

ASSESSMENT REPORT

HERA GOLD PROJECT – MODIFICATION 3

Increased Production Modification (10_0191 MOD 3)

1 BACKGROUND

The Hera Gold Mine, an underground gold, silver, lead and zinc mine is located approximately 100 kilometres (km) south-east of Cobar and 4 km south of Nymagee in the Cobar local government area (see Figure 1). The mine is owned by Hera Resources Pty Ltd (Hera), a wholly owned subsidiary of Aurelia Metals Ltd (formerly known as YTC Resources).

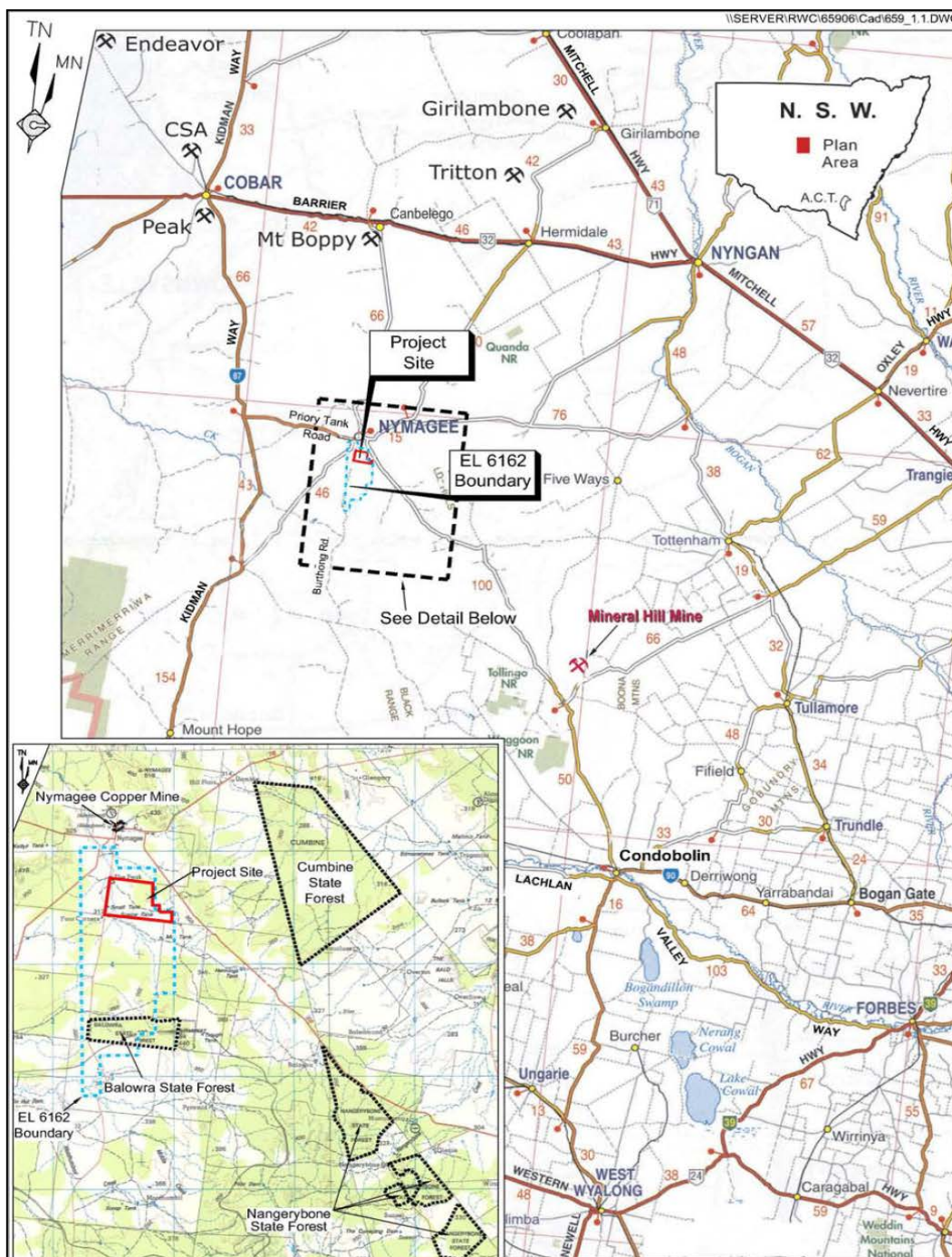


Figure 1: Location of the Hera Gold Mine

On 31 July 2012, the Deputy Director-General, Development Assessment and Systems Performance, as delegate of the Minister for Planning approved the mine under Part 3A of the *Environmental Planning & Assessment Act 1979* (EP&A Act).

The Project Approval (MP 10_0191) has been modified on two occasions, and allows Hera to:

- carry out mining operations on the site until the end of December 2020;
- process up to 355 000 tonnes of ore per annum;
- process up to 1.9 million tonnes (Mt) of ore over the life of the mine;
- construct and operate a mining infrastructure area including a waste rock emplacement area, Run-of-Mine (ROM) ore stockpile and laydown areas; and
- transport up to 50 000 tonnes per annum of zinc/lead concentrate from the mine to Hermidale via public roads.

The mine has been operating since late 2014 and currently provides employment for approximately 102 full-time permanent and contract personnel.

Since gaining approval, Hera has conducted further exploration activities and has increased the identified resources and reserves within the approved mine site from 2.4 Mt identified in 2011 to approximately 2.5 Mt in 2015. Hera is also undertaking economic evaluation of additional mineral resources to the north of the approved mine, with a view to extending operations at a future date (see Figure 2).

