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COMPLIANCE AUDIT PROGRAM

EL6803 AND EL8245 KOONENBERRY GOLD PROJECT

Lasseter Gold Pty Ltd



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1. Introduction

1.1. Background

Exploration licence 6803 (EL6803) was granted to Arastra Exploration Pty Ltd in June 2007. The licence was transferred to EMX Exploration Pty Ltd in April 2014, with EMX changing the name of the company to Lasseter Gold Pty Ltd (Lasseter Gold) in October 2017. Lasseter Gold renewed the tenement in September 2019 for a further three-year term ending on 6 June 2022. The exploration area is in a pastoral area about 36 kilometres west of White Cliffs in far western NSW.

Exploration licence 8245 (EL8245) was granted to EMX Exploration Pty Ltd (EMX) in March 2014, with EMX changing the name of the company to Lasseter Gold Pty Ltd (Lasseter Gold) in October 2017. Lasseter Gold renewed the tenement in April 2021 for a further three-year term ending on 11 March 2023. The exploration area is in a pastoral area about 36 kilometres west of White Cliffs in far western NSW.

As part of the compliance audit program, a virtual audit of the exploration activities associated with the Koonenberry Gold Project within EL6803 and EL8245 was undertaken on 22 September 2021 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 Lasseter Gold 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 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 Koonenberry Gold Project including:

- exploration activities within EL6803 and EL8245 including a selected sample of exploration drillholes
- borehole sealing and rehabilitation activities for selected drilling activities undertaken since 1 September 2019.
- A review of documents and records pertaining to the exploration activities.
- The assessment of compliance for the period commencing on 13 July 2018 and ending on 22 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 EL6803 (granted on 6 June 2007 and last renewed on 24 September 2019)
- conditions attached to EL8245 (granted on 11 March 2014 and last renewed on 1 April 2021)
- exploration activities application (ESF4) dated 10 February 2020 for mini-bulk samples of 100 – 200 kg from small pits dug with an excavator and testing for alluvial gold. The associated approval (LETT0003980) was dated 03 March 2020 (MAAG0006059)
- combined exploration activities application (ESF4) within EL 6803, EL 8245 and EL 8706, dated 21 December 2018 (Ref: DOC19/10198) and revised on 15 April 2019 (DOC19/348271), for the drilling of up to 100 drill holes using diamond drilling rigs, the development of up to 200 costeans, and the construction of up to 1.25 km of new access tracks, and within EL 6803 – Bunker Gutter Envelope up to 50 costeans. A proposal to grant an activity approval and impose terms dated 16 April 2019 was issued (DOC19/335136). This was accepted by the geology consultant for the Koonenberry Project by email dated 16 April 2019.
- combined exploration activities application (ESF4) dated 15 April 2019 for the drilling of up to 100 drill holes using diamond drilling rigs, the development of up to 200 costeans, and the construction of up to 1.25 km of new access tracks, and within EL 8245 – Williams Creek, Rabbit Flat & Mystery Gully up to 140 costeans and Lucky Sevens up to 100 diamond drill

holes. A proposal to grant an activity with terms dated 01 May 2019 (DOC19/350240) was issued.

- exploration activities application (ESF4) dated 06 July 2018 (DOC18/464809) for a 10 drill pads and seven drill holes and access tracks. The associated approval (DOC18/469808) is dated 13 July 2018 (MCV18/560).
- *Exploration code of practice: Environmental management* (Version 2, April 2017).
- *Exploration code of practice: Rehabilitation* (Version 2, April 2017).
- *Exploration code of practice: Community consultation* (Version 1.1, May 2016).
- *Exploration code of practice: Produced water management, storage and transfer* (Version 2, April 2017).
- *ESG4: Guideline for preparing an environmental and rehabilitation compliance report for exploration* (Version 2.1 November 2016).
- *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 2a, April 2016) published by NSW Department of Industry, Skills and Regional Development, Division of Resources and Energy.
- *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 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 detailed in the sections below.

2.1. Opening meeting

Opening remarks were included in the meeting held online on 22 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 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 22 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 below in Table 1.

