
Resources Regulator

Department of Regional NSW



Compliance audit program

EL8268 Bowdens Silver exploration project

Bowdens Silver Pty Ltd

April 2024

Published by the Department of Regional NSW

Title: EL8268 Bowdens Silver exploration project

Subtitle: Bowdens Silver Pty Limited

First published: April 2024

Department reference number: ASMT0031309

Amendment schedule		
Date	Version	Amendment
April 2024	1.0	First published

© State of New South Wales through Regional NSW 2024. You may copy, distribute, display, download and otherwise freely deal with this publication for any purpose, provided that you attribute Regional NSW as the owner. However, you must obtain permission if you wish to charge others for access to the publication (other than at cost); include the publication in advertising or a product for sale; modify the publication; or republish the publication on a website. You may freely link to the publication on a department website.

Disclaimer: The information contained in this publication is based on knowledge and understanding at the time of writing (March 2024) and may not be accurate, current or complete. The State of New South Wales (including Regional NSW), the author and the publisher take no responsibility, and will accept no liability, for the accuracy, currency, reliability or correctness of any information included in the document (including material provided by third parties). Readers should make their own inquiries and rely on their own advice when making decisions related to material contained in this publication.

Table of Contents

- 1. Introduction.....5
 - 1.1. Background.....5
 - 1.2. Audit objectives.....5
 - 1.3. Audit scope.....5
 - 1.4. Audit criteria5
 - 1.5. Publishing and disclosure of information.....6
- 2. Audit methods.....7
 - 2.1. Opening meeting.....7
 - 2.2. Site interviews and inspections.....7
 - 2.2.1. Data collection and verification7
 - 2.2.2. Site inspections7
 - 2.3. Closing meeting.....8
 - 2.4. Compliance assessment definitions8
 - 2.5. Reporting.....9
- 3. Audit findings 10
 - 3.1. Work program 10
 - 3.2. Access arrangements..... 10
 - 3.3. Native title and exempted areas 10
 - 3.4. Community consultation 11
 - 3.4.1. Risk assessment 11
 - 3.4.2. Community consultation strategy 11
 - 3.4.3. Implementation and reporting..... 12
 - 3.5. Exploration activity approvals..... 12
 - 3.6. Environmental management 13
 - 3.6.1. Risk assessment 14
 - 3.7. Security deposit 14
 - 3.8. Rehabilitation 14
 - 3.8.1. Risk assessment 14
 - 3.8.2. Rehabilitation objectives and completion criteria..... 14
 - 3.8.3. Rehabilitation program 15
 - 3.9. Annual activity reporting 17

3.10. Core and sample storage	18
3.11. Record keeping.....	18
4. Compliance management.....	20
4.1. Identifying compliance obligations.....	20
4.2. Subcontractor management	20
4.3. Inspections, monitoring and evaluation	20
5. Audit conclusions.....	22

1. Introduction

1.1. Background

Exploration licence No. 8268 (EL8268) was granted to Kingsgate Bowdens Limited, now known as Bowdens Silver Pty Limited on 13 May 2014. The exploration area is about 20 km to the north-east of Mudgee in central NSW.

As part of the compliance audit program, an audit of the exploration activities associated with the Bowdens Silver exploration project within EL8268 was undertaken on 12 September 2023 by the NSW 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 Bowdens Silver 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 Barabolar exploration project including:
 - exploration activities within EL8268 including a selected sample of exploration drillholes and seismic lines
 - 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 September 2021 and ending 12 September 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 EL8268 (granted 15 March 2014 and renewed 27 June 2023)

- Assessable prospecting operations application dated 26 July 2023 for seismic survey of 12.7 km, and associated approval dated 9 August 2023 (APO0001480).
- Assessable prospecting operations application dated 14 July 2022 for four diamond drill holes for the Barabolar Part 3 project, and associated approval dated 21 July 2022 (APO0001239)
- 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 1.1 May 2016, Version 2.0, October 2022 and Version 2.1, May 2023)
- Exploration code of practice: Produced water management, storage and transfer (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

The audit process involved interviewing site personnel, reviewing 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 12 September 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 after 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:

- Seismic line 20
- Seismic line 15
- Drill hole BAR19001, drilled 2019, partially rehabilitated
- Drill hole BAR19006, drilled 2019, partially rehabilitated
- Drill hole BAR19007, drilled 2019, partially rehabilitated
- Drill hole BAR19008, drilled 2019, partially rehabilitated
- Drill hole BAR22006, drilled 2022, partially rehabilitated
- Drill hole BAR22007, drilled 2022, partially rehabilitated
- Core yard

2.3. Closing meeting

A closing meeting was held on site on 12 September 2023. The objectives of this meeting were to discuss any outstanding matters, present preliminary findings and outline the process for finalising the audit report.

