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Regulator**

COMPLIANCE AUDIT PROGRAM

EL8622 JUNEE EXPLORATION DRILLING PROGRAM

TRK Resources Ltd



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1. Introduction

1.1. Background

Exploration licence 8622 (EL8622) was granted to TRK Resources Pty Ltd (TRK Resources) on 17 July 2017. The exploration area is in an agricultural area about 20 kilometres northwest of Gundagai in southern NSW. TRK Resources is a wholly owned subsidiary of DevEx Resources Ltd (DevEx) which is the operator of the title.

There have been several exploration drilling programs undertaken on EL8622 in the last three years. In May 2020, TRK Resources was granted funding for the drilling program under the NSW Government New Frontiers Co-operative Drilling Program. The three most recent programs are summarised in Table 1.

Table 1 Summary of recent exploration drilling programs on EL8622

PROGRAM	ACTIVITIES
November 2019	■ Two combined RC/diamond holes
January 2020	■ Collection of about 320 sub-soil and weathered bedrock samples using a truck-mounted air core drill rig
May 2020	■ Up to 10 combined RC/diamond holes

These programs were approved by the NSW Resources Regulator within the Department of Regional NSW between November 2019 and May 2020.

As part of the Regulator's compliance audit program, an audit of the exploration activities associated with the Junee project within EL8622 was undertaken on 4 November 2020.

1.2. Audit objectives

The objectives of the audit were to:

- undertake a compliance audit of the TRK Resources Pty Ltd (title holder) and DevEx Resources Limited (operator) exploration activities against the requirements of the *Mining*

Act 1992 and the conditions of the exploration licence and activity approvals issued pursuant to that Act

- assess the operational performance of the exploration activities and the ability of the titleholder 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 Junee exploration project including:
 - exploration activities within EL8622, including a selected sample of exploration drillholes (air core, RC and diamond drilling)
 - borehole sealing and rehabilitation activities for selected exploration activities undertaken since November 2019.
- a review of documents and records pertaining to the exploration activities
- the assessment of compliance for the period starting 1 June 2019 and ending 4 November 2020.

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 EL8622 (granted 17 July 2017 and renewed 14 August 2019)
- exploration activities application (ESF4) and supplementary information dated 11 November 2019 and associated approval dated 27 November 2019 (MAAG0005064)
- exploration activities application (ESF4) and supplementary information dated 8 January 2020 and associated approval dated 29 January 2020 (MAAG0005590)
- exploration activities application (ESF4) and supplementary information dated 15 April 2020 and associated approval dated 11 May 2020 (MAAG0006753)

- *Exploration Code of Practice: Environmental Management* (Version 2, April 2017)
- *Exploration Code of Practice: Rehabilitation* (Version 2, April 2017)
- *Exploration Code of Practice: Community Consultation* (Version 1.1, May 2016)
- *Exploration Code of Practice: Produced Water Management, Storage and Transfer* (Version 2, April 2017)
- *Exploration Reporting: A guide for reporting on exploration and prospecting in New South Wales* (Version 2, March 2016)
- *Exploration Guideline: Annual activity reporting for prospecting titles* (Version 2a, April 2016) published by the (then) NSW Department of Industry, Skills and Regional Development, Division of Resources and Energy
- *ESG4: Guideline for preparing an environmental and rehabilitation compliance report* (Version 2.3, March 2019) published by NSW Resources Regulator.

1.5. Publishing and disclosure of information

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

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

2. Audit methods

The audit process involved the interview of site personnel, a review of documentation and samples of records provided by the title holder and/or operator, and a site inspection of the operations 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

A brief opening meeting was held onsite on 4 November 2020 for the site inspection component of the audit. A further meeting was held online on 13 November 2020 to facilitate the review of documents and records. At these meetings, 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 collected during the audit process were reviewed on site. Where documents were unable to be reviewed on site, they were reviewed during the online meeting held on 13 November 2020.

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/or site inspections 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:

- drill hole 20JNDD003 – drilling recently completed, initial site clean-up done
- drill hole 20JNDD001 – current hole being drilled, Durock Drilling rig on site

- drill hole 20JNRC001 – RC hole, rehabilitation completed
- drill hole 20JNAC001 – air core hole, rehabilitation completed
- drill hole 20RDDD001 – rehabilitation completed.

