



**NSW  
Resources  
Regulator**

**COMPLIANCE AUDIT PROGRAM**

# **EL6479 AND EL8681 EXPLORATION PROGRAM**

GoldReef Resources Pty Ltd



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# 1. Introduction

## 1.1. Background

Exploration licence 6479 (EL6479) was granted to Rockwell Resources Pty Ltd on 18 November 2005. The licence was transferred to Mt Browne Mining Group Pty Ltd (MBMG) in 2017 and then transferred to GoldReef Resources Pty Ltd (GoldReef) in June 2020. The exploration area is in a pastoral area about 45 kilometres west of White Cliffs in far western NSW.

Exploration licence 8681 (EL8681) was granted to MBMG on 21 December 2017. The licence was transferred from MBMG to GoldReef in June 2020. The exploration area is in a pastoral area about 75 kilometres west of White Cliffs in far western NSW.

As part of the Resources Regulator's compliance audit program, a virtual audit of the exploration activities associated with the GoldReef Resources project within EL6479 and EL8681 was undertaken on 23 September 2021 by the Resources Regulator, part of the Department of Regional NSW.

## 1.2. Audit objectives

The objectives of the audit were to:

- undertake a compliance audit of the GoldReef Resources Pty Ltd exploration activities against the requirements of the *Mining Act 1992* and the conditions of the exploration licence and activity approvals issued pursuant to that Act
- assess the operational performance of the exploration activities and the ability of the licence holder to implement management systems and controls to provide for sustainable management of the operations.

## 1.3. Audit scope

The scope of the audit included:

- the exploration activities associated with the Nuntherungie Soil Sampling and aircore drilling exploration project within EL 6479 including:
  - a selected sample of exploration auger holes and drillholes within the licence area

- auger hole and borehole sealing and rehabilitation activities for selected activities undertaken since 12 May 2015.
- a review of documents and records pertaining to the exploration activities within EL 6479 and EL8681
- the assessment of compliance for the period commencing 1 September 2019 and ending 23 September 2021.

## 1.4. Audit criteria

The audit criteria against which compliance was assessed included:

- *Mining Act 1992*, specifically sections 5, 30, 140, 163C to 163E, 163G, 378D
- Mining Regulation 2016, specifically clauses 59 to 68
- conditions attached to EL6479 (granted 18 November 2005 and last renewed 16 January 2020)
- conditions attached to EL8681 (granted 21 December 2017 and last renewed 18 February 2020)
- exploration activities application (ESF4) dated 27 November 2017 for Complying Exploration Activities (INW17/72507/DOI) for the 'Nuntherungie Soil Sampling Reconnaissance 2017'. The associated approval letter (OUT17/49132) is dated 13 December 2017 (MCV17/1220)
- exploration activities application (ESF4) dated 7 April 2015 (INW15/12222/DOI) for the drilling of 20 to 25 RAB / aircore drill holes and up to 3 diamond cored holes using above ground sumps. The associated approval letter (OUT15/11213) is dated 12 May 2015 (MCV15/290)
- *Exploration code of practice: Environmental management* (Version 3, September 2017)
- *Exploration code of practice: Rehabilitation* (Version 3, September 2017)
- *Exploration code of practice: Community consultation* (Version 1.1, May 2016)
- *Exploration code of practice: Produced water management, storage and transfer* (Version 3, September 2017)
- *Exploration Reporting: A guide for reporting on exploration and prospecting in New South Wales* (Version 2, March 2016)

- *Exploration Guideline: Annual activity reporting for prospecting titles* (Version 3.0, December 2020) published by Department of Regional NSW
- *ESG4: Guideline for preparing an environmental and rehabilitation compliance report* (Version 2.3, March 2019) published by NSW Resources Regulator.

## 1.5. Publishing and disclosure of information

This audit report was published on the Regulator's website consistent with Section 365 of the *Mining Act 1992*.

This audit report may be publicly disclosed consistent with the *Government Information (Public Access) Act 2009*.

