



**NSW  
Resources  
Regulator**

COMPLIANCE AUDIT PROGRAM

# **EL8691 & EL9202 EXPLORATION DRILLING PROGRAMS**

Awati Resources Pty Ltd



**Document control**

Published by NSW Resources Regulator

Title: Compliance audit program: EL8691 & EL9202 Exploration Drilling Programs – Awati Resources Pty Ltd

First published: July 2022

Authorised by: Director Compliance

CM9 reference: RDOC22/102432

**AMENDMENT SCHEDULE**

| Date      | Version | Amendment       |
|-----------|---------|-----------------|
| July 2022 | 1.0     | First published |
|           |         |                 |

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# 1. Introduction

## 1.1. Background

Exploration licence 8691 (EL8691) was granted to Awati Resources Pty Ltd (Awati) in February 2018. Renewal of the tenement was approved in April 2021 for a further 6-year term ending in February 2027. The exploration area was in a pastoral area about 28 kilometres south-west of Tibooburra in far western NSW.

Exploration licence 9202 (EL9202) was granted to Awati in June 2021. The exploration area was in a pastoral area about 21 kilometres south west of Tibooburra in far western NSW. Prior to EL9202 being granted, Awati held EL6286 over the area that now comprises EL9202. EL6286 was granted to Matilda Resources Pty Ltd in August 2004 and was transferred to Awati in July 2010.

EL6286 was renewed in 2016 for 24 units. The renewal granted in 2017 was for 18 units only. During the renewal process in 2020, Awati applied for renewal over 24 units, having not been aware that the 2017 renewal had reduced the title to 18 units. To correct the issue, Awati applied for, and was granted, EL9202 over the original 24 units. EL6286 was cancelled upon grant of EL9202.

As part of the compliance audit program, a virtual audit of the exploration activities associated with the Tibooburra Gold Project within EL8691 and part of EL9202 (the former EL6286) was undertaken on 28 September 2021 by the NSW Resources Regulator within the Department of Regional.

## 1.2. Audit objectives

The objectives of the audit were to:

- undertake a compliance audit of Awati's 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 Awati exploration project including:
  - exploration activities within EL9202 (formerly EL6286) and EL8691 including a selected sample of exploration drillholes within each licence area.
  - borehole sealing and rehabilitation activities for selected drilling activities undertaken since 1 September 2019
- a review of documents and records pertaining to the exploration activities within EL9202 and EL 8691.
- an assessment of compliance for the period commencing 1 September 2019 and ending 28 September 2021.

## 1.4. Audit criteria

The audit criteria against which compliance was assessed included:

- *Mining Act 1992*, specifically, Sections 5, 30, 140, 163C to 163E, 163G, 378D
- Mining Regulation 2016, specifically clauses 59 to 68
- conditions attached to EL6286 (granted 23 August 2004 and renewal received 19 August 2020, now cancelled)
- conditions attached to EL9202 (granted 28 June 2021, incorporating EL6286)
- exploration activities application (ESF4) dated 13 March 2020 for the drilling of 68 Reverse Circulation (RC) drill holes, 40 in-ground sumps and 2.7 km of new access tracks as part of the 'March 2020 New Bendigo RC' project The associated approval (LETT0004097) is dated 6 April 2020 (MAAG0006329)
- exploration activities application (ESF4) dated 13 May 2021 for the drilling of 130 Aircore (AC) drill holes, 20 RC holes, and approximately 18.1 km of access tracks. The associated approval (LETT0006034) is dated 18 May 2021 (MAAG0010605)
- conditions attached to EL8691 (granted 02 February 2018 and last renewed 30 April 2021)
- exploration activities application (ESF4) dated 16 April 2021 for 35 AC holes, 6 RC holes and approximately 6.5 km of access tracks. The associated approval (LETT0005962) is dated 27 April 2021 (MAAG0010602)

- exploration activities application (ESF4) dated 16 April 2021 for approximately 80 AC drill holes and approximately 5.5 km of access tracks. The associated approval (LETT0005963) is dated 27 April 2021 (MAAG0009092)
- *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*
- Resources Regulator's [Public comment policy](#)
- *Government Information (Public Access) Act 2009*.

## 2. Audit methods

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

### 2.1. Opening meeting

Opening remarks were included in the audit meeting held online on 28 September 2021. The audit team was introduced, and the scope of their responsibilities was conveyed to the auditees. The objectives and scope of the audit were outlined. The methods to be used by the team to conduct the audit were explained, including interview of personnel, review of documentation, and examination of records to assess specific compliance requirements.

