

Compliance Audit Program
EL6552 Fairholme Exploration Project
Kincora Copper Australia Pty Ltd and Rarex Limited

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1. Introduction

1.1. Background

Exploration licence 6552 (EL6552) was granted to Clancy Exploration Pty Ltd in April 2006. The licence was transferred to Kincora Copper Australia Pty Ltd (Kincora Copper) and Rarex Limited in February 2022. The exploration area is about 46 kilometres south-east of Condobolin in central NSW.

Kincora Copper was successful in being granted funding under round 4 of the NSW government's New Frontiers Co-operative Drilling Program for a drilling program on EL6552 in January 2022.

As part of the compliance audit program, a desktop audit of the exploration activities associated with the Fairholme Project within EL6552 was undertaken on 3 November 2022 by the Resources Regulator within the Department of Regional NSW.

1.2. Audit objectives

The objectives of the audit were to:

- undertake a compliance audit of the Kincora Copper Australia Pty Ltd and Rarex Limited 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 Fairholme exploration project including:
 - exploration activities within EL6552 including a selected sample of exploration drillholes
 - borehole sealing and rehabilitation activities for selected drilling activities undertaken since July 2020
- A review of documents and records pertaining to the exploration activities

The assessment of compliance for the period commencing 1 September 2020 and ending 3 November 2022

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 EL6552 (granted 3 April 2006, as renewed on 8 July 2016 and 18 March 2022)
- Exploration activities application dated 14 December 2020 for 12 aircore holes, each up to 150m long and 10 diamond core drill holes, each up to 1000m long, and associated approval dated 30 March 2021 (MAAG0009403)
- *Exploration Code of Practice: Environmental Management* (Version 3, September 2017)

- *Exploration Code of Practice: Rehabilitation* (Version 3, September 2017)
- *Exploration Code of Practice: Community Consultation* (Version 1.1, May 2016)
- *Exploration Code of Practice: Produced Water Management, Storage and Transfer* (Version 3, September 2017)
- *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 3.0, December 2020) published by Department of Regional NSW
- *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 meeting held online on 3 November 2022. 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

Extensive flooding in inland NSW restricted travel from Maitland to regional areas west of the Great Dividing Range. 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 3 November 2022. The objectives of this meeting were to discuss any outstanding matters, present preliminary findings and outline the process for finalising the audit report.

2.4. Compliance assessment definitions

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

Table 1 Compliance assessment definitions

Assessment	Criteria
Compliance	Sufficient and appropriate evidence is available to demonstrate the particular requirement has been complied with.
Non-compliance	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:

Assessment	Criteria
	<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>
Suggestion for improvement	<p>Where changes in processes or activities inspected or evaluated at the time of the audit could deliver improvement in relation to risk minimisation, sustainable outcomes and management practices.</p>
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> <p>insufficient information on the file relating to the period covered by the audit or insufficient evidence collected to reach a conclusion</p> <p>the wording on the criteria (approval condition) meant that no evidence could be gathered, or it was too difficult to gather the evidence.</p> <p>A ‘not determined’ assessment was also made where the condition was outside the scope of the audit.</p>
Not applicable	<p>The circumstances of the authorisation or licence holder have changed and are no longer relevant (e.g. no longer mining, mining equipment and plant has been removed).</p> <p>An invoking element in the criteria was not activated within the scope of the audit.</p>

2.5. Reporting

Following completion of the on-line desktop audit, the audit checklists were completed, and audit notes were reviewed to compile a list of outstanding matters to be noted in the audit report. This report was prepared to provide an overview of the operational performance of the site in relation to the exploration activities and identify any non-compliances or observations of concern noted by the auditors during the documentation review and interviews.

The draft audit findings were forwarded to Kincora Copper 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 EL6552 required the licence holder to carry out the operations described in the approved work program. Work program WP-EL6552-2016-2021 was approved by the (then) division of Resources and Energy within the Department of Industry on 8 July 2016 as part of the renewal of EL6552. Work program WP-EL6552-2021-2027 was approved by Department of Regional NSW on 18 March 2022 as part of a further renewal of EL6552.

