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Resources
Regulator**

COMPLIANCE AUDIT PROGRAM

EL8379 MT GILMORE PROJECT

Mt Gilmore Resources Pty Ltd



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1. Introduction

1.1. Background

Exploration licence 8379 (EL8379) was granted to Providence Gold and Minerals Pty Ltd (Providence Gold and Minerals) in June 2015. The licence was transferred to Mt Gilmore Resources Pty Ltd (Mt Gilmore Resources) and Providence Gold and Minerals in June 2017. The exploration area is about 45 kilometres north west of Grafton in Northern NSW.

In March 2020, Corazon Mining Ltd (the title operator) was successful in being granted funding under round 3 of the NSW government's New Frontiers Co-operative Drilling Program.

As part of the compliance audit program, a desktop audit of the exploration activities associated with the Mt Gilmore Project within EL8379 was undertaken on 15 December 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 Mt Gilmore Resources and Providence Gold and Minerals 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:

- A review of documents and records pertaining to the exploration activities within EL8379 (1992).
- An assessment of compliance for the period commencing 1 December 2019 and ending 15 December 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 EL8379 (granted on 23 June 2015, last renewed on 21 December 2017)
- exploration activities application (ESF4) dated 22 September 2020 for the drilling of six (6) RC holes with diamond core tails with a total disturbance of 1060m² within the Mt Gilmore Project - Gordonbrook Hill Prospect (2020). The associated approval (LETT0005249) is dated 17 November 2020 (MAAG0008579)
- *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

1.5. Publishing and disclosure of information

This audit report was published on the Regulator's website consistent with:

- Section 365 of the *Mining Act 1992*
- Resources Regulator's [Public comment policy](#)
- *Government Information (Public Access) Act 2009*.

2. Audit methods

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

2.1. Opening meeting

Opening remarks were included in the meeting held online on 15 December 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 15 December 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 is available to demonstrate the particular requirement has been complied with.
Non-compliance	<p>Clear evidence has been collected to demonstrate the particular requirement has not been complied with. There are three subcategories of non-compliance reflecting the severity and level of risk associated with the non-compliance:</p> <p>NC1 – the absence of planning or implementation of a required operational element which has the potential to result in a significant risk.</p> <p>NC2 – an isolated lapse or absence of control in the implementation of an operational element which is unlikely to result in a significant risk.</p> <p>NC3 – an administrative or reporting non-compliance which does not have a direct environmental or safety significance.</p> <p>Note: The identification of a non-compliance in this audit may or may not constitute a breach of, or offence under, the <i>Mining Act 1992</i>. Non-compliances identified in this audit report may be further investigated by the Regulator and regulatory actions may be undertaken.</p>
Observation of concern	<p>Where an auditee may be compliant at the time of the audit but there are issues that exist that could result in the potential for future non-compliance if not addressed.</p> <p>Observation of concern was also used where an issue may not have particular compliance requirements, but which was not conducive to good management or best practice.</p>

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 has not been collected to enable an assessment of compliance to be made within the scope of the audit.</p> <p>Reasons why the audit team could not collect the required information include:</p> <ul style="list-style-type: none"> ■ insufficient information on the file relating to the period covered by the audit or insufficient evidence collected to reach a conclusion ■ the wording on the criteria (approval condition) meant that no evidence could be gathered, or it was too difficult to gather the evidence. <p>A 'not determined' assessment was also made where the condition was outside the scope of the audit.</p>
Not applicable	<p>The circumstances of the authorisation or licence holder have changed and are no longer relevant (e.g. no longer mining, mining equipment and plant has been removed).</p> <p>An invoking element in the criteria was not activated within the scope of the audit.</p>

2.5. Reporting

Following completion of the 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 Mt Gilmore Resources and Providence Gold and Minerals 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 EL8379 required the licence holder to carry out the operations described in the approved work program. Work program WP-EL8379-2017-2023 was approved by (then) Division of Resources and Energy on 11 July 2017 as part of the renewal of EL8379.

Mt Gilmore was in year 5 of the work program for EL8379. The annual exploration report for EL8379 for the period 24 June 2020 to 23 June 2021 described the activities undertaken during the reporting period including:

- petrographic and micro-XRF studies of the diorite porphyry
- drilling of 2 diamond holes with a total depth of 900 metres.

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

Exploration data was maintained by the Corazon geologists and submitted to Mining, Exploration and Geoscience (MEG) with the annual activity reports as required.

3.2. Access agreements

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

The Corazon exploration manager advised there were about 10 landowners within the licence area. New land access agreements were negotiated with each landowner for each exploration program. Access agreements were noted to be in place for the drilling of the 2 diamond holes.