Table 1 Compliance assessment criteria

ASSESSMENT	CRITERIA
Compliance	Sufficient and appropriate evidence was available to demonstrate the particular requirement was complied with.
Non-compliance	<p>Clear evidence was collected to demonstrate the particular requirement was not complied with. There were 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 that had 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 that was unlikely to result in a significant risk.</p> <p>NC3 – an administrative or reporting non-compliance that 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>
Observation of concern	<p>Where an auditee may be compliant at the time of the audit but there were issues that existed 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
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.
Not determined	<p>The necessary evidence was not 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"> ■ 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>
Not applicable	<p>The circumstances of the authorisation or licence holder changed and were 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 documentation review and interviews.

The draft audit findings were forwarded to Lasseter Gold 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 EL6803 and EL8245 requires the licence holder to carry out the operations described in the approved work program. Work program WP-EL6803-2019-2022 was approved by (then) Division of Resources and Energy (DRE) on 24 September 2019 as part of the renewal of EL6803. Work program WP-8245-2020-2023 was approved by the Department’s Mining Exploration and Geoscience (MEG) on 1 April 2021 as part of the renewal of EL8245.

Lasseter Gold was in year three of the work program for EL6803 and year one of the work program for EL8245. Activities proposed for the work program in each tenement are summarised in Table 2.

Table 2 Summary of work programs for EL6803 and EL8245

EL6803 YEAR THREE	EL8245 YEAR ONE
Shallow mining/bulk sampling of alluvials	Continue regional quartz reef mapping and prospect scale mapping where appropriate.
Follow-up RC and diamond drilling of reef targets	Continue regional soil sampling and infill programs.
	Continue bulk sampling program of placer and palaeoplacer targets (Bunker Gutter, Williams Creek, Mystery Gully, Rabbits Foot).
	Interpret mapping and soil data, integrate with geophysical and remote sensing datasets to define drill targets.

The annual exploration report for EL6803 for the period between 6 June 2019 and 5 June 2020 described the activities undertaken during the reporting period including collection of:

- 849 surface mapping observations (reef and lithology mapping and nugget finds)
- 397 soil samples
- 24 rock chips

- one mini-bulk sample
- 249 pXRF readings
- one exploratory costean
- 29 alluvial profiles (from creek banks, pits or costeans).

The annual exploration report for EL8245 for the reporting period between 11 March 2019 and 10 March 2020 described the activities undertaken during the reporting period including:

- data review, interpretation and GIS compilation
- reconnaissance mapping (432 observations)
- rock chip sampling (18 samples)
- soil sampling (113 sites)
- three costeans
- 48 alluvial profiles (pits and creek banks)
- two diamond drill holes
- trial resistivity survey (approximately 3.3 kilometres).

Generally, evidence was available to demonstrate that the work programs were progressing. The exploration manager advised that COVID-19 restrictions had hampered exploration activities in the 2020-2021 period.

Exploration data was maintained by the Lasseter Gold geologists and submitted to MEG with the annual activity reports as required.

3.2. Access agreements

Section 140 of the *Mining Act 1992* states, '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.

Lasseter Gold advised that land access agreements were in place for Kayrunnera station, Morambi station and Mutawintji State Conservation Area. The access agreements with Morambi station and the Mutawintji Board of Management were being renegotiated at the time of the audit.

Generally, the access agreements were negotiated using a standard template. It was noted that the Kayrunnera agreement included specific biosecurity protocols to be followed during any exploration activities.

3.3. Native title and exempted areas

Condition 2 of EL6803 and EL8245 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.

Lasseter Gold staff advised that land tenure mapping (using Mapinfo GIS software) and a legal review was undertaken to identify the potential for native title or other areas of Crown lands. It was identified that there were some travelling stock reserves (TSR) in the exploration licence areas. A review of department records identified that an exempted area approval was sought in January 2019 and granted in May 2019 for exploration activities in two TSRs within EL8245.

Lasseter Gold advised that large parts of the licence areas are under Western Lands leases where native title was generally extinguished.

3.4. Community consultation

Condition 3 of EL6803 and EL8245 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 one 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 available to confirm that Lasseter Gold had undertaken a community consultation risk assessment. The risk assessment was documented in a spreadsheet and was noted to include:

- failure to effectively communicate with a stakeholder

- company did not follow up effectively on commitments or respond to complaints
- public criticism of the company due to poor practices or poor behaviour.

Controls to mitigate these risks were documented as part of the community consultation strategy, which also included an assessment of the activity impact level, which was assessed as low.

