

**Compliance audit program**  
EL8699 Meringo Exploration Project  
**Australian Consolidated Gold Holdings Pty Ltd**

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# 1. Introduction

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## 1.1. Background

Exploration licence 8699 (Act 1992) (EL8699) was granted to Australian Consolidated Gold Holdings Pty Ltd (ACGH) in March 2018. The exploration area is about 22 kilometres north-east of Tottenham in central NSW. ACGH is a wholly owned subsidiary of Inflection Resources Pty Ltd who is the operator of the title.

ACGH was successful in being granted funding under round 4 of the NSW Government's New Frontiers Co-operative Drilling Program for a drilling program on EL8699 in January 2022.

As part of the compliance audit program, an audit of the exploration activities associated with the Meringo Project within EL8699 was undertaken on 10 May 2023 by the Resources Regulator within the Department of Regional NSW (the Department).

## 1.2. Audit objectives

The objectives of the audit were to:

- undertake a compliance audit of the Australian Consolidated Gold Holdings 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 Meringo exploration project including:
  - exploration activities within EL8699 including a selected sample of exploration drillholes
  - borehole sealing and rehabilitation activities for selected drilling activities undertaken since January 2020.
- a review of documents and records pertaining to the exploration activities.

The assessment of compliance for the period commencing 1 May 2021 and ending 10 May 2023.

## 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 EL8699 (granted 5 March 2018)
- exploration activities application dated 16 November 2019 for four AC-diamond holes using 8 in-ground sumps and temporary access tracks, and associated approval dated 4 December 2019 (MAAG0005103)
- exploration activities application dated 25 March 2022 for one diamond core drill hole to a depth of approximately 400m on EL8699, and associated approval dated 11 April 2022 (APO0001195)

- Exploration code of practice: Environmental management (Version 3, September 2017 and Version 4, June 2021)
- Exploration code of practice: Rehabilitation (Version 3, September 2017 and Version 4, June 2021)
- Exploration code of practice: Community consultation (Version 1.1, May 2016 and Version 2.0, October 2022)
- Exploration code of practice: Produced water management, *Storage and Transfer* (Version 3, September 2017 and Version 4, June 2021)
- Exploration reporting: A guide for reporting on exploration and prospecting in New South Wales (Version 3, October 2021 and Version 4, January 2022)
- Exploration guideline: Annual activity reporting for prospecting titles (Version 3.0, December 2020 and Version 4, October 2022) published by Department of Regional NSW

## 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

An opening meeting was held onsite on 10 May 2023. The audit team was introduced, and the scope of their responsibilities was conveyed to the auditees. The objectives and scope of the audit were outlined. The methods to be used by the team to conduct the audit were explained, including the interview of personnel, review of documentation, examination of records and a site inspection to assess specific compliance requirements.

### 2.2. Site interviews and inspections

#### 2.2.1. Data collection and verification

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

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

#### 2.2.2. Site inspections

A site inspection was undertaken of the following sites:

- Site for proposed diamond drill hole approved under APO0001195
- Hole MERDH002 – drilled in 2020 and rehabilitated
- Hole MERDH001 – drilled in 2020 and rehabilitated
- Core and sample storage at Trangie base.

### 2.3. Closing meeting

A closing meeting was held on site on 10 May 2023. 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.

Assessment	Criteria
<b>Non-compliance</b>	<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>
<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>	<p>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.</p>
<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 completion of the audit, the audit checklists were completed, and audit notes were reviewed to compile a list of outstanding matters to be noted in the audit report. This report was prepared to provide an overview of the operational performance of the site in relation to the exploration activities and identify any non-compliances or observations of concern noted by the auditors during the documentation review and interviews.

The draft audit findings were forwarded to ACGH 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 EL8699 required the licence holder to carry out the operations described in the approved work program. Work program WP-EL8699-2018-2024 was approved in March 2018 as part of the granting of EL8699. The approved work program was varied in 2020 and remains the approved work program for the tenement.

Annual reporting for the 2020-2021 period showed that ACGH completed three mud rotary holes with diamond tails to test parts of the Meringo target. Since then, COVID-19 restrictions and extensive flooding in NSW restricted exploration progress and activities have centred on desktop studies including a review of the existing geophysical data. It was noted that the Meringo project formed part of the wider ACGH Bogan project.

