



Covalent Lithium Earl Grey Lithium Life of Mine Proposal – Review of Alternate Fauna Offset Strategies

1. Purpose

The purpose of this paper is to outline Covalent Lithium's (Covalent) revised approach to the Threatened Fauna Offset Strategy (TFOS) associated with the Life of Mine (LOM) Proposal for the Earl Grey Lithium Project.

Following meetings held in February 2026 with DWER and DBCA, Covalent was advised to reassess alternative offset options and provide a summary of the outcomes for EPA Services consideration. These options included:

- Implementing introduced predator control on Covalent-held tenure;
- Identifying an alternative offset location on Unallocated Crown Land (UCL); and
- Contributing to existing conservation programs.

This paper presents the outcomes of that review and summarises Covalent's proposed revised offset strategy.

2. Background

Covalent is progressing a proposal to expand and extend lithium mining operations at Mt Holland (LOM Proposal). An ERD/PD was submitted to the EPA in November 2023 and to DCCEEW under the EPBC Act in December 2024. The LOM Proposal includes clearing of 1,443 ha of native vegetation providing suitable habitat for Malleefowl and Chuditch - both listed as Vulnerable.

In 2024, Covalent prepared a draft TFOS (Rev 0) proposing a landscape-scale introduced predator control and monitoring program within Jilbadji Nature Reserve to target a key threatening process for both listed terrestrial fauna species in the Great Western Woodlands (GWW) (within which the LOM Development Envelope is located).

In seeking an area of adequate size, security of tenure, suitable habitat and proximity to the impact area, the draft TFOS proposed to undertake the offset program within Jilbadji Nature Reserve, immediately north of the Development Envelope. Jilbadji Nature Reserve is the second largest nature reserve in the GWW at over 200,000 ha, contains suitable habitat contiguous with the habitat within the Development Envelope and is known to have Malleefowl and Chuditch populations. The proposed location for the predator control and monitoring program offered suitable habitat, proximity to the Development Envelope, and known populations of the subject fauna. A 36,000 ha offset site and a paired control site were identified.

In January 2026, DBCA advised that a predator control program within Jilbadji Nature Reserve did not align with their conservation priorities for the region; and that the use of conservation reserves for offsets was generally limited to government departments rather than private interests. This was confirmed in a meeting on 27 February 2026.

Concurrently, DCCEEW issued draft EPBC conditions (20 February 2026), indicating provisional support for the TFOS methodology.



3. Alternate offset strategies assessed

Following the meetings referenced above and with the feedback received, Covalent has reviewed potential options, including revising and supplementing its TFOS. Options assessed included the following:

3.1 Predator Control Program on Covalent tenure

As an alternative to Jilbadji Nature Reserve, Covalent explored the option of locating the proposed predator control program on tenure held by either the project or the joint venture partners, immediately adjacent to the Development Envelope (north, east, and west), with the intent of initially commencing the predator control program. While this approach would enhance habitat proximate to the impact area, it was deemed unsuitable due to the:

- Inability to secure the site via a conservation covenant or similar i.e. protection in perpetuity (a regulatory requirement);
- High business risk associated with conservation covenants restricting future mining activities; and
- Low likelihood that the Department of Mines, Petroleum and Exploration (DMPE) would support covenants over mining and exploration tenure due to sterilisation of potential resources.

3.2 Predator Control Program on UCL

As part of its investigation of other land tenure, Covalent considered UCL east of the Marvel Loch Forrestania road (MLF) in close proximity to the Development Envelope. While this UCL contained some suitable habitat, it was limited and of insufficient area to implement the program (to be considered an adequate offset). The land's mining tenure and limited access also deemed it to be unsuitable.

Covalent was advised to revisit the UCL option and identified an area of suitable UCL west of the MLF road free of mining tenure and with some land access. Covalent considers implementation of its proposed TFOS at this location is suitable as an offset for the LOM Proposal, with further details provided in section 4.

3.3 Funding support for Existing Conservation Programs

This option was previously assessed by Covalent but did not represent sufficient quantum to meet direct offset requirements for the Proposal on its own. Covalent has reconsidered this option as a supplementary indirect offset. Whilst Covalent believes the implementation of the predator control program in the UCL provides the greatest conservation value and is the most expedient and lowest risk alternate offset strategy, Covalent will commit to providing financial contributions to an appropriate conservation program following the approval of the LOM Proposal. Covalent is exploring the opportunities to contribute to a local conservation program (such as local NRM Group activities, WA Feral Cat Working Group) and will provide financial support for 3 years from the date of an agreed MOU with the relevant organisation, with the MOU process intended to be finalised within the first 12 months following approval.

