

Impact Reconciliation Procedure

Mulga Downs Iron Ore Mine – Western Australia

Hancock Prospecting Pty Ltd
ABN 69 008 676 417

EPBC Assessment Number: 2022/09255
EPA Assessment Number: 2326

10 April 2025

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Revision Register

REV	DATE	NAME	DESCRIPTION OF CHANGES
0	4/05/2023	HPPL/JBS&G	IRP issued with draft PER to the Commonwealth DCCEEW.
1	15/06/2023	HPPL/JBS&G	IRP issued with draft ERD to the State EPA.
2	24/11/2023	HPPL	IRP issued with updated draft PER to the Commonwealth DCCEEW. IRP has been updated to reflect DCCEEWs' request for information.
3	28/03/2024	HPPL	IRP issued with updated draft PER and updated draft ERD to the Commonwealth DCCEEW and State EPA. IRP has been updated to reflect the removal of borefield west and EPAs' request for information.
4	10/11/2024	HPPL	Revised to reflect change to Proposal as approved under Section 43A (4 October 2024) and s156 (7 November 2024).
5	10/04/2025	HPPL/JBS&G	Revised following comments from the DCCEEW on 8/04/2025

Declaration of Accuracy:

In making this declaration, I am aware that section 491 of the *Environment Protection and Biodiversity Conservation Act 1999* (Cth) (EPBC Act) makes it an offence in certain circumstances to knowingly provide false or misleading information or documents to specified persons who are known to be performing a duty or carrying out a function under the EPBC Act or the *Environment Protection and Biodiversity Conservation Regulations 2000* (Cth). The offence is punishable on conviction by imprisonment or a fine, or both. I am authorised to bind the approval holder to this declaration and that I have no knowledge of that authorisation being revoked at the time of making this declaration.

Signed

Full name (please print)

Brett McGuire

Organisation (please print)

Hancock Prospecting Pty Ltd (HPPL)

Date

10/04/2025

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SUMMARY

This draft Impact Reconciliation Procedure (IRP) has been prepared to support the assessment of the Mulga Downs Iron Ore Mine (MDIOM; the Proposal) under the *Environmental Protection Act 1986* (EP Act) and the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act). While the Proposal is subject to separate assessment by both the State and Commonwealth, HPPL considers that the use of the Pilbara Environmental Offsets Fund (PEOF) to offset significant residual impacts to Matters of National Environmental Significance (MNES) is appropriate in terms of the EPBC Act Environmental Offset Policy.

This IRP identifies biodiversity values requiring offsets, methodology to determine impacts and the detailed reporting during the construction of the Mulga Downs Iron Ore Mine and associated infrastructure. The IRP has been developed as per the *Instructions on how to prepare Environmental Protection Act 1986 Part IV Impact Reconciliation Procedures and Impact Reconciliation Reports*.

The following table summarises the purpose and context of the IRP within the context of the Environmental Protection Authority's (EPA) environmental objectives.

Summary of the Proposal	
Proposal title	Mulga Downs Iron Ore Mine
Proponent name	Hancock Prospecting Pty Ltd
Ministerial Statement Number	To be determined. – Proposal under assessment
State EP Act Assessment Number	2326
Commonwealth Assessment Number	EPBC 2022/09255
Purpose of the IRP	This IRP identifies biodiversity values requiring offsets, methodology to determine impacts and the detailed reporting during the construction of the Mulga Downs Iron Ore Mine and associated infrastructure.
Key environmental factors and objectives	<p>The key environmental factors and associated EPA objectives are:</p> <ul style="list-style-type: none">• Flora and vegetation – To protect flora and vegetation so that biological diversity and ecological integrity are maintained.• Terrestrial fauna – To protect terrestrial fauna so that biological diversity and ecological integrity are maintained.• Subterranean Fauna - To protect subterranean fauna so that biological diversity and ecological integrity are maintained.• Inland Waters – To maintain the hydrological regimes and quality of groundwater and surface water so that environmental values are protected.• Terrestrial Environmental Quality – To maintain the quality of land and soils so that environmental values are protected.• Social Surroundings – To protect social surroundings from significant harm.• Greenhouse Gas Emissions – To reduce net greenhouse gas emissions in order to minimise the risk of environmental harm associated with climate change.• Air Quality - To maintain air quality and minimise emissions so that environmental values are protected.
Matters of National Environmental Significance	<ul style="list-style-type: none">• Threatened Species and Communities• Migratory Species
Condition clauses	To be determined.

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Key Provisions	Outcome based provisions that align with established industry practices to offset significant residual impacts to key environmental factors and MNES
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1 Introduction

Hancock Prospecting Pty Ltd (HPPL) is proposing to develop the Mulga Downs Iron Ore Mine (MDIOM; the Proposal) in the Pilbara Region of Western Australia.

This document has been prepared to support the assessment of the MDIOM under the *Environmental Protection Act 1986* (EP Act) and the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act). While the Proposal is subject to separate assessment by both the State and Commonwealth, HPPL considers that the use of the Pilbara Environmental Offsets Fund (PEOF) to offset significant residual impacts to Matters of National Environmental Significance (MNES) are appropriate in terms of the EPBC Act Environmental Offset Policy.

2 Purpose

The purpose of the Impact Reconciliation Procedure (IRP) is to outline the methodology that will be used to calculate the area of vegetation (or other environmental value, including Critical and Supporting Habitat for MNES) impacted through clearing.

The Proposal is subject to separate assessments under the EP Act and the EPBC Act. This IRP has been prepared to support the offset requirements for both the Commonwealth and the State assessments. As noted previously, the Development Envelope for the Proposal under assessment by the State is smaller than the Proposed Action Area under assessment by the Commonwealth due to the exclusion of Murray's Hill, which has been previously referred under the EP Act (and is therefore not included in the State assessment).

This IRP has been prepared in accordance with the EPA *Instructions for preparing Impact Reconciliation Procedures and Impact Reconciliation Reports* (EPA 2021).

3 The Proposal

HPPL is proposing to construct and operate the Mulga Downs Iron Ore Mine (MDIOM, the Proposal) located approximately 210 kilometres (km) south of Port Hedland and 180 km north of Newman in the Pilbara Region of Western Australia. The Proposal area is located predominantly within the Mulga Downs pastoral station.

Once operational, the Proposal will involve mining of up to 12 million tonnes per annum (Mtpa) of iron ore from above and below the water table using conventional drill and blast, load and haul techniques.

4 Assessment Process

4.1 Environmental Protection Act 1986

The Proposal was referred to the EPA under Section 38 of the EP Act on 23 December 2021. On 24 February 2022 the EPA provided notice that the Proposal would be assessed (assessment number 2326) under Part IV of the EP Act and the level of assessment was set at PER with a 6-week public review period for the ERD.

An ESD, prepared by HPPL, to define the form, content, timing and procedure of the ERD was approved by the EPA on 24 August 2022. This ERD has been prepared in accordance with the ESD, Administrative Procedures (GoWA 2016) and the Procedures Manual (EPA 2020d) to meet the requirements of s 40(2)(b) of the EP Act.

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The Proposal has also been separately referred for assessment under the EPBC Act (EPBC 2021/09255) (refer to Section 4.2). The assessment process by the Commonwealth is not an accredited assessment. This IRP has been developed to apply to both the State and the Commonwealth Indicative Footprint areas. and as such reference to “Proposed Action Area / Development Envelope” is included in this document.

It should be noted that the Disturbance Footprint for the assessment under the EPBC Act, and the Indicative Footprint for the assessment under the State EP Act differ due to the exclusion of Murray’s Hill from the State assessment. Under Part IV of the EP Act (Assessment No: 2326), the Proposal will be located within a 16,848.53 ha Development Envelope and will require the clearing of up to 4,339.16 ha of native vegetation (Indicative Footprint).

4.2 Environment Protection and Biodiversity Conservation Act 1999

The Proposal was referred to DCCEEW as a Proposed Action under the EPBC Act in May 2022 and the Commonwealth Minister for the Environment determined the Proposed Action to be a ‘Controlled Action’ under s75 of the EPBC Act on 6 August 2022 (ref. EPBC 2022/09255) with an assessment approach Public Environmental Report (PER).

