

Compliance audit program

EL7750 Cowal Exploration Project

Evolution Mining (Cowal) Pty Ltd

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1. Introduction

1.1. Background

Exploration licence 7750 (1992) was granted to Barrick (Cowal) Limited on 27 May 2011. The exploration area was about 34 kilometres north-east of West Wyalong in southern NSW. Evolution Mining Limited acquired Barrick (Cowal) Limited in 2015, after which the company name was changed to Evolution Mining (Cowal) Pty Ltd.

As part of the compliance audit program, an audit of the exploration activities associated with the McKellar exploration project within EL7750 was undertaken on 22 July 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 the Evolution Mining (Cowal) 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 Western Corridor FY24 auger program, the Womboyne FY25 auger and diamond drilling program, and the South Cowal FY24 drilling program including:
 - exploration activities within EL7750 including a selected sample of exploration drillholes
 - borehole sealing and rehabilitation activities for selected drilling activities undertaken since July 2022.
- a review of documents and records pertaining to the exploration operations for the period commencing 1 July 2023 and ending 22 July 2025.

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 EL7750 (granted 27 May 2011, last renewed 15 August 2022)

- Assessable prospecting operations application dated 20 November 2023 for up to 750 auger holes, and associated approval dated 20 December 2023 (APO0001571)
- Assessable prospecting operations application dated 2 November 2023 for 17 aircore holes and up to 6 diamond holes with access tracks, and associated approval dated 24 November 2023 (APO0001586)
- Assessable prospecting operations application dated 12 July 2024 for up to 200 auger holes and up to 8 diamond drill holes with access tracks, and associated approval dated 30 July 2024 (APO0001786)
- Exploration code of practice: Environmental management (Version 4, June 2021 and Version 5, March 2022)
- Exploration code of practice: Rehabilitation (Version 4, June 2021 and Version 5, March 2022)
- Exploration code of practice: Community consultation (Version 2.0, October 2022 and Version 2.1, May 2023)
- Exploration code of practice: Produced water management, storage and transfer (Version 3, September 2017, Version 4, June 2021 and Version 5, March 2022)
- Exploration Reporting: A guide for reporting on exploration and prospecting in New South Wales (Version 3, October 2021 and Version 4, January 2022)
- Exploration Guideline: Annual activity reporting for prospecting titles (Version 3.0, December 2020 and Version 4, October 2022) published by Department of Regional NSW

1.5. Publishing and disclosure of information

This audit report was published on the Regulator's website consistent with:

- Section 365 of the *Mining Act 1992*
- Resources Regulator's [Public comment policy](#)
- *Government Information (Public Access) Act 2009*.

2. Audit methods

The audit process involved the interview of site personnel; a review of documentation and samples of records provided by the licence holder and/or operator to determine the level of compliance of the operations and assess the status of the operational performance. The audit process and methodology are described in more detail in the sections below.

2.1. Opening meeting

An opening meeting was held onsite on 22 July 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. Several documents were unable to be reviewed on the day and were provided following the remote audit.

All information obtained during the audit process was verified by the audit team where possible. For example, statements made by site personnel were verified by viewing documentation and records, including site photographs, where possible. Where suitable verification could not be provided, this has been identified in the audit findings as not determined.

2.2.2. Site inspections

A site inspection was undertaken of the following exploration operations in EL7750:

- Northern area of the 2024 auger drilling program – all holes rehabilitated.
- Southern area of the 2024 auger drilling program – all holes rehabilitated.
- Diamond drill hole 7750DD547 drilled in January 2025 and rehabilitated.
- Drilling operations in progress on ML1535.
- Core and sample storage at Cowal Gold Mine.

2.3. Closing meeting

A closing meeting was held on site on 22 July 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 3 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> <p>A ‘not determined’ assessment was also made where the condition was outside the scope of the audit.</p>
Not applicable	The circumstances of the authorisation or licence holder have changed and are no longer relevant (e.g. no longer mining, mining equipment and plant has been removed).

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

2.5. Reporting

Following completion of the audit, the audit checklists were completed, and audit notes were reviewed to compile a list of outstanding matters to be noted in the audit report. This report was prepared to provide an overview of the operational performance of the site in relation to the exploration activities and identify any non-compliances or observations of concern noted by the auditors during the documentation review and interviews.

