copper, silver & lead	1877	Exoil NL discovers Beverley deposit	1969
Govt review mineral potential of region	1880	Beach Petroleum explores Welcome Copper Mine	1970
Report on mineral discoveries	1884	French geologists discover lead & zinc near Wheal Turner	1973
Govt appoints WB Greenwood as official prospector, part-time	1887	Mines Dept geologists drill Mt Gee	1979
High grade ochre - Wirrealpa Lode	1889	Wooltana Station closes access to Paralana Springs	1980
Gold discovered	1890	R Sprigg sinks "Last Chance Bore" - geysering @ 90M	1981
Greenwood discovery of fluorite and amethyst	1898	CRA exploration for uranium at Mt Gee area	1990
Discovery of rubies & sapphires near Mt Pitt	1903	Bonanza Gold - Mt Gee, gold and uranium	1999
Yudnamutana mine acquired & operated	1904	Goldstream Mining NL - Mt Gee, gold	1999
Minor copper gouging at Blinman	1908	Marathon Resources Ltd - Mt Gee, uranium	2005
Radium discovered at Mt Painter, uranium rush followed	1910		
Greenwood's first samples lost or misinterpreted - re-sent to Mawson who used Curie electroscope	1910		
Lionel Gee discovers Mt Gee. Radium & Extraction Company estab. Went into liquidation after Mawson returned from Antarctica	1914		

1. The direct financial impacts include the costs of rectification, financial imposts associated with re-location of drilling rigs to other tenements, and the need to fulfil contractual obligations despite being unable to drill.

# 3. APPRECIATING THE RISKS ASSOCIATED WITH URANIUM EXPLORATION AND MINING

The risks associated with uranium mining are not only scientific or environmental, but are also a function of the long-held views of some people about uranium and its varied uses. Perceptions of uranium as a resource do not relate solely to its potential as a source of energy, but also to its use in medical science on the one hand, and for military purposes on the other.

Marathon acknowledges that given current international expectations of the resource industry, a legal and government awarded right to explore or mine does not bestow universal approval of a project. Instead, the company needs to acquire and maintain a social licence to operate by gaining broader societal acceptance of its activities, beyond its regulatory requirements.

## REGULATORY CONTROL OF MT GEE EXPLORATION ACTIVITIES

Marathon Resources' exploration activities at Mt Gee are controlled by the requirements of its own Declaration of Environmental Factors (DEF), relevant EPA guidance on the disposal of mining-related waste and legislative requirements (including the South Australian Mining Act 1971, Environment Protection Act 1993 and the Radiation Protection and Control Act 1982).

Marathon's DEF specifies how its drilling program is to be managed. The DEF also specifies safety measures for planning and managing work at the Mt Gee drill sites and for managing the disposal of low-level radioactive materials and mining samples. The DEF specifies measures for the bagging and burial of drilling samples, noting that these were 'developed and approved by the EPA' and 'will be implemented'. Under these safety measures Marathon was to:

- Have staff dispose of used filter cartridges, and personal protective equipment (PPE) in sealed plastic bags placed in steel drums to be then removed from the site and disposed of through the general waste system away from the Arkaroola site; and
- Have excess bulk drill cuttings returned principally to the drilling hole, and have excess material buried in a sump adjacent to the drill collar and covered by →0.6m of clean fill. Marathon exceeded this cover requirement of 0.6m by adopting the advice (1.0m) documented in the EPA's Interim Guidance 'Drilling operations in known uranium/thorium deposits'.

The DEF specifies that the bulk of material will be returned to the drill hole. It also specifies that all sampling (assay, archive and PIRSA representative samples) and down hole logging would be completed within 2 weeks of drilling, to allow rehabilitation of drilling sites to be concluded preferably within 4 weeks of drilling. Marathon was required under its licence conditions to observe the EPA's Interim Guidance document on 'Drilling operations in known uranium deposits and when exploring for uranium/thorium'.

This Interim Guidance document also specifies that solid waste should be disposed of in accordance with a specific protocol:

- preferentially returned to the drill hole and covered by a minimum of 1.0m of compacted soil;
- where this is not possible, cuttings and samples to be buried in adjacent mud pits with at least 1.0m of soil cover; and
- where neither return down the drill hole nor adjacent mud pits are available, the waste should be mixed with barren cuttings or soil to reduce concentration of the material and buried in a stable area with at least 1.0m of compacted soil cover.