2.3. Closing meeting

A closing meeting was held onsite on 4 November 2020 for the site inspection component of the audit. A further meeting was held online on 13 November 2020 for the review of documents and records. The objectives of these meetings 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 in Table 2.

Table 2 Audit assessment categories

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>

ASSESSMENT	CRITERIA
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	<p>Where changes in processes or activities inspected or evaluated at the time of the audit could deliver improvement in relation to risk minimisation, sustainable outcomes and management practices.</p>
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>
Not applicable	<p>The circumstances of the authorisation or title 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 site 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 inspections and interviews.

The draft audit findings were forwarded to TRK Resources 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 EL8622 requires the licence holder to carry out the operations described in the approved work program. Work program WP-EL8622-2019-2022 was approved by (then) Division of Resources and Geoscience (DRG) on 14 August 2019 as part of the renewal of EL8622.

TRK Resources were in year 2 of the work program (2019-2020). Intended activities for years one and two of the approved work program are summarised in Table 3.

Table 3 Summary of approved work program

YEAR 1	YEAR 2
Larger scale mapping of areas defined by anomalous geochemistry/alteration by recent mapping at Billabong Creek and Pigram Hill.	Geological mapping/field investigations of new areas at Riversdale and Nangus Road and yet to be defined prospects when Rural Access Compensation Agreements are in place.
Pursuit of RACA's at new targets defined by regional mapping and interpretation of geophysics.	Pursuit of RACA's at new targets defined by regional mapping and interpretation of geophysics.
Geological mapping/field investigations of new areas at Riversdale and Nangus Road and yet to be defined prospects when Rural Access Compensation Agreements are in place.	RC/diamond drilling with targets based on all of work described above.
Soil sampling at Billabong Creek and Pigram Hill prospects.	
Trial geophysics at Billabong Creek, Pigram Hill, Nangus Road and Riversdale prospects.	
Reconnaissance shallow aircore drilling for investigation of regolith and bedrock geology in areas of cover.	

The aircore drilling program was commenced in 2019, but the DevEx geologist advised that the program was suspended after 18 holes due to poor drilling conditions. An RC and diamond drilling program was in progress at the time of the audit site inspection.

Evidence was available to demonstrate that mapping and surface soil sampling had been completed. Two induced polarisation surveys were completed, and historical magnetics data was reprocessed.

Exploration data is maintained by the DevEx geologists and submitted to the department's Mining Exploration and Geoscience (MEG) with the annual activity reports as required.

3.2. Access agreements

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 is required to be agreed in writing between the holder of the prospecting title and each landholder of that area of land.

The 2020 community consultation report provided a summary of the land access agreements in place with landholders across the tenement. Generally, the agreements have been signed. It was noted that Covid-19 has delayed some negotiations and site access visits.

The community consultation report noted that some agreements were not in place before the two induced polarisation (IP) surveys were completed. Discussions with DevEx staff and a review of geological data confirmed that IP surveys were not undertaken on those properties where access agreements had not been signed.

Evidence was available to confirm that access agreements are updated as required when landowner requirements change.

3.3. Native title and exempt areas

Condition 2 of EL8622 requires the licence holder to obtain the prior written consent of the Minister before carrying out any activities on land on which native title has not been extinguished. Similarly, Section 30 of the *Mining Act 1992* requires the consent of the Minister before a licence holder undertakes any activities within an exempted area.

Areas of Crown land and areas to which native title applies have been mapped within EL8622. Departmental records confirm that TRK Resources has completed the right to negotiate process and ministerial consent was granted on 7 December 2018. This consent satisfies the requirements for native title under condition 2 of the title.

It was observed that hole 20RDDD001 was drilled in a travelling stock reserve. This area falls within the definition of an exempted area and further approval under Section 30 of the *Mining Act 1992* is required. No evidence was found to confirm that an exempted area approval was sought or granted. This is raised as non-compliance no. 1. It was noted that TRK Resources had obtained ministerial consent to prospect within areas to which native title applies and had an access agreement in place with Crown Lands. TRK Resources should ensure that exempted area approvals are sought and granted prior to drilling in exempted areas in the future. Although the non-compliance was sustained, the Regulator resolved to take no enforcement action in relation to the exempted area approval.