4. Revised Offset Approach

4.1 Predator Control and Monitoring on UCL

Covalent has identified an area of UCL west of the Development Envelope offering appropriate size, accessibility, habitat suitability, and absence of conflicting tenure to relocate the predator control and monitoring program. The proposed UCL offset site comprises approximately 37,500 ha, with a corresponding control site within Jilbadji Nature Reserve (refer to Figure 1).



Covalent considers this will provide the best conservation outcome for Malleefowl and Chuditch, aligns with Recovery Plans, and represents an adequate quantum to sufficiently offset the LOM impact, consistent with WA and Commonwealth offset frameworks. This approach uses the current TFOS methodology and requires only minor modifications to the TFOS document. The proposed UCL offset site offers the same benefits as the initially proposed Jilbadji site together with suitable access and tenure, as summarised in Table 1.

Table 1 Factors guiding site selection for LOM Proposal offset site

Key Factor	UCL Offset site location
Close proximity to impact site	The offset site lies approximately 17 km west of the LOM Development Envelope, in UCL with native vegetation that is contiguous with the Development Envelope and Jilbadji Nature Reserve. The proposed control site is immediately to the north of the Development Envelope within Jilbadji Nature Reserve.
Large in extent (Western Shield-style predator control program requires a minimum of 10 km ²)	The proposed ~375 km ² offset (37,500 ha) site is considered landscape scale – adequate to provide effective predator management. The extent of the offset site will also provide flexibility and contingency to the program. Covalent can focus efforts where predators are recorded or move treatment if external threats occur (i.e. fire).
Tenure	The offset site is within UCL, with no underlying mining / exploration tenure. Furthermore, UCL may support the use of a conservation covenant or similar mechanism to provide protection for the offset site in the future. Conservation covenants over mining tenure are unlikely to be supported by DMPE as it would result in the sterilisation of mineral resources.
Existing habitat and fauna species	The offset site includes quality habitat suitable for Malleefowl and Chuditch based on desktop survey and familiarity of the area as confirmed by consulting ecologist Bruce Turner and is contiguous with both the Development Envelope and Jilbadji Nature Reserve. Surveys have confirmed the presence of both species in the local area.
Accessible	The offset site is accessible for aerial baiting and by road, with existing tracks within the offset site to enable the cameras and traps to be established and monitoring to be undertaken. This is a key factor for implementation of the program.
Status of current management	There is currently no predator control or other active management in the proposed offset site. Covalent understands the Department of Primary Industries and Regional Development (DPIRD) undertakes a predator management program along Emu Fence to protect agricultural land to the west of the UCL. No predator control occurs within the proposed control site (Jilbadji Nature Reserve).
Existing threat of feral cats and foxes	There are records of both feral cats and foxes in the vicinity of the offset site with predation a recognised threat to native fauna in the region (consistent with National Recovery Plans for both species and Threat Abatement Plans).
Fire	Fire management can occur within UCL through a contribution to DBCA's implementation of Southern Range Fire Mitigation Plan; or via DFES / DPLH.
Additional considerations	The Offset site includes a water source and is not actively grazed.

On advice of DBCA, Covalent's proposed 'control site' can remain in Jilbadji Nature Reserve (proposed new location is shown in Figure 1). Historical monitoring has been occurring at this location on an annual basis since 2018 as part of Covalent's fauna management program providing a long, continuous data set, and confirming the presence of Chuditch, Malleefowl and introduced predators.

The implementation of the proposed predator control and monitoring program within UCL is consistent with methodology set out in the TFOS for the Jilbadji site. In summary, this will involve:

- Within the offset site, targeting both feral cats and the introduced European fox to reduce predator occurrence;



- Annual broadscale aerial baiting with 1080 and Eradicat when available; alternative methods such as trapping, targeted shooting and other forms of humane disposal when Eradicat supply is unavailable;
- Within both the offset site and control site, ongoing annual monitoring of introduced predator occurrence and Malleefowl and Chuditch populations;
- Monitoring methodology specific to each species and following the methodology of Western Shield and National Malleefowl Recovery Team;
- Local population baselines will be established over 12 months prior to baiting/predator control commencing, with population trends identified over multiple years to determine the impact of predator control on both species and predators; and
- Fire mitigation measures to improve confidence in offset outcomes will be achieved via financial contribution including, but not limited to, the cost of the satellite imagery and Heli tact hire as part of DBCA's Southern Range Fire Mitigation Plan, which is implemented in UCL.

