Covalent Lithium Pty Ltd

Additional Information Required from EPA: Earl Grey Life of Mine Threatened Fauna offset Strategy

February 2026

1. Project Overview and Context

This report provides additional information on the Covalent Lithium Threatened Fauna Offset Strategy developed for the Earl Grey Lithium Project (EGLP) at Mt Holland requested by DWER on 19th February 2026. This strategy addresses environmental impacts associated with the Life of Mine (LoM) development, specifically the conservation of two key threatened species: the Malleefowl (*Leipoa ocellata*) and the Chuditch (*Dasyurus geoffroii*).

2.1 Limitation of Freehold Land Acquisition (DWER item 3)

Land acquisition to offset impacts from impacts to malleefowl and chuditch habitat by mining has been the approach utilised to date. Ecologist's engaged by Covalent since 2017 have conducted extensive chuditch/malleefowl habitat surveys primarily over, but not limited to, the wheatbelt region since 2017. These surveys were conducted to identify land suitable for acquisition as offsets. The selection criteria used to identify suitable land parcels included:

- Land comprised suitable malleefowl and chuditch habitat
- Located adjacent to a conservation reserve
- Required to be freehold land
- Available for purchase

Whilst a number of parcels of land met the first three criteria as described above the total area of land available for acquisition was restricted by the availability to purchase ie landholders were not willing to sell. This resulted in insufficient suitable land parcels available for land acquisition offsets.

- **Required Offset Area:** 10,000 ha
- **Identified Suitable Habitat:** 31,000 ha that is suitable for malleefowl and Chuditch.
- **Potentially Available Land:** ~8,200 ha was identified as being suitable subject to agreement to sell.
- **Total Shortfall:** ~1,800 ha

The fragmented nature of the available freehold land, insufficient species' range required (limiting conservation gains) and logistical challenges managing multiple fragmented land parcels combined with the lack of guaranteed willing sellers, makes this option logistically unfeasible for meeting the required offset quantum. A map showing land parcels reviewed for potential offsets is provided in attachment 1.

Furthermore, it is understood that ceding to Conservation Reserve is not a preferred option by DBCA.

2.2 Potentially Available Land Parcel Data

Table 1 below provides a summary of land parcels considered during the evaluation process that meet the required land acquisition criteria and are potentially available for purchase. (Note: this means the landholder agreed to consider selling but does not mean they agree to sell, they have just not said no.)

Table 1 – Potentially Available Land Parcel Data

ID No	Lot Number	Shire	Area _ID	No Lots	Lot_Area (ha)	Veg_Area (ha)
07_1a	758	YILGARN	**7**	2	394.5	128.8
07_1b	758	YILGARN	**7**	2	539.1	539.1
07_3	801	YILGARN	**7**	1	243.2	106.2
07_4	532	YILGARN	**7**	1	800.9	161.0
08_1	725	YILGARN	**8**	1	231.2	101.6
08_2	813	YILGARN	**8**	1	1,867.5	695.5
08_3	815	YILGARN	**8**	1	2,229.0	326.7
09_2	897	YILGARN	**9**	1	1,775.7	225.2
09_3	565	YILGARN	**9**	1	454.4	200.8
09_4	947	YILGARN	**9**	1	1,440.7	419.5
11_1	849	YILGARN	**11**	1	1,700.5	942.0
12_2	973	YILGARN	**12**	1	1,017.7	555.2
12_3	996	MERREDIN,YILGARN	**12**	1	798.0	148.1
12_5a	739	MERREDIN	**12**	3	422.2	150.9
12_5b	153	WESTONIA	**12**	3	490.4	264.4
12_5c	794	WESTONIA	**12**	3	201.8	131.5
13_1	854	MERREDIN,YILGARN	**13**	1	1,413.7	851.6
14_1	629	YILGARN	**14**	1	1,244.9	424.1
14_2	630	YILGARN	**14**	1	753.3	496.9
14_3	966	YILGARN	**14**	1	1,640.5	1,347.1
15_5	195	NAREMBEEN	**15**	1	389.6	41.4

3. Covalent's Strategic Rationale for Offset Selection

Fauna Offset requirements are triggered by the impacts associated with the EGLP project located in the Greater Western Woodlands (GWW). Covalent believes the offset strategy should directly address the relevant threats identified within the GWW and provide opportunities and results that improve conservation value to the GWW.