The Proposal is located within a 16,848.53 ha Proposed Action Area and will require the clearing of up to 4,733.66 ha of native vegetation (Indicative Footprint), under the Commonwealth Public Environmental Review (Assessment Number: EPBC 2022/09255).

The area difference with the Commonwealth Proposed Action is due to the Murray’s Hill Project (Murray’s Hill) being included as part of the EPBC Act assessment (not as part of the EP Act assessment).

4.3 Condition Requirements

4.3.1 Ministerial Statement

As an offset is being proposed, it is anticipated that conditions will be included in the Ministerial Statement. Conditional requirements will be added from the Ministerial Statement once issued.

Table 1: Biodiversity values from Ministerial Statement (TBC) that require offset

Condition	Biodiversity Value	Offset Rate Documented in Statement (\$/ha)
TBC		

4.3.2 EPBC Act Decision Notice

As an offset is being proposed, it is anticipated that conditions will be included in the EPBC 2022/09255 approval. Conditional requirements will be added from the EPBC 2022/09255 Decision Notice once issued.

Table 2: MNES that require offset

Condition	MNES	Offset Rate Documented in Approval (\$/ha)
TBC		

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5 Environmental Values and Matters of National Environmental Significance Requiring Offset

5.1 Flora and Vegetation

A total of 15 vegetation types have been mapped within the Development Envelope / Proposed Action Area. The majority of vegetation in the Development Envelope / Proposed Action Area (99.1%) is considered to be in Good condition or better based on the Keighery (1994) vegetation condition scale. Remaining areas have been previously disturbed.

Native vegetation condition mapped within the Development Envelope / Proposed Action Area ranged from 'Completely Degraded' to 'Excellent' (**Figure 5.1**). Native vegetation in 'Excellent' condition showed little to no disturbance from exploration or cattle grazing. Native vegetation mapped as 'Very Good' condition showed impacts from current and historical grazing and exploration activities, with numerous weed populations throughout. (Maia 2022).

The P1 Priority Ecological Community (PEC) 'Four Plant Assemblages of the Wona Land System' is mapped within the Development Envelope / Proposed Action Area and will be impacted by clearing.

Areas of vegetation containing *Acacia aneura* complex taxa (collectively known as Mulga) may constitute sheet flow dependant vegetation (SFDV), as they are somewhat reliant on sheet-flow movement of surface waters across a landscape during rain events. Seven vegetation types mapped in the Development Envelope / Proposed Action Area may represent potential sheet flow dependent vegetation due to the dominant presence of *Acacia aneura*: AaAxSL, ASL (1), ASL (2), AWL (1), AWL (2), AWL (3) and AxAsSL.

One mapped riparian vegetation type (AdEvWL) was identified within the Development Envelope which is restricted to the Fortescue River and associated habitats (Maia 2022). Vegetation type AdEvWL supports species that only occur in seasonally inundated habitats (Maia 2022).

No GDEs are present within the Development Envelope / Proposed Action Area.

No species listed as Threatened under the Western Australian *Biodiversity Conservation Act 2016* (BC Act) occur within the Development Envelope. One Threatened flora species (*Seringia exastia* (Critically Endangered (CE)) protected by the EPBC Act is present in the Proposed Action Area and will be impacted by clearing.

A total of 11 State listed Priority flora species have been recorded in the Development Envelope of which, three will be impacted by the Proposal.



Figure 5.1: Vegetation Condition

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5.2 Terrestrial Fauna

A total of 11 native fauna species of conservation significance (including three migratory species) have been recorded within or within the vicinity of the Development Envelope / Proposed Action Area during the field surveys (Attexo, 2023; JBS&G 2023) (**Table 3**).

Nine broad fauna habitats were identified within the Development Envelope / Proposed Action Area, including:

- Stony Spinifex Plains and Hillslopes;
- Rocky Hills;
- Gibber Cracking Clay;
- Drainage Line/Floodplain;
- Mulga Woodland;
- Chenopod/Cracking Clay Floodplain
- Cracking Clay;
- Snakewood; and
- Rocky Plains and Footslopes.

Table 3: Conservation Significant Fauna recorded or considered likely to occur within or near the Development Envelope

Species		Conservation Status ¹		Occurrence
Scientific Name	Common Name	BC Act Status	DBCA Status	
Mammals				
<i>Rhinonictis aurantia</i> (Pilbara form)	Pilbara Leaf-nosed Bat	VU	-	Recorded
<i>Macroderma gigas</i>	Ghost Bat	VU	-	Recorded
<i>Dasyurus hallucatus</i>	Northern Quoll	EN	-	Recorded
<i>Pseudomys chapmani</i>	Western Pebble-mound Mouse	-	P4	Recorded
<i>Dasycercus blythi</i>	Brush-tailed Mulgara	-	P4	Likely
<i>Leggandina lakedowensis</i>	Northern Short-tailed Mouse	-	P4	Likely
<i>Macrotis lagotis</i>	Greater Bilby	VU	-	Likely (Low)
Birds				
<i>Falco hypoleucos</i>	Grey Falcon	VU	-	Recorded
<i>Falco peregrinus</i>	Peregrine Falcon	OS	-	Recorded
<i>Calidris ruficollis</i>	Red-necked Stint	MI	-	Recorded
<i>Tringa glareola</i>	Wood Sandpiper	MI	-	Recorded
<i>Tringa nebularia</i>	Common Greenshank	MI	-	Recorded
<i>Plegadis falcinellus</i>	Glossy Ibis	MI	-	Likely
<i>Pezoporus occidentalis</i>	Night Parrot	CR	-	Likely (Low)
Reptiles				
<i>Anilius ganei</i>	Gane’s Blind Snake	-	P1	Recorded

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Species		Conservation Status ¹		Occurrence
Scientific Name	Common Name	BC Act Status	DBCA Status	
<i>Liasis olivaceus barroni</i>	Pilbara Olive Python	VU	-	Recorded
<i>Ctenotus uber johnstonei</i>	Spotted Ctenotus	-	P2	Likely

¹ Biodiversity Conservation Act: P1: Priority One, P2: Priority Two, P3: Priority Three, P4: Priority Four, OS: Other specially protected species, CR = Critically Endangered, EN = Endangered, VU = Vulnerable, MI = Migratory.

5.3 Summary of State Environmental Values Requiring Offset

State environmental values anticipated to require offset via the PEOF include:

- Vegetation in 'good' to excellent condition
- Fauna habitat of high conservation value;
- Riparian vegetation;
- Priority Ecological Community (PEC); and
- Other important vegetation (sheetflow dependent vegetation).

A summary of the State environmental values requiring offset within each IBRA region as a result of the Proposal are outlined in **Table 4**.

Table 4: Summary of State Offset Commitment

Environmental Value	Significant Residual Impact (ha)
Fortescue IBRA	
Native vegetation in 'good' to excellent condition	4,053.80
Fauna habitat of high conservation value	1,266.33
Riparian vegetation	4.31
PEC (Four Plant Assemblages of the Wona Land System (P1))	0.00
Other important vegetation (sheet flow)	2,957.17
Chichester IBRA	
Native vegetation in 'good' to excellent condition	243.12
Fauna habitat of high conservation value	139.70
Riparian vegetation	0.00
PEC (Four Plant Assemblages of the Wona Land System (P1))	70.31
Other important vegetation (sheet flow)	16.34

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5.4 Summary of Matters of National Environmental Significance Requiring Offset

The contributions to PEOF are considered appropriate in terms of the Western Australia Environmental Offset Policy and Guidance (EPA 2011, EPA 2014). In addition, the use of the PEOF for MNES offsets demonstrates that contributions to the PEOF have been considered appropriate in terms of the EPBC Act Environmental Offset Policy. The Proponent understands that discussions between the State and Commonwealth are progressing to ensure that contributions to the PEOF provide the required outcomes for MNES and that this type of offset condition will continue to be used.

Fauna habitat types for fauna species listed as MNES were mapped for the Proposed Action Area. To meet the EPBC Act conditions for offsetting protected matters, the following has been applied:

1. **Critical habitat:** habitat that is considered to be habitat critical to the survival of the species, which has been identified in the statutory documentation for each of the matters protected under the EPBC Act. This habitat type is often considered breeding habitat (e.g., denning, roosting, nesting) and/or the closely surrounding foraging habitat within the home range that supports these breeding activities.
2. **Supporting habitat:** habitat that facilitates the survival of matters protected under the EPBC Act, which is not considered linked to or supporting of breeding habitat (e.g., denning, roosting, nesting) and/or within the home range that supports these breeding activities but is habitat that is considered to support the survival of the species for foraging, dispersal, or water sources.