The draft audit findings were forwarded to Evolution Mining 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 one of EL7750 required the licence holder to carry out the operations described in the approved work programs. Work program WP-EL7750-2022-2028 was in force during the audit period. Over the 6-year renewal period, planned exploration activities were targeting stages 2, 3 and 4 of the exploration process. These activities included mapping, sampling and drilling across various prospects within the exploration licence area.

Evidence was available to confirm exploration activities were progressing. Annual reports for the 2024 and 2025 reporting periods were reviewed for EL7750. Exploration completed included:

- surface geochemical soil and rock chip sampling
- infill ground gravity survey
- drilling of 22 RC holes, 5 diamond holes and 2 diamond tail holes
- drillhole geochemistry, magnetic susceptibility, and bulk density testing and analysis
- shallow subsurface auger drilling program
- processing and interpretation of gravity, induced polarisation, and downhole electro-magnetic data
- petrological sampling and analysis
- structural and stratigraphic assessment.

Evolution Mining used the annual budgeting process to set the work program for the year across the tenement. Internal monthly reporting processes were used to track expenditure against the work program requirements.

Exploration data was noted to be maintained by the Evolution Mining geologists and submitted to NSW Resources with the annual activity reports as required.

3.2. Access arrangements

Section 140 of the *Mining Act 1992* stated ‘the holder of a prospecting title must not carry out prospecting operations on any particular area of land except in accordance with an access arrangement or arrangements applying to that area of land’. The access arrangement was required to be agreed in writing between the holder of the prospecting title and each landholder of that area of land.

Evidence was provided to confirm land access agreements were in place for the properties on which exploration operations were occurring. The land access agreements reviewed during the audit were generally prepared using a standard template. Landholders were able to negotiate and add any specific requirements for their properties. Typically, land access agreements were negotiated on a program by program basis.

Evolution Mining maintained a layer in its geographic information system (GIS) identifying land ownership and the status of land access agreements.

3.3. Native title and exempted areas

Condition 2 of EL7750 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 a State Conservation Area.

Evolution Mining exploration staff said exploration activities were generally being conducted in areas of freehold land within EL7750 where native title was extinguished. There were no state conservation areas within the exploration licence area. No approvals under section 30 of the *Mining Act 1992* were required. No approvals under condition 2 of the licence were required.

Evolution Mining maintained a mapping layer in its GIS to identify land tenure. Areas of Crown land were flagged as no-go zones without further approvals. This mapping was used during drill hole planning to avoid areas where further approvals were required.

3.4. Community consultation

Condition 3 of EL7750 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.

Evolution Mining prepared a risk assessment for its exploration operations which included some risks associated with consultation and engagement. There was scope for the range of risks to be expanded to provide a more robust community consultation risk assessment. As suggestion for improvement 1, Evolution Mining should consider reviewing the community consultation risks with reference to the objectives for consultation (i.e. the risk assessment should focus on what risks need to be managed for effective and inclusive consultation to take place to achieve the objectives for consultation).

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.

Evolution Mining prepared a community consultation strategy for its Cowal Gold Operations, which included exploration activities on EL7750. A review of the strategy (CGO Stakeholder Engagement Plan) confirmed it addressed the mandatory requirements of the code of practice. For example:

- objectives for the strategy were documented in section 1.7.
- a description and analysis of stakeholders was documented in section 1.6 – the analysis considered:
 - the level of interest of each stakeholder or group of stakeholders
 - the level of support for the project
 - engagement approaches for each stakeholder type.
- consultation activities were described in section 1.10 – this included both internal and external stakeholders
- processes to regularly monitor and respond to feedback, complaints and enquiries were documented in section 1.14.

Evolution Mining exploration staff said the consultation strategy was reviewed annually and the revision status on the document reflected a review in 2024.

3.4.3. Implementation and reporting

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

Records were available to confirm implementation of the consultation strategy. Discussion of exploration activities was included in the Cowal Gold Mine community consultative committee and other mine consultation activities. The Cowal newsletter was distributed monthly to more than 3,000 mailboxes. Evolution Mining exploration staff said no complaints were received related to exploration activities. Analysis and evaluation of consultation outcomes was generally undertaken.

