

CROWN MINERALS ACT 1991
CROWN MINERALS (MINERALS OTHER THAN PETROLEUM) REGULATIONS 2007
MINERALS PROGRAMME FOR MINERALS (EXCLUDING PETROLEUM) 2013

Guidance on preparing and acceptance of Tier 2 alluvial gold permit applications

This guideline explains how to apply for a Tier 2 alluvial gold exploration or mining permit¹, and how New Zealand Petroleum & Minerals (“**NZP&M**”) makes an initial assessment of applications (including change applications).

The guideline does not give specific detail on the information required for applications for hobby or recreational permits.

RULES AND REGULATIONS

The **Crown Minerals Act 1991** (“the **Act**”) permits NZP&M to issue minerals permits for Crown-owned minerals.

The **Crown Minerals (Minerals Other than Petroleum) Regulations 2007** (“the **Regulations**”) lists the information applicants must submit to support their applications and the reporting obligations of permit holders.

The **Minerals Programme for Minerals (Excluding Petroleum) 2013** (“the **Minerals Programme**”) expands on the Act by listing criteria that applications must meet and explaining how NZP&M considers applications. Any decisions NZP&M make under the Minerals Programme are under delegated authority by the Minister of Energy & Resources.

While there is some information on the application forms, applicants should be familiar with the Regulations and Minerals Programme. Engaging the services of permit agents who fully understand the rules and regulations can be a good investment.

APPLYING FOR A PERMIT

All gold in its natural state in New Zealand is owned by the Crown. To obtain a permit to explore or mine alluvial gold, an application must be made to NZP&M. Applications must be submitted on the prescribed forms and signed by the applicant.

The **NZP&M Online Permitting System** enables applicants to apply for permits online². Applications can also be submitted by email or post if necessary.

The sections below provide further explanations of the information that applications need to include in order for NZP&M to assess it against the relevant sections in the Act and the Minerals Programme.

Applications must be accompanied by the correct fee³ <https://www.nzpam.govt.nz/our-industry/rules-regulations>. The application fee can be paid by direct credit, cheque, or through the Online Permitting System. The fees (GST inclusive) for new applications are:

APPLICATION TYPE	TIER 1	TIER 2
Prospecting Permit	\$3,450	N/A
Exploration Permit	\$3,450	\$3,450
Mining Permit	\$16,675	\$5750

Permit holders must also pay royalties and annual fees on permits once they are granted.

¹ Prospecting permits are not ordinarily granted for alluvial gold.

² The Online Permitting System also allows permit holders to make permit changes and access information on their obligations and compliance status.

³ The Crown Minerals (Minerals Fees) Regulations 2006 covers fees payable.

Applicant details

Applications can only be granted to legal entities – an individual, a group of individuals, a partnership, a trust or a company.

If the application is on behalf of two or more persons, each person's interest in the permit must be explained (including the percentage of the share of the permit that each person will hold). One person must be the permit operator.

If a permit agent submits and signs the application form, or an agent has been nominated for servicing all information about the application, then evidence of their authority to act on the applicants behalf must be attached (<http://www.nzpam.govt.nz/cms/permit-holders/permit-applications/forms-and-files/forms/app-10.pdf/view>)

INFORMATION ON CAPABILITY REQUIREMENTS FOR ALLUVIAL GOLD PERMIT APPLICATIONS

Technical and financial capability

The applicant must state their technical qualifications and experience (technical capability) and financial resources (financial capability) that demonstrate their ability to carry out the exploration or mining that is proposed. Details of contractors, consultants or sub-contractors who may be working the permit instead of the applicant must also be supplied.

NZP&M's **guideline on technical capability** provides information on what an applicant should provide to show their technical capability.

NZP&M's **guideline on financial capability** provides information on what an applicant should provide to show their financial capability.

Compliance history

NZP&M will review the compliance history of permits held by the applicant or a company related to the applicant over the previous 10 years. A poor compliance record will normally count against but may not necessarily result in a decline of an application.

In reviewing compliance history NZP&M assesses the likelihood of an applicant complying with their reporting obligations and the payment of fees and royalties. This assessment also includes the timeliness of submitting any reports and money owed. NZP&M will review an applicant's history regarding:

- › submitting technical reports on work programmes;
- › submitting complete and adequate annual summary reports;
- › payment of annual fees; and
- › submission of royalty returns.

Applicants should ensure they are up to date on reporting and payments to NZP&M before submitting a new permit application, as any outstanding reports or monies owed will likely result in a permit application being declined.

