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**Resources Regulator**

Department of Regional NSW



## **Compliance audit program**

EL8547 Boona Exploration Project

**Haverford Holdings Pty Ltd**

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# 1. Introduction

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## 1.1. Background

Exploration licence 8547(EL8547) was granted to Bacchus Resources Pty Ltd on 3 April 2017. The licence was transferred to Haverford Holdings Pty Ltd (Haverford Holdings) on 14 December 2021. The exploration area was about 41 kilometres north-west of Fifield in central NSW.

Exploration operations on EL8547 were managed by Talisman Mining Pty Ltd (Talisman) who was the operator of the title. Haverford Holdings was a wholly owned subsidiary of Talisman.

As part of the compliance audit program, an audit of the exploration activities associated with the Boona exploration project within EL8547 was undertaken on 2 August 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 Haverford Holdings 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 Boona exploration project including:
  - exploration activities within EL8547 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 August 2021 and ending 2 August 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 EL8547 (granted 3 April 2017 and renewed 8 June 2022)

- Exploration activities application dated 29 August 2022 for the Boona RC drilling program of up to 20 reverse circulation holes, and associated approval dated 29 September 2022 (MAAG0014753)
- 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 2 August 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 the following exploration activities:

- Drill hole ACRC001, drilled March 2023, rehabilitated
- Drill hole ACRC002, drilled March 2023, rehabilitated
- Drill hole ACRC003, drilled March 2023, rehabilitated
- Drill hole BZRC006, drilled March 2023, rehabilitated

### 2.3. Closing meeting

A closing meeting was held on site on 2 August 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
<b>Compliance</b>	Sufficient and appropriate evidence is available to demonstrate the particular requirement has been complied with.
<b>Non-compliance</b>	<p>Clear evidence has been collected to demonstrate the particular requirement has not been complied with. There are three subcategories of non-compliance reflecting the severity and level of risk associated with the non-compliance:</p> <p>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>
<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>	Where changes in processes or activities inspected or evaluated at the time of the audit could deliver improvement in relation to risk minimisation, sustainable outcomes and management practices.
<b>Not determined</b>	<p>The necessary evidence has not been collected to enable an assessment of compliance to be made within the scope of the audit.</p> <p>Reasons why the audit team could not collect the required information include:</p> <p>insufficient information on the file relating to the period covered by the audit or insufficient evidence collected to reach a conclusion</p> <p>the wording on the criteria (approval condition) meant that no evidence could be gathered, or it was too difficult to gather the evidence.</p> <p>A ‘not determined’ assessment was also made where the condition was outside the scope of the audit.</p>
<b>Not applicable</b>	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).



Assessment	Criteria
	An invoking element in the criteria was not activated within the scope of the audit.

## 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 Haverford Holdings 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 EL8547 required the licence holder to carry out the operations described in the approved work program. Work program, WP-EL8547-2022-2028, was in force during the audit period.

Evidence was available to confirm that exploration activities were progressing. Annual reports for the 2021, 2022 and 2023 reporting periods were reviewed for EL8547. Exploration completed included the:

- compilation and review of data
- airborne electro-magnetic survey (AEM) using the VTEM Max AEM system
- interpretation of AEM and target generation data
- planning, earthworks and drilling of 6 reverse circulation drillholes for 1,254 metres
- reverse circulation (RC) drilling
- completion of rehabilitation for disturbance related to drill sites.

Talisman exploration staff said the annual reporting process was used to review and monitor the approved work program. Exploration data was noted to be maintained by the Talisman 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 EL8547. The land access agreements reviewed during the audit were generally noted to be prepared using a modified AMEC template. Some agreements noted additional conditions negotiated by the landholder (for example, specific requirements for access to property, and avoiding closed spaced auger programs in standing crops).

It was noted that Talisman was maintaining a geographic information systems (GIS) layer to identify the properties where land access agreements were in place.

### 3.3. Native title and exempted areas

Condition 2 of EL8547 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.

Talisman staff advised that exploration activities were generally being conducted in areas of freehold land within EL8547. A review of mapping data showed that no holes had been drilled in any exempted areas within EL8547. No further approvals under section 30 of the *Mining Act 1992* were required. It was noted that Talisman was maintaining an exclusion and avoidance layer in its GIS to identify areas where further approvals may be required, or areas where drilling was to be excluded.

Talisman 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 EL8547.

### 3.4. Community consultation

Condition 3 of EL8547 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.