The same Interim Guidance document specifies that contaminated equipment should be cleaned to remove loose material before leaving the site and that this should be disposed of in line with the burial protocol.

The EPA's Interim Guidance document does not address the disposal of low-level radioactive work gear and filters away from the site (as specified in the DEF).

## MARATHON'S WASTE MANAGEMENT POLICIES, PROCEDURES, AND ACTIVITIES

Marathon's Radiation Safety Plan, Environmental Program and its operational procedures were not focused sufficiently on the need to exercise care with the disposal of uranium-related drilling and assay samples as well as clothing and other materials used when drilling for and handling these materials.

Marathon now appreciates that it should have more clearly documented its methodologies for management and disposal of materials and that it should have better incorporated its Radiation Safety Plan into its wider environmental management programme.

There were also operational and technical failures that contributed to bringing about allegations of site contamination, investigation by PIRSA and EPA and the consequent suspension of further drilling, namely:

- The bagged materials associated with the drill site were not returned to the main drilling hole and adjacent drill sump at the completion of drilling (as prescribed in the DEF and EPA guidance documents). This was because of delays of up to 6 months in receiving samples back from the laboratory. Marathon's DEF states that '...rehabilitation of an individual drill site should be commenced and preferably completed within 4 weeks of drilling, all reasonable effort will be made to keep to this time frame'. Due to increased industry activity, there were lengthy delays in the return of assay results and materials. However, Marathon was obliged to store the materials until each drill hole was signed-off by PIRSA and its error in practice was subsequently to dispose of the materials without PIRSA/EPA approval.
- The used PPE was not bagged and placed in steel cans to be taken away for disposal through the normal refuse system away from the Arkaroola site. They were instead disposed of at the Arkaroola site. At all times, Marathon disposed of PPE of its own staff and contractors in accordance with the requirements of the DEF. Third party PPE (ie gloves, masks etc of third party laboratory staff) deliveries to the site however, were not disposed of in this way. Historically, third party laboratory PPE was separately disposed of by the third party organisation, however, this practice recently changed without prior notice to Marathon.

## INADEQUATE KEY STAKEHOLDER CONSULTATIONS OVER SOCIAL AND ENVIRONMENTAL ISSUES

Key stakeholders with an interest in environmental and social issues associated with uranium mining were not consulted sufficiently in developing Marathon's policy and monitoring Marathon's operations.

The current environment policy (prepared by Marathon staff) does not explicitly address the unique and highly sensitive nature of the areas in which it continues to operate within the international context of the uranium industry. Nor does it incorporate wider stakeholder expectations about the necessary requirements for gaining a social licence to operate in these regions.

The main consultative group that serves as the primary entity for Marathon to consult with key regional stakeholders (the Northern Flinders' Community Consultation Committee - NFCCC) is relatively new and has, to date, only met twice. Thus, Marathon has so far not engaged with its full range of key stakeholders. Given the sensitive nature of uranium and the important status of Arkaroola Sanctuary, thorough, transparent and regular engagement, which is fundamental to the development of Marathon's environment policy will now be pursued.

## THE MT GEE ENVIRONMENTAL CONTEXT DEMANDS A STRONGER ENVIRONMENT POLICY

Marathon's Environment Policy should be enhanced for operations in a highly sensitive Mt Gee environment.

Marathon's existing Environment Policy is generic, broad and succinct - providing basic, general statements of commitment to sound environmental performance. To be leading practice it must be specific to Marathon's operations. The policy statement is a critical step in providing the commitment to true cultural change and to enhanced environmental management.

A new Environmental Management System (EMS) must be in compliance with all legal and corporate obligations, and be specific about how those legal obligations will be met, measured and reported. The system must also incorporate a life cycle approach to environmental management relevant to the context of uranium mining, along with robust radiation safety and waste management procedures. Methods for continuously improving environmental performance must be described along with substantially more detailed documentation on the process to engage with key external stakeholders on environmental issues.