PROSPECTING PERMITS

Alluvial gold is defined as a Tier 2 mineral. A prospecting permit will not ordinarily be granted for alluvial gold on the West Coast, Otago and other known areas on the South Island due to the fact its resource potential is well established.

INFORMATION TO ACCOMPANY ALLUVIAL GOLD EXPLORATION PERMIT APPLICATIONS⁴

The Regulations list the information that must accompany new and change exploration permit applications. The Minerals Programme lists all factors NZP&M considers when assessing alluvial gold exploration permit applications. The guidance below is not exhaustive and it is highly recommended the applicant becomes familiar with the appropriate legislation.

Application area

The permit area for an exploration permit will ordinarily be no smaller than 150 ha. If an application is for an area under 150 ha reasons must be provided as to why the permit area should be granted beyond the ordinarily minimum size of 150 ha.

Applications for permits whose proposed areas are broken (several proposed areas as opposed to one whole connected area) will need to provide justification as to why this is appropriate.

Applicants will also need to prove their proposed work will cover the full extent of the application area.

Geology and past work

The applicant should provide a description of the geology of the application area and a summary of previous prospecting, exploration or mining activities relevant to the land covered by the application area.

Work programme

The proposed work programme is an important aspect of alluvial gold exploration permit applications. A clearly defined work programme should fulfil the objectives of holding an exploration permit.

The objective of the exploration programme should clearly show that the applicant will:

- › identify at least an inferred mineral resource or deposit in the proposed area; or
- › determine the feasibility of mining a mineral resource or deposit.

The work programme must clearly state the applicant's minimum objectives. It should clearly set out work that is intended to be completed under the entire permit area for the stated duration of the permit. It should consist of two distinct stages, usually one three-year stage and one two-year stage. For further information regarding the design of a work programme for an exploration permit refer to NZP&M's **guideline**.

⁴ Refers to new and change exploration permit applications

The work programme will be assessed on the following matters:

- › geology of the area and any previous exploration and mining work carried out in the area.
- › the technical approach as to how the exploration will occur.
- › whether the exploration is in accordance with good industry practice.
- › timing and quantity of undertaking the work and analysing the results. If there is any intention to bulk sample or drill, this should be clearly stated.
- › an estimated expenditure for each stage of the work programme.

The work programme should, at the end of its term, allow the permit holder to make a decision on developing the gold resource.

Duration

An exploration permit will ordinarily be granted for up to five years. If a resource can be delineated and the feasibility of mining determined in less than five years, a shorter duration can be applied for.

A permit holder has the right to apply to extend the duration of an exploration permit as long as it is not extended beyond 10 years after the original commencement date, unless it is to appraise a discovery. An application needs to be submitted to NZP&M not later than 90 days before the expiry date of the permit (or 6 months for an appraisal extension).

INFORMATION TO ACCOMPANY AN ALLUVIAL GOLD MINING PERMIT APPLICATION

The Regulations list the information that must accompany new mining permit applications or changes to mining permits. The Minerals Programme lists all factors NZP&M considers when assessing alluvial gold mining permit applications. The guidance below is not exhaustive and it is highly recommended the applicant become familiar with the appropriate legislation.

NZP&M must be satisfied the applicant has met the requirements under the Act and has clearly shown the below key considerations when submitting a mining permit application:

- › the permit applicant has identified and delineated at least an indicated mineable mineral resource or exploitable mineral deposit;
- › the area of the permit is appropriate; and
- › the objective of the mining permit is to economically deplete the mineable mineral resource or deposit to the maximum extent practicable in accordance with good industry practice.

Delineation of a mineral resource

The applicant should provide a description of the geology of the application area and how the resource is located in the geology.

The applicant should explain what work was completed to calculate the resource estimate. This can include exploration carried out by the applicant and/or recent or historical exploration or relevant mining of the resource.

Estimates of the mineral resource should show or include:

- › a map showing the size and location of the gold deposit in relation to the application area.
- › the location of historical or recent exploration and type of exploration and sampling (drill holes, test pits etc.) used to estimate the resource.
- › the thickness and depth of the gold-bearing material
- › the volume of gold-bearing material in cubic metres.
- › the gold grade, provided in mg per cubic metre (mg Au/m³).
- › the quantity of gold in either kg or troy ounces.
- › if appropriate, whether the estimate is inferred, indicated or measured.

