PORT HEDLAND IRON PROJECT

IMPACT RECONCILIATION PROCEDURE

17 December 2024

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Prepared for Port Hedland Iron Pty Ltd
by Preston Consulting Pty Ltd

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ACKNOWLEDGEMENT OF COUNTRY

In the spirit of reconciliation, Preston Consulting acknowledges the traditional lands of the Kariyarra People on which the Project is proposed. We recognise their rich culture and their continuing connection to land and waters, and pay our respects to their Elders past, present and emerging.

DOCUMENT CONTROL

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CONTENTS

LIST OF TABLES

LIST OF FIGURES

1 THE PROPOSAL

1.1 THE PROPOSAL

Port Hedland Iron Pty Ltd (PHI) is progressing the development of large-scale downstream iron ore processing capability known as the Port Hedland Iron Project (the Proposal). The Proposal is located in the Boodarie Strategic Industrial Area approximately 10 km south west of Port Hedland in the Pilbara region. The Proposal's regional location is shown in Figure 1-1 and the indicative footprint and development envelopes are shown in Figure 1-2.

The Proposal will consist of a pellet plant and a hot briquette iron (HBI) Plant, consuming approximately 3-3.5 million tonnes per annum (Mtpa) of iron ore. The first processing step is to produce iron ore pellets (3-3.5 Mtpa). Most of the pellets will be fed into the HBI plant to produce approximately 2 Mtpa HBI. The remainder of the pellets (~0.7 Mtpa) will be exported from the Port as pellets.

The initial infrastructure to be developed within the Boodarie Strategic Industrial Area (SIA) for the Proposal will include:

- Iron ore processing facility (IOPF) comprising one pellet and one HBI plant producing approximately 2 Mtpa of HBI and 0.7 Mtpa of iron ore pellets;
- Hydrogen production and storage facilities for supply to IOPF;
- Nitrogen plant and
- Supporting infrastructure such as:
    - HBI and pellet handling and storage facilities;
    - Flux storage;
    - Administration and other non-process buildings;
    - Workshops;
    - Water storage and management areas;
    - Magnetite concentrate/ore handling facilities;
    - Power production, management and transmission;
    - Carbon capture, storage and transport infrastructure;
    - Drainage and sediment control; and
    - Access roads.

The HBI and iron ore pellets will be shipped out of the Port of Port Hedland. The scope of the Proposal does not include any construction works at the Port of Port Hedland or the export of pellets and HBI.

Water, power and natural gas will be supplied by third parties and subject to separate approvals by the relevant third party and therefore not part of this referral. However, the referral includes an External Infrastructure Development Envelope (EIDE) to allow connection within the Boodarie SIA to third party suppliers, if needed, as well as development of access roads and drainage for the Proposal. The EIDE covers the infrastructure corridors identified in the Boodarie SIA Structure Plan. These infrastructure corridors are managed by the Department of Jobs, Tourism, Science and Innovation. The layout of the infrastructure within the EIDE will be determined once commercial arrangements with third-party suppliers have been finalised as well as consultation undertaken with the Department of Jobs, Tourism, Science and Innovation.

The Proposal also excludes early works for communications infrastructure, laydown areas and access roads.

The Proposal is located within the Boodarie SIA in the Town of Port Hedland, within the Kariyarra Native Title Determination. The Boodarie SIA comprises 4,000 ha of "Strategic Industry" zoned land. The Boodarie SIA is situated 4 km west of South Hedland townsite and approximately 12 km south of Port Hedland townsite in Western Australia (Figure 1-1).

The Proposal includes a 518 ha Plant Development Envelope (PDE) and a 466 ha External Infrastructure Development Envelope (EIDE), within which up to 300 ha and 90 ha will be disturbed, respectively (Figure 1-2).

The Proposal was considered to be a significant proposal and as such requires assessment under Part IV of the EP Act.

The Proposal was referred under Section 38 of the EP Act on 14 September 2023. The EPA released its decision to assess the Proposal as an Assessment on Referral Information, with additional information required under s. 40(2) (a), on 18 October 2023.

1.2 OBJECTIVE

This Impact Reconciliation Procedure (IRP) has been developed to meet the requirements of EPA's *Instructions on how to prepare* Environmental Protection Act 1986 *Part IV Impact Reconciliation Procedures and Impact Reconciliation Reports* (EPA, 2024). The IRP has been submitted in support of the EPA's assessment of the Proposal.

