

## **Compliance audit program**

EL7439 Five Ways Exploration Project  
EL9345 Warrarah Exploration Project

**Oxley Exploration Pty Ltd**

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# 1. Introduction

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## 1.1. Background

Exploration licence 7439 (Act 1992) (EL7439) was granted to Oxley Exploration Pty Ltd in December 2009. Exploration licence 9345 (Act 1992) (EL9345) was granted to Oxley Exploration Pty Ltd on 23 January 2022. The exploration areas are about 27 kilometres north-west of Tottenham in central NSW.

As part of the compliance audit program, an audit of the exploration activities associated with the exploration projects within EL7439 and EL9345 was undertaken on 15 June 2023 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 Oxley Exploration Pty Ltd exploration activities against the requirements of the *Mining Act 1992* and the conditions of the exploration licences 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 Fiveways and Warrah exploration projects including:
  - exploration activities within EL7439 and EL9345 including a selected sample of exploration drillholes
  - borehole sealing and rehabilitation activities for selected drilling activities undertaken since January 2020
- A review of documents and records pertaining to the exploration activities

The assessment of compliance for the period commencing 1 June 2021 and ending 15 June 2023.

## 1.4. Audit criteria

The audit criteria against which compliance was assessed included:

- *Mining Act 1992*, specifically, Sections 5, 30, 140, 163C to 163E, 163G, 378D
- Mining Regulation 2016, specifically clauses 59 to 68
- Conditions attached to EL7439 (granted 22 December 2009 and renewed 16 February 2022)
- Conditions attached to EL9345 (granted 23 January 2022)
- Exploration activities application dated 24 March 2023 for the Fiveways auger sampling program of up to 5000 sample sites, and associated approval dated 30 March 2023 (APO0001392)
- Exploration activities application dated 24 March 2023 for the Warrah auger sampling program of up to 5000 sample sites, and associated approval dated 4 April 2023 (APO0001391)

- Exploration Code of Practice: Environmental Management (Version 4, June 2021 and Version 5, March 2022)
- Exploration Code of Practice: Rehabilitation (Version 4, June 2021 and Version 5, March 2022)
- Exploration Code of Practice: Community Consultation (Version 2.0, October 2022 and Version 2.1, May 2023)
- Exploration Code of Practice: Produced Water Management, Storage and Transfer (Version 3, September 2017, Version 4, June 2021 and Version 5, March 2022)
- Exploration Reporting: A guide for reporting on exploration and prospecting in New South Wales (Version 3, October 2021 and Version 4, January 2022)
- Exploration Guideline: Annual activity reporting for prospecting titles (Version 3.0, December 2020 and Version 4, October 2022) published by Department of Regional NSW

## 1.5. Publishing and disclosure of information

This audit report was published on the Regulator's website consistent with:

- Section 365 of the *Mining Act 1992*
- Resources Regulator's [Public comment policy](#)
- *Government Information (Public Access) Act 2009*.

## 2. Audit methods

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

### 2.1. Opening meeting

An opening meeting was held onsite on 15 June 2023. The audit team was introduced, and the scope of their responsibilities was conveyed to the auditees. The objectives and scope of the audit were outlined. The methods to be used by the team to conduct the audit were explained, including the interview of personnel, review of documentation, examination of records and a site inspection to assess specific compliance requirements.

### 2.2. Site interviews and inspections

#### 2.2.1. Data collection and verification

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

A site inspection was undertaken of auger drilling in progress on EL7439.

### 2.3. Closing meeting

A closing meeting was held on site on 15 June 2023. The objectives of this meeting were to discuss any outstanding matters, present preliminary findings and outline the process for finalising the audit report.

### 2.4. Compliance assessment definitions

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

Table 1 Compliance assessment definitions

Assessment	Criteria
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:  NC1 – the absence of planning or implementation of a required operational element which has the potential to result in a significant risk.

