

## **Compliance audit program**

EL8401 and EL8542 The Valley Exploration Project

**Rimfire Pacific Mining Limited**

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# 1. Introduction

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## 1.1. Background

Exploration licence 8401 (EL8401) was granted to Rimfire Pacific Mining N.L. in October 2015. EL8452 was granted to Rimfire Pacific Mining N.L. in March 2017. A name change to Rimfire Pacific Mining Limited was approved for both tenements in January 2021. The exploration area is about 15 kilometres east of Fifield in central NSW.

Rimfire Pacific was successful in being granted funding under round 4 of the NSW government's New Frontiers Co-operative Drilling Program for drilling programs on EL8401 and EL8542 in January 2022.

As part of the compliance audit program, a desktop audit of the exploration activities associated with The Valley Project within EL8401 and EL8542 was undertaken on 24 November 2022 by the Resources Regulator within the Department of Regional NSW.

## 1.2. Audit objectives

The objectives of the audit were to:

- undertake a compliance audit of the Rimfire Pacific Mining Limited 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 Valley and Valley West exploration projects including:
  - exploration activities within EL8401 and EL8542 including a selected sample of exploration drillholes
  - borehole sealing and rehabilitation activities for selected drilling activities undertaken since July 2020
- A review of documents and records pertaining to the exploration activities
- The assessment of compliance for the period commencing 1 September 2020 and ending 24 November 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 EL8401 (granted 22 October 2015, as renewed on 28 February 2019 and 16 February 2022)
- Conditions attached to EL8542 (granted 23 March 2017)

- Exploration activities application dated 25 August 2021 for six diamond core drill holes each to a depth of approximately 500m each (with RC pre-collars) on EL8401, and associated approval dated 13 September 2021 (APO0001081)
- Exploration activities application dated 25 August 2021 for one diamond core drill hole to a depth of approximately 500m each (with RC pre-collar) on EL8542, and associated approval dated 27 August 2021 (APO0001080)
- Exploration Code of Practice: Environmental Management (Version 4, June 2021)
- Exploration Code of Practice: Rehabilitation (Version 4, June 2021)
- Exploration Code of Practice: Community Consultation (Version 1.1, May 2016)
- Exploration Code of Practice: Produced Water Management, Storage and Transfer (Version 4, June 2021)
- 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

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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

Opening remarks were included in the meeting held online on 24 November 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 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

Extensive flooding in inland NSW restricted travel from Maitland to regional areas west of the Great Dividing Range. 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 24 November 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 definitions

Assessment	Criteria
<b>Compliance</b>	Sufficient and appropriate evidence is available to demonstrate the particular requirement has been complied with.
<b>Non-compliance</b>	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:

Assessment	Criteria
	<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>
<b>Observation of concern</b>	<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>
<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 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> <p>insufficient information on the file relating to the period covered by the audit or insufficient evidence collected to reach a conclusion</p> <p>the wording on the criteria (approval condition) meant that no evidence could be gathered, or it was too difficult to gather the evidence.</p> <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 the completion of the on-line desktop 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 documentation review and interviews.

The draft audit findings were forwarded to Rimfire Pacific 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

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### 3.1. Work program

Condition 1 of EL8401 and EL8542 required the licence holder to carry out the operations described in the approved work program. Work program WP-EL8401-2021-2024 was approved by Mining, Exploration and Geoscience (MEG) in February 2022 as part of the renewal of EL8401. Work program WP-EL8542-2017-2023 was approved by MEG March 2017 as part of granting EL8542.

Annual exploration reports for EL8401 and EL8542 for the period 2020 to 2022 described the exploration activities completed, including:

- Detailed geological mapping
- Reprocessing of aeromagnetic data
- Aircore and diamond drilling
- Geological logging and analysis of drill core and samples

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

Rimfire Pacific was granted funding under Round 4 of the NSW Government's New Frontiers Co-operative Drilling Program for a drilling program within EL8401 and EL8542. Weather delayed the drilling program, and no holes were drilled under the funding agreement at the time of the audit.

### 3.2. Access arrangements

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 written land access agreements were in place for the exploration activities undertaken on EL8401 and EL8542. The land access agreements reviewed during the audit were generally noted to be prepared using a standard template, but additional conditions and farm protocols were added during the negotiations with the landholder. It was noted that the land access agreements addressed issues such as:

- use of existing tracks within properties
- planning drilling to avoid cropping
- restricting access during wet weather
- rehabilitation objectives and completion criteria.

