

**Keith Lindbeck and Associates
Environmental Management Consultants**



**SECOND SUMMARY COMPLIANCE REPORT BY
INDEPENDENT ENVIRONMENTAL AUDITOR**

Audit Period – 29 July 2010 to 30 September 2011

**FIMISTON GOLD MINE OPERATIONS EXTENSION
(STAGE 3 - GOLDEN PIKE CUTBACK) AND MINE
CLOSURE PLANNING**

KALGOORLIE CONSOLIDATED GOLD MINES PTY LTD

**As Required by Item 6 of Condition 5-3
Contained Within Ministerial Statement No. 782**

Report Prepared for: **Minister for the Environment**

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EXECUTIVE SUMMARY

Kalgoorlie Consolidated Gold Mines Pty Ltd (“KCGM”) submitted a proposal to the Environmental Protection Authority (EPA) to undertake the Golden Pike Cutback of the “Superpit” immediately to the north of the City of Kalgoorlie-Boulder. This cutback has the potential to create adverse impacts of noise and dust generation on nearby city residents.

The EPA formally assessed the proposed project and on 29 January 2009, the Minister for the Environment issued a “Statement that a Revised Proposal may be Implemented (Pursuant to the Provisions of the *Environmental Protection Act 1986*)” – Statement No. 782.

Condition 5-3 imposed within Statement No. 782 required KCGM to appoint an independent environmental auditor to audit compliance with the conditions contained in the Statement and the site Department of Environment & Conservation (DEC) operating licence (L6420/1988/12) and for the auditor to report to the Community Reference Group (CRG). Item 6 of Condition 5-3 requires the auditor to:

- “carry out an overall review after eighteen months and advise the Minister for the Environment as to whether the independent auditing should continue”.

This document includes the report on the overall review and the recommendation on the continuation of the auditing.

The independent auditor, Mr Keith Lindbeck of Keith Lindbeck and Associates was appointed on 17 June 2009.

Three independent environmental audits were undertaken for the periods 29 January 2009 to 28 July 2009, 29 July 2009 to 28 January 2010 and 29 January 2010 to 28 July 2010.

All relevant records and reports were sighted.

There were no limits exceeded or non-compliances sighted or observed that could be attributed to the expansion of the Fimiston Operations as set down by the Ministerial Conditions (Statement No. 782) or by the DEC operating licence (L6420/1988/12).

On advice from the Office of the Environmental Protection Authority (OEPA), the period of auditing commenced on the date of issue of the Minister’s Statement (No 782 on 29 January 2009).

Mining of the Golden Pike Cutback by KCGM was not able to commence until an appeal against the Minister’s decision to grant a Regulation 17 variation under the Environmental Protection (Noise) Regulations 2003 was determined. The appeal was determined by the Minister on 24 March 2010. It was from that date that KCGM could commence the mining operation. Mining of the Golden Pike Cutback commenced late in March 2010.

Consequently, the first two audit periods occurred before the commencement of mining.

Therefore, the independent auditor recommended to the Minister for the Environment (KLA 2011a) that two additional audit periods be undertaken (viz. 29 July 2010 to 28 January 2011 and 29 January to 28 July 2011). Subsequently it was agreed that the two additional audit periods would cease on 30 September 2011.

This resulted in a total of five audits, the latter three of which will be undertaken during the mining operation which was the original intent of Condition 5-3 imposed within Ministerial Statement 782.

The Minister requested that at the end of the two additional audit periods (30 September 2011), the independent auditor provide a recommendation to the Minister for the Environment on the continuation or cessation of the independent audit process.

During the two additional audits, there were no limits exceeded or non-compliances sighted that could be attributed to the expansion of the Fimiston Operations as set down by the Ministerial Conditions (Statement No. 782) or by the DEC operating licence (L6420/1988/12).

As the auditor has completed five audits and there were no exceedences or non-compliances identified during the audits, and as KCGM have effective management practices to immediately mitigate any exceedences, the Auditor recommends that no further audits be undertaken as set down in Ministerial Statement No. 782.

