



**NSW
Resources
Regulator**

COMPLIANCE AUDIT PROGRAM

EL5922 DISCOVERY RIDGE PROJECT

LFB Resources Pty Ltd



Document control

Published by NSW Resources Regulator

Title: Compliance audit program: EL5922 Discovery Ridge Project – LFB Resources Pty Ltd

First published: September 2022

Authorised by: Director Compliance

CM9 reference: RDOC22/169148

AMENDMENT SCHEDULE

Date	Version	Amendment
September 2022	1.0	First published

© State of New South Wales through Regional NSW 2020. You may copy, distribute, display, download and otherwise freely deal with this publication for any purpose, provided that you attribute Regional NSW as the owner. However, you must obtain permission if you wish to charge others for access to the publication (other than at cost); include the publication in advertising or a product for sale; modify the publication; or republish the publication on a website. You may freely link to the publication on a departmental website.

Disclaimer: The information contained in this publication is based on knowledge and understanding at the time of writing (September 2020) and may not be accurate, current or complete. The State of New South Wales (including Regional NSW), the author and the publisher take no responsibility, and will accept no liability, for the accuracy, currency, reliability or correctness of any information included in the document (including material provided by third parties). Readers should make their own inquiries and rely on their own advice when making decisions related to material contained in this publication.

Contents

- 1. Introduction 5
 - 1.1. Background 5
 - 1.2. Audit objectives..... 5
 - 1.3. Audit scope 5
 - 1.4. Audit criteria 6
 - 1.5. Publishing and disclosure of information 6
- 2. Audit methods 8
 - 2.1. Opening meeting..... 8
 - 2.2. Site interviews and inspections 8
 - 2.2.1. Data collection and verification 8
 - 2.2.2. Site inspections..... 8
 - 2.3. Closing meeting..... 9
 - 2.4. Compliance assessment definitions 9
 - 2.5. Reporting 10
- 3. Audit findings..... 11
 - 3.1. Work program 11
 - 3.2. Access agreements..... 11
 - 3.3. Native title and exempted areas 12
 - 3.4. Community consultation 12
 - 3.4.1. Risk assessment 12
 - 3.4.2. Community consultation strategy 13
 - 3.4.3. Implementation and reporting 13
 - 3.5. Exploration activity approvals 14
 - 3.6. Environmental management..... 14
 - 3.6.1. Use of chemicals, fuels and lubricants 14
 - 3.6.2. Water..... 15
 - 3.6.3. Noise and vibration..... 15

3.6.4. Air quality	15
3.6.5. Waste management	15
3.6.6. Vegetation clearance and surface disturbance.....	16
3.6.7. Roads and tracks.....	16
3.6.8. Weeds, pest animals and disease	17
3.6.9. Livestock protection	17
3.6.10. Cultural heritage.....	18
3.6.11. Fire prevention	18
3.6.12. Risk assessment.....	18
3.7. Security deposit.....	18
3.8. Rehabilitation.....	19
3.8.1. Risk assessment	19
3.8.2. Rehabilitation objectives and completion criteria	19
3.8.3. Rehabilitation program.....	19
3.9. Annual activity reporting.....	21
3.10. Core and sample storage.....	22
3.11. Record keeping.....	23
4. Compliance management.....	25
4.1. Identifying compliance obligations.....	25
4.2. Subcontractor management	25
4.3. Inspections, monitoring and evaluation	26
5. Audit conclusions.....	27

1. Introduction

1.1. Background

Exploration licence 5922 (EL5922) was granted to Delta Gold Exploration Pty Ltd in February 2002. The licence was transferred several times over the years and was transferred to the current licence holder, LFB Resources Pty Ltd (LFB), in May 2017. LFB is a fully owned subsidiary of Regis Resources Pty Ltd (Regis Resources), who was the operator of the title. The exploration area is in an agricultural area about 9km south-west of Blayney in the central west region of NSW.

As part of the compliance audit program, an audit of the exploration activities associated with the Discovery Ridge project within EL5922 was undertaken on 25 May 2022 by the Resources Regulator within the Department of Regional NSW (the Department).

1.2. Audit objectives

The objectives of the audit were to:

- undertake a compliance audit of the LFB 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 and/or its operator 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 LFB Discovery Ridge exploration project including:
 - exploration activities within EL5922 including a selected sample of exploration drillholes
 - borehole sealing and rehabilitation activities for selected drilling activities undertaken since September 2017

- A review of documents and records pertaining to the exploration activities
- The assessment of compliance for the period commencing 1 May 2020 and ending 25 May 2022.