### 2.2. Site interviews and inspections

#### 2.2.1. Data collection and verification

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

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

#### 2.2.2. Site inspections

COVID-19 restrictions in NSW prevented travel from Maitland to regional areas of the state. As a result, a site inspection was not undertaken as part of the audit.

## 2.3. Closing meeting

Closing remarks were included in the meeting held online on 28 September 2021. The objectives of this meeting were to discuss any outstanding matters, present preliminary findings and outline the process for finalising the audit report.

## 2.4. Compliance assessment definitions

The reporting of results from the compliance audit was determined based on the definitions presented below in Table 1.

Table 1 Compliance assessment criteria

| ASSESSMENT                    | CRITERIA  |
|-------------------------------|---|
| <b>Compliance</b>             | Sufficient and appropriate evidence is available to demonstrate the particular requirement has been complied with.  |
| <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><b>NC1</b> – the absence of planning or implementation of a required operational element which has the potential to result in a significant risk.</p> <p><b>NC2</b> – 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><b>NC3</b> – 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>   |

| ASSESSMENT                        | CRITERIA  |
|-----------------------------------|---|
| <b>Suggestion for improvement</b> | 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.   |
| <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> <ul style="list-style-type: none"> <li>■ insufficient information on the file relating to the period covered by the audit or insufficient evidence collected to reach a conclusion</li> <li>■ the wording on the criteria (approval condition) meant that no evidence could be gathered, or it was too difficult to gather the evidence.</li> </ul> <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 Awati 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 EL8691 and EL9202 required the licence holder to carry out the operations described in the approved work program. Work program WP-EL8691-2021-2027 was approved by the Mining, Exploration and Geoscience division (MEG) of the Department on 30 April 2021 as part of the renewal of EL8691. Work program WP-EL9202-2021-2027 was approved by the MEG on 28 June 2021 as part of the grant of EL9202.

Awati was in year one of each work program. Awati personnel advised that the work programs were structured based on the minimum work program standards for prospecting titles for the relevant stage of the exploration process. The progress of the work programs was tracked by Awati's tenement manager, Hetherington Pty Ltd, who prepared monthly tenement reports for each exploration licence. The Awati exploration geologist advised that COVID-19 restrictions hampered exploration activities in the 2020-2021 period. Generally, evidence was available to demonstrate that the work programs were progressing.

A review of the annual exploration reports for EL8691 and EL6286 identified the following were completed over the 2019-2020 period:

- EL6286
  - desktop studies and field visits
  - interpretation of compiled geochemical data
  - geological and structural interpretations
  - reprocessing of magnetic data
  - two RC drilling programs
- EL8691
  - field visits
  - rationalisation of geochemical database
  - structural studies to identify targets for follow-up work
  - reprocessing of magnetic data

- application submitted for an 80-hole aircore drilling program.

Exploration data was maintained by the Awati 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.

Awati advised that land access agreements were in place for three pastoral stations, but these were being updated. Discussions were underway with Crown Lands to negotiate a land access agreement for parcels of Crown land within the exploration licence areas.

Generally, the access agreements were negotiated using a standard template. No additional special conditions were requested by land holders on the agreements negotiated.

## 3.3. Native title and exempted areas

Condition 2 of EL8691 and EL9202 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.

Generally, the land within the exploration licence areas comprised Western Lands leases but Awati had identified that there were some travelling stock reserves (TSR) within the area. A review of departmental records identified that no exempted area approvals were sought for either EL8691, EL6286 or EL9202. Awati personnel advised that no exploration activities were undertaken within the TSRs.

## 3.4. Community consultation

Condition 3 of EL8691 and EL9202 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.

The community consultation risk assessment done by Awati for its exploration licence areas was based on an assessment of the activity impact level for each type of exploration activity. This assessment was based on Table 2 Activity impact assessment in the guidance material in Appendix 1 of the code of practice. All exploration activities were assessed as having a low activity impact level.

Using the activity impact assessment process on its own did not allow for the identification of any site-specific risks or opportunities in relation to community consultation. This was raised as observation of concern number 1. It was recommended that Awati undertake a more robust and comprehensive community consultation risk assessment process to identify opportunities and potential threats to successful community consultation for the project. This risk assessment should identify the controls to be implemented to mitigate any potential threats identified.