Legend

- External Infrastructure Development Envelope
- Plant Development Envelope
- Freeways & Highways (LGATE-195)
- WA Towns

Imagery: Google Satellite

GDA 2020 / MGA Zone 50

0 7.5 15 km

1:500,000 (A4)

Figure 1-1: Proposal Location

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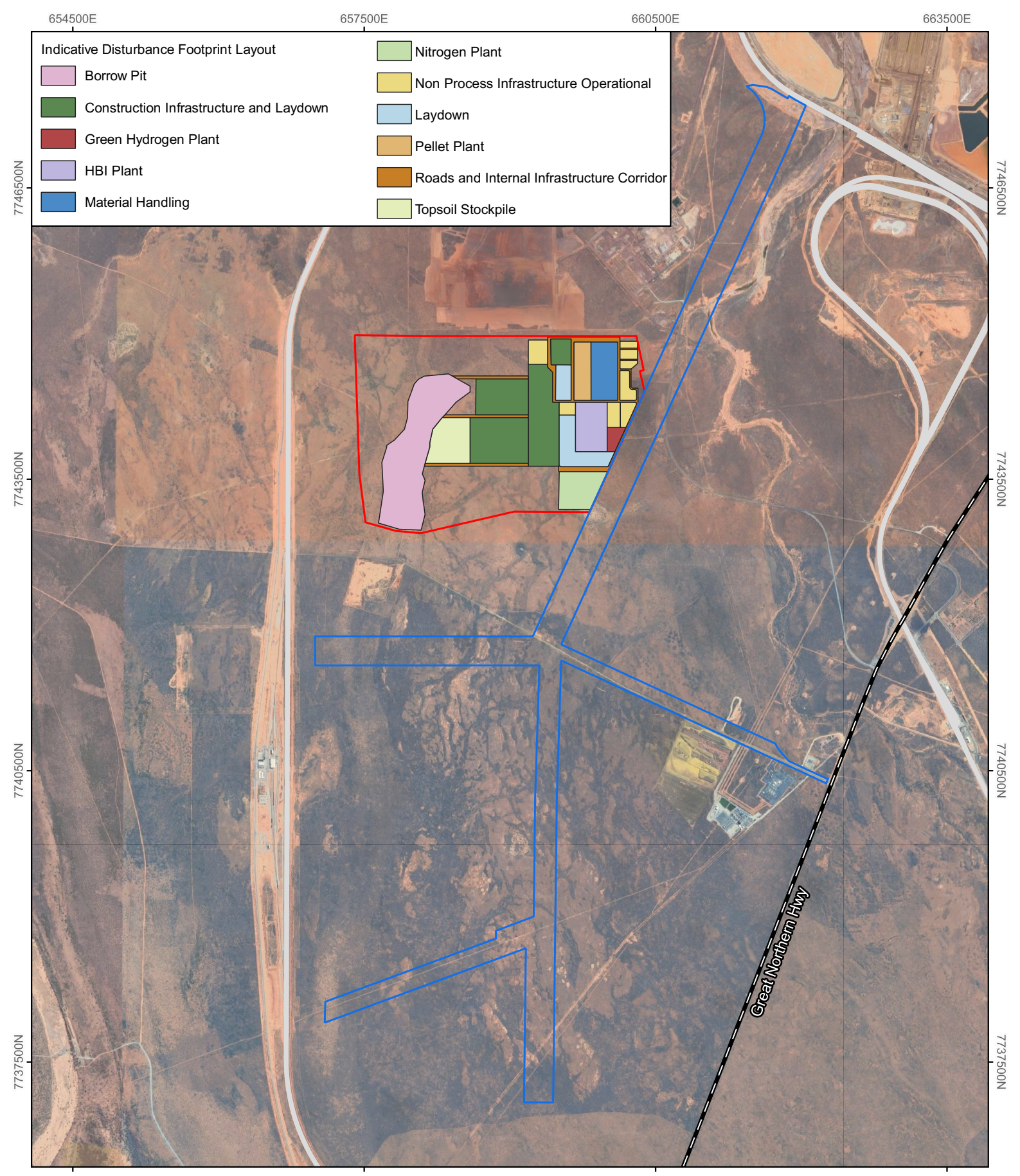
AS

September 2023



Legend

- External Infrastructure Development Envelope
- Plant Development Envelope
- Freeways & Highways (LGATE-195)
- Railway (DPLH-058)

Imagery: Google Satellite

GDA 2020 / MGA Zone 50

0 1 2 km

1:50,000 (A4)

Figure 1-2: Development envelopes and indicative disturbance footprint

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AS

September 2023

2 CONDITION REQUIREMENTS

2.1 PART IV OF THE EP ACT

Conditional requirements will be added from the Ministerial Statement once issued.