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 EL5922 (granted 15 February 2002 and last renewed 4 May 2018)
- exploration activities application (ESF4) dated 31 August 2017 for 40 diamond and/or RC holes in the Discovery Ridge gold deposit, and associated approval dated 26 September 2017 (EAMS-2017-1770)
- *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*

- *Resources Regulator's [Public comment policy](#)*
- *Government Information (Public Access) Act 2009.*

2. Audit methods

The audit process involved the interview of site personnel, 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 in the sections below.

2.1. Opening meeting

An opening meeting was held onsite on 25 May 2022. 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, examination of records and a site inspection 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 audit site inspection.

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

A site inspection was undertaken of the following sites:

- DRDD002 – drilled 2018, site rehabilitated and signed off
- DRRC017, DRRC011 – drilled 2018, sites rehabilitated and signed off
- DRDD008, DRRC086 – drilled 2018, sites rehabilitated and signed off

2.3. Closing meeting

A closing meeting was held onsite on 25 May 2022. 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 below in Table 1.

Table 1 Compliance assessment criteria

ASSESSMENT	CRITERIA
Compliance	Sufficient and appropriate evidence is available to demonstrate the particular requirement has been complied with.
Non-compliance	<p>Clear evidence has been collected to demonstrate the particular requirement has not been complied with. There are three subcategories of non-compliance reflecting the severity and level of risk associated with the non-compliance:</p> <p>NC1 – the absence of planning or implementation of a required operational element which has the potential to result in a significant risk.</p> <p>NC2 – an isolated lapse or absence of control in the implementation of an operational element which is unlikely to result in a significant risk.</p> <p>NC3 – an administrative or reporting non-compliance which does 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>
Observation of concern	<p>Where an auditee may be compliant at the time of the audit but there are 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>
Suggestion for improvement	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.

ASSESSMENT	CRITERIA
<p>Not determined</p>	<p>The necessary evidence has 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 include:</p> <ul style="list-style-type: none"> ■ insufficient information on the file relating to the period covered by the audit or insufficient evidence collected to reach a conclusion ■ the wording on the criteria (approval condition) meant that no evidence could be gathered, or it was too difficult to gather the evidence. <p>A 'not determined' assessment was also made where the condition was outside the scope of the audit.</p>
<p>Not applicable</p>	<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 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 site inspection, documentation review, and interviews.

The draft audit findings were forwarded to LFB for comment. Consideration was given to the representations made during the finalisation of the audit report as discussed in the audit findings.

3. Audit findings

3.1. Work program

Condition 1 of EL5922 required the licence holder to carry out the operations described in the approved work program. Work program WP-EL5922-2018-2024 was approved by the (then) division of Resources and Energy within the Department of Industry on 3 April 2018 as part of the renewal of EL5922.

The annual report for the reporting period 15 February 2020 to 14 February 2021 described the exploration activities completed during the period, including:

- Surface sampling across the tenement targeting historic geochemical anomalies. 278 soil samples taken during reporting period.
- Desktop target ranking to prioritise prospects with high potential for significant discovery. Litho-structural interpretation was conducted by an external consultant to help the target ranking process.
- Ongoing environmental monitoring and sampling as part of the Discovery Ridge feasibility studies

Evidence was available to confirm that exploration activities were progressing. Exploration data was maintained by the LFB geologists and submitted to MEG with the annual activity reports as required.

Regis Resources, as the title operator, were granted funding under the NSW Government's New Frontiers Co-operative Drilling Program for a drilling program within EL5922. These holes were planned to be drilled in the second half of 2022.

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 provided to confirm that land access agreements were in place for the exploration activities undertaken on EL5922. For example, for the Discovery Ridge drilling program, the original access agreement was dated October 2017. This agreement was modified in 2019.

The New Frontiers drilling program planned for the Gully prospect within EL5922 was noted to have a land access agreement in place with the land holder. This agreement was dated April 2021.

The land access agreements reviewed during the audit were generally noted to be prepared using a standard template.

3.3. Native title and exempted areas

Condition 2 of EL5922 required the licence holder to obtain the prior written consent of 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 the consent of the Minister before a licence holder undertook any activities within an exempted area.