## 2. Audit methods

The audit process involved the interview of GoldReef personnel, and a review of documentation and samples of records provided by the licence holder and/or operator, to determine the level of compliance of the operations and assess the status of the operational performance. The audit process and methodology are described in more detail below.

### 2.1. Opening meeting

Opening remarks were included in the meeting held online on 23 September 2021. The audit team was introduced, and the scope of their responsibilities was conveyed to the auditees. The objectives and scope of the audit were outlined. The methods to be used by the team to conduct the audit were explained, including the interview of personnel, review of documentation, and examination of records to assess specific compliance requirements.

### 2.2. Site interviews and inspections

#### 2.2.1. Data collection and verification

Where possible, documents and data provided during the audit process were reviewed electronically on the day. Several documents were unable to be reviewed on the day and were provided following the remote audit.

All information obtained during the audit process was verified by the audit team where possible. For example, statements made by site personnel were verified by viewing documentation and records, including site photographs, where possible. Where suitable verification could not be provided, this has been identified in the audit findings as not determined.

#### 2.2.2. Site inspections

COVID-19 restrictions in NSW prevented travel from Maitland to regional areas of the State. As a result, a site inspection was not undertaken as part of the audit.



## 2.3. Closing meeting

Closing remarks were included in the meeting held online on 23 September 2021. The objectives of this meeting were to discuss any outstanding matters, present preliminary findings and outline the process for finalising the audit report.

## 2.4. Compliance assessment definitions

The reporting of results from the compliance audit was determined based on the definitions presented in Table 1.

Table 1 Audit assessment categories

ASSESSMENT	CRITERIA
<b>Compliance</b>	Sufficient and appropriate evidence was available to demonstrate the particular requirement had been complied with.
<b>Non-compliance</b>	<p>Clear evidence was collected to demonstrate the particular requirement had not been complied with. There were three subcategories of non-compliance reflecting the severity and level of risk associated with the non-compliance:</p> <p><b>NC1</b> – the absence of planning or implementation of a required operational element which had the potential to result in a significant risk.</p> <p><b>NC2</b> – an isolated lapse or absence of control in the implementation of an operational element which was unlikely to result in a significant risk.</p> <p><b>NC3</b> – an administrative or reporting non-compliance which did not have a direct environmental or safety significance.</p> <p>Note: The identification of a non-compliance in this audit may or may not constitute a breach of, or offence under, the <i>Mining Act 1992</i>. Non-compliances identified in this audit report may be further investigated by the Regulator and regulatory actions may be undertaken.</p>
<b>Observation of concern</b>	<p>Where an auditee may be compliant at the time of the audit but there were issues that exist that could result in the potential for future non-compliance, if not addressed.</p> <p>Observation of concern was also used where an issue may not have particular compliance requirements, but which was not conducive to good management or best practice.</p>

ASSESSMENT	CRITERIA
<b>Suggestion for improvement</b>	Where changes in processes or activities inspected or evaluated at the time of the audit could deliver improvement in relation to risk minimisation, sustainable outcomes and management practices.
<b>Not determined</b>	<p>The necessary evidence had not been collected to enable an assessment of compliance to be made within the scope of the audit.</p> <p>Reasons why the audit team could not collect the required information included:</p> <ul style="list-style-type: none"> <li>■ insufficient information on the file relating to the period covered by the audit or insufficient evidence collected to reach a conclusion</li> <li>■ the wording on the criteria (approval condition) meant that no evidence could be gathered, or it was too difficult to gather the evidence.</li> </ul> <p>A 'not determined' assessment was also made where the condition was outside the scope of the audit.</p>
<b>Not applicable</b>	<p>The circumstances of the authorisation or licence holder have changed and are no longer relevant ( e.g. no longer mining, mining equipment and plant has been removed).</p> <p>An invoking element in the criteria was not activated within the scope of the audit.</p>

## 2.5. Reporting

Following completion of the online virtual audit, the audit checklists were completed, and audit notes were reviewed to compile a list of outstanding matters to be noted in the audit report. This report was prepared to provide an overview of the operational performance of the site in relation to the exploration activities and identify any non-compliances or observations of concern noted by the auditors during the Microsoft Teams interview.

