



**NSW
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Regulator**

COMPLIANCE AUDIT PROGRAM

EL6140 COBAR GOLD PROJECT

Oxley Exploration Pty Ltd and Isokind Pty Ltd



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Contents

1. Introduction	5
1.1. Background	5
1.2. Audit objectives.....	5
1.3. Audit scope.....	5
1.4. Audit criteria	6
1.5. Publishing and disclosure of information	7
2. Audit methods	8
2.1. Opening meeting.....	8
2.2. Site interviews and inspections	8
2.2.1. Data collection and verification	8
2.2.2. Site inspections.....	8
2.3. Closing meeting.....	9
2.4. Compliance assessment definitions.....	9
2.5. Reporting.....	10
3. Audit findings.....	11
3.1. Work program.....	11
3.2. Access agreements.....	12
3.3. Native title and exempted areas.....	12
3.4. Community consultation.....	12
3.4.1. Risk assessment.....	13
3.4.2. Community consultation strategy.....	13
3.4.3. Implementation and reporting.....	13
3.5. Exploration activity approvals.....	14
3.6. Environmental management	14
3.6.1. Use of chemicals, fuels and lubricants	14
3.6.2. Water.....	15
3.6.3. Noise and vibration	15

3.6.4. Air quality	15
3.6.5. Waste management	16
3.6.6. Vegetation clearance and surface disturbance.....	16
3.6.7. Roads and tracks	17
3.6.8. Weeds, pest animals and disease	17
3.6.9. Livestock protection	18
3.6.10. Cultural heritage.....	18
3.6.11. Fire prevention	18
3.6.12. Risk assessment.....	18
3.7. Security deposit.....	19
3.8. Rehabilitation	19
3.8.1. Risk assessment.....	19
3.8.2. Rehabilitation objectives and completion criteria.....	20
3.8.3. Rehabilitation program	20
3.9. Annual activity reporting	21
3.10. Core and sample storage	22
3.11. Record keeping	22
4. Compliance management.....	24
4.1. Identifying compliance obligations.....	24
4.2. Subcontractor management.....	24
4.3. Inspections, monitoring and evaluation	25
4.4. Licence holder response to draft audit findings	25
5. Audit conclusions.....	27

1. Introduction

1.1. Background

Exploration licence 6140 (EL6140) was granted to Isokind Pty Ltd (Isokind) in October 2003. In July 2011, Isokind registered a farm-in and joint venture heads of agreement between Isokind and Oxley Exploration Pty Ltd (Oxley). Up to March 2020, the renewals had been granted to Isokind. The 2020 renewal was granted to both Isokind and Oxley, reflecting the joint venture arrangement. Oxley is the operator of the title. The exploration area is in a pastoral area about 40 kilometres south-east of Cobar in western NSW.

It was noted that Oxley is a wholly owned subsidiary of Helix Resources Pty Ltd (Helix). Isokind is a wholly owned subsidiary of Glencore Australia Holdings Pty Ltd.

As part of the compliance audit program, a virtual audit of the exploration activities associated with the Cobar Gold Project within EL6140 was undertaken on 13 October 2021 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 Oxley and Isokind exploration activities against the requirements of the *Mining Act 1992* and the conditions of the exploration licence and activity approvals issued pursuant to that Act.
- assess the operational performance of the exploration activities and the ability of the licence holder and/or its operator to implement management systems and controls to provide for sustainable management of the operations.

1.3. Audit scope

The scope of the audit included:

- the exploration activities associated with the Restdown/Lone Hand exploration project including:
 - exploration activities within EL6140 including a selected sample of exploration drillholes

- borehole sealing and rehabilitation activities for selected drilling activities undertaken since July 2019
- A review of documents and records pertaining to the exploration activities
- The assessment of compliance for the period commencing 1 July 2019 and ending 13 October 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 EL6140 (granted 22 October 2003 and last renewed 4 March 2020)
- exploration activities application (ESF4) dated 6 July 2020 for twenty eight reverse circulation drill holes and 3000 metres of new access tracks, and associated approval dated 4 August 2020 (MAAG0007707)
- *Exploration Code of Practice: Environmental Management* (Version 2, April 2017)
- *Exploration Code of Practice: Rehabilitation* (Version 2, April 2017)
- *Exploration Code of Practice: Community Consultation* (Version 1.1, May 2016)
- *Exploration Code of Practice: Produced Water Management, Storage and Transfer* (Version 2, April 2017)
- *ESG4: Guideline for preparing an Environmental and Rehabilitation Compliance Report for exploration* (Version 2.1 November 2016)
- *Exploration Reporting: A guide for reporting on exploration and prospecting in New South Wales* (Version 2, March 2016)
- *Exploration Guideline: Annual activity reporting for prospecting titles* (Version 2a, April 2016) published by NSW Department of Industry, Skills and Regional Development, Division of Resources and Energy
- *ESG4: Guideline for preparing an environmental and rehabilitation compliance report* (Version 2.3, March 2019) published by NSW Resources Regulator

1.5. Publishing and disclosure of information

This audit report was published on the Regulator's website consistent with Section 365 of the *Mining Act 1992*.

