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Resources
Regulator**

COMPLIANCE AUDIT PROGRAM

EL8136 'WILGA DOWNS' PROJECT

Thomson Resources Ltd



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1. Introduction

1.1. Background

Exploration licence 8136 (EL8136) was granted to Thomson Resources Ltd in July 2013. In September 2021, Thomson registered a farm-in agreement between Thomson and TRK Resources Pty Ltd (TRK). TRK has been the operator of the title since 2020. The exploration area is in a pastoral area about 80 kilometres south of Bourke in western NSW.

TRK was a wholly owned subsidiary of DevEx Resources Pty Ltd.

As part of the compliance audit program, a virtual audit of the exploration activities associated with the Wilga Downs Project within EL8136 was undertaken on 12 October September 2021 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 Thomson Resources (licence holder) and TRK (operator) 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 Wilga Downs exploration project including:
 - exploration activities within EL8136 including a selected sample of exploration drillholes
 - borehole sealing and rehabilitation activities for selected drilling activities undertaken since July 2019
- a review of documents and records pertaining to the exploration activities

- the assessment of compliance for the period commencing 1 July 2019 and ending 12 October 2021.

1.4. Audit criteria

The audit criteria against which compliance was assessed included:

- *Mining Act 1992*, specifically, Sections 5, 30, 140, 163C to 163E, 163G, 378D
- Mining Regulation 2016, specifically clauses 59 to 68
- conditions attached to EL8136 (granted 9 July 2013 and last renewed 20 August 2018)
- exploration activities application (ESF4) dated 9 October 2020 for eight reverse circulation and/or diamond drill holes in Wilga Downs, and associated approval dated 3 November 2020 (MAAG0008739)
- *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)
- *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 the Resources Regulator

1.5. Publishing and disclosure of information

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

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

2. Audit methods

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

2.1. Opening meeting

Opening remarks were included in the meeting held online on 12 October 2021. The audit team was introduced, and the scope of their responsibilities was conveyed to the auditees. The objectives and scope of the audit were outlined. The methods to be used by the team to conduct the audit were explained, including interview of personnel, review of documentation and examination of records to assess specific compliance requirements.

2.2. Site interviews and inspections

2.2.1. Data collection and verification

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

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

2.2.2. Site inspections

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

2.3. Closing meeting

Closing remarks were included in the meeting held online on 12 October 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
Compliance	Sufficient and appropriate evidence was available to demonstrate the particular requirement was complied with.
Non-compliance	<p>Clear evidence was collected to demonstrate the particular requirement was not complied with. There were three subcategories of non-compliance reflecting the severity and level of risk associated with the non-compliance:</p> <p>NC1 – the absence of planning or implementation of a required operational element that had 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 that was unlikely to result in a significant risk.</p> <p>NC3 – an administrative or reporting non-compliance that did 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 were issues that existed that could result in the potential for future non-compliance if not addressed.</p> <p>Observation of concern was also used where an issue may not have particular compliance requirements, but which was not conducive to good management or best practice.</p>

ASSESSMENT	CRITERIA
Suggestion for improvement	Where changes in processes or activities inspected or evaluated at the time of the audit could deliver improvement in relation to risk minimisation, sustainable outcomes and management practices.
Not determined	<p>The necessary evidence was not 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 included:</p> <ul style="list-style-type: none"> ■ insufficient information on the file relating to the period covered by the audit or insufficient evidence collected to reach a conclusion ■ the wording on the criteria (approval condition) meant that no evidence could be gathered, or it was too difficult to gather the evidence. <p>A 'not determined' assessment was also made where the condition was outside the scope of the audit.</p>
Not applicable	<p>The circumstances of the authorisation or licence holder changed and were 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 online virtual audit, the audit checklists were completed, and audit notes were reviewed to compile a list of outstanding matters to be noted in the audit report. This report was prepared to provide an overview of the operational performance of the site in relation to the exploration activities and identify any non-compliances or observations of concern noted by the auditors during the documentation review and interviews.

