

## **Compliance audit program**

M1530 – Paxtons Mine

**Macapika Pty Ltd**

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# 1. Introduction

## 1.1. Background

Mining lease 1530 (1992) (ML1530) was granted to Macapika Pty Ltd on 6 February 2003. The lease is about 98 kilometres north of Balranald in south-western NSW and contains the Paxtons Mine.

As part of the compliance audit program, an audit of the mining operations associated with the Paxtons Mine was undertaken on 21 October 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 Paxtons Mine operations against the requirements of the *Mining Act 1992*, the mining lease conditions, and the prescribed standard conditions outlined in Schedule 8A Part 2 of the Mining Regulation 2016.
- assess the operational performance of the mining operations 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:

- a review of documents and records pertaining to mining operations associated with the Paxtons Mine, as required by the standard conditions on mining leases and obligations under the *Mining Act 1992*
- the assessment of compliance for the period commencing 2 July 2022 and ending 21 October 2025.

## 1.4. Audit criteria

The audit criteria against which compliance was assessed included:

- *Mining Act 1992*
- Mining Regulation 2016
- Conditions attached to ML1530 (granted 6 February 2003, as amended 5 April 2023)
- Standard conditions for mining leases outlined in Schedule 8A Part 2 of the Mining Regulation 2016
- Form and way: Annual Rehabilitation Report and Forward Program (small mines)
- Form and way: Rehabilitation objectives and rehabilitation completion criteria for small mines

- Exploration reporting: A guide for reporting on exploration and prospecting in New South Wales (Version 3, October 2021 and Version 4, January 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 *Compliance Publication 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 21 October 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 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 gypsum mining operations on ML1530. Operations were not active at the time of the audit. Mining operations were intermittent with activity dependent on demand.

### 2.3. Closing meeting

A closing meeting was held on site on 21 October 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
<b>Compliance</b>	Sufficient and appropriate evidence is available to demonstrate the particular requirement has been complied with.
<b>Non-compliance</b>	<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>
<b>Observation of concern</b>	<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>
<b>Suggestion for improvement</b>	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.
<b>Not determined</b>	<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>
<b>Not applicable</b>	<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 mining operations 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 the lease holders 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. Mining lease conditions

#### 3.1.1. Security deposit

Condition 2 of ML1530 required the leaseholder to provide and maintain a security deposit to secure funding to fulfil the obligations under the mining lease.

The security amount required for ML1530 was \$26,000, which department records confirmed was held.

Paxtons Mine was a large mine with a small operational footprint. Observations made on site during the site inspection confirmed the security held was adequate for the mining operations in progress.

#### 3.1.2. Co-operation agreement

Condition 3 of ML1530 required the leaseholder to make reasonable attempts to enter into a co-operation agreement with the holders of any overlapping titles.

A search of the Minview database and department records confirmed there were no overlapping titles for ML1530. A co-operation agreement was not required.

#### 3.1.3. Assessable prospecting operations

Condition 4 of ML1530 required the leaseholder to have development consent, or the prior written approval of the Minister, before carrying out any assessable prospecting operations on the lease area.

The leaseholders carried out assessable prospecting operations over the past 2 years. The requirements under condition 4 were triggered and an assessable prospecting operations application was required. APO0001614 was approved on 1 December 2023 with activities drilled and rehabilitated at the time of the audit. A sample of these completed activities were inspected during the audit and are shown in figures 1 - 3. Request for rehabilitation sign-off had not been sought.

Figure 1: Air core drill hole PAX001



Figure 2: Air core drill hole PAX002



Figure 3: Air core drill hole PAX003



## 3.2. Schedule 8A requirements

The Schedule 8A requirements commenced on 2 July 2021. Clause 31A (2) of the Mining Regulation 2016 included transitional arrangements for any mining lease that was in force on the commencement day of the Schedule 8A provisions. For a large mine, the new provisions did not apply until 12 months after the commencement day. For a small mine, the new provisions did not apply until 24 months after the commencement day of the Schedule 8A requirements.

