

COPI PROJECT:

Biodiversity Offset Strategic Plan

1. Introduction:

The Strategic Imperative for a Proactive Offset Strategy

The COPI Project is committed to delivering responsible environmental outcomes through the proactive management of its biodiversity offset obligations under the NSW Biodiversity Offsets Scheme (BOS).

This Strategic Plan outlines RZ Resources' framework for achieving full regulatory compliance, ensuring cost certainty, and supporting timely project delivery. It establishes a deliberate and disciplined approach to de-risking the critical pre-revenue project phases.

Our guiding principle follows the BOS hierarchy of Avoid, Minimise, and Offset. This principle informs every stage of project planning and execution, ensuring that environmental responsibilities are addressed efficiently and effectively.

A well-executed offset strategy is not merely a compliance task; it is a key de-risking mechanism essential to the project's financial and operational success. The strategy is to secure 100% of our offset requirements by purchasing land with excess biodiversity offsets being offered to the market. This plan provides a framework for managing these obligations proactively and securing biodiversity offsets with confidence.

2. The Regulatory Landscape:

NSW Biodiversity Offsets Scheme

A detailed understanding of the Biodiversity Offsets Scheme (BOS) is fundamental to achieving compliance and delivering value.

The BOS measures both environmental impacts and conservation gains through tradable units known as biodiversity credits, which are divided into two categories:

Ecosystem Credits

These represent impacts on native vegetation communities. Development sites typically require offsets based on the area and type of vegetation impacted, while offset sites yield fewer credits per hectare. Trading is geographically constrained, with credits needed to be sourced on a like-for-like basis from the same or neighbouring Interim Biogeographic Regionalisation for Australia (IBRA) subregion and within a defined radius of the development footprint.

Species Credits

These apply to threatened plant and animal species. Trading rules are somewhat more flexible, permitting credits to be sourced from anywhere within New South Wales, though like-for-like matching remains mandatory.

The specific and stringent rules governing credit types, particularly for ecosystem credits, necessitate a targeted and proactive approach to sourcing, as outlined in this strategy.

3. RZ Resources' Core Offset Strategy:

A Phased, Proactive Approach

RZ Resources' core strategy adopts a decisive, risk-managed approach designed to secure the required vegetation types early, achieve delivery certainty, and contain long-term costs.

The preferred pathway is the direct acquisition of properties to establish Biodiversity Stewardship Agreement (BSA) sites.

Strategic Benefits of Property Acquisition

- **Mitigates Critical Project Risk:** Eliminates exposure to third-party withdrawal from sponsorship agreements that could jeopardise construction timelines.
- **Ensures Long-Term Certainty:** Ownership secures required vegetation types and guarantees their protection for the whole life of the project.
- **Provides Timing and Delivery Control:** Enables precise alignment of offset delivery with construction milestones.
- **Locks in Regulatory Compliance:** Ensures offsets meet all BOS requirements with a clear and defensible compliance outcome.
- **Delivers Significant Cost Efficiencies:** Offers measurable savings at a multi-million-dollar scale compared with market purchases or Biodiversity Conservation Fund (BCF) payments.

Implementation Phasing

- **Phase 1 & 2 – pre-revenue**
These initial phases focus on de-risking the project's critical path, including infrastructure such as haul roads. If acquisition timelines are delayed, a partial payment into the BCF may be considered for Phase 1 only, providing time to finalise larger Phase 2 offsets. The preferred outcome, however, remains securing all early-stage offsets through property acquisition before construction.
- **Phase 3 & 4 – post-revenue**
Following the Final Investment Decision (FID), later offset obligations will be delivered once the project generates revenue. This staged approach provides financial flexibility while ensuring full compliance across the project lifecycle.

4. Evaluation of Offset Sourcing Pathways

All BOS offset sourcing pathways have been evaluated to confirm the most prudent and strategically sound approach for the COPI Project.

Pathway	Strategic Assessment (Risk & Certainty)	RZ Resources' Position
Establish a Stewardship Site	Sponsoring third-party landholders introduces a high risk due to the potential for withdrawal before the agreement is finalised. Direct property acquisition provides low risk and high delivery certainty.	Preferred Pathway: Delivers maximum control, low risk, and high certainty.
Purchase Credits from the Market	Limited credit availability and price escalation reduce the certainty of both supply and cost.	Selective Use Only: Suitable for small or particular offset requirements.
Payment into the Biodiversity Conservation Fund (BCF)	Acts as a last resort with a very high financial cost, potentially at a large multi-million-dollar scale.	Last-Resort Option: Avoid except as a contingency due to its significant financial impact.

This assessment confirms that direct property acquisition offers the highest level of control over timing, cost, and risk.



5. Risk Mitigation and Implementation Framework

The success of this strategy depends on a robust implementation and risk mitigation framework. RZ Resources has already undertaken proactive actions to ensure progress aligns with project milestones.

Actions Completed

- *Market Intelligence & Due Diligence*
 - » Comprehensive assessment of offset pathways, risks, and funding structures.
 - » Strategic assessment of more than 20 properties to identify optimal acquisition targets.
 - » Preliminary screening of larger properties for stewardship suitability.
- *Stakeholder Engagement & Negotiation*
 - » Initiated consultations and formal negotiations with priority landholders through established communication channels.
- *Internal Capability Development*
 - » Partnered with specialist consultancy Niche to conduct BOS workshops and strengthen internal expertise.

Next Steps

1. Continue detailed property assessments and stakeholder consultations.
2. Update and consolidate business cases for identified acquisition targets.
3. Evaluate acquisition performance against alternative sourcing models.
4. Enter binding agreements to secure land or BSA rights.
5. Progress the formal establishment of BSA sites.