The annual report for the reporting period 2 April 2020 to 2 April 2021 described the exploration activities completed during the period, as including:

- compilation and review of all historical geophysical data, including reprocessing using the latest methods
- planning and development of a drill hole program for 12 diamond drill holes and seven air core holes at the Gateway prospect
- petrographic analysis on samples from previous drill holes.

Evidence was available to confirm that exploration activities were progressing. Exploration data was maintained by the Kincora Copper geologists and submitted to Mining, Exploration and Geoscience (MEG) with the annual activity reports as required.

Kincora Copper was granted funding under Round 4 of the NSW Government's New Frontiers Co-operative Drilling Program for a drilling program within EL6552. Five diamond drill holes were completed as part of this project.

3.2. Access arrangements

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

Evidence was provided to confirm that land access agreements were in place for the exploration activities undertaken on EL6552. The land access agreements reviewed during the audit were generally noted to be prepared using a standard template but additional conditions and farm protocols were added during the negotiations with the landholder. For example, the land access agreement included a map with access routes to each drill site and section 12 of the agreement outlined the agreed rehabilitation outcomes.

3.3. Native title and exempted areas

Condition 2 of EL6552 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.

Kincora Copper exploration staff advised that exploration activities were being conducted in areas of freehold land. A review of the mapping data 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.

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

confirmation of extinguishment had not been sought from MEG. No further approvals under Condition 2 of the licence were required.

3.4. Community consultation

Condition 3 of EL6552 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 the 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.

Kincora Copper undertook an assessment of the activity impact level in accordance with the guidance in the code of practice. The activity impact level was assessed as low. The auditor concurred with this assessment.

Although the exploration activities were assessed as being low impact from a community consultation perspective, it would be beneficial to undertake a more comprehensive consultation risk assessment to identify and consider the opportunities and threats associated with community engagement for the project. This was raised as suggestion for improvement no. 1.

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.

Kincora Copper prepared a combined community consultation strategy covering several tenements in the project area. The strategy identified the activity impact level, the stakeholders for the project, and described community consultation mechanisms in accordance with the minimum requirements of the guidance material in Appendix 1 of the code of practice. It was noted that the strategy had no specific objectives, and the identification of stakeholders was restricted to landholders. This was raised as observation of concern no. 1. Kincora Copper should review the community consultation strategy and revise it to address the requirements of mandatory requirement 3 of the code of practice.

It should be noted that the Exploration Code of Practice: Community Consultation was updated following industry consultation with changes effective from 7 October 2022. The review of the consultation strategy should ensure it reflects the requirements of the amended 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.

3.5. Exploration activity approvals

Section 23A of the *Mining Act 1992* required the holder of an exploration licence to obtain an activity approval before carrying out assessable prospecting operations.

Evidence was available to confirm that exploration activity approvals were sought and granted for exploration activities. Exploration activity approvals granted included:

- exploration activities application dated 14 December 2020 for 12 aircore holes, each up to 150m long and 10 diamond core drill holes, each up to 1000m long, and associated approval dated 30 March 2021 (MAAG0009403).

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

3.6. Environmental management

Condition 4 of EL6552 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 extensive inland flooding, a site inspection was not undertaken. An onsite assessment against the Exploration Code of Practice: Environmental Management could not be completed but evidence in the form of records and photographs were used to undertake a remote desktop assessment as documented in the following sections.

3.6.1. Use of chemicals, fuels and lubricants

Mandatory requirements 1.1 to 1.4 identified the requirements for the management of chemicals, fuels and lubricants used during exploration activities.

Kincora Copper exploration staff advised that all chemicals, fuels and lubricants used in the exploration drilling programs were stored in designated bunded storages at the rig site. Rig nappies were reported to be used under the drill rig at each diamond hole. Kincora Copper exploration staff undertook an inspection of the drill rig at each hole to confirm chemical and fuel storage and the location of spill kits.

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.

Kincora Copper exploration staff advised that aboveground sumps were used for diamond drilling to manage the incidental water associated with drilling. Steel casing was left in place in the diamond drill holes to act a water quality control to prevent mixing of different aquifers.

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.