LFB exploration staff advised that exploration activities were being conducted in areas of freehold land. A review of the mapping data showed that no holes had been drilled in any exempted areas within the licence area. No further approvals under section 130 of the *Mining Act 1992* were required.

LFB exploration staff advised that most of the licence area was under freehold title where native title had generally been extinguished. Although not a compliance requirement, confirmation of extinguishment had not been sought from MEG. No further approvals under Condition 2 of the licence were required.

3.4. Community consultation

Condition 3 of EL5922 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 *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.

LFB had undertaken an assessment of the activity impact level in accordance with the guidance in the code of practice. The activity impact level was assessed as medium. In addition to assessing the activity impact level, LFB undertook a community consultation risk assessment that identified the risks, threats and opportunities associated with community consultation for the exploration activities. It was noted that the assessment of the activity impact level and the community consultation risk assessment were documented in the exploration stakeholder engagement strategy prepared by LFB for the project.

3.4.2. Community consultation strategy

Mandatory requirement 2 required 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.

LFB prepared the exploration stakeholder engagement strategy for the exploration activities on EL5922. This strategy was reviewed by the audit team during the audit. The consultation strategy was found to be generally consistent with mandatory requirement 3. For example, the strategy was noted to include:

- objectives for the consultation strategy – documented in section 2
- activity impact level and community consultation risk assessment – documented in sections 4 and 10
- identification and analysis of stakeholders – documented in section 5
- proposed community consultation activities – documented in section 7.

3.4.3. Implementation and reporting

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

Evidence was available to confirm implementation of the community consultation strategy. For example, consultation activities were noted to include:

- a fortnightly project newsletter
- a project website, predominantly for the McPhillamys gold project but included information on other activities
- letterbox drops
- establishment of a community engagement team, predominantly for the McPhillamys gold project but able to respond to community issues for exploration.

Consultation records were noted to be recorded in a community consultation register that detailed the stakeholder details, date, issues raised, and responses given.

Annual community consultation reports were prepared and submitted, generally in accordance with the reporting guidance 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 prior to carrying out assessable prospecting operations.

Evidence was available to confirm that exploration activity approvals were sought and granted for exploration activities. Exploration activity approvals granted included:

- exploration activities application (ESF4) dated 31 August 2017 for 40 diamond and/or RC holes in the Discovery Ridge gold deposit, and associated approval dated 26 September 2017 (EAMS-2017-1770)

Generally, evidence was provided to indicate that the exploration activities were carried out in accordance with the description provided in the applications and in accordance with the approvals given.

3.6. Environmental management

Condition 4 of EL5922 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 evidence of significant environmental harm beyond that approved in the exploration activity approval was observed at the sites visited during the site inspection. Drilling was completed and sites were rehabilitated.

Verification of the implementation of risk controls identified in the environmental risk assessment could not be completed during the audit. A desktop assessment using records and photographs showed the drilling program was generally undertaken in accordance with the *Exploration Code of Practice: Environmental Management* as documented in the following sections.

3.6.1. Use of chemicals, fuels and lubricants

Mandatory requirements 1.1 to 1.4 identified the requirements for the management of chemicals, fuels and lubricants used during exploration activities.

LFB exploration personnel advised that chemicals, fuels and oils were stored in a bunded container at the drill rig site. Spill kits were also reported to be available on site. Weekly rig inspections were conducted by LFB personnel which included checking all chemicals, fuels and oils were bunded and spill kits available and stocked.

It was noted that the weekly rig inspection checklist for 19 July 2018 included identification of an oil leak on the lighting plant. The incident was noted to be logged in the INX system, actioned, followed up and closed out.

3.6.2. Water

Mandatory requirements 2.1 and 2.2 required the licence holder to implement all measures to prevent, so far as reasonably practicable, causing adverse impacts on water quality and quantity, including groundwater levels and pressure.

The LFB exploration manager advised that water for exploration drilling operations was sourced from a farm dam on the property with the consent of the landholder.

Photographs were provided to demonstrate that bunds were used around the inground sumps with silt fencing installed downslope of the drill pads.

3.6.3. Noise and vibration

Mandatory requirement 3.1 required the licence holder to implement all practicable noise management measures to ensure that noise levels meet acceptable noise criteria for sensitive receivers.

The LFB exploration manager advised that the risk of adverse noise impacts was very low given the location of the exploration drilling programs in relation to the nearest sensitive receptors. To reduce the potential for noise issues, LFB conducted drilling operations on day shift only with stacked hay bales used as a noise barrier where required.