The annual community consultation reports were prepared, generally in accordance with the reporting guidance in Appendix 2 of the code of practice. The reports were available upon request, but Evolution Mining did not receive any requests for community consultation reports to be provided.

3.5. Exploration activity approvals

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

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

- assessable prospecting operations application dated 24 May 2024 for up to 1,000 auger holes and 2 RC holes with access tracks, and associated approval dated 2 July 2024 (APO0001757)
- assessable prospecting operations application dated 21 January 2025 for up to 12 diamond holes, 12 RC holes with access tracks and sumps, and associated approval dated 6 March 2025 (APO0001945).

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 EL7750 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 approvals required the licence holder to carry out the activity in compliance with Part B of the Exploration code of practice: Environmental management.

The auger, aircore and diamond drilling programs on EL7750 were completed, and all plant and equipment were removed from site. A diamond drilling program was in progress on Evolution Mining's Cowal Gold Mine (ML1535) adjacent to EL7750 (see Figure 1). Although outside of the scope of the audit, the diamond drilling on ML1535 was inspected by the audit team as an example of a typical diamond drilling program. A full assessment against the Exploration code of practice: Environmental management was not completed but the following observations were made:

- No evidence of environmental harm was observed at the sites visited during the site inspection.
- A comprehensive environmental risk assessment was prepared by Evolution Mining and applied to the drilling programs.
- Evolution Mining implemented a comprehensive ground disturbance permitting process for the exploration activities.
- The auger drilling program was of minimal impact. Typically, holes were one to 3 metres deep and were rehabilitated as soon as the auger rig moved off the hole. No evidence of the 2024 auger programs was visible during the site inspection (Figure 2).
- No waste was observed at any of the completed sites inspected. Waste management controls were observed at the diamond drilling rig.
- Above ground sumps were used to collect water used in diamond drilling operations (Figure 3).
- Chemicals, fuels and oils for the diamond drilling were stored on bunded pallets (Figure 4). Safety data sheets were available in hard copy and electronically in the drillers caravan.
- Fully stocked spill kits were available on site.
- Holes were generally within cleared paddock areas with no tree clearance required.
- Existing farm tracks were used wherever possible.
- Drilling activities stopped during heavy rain and site access was restricted to minimise the risk of damage to farm roads and tracks.

Figure 1: Diamond drilling in progress on ML1535



Figure 2: Area of December 2024 auger drilling program



Figure 3: Aboveground sumps used for drilling water management



Figure 4: Fuels and oils on bunded spill pallet with stocked spill kit available



3.7. Security deposit

Condition 5 of EL7750 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 EL7750 was \$427,000, which department records confirmed was held. The auger, aircore and diamond drilling programs on EL7750 triggered the increase in security from the minimum.

3.8. Rehabilitation

Condition 6 of EL7750 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.

Evolution Mining prepared a comprehensive risk assessment for exploration operations. The risk assessment included a range of risks associated with rehabilitation of exploration activities, including any specific commitments from the exploration activity approvals. Controls were documented for the risks identified.

3.8.2. Rehabilitation objectives and completion criteria

Mandatory requirement 2 required the licence holder, not later than 14 days before the commencement of surface disturbing activities, to provide to the Secretary a copy of clear, specific, achievable and measurable rehabilitation objectives and completion criteria (ROCC). For higher risk prospecting operations, a rehabilitation management plan was required to be prepared and submitted with the rehabilitation objectives and completion criteria.

The exploration activity approval applications lodged by Evolution Mining (APO0001571, APO0001586 and APO0001786) indicated the surface disturbance area for each application was less than the 5 hectare threshold for a higher risk prospecting operation. The cumulative surface disturbance for all applications for assessable prospecting operations was 6.5 hectares which exceeded the 5 hectares threshold. Based on the cumulative surface disturbance, the drilling programs fell within the definition of a higher risk prospecting operation under the code of practice and a rehabilitation management plan was required to be developed.

Evolution Mining prepared a rehabilitation management plan for the Cowal exploration activities which was submitted to the Regulator with each application for assessable prospecting activities. Evidence was available to demonstrate the plan was implemented for the drilling programs completed.

ROCCs were documented as part of the applications for assessable prospecting operations. It was noted that the ROCCs 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 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.