ML1530 was granted in February 2003. It was a mining lease in force on the commencement day. Paxtons Mine was classified as a large mine. The lease conditions were amended on 5 April 2023 and took effect on 2 July 2023.

### 3.2.1. Multiple mining leases

Clause 3 of Schedule 8A allowed a leaseholder to make application to have multiple mining leases relating to the same mine treated as a single lease for the purposes of Part 2 of Schedule 8A. Paxtons Mine on ML1530 was a single lease for the purposes of Part 2 of Schedule 8A.

### 3.2.2. Environmental management

Clause 4 required a leaseholder to prevent, or if that is not reasonably practicable, minimise any harm to the environment arising from activities carried out under the mining leases.

The mining operations of the Paxtons Mine were carried out within the boundaries of ML1530. No environmental harm was observed at the sites inspected. The operations are conducted along a long shallow pit. The small processing plant in the active area (Figure 4) was positioned at one end of the pit and was used for crushing the extracted material. The site was not in operation at the time of the audit. Generally, the site was tidy with minimal potential for environmental harm.

It was observed part of the area of ML1530 was in use by the land holder as an agricultural property.

Figure 4: The processing plant in the current mining operation area



### 3.2.3. Rehabilitation

Clause 5 required rehabilitation to occur as soon as reasonably practicable after disturbance. Paxtons Mine was a large mine. Rehabilitation of the previously mined area was completed (Figure 5). The rehabilitation was completed about 10 years earlier. Topsoil and other material were stockpiled around the processing plant in the active mining area ready to use for rehabilitation once operations were completed. Rehabilitation was observed to be occurring as soon as reasonably practicable.

Figure 5: Rehabilitation of the past open pit



### 3.2.4. Final land use

Clause 6 required the leaseholder to ensure rehabilitation of the mining area achieved the final land use.

Site operations were not completed but were intermittent. Operations were planned to recommence. Achieving final land use was not required at the time of the audit, but the mine was on track to achieve final land use once operations cease. The previous open pit area, which was no longer used, was rehabilitated with no issues sighted on day of audit. No application was submitted to have this area signed off by the Regulator as rehabilitation completed.

No works were undertaken to advance the final land use given the mine was not in closure.

### 3.2.5. Rehabilitation risk assessment

Clause 7 required the leaseholder to conduct a rehabilitation risk assessment that identified, assessed and evaluated the risks that need to be addressed to achieve the rehabilitation objectives and completion criteria for the mine.

The leaseholders documented risk to the environment and risks to rehabilitation in the rehabilitation management plan (RMP) as per the form and way. A separate risk assessment document was also maintained and was completed before the RMP. The risk assessment was generally appropriate for the existing operations. Management strategies and controls were documented for the identified risks, along with risk to final land use and rehabilitation risk phase.

### 3.2.6. Rehabilitation documents

Under clause 8 of Schedule 8A, Division 3 (clauses 9 to 16) applied to ML1530 because the security deposit required under the mining lease was more than the minimum deposit prescribed by the Act.

Paxtons Mine was a large mine. A rehabilitation management plan for large mines under clause 10 was required. Paxtons Mine RMP was available upon request and included all required items.

Clause 12 required the leaseholder to prepare and submit rehabilitation outcome documents, including a rehabilitation objectives statement and a rehabilitation completion criteria statement. The rehabilitation objectives statement was submitted in 2024 and was prepared using the

Regulator's templates for large mines. The rehabilitation objectives statement was approved in December 2024. No rehabilitation completion criteria statement has been submitted, as final rehabilitation is not within the 3 year forward program. The documents complied with the form and way requirements specified by clause 9.

Clause 13 required the leaseholder to prepare a forward program and annual rehabilitation report that included:

- a schedule of mining activities for the next 3 years
- a summary of the progress of rehabilitation for the next 3 years.

A forward program and annual rehabilitation report was first prepared and submitted to the Regulator in July 2023. Late submission of these reports was addressed by the Regulator with a letter of caution issued in late July 2023. The forward program and annual rehabilitation reports were submitted annually since 2023, with no further non-compliance actions required. All forward programs and annual rehabilitation reports were submitted in the form and way specified.