Permit area

The application area needs to cover the area of mineable gold and the area required to develop the mine and enable the work programme to be carried out. The application must include a map of the proposed permit area showing the location of the mineable gold, the location of mine infrastructure, and areas of disturbance required to undertake mining of the resource insofar as it is known at the time of application. Any additional areas need justification as to why they should be included in the permit area.

NZP&M recognises that the extent of the area of the mining operation may be dependent on resource consent conditions or access arrangements that may not be known at the time of the application. This may impede accessing the full extent of the permit area.

A permit area will not ordinarily exceed 50 ha in the case of a hobby/recreational operation and 200 ha in the case for any other Tier 2 mining permit. If an applicant applies for an area over 200 ha, the applicant will need to provide sufficient justification for this area. NZP&M would expect a greater than normal definition of the resource for a larger permit area.

Applications for permits whose proposed areas are broken (several proposed areas as opposed to one whole connected area) will need to have justification as to why this is appropriate. NZP&M will ordinarily decline an application for a broken permit area.

Exploration may be carried out within a mining permit however it is not intended for general exploration purposes. A mining permit should not include land where a resource has not been delineated or inferred.

Work programme

Applicants should provide details of the size, nature, extent, and siting of the proposed mining operation and the intended mining method. The proposed work programme should show:

- › the proposed start date for production.
- › the expected production rate and proposed production schedule.
- › the progression and direction of the mining operation along the delineated resource.
- › how often the operation will be worked.
- › the expected resource recovery.
- › how long it is expected to extract the resource.
- › estimated expenditure on a weekly and/or yearly basis.

If the mine plan or methods change due to conditions imposed by other legislation such as the RMA, this should be communicated to NZP&M through annual summary reporting. If the changes result in the work programme obligations not being met then a change of conditions should be submitted not later than 90 days before the obligation's due date.

Mining feasibility studies

For most alluvial gold mining applications, a feasibility study will not normally have been undertaken due to the small scale of the operations. However, relevant aspects such as mine design and equipment should be provided with the application.

Project economics

An applicant must demonstrate that the proposed mining operation is economically viable considering:

- › the capital required to commence the mining operation;
- › the operating costs; and
- › the revenue from production.

An applicant should also provide how the figures for the above were calculated.

Good industry practice

NZP&M encourages well-planned mining proposals that maximise gold recovery. This in turn ensures that the Crown obtains a fair financial return for its minerals. Haphazard operations based on poor mining practices will often sterilise resources which will then become uneconomic.

Duration

An alluvial gold mining permit will ordinarily be granted for no more than 10 years. For a permit to be granted for more than 10 years, an applicant should have a high level of understanding and exploration, backing up their understanding of the resource. The duration should reflect the time required to deplete the resource.

A permit holder has the right to apply to extend the duration of the permit if the resource cannot be economically mined out by the end of the permit's initial term.

INITIAL ASSESSMENTS OF ALLUVIAL GOLD PERMIT APPLICATIONS

NZP&M is changing its approach as to how it initially assesses Tier 2 alluvial gold permit applications, before a full evaluation begins. NZP&M will use two steps – a completeness check followed by an initial evaluation – which are intended to remove incomplete or poor quality applications from the permit processing queue. This helps ensure NZP&M spends its time processing good quality applications, which will help reduce permit processing times.

Step 1: Completeness check

When an application is received by NZP&M it will first be assessed for completeness. To pass this step, applications must meet the information requirements set out in the relevant Schedules set

out in the Regulations. The requirements for each type of permit application are listed in Table 1:

Table 1: Regulations relevant to different application types

APPLICATION TYPE	REGULATION	SCHEDULE
Prospecting	16	Part 1 Schedule 2
Exploration	17	Part 2 Schedule 2
Mining	18	Part 3 Schedule 2
Extension of Land ("EOL"): Prospecting or Exploration	21	Part 2 Schedule 3
EOL: Mining	23	Part 4 Schedule 3
Extension of Duration ("EOD"): Prospecting	24	Part 5 Schedule 3
EOD: Mining	25	Part 6 Schedule 3
EOD: Exploration	26	Part 7 Schedule 3
EOD: Appraisal	27	Part 8 Schedule 3

If an application is incomplete, a rejection letter will be sent to the applicant who may then choose to re-apply with a new, complete application.

The completeness check does not normally assess the quality of information, only whether the application contains the information required under the Regulations.

