

Compliance audit program

EL5574 Bushranger project

Prospectore Pty Ltd

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1. Introduction

1.1. Background

Exploration licence 5574 (EL5574) was granted to Straits Exploration (Australia) Pty Ltd on 4 June 1999. The licence was transferred several times over the years and was transferred to the current licence holder, Prospectore Pty Ltd (Prospectore), in October 2018. The exploration area is in an agricultural and forestry area about 24 km south-west of Oberon in the central west region of NSW.

As part of the compliance audit program, an audit of the exploration activities associated with the Bushranger project within EL5574 was undertaken on 26 May 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 Prospectore 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 Prospectore Bushranger exploration project including:
 - exploration activities within EL5574 including a selected sample of exploration drillholes
 - borehole sealing and rehabilitation activities for selected drilling activities undertaken since May 2020
- a review of documents and records pertaining to the exploration activities
- the assessment of compliance for the period commencing 1 May 2020 and ending 26 May 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 EL5574 (granted 4 June 1999 and last renewed 21 September 2021)
- assessable prospecting activities application dated 30 September 2021 for 13 diamond holes, and associated approval dated 11 October 2021 (APO0001085)
- assessable prospecting activities application dated 11 March 2022 for 4 diamond holes, and associated approval dated 14 March 2022 (APO0001174)
- assessable prospecting activities application dated 25 March 2022 for 4 diamond holes, and associated approval dated 7 April 2022 (APO0001202)
- *Exploration Code of Practice: Environmental Management* (Version 4, June 2021)
- *Exploration Code of Practice: Rehabilitation* (Version 4, June 2021)
- *Exploration Code of Practice: Community Consultation* (Version 1.1, May 2016)

- *Exploration Code of Practice: Produced Water Management, Storage and Transfer* (Version 4, June 2021)
- *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

An opening meeting was held onsite on 26 May 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 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 audit site inspection.

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 the following sites:

- Hole BRDD-22-054 – drilling in progress
- Holes BRDD-21-008, BRDD-21-010 and BRDD-21-021 – all drilled from the same drill pad, all holes rehabilitated
- Hole BRDD-21-015 – hole rehabilitated
- Hole BRDD-21-011 – hole rehabilitated
- Holes BRDD-21-018, BRDD-21-020 and BRDD-21-023 – all drilled from the same drill pad, all holes rehabilitated.

2.3. Closing meeting

A closing meeting was held onsite on 26 May 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 criteria

ASSESSMENT	CRITERIA
Compliance	Sufficient and appropriate evidence is available to demonstrate the particular requirement has been complied with.
Non-compliance	<p>Clear evidence has been collected to demonstrate the particular requirement has not been complied with. There are three subcategories of non-compliance reflecting the severity and level of risk associated with the non-compliance:</p> <p>NC1 – the absence of planning or implementation of a required operational element which has the potential to result in a significant risk.</p> <p>NC2 – an isolated lapse or absence of control in the implementation of an operational element which is unlikely to result in a significant risk.</p> <p>NC3 – an administrative or reporting non-compliance which does not have a direct environmental or safety significance.</p> <p>Note: The identification of a non-compliance in this audit may or may not constitute a breach of, or offence under, the <i>Mining Act 1992</i>. Non-compliances identified in this audit report may be further investigated by the Regulator and regulatory actions may be undertaken.</p>
Observation of concern	<p>Where an auditee may be compliant at the time of the audit but there are issues that exist that could result in the potential for future non-compliance if not addressed.</p> <p>Observation of concern was also used where an issue may not have particular compliance requirements, but which was not conducive to good management or best practice.</p>
Suggestion for improvement	Where changes in processes or activities inspected or evaluated at the time of the audit could deliver improvement in relation to risk minimisation, sustainable outcomes and management practices.
Not determined	<p>The necessary evidence has not been collected to enable an assessment of compliance to be made within the scope of the audit.</p> <p>Reasons why the audit team could not collect the required information include:</p> <ul style="list-style-type: none"> ■ insufficient information on the file relating to the period covered by the audit or insufficient evidence collected to reach a conclusion ■ the wording on the criteria (approval condition) meant that no evidence could be gathered, or it was too difficult to gather the evidence. <p>A ‘not determined’ assessment was also made where the condition was outside the scope of the audit.</p>

ASSESSMENT	CRITERIA
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 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 site inspection, documentation review, and interviews.

The draft audit findings were forwarded to Prospectore for comment. Consideration was given to the representations made while finalising the audit report as discussed in the audit findings.

