

Compliance audit program

EL8356 Yellow Mountain Exploration Project

Ochre Resources Pty Ltd

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1. Introduction

1.1. Background

Exploration licence 8356 (1992) was granted to Ochre Resources Pty Ltd on 26 March 2015. The exploration area was about 59 kilometres south-west of Tottenham in central NSW. Ochre Resources is a wholly owned subsidiary of Alchemy Resources (NSW) Pty Ltd who was the operator of the title.

As part of the compliance audit program, an audit of the exploration activities associated with the Halls Peak exploration project within EL8356 was undertaken on 2 December 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 Ochre Resources Pty Ltd 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 Yellow Mountain exploration project including:
 - exploration activities within EL8356 including a selected sample of exploration drillholes.
 - borehole sealing and rehabilitation activities for selected drilling activities undertaken since June 2022.
- A review of documents and records pertaining to the exploration operations for the period commencing 1 December 2023 and ending 2 December 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 8356 (granted 26 March 2015, last renewed 1 June 2023)
- assessable prospecting operations application dated 18 October 2024 for up to 16 RC holes with access tracks, and associated approval dated 3 December 2024 (APO0001879)

- 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 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 2 December 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 EL8356:

- Reverse circulation (RC) hole YMRC001 drilled in 2025 and rehabilitation in progress.
- RC hole YMRC002 drilled in 2025 and rehabilitation in progress.
- Proposed RC hole YMRC003 where the drill pad was prepared but the hole was not drilled. Rehabilitation of the drill pad was in progress.
- RC hole YMRC004 drilled in 2025 and rehabilitation in progress.
- RC hole YMRC005 drilled in 2025 and rehabilitation in progress.
- Proposed RC hole YMRC006 where the drill pad was prepared but the hole was not drilled. Rehabilitation of the drill pad was in progress.
- RC hole YMRC010 drilled in 2025 and rehabilitation in progress.
- Shallow pit dug for drill cutting disposal where rehabilitation was in progress.

2.3. Closing meeting

A closing meeting was held on site on 2 December 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>

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 Ochre 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 one of EL8356 required the licence holder to carry out the operations described in the approved work programs. Work program WP-EL8356-2023-2027 was in force during the audit period. Exploration activities were planned to target stages one to 5 of exploration across the tenement.

Evidence was available to confirm exploration activities were progressing. Annual reports for the 2024 and 2025 reporting periods were reviewed for EL8356. Exploration completed included:

- review of core at the Londonderry Core Library
- reassaying of Yellow Mountain historic drill core
- outcrop and structural mapping
- rock chip sampling
- planning for and completion of a reverse circulation drilling program
- heritage survey.

Alchemy Resources used the annual reporting and budgeting processes to set the work program for the year across the tenement.

Exploration data was noted to be maintained by the Alchemy Resources geologists (and/or its contractors) 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 land on which exploration activities were undertaken. These agreements included a land access agreement for the private lands and a land access arrangement for the crown lands within the area. The access agreements were noted to include provisions for ground disturbance during drilling and rehabilitation of exploration activities.

3.3. Native title and exempted areas

Condition 2 of EL8356 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.

Ochre Resources completed the right to negotiate process for the parts of EL8356 subject to native title. A section 31 deed between the NSW Government, the native title parties and Ochre Resources was finalised in April 2024. Consent under condition 2 was granted in August 2024.

There were no state conservation areas within the exploration licence areas. No approvals under section 30 of the *Mining Act 1992* were required. Ochre Resources had a land access arrangement in place with Crown Lands for exploration activities.

3.4. Community consultation

Condition 3 of EL8356 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 one 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.

Alchemy Resources prepared a community consultation risk assessment for the Yellow Mountain project. The risk assessment included a range of risks related to consultation and engagement and proposed controls to mitigate each risk identified.

3.4.2. Community consultation strategy

Mandatory requirement 2 required preparing a community consultation strategy to manage the risks identified in the risk assessment. Mandatory requirement 3 set out the requirements for preparing the community consultation strategy.

Alchemy Resources prepared a community consultation strategy for its Yellow Mountain project on EL8356. A review of the community consultation strategy for exploration activities confirmed it generally addressed the mandatory requirements of the code of practice, as outlined below:

- Objectives for the strategy were documented in section 1.
- Stakeholders were identified in section 3 – this section included a description and analysis of the identified stakeholders in Table 1.
- Consultation activities were described in section 4 – consultation mechanisms were tailored to each stakeholder type.

The document control box included in the strategy showed the strategy was reviewed. The triggers for a review of the strategy were not clearly identified. As suggestion for improvement one, Alchemy Resources should consider reviewing the community consultation strategy to include a process and triggers for the review and update of the strategy as 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.

Records were available to confirm implementation of the consultation strategy. Given the low impact nature of the exploration activities, and a location remote from nearby communities, liaison with landholders was the key consultation undertaken. Evidence was available to confirm ongoing consultation with the native title parties as documented in the consultation strategy.

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 neither Ochre Resources nor Alchemy Resources received 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 before carrying out assessable prospecting operations.

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

- assessable prospecting operations application dated 18 October 2024 for up to 16 RC holes with access tracks, and associated approval dated 3 December 2024 (APO0001879).

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

Alchemy Resources sought approval for up to 16 RC holes. Seven drill pads were constructed but only 5 holes were drilled.

3.6. Environmental management

Condition 4 of EL8356 required the licence holder to prevent or minimise so far as was reasonably practicable, any harm to the environment arising from the activities carried out under the licence. Condition 2 of the exploration activity approvals required the licence holder to carry out the activity in compliance with Part B of the Exploration code of practice: Environmental management.