### 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.

Awati had prepared a combined community consultation strategy across all its Tibooburra tenements, including EL8691 and EL9202. The consultation strategy was reviewed by the audit team and was noted to include:

- objectives documented in section 2
- mechanism for revising the community consultation strategy in section 3
- relevant stakeholders identified in section 4
- consultation methods documented in section 5.

It was noted that the identification of stakeholders and proposed communication methods were generic being based on the minimum community consultation actions for activity impact levels documented in Table 4 in the guidance material in Appendix 1 of the code of practice. As a suggestion for improvement

number 1, it was recommended that Awati undertake a more detailed analysis of potential community stakeholders and tailor the community consultation strategy to address the consultation needs of each identified stakeholder group. Different community consultation mechanisms and timings may be more appropriate for the different stakeholder types.

### 3.4.3. Implementation and reporting

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

Evidence was available to demonstrate that Awati had generally implemented the community consultation strategy. Awati had established a tenement database that was used to maintain:

- contacts register which includes details of stakeholders
- consultation register that was noted to include details on the:
  - method of consultation
  - matters discussed
  - outcomes of consultation
  - details of complaints and enquiries.

Community consultation reports for the 2019-2020 and 2020-2021 reporting years for EL8691, and a community consultation report for the 2019-2020 reporting year for EL6286 were submitted as part of the annual activity reporting required by condition 8 of EL8691 and EL6286. The 2019-2020 reports were reviewed by MEG and were found to be adequate. All 3 reports were reviewed by the auditor and were found to be generally consistent with the reporting guidance included 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.

Awati obtained exploration activity approvals for exploration undertaken on both EL8691 and EL6286. Approvals issued in the last two years included:

- Exploration activities application (ESF4) dated 13 March 2020 for the drilling of 68 Reverse Circulation (RC) drill holes, 40 in-ground sumps and 2.7 km of new access tracks as part of the

'March 2020 New Bendigo RC' project The associated approval (LETT0004097) is dated 6 April 2020 (MAAG0006329)

- Exploration activities application (ESF4) dated 13 May 2021 for the drilling of 130 Aircore (AC) drill holes, 20 RC holes, and approximately 18.1 km of access tracks. The associated approval (LETT0006034) is dated 18 May 2021 (MAAG0010605)
- Exploration activities application (ESF4) dated 16 April 2021 for 35 AC holes, six RC holes and approximately 6.5 km of access tracks. The associated approval (LETT0005962) is dated 27 April 2021 (MAAG0010602)
- Exploration activities application (ESF4) dated 16 April 2021 for approximately 80 AC drill holes and approximately 5.5 km of access tracks. The associated approval (LETT0005963) is dated 27 April 2021 (MAAG0009092).

In November 2020, Awati self-reported that 4 additional holes were drilled in excess of the 68 holes approved to be drilled under MAAG0006329 on EL6286. This was a breach of s23A of the Act. The breach was investigated and sustained, and the company was given an official caution.

As described in section 1, the 2017 renewal of EL6286 was for 18 of the 24 units renewed in 2016. Awati was granted exploration activity approvals for EL6286 and had drilled holes on the 6 units that had not been included in the 2017 renewal. As soon as the error was realised, Awati stopped all drilling until EL9202 was granted. Drilling in units no longer part of EL6286 was potentially a breach of section 5 of the *Mining Act 1992*, and this issue was under investigation by the Regulator.

### 3.6. Environmental management

Condition 4 of EL8691 and EL9202 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.

Awati personnel advised that chemicals, fuels and lubricants were not generally stored on site. For diamond rigs or large RC rigs, small quantities of chemicals, fuels and lubricants were required but these were stored on the rig in bunded containers. Exploration staff advised that rig nappies were used on diamond rigs and were occasionally used on larger RC rigs when the rig was required on site for an extended period.

Spill kits were required on all drill rigs and this was checked by Awati personnel during the rig induction and inspection.

### 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 exploration activity approval applications lodged by Awati for drilling on EL6286 indicated that any groundwater encountered during drilling would be captured in sumps and would not flow into the gullies. Awati exploration staff advised that, generally, there was very little water encountered in holes during drilling and, as a result, sumps were typically not dug to minimise the disturbance footprint.