The following MNES are anticipated to require offset via the PEOF due to the loss of habitat critical to the survival of the species:

- Threatened species and communities.

The loss of critical habitat for this species will be offset at the rate specified in the EPBC Approval.

A summary of the MNES and habitat value (critical and supporting) that will be lost as a result of clearing as a result of the Proposed Action are outlined in **Table 5**.

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Table 5: MNES - Significant Residual Impact to be offset

Conservation Significant Fauna	Habitat Value		Significant Residual Impact
	Critical Habitat	Supporting Habitat	
Northern Quoll	Rocky Hills habitat within the Proposed Action Area supports a potential breeding population of Northern Quoll and is therefore considered critical habitat and will be offset in accordance with the Impact reconciliation procedure.	Stony Spinifex Plains and Hillslopes are considered as supporting habitat where they are adjacent to high value breeding habitat they are a supporting habitat. Drainage lines are of moderate conservation value as they provide foraging and dispersal habitat for fauna. They are considered supporting habitat when they are within the home range for the Northern Quoll breeding habitat.	The significant residual impact for Northern Quoll is as follows: <ul style="list-style-type: none"> 604.74 ha of Rocky Hills Critical Habitat; 849.32 ha of Stony Spinifex Plains and Hillslopes supporting habitat; and 71.40 ha of Drainage lines/Floodplains supporting habitat.
Ghost Bat	No category 1, 2 or 3 caves are present within the Proposed Action Area. The Proposed Action will not result in the loss of critical habitat or habitat critical to the survival of the species and therefore the Proposed Action will not result in a significant residual impact to this species.	Although critical habitat is not present for these species, surveys conducted for the purpose of the proposal have recorded them within the Proposed Action Area. Only one opportunistic Pilbara Olive Python sighting and one Ghost Bat call (plus some secondary Ghost Bat evidence) have been recorded despite extensive survey efforts over numerous years. Numerous Pilbara Leaf-nosed bat calls have been recorded across the Proposed Action Area and within the FHEZ.	The significant residual impact for Ghost Bat, Pilbara Leaf-nosed Bat and Pilbara Olive Python is as follows: <ul style="list-style-type: none"> 604.74 ha of Rocky Hills supporting habitat; 849.32 ha of Stony Spinifex Plains and Hillslopes supporting habitat; 71.40 ha of Drainage lines/Floodplains supporting habitat; and 56.48 ha of Gibber Cracking Clay (Excluding Pilbara Olive Python) supporting habitat.
Pilbara Leaf-nosed Bat	No category 1, 2 or 3 caves are present within the Proposed Action Area. The Proposed Action will not result in the loss of critical habitat or habitat critical to the survival of the species and therefore the Proposed Action will not result in a significant residual impact to this species.	Notwithstanding the minimal evidence regarding their distribution within, and utilising of the Proposed Action Area, consideration of the following habitat types as supporting, has been made. <ul style="list-style-type: none"> Rocky Hills; Stony Spinifex Plains and Hillslopes; Drainage Lines; and Gibber Cracking Clay (Excluding Pilbara Olive Python). 	
Pilbara Olive Python	The Proposed Action Area does not contain any deep gorges or permanent sources of water considered preferred habitat for this species and is therefore unlikely to support habitat critical for the survival of the species.	Due to the absence of Critical habitat for any of these three species and the low survey results received, the value of these supporting habitats for these three species, is considered low. As the habitats are largely	

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Conservation Significant Fauna	Habitat Value		Significant Residual Impact
	Critical Habitat	Supporting Habitat	
		<p>consistent for these three species, HPPL will offset any impacts to these supporting habitats at the highest supporting habitat rate for the three species, however it does not propose to offset for each species.</p> <p>Category 4, or nocturnal refuge caves are not considered critical habitat however they are utilised for resting and feeding for the Ghost and Pilbara Leaf-nosed Bats, These caves are important for the persistence of species within a local area.</p>	
Greater Bilby	<p>It is noted that habitat considered critical to the survival of the Greater Bilby is considered all breeding, foraging and dispersal habitat as an interim measure. However, there has been no evidence of any resident Bilby individuals or populations or use of the area by the Bilby despite extensive surveys of the Development Envelope. Given this, it is considered unlikely that this species is reliant on habitats present within the Proposed Action Area and therefore habitats within the Development Envelope are unlikely to be critical to the survival of the species.</p>	<p>No evidence of denning or secondary signs were found during targeted/on-ground survey for the Bilby across the Proposed Action Area. It is unlikely that suitable foraging and dispersal habitat is therefore present for this species. Soil types within the Mulga Woodlands were not found to be suitable for burrowing.</p>	<p>There has been no evidence of any resident Greater Bilby individuals or populations or use of the area by the Greater Bilby despite extensive surveys of the Development Envelope. Given this, it is considered unlikely that this species is reliant on habitats present within the Proposed Action Area and there is no significant residual impact to this species.</p>
Night Parrot	<p>Habitat considered to be critical for the survival of this species (that is old growth spinifex in close proximity to ephemeral water sources; multiple occurrences of roosting habitats in old growth hummock) is absent within the Proposed Action Area, with many areas degraded or burnt.</p>	<p>There has been no evidence of Night Parrot use of the area by despite extensive surveys. Given this, it is considered unlikely that this species is reliant on habitats present within the Proposed Action Area. Night Parrots have been confirmed in areas toward the more arid inland, where there is less degraded habitat from pastoralism.</p>	<p>There has been no evidence of any evidence or recordings of the Night Parrot despite extensive surveys of the Development Envelope. Given this, it is considered unlikely that this species is reliant on habitats present within the Proposed Action Area and therefore no significant residual impact to this species is anticipated.</p>
Grey Falcon	<p>The Proposed Action will not result in the loss of habitat critical to the survival of the species. All potential nesting trees will be prioritised for retention within the Proposed Action Area. An</p>	<p>Habitat critical for this species has not been defined; however, the Drainage Line/Floodplains habitat</p>	<p>Given the commitment to retain all suitable potential nests, significant residual impacts are not expected for this species.</p>

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Conservation Significant Fauna	Habitat Value		Significant Residual Impact
	Critical Habitat	Supporting Habitat	
	adaptive management approach will be adopted to ensure that potential indirect impacts to vegetation types containing <i>Eucalyptus victrix</i> are also managed.	within the Proposed Action Area supports suitable nesting trees. An extensive survey identified 46 potentially suitable nests none of which will be removed.	
Blind Cave Eel	There is no residual significant impact to the Blind Cave Eel given there is no potential impacts to the Blind Cave Eel, as there is no potential habitat for the species in the Proposed Action Area	Extensive subterranean fauna surveys have not resulted in any identification of the presence of the Blind Cave Eel within the potential impact area of the Action. In addition, the absence of karstic or anchialine habitats proximal to the Proposed Action Area rates the presence of the Blind Cave Eel as very low to not likely. Given no habitat is present for this species, there is no potential for impact on this species and therefore no offset is required.	There is no significant residual impact to migratory species.
Migratory Species: <ul style="list-style-type: none"> • Red-necked Stint • Wood Sandpiper • Common Greenshank • Glossy Ibis • Fork tailed Swift 	<p>Important habitat for migratory species is not present in the Proposed Action Area.</p> <p>The current Proposed Action has been significantly varied since its original referral, with infrastructure now located at material distance away from the Claypan area.</p>	<p>The Proposal does impact the paleo drainage channels and associated claypans that these species use for foraging when inundated.</p> <p>The Migratory species are an infrequent visitor to the Claypans and Drainage Lines within the Proposed Action Area when inundated after rainfall.</p>	There are no significant residual impacts to migratory species.