Marathon acknowledges that environmental compliance with legal obligations is the very minimum performance that will be considered acceptable by its key stakeholders.

# 4. FAILURE TO ADOPT A BROADER VIEW OF SUSTAINABLE DEVELOPMENT

For Marathon to develop sustainably, it must consider, in an integrated way, the short and long-term economic, social and environmental implications of its activities. In addition, those implications should be considered transparently and collaboratively with its key stakeholders. Nevertheless, Marathon accepts that it did not adequately consider the wider implications of its activities and that it may have operated in a way that fell short of key stakeholder expectations.

In adopting a broader view of sustainable development, it would have been desirable for Marathon to have:

- acknowledged the risks (particularly in regards to waste and its disposal) associated with uranium mining in the Mt Gee/ Arkaroola area;
- explained to all key stakeholders Marathon's actions, its future plans and all potential risks and opportunities associated with those;
- explored, with key stakeholders, the beneficial applications of uranium in the fields of energy generation, greenhouse gas reduction and medicine;
- argued the case as to why a resource like uranium might be necessary in the context of securing a sustainable future in a carbon-constrained world; and
- facilitated wider discussion amongst key stakeholders about the possible compatibility of mining, conservation and eco-tourism in a geologically and environmentally sensitive area like Arkaroola, with reference to best practice case studies.

## FAILURE TO COMMUNICATE A SUSTAINABILITY VISION

There has been inadequate effort by Marathon to communicate a sustainability vision to guide its exploration or potential mining of uranium in the Mt Gee area.

Marathon should have consulted its key stakeholders about what the criteria would be for the sustainable co-existence of uranium mining and conservation when the company first indicated its intention to develop a mine. This view has been explicitly expressed by PIRSA and is in line with international guidelines on exploration and mining outlined by the International Council for Mining and Metals (ICMM) and the United Nations Convention on Biological Diversity (UNCBD). It states that 'for conflict on these issues to be avoided, and

'win-win' outcomes achieved, transparent and inclusive planning processes are essential.'

To date, Marathon's planning processes have not sufficiently demonstrated transparent communications either with PIRSA or with the operators of Arkaroola Sanctuary.

## ACCOUNTABILITY AND TRANSPARENCY

Marathon is developing a comprehensive strategy for making itself accountable and transparent and for engaging with key stakeholders around uranium exploration in the Mt Gee/ Arkaroola area.

Marathon's then Environmental Policy did not incorporate the broader set of inter-linkages between environment, society and economy that characterises a sustainability perspective. In addition, there were no external accountability mechanisms in place to allow key stakeholders to regularly evaluate the company's then environmental performance against its DEF conditions or its compliance with PIRSA requirements.

The company needs to report to key stakeholders on progress against its commitments in this policy paper.

## OPERATIONAL MANAGEMENT

Marathon had management at the Mt Gee site that did not properly appreciate the appropriate sustainable development standards. This is exemplified by the damage an employee of Marathon Resources did to a fluorite vein located within the Mt Gee geological monument area. He used declared equipment within EL 3258 without written authorisation from PIRSA.

The region in general has a long history of gem and mineral fossicking, however, the actions of one of Marathon's employees in causing damage to this significant Mt Gee fluorite occurrence was unacceptable. The occurrence is an important educational and research tool for tertiary geology students and a unique Australian environmental monument for Arkaroola Sanctuary's international tourists.

Following damage to the Fluorite occurrence, Marathon conveyed to PIRSA the following:

'In relation to Marathon's involvement at this site, we have found that at some time during February 2007 a quantity of surface material was pulled from a badly eroded watercourse onto the bank with a small backhoe by a Marathon employee. The water course which is up to 1.0m deep and 1.5m wide at an inclination of +/- 14o has been eroded by water flow from a site excavated for exploration purposes by a party prior to Marathon Resources' involvement on Mt Gee. The quantity of material pulled from the eroded gully is estimated by us as a result of a visit to the site on 12 February 2008 as less than 0.5m<sup>2</sup> or no more than 250kg. We are advised that when the material was moved from the gully, no sampling took place. The Marathon Resources employee who removed the surface material ...was on an activity not authorised by the Company...His action was not in accord with our environmental policy. We are assured that he did not then subsequently remove any samples and has not returned to the location since February 2007. It is evident from ...photographs that subsequent to the event of February 2007 a person or persons (and unknown to Marathon Resources) has/have made a further excavation of approximately 80 litres (4 standard buckets) (letter to PIRSA dated 27 February 2008).