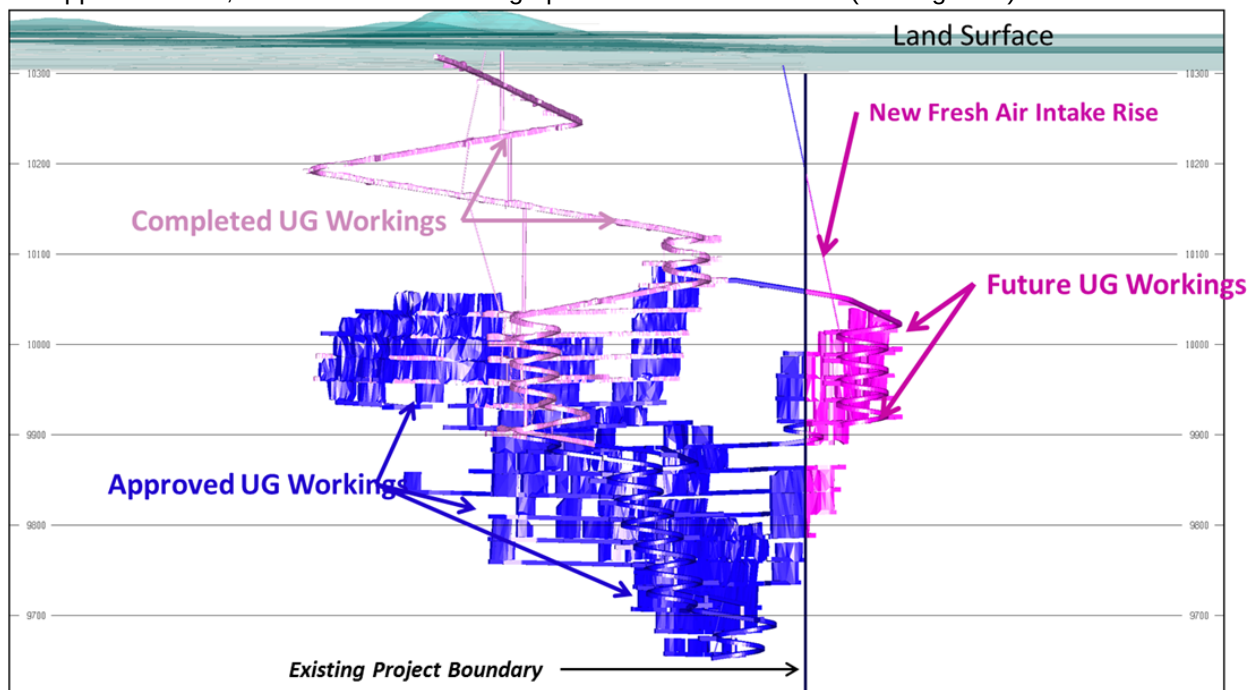


Figure 2: Projection of Hera orebody showing current project and mining lease boundary, and existing and proposed future underground development

2 PROPOSED MODIFICATION

Hera is seeking a further modification to the approval under Section 75W of the EP&A Act. The proposed modification involves (see Figure 3):

- increasing the annual amount of ore to be processed from 355 000 to 505 000 tonnes;
- increasing the amount of ore to be processed over the life of the mine from 1.9 to 3.2 Mt;
- extending the life of the mine by two years from 31 December 2020 to 31 December 2022;
- extending the existing ROM ore stockpile area; and
- constructing a new waste rock emplacement, laydown area, soil stockpile areas, and car park.

No changes to the approved underground workings, tailings storage facility or the existing processing infrastructure are required to account for the increased rate of production.

Each aspect of the proposed modification is detailed below and described in full in the Environmental Assessment (EA) submitted in support of the application (see Appendix C).

Increased Ore Production

In anticipation of mining both identified and potential reserves and resources, Hera has sought an increase to the total life-of-mine ore production limit. However, some of the identified resources extend underground beyond the approved project area and the mining lease held by Hera.

Given that the current modification proposal does not include changes to the project boundary to encompass these additional resources, Hera will need to apply for a further modification of the Project Approval to extend the boundary and to obtain a mine lease over the additional land prior to mining in that area.

As a result, the Department has not approved the increase in the total production limit at the mine, and its assessment has focused on the impacts associated with the proposed increased rate of production within the current approved project boundary.

Waste Rock Emplacement

The extraction of additional ore resources would increase the amount of waste rock generated. Hera estimates that approximately 127,000 loose cubic meters (lcm) of additional waste rock would be generated, bringing the total estimated waste rock for the project to 415,000 lcm.

Hera is proposing to construct a new waste rock emplacement to accommodate this additional waste rock. The waste rock emplacement would be located immediately north of the existing emplacement area (see Figure 3), and would result in approximately 3.5 hectares (ha) of disturbance. The waste rock emplacement would comprise a single bench and be built to a maximum elevation of 350 m AHD (approximately 20 m above the existing surface). It would have sufficient capacity (175,000 lcm) to accommodate additional waste rock that may be identified throughout the life of the mine.

The new waste rock emplacement would be used exclusively for non-acid forming waste rock, while the existing waste rock emplacement would be used for the emplacement of potentially acid forming (PAF) material.

Prior to mining operations ceasing, PAF waste rock would be transported underground for placement within the underground workings. Non-acid forming waste rock would be preferentially used during rehabilitation of the mine site.