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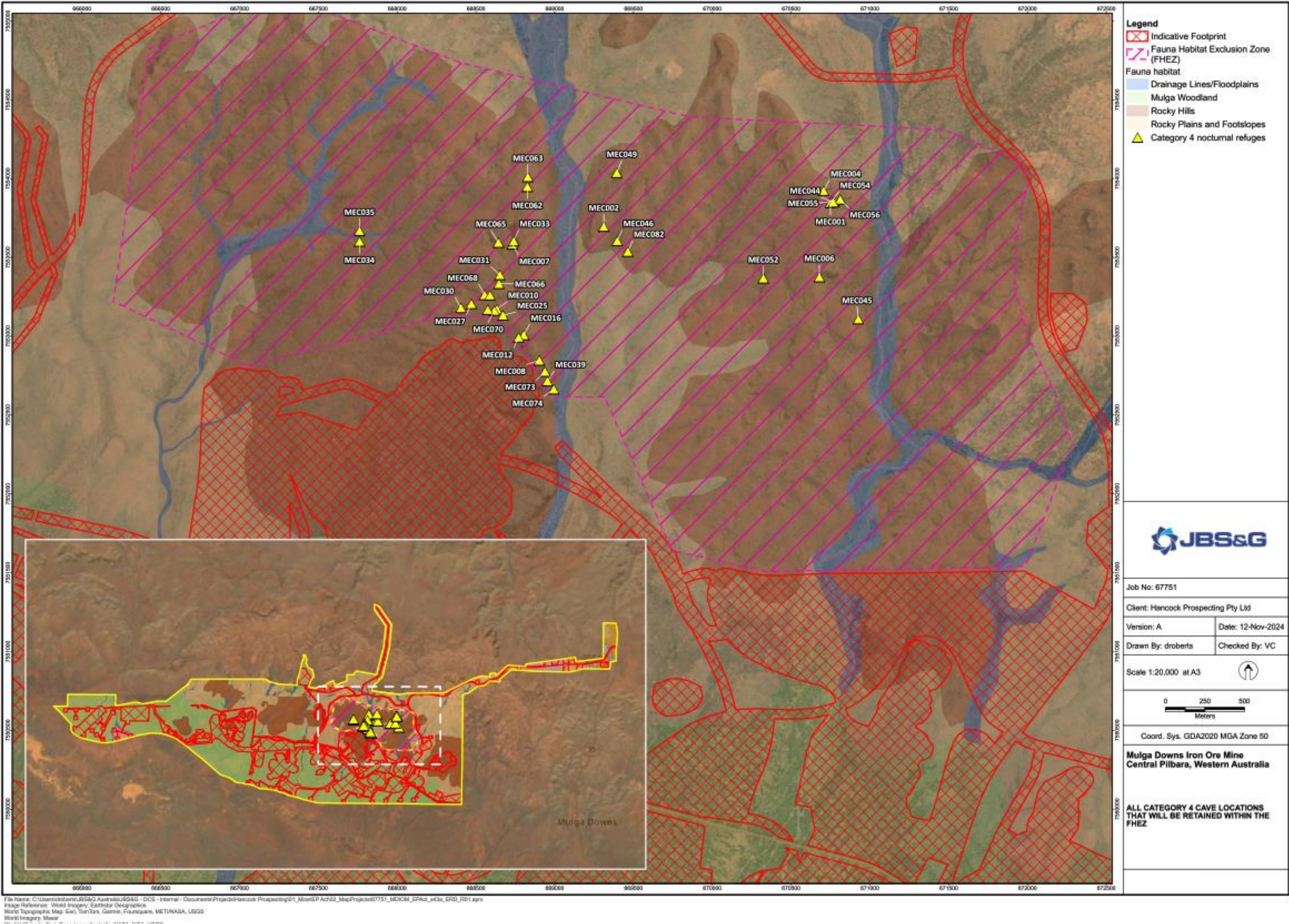


Figure 5.2: Category 4 Bat Caves

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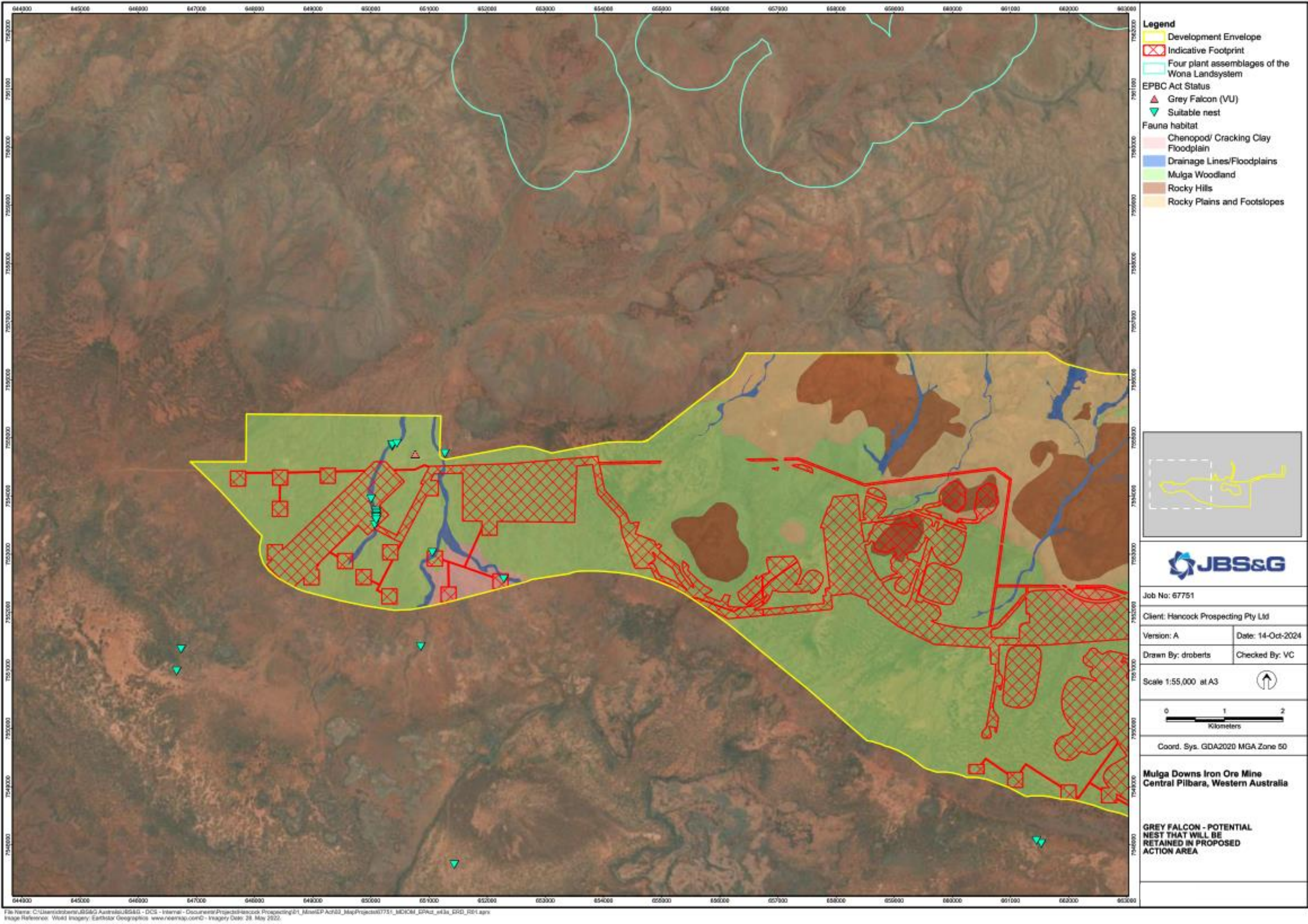


Figure 5.3: Grey Falcon Potential Nest Locations

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6 Impact Reconciliation Procedure

6.1 Calculation of Offset Commitment

6.1.1 State Offset Commitment

At a State level, it is expected that HPPL will be required to pay a rate per hectare of impact to native vegetation in 'Good to Excellent' condition, PEC, Riparian and other important vegetation (sheetflow) and fauna habitat of high conservation significance.