3.4. Community consultation

Condition 3 of EL8622 requires the licence holder to carry out community consultation in relation to the planning and conduct of exploration activities. Community consultation is 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 requires the title holder to conduct a risk assessment to identify and consider the range of opportunities and potential threats associated with community consultation and engagement.

DevEx has undertaken a community consultation risk assessment using the template provided in the code of practice. For the RC/diamond drilling program, the assessed activity impact level was low. The auditor concurs with this assessment given the nature, scale, and location of the drilling operations.

3.4.2. Community consultation strategy

Mandatory requirement 2 requires the preparation of a community consultation strategy to manage the risks identified in the risk assessment. Mandatory requirement 3 sets out the requirements for preparation of the community consultation strategy.

DevEx has prepared a procedure *Pastoral land exploration guide* (Revision 1, May 2019) and was using that document as the basis for the community consultation strategy required under the code of practice.

The pastoral land exploration guide was reviewed during the audit with the following findings:

- section 4 sets out the broad objectives of the consultation

- section 6.1 includes the requirements for a risk assessment to be completed
- section 6.3 provides details of the consultation requirements for liaising with landholders.

While providing a basis for consultation with landholders, it was noted that the *Pastoral land exploration guide* does not address all the requirements of the code of practice for community consultation. For example:

- there is no identification of stakeholders documented as part of the guide
- the guide does not specify:
 - consultation mechanisms for the identified stakeholder groups
 - how consultation feedback will be monitored and responded to.

This issue is raised as observation of concern no. 1. DevEx should revise the *Pastoral land exploration guide* to ensure it meets the requirements of mandatory requirement 3 of the code of practice.

3.4.3. Implementation and reporting

Mandatory requirement 4 requires the title holder to implement, monitor and report annually on the community consultation strategy.

Evidence was available to demonstrate that DevEx Resources has generally implemented the community consultation strategy. For example:

- stakeholder engagement records
- community consultation log
- land access agreements.

DevEx advised that consultation with landholders had resulted in amendment of the drilling program to cater for cropping requirements at some drill hole locations. The DevEx site geologist advised that no complaints or community enquiries had been received during the drilling program to date.

Community consultation reports for the 2019 and 2020 reporting years were submitted as part of the annual activity reporting required by condition 8 of EL8622. Departmental records showed that the 2019 and 2020 reports had not yet been reviewed by MEG. Both reports were reviewed by the auditor and found to be generally consistent with the reporting guidance provided in Appendix 1 of the code of practice.

3.5. Exploration activity approvals

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

Applications for activity approval have been made and granted for each drilling program. The audit focussed on the most recent exploration activity approvals as follows:

- exploration activities application (ESF4) and supplementary information dated 11 November 2019 and associated approval dated 27 November 2019 (MAAG0005064)
- exploration activities application (ESF4) and supplementary information dated 8 January 2020 and associated approval dated 29 January 2020 (MAAG0005590)
- exploration activities application (ESF4) and supplementary information dated 15 April 2020 and associated approval dated 11 May 2020 (MAAG0006753).

Generally, evidence was available to confirm that activities are being carried out in accordance with the exploration activity approvals and the codes of practice as documented in the following sections.

3.6. Environmental management

Condition 4 of EL8622 requires 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 requires 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 beyond that approved in the exploration activity approvals was observed at the sites visited during the site inspection. A Durock Drilling rig was set up on site 20JNDD001 at the time of the audit. The exploration drilling was observed to be 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 identify the requirements for the management of chemicals, fuels and lubricants used during exploration activities.

The Durock Drilling supervisor advised that only minimal amounts of chemicals and oils were kept at the drilling site. Stocks of chemicals, fuels and oils were stored at a base nearby, but this facility was not inspected as part of the audit. Chemicals, fuels and oils at the drill rig were observed to be stored in an

empty intermediate bulk container (IBC) with the tap in the closed position (Figure 1). Diesel for the rig and equipment was observed to be stored in a self-bunded fuel tanker trailer (Figure 2). A spill kit was also available adjacent to the drilling rig (Figure 3).

A rig nappy was observed in place under the rig (Figure 4). No evidence of hydrocarbon contamination was observed on any of the sites inspected.