ROM Ore Stockpile Extension

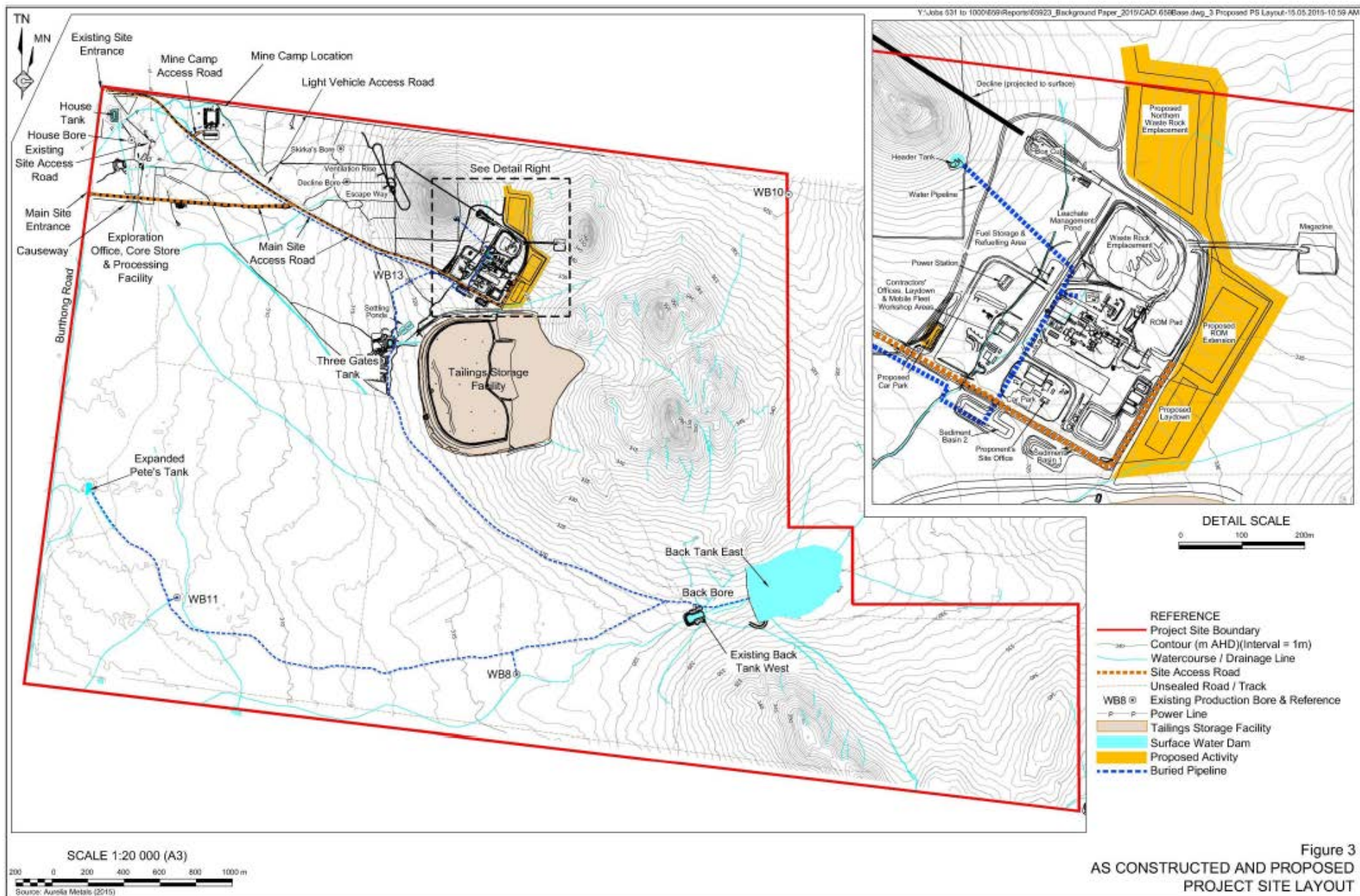
The ROM ore stockpile would be extended approximately 20 m to the southeast (see Figure 3), and would result in approximately 1.6 ha of additional disturbance area. This would provide a larger area for more efficient storage and blending of ore, and would increase stockpiling capacity by approximately 30,000 lcm to a total capacity of 130,000 lcm.

Laydown Area

The proposed laydown area would be used for storage of mobile equipment when not in use and would have a footprint of approximately 1.4 ha.

Car Park

Hera has identified the need for additional car parking capacity (an increase from 12 to 24 parking spaces) and is proposing to develop a new car park adjacent to the existing mining infrastructure area. While most of the operational personnel reside in the workers camp provided by the mine and travel to the site by transport provided by Hera, the existing car park does not adequately cater for locally based employees, contractors and visitors.



3 STATUTORY CONTEXT

3.1 Section 75W

Although Part 3A of the EP&A Act was repealed on 1 October 2011, the Hera Gold Mine remains a “transitional Part 3A project” under Schedule 6A of the EP&A Act. Consequently, the proposed modification is being considered under the former Section 75W of the EP&A Act, in accordance with the relevant savings provisions.

Based on its assessment, the Department is satisfied that the application can be characterised as a modification, as the proposal would:

- not alter the approved mining method;
- not alter the approved transportation method and rates; and
- not significantly increase the environmental impacts of the project.

3.2 Approval Authority

The Minister for Planning was the approval authority for the original development application and is the approval authority for this modification application. However, under the Minister’s delegation dated 16 February 2015, the Director, Resource Assessments may determine the application, as Hera has not made reportable political donations, Cobar Shire Council did not object to the modification, and no public objections were received.

3.3 Environmental Planning Instruments

In accordance with Section 75I of the EP&A Act, the Department has considered the modification against the provisions of relevant environmental planning instruments, and is satisfied that none of these instruments substantially govern the carrying out of the modification.

4 CONSULTATION

The Department exhibited the modification application and accompanying Environmental Assessment (EA) and supporting documents between 19 August and 9 September 2015. The Department advertised the application in the Cobar Weekly and Nyngan Observer and made the EA publicly available:

- on the Department’s website (<http://majorprojects.planning.nsw.gov.au>);
- at the Department’s information centre;
- at Cobar Shire Council;
- at Bogan Shire Council; and
- at the Nature Conservation Council.