The base rate will apply for impacts to native vegetation in Good to Excellent condition, which may include impacts to fauna habitat (including State listed fauna). It is noted that different rates may apply dependent on the IBRA subregion (Fortescue or Chichester). Noting that a portion of these higher rate values are in Good to Excellent condition; to avoid offsetting these twice, the areas will be removed from the base rate calculation of 'Good to Excellent' condition vegetation and only offset at the higher rate. Similarly, where there is an overlap of Good to Excellent vegetation with fauna habitat of high conservation significance, the higher \$/ha rate will be applied, and duplication will be avoided.

HPPL proposes offsets in the form of financial contributions to the PEOF. **Table 6** outlines the impacts of the Proposal within each of the IBRA regions in relation to the Proposal. The impact areas are based on the anticipated direct impacts from clearing of native vegetation within the Indicative Footprint. The offset rates per hectare for the Chichester and Fortescue IBRA subregions were sourced from the PEOF webpage on the Department of Water and Environmental and Regulation (DWER) website and will be subject to increases in accordance with the Consumer Price Index (CPI) (DWER 2021).

HPPL expects that conditions will be applied to relevant approvals to acknowledge the potential for offset calculations to overlap. HPPL also expects it to be confirmed that where the 'highest hectare rate' methodology has been applied, that offset liabilities will not be duplicated.

The procedure to determine the extent of any indirect impacts attributable to the Proposal are discussed in **Section 6.3.2**.

Table 6: State Environmental Values that Require Offsets

Environmental Values	IBRA subregion	Offset Rate** (\$/ha)	State Indicative Footprint (ha)*
Base Rate			
Native vegetation in good to excellent condition	Fortescue	\$1,972	0.00
Native vegetation in good to excellent condition	Chichester	\$932	0.38
Higher Rate			

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Environmental Values	IBRA subregion	Offset Rate** (\$/ha)	State Indicative Footprint (ha)*
Native vegetation in good to excellent condition (refer to Figure 5.1), including:	Fortescue	\$3,944	4,053.80
Riparian vegetation (Figure 6-1B)			4.31
Other important vegetation (sheet flow) (Figure 6-1A)			2,957.17
Fauna habitat of high conservation value (Figure 6-1C)			1,261.33
Native vegetation in good to excellent condition (refer to Figure 5.1), including:	Chichester	\$1,864	243.12
Riparian vegetation (Figure 6-1B)			N/A
PEC (Four Plant Assemblages of the Wona Land System (P1)) (Figure 6-1D)			70.31
Other important vegetation (sheet flow) (Figure 6-1A)			16.34
Fauna habitat of high conservation value (Figure 6-1C)			139.70

*Where higher rate environmental values overlap with the base, only the higher rate will be applied.

** Rates may be adjusted.

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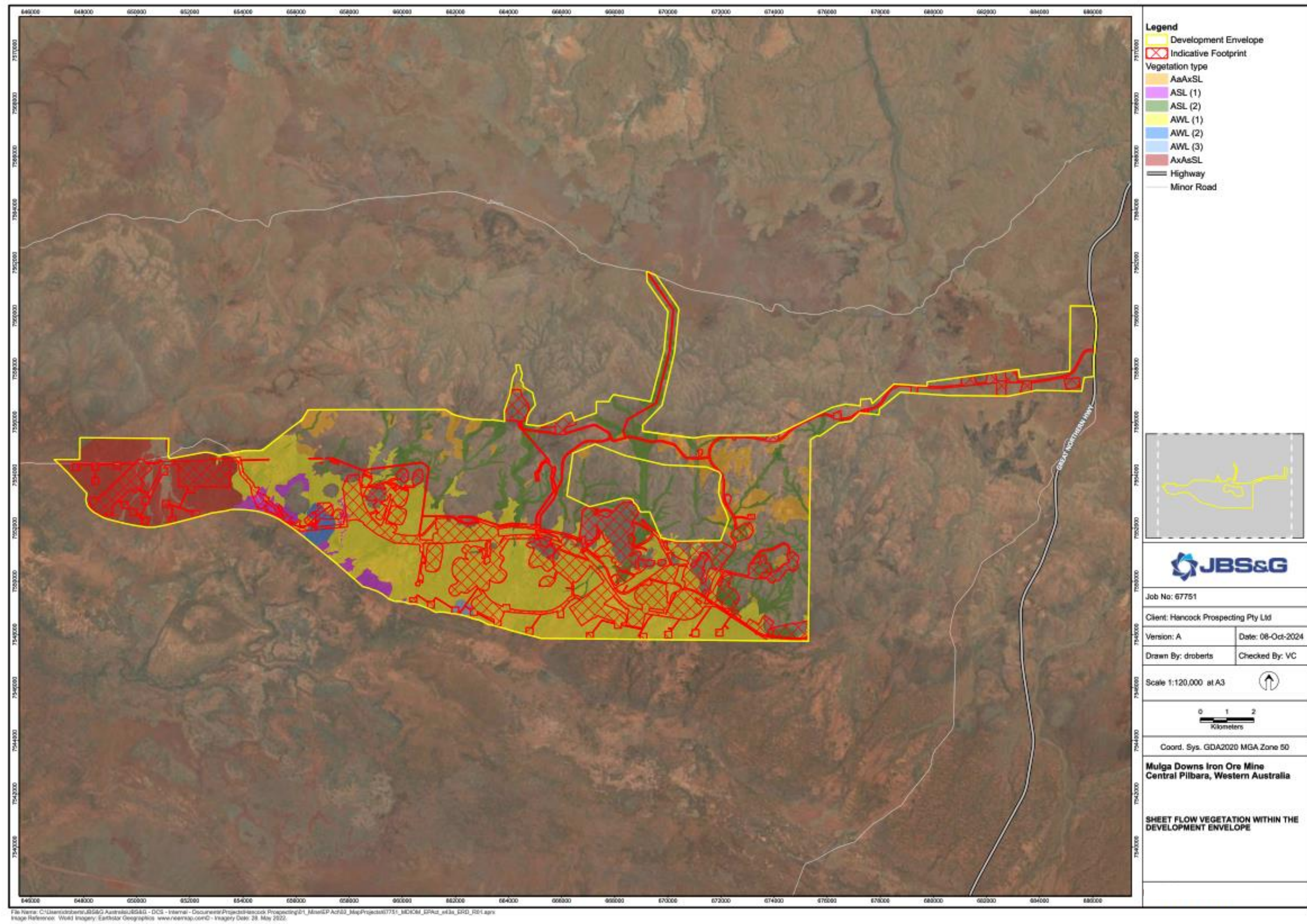


Figure 6.1a: State Offset Values – Sheetflow vegetation within the Development Envelope