The geological significance of the fluorite occurrence was not explicitly detailed in Marathon's environmental control documentation. In order to ensure there is no further damage to this, or any other monument, Marathon's employees need to be aware of the geological significance of the area and how their actions might directly impact on sensitive sites. Further, they need to be accountable for their actions at site level at all times.

2. Koziell, I., & Omosa, E. (2003) Room to Manoeuvre? Mining, biodiversity and protected areas. Mining, Minerals and Sustainable Development Project, IIED.

## 5. THE NEED TO DEVELOP AND PROMOTE A NEW CORPORATE CULTURE

While Marathon must ensure that drilling practices are conducted in line with environmental leading practice, actual practice has not met Marathon's own expectations and aspirations. In order to develop a more appropriate corporate culture it will strengthen the alignment between company values and its actions through more robust governance and accountability mechanisms.

### GAPS BETWEEN POLICY AND OPERATIONS

There was a gap between the policy framework governing Marathon's operations, and the actual operations and outcomes associated with Marathon's activities at the Arkaroola site, including the following:

- EPA's interim guidance document was not strictly followed by operational staff and contractors;
- Marathon's DEF safety measures (developed for PIRSA and approved by the EPA) were not strictly followed as regards the disposal of drilling and operational waste materials;
- Marathon has lacked a set of sufficiently clear protocols and accountabilities to ensure that its Environmental Policy is translated into effective planning and action so that the company can fulfil its stated commitment to comply with relevant Government laws, requirements and regulations;
- There has been insufficient monitoring and reporting to the executive and Board of staff and contractor environmental management performance at the Arkaroola site.

### GAPS BETWEEN BOARD-LEVEL POLICY AND ON-SITE BEHAVIOUR

Marathon executives acknowledge that policy set at Board level has not always been translated effectively into behaviour at site level.

Best practice exploration and mining protocols need to be explicitly understood rather than assumed. This translates to practices that are systematically driven, communicated, monitored and evaluated.

### THE NEED FOR IMPROVED ENVIRONMENTAL MANAGEMENT ACCOUNTABILITY

Accountability mechanisms on environmental management have not always been adequate.

While the policy stipulates that each employee is held accountable for ensuring that staff and operations in their area of responsibility minimise environmental risk, it is not sufficiently specific on how this will be done.

The Radiation Safety, SOP manual and DEF documents all have slightly differing requirements for employee and contractor site activities, and will thus be properly aligned.

## 6. MARATHON'S NEED TO ENHANCE KEY STAKEHOLDER ENGAGEMENT

Given Marathon's current and intended future activities, it must engage with a wide range of key stakeholders, including investors, the Sprigg family, the Adnyamathanha as Traditional Owners, other regional landholders, and regulatory authorities. Marathon needs to accelerate, broaden and better balance its approach to key stakeholder engagement through more open and transparent dialogue, in order to demonstrate accountability.

**FAILURE TO ADEQUATELY APPRECIATE AND ACT ON KEY STAKEHOLDERS' CONCERNS**  
Marathon did not adequately appreciate the ramifications of the following key stakeholders' concerns for its operations.

### GOVERNMENT

South Australia is well known as the only state with a generally positive stance on uranium mining. The current government continues this stance with a strong commitment to strengthening the mining industry and providing the infrastructure and support that will facilitate its expansion.

Marathon's prior experiences with exploration activities, key stakeholder engagement and some operational activities, and the publicity that those problems have generated, however, have angered some in the State Government.

In commercial terms, the potential size of the uranium resource Marathon was exploring provided the company with the confidence to proceed to the next stage of exploration and planning for a possible mine. However, Marathon now acknowledges that any proposal to proceed to a mine needs not only to include evidence that the resource size is of national and state significance, it must also be subjected to a rigorous and comprehensive examination of its environmental and social impacts and have broader acceptance from the wider community.

Marathon will therefore seek a more comprehensive social licence to operate, by demonstrating leading practice so as to re-gain the support of the State Government.

