

Compliance audit program

EL8312 and EL9496 Copi Exploration Project

RZ Resources Ltd

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1. Introduction

1.1. Background

Exploration licence 8312 (1992) was granted to Broken Hill Minerals Pty Ltd on 13 October 2014. The title was transferred to Relentless Resources Ltd 1 March 2018. The company name was changed to RZ Resources Ltd in May 2021. The exploration area was about 75 kilometres north-west of Wentworth in western NSW.

Exploration licence 9496 (1992) (EL9496) was granted to RZ Resources Ltd on 7 December 2022. The exploration area was about 82 kilometres north-west of Wentworth in western NSW.

As part of the compliance audit program, an audit of the exploration activities associated with the exploration projects within EL8312 and EL9496 was undertaken on 13 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 the RZ 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 Copi exploration project including:
 - exploration activities within EL8312 and EL9496 including a selected sample of exploration drillholes
 - borehole sealing and rehabilitation activities for selected drilling activities undertaken since May 2022
- a review of documents and records pertaining to the exploration operations for the period commencing 1 May 2023 and ending 13 May 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 EL8312 (granted 13 October 2014, last renewed 15 December 2022)
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- Assessable prospecting operations application dated 10 February 2023 for up to 462 air-core holes with access tracks, and associated approval dated 17 March 2023 (APO0001354)
- Assessable prospecting operations application dated 31 July 2024 for up to 350 air-core holes with access tracks, and associated approval dated 9 September 2024 (APO0001813)
- Assessable prospecting operations application dated 10 September 2024 for 13 sonic drill holes with access tracks, and associated approval dated 3 October 2024 (APO0001844)
- Conditions attached to EL9496 (granted 7 December 2022)
- Assessable prospecting operations application dated 23 August 2024 for up to 35 air-core holes with access tracks, and associated approval dated 2 October 2024 (APO0001836)
- 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*.
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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 13 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. 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 EL8312 and EL9496:

- Air core hole RZCP3289 – drilling in progress
- Air core hole RZCP3304 – drilling completed and rehabilitated
- Air core hole RZCP3285 – pegged hole yet to be drilled, sump in place
- Air core hole RZCP3184 – hole drilled but yet to be rehabilitated

2.3. Closing meeting

A closing meeting was held on site on 13 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	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: NC1 – the absence of planning or implementation of a required operational element which has the potential to result in a significant risk. NC2 – an isolated lapse or absence of control in the implementation of an operational element which is unlikely to result in a significant risk. NC3 – an administrative or reporting non-compliance which does not have a direct environmental or safety significance. 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.
Observation of concern	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. 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.
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	The necessary evidence has not been collected to enable an assessment of compliance to be made within the scope of the audit. Reasons why the audit team could not collect the required information include: 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. A ‘not determined’ assessment was also made where the condition was outside the scope of the audit.
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 RZ Resources for comment. Consideration was given to the representations made during the finalisation of the audit report as discussed in the audit findings.

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3. Audit findings

3.1. Work program

Condition 1 of EL8312 and EL9496 required the licence holder to carry out the operations described in the approved work programs. Work programs WP-EL8312-2022-2025 and WP-EL9496-2022-2025 were 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 EL8312 and EL9496. Exploration completed included:

EL8312

- Air core drilling program of 269 holes for 20,069 metres in 2023
- Air core drilling program of 260 holes for 19,680 metres in 2024
- Assay of selected samples
- Desktop studies for resource modelling, target definition, geophysics evaluation, and environmental studies.

EL9496

- Desktop studies for target definition and identification of critical mineral opportunities
- Review of historical drill data and samples
- Preparatory activities and logistics for future work.

RZ Resources used the annual reporting process to review and monitor the work programs on each tenement. Exploration data was noted to be maintained by the RZ Resources 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 RZ Resources owned the property upon which exploration operations on EL8312 and EL9496 were taking place. A land access agreement was previously in place for an adjoining landowner, with a new land access agreement under arbitration.

The land access agreements reviewed during the audit were generally noted to be prepared using a standard template. A land access agreement for another RZ Resources tenement was used as an example of the systems used. RZ Resources developed an exploration site rehabilitation process. This document identified the rehabilitation objectives and completion criteria to be used for the exploration works and was provided to the landowner with the land access agreement.

3.3. Native title and exempted areas

Condition 2 of EL8312 and EL9496 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.

RZ Resources exploration staff said exploration activities were generally being conducted in areas of leasehold land within EL8312 and EL9496. There were no state conservation areas within the exploration licence areas. No approvals under section 30 of the *Mining Act 1992* were required.