The draft audit findings were forwarded to Thomson and TRK 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 EL8136 required the licence holder to carry out the operations described in the approved work program. Work program WP-EL8136-2018-2024 was approved by Mining, Exploration and Geoscience within the Department of Regional NSW on 7 August 2018 as part of the renewal of EL8136.

Thomson and TRK were in year four of the work program for EL8136 (10 July 2021 to 9 July 2022).

Activities proposed for years three and four included:

- RC drilling of anomalies generated by soil sampling in years 1 and 2 if warranted
- drilling of one 500 metre RC/Diamond core hole (19WD03) to test the strongest part of the Wilga Downs magnetic anomaly
- further RC drilling if warranted
- diamond drilling if warranted
- down hole geophysical surveys.

The annual exploration report for EL8136 for the period 9 July 2020 to 8 July 2021 described the activities undertaken during the reporting period including:

- reprocessing of available magnetic and gravity geophysical data
- a soil sampling trial line
- drilling of a 630m diamond drillhole
- a ground magnetics survey
- a down hole EM survey
- a Moving-Loop EM (MLEM) survey.

Generally, evidence was available to demonstrate that the work program was progressing. The exploration manager advised that COVID-19 restrictions had hampered exploration activities in the 2020-2021 period. Annual reporting requirements were used as a trigger for reviewing the work program progress.

Exploration data was maintained by the Thomson and TRK 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.

Thomson and TRK provided evidence to confirm that an access agreement was in place for the exploration activities on EL8136. The access agreement with the landholder was dated November 2014 and was based on a standard template with no additional specific conditions. TRK personnel advised that there had been no issues to trigger the negotiation of a new access agreement and the 2014 agreement remained in place.

3.3. Native title and exempted areas

Condition 2 of EL8136 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.

Thomson and TRK personnel advised that the land within EL8136 was under Western Lands Lease and Crown land within the area was limited to road reserves. Publicly available mapping confirmed that road reserves were present within the licence area. It was noted that no exploration activities had been conducted within the road reserves. No further approvals under condition 2 of the licence or section 130 of the Act were required.

3.4. Community consultation

Condition 3 of EL8136 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 one 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.

TRK assessed the activity impact level as low. The auditor concurs with this assessment given the small size of the licence area, the limited number of stakeholders and the remote nature of the area. No significant risks were identified by TRK in relation to community consultation.

3.4.2. Community consultation strategy

Mandatory requirement two required the preparation of a community consultation strategy to manage the risks identified in the risk assessment. Mandatory requirement three set out the requirements for preparation of the community consultation strategy.

TRK prepared the NSW Pastoral Land Exploration Guide, November 2020, which contained the community consultation strategy for the exploration works on EL8136. Given the low risk associated with community consultation for the project, the NSW Pastoral Land Exploration Guide prepared by TRK was considered adequate for the project.

3.4.3. Implementation and reporting

Mandatory requirement four 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. Information on consultation undertaken was noted to be provided in the annual community consultation reports.

Annual community consultation reports were prepared and submitted, generally in accordance with the reporting guidance in Appendix 2 of the code of practice. The 2020 and 2021 annual community consultation reports were submitted as reduced reports due to the low risk associated with community consultation. Both reports were reviewed by the auditor and were noted to be consistent with the reporting guidance.

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.

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

- exploration activities application (ESF4) dated 9 October 2020 for eight reverse circulation and/or diamond drill holes in Wilga Downs, and associated approval dated 3 November 2020 (MAAG0008739).

At the time of the audit, three holes were drilled from the approved program. TRK provided evidence to demonstrate that the number and location of holes drilled could be tracked against the relevant exploration activity approval.

3.6. Environmental management

Condition 4 of EL8136 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.

TRK personnel advised that the drilling contractor provided a list of chemicals, fuels and lubricants to be used during drilling. Typically, the drilling muds and other chemicals are biodegradable. TRK checked the storage of hazardous substances during drilling rig inspections. Generally, these inspections were completed twice during the drilling activity and were noted to be documented on the drill rig safety checklist. Spill kits and safety data sheets were also checked as part of the inspections.