3.3. Native title and exempted areas

Condition 2 of EL8379 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.

Mt Gilmore Resources and Providence Gold and Minerals undertook the right to negotiate process and were granted ministerial approval under condition 2 of EL8379 in November 2020. Corazon Mining staff advised that drilling was not undertaken in these areas.

Areas subject to native title, although approved under condition 2 of the title, may require further approval under section 30 of the Mining Act in relation to undertaking exploration activities within an exempted area. A review of departmental records showed that no exempted area approvals had been granted. It was noted that drilling was not conducted in areas requiring further approval.

3.4. Community consultation

Condition 3 of EL8379 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.

Evidence was available to confirm that Corazon Mining had assessed the activity impact level as low. The auditor concurred with this assessment. Although Corazon Mining had undertaken an assessment of the activity impact level as described in the guidance material in the code of practice, it was noted that no further site-specific risk assessment was undertaken to identify and consider the range of opportunities and threats associated with community engagement. It was acknowledged that the drill program was small and contained within one property. The activity impact level assessment was sufficient for that program. However, as suggestion for improvement number 1, Corazon should consider the development of a formal site-specific community consultation risk assessment for larger drilling programs.

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.

Corazon Mining prepared a community consultation strategy for the Gordonbrook project within EL8379. The strategy was noted to include general community consultation activities as well as site specific activities for the project. The strategy identified several key stakeholders including landowners and local environmental groups. A range of mechanisms for achieving consultation were proposed.

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 demonstrate that Corazon Mining had generally implemented the community consultation strategy. Corazon Mining established a consultation register and was recording details of consultation activities.

Community consultation reports for the 2019- 2020 and 2020-2021 reporting years for EL8379 were submitted as part of the annual activity reporting required by condition 8 of EL8379. The 2019-2020 report was reviewed by MEG and found to be adequate. The 2020-2021 report was reviewed by the auditor. The report was generally found to be consistent with the reporting guidance in appendix 1 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.

Mt Gilmore Resources obtained exploration activity approval for the exploration drilling program undertaken on EL8379:

- exploration activities application (ESF4) dated 22 September 2020 for the drilling of six (6) RC holes with diamond core tails with a total disturbance of 1060m² within the Mt Gilmore Project - Gordonbrook Hill Prospect (2020). The associated approval (LETT0005249) is dated 17 November 2020 (MAAG0008579).

The approval was given for 6 holes but Corazon Mining advised that only 2 holes were drilled. Corazon Mining intended to apply for new approvals if further holes were required.

3.6. Environmental management

Condition 4 of EL8379 required the licence holder to prevent or minimise so far as is reasonably practicable, any harm to the environment arising from the activities carried out under the licence.

Condition 2 of the exploration activity approval required the licence holder to carry out the activity in compliance with Part B of the *Exploration Code of Practice: Environmental Management*.

Due to 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.

Corazon Mining advised that minor quantities of chemicals, fuels and oils for use at exploration sites were stored in a bunded on-site storage unit. The Corazon Mining exploration staff advised that a spill kit was placed adjacent to the on-site storage unit in close proximity 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.

To minimise impacts to surface and groundwater, Corazon Mining advised that aboveground sumps were used to recirculate water and drilling fluids for the drilling project. Water for use in drilling was imported to site by truck. Corazon exploration staff were on site during drilling to supervise the activities of the contract driller.

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.

Corazon Mining exploration staff advised that the risk of adverse noise impacts was very low given the drilling was remote from residences and the diamond drill rig was reasonably quiet. Corazon Mining considered that specific controls were not 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.

Corazon Mining exploration staff advised that the risk of adverse air quality impacts was very low given the drilling was remote from residences and water was used during the drilling process. Corazon Mining considered that specific controls were not required.

3.6.5. Waste management

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

Corazon Mining exploration staff advised that waste from the drilling of 2 diamond holes was generally minimal. All waste was reported to have been collected by the drilling contractor and disposed of at the contractor's facility. Photographs of the drilling sites post-drilling showed that no waste was left on site.

Waste classification according to Environment Protection Authority (EPA) guidelines was completed for drill spoil from the drilling program to confirm its suitability for disposal of drill cuttings at the local landfill.

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.

Corazon Mining exploration staff advised that generally, clearing of vegetation was not required for any of the drill sites. Drill collars were moved to avoid clearing vegetation. One dead tree was removed by the landowner. The drill rig and other vehicles were driven over the groundcover vegetation to each site with no formal access track construction required.

Some levelling was required for drill pad 2 to facilitate drill rig access but Corazon Mining exploration staff advised that the surface profile was restored post drilling. Photographs were provided to confirm the surface profile was restored.