### 3.3. Native title and exempted areas

Condition 2 of EL8401 and EL8542 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.

Rimfire Pacific 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.

Rimfire Pacific exploration staff advised that native title had generally been extinguished across most of the licence area. 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.

It was noted that Rimfire Pacific had mapped land tenure across the exploration licence areas and was able to identify areas where further approvals may be required.

## 3.4. Community consultation

Condition 3 of EL8401 and EL8542 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.

Rimfire Pacific 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 low. The auditor concurred with this assessment.

The exploration activities were assessed as being low impact from a community consultation perspective, and some community consultation risks were identified in the community consultation strategy prepared by Rimfire Pacific. Although meeting the minimum requirements of the code, it would be beneficial to undertake a more comprehensive consultation risk assessment to identify and consider the opportunities and threats associated with community engagement for the project. This was raised as suggestion for improvement no. 1.

### 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.

Rimfire Pacific prepared a combined community consultation strategy covering several of its tenements in its central NSW project area. The exploration manager advised that Rimfire Pacific used a GIS layer to map landholders across the licence areas. Key stakeholders identified were documented in a spreadsheet. Objectives for consultation were noted to be documented in section 2 of the strategy. Consultation mechanisms were based on the minimum requirements outlined in the guidance material in the code of practice.

It was noted that the Exploration Code of Practice: Community Consultation was updated following industry consultation with changes effective from 7 October 2022. It is recommended that Rimfire Pacific review its consultation strategy to ensure it reflects the requirements of the amended code. This was raised as suggestion for improvement no. 2.

### 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. Consultation records were noted to be recorded on an excel spreadsheet that detailed the stakeholder details, date, objective of consultation, issues raised, and responses given. Consultation mechanisms used included phone calls, emails and site visits with landholders. The Rimfire Pacific exploration manager advised that no complaints were received during the exploration operations. It was noted that Rimfire Pacific was consulting with a wider range of stakeholders than that identified in the consultation strategy, which was based on the minimum requirements in the guidance material in the code of practice. As suggestion for improvement no. 3, Rimfire Pacific should review the consultation strategy to ensure it reflected the stakeholders and consultation that was undertaken.

Annual community consultation reports were prepared and submitted for each exploration licence, 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 dated 25 August 2021 for six diamond core drill holes each to a depth of approximately 500m each (with RC pre-collars) on EL8401, and associated approval dated 13 September 2021 (APO0001081)
- exploration activities application dated 25 August 2021 for one diamond core drill hole to a depth of approximately 500m each (with RC pre-collar) on EL8542, and associated approval dated 27 August 2021 (APO0001080)

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. It was noted that the 6 diamond drill holes on EL8401 had not been drilled at the time of the audit.

Rimfire Pacific was using an Excel spreadsheet to capture information on the activity approvals, each hole drilled under each approval, and the corresponding rehabilitation sign-off from the Regulator.

### 3.6. Environmental management

Condition 4 of EL8401 and EL8542 required the licence holder to prevent or minimise so far as was 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.

Due to extensive inland flooding, a site inspection was not undertaken. An onsite assessment against the Exploration Code of Practice: Environmental Management could not be completed but evidence in the form of records and photographs were used to undertake a remote desktop assessment 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.

Rimfire Pacific advised that requirements for the management of chemicals, fuels and oils were included in the contract specifications for the drilling contract. Bunded storages were provided at

each drill site, with spill kits available for use. Given that a site inspection was not conducted, this was not verified on site. No spills were reported during the drilling activities.

It was noted that documented rig inspections were carried on the drill rig during operations. The rig inspection checklist was observed to have a work health and safety focus. As suggestion for improvement no. 4, Rimfire Pacific could consider expanding the inspection checklists to address environmental management issues.

### 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.

Rimfire Pacific used inground sumps to manage water associated with diamond drilling operations. The exploration manager explained that extensive groundwater studies were done across the area, and the holes were generally not expected to generate any water. Each inground sump was settled and dried out before being rehabilitated.

Water for drilling operations was generally sourced from Rimfire Pacific's mine dams at Fifield. For drilling in the Trundle area, water was sourced locally.