2.4. Compliance assessment definitions

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

Table 1 Compliance assessment definitions

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

Assessment	Criteria
	A 'not determined' assessment was also made where the condition was outside the scope of the audit.
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

After 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 Bowdens Silver 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 EL8268 required the licence holder to carry out the operations described in the approved work programs. Work program, WP-EL8268-2018-2023 and WP-EL8268-2023-2029, were 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 EL8268. Exploration completed included:

- two diamond drill holes at the Barabolar Prospect within EL8268 (as part of a broader project)
- reprocessed historic data (located over the Pyrophyllite Quarry).

It was noted that limited on-ground work was completed over 2021 and 2022 due to Covid-19 related travel restrictions and unseasonably wet conditions throughout 2022. In addition, it was noted that Bowdens Silver resources were focused on the Bowdens Silver Project (EL5920) during this period.

Bowdens Silver used a tenement manager to assist with tracking regulatory requirements including annual reports. It was understood that a quarterly report was produced to track requirements. Records were maintained through a spatial database system. Exploration data was submitted to Mining, Exploration and Geoscience (MEG) with the annual activity reports.

3.2. Access arrangements

Section 140 of the *Mining Act 1992* states, '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 EL8268. Bowdens Silver said it had recently updated the standard templates used for land access agreements. The land access agreements include clauses that address any special requirements requested by the landowner.

3.3. Native title and exempted areas

Condition 2 of EL8268 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 in a state conservation area within an exempted area.

Bowdens Silver indicated that exploration activities within EL 8268 were on areas where native title had been extinguished. Records indicated there were 2 areas in which native title was not extinguished and these areas were excluded from the seismic exploration program.

A review of mapping data showed that no exploration activities were conducted in state conservation areas. No further approvals under section 30 of the *Mining Act 1992* were required.

An external consultant was used to provide advice on native title matters.

3.4. Community consultation

Condition 3 of EL8268 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.

Bowdens Silver provided evidence to demonstrate that a site wide community consultation risk assessment had been completed. The risk assessment included a range of considerations including adverse community interactions, consultation and interactions between contractors and the community.

As suggestion for improvement number 1, it is recommended the next review of the community consultation risk assessment be completed with reference to the objectives for consultation (i.e. the risk assessment should focus on what risks need to be managed in order for effective and inclusive consultation to take place to achieve the objectives for consultation). In addition, it is recommended that as part of the next review of the risk assessment, the document be enhanced to include detail of the review and evaluation process, and report on the effectiveness of the mitigation or control measures and record any changes.

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.

Bowdens Silver provided a copy of the community consultation strategy that was last reviewed on 17 March 2023. The strategy covers all Bowdens Silver tenements including those surrounding the village of Lue.

The strategy was noted to address all the mandatory requirements of the code of practice, including:

- establishing the objectives of the strategy
- include a detailed description and analysis of community stakeholders
- describe the methods of consultation

- outline mechanisms for review of the strategy.

It was noted the strategy was updated to include a reference to the community and landholder liaison program, which outlines, at a project level, the specific consultation mechanism, such as timing, frequency and format of consultation.

Bowdens Silver said during the activity impact assessment, the seismic exploration program was rated as 'high' in some tenements due to various factors. Bowdens Silver made the decision to assign this rating across the entire seismic exploration program given the broader community interest in Bowdens Silver activities in the region and to ensure consistent consultation methods were used throughout.

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 demonstrate that Bowdens Silver had generally implemented the community consultation strategy. For example:

- a community contact log, which logs phone calls, emails and correspondence
- monthly project update newsletters
- website notice updates informing of exploration activities
- community consultative committee meetings.

Bowdens Silver employed a community liaison officer to be responsible for implementing community consultation, monitoring and reporting requirements in accordance with the code of practice.

Before the change to the code of practice in October 2022, annual community consultation reports were prepared and submitted by Bowdens Silver to the department.

The annual community consultation report is made available on request. A copy of the annual community consultation report for EL8268 for the reporting period 13 May 2022 to 12 May 2023 was provided as part of the audit review, as was determined to be prepared generally in accordance with the reporting guidance in Appendix 2 of the code of practice.

This information supports a finding that the community consultation strategy is implemented, monitored and reported on annually.