3.6.7. Roads and tracks

Mandatory requirements 7.1 to 7.5 required the licence holder to:

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

Corazon Mining exploration staff advised that generally, tracks used to access drill sites were existing property tracks. New tracks were approved as part of the exploration activity approval but the holes requiring those tracks were not drilled, therefore the new tracks were not required.

No significant rain fell during the drilling of the 2 diamond holes so processes for wet weather were not required.

3.6.8. Weeds, pest animals and disease

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

Corazon Mining exploration staff advised there was a vehicle cleaning procedure in place for vehicles accessing the drilling sites.

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.

Corazon Mining advised that generally landholders move stock to different paddocks during drilling operations. No stock were in the paddocks during drilling and no specific controls were required.

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. Corazon Mining advised there were some historic smelter sites in the area and these sites were mapped and taken into account during the development of drilling programs. No drilling was conducted in proximity to any known heritage sites.

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.

Corazon Mining advised that the drill rig used for the diamond drilling had a fire suppression system. Fire extinguishers were available on the drill rig and on each support vehicle. Drilling was conducted during the winter months when fire risk was low.

3.6.12. Risk assessment

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

It was noted that Corazon Mining had generally identified environmental risks and implemented relevant environmental controls, but these were generally informal processes and not based on a formal risk assessment. The Corazon Mining exploration manager advised an inspection of each drill site was completed with the driller before the start of drilling to identify potential hazards. It was noted that these inspections were documented using diary notes and photographs.

Formalising the risk assessment process would be beneficial for future drilling programs. As suggestion for improvement number 2, Corazon Mining should consider the development of a formal environmental risk assessment for clearly identifying and assessing the risks associated with exploration activities. Where those risks change, or controls were identified as being ineffective (based on monitoring of the risk controls), revised environmental management controls should be implemented in accordance with a revised risk assessment.

3.7. Security deposit

Condition 5 of EL8379 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 EL8379 was \$10,000 that department records confirmed was held. The exploration activity approval for the drilling program triggered an increase in security of \$4,000 that was refunded on successful completion of the rehabilitation works.

3.8. Rehabilitation

Condition 6 of EL8379 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 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.

Given the small scale of the drilling program and the nature of the area, the exploration manager advised that Corazon Mining did not identify any significant risks to successful rehabilitation outcomes. This was based on an informal risk assessment process that was documented using diary notes. Formalising the risk assessment process would be beneficial for future drilling programs. As suggestion for improvement number 3, Corazon Mining should consider the development of a formal risk assessment to evaluate the range of potential threats and opportunities associated with rehabilitating disturbed areas to a condition that can support the intended final land use. Where those risks changed, or controls were identified as being ineffective (based on monitoring of the risk controls), revised controls should be implemented in accordance with a revised risk assessment.

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 application submitted by Mt Gilmore Resources for the diamond drilling program indicated that the surface disturbance was less than 5 hectares. The drilling program 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. It was noted that Corazon Mining had prepared an Environmental and Rehabilitation Management Plan, which was implemented on the drilling program.

It was noted that Corazon Mining had prepared rehabilitation objectives and completion criteria, which were based on the guidance material contained in appendix 1 of the code of practice. No evidence was available to demonstrate that rehabilitation objectives and completion criteria were submitted to the Regulator for the diamond drilling program as required by mandatory requirement 2 of the code of practice. This was raised as non-compliance number 1. Mt Gilmore Resources and/or Corazon Mining should ensure that rehabilitation objectives and completion criteria are submitted to the Regulator for future drilling programs.

3.8.3. Rehabilitation program

Mandatory requirement 3 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 4 required that the licence holder must commence rehabilitation of a site as soon as reasonably practicable following the completion of activities on that site.

Corazon Mining prepared an environmental and rehabilitation management plan. The rehabilitation methodology was noted to include:

- clean-up of site
- drill cuttings disposed down hole or removed to landfill
- scarify surface
- monitor rehabilitation progress each time exploration personnel on site.

Generally, a photographic record was being used to monitor rehabilitation progress. While a photographic record is useful for a visual representation of rehabilitation progress, it may not provide sufficient information to assess the rehabilitation progress against the rehabilitation objectives and completion criteria for the site. Where corrective actions are required when rehabilitation progress is not on track to meet the completion criteria, there is currently no documented system to record, action,

track and close out those corrective actions. As suggestion for improvement no. 4, it is recommended that Corazon Mining consider the development of a rehabilitation monitoring program that provides a tool for assessing rehabilitation progress against the rehabilitation objectives and completion criteria for the site.

When rehabilitation was completed, Mt Gilmore Resources sought rehabilitation sign-off from the Regulator. For example, the most recent rehabilitation sign-off for EL8379 was dated December 2021. This was under assessment by the Regulator.