RZ Resources exploration staff said the licence areas were under leasehold title where native title had been extinguished. This was confirmed by reference to the map in native title determination NCD2015/001 which showed the land areas within EL8312 and EL9496 to have native title extinguished. No approvals under condition 2 of EL8312 or EL9496 were required.

RZ Resources did not have a mapping layer in its geographic information system (GIS) to identify land tenure. As suggestion for improvement 1, it was suggested RZ Resources consider the development of a land tenure and land ownership layer in its GIS to identify areas where further approvals might be required.

3.4. Community consultation

Condition 3 of EL8312 and EL9496 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.

RZ Resources prepared a risk assessment for its exploration operations that included risks associated with consultation and engagement. The risk assessment was documented in section 6 of the community consultation strategy.

Although RZ Resources' risk assessment did address some risks associated with community consultation and engagement, there is scope for the range of risks to be expanded to provide a more robust community consultation risk assessment. As suggestion for improvement number 2, RZ Resources 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.

RZ Resources prepared a combined community consultation strategy for its tenements in the Copi Mineral Sands project which included both EL8312 and EL9496. A review of the strategy confirmed it addressed the mandatory requirements of the code of practice. For example:

- Objectives for the strategy were documented in section 2. A key objective of the strategy was to work proactively to build positive, enduring relationships and confidence in RZ resources and the project.
- A description and analysis of stakeholders was documented in section 8.
- Consultation activities were described in section 7 and summarised in Table 4.
- Processes for feedback and response were described in section 11 and Table 5.
- A complaints management process was documented in section 14.
- Mechanisms for review and amendment of the strategy were included in section 16.

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. RZ Resources maintained a community consultation register to document the community engagement and consultation activities. Activities included liaison with landholders, community meetings, and fact sheets about the project.

Up until the change to the code of practice in October 2022, annual community consultation reports were prepared and submitted by RZ Resources, generally in accordance with the reporting guidance in Appendix 2 of the code of practice. Since October 2022, annual community consultation reports were prepared and were available, however, RZ Resources did not receive any requests for community consultation reports to be provided.

It was noted the annual reports provided only limited evaluation and analysis of consultation issues and outcomes. As suggestion for improvement 3, RZ Resources should consider undertaking an analysis and evaluation of any community consultation outcomes and complaints to identify any common issues or emerging trends, and documenting this in the annual report.

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:

EL8312

- Assessable prospecting operations application dated 10 February 2023 for up to 462 air-core holes with access tracks, and associated approval dated 17 March 2023 (APO0001354)
- Assessable prospecting operations application dated 31 July 2024 for up to 350 air-core holes with access tracks, and associated approval dated 9 September 2024 (APO0001813)
- Assessable prospecting operations application dated 10 September 2024 for 13 sonic drill holes with access tracks, and associated approval dated 3 October 2024 (APO0001844)

EL9496

- Assessable prospecting operations application dated 23 August 2024 for up to 35 air-core holes with access tracks, and associated approval dated 2 October 2024 (APO0001836)

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. RZ pegged each hole before drilling with most peg holes sighted containing both the hole number and its associated APO approval.

3.6. Environmental management

Condition 4 of EL8312 and EL9496 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.

An assessment against the Exploration code of practice: Environmental management was completed for the exploration activities in progress on EL8312 and EL9496 as documented in the following sections. Air core drilling was in progress at hole RZCP3289 (Figure 1).

Figure 1 Air core drilling at hole RZCP3289



3.6.1. Use of chemicals, fuels and lubricants

Mandatory requirements 1.1 to 1.4 identified the requirements for the management of chemicals, fuels and lubricants used during exploration activities.

It was observed oil and greases were stored in a bunded area on the rear tray of the support truck (Figure 2). It was observed minimal quantities were maintained on the truck. Safety data sheets were available in hard copy and electronically and drilling staff were familiar with their locations.

A fully stocked spill kit was located in a cabinet under the tray of the support truck (Figure 3). The driller said all drilling staff were trained in the use of the spill kits. No spills were observed at the drill site and appropriate controls were in place to manage chemicals, fuels and lubricants associated with the drilling program.

Figure 2 Minimal quantities of oils, greases and chemicals stored on the rear tray of the support truck



Figure 3 Spill kit in a cabinet beneath the tray of the support truck



3.6.2. Water management

Mandatory requirements 2.1 and 2.2 required the licence holder to implement all measures to prevent, so far as reasonably practicable, causing adverse impacts on water quality and quantity, including groundwater levels and pressure.