Assessment	Criteria
	<p>NC2 – an isolated lapse or absence of control in the implementation of an operational element which is unlikely to result in a significant risk.</p> <p>NC3 – an administrative or reporting non-compliance which does not have a direct environmental or safety significance.</p> <p>Note: The identification of a non-compliance in this audit may or may not constitute a breach of, or offence under, the <i>Mining Act 1992</i>. Non-compliances identified in this audit report may be further investigated by the Regulator and regulatory actions may be undertaken.</p>
<b>Observation of concern</b>	<p>Where an auditee may be compliant at the time of the audit but there are issues that exist that could result in the potential for future non-compliance if not addressed.</p> <p>Observation of concern was also used where an issue may not have particular compliance requirements, but which was not conducive to good management or best practice.</p>
<b>Suggestion for improvement</b>	<p>Where changes in processes or activities inspected or evaluated at the time of the audit could deliver improvement in relation to risk minimisation, sustainable outcomes and management practices.</p>
<b>Not determined</b>	<p>The necessary evidence has not been collected to enable an assessment of compliance to be made within the scope of the audit.</p> <p>Reasons why the audit team could not collect the required information include:</p> <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 Oxley Exploration for comment. Consideration was given to the representations made during the finalisation of the audit report as discussed in the audit findings.

## 3. Audit findings

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### 3.1. Work program

Condition 1 of EL7439 and EL9345 required the licence holder to carry out the operations described in the approved work programs. Work programs, WP-EL7439-2019-2021, WP-EL7439-2022-2027 and WP-EL9345-2022-2025 were in force during the audit period.

Evidence was available to confirm that exploration activities were progressing. Annual reports for the 2021 and 2022 reporting periods were reviewed for EL7439 and EL9345. Exploration completed included:

- Airborne Versatile Time Domain Electromagnetic (VTEM) survey on EL7439
- Regolith landform mapping including preparation of digital elevation models on EL7439
- Regolith landform mapping including preparation of digital elevation models on EL9345

It was noted that exploration operations were impacted by weather conditions, particularly the extensive flooding in western NSW during 2022. As a result, activities completed were office-based rather than field-based.

Oxley Exploration used the annual reporting process to review and monitor the work programs on each tenement. Exploration data was noted to be maintained by the Oxley Exploration geologists and submitted to Mining, Exploration and Geoscience (MEG) with the annual activity reports as required.

### 3.2. Access arrangements

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

Evidence was provided to confirm that written land access agreements were in place for the exploration activities undertaken on EL7439 and EL9345 (for example, land access agreement dated 5 April 2023 for a property within EL7439 where auger sampling was in progress). The land access agreements reviewed during the audit were generally noted to be prepared using the standard AMEC template. Some agreements noted additional conditions negotiated by the landholder (for example, specific requirements for weed control).

### 3.3. Native title and exempted areas

Condition 2 of EL7439 and EL9345 required the licence holder to obtain the prior written consent of the Minister before carrying out any activities on land on which native title had not been extinguished. Similarly, Section 30 of the *Mining Act 1992* required the consent of the Minister before a licence holder undertook any activities within an exempted area.

Oxley Exploration staff said exploration activities were generally being conducted in areas of freehold land within EL7439 and EL9345. A review of mapping data showed no recent holes were drilled in any exempted areas within EL7439 or EL9345. No further approvals under section 30 of the *Mining Act 1992* were required. It was noted that Oxley Exploration was maintaining a Crown Lands layer in its geographic information system to identify where further approvals may be required.

Oxley Exploration staff said 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 for EL7439 or EL9345.

Oxley Exploration staff said the right to negotiate process was in progress for another Oxley Exploration tenement (EL7438) to demonstrate that the company was familiar with the requirements in relation to native title.

## 3.4. Community consultation

Condition 3 of EL7439 and EL9345 required the licence holder to carry out community consultation in relation to the planning and conduct of exploration activities. Community consultation was required to be carried out in accordance with the requirements of Exploration code of practice: Community consultation.

An assessment against the mandatory requirements of the code of practice was undertaken as documented in the following sections.

### 3.4.1. Risk assessment

Mandatory requirement 1 of the code of practice required the licence holder to conduct a risk assessment to identify and consider the range of opportunities and potential threats associated with community consultation and engagement.

Oxley Exploration said it was using the services of a community engagement consultant to undertake the community consultation for exploration operations.