ACGH was granted funding under Round 4 of the NSW Government's New Frontiers Co-operative Drilling Program for a drilling program within EL8699. The 2022-2023 annual report identified that a single inclined diamond drill hole to a depth of about 400 metres was proposed to be drilled. This hole was to be mud rotary drilled to a depth of about 200 metres, then diamond cored to the final depth. The site for this proposed hole was inspected during the audit.

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

### 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 EL8699. The land access agreements reviewed during the audit were generally noted to be prepared using a standard template that included information on ground disturbance and rehabilitation. No additional conditions were noted on the agreements sighted but ACGH advised that verbal agreements with landholders were in place for some specific exploration activities.

### 3.3. Native title and exempted areas

Condition 2 of EL8699 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.

Published mapping identified that Crown parcels and Crown roads existed within the exploration licence area. ACGH exploration staff advised that exploration activities were being conducted in areas of freehold land. A review of the mapped drill holes showed that no holes were drilled in any exempted areas within the licence area. No further approvals under section 30 of the *Mining Act 1992* were required.

ACGH exploration staff advised that most of the licence area was under freehold title where native title had generally been extinguished. Although not a compliance requirement, confirmation of

extinguishment had not been sought from Mining, Exploration and Geoscience (MEG). No further approvals under Condition 2 of the licence were required.

ACGH exploration staff advised that the company would be seeking to drill in a travelling stock reserve in a different exploration licence in the future and were maintaining a liaison with NTS Corporation with a view to entering into the right to negotiate process and obtain consent under condition 2 for that licence. Additionally, as part of the company's consultation strategy, ACGH maintained a positive relationship with the Trangie Aboriginal Land Council (TALC) through the facilitation of financial support for a TALC infrastructure project.

As evidence that the company was familiar with the native title requirements, ACGH provided information to demonstrate that it had completed the right to negotiate process and obtained approval under condition 2 for drilling programs on another of its exploration licences in the area.

## 3.4. Community consultation

Condition 3 of EL8699 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.

ACGH undertook 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.

Having identified the activity impact level, ACGH undertook a risk assessment that assessed the likely areas of concern for each stakeholder group (e.g. landowners, local community, government agencies etc) and the likely impacts associated with the exploration program which may affect ACGH's social licence to operate. The risk assessment was documented in Table 3 of the community consultation strategy.

### 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.

ACGH prepared a community consultation strategy for the wider Bogan project that included the Meringo prospect. The strategy was noted to include:

- objectives for community consultation (section 4.1)
- identifying stakeholders (section 3.1)
- community consultation risk assessment (section 3.2)
- mechanisms for consultation (section 4.2)
- processes for responding to community enquiries and complaints (section 4.3)
- monitoring, evaluating and revising the consultation strategy (section 6.2).

The community consultation strategy prepared by ACGH was noted to address the mandatory requirements of the code of practice and was generally appropriate for the nature and scale of the exploration activities undertaken.

The Exploration code of practice: Community consultation was updated following industry consultation with changes effective from 7 October 2022. ACGH should review the consultation strategy to ensure it reflects the requirements of the amended code of practice. This was raised as suggestion improvement no. 1.

### 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. ACGH was maintaining records of landholder consultation that documented any issues raised and outcomes achieved. The company advised that no complaints or enquiries were received for the Bogan project.

Annual community consultation reports were prepared and submitted (up to October 2022), 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 before 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 16 November 2019 for 4 AC-diamond holes using 8 in-ground sumps and temporary access tracks, and associated approval dated 4 December 2019 (MAAG0005103)
- exploration activities application dated 25 March 2022 for one diamond core drill hole to a depth of approximately 400m on EL8699, and associated approval dated 11 April 2022 (APO0001195).

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

## 3.6. Environmental management

Condition 4 of EL8699 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.

Drilling and rehabilitation was completed for the 4 AC-diamond holes (MAAG0005103) and the diamond hole approved under APO0001195 had not commenced. An onsite assessment against the Exploration code of practice: Environmental management was not completed but evidence in the form of records and photographs was used to undertake a 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.

ACGH exploration staff advised that all chemicals, fuels and lubricants used in the exploration drilling programs were stored in bunded storages at the rig site. Rig nappies were reported to be used under the drill rig where required at each hole. Safety data sheets for all chemicals, fuels and oils were reported to be verified by the licence holder as part of a review of safety management systems of the contractor before drilling.