3 PROCEDURE

3.1 IDENTIFICATION OF THE BIODIVERSITY VALUES REQUIRING OFFSETS UNDER THE PEOF

After the implementation of mitigation measures, the Project is predicted to have significant residual impacts on the Greater Bilby as a result of clearing up to 390 ha of sandplain habitat. The distribution of sandplain habitat within the Project Area and surrounds is shown in Figure 3-1.

3.2 DETAILS OF PROPOSED OFFSETS

To counterbalance the residual impacts to the Greater Bilby, PHGS proposes to make contributions to the Pilbara Environmental Offset Fund (PEOF) in compliance with the EPBC Environmental Offsets Policy. In the past, it has been difficult for companies to access land and implement their on-ground offsets because of complexities of working on Crown land with overlapping leases (DWER, 2019). The PEOF aims to invest in strategic conservation projects in the Pilbara bioregion to offset vegetation and species habitat impacted by development (Prober, 2020). It will be supported by a monitoring and evaluation program involving a Program Stream that will aim to measure the general improvement of ecological conditions across the Pilbara resulting from the Fund, and a Strategy Stream, that will more specifically address the effectiveness of ecological management interventions. The PEOF allows multiple offset payments to be combined for larger conservation projects or to expand successful regional initiative, enabling landscape-scale projects with widespread environmental benefits (DWER, n.d.).

The financial contribution is based on the maximum anticipated hectares to be directly impacted (cleared), however the final contribution will be based on actual clearing once clearing has been conducted. The biodiversity values are categorised as 'critical' where habitat is utilised by significant species as shelter / denning / roosting habitat and 'supporting' where habitat is utilised by significant species for foraging and / or dispersal. The categorisation of habitat as critical is based on definitions in the Greater Bilby Recovery Plan (Commonwealth of Australia, 2023).

The Bilby was identified from multiple scats and diggings across the development envelopes. No active or inactive burrows were identified. The sandplain habitat within the development envelopes is most likely utilised for foraging and dispersal activities.

Survey work by Phoenix (2023) identified the areas within the development envelopes as containing suitable Bilby sandplain habitat. Up to 390 ha of sandplain habitat has the potential to be cleared for the development of the Project (26% of mapped extent) which is not expected to represent a significant proportion of locally available habitat.

The funding required shall be based on a rate of $1,972 (excluding GST and adjusted for Consumer Price Index (CPI) each year) per hectare of 'critical' Greater Bilby habitat cleared for the Project. The maximum offset contribution will be $769,080 (Table 3-1).

Table 3-1: Summary of Contributions

EPBC Act protected matter to be offset	Protected matter value rating category	Habitat definition	Amount of area to be offset (ha)	Justification	IBRA subregion	Offset rate documented in Statement ($/ha)	Total to be Offset
Greater Bilby	Critical Habitat	Denning and foraging within the home range of stony sandplain, sandplain, and/or recently burnt sandplain environments; or denning and foraging within the home range of interdune corridors or stony plains dominated by spinifex (*Triodia* spp.) grasses and Acacias; or denning and foraging within the home range of paleo- drainage systems habitat.	390	No denning habitat recorded within the Development Envelopes	Roebourne	$1,972	769,080
						Total Amount to be Offset	**$769,080**

*Total amount is subject to change, the rates will be adjusted in accordance with the percentage change in the Perth CPI from the date of the approval decision until the applicable financial year in which the payment is made.

This procedure outlines the process for determining the area of vegetation disturbed within the Project's footprint and subsequent offset contribution to the PEOF. The location of sandplain habitat is shown in Figure 3-1.

3.3 METHODOLOGY TO DETERMINE CLEARING

In order to accurately reconcile the clearing completed the Project, baseline information will be used to determine the appropriate value ($/ha) for the offset.

Approved clearing is progressively tracked using the Project's Ground Disturbing Permit system and Clearing Database. This will track actual clearing that has been undertaken using GPS tracking methods. Once an area has been cleared, the survey department will generate coordinates for the cleared area and then revise the Site Plan and Clearing Database to provide a spatial representation of clearing to-date. The clearing database is to be updated regularly.

In addition, ground truthing using a licenced surveyor will be undertaken annually (in July) to verify the clearing within the Clearing Register. Results of the survey will be provided to the DWER to verify areas of impacts (when licensing permits).

The verification involves a visual comparison of clearing area coordinates mapped on the Project's Site Plan with the ground truthing survey data. Any inaccuracies in the extent of clearing in the Site Plan will be rectified based on the ground truthing survey data to produce final clearing polygons. This data will be supplied as part of the Impact Reconciliation Report (IRR) for submission to DWER.