The draft audit findings were forwarded to GoldReef for comment. Consideration was given to the representations made while finalising the audit report, as discussed in the audit findings.

## 3. Audit findings

### 3.1. Work program

Condition 1 of EL6479 and EL8681 required the licence holder to carry out the operations described in the approved work program. Work programs WP-EL6479-2020-2025 and WP-EL8681-2020-2025 were approved by (then) Division of Resources and Geoscience (DRG) as part of the transfer of EL6479 and EL8681 in June 2020.

GoldReef was in year one of each work program (2020-2021). Intended activities for the audit scope period for each title were summarised in Table 2.

Table 2 Summary of approved work program

EL6479	
10 x 200 metre RC holes, constrain Xmas tank fault dip and geometry	<ol style="list-style-type: none"> <li>1) 100 metre spaced east - west reconnaissance gridding by EM detector to identify target zones.</li> <li>2) 10 - 50 metre infill gridding of identified target areas.</li> <li>3) Bulk sampling program across anomalies identified by infill gridding.</li> </ol>
Geological data review	GoldReef proposed to establish and implement an ecological work program (EWP) to assess the impact of the EL8681 exploration project on the population of the critically endangered Thick-billed Grasswren.
Four-acid multi-element geochemistry, potential corescan hyperspectral analyses or XRF	

It was noted that the drilling programs on both EL6479 and EL8681 were not yet commenced due to access and ecological constraints. GoldReef advised that the company was working to progress biodiversity and ethnographical studies that would be used to inform future exploration planning. Given

that GoldReef was in year one of a five-year renewal, there was time for the exploration program to be completed over the renewal timeframe, despite the delays in year one of the program.

Exploration data was maintained by the GoldReef exploration and compliance manager and submitted to Regional NSW's Mining Exploration and Geoscience (MEG) group with the annual activity reports as required.

### 3.2. Access agreements

Section 140 of the *Mining Act 1992* stated, 'the holder of a prospecting title must not carry out prospecting operations on any particular area of land except in accordance with an access arrangement or arrangements applying to that area of land'. The access arrangement was required to be agreed in writing between the holder of the prospecting title and each landholder of that area of land.

Evidence was available to demonstrate that GoldReef negotiated a land access agreement with the Mutawintji Board of Management for exploration within the Mutawintji State Conservation Area in EL6479. The GoldReef exploration and compliance manager advised that land access agreements were yet to be negotiated with the four landholders within EL8681. It was noted that no exploration activities were conducted on EL8681, and GoldReef advised no exploration activities would be conducted until those land access agreements were completed.

### 3.3. Native title and exempt areas

Condition 2 of EL6479 and EL8681 required the licence holder to obtain prior written consent from the Minister before carrying out any activities on land on which native title had not been extinguished. Similarly, Section 30 of the *Mining Act 1992* required consent from the Minister before a licence holder undertook any activities within an exempted area.

GoldReef undertook some preliminary investigations and mapping to identify potential land on which native title had not been extinguished within the tenements. These areas predominantly comprised Crown roads within western lands leases. EL6479 included part of the Mutawintji State Conservation Area. It is understood that this former cattle station was purchased by the Mutawintji Board of Management, in partnership with the government in 2015. The land was gazetted by the NSW Government as a State conservation area in August 2019 and added to the national parks estate.

An interview with the GoldReef exploration and compliance manager identified that areas of Crown land might exist within EL6479 and EL8681 in the form of soldier settlement blocks, Crown roads, and riparian areas along the Darling River. These areas might fall within the definition of an exempted area under the *Mining Act 1992* and might be areas where native title was not extinguished. It was noted that GoldReef (or its predecessors) had not undertaken any assessable prospecting operations on either

EL6479 or EL8681 in the past five years. As a result, no further approvals under condition 2 or section 30 were required.

Although preliminary investigations had commenced, as suggestion for improvement number 1, it was recommended that further detailed investigations and mapping be undertaken to determine where native title may exist within the exploration licence areas, and to clearly identify any Crown land where exempted area approvals may be required for future assessable prospecting operations.