Weekly rig inspections by ACGH staff during the drilling program were used to confirm all chemical, fuel and lubricant storages were bunded. The inspection checklist was also noted to include the use of rig nappies under the drill rig and other plant.

### 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.

It was noted that inground sumps were used for managing water and drilling fluids during the drilling program. ACGH exploration staff advised that if any hole intersected water, then that hole was grouted to prevent cross contamination of groundwater.

### 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.

During the audit site inspection, it was observed that drilling was undertaken in a sparsely populated area where noise was a low risk. ACGH advised that no specific 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.

During the audit site inspection, it was observed that drilling was undertaken in a sparsely populated area where air quality impacts were a low risk. ACGH advised that no specific controls were required.

### 3.6.5. Waste management

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

Waste streams generated from the exploration activities included:

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

Generally, domestic waste was removed from the drill sites for disposal at the local waste management facility.

### 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.

Observations made during the audit site inspection showed that vegetation disturbance for the drilling program was minimal. The holes were drilled in cleared paddock areas where vegetation removal generally only involved slashing the grass.

The terrain in which drilling was conducted was reasonably flat. Specific controls for erosion and sedimentation were not required.

### 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 that 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.

ACGH exploration staff advised that access to drill sites was agreed with the landholder before the start of drilling. For the drilling programs completed, no new roads or tracks were required. Access to drill sites was achieved using existing farm tracks.

### 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.

As documented in the ACGH environmental risk assessment, vehicle hygiene procedures were the primary control to avoid the introduction of weeds into the site. ACGH has policy IR SWP-V10- Vehicles and equipment washdown policy V2, and was using the GoCanvas software and electronic forms to record vehicle washdowns and inspections in a weed and seed register. Vehicles were washed down 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.

ACGH exploration staff advised consultation with the landowner was undertaken during drill planning. Where livestock remained in paddocks during drilling, electric fences were used around the drill sites to deter animals.

### 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. No specific controls were identified as being required.

It was noted that ACGH developed policy IR SWP-F14\_Fieldwork- Aboriginal heritage V2 and adherence to this policy was identified as a control in the environmental risk assessment.

### 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 ACGH environmental risk assessment included the potential for fire from both on-site and off-site sources. Controls were proposed to address both risks, including firefighting equipment in all vehicles, establish fire breaks where required, no drilling on days of total fire ban, and removing any significant leaf litter and dead wood from each drill site to ensure a safe and hazard-free environment.

### 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.

ACGH prepared a comprehensive environmental risk assessment which was documented in an excel spreadsheet. Controls were proposed for each risk identified, and residual risks calculated with controls in place. It was noted that the risk assessment identified the compliance standards for each risk element and referenced ACGH internal policies and procedures where relevant.

## 3.7. Security deposit

Condition 5 of EL8699 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 EL8699 was \$10,000 which department records confirmed was held. The exploration activity approvals did not trigger a requirement for any increase in security.

## 3.8. Rehabilitation

Condition 6 of EL8699 required the licence holder to carry out rehabilitation of all disturbance caused by activities carried out under the licence in accordance with the requirements of the Exploration code of practice: Rehabilitation.

An assessment against the mandatory requirements of the code of practice was undertaken for the 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.

It was noted that rehabilitation risks were included in the comprehensive exploration risk assessment prepared by ACGH for the Meringo project. Risks identified were noted to include instability of the final landform following rehabilitation, posing a risk of environmental harm or a safety risk to the public or fauna. Causes for this risk event were noted to include:

- poor rehabilitation planning and processes
- adopting inappropriate or inadequate rehabilitation techniques
- weather and climate influences.

Controls were identified for each risk event and evidence was generally available to confirm implementation of the controls.

### 3.8.2. Rehabilitation objectives and completion criteria

Mandatory requirement 2 required the licence holder, not later than 14 days 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 application lodged by ACGH 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.

Evidence was available in department records to confirm that ROCCs were submitted for each drilling program. It was noted that the ROCCs submitted were generally based on the template provided in Appendix 2 of the code of practice.