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:

- assessable prospecting operations application dated 26 July 2023 for seismic survey of 12.7 km, and associated approval dated 9 August 2023 (APO0001480)

- assessable prospecting operations application dated 14 July 2022 for four diamond drill holes for the Barabolar Part 3 project, and associated approval dated 21 July 2022 (APO0001239).

As observation of concern number 1 it was noted there was an inconsistency in the assessable prospecting operations between the specified exploration activities and the seismic lines denoted in the supporting plans and images that form part of the application. Bowdens Silver has updated pre-startup compliance checks to reduce the likelihood of similar inconsistencies reoccurring.

3.6. Environmental management

Condition 4 of EL8268 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 environmental harm was observed at the sites visited during the site inspection. The seismic program was completed at the time of the audit and all plant and equipment was removed from site.

An assessment against the Exploration code of practice: Environmental management was not completed, however the following observations were made:

- No vegetation was required to be removed for seismic activities.
- All seismic lines were observed to have been typically placed in cleared paddock areas or along road verges.
- Bowdens Silver developed digital maps denoting the geographic location of planned seismic lines with exclusion zones for sensitive features. For example, line 20 had exclusion areas for waterways and an area of shrub-vegetation with *acacia ausfeldii*. Vehicles were excluded from this area and with nodes placed on foot, vehicle access via existing tracks. Seismic line 15 had an exclusion zone placed around the perimeter of a residential house.
- Weeds appeared to be consistent with surrounding area.
- Drill pads associated with drilling conducted in 2022 were in open paddocks, with no erosion or sediment issues, weed infestations were evident, but consistent with surrounding paddock.
- Drill pads associated with drilling conducted in 2019 were observed to be rehabilitated with no erosion or sedimentation issues.
- It was noted that weeds were present at a number of sites, however they appeared to be consistent with weed presence in the surrounding area.
- No evidence of hydrocarbon spillage or chemical contamination was observed at any of the sites inspected.
- Weed management practices during exploration activities included vehicle hygiene to control the introduction of weeds. A trailer used to clean vehicles was noted to be stored nearby, for use if vehicles and plant are required to move between landholdings.

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.

Bowdens Silver developed a sitewide health, safety and environment risk assessment for the Bowdens Silver Exploration Project, which was reviewed and updated annually. The risk assessment documented existing controls, along with proposed additional controls.

3.7. Security deposit

Condition 5 of EL8268 required the licence holder to provide a security deposit to secure funding for the fulfilment of obligations under the licence.

The security deposit held for EL8268 was \$102,000 and was determined in 2022 following an exploration activity approval for drilling. The seismic exploration program approved in 2023 did not trigger the requirement for an increase in security deposit.

3.8. Rehabilitation

Condition 6 of EL8268 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.

Bowdens Silver developed a sitewide health, safety and environment risk assessment for the Bowdens Silver Exploration Project, which was reviewed and updated annually.

Review indicated the risk assessment focused on safety and environmental risks, with limited consideration of rehabilitation. As suggestion for improvement number 2, the next review of the risk assessment should consider identifying and relating rehabilitation risks to the rehabilitation objectives and completion criteria to provide a robust framework for managing rehabilitation risks.

It was noted the rehabilitation management plan completed for drilling activities conducted in 2019 included an assessment of rehabilitation risks. A range of hazards were identified and assessed, including delay in vegetation establishment, weed establishment in rehabilitated areas, animal ingress, and extreme rainfall events. Controls were identified for each potential threat.

3.8.2. Rehabilitation objectives and completion criteria

Mandatory requirement 2 required the licence holder, no 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 Bowdens Silver indicated limited total surface disturbance (less than 5 hectares). The exploration program did not fall within the definition of a high risk activity under the code of practice and a rehabilitation management plan was not required to be developed.

The assessable prospecting operation application for seismic and drilling activities committed to applying the ROCC's 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 included 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.

Representatives of Bowdens Silver said a rehabilitation monitoring and inspection program was undertaken using checklists that were stored in i-Auditor, a cloud-based system used to capture site based data in gated checklists (before, during, and after works) with the ability to store photos. Data associated with drill hole BAR22007 and BAR22006 was cited during the audit.

In addition, a spreadsheet was maintained for tracking the status of exploration features, including rehabilitation status.

The seismic exploration program was completed about one week before the audit inspection. The seismic testing comprised the placement of receiver nodes 10 to 15 cm depth at about 5 m intervals and an accelerated weight drop of 500 kg onto a steel plate.

The seismic lines inspected were found to have minimal disturbance, in some areas flattened grass was evident from the steel plate, occasional small holes from the receiver nodes, and vehicle tracks.