3.6.4. Air quality

Mandatory requirement 4.1 required the licence holder to implement all measures to prevent, so far as practicable, pollution caused by dust and other air pollutants.

The LFB exploration manager advised that the risk of adverse air quality impacts was very low given the location of the exploration drilling programs in relation to the nearest sensitive receptors. As a result, specific controls for management of air quality impacts were not considered to be required. Cyclones and dust suppression systems were provided on the drill rigs to minimise dust generation as a result of the drilling program.

3.6.5. Waste management

Mandatory requirement 5.1 required the licence holder to manage all waste in a manner which did not, as far as practicable, cause harm to the environment.

Waste streams generated from the exploration activities included:

- general domestic waste
- sample bags
- drill cuttings and fluids.

Generally, domestic waste was removed from the drill sites for disposal at the local waste management facility. Drilling wastes were removed from site using a liquid waste management contractor (Polpure Pty Ltd). Waste receipts were available to confirm disposal at a licenced waste management facility.

3.6.6. Vegetation clearance and surface disturbance

Mandatory requirements 6.1 to 6.4 required the licence holder to:

- minimise the extent of any vegetation clearing and surface disturbance to as low as practicable
- implement all measures to prevent, so far as practicable:
 - adverse impacts to fauna caused by vegetation clearing or surface disturbance
 - causing any land degradation or pollution of land and water
 - harm to the environment when disturbing land in areas of potential or actual acid sulfate soils.

The LFB exploration manager advised that generally, clearing of vegetation was not required for any of the drill sites. Drill holes were planned to avoid significant vegetation where possible. The drill rig and other vehicles were driven over the groundcover vegetation to each site with no formal access track construction required. Existing tracks were used wherever possible to minimise environmental impacts.

Observations made during the audit site inspection and a review of the photographic records generally confirmed that there was no clearing of vegetation. As described in the review of environmental factors for the drilling program, the LFB exploration manager advised a 25m by 25m pad was levelled for the drilling rig at some sites. Following heavy rainfall, erosion of the area was identified as a significant issue. Hay bales and sediment fencing were reported to be used to mitigate impacts and remedial works were undertaken. No evidence of significant erosion was observed during the audit site inspection.

3.6.7. Roads and tracks

Mandatory requirements 7.1 to 7.5 required the licence holder to:

- consult with relevant landholders prior to establishing any new roads or tracks
- plan, design, construct and use roads and tracks in a manner which minimises the area and duration of disturbance
- construct any crossing of rivers, permanent and intermittent water lands and wetlands to prevent impacts on fish habitats
- refrain from using any unsealed road or track during wet conditions to prevent damage to that road or track
- repair all damage to existing roads and tracks resulting from exploration activities.

The LFB exploration manager advised that generally, tracks used to access drill sites were existing farm tracks. Liaison with the landholder prior to drilling resulted in the main farm access track being gravelled to minimise the potential for damage to the track from exploration vehicles.

Access to sites was generally through driving over existing groundcover vegetation. Observations made during the audit site inspection confirmed that tracks used for drilling operations had generally been ripped and vegetation re-established, with minimal evidence of vehicular traffic.

The LFB exploration manager advised that weather forecasts were monitored whenever site activities were planned. Generally, the main access track used was trafficable in wet weather having been gravelled for that purpose. At the time of the audit, the exploration drilling operations were completed and no further vehicular traffic from exploration vehicles was likely to be required.

3.6.8. Weeds, pest animals and disease

Mandatory requirement 8.1 required the licence holder to implement all practicable measures to prevent the introduction and spread of weeds, pest animals and animal and plant diseases.

The risk of weed incursion was identified as a risk in the environmental risk assessment prepared by LFB. Vehicle hygiene procedures were the primary control to avoid the introduction of weeds into the site. Records were available to confirm washdown of vehicles on a weekly basis.

3.6.9. Livestock protection

Mandatory requirement 9.1 required the licence holder to implement all measures to prevent, as far as practicable, causing adverse impacts to livestock.

During the audit site inspection, no livestock was observed in the paddocks where drilling had taken place. The LFB exploration manager advised that, generally, the landholder moved livestock to other paddocks during drilling.

3.6.10. Cultural heritage

Mandatory requirement 10.1 required the licence holder to implement all measures to prevent, so far as practicable, harm to Aboriginal cultural heritage and non-indigenous cultural heritage.