### ARKARoola SANCTUARY – MARG AND DOUG SPRIGG

Marathon has tried to minimise disruption to eco-tourism activities in the area through limiting drilling times to off-peak tourist times and has contributed economically to the Arkaroola Sanctuary enterprise operated by Marg and Doug Sprigg through choosing to locate its site office there and house staff and contractors at the lodge.

However, it has failed to build sufficient trust with Mr and Ms Sprigg, the owner-operators of the Arkaroola Sanctuary. The company understands that Mr and Ms Sprigg perceive a lack of respect for their important internationally recognised eco-tourism and conservation activities.

Marathon should have better appreciated the Spriggs' conservation and eco-tourism work, and it should have respected, and drawn on, the Spriggs' broader understanding of exploration and mining and its place within the context of the area's unique geological significance.

Marathon will seek to build a better relationship with Mr and Ms Sprigg and offers, in particular, to work with them to develop a joint management exploration plan. The company would also appreciate an opportunity to collaboratively explore ideas for shared environmental improvement initiatives for Arkaroola Sanctuary and to contribute to, not detract from, their important conservation work.

# 7. MARATHON'S WAY FORWARD: A NEW COMMITMENT

Marathon is fully committed to reforming all aspects of its environmental management as part of its social licence to operate – recognition of inadequate past practices, the need for changes to governance, policies and procedures, and operational practices. Marathon is fully committed to realising a vision of sustainability that embraces all key stakeholders, and demonstrates industry-leading practice.

## UNDERSTANDING AND LEARNING FROM OUR MISTAKES

Marathon fully acknowledges and accepts that it has made mistakes in relation to environmental management of its operations and its engagement with key stakeholders. It understands that in addition to acknowledging the need for change, it also needs to demonstrate the action that all key stakeholders demand from them.

## IMPLEMENTING CHANGE

Until now there has been a gap between the community's expectation of Marathon, and the company's delivery on those expectations. Commencing immediately and intensively, Marathon is working with independent consultancies to take the company from its current state, through to compliance, then to conformance with international practice and finally to international leading practice (an Integrated Management System incorporating key sustainability principles into the way in which Marathon makes all of its business decisions). Not only will this align the company's policies and practices with community expectations, it will ensure that its key stakeholders, including the State and Federal Governments, the regulators, and shareholders are satisfied that Marathon can implement change.

Moving from Marathon's current position to that of an innovative leader will take time. However, given the highly sensitive nature of the resource and the environment at Mt Gee, the company acknowledges that the process needs to be as efficient as possible.

Marathon is also realistic about what it can do alone. The company's directors and executive clearly recognise the need to strengthen its capacities and systems, and to improve its practices. It is committed to this self-improvement process right now and well into the future. Marathon will ensure that its future partners are aligned so that they can also substantially contribute to the company's maturity in terms of corporate values and practice, environmental management, and trusting key stakeholder relationships.

Marathon also acknowledges that the direction and guidance given by PIRSA during this time will be invaluable in determining not only how the company is placed in the industry, but how it is able to operate with the acceptance of the wider community. Ultimately, it is in achieving this alignment with its key stakeholders that Marathon will be able to deliver the best possible returns to the local community and its shareholders.

## DEVELOPING POLICIES, SYSTEMS AND PROCESSES

From its inception, Marathon has viewed itself primarily as an explorer. Marathon saw multiple possibilities for its future, and that its choice of future pathways depended on its exploration outcomes. Successful exploration inevitably requires significant resources and expertise to deliver a working mine. Marathon's broad vision beyond exploration continues to see the formation of alliances and partnerships with major mining and engineering companies. These relationships not only bring material capacity, but also the benefits of significant cumulative expertise in areas such as environmental management, community engagement, and corporate responsibility. The company's shareholders support this approach.

In addition to the environmental rectification work that is to be undertaken under instruction from PIRSA and the EPA, Marathon is committed to developing new integrated policies and systems that include the disciplines of environment, radiation safety, community and key stakeholder engagement, and operations. By creating integrated systems, Marathon is reducing risk across their entire operations from the Board level through to site operations. Management policies will be created that incorporate the disciplines, making them an integral part of decision-making rather than a separate knowledge area that could be overlooked.