Covalent Lithium has prioritised a predator-based offset strategy over traditional land acquisition or revegetation. This decision is based on the following technical rationale:

- **Primary Threat Mitigation:** The *Biodiversity and Cultural Conservation Strategy for GWW* and National *Recovery Plans* for both *Leipoa ocellata* and *Dasyurus geoffroii* identify predation by introduced species (feral cats and foxes) as the primary threat to population stability.
- **Expert Endorsement:** Specialist Consulting Ecologist Bruce Turner (2024) confirmed: "The implementation of a long-term introduced predator control program is likely to be the single, most beneficial management action to ensure the persistence of malleefowl and Chuditch in the GWW."

- **Ecological Context of the GWW:** Unlike the Wheatbelt, the GWW vegetation is "largely intact." Because it faces significantly less pressure from native vegetation removal, restoration and rehabilitation are considered lower priority actions compared to direct threat abatement.
- **Direct Conservation Value:** Targeted predator control provides immediate on-ground benefits, leading to a measurable increase in fauna populations and a reduction in predator density.
- **Post-Fire Threat Abatement:** The January 2025 fire event created a critical need for threat abatement. Predation pressure often increases in recently burned areas due to a lack of cover for native fauna; this strategy allows for integrated monitoring of post-fire ecology to enhance the conservation outcome.

4. Policy and Strategy Alignment

A summary of direct offset actions alignment to relevant Policies, Recovery Plans and Strategies is provided in Table 2 below. The proposed strategy aligns directly with federal and state recovery objectives and regional conservation plans as shown below.

Table 2 – Alignment to Relevant Policies

Action	Policy/Recovery Plan/Strategy	Aligned (Yes/No)
Implement long-term broad scale introduced predator baiting program over unprotected habitat within the GWW	EPBC Act Environmental Offset Policy EPA WA Environmental Offset Policy Malleefowl National Recovery Plan Chuditch National Recovery Plan Biodiversity & Cultural Conservation Strategy for the GWW	Yes
Protect approved offset sites not currently under protection / management within the GWW	EPBC Act Environmental Offset Policy EPA WA Environmental Offset Policy Malleefowl National Recovery Plan Chuditch National Recovery Plan Biodiversity & Cultural Conservation Strategy for the GWW	Yes
Provides funds for research to better understand effectiveness of introduced predator baiting programs within the GWW	EPBC Act Environmental Offset Policy EPA WA Environmental Offset Policy Malleefowl National Recovery Plan Chuditch National Recovery Plan Biodiversity & Cultural Conservation Strategy for the GWW	Yes
Provides funds for research to better understand *Leipoa ocellata* and *Dasyurus geoffroii* ecology, distribution and abundance within the GWW	EPBC Act Environmental Offset Policy EPA WA Environmental Offset Policy Malleefowl National Recovery Plan Chuditch National Recovery Plan Biodiversity & Cultural Conservation Strategy for the GWW	Yes

5. Offset Options Analysis: Comparative Assessment – (response to DWER items 1, 2 and 6)

Six alternate offset options were assessed including three alternatives suggested by DBCA for Covalent to investigate. A summary of options considered is shown in table 3 below. Predator control in Jilbadji provided the strongest ecological benefit, largest intact area, strongest long-term viability improvements, and best policy alignment.

Table 3 – Options Analysis

Options	Considerations
1. Land acquisition into conservation estate (secondary option)	Pros • This is a conventional, well understood strategy. • Ensures preservation of suitable habitat if found. Cons • Insufficient suitable land parcels available for purchase to offset project. • Potential offset properties are small, scattered, fragmented and not contiguous with the nature reserve and will require subdivision. • Acquisition is not guaranteed, and approach relies on multiple landowners willing to sell to achieve the quantum of area required. • Multiple small areas of habitat are not as effective as a larger area for the purposes of conservation of Malleefowl and Chuditch populations due to edge effects etc. • No net increase in habitat. • The home range of Chuditch is large – with males requiring over 15 sq km (1500 ha), which is larger than most suitable land parcels available for purchase • The primary threat to Chuditch and Malleefowl in the GWW is predation not loss of habitat. Without active management (predator control), the habitat provides limited value to Chuditch and Malleefowl because of the ongoing threat of predation. • Assumes DBCA will take on (active) management of properties and absorption into conservation reserve.