No evidence was provided to demonstrate that a community consultation risk assessment was completed. This was raised as non-compliance number 1. Immediately following the audit, Oxley Exploration completed the required risk assessment and documented it as part of its community consultation strategy.

The community consultation risk assessment provided following the audit was noted to be comprehensive and related each identified risk or threat back to the relevant objectives for community consultation. Although not compliant at the time of the audit, Oxley Exploration rectified the non-compliance and achieved compliance.

### 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.

No evidence was provided to demonstrate that a community consultation strategy was prepared. This was raised as non-compliance number 2. Immediately following the audit, Oxley Exploration prepared and submitted as evidence a community consultation strategy that met the requirements of the mandatory requirements of the code of practice. Although non-compliant at the time of the audit, Oxley Exploration has rectified the non-compliance and achieved compliance.

### 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 that Oxley Exploration was undertaking community consultation despite not having a documented community consultation strategy. Oxley exploration staff were using the GoCanvas contact log to document consultation with landholders. Consultation summaries were noted to be provided by the community consultation consultant on a monthly basis.

Up until the change to the code of practice in October 2022, annual community consultation reports were prepared and submitted by Oxley Exploration, 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 24 March 2023 for the Fiveways auger sampling program of up to 5000 sample sites, and associated approval dated 30 March 2023 (APO0001392)
- exploration activities application dated 24 March 2023 for the Warrah auger sampling program of up to 5000 sample sites, and associated approval dated 4 April 2023 (APO0001391).

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 EL7439 and EL9345 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.

An assessment against the Exploration code of practice: Environmental management was completed for the exploration activities in progress on EL7439 as documented in the following sections. An auger drilling program was in progress, using a small vehicle mounted auger (Figure 1).

Figure 1 Small vehicle mounted auger drill rig



#### 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.

It was observed that diesel fuel was stored in a bunded tray on the rear tray of the support vehicle. No other chemicals were required for the auger drill program. A fully stocked spill kit was located on the rear tray of the support vehicle (Figure 2).

Figure 2 Diesel storage and spill kit on tray of support vehicle



### 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.

Water was not required for the auger drilling operations, nor did the auger drilling generate any water. Typical depths were 1.2 to 1.8 metres and water was not expected to be encountered during drilling. Oxley Exploration identified no water management controls were required.

Observations made during the site inspection confirmed that water management controls were not required.

### 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.

It was noted that the drilling was being conducted in broadscale agricultural areas. Noise was assessed as part of the environmental risk assessment and the risk of adverse impacts was assessed as low. Oxley Exploration considered that no specific controls were required to be implemented.

Auger drilling was observed during the site inspection. The motor on the auger rig was a small Honda GX690 motor which produced about the same noise levels as a small ride-on mower. It was confirmed that so specific controls were required.

### 3.6.4. Air quality

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

It was noted the drilling was being conducted in broadscale agricultural areas. Air quality impacts were assessed as part of the environmental risk assessment and the risk of adverse impacts was assessed as low. Oxley Exploration considered no specific controls were required to be implemented.

Observations made on site confirmed that minimal dust was generated from the auger drilling process and no specific controls were required.

### 3.6.5. Waste management

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

It was observed that the auger drilling program generated very little waste. Domestic waste from the drilling crew was the primary waste stream and this was collected in garbage bags for disposal off site.

### 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 auger drilling was observed to be of minimal impact with very little surface disturbance (Figure 3). The auger drill rig and the support vehicle were driven over the paddocks to each site. No vegetation clearance was required. Typical hole depth was 1.2 to 1.8 metres and drill cuttings were returned to the hole upon completion of drilling.

Figure 3 Auger drilling in progress showing minimal site disturbance



The terrain in which drilling was conducted was reasonably flat. Erosion was not an issue on the drilling completed and specific controls for erosion and sedimentation were not required.

### 3.6.7. Roads and tracks

Mandatory requirements 7.1 to 7.5 required the licence holder to:

- consult with relevant landholders prior to establishing any new roads or tracks
- plan, design, construct and use roads and tracks in a manner 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.

For the auger drilling program in progress, no new roads or tracks were required. Access to drill sites was achieved using existing farm tracks and driving across cleared paddocks. This was confirmed during the site inspection.