The Department received submissions from 7 government agencies, none of which objected to the proposal. No submissions were received from the general public.

Following the public exhibition period, Hera provided a response to the issues raised in submissions. A copy of these submissions and the Response to Submissions (RTS) is provided in Appendix D.

A summary of the issues raised in submissions is provided below, focusing on the residual issues following Hera’s RTS.

The **Division of Water within the Department of Primary Industries** (DPI Water) raised concerns about the suitability of Hera’s Action and Response Plan to manage potential impacts on non-project related bores. DPI Water recommended Hera revise its Water Management Plan to include measures to minimise detrimental impacts to offsite receptors, including revised trigger levels and commitments to adhering to the trigger levels.

The Department notes that Hera is required to update its Water Management Plan following any modification to the conditions of approval.

The **Division of Lands within the Department of Primary Industries** (DPI Lands) requested that Hera provide a modified Mine Operations Plan for the mine and recommended that the mine be fenced to prevent stock access to the tailings storage facility.

Environment Protection Authority (EPA) confirmed that a variation to the Environment Protection Licence for the proposed modification would be required prior to commencement of works and recommended a condition of approval relating to the construction and operation of surface water infrastructure.

The Division of Resources and Energy (DRE) recommended a number of conditions relating to rehabilitation of the site.

The Office of Environment and Heritage (OEH) made comments in relation to the security of biodiversity offsets, in particular that a Biobanking Agreement is required to secure the offsets for the project and the proposed modification.

Cobar Shire Council did not object to the proposal but requested a condition requiring the Voluntary Planning Agreement (VPA) to be re-negotiated. The general terms of the amendment were agreed between the parties.

Bogan Shire Council indicated its support for the project provided the existing arrangements for road maintenance continue over the life of the mine.

The **Roads and Maritime Service** did not raise any concerns with the proposed modification.

5 ASSESSMENT

In assessing the merits of the proposal, the Department has considered a range of material, including:

- the modification application and accompanying EA;
- submissions received on the application and Hera's response to the submissions;
- the EA and conditions of approval for the original project;
- relevant environmental planning instruments, policies and guidelines; and
- the requirements of the EP&A Act.

The Department considers that the key issues related to the modification are increased impacts on biodiversity and water resources.

5.1 Biodiversity

The key biodiversity impact associated with the modification would be loss of native vegetation caused by clearing for the northern waste rock emplacement, the extension of the ROM pad and the hardstand area. The proposed car park would be developed within the approved development footprint and would not impact any native vegetation.

The EA includes an assessment of the potential biodiversity impacts of the modification, prepared by OzArk Environmental and Heritage Management. The assessment indicates that approximately 7.2 ha of disturbance would occur, including 6.6 ha of native vegetation. Two native vegetation communities in moderate to good condition would be impacted. Neither of these vegetation communities is listed as an Endangered Ecological Community (EEC).

The vegetation type and area to be cleared is shown in Table 2.

Table 2: Native Vegetation Communities to be Cleared and Offset

Vegetation Community	Area to be Disturbed (ha)	Proposed Offset Area (ha)
Dwyer's Red Gum – White Cypress Pine – Currawang low shrubby woodland	4.0	8.2
Poplar Box – Gum Barked Coolibah – White Cypress Pine shrubby woodland	2.6	10
TOTAL	6.6	18.2

No threatened flora or fauna species were recorded in the disturbance areas and the assessment concluded that there would be no significant impacts on threatened species.

The Department is satisfied that Hera has avoided impacts on biodiversity through placement of the additional infrastructure in disturbed areas, or immediately adjoining existing infrastructure. In addition, Hera proposes to mitigate the impacts of clearing through the management practices identified in the Biodiversity Management Plan for the site, as required under the existing approval conditions. This includes measures such as:

- marking the area of approved disturbance to ensure vegetation outside the area is not disturbed;
- scheduling clearing to avoid spring (the most common breeding period for threatened species);
- encouraging native fauna to vacate tree hollows prior to clearing; and
- retaining felled timber for fauna habitat.

Hera is also proposing to provide offsets to compensate for the loss of native vegetation from the modification.

Under the existing approval conditions, Hera was required to prepare a Biodiversity Offset Strategy (BOS) within 6 months of the project being approved, and within 12 months of approval of the BOS, to secure the offset area in perpetuity. Although not yet approved, Hera submitted its BOS identifying 616 ha of land on the 1,950 ha property “Chelsea”, located approximately 25 km to the south of the mine (see Figure 4).

Since the submission of the BOS, Hera has undertaken further vegetation mapping and Biobanking assessment on “Chelsea”, and has revised the offsets required to compensate for the biodiversity impacts from the already approved project to 537.7 ha.

Hera proposes to increase this offset area by an additional 18.2 ha to compensate for the biodiversity impacts of the proposed modification. A summary of the vegetation communities in the additional offset area is provided in Table 2 and shown in Figure 5. This figure also shows the revised offset areas proposed for the existing development.