3.9. Annual activity reporting

Section 163C of the *Mining Act 1992*, clause 59 of the Mining Regulation 2016 and condition 8 of EL8379 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, Mt Gilmore Resources was submitting annual activity reports comprising:

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

Generally, reports were found to be in accordance with the MEG and/or Resources Regulator templates and guidance material. MEG reviewed the annual exploration reports for the 2019-2020 and 2020-2021 reporting periods and assessed these reports as satisfactory. The community consultation report for the 2019-2020 reporting period was reviewed by MEG and found to be adequate. The 2020-2021 community consultation report was reviewed by the auditor and found to be generally in accordance with the guidance material contained in the code of practice.

3.10. Core and sample storage

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

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

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

Corazon Mining exploration staff advised the company hired a shed from the landowner for storage of core and samples. Core and RC chip samples were stored in modular core or chip trays. Where core was stored outside of the shed, it was covered with a core tray lid and wrapped in plastic. Photographs of the core storage area were provided to confirm storage arrangements.

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 Mt Gilmore Resources, and/or Corazon Mining had 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
- ESF2 rehabilitation signoff documentation, including photos
- core storage photos
- community consultation register
- community consultation strategy
- annual activity reporting.

4. Compliance management

4.1. Identifying compliance obligations

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

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

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

Generally, evidence was available to confirm that most exploration licence and Mining Act compliance obligations were identified and understood. The Corazon Mining exploration staff interviewed during the audit were conversant with the exploration activity approvals but were less conversant with the mandatory requirements of the exploration codes of practice. Some basic systems to track compliance with compliance obligations were noted to be established. 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. Whilst the responsibility for compliance or the implementation of environmental controls is often passed to the contractor, the licence holder will retain accountability for compliance with its licence conditions and other compliance obligations. It is important that the licence holder exercises management control of its contractors by specifying contract requirements, providing oversight of contracted works, and evaluating the performance of the contractor during the contracted works.

Corazon Mining advised that the company was using contract drillers and drilling rigs to complete the exploration programs. Corazon Mining staff were on site to supervise the drilling activities.

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 Corazon Mining had developed some inspection and monitoring programs, but it was noted that these were not always documented. For example, Corazon Mining advised that there was no formal process for inspection or monitoring of risk controls. As discussed in section 3.8.3, Corazon Mining 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.

5. Audit conclusions

From the evidence reviewed during the audit, Mt Gilmore Resources and Providence Gold and Minerals had generally identified the exploration licence and Mining Act compliance requirements and were establishing systems to manage these. Due to COVID-19 restrictions, a site inspection could not be 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.

Corazon Mining, the operator of EL8379, had established processes for compliance management. Risks associated with exploration activities had generally been identified and controls implemented but further development and documentation of the risk assessments would be beneficial for future drilling programs.

One non-compliance was identified during the audit as documented in Table 2. Four suggestions for improvement were identified as documented in Table 3.

Table 2 Summary of non-compliances

NON_COMPLIANCE NO.	DESCRIPTION OF ISSUE	RECOMMENDATION
1	No evidence was available to demonstrate that rehabilitation objectives and completion criteria were submitted for the diamond drilling program as required by mandatory requirement 2 of the Exploration code of practice: Rehabilitation.	Mt Gilmore Resources and/or Corazon Mining should ensure that rehabilitation objectives and completion criteria are prepared and submitted for future drilling programs.

Table 3 Summary of suggestions for improvement

SUGGESTIONS FOR IMPROVEMENT	DESCRIPTION OF ISSUE
1	Corazon should consider the development of a formal site-specific community consultation risk assessment for larger drilling programs.
2	Corazon Mining should consider the development of a formal environmental risk assessment for clearly identifying and assessing the risks associated with exploration activities. Where those risks change, or controls were identified

SUGGESTIONS FOR IMPROVEMENT	DESCRIPTION OF ISSUE
	<p>as being ineffective (based on monitoring of the risk controls), revised environmental management controls should be implemented in accordance with a revised risk assessment.</p>
<p>3</p>	<p>Corazon Mining should consider the development of a formal risk assessment to evaluate the range of potential threats and opportunities associated with rehabilitating disturbed areas to a condition that can support the intended final land use. Where those risks changed, or controls were identified as being ineffective (based on monitoring of the risk controls), revised controls should be implemented in accordance with a revised risk assessment.</p>
<p>4</p>	<p>It is recommended that Corazon Mining consider the development of a rehabilitation monitoring program that provides a tool for assessing rehabilitation progress against the rehabilitation objectives and completion criteria for the site.</p>