This audit report may be publicly disclosed consistent with the *Government Information (Public Access) Act 2009*.

2. Audit methods

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

2.1. Opening meeting

Opening remarks were included in the meeting held online on 13 October 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 13 October 2021 at the end of the audit interviews. 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 virtual audit, the audit checklists were completed, and audit notes were reviewed to compile a list of outstanding matters to be noted in the audit report. This report was prepared to provide an overview of the operational performance of the site in relation to the exploration activities and identify any non-compliances or observations of concern noted by the auditors during the documentation review and interviews.

The draft audit findings were forwarded to Oxley and Isokind 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 EL6140 required the licence holder to carry out the operations described in the approved work program. Work program WP-EL6140-2020-2023 was approved by the division of Mining, Exploration and Geoscience within the Department of Regional NSW on 4 March 2020 as part of the renewal of EL6140.

Oxley was in year two of the work program for EL6140. Activities proposed for years one and two included:

- resource update
- mapping and first pass soil sampling over areas highlighted from structural review conducted during the last tenure period.
- consultation with geophysicist Re potential AEM survey over the northern portion of the tenement
- infill soil sampling over areas of interest and shallow AC/SLRC drilling programs if warranted
- plan for infill drilling of current Sunrise/Good Friday resource if update warrants
- AEM survey over northern area of tenement.

The annual exploration report for EL6140 for the period 22 October 2019 to 21 October 2020 describes the activities undertaken during the reporting period including:

- resource model upgrade
- ground reconnaissance and rockchip sampling
- completion of eight of the planned 24 RC holes.

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

Exploration data was maintained by the Oxley geologists and submitted to 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.

Oxley had established a central register of land access agreements and contracts which was reviewed by the audit team. It was confirmed that land access agreements were in place for the land upon which exploration activities were being conducted.

Oxley staff advised that a Helix Resources lock was put on each gate to facilitate access by exploration staff. Oxley staff also advised that landowners were notified whenever the properties were accessed.

3.3. Native title and exempted areas

Condition 2 of EL6140 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.

Oxley used a geographic information system (GIS) to manage spatial data for the tenement. The mapping system included a state-wide Crown lands layer and other land tenure information. A review of the mapping showed that no holes had been drilled in any exempted areas within the licence area. No further approvals under section 130 of the *Mining Act 1992* were required.

Oxley staff advised that large parts of the licence areas were under Western Lands leases where native title had generally been extinguished. Although not a compliance requirement, confirmation of extinguishment had not been sought from MEG. No further approvals under Condition 2 of the licence were required.

3.4. Community consultation

Condition 3 of EL6140 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.

Oxley had undertaken an assessment of the activity impact level in accordance with the guidance in the code of practice. The activity impact level was assessed as low. The auditor concurs with this assessment. There was no evidence that any further risk assessment had been undertaken. This was raised as observation of concern no. 1. Oxley should undertake a comprehensive community consultation risk assessment to identify and consider the opportunities and threats associated with community engagement for the project.

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.

Consultation strategies were developed by Oxley for the exploration activities. For example, the audit team reviewed the community consultation strategy for the regional scale versatile time domain electromagnetic (VTEM) survey flown in 2021.

It was noted that Oxley had identified the stakeholders for the project, described community consultation mechanisms, and had proposed consultation activities in accordance with the minimum requirements of the guidance material in Appendix 1 of the code of practice.

3.4.3. Implementation and reporting

Mandatory requirement 4 required the licence holder to implement, monitor and report annually on the community consultation strategy.

Evidence was available to confirm implementation of the community consultation strategy. Consultation records were noted to be recorded on an excel spreadsheet that detailed the stakeholder details, date, issues raised, and responses given.

Annual community consultation reports were prepared and submitted, generally in accordance with the reporting guidance in Appendix 2 of the code of practice. The 2020 annual community consultation report was submitted as a reduced report due to minimal on-ground works occurring in the reporting period.

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.