3. Audit findings

3.1. Work program

Condition 1 of EL5574 required the licence holder to carry out the operations described in the approved work program. Work program WP-EL5574-2018-2021 was approved by the (then) division of Resources and Energy within the Department of Industry on 2 July 2018 as part of the renewal of EL5574.

The annual report for the reporting period 4 June 2019 to 3 June 2020 identified that the exploration program had to be delayed due to the COVID-19 pandemic. Department records identified that exploration progress for the 2019-2020 period was not satisfactory due to the delay in exploration activities.

The report for the period 4 June 2020 to 3 June 2021 was not submitted. However, drilling was in progress during the audit site inspection, and holes drilled in the 2021 reporting period were inspected during the audit. Evidence was available to confirm that exploration activities had progressed since the 2019-2020 reporting period.

Exploration data was maintained by the Prospectore geologists and generally 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.

Evidence was provided to confirm that land access agreements were in place for the exploration activities undertaken on EL5574. For example, for the Bushranger drilling program, Prospectore had a permit in place with NSW Forests, which was noted to be amended for each specific drilling program (eg, amendment dated 5 July 2021). A land access agreement dated 23 April 2021 was noted to be in place for a private landholder within the licence area. This access agreement included special conditions negotiated by the landholder, including drilling operations on day shift only.

The land access agreements reviewed during the audit were generally noted to be prepared using a standard template.

3.3. Native title and exempted areas

Condition 2 of EL5574 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.

The drilling program was being conducted partly within the Vulcan State Forest, which fell within the definition of an exempted area under section 30 of the Act. Prospectore staff advised that section 30 approvals were sought for each drilling program within the Vulcan State Forest. Evidence was available in department records to verify that exempted area operations approvals had been granted for the drilling programs.

The Prospectore exploration manager advised that native title was extinguished on the land on which drilling was undertaken. Evidence was available in department records to confirm that native title was extinguished within the Vulcan State Forest and no further approvals under condition 2 of the licence were required.

3.4. Community consultation

Condition 3 of EL5574 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.

Prospectore had undertaken an assessment of the activity impact level in accordance with the guidance in the code of practice. The activity impact level was assessed as low. The auditor concurs with this assessment. Prospectore had not undertaken any further community consultation risk assessment. As suggestion for improvement no. 1, Prospectore should consider undertaking a comprehensive community consultation risk assessment to identify and consider the opportunities and threats associated with community engagement for future exploration activities.

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.

Prospectore prepared the Bushranger project stakeholder and community engagement plan development toolkit for the exploration activities on EL5574. This plan was reviewed by the audit team during the audit. The consultation plan was found to be generally consistent with mandatory requirement 3 and the guidance material in Appendix 1 of the code of practice. For example, the strategy was noted to include:

- activity impact level
- identification and analysis of stakeholders
- proposed community consultation activities
- mechanisms for review of the strategy
- processes for monitoring and responding to community feedback and complaints.

It was noted that the consultation plan did not specify any objectives for consultation. This was raised as observation of concern no. 1. Prospectore should develop and document objectives for consultation as part of the community engagement plan.

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 in a community consultation register in an excel spreadsheet that detailed the stakeholder details, date, issues raised, and responses given. Prospectore was in the process of implementing a software package, People Tray, which was to be used to manage and track consultation activities.

Annual community consultation reports were prepared and submitted for 2020, generally in accordance with the reporting guidance in Appendix 2 of the code of practice. It was noted that the annual activity report, including the annual community consultation report had not been submitted for 2021.

3.5. Exploration activity approvals

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

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

- assessable prospecting activities application dated 30 September 2021 for 13 diamond holes, and associated approval dated 11 October 2021 (APO0001085)
- assessable prospecting activities application dated 11 March 2022 for 4 diamond holes, and associated approval dated 14 March 2022 (APO0001174)
- assessable prospecting activities application dated 25 March 2022 for 4 diamond holes, and associated approval dated 7 April 2022 (APO0001202)

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 EL5574 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*.

No evidence of significant environmental harm beyond that approved in the exploration activity approval was observed at the sites visited during the site inspection. Drilling was in progress at one of the sites inspected. An Ophir Drilling rig was set up and operational at hole BRDD-22-054. Rehabilitation was completed on the other sites inspected during the audit.

Observations made during the site inspection showed the drilling program was generally undertaken in accordance with the *Exploration Code of Practice: Environmental Management* 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.