## 3.4. Community consultation

Condition 3 of EL6479 and EL8681 required the licence holder to carry out community consultation in relation to the planning and conduct of exploration activities. Community consultation was required to be carried out in accordance with the requirements of the *Exploration code of practice: Community consultation*.

An assessment against the mandatory requirements of the code of practice was undertaken as documented in the following sections.

### 3.4.1. Risk assessment

Mandatory requirement 1 of the code of practice required the licence holder to conduct a risk assessment to identify and consider the range of opportunities and potential threats associated with community consultation and engagement.

Evidence was provided to confirm that risk assessments are completed for each specific project undertaken by GoldReef. For example, for the Nuntherungie Ethnographic and Biodiversity Conservation Mapping Project, GoldReef prepared a community engagement strategy and consultation plan that included a risk assessment in section 3. For community engagement, the risk assessment identified the following hazards:

- Breakdown in communication.
- Disturbance to existing infrastructure.
- Disturbance to domestic stock.
- Nullification of access agreement.
- Breach of exploration licence condition 3 community consultation.

For each hazard, GoldReef identified the potential impacts and assessed each risk according to the risk matrix documented in Table 7 of the strategy. Generally, the risks for community engagement were ranked as medium to low. Mitigation measures are documented for each hazard. For example:

- Breakdown in communication - the GoldReef community engagement strategy and project consultation plan framework ensure open and transparent communication with all key stakeholder groups during the planning and execution of operations.
- Disturbance to existing infrastructure – the project team will inspect each drill line, drill hole location and all access tracks, ensuring any existing significant improvements are avoided.

### 3.4.2. Community consultation strategy

Mandatory requirement 2 was the preparation of a community consultation strategy to manage the risks identified in the risk assessment. Mandatory requirement 3 set out the requirements for preparation of the community consultation strategy.

GoldReef documented a community engagement strategy and consultation management plan for its exploration activities. The strategy was noted to include both EL6479 and EL8681. A review of the strategy confirmed that it generally met the mandatory requirements of the code of practice, for example:

- the objectives of the strategy were documented in section 2
- key stakeholders were documented in section 4, with these stakeholders grouped into broad stakeholder groups to facilitate community engagement
- community engagement strategies were outlined in section 2, with these strategies differing dependent of the different project stages (e.g. project awareness, project scoping, project development and approvals, and project management and completion).

The consultation strategy was in draft form. It was noted that no exploration activities were conducted but that consultation was ongoing. In completing the draft strategy, as suggestion for improvement number 2, it was recommended that GoldReef include the following:

- How community consultation feedback will be monitored and responded to.
- Aa mechanism for revising the consultation strategy.

### 3.4.3. Implementation and reporting

Mandatory requirement 4 was for the licence holder to implement, monitor and report annually on the community consultation strategy.

Evidence was available to demonstrate that GoldReef had generally commenced implementation of the community consultation strategy, even though the strategy had not been finalised. For example:

- electronic records of email correspondence with stakeholders
- consultation reporting.

Community consultation reports for the 2019 and 2020 reporting years were submitted as part of the annual activity reporting required by condition 8 of EL6479 and EL8681. Department records showed that the 2019 reports were reviewed by MEG and the content was found to be adequate. The 2020 reports were reviewed by the auditor and found to be generally consistent with the reporting guidance provided in Appendix 2 of the code of practice.

## 3.5. Exploration activity approvals

Section 23A of the *Mining Act 1992* required the holder of an exploration licence to obtain an activity approval before carrying out assessable prospecting operations.

There were no assessable prospecting operations undertaken on either EL6479 or EL8681 in the previous three years. It was noted that an exploration activity approval was granted in 2017 for the Nuntherungie Soil Sampling Reconnaissance survey on EL6479 however this activity had not commenced.

## 3.6. Environmental management

Condition 4 of EL6479 and EL8681 required the licence holder to prevent, or minimise so far as is reasonably practicable, any harm to the environment arising from the activities carried out under the licence. Condition 2 of the exploration activity approval required the licence holder to carry out the activity in compliance with Part B of the *Exploration code of practice: Environmental management*.