Figure 1 Fuels and chemicals stored in a plastic IBC



Figure 3 Spill kit adjacent to the drill rig



Figure 2 Diesel stored in a self-bunded tanker trailer



Figure 4 Rig nappy under the drill rig



3.6.2. Water

Mandatory requirements 2.1 and 2.2 require 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.

Durock drilling was using aboveground tanks for water management during diamond drilling at 20JNDD001 (Figure 5). Water for the drilling program was brought in by tanker from a water standpipe at Temora. Onsite, this water was stored in 10,000 litre plastic water tanks (Figure 6) which are moved from hole to hole.

The DevEx geologist advised that inground sumps were used for the previous RC drilling program. These sumps were reported to be lined with plastic but, because RC drilling had been completed and sumps backfilled, the lining of sumps was not verified on site during the audit.

Figure 5 Aboveground sumps for drilling water management



Figure 6 Water storage tank for drilling operations



3.6.3. Noise and vibration

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

The drilling program was being undertaken in mostly cleared agricultural paddocks. No sensitive receptors were observed within one kilometre of any of the sites inspected. The drilling rig was operational during the site inspection, but very little noise could be heard beyond about 300 metres from the rig.

3.6.4. Air quality

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

Diamond drilling was in progress at the time of the site inspection. Generally, diamond drilling presents less air quality issues than RC drilling because water is used during the drilling process. No air quality issues were observed at any of the sites inspected during the audit site inspection.

3.6.5. Waste management

Mandatory requirement 5.1 requires the title holder to manage all waste in a manner which does not, as far as practicable, cause harm to the environment.

Waste from the drilling program was observed to be generally minimal. Durock Drilling staff advised that domestic waste (e.g. lunch wrappings, drink containers) were collected and stored in waste bins for disposal off site. There was generally no evidence of littering at the sites inspected.

Drill cuttings from the RC pre-collars were collected in bags for disposal off site at a licensed waste facility at the completion of drilling. Drilling fluid wastes are removed from the aboveground tanks by a Durock vacuum truck and disposed of to a licensed waste facility. It was noted that DevEx Resources had not retained any evidence of the disposal of drill cuttings and drilling fluids, although these records may be retained by Durock. As suggestion for improvement no. 1, DevEx should consider obtaining copies of key environmental management records from the drilling contractor to confirm compliance with the mandatory requirements and mandatory records of the code of practice.

3.6.6. Vegetation clearance and surface disturbance

Mandatory requirements 6.1 to 6.4 require the title 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.

Generally, clearing of vegetation was not required for any of the drill sites inspected. Construction of specific drill pads was required at some sites on the slopes. The drill rig and other vehicles were driven over the groundcover vegetation to each site with no formal access track construction required. The drill holes were planned to avoid trees and other vegetation, with all holes inspected being in cleared paddock areas (Figure 7).

Generally, most drill hole locations inspected were low risk for erosion and sedimentation due to the flat nature of the topography. At some of the steeper sites (20JNRC001 and 20JNDD001), it was observed that there were no erosion and sediment controls installed. It was noted that the areas below the drill pads were very well vegetated. Although no erosion or sedimentation was observed at any of the sites inspected, the issue of erosion and sedimentation is raised as observation of concern no. 2. It is recommended that DevEx review the risk assessment for erosion and sedimentation and implement controls if required.

Figure 7 Drilling rig at site 20JNDD001



3.6.7. Roads and tracks

Mandatory requirements 7.1 to 7.5 require the title holder to:

- consult with relevant landholders prior to establishing any new roads or tracks
- plan, design, construct and use roads and tracks in a manner which minimises the area and duration of disturbance

- construct any crossing of rivers, permanent and intermittent water lands and wetlands to prevent impacts on fish habitats
- refrain from using any unsealed road or track during wet conditions to prevent damage to that road or track
- repair all damage to existing roads and tracks resulting from exploration activities.

Generally, tracks used to access drill sites during the audit site inspection were existing farm tracks. There was no evidence of new track construction for the current program with access to drill sites being drive-over existing vegetation. The tracks used during the audit site inspection were generally observed to be well maintained and trafficable, despite recent rain.