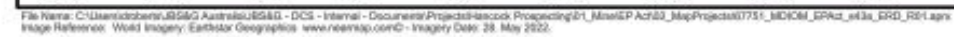
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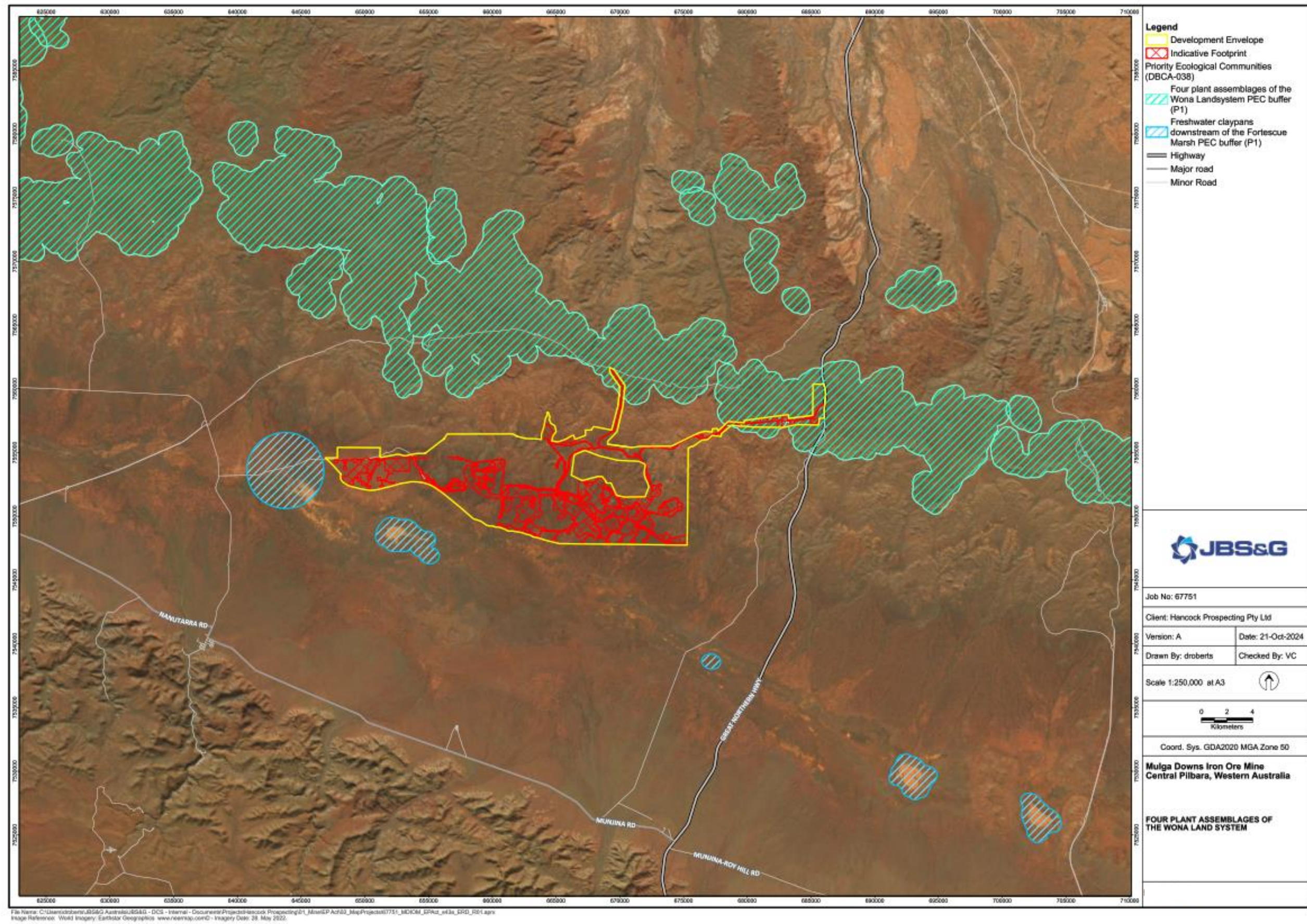


Figure 6.1d: State Offset Values – Four Plant Assemblages of the Wona Land System

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6.1.2 Commonwealth Offset Commitment

At a Commonwealth level, it is expected that HPPL will be required to pay a rate per hectare of impact to habitat critical for the survival of MNES species.

HPPL proposes offsets in the form of financial contributions to the PEOF and that:

- An upper threshold will be set via the conditions of approval, and the maximum amount of offset contributions will be determined.
- An initial contribution of 10% of the maximum amount of the Commonwealth matters contribution will need to be paid prior to commencement of the action
- Rates will be adjusted in accordance with the Consumer Price Index (CPI) as PEOF rates are subject to annual indexation to the Perth – All Groups Consumer Price Index

Fauna habitat types for significant fauna species were mapped for the Proposed Action Area. To meet the EPBC Act conditions for offsetting protected matters, the fauna habitat has been categorised as:

- “critical” where the habitat is utilised by significant species as shelter/denning/roosting; or
- “supporting” where habitat is utilised by significant species for foraging, dispersal etc.

The Northern Quoll is the only MNES anticipated to require offset due to the loss of habitat critical to the survival of this species.

In addition, offsets due to the loss of supporting habitat for the following species is also proposed due to confirmation of their presence within the Proposed Action Area, during baseline surveys:

- Northern Quoll;
- Pilbara Olive Python;
- Ghost Bat; and
- Pilbara Leaf-nosed Bat.

Given the presence of critical habitat for the Northern Quoll, this species is also likely to be dependent on supporting habitat within the Proposed Action Area and therefore, all potential supporting habitat within the Proposed Action Area is proposed to be offset. In total, 604.74 ha of critical habitat and 920.72 ha of supporting habitat for this species will be offset via a payment to the PEOF.

Given the absence of critical habitat within the Proposed Action Area, a combined offset is proposed for the supporting habitat related to the remaining three species. While supporting habitat is present and may be used by these species, given the absence of critical habitat and extensive high level supporting habitat outside of the Proposed Action Area, it is considered unlikely that these species are dependent on supporting habitat within the Proposed Action Area. Based on the outcomes of surveys undertaken for the Proposed Action, the habitats within the Proposed Action Area do not appear to be highly utilised by these species and they are considered more transient through the Proposed Action Area.

Many conservation actions, such as habitat restoration or protection, inherently benefit multiple species. By focusing on the habitat level for these three species, offsets can provide integrated benefits that support the conservation of all species utilising the habitat and provide greater flexibility in designing and implementing

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conservation measures. Habitat-based offsets align with preserving ecosystems and their functions by ensuring that the broader ecological context is considered and recognises that the survival of individual species is often dependent on the health and stability of their habitats. The EPBC Environmental Offsets Policy and Offsets Assessment Guide allow for flexibility in offset design, provided that the offsets deliver a net positive outcome for biodiversity. Habitat-based offsets, particularly where only supporting habitat is present, can meet this requirement by demonstrating that the conservation benefits for the habitat as a whole translate into positive outcomes for the species that rely on it.

Only one opportunistic Pilbara Olive Python sighting has been recorded despite extensive survey efforts over numerous years. This, in conjunction with the absence of permanent water, suggests that this species is not reliant on available supporting habitat within the Proposed Action Area.

Similarly, only one Ghost Bat call (plus some secondary Ghost Bat evidence) have been recorded despite extensive survey efforts. This, together with the absence of Category 1, 2 or 3 caves, suggests that this species is not reliant on available supporting habitat within the Proposed Action Area.

While the Pilbara Leaf-nosed Bat has been recorded, Proposed Action will not result in the loss of critical habitat or habitat critical to the survival of the species and therefore the Proposed Action will not result in a significant residual impact to this species.

In addition, HPPL notes the Proposed Action will result in the loss of up to nine Category 4 caves. While supporting habitat for Ghost Bat and Pilbara Leaf-nosed Bat is proposed to be offset via the PEOF, to further mitigate the loss of caves, HPPL will also investigate a potential study to increase the regional knowledge of bat habitat use, movement and/or genetics across the Fortescue Valley. Given Ghost Bat occupancy within the Proposed Action Area is considered low, the study will focus on Pilbara Leaf-nosed Bat. The details of this program will be discussed with DBCA, DCCEEW and other relevant stakeholders as required.

Table 7 outlines the offset requirements for the Proposal where a significant residual impact remains for an MNES species. The impact areas are based on the anticipated direct impacts from clearing of fauna habitat within the Proposed Action Area.

The procedure to determine the extent of any indirect impacts attributable to the Proposal are discussed in **Section 6.3.2**.

Table 7: MNES that Require Offsets

EPBC Act protected matter to be offset	Amount of area to be offset (ha)	Environmental value rating category	Environmental value justification	Offset Rate documented in Statement / EPBC Approval (\$/ha)*
Northern Quoll <i>Dasyurus hallucatus</i>	604.74	Critical	This includes habitat of low rocky hills – such as ranges, escarpments, mesas, gorges, breakaways, boulder fields, major drainage lines or tree lined creek lines. Within the Proposed Action Area, the Rocky Hills habitat is considered critical habitat for the Northern Quoll.	\$3,306