Options	Considerations
	• If DBCA doesn't agree to actively manage sites, the on-ground management of multiple scattered properties will fall to Covalent. This will be logistically difficult to manage, and not Covalent's core business. A third party may be required to implement. • DBCA prefers not to incorporate into Conservation Reserves due to stated lack of resources.
2. Restoration of degraded habitat (not pursued)	Pros: • DBCA stated preference. • This is a conventional, well understood strategy. Cons: • Significant time lag for suitable habitat to be restored and to demonstrate impact. • Doesn't address the primary threatening process for Chuditch and Malleefowl in the GWW, and the exacerbated impact from the recent fire. • Relatively limited areas of degraded native vegetation exist within the GWW because it is largely intact. • Does not result in an immediate increase in chuditch and malleefowl populations. • Increase in habitat does not correlate to increase in populations if the greatest threat is predators. • Can expect similar challenges to land parcels for acquisition i.e. numerous small, scattered, fragmented parcels, that are not contiguous and do not address species' range requirements.
3. Direct offset by predator control & monitoring in Jilbadji (preferred)	Pros: • **Predation is the primary threat to key fauna species in the GWW (as per National Recovery Plans for both species). This option is the most tailored to impacts specific to the GWW aligned with Covalent impact site.** • Historically harder to measure the success of activities such as predator or weed control, fire management therefore underutilised as offsets. • Predator control improves and ensures ongoing viability of habitat for Chuditch and Malleefowl **in GWW** both in the short and long term. • One large, consolidated area of good quality habitat provides more conservation benefit than

Options	Considerations
	multiple, small, scattered parcels. • Based on security of tenure and long-lasting benefit, and proximity to Mt Holland, Jilbadji Nature reserve was selected (***security of tenure***), improving and ensuring short and long-term viability of populations. • The proposed offset area within Jilbadji site adds additional value as it has both areas impacted by fire (where immediate baiting will have significant benefit) and unburned areas (***post fire ecology benefits / threat abatement***) • Regarding use of this land by Covalent, there are no existing offsets associated with this nature reserve, the nature of the offset (baiting) and size of Jilbadji does not preclude use of the reserve for other Government projects. There are many other reserves not being managed which could be utilised for government offsets. • Expandable long-term / aligned with other government projects. • DCCEEW endorsed strategy. Cons: • No precedence for implementation of offsets within reserves by non-government parties • Historically harder to measure the success of activities such as predator or weed control, fire management therefore underutilised as offsets.
4. Direct offset by predator control & monitoring UCL (DBCA suggestion)	Pros: • DBCA preference. • Proximity to Mt Holland. Cons: • Both DCCEEW and DWER require security of tenure which is provided through utilisation of an existing conservation / nature reserve. • Requires existing tracks for access noting these are limited. • The land immediately east, west and south is covered by various mining tenure and therefore at greater risk from future mining. • Difficult to assess further UCL options late in the assessment process due to time required to complete assessment.

Options	Considerations
5. Wheatbelt NRM Healthy Lives Programme (DBCA suggestion)	Pros: • DBCA preference. • Open to opportunities to be involved. Cons: • Located outside of GWW in Wheatbelt and does not address the conservation requirements of the GWW. • Group focus is on Eucalyptus Woodlands (TEC) – not found within EGLP Project Area. • No offset required for TEC. • No strategic regional plan – focus on local only / misaligned priorities. • Initially not interested. Change in personnel = interested. • Landholders in the programme comprise a very small area of native vegetation of which is fragmented and scattered. • Landholders are only required to commit to 3-year predator control programme – insufficient for offset requirements.
6. Fund existing or new conservation trust funds to benefit both species	Pros: • Broad range - contacted >10 organisations, with initial interest from Bush Block Guardians, Perth NRM, Australian Wildlife Conservancy, Yongernow Malleefowl Centre and National Malleefowl Recovery Group. • National Malleefowl Recovery Group (NMRG) keen to be involved in monitoring. Cons: • Does not address the conservation requirements of the GWW. • No capacity or options with Wheatbelt Revegetation Bank or WA Feral Cat Working Group. • Limited opportunities which would meet offset requirements and be sufficiently large enough to meet offset requirements. • Not sufficiently large enough/group structure/risk of longevity.