Therefore, Ministerial Conditions 782:M5.3 and 782:M5.4 are considered to be completed.

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ATTACHMENT 1

Audit Table for Compliance with Ministerial Statement No. 782

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1.0 INTRODUCTION

1.1 BACKGROUND

Kalgoorlie Consolidated Gold Mines Pty Ltd (“KCGM”) submitted a proposal to the Environmental Protection Authority (EPA) to undertake the Golden Pike Cutback of the “Superpit” immediately to the north of the City of Kalgoorlie-Boulder. This cutback has the potential to create adverse impacts of noise and dust generation on nearby city residents.

The EPA formally assessed the proposed project and on 29 January 2009, the Minister for the Environment issued a “Statement that a Revised Proposal may be Implemented (Pursuant to the Provisions of the *Environmental Protection Act 1986*)” – Statement No. 782.

This Ministerial Statement No. 782 contains Conditions 5-3 and 5-4 which state:

“5-3 The proponent shall appoint and fund an independent environmental auditor for an initial period of eighteen months to report to the community through the community reference group and to the Minister for the Environment on the environmental performance of the proponent. The auditor shall

- 1. check on compliance with the Ministerial Conditions contained in this Statement;*
- 2. report on the results of dust monitoring and actions taken where dust levels have exceeded set criteria and can be attributed to the proponent;*
- 3. report on the consistency with the noise criteria set through the Regulation 17 approval process;*
- 4. report on compliance with conditions set in the licence and performance against environmental criteria set by the licence;*
- 5. report six monthly to the community reference group any non-compliance of conditions or inconsistency with environmental criteria as soon as practicable after identifying that non-compliance or inconsistency; and*
- 6. carry out an overall review after eighteen months and advise the Minister for the Environment as to whether the independent auditing should continue.*

5-4 Subject to the outcomes of the eighteen month review described in item 6 of condition 5-3, the proponent will continue to fund the independent environmental auditor after the initial period of eighteen months for such time as determined by the Minister for the Environment.”

These Conditions, therefore, are the terms of reference for the Independent Auditor.

1.2 EXTENSION TO AUDIT PERIOD

The first three auditing dates for the three six-monthly periods were:

- 29 January to 28 July 2009
- 29 July 2009 to 28 January 2010

- 29 January 2010 to 28 July 2010.

Consequently, the first independent auditor's report for the first audit period was presented to and considered by the Community Reference Group (CRG) on 11 February 2010 (KLA 2010a).

The second report (KLA 2010b) was presented to the CRG on 13 May 2010 and the third report (KLA 2010c) was presented to the CRG for consideration on 9 December 2010.

Condition 5-3 of Ministerial Statement 782 requires the independent auditor to report to the Minister after the third audit period by undertaking a review and providing a recommendation to the Minister for continuation or cessation of the audit process. After the third audit period (18 months), the review was completed by the auditor and a summary report and recommendation from the auditor was forwarded to the Minister on 14th April 2011 (KLA 2011a). The recommendation from the auditor was for the continuation of the audit for a further two audit periods.

On 3rd June 2011, the Minister advised the auditor that he had accepted the recommendation with the audit period to cease on 28th September 2011. He also requested a further review and recommendation from the auditor for continuation or cessation of the audit process on completion of the two additional audit periods (to 28th September 2011).

On 30th June 2011, KCGM requested the auditor to consider the two audit periods to encompass 29 July 2010 to 31 March 2011 and 1 April 2011 to 30 September 2011 as these dates correlate with KCGM's quarterly reporting periods. This request was agreed to by the auditor.

Subsequently, the fourth independent environmental audit for the period 29 July 2010 to 31 March 2011 (KLA 2011b) was completed and presented to the CRG on 8 March 2012 and the fifth independent environmental audit for the period 1 April to 30 September 2011 (KLA 2012) was presented to the CRG on 17 May 2012.

This summary report and recommendation to the Minister for the Environment covers the period of the fourth and fifth audit periods, 29th July 2010 to 30 September 2011.