3.4.2. Community consultation strategy

Mandatory requirement two required the preparation of a community consultation strategy to manage the risks identified in the risk assessment. Mandatory requirement three set out the requirements for preparation of the community consultation strategy.

Lasseter Gold prepared a combined community consultation strategy across all its Koonenberry tenements, including EL6803 and EL8245. The consultation strategy was reviewed by the audit team and was noted to include:

- objectives documented in section 2
- relevant stakeholders identified in section 4 (Table 2)
- consultation methods documented in section 5 (Table 3).

Lasseter Gold identified a range of stakeholders for consultation including:

- landholders within the exploration licence areas
- government agencies such as Western Local Land Services Central Darling Shire Council
- Birdlife Australia
- Daylight Jack (overlapping licence holder)
- general public including the White Cliffs community.

Different consultation mechanisms and timings were proposed to suit the range of stakeholders identified.

The consultation strategy included a known issues table to which any complaints that may arise were added. This was reported to be reviewed annually as part of the annual community consultation reporting process.

3.4.3. Implementation and reporting

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

Evidence was available to demonstrate that Lasseter Gold generally implemented the community consultation strategy. Lasseter Gold established a consultation register and was collating information on consultation activities.

A community consultation report for the 2019-2020 reporting year for EL6803 and a community consultation report for the 2020-2021 reporting year for EL8245 were submitted as part of the annual activity reporting required by condition eight of EL6803 and EL8245. Both reports were submitted as reduced consultation reports. The reports were reviewed by MEG and found to be inadequate.

The reports did not address the guidance material in Appendix 2 of the code of practice, specifically, the reports did not provide a reason for reduced consultation. This issue was raised as observation of concern number one. Where Lasseter Gold submitted reduced annual community consultation reports, a reason for the reduced consultation should be given.

Generally, community consultation reporting should be more than just a list of who was consulted and when. As suggestion for improvement one, Lasseter Gold should consider assessing the implementation of the strategy and comparing the consultation undertaken against both the objectives for consultation and the proposed consultation strategy described in the document. A review and analysis of the outcomes of the consultation process could also be documented as part of the annual report.

3.5. Exploration activity approvals

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

Lasseter Gold obtained exploration activity approvals for exploration undertaken on both EL6803 and EL8245. Approvals issued in the last two years have included:

- exploration activities application (ESF4) dated 10 February 2020 for 100 mini-bulk samples of about 200 kg each from small pits dug with an excavator and testing for alluvial gold. The associated approval (LETT0003980) was dated 3 March 2020 (MAAG0006059)
- combined exploration activities application (ESF4) within EL 6803, EL 8245 and EL 8706, dated 21 December 2018 and revised on 15 April 2019, for the drilling of up to 100 drill holes using diamond drilling rigs, the development of up to 200 costeans, and the construction of up to 1.25 km of new access tracks, and within EL 6803 – Bunker Gutter Envelope, up to 50 costeans. The associated approval (DOC19/335136) was dated 16 April 2019.

- combined exploration activities application (ESF4) dated 15 April 2019 for the drilling of up to 100 drill holes using diamond drilling rigs, the development of up to 200 costeans, and the construction of up to 1.25 km of new access tracks, and within EL 8245 – Williams Creek, Rabbit Flat and Mystery Gully, up to 140 costeans and Lucky Sevens up to 100 diamond drill holes. The associated approval (DOC19/350240) was dated 1 May 2019.
- exploration activities application (ESF4) dated 6 July 2018 for 10 drill pads and seven drill holes and access tracks. The associated approval (DOC18/469808) was dated 13 July 2018 (MCV18/560).

The activity approvals were generally issued subject to some specific conditions. One such condition required the submission of monthly progress reports that provide details of prospecting operations completed each month, including details on the total volume of material extracted, the volume of ore/material processed, and the amount of gold recovered.

Lasseter Gold was generally submitting monthly progress reports each month. In February 2021, Lasseter Gold submitted a combined report for December 2020 and January 2021. Given that the December 2020 report was required to be lodged by 5 January 2021, a non-compliance was identified and investigated, and the company was issued an official caution for the breach.

A review by the Regulator of the monthly reports submitted identified that Lasseter Gold was not providing all the details required by the conditions of the exploration activity approval. This issue was raised with the company via letter in March 2021 where Lasseter Gold was reminded of its obligation to provide the required information in each monthly report. A review of subsequent reports confirmed that the required information was later provided.