Step 2: Initial evaluation

If an application is considered complete NZP&M will begin an initial evaluation. The initial evaluation identifies applications that:

- › have insufficient information for NZP&M to complete a full evaluation; and
- › have any fundamental flaws which do not meet the basic requirements of the Act or the Minerals Programme.

In this step the information sent in with an application is checked against several criteria laid out in section 29A(2)(b) of the Act and clauses 5.1(2)(b)&(c) of the Minerals Programme⁵. There are also certain situations where NZP&M would ordinarily decline the application.

Criteria for initial evaluation

In submitting an application the applicant is required to provide detailed information in support of its application. NZP&M may decline a permit application based on the applicant's technical capability, financial capability, or previous compliance record, without proceeding to consider any other aspects of the application (clause 5.3(1), the Minerals Programme).

NZP&M will initially assess the below criteria to determine whether or not to progress the application to a full evaluation.

Compliance check – section 29A(2)(b)(iii)-(c) of the Act; clauses 5.3(4-7) of the Minerals Programme.

⁵ The criteria of clause 5.1(2)(a) of the Minerals Programme require a full evaluation to assess.

Technical capability – section 29A(2)(b)(i) of the Act; clause 5.3(2) of the Minerals Programme.

Financial capability – section 29A(2)(b)(ii) of the Act; clause 5.3(3) of the Minerals Programme.

Overlaps – clauses 3.1, 3.2(2), 5.3(8)-(9) of the Minerals Programme set out that land in Schedule 4 of the Act will ordinarily not be considered or granted. This also applies to Schedule 3 land (of significance to iwi) under the Minerals

Programme. Applicants will be given 5 working days to remove overlaps from their application area.

Situations where an application may be ordinarily declined

Table 2 below sets out situations in the Minerals Programme where NZP&M would ordinarily decline applications for various permit types (known as ordinarily decline clauses in the Minerals Programme).

Table 2: Situations involving ordinarily decline criteria (with the subject summarised)

CLAUSES OF MINERALS PROGRAMME	PROSPECTING	EXPLORATION	MINING	EOL
1.6(3): uranium and thorium is not allowed to be mined in New Zealand.	X	X	X	
4.6(2)-(3): special circumstances apply over “broken areas” of land.		X*	X *	X
4.6(5): broken areas with a connecting piece of land that cannot be worked.	X	X	X	X
6.2(1)-(2), 6.6: overlapping areas with another permit, (depending on a number of factors).	X	X	X	X
Section 28A and 6.10(2): reserved land.	X	X	X	X
8.1(2) – (3): prospecting permits for coal and all Tier 2 minerals.	X			
Section 28 of the Act and clause 8.2(1): more on ordinarily declining prospecting permits.	X			
10.3(3): a new adjacent permit, when it is more appropriate for the current permit area to be extended.			X	
12.5(4): an Extension of Land may be declined if the conditions of the permit, the Regulations and the Act have not been complied.				X
12.12(6): a transfer or dealing will normally not be granted if money is owed to the Crown.	X	X	X	

**Also includes subsequent permit, an extension of duration, a relinquishment, or the surrender of land.*

If any of these criteria are not met, or the criteria for a decline apply, the application will ordinarily be declined without proceeding to a full evaluation.

A letter stating NZP&M’s concerns regarding the application will be sent giving the applicants an appropriate period of time to respond. If no response is received, the application will be declined. If the response does not change the initial assessment (for example, that the financial or technical capability does not meet our standards), the application will ordinarily be declined without further requests for information. Any decision to decline an application at the initial evaluation stage will be communicated to the applicant.

If the application passes the initial evaluation step of the assessment (or if an applicant’s response to a request satisfies NZP&M’s concerns), the application will proceed to a full evaluation.

Matters NZP&M must go back to the applicant on

The Minerals Programme does require NZP&M to go back to the applicant about certain matters before declining an application (see Table 3 below). This is to provide opportunity for the applicant to comment and for NZP&M in turn to consider those comments.

The requirement to go back to the applicant applies to specific clauses shown in Table 3.