Talisman undertook a community consultation risk assessment and documented it as part of the community consultation strategy. Landholders and residents of the site of the activities were identified to have a high likelihood of impact. These impacts included:

- expectations of the level of consultation required may vary between landholders
- attitudes from landholders/residents towards exploration may vary
- sensitive areas that require identification and appropriate measures to avoid or minimise impacts
- potential concerns about mine development due to exploration activity.

#### 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.

Talisman prepared a community consultation strategy for its NSW Central Lachlan project that covered 14 tenements including EL8547. The strategy was noted to address the mandatory requirements of the code of practice, including objectives for community consultation.

These included:

- identify and manage potential risks associated with community and stakeholder conflict
- provide mechanisms for accessible information to landholders and community stakeholders on exploration activities
- provide mechanisms for maintaining channels of communication to allow community feedback.
- stakeholder identification and analysis – a range of stakeholders were identified, and the likely impacts, concerns and expectations identified for each stakeholder group
- methods for undertaking community consultation were documented
- processes for monitoring and responding to feedback or complaints were documented
- processes for review of the strategy were included.

### 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 Talisman was undertaking community consultation generally in accordance with the methods outlined in the community consultation strategy. Given the location of exploration activities remote from sensitive receptors, liaison with landholders was the key consultation undertaken.

It was noted that records of consultation activities were maintained electronically in a consultation register. The register included:

- a log of interactions with landholders
- a log of interactions with other stakeholders
- details of the issues and outcomes from consultation.

Up until the change to the code of practice in October 2022, annual community consultation reports were prepared and submitted by Talisman, 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 29 August 2022 for the Boona RC drilling program of up to 20 reverse circulation holes, and associated approval dated 29 September 2022 (MAAG0014753).

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

It was noted that 20 holes were approved for drilling. Talisman exploration staff said 8 holes were prepared for drilling and of those 8 holes, only 6 were drilled. Drilling of the remaining approved holes in this program was unlikely.

### 3.6. Environmental management

Condition 4 of EL8547 required the licence holder to prevent or minimise so far as was 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 environmental harm was observed at the sites visited during the site inspection. The RC drilling program was completed at the time of the audit and all plant and equipment had been removed from site. All holes were rehabilitated. An assessment against the Exploration code of practice: Environmental Management was not completed but the following observations were made:

- No evidence of hydrocarbon spillage or chemical contamination was observed at any of the sites inspected.
- Talisman exploration staff said inground sumps were prepared at each hole to manage any incidental water from drilling operations.
- Sumps were backfilled at the completion of drilling
- All holes were reported to be backfilled with drill cuttings.
- No wastes were observed at any of the sites inspected.
- All holes were observed to have been drilled in cleared paddock areas.
- Generally, existing farm tracks were used wherever possible. Talisman exploration staff advised all access points and tracks were agreed with the landowner.
- Drill rigs were reported to be washed down before arrival on site and when moving between paddocks or land owned by different landholders. Talisman staff inspected and washed dirt off the Regulator's vehicle before accessing the property where drilling was undertaken.

#### 3.6.1. 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.

Talisman prepared a comprehensive environmental management plan for its NSW exploration operations that discussed the typical environmental risks associated with Talisman exploration activities. The general environmental management plan was supplemented by a project specific risk assessment. Where required, environmental controls were identified to mitigate any high and medium risks.

A range of risks was identified including, for example:

- intersection of groundwater – caused by completion of deeper drilling (RC) operations or connectivity between fractured rock aquifers

- soil erosion – caused by sediment control measures not installed or installed inadequately
- oil and diesel spills – caused using vehicles to access exploration sites, refuelling or conducting services of equipment on site.

It was noted that suitable controls were detailed for each risk identified.

### 3.7. Security deposit

Condition 5 of EL8547 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 EL8547 was \$53,000 that department records confirmed was held. Observations made on site during the site inspection confirmed that the security held was adequate for the drilling programs completed.

### 3.8. Rehabilitation

Condition 6 of EL8547 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.

Talisman prepared a comprehensive rehabilitation risk assessment which was documented in the rehabilitation management plan for exploration activities prepared for the Boona RC drilling program. Examples of risks included:

- drill holes left open at the end of activities – caused by a failure to complete rehabilitation progressively, or insufficient rehabilitation monitoring and record keeping
- rehabilitation of exploration sites is not successful in the long-term – caused by an ineffective rehabilitation and monitoring program.

It was noted that suitable controls were detailed for each risk identified.