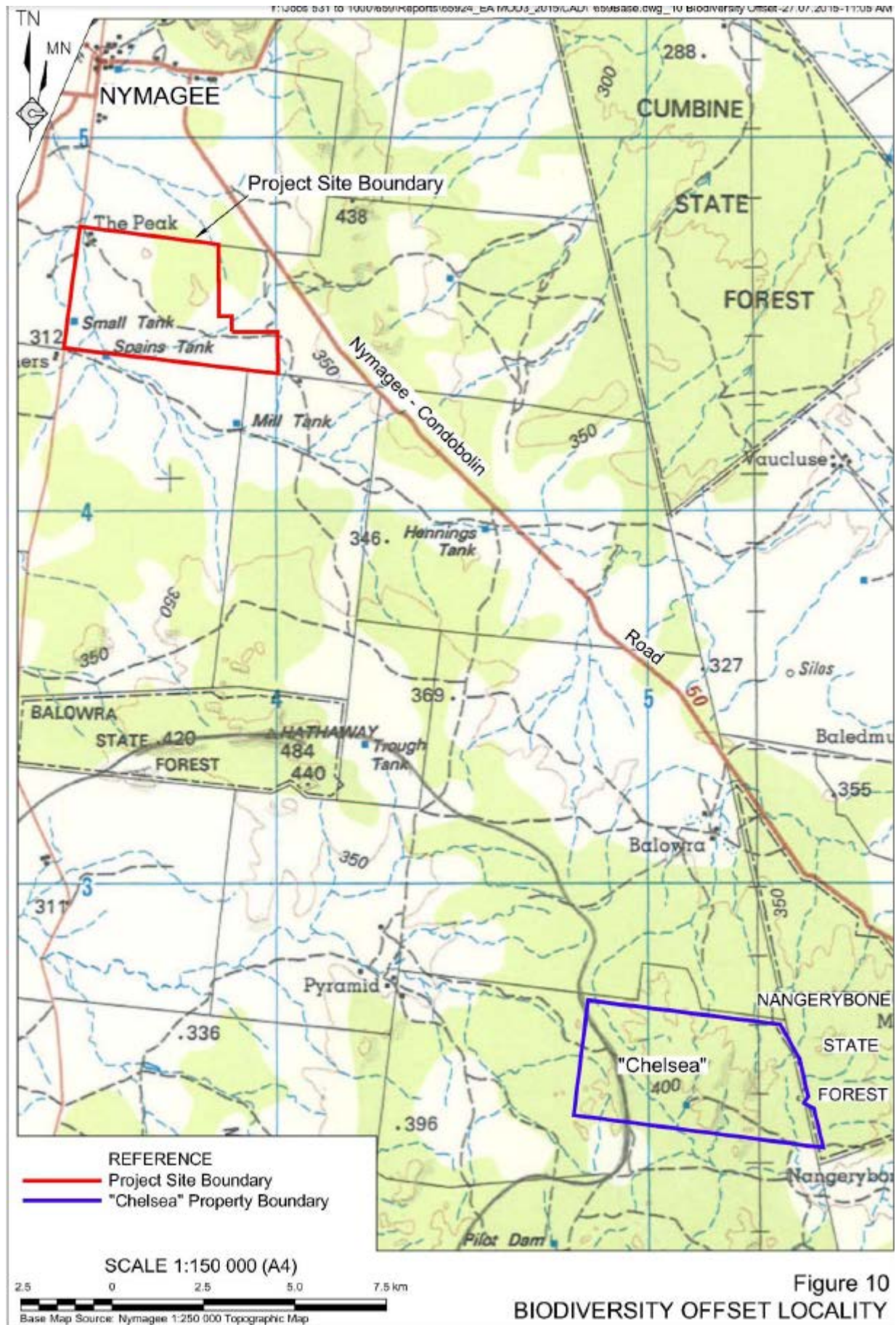
OEH is generally supportive of the inclusion of additional offsets, but raised concerns about Hera’s proposed method for securing the offsets (by way of a Property Vegetation Plan), and indicated that a BioBanking Agreement would be preferred to secure offsets for both the original project and the proposed modification. OEH also noted that the final quantum of the offsets should be determined using the BioBanking Assessment Methodology or similar.

Hera notes that the Chelsea property is held under a Western Lands Lease, and that critical aspects of the implementation of BioBanking on Western Lease Lands have yet to be satisfactorily resolved. Notwithstanding this, Hera has indicated it would be happy to secure the biodiversity offset through BioBanking agreement if the approach is permissible and a suitable arrangement between the relevant parties can be reached.

While the Department agrees that BioBanking is consistent with the requirements of the *NSW Biodiversity Offsets Policy for Major Projects* and is generally the preferred mechanism for securing offsets, it acknowledges that some uncertainty exists on the practicalities of implementing BioBanking agreements on Western Lease Lands. However, the Department considers that an appropriate conservation mechanism and the quantum of the offsets can be finalised in consultation with OEH.

Consequently, the Department has recommended an amendment to the conditions to give Hera until the end of July 2016 to consult with OEH regarding the security mechanism and the offset quantum, and to prepare a revised BOS.

With the implementation of the proposed offset strategy, the Department is satisfied that the modification proposal could be undertaken in a manner that improves, or at least maintains, the biodiversity values in the locality over the medium to long term.