### 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. The auger drill rig was inspected upon arrival on site to check for the presence of excess dirt or vegetative material. The audit team observed the auger drill rig being inspected by the drilling crew for vegetative matter at the completion of drilling in one paddock before moving to another paddock to continue drilling.

### 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.

It was observed that there were no livestock in the paddock during the auger drilling program. The auger drilling was very low impact, and no specific controls were identified by Oxley Exploration as being required.

### 3.6.10. Cultural heritage

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

Searches of the aboriginal heritage information system (AHIMS) were conducted as part of the preparation of applications for exploration activity approvals. No items of cultural heritage were identified within the areas proposed for drilling. No specific controls were identified by Oxley Exploration as being required.

Observations made during the site inspection confirmed the auger drilling was conducted in open and cleared paddocks, highly modified by agricultural practices. The potential for artefacts was likely to be very low.

### 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.

Oxley Exploration staff said fire weather was monitored during the bushfire danger period. A water tank with fire hose reel was observed on site in a support trailer to provide firefighting resources should it be required.

Figure 4 Water tank with fire hose reel in support trailer



### 3.6.12. Risk assessment

Mandatory requirement 12.1 required the licence holder to monitor the risks associated with activities and, if the risk associated with an activity changes, implement revised environmental management controls.

Oxley Exploration prepared a comprehensive environmental risk assessment for the auger drilling programs. Where required, environmental controls were identified to mitigate any high and medium risks. The environmental risk assessment was noted to address the mandatory requirements of the code of practice.

## 3.7. Security deposit

Condition 5 of EL7439 and EL9345 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 EL7439 was \$10,000 that department records confirmed was held. The security amount required for EL9345 was \$10,000 that department records confirmed was held.

Observations made on site during the site inspection confirmed that the security held was adequate for the auger drilling programs in progress.

## 3.8. Rehabilitation

Condition 6 of EL7439 and EL9345 required the licence holder to carry out rehabilitation of all disturbance caused by activities carried out under the licence in accordance with the requirements of the Exploration code of practice: Rehabilitation.

An assessment against the mandatory requirements of the code of practice was undertaken for the exploration activities as documented in the following sections.

### 3.8.1. Risk assessment

Mandatory requirement 1 required the licence holder to conduct a risk assessment to evaluate the range of potential threats and opportunities associated with rehabilitating disturbed areas to a condition that could support the intended final land use.

Oxley Exploration prepared a comprehensive rehabilitation risk assessment which was noted to be maintained as a live document, subject to review throughout the exploration program. The risk assessment related the identified risks to the rehabilitation objectives so that controls could be put in place to mitigate the risks to achieving the completion criteria.

### 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 Oxley Exploration indicated the total surface disturbance area was less than five hectares. The drilling programs did not fall within the definition of a higher risk activity under the code of practice and a rehabilitation management plan was not required to be developed.

Evidence was available in department records to confirm ROCCs were submitted for each drilling program as part of the application for assessable prospecting operations. It was noted 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.

For the auger drilling program, rehabilitation was completed as each hole was drilled. The very shallow nature of the holes (typically 1.2 to 1.8 metres) meant there was very little disturbance to rehabilitate. Drill cuttings were placed back down the hole and tamped down by foot to complete rehabilitation (Figure 5).

Figure 5 Rehabilitation of auger hole immediately after drilling



Oxley Exploration staff said rehabilitation monitoring was conducted at 6 months and 12 months post drilling to check the progress of rehabilitation. Oxley Exploration were observed to maintain a rehabilitation tracking spreadsheet, which detailed each hole drilled and when it was rehabilitated.

## 3.9. Annual activity reporting

Section 163C of the *Mining Act 1992*, clause 59 of the *Mining Regulation 2016* and condition 8 of EL7439 and EL9345 required the licence holder to submit an activity report annually within one calendar month following grant anniversary date. Annual activity reports were required to be prepared in accordance with the *Exploration guideline: Annual activity reporting for prospecting titles*.

During the audit scope period, Oxley Exploration submitted annual activity reports comprising:

- annual geological report
- environmental rehabilitation and compliance report
- community consultation report (up to October 2022).