### 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.

Drilling was undertaken in a sparsely populated area where noise was a low risk. Rimfire Pacific advised that drilling was completed during daylight hours to minimise any potential for impact even though drilling was remote from residences.

### 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.

Drilling was undertaken in an agricultural area where air quality impacts were considered by Rimfire Pacific to be low risk. Air quality controls were implemented on the project including cyclones on aircore rigs. Diamond drilling used water for drilling operations such that dust generation was unlikely to be an issue.

### 3.6.5. Waste management

Mandatory requirement 5.1 required the licence holder to manage all waste in a manner that 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
- waste oils.

Rimfire Pacific was aware that Fifield waste management facility had restrictions on the types of wastes that could be accepted. Generally, domestic waste was removed from the drill sites for disposal at the local waste management facility in Condobolin. Waste oils were collected by a waste oil contractor from Condobolin and disposed at a licensed facility.

It was noted that Rimfire Pacific was not maintaining records of wastes disposed of at the waste management facility but did have records of waste oils removed by contractor. As suggestion for improvement no. 5, it is recommended that Rimfire Pacific develop and implement a process for collating information on the types and volumes of waste generated and evidence of appropriate disposal.

### 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 Rimfire Pacific exploration staff advised that drill hole planning was used to minimise the amount of surface disturbance and vegetation clearance required for the drilling programs. The holes drilled have been in agricultural areas already cleared. There was no requirement for clearing vegetation, other than slashing grass in the paddocks before drilling.

The terrain within the exploration licence areas was generally flat. Erosion and sedimentation were not identified by Rimfire Pacific as a significant risk and no controls were required during the drilling operations.

Rimfire Pacific checked the NSW Government SEED portal and identified that acid sulphate soils were not present in the area based on published mapping.

### 3.6.7. Roads and tracks

Mandatory requirements 7.1 to 7.5 required the licence holder to:

- consult with relevant landholders before establishing any new roads or tracks
- plan, design, construct and use roads and tracks in a manner that minimised 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.

Rimfire Pacific exploration staff advised that access to drill sites was agreed with the landholder before the start of drilling. It was noted specific access points were agreed with the landholder and documented in the land access agreement that confirmed landholders were consulted.

During the drilling operations, one landholder advised Rimfire Pacific to drive across the open paddocks rather than driving along the existing farm tracks. Given the wet conditions, the landholder was concerned that only using the tracks would make them impassable. Once the drilling program was completed, Rimfire Pacific agreed with the landholder to grading the access tracks used during drilling.

Extensive flooding in the Condobolin area restricted access to the exploration licence area for further exploration activities. Rimfire Pacific suspended the drilling program because of the unusually wet weather. The contract drillers were advised to contact Rimfire Pacific before accessing any drill sites after rain to make sure suitable access was available.

### 3.6.8. Weeds, pest animals and disease

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

Vehicle hygiene procedures were the primary control to avoid introducing weeds into the exploration area. Rimfire Pacific exploration staff advised that drilling rigs were inspected at the company's Fifield mine site before entering any properties for drilling. Rimfire Pacific established a designated washdown area and advised that all vehicles were washed down before travelling between properties.

### 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.

Rimfire Pacific advised that, generally, livestock were removed from the paddocks before drilling. Where livestock were not removed, temporary electric fencing was used around the drilling area to prevent access by livestock. Orange barrier tape was used to fence off the inground sumps.

On properties where sheep were present, drilling was timed to avoid lambing season.

### 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 Rimfire Pacific exploration staff advised that the key controls for fire management were vegetation management and the use of a 1000 litre fire trailer on site during drilling operations. Vegetation management typically involved slashing the grass around the drill pads. Plastic matting was used under the drill rig as a barrier to prevent grass igniting from touching hot exhausts.

### 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.

Rimfire Pacific prepared the Fifield/Avondale Mines environmental management plan (EMP) which was noted to address requirements for exploration as well as the mines operated by Rimfire Pacific. The EMP was noted to include a comprehensive environmental risk assessment that identified and assessed risks associated with exploration and outlined the controls to be implemented to mitigate the risk.

## 3.7. Security deposit

Condition 5 of EL8401 and EL8542 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 EL8401 was \$27,500, which department records confirmed was held. The security amount required for EL8542 was \$20,000, which department records confirmed was held.

## 3.8. Rehabilitation

Condition 6 of EL8401 and EL8542 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.