1.3 APPOINTMENT OF AUDITOR

On 17 June 2009, KCGM advised the Minister for the Environment that Keith Lindbeck, Principal of Keith Lindbeck and Associates had been appointed under Condition 5-3 as the independent environmental auditor to report to the Community Reference Group (CRG) in Kalgoorlie.

1.3 AUDIT REPORTING PERIODS

The auditing dates for the two additional audit periods were:

- 29 July 2010 to 31 March 2011
- 1 April to 30 September 2011.

The fourth independent auditor's report was presented to and considered by the CRG on 8 March 2012 (KLA 2011b) and the fifth report (KLA 2012) was presented to the CRG on 17 May 2012.

2.0 LITERATURE REVIEWED

Prior to commencing the first audit and for the subsequent audits, the following documents provided background information for the auditor:

- Ministerial Statement No. 782 dated 29 January 2009
- Kalgoorlie Consolidated Gold Mines Pty Ltd Revised Noise and Vibration Monitoring and Management Programme June 2004
- Fimiston Operations Air Quality Management Plan – 30 September 2009
- Department of Environment and Conservation Licence for Prescribed Premises L6240/1988/12 (commencing 1 October 2008 and expiring 30 September 2011)
- Minutes of CRG Meeting held 5 February 2009
- Minutes of CRG Meeting held 5 March 2009
- Minutes of CRG Meeting held 2 April 2009
- Minutes of CRG Meeting held 7 May 2009
- Fimiston Operations – Seepage and Groundwater Management Plan dated 30 September 2009.

The following documents providing additional background information and data were reviewed by the auditor to enable the audit process to be completed:

- Acoustic Assessment, Golden Pike Development including Noise Bund Construction (Herring Storer Acoustics, June 2005)
- Northern Waste Rock Dumps Environmental Acoustic Assessment (Herring Storer Acoustics, July 2006)
- Supplementary Information for Golden Pike Development, Environmental Acoustic Assessment (Herring Storer Acoustics, July 2006)
- Kalgoorlie Consolidated Gold Mines Super Pit – Effects of Blasting in the Golden Pike Cut-Back (Terrock Consulting Engineers, 27 February 2006)
- Air Dispersion Modelling of Mercury Emissions for KCGM (Environ, 5 July 2006)
- Letter report – KCGM-Fimiston Open Pit Particulate Modelling Update (Environ, 20 September 2007)
- *Environmental Protection (Fimiston Gold Mine Noise Emissions) Approval 2009* – Approval by the Minister for the Environment under Regulation 17 (7) of the *Environmental Protection Act 1986* published in Government Gazette, WA, No. 132, pp2795-2807, 14 July 2009
- Fimiston Operations Noise and Vibration Monitoring and Management Programme (August 2009 Revision) – 11 August 2009
- KCGM – 2008 Annual Environmental Report.

3.0 INDEPENDENT ENVIRONMENTAL AUDITS FOR PERIOD 29 JULY 2010 TO 30 SEPTEMBER 2011

3.1 SITE AUDITS

Site visits or audits were undertaken by the independent auditor on:

- 20 July 2011 (audit)
- 8 March 2012 (presentation to the CRG)
- 5 April 2012 (audit)
- 17 May 2012 (presentation to the CRG).

During the audits the auditor:

- Received and reviewed published reports and hard copies of data/certificates
- Reviewed real-time data available on KCGM's internal computer system
- Reviewed data displayed and available on the KCGM web-site
- Held discussions with:
 - Ms Graeme Smith
 - Ms Michelle Berryman
 - Ms Catherine Wharton
 - Ms Bronwen Smith.



Plate 1 - MEX Monitoring Site

3.2 AUDIT OF CALIBRATION RECORDS OF RECORDING INSTRUMENTS

The accuracy of recording instruments can only be acceptable if the instruments are regularly calibrated. Calibration records were sighted for:

- The blast monitoring equipment (Alpha-Foxtrot)
- The dust monitoring equipment for this audit period (calibrated quarterly).