Generally, reports were found to be in accordance with the MEG and/or Resources Regulator templates and guidance material.

### 3.10. Core and sample storage

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

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

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

Oxley Exploration staff said core and sample storage was maintained at the company’s base in Orange. This area was not inspected during the audit.

Chip and soil samples were observed to be collected and maintained for the auger drilling program. Figure 6 shows the auger drilling and sample collection process. Figure 7 shows the chip and soil sample storage.

Figure 6 Auger drilling sample collection process



Figure 7 Chip and sample storage



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

Examples of records reviewed included:

- land access agreements
- GIS system
- tenement schedule
- drilling database
- rehabilitation tracking spreadsheet
- rehabilitation objectives and completion criteria
- rehabilitation risk assessment
- pre, during and post drilling photos
- environmental risk assessment
- community consultation records
- annual activity reporting.

## 4. Compliance management

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### 4.1. Identifying compliance obligations

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

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

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

The Oxley Exploration staff generally had a good understanding of the compliance requirements for exploration. Comprehensive and robust systems and processes for managing compliance requirements had been developed and implemented. Examples of such systems included:

- a database tracking system, which identified each exploration activity, its relevant activity approval, when the activity was conducted, and when rehabilitation was completed and signed off.
- a GIS system with layers for each key feature (e.g. Crown lands, residences, known archaeological features) so that appropriate buffer zones could be established, or other approvals sought when required.
- a tenement schedule that tracked due dates for reports, renewals and rents and levies.

It was noted records were generally being maintained to demonstrate compliance.

### 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 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.

Oxley Exploration was using contract drillers to complete the exploration drilling programs. The contract drilling operator for the auger drilling program was inspected during the audit. It was noted the driller had a reasonable understanding of the environmental management controls required for drilling operations and had implemented relevant environmental controls. Oxley Exploration personnel supervised contract drilling operations daily.

Oxley Exploration undertook a review of the drilling contractor performance during and after the contracts and as a result, established an informal preferred supplier list.

### 4.3. Inspections, monitoring and evaluation

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

- monitor the implementation of the risk controls

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

Oxley Exploration staff established an inspection and monitoring process that was suitable for the low impact nature of the exploration activities being conducted. These processes were noted to include monitoring of contract drilling works, inspection of drill sites and rehabilitation to confirm works are completed in accordance with the controls identified in the risk assessments.

The environmental and rehabilitation risk assessments prepared by Oxley Exploration were noted to include risks related to exploration activities and environmental management controls were in place. However, as suggestion for improvement number 1, Oxley Exploration 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.

## 5. Audit conclusions

From the evidence reviewed during the audit, it was concluded that the exploration operations undertaken by Oxley Exploration were well managed. Evidence was available to demonstrate systems and processes were developed to identify and manage compliance requirements. It was observed records were being maintained as required to demonstrate compliance.

Oxley Exploration was compliant with the requirements of the exploration licence, exploration activity approvals and the environmental management and rehabilitation exploration codes of practice, for the elements reviewed during the audit. Two non-compliances relating to the community consultation code of practice were identified during the audit.

The 2 non-compliances and one suggestion for improvement are summarised in Table 2 and Table 3.

Table 2 Summary of non-compliances

Non-compliance No.	Description of Issue	Recommendation
1	No evidence was provided to demonstrate that a community consultation risk assessment was completed as required by mandatory requirement 1 of the Exploration code of practice: Community consultation.	Immediately following the audit, Oxley Exploration prepared a community consultation risk assessment and provided it to the Regulator to confirm compliance was achieved.
2	No evidence was provided to demonstrate that a community consultation strategy was prepared as required by mandatory requirements 2 and 3 of the Exploration code of practice: Community consultation.	Immediately following the audit, Oxley Exploration prepared a community consultation strategy and provided it to the Regulator to confirm compliance was achieved.

Table 3 Summary of suggestions for improvement

Suggestion for Improvement No.	Description of Issue
1	The environmental and rehabilitation risk assessments prepared by Oxley Exploration were noted to include risks related to exploration activities and environmental management controls were in place. However, Oxley Exploration 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.