It was noted that Lasseter Gold was maintaining a spreadsheet that tracked each hole drilled, or each costean dug, including the activity approval under which the activity was completed, the disturbance date, whether rehabilitation was completed, and the reference for when rehabilitation was signed off by the Regulator.

3.6. Environmental management

Condition four of EL6803 and EL8245 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 two 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*.

Because of COVID-19 restrictions, 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.

Lasseter Gold advised that chemicals, fuels and oils for use at exploration sites were stored in bunded storage facilities. A register of safety data sheets was maintained on site. The Lasseter Gold exploration geologist advised that a spill kit was placed adjacent to the refuelling area and adjacent to the drill rig.

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.

A review of aerial photography and mapping identified that there were some waterways in the licence area that may require crossing to access exploration sites. Generally, the waterways were dry but could flow after heavy rainfall.

Where existing station tracks were used, waterway crossings were already in place. When new waterway crossings are required for future exploration works, Lasseter advised that these would be constructed to ensure no long-term damage to the waterway or the surrounding lands.

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 met acceptable noise criteria for sensitive receivers.

The Lasseter Gold environmental risk assessment identified that the risk of adverse noise impacts was very low given the remote nature of the exploration programs. The Lasseter Gold exploration geologist advised that the nearest residence was about eight kilometres from the exploration activities. The Lasseter Gold risk assessment did not identify that any specific noise controls were 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 Lasseter Gold environmental risk assessment identified that the risk of adverse air quality impacts was very low given the remote nature of the exploration programs. The Lasseter Gold exploration geologist advised that the nearest residence was about eight kilometres from the exploration activities. The Lasseter Gold risk assessment did not identify that any specific air quality controls were required.

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.

Lasseter Gold personnel advised that the generation of waste was avoided where possible through the reuse and recycling of material. Controls for waste management were noted to include:

- biodegradable drilling muds were used for diamond drilling with these muds recirculated during the drilling process
- Lasseter Gold was not using plastic RC sample bags
- where drill rods could not be reused, they were offered to the station owners for use in fencing etc
- domestic waste from drilling personnel was disposed of at the on-site waste dump at Morambie Station.

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.

Lasseter Gold advised that generally, clearing of vegetation was not required for any of the drill sites. A pre-drilling inspection was completed before each drill hole to check for any significant vegetation.

Drill holes were moved to avoid trees where possible and 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.

Erosion was identified by Lasseter Gold as a critical issue on lands within the Kayrunnera Station. The soils in the area were prone to erosion when disturbed and this could cause degradation of tracks and erosion and sedimentation of the surrounding area. Lasseter Gold advised that the company was engaging a specialist ecologist to provide training for exploration personnel to understand the sensitive nature of the landscape and the controls that need to be implemented.

3.6.7. Roads and tracks

Mandatory requirements 7.1 to 7.5 require 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 minimises the area and duration of disturbance
- construct any crossing of rivers, permanent and intermittent water lands and wetlands to prevent impacting 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.

Lasseter Gold advised that generally, tracks used to access drill sites were existing station tracks. When planning drill holes, the exploration geologist tried to place holes immediately adjacent to existing tracks to minimise the requirement for new tracks. Where new tracks were required, these were located in consultation with the station owners. No new formed roads were required for exploration activities. Access to sites was generally through driving over existing groundcover vegetation.

The Lasseter Gold exploration geologist advised that weather forecasts were monitored whenever site activities were planned. No access to any of the exploration sites was attempted after wet weather. Lasseter Gold maintained contact with station owners to assess when access was available after rain.

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.

Lasseter Gold advised that a weed management protocol was in place for the exploration activities. Vehicle inspection and washdown were the main controls identified to minimise the potential for weeds to be tracked between different properties. Vehicle inspection and washdown were reported to be documented on an inspection checklist.

As suggestion for improvement number two, Lasseter Gold should consider incorporating weed control/suppression into its monitoring programs and ensuring that any site inspections as part of the monitoring programs are documented. It was also recommended the person undertaking the site inspection was familiar with and could identify weeds common to the local area. This might require staff to be trained on weed identification.

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.