It was observed that Ophir Drilling had established controls for the management of chemicals, fuels and lubricants. Generally, these were stored on a bunded pallet covered with a tarpaulin (Figure 1). It

was noted that quantities were small and the pallet capable of containing 110% of the largest container. The drilling crew was able to provide safety data sheets for the products observed on the bunded pallet.

A fully stocked spill kit was observed on site adjacent to the chemical storage next to the driller’s van (Figure 2). No evidence of any spills was observed at the drill rig site and no incidents were reported.

Figure 1 Chemicals stored on a bunded pallet



Figure 2 Spill kit adjacent to chemical storage



3.6.2. Water

Mandatory requirements 2.1 and 2.2 required the licence holder to implement all measures to prevent, so far as reasonably practicable, causing adverse impacts on water quality and quantity, including groundwater levels and pressure.

The Prospectore field supervisor advised that water for exploration drilling operations was sourced from a dam on the property with the consent of the landholder.

Aboveground portable sumps were observed to be in use for drilling operations (Figure 3), with water recirculated during the drilling process. No impact to water quality or quantity was observed by the audit team.

Significant groundwater was unexpectedly encountered in one of the holes drilled. Prospectore staff advised that a shallow sump was dug to capture the excess water, and hay bales were used to filter any water released. This water was not stored on site and a produced water management plan was not required to be prepared.

Figure 3 Above ground sumps for water management



3.6.3. Noise and vibration

Mandatory requirement 3.1 required the licence holder to implement all practicable noise management measures to ensure that noise levels meet acceptable noise criteria for sensitive receivers.

The Prospectore field supervisor advised that the risk of adverse noise impacts was very low given the location of the exploration drilling program in the state forest. No specific controls were identified for the current drilling program.

For the drilling program proposed for privately owned land, it was noted the landholder negotiated an additional condition to the land access agreement to restrict drilling activities to day shift only.

3.6.4. Air quality

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

The Prospectore field supervisor advised that the risk of adverse air quality impacts was very low given the location of the exploration drilling programs in relation to the nearest sensitive receptors. As a result, specific controls for management of air quality impacts were not considered to be required.

3.6.5. Waste management

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

Waste streams generated from the exploration activities included:

- general domestic waste
- 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. Waste receipts were available to confirm disposal at a licenced waste management facility.

3.6.6. Vegetation clearance and surface disturbance

Mandatory requirements 6.1 to 6.4 required the licence holder to:

- minimise the extent of any vegetation clearing and surface disturbance to as low as practicable
- implement all measures to prevent, so far as practicable:

- adverse impacts to fauna caused by vegetation clearing or surface disturbance
- causing any land degradation or pollution of land and water
- harm to the environment when disturbing land in areas of potential or actual acid sulfate soils.

The Prospector field supervisor advised that generally, drill holes were planned to avoid significant vegetation where possible. Existing tracks were used wherever possible to minimise environmental impacts. For the drilling program in progress, the Prospector field supervisor advised that six pine trees were removed and pruning of others was required to facilitate drill rig access to the sites. Observations made by the audit team confirmed that this clearing was not excessive.

Because of above average rain in 2022, the area in which the drilling was being undertaken was very wet. No evidence of erosion was observed during the audit site inspection.

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 minimised 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.

The Prospector field supervisor advised that generally, tracks used to access drill sites were existing forestry tracks. Roadbase was laid in some areas to keep forestry tracks in serviceable condition during wet weather (Figure 4). Tracks traversed during the audit site inspection were generally observed to be in good condition, despite the wet conditions.

Figure 4 Roadbase on a forestry road to maintain all weather access



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.

Weed incursion was identified by Prospector as a risk for the drilling program. Vehicle hygiene was identified as the required control to mitigate the risk. Evidence was available to show that vehicle cleanliness was checked when the drilling rig arrived on site.

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.

During the audit site inspection, no livestock was observed in the areas where drilling had taken place. The Prospectore field supervisor advised the drilling program was within the state forest where no livestock were present. Specific controls were not 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 for each application for exploration activity approvals. Where heritage sites were identified from these searches, mapping confirmed that no items of cultural heritage were identified within the areas proposed to be impacted or disturbed by drilling operations. The risk assessment conducted by Prospectore for the drilling program considered specific controls were not required for heritage protection.

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 Prospectore field supervisor 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 an activity changes, implement revised environmental management controls.

It was noted that Prospectore had prepared a risk assessment for the drilling program, which was documented in an Excel spreadsheet. The risk assessment was heavily safety focussed with some information on environmental risks, but this was not comprehensive. This was raised as observation of concern no. 2. Prospectore exploration staff advised that work was in progress to review the environmental risk assessment to provide a comprehensive assessment and identification of environmental controls to manage any impacts from the drilling program. A revised comprehensive and robust risk assessment should be documented for future drilling programs.