Searches of the aboriginal heritage information system (AHIMS) were conducted as part of the preparation of applications for exploration activity approvals. No items of cultural heritage were identified within the areas proposed for drilling.

3.6.11. Fire prevention

Mandatory requirement 11.1 required the licence holder to implement all measures to prevent, as far as practicable, the ignition and spread of fire.

The LFB exploration manager advised that the key controls for fire management were vegetation management and the use of a fire trailer on site during drilling operations. Vegetation management typically involved slashing the grass around the drill pads.

3.6.12. Risk assessment

Mandatory requirement 12.1 required the licence holder to monitor the risks associated with activities and, if the risk associated with an activity changes, implement revised environmental management controls.

It was noted that LFB prepared an environmental risk assessment for the drilling program which was documented in an excel spreadsheet. The risk assessment identified key risks and proposed controls to manage any potential adverse impacts. Evidence was generally available through a review of records to confirm implementation of the controls.

3.7. Security deposit

Condition 5 of EL5922 required the licence holder to provide a security deposit to secure funding for the fulfilment of obligations under the licence.

The security amount required for EL5922 was \$10,000 which department records confirmed was held. The security deposit was reduced from \$57,000 in 2020 following successful completion of rehabilitation of the 2018 drilling program.

3.8. Rehabilitation

Condition 6 of EL5922 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*.

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

3.8.1. Risk assessment

Mandatory requirement 1 required the licence holder to conduct a risk assessment to evaluate the range of potential threats and opportunities associated with rehabilitating disturbed areas to a condition that could support the intended final land use.

LFB prepared a rehabilitation risk assessment for the Discovery Ridge project which was documented in an excel spreadsheet. The risk assessment identified key risks and proposed controls to manage any potential adverse impacts. Evidence was generally available from observations made on site or through a review of records, to confirm implementation of the controls.

3.8.2. Rehabilitation objectives and completion criteria

Mandatory requirement 2 required the licence holder, not later than 14 days prior to the commencement of surface disturbing activities, to provide to the Secretary a copy of clear, specific, achievable and measurable rehabilitation objectives and completion criteria (ROCC). For higher risk prospecting operations, a rehabilitation management plan was required to be prepared and submitted with the rehabilitation objectives and completion criteria.

The exploration activity approval application lodged by LFB indicated that the total surface disturbance area was less than 5 hectares. The drilling programs did not fall within the definition of a higher risk activity under the code of practice and a rehabilitation management plan was not required to be developed.

ROCCs were submitted for the drilling program. It was noted that the ROCCs submitted were generally based on the template provided in Appendix 2 of the code of practice.

3.8.3. Rehabilitation program

Mandatory requirement 3 required the licence holder to develop, implement and complete a rehabilitation program (which includes a monitoring program) to rehabilitate disturbed areas to a condition that could support the intended final land use. Mandatory requirement 4 required the licence

holder to commence rehabilitation of a site as soon as reasonably practicable following the completion of activities on that site.

The LFB exploration manager advised that, in accordance with the method described in the REF, rehabilitation of each drill site included:

- PVC collar pipe was cut about 60cm below ground level
- drill sites were backfilled and reshaped
- reshaped drill sites were scarified
- stockpiled topsoil was respread over the drill site

Based on the dates recorded on the drilling program checklists, rehabilitation of each hole was typically completed within four weeks of the completion of drilling.

Rehabilitation progress was monitored at 3, 6 and 12 months after completion. Inspections were documented on the drill program checklist and a series of photos were maintained for the lifecycle of each hole (before, during and after drilling).

During rehabilitation of the 2018 drilling program, heavy rain resulted in erosion of some areas of rehabilitated drill pads. LFB engaged a consultant to investigate the cause of the erosion and advise on remedial works to repair the area. Documentation was available to confirm that remedial works were undertaken and the area showed no evidence of significant erosion damage during the audit site inspection.

Figure 1 and *Figure 2* show examples of the areas of drilling that were rehabilitated. It was noted that the rehabilitation for all 35 holes drilled during the drilling program has been signed off as satisfactory by the Regulator.

Figure 1 Rehabilitation of DRDD007



Figure 2 Rehabilitation of DRRC003



It was noted that EL5922 included a special condition (condition 14) that required the licence holder to rehabilitate any areas disturbed by operations carried out under EL4269, EL5253, EL5236 and EL5575. As suggestion for improvement no. 1, LFB should review the exploration activities undertaken under the previous licences referred to in condition 14 to confirm that rehabilitation has been completed.