Lasseter Gold advised that generally land holders moved stock to different paddocks during drilling operations. Exploration activities were generally scheduled to fit around station activities (e.g. mustering) in consultation with the land holders. No specific controls were required at the time of writing.

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. Using the AHIMS search results, Lasseter Gold mapped the occurrence of known heritage items. Exploration activities were planned to avoid these areas. A review of mapping information showed that holes were not been drilled in close proximity to any known sites.

As an example of controls that could be used to protect cultural heritage items, Lasseter Gold described the exclusion zone in place for a significant site on another of the company's tenements.

Lasseter Gold advised that monthly inspections of the area would be conducted with National Parks and Wildlife representatives from the Muntawintji Board of Management, when any non-exempt activities were being undertaken, as part of the requirements of the land access agreement. It was also reported that site visits with Aboriginal groups were undertaken to identify any issues or heritage items not previously reported.

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.

It was noted that fire prevention and control was included in the environmental risk assessment prepared by Lasseter Gold for its exploration activities. A key control was maintenance of all plant and equipment in a proper and efficient manner. Drill sites were generally cleared of excess ground vegetation and fire extinguishers and fire suppressions systems were installed on the drill rigs.

Lasseter Gold advised that during the fire season, forecasts were monitored daily to check for fire hazard ratings and identify any total fire ban days.

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.

Lasseter Gold documented an environmental risk assessment. The key risk identified was the potential for erosion, and controls were specified.

It was noted that the risk assessment was not comprehensive and did not include an assessment of some of the mandatory requirements of the code of practice. This was raised as observation of concern number two. It was recommended that Lasseter Gold review and update the environmental risk assessment to better reflect the risks associated with exploration activities in accordance with the mandatory requirements of the code of practice.

There was no evidence provided to demonstrate that systems were in place to monitor the implementation and effectiveness of the risk controls described in the risk assessment. This was raised as observation of concern number three. Lasseter Gold should develop and implement processes for monitoring the implementation and effectiveness of the environmental risk controls and revise the risk assessment and/or risk controls whenever the risk profile changes.

3.7. Security deposit

Condition 5 of EL6803 and EL8245 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 EL6803 was \$10,000, which departmental records confirmed was held. The security amount required for EL8245 was increased to \$43,000 following approval of the exploration activities. A review of departmental records confirmed that the required amount was held.

3.8. Rehabilitation

Condition 6 of EL6803 and EL8245 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 of practice was undertaken for the exploration activities as documented in the following sections.

3.8.1. Risk assessment

Mandatory requirement one 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.

Lasseter Gold documented a rehabilitation risk assessment, but it was noted to be very brief and may not have addressed a comprehensive range of risks associated with rehabilitation of exploration activities. For example, weed suppression or management was not included in the rehabilitation risk assessment. This was raised as observation of concern number four. It was recommended that Lasseter Gold review and update the rehabilitation risk assessment to provide a more comprehensive assessment of rehabilitation risks.

3.8.2. Rehabilitation objectives and completion criteria

Mandatory requirement two 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 Lasseter Gold indicated that the total surface disturbance area was less than five hectares for each individual application. 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 by Lasseter Gold before the commencement of drilling with these being accepted as satisfactory by the Regulator. The ROCCs for both ELs were updated and resubmitted in June 2021. The objectives and completion criteria were generally consistent with the guidance material provided in the code of practice and were considered adequate for the drilling program.

3.8.3. Rehabilitation program

Mandatory requirement three required that the licence holder must develop, implement and complete a rehabilitation program (which includes a monitoring program) to rehabilitate disturbed areas to a condition that can support the intended final land use. Mandatory requirement four required that the licence holder must commence rehabilitation of a site as soon as reasonably practicable following the completion of activities on that site.

Lasseter Gold was noted to be maintaining a rehabilitation register to document when rehabilitation was completed and signed off for each hole. The rehabilitation methodology was noted to include:

- capping of the drill hole below surface level
- casing and rubbish removed
- sumps filled and mounded
- topsoil respread (if available).

Generally, a photographic record was used to monitor rehabilitation progress, with photos taken:

- before disturbance
- during disturbance
- after completion of drilling at initial rehabilitation
- six months after rehabilitation.