The Clearing Database includes the following information:

- Method of clearing;
- Reason / justification;
- Amount required;
- Timing; and
- Baseline ecological value.

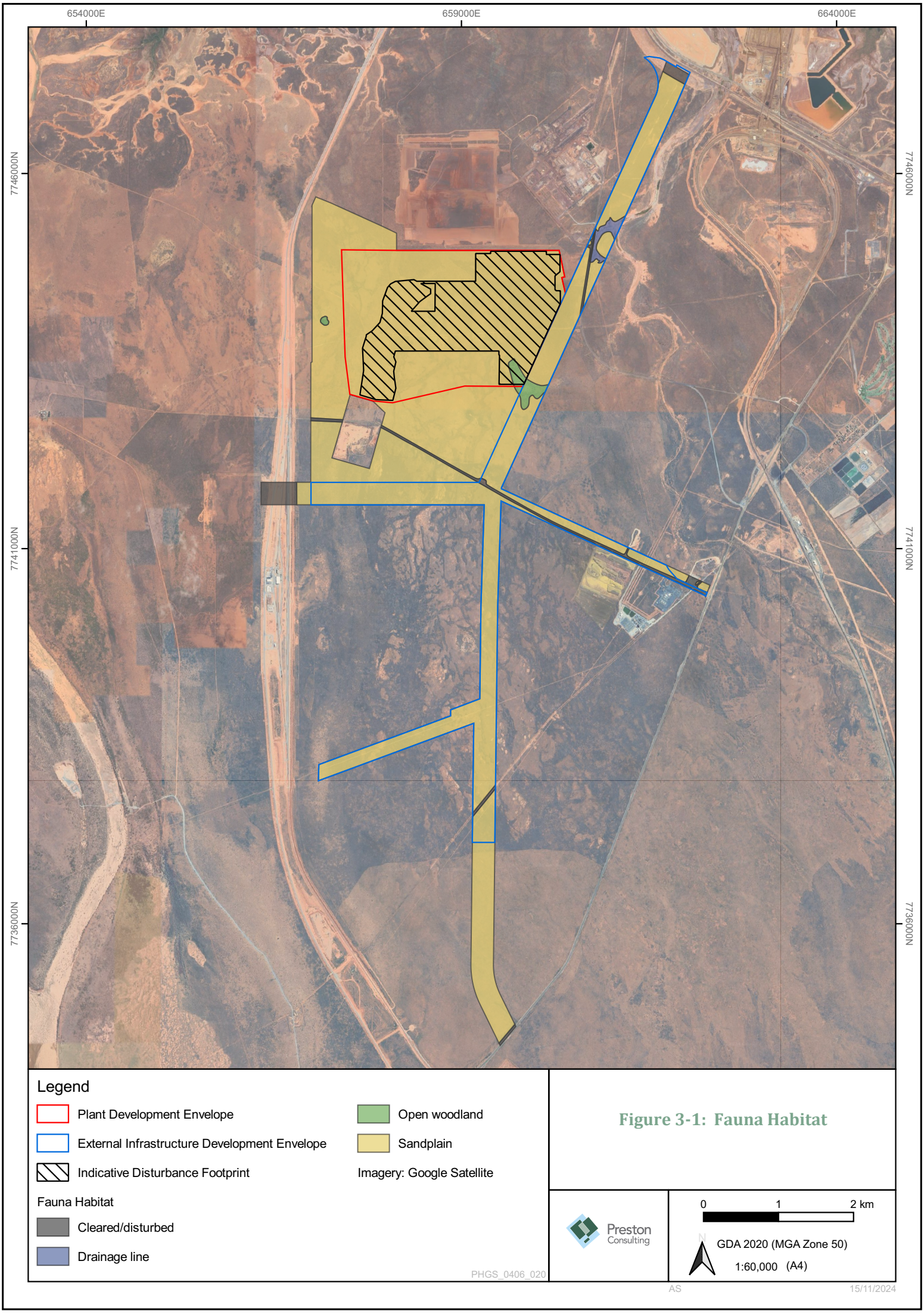
3.4 OFFSET OBJECTIVES

The offset objectives for the Greater Bilby are aligned with the recovery objectives as outlined in the Greater Bilby Recovery Plan (Commonwealth of Australia, 2023). The Recovery Plan includes on-ground conservation and management actions, which are planned to occur within a monitoring framework that measures the impact of management. The Recovery Plan includes supporting actions to promote the role of Traditional Owners and land managers in Bilby conservation, provide governance and coordination, establish and maintain monitoring and surveys, and undertake research to inform management.