No assessable prospecting operations was undertaken on either EL6479 or EL8681 in the previous three years. No further assessment under the code of practice was undertaken.

EL6479 and EL8681 occurred within an area identified as potential habitat for a critically endangered bird species, the Thick-billed Grasswren. The Koonenberry area was also known to contain significant Aboriginal sites. The GoldReef Resources exploration and compliance manager advised that GoldReef was planning to undertake biodiversity and ethnographic studies with a view to obtaining strategic

biodiversity certification for the area. This would assist in identifying critical areas of habitat for the Thick-billed Grasswren and the location of any culturally sensitive areas such that exploration could be planned to avoid these areas to minimise impacts.

### 3.7. Security deposit

Condition 5 of EL6479 and EL8681 required the licence holder to provide a security deposit to secure funding for the fulfilment of obligations under the licence.

The security amount required was \$10,000. Department records confirmed that amount was held. There were no exploration activity approvals in the previous three years that would trigger any increase in security for either title.

### 3.8. Rehabilitation

Condition 6 of EL6479 and EL8681 required the licence holder to carry out rehabilitation of all disturbance caused by activities carried out under the licence in accordance with the requirements of the *Exploration code of practice: Rehabilitation*.

There were no surface disturbing exploration activities on either EL6479 or EL8681 in the previous three years that required rehabilitation. The last drilling on EL6479 was conducted in 2015 by Rockwell Resources Pty Ltd, a previous licence holder. Evidence was available in department records to confirm that this drilling was rehabilitated and this rehabilitation was accepted as satisfactory by the department before the transfer of the tenement to MBMG in 2017.

### 3.9. Annual activity reporting

Section 163C of the *Mining Act 1992*, clause 59 of the Mining Regulation 2016 and condition 8 of EL6479 and EL8681, required the licence holder to submit an activity report annually within one calendar month following the grant anniversary date. Annual activity reports were required to be prepared in accordance with the *Exploration guideline: Annual activity reporting for prospecting titles*.

During the audit scope period, GoldReef was submitting annual activity reports comprising:

- annual geological report
- revised work program
- environmental rehabilitation and compliance report
- community consultation report.



Reports for the 2020 reporting year were reviewed during the audit:

- Annual exploration report, Exploration Licence 8681 'Wonnaminta', 22 December 2019 to 21 December 2020.
- EL8681 prospecting title work program, year 1 submission 2020.
- Annual community consultation report, Exploration Licence 8681 'Wonnaminta', 22 December 2019 to 21 December 2020.
- Annual environmental and rehabilitation compliance report, exploration licence 8681 'Wonnaminta', 22 December 2019 to 21 December 2020.
- Annual exploration report, exploration licence 6479 'Nuntherungie', 19 November 2019 to 18 November 2020.
- EL6479 prospecting title work program, year 1 submission 2020.
- Annual community consultation report, exploration licence 6479 'Nuntherungie', 19 November 2019 to 18 November 2020.
- Annual environmental and rehabilitation compliance report, exploration licence 6479 'Nuntherungie', 19 November 2019 to 18 November 2020.

Generally, reports were found to be in accordance with the MEG and/or Regulator templates and guidance material. It was noted that from January 2021 work programs are no longer required to be submitted annually.

### **3.10. Core and sample storage**

Clause 65 of the Mining Regulation 2016 required the holder of an authority to, so far as is reasonably practicable, collect, retain and preserve:

- all drill cores remaining after sampling
- characteristic samples of the rock or strata encountered in any drill holes.

All core and samples collected were required to be labelled, stored and managed in a manner that preserved the integrity of the core or samples.

As GoldReef had not conducted any drilling or sampling activities on either EL6479 or EL8681, no cores or samples had been collected.

### 3.11. Record keeping

Sections 163D and 163E of the *Mining Act 1992* related to the creation and maintenance of records required under the Act, the Regulations, or a condition of title. Records must be kept in a legible form for production to any inspector and must be maintained for a period of four years after the expiry or cancellation of the title. Specific requirements for the types of records to be maintained for exploration activities were detailed in the mandatory requirements of the exploration codes of practice as follows:

- Mandatory requirement 6 of the rehabilitation code of practice.
- Mandatory requirement 13.1 of the environmental management code of practice.
- Mandatory requirement 5 of the community consultation code of practice.

