

Compliance audit program

EL9381 and EL9530 Sherwood and Euston Exploration Projects

Iluka Resources Limited

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1. Introduction

1.1. Background

EL9381

Exploration licence 9381 (1992) was granted to Iluka Resources Limited on 28 March 2022. The exploration area for EL9381 is about 19 kilometres north of Mildura.

EL9381 was renewed for further 3 years on 22 February 2024, with an expiry date of 28 March 2027. At the time of the audit, the department held \$30,000 in security against this title.

EL9530

Exploration licence 9530 (1992) was granted to Iluka Resources on 19 February 2023 and recorded an expiry date of 19 February 2026. The exploration area for EL9530 is about 5 kilometres east of Euston in south-western NSW or about 57.49 kilometres east southeast of Wentworth NSW.

The department holds \$467,000 in security against this title.

As part of the compliance audit program, an audit of the exploration activities associated with the Sherwood and Euston exploration projects within EL9381 and EL9530 were undertaken on 14 May 2025 by the Resources Regulator within the Department of Primary Industries and Regional Development.

1.2. Audit objectives

The objectives of the audit were to:

- undertake a compliance audit of Iluka Resources 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 Sherwood and Euston exploration projects including:
 - exploration activities within EL9381 and EL9530 including a selected sample of exploration drill holes
 - borehole sealing and rehabilitation activities for selected drilling activities undertaken since 14 May 2023.
- a review of documents and records pertaining to the exploration activities
- the assessment of compliance for the period commencing 14 May 2022 and ending 14 May 2024.

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 EL9381 (granted 28 March 2022) and EL 9530 (granted 19 February 2023).
- Assessable prospecting operations application dated 2 May 2024 for a total of 38 NQ-diameter Air Core (RCAC) holes with an average depth of 60m (maximum 100m), and associated approval dated 9 May 2024 (APO0001740).
- Assessable prospecting operations application dated 19 June 2024 for a total of 90 air core holes with an average depth of 40 m, and associated approval dated 26 June 2024 (APO0001260).
- 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).

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 14 May 2025. 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. Where documents were unable to be reviewed on the day, they were provided following the 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 on EL9381:

- RCAC drill hole SH230 – hole drilled in June 2024 and rehabilitated, no issues observed.
- RCAC drill hole SH238 – hole drilled June 2024 and rehabilitated, no issues observed.
- RCAC drill hole SH240 – hole drilled June 2024 and rehabilitated, no issues observed.
- RCAC drill hole SH250 – hole drilled June 2024 and rehabilitated, no issues observed.

Another site inspection was undertaken of the following exploration activities on EL9530:

- RCAC drill hole SH031 – hole drilled in 2024 and rehabilitated, no issues observed.
- RCAC drill hole SH035 – hole drilled in 2024 and rehabilitated, no issues observed.
- RCAC drill hole SH036 – hole drilled in 2024 and rehabilitated, no issues observed.

2.3. Closing meeting

A closing meeting was held on 14 May 2025. 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> <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.

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

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 Iluka 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

EL9381

Condition one of EL9381 required the licence holder to carry out the operations described in the approved work program. Work program WP-EL9380-2024-2027 was in force during the audit period.

Evidence was available to confirm exploration activities were progressing. Annual reports for the 2023 and 2024 reporting periods were reviewed for EL9381.

Exploration completed included:

- preparation for the planned exploration drilling program including APO preparation and field planning
- a heritage survey covering the area of the proposed drilling program was completed
- RCAC drilling was undertaken during June 2024 pursuant to the department's approval of APO0001740. A total of 19 holes were drilled to an average depth of 45 m for 1,038 metres.
- A total of 337 assays were submitted to Iluka's laboratory at Narngulu, Western Australia, for analysis of HM content.

EL9530

Condition one of EL9530 required the licence holder to carry out the operations described in the approved work program. Work program WP-AL24-2023-2028 was in force during the audit period.

Evidence was available to confirm that exploration activities were progressing. Annual reports for the 2023 and 2024 reporting periods were reviewed for EL9530.