The Recovery Plan has four key objectives with associated performance criteria, as detailed below:

- **Objective 1:** The size of the Greater Bilby population has grown.
- **Objective 2:** The area occupied by the Greater Bilby has been maintained or increased.
- **Objective 3:** The genetic diversity of the Greater Bilby has been maintained and retains the potential for evolutionary change through adaption and selection.

- **Objective 4:** Indigenous organisations, communities, and individuals have a greater role in Bilby conservation.


654000E
659000E
664000E
7746000N
7741000N
7736000N
Legend
Plant Development Envelope
External Infrastructure Development Envelope
Indicative Disturbance Footprint
Fauna Habitat
Cleared/disturbed
Drainage line
Open woodland
Sandplain
Imagery: Google Satellite
PHGS_0406_020
Figure 3-1: Fauna Habitat
Preston Consulting
0
1
2 km
N
GDA 2020 (MGA Zone 50)
1:60,000 (A4)
AS
15/11/2024

4 REPORTING

4.1 FREQUENCY AND TIMING

The reporting schedule is provided in Table 4-1. The clearing calculation for the first biennial reporting period will commence from ground disturbing activities and end on the second 30 June following the commencement of ground disturbing activities. Each subsequent clearing calculation will be from 1 July to 30 June, two years later, with the first three periods shown in Table 4-1.

Each IRR will be provided to DWER within three months of the end of each reporting period. Evidence of payments will be provided to DWER within 10 business days of the date of payment.

Table 4-1: Reporting Period and Frequency of the IRP

Biennial Period	Action	Timing
	Ministerial Statement issued	TBC
	Commencement of Proposal	Within xx months of ministerial statement
Period 1	First biennial reporting period	From the commencement of the Proposal to 30 June 20xx
	Ground truthing	July following commencement of proposal
	IRR submitted to DWER	30 September 20XX
	Evidence of payment submitted to DWER	Within 10 business days of the date of the payment
Period 2	Second biennial reporting period	1 July 20XX to 30 June 20XX
	Ground truthing	July of the following biennial period
	IRR submitted to DWER	30 September 20XX
	Evidence of payment submitted to DWER	Within 10 business days of the date of the payment
Period 3	Second biennial reporting period	1 July 20XX to 30 June 20XX
	Ground truthing	July of the following biennial period
	IRR submitted to DWER	30 September 20XX
	Evidence of payment submitted to DWER	Within 10 business days of the date of the payment
On completion of clearing	IRR submitted to DWER	Within 40 business days of completion of clearing required for the Proposal
	Final Reconciliation Report to DWER	Within 40 business days of completion of clearing required for the Proposal

The contribution to the PEOF will be paid biennially, with the amount to be contributed calculated based on the clearing undertaken in both years of the biennial reporting period, and the contribution calculated on the basis of the real value of the payment per hectare cleared being the same as the amounts specified in the Ministerial Statement at the date the approval decision was made.

The IRR will confirm the area and the relevant values of the vegetation cleared in order to determine the value of the biennial offset payment. Dollar/hectare rates will be as specified in Section 3.2. The real value of contributions will be adjusted in accordance with the percentage change in the CPI applicable to the financial year in which the payment is made.

4.2 CLEARING AND RECONCILIATION

Each IRR shall be structured in the manner prescribed in the EPA's *Instructions on how to prepare* Environmental Protection Act 1986 *Part IV Impact Reconciliation Procedures and Impact Reconciliation Reports '*, using the template provided in the link below:

https://www.epa.wa.gov.au/forms-templates/instructions-preparing-impact-reconciliation-procedures-and-impact-reconciliation

Each IRR shall include the following information:

- Project background;
- Summary of ministerial statement reporting condition requirements;
- Summary of the environmental values covered by the IRP;
- Purpose for clearing undertaken within the reporting period;
- A table showing the current extent of clearing (ha), the rate/ha for each clearing matter and an estimate of the total amount due - DWER to calculate the final amount payable for the reporting period; and
- A figure showing the current extent of clearing.

GLOSSARY

Term	Meaning
BC Act	*Biodiversity Conservation Act 2016* (WA)
CPI	Consumer Price Index
DWER	Department of Water and Environmental Regulation
EP Act	Environmental Protection Act 1986
EPA	Environmental Protection Authority
ha	Hectare
IRP	Impact Reconciliation Procedure
IRR	Impact Reconciliation Report
km	Kilometre
PEOF	Pilbara Environmental Offsets Fund
Phoenix	Phoenix Environmental Sciences Pty Ltd
PHI	Port Hedland Iron Project
Proposal Area	Plant Development Envelope and External Infrastructure Development Envelope
Proposal	Port Hedland Iron Project
WA	Western Australia

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