The RC drilling program on EL8356 was completed, and all plant and equipment were removed from site. 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.
- Clearing of vegetation for drill pads and the establishment of access tracks was generally consistent with the APO approval (Figure 1 and Figure 2).
- Preliminary rehabilitation was progressed with further work required to reshape some of the drill pads.

- No waste was observed at any of the sites inspected. Plastic sample bags were collected and disposed of.
- A small pit for the disposal of drill cuttings was dug in accordance with the description in the APO application. This pit was backfilled and rehabilitated at the end of the drilling program (Figure 3).
- No weed issues were observed during the site inspection.
- Alchemy Resources prepared a threatened species identification guide for use by the exploration personnel and drillers on site.
- Cultural heritage searches were completed for the application for assessable prospecting operations. An Aboriginal heritage survey was completed as part of a work area clearance process. A notice of acceptance of the Aboriginal culture and heritage inspection was signed by a representative of the native title parties. This was consistent with the commitment made in the community consultation strategy and the risk control in the environmental risk assessment.

An environmental risk assessment was undertaken for the Yellow Mountain project. The risk assessment was aligned with the mandatory elements of the code of practice and documented controls to mitigate the risks identified.

Figure 1: Surface disturbance and vegetation clearance for drill pad YMRC004



Figure 2: Surface disturbance and vegetation clearance associated with access track to drill pad YMRC003



Figure 3: Area of small pit dug for disposal of drill cuttings



3.7. Security deposit

Condition 5 of EL8356 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 EL8356 was \$10,000, which department records confirmed was held. The RC drilling program on EL8356 did not trigger an increase in security from the minimum required.

3.8. Rehabilitation

Condition 6 of EL8356 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.

Alchemy Resources prepared a rehabilitation risk assessment for the Yellow Mountain project. The risk assessment included a range of risks associated with rehabilitation of exploration activities. Controls were documented for the risks identified. Examples of risks identified included:

- adopting inadequate topsoil management processes
- weed infestation associated with introduction of weed species
- damage to rehabilitation from fauna (e.g. kangaroos, pest animals or livestock).

3.8.2. Rehabilitation objectives and completion criteria

Mandatory requirement 2 required the licence holder, no later than 14 days before the commencement of surface disturbing activities, to provide to the Secretary a copy of clear, specific, achievable and measurable rehabilitation objectives and completion criteria (ROCC). For higher risk prospecting operations, a rehabilitation management plan was required to be prepared and submitted with the rehabilitation objectives and completion criteria.

The exploration activity approval application lodged by Ochre Resources indicated the surface disturbance area was less than the 5-hectare threshold for a higher-risk prospecting operation. The drilling program did not fall within the definition of a higher-risk prospecting operation under the code of practice, and a rehabilitation management plan was not required to be developed.

ROCCs were documented as part of the application 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. The drilling program was completed in October 2025. Initial clean-up and preliminary rehabilitation was in progress at the time of the audit in December 2025. This was consistent with the commitment to rehabilitate as soon as reasonably practicable after the completion of activities.

It was noted rehabilitation of the sites inspected was not signed off as satisfactory by the Regulator. Alchemy Resources were intending to submit an application for sign-off for the RC drilling program once monitoring confirmed the rehabilitation objectives and completion criteria were achieved. Further work was required to respread topsoil at some sites.

3.9. Annual activity reporting

Section 163C of the *Mining Act 1992*, clause 59 of the Mining Regulation 2016 and condition 8 of EL8356 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 Alchemy Resources submitted annual activity reports comprising:

- annual geological report
- environmental rehabilitation and compliance report.

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 was 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.

Chip sample storage was maintained at the Alchemy core yard in Perth. This was not inspected during the audit. Photos were provided to confirm chip sample storage in modular plastic chip trays. The chip trays were labelled and stacked on shelves.

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 Alchemy Resources 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
- signed section 31 deed
- environmental and rehabilitation risk assessments
- assessable prospecting operations approval and associated documentation
- Aboriginal heritage survey
- Yellow Mountain project exploration program – threatened species identification guide
- pre, during and post drilling photos
- rehabilitation objectives and completion criteria
- community consultation risk assessment
- community consultation strategy
- community consultation records
- community consultation reports
- annual activity reporting
- core and sample storage photos.

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

Alchemy Resources used contract drillers for the RC drilling program. Drilling was completed at the time of the audit, and a review of contractor management activities was not undertaken. The Alchemy Resources exploration geologist was on site during the drilling operations to supervise the drilling contractor.

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.

Alchemy Resources 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.

Exploration staff advised that the process for checking the implementation and effectiveness of controls was informal and not documented. As a suggestion for improvement 2, Alchemy Resources should consider the development of a documented process to evaluate the effectiveness of the risk controls implemented, with revised controls identified where those risks changed, or controls were identified as being ineffective.

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 Alchemy Resources, as the operator for Ochre Resources, were well managed. Evidence was available to demonstrate systems and processes were developed to identify and manage compliance requirements. It was observed that records were being maintained as required to demonstrate compliance.

Alchemy Resources 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 were identified during the audit.

Two suggestions for improvement were identified as summarised in Table 2.

Table 2: Summary of suggestions for improvement

Suggestion for improvement number	Description of issue
1	Alchemy Resources should consider reviewing the community consultation strategy to include a process and triggers for the review and update of the strategy as required.
2	Alchemy Resources should consider the development of a documented process to evaluate the effectiveness of the risk controls implemented, with revised controls identified where those risks changed, or controls were identified as being ineffective.