Exploration activity approvals were sought and granted for exploration activities. Recent exploration activity approvals included:

- Exploration activities application (ESF4) dated 6 July 2020 for twenty eight reverse circulation drill holes and 3000 metres of new access tracks, and associated approval dated 4 August 2020 (MAAG0007707)

In July 2020, the Regulator identified that eight diamond drill holes were drilled on the Good Friday/Sunrise project, more than the four holes approved under an approval dated 27 July 2016 (OUT16/28136). This was a breach of section 23A of the *Mining Act 1992*. The Regulator completed an investigation into this issue, the allegation was sustained, and Isokind received an official caution for the breach. As Isokind was the sole licence holder at the time of the non-compliance, the allegation against Oxley was unsustained.

3.6. Environmental management

Condition 4 of EL6140 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* was not 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.

The Oxley exploration manager advised that controls were reviewed for the recent drilling program. Rig nappies were reported to be used under drilling rigs. Chemicals, fuels and lubricants were reported to be stored in bunded areas.

Drilling contractors were given an induction before starting drilling. The management of chemicals, fuels and oils was covered in the induction and Oxley staff checked that appropriate bunding and spill kits were provided. No spills were recorded.

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.

The Oxley exploration manager advised that inground sumps were not used. Water for drilling was contained in aboveground sumps. Management of water in the aboveground sumps was the key water management control. The drilling program did not trigger the need for the development of a produced water management plan.

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.

The Oxley exploration manager advised that the risk of adverse noise impacts was very low given the remote nature of the exploration programs. However, a formal risk assessment was not documented and controls for management of noise impacts were not identified.

Where there was potential for noise issues, the Oxley exploration manager advised that drilling was undertaken in a single shift only to minimise night-time noise. This process should be documented as part of the risk assessment required under mandatory requirement 12 of the code of practice.

3.6.4. Air quality

Mandatory requirement 4.1 required the licence holder to implement all measures to prevent, so far as practicable, pollution caused by dust and other air pollutants.

The Oxley exploration manager advised that the risk of adverse air quality impacts was very low given the remote nature of the exploration programs. However, a formal risk assessment was not documented and controls for management of air quality were not identified.

The drilling rig had dust suppression installed and dust from the drilling was expected to be minimal. Bulk dust over well trafficked roads and/or tracks was identified as a potential issue. Where this occurred, Oxley liaised with the land holder to have the roads and/or tracks graded. This process should

be documented as part of the risk assessment required under mandatory requirement 12 of the code of practice.

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
- RC sample bags
- PVC pipe from drill collars

Generally, waste was removed from the drill sites for disposal at the Cobar 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.

Oxley advised that generally, clearing of vegetation was not required for any of the drill sites. Drill holes were planned to avoid significant vegetation where possible. The drill rig and other vehicles were driven over the groundcover vegetation to each site with no formal access track construction required. Existing tracks were used wherever possible to minimise environmental impacts.

Erosion and sedimentation were identified by Oxley as key risks for the exploration drilling programs. The Oxley exploration manager acknowledged that erosion and sediment control was not done well for some past programs, but revised controls were now being implemented. It was noted that the risk of

erosion and sedimentation was not addressed in a formal risk assessment process and the controls were not documented.

The implementation of the revised controls will be monitored on future inspections by the Regulator.

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.

Oxley advised that generally, tracks used to access drill sites were existing station tracks. Where new tracks were required, these were located in consultation with the station owners as described in the rehabilitation objectives and completion criteria documentation. Access to sites was generally through driving over existing groundcover vegetation.

The Oxley exploration manager advised that weather forecasts were monitored whenever site activities were planned. No access to any of the exploration sites was attempted after wet weather events. Oxley maintained contact with station owners to assess when access was available following rain. Liaison was also maintained with the local Council where roads were closed in wet weather. These processes should be documented as part of the risk assessment required under mandatory requirement 12 of the code of practice.

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.

There was no evidence that a formal process exists for weed management. No specific controls were identified and the risk of weed incursion was not assessed. The Oxley exploration manager advised that inspection of the contract drill rig was undertaken, and the equipment was noted to be well maintained

and clean. This process should be documented as part of the risk assessment required under mandatory requirement 12 of the code of practice.

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.

There was no documentation available to confirm whether livestock were present in the paddocks during the drilling programs. It was noted that aboveground sumps were being used during drilling, however there was no evidence to indicate that impacts to livestock were assessed as part of a formal risk assessment.

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. The Oxley exploration manager advised that drilling was not conducted in the vicinity of any known heritage items. The company was in the process of developing an unexpected finds procedure which would be implemented on future drilling programs. This process should be documented as part of the risk assessment required under mandatory requirement 12 of the code of practice.