Exploration completed included:

- RCAC, mud rotary and diamond drilling was undertaken on EL9530, with a total of 77 holes drilled for 10,081.96 metres.
- During 2023 & 2024 the Earl and Kerribee models were updated and resource estimations for Earl, Yalong and Kerribee were commenced.
- Pre-feasibility studies (PFS) stage 2 commenced in November 2022 and continued throughout the reporting period with activities including environmental approvals; seasonal spring flora and fauna surveys and other baseline surveys; geotechnical and groundwater flow modelling; mine planning and metallurgical testing.

Work programs were also noted to be reviewed before each drilling program. Iluka Resources maintained a land tracker management system which recorded the exploration data for all exploration operations within EL9381 and EL9530. The system sent reminders to Iluka staff when the annual activity reports were due for submission to NSW Resources.

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 written land access agreements were in place for the exploration activities undertaken on EL9381 and EL9530. Iluka Resources staff said any special conditions requested by the landholder were recorded in the land access agreement and relayed to on-ground staff and contractors before any exploration activity commenced. In addition to the written land access agreements, regular phone calls with landowners were conducted as per program to keep the landowners updated with current exploration activities.

3.3. Native title and exempted areas

Condition 2 of EL9381 and EL9530 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.

Iluka Resources staff said exploration activities were generally being conducted in areas of freehold land within EL9381 and EL9530. Mapping confirmed that all exploration activities reported to date were drilled on freehold land. No further approvals under Section 30 of the *Mining Act 1992* were required.

Iluka Resources staff said most of the licence area was under freehold title where native title had been extinguished. Exploration targets were generally prioritised to avoid native title or exempted areas where possible. Although not a compliance requirement, confirmation of extinguishment had not been sought from NSW Resources. No further approvals under condition 2 of the licence were required for EL9381 and EL9530.

3.4. Community consultation

Condition 3 of EL9381 and EL9530 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.

Iluka Resources undertook a consolidated community consultation risk assessment for the Sherwood and Euston projects, which included EL9381 and EL9530. The risk assessment was documented separately from the community consultation strategy. Iluka's staff said a review of the risk assessment was generally triggered by the land tracker system or when circumstances changed for the projects. No further improvement was required for the risk assessment.

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.

Iluka Resources prepared a consolidated community consultation strategy for the Sherwood and Euston projects, which included EL9381 and EL9530. Iluka Resources conducted an activity impact assessment for the project and documented that in the strategy as being of low impact.

The strategy was noted to follow the guidance material in the code of practice and included:

- objectives for consultation
- a description and analysis of community stakeholders and impacts, consistent with low impact activities
- a description of how consultation would be undertaken
- a process for review and amendment of the strategy when required.

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 Iluka 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 records of consultation activities were maintained in a newly established live stakeholder management system known as Evotix. Evotix tracked and recorded Iluka Resources interactions and actions made for the community and landholders.

Up until the change to the code of practice in October 2022, annual community consultation reports were prepared and submitted by Iluka Resources, generally in accordance with the reporting guidance in Appendix 2 of the code of practice. In 2023 and 2024, community consultation reports were prepared but Iluka Resources received no requests for the report from members of the community.

As suggestion for improvement number one, Iluka Resources should consider undertaking an analysis of any community consultation outcomes and complaints to identify any common issues, emerging trends or key outcomes, and document this in the annual reports.

3.5. Exploration activity approvals

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

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

For EL9381

- assessable prospecting operations application dated 2 May 2024 for a total of 38 NQ-diameter RCAC holes with an average depth of 60 m (maximum 100 m), and associated approval dated 9 May 2024 (APO0001740)
- assessable prospecting operations application dated 14 October 2022 for a total of 92 NQ-diameter RCAC holes with an average depth of 60 m (maximum 100 m), and associated approval dated 14 November 2022 (APO0001259).

For EL9530

- assessable prospecting operations application dated 19 June 2024 for a total of 90 air core holes with an average depth of 40m, and associated approval dated 26 June 2024 (APO0001260)
- assessable prospecting operations application dated 17 March 2023 for a total of 17 sonic holes and 397 RCAC holes with an average depth of 41m, and associated approval dated 4 April 2023 (APO0001345)
- assessable prospecting operations application dated 26 April 2023 for the combined geochemical, geotechnical and hydrogeological drilling program comprising of 46 bore holes using PQ3 triple-tube diamond drilling to a depth of approximately 100-250 m for collecting undisturbed core samples for testing the geochemistry and mineral bearing qualities of the Kerribee, Earl and Yalong deposits (APO0001395)
- assessable prospecting operations application dated 10 May 2024 for a total of 10 RCAC holes with an average depth of 70 m, and associated approval dated 21 June 2024 (APO0001760).