Water was not required for the air core drilling process. RZ Resources was using water injection on the drilling rig cyclone to minimise dust generation during the sampling process (Figure 4). A 1000 litre water container was observed on the rear tray of the support truck. RZ Resources exploration staff said minimal water was intercepted during drilling. A small sump was established at each drill site to capture drill cuttings and any incidental groundwater. Further water management controls were generally not required.

Figure 4 Water injection on the cyclone above the small sump collecting drill cuttings



3.6.3. Noise and vibration

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

It was observed the drilling was conducted in remote pastoral areas. The drill rig was observed to be reasonably quiet and could not generally be heard 100 metres from the rig. Given the distance to the nearest dwelling, RZ Resources concluded noise controls were not required.

3.6.4. Air quality

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

It was observed the drilling was being conducted in remote pastoral areas. Observations made by the audit team on site confirmed minimal dust was generated from the air core drilling and sampling process which used water injection in the cyclone. No further controls were required for the drilling and sampling process.

Dust was observed from vehicle movements along the station roads and tracks. Speed limits were set by RZ Resources for all vehicles travelling on internal roads and tracks to minimise dust generation. RZ Resources said internal roads and tracks were typically used to access drilling locations. The use of tracks adjacent to external property boundaries was generally restricted to reduce dust impacts to neighbouring properties.

3.6.5. Waste management

Mandatory requirement 5.1 required the licence holder to manage all waste in a manner which did not, as far as practicable, cause harm to the environment.

The key waste streams from the RZ Resources exploration operations included:

- drill cuttings from the air core drilling process
 - domestic waste from the drilling crew.
-

RZ Resources exploration staff said general domestic waste and any waste rags and filters were collected and returned to Wentworth for disposal at the local waste management facility. Drill cuttings were captured in the small sumps and were buried during the sump rehabilitation process.

No wastes were observed at any of the completed drill sites inspected by the audit team. Waste records were collated and maintained.

3.6.6. Vegetation clearance and surface disturbance

Mandatory requirements 6.1 to 6.4 required the licence holder to:

- minimise the extent of any vegetation clearing and surface disturbance to as low as practicable
- implement all measures to prevent, so far as practicable:
 - adverse impacts to fauna caused by vegetation clearing or surface disturbance
 - causing any land degradation or pollution of land and water
 - harm to the environment when disturbing land in areas of potential or actual acid sulfate soils.

RZ Resources exploration staff said the key control for vegetation clearance and ground disturbance was drill site planning to minimise disturbance. At the sites inspected during the audit, it was observed no mature trees were removed with most holes in open areas where vegetation was sparse.

Due to the flat nature of the terrain, formed drill pads were not required, with drive up access for the drill rig across the paddock. No significant vegetation clearance other than some minor ground cover disturbance (mostly grass or saltbush) was observed at any of the holes inspected during the site inspection.

The terrain in which drilling was conducted was reasonably flat. RZ Resources concluded erosion was low risk and specific controls for erosion and sedimentation were not required. No evidence of erosion or sedimentation from drilling activities was observed at any of the drill sites inspected by the audit team.

3.6.7. Roads and tracks

Mandatory requirements 7.1 to 7.5 required the licence holder to:

- consult with relevant landholders prior to establishing any new roads or tracks
 - plan, design, construct and use roads and tracks in a manner which minimises the area and duration of disturbance
 - construct any crossing of rivers, permanent and intermittent water lands and wetlands to prevent impacts on fish habitats
 - refrain from using any unsealed road or track during wet conditions to prevent damage to that road or track
 - repair all damage to existing roads and tracks resulting from exploration activities.
-

Risks associated with ground disturbance from vehicular movements were included in the RZ Resources risk assessment and were assessed as moderate risk with suitable controls in place. Controls included:

- Staff training and site inductions to include environmental component, hole locations and access tracks clearly mapped.
- Implement RZ Resources drill pad procedure.

RZ Resources were the owner of the land on which the drilling program was taking place. Tracks used to access the drill sites inspected during the audit were a combination of existing station roads and tracks approved as part of assessable prospecting operation approvals. Although dusty due to dry conditions, the tracks were observed to be maintained in good condition.

There were no waterway crossings observed during the audit site inspection. RZ Resources exploration staff said there no significant waterway crossings required to be traversed as part of exploration drilling operations.

During wet weather, RZ Resources exploration staff said road conditions were monitored, and drilling was paused whenever Wentworth Council closed Nulla Road due to wet conditions.