Both Durock Drilling and DevEx staff advised that the drilling sites were shut down in periods of wet weather and no trucks were moved during rain events. DevEx reported that its geologists liaised with the landholder following periods of wet weather to confirm access to the sites.

3.6.8. Weeds, pest animals and disease

Mandatory requirement 8.1 requires the title holder to implement all practicable measures to prevent the introduction and spread of weeds, pest animals and animal and plant diseases.

DevEx has implemented a weed and seed policy which requires washdown of all vehicles when travelling between properties. A water truck was positioned at the property entry and both the geologist's light vehicle and the Regulator's vehicle were washed down upon exiting from the property.

Weeds were observed at site 20RDDD001 on the TSR (Figure 8) to have colonised on the disturbed area in greater numbers than the surrounding paddocks. Following the audit, DevEx advised that weed control had been undertaken on the site.

Figure 8 Weeds at site 20RDDD001



3.6.9. Livestock protection

Mandatory requirement 9.1 requires the title 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 paddocks where drilling had taken place, but there was evidence that cows had been in the paddock at the current drilling site. DevEx had erected a temporary electric fence (Figure 9) around the drill site to prevent livestock from entering.

Figure 9 Electric cattle fence at the drill rig site



3.6.10. Cultural heritage

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

DevEx undertook searches through the Aboriginal Heritage Information Management System (AHIMS) web service as part of its application for exploration activity approval. Six known aboriginal artefact sites have been recorded in or near the search area. Site data from the AHIMS search identified that five of the known sites were along a travelling stock reserve, with the sixth site being along the alignment of the Illabo-Tumut pipeline. Drilling has not been conducted in these areas.

It was observed that the area has been heavily modified by agricultural practices over several decades and the potential for further sites to be identified in drilling areas is low.

3.6.11. Fire prevention

Mandatory requirement 11.1 requires the title holder to implement all measures to prevent, as far as practicable, the ignition and spread of fire.

The Durock Drilling supervisor advised that the drill rig was equipped with a fire suppression system and fire extinguishers and emergency response equipment were observed to be located on the drill rig or within the associated trucks. All staff were reported to be trained in the use of this equipment.

3.6.12. Risk assessment

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

An environmental and rehabilitation risk assessment was completed for the Junee Project 2020 drill program on a hole by hole basis. The risk assessment was noted to identify general risks and controls applicable to all sites. It also provided a description of each hole and any specific risks or controls associated with that hole. For example, for site PHP2, the risk assessment identified that sheep have been placed in the paddock and all gates are to be closed after passing through. It was also noted that the track to this site can become boggy after heavy rain, restricting access to light vehicles only.

3.7. Security deposit

Condition 5 of EL8622 requires the licence holder to provide a security deposit to secure funding for the fulfilment of obligations under the licence.

The security amount required was \$10,000. Departmental records confirm that this amount is being held. The exploration activity approvals for the RC/DD drilling programs did not trigger any increase in security.

3.8. Rehabilitation

Condition 6 of EL8622 requires the title 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*.

Rehabilitation of the completed holes drilled in the 2019 and 2020 programs has been undertaken; with all four holes inspected during the site inspection completed (20JNDD003 recently drilled and initial clean up completed).

An assessment against the mandatory requirements of the code of practice was undertaken for the 2020 drilling program as documented in the following sections.

3.8.1. Risk assessment

Mandatory requirement 1 requires the title 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.

An environmental and rehabilitation risk assessment was completed for the Junee Project 2020 drill program on a hole by hole basis. The document mainly identified risks related to environmental management. Risks related to rehabilitation were limited to a commitment to conduct six-monthly site checks which included subsidence and weed growth observations. The issue is raised as observation of concern no. 3. It is recommended that DevEx conduct a specific rehabilitation risk assessment to evaluate the range of potential threats and opportunities associated with disturbance activities and appropriate controls to align with proposed final land use.

3.8.2. Rehabilitation objectives and completion criteria

Mandatory requirement 2 requires the title holder, no later than 14 days prior to the commencement of surface disturbing activities, to provide to the Secretary a copy of specific, measurable, achievable, realistic and time-bound rehabilitation objectives and completion criteria. For higher risk prospecting operations, a rehabilitation management plan is required to be prepared and submitted with the rehabilitation objectives and completion criteria.