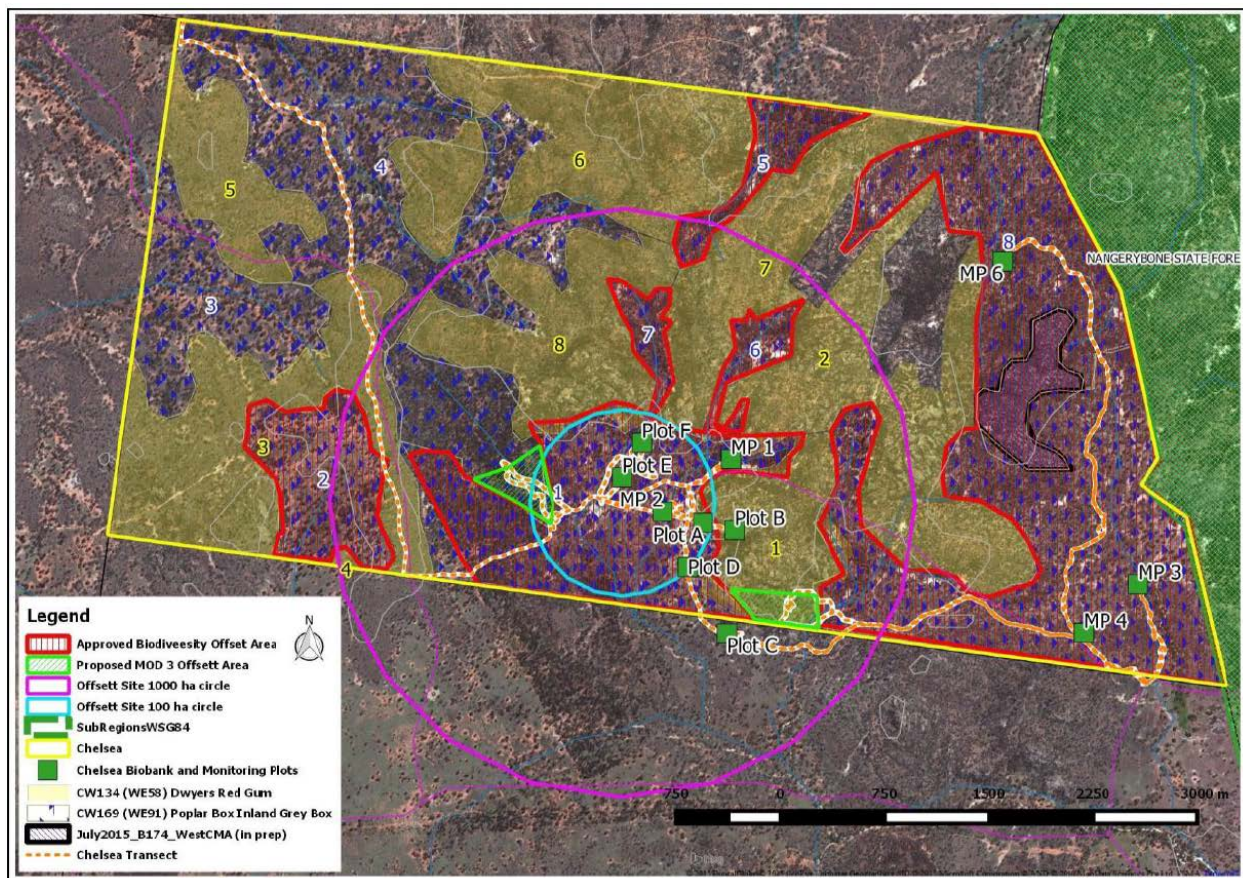


Figure 5: Biodiversity Offset Areas for Approved Project and Modified Project

5.2 Water Resources

Water Demand

Hera has estimated that the water demand for the Hera Gold Mine would increase due to the additional ore processing. The mine currently holds water licences for 240 mega litres per year (ML/y), and anticipates that the annual water demand would increase to between 270 and 300 ML/y.

Until recently, water was sourced primarily from the underground workings, with supplementary water taken from an approved borefield. However, groundwater sourced from the underground workings has been steadily declining, and is predicted to decrease from the current rate of 0.35 ML/day to a long-term yield of approximately 0.24 ML/day.

A groundwater assessment was commissioned by Hera to assess groundwater availability based on the mine's production records and monitoring results, and to determine the feasibility of extracting the additional water needs of the modified mine. This assessment determined that additional bores would potentially be required over the life of the mine, as the yield from existing bores and the underground workings decline.

Separately to this modification, Hera sought water supply works approvals for two additional bores located within the mine-site project boundary. DPI Water approved water supply works for these additional bores in early 2016.

The Department notes the water extraction modelling was based on an extraction rate of 365 ML/y, well in excess of Hera's estimated water requirements. Furthermore, the modelling conservatively assumed local recharge would have a negligible effect on groundwater levels during the mine life. Consequently, the 10 currently approved bores should be sufficient to supply the mine's additional water needs for the duration of mining. However, should Hera need to install future bores, the Department notes that a water supply works approval from DPI Water, or a modification to the Project Approval would be required.

Although DPI Water has granted licences for the two additional bores under the *Water Management Act 2000*, the Department is required under the EP&A Act to consider the impact of any additional groundwater take on groundwater resources, as set out below.

Groundwater

The additional make up water would be sourced from the Lachlan Fold Belt Groundwater Source. Hera has yet to obtain sufficient water access licences to account for the additional water take. However the Department notes that there is sufficient depth in the water market to obtain these licences and that ultimately, access to an adequate water supply is a commercial risk for Hera. Like any other significant water user, if Hera is not able to secure enough water to meet its demands, its operations may need to be reduced. The Project Approval conditions already require Hera to ensure it has sufficient water for all stages of the project and adjust mining operations to match its water supply.

The groundwater modelling predicted that groundwater drawdown could potentially impact further on standing water levels on one non-project related bore (GW017386), located on the southern boundary of the site. Although the extent of additional drawdown has not been quantified, impacts to the standing water levels of this bore were identified in the original application for the Hera Gold Mine, with greater than 2 m drawdown predicted, exceeding the level 2 minimal impact considerations of the *NSW Aquifer Interference Policy*.

The bore is registered for stock watering and is rarely used. Hera notes the bore is equipped with a windmill, but that the windmill is not connected to the bore. Nevertheless, Hera has reiterated its commitment to continue monitoring and if necessary, deepening bore GW017386 or providing an alternative source of water to the owner. This commitment would continue after completion of mining until standing water levels within bore GW017386 have recovered to their pre-mining levels.

A key consideration in assessing drawdown and triggering of compensatory rights is ensuring that an appropriately targeted groundwater monitoring program is implemented and appropriate triggers identified for determining whether the drawdown is due to mining operations, including water extraction from the borefield.