While a photographic record was useful for a visual representation of rehabilitation progress, it might not provide sufficient information to assess the rehabilitation progress against the rehabilitation objectives and completion criteria for the site. Where corrective actions were required when rehabilitation progress was not on track to meet the completion criteria, there was no documented system to record, action, track and close out those corrective actions. As suggestion for improvement number three 3, it was recommended that Lasseter Gold consider the development of a more robust rehabilitation monitoring program that documented rehabilitation inspections, actions and tracks corrective actions where required, and provide a tool for assessing rehabilitation progress against the rehabilitation objectives and completion criteria for the site.

An inspection by the Regulator's inspectors in November 2020 showed that the inspected costeans and test pits were backfilled, and woody debris (where available) was scattered across the surface. Rainfall promoted the establishment of vegetation on most sites inspected. While biosecurity measures were

noted to be implemented on site, a single Bathurst Burr was identified on site. This was addressed by the licence holder.

When rehabilitation has been completed, Lasseter Gold has sought rehabilitation sign-off from the Regulator. For example, the most recent rehabilitation sign-off for EL8245 was dated July 2021. It was noted that an assessment against the ROCC was included as part of the ESF2 rehabilitation sign-off application.

3.9. Annual activity reporting

Section 163C of the *Mining Act 1992*, clause 59 of the Mining Regulation 2016 and condition 8 of EL6803 and EL8245 require 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, Lasseter Gold was submitting annual activity reports comprising:

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

Reports for the 2019-2020 and 2020-2021 (where submitted) reporting year were reviewed during the audit:

- Exploration licence 6803, Koonenberry Project NSW, ninth annual technical report, 6 June 2019 to 5 June 2020.
- Exploration licence 6803, Koonenberry Project NSW, 10th annual technical report, 6 June 2020 to 5 June 2021.
- EL6803 prospecting title work program, year two submission.
- EL6803 prospecting title work program, year three submission.
- Annual environmental and rehabilitation compliance report for exploration licence 6803, Lasseter Gold Pty, submission date 6 July 2020.
- Annual environmental and rehabilitation compliance report for exploration licence 6803, Lasseter Gold Pty, submission date 6 July 2021.

- Exploration licence 6803, annual community consultation report, 6 June 2019 to 5 June 2020.
- Exploration licence 6803, annual community consultation report, 6 June 2020 to 5 June 2021.
- Exploration licence 8245, Koonenberry Project NSW, sixth annual technical report, 11 March 2019 to 10 March 2020.
- EL8245 prospecting title work program, year one submission.
- Annual environmental and rehabilitation compliance report for exploration licence 8245, Lasseter Gold Pty, submission date 6 July 2020
- Exploration licence 8245, annual community consultation report, 11 March 2019 to 10 March 2020.

Generally, reports were in accordance with the MEG and/or Resources Regulator templates and guidance material. MEG reviewed the annual exploration reports and assessed these reports as satisfactory. The community consultation report for 2020 for EL6803 was reviewed by MEG and was found to be inadequate. The community consultation report for 2019 for EL8245 was reviewed by MEG and found to be inadequate. Letters outlining the inadequacies were sent to Lasseter Gold. This issue was further discussed in Section 3.4.3. Neither the 2020 (EL8254) or the 2021 (EL6803) community consultation reports were reviewed by MEG at the time of the audit.

3.10. Core and sample storage

Clause 65 of the Mining Regulation 2016 requires 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.

Lasseter Gold advised that core collected during the drilling programs was fully sampled and no core remained to be stored. Pulps from the sampling program were being retained.

3.11. Record keeping

Sections 163D and 163E of the *Mining Act 1992* relate 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 four years after the expiry or cancellation of the title. Specific requirements for the types of records to be maintained for exploration activities are 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 Lasseter Gold generally maintained records as required by the licence conditions and the exploration codes of practice. Examples of records reviewed included:

- GIS mapping
- land access agreements
- master drilling register
- risk assessments for environmental management, rehabilitation, and community consultation
- rehabilitation objectives and completion criteria
- rehabilitation register
- ESF2 rehabilitation signoff documentation, including photos
- community consultation register
- community consultation strategy
- annual activity reporting
- monthly environmental reports
- spreadsheets for required monthly environmental report data.

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).

Generally, evidence was available to confirm that compliance obligations were identified and understood. The Lasseter Gold staff interviewed during the audit were conversant with the exploration activity approvals and the exploration codes of practice and had established some basic systems to track compliance with these requirements. Further development of these systems would be beneficial and suggestions for improvement were documented during the audit.