Drilling was undertaken in a sparsely populated area where noise was a low risk. Kincora Copper exploration staff advised that noise levels at the rig were monitored. On other projects where noise levels could be an issue, Kincora Copper advised that it had used shipping containers or hay bales as a noise barrier.

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.

Drilling was undertaken in an agricultural area where air quality impacts were considered by Kincora Copper to be low risk. Air quality controls included water injection for air core drilling to reduce dust generation, and restricting vehicles speeds on unsealed roads and tracks.

3.6.5. Waste management

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

Waste streams generated from the exploration activities included:

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

Generally, domestic waste was removed from the drill sites for disposal at the local waste management facility. Drilling wastes were removed from site using a liquid waste management contractor.

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.

The Kincora Copper exploration staff advised that drill hole planning was used to minimise the amount of surface disturbance and vegetation clearance required for the drilling programs. The holes drilled have been in cropping areas already cleared. Using only defined access tracks to access the drilling sites was a further control to reduce surface disturbance. The company advised that no trees had been removed in drilling programs conducted over the previous 2 years.

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.

Kincora Copper exploration staff advised that access to drill sites was agreed with the landholder before the start of drilling. It was noted that a map with access routes was included in the land access agreements that confirmed landholders were consulted.

In some areas of the property, it was reported that access tracks were upgraded to all-weather standard to ease access. It was also noted that Kincora Copper had a procedure to stop drilling during wet weather, which was defined as greater than 10 mm of rain in a 24-hour period.

Extensive flooding in the Fairholme area restricted access to the exploration licence area for further exploration and rehabilitation activities.

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.

Vehicle hygiene procedures were the primary control to avoid the introduction of weeds into the site. Kincora Copper exploration staff advised that vehicles were washed down and inspected regularly to minimise the risk of weeds spreading between properties,

3.6.9. Livestock protection

Mandatory requirement 9.1 required the licence holder to implement all measures to prevent, as far as practicable, causing adverse impacts to livestock.

Kincora Copper advised that, generally, livestock was removed from the paddocks before drilling. Where livestock was not removed, temporary electric fencing was used around the drilling area to prevent access by livestock.

3.6.10. Cultural heritage

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

Searches of the Aboriginal heritage information system (AHIMS) were conducted as part of the preparation of applications for exploration activity approvals. No items of cultural heritage were identified within the areas proposed for drilling.

Kincora Copper exploration staff advised they seek clearance from the local Aboriginal land council before drilling and conduct an emu walk as part of the pre-drilling inspection to check for the potential presence of items of cultural heritage. Kincora Copper concluded the likelihood of disturbing items of cultural heritage was low as most of the drilling areas were on cultivated fields.

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 Kincora Copper exploration staff advised that the key controls for fire management were vegetation management and the use of a fire trailer on site during drilling operations. Vegetation management typically involved slashing the grass around the drill pads.

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 activity changes, implement revised environmental management controls.

It was noted that Kincora Copper undertook an environmental risk assessment for the drilling program, which was documented as part of the application for exploration activity approval. Surface and groundwater management were identified as key risks and controls were proposed to mitigate

this risk. Surface compaction in an agricultural cropping area was also identified as a risk and maintaining the use of dedicated access tracks to each drill site was a key control to avoid compacting soil in other areas.

3.7. Security deposit

Condition 5 of EL6552 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 EL6552 was \$45,000, which department records confirmed was held. The security deposit was increased to \$45,000 in March 2021 following the grant of exploration activity approvals.

3.8. Rehabilitation

Condition 6 of EL6552 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.

Kincora Copper submitted an application for rehabilitation signoff and a reduction in security in November 2022. The application covered both the air core and diamond drilling programs. Of the approved holes, 5 of the 10 diamond holes were drilled and 9 of the 20 aircore holes were drilled. The remaining holes were not drilled.

It was noted that an application for rehabilitation sign-off (form ESF2) was submitted and accepted as satisfactory in 2016, for exploration outside of the scope of this audit.

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.

The risk assessment for the 2021 drilling program was documented as part of the application for exploration activity approval. The risk assessment identified key risks and proposed controls to manage any potential adverse outcomes for rehabilitation of the drill sites. Risks identified included:

- compacting the ground surface due to access by exploration vehicles
- reducing the productive capacity of the paddocks for future cropping
- potential for produced water to contaminate surface or groundwater
- weed infestation.