Rehabilitation monitoring was generally done using a photographic record. Photographs before, during, and after drilling were noted to be maintained electronically for each site. Evidence was sighted to demonstrate the rehabilitation management plan was implemented on the rehabilitated sites inspected.

An example of initial rehabilitation of a diamond drill hole drilled in January 2025 is shown in Figure 5. The drill hole was grouted up to one metre below ground level. The drill collar was capped and cut below ground level. All equipment and wastes were removed from site.

Figure 6 shows the area of the auger drilling program completed in December 2024. No evidence of the program was observed. The auger program was of minimal impact and very little rehabilitation works were required other than filling the hole back in with cuttings in the reverse order to put the topsoil back last.

It was noted rehabilitation was not final and no application for rehabilitation sign-off was submitted to the Regulator for the sites inspected.

Figure 5: Initial rehabilitation of a diamond drill hole drilled in January 2025



Figure 6: Area of auger drilling program completed in December 2024



3.9. Annual activity reporting

Section 163C of the *Mining Act 1992*, clause 59 of the Mining Regulation 2016 and condition 8 of EL7750 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, Evolution Mining 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 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.

Core and chip sample storage was maintained at the Evolution Mining core yard at the Cowal Gold Mine.

The core trays were labelled (Figure 7) and stacked on pallets by hole number (Figure 8). The pallets of core trays were stored in an open core yard. Chip samples were stored in modular chip sample boxes and stacked on shelves in a storage container (Figure 9 and Figure 10).

Figure 7: Example of core tray from diamond drilling



Figure 8: Core trays stacked on pallets in core yard



Figure 9: Example of a chip sample tray



Figure 10: Chip sample storage



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

Examples of records reviewed included:

- land access agreements and title searches
- GIS system
- environmental and rehabilitation risk assessment
- examples of ground disturbance permitting process
- examples of drilling due diligence forms
- examples of drill instruction for drillers
- pre, during and post drilling photos
- waste management records
- examples of drillers plods
- rehabilitation objectives and completion criteria
- rehabilitation management plan
- community consultation risk assessment
- community consultation strategy
- community consultation records
- community consultation reports
- annual activity reporting
- core library tracker for core and sample storage.

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 Evolution Mining exploration staff generally had a good understanding of the compliance requirements for exploration. Comprehensive and robust systems and processes for managing compliance requirements were developed and implemented. Examples of procedures reviewed during the audit included:

- drillhole planning, preparation and sign-off procedure
- ground disturbance permitting process
- environmental management plan – Exploration
- rehabilitation procedure.

It was noted records were generally 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.

Evolution Mining used contract drillers for the diamond drilling program. Systems and processes for monitoring the contracted works were established and implemented. For example, the drilling crews were given a site induction which went through the requirements of the contract, and any controls required to be implemented. Toolbox meetings were held throughout the drilling programs to discuss any issues arising or any changes in requirements.

For each hole, the driller was given a surface diamond drill instruction sheet. This included a plan of the drill site, and detailed drilling instructions. Each drill instruction was cross-referenced with the ground disturbance permit number and the permit to work number. The drill instruction was signed by the drill supervisor to confirm the drill parameters were acceptable and achievable.

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.

Evolution Mining exploration staff established an inspection and monitoring process that was suitable for the nature of the exploration operations being conducted. These processes were noted to include inspection of drill sites and rehabilitation to confirm works are completed in accordance with the controls identified in the risk assessments.

5. Audit conclusions

From the evidence reviewed during the audit and observations made on site during the site inspection, it was concluded the exploration operations undertaken by Evolution Mining were well managed. Evidence was available to demonstrate that comprehensive and robust systems and processes had been developed to identify and manage compliance requirements. It was observed that records were being maintained as required to demonstrate compliance.

Evolution Mining were compliant with the requirements of the exploration licence, exploration activity approvals and the exploration codes of practice, for the elements reviewed during the audit. No non-compliances or observations of concern were identified during the audit.

One suggestion for improvement was identified as summarised in Table 2.

Table 2: Summary of suggestions for improvement

Suggestion for improvement number	Description of issue
1	Evolution Mining should consider reviewing the community consultation risks with reference to the objectives for consultation (i.e. the risk assessment should focus on what risks need to be managed for effective and inclusive consultation to take place to achieve the objectives for consultation).