Records reviewed during the audit demonstrated that GoldReef had generally maintained records as required by the licence conditions and the exploration codes of practice. Examples of records reviewed included:

- annual activity reports for 2019 and 2020 reporting years
- land access agreements
- community consultation risk assessment
- community consultation strategy
- community consultation log.

## 4. Compliance management

### 4.1. Identifying compliance obligations

Identifying compliance obligations is a critical step in the development of an effective compliance management system. Compliance obligations for an exploration project can include:

- regulatory requirements (for example, the *Mining Act 1992*)
- conditions imposed on the grant, renewal, or transfer of exploration licences
- exploration activity approvals
- exploration codes of practice
- specific commitments made by the organisation (for example, commitments made in the approved exploration activity application).

Once identified, compliance obligations should be reviewed periodically to identify any changes in those obligations (e.g. changes in legislation).

Discussions with the GoldReef exploration and compliance manager showed a good understanding of the requirements under the *Mining Act 1992*, the conditions of title, the exploration activity approvals, and the exploration codes of practice. It was noted that systems and processes were in development to address the compliance requirements but that exploration activities were limited over the previous three years.

It was noted that the exploration and compliance manager had a very good understanding of the environmental and cultural sensitivity of the area and was trying to work with other adjacent explorers to obtain strategic biodiversity certification for the area.

### 4.2. Subcontractor management

Contractors are often used to undertake specialist tasks (i.e. exploration drilling). While the responsibility for compliance or the implementation of environmental controls was often passed onto the contractor, the licence holder would retain accountability for compliance with its licence conditions and other compliance obligations. It is important that the licence holder exercises management control of its contractors by specifying contract requirements, providing oversight of contracted works, and evaluating the performance of the contractor during the contracted works.

Contract drillers were likely to be used for the exploration drilling programs when they commence. There were no exploration drilling programs in progress at the time of the audit.

### 4.3. Inspections, monitoring and evaluation

An effective inspection, monitoring and evaluation process is required to:

- monitor the implementation of the risk controls
- evaluate the effectiveness of those controls based on an assessment of inspection and monitoring data
- implement an adaptive management approach if monitoring shows that controls may be ineffective.

GoldReef had not established a formal inspection program relevant to the exploration works but it was noted that no exploration activities were undertaken on site in the previous three years. Further inspections by the Regulator would be undertaken once exploration activities commence to confirm the development of inspection and monitoring processes.

### 4.4. Licence holder response to draft audit findings

GoldReef was provided with a copy of the draft audit report and invited to submit a response to the draft audit findings. GoldReef did not submit a response to the audit and no changes were made in finalising the draft report.

## 5. Audit conclusions

From the evidence gathered during the audit, and the review of documents and records, it was concluded that GoldReef had achieved a high level of compliance with the requirements of the exploration licence.

The GoldReef exploration and compliance manager had a good knowledge of the environmental and cultural issues associated with the drilling and other exploration activities in the area. Community consultation was the main activity undertaken in the last two years and consultation strategies had been developed for the specific projects planned to be undertaken.

No non-compliances were identified during the audit. Two suggestions for improvement were identified as summarised in Table 3.

*Table 3 Summary of suggestions for improvement*

SUGGESTIONS FOR IMPROVEMENT	DESCRIPTION OF ISSUE
1	It was recommended that further detailed investigations and mapping be undertaken to determine where native title may exist within the exploration licence areas, and to clearly identify any Crown land where exempted area approvals may be required for future assessable prospecting operations.
2	The consultation strategy was in draft form. It was noted that no exploration activities were conducted but that consultation was ongoing. In completing the draft strategy, it was recommended that GoldReef include the following: <ul style="list-style-type: none"><li>■ How community consultation feedback will be monitored and responded to.</li><li>■ A mechanism for revising the consultation strategy.</li></ul>