3.6.8. Weeds, pest animals and disease

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

RZ Resources implemented a weed monitoring program for areas disturbed by exploration operations. Goat activity on the rehabilitated areas was monitored. RZ Resources fenced off an area to monitor the impact of goats on the rehabilitation to determine if further controls were required.

3.6.9. Livestock protection

Mandatory requirement 9.1 required the licence holder to implement all measures to prevent, as far as practicable, causing adverse impacts to livestock.

It was observed there were no livestock in the paddock during the site inspection where drilling was in progress. The small sumps were observed to be fenced with stakes and flagging tape to deter larger animals from entering. RZ Resources exploration staff said the sumps were monitored and there were no issues with livestock or other animals getting caught in the sumps.

3.6.10. Cultural heritage

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

Searches of the aboriginal heritage information system (AHIMS) were conducted as part of the preparation of applications for exploration activity approvals. RZ Resources engaged a heritage consultant to do aboriginal cultural heritage surveys and assessments as part of the preparation of the environmental impact assessment for the planned mine development. These surveys identified sites not previously identified in the AHIMS. RZ Resources mapped all cultural heritage sites in its GIS and established a 50 metre buffer zone around the sites. The GIS cultural heritage layer was

used during exploration planning to identify exclusion zones for exploration drilling. This was documented in the RZ Resources cultural heritage procedure.

3.6.11. Fire prevention

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

RZ Resources exploration staff advised that fire weather was monitored during the bushfire danger period. Fire extinguishers were maintained on the drill rig and in all light vehicles. A fire trailer was available at the station homestead. Pre-start meetings were held each day and the fire weather indicators were used to determine no drill days. This was documented in the RZ Resources standard operating procedure.

3.6.12. 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.

RZ Resources prepared a comprehensive risk assessment as part of its rehabilitation management plan. Controls were identified to mitigate any high and medium risks. The primary focus of the risk assessment was risks to rehabilitation. Some environmental risks associated with the drilling program were addressed but the range of environmental risks considered was not comprehensive. This was raised as observation of concern 1. RZ Resources should review the risk assessment against the mandatory requirements of the environmental management code of practice to provide a robust framework for identifying and managing environmental risks.

Evidence was available to demonstrate implementation of the documented controls.

3.7. Security deposit

Condition 5 of EL8312 and EL9496 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 EL8312 was \$391,000, which department records confirmed was held. The drilling programs on EL8312 triggered the increase in security.

The security amount required for EL9496 was \$10,000 which department records confirmed was held.

3.8. Rehabilitation

Condition 6 of EL8312 and EL9496 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.

RZ Resources prepared a comprehensive rehabilitation risk assessment for the Copi project. The risk assessment was framed using the stages of rehabilitation to identify risks to successful rehabilitation of the exploration operations. Risks identified included:

- Poor planning or substandard quality controls for biological resource salvage and maintenance.
- Contamination resulting from associated exploration activities (eg spillage of hydrocarbons, or saline water)
- Unstable landforms due to erosion.
- Topsoil compaction in stockpiles.

Controls were documented for each risk identified, including:

- Use of RZ Resources rehabilitation management procedure
- Inclusion of hydrocarbon management and spill response in induction training
- Implement and monitor erosion controls for any sites prone to or predicted to be at risk of erosion
- Training staff about the importance of topsoil.

Implementation of a selected sample of controls was observed during the audit site inspection.

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 application lodged by RZ Resources for EL9496 indicated that the total surface disturbance area was 2.2 hectares which was less than the 5 hectare threshold for a higher risk prospecting operation. The cumulative surface disturbance was also less than 5 hectares. The drilling program did not trigger the surface disturbance threshold. The volume of excavations listed in the application was 137 cubic metres. This exceeded the threshold of 60 cubic metres. The drilling program 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.

The exploration activity approval applications lodged by RZ Resources for EL8312 indicated the total surface disturbance for 2 of the applications subject to audit was significantly greater than the 5 hectare threshold. Both the individual and cumulative volume of excavations significantly exceeded the 60 cubic metre threshold. Based on surface disturbance and the volume of excavations, 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.

RZ Resources prepared a rehabilitation management plan for the Copi Project which was submitted to the Regulator. Evidence was available to demonstrate the plan was implemented for both exploration licence areas. It was noted RZ Resources were issued a penalty notice for failing to prepare and submit a rehabilitation management plan for exploration operations on EL8312 in 2024. The company was now compliant with the requirement.

ROCCs were documented as part of the rehabilitation management plan. 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.