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

Rehabilitation objectives and completion criteria were submitted for the most recent program (MAAG0006753) on 31 July 2020 before the commencement of drilling. The rehabilitation objectives and completion criteria were noted to be based on the template in appendix 2 of *the Exploration Code of Practice: Rehabilitation*. These were reviewed by the auditor during the audit and found to be appropriate for the drilling program in progress. No evidence was found to confirm that rehabilitation objectives and completion criteria were submitted for the previous two programs. This is raised as non-compliance no. 2. DevEx should ensure that appropriate rehabilitation objectives and completion criteria are submitted for each exploration activity approval. An official caution was issued on 27 January 2021 for the failure to submit rehabilitation objectives and completion criteria.

3.8.3. Rehabilitation program

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

Rehabilitation of the holes completed for all three drilling programs has occurred. It was observed that site clean-up has been completed on the most recently drilled site (20JNDD003). Revegetation has yet to occur on the drill site 20JNRC001 which was drilled in August.

Rehabilitation was undertaken as soon as practicable after drilling activities had finished. Rehabilitation of RC/diamond drill sites included:

- backfilling and reshaping of RC drill hole sumps and inspection for ground subsidence
- backfilling of drill spoil after analysis complete
- removal of drill collars to below ground level
- any salvaged topsoil containing seed banks was re-spread over the reshaped areas
- any salvaged vegetation was re-spread over the area.

Rehabilitation of the auger drilling area involved backfilling spoil down hole after sampling to surface. Following the rehabilitation, the landowner has ploughed the paddock and sown a pasture crop indicating that final land use has been achieved.

Examples of the completed rehabilitation are shown in Figure 10 and Figure 11.

Figure 10 Rehabilitation of paddock at site 20JNDD003



Figure 11 Rehabilitation of paddock at site 20JNRC001



Monitoring of rehabilitation is undertaken and tracked using the excel spreadsheet Junee drillhole rehabilitation register, drill site environmental monitoring photos and the rehabilitation program checklist. The monitoring checklist was noted to include:

- a site visit six months after completion to check the effectiveness of the erosion controls and the success of the revegetation progress
- a site visit twelve months after completion to check the effectiveness of the erosion controls and the success of the revegetation progress
- consideration of intervention for weed control if required
- documented pre-drilling, post-drilling and twelve-month drill site inspection photos.

As suggestion for improvement no. 2, DevEx should consider including the rehabilitation program checklist, and any controls developed from a site-specific rehabilitation risk assessment that are relevant to final rehabilitation success, into the Junee drillhole rehabilitation register. This may assist to assess the performance of rehabilitation against the completion criteria.

3.9. Annual activity reporting

Section 163C of the *Mining Act 1992*, clause 59 of the *Mining Regulation* and condition 8 of EL8622 require the licence holder to submit an activity report annually within one calendar month following the grant anniversary date. Annual activity reports are required to be prepared in accordance with the *Exploration guideline: Annual activity reporting for prospecting titles*.

During the audit scope period, TRK Resources and/or DevEx had been submitting annual activity reports comprising:

- annual geological report
- revised work program
- environmental rehabilitation and compliance report
- community consultation report.

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

- DevEx Resources Exploration Licence 8622 Junee Project, Third annual report, 17 July 2019 to 17 July 2020
- DevEx Resources Exploration Licence 8622 Junee Project, Second annual report, 17 July 2018 to 17 July 2019
- EL8622 Prospecting Title Work Program, year 2 submission 2020
- EL8622 Prospecting Title Work Program, year 1 submission 2019
- TRK Resources Annual Community Consultation Report 17 July 2019 to 17 July 2020
- TRK Resources Annual Community Consultation Report 17 July 2018 to 17 July 2019
- TRK Resources EL8622 Environmental and Rehabilitation Compliance Report – submission date 6 August 2020
- TRK Resources EL8622 Environmental and Rehabilitation Compliance Report – submission date 26 June 2019.

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

3.10. Core and sample storage

Clause 65 of the *Mining Regulation* requires 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 are required to be labelled, stored and managed in a manner that preserves the integrity of the core or samples.

Chip samples were collected from the RC drilling program. Core was observed to be collected from the diamond drilling in progress at 20JNDD001. Core was stored in modular plastic core trays (Figure 12 and Figure 13) with the trays labelled with hole number, tray number, start and finish depths, and indicators of downhole direction.