An inspection by the Regulator in November 2020 noted a drill collar had a run-off channel dug between the drill collar and the ephemeral water course. Awati advised that water was unexpectedly encountered during drilling and, with no sump in place, the water was channelled to the ephemeral watercourse to avoid undermining the rig. The discharge of groundwater into the ephemeral creek was a breach of mandatory requirement 2 of the code of practice and subsequently a breach of condition 4 of the licence. This breach was investigated by the Regulator's investigators, determined to be sustained, and Awati was given an official caution for the breach.

Awati exploration personnel advised that since the groundwater incident, exploration procedures were amended. The company identified areas where groundwater was more likely to be intercepted, and drilling in those areas included the use of a sump to capture any water that was intercepted. This will be verified by the Regulator's inspectors on future site inspections.

### 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 Awati environmental risk assessment identified that the risk of adverse noise impacts was very low given the remote nature of the exploration programs. The Awati risk assessment did not identify that any specific noise controls were required.

### 3.6.4. Air quality

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

The Awati environmental risk assessment identified that the risk of adverse air quality impacts was very low given the remote nature of the exploration programs. The Awati risk assessment did not identify that any specific air quality controls were required.

### 3.6.5. Waste management

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

Awati exploration personnel advised that exploration activities generally generated only limited quantities of waste. Waste management practices were noted to include:

- use of calico sample bags rather than plastic ones
- PVC drill collars were disposed of to the local waste management facility
- drill cuttings were either backfilled down hole or buried in a sump
- waste oils were taken back to the drilling contractors base offsite for disposal
- domestic waste from exploration activities was collected and disposed of at the local waste management facility.

It was noted that Awati was not maintaining documentation of the type and amount of waste generated from the exploration programs. This was raised as observation of concern number 2. It was recommended that Awati develop and implement procedures to collect and maintain data on the types and quantities of all wastes generated, excluding personal waste, and the method of their disposal.

### 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.

Awati advised that generally, clearing vegetation was not required for any of the drill sites. Awati used a predicted vegetation distribution map when planning drill programs such that holes were located to avoid the need for vegetation clearance.

The drill rig and other vehicles were driven over the groundcover vegetation to each site with no formal access track construction required. Occasionally, dead tree stumps were moved to facilitate vehicular access to sites. Existing tracks were used wherever possible to minimise environmental impacts.

Photos reviewed during the audit, and photos provided to the Regulator with ESF2 applications for rehabilitation sign-off, indicated that some clearing of native groundcover and low shrubs occurred on some sites. This vegetation could provide habitat to the thick-billed grass wren and other native birds. This was raised as observation of concern number 3. It was recommended that Awati develop and implement procedures for vegetation disturbance and clearing, including the provision of training and awareness for exploration personnel in native flora species and threatened species.

### 3.6.7. Roads and tracks

Mandatory requirements 7.1 to 7.5 required the licence holder to:

- consult with relevant landholders before establishing any new roads or tracks
- plan, design, construct and use roads and tracks in a manner 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 any existing roads or tracks resulting from exploration activities.

Awati advised that generally, tracks used to access drill sites were existing station tracks. As part of land access negotiations, access and use of tracks was agreed with the land holder before exploration activities began. No new tracks were reported to have been constructed but Awati personnel advised that existing tracks were repaired where required to facilitate safer access to drill sites.

New Bendigo Creek traversed part of the exploration licence area but Awati exploration personnel advised that any crossing of New Bendigo Creek was done using existing station tracks and waterway crossings.

Awati advised that weather forecasts were monitored during exploration activities and work stopped if rain occurred. The AC drilling program was delayed for 4 weeks early in 2020 because of a forecast wet weather event. Once drilling started, it was stopped for 2 days following 10 mm of rain in 2020. Awati maintained contact with the landholders to determine when the area was dry enough for exploration activities to recommence.

### 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.

Awati exploration personnel advised that there were no documented weed management procedures in place. This was raised as observation of concern number 4. It was recommended that Awati develop and implement a weed management and pest animal management procedure, including incorporating weed suppression into the rehabilitation monitoring program. It was also recommended that Awati consider providing training for exploration and rehabilitation personnel in weed identification and management.

It was noted that there were some basic weed management controls in place. Awati advised that the drill rig was washed down between properties, but this was not necessarily documented.

### 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.

Awati advised that sheep were in paddocks during drilling but stocking densities were very low and the stock generally had predictable routes to watering sources. Controls implemented to minimise impacts to stock included:

- restricting speeds of exploration vehicles
- planning drilling programs to avoid lambing season
- sumps used for drilling were typically shallow with a sloped end to facilitate egress.