Given the small scale of the exploration program and the nature of the area, Kincora Copper did not identify any significant risks to successful rehabilitation outcomes. It was noted that there was no formal process for monitoring the implemented risk controls and assessing their effectiveness. As suggestion for improvement no 2, Kincora Copper should consider the development of a formal rehabilitation risk assessment to assess the range of potential threats and opportunities associated with rehabilitation that aims to support the intended final land use. This risk assessment process should include measures to evaluate the effectiveness of the risk controls implemented, with revised controls identified where those risks changed, or controls were identified as being ineffective.

3.8.2. Rehabilitation objectives and completion criteria

Mandatory requirement 2 required the licence holder, not later than 14 days before the commencement of surface disturbing activities, to provide to the Secretary a copy of clear, specific, achievable and measurable rehabilitation objectives and completion criteria (ROCC). For higher risk prospecting operations, a rehabilitation management plan was required to be prepared and submitted with the rehabilitation objectives and completion criteria.

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

ROCCs were submitted for the drilling program. It was noted that the ROCCs submitted were generally based on the template provided in Appendix 2 of the code of practice.

3.8.3. Rehabilitation program

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

The ROCCs submitted for the exploration drilling program identified that rehabilitation was to be completed within 3 months following completion of drilling. Records reviewed indicated this was generally achieved.

Kincora Copper's exploration manager advised that the holes drilled during the diamond drilling and aircore drilling programs had been successfully rehabilitated and the area affected by the program was now being used for cropping as its intended final land use.

Evidence of rehabilitation success was available from a review of recorded photographs and a rehabilitation tracking sheet to confirm implementation of the controls. The ROCCs template and checklist were proposed to be used by Kincora Copper as part of determining rehabilitation success but completed examples were not provided for review.

It would be beneficial to include the review of ROCCs progress from monitoring inspections, departmental sign-off progress and approval references as part of the evidence of rehabilitation success. A suggestion for improvement no 3, Kincora Copper should consider the development of a rehabilitation monitoring program (or further development of the rehabilitation tracking sheet) to provide a tool for assessing rehabilitation progress against the rehabilitation objectives and completion criteria for the site.

Where rehabilitation had been completed, Kincora Copper submitted applications for rehabilitation sign-off. An application for rehabilitation signoff and reduction in security was submitted November 2022 which was under consideration by the Regulator for the complete rehabilitation of drilling conducted on EL6552.

3.9. Annual activity reporting

Section 163C of the *Mining Act 1992*, clause 59 of the Mining Regulation 2016 and condition 8 of EL6552 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, Kincora Copper submitted annual activity reports comprising:

- annual geological report
- revised work program (up to January 2021)

- environmental rehabilitation and compliance report
- community consultation report.

Generally, reports were found to be in accordance with the MEG and/or Resources Regulator templates and guidance material. MEG reviewed the 2020 and 2021 annual exploration reports and assessed these as satisfactory. The 2020 and 2021 environmental rehabilitation and compliance reports and community consultation reports were reviewed by the auditor and were found to be generally in accordance with the guidance material contained in the code of practice.

3.10. Core and sample storage

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

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

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

Kincora Copper exploration staff advised that all core from the diamond drilling is stored in plastic core trays at the company's core farm in Trundle. The core trays for each hole were stacked on pallets in depth order, lids placed on the top trays, and strapped together. Photos were provided to confirm core storage. All core trays have high resolution photographs. Kincora Copper advised that no core had been disposed of.

Air core drilling resulted in the collection of chip samples which were stored in plastic chip trays, labelled with hole number and depth. Samples were stored in hole number order in a sealed storage container. Photos were provided to confirm sample storage at Trundle.

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 Kincora Copper had generally maintained records as required by the licence conditions and the exploration codes of practice. In preparation for the audit, Kincora Copper exploration staff had collated relevant documents and records such that they were readily retrievable upon request.

Examples of records reviewed included:

- land access agreements
- drilling database
- rig inspection checklists
- rehabilitation objectives and completion criteria
- pre, during and post drilling photos

- rehabilitation monitoring checklists
- core storage records and photos
- community consultation register
- community consultation strategy
- annual activity reporting.