Covalent has commenced discussion with the Department of Planning, Lands and Heritage (DPLH) as the agency responsible for UCL and is preparing a 'Crown land Enquiry' form to gain approval to conduct the predator control and monitoring program within the UCL. The proposed offset site is located within the Shire of Yilgarn (SOY) and Covalent is liaising with the Shire to confirm the program is aligned with SOY planning, priorities and any other local government processes required for utilising the UCL for the offset site.

Covalent will also confirm the application of a conservation covenant or an alternative mechanism is the most appropriate method to provide protection in perpetuity for the offset site in the UCL.

Following approval of the LOM Proposal and associated TFOS, Covalent will commence 12 months of baseline data collection which will involve the preparation and installation of cameras. Lidar surveys can occur over Jilbadji (control site) and the proposed offset site immediately following approval and prior to finalising arrangements with DPLH.

Previously proposed fire management will now occur in the UCL as a part of the offset. An MOU will be developed with DPLG/DBCA within twelve months of the Proposal being approved.

Finally, Covalent has updated the TFOS (Rev 4, March 2026) to reflect the proposed change in offset site location and will implement the strategy following approval. This strategy has been concurrently provided to DCCEEW for consideration in the finalisation of the EPBC Act approval process.

4.1 Support for Local Conservation Programs

As indicated in Section 3, Covalent investigated opportunities to support existing programs and organisations which work to sustain populations of, and viable habitat for, Chuditch and Malleefowl. Covalent will supplement the predator control and monitoring program via financial contributions to an organisation undertaking conservation research and/or predator control activities program. This will contribute to conservation gains for these species in the immediate to short term, providing a valuable addition to the Covalent's proposed offset package.

Covalent is in early discussion with a representative of Western Australian Biodiversity Science Institute (WABSI) regarding supporting the WA Feral Cat Working Group (WAF CWG) activities. The WAF CWG and WABSI are linked through a strategic partnership to improve feral cat management in WA. WABSI lead the development of a research program to address knowledge gaps, while the WAF CWG acts as the delivery vehicle, translating this research into practical, on-ground actions.

The objective of the WAF CWG is *'To improve the trajectory of WA native fauna conservation outcomes through collaborative, effective, resource-efficient and humane management of feral cats'* which aligns with the environmental outcomes of Covalent's proposed predator control and monitoring program in the UCL.



The WAFCWG provides a strategic focal point for feral cat management in the state, and links to the National Feral Cat Taskforce and the WA Biosecurity Council to drive delivery of more effective, resource-efficient and humane feral cat management outcomes in WA by a tenure-blind, context specific approach to:

- communicating and linking initiatives, innovations and progress on managing feral cat threats;
- building and sharing knowledge and education on managing feral cat threats and management opportunities and techniques available in WA;
- building relevant partnerships and cooperation on feral cat management;
- coordinating and facilitating a prioritised and collaborative approach to addressing knowledge gaps for cat management via research; and
- providing a unified access point for information, data and methodologies on feral cat management activity.

WABSII is a collaboration mechanism that facilitates partnerships across industry, government, community and researchers to address science knowledge gaps, lift certainty in decisions and improve biodiversity outcomes. The WABSI research program 'Mitigating Cat Impacts on Biodiversity' underpins the research pillar of the WAFCWG, providing a framework for the development of research activities and facilitating complementarity and collaboration, rather than duplication of research effort.

Covalent is committed to a contribution in the order of up to \$200,000 per annum for a 3-year period (\$600,000 in total) to support the work of the WAFCWG.

This is not intended to be implemented in a staged approach, but as an additional offset measure for a fixed term following approval of the Offset Strategy.

5. Conclusion

Covalent considers the revised offset strategy of relocating the predator control and monitoring program to UCL west of the Development Envelope while retaining Jilbadji as the control site, together with proposed financial contribution for fire mitigation measures and supplementary local conservation program support through the WAFCWG, provides a robust, defensible, and scientifically grounded offsets package. It aligns with DBCA guidance and Recovery Plans and provides meaningful short and long-term conservation benefits to Malleefowl and Chuditch. Furthermore, it represents an adequate quantum to sufficiently offset the LOM impact, consistent with WA and Commonwealth offset frameworks. The relocation of the predator control and monitoring program to UCL uses the current TFOS methodology and requires only minor modification to the TFOS document.