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EPBC Act protected matter to be offset	Amount of area to be offset (ha)	Environmental value rating category	Environmental value justification	Offset Rate documented in Statement / EPBC Approval (\$/ha)*
	849.32	Supporting	Critical to the survival of the Northern Quoll is habitat for denning and foraging located within their home range (from 35 ha up to 100 ha). Stony Spinifex Plains and Hillslopes are considered as supporting habitat where they are adjacent to high value breeding habitat they are a supporting habitat.	\$1,653
	71.40	Supporting	Drainage lines are of moderate conservation value as they provide foraging and dispersal habitat for fauna. They are considered supporting habitat when they are within the home range for the Northern Quoll breeding habitat.	\$1,653
Ghost Bat Pilbara Leaf-nosed Bat Pilbara Olive Python (Combined)	604.74	Supporting	Rocky Hills is generally considered supporting habitat for these species when it is surrounding, or in the vicinity of Critical habitat such as Category 1,2 and 3 caves for Ghost and Pilbara Leaf-nosed Bats and Gorges or Gullies and/or permanent pools for Pilbara Olive Python. Although Critical habitat does not exist, Rocky Hills has been considered as supporting habitat due to the confirmation of the presence of the species through proposal related surveys.	\$1,653
	71.40	Supporting	Drainage Lines / Floodplains is generally considered supporting habitat for these species when it is surrounding, or in the vicinity of Critical habitat such as Category 1,2 and 3 caves for Ghost and Pilbara Leaf-nosed Bats and Gorges or Gullies and/or permanent pools for Pilbara Olive Python. Although Critical habitat does not exist, Drainage Lines / Floodplains has been considered as supporting habitat due to the confirmation of the presence of the species through proposal related surveys.	\$1,653
	849.32	Supporting	Stony Spinifex Plains and Hillslopes is generally considered supporting habitat for these species when it is surrounding, or in the vicinity of Critical habitat such as Category 1,2 and 3 caves for Ghost and Pilbara Leaf-nosed Bats and Gorges or Gullies and/or permanent pools for Pilbara Olive Python. Although Critical habitat does not exist, Stony Spinifex Plains and Hillslopes has been considered as supporting habitat due to the confirmation of the presence of the species through proposal related surveys.	\$1,653

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EPBC Act protected matter to be offset	Amount of area to be offset (ha)	Environmental value rating category	Environmental value justification	Offset Rate documented in Statement / EPBC Approval (\$/ha)*
Ghost Bat and Pilbara Leaf-nosed Bat (Combined)	56.48	Supporting	Gibber Cracking Clay is generally considered supporting habitat for these species when it is surrounding, or in the vicinity of Critical habitat such as Category 1,2 and 3 caves for Ghost and Pilbara Leaf-nosed Bats. Although Critical habitat does not exist, Gibber Cracking Clay has been considered as supporting habitat due to the confirmation of the presence of the species through proposal related surveys.	\$1,653
	Up to 9 Category 4 caves	Supporting	Category 4, or nocturnal refuge caves are not considered critical habitat however they are utilised for resting and feeding, These caves are important for the persistence of species within a local area.	\$/ cave disturbed. Rate as per Approval documentation

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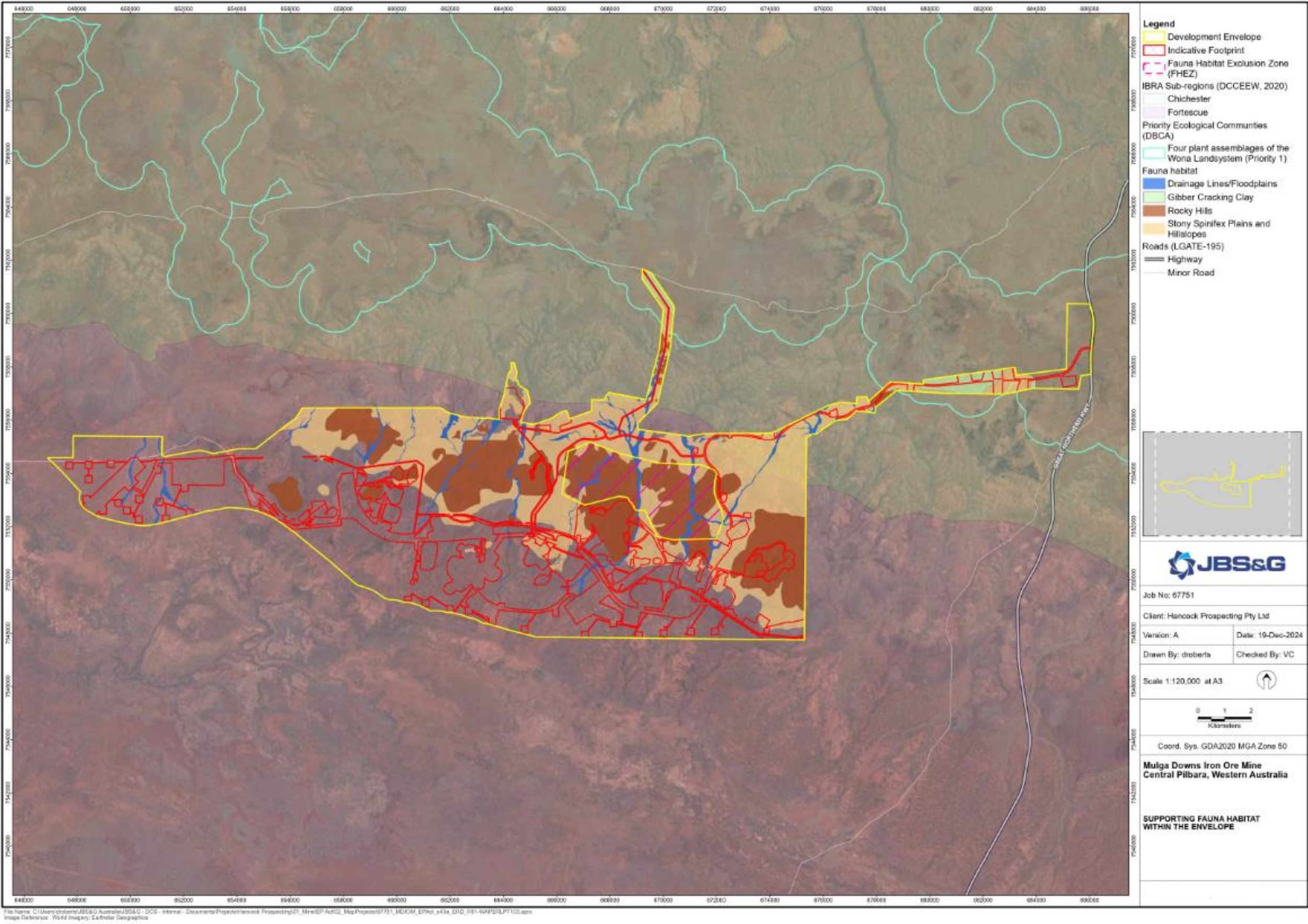


Figure 6.2: Commonwealth Offset Values – Critical and Supporting Habitat

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6.2 Offset Objectives

The rate, scale and nature of current and future development, combined with the impacts of other land uses and threatening processes, have raised the WA EPA's concerns about cumulative environmental impacts in the Pilbara region. In relation to the potential for significant residual impacts, the EPA (2014) identified concern regarding the regulation and management of cumulative impacts on native vegetation due to impacts from clearing, pastoralism, feral animals, weeds and climate change in the Pilbara, and the lack of reliable information on the extent and condition of native vegetation at a regional scale. The EPA has therefore determined that a proactive approach is required to compensate the clearing of native vegetation in the Pilbara and has established a strategic regional conservation initiative to consolidate and manage offset funds for the Pilbara.

The PEOF pools financial contributions for environmental offsets for Pilbara resource and infrastructure projects approved under the EP Act, which are conditioned in accordance with the WA Environmental Offsets Policy (GoWA 2011) and associated WA Environmental Offsets Guidelines (GoWA 2014). Financial contributions to the PEOF will be used to implement conservation projects that counterbalance any significant residual impacts of those developments at a landscape level in the Pilbara.

Contributions to the PEOF to offset the significant residual impact from the clearing of native vegetation considered in 'Good to Excellent' condition has been used as the standard offset approach by the EPA and proponents in the Pilbara since 2012.

The Pilbara is predominantly Crown land so traditional land acquisition offsets are not possible and on-ground conservation actions are difficult for a single proponent to implement due to tenure constraints including pastoral leases and mineral tenements. Contribution to the PEOF is not a traditional offset where, for example a single conservation project would need to consider sound environmental information and knowledge about a particular species or community. However, the conservation and research projects to be implemented at a broad-scale through the PEOF are intended to address the cumulative impacts of mining in the Pilbara as identified by the EPA and provide a more detailed understanding of conservation values in the Pilbara region to improve decision making regarding conservation and management.

The use of the PEOF, will provide a mechanism to coordinate implementation of offsets across a range of land tenures (GoWA 2014). The PEOF provides a strategic, coordinated approach to the application of environmental offsets to achieve broad-scale biodiversity conservation outcomes for the Pilbara region.