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

3.6. Environmental management

Condition 4 of EL9381 and EL9530 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 RC drilling programs were completed at the time of the audit and all plant and equipment was removed from sites. All holes inspected were rehabilitated satisfactorily. An assessment against the Exploration code of practice: Environmental management was not completed but the following observations were made:

- Rehabilitated holes were said to be backfilled with drill cuttings.
- No evidence of drill cuttings was observed on the surfaces of the sites inspected.
- No waste was observed at any of the sites inspected. Iluka staff said RC sample bags were collected and sent to a licensed waste facility for disposal.
- The drilled holes were on existing private access tracks that kept ground disturbance and vegetation clearing at a minimum.
- The rehabilitated areas were restored to pre-drilling conditions, with the seedbank that was removed from sump excavation returned to its original location.
- Biosecurity measures such as sanitizing vehicles and protective equipment to prevent the spread of pests and weeds were being implemented during site access.
- Generally, existing farm tracks were used wherever possible. Iluka exploration staff said all access points and tracks were agreed with the landowner before starting drilling.
- Drilling activities stopped during heavy rain and site access was restricted to minimise the risk of damage to farm roads and tracks.

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.

Iluka Resources undertook an assessment of the impacts of its exploration operations as part of its application for assessable prospecting operations. Appropriate risk controls were included in the assessment.

3.7. Security deposit

Condition 5 of EL9381 and EL9530 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 EL9381 was \$30,000, which department records confirmed was held. It was noted the drilling program in 2023 and 2024 on EL9381 did not trigger an increase in security.

The security amount required for EL9530 was \$467,000, which department records confirmed was held. The last security review was conducted during May 2024.

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 EL9381 and EL9530 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 one required the licence holder to conduct a risk assessment to evaluate the range of potential threats and opportunities associated with rehabilitating disturbed areas to a condition that could support the intended final land use.

Iluka Resources undertook an assessment of the impacts of its exploration operations as part of its application for assessable prospecting operations, which included rehabilitation of the exploration activities. Risk controls were included in the assessment. It was noted Iluka had an individual risk assessment document and rehabilitation management plan (RMP) as required.

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 RMP was required to be prepared and submitted with the rehabilitation objectives and completion criteria.

The exploration activity approval applications lodged by Iluka Resources for EL9381 indicated 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 RMP was not required to be developed.

The exploration activity approval applications lodged by Iluka Resources for EL9530 indicated an excavation of approximately 135 cubic metres of material for sump construction, more than the 60 cubic metres threshold for excavation that falls within the definition of a high-risk activity under the code of practice, therefore a RMP was required to be prepared and submitted in accordance with the code of practice for rehabilitation. It was observed a RMP was prepared and submitted for current activities.

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.

Iluka Resources exploration staff said rehabilitation of drill sites generally included:

- site cleaned of all remaining rubbish and drill samples
- all drill samples were backfilled down the drillhole in the sequence in which they were drilled

- remaining samples were taken and disposed of at an offsite facility
- remediation and earthworks were conducted if any sub-surface ground was disturbed
- drill collars were removed, and topsoil was returned to drill collar accordingly
- photos were taken before the site is distributed and after the site was rehabilitated.

Iluka Resources exploration staff said rehabilitation monitoring involved a site inspection and collection of photographs at about 6 monthly intervals.

Figure 1, Figure 2, Figure 3 and Figure 4 show examples of the rehabilitation of the 4 drill holes inspected within EL9381.

Figure 5, Figure 6 and Figure 7 show examples of the rehabilitation of the three drill holes inspected within EL9530.

Figure 1: RCAC drill hole SH230 - drilled and rehabilitated



Figure 2: RCAC drill hole SH238 - drilled and rehabilitated with evidence of vegetation



Figure 3: RCAC drill hole SH401 -drilled and rehabilitated with evidence of vegetation



Figure 4: RCAC drill hole SH250 - drilled and rehabilitated



Figure 5: RCAC drill hole SH031 - drilled and rehabilitated



Figure 6: RCAC drill hole SH035 - drilled and rehabilitated



Figure 7: RCAC drill hole SH036 - drilled and rehabilitated



3.9. Annual activity reporting

Section 163C of the *Mining Act 1992*, clause 59 of the Mining Regulation 2016 and condition 8 of EL9381 and EL9530 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, Iluka Resources submitted annual activity reports comprising:

- annual exploration report
- environmental rehabilitation and compliance report
- community consultation report (up to October 2022).