Figure 1, Figure 2, Figure 3, and Figure 4 depict the areas inspected associated with recent seismic exploration activity.

Figure 1 Seismic line 20, small square shaped area of flattened grass from steel plate



Figure 2 Seismic line 20, pasture with small peg hole from a node



Figure 3 Seismic line 20, vehicle tracks in foreground and exclusion zone due to waterway in background



Figure 2 Seismic line 20 exclusion zone (no vehicles), due to threatened species (*acacia ausfeldii*)



The 2019 drilling associated with the Barabolar Project Part 2 was within native woodland and moderately sloping landscape. Selected drill sites were inspected and found to be substantially rehabilitated. The rehabilitated pads broadly reflected the surrounding native woodland understory, being rocky with limited ground cover.

The 2022 drilling associated with the Barabolar Project Part 3 was within cleared paddocks and observed to be substantially rehabilitated with no erosion or sedimentation issues. The 2022 drilling activities used low-impact methods such as above ground sumps and no pad excavation or vegetation removal. It was understood the 2022 drilling was conducted during a wet period. At the time of inspection there was evidence of bare ground where vegetation has not yet re-established.

Rehabilitation monitoring was completed using checklists and captured details of vegetation establishment, presence of weeds and erosion and sediment control issues.

Figure 5, Figure 6, Figure 7, Figure 8 and Figure 9 depict the areas inspected associated with drilling activities.

Figure 5 Drilling location of drill hole BAR19001



Figure 6 Drilling location of drill hole BAR19006



Figure 7 Drilling location drill hole BAR19007



Figure 8 Drilling location drill hole BAR22006



Figure 9 Drilling location drill hole BAR22007



3.9. Annual activity reporting

Section 163C of the *Mining Act 1992*, clause 59 of the *Mining Regulation 2016* and condition 8 of EL8268 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, Bowdens Silver 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.

Bowdens Silver store cores and samples at the Bowdens Silver Project office and workshop complex. The core yard was inspected and found to be well organised with cores and samples labelled and stored appropriately.

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 Bowdens Silver generally had 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:

- rehabilitation requirements agreed to by the landowner
- rehabilitation objectives and completion criteria
- rehabilitation checklists
- photographs of pre, during and post exploration activities.
- land access agreements
- Mapping records
- 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).

Discussions with Bowdens Silver staff showed staff generally had a good understanding of their compliance obligations under the Mining Act, title conditions and exploration codes of practice.

Generally, evidence was available to confirm that compliance obligations were identified and understood.

Bowdens Silver maintained a geographic mapping database that included relevant layers for planning and implementing exploration activities. The audit cited examples of exclusion areas associated with the recent seismic survey for waterways, sensitive vegetation and dwellings.

4.2. Subcontractor management

Contractors are often used to undertake specialist tasks, for example, exploration drilling. Whilst 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.

Bowdens Silver used a contract company for the seismic survey. A contractor management plan was developed, which included review of management plans and qualifications (as required). An induction process was undertaken, along with inspection, observation and audit.

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.

Bowdens Silver developed a gateway process for exploration drilling programs with a series of checks (called gates) at various stages throughout the life of the program. Examples of the gateway checklists were cited during the audit.

5. Audit conclusions

From the evidence reviewed during the audit, it was concluded that the exploration operations undertaken by Bowden Silver 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.

Bowdens Silver was generally compliant with all 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. The audit identified 1 observation of concern and 2 suggestions for improvement as summarised in Table 2 and Table 3.

Table 2 Summary of observations of concern

Observation of concern No.	Description of issue	Recommendation
1	It was noted there was an inconsistency in the assessable prospecting operations between the specified exploration activities and the seismic lines denoted in the supporting plans and images that formed part of the application.	Bowdens updated pre-startup compliance checks to reduce the likelihood of similar inconsistencies occurring again.

Table 3 Summary of suggestions for improvement

Suggestion for Improvement No.	Description of issue
1	It recommended that the next review of the community consultation risk assessment be completed with reference to the objectives for consultation (i.e. the risk assessment needs to focus on what risks need to be managed in order for effective and inclusive consultation to take place to achieve the objectives for consultation). In addition, it is recommended that as part of the next review of the risk assessment the document be enhanced to include detail of the review and evaluation process, and report on the effectiveness of the mitigation or control measures and record any changes.
2	The next review of the risk assessment should consider identifying and relating rehabilitation risks to the rehabilitation objectives and completion criteria to provide a robust framework for managing rehabilitation risks.