DPI Water noted that the trigger levels identified in Hera's Water Management Plan are inadequate due to the distance of the monitoring bores from the nearest production bore. DPI Water also noted that deepening bores in the event of trigger level exceedances would be unlikely to increase yields, and alternative compensatory provisions may need to be considered in the event that the water supply is affected.

Under the existing approval conditions, Hera is required to revise its existing Water Management Plan in consultation with DPI Water. Consequently, both DPI Water and the Department are satisfied that the above issues can be resolved during this consultation, and addressed in the revised Water Management Plan.

Groundwater quality within the mine site is suitable for stock watering but not for irrigation, discharge to surface water, or drinking. The Department is satisfied that the proposed modification does not include activities that would be likely to degrade groundwater quality, and that there would be no impacts to groundwater dependent ecosystems as there are none in the vicinity.

Surface Water

Storage of cyanide-containing tailings and PAF waste rock at the surface means there is potential for contamination of surface waters (in the event of a site overflow/discharge) and groundwater (through site seepage).

Hera has confirmed that the approved Tailings Storage Facility (TSF) would have sufficient capacity for the additional tailings produced from 3.2 Mt of processed ore. In 2012, the NSW Dam Safety Committee (DSC) advised Hera that the TSF design conforms to the requirements under the Dams Safety Act 1978. The TSF was assigned a Consequence Category of Significant, which means it must operate with a minimum freeboard of 0.3 m, and must have sufficient capacity and freeboard to prevent overtopping in a 1-in-10,000 year storm event.

Given the above, and also noting that the site is typically not subject to flooding as it is characterised by a series of ill-defined, ephemeral drainage lines, the Department is satisfied that the risk of overtopping of the tailings storage facility during wet weather, with consequential contamination of surface water, is negligible.

The existing conditions also mandate conservative design and permeability standards for the TSF. Consequently, the Department is satisfied that the additional tailings do not increase the risk of seepage of the tailings.

The Department is also satisfied that classification and management of PAF material in accordance with the mine's Waste Rock Management Plan would minimise the risk of acid generation and prevent discharge of low pH leachate.

The modification would result in some changes to the site drainage, and Hera has proposed an update to the mine's Water Management Plan, incorporating an Erosion and Sediment Control Plan. This involves relocating or constructing new diversion drains, and constructing an additional sediment basin to manage discharges of sediment laden water from the site.

Surface water runoff from the existing waste rock emplacement area would continue to be collected and treated as contaminated water, and surface water runoff from the proposed waste rock emplacement area would be managed as part of the mine's dirty water system, comprising sediment laden water as the key pollutant to be managed. The EPA recommended that the runoff from the additional waste rock emplacement be designed and managed in accordance with the guideline "*Managing Urban Storm Water: Soils and Construction*". Hera in its RTS confirmed that the sediment and erosion controls, including sizing of the sediment dams, have been designed in accordance with this guideline.

The Department is satisfied that there would be no significant changes to the surface water quality impacts associated with the modification compared to that of the approved project, and that no revisions to the approval conditions are required.

5.3 Other Issues

A summary of the Department's assessment of all other relevant issues is provided in Table 3 below.

Table 3: Assessment of Other Relevant Issues

Issue	Consideration	Conclusion
Waste Management	- Hera would continue to manage waste rock in accordance with the mine's Waste Rock Management Plan, which includes measures to manage acid leachate generation. - Hera has committed to placing all PAF material in the underground workings below the predicted groundwater recovery level, prior to the completion of mining operations. - Once placed within completed stopes, the potential for further generation of acidic leachate would be limited due to the limited availability of oxygen. - Additional tailings would also be generated as a result of the proposed increase in ore production. A total of approximately 1.92 million cubic metres (m³) of tailings is expected to be produced through the life of the project. This would be contained within the already approved TSF, which has a capacity of 2.05 million m³ and would operate with a minimum of 0.6 m freeboard. - Management of the tailings would remain unchanged.	- The Department considers that the key mitigating factor against impacts associated with acid generation from waste rock would be effective and timely management, and that the separation of waste rock into non-acid forming and PAF would result in improved management of the waste rock. - The Department is satisfied that no additional impacts are likely from tailings production or storage as a result of the proposed modification.
Noise	- The existing noise limits at nearby private receptors are set at the lowest level under the <i>NSW Industrial Noise Policy</i> (35 dB(A)). - Hera has a noise agreement with the owner of one neighbouring property (R3) which has the highest predicted noise levels under inversion conditions of 35dB(A). - An assessment of the potential noise impacts indicates that the mine would continue to operate within the noise limits under the worst case meteorological conditions.	The Department is satisfied that that current noise limits are adequate and no further conditions are necessary.