### 3.8.3. Rehabilitation program

Mandatory requirement 3 required the licence holder to develop, implement and complete a rehabilitation program (which includes a monitoring program) to rehabilitate disturbed areas to a condition that could support the intended final land use. Mandatory requirement 4 required the licence holder to commence rehabilitation of a site as soon as reasonably practicable following the completion of activities on that site.

Rehabilitation monitoring was generally done using a photographic record with details recorded on the rehabilitation and site monitoring sheet. Photographs before, during, and after drilling were noted to be maintained for each site. ACGH was using a rehabilitation checklist that was based on the guidance material in the code of practice.

ACGH advised that rehabilitation of the drill sites was completed and an application for rehabilitation completion was submitted to the Regulator. The review by the Regulator determined that the rehabilitation works were to the satisfaction of the Minister for Regional NSW.

It was noted during the audit site inspection that the rehabilitation of the inground sumps at MERDH001 had subsided (Figure 1). This was raised as observation of concern no. 1. ACGH advised that the landholder would be contacted to address the subsidence of the sumps.

Figure 1 Subsidence of rehabilitated inground sumps at MERDH001



### 3.9. Annual activity reporting

Section 163C of the *Mining Act 1992*, clause 59 of the *Mining Regulation 2016* and condition 8 of EL8699 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, ACGH submitted annual activity reports comprising:

- annual geological report
- 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.

### 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.

Core and samples from the exploration drilling program were observed to be stored at ACGH’s Trangie base. The core trays for each hole were stacked on pallets in depth order, lids placed on the top trays, and strapped together. Core trays were stored outdoors in hole number sequence. Tarpaulin covers were placed over each pallet (Figure 2, Figure 3, and Figure 4).

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 storage room at the Trangie base (Figure 5).

Figure 2 Core trays for Meringo diamond holes



Figure 4 Tarpaulin covers over stacked core trays



### 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 ACGH had generally maintained records as required by the licence conditions and the exploration codes of practice. It was noted that relevant documents and records were readily retrievable upon request.

Examples of records reviewed included:

- land access agreements
- rig inspection checklists
- vehicle hygiene records (weed and seed forms)
- rehabilitation objectives and completion criteria
- pre, during and post drilling photos
- rehabilitation checklists
- core storage records and photos
- community consultation register
- 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 ACGH exploration staff generally had a good understanding of the compliance requirements for exploration. Comprehensive systems and processes for managing compliance requirements had been developed and evidence was available to confirm implementation. It was noted that records were generally being maintained to demonstrate compliance.

### 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.

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

ACGH exploration staff advised that the environmental and safety management systems of the drilling contractor were reviewed before starting the drilling program. Weekly inspections of the drill rig were completed and ACGH exploration staff were on site during drilling to supervise the program. ACGH undertook a review of the drilling contractor performance during and after the contracts and as a result had established an informal preferred supplier list.

### 4.3. Inspections, monitoring and evaluation

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

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

The inspection and monitoring program established by ACGH was noted to be consistent with the nature and the scale of the exploration activities. ACGH was using the GoCanvas software to record inspections in the field, for example, the GoCanvas weed and seed register.

ACGH prepared an exploration risk assessment that assessed the environmental, rehabilitation, and community consultation risks associated with the exploration program. The risk assessment was noted to include required risk controls. Exploration staff advised that the process for checking the implementation and effectiveness of controls was informal and not documented.

As suggestion for improvement no. 2, ACGH 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 ACGH 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. No non-compliances were identified during the audit.

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

One observation of concern and 2 suggestions for improvement were identified as documented in Table 2 and Table 3.

Table 2 Summary of observations of concern

Observation of Concern No.	Description of Issue	Recommendation
1	It was noted during the audit site inspection that the rehabilitation of the inground sumps at MERDH001 had subsided.	ACGH advised that the landholder would be contacted to address the subsidence of the sumps.

Table 3 Summary of suggestions for improvement

Suggestion for Improvement No.	Description of Issue
1	The Exploration code of practice: Community consultation was updated following industry consultation with changes effective from 7 October 2022. Australian Gold and Copper should review the consultation strategy to ensure it reflects the requirements of the amended code of practice.
2	ACGH prepared an exploration risk assessment that assessed the environmental, rehabilitation, and community consultation risks associated with the exploration program. The risk assessment was noted to include required risk controls. Exploration staff advised that the process for checking the implementation and effectiveness of controls was informal and not documented. ACGH 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.