



Memorandum

To: Shay McDonald

From: Matakanui Gold Limited

Date: 6 February 2026

Re: ORC reference RMFT25.007

Introduction

This memorandum responds to questions 31 and 32 of the Otago Regional Council's request for further information titled "Request for further information – Matakanui Gold Limited fast-track application for the Bendigo-Ophir Gold Project" (ORC reference RMFT25.007), dated 19 December 2025.

Responses to questions 1–30 of the request have been provided previously.

RFI#31

31. Please provide an overarching spreadsheet or Gantt chart (or similar) that shows all of the proposed ecological impact management measures and reporting requirements, and their proposed timing.

Response to RFI#31

Attached is the Ecological Impact Measures Management Schedule (Excel), which functions as the overarching Gantt-style implementation and compliance matrix. It identifies all ecological impact management measures (avoidance, mitigation, offsetting and compensation), monitoring, reporting and compliance requirements, with their timing across the project lifecycle, and cross-references the relevant consent conditions and management plans.

RFI#32

32. As stated throughout the application, the proposal will result in a net loss of ecological values, including the permanent loss of irreplaceable and vulnerable species and communities, even after the implementation of the mitigation / offsetting / compensation package. Compensation does not appear to be offered to address these residual ecological impacts. Please discuss the recommendation of e3 for a non-wasting endowment fund to compensate for the residual adverse effects that are not otherwise proposed to be addressed. Your answer should include discussion on the



approximate quantum of such a fund as well as the difference between this fund and the bond that is already proposed in consent conditions.

Response to RFI# 32 – endowment fund

Matakanui Gold Limited (MGL) acknowledges e3 Scientific’s recommendation for a non-wasting endowment fund, as outlined in Appendix A (Section 4, final paragraph), which proposes a fund equivalent to approximately 1% of projected project profits (estimated by e3 at \$38.4 million) to compensate for residual adverse ecological effects that would remain following implementation of the proposed mitigation, offsetting, and compensation package.

MGL notes that the recommended quantum is derived from a percentage of estimated project profits, rather than from a quantified assessment of residual ecological risk or the cost of defined compensatory actions and therefore does not reflect an effects-based or impact-proportionate approach to compensation.

MGL recognises that this recommendation arises from e3’s view that the project will result in a residual net loss of certain ecological values, including the permanent loss of irreplaceable or highly vulnerable species and habitats, and concerns regarding the complexity, uncertainty, and long-term delivery risk associated with some ecological management measures.

Notwithstanding the above, MGL does not propose to establish a non-wasting endowment fund for the following reasons:

Appropriateness and purpose of compensation mechanisms

A non-wasting endowment fund is typically used where ecological compensation relies on ongoing actions in perpetuity that are not otherwise secured through enforceable consent conditions. In this case, MGL’s ecological impact management package is proposed to be delivered through a comprehensive suite of consent conditions and management plans, with clearly defined obligations, timeframes, monitoring, reporting, and adaptive management requirements.

This approach reflects the Fast-track approvals framework’s emphasis on clearly defined, enforceable conditions and financial assurances to manage effects and delivery risk, rather than reliance on open-ended financial mechanisms that are not tied to specific, measurable outcomes.

Existing financial and legal assurance mechanisms

The project already proposes multiple layers of assurance to ensure ecological outcomes are delivered, including:



- legally binding consent conditions;
- independently reviewable management plans and biodiversity outcome monitoring; and
- a substantial rehabilitation and closure bond designed to ensure works can be completed even in the unlikely event of operator default.

Collectively, these mechanisms provide certainty of delivery, regulatory oversight, and financial security for all ecological commitments.

Risk of duplication and regulatory inefficiency

Establishing a non-wasting endowment fund in addition to a comprehensive bond and consent framework would duplicate functions already addressed through existing regulatory tools, without materially improving environmental protection outcomes. Further, such a fund would not be directly correlated to specific, measurable rehabilitation liabilities or performance standards, creating uncertainty as to how, where, and to what effect funds would ultimately be applied.

It is important to distinguish between the non-wasting endowment fund recommended by e3 and the bond proposed by MGL, as these instruments serve fundamentally different purposes:

- **Proposed Bond**

The bond described in the Lane Associates report is a financial assurance mechanism intended to secure compliance with consent conditions, including site rehabilitation, ecological restoration works, and aftercare, in the event that MGL is unable to meet its obligations. The bond quantum is reviewed regularly and reflects the scale and timing of disturbance and rehabilitation liabilities. It is not discretionary and is held by the relevant regulators.

- **Non-wasting Endowment Fund**

By contrast, the recommended endowment fund would function as an additional compensatory mechanism, intended to fund ecological management actions indirectly or elsewhere, in perpetuity, beyond the specific obligations imposed by consent conditions. It would operate independently of regulatory enforcement and would not provide the same level of certainty that defined outcomes would be achieved. Long-term ecological risks are instead addressed through enforceable post-closure obligations, ongoing monitoring and reporting requirements, adaptive management triggers, and the retention and review of the rehabilitation bond until agreed performance criteria are met.

MGL considers that the proposed bond, when combined with enforceable consent conditions and monitoring requirements, provides a robust and proportionate means of



addressing residual risk and ensuring delivery of ecological commitments, without the need for an additional endowment fund structure.

Biodiversity and Heritage Enhancement Fund

In addition to the mitigation, offsetting, and compensation measures secured through consent conditions and management plans, MGL notes that the project also includes a dedicated Biodiversity and Heritage Enhancement Fund established under Common Condition C46. This fund provides for up to \$5 million in payments to the Alexandra Office of the Department of Conservation to support biodiversity protection and enhancement beyond the BOGP Consent Area.

Common Condition C46 states:

From the third anniversary of the commencement of the consents or six months after commercial production is declared, whichever occurs later, the Consent Holder must provide an annual payment of \$500,000 + GST for every year in which gold is produced up to a maximum of 10 years to the Alexandra Office of the Department of Conservation. The purpose of the annual payment is to enable the Department of Conservation to support the protection and enhancement of cushionfield habitat (or other threatened or at-risk species or ecosystems) outside of the BOGP Consent Area within the Dunstan Ecological District and to enhance heritage values outside of the BOGP Consent Area within Central Otago.

The Assessment of Ecological Effects: Terrestrial Ecology (Alliance Ecology Consulting, 2025), lodged under the Fast-track Approvals Act, expressly identifies that the Biodiversity and Heritage Enhancement Fund is not relied upon as ecological mitigation or offsetting under the National Policy Statement for Indigenous Biodiversity, due to uncertainty regarding the type, quantum, location and timing of benefits. However, the fund remains a meaningful and enforceable contribution toward addressing residual effects beyond the project footprint.

Relevance in a Fast-track Approvals context

MGL considers it important that compensation and enhancement mechanisms are assessed in the context of the Fast-track Approvals Act process, which places emphasis on the overall balance of benefits, effects management, and enforceability, rather than a singular reliance on biodiversity offsetting frameworks developed for standard RMA processes.

In this broader statutory context, the Biodiversity and Heritage Enhancement Fund provides an additional, tangible contribution toward addressing residual effects through off-site enhancement, aligned with regional and district conservation priorities administered by the Department of Conservation.



Conclusion

In summary, while MGL acknowledges e3's concerns regarding residual ecological effects and long-term certainty, it does not consider a non-wasting endowment fund to be necessary or appropriate in this instance. MGL's approach relies on clear, enforceable obligations, supported by a substantial, regularly reviewed bond, to ensure ecological rehabilitation, enhancement, and