Evidence was sighted to demonstrate the rehabilitation management plan was implemented. During sump establishment, topsoil was stripped and stockpiled first, followed by layers of subsoil, stockpiled next to the sump (Figure 5).

Rehabilitation monitoring was generally done using a photographic record with details recorded using the Fulcrum app. Photographs before, during, and after drilling were noted to be maintained electronically for each site. Where seeding was undertaken, this was recorded in the Fulcrum app. As suggestion for improvement 4, RZ Resources should consider the development of a rehabilitation performance assessment which assessed rehabilitation performance against the nominated rehabilitation objectives and completion criteria.

An example of a drill site where rehabilitation was completed is shown in Figure 6. 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 Topsoil and subsoil stockpiled beside sump



Figure 6 Rehabilitation of aircore hole RZCP3304



3.9. Annual activity reporting

Section 163C of the *Mining Act 1992*, clause 59 of the Mining Regulation 2016 and condition 8 of EL8312 and EL9496 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, RZ Resources 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.

No drilling resulting in core was undertaken. The air core drilling programs resulted in the collection of chip samples. RZ Resources staff advised that chip sample storage was maintained at the company's base in Wentworth which was not inspected as part of the audit.

Chip samples were collected from the air core drilling at hole RZCP3289 and were stored in labelled plastic chip trays (Figure 7).

Figure 7 Chip sample collection at air core hole RZCP3289



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 RZ 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
 - GIS system
 - drill hole plans
 - drilling records, including a spreadsheet which related drilled holes to relevant activity approval
 - environmental and rehabilitation risk assessment
 - pre, during and post drilling photos
 - waste management records
 - Fulcrum app records
 - rehabilitation objectives and completion criteria
 - community consultation risk assessment
 - community consultation strategy
 - community consultation records
 - community consultation reports
 - annual activity reporting.
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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 RZ Resources 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. It was noted that records were generally maintained to demonstrate compliance.

RZ Resources had previous non-compliances which resulted in official cautions, penalty notices and an enforceable undertaking. The audit team noted RZ Resources had significantly improved management of its compliance obligations and its performance in rehabilitation of exploration operations.

4.2. Contractor management

Contractors are often used to undertake specialist tasks, for example, exploration drilling. Whilst 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.

RZ Resources was using its own drillers and drill rigs for the exploration drilling programs. Contractors were generally not used for the exploration operations. An assessment of the systems for contractor management was not undertaken during the audit.

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
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- implement an adaptive management approach if monitoring shows that controls may be ineffective.

RZ 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.

The environmental and rehabilitation risk assessments prepared by RZ Resources were noted to include risks related to exploration operations and environmental management controls were in place. However, as suggestion for improvement 5, RZ Resources should consider expanding its risk assessment process to include a post drilling review to assess the performance of the control measures and make any recommendations for future drilling programs, where those controls were shown to be not effective in addressing the risk.

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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 RZ Resources 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. It was noted the level of compliance and the environmental performance of the exploration operations was significantly improved from previous inspections.

RZ Resources were compliant with the requirements of the exploration licence, exploration activity approvals and the environmental management and rehabilitation exploration codes of practice, for the elements reviewed during the audit. No non-compliances were identified during the audit.

One observation of concern and 5 suggestions for improvement were identified as summarised in Table 2 and Table 3.

Observation of concern No.	Description of Issue	Recommendation
1	RZ Resources prepared a comprehensive risk assessment as part of its rehabilitation management plan. Controls were identified to mitigate any high and medium risks. The primary focus of the risk assessment was risks to rehabilitation. Some environmental risks associated with the drilling program were addressed but the range of environmental risks considered was not comprehensive.	RZ Resources should review the risk assessment against the mandatory requirements of the environmental management code of practice to provide a robust framework for identifying and managing environmental risks.

Table 2 Summary of suggestions for improvement

Suggestion for Improvement No.	Description of Issue
1	RZ Resources should consider the development of a land tenure and land ownership layer in its GIS to identify areas where further approvals might be required.
2	RZ Resources 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	RZ Resources should consider undertaking an analysis and evaluation of any community consultation outcomes and complaints to identify any common issues or emerging trends, and documenting this in the annual report.

Suggestion for Improvement No.	Description of Issue
4	RZ Resources should consider the development of a rehabilitation performance assessment which assessed rehabilitation performance against the nominated rehabilitation objectives and completion criteria.
5	RZ Resources should consider expanding its risk assessment process to include a post drilling review to assess the performance of the control measures and make any recommendations for future drilling programs, where those controls were shown to be not effective in addressing the risk.

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