TRK advised a spill had occurred during drilling operations, but it was not of a scale that required reporting to the Environmental Protection Authority (EPA) as there was no potential for significant environmental harm. The spill was immediately bunded and cleaned up using a sucker truck. Given that reporting to EPA was not required, reporting to the Regulator under condition 7 of the licence was not required.

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.

TRK advised that water for drilling operations was sourced from a nearby farm dam with approval from the land holder. No groundwater was reported to be encountered during drilling. Incidental water from the drilling operations was reported to be captured in above ground sumps.

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.

TRK advised that the risk of adverse noise impacts was very low given the remote nature of the exploration program. The nearest residence was about two kilometres from the drilling operations.

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.

TRK advised that the risk of adverse air quality impacts was very low given the remote nature of the exploration program. The nearest residence was about two kilometres from the drilling operations. The drilling rig had dust suppression installed and dust from the drilling was expected to be minimal.

3.6.5. Waste management

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

Waste streams generated from the exploration activities included:

- general domestic waste
- drill cuttings and slurry from drilling operations.

Generally, waste was removed from the drill sites for disposal at the Cobar waste management facility. TRK reported that the driller maintains copies of the receipts from the waste management facility as evidence of 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.

TRK advised that some clearing of vegetation was required but drill holes were planned to avoid significant vegetation, including large trees and shrubs, where possible. Any cleared vegetation was stockpiled for respreading during rehabilitation of the sites. TRK personnel inspected each site and monitored clearing activities to avoid habitat features where possible. Generally, clearing was done by the landholder.

Erosion and sedimentation were identified by TRK as being very low risks for the exploration drilling program, given that the land was very flat.

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 that 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.

Thomson and TRK advised that existing station tracks were generally used to access drill sites. Some clearing was required for the 1.2 kilometres of tracks for the geophysics survey but TRK advised that track formation was less than that approved. Generally, clearing for track construction was done by the station owner or manager.

Rain was experienced during the drilling program over winter, which created boggy conditions. TRK advised the drillers that exploration activities were stopped until the area dried.

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.

TRK advised that drillers were required to wash all plant, equipment and vehicles before arriving on site. The cleanliness of vehicles was included in the drilling rig inspection checklist. TRK advised that photos of the drilling rig and vehicles were taken and maintained as evidence of vehicle washdown.

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.

TRK advised that no stock were present in the area during the drilling program and no controls were 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 heritage were identified near any of the drill sites. TRK advised that no controls were required.

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.

TRK advised that fire suppression was installed on the drill rig. This was checked and recorded on the drill rig inspection checklist. In summer, TRK placed fire-fighting trailers with the drill rigs to manage any fires that occurred.

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.

TRK provided a copy of the Wilga Downs 2021 drill program environmental and rehabilitation risk assessment. This documented the environmental risk assessment for each hole in the five-hole program and identified the environmental management controls to be implemented. The controls included the use of aboveground sumps for the diamond drilling, and the use of existing farm tracks to minimise further disturbance.

3.7. Security deposit

Condition 5 of EL8136 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 EL8136 was \$10,000, which department records confirm was held. A rehabilitation cost estimate for the Wilga Downs 2021 drilling program was assessed but did not trigger an increase in the security deposit.

3.8. Rehabilitation

Condition 6 of EL8136 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 one 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.

TRK provided a copy of the Wilga Downs 2021 drill program environmental and rehabilitation risk assessment. This documented the rehabilitation risk assessment for each hole in the five-hole program and identified the controls to be implemented.

3.8.2. Rehabilitation objectives and completion criteria

Mandatory requirement two required the licence holder, not later than 14 days before the start 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 TRK indicated that the total surface disturbance area was less than five hectares. The drilling program did not fall within the definition of a higher risk activity under the code of practice and a rehabilitation management plan was not required to be developed.

Evidence was available in department records to verify that ROCC were developed and submitted for the 2021 Wilga Downs drilling program. The ROCC was noted to be based on the guidance material in the rehabilitation code of practice and was considered suitable for the drilling program.