### 3.6.10. Cultural heritage

Mandatory requirement 10.1 required the licence holder to implement all measures to prevent, so far as practicable, harm to Aboriginal cultural heritage and non-indigenous cultural heritage.

Searches of the aboriginal heritage information system (AHIMS) were conducted as part of the preparation of applications for exploration activity approvals. Using the AHIMS search results, Awati mapped the occurrence of known heritage items (e.g. the scatter site at Sandy Well). Exploration activities were planned to avoid these areas.

Awati exploration personnel advised that exclusion zones were set up around any known sites (e.g. White Lady Rock). In the event any unexpected finds were made during exploration activities, Awati reported it would engage the Tibooburra Local Aboriginal Land Council to undertake an inspection and provide a management strategy for Awati.

### 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.

Awati personnel advised that generally there was very little vegetation to burn around the drill sites. The drilling rigs had a fire suppression system, which included the shrouding of turbos. The fire suppression system was checked when a rig arrived on site as part of the rig inspection and induction process.

### 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 changed, implement revised environmental management controls.

Awati documented an environmental risk assessment which was noted to be based around the mandatory requirements of the code of practice. Controls were identified for each risk identified. It was also noted that environmental controls were also documented within exploration activity applications.

There was no evidence provided to demonstrate that systems were in place to monitor the implementation and effectiveness of the risk controls described in the risk assessment. This was raised

as observation of concern number 5. Awati should develop and implement processes for monitoring the implementation and effectiveness of the environmental risk controls and revise the risk assessment and/or risk controls whenever the risk profile changed.

### 3.7. Security deposit

Condition 5 of EL8691 and EL9202 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 EL8691 was \$16,350 which departmental records confirmed was held. The security amount required for EL9202 was \$52,000 which was transferred from EL6286. A review of departmental records confirmed that the required amount was held.

### 3.8. Rehabilitation

Condition 6 of EL8691 and EL9202 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.

Awati documented a rehabilitation risk assessment. Risk controls were noted to be documented for each risk identified.

#### 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 applications lodged by Awati indicated that the total surface disturbance area was less than 5 hectares for each individual application. The drilling programs did not fall within the definition of a higher risk activity under the code of practice and a rehabilitation management plan was not required to be developed.

Rehabilitation objectives and completion criteria were submitted by Awati before the commencement of drilling, with these being accepted as satisfactory by the Regulator. The objectives and completion criteria were generally consistent with the guidance material provided in the code of practice and were considered adequate for the drilling program.

### 3.8.3. Rehabilitation program

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

The rehabilitation methodology described by Awati exploration personnel included cutting, plugging, and burying hole collars. Ripping was only done where pertinent to do so in accordance with the landholder directions so as not to cause additional erosion. Any sample bags used were removed from site and disposed at Tibooburra Waste Facility. The use of sample bags was generally limited to reduce the volume of plastic and other non-biodegradable material being disposed of at the waste facility. With limited sample material generated, sample piles were smoothed and or removed in consultation with the landholder. Generally, Awati discussed any specific rehabilitation requirements with the pastoralists after drilling was completed.

Awati advised that a monitoring program was not necessary due to the nature of the receiving environment. An informal inspection process was in place with one inspection done by the landholders and another inspection was done by Awati. It was noted that these inspections were not documented.

Where corrective actions were required when rehabilitation progress was not on track to meet the completion criteria, there was no documented system to record, action, track and close out those corrective actions. As suggestion for improvement number 2, it was recommended that Awati consider the development of a more robust rehabilitation monitoring program that documented rehabilitation inspections, actioned and tracked corrective actions where required, and provided a tool for assessing rehabilitation progress against the rehabilitation objectives and completion criteria for the site.

When rehabilitation was completed, Awati sought rehabilitation sign-off from the Regulator. For example, an application for rehabilitation signoff for EL6286 was dated January 2021. The application was refused as the rehabilitation was not considered by the Regulator to be satisfactory. It was noted

that the photos of the rehabilitation showed a grey material on the top layer of many rehabilitated sites. This grey material could be drill cuttings that could be potentially hard-setting and not conducive to plant growth. Another photo showed a drill site that was allegedly rehabilitated but the drill collar was clearly visible in the photo, and there was very little evidence that rehabilitation had occurred. This was raised as observation of concern number 6. It was recommended that Awati review the rehabilitation of the holes included in the ESF2 application, undertake any corrective actions required, and resubmit the application for rehabilitation sign-off.