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.

Lasseter Gold advised that the company was using its own drilling rigs and equipment to complete the exploration programs. Contract drillers were not being used.

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.

Evidence was available to demonstrate that Lasseter Gold developed some inspection and monitoring programs, but it was noted that these were not always documented. For example, Lasseter Gold advised that there was no formal process for inspection or monitoring of risk controls. As outlined in section 3.8.3, Lasseter Gold was using a photographic record for monitoring of rehabilitation progress. A photographic record does not capture information on corrective actions required and where actions are required, lack of a formal system makes it difficult for those actions to be actioned, tracked and closed out. Further development of the inspection and monitoring systems would be beneficial as documented in the suggestions for improvement.

4.4. Licence holder response to draft audit findings

Lasseter Gold was given a copy of the draft audit report and invited to submit a response to the draft audit findings.

The response from Lasseter Gold resulted in a minor amendment to the draft report to include information on the inspection completed by the Regulator's inspectors in November 2020.

5. Audit conclusions

From the evidence reviewed during the audit, it was concluded that Lasseter Gold achieved a high level of compliance with the requirements of the exploration licences, exploration activity approvals and the exploration codes of practice, for the elements reviewed during the audit. Because of COVID-19 restrictions, a site inspection was not conducted. This prevented a full assessment of the compliance requirements and did not permit an assessment of rehabilitation performance. Further verification will be undertaken during future inspections by the Regulator's inspectors.

The Lasseter Gold staff had a good knowledge of the environmental issues and controls associated with the drilling activities. Evidence was generally available to confirm implementation of the controls but further work to develop a more robust inspection and monitoring process would be beneficial.

No non-compliances were identified during the audit. Four observations of concern and three suggestions for improvement were identified as documented in Table 3 and Table 4.

Table 3 Summary of observations of concern

OBSERVATION OF CONCERN NO.	DESCRIPTION OF ISSUE	RECOMMENDATION
1	The community consultation reports were reviewed by MEG and were found to be inadequate. The reports did not address the guidance material in Appendix 2 of the code of practice, specifically, the reports did not provide a reason for reduced consultation.	Where Lasseter Gold submit reduced annual community consultation reports, a reason for the reduced consultation should be given.
2	It was noted that the risk assessment was not comprehensive and did not include an assessment of some of the mandatory requirements of the code of practice.	It was recommended that Lasseter Gold review and update the environmental risk assessment to better reflect the risks associated with exploration activities in accordance with the mandatory requirements of the code of practice.
3	There was no evidence provided to demonstrate that systems are in place to monitor the implementation and effectiveness of the risk controls described in the risk assessment.	Lasseter Gold should develop and implement processes for monitoring the implementation and effectiveness of the environmental risk controls and revise the risk assessment and/or

OBSERVATION OF CONCERN NO.	DESCRIPTION OF ISSUE	RECOMMENDATION
		risk controls whenever the risk profile changes.
4	Lasseter Gold has documented a rehabilitation risk assessment, but it was noted to be very brief and may not have addressed a comprehensive range of risks associated with rehabilitation of exploration activities. For example, weed suppression or management was not included in the rehabilitation risk assessment.	It was recommended that Lasseter Gold review and update the rehabilitation risk assessment to provide a more comprehensive assessment of rehabilitation risks.

Table 4 Summary of suggestions for improvement

SUGGESTIONS FOR IMPROVEMENT	DESCRIPTION OF ISSUE
1	Community consultation reporting should be more than a list of who was consulted and when. Lasseter Gold should consider assessing the implementation of the strategy and comparing the consultation undertaken against both the objectives for consultation and the proposed consultation strategy described in the document. A review and analysis of the outcomes of the process could be documented as part of the annual report.
2	Lasseter Gold should consider incorporating weed control/suppression into its monitoring programs and ensuring that any site inspections as part of the monitoring programs are documented. It was also recommended the person undertaking the site inspection is familiar with and could identify weeds that are common to the local area. This might require staff to be trained.
3	It was recommended that Lasseter Gold consider the development of a more robust rehabilitation monitoring program that documents rehabilitation inspections, actions and tracks corrective actions where required, and provides a tool for assessing rehabilitation progress against the rehabilitation objectives and completion criteria for the site.