3.8.3. Rehabilitation program

Mandatory requirement three 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 can 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 rehabilitation risk assessment identified that rehabilitation would be monitored on a regular basis (six months onwards) to assess the risks identified, which included:

- biological impacts
- vegetation regeneration
- erosion control on slopes
- tracks used to remain in good condition.

TRK advised that three holes drilled under the program were rehabilitated within a day or two of the completion of sampling. A photographic record was maintained with rehabilitation inspections

documented in a rehabilitation spreadsheet. At the completion of rehabilitation, the land was left to naturally regenerate. TRK advised if monitoring showed natural revegetation to be ineffective then seeding with provenance species and/or weed control measures would be undertaken.

3.9. Annual activity reporting

Section 163C of the *Mining Act 1992*, clause 59 of the Mining Regulation 2016 and condition 8 of EL8136 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, Thomson and TRK were submitting annual activity reports comprising:

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

Reports for the 2019-2020 and the 2020-2021 reporting years were reviewed during the audit:

- Annual Report for Exploration Licence 8136 'Wilga Downs' for the period 9 July 2019 to 8 July 2020, prepared by Thomson Resources Ltd
- EL8136 Prospecting title work program, year three submission, 2020
- Annual environmental and rehabilitation compliance report for exploration licence 8136 'Wilga Downs', Thomson Resources Ltd, Submission date 4 August 2020
- Annual community consultation report, exploration licence 8136, 'Wilga Downs' for the period 9 July 2019 to 8 October 2020
- Annual report for exploration licence 8136 Wilga Downs project for the period 9 July 2020 to 8 July 2021, prepared by DevEx Resources Pty Ltd
- Annual environmental and rehabilitation compliance report for exploration licence 8136, prepared by TRK Resources Pty Ltd, submission date 30 July 2021
- Annual community consultation report, exploration licence 8136, 'Wilga Downs' project, prepared by TRK Resources Pty Ltd for the period 9 July 2020 to 8 October 2021

Generally, reports were found to be in accordance with the MEG and/or Resources Regulator templates and guidance material. MEG has reviewed the 2020 and 2021 annual exploration reports and assessed these as satisfactory. The 2020 and 2021 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.

A Thomson and TRK manager advised that core was stored at a house on the Lachlan Downs property. Core was stacked on pallets with the top trays empty to act as lids. Each core set was secured to the pallet with straps. All core was labelled and photographed with core photos stored electronically.

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 were required to be kept in a legible form for production to any inspector and maintained for a period of four years after the expiry or cancellation of the title. Specific requirements for the types of records required 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 Thomson and TRK had generally maintained records as required by the *Mining Act 1992*, the licence conditions and the exploration codes of practice. Examples of records reviewed included:

- land access agreements

- rehabilitation objectives and completion criteria
- exploration activity approvals and tracking registers
- Wilga Downs 2021 drill program environmental and rehabilitation risk assessment
- drill rig safety checklists
- rehabilitation monitoring checklist
- community consultation risk assessment
- 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 Thomson and TRK staff interviewed during the audit were conversant with the exploration activity approvals and the exploration codes of practice and had established systems to track compliance with these requirements.

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.

Thomson and TRK advised that a contract driller was used for the 2021 Wilga Downs drilling program. TRK personnel described the induction process for the drillers which included providing the drillers with information on:

- environmental issues
- the drilling area, including maximum surface disturbance areas
- sites assessments for each drill hole.

TRK advised that TRK personnel were onsite during drilling to supervise the activities of the drillers.

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 generally available to confirm that Thomson and TRK had established an inspection and monitoring program for the exploration activities. Inspections were noted to be recorded on inspection checklists or Excel spreadsheets.

4.4. Licence holder response to draft audit findings

Thomson and TRK were provided with a copy of the draft audit report and invited to submit a response to the draft audit findings. TRK, on behalf of the titleholder, advised by email that it had no comments on the draft report.

5. Audit conclusions

From the evidence reviewed during the audit, it was concluded that Thomson and TRK 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. 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.

No non-compliances or observations of concern were noted during the audit.