An inspection of the core yard and chip sample storage was not undertaken during the audit.

Figure 12 Example of core tray labelling



Figure 13 Example of core storage



3.11. Record keeping

Sections 163D and 163E of the *Mining Act 1992* relates 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 are 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 DevEx has generally maintained records as required by the licence conditions and the exploration codes of practice. Examples of records reviewed included:

- environmental and rehabilitation risk assessment
- rehabilitation objectives and completion criteria
- annual activity reports for 2019 and 2020 reporting years
- photographic records of drill sites
- drill hole rehabilitation register
- rehabilitation program checklists
- land access agreements
- register of vehicle washdowns
- community consultation log (excel spreadsheet).

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 (e.g. commitments made in the approved exploration activity application).

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

Discussions with DevEx staff showed that they had a reasonable understanding of the requirements under the *Mining Act 1992*, the conditions of title, and the exploration activity approval. It was noted that there was less familiarity with the exploration codes of practice, and observations of concern were noted during the audit. DevEx does have systems and processes in place to address many of the mandatory requirements of the codes of practice but these do not always address all the requirements.

A more robust identification of compliance requirements and tracking of completion status may assist in preventing future non-compliances. As suggestion for improvement no. 3, DevEx should consider using tools such as the Regulator's self-audit checklist for explorers, to increase familiarity with the compliance obligations and undertake its own compliance assessment.

4.2. Subcontractor management

Contractors are often used to undertake specialist tasks (e.g. 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.

DevEx were using a contract driller to complete the drilling program. DevEx Resources undertook an induction with the drilling crew at the start of the drilling program to identify key issues and hazards and establish controls as required. Supervision of the drilling operations was undertaken by the DevEx geologists. The geologists raised any issues of concern directly with the driller for corrective action.

The Durock Drilling supervisor had a good understanding of the environmental controls required and had implemented the water management controls and chemical management controls at the drill site.

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.

DevEx has developed an inspection and monitoring program to monitor the drilling program and the rehabilitation of the sites. These checklists included:

- environmental and rehabilitation risk assessment – this included a pre-drilling site inspection to assess key risks and hazards
- rehabilitation program checklist
- drill site environmental monitoring photos.

4.4. Title holder response to draft audit findings

DevEx was provided with a copy of the draft audit report and invited to submit a response to the draft audit findings. DevEx did not agree with some of the audit findings as discussed below.

In relation to non-compliance no. 1, the response provided by DevEx outlined the reasons it believed it had Ministerial consent for the exempted area. In accordance with Condition 2 of EL8622, DevEx requested Minister's consent to explore on lands in which Native Title has not been extinguished. It was the company's understanding that this applies to the various Crown land that lay within the licence in which the company wished to explore.

In accordance with this request, the Minister (Minister for Resources) consented to the company exercising its rights conferred by the Act and the licence within the entire licence area, subject to the conditions of the authority.

Since the Minister for Resources is the same Minister required for consent for Section 30 of the *Mining Act 1992*, and since the Minister gave consent to explore the entire licence area, the company believed that requesting the same Minister's consent for the same area under Section 30 was redundant, as it was deemed given for the entire licence area.

In relation to non-compliance no. 2, DevEx advised that it could not find the rehabilitation objectives and completion criteria (ROCC) for MAAG0005064 and MAAG0005590 and was unsure as to whether the ROCC's were submitted or not. However, DevEx requested consideration that by its actions with satisfactory rehabilitation of the two previous projects, it was following the same rehabilitation criteria as shown by the level of rehabilitation observed during the site visit.

In addition, DevEx advised it had previously had difficulties submitting the ROCCs given the change to the Regulator's email address and emails not being received. For MAAG0006753, DevEx changed its practice by attaching the ROCC with the ESF4 form.

No significant changes were made to the audit report as a result of the response from DevEx.

5. Audit conclusions

From the evidence gathered during the audit, and observations made on site during the audit site inspections, it was concluded that DevEx Resources has achieved a satisfactory level of compliance with the requirements of the exploration licence, exploration activity approval and the exploration codes of practice.