#### 3.8.2. Rehabilitation objectives and completion criteria

Mandatory requirement 2 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 applications lodged by Talisman indicated that the total surface disturbance area was less than 5 hectares. The drilling programs did not fall within the definition of a higher risk activity under the code of practice and a rehabilitation management plan was not required to be developed. It was noted Talisman prepared a rehabilitation management plan for the drilling program, even though one was not required by the mandatory requirements.

Evidence was available in department records to confirm that ROCCs were submitted for the drilling program as part of the application for assessable prospecting operations. It was noted that the ROCCs submitted were generally based on the template provided in Appendix 2 of the code of practice.

### 3.8.3. Rehabilitation program

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

Talisman exploration staff advised, as documented in the environmental management plan for exploration operations, rehabilitation of RC drill sites included:

- removal of all exploration plant, equipment, associated infrastructure and waste
- all non-biodegradable sample bags, waste materials and contaminants were removed from site and disposed of at a licenced facility
- excavated sumps were dewatered and backfilled, compacted and reprofiled
- exploration holes were backfilled to the surface with drill spoil material.

Four RC holes drilled in March 2023 were inspected during the audit. No issues of concern were identified at any of the sites. It was noted that rehabilitation sign-off had not been sought for these holes and Talisman staff said further rain and regrowth would be needed to confirm successful rehabilitation before seeking sign-off.

Talisman exploration staff said rehabilitation monitoring involved a site inspection and collection of photographs at 3-monthly intervals. Inspections were noted to be documented electronically using a checklist in the Coreplan system.

Figure 1, Figure 2, Figure 3, and Figure 4 show rehabilitation of the 4 holes inspected.

Figure 1 Drill hole ACRC001, drilled March 2023



### 3.9. Annual activity reporting

Section 163C of the *Mining Act 1992*, clause 59 of the Mining Regulation 2016 and condition 8 of EL8547 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, Talisman 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.

The drilling programs conducted by Talisman on EL8547 were RC drilling. This resulted in the generation of chip samples which were collected from each hole in plastic chip trays. No core was collected on EL8547.

The chip samples were observed to be stored in a locked shipping container in a storage yard in Condobolin. Chip trays were stored in racks by hole number (see Figure 5) and were observed to be adequately labelled with hole number and depth (see Figure 6).

Figure 5 Chip sample storage on racks in shipping container



Figure 6 Example of chip tray labelling



### 3.11. Record keeping

- 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 Talisman had generally maintained records as required by the licence conditions and the exploration codes of practice. It was noted that relevant documents and records were readily retrievable upon request.

Examples of records reviewed included:

- land access agreements
- GIS system
- Coreplan drilling management system
- tenement obligations report
- project risk assessment
- environmental management plan
- environmental inspection checklist
- rehabilitation management plan
- rehabilitation objectives and completion criteria
- pre, during and post drilling photos
- community consultation strategy – NSW Central Lachlan Project
- community consultation register
- 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 Talisman exploration staff generally had a good understanding of the compliance requirements for exploration. Comprehensive and robust systems and processes for managing compliance requirements were developed and implemented. Examples of such systems included:

- the development of comprehensive environmental management and rehabilitation management plans for exploration operations
- use of the Coreplan drilling management system
- preparation and implementation of standard work practices such as:
  - 202210\_TLM\_SWP\_F24 Clearing and drill site preparation
  - 20191015\_TLM\_SWP\_E01 Enviro surface disturbance and vegetation clearing
  - 20191015\_TLM\_SWP\_E02 Enviro weed and seed management.

It was noted that 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 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.

Talisman used contract drillers to complete the exploration drilling program. Drilling was completed at the time of the audit, but evidence was available to confirm management of the contract drillers by Talisman personnel. For example, tender documents for the drilling program identified Talisman's expectations for completion of the drilling program. These expectations were reinforced through a site induction program.

The drill rig was inspected before arriving on site and again monthly during the drilling program. Toolbox talks were held with the drillers to discuss any issues of concern. A further inspection was completed at the end of drilling each hole, as documented on the end of drill pad checklist.

Talisman undertook a review of the drilling contractor performance during and after the contract and as a result had 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.

Talisman 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 Talisman were noted to include risks related to exploration activities and environmental management controls were in place. Talisman exploration staff advised that ongoing performance evaluation was conducted. As a result, Talisman identified the need for an integrated ground disturbance system to manage all of the company's exploration disturbance.

## 5. Audit conclusions

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

Talisman was compliant with the requirements of the exploration licence, exploration activity approvals and the environmental management, rehabilitation, and community consultation exploration codes of practice, for the elements reviewed during the audit. No non-compliances were identified during the audit.