3.9. Annual activity reporting

Section 163C of the *Mining Act 1992*, clause 59 of the Mining Regulation 2016 and condition 8 of EL5922 required the licence holder to submit an activity report annually within one calendar month following 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, LFB submitted annual activity reports comprising:

- annual geological report
- revised work program (up to January 2021)
- environmental rehabilitation and compliance report
- community consultation report.

Generally, reports were found to be in accordance with the MEG and/or Resources Regulator templates and guidance material. MEG reviewed the 2020 and 2021 annual exploration reports and assessed these as satisfactory. The 2020 and 2021 community consultation reports were reviewed by the auditor and were found to be generally in accordance with the guidance material contained in the code of practice.

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.

The LFB core storage facility at Blayney was inspected during the audit. It was observed that cores were stored in modular core storage trays and had been labelled with relevant details. The core storage was noted to be catalogued and well managed. All core had been cut and logged. Core photography, both wet and dry, was available for the diamond holes drilled.

Chip samples from RC drilling were stored at the Blayney core facility. Chip samples were observed to be stored in well labelled plastic chip storage containers, although it was noted that chip samples have not yet been catalogued to the extent of the core samples.

The LFB exploration manager advised that no cores or samples were disposed.

Figure 3, Figure 4, Figure 5 and Figure 6 show the storage of core and chip samples at the facility in Blayney.

Figure 3 Core storage racks



Figure 4 Example of core storage trays



Figure 5 Chip sample storage



Figure 6 Example chip tray



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 LFB had generally maintained records as required by the licence conditions and the exploration codes of practice.

Examples of records reviewed included:

- land access agreements
- monthly tenement obligations reports
- drill site inspection records
- environmental and rehabilitation risk assessment

- rehabilitation objectives and completion criteria
- pre, during and post drilling photos
- rehabilitation monitoring checklists
- core storage records and photos
- waste management records
- community consultation register
- community consultation strategy
- annual activity reporting.

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 (for example, changes in legislation).

The LFB exploration staff generally had a good understanding of the compliance requirements for exploration. Systems and processes for managing compliance requirements had been developed. Evidence was available to demonstrate that compliance records were being maintained.

4.2. Subcontractor management

Contractors are often used to undertake specialist tasks, for example, exploration drilling. Whilst the responsibility for compliance or the implementation of environmental controls is often passed to the contractor, the licence holder will 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.

LFB used contract drillers to complete the exploration drilling program. Given that the drilling program was completed several years ago, a detailed review of the subcontractor management arrangements was not undertaken as part 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.

The LFB exploration manager had developed inspection and monitoring programs for a range of exploration activities. For example, documented weekly rig inspections checked a range of environmental and safety related issues. Drill program checklists were used throughout the lifecycle of each drill hole to record inspections and monitor rehabilitation progress. Rehabilitation monitoring was noted to include assessment against the rehabilitation objectives and completion criteria, with a completion status column used in the monitoring spreadsheet to record rehabilitation status.

It was noted that the monitoring and inspection process does not necessarily include an assessment of the effectiveness of the risk controls as implemented. As suggestion for improvement no. 2, LFB should consider expanding its risk assessment process to include a post drilling review to assess the performance of the control measures and make any recommendations for future drilling programs, where those controls were shown to be not effective in addressing the risk.

5. Audit conclusions

From the evidence reviewed during the audit, it was concluded that LFB had achieved a high level of compliance with the requirements of the exploration licence, exploration activity approvals and the exploration codes of practice, for the elements reviewed during the audit.

Evidence was available to demonstrate that systems and processes had been developed to identify and manage compliance requirements. It was observed that records were being maintained as required to demonstrate compliance.

No non-compliances were identified during the audit. Two suggestions for improvement were identified as documented in Table 2.

Table 2 Summary of suggestions for improvement

SUGGESTIONS FOR IMPROVEMENT	DESCRIPTION OF ISSUE
1	LFB should review the exploration activities undertaken under the previous licences referred to in condition 14 to confirm that rehabilitation has been completed.
2	LFB should consider expanding its risk assessment process to include a post drilling review to assess the performance of the control measures and make any recommendations for future drilling programs, where those controls were shown to be not effective in addressing the risk.