This framework ensures momentum, accountability, and early resolution of challenges, reinforcing the financial and compliance rationale underpinning the strategy.

6. Financial Analysis and Value Proposition

A detailed financial analysis confirms that the direct acquisition and establishment of stewardship sites deliver substantial cost advantages over alternative offset mechanisms.

Although the upfront investment for establishing BSA sites is significant, including land value, long-term management funds, ecological surveys, and establishment costs, the total commitment remains materially lower than the equivalent cost of contributing to the BCF.

This approach provides clear financial prudence and reinforces RZ Resources' commitment to achieving regulatory compliance while protecting project value and ensuring long-term sustainability.

7. Future Value Creation: Integrated Land Management

Beyond immediate compliance, the acquisition of stewardship properties creates opportunities for long-term value creation through integrated land management.

By treating these assets as multi-benefit environmental investments, RZ Resources can leverage them to deliver both ecological and financial benefits.

Integrated Opportunities

- *Carbon Projects:* Offset properties can support nature repair or carbon sequestration projects generating Australian Carbon Credit Units (ACCUs), contributing to national emissions reduction goals.
- *Residual Credits:* Surplus biodiversity or carbon credits can potentially be traded in emerging environmental markets, creating additional value streams.

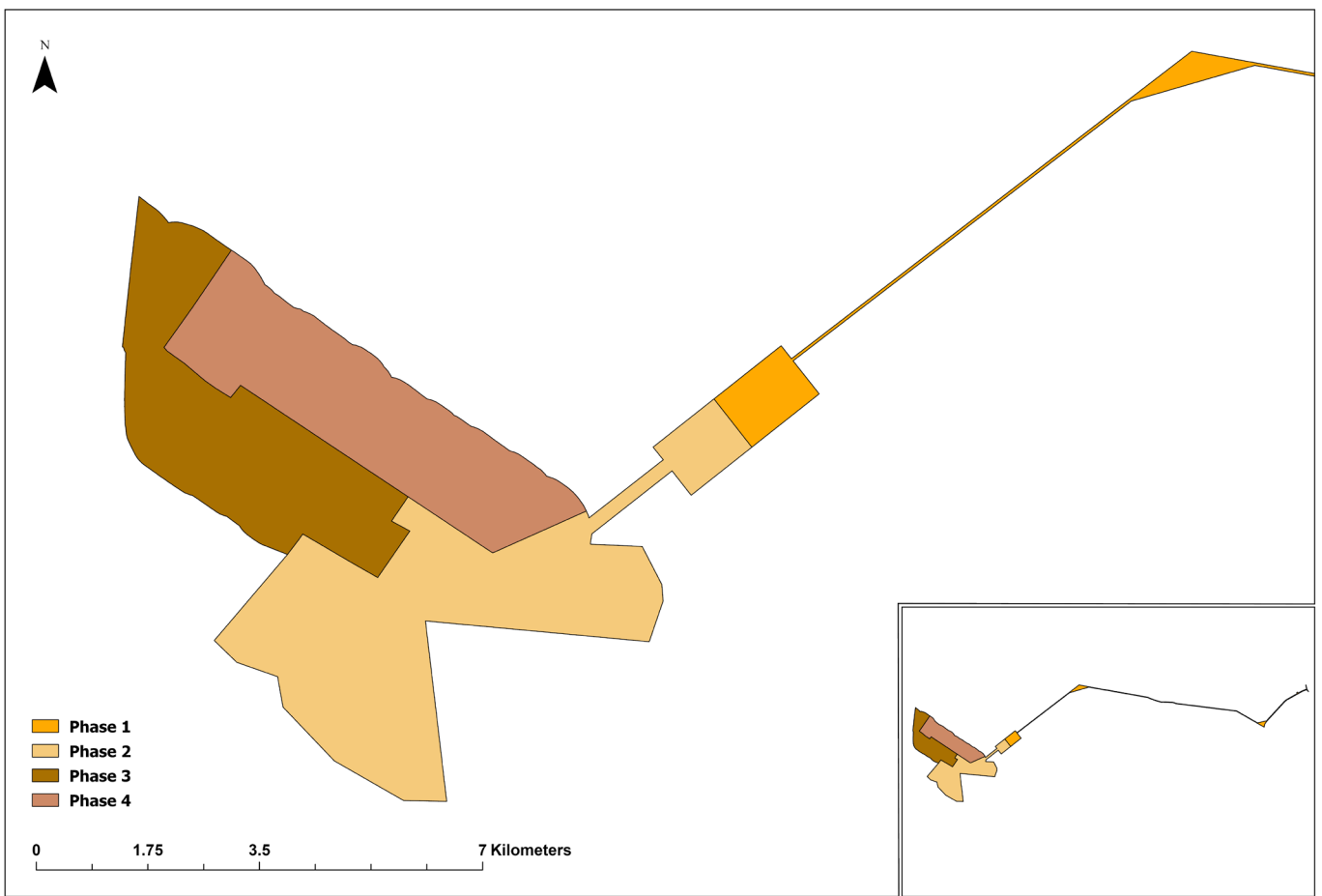
This integrated approach maximises the long-term value of the project's land assets, reinforces RZ Resources' leadership in biodiversity conservation, and strengthens the COPI Project's contribution to a sustainable future.

8. Conclusion

The COPI Project Biodiversity Offset Strategic Plan establishes a clear, proactive, and evidence-based framework for achieving biodiversity compliance under the NSW BOS.

Through early action, strategic land acquisition, and robust risk management, RZ Resources will secure the offsets required for timely project delivery while upholding its environmental and social responsibilities.

This approach positions the COPI Project not only as a compliant development but also as a model for best-practice biodiversity management within the NSW resource sector.



Bio-Diversity Offset Staging