A desktop assessment against the mandatory requirements of the code was undertaken for the exploration activities 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.

Rimfire Pacific documented a rehabilitation risk assessment as part of the EMP prepared for the company's mining and exploration projects in the Fifield area. The risk assessment was noted to be comprehensive and outlined controls to be implemented to address the risks identified.

### 3.8.2. Rehabilitation objectives and completion criteria

Mandatory requirement 2 required the licence holder, not later than 14 days before 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 applications lodged by Rimfire Pacific 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. It was also noted that the ROCCs were included in the land access agreement, which was signed by the landholder, indicating that the landholder was consulted and agreed to the ROCCs.

### 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.

For the air core drilling program, Rimfire Pacific advised that rehabilitation was completed immediately upon completion of each hole. The methodology used was noted to include:

- hole was backfilled with drill cuttings to one metre below surface
- a plastic plug was placed in the hole at one metre to cap the hole
- hole was backfilled to surface with topsoil and raked over.

For the diamond and RC drilling programs, Rimfire Pacific advised that rehabilitation was generally commenced one to 2 weeks after the completion of drilling. The methodology was noted to include:

- hole was backfilled with drill cuttings to one metre below surface
- the PVC casing was cut off at one metre below surface and a cap placed on the casing to plug the hole
- the hole was backfilled to surface using topsoil.

Where inground sumps were used, Rimfire Pacific reported that the topsoil was removed and stockpiled separately to the subsoil. Each sump was allowed to settle and dry out, after which it was backfilled with the stockpiled subsoil and reshaped with the stockpiled topsoil respread over the final landform. At the landholders request, Rimfire Pacific did not seed the rehabilitated areas.

Rehabilitation monitoring included regular inspections, typically on a 3 monthly basis. Photographs were taken and maintained as a record of rehabilitation progress.

Where rehabilitation was completed, Rimfire Pacific submitted applications for rehabilitation sign-off. These applications were assessed by the Regulator and rehabilitation was accepted as satisfactory for the RC, air core and diamond drilling programs within both EL8401 and EL8542.

### 3.9. Annual activity reporting

Section 163C of the *Mining Act 1992*, clause 59 of the Mining Regulation 2016 and condition 8 of EL8401 and EL8542 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, Rimfire Pacific submitted annual activity reports comprising:

- annual geological report
- revised work program (up to January 2021)
- environmental rehabilitation and compliance report
- community consultation report (up to October 2022).

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 environmental rehabilitation and compliance reports and 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.

It was noted that Rimfire Pacific developed a spreadsheet to track reporting dates and submission of reports for each tenement. This spreadsheet was noted to track the annual geological reports and the environmental rehabilitation and compliance report but did not track the submission of community consultation reports. As suggestion for improvement no. 6, Rimfire Pacific should consider adding the community consultation report requirements to the report tracking spreadsheet.

### 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.



Rimfire Pacific exploration staff advised that all core from the diamond drilling was stored in plastic core trays at the company's core and sample storage facility at the Fifield mine site. The core trays for each hole were stacked on pallets in depth order, lids placed on the top trays, and strapped together. Photos were provided to confirm core storage. All core trays had high resolution photographs. Rimfire Pacific advised that no core had been disposed of.

Air core and RC drilling resulted in the collection of chip samples that were stored in plastic chip trays, labelled with hole number and depth. Samples were stored in hole number order in a sealed storage container. Photos were provided to confirm sample storage at Fifield.

### 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 Rimfire Pacific had generally maintained records as required by the licence conditions and the exploration codes of practice. In preparation for the audit, Rimfire Pacific exploration staff had collated relevant documents and records such that they were readily retrievable upon request.

Examples of records reviewed included:

- land access agreements
- drilling database and activity approval tracking spreadsheet
- report tracking spreadsheet
- environmental management plan
- rehabilitation objectives and completion criteria
- pre, during and post drilling photos
- rehabilitation monitoring checklists
- core storage records and photos
- stakeholder communication records
- community consultation strategy
- annual activity reporting.

## 4. Compliance management

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### 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 Rimfire Pacific exploration staff generally had a good understanding of the compliance requirements for exploration. Systems and processes for managing compliance requirements had been developed and implemented. For example, Rimfire Pacific developed a report tracking spreadsheet to track due dates and submission of required annual activity reports. An activity approval tracking spreadsheet was developed which collated the approvals for each hole drilled and referenced when rehabilitation of each hole was signed off by the Regulator as satisfactory.