In response to the immediate needs of Marathon, its key stakeholders and PIRSA, Marathon will focus on the development of an Environmental Management System (EMS) with a sense of urgency. The primary immediate focus of the system is to ensure:

- All legal requirements are clearly understood, communicated and complied with.
- Clear site specific work inductions are carried out and overseen rigorously

- A strong, specific environmental policy is developed in accordance with the leading practice standards of the uranium exploration industry;
- Adequate resources are allocated to ensure environmental compliance and system development occurs efficiently
- A framework is created to foster continual improvement and enhanced environmental performance and is measurable and auditable.

The development of the Marathon EMS provides a solid framework for developing the industry leading Integrated Management Plan (IMP). The IMP incorporates the environment, safety, community, and operational requirements into a well-communicated set of processes and procedures. This is the heart of the culture change to which Marathon is committed and has commenced work. By incorporating all disciplines into ground operational instructions, project planning, and decision making, it reduces the risk that any element can be missed. An integrated system is a platform for operational success and clearly defines internal responsibilities.

## STRENGTHENING OUR CULTURE AND PRACTICES

For some time, Marathon has acknowledged the cultural and spiritual significance of the region to the Adnyamathanha people, and has tangibly recognised this by ensuring that the company's executives, staff, and contractors undergo cultural awareness training programs conducted at Iga Warta by Adnyamathanha trainers.

Marathon staff will also be inducted and trained in the key, internationally recognised principles of sustainability – particularly as they relate to the cultural heritage, biodiversity and conservation value of Arkaroola. In addition, Marathon is developing site-specific behavioural codes of conduct that will apply to its entire new and existing staff, contractors and visitors. This is particularly important for staff activities in and around the eco-tourism facilities and significant sites of the Arkaroola Wilderness Sanctuary.

These new codes, along with robust policies and systems, will ensure that key sustainability principles are reflected in environmentally responsible and respectful exploration activities on-site.

As Marathon's policies evolve, the company intends ensuring that its first phase initiatives relating to cultural

and environmental awareness of staff and contractors are incorporated into a second phase where position descriptions and contracts reflect meaningful competencies in these areas that can be measured and accounted for.

## STRENGTHENING GOVERNANCE

Marathon's new governance structure will ensure that:

- The Board drives environmental awareness and best practice in sustainable development as core business drivers and accountabilities;
- Environmental and cross-cultural competency accountabilities are clearly written into all Marathon position descriptions with appropriate key performance indicators and sanctions;
- Environmental and cross-cultural competency training is provided to all staff (from Board level down) and translated into operational protocols at and beyond site induction;
- Appropriate financial and management delegations are granted to the company's executives, to ensure that they have suitable authority to drive Marathon's Corporate Responsibility vision and policies throughout the company's workforce at all of its sites.

## OUR KEY STAKEHOLDERS

In strengthening its corporate responsibility framework, Marathon will engage with key stakeholders (including the operators of Arkaroola, local landholders and the Adnyamathanha community) about the policies and processes they would like put in place, and the feedback and evaluation mechanisms they believe would demonstrate more accountability.

## ARKARoola WILDERNESS SANCTUARY

The company will offer to develop a joint management plan with Mr Doug Sprigg and Ms Marg Sprigg that includes:

- The Rectification Plan - providing Mr & Ms Sprigg with the opportunity to have input and suggestions for the early implementation of the required works;
- Marathon's approach to its environmental management systems, including suggestions from Mr & Ms Sprigg about their effective implementation; and

## 7. MARATHON'S WAY FORWARD: A NEW COMMITMENT

- How Marathon can effectively incorporate environmental responsibility, conservation principles and respect for Arkaroola's heritage into the induction, training and management of their staff in order to align Arkaroola and Marathon's values and vision.

Marathon believes that the personal and economic significance of the region to the Sprigg family warrants continuing, open discussion about their ideas and concerns relating to the long-term future of Arkaroola Sanctuary and the region as a whole.

Marathon also recognises the longstanding and widespread interest in the geology of Arkaroola and surrounding region. Recognising this interest, Marathon intends to provide material support to advancing knowledge of the geology of the Mt Gee area through establishing a tertiary scholarship or bursary for geology students.