6. Detailed Rationale: Jilbadji Nature Reserve (Preferred Strategy)

Jilbadji Nature Reserve was selected as the superior location based on the following strategic arguments:

- **Consolidated Area vs. Fragmented Parcels:** Jilbadji offers a large, contiguous area of high-quality habitat. This is critical for species like the Chuditch (*Dasyurus geoffroii*), where males require ranges exceeding 15 sq km. Large areas minimise edge effects and are more resilient than the small, scattered parcels available through freehold acquisition.
- **Security of Tenure:** As an existing nature reserve, Jilbadji provides the long-term tenure security demanded by DWER and DCCEEW. Unlike Unallocated Crown Land (UCL) or land adjacent to active mining tenure, the reserve is protected from future industrial disturbance.
- **Direct Alignment with EGLP Impact Site:** The proximity to Mt Holland ensures that the offset directly supports the specific local populations of *Leipoa ocellata* and *Dasyurus geoffroii* impacted by mining operations.
- **Post-Fire Threat Abatement Synergy:** Following the January 2025 fire, Jilbadji offers a unique research and conservation opportunity. The preferred site includes both "areas impacted by fire" (where immediate baiting is vital to protect exposed fauna) and "unburned areas." This allows for comparative monitoring to measure the effectiveness of predator control during habitat recovery.

7. Implementation and Operational Framework (DWER Items 3 and 4)

The Jilbadji strategy will be executed under a rigorous scientific and management framework:

- **Alternative Controls:** In response to potential supply shortages of "Eradicat" baits, Covalent will implement trapping and humane disposal using licensed contractors as a verified interim predator control method.
- **Permit Management:** Once the offset strategy is approved, Covalent will formalise a Memorandum of Understanding (MoU) with the DBCA to govern offset implementation within the Jilbadji Nature Reserve.
- **Monitoring Protocols:** Implementation will be conducted by licensed contracted ecologists. To ensure scientific rigor, monitoring will involve both **baiting and non-baiting sites (control sites)**, allowing for the direct measurement of success against established criteria.
- **Specialist Engagement:** The National Malleefowl Recovery Group (NMRG) has been engaged to formalise monitoring specifically for *Leipoa ocellata*, contributing to national data sets.
- **Contingency and Scalability:** Monitoring and baiting locations are designed with sufficient flexibility to be moved in response to future fire events. The strategy also allows for the inclusion of additional areas within Jilbadji if required to meet net gain objectives.

8. Conclusion

The comparative analysis confirms that a comprehensive predator control and monitoring program within the Jilbadji Nature Reserve offers the highest conservation value for the threatened fauna of the GWW. By addressing the primary threat of predation within a large, contiguous, and secure habitat, this strategy ensures the long-term viability of Leipoa ocellata and Dasyurus geoffroii populations.

Supported and endorsed by DCCEEW, this approach represents a significant commitment by Covalent Lithium to evidence-based conservation, with substantial potential for long-term expansion and alignment with broader state and federal government biodiversity projects.

In summary, the Predator Control and Monitoring programme within the Jilbadji Nature Reserve:

- Addresses impacts specific to GWW and is aligned to EGLP impact site.
- Provides the greatest on ground short and long-term conservation value to the GWW by way of improvement and ensuring short and long-term viability of fauna population.
- Comprises one large, consolidated area of natural, good quality habitat.
- Provides security of tenure and proximity to Mt Holland.
- Aligns with strategies for GWW and National Recovery Plans for chuditch and malleefowl
- Is supported and endorsed by DCCEEW.
- Can be expanded to enable ongoing long-term extension and be aligned with other government offset projects.
- Provides unique post fire ecology benefits / threat abatement.
- Covalent support of fire management within the Jilbadji provides additional reserve benefits not currently implemented.

Attachment 1 – Map showing freehold land parcels potentially available for purchase