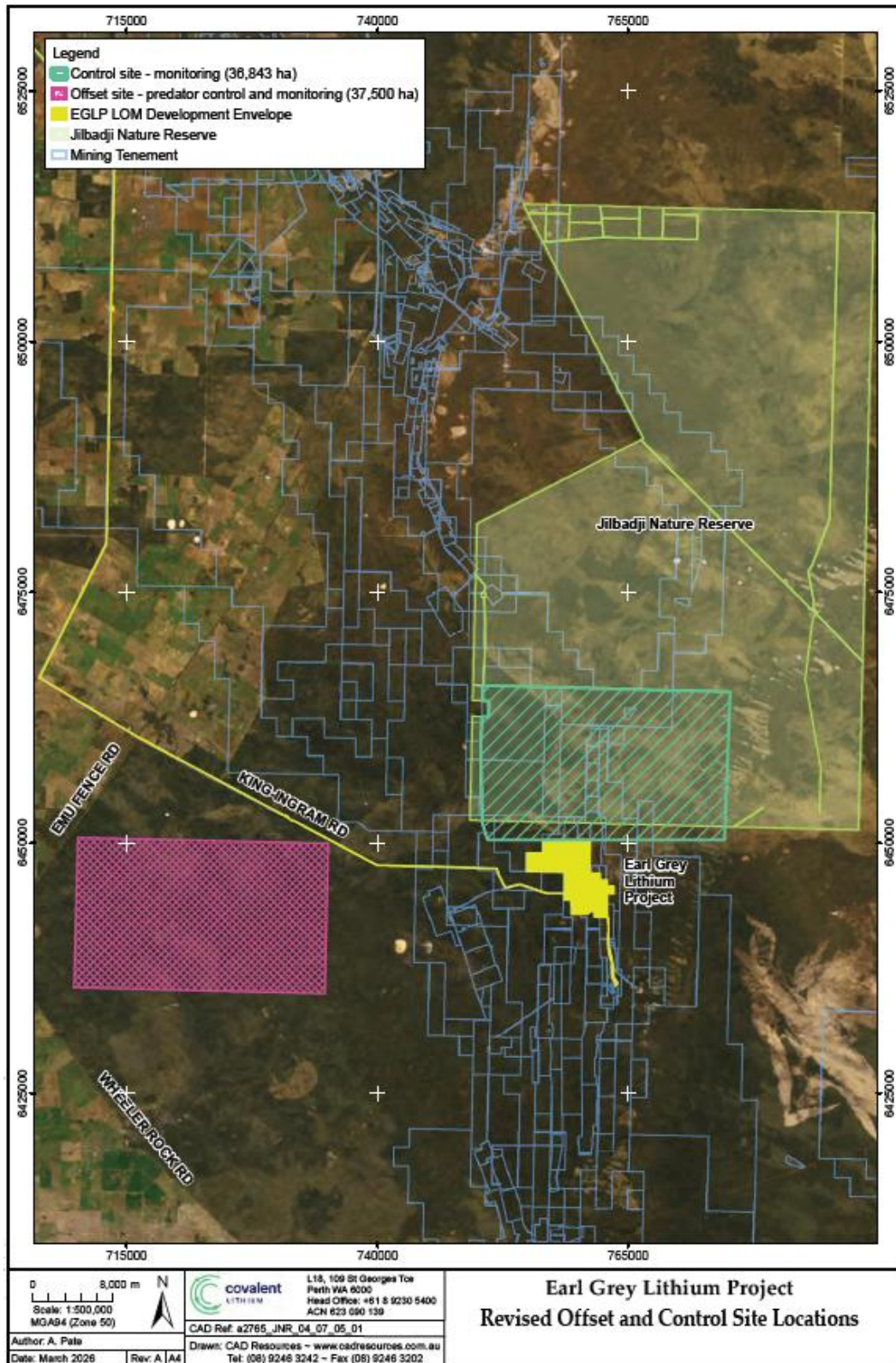


Figure 1: Revised location of 'offset' and 'control' sites within Development Envelope