3.7. Security deposit

Condition 5 of EL5574 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 EL5574 at the time of the drilling programs was \$145,000 which department records confirmed was held. The security deposit was reduced to \$115,000 in July 2022 following successful completion of rehabilitation of 65 historic and 38 newly drilled holes.

3.8. Rehabilitation

Condition 6 of EL5574 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 drilling program 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.

It was noted that Prospectore had prepared a risk assessment for the drilling program that was documented in an Excel spreadsheet. The risk assessment was heavily safety focussed with some information on rehabilitation risks, but this was not comprehensive. This was raised as observation of concern no. 3. Prospectore exploration staff advised that work was in progress to review the environmental and rehabilitation risk assessment to provide a comprehensive assessment and identification of controls to manage any impacts from the drilling program. A revised comprehensive and robust risk assessment should be documented for future drilling programs.

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

ROCCs were submitted for each drilling program as part of the exploration activity approval applications. It was noted that the ROCCs submitted were 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 Prospectore field supervisor advised that the rehabilitation process was consistent with that described in the applications for exploration activity approval including:

- drill collars were surveyed, then cut below ground level and capped
- holes were backfilled to surface
- where any hole made water, it was cemented
- the drill pad and access tracks were scarified
- a native grass seed mix was used to promote vegetation regrowth.

Rehabilitation was generally commenced once 10 drill holes had been completed, which was typically about 8 to 10 weeks after completion of drilling of the first hole. Monitoring rehabilitation progress was generally undertaken about 3 months after the completion of initial rehabilitation.

Inspections of the rehabilitated drill holes were done after initial completion of rehabilitation and then three months later. The results of inspections were observed to be recorded in the 'drillhole rehab status' spreadsheet. This spreadsheet provided required details of the rehabilitation of each drill hole but as suggestion for improvement no. 2, Prospectore should consider adding the date of rehabilitation sign-off from the Regulator to complete the lifecycle of each hole.

A sample of previously drilled and rehabilitated holes was inspected during the audit. No issues were observed at the holes inspected. It was noted that Prospector had obtained rehabilitation sign-off from the Regulator for some of the holes inspected.

Figure 5 and Figure 6 show examples of the rehabilitation of drill holes within the Vulcan State Forest.

Figure 5 Rehabilitation of holes BRDD-21-8, 10 and 21



Figure 6 Rehabilitation of holes BRDD-21-18, 20 and 23



3.9. Annual activity reporting

Section 163C of the *Mining Act 1992*, clause 59 of the Mining Regulation 2016 and condition 8 of EL5574 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*.

For the June 2019 to June 2020 reporting period, Prospector submitted an annual activity report comprising:

- annual geological report
- revised work program
- 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 annual exploration report and assessed this as unsatisfactory because no exploration works were completed. The 2020 community consultation report was reviewed by the auditor. It was noted that the 2020 community consultation

report was submitted as a reduced report because no exploration works were completed during the reporting period due to COVID-19 restrictions.

The annual reports for the June 2020 to June 2021 reporting period were not submitted. Prospectore acknowledged during the audit that reports had not been submitted and the company was in the process of preparing the reports for submission. The failure to lodge annual activity reports is a breach of section 163C of the Mining Act, condition 8 of EL5574, and mandatory requirement 4 of the *Exploration code of practice: Community consultation*. This was raised as non-compliance no. 1. Prospectore must submit the outstanding reports and should develop reporting processes to manage the timely submission of future reports.

3.10. Core and sample storage

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

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

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

The Prospectore field supervisor advised that all drilling has been diamond drilling, resulting in core being collected and retained. Core was observed to be stored in modular plastic core trays in the Prospectore core yard in Oberon. It was noted that all core storage was catalogued in an Excel spreadsheet and all core trays were photographed.

Core collection at the drill site was observed during the audit. Figure 7 shows the core collection at the drill rig site.

Figure 7 Collection of core at hole BRDD-22-054



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 Prospectore had generally maintained records as required by the licence conditions and the exploration codes of practice.

Examples of records reviewed included:

- land access agreements
- drill site inspection records
- drilling program risk assessment
- section 30 exempted area approvals
- pre, during and post drilling photos
- core storage records and photos
- waste management records
- 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).

