



31 July 2020

Director
Resource Assessments
Department of Planning, Industry and Environment
Level 22, 320 Pitt Street
SYDNEY NSW 2000

Attention: Mr Matthew Sprott

Dear Matthew,

**Bengalla Mining Company – SSD-5170
Long Term Security of Offsets – Progress Report**

1 BACKGROUND

Bengalla Mining Company Pty Limited (**BMC**) operates Bengalla Mine generally in accordance with development consent SSD-5170 and supporting documentation.

Schedule 3, Condition 28 of SSD-5170 states:

“28. Within 2 years of the commencement of development under this consent, unless otherwise agreed with the Secretary, the Applicant must make suitable arrangements to provide appropriate long term security for the land within the Biodiversity Offset Strategy identified in Table 13 through a Biobanking Agreement under the Threatened Species Conservation Act 1995 (or an alternative mechanism agreed with OEH), to the satisfaction of the Secretary”.

The Department of Planning, Industry and Environment (**DPIE**) has provided extensions of time BMC to 30 September 2020 to make suitable arrangements for long term security of the offset properties.

DPIE's letter of 27 September 2019 requires BMC to submit a quarterly report outlining the progress of the previous 3 months and planned activities for the next 3 months.

This Progress Report provides a summary of activities undertaken from 1 April 2020 to 31 July 2020, and proposed activities from 1 August 2020 to 30 September 2020.

Please note that progress to secure an appropriate long-term security has been slowed due to the extensive bushfires and COVID – 19 regarding availability and communications with relevant representatives resulting in this quarterly progress report being slightly delayed.

2 CONSULTATION

BMC has three offset properties:

- Kenalea Properties (4,097 ha) within the responsibility of the Barrington Tops National Parks & Wildlife Service (**NPWS**) area;
- Black Mountain (1,222 ha) within the responsibility of the Barrington Tops NPWS area; and
- Merriwa River (897 ha) within the responsibility of the Mudgee Area Blue Mountains Branch NPWS area.

Personnel involved in consultation relevant to this Progress Report has included:

- Dianne Munro (DM) Hansen Bailey,
- Craig White (CW) BMC;
- Lisa Menke (LM) Manager, Mudgee Area Blue Mountains Branch NPWS;
- Joanna Muldoon (JM) Manager, Reserve Establishment Team NPWS;
- Anthony Signor (AS) Area Manager, Barrington Tops NPWS; and
- Kylie Yeend (KY) Branch Director, Hunter Central Coast NPWS.

3 RECENT ACTIVITY

Table 1 provides a summary of activities undertaken from 1 April 2020 to 31 July 2020.

Table 1
BMC Progress Summary – Completed

Date	Offset	Activity
19 June 2020	Merriwa River	Email to Lisa Menke NPWS Mudgee Area providing: • Revised Biodiversity Offset Management Plan for Merriwa River property only in track change. • BMC offset conditions and responsibility table.
17 July 2020	Kenalea and Black Mountain	Teams meeting NPWS Hunter: • CW provided an overview of costs to date for 3 years of BMC managing its offsets. • KY and AS described process and expectations of NPWS when managing properties. • Various inputs to spreadsheet were discussed, including CPI, risks, etc.

Table 2 provides a summary of proposed BMC activities from 1 August 2020 to 30 September 2020.

Table 2
BMC Actions Proposed Summary

Date	Offset	Activity
August	Merriwa River	Seek feedback from NPWS - Mudgee on the separated Biodiversity Offset Management Plan.
August	Black Mountain and Kenelea Properties	Reconsider BMC for updated / actual costs and provide same to NPWS Newcastle.

4 ISSUES STILL REQUIRING RESOLUTION

There are still several complex issues that require resolution to ensure the best environmental outcome is delivered as required by Condition 28:

BMC suggests that one appropriate long term ecological offset arrangement involves dedication of each of the offset properties to the National Estate. To achieve that outcome, it has been necessary for BMC to continue to negotiate the arrangements with two different offices of the NPWS. This potentially involves the Biodiversity Offset Management Plan (BOMP) referred to in Condition 29 needing to be adjusted to meet the requirements of relevant parts of the NPWS and for those arrangements to be reviewed and accepted by the DPIE and the Department of Agriculture, Water and the Environment (DAWE) in satisfaction of BMC's EPBC Act Approval 2012/6378 Condition 3 (Note: NPWS Mudgee has requested a draft amended BOMP for the Merriwa River property be provided which BMC did 19 June 2020.);

If arrangements to dedicate the offset properties (or some of them) to the National Estate is unable to be finalised, then it will become necessary for BMC to put an appropriate Biodiversity Stewardship Agreement or alternate mechanism in place over the relevant land. The nature of the relevant agreement, the environmental targets that will apply, the scope of environmental measures that are required to be carried out under those arrangements and the security that needs to be put in place to ensure performance of those obligations are very complex and technical. It will take time to finalise those arrangements.

BMC continues to work diligently in recent difficult conditions to deliver the best long-term environmental outcome for the offset properties required by Condition 28 and to comply with the time limit imposed by the Secretary. Notwithstanding that diligence, BMC remains concerned that is unlikely a long-term security will be in place by 30 September 2020 and foreshadows that BMC will likely seek a further extension to the time to enable compliance with Condition 28.

It is becoming clearer that the current BOMP will require separation relevant to the each of the three offset properties being the Kenalea Properties, Black Mountain and Merriwa River. If the current BOMP can be separated that will enable greater flexibility to achieve a long-term security mechanism on a property by property basis sooner.

BMC request concurrence from the DPIE to prepare a BOMP on a property by property basis and then seek approval for same from the DPIE and the DAWE.

BMC will keep the DPIE informed regarding progress and will make any necessary applications for an extension once further information has been received and the DPIE have provided guidance on the request to separate the Biodiversity Offset Management Plan on an individual property basis.

5 CONCLUSION

Please do not hesitate to contact me on 02 6542 9525 or by email: craig.white@bengalla.com.au should you require anything further.

Yours faithfully



Craig White
Environment Superintendent
BENGALLA MINING COMPANY