### 3.9. Annual activity reporting

Section 163C of the *Mining Act 1992*, clause 59 of the Mining Regulation 2016 and condition 8 of EL8691 and EL9202 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, Awati submitted annual activity reports for EL6286 and EL8691 comprising:

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

No reports were required for EL9202 which was granted in June 2021.

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

- Annual Exploration Report for EL6286 covering period 24 August 2019 to 23 August 2020, Warratta Project, NSW
- EL6286 Prospecting Title Work Program, Year 3 submission
- EL6286 Annual Community Consultation Report covering period 24 August 2019 to 23 August 2020
- Environmental Rehabilitation Compliance Report for Exploration Licence No. 6286 (1992) Awati Resources Pty Ltd, submitted September 2020

- Annual Exploration Report on EL8691 covering period 3 February 2019 to 2 February 2020, Tibooburra Project, NSW
- EL8691 Prospecting Title Work Program, Year 2 submission
- EL8691 Annual Community Consultation Report for year ending 23 February 2020
- Environmental Rehabilitation Compliance Report for Exploration Licence 8691 Submitted February 2020
- Annual Exploration Report, Exploration Licence No. 8691 (1992) for reporting period 3 February 2020 to 2 February 2021
- Annual Community Consultation Report, Exploration Licence No. 8691 (1992) for reporting period 3 February 2020 to 2 February 2021
- Environmental Rehabilitation Compliance Report for Exploration Licence No. 8691 (1992), Awati Resources Pty Ltd, submitted February 2021

The cancellation of EL6286 on the granting of EL9202 triggered the submission of a final report for EL6286. Final reports were generally required to be submitted within 30 days of the cancellation of the title. Given the cancellation of EL6286, Awati was concerned that the final report may become a publicly available document and sought confirmation from MEG that the report would remain confidential, before submitting the report. Awati submitted the final report for EL6286 to MEG in October 2021 after confirmation was received from MEG that it would remain confidential.

Generally, reports were found to be in accordance with the MEG and/or Resources Regulator templates and guidance material. MEG reviewed the annual exploration reports and assessed these reports as satisfactory. The 2020 community consultation report for EL8691 was reviewed by MEG and was found to be adequate. Neither the 2020 community consultation report for EL6286 or the 2021 community consultation report for EL8691 had been reviewed by MEG at the time of the audit. Both were reviewed by the auditor and were found to be generally in accordance with the guidance material in the code of practice.

### 3.10. Core and sample storage

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

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

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

Awati exploration personnel advised that chip samples from the RC drilling program were kept in a shipping container in Tibooburra. Pulps from the sampling program were retained and stored in Tibooburra. Core from previous programs was donated to the MEG core library in Broken Hill.

Awati advised that the company was looking to establish a core and sample storage facility in the Tibooburra region to service the Awati tenements in the area.

### 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 Awati generally maintained records as required by the licence conditions and the exploration codes of practice. Examples of records reviewed included:

- GIS mapping
- land access agreements
- risk assessments for environmental management, rehabilitation, and community consultation
- rehabilitation objectives and completion criteria
- rehabilitation register
- ESF2 rehabilitation signoff documentation, including photos
- community consultation register
- community consultation strategy
- annual activity reporting.

## 4. Compliance management

### 4.1. Identifying compliance obligations

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

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

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

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

Awati was using the services of a tenement manager, Hetherington Pty Ltd, to monitor and manage the tenement obligations such as reporting and renewals, and progress against the approved work program.

### 4.2. Subcontractor management

Contractors are often used to undertake specialist tasks, for example, exploration drilling. While the responsibility for compliance or the implementation of environmental controls is often passed to the contractor, the licence holder will retain accountability for compliance with its licence conditions and other compliance obligations. It is important that the licence holder exercises management control of its contractors by specifying contract requirements, providing oversight of contracted works, and evaluating the performance of the contractor during the contracted works.

Awati advised that contract drillers were being used for the exploration drilling programs. Activities of the contract drillers were reported to be monitored and managed through a site induction and

inspection program. Information on the project and required controls was documented in memorandums as part of the tender process for the drilling contract.