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6.3 Methodology to Determine Impacts

6.3.1 Direct Impacts

Direct impacts to flora and vegetation within the Development Envelope include clearing and ground disturbance activities. **Figure 6.1** and **Figure 6.2** show the native vegetation and terrestrial fauna habitat to be cleared. HPPL intends to develop and implement ground disturbance procedures for clearing for the Proposal. This procedure will include:

- Demarcating the clearing boundary using survey data and appropriate visual markers prior to ground disturbing activities;
- Visual inspection and approval of the clearing boundary prior to ground disturbing activities; and
- Visual inspection and record of cleared areas to be undertaken post-clearing.

Following ground disturbing activities, HPPL will utilise on-site visual inspection and aerial imagery in combination with baseline mapping shapefiles and GIS technology to determine the extent of native vegetation and terrestrial fauna habitat cleared as a result of the Proposal at the end of each financial year within the reporting period (refer to **Section 6.4**).

6.3.2 Indirect Impacts

Indirect impacts, including a decline in health and/or change in vegetation composition has the potential to arise from the following Proposal activities:

- Altered fire regimes and increase of risk of fires Saline water for dust suppression;
- Deposition of dust created during clearing activities, mine operation and other works;
- Introduction of weed species and disease;
- Lowering of groundwater table due to dewatering;
- Raising of water table through MAR;
- Contamination of surface water;
- Direct discharge of excess water to the environment; and
- Diversion of surface water drainage channels to allow for mining.

A vegetation monitoring program will identify and quantify any significant indirect impacts that occur to vegetation and flora. If the vegetation is not recoverable after a period of five years, and has been attributed to impact from the Proposal, the area of impact will be determined and reported on in the relevant annual report.

6.4 Reporting

HPPL will prepare Impact Reconciliation Reports (IRRs) to document the actual clearing undertaken. The IRR(s) will be provided to Department of Water and Environmental Regulation (DWER) and Department of Climate Change, Energy, Environment and Water (DCCEE) incorporating the calculated contributions payable.

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6.4.1 Frequency and Timing

The IRR will be prepared biennially. The first reporting period will commence on the day clearing commences, ending on the second 30 June following. Each successive reporting period runs for a two-year period between 1 July until the 30 June. A final IRR will also be submitted to DWER and DCCEEW as noted in **Table 8**.

Table 8: Reporting period and frequency of the Impact Reconciliation Reports

Biennial period	Action	Timing – State Approval	Timing – Commonwealth Approval
Assessment Stage	Submission of the draft IRP	RMCA 54533 MDIOM IRP, Rev 3	
Approval Stage	Ministerial Statement issued	TBC	TBC
	EPBC Act Approval issued	TBC	TBC
Post Approval Stage	Final IRP approved	TBC	TBC
Upfront Payment	Initial payment required prior to commencement of action	TBC	TBC
	Approval holder to submit evidence of payment within 10 days.	TBC	TBC
Commencement	Commencement/implement of Proposal (action)	TBC	TBC
Period 1*	First biennial reporting period**	TBC	TBC
	Survey pickup/aerial survey/ground-truthing	TBC	TBC
	Impact Reconciliation Report submitted to DWER/DCCEEW	TBC	TBC
	Approval holder to submit evidence of payment within 10 days.	TBC	TBC
Period 2***	Second biennial reporting period	TBC	TBC
	Survey pickup/aerial survey/ground-truthing	TBC	TBC
	Impact Reconciliation Report submitted to DWER/DCCEEW	TBC	TBC
	Approval holder to submit evidence of payment within 10 days.	TBC	TBC
Final Report	Final Reconciliation Report submitted to DWER and DCCEEW.	To be determined in consultation with DWER and DCCEEW	To be determined in consultation with DWER and DCCEEW

* Period 1 is less than two years to align with a financial year reporting period.

** The start of the first biennial reporting period will be the date of action unless otherwise specified in State or Commonwealth offset approval conditions

*** Repeat Period 1 every 2-years should impacts occur beyond the 2-year period

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HPPL will continue to prepare and submit IRRs according to the reporting frequency established by **Table 8** until no further impacts to native vegetation have been identified and DWER and DCCEEW advises, in writing, that HPPL is no longer required to implement this IRP.

6.4.2 Content of the Impact Reconciliation Report

Each IRR will include:

- Identification of the relevant Ministerial Statement and EPBC Act approval, applicable conditions, the Proposal and the reporting period;
- Quantification of clearing undertaken or indirect impacts attributable to the Proposal during the reporting period, spilt into the environmental values identified in this IRP;
- Information from surveys supporting the quantification of clearing undertaken, including spatial data representing areas of ground disturbance and supporting reports;
- Spatial representation of the areas being offset that details how the highest potential offset rate has been applied to overlapping areas; and
- A quantitative estimate of clearing expected in the future.

6.4.3 Spatial Data Requirements

As a minimum, spatial data supporting the IRR's will meet the following requirements:

- Topographically accurate and geo referenced;
- GDA 94 (datum) co-ordinate system and projected into the appropriate map grid of Australia zone (i.e. 51). Noting the transition to GDA 2020 will be as agreed between DWER and HPPL;
- Include closed polygons and clipped to the relevant Development Envelope boundaries (any topology errors rectified);
- Supplied in ESRI geodatabase format or shapefile;
- Aligned with and attributed according to DWER's GIS data standard; and
- Aerial imagery clipped to the relevant Development Envelope boundaries and taken as close to the commencement of the approval as possible, with an index providing date of capture for each image.

The amount of clearing undertaken during each reporting period will be quantified through annual airborne survey data captures.

6.5 Review and Implementation

Once the Ministerial Statement and EPBC Act conditions for the Proposal is issued, a review of this IRP will be undertaken in line with the timeframes required by any conditions of the approval and any updates will be submitted to DWER and DCCEEW for approval. No further scheduled review of this IRP is required. However, DWER and /or DCCEEW may direct the Proponent to revise this IRP at its discretion. Irrespective of the schedule set out in **Table 8**. HPPL will continue to implement this IRP until any of the following occurs:

- DWER/DCCEEW approves a revised version of this IRP, at which time the revised IRP will be implemented instead; or
- DWER/DCCEEW advises in writing that this IRP no longer needs to be implemented.

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7 References

Document number	Title
Attexo (2023)	Attexo (2023) Mulga Downs Iron Ore Mine Consolidated Terrestrial Fauna Report. Report prepared by Attexo Group Pty Ltd for Hancock Prospecting Pty Ltd.
ecologia (2021)	ecologia Environment (2021b) Mulga East Project Baseline Terrestrial Vertebrate Fauna Assessment. Report prepared by ecologia Environment for Hancock Prospecting Pty Ltd.
Maia (2022)	Maia (2022) Mulga Downs Iron Ore Project, Mine and Borefield Study Area Detailed Flora and Vegetation Assessment 2019-2022. Report prepared by Maia Environmental Consultancy for Strategen-JBS&G/Hancock Prospecting Pty Ltd.
DWER (2021)	Department of Water and Environmental Regulation (DWER) (2021). The Pilbara Environmental Offsets Fund. Retrieved 1 October 2021, from https://www.dwer.wa.gov.au/peof . Department of Water and Environmental Regulation, Joondalup, WA.
EPA (2021)	Environmental Protection Authority (EPA) (2021). Instructions on how to prepare Environmental Protection Act 1986 Part IV Impact Reconciliation Procedures and Impact Reconciliation Reports. Environmental Protection Authority, Joondalup, WA.
EPA (2011)	Environmental Protection Authority (EPA) (2011). Western Australian Environmental Offset Policy.
EPA (2014)	Environmental Protection Authority (EPA) (2014). Western Australian Environmental Offsets Guidelines

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8 Abbreviations

Abbreviation	Definition
CPI	Consumer Price Index
DWER	Department of Water and Environmental Regulation
EPA	Environmental Protection Authority
GIS	Geographical Information System
HPPL	Hancock Prospecting Pty Ltd
IBRA	Interim Biogeographic Regionalisation for Australia
IRP	Impact Reconciliation Procedure
IRR	Impact Reconciliation Report
PEOF	Pilbara Environmental Offset Fund

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