### THE ADNYAMATHANHA COMMUNITY

For some time, Marathon has engaged independent experts in Indigenous relations to assist the company develop its vision for outcomes that provide real benefits to the Adnyamathanha Traditional Owners.

Marathon has had ongoing, evolving, and increasing engagement with the Adnyamathanha people through the Adnyamathanha Traditional Lands Association (ATLA). Marathon will demonstrate an inclusive approach in its relationship with the Adnyamathanha people that seeks to achieve mutually beneficial outcomes for all key stakeholder groups.

### GOVERNMENT

In moving beyond rectifying existing management problems (as part of the Rectification Plan) and creating a best-practice operation, Marathon will report against compliance and regularly seek input from the government and PIRSA about its quest to go beyond compliance. It will also provide regular updates about its wider stakeholder engagement process, along with changes to its policies and systems.

### INDUSTRY

Marathon will continue to engage with the South Australian Chamber of Mines and Energy and other members of South Australia's resource industry associations about changes to the company's standards, the implementation of new environment policies, the management of significant geology and fundamentals of the actual resource.

### MINING AND BIODIVERSITY CO-EXISTING IN A PROTECTED AREA

Marathon is committed to a legacy where its activities are associated with enhanced biodiversity for the Arkaroola region. The company is committed to policies and practices that strive for sustainable and mutually beneficial outcomes for the company, the Adnyamathanha people, eco-tourism, the environment, and biodiversity.

It will also develop a three-part process commencing early in 2009 to engage the NFCCC as a visioning committee that will facilitate the development of a vision for the wider region and consider options for creating a compatible, innovative and mutually beneficial long-term outcome. This process will comprise the following:

- Community engagement and social research to create a community profile (demographically, environmentally and economically) and the identification of key themes or issues to be explored in the scenario workshop process;
- Agreement from the visioning committee on the key themes and issues, and the establishment of a wider network of community members that will help develop future scenarios within visioning workshops; and
- Consideration and integration of this information into Marathon's own vision, policy development, the forming of community partnerships and sponsorships and its environmental initiatives.

The company will monitor, measure and report on implementation of its sustainable development vision through the publication of a Sustainability Report prepared annually in consultation with all key stakeholders.

## 8. CONCLUSIONS

Environmental management issues have resulted in suspension of Marathon's Mt Gee exploration drilling program, and the subsequent need to appropriately rectify waste disposal sites.

The Rectification Plan represents only part of the process for addressing Marathon's environmental management and communication practices. Marathon fully acknowledges that it must operate to the best possible environmental, safety and community standards. This will be achieved by a changed approach as well as improved systems and training.

The company fully acknowledges that this effort to engage its key stakeholders must be strengthened, starting immediately. In time, Marathon's capabilities and practices will be further strengthened through increased training and expert support.

Marathon is now taking a longer-term view of engaging with its key stakeholders and will, through a visioning exercise, engage with the NFCCC about ways to achieve mutually beneficial outcomes in the region, with particular emphasis on identifying the best ways uranium mining, conservation and eco-tourism could co-exist. The company is aiming to be able to develop a 'win-win' outcome in line

with international guidelines on exploration and mining outlined by the International Council for Mining and Metals (ICMM) and the United Nations Convention on Biological Diversity (UNCBD). Its key report into mining, biodiversity and protected areas states that 'for conflict on these issues to be avoided, and 'win-win' outcomes achieved, transparent and inclusive planning processes are essential.' The longer-term perspective will help Marathon understand how it can sustainably co-exist with the Adnyamathanha community, eco-tourism, local landholders and pastoralists, and the environment.

Marathon considers that this longer-term view is required if it is to appropriately develop what it believes is a world-class uranium resource. The development of this resource will provide significant economic and social benefits to South Australia generally and to all key stakeholders in the North Flinders Ranges.

By adopting these best practice principles, and demonstrating real change, Marathon aims to re-form a respectful and productive relationship with all key stakeholder groups and contribute significantly to the region and to the State.

3. Koziell, I., & Omosa, E. (2003) Room to Manoeuvre? Mining, biodiversity and protected areas. Mining, Minerals and Sustainable Development Project, IIED.

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