Both the DevEx Resources staff and the contract driller had a good knowledge of the environmental issues and controls associated with the drilling activities. Evidence was generally available to confirm implementation of the controls. It was noted that the DevEx systems and processes may not reflect all the mandatory requirements of the exploration codes of practice. Further development of compliance management tools may be beneficial to avoid future non-compliances.

Two non-compliances (both administrative non-compliances ranked NC3), three observations of concern and three suggestions for improvement were identified during the audit as documented in Table 4, Table 5 and Table 6.

Table 4 Summary of non-compliances

NON-COMPLIANCE NO.	DESCRIPTION OF ISSUE	RECOMMENDATION
1 NC3	It was observed that hole 20RDDD001 was drilled in a travelling stock reserve. This area falls within the definition of an exempted area and further approval under Section 30 of the Mining Act 1992 is required. No evidence was found to confirm that an exempted area approval was sought or granted.	DevEx should ensure that exempted area approvals are sought and granted prior to drilling in exempted areas in the future.
2 NC3	While rehabilitation objectives and completion criteria were submitted for the most recent drilling program, no evidence was found to confirm that rehabilitation objectives and completion criteria were submitted for the previous two programs.	DevEx should ensure that appropriate rehabilitation objectives and completion criteria are submitted for each exploration activity approval.

Table 5 Summary of observations of concern

OBSERVATION OF CONCERN NO.	DESCRIPTION OF ISSUE	RECOMMENDATION
1	<p>While providing a basis for consultation with landholders, it was noted that the <i>Pastoral land exploration guide</i> does not address all the requirements of the code of practice for community consultation. For example:</p> <ul style="list-style-type: none"> ■ there is no identification of stakeholders documented as part of the guide ■ the guide does not specify: <ul style="list-style-type: none"> □ consultation mechanisms for the identified stakeholder groups □ how consultation feedback will be monitored and responded to. 	<p>DevEx should revise the <i>Pastoral land exploration guide</i> to ensure it meets the requirements of mandatory requirement 3 of the code of practice.</p>
2	<p>Generally, most drill hole locations inspected were low risk for erosion and sedimentation due to the flat nature of the topography. At some of the steeper sites (20JNRC001 and 20JNDD001), it was observed that there were no erosion and sediment controls installed. It was noted that the areas below the drill pads were very well vegetated. No erosion or sedimentation was observed at any of the sites inspected.</p>	<p>It is recommended that DevEx review the risk assessment for erosion and sedimentation and implement controls if required.</p>
3	<p>An environmental and rehabilitation risk assessment was completed for the Junee Project 2020 drill program on a hole by hole basis. The document mainly identified risks related to environmental management. Risks related to rehabilitation were limited to a commitment to conduct six-monthly site</p>	<p>It is recommended that DevEx conduct a specific rehabilitation risk assessment to evaluate the range of potential threats and opportunities associated with disturbance activities and</p>

OBSERVATION OF CONCERN NO.	DESCRIPTION OF ISSUE	RECOMMENDATION
	checks which included subsidence and weed growth observations.	appropriate controls to align with proposed final land use.

Table 6 Summary of suggestions for improvement

SUGGESTIONS FOR IMPROVEMENT	DESCRIPTION OF ISSUE
1	Drilling fluid wastes are removed from the aboveground tanks by a Durock vacuum truck and disposed of to a licensed waste facility. It was noted that DevEx had not retained any evidence of the disposal of drill cuttings and drilling fluids, although these records may be retained by Durock. As suggestion for improvement no. 1, DevEx should consider obtaining copies of key environmental management records from the drilling contractor to confirm compliance with the mandatory requirements and mandatory records of the code of practice.
2	As suggestion for improvement no. 2, DevEx should consider including the rehabilitation program checklist, and any controls developed from a site-specific rehabilitation risk assessment that are relevant to final rehabilitation success, into the Junee drillhole rehabilitation register. This may assist to assess the performance of rehabilitation against the completion criteria.
3	DevEx does have systems and processes in place to address many of the mandatory requirements of the codes of practice but these do not always address all the requirements. A more robust identification of compliance requirements and tracking of completion status may assist in preventing future non-compliances. As suggestion for improvement no. 3, DevEx should consider using tools such as the Regulator’s self-audit checklist for explorers, to increase familiarity with the compliance obligations and undertake its own compliance assessment.