Aboriginal and Historic Heritage	- An assessment undertaken for the original project application found no objects of Aboriginal or historic heritage significance within the project site and impacts to Aboriginal or historic heritage items from the additional land disturbance are therefore unlikely. - Hera would continue to implement the unanticipated finds procedure outlined in the mine's Aboriginal Heritage Management Plan.	The Department is satisfied that the measures outlined in Hera's existing Aboriginal Heritage Management Plan would be adequate to manage any unforeseen impacts.
Air Quality	- The additional land disturbance and road haulage from the modification would potentially increase dust and reduce air quality. - However, the closest non-project related receiver is located approximately 2.6 km from the proposed new waste rock emplacement. - Consequently, the EA concludes that there would be no unacceptable air quality impacts resulting from the proposed modification and that Hera would continue to comply with the applicable air quality criteria.	The Department is satisfied that additional air quality impacts would be minor and that air quality can be satisfactorily managed in accordance with existing conditions and Hera's Air Quality and Greenhouse Gas Management Plan.
Traffic and Transportation	- The Project Approval allows up to 50,000 tpa of concentrate to be transported from the mine to Hermidale rail siding via the Nymagee-Hermidale road. The route includes travel through the villages of Nymagee (located in the Cobar LGA) and Hermidale (located in the Bogan LGA). - Currently the mine is transporting between 25,000 tpa and 30,000 tpa of concentrate. This would increase by approximately 40% under the modification, and consequently no increase to the approved maximum rate of transportation would be required. - The modification would extend the transportation impacts by two years, potentially adding wear and tear to the road network. - The existing conditions of approval require Hera to make annual cost contributions to Bogan Shire Council for maintenance of Hermidale Road until cessation of transport operations. Hera is also required to inspect the condition of the unsealed section of the transport route in consultation with Bogan Shire Council every two months, and to grade this section where required and as identified in the inspection. - A contribution for road repair and maintenance forms part of a VPA between Cobar Shire Council and Hera. The terms of this VPA were re-negotiated in view of this modification. Under the amended terms, Hera has agreed to contribute \$60,000 per annum towards the road repair and maintenance fund, and to extend these contributions over the life of the mine.	The Department is satisfied that the traffic impacts from the proposed modification would be adequately mitigated through the agreements with the relevant Councils, and no additional conditions of approval are required.
Visual Amenity	- The visibility of the mine from vantage points to the north and west would be increased due to the new waste rock emplacement. - However, the mine site is isolated from surrounding residential and public viewing locations, and the site is largely screened by surrounding vegetation. - Hera is also required under the existing conditions to implement all reasonable measures to minimise the visual impacts.	The Department is satisfied that the relative isolation of the mine and the screening effect of native vegetation mean visual impacts would likely be low, and no additional conditions of approval are required.
Rehabilitation	- Rehabilitation of the modified mine site would remain consistent with the approved rehabilitation objectives. - Waste rock from the new rock emplacement would be preferentially retained at the surface for use during rehabilitation of the mine, including for capping the TSF and backfilling the box cut, while PAF material would be removed underground.	The Department has recommended the inclusion of some additional rehabilitation objectives to bring them into line with best practice and DRE's recommendations.

Socio-economics	• The proposed modification would result in the employment of approximately 25 additional full-time personnel for 6 months during the construction phase, and approximately 12 additional full-time employees and 5 additional contractors for the life of the mine. • The extension of the mine life would also provide ongoing employment for the existing mine workforce, and economic stimulus to the local economies of Nymagee and Cobar for an additional two years. • Under the agreed terms of the amended VPA with Cobar Shire Council, Hera would increase its community fund contribution from \$16,300 per annum to \$30,000 per annum and will be subject to consumer price index adjustments. • Hera estimates that annual payments for goods and services would increase from \$50 million to \$55 million, and payments of royalties to the NSW Government would increase from approximately \$2 million to \$3 million.	• The Department recommends Hera be required to finalise details of the revised VPA with Council by 31 July 2016. • The Department is satisfied that the project will continue to provide economic and employment benefits locally and regionally and no additional conditions are necessary.
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6 RECOMMENDED CONDITIONS

The Department has drafted a Notice of Modification for the proposed modification (see Appendix A) and a consolidated version of the Project Approval as modified (see Appendix B).

The Department is generally satisfied that the existing conditions are adequate to manage the impacts associated with the modified project. However, the Department has updated and revised some conditions to reflect best practice, including the rehabilitation objectives for the site.

The Department has also made a number of minor administrative amendments to the conditions, including updates to various definitions to reflect recent changes to government departments, and a requirement to finalise the Biodiversity Offset Strategy and the details of a revised VPA with Cobar Shire Council by 31 July 2016.

The Department notes that Hera has reviewed a copy of the recommended conditions, and has raised no objections.

7 CONCLUSION

The Department has assessed the merits of the modification in accordance with the relevant requirements of the EP&A Act.

Based on this assessment, the Department considers that the proposed modification would enable greater utilisation of existing mineral resources within the project site, enable more cost effective mining and processing, and allow processing of material that would otherwise not have been economic to process.

The proposed modification would also maximise the economic benefits of the mine, including an increase in employment, additional community contributions, and flow-on economic stimulus in the region.

The Department is satisfied that with the implementation of the environmental safeguards and mitigation measures in the existing approval, these benefits can be realised without any significant additional environmental impacts.

The Department also notes that Council is supportive of the proposed changes at the mine, and that no objections from the community were received during the exhibition of the application.

Given the above, the Department believes that the modification is in the public interest, and should be approved, subject to some minor changes to the conditions of approval.

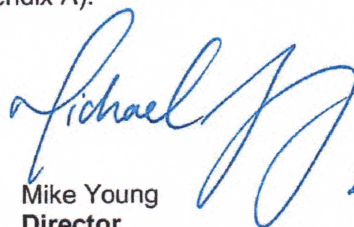
8 RECOMMENDATION

It is recommended that the Director, Resource Assessments, as delegate of the Minister:

- **considers** the findings and recommendations of this report;
- **determines** that the proposed modification is within the scope of Section 75W of the EP&A Act;
- **approves** the proposed modification under Section 75W of the EP&A Act; and
- **signs** the attached Notice of Modification (Appendix A).


26/2/16

Stephen O'Donoghue
Team Leader
Resource Assessments


25.2.16

Mike Young
Director
Resource Assessments

APPENDIX A – NOTICE OF MODIFICATION

APPENDIX B – CONSOLIDATED PROJECT APPROVAL

APPENDIX C – ENVIRONMENTAL ASSESSMENT

APPENDIX D – SUBMISSIONS AND RESPONSE TO SUBMISSIONS