Table 3: Matters the Minister must notify the applicant on (with the subject summarised)

CLAUSES OF MINERALS PROGRAMME	PROSPECTING	EXPLORATION	MINING	EOL
4.2(3): overlap with a permit in another mineral group.			X	X
4.8(2): if we have concerns the proposed work programme or area of land is not justified.	X	X	X	X
5.3(6): concerns about the applicant's compliance record.	X	X	X	
9.6(4): not satisfied regarding an appraisal work programme.		X (EODA)		
10.14: concerns regarding a work programme for a subsequent mining permit.			X	
12.12(4): concerns about transfers and dealings.	X	X	X	

The difference between 'rejection' and 'decline'

There is a difference between 'rejection' and 'decline' of an application. Rejection takes place where information submitted is incomplete with respect to the relevant schedule of the Regulations⁶. To reject an application is effectively to refuse to assess it. The legislative instrument under which this can be done is the relevant schedules of the Regulations in terms of checking that an application has the required information.

Once documentation has been accepted as complete under the Regulations, it is then subject to more rigorous evaluation by the Minister of Energy and Resources. This is also when the 'clock' starts on permitting times. Evaluation is undertaken in accordance with the Minerals Programme. For the Minister to refuse to grant an application is to "decline" it in accordance with the Crown Minerals Act 1991 and the Minerals Programme.

OTHER MATTERS

Treaty of Waitangi

Under the CMA, the Crown must have regard to the principles of the Treaty of Waitangi. NZP&M is committed to proactively engaging with iwi and hapū about the development of mineral resources in their areas of interest. This means NZP&M consult with iwi on new permit applications. Any responses resulting from consultation are taken into consideration during the processing of the application.

Applicants should ensure that the application area does not overlie significant areas of waahi tapu or cultural sensitivity. This consultation process can be made easier if applicants directly approach iwi to discuss their proposed work programme. Questions can be answered directly and the tangata whenua will be better prepared for statutory consultation that is undertaken by the Crown.

Land access arrangements

The applicant should open discussions for access with the landowner/s and/or occupier/s. The name and address of the legal owner may be obtained either directly from the Lands and Deeds Offices of LINZ. The use of an agent, consultant or solicitor may help with this process.

Note that this can be done while the application is being processed. Should the Department of Conservation ("DoC") own or control the land, DoC has indicated it will require a minerals permit from NZP&M before granting access. However, discussions may commence before the minerals permit is granted.

NZP&M does not consider land access when assessing an application.

Areas covered by forestry land

Large areas of the West Coast are covered by commercial pine forest. Many of these forests cover known alluvial gold deposits or potential exploration targets. Most of this land is owned by Ngāi Tahu and managed by forestry companies.

A landowner will generally not allow access for mining until the trees are harvested. Due to this miners may have a limited opportunity to access the land before the trees are re-planted or the land is converted to other use. However, if no permit is currently in place over the harvested area, mining is unlikely to occur because obtaining a mining permit, resource consents and land access arrangements will usually take longer than the period in which the ground is open for mining.

The Minerals Programme generally requires that mining operations start as soon as possible. NZP&M has some discretion to grant mining permits on forested areas depending on the proposed work programme, when trees will be harvested, and land access can be obtained. If an applicant is applying for land covered by forest and needs to wait for trees to be harvested before mining can commence, the applicant will need to provide an expected date of when the harvesting will occur. NZP&M and the applicant can negotiate a time for the commencement of mining on the permit in this situation.

⁶ Schedules 2 and 3 of the Crown Minerals (Minerals Other than Petroleum) Regulations 2007.

Disclaimer

This document is a guideline only and is not intended to cover every possible situation. If this guideline is inconsistent with the Act, relevant Minerals Programme or relevant regulations, the Act, Programme and regulations prevail. This guideline has no binding legal effect and should not be used as a substitute for obtaining independent legal advice.

New Zealand Petroleum and Minerals (NZP&M) is not responsible for the results of any action taken on the basis of information in this guideline, or for any errors or omissions in this guideline. NZP&M may vary this guideline at any time without notice.

There may be factors taken into account in any application process, transaction or decision that are not covered by this or any other guideline. Adherence to this guideline does not guarantee a particular outcome. NZP&M retains the discretion to decline any application where the statutory requirements for that application are not met.



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NZP&M is a division of the Ministry of Business, Innovation and Employment. We lead and actively manage New Zealand's petroleum and minerals portfolio ensuring the country's economic interests and assets are comprehensively protected. Our goal is to use our wider understanding of the energy and resources sector to increase national and regional prosperity via petroleum and minerals exploration and production.

As a government agency, we engage with Councils, iwi and communities about petroleum and minerals development and regulation of the industry. We manage compliance and revenue collection on behalf of the Crown and aim to maximise the return that these important industries deliver for the benefit of all New Zealanders.

We report to the New Zealand public through the Minister of Energy and Resources.