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 Oxley exploration manager advised that they key control for fire management was to ensure that all vehicles were well maintained and cleaned. All exploration vehicles were required to be diesel fuelled. Fire suppression was included on the drill rig. These processes should be documented as part of the risk assessment required under mandatory requirement 12 of the code of practice.

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 Oxley had implemented some environmental controls, but these were generally informal processes and not based on a comprehensive or robust risk assessment process.

No evidence was provided to indicate that a risk assessment was completed as required by mandatory requirement 12.1 and documented as required by mandatory requirement 13. This was raised as non-compliance no. 1. Oxley must undertake and document an environmental risk assessment and monitor the risks associated with exploration activities. Where those risks change, or controls were identified as being ineffective, revised environmental management controls must be implemented in accordance with a revised risk assessment.

3.7. Security deposit

Condition 5 of EL6140 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 EL6140 is \$10,000 which departmental records confirmed was held. The security was increased to \$40,000 in June 2017 upon approval of exploration activity applications but was reduced to \$10,000 in February 2021 following successful rehabilitation of the exploration drilling programs.

3.8. Rehabilitation

Condition 6 of EL6140 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.

No evidence was provided to indicate that a rehabilitation risk assessment was completed as required by mandatory requirement 1 or documented as required by mandatory requirement 6. This was raised as non-compliance no. 2. Oxley must conduct a 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, revised controls must 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 prior to 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 Oxley indicated that the total surface disturbance area 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.

ROCCs were submitted for the recently completed drilling program (MAAG0007707). The ROCCs included a statement to indicate that the objectives had been agreed with the land holders for the two stations upon which drilling was to be conducted. It was noted that the ROCCs submitted were generally based on the template provided in Appendix 2 of the code of practice.

During an assessment of rehabilitation completion in 2020, the Regulator identified that Oxley had failed to submit ROCCs for the exploration activities approved in May 2017 (OUT17/22321). This issue was investigated by the Regulator as a breach of section 378D(1) of the Mining Act 1992. The allegation was not sustained.

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.

The ROCCs submitted for the exploration drilling program identified that rehabilitation would be completed within three to six months following completion of drilling. The Oxley exploration manager advised that there had been some delays in rehabilitation with some holes remaining unrehabilitated almost 12 months after drilling.

For the 23 holes drilled under approval MAAG0007707, it was reported about 20 of these holes have had initial cleanup and RC bags removed. The Oxley exploration manager was unsure of the status of

these sites and final rehabilitation may not have been completed. This was raised as observation of concern no. 2. Oxley should develop a rehabilitation program, including a monitoring program, to facilitate completion of rehabilitation in accordance with the ROCCs submitted. It is recommended that the progress of rehabilitation be monitored by the Regulator's inspectors on future site inspections.

Where rehabilitation had been completed, Oxley had submitted applications for rehabilitation signoff. These were assessed by the Regulator's inspectors and rehabilitation was accepted as satisfactory.

3.9. Annual activity reporting

Section 163C of the *Mining Act 1992*, clause 59 of the *Mining Regulation 2016* and condition 8 of EL6140 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, Oxley had submitted annual activity reports comprising:

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

Reports for the 2019-2020 reporting year were reviewed during the audit:

- Oxley Exploration Pty (Helix Resources Ltd), Annual Report for Exploration Licence 6140 "Restdown", 22 October 2019 to 21 October 2020
- EL6140 Prospecting Title Work Program, year one submission
- Annual Environmental and Rehabilitation Compliance Report for Exploration Licence 6140, Oxley Exploration Pty Ltd, Submission date 20 November 2020
- Reduced Annual Community Consultation Report, Exploration licence 6140, "Restdown", 22 October 2019 to 22 October 2020

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

It was noted that Oxley had developed a schedule which outlined when reporting was due and flagged reminders for the next 30, 60 and 90 day periods.

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.

The Oxley exploration manager advised that core was stored at a facility in Parkes. All core had been cut and logged. Core photography was available for most holes. Storage was reported to be a bit haphazard and further organisation was required.

Chip trays and pulps were retained from the RC drilling programs but bulk sample bags were disposed of.

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 Oxley had maintained some records as required by the licence conditions and the exploration codes of practice. Evidence could not be provided to confirm that other records required under the codes of practice were being collected and maintained. For example:

- there was no evidence of risk assessments for environmental management or rehabilitation

- records of actual methodologies to rehabilitate the site were not being maintained
- waste management records were not maintained
- inspections were generally not documented.

The lack of record keeping was raised as non-compliance no. 3. Oxley must collect and retain mandatory records as required under the codes of practice.

Generally, the records required under the *Mining Act 1992*, or the conditions of the exploration licence, were being maintained. Examples of records reviewed included:

- GIS mapping
- land access agreements
- rehabilitation objectives and completion criteria
- ESF2 rehabilitation signoff documentation, including 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).

