

1 June 2020

Seq No: 31/20

Mr Steve O'Donoghue
Director Resource Assessments
Department of Planning, Industry & Environment
GPO Box 39
Sydney, NSW 2001

Dear Mr O'Donoghue,

Subject: Long Term Security of Ulan Coal Mine Offset Areas

I refer to the teleconference on 26 May 2020, attended by Steve O'Donoghue, Gen Lucas and Jack Turner from the Department of Planning, Industry and Environment (DPI&E) to discuss the current status of security of Ulan Coal Mine Pty Ltd's (UCMPL) approved offset areas.

The purpose of this letter is to provide a written update on the status of arrangements relating to the security of UCMPL's approved offset areas. The current status of security of UCMPL's approved offset areas as referred to in Schedule 3, Condition 43 of Project Approval PA08_0184, is summarised in the following Table.

Table 1: Status of Security for UCMPL's Approved Biodiversity Offset Areas

Offset Area	Area (ha)	Security Mechanism	Completion date
Spring Gully Cliffline Conservation Reserve	272.3	Crown Land Reservation – Government Gazettal No 165 (refer Attachment A)	6 December 2019
Brokenback Conservation Area – Area 1	21.9	Voluntary Conservation Agreement between UCMPL and NSW DPI&E- Biodiversity Conservation Division (refer Attachment B)	7 May 2019
Brokenback Conservation Reserve – Area 2	27.7	Crown Land Reservation - Government Gazettal No 165	6 December 2019
Brokenback Conservation Reserve – Area 3	10	TBC	Not completed
Bobadeen Vegetation Offset Area, including Bobadeen East	1369.8	Voluntary Conservation Agreement between UCMPL and NSW DPI&E- BCD (refer Attachment B)	7 May 2019
Hihett Road <i>Acacia ausfeldii</i> Management Area	19.1	Voluntary Conservation Agreement between UCMPL and NSW DPI&E- BCD (refer Attachment B)	7 May 2019

As can be seen in Table 1, the 10 hectare privately owned-portion of Brokenback Conservation Area is the only remaining offset area that has not yet been secured by UCMPL. This area accounts for approximately 0.6% of the total agreed offset package for the Ulan mine. A summary of the actions UCMPL is taking in an attempt to finalise security arrangements for this area is provided below.

Initially, UCMPL discussed a Voluntary Conservation Agreement (VCA) with the landowner. Following lengthy consideration, the owner did not agree because the agreement required monitoring and reporting to the NSW Biodiversity Conservation Trust (BCT) in perpetuity. This issue was discussed with the BCT

however, the on-going monitoring requirements are essential to the intent of the VCA and cannot be removed.

UCMPL then obtained the approval of the DPI&E and Department of Environment and Energy (now Department of Agriculture, Water and Environment) (DAWE) to pursue an alternative offset security mechanism, being a Conservation Covenant registered on the land title. The terms of the Conservation Covenant were drafted and provided to the landowner for consideration. After lengthy consideration, which included obtaining legal advice, the landowner ultimately did not agree to the proposed Conservation Covenant as an alternative security mechanism.

UCMPL are now considering two further options to finalise security of the privately owned portion of the Brokenback CA, as follows:

- 1) A boundary adjustment to facilitate the purchase of a portion of land from the owner, which includes the privately owned portion of Brokenback CA. This purchase would facilitate the registration of a Voluntary Conservation Agreement over that portion of Brokenback CA, in the same manner as has been done for Brokenback Conservation Area – Area 1, which is on land currently owned by UCMPL; and
- 2) The use of a suitable alternative offset area located on land owned by UCMPL, in the event that the privately owned portion of Brokenback CA cannot be secured within a reasonable timeframe. Previous advice from DPI&E indicates this approach would require a Modification to Project Approval 08_0184. UCMPL would also need to obtain approval from the DAWE for the proposed alternative offset area, consistent with EPBC2009/5252 condition 4.

UCMPL met with the landowner to discuss option 1 on 3 March 2020 and have had several conversations with the landowner and their solicitor since then. The landowner is willing to have further discussions with UCMPL on this option and a term sheet has been prepared by UCMPL and was provided to the landowner on 22 May 2020. The intent of the term sheet is to facilitate further discussions on key terms, with a view of finalising an agreement as soon as possible. UCMPL has considered the planning issues associated with the boundary adjustment, following an initially meeting with Mid-Western Regional Council on 5 March 2020 and several follow-up conversation since then. Based on recent advice obtained from Council, the proposed boundary adjustment is considered to be exempt development and will require issue of a subdivision certificate following submission of supporting information, including a plan of subdivision.

Due to a restriction on title, this option will also require the NSW Minister for Planning and Public Places to consent to the subdivision. UCMPL have considered the likely timeframes it will take to reach commercial agreement with the owner, finalise issue of a subdivision certificate with Council, obtain Minister's consent, transfer the land ownership and finalise a Conservation Agreement over the land. UCMPL anticipates this will take approximately 12 months to complete. This timetable is based on the assumption that there are no significant delays experienced that are beyond UCMPL's control.

Assessment work required for Option 2, being an alternative offset area, has been completed. The assessment has identified a suitable portion of land owned by UCMPL that would provide at least an equivalent environmental outcome if UCMPL are unable to finalise terms with the Landowner for Option 1, or should unforeseen issues arise with the proposed boundary adjustment that impact on UCMPL's ability to undertake that boundary adjustment in a timely manner. UCMPL acknowledges that Option 2 will require the acceptance of the DPI&E and DAWE and require a Modification to Project Approval 08_0184, followed by finalisation and registration on title of a Conservation Agreement (or other suitable mechanism to be agreed with DPI&E). UCMPL have considered the likely timeframes it will take to complete these actions, if required, and anticipate this will take approximately 16 months to complete, again assuming there are no significant delays experienced that are beyond UCMPL's control.

Considering the progress that has been made and challenges encountered in relation to these agreements, UCMPL respectfully requests that DPI&E approve an extension of time to the date required by Project Approval PA08_0184, Schedule 3, Condition 43 for the offset security arrangements to be in place. In order

to allow sufficient time to reach agreement with the landholder of the privately owned portion of Brokenback Conservation Area, to obtain Minister's consent for the property boundary adjustment / subdivision, to effect the boundary adjustment, to transfer the property title, and to develop and finalise the Voluntary Conservation Agreement over that land with BCD, we request that the deadline be extended to 30 June 2021.

If you require any additional information or have any questions, please contact Brad Tanswell on 0429 598 542 or via email: Bradley.Tanswell@glencore.com.au

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Allan', written in a cursive style.

Charlie Allan
General Manager
Ulan Coal Mines Pty Limited

Attachment A: Crown Land Reservation – Government Gazettal No 165

Attachment B: Voluntary Conservation Agreements between UCMPL and NSW DPI&E- BCD