Clause 16 required certain documents to be publicly available. This included the rehabilitation outcome documents, the forward program and the annual rehabilitation report. Documents can be published on the mine's website, or if the mine does not have a website, the documents must be provided upon request.

Paxtons Mine does not have a website to publish the documents required. The leaseholders committed to making the documents available if requests were received. It was noted no requests were received and an internal process was established by Paxtons to address requests if they are received.

### 3.2.7. Records management

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 4 years after the expiry or cancellation of the title. Clause 17 required the leaseholder to create and maintain records to demonstrate compliance with the requirements of Schedule 8A, Part 2.

Generally, the leaseholders were maintaining records to demonstrate compliance with relevant requirements. Records were maintained in electronic format in a manner that was easy to find requested documentation. Given the small footprint of the mine, there are few records required to be kept. Records reviewed during the audit included:

- Paxtons mine rehabilitation management plan
- risk assessment
- annual reporting documents
- record storage system
- royalty payment records
- email communications with the department.

### 3.2.8. Reporting on non-compliance

Clause 18 required the leaseholder to provide the Minister with a written report detailing any non-compliance with any conditions of the mining lease, or a requirement of the Act or Regulation, relating to the mining activities.

The leaseholders had not notified the Regulator of any non-compliances associated with the mining operations. The mine operators were aware of previous non-compliances. No additional non-compliances had been identified that required notifying the Regulator. Paxtons established a process to discuss any identified issues or non-compliances with its consultant and nominated contact person and, if required, report to the Regulator.

### 3.2.9. Nominated contact person

Clause 19 required the leaseholder to nominate a contact person for the mining lease and provide contact details for that person.

A contact person for the mining lease was nominated in July 2023. In January 2025, a new contact person was nominated. As the new nominated contact person was not the titleholder, written consent was provided at time of notification signed by a Company Director. The audit team confirmed the contact details were correct.

## 3.3. Annual exploration reporting

Section 163C of the *Mining Act 1992* and clause 59 of the Mining Regulation 2016 required the preparation and submission of an annual report that provided full particulars of all exploration and other operations or activities conducted during the 12-month period.

Reports for ML1530 were submitted. Reports were mostly submitted on time with non-compliance action previously taken. A consultant was used to manage lodging all reports on time, which included the forward program, annual rehabilitation report, and annual exploration reports since the previous non-compliance to ensure compliance obligations are met.

## 3.4. Suspension of mining operations

Clause 7A of Schedule 1B of the *Mining Act 1992* stated the holder of a lease may suspend mining operations in the mining area only if the operations are suspended in accordance with the written consent of the decision-maker.

Mining operations at Paxtons Mine have not been suspended at any time since grant. Paxtons Mine considered submitting the required application to suspend operations, but the decision was made by the mine holder that it was not required. Work continues intermittently. The titleholder demonstrated they were aware approvals were required if operations were to be suspended.

## 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 mining leases
- exploration activity approvals
- 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).

There were no non-compliances identified during the audit. Following previous non-compliances, a review of compliances related matters was undertaken by Paxtons to ensure knowledge and understanding of requirements. A consultant was engaged who tracked compliance requirements. A tracking system for compliance obligations was implemented.

### 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.

The leaseholders advised contractors were not used for mining operations but were contracted for AC drilling program. A consultant was on site with the contractors to ensure compliance with activity approvals.

### 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.

The leaseholders did have systems and processes in place to manage their compliance obligations. Reviews were conducted annually in line with preparing the annual rehabilitation report. Meetings were conducted with a consultant regularly. All records were maintained electronically and were easily accessible.

## 5. Audit conclusions

From the evidence reviewed during the audit and observations made during the site inspection, it was concluded the mining operations undertaken by the leaseholders was generally well managed.

There were no non-compliances, no observations of concern, and no suggestions for improvement identified during the audit