Both Isokind and Oxley had a history of non-compliance on other exploration and mining titles which resulted in penalty notices and official cautions being issued. This was indicative of a failure to identify, understand and manage their compliance obligations.

It was noted that Oxley had recently had a change in the management of the exploration program. It was understood from discussions with the Oxley exploration manager that compliance obligations were being identified and systems and processes were being developed to facilitate management of the identified obligations. It was noted that the internal management reporting included a section identifying compliance obligations due within the next three months, but these mostly related to reporting and title renewal obligations. The key system deficiency for compliance management was in identifying and managing the compliance obligations under the exploration codes of practice, and the commitments in the exploration activity approvals.

As suggestion for improvement no. 1, Oxley should consider the development of a comprehensive and robust compliance management system to identify, monitor and report on its compliance obligations.

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.

The Oxley exploration manager advised that contract drillers were being used for the exploration drilling programs. Drillers were provided with an induction to the site and the particular drilling program. This induction process included relevant environmental management controls. For example, the drill rig was inspected to check for:

- cleanliness (no excess soil or vegetative material which could spread weeds or pathogens)
- suitable dust and fire suppression as required
- bunding and spill kits were available for chemicals, fuels and lubricants.

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 Oxley exploration manager advised that inspections were undertaken but many were not formally documented. For example, rehabilitation inspections were not be documented. Oxley was using a photographic record as a key record for monitoring of rehabilitation progress. A photographic record did not capture information on corrective actions required and where actions were required, lack of a formal system made it difficult for those actions to be actioned, tracked and closed out. As suggestion for improvement no. 2, Oxley should consider further development of the inspection and monitoring systems to ensure that inspections are documented, and corrective actions can be recorded and tracked.

4.4. Licence holder response to draft audit findings

Oxley and Isokind were provided with a copy of the draft audit report and invited to submit a response to the draft audit findings.

Oxley provided a response that indicated it had no specific comments on the draft report and accepted the findings.

5. Audit conclusions

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

It is understood that Oxley were developing systems and processes to identify and manage compliance obligations and suggestions for improvement were provided during the audit.

Three non-compliances were identified during the audit as summarized in Table 2. Two observations of concern and two suggestions for improvement were identified as documented in Table 3 and Table 4.

Table 2 Summary of non-compliances

NON-COMPLIANCE NO.	DESCRIPTION OF ISSUE	RECOMMENDATION
1	No evidence was provided to indicate that an environmental risk assessment has been completed as required by mandatory requirement 12.1 and documented as required by mandatory requirement 13 of the environmental management code of practice.	Oxley must undertake and document an environmental risk assessment and monitor the risks associated with exploration activities. Where those risks change, or controls are identified as being ineffective, revised environmental management controls must be implemented in accordance with a revised risk assessment.
2	No evidence was provided to indicate that a rehabilitation risk assessment has been completed as required by mandatory requirement 1 or documented as required by mandatory requirement 6 of the rehabilitation code of practice.	Oxley must conduct a 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 change, or controls are identified as being ineffective,

NON-COMPLIANCE NO.	DESCRIPTION OF ISSUE	RECOMMENDATION
		revised controls must be implemented in accordance with a revised risk assessment.
3	Evidence could not be provided to confirm that records required under the codes of practice are being collected and maintained.	Oxley must collect and retain mandatory records as required under the codes of practice.

Table 3 Summary of observations of concern

OBSERVATION OF CONCERN NO.	DESCRIPTION OF ISSUE	RECOMMENDATION
1	Oxley has undertaken an assessment of the activity impact level in accordance with the guidance in the community consultation code of practice. There was no evidence that any further risk assessment has been undertaken.	Oxley should undertake a comprehensive community consultation risk assessment to identify and consider the opportunities and threats associated with community engagement for the project.
2	For the 23 holes drilled under approval MAAG0007707, it was reported about 20 of these holes have had initial cleanup and RC bags removed. The Oxley exploration manager was unsure of the current status of these sites and final rehabilitation may not have been completed.	Oxley should develop a rehabilitation program, including a monitoring program, to facilitate completion of rehabilitation in accordance with the ROCCs submitted.

Table 4 Summary of suggestions for improvement

SUGGESTIONS FOR IMPROVEMENT	DESCRIPTION OF ISSUE
1	Oxley should consider the development of a comprehensive and robust compliance management system to identify, monitor and report on its compliance obligations.
2	Oxley should consider further development of the inspection and monitoring systems to ensure that inspections are documented, and corrective actions can be recorded and tracked.