Generally, reports were found to be in accordance with the NSW Resources 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 program conducted by Iluka Resources on EL9381 and EL9530 was RC and AC drilling that resulted in the generation of chip samples. Iluka Resources staff said they took photos of chip samples for every drill hole, but not all samples were retained. The samples that were not useful were returned into the designated sump. The chip samples with geological significance were stored in the chip sample storage located off-site which was not inspected during the audit. Iluka Resources staff provided photos showing the chip sample storage appeared to be well organised.

Chip samples were considered as characteristic samples, and therefore Iluka Resources must have collected, retained and preserved all chip samples under clause 65(a)(c)(d) of the *Mining Regulation 2016*, and offered the unusable chip samples to the Secretary before disposal under clause 65 (e). This was raised as non-compliance number one. It was noted neither section 163G of the Act or clause 65 of the Regulation contain offence provisions for failing to comply with this requirement. However, Iluka Resources must not dispose of chip samples without first offering them to the Secretary.

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

Examples of records reviewed included:

- land access agreements
- risk assessments
- rehabilitation objectives and completion criteria
- pre, during and post drilling photos

- photos of chip sample storage
- community consultation strategy
- community consultation records
- annual activity reporting
- work program.

4. Compliance management

4.1. Identifying compliance obligations

Identifying compliance obligations is a critical step in the development of an effective compliance management system. Compliance obligations for an exploration project can include:

- regulatory requirements (for example, the *Mining Act 1992*)
- conditions imposed on the grant, renewal, or transfer of exploration licences
- exploration activity approvals
- exploration codes of practice
- specific commitments made by the organisation (for example, commitments made in the approved exploration activity application).

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

The Iluka Resources exploration staff generally had a good understanding of the compliance requirements for exploration. Systems and processes for managing compliance requirements were developed and implemented.

It was noted that records were generally being maintained to demonstrate compliance.

4.2. Contractor 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.

Iluka Resources used contract drillers to complete the exploration drilling program. Drilling was completed at the time of the audit and a review of contractor management activities was not undertaken.

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.

Iluka Resources exploration staff established an inspection and monitoring process that was suitable for the low impact nature of the exploration activities being conducted. These processes included inspection of drill sites and rehabilitation to confirm works were completed in accordance with the controls identified in the risk assessment.

The risk assessment prepared by Iluka Resources for the exploration drilling program included risks related to environmental management and rehabilitation. Controls were identified and implemented to manage the risks. Observations made on site during the audit confirmed no evidence of environmental harm.

Exploration staff advised that the process for checking the implementation and effectiveness of controls was recorded and documented in the land tracker system.

5. Audit conclusions

From the evidence reviewed during the audit, it was concluded that most of the exploration operations undertaken by Iluka Resources were well managed. Evidence was available to demonstrate that comprehensive and robust management systems were developed to identify and manage compliance requirements. It was observed that records were being maintained as required to demonstrate compliance.

During the audit, there was one non-compliance identified under clause 65 of the Mining Regulation 2016 regarding the method of disposing chip samples. Iluka Resources was compliant with all other requirements of the exploration licences, exploration activity approvals and the environmental management, rehabilitation, and community consultation exploration codes of practice, for the elements reviewed during the audit.

One non-compliance and one suggestion for improvement were noted during the audit, as summarised in Table 2 and Table 3.

Table 2: Summary of non-compliance

Non-compliance No.	Description of issue	Recommendation
1	It was noted that Iluka Resources took photos of chip samples for every drill hole, but not all samples were stored. The samples that were not useful were returned into the designated sump.	Iluka Resources must not dispose of chip samples without first offering them to the Secretary.

Table 3: Summary of suggestions for improvement

Suggestion for Improvement No.	Description of Issue
1	Iluka Resources should consider undertaking an analysis of any community consultation outcomes and complaints to identify any common issues, emerging trends or key outcomes, and documenting this in the annual reports.