### 4.3. Inspections, monitoring and evaluation

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

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

Evidence was available to demonstrate that Awati developed some inspection and monitoring programs, but it was noted that these are not always documented. Lack of a formal system made it difficult for any corrective actions identified to be actioned, tracked and closed out. Further development of the inspection and monitoring systems would be beneficial as documented in the suggestion for improvement no. 2.

### 4.4. Licence holder response to draft audit findings

Awati was provided with a copy of the draft audit report and invited to submit a response to the draft audit findings.

The response provided by Awati had no specific comments on the audit findings.

## 5. Audit conclusions

From the evidence reviewed during the audit, it was concluded that Awati had achieved a moderate level of compliance with the requirements of the exploration licence, exploration activity approval and the exploration codes of practice, for the elements reviewed during the audit. It was acknowledged that compliance issues have been raised in the past as noted in this audit report but, generally, the issues involved were addressed by the company.

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.

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

No non-compliances were identified during the audit. Six observations 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                          | Using the activity impact assessment process on its own does not allow for the identification of any site-specific risks or opportunities in relation to community consultation. | It is recommended that Awati undertake a more robust and comprehensive community consultation risk assessment process to identify opportunities and potential threats to successful community consultation for the project. This risk assessment should identify the controls to be implemented to mitigate any potential threats identified. |
| 2                          | It was noted that Awati was not currently maintaining documentation of the type and amount of wastes generated from the exploration programs.                                    | It is recommended that Awati develop and implement procedures to collect and maintain data on the types and quantities of all wastes generated, excluding personal  |

| OBSERVATION OF CONCERN NO. | DESCRIPTION OF ISSUE  | RECOMMENDATION  |
|----------------------------|---|---|
|                            |   | waste, and the method of their disposal.  |
| 3                          | Photos reviewed during the audit and photos provided to the Regulator with ESF2 applications for rehabilitation sign-off indicated that some clearing of native groundcover and low shrubs occurred on some sites. This vegetation could provide habitat to the thick-billed grass wren and other native birds.           | It is recommended that Awati develop and implement procedures for vegetation disturbance and clearing, including the provision of training and awareness for exploration personnel in native flora species and threatened species.  |
| 4                          | Awati exploration personnel advised that there were no documented weed management procedures in place.  | It is recommended that Awati develop and implement a weed management and pest animal management procedure, including incorporating weed suppression into the rehabilitation monitoring program. It is also recommended that Awati consider providing training for exploration and rehabilitation personnel in weed identification and management. |
| 5                          | There was no evidence provided to demonstrate that systems were in place to monitor the implementation and effectiveness of the risk controls described in the environmental or rehabilitation risk assessments.  | Awati should develop and implement processes for monitoring the implementation and effectiveness of the environmental risk controls and revise the risk assessment and/or risk controls whenever the risk profile changes.  |
| 6                          | It was noted that the photos of the rehabilitation showed a grey material on the top layer of many rehabilitated sites. This grey material could be drill cuttings that could be potentially hard-setting and not conducive to plant growth. A further photo showed a drill site that was allegedly rehabilitated but the | It is recommended that Awati review the rehabilitation of the holes included in the ESF2 application, undertake any corrective actions required, and resubmit the application for rehabilitation sign-off.  |

| OBSERVATION OF CONCERN NO. | DESCRIPTION OF ISSUE  | RECOMMENDATION |
|----------------------------|---|----------------|
|                            | drill collar was clearly visible in the photo, and there was very little evidence that rehabilitation had occurred. |                |

Table 3 Summary of suggestions for improvement

| SUGGESTIONS FOR IMPROVEMENT | DESCRIPTION OF ISSUE  |
|-----------------------------|---|
| 1                           | It was noted that the identification of stakeholders and proposed communication methods were generic being based on the minimum community consultation actions for activity impact levels documented in Table 4 in the guidance material in Appendix 1 of the code of practice. It is recommended that Awati undertake a more detailed analysis of potential community stakeholders and tailor the community consultation strategy to address the consultation needs of each identified stakeholder group.  |
| 2                           | Where corrective actions may be required when rehabilitation progress is not on track to meet the completion criteria, there is currently no documented system to record, action, track and close out those corrective actions. It is recommended that Awati consider the development of a more robust rehabilitation monitoring program that documents rehabilitation inspections, actions and tracks corrective actions where required, and provides a tool for assessing rehabilitation progress against the rehabilitation objectives and completion criteria for the site. |