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. While 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.

Rimfire Pacific used contract drillers to complete the exploration drilling program and established and implemented a subcontractor management process to manage the activities of the driller. Any specific requirements for environmental management were noted to be included in the contract specifications. Rimfire Pacific obtained copies of the driller safety management systems before drillers arrived on site, and all contract drilling personnel were required to undergo a site specific induction.

The Rimfire Pacific safety officer undertook regular audits and checks of the drilling operations and a weekly toolbox meeting was held with the drillers to communicate any issues of concern.

### 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.

Rimfire Pacific established some basic inspection and monitoring processes, but further refinement would be beneficial. It was noted that rehabilitation monitoring was done using a photographic record to capture rehabilitation progress. A photograph alone may not always be sufficient to monitor the progress of rehabilitation. Where corrective actions are required to address any issues such as erosion or weed infestation in rehabilitated areas, these cannot be captured using a photograph alone. As suggestion for improvement no. 7, it was suggested that Rimfire Pacific consider the development and implementation of a rehabilitation monitoring checklist for example, that could be used to monitor the progress of rehabilitation against the approved rehabilitation objectives and completion criteria for the site.

Exploration staff advised that the process for checking the implementation and effectiveness of risk controls was informal and not documented. As suggestion for improvement no. 8, Rimfire Pacific should consider the development of a process to evaluate the effectiveness of the risk controls implemented, with revised controls identified where those risks changed, or controls were identified as being ineffective.

## 5. Audit conclusions

From the evidence reviewed during the audit, it was concluded that Rimfire Pacific 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. Eight suggestions for improvement were identified as documented in Table 2.

Table 2 Summary of suggestions for improvement

Suggestion for Improvement No.	Description of Issue
1	The exploration activities were assessed as being low impact from a community consultation perspective, and some community consultation risks were identified in the community consultation strategy prepared by Rimfire Pacific. Although meeting the minimum requirements of the code, it would be beneficial to undertake a more comprehensive consultation risk assessment to identify and consider the opportunities and threats associated with community engagement for the project
2	It was noted that the Exploration Code of Practice: Community Consultation was updated following industry consultation with changes effective from 7 October 2022. It is recommended that Rimfire Pacific review its consultation strategy to ensure it reflects the requirements of the amended code of practice.
3	It was noted that Rimfire Pacific was consulting with a wider range of stakeholders than that identified in the consultation strategy which was based on the minimum requirements in the guidance material in the code of practice. As suggestion for improvement no. 3, Rimfire Pacific should review the consultation strategy to ensure it reflected the stakeholders and consultation that was undertaken.
4	It was noted that documented rig inspections were carried on the drill rig during operations. The rig inspection checklist was observed to have a work health and safety focus. Rimfire Pacific could consider expanding the inspection checklists to address environmental management issues.
5	It was noted that Rimfire Pacific was not maintaining records of wastes disposed of at the waste management facility but did have records of waste oils removed by contractor. It is recommended that Rimfire Pacific develop and implement a process for collating information on the types and volumes of waste generated and evidence of appropriate disposal.
6	It was noted that Rimfire Pacific developed a spreadsheet to track reporting dates and submission of reports for each tenement. This spreadsheet was noted to track the annual geological reports and the environmental rehabilitation and compliance report but did not track the submission of community consultation reports. Rimfire Pacific should consider adding the community consultation report requirements to the report tracking spreadsheet.

Suggestion for Improvement No.	Description of Issue
7	<p>It was noted that rehabilitation monitoring was done using a photographic record to capture rehabilitation progress. A photograph alone may not always be sufficient to monitor the progress of rehabilitation. Where corrective actions are required to address any issues such as erosion or weed infestation in rehabilitated areas, these cannot be captured using a photograph alone. It was suggested that Rimfire Pacific consider the development and implementation of a rehabilitation monitoring checklist for example, that could be used to monitor the progress of rehabilitation against the approved rehabilitation objectives and completion criteria for the site.</p>
8	<p>Exploration staff advised that the process for checking the implementation and effectiveness of risk controls was informal and not documented. Rimfire Pacific should consider the development of a process to evaluate the effectiveness of the risk controls implemented, with revised controls identified where those risks changed, or controls were identified as being ineffective.</p>