All recording equipment passed the calibration tests.

3.3 RECORDS AND REPORTS REVIEWED

All relevant records and reports applicable to each of the audit periods were provided by KCGM and reviewed. Each of the audit reports contain a list of the reports that were received and reviewed.

3.4 COMPLIANCE WITH MINISTERIAL CONDITIONS (Ministerial Statement No. 782)

To record compliance (or otherwise) with the Ministerial Conditions imposed within Ministerial statement 782, an audit table has been developed in conjunction with officers from the Office of the Environmental Protection Authority (OEPA). This audit table has been completed to encompass the period of the two audit periods (29 July 2010 to 30 September 2011) and is included with this report as Attachment 1.

In the "Compliance Status" column of the Audit Table terms have been used as described in Department of Environment and Conservation (2007).

The auditor verifies that KCGM is in compliance with all relevant Ministerial Conditions during the audit period.

The following specific Ministerial Conditions were audited for the audit period.

3.4.1 Dumping of Waste within 500 m of Residences (Condition 782:6.1)

This Condition requires KCGM to prepare a waste dumping management plan if waste rock dumping is to encroach within 500 m of residences. KCGM has produced a plan of the waste dump to be located to the north of the Golden Pike Cutback (Figure 1).

This plan indicates that the waste dump will not encroach within 500 m of any residence.

3.4.2 Set-back for Mining Activities (Condition 782:M10.1)

This Ministerial Condition requires KCGM to obtain the written consent of all owners and occupiers of residential properties located within 400 m of the active mining operations. Figure 2 is a plan indicating the properties located within the 400 m mining zone.

The auditor sighted and reported on every written request to the owners/occupiers with the attached consent form forwarded by KCGM in January 2010 and also sighted each signed consent form returned by the owner or occupier (KLA 2011b, KLA 2012).

3.5 COMPLIANCE WITH DUST MONITORING

Nine exceedences in dust levels were notified to the Department of Environment and Conservation (DEC) and Department of Health (DOH) for exceedences occurring on 19 August, 20 August, 19 October, 20 October, 27 October, 21 November, 13 December 2010, 11 January and 28 January 2011. This action was taken in compliance with the Ministerial condition.

Seven of the nine incidents were related to smoke from wood fires, dust or thunderstorms in the local area and could not be attributed to the KCGM mining operation.

The investigation of the incident occurring on 19 October 2010 was unable to confirm the location of the dust source. However, there appeared to be some indication that dust may have been sourced from the KCGM waste landforms.

The investigation of the incident of 13 December 2010 indicated that dust may have been sourced from the Golden Pike expansion area. To reduce the possible impact, KCGM reduced operations at Golden Pike and instigated dust suppression watering operations.

Five exceedences in dust levels were notified to the DEC and DOH for exceedences occurring on 6 April, 28 June, 30 June, 20 August and 18 September 2011.

The incident that occurred on 18th September 2011 was believed to be triggered by a regional dust storm that was a contributing factor to the elevated dust readings at all the sites.

The investigations into the remaining four incidents indicated that dust may have been sourced from the Golden Pike expansion area or other KCGM operations, although it was difficult to determine. It is recorded, however, that dust suppression activities were ongoing on these dates and the dust sources may have been due to gusty winds recorded on those days.

3.6 CONSISTENCY WITH NOISE AND BLAST CRITERIA

3.6.1 Noise Compliance

There were no instances attributed to the mining operation where operations noise exceeded the permitted levels.

3.6.2 Blast Compliance

For the period 29 July to 30 September 2010, of 68 blasting events, vibration trigger events were recorded to a maximum of 67 at Site Bravo and a minimum of 48 at Site Foxtrot.

For the period 1 October to 31 December 2010, of 71 separate blasting events, vibration trigger events were recorded to a maximum of 78 at Site Charlie and a minimum of 61 triggers at Site Echo.

For the period 1 January to 31 March 2011, of 75 blasting events, vibration trigger events were recorded to a maximum of 75 at site Charlie and a minimum of 53 at site Echo.