The Prospectore exploration staff generally had a good understanding of the compliance requirements of the exploration licence. It was noted that there was less of an understanding of some of the mandatory requirements of the exploration codes of practice which resulted in several observations of concern. Some basic systems and processes for managing compliance requirements had been developed but further development of these systems would be beneficial. 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.

Prospectore used contract drillers to complete the exploration drilling program. During discussions with the driller, it was noted that they were generally conversant with the environmental requirements for drilling programs and had established environmental controls. The Prospectore field supervisor was on site to supervise the drilling works. It was noted that regular site inspections

of the drilling area were conducted and documented by the Prospectore field supervisor with any issues raised directly with the driller at the time.

4.3. Inspections, monitoring and evaluation

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

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

The Prospectore field supervisor had initiated an inspection and monitoring program for a range of exploration activities. For example, documented drill rig work area inspections checked a range of environmental and safety related issues. Monitoring the rehabilitation progress was recorded on a drill hole rehabilitation status spreadsheet. These inspections were generally documented electronically on checklists within the People Tray software program. This program provided for recording, actioning and tracking of issues raised during inspections and was noted to include an escalation provision should actions not be completed within the assigned due dates.

It was noted that the monitoring and inspection process does not necessarily include an assessment of the effectiveness of the risk controls as implemented. As suggestion for improvement no. 3, Prospectore 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 are shown to be not effective in addressing the risk.

5. Audit conclusions

From the evidence reviewed during the audit, it was concluded that Prospectore had achieved a satisfactory 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 some basic systems and processes had been developed to identify and manage compliance requirements. Further development of these systems would be beneficial, particularly in relation to the mandatory requirements of the codes of practice. It was observed that records were generally being maintained as required to demonstrate compliance.

One non-compliance was identified during the audit as documented in Table 2. Three observations of concern and three suggestions for improvement were identified as documented in Table 3 and Table 4.

Table 2 Summary of non-compliances

NON-COMPLIANCE NO.	DESCRIPTION OF ISSUE	RECOMMENDATION
1	The annual reports for the June 2020 to June 2021 reporting period were not submitted. Prospectore acknowledged during the audit that reports had not been submitted and the company was in the process of preparing the reports for submission. The failure to lodge annual activity reports is a breach of section 163C of the Mining Act, condition 8 of EL5574, and mandatory requirement 4 of the <i>Exploration code of practice: Community consultation</i> .	Prospectore must submit the outstanding reports and should develop reporting processes to manage the timely submission of future reports.

Table 3 Summary of observations of concern

OBSERVATION OF CONCERN NO.	DESCRIPTION OF ISSUE	RECOMMENDATION
1	It was noted that the consultation plan for the Bushranger project did not specify any objectives for consultation as required by mandatory requirement 3 of the <i>Exploration code of practice: Community consultation</i> .	Prospector should develop and document objectives for consultation as part of the community consultation strategy.
2	It was noted that Prospector prepared a risk assessment for the drilling program which was documented in an excel spreadsheet. The risk assessment was heavily safety focused with some information on environmental risks, but this was not comprehensive. An environmental risk assessment is required under mandatory requirement 12 of the <i>Exploration code of practice: Environmental management</i> .	A revised comprehensive and robust risk assessment should be documented for future drilling programs.
	It was noted that Prospector had prepared a risk assessment for the drilling program which was documented in an excel spreadsheet. The risk assessment was heavily safety focused with some information on rehabilitation risks, but this was not comprehensive. A rehabilitation risk assessment is required under mandatory requirement 1 of the <i>Exploration code of practice: Rehabilitation</i> .	A revised comprehensive and robust risk assessment should be documented for future drilling programs.

Table 4 Summary of suggestions for improvement

SUGGESTIONS FOR IMPROVEMENT	DESCRIPTION OF ISSUE
1	Prospector had undertaken an assessment of the activity impact level in accordance with the guidance in the code of practice. The activity impact level was assessed as low. Prospector had not undertaken any further community consultation risk assessment. Prospector should consider undertaking a comprehensive community consultation risk assessment to identify and consider the opportunities and threats associated with community engagement for future exploration activities
2	Inspections of the rehabilitated drill holes were done after initial completion of rehabilitation and then three months later. The results of inspections were observed to be recorded in the “drillhole rehab status” spreadsheet. This spreadsheet provided required details of the rehabilitation of each drill hole but Prospector should consider adding the date and reference no. of rehabilitation signoff from the Regulator to complete the lifecycle of each hole.
3	It was noted that the monitoring and inspection process does not necessarily include an assessment of the effectiveness of the risk controls as implemented. Prospector 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.