The drilling database was observed to be documented on an Excel spreadsheet and was noted to include details of hole number, date drilled, and date rehabilitated, as well as other geological and drilling data. To provide a more complete record of drilling from approval to rehabilitation sign-off, Kincora Copper should consider adding additional columns to the spreadsheet to record:

- the approval under which each hole was drilled
- the date and reference number of the rehabilitation sign-off from the Regulator.

This was raised as suggestion for improvement no. 4.

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).

The Kincora Copper exploration staff generally had a good understanding of the compliance requirements for exploration. Systems and processes for managing compliance requirements had been developed and implemented. Suggestions and opportunities for improvements were identified by the audit team and communicated to the exploration staff. Evidence was available to demonstrate that compliance records were being maintained.

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.

Kincora Copper used contract drillers to complete the exploration drilling program. Given that the drilling program was completed, a detailed review of the subcontractor management arrangements was not undertaken as part of the audit. Kincora Copper staff advised that exploration staff were at the drill site twice a day to monitor the drilling progress. Any issues of concern were raised directly with the drillers and a weekly toolbox meeting was held with the drillers to reinforce required controls.

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.

Kincora Copper established some basic inspection and monitoring processes, but further refinement would be beneficial. Risk assessments were noted to be completed and risk controls identified and implemented. It was noted that there does not appear to be an inspection and monitoring program designed to monitor the effectiveness of the risk controls. As suggestion for improvement no. 5, Kincora Copper should consider expanding its risk assessment process to include a post drilling

review to assess the performance of the control measures and make any recommendations for future drilling programs, where those controls were shown to be not effective in addressing the risk. Rehabilitation monitoring was noted to include assessment against the ROCCs, using the checklist template provided in the Exploration code of practice: Rehabilitation.

5. Audit conclusions

From the evidence reviewed during the audit, it was concluded that Kincora Copper had achieved a high level of compliance with the requirements of the exploration licence, exploration activity approvals and the exploration codes of practice, for the elements reviewed during the audit.

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

No non-compliances were identified during the audit. One observation of concern and five suggestions for improvement were identified as documented in Table 2 and Table 3.

Table 2 Summary of observations of concern

Observation of Concern No.	Description of Issue	Recommendation
1	It was noted that the community consultation strategy had no specific objectives, and the identification of stakeholders was restricted to landholders.	Kincora Copper should review the community consultation strategy and revise it to address the requirements of mandatory requirement 3 of the code of practice.

Table 3 Summary of suggestions for improvement

Suggestion for Improvement No.	Description of Issue
1	Although the exploration activities were assessed as being low impact from a community consultation perspective, it would be beneficial to undertake a more comprehensive consultation risk assessment to identify and consider the opportunities and threats associated with community engagement for the project.
2	Kincora Copper should consider the development of a formal rehabilitation risk assessment to assess the range of potential threats and opportunities associated with rehabilitation that aims to support the intended final land use. This risk assessment process should include measures to evaluate the effectiveness of the risk controls implemented, with revised controls identified where those risks changed, or controls were identified as being ineffective.
3	Kincora Copper should consider the development of a rehabilitation monitoring program (or further development of the rehabilitation tracking sheet) to provide a tool for assessing rehabilitation progress against the rehabilitation objectives and completion criteria for the site.
4	The drilling database was observed to be documented on an excel spreadsheet was noted to include details of hole number, date drilled, and date rehabilitated, as well as other geological and drilling data. To provide a more complete record of drilling from approval to rehabilitation sign-off, Kincora Copper should consider adding additional columns to the spreadsheet to record:

Suggestion for Improvement No.	Description of Issue
	<ul style="list-style-type: none">• the approval under which each hole was drilled• the date and reference number of the rehabilitation sign-off from the Regulator.
5	It was noted that there does not appear to be an inspection and monitoring program designed to monitor the effectiveness of the risk controls. Kincora Copper should consider expanding its risk assessment processes to include a post drilling review to assess the performance of the control measures and make any recommendations for future drilling programs, where those controls were shown to be not effective in addressing the risk.