On 1 March 2011, an overpressure reading greater than 120dB was recorded at Sites Alpha and Delta. The blast occurred at 1300 hrs within the Golden Pike Cutback area. No public complaints were received as a result of this blast.

Over the period 29th July to 31 December 2010, there were no blasts fired on a Sunday in the Fimiston Open Pit.

An unscheduled blast was fired on Sunday 16th January 2011 in the Fimiston Open Pit. This unscheduled blast was fired to maintain production rate and to avoid the need to stand down a shovel. No public complaints were received as a result of the blast.

For the period 1 April to 30 June 2011, of 75 blasting events, vibration trigger events were recorded to a maximum of 75 at Site Charlie and a minimum of 55 at Site Foxtrot.

For the period 1 July to 30 September 2011, of 87 separate blasting events, vibration trigger events were recorded to a maximum of 87 at Sites Alpha and Charlie and a minimum of 61 triggers at Site Echo.

Over the period 1 April to 30 September 2011, there were no blasts fired on a Sunday in the Fimiston Open Pit.

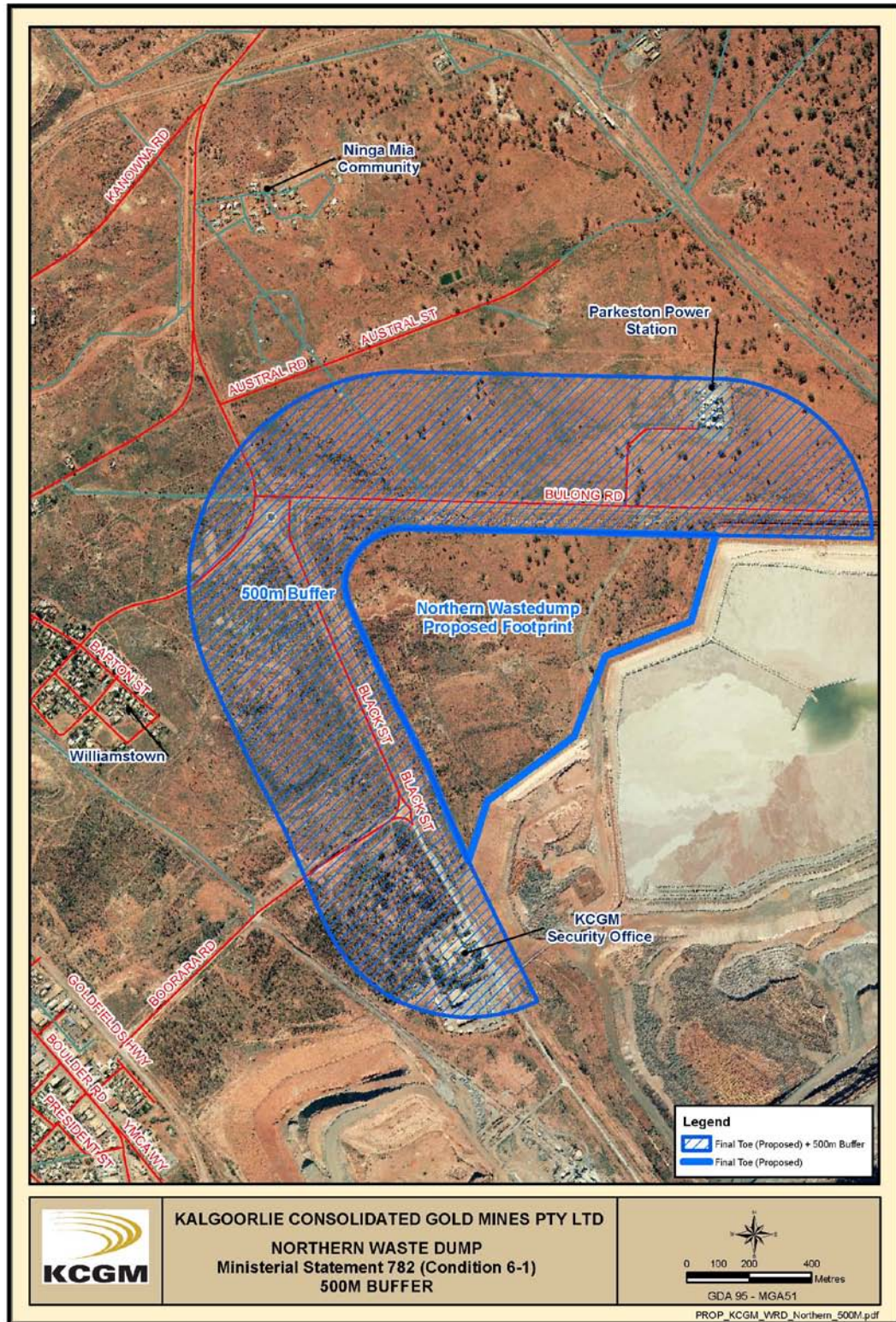


Figure 1 - Plan Indicating Toe of Waste Dump and 500 m Buffer Zone for Northern Waste Dump



Figure 2 - Plan Showing Residential Premises Located within 400 m of the Golden Pike Mining Operation

3.7 COMPLIANCE WITH CONDITIONS OF DEC LICENCE L6240/1988/12

3.7.1 Condition 1 – Groundwater Level Limit

This condition requires the Licensee (KCGM) to ensure that groundwater levels are deeper than four metres below ground level (mbgl) in all Monitor Compliance Bores (MCB's).

The records indicate that MCB MBF8 had continued to become shallower and during the period 1 January to 31 March 2011 had been recorded at a level of 3.85 mbgl (recorded 12 March 2011). MBF8 then continued to vary its depth below ground level between 5.28 mbgl on 8 April 2011 to 3.95 mbgl on 15 June 2011. The shallow recordings continued into the period 1 July to 30 September 2011 with MCB MBF8 recording depths varying between 3.78 to 3.55 mbgl.

This shallow level requires KCGM to commence pumping from the bore within two quarters.

Following receipt of the 1st quarter groundwater monitoring report, on 6th April, 2011, KCGM advised the Kalgoorlie office of DEC of the breach of conditions. The bore was re-measured on 5th April 2011 and the level was found to have reduced to 4.18 mbgl. Another re-measuring on 11th April found that the groundwater had again decreased to 4.85 mbgl (below the reporting level).

Subsequently, KCGM investigated this occurrence and believes that the increase in groundwater level in March was due to rainfall infiltration into the bore from an adjacent seepage interceptor trench. This followed substantial rainfall events during the months of January and February 2011.

On 13th April 2011, KCGM advised the DEC that it had identified several corrective actions that could assist with maintaining the groundwater levels below 4 mbgl. These include:

- Review alternative dewatering systems (dedicated sumps within Seepage Interception Trench/mobile trailer mounted pump) to hasten removal of surface water
- Conduct a review of surface water management practices, particularly to identify priority areas such as MBF8.

KCGM was planning to install additional production bores to the north of MBF8 to increase seepage recovery and lower groundwater levels below 6 mbgl. The installation of these bores was delayed by concerns over land tenure. However, they have now been installed (April 2012) to the south and east of MBF8 and are being equipped with pumps.

3.7.2 Condition 2 – Groundwater Level Target

This condition requires the Licensee to increase groundwater recovery capacity within nine months of becoming aware that the groundwater levels were less than six mbgl.

During the audit period, Monitoring Compliance Bore (MCB) MBF8 was the only bore recorded with a groundwater level less than six mbgl for the period 29 July 2010 to 30 September 2011.

Management of MBF8 is a priority for KCGM to have the groundwater levels return to greater than six mbgl (see Section 3.7.1).

3.7.3 Condition 3 - Groundwater Quality Target

This condition requires the Licensee to increase groundwater recovery capacity within nine months of being aware that Weak Acid Dissociable Cyanide levels (CN_{WAD}) exceeded 0.5 mg/L in Production or MCB's.

The records sighted for the audit periods indicated that there had not been any exceedence of the limit of 0.5 mg/L CN_{WAD} .

3.7.4 Condition 4 - Implementation of the Fimiston Operations Seepage and Groundwater Management Plan (FOSGMP)

The auditor is satisfied that KCGM has implemented and continues to operate under the FOSGMP.

3.7.5 Conditions 5 and 6 – Audit of the FOSGMP

This condition requires an annual audit of the FOSGMP by a qualified professional with a report submitted to the DEC Director by 31 August of each year.

The annual audit was completed and a copy of the covering letter dated 31 August 2011 sent to the DEC with the audit report was sighted.

3.7.6 Conditions 7, 8 and 9 – Groundwater Monitoring Programme

This condition requires the Licensee to undertake groundwater monitoring to include measurement of standing water level and collection and analysis of groundwater samples from the specified monitoring bores around the Tailings Storage Facilities (TSF). The analyses of samples vary in elements to be monitored and the frequency of sampling.

The auditor was able to verify from the groundwater reports that KCGM is undertaking the monitoring required by these conditions. The auditor is also able to verify that the samples were analysed according to the requirements of Table 2 of the DEC Licence. In addition, the auditor verifies that the samples were collected at the frequency required in compliance with Table 2.

The samples were collected and preserved by KCGM in compliance with Condition 8 of the Licence and in compliance with the relevant Australian standards.

The auditor also verifies that the samples were forwarded to and analysed by a NATA registered laboratory in compliance with Condition 9 of the Licence.

3.7.7 Conditions 10 and 11 – Vegetation Monitoring Programme

A vegetation monitoring program is required at specific transects in the vicinity of the Fimiston TSF. A report is required to be submitted with the Annual Report forwarded to

the DEC. The Annual Report for 2011 was sighted and included the required reports which incorporated the reporting requirements set out in Condition 10.

3.7.8 Condition 12 – Action Required to Protect Vegetation

This condition requires the Licensee to further reduce groundwater levels to protect native vegetation if advised by the DEC Director.

The auditor confirms that no advice or directive was received from the DEC requiring any action by KCGM at this point in time.

3.7.9 Conditions 13 to 18 – Reporting Conditions

These conditions set down requirements for reporting to the DEC Director for:

- Condition 13 - Groundwater Monitoring – quarterly
- Conditions 14 to 16 – Exceedence of groundwater limit (<4 mbgl) within 24 hours of becoming aware of the limit being exceeded, the Licensee is to provide a report on the exceedence
- Condition 17 – Submission of an Annual Report to the Director. This report was forwarded to the Director on 30th March 2011.
- Condition 18 – Annual Audit Compliance Report. This report was forwarded to the Director on 28 February 2011.

The auditor is able to certify that Conditions 13, 17 and 18 are in compliance.

4.0 CONCLUSION

The additional two independent environmental audits for the periods 29 July 2010 to 31 March 2011 (KLA 2011b) and 1 April to 30 September 2011 (KLA 2012) have been completed and provided to the CRG.

KCGM has sophisticated systems for reporting noise, dust and groundwater levels and management programmes to enable immediate action to be taken if adverse conditions arise.

All relevant records and reports were sighted.

There were no limits exceeded or non-compliances sighted that could be attributed to the expansion of the Fimiston Operations as set down by the Ministerial Conditions (Statement No. 782) or by the DEC operating licence (L6420/1988/12).

As the auditor has completed five audits and there were no exceedences or non-compliances identified during the audits, and as KCGM have effective management practices to immediately mitigate any exceedences, the Auditor recommends that no further audits be undertaken as required under Ministerial Statement No. 782.

Therefore, Ministerial Conditions 782:M5.3 and 782:M5.4 are considered to be completed.

5.0 BIBLIOGRAPHY

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ATTACHMENT 1

AUDIT TABLE FOR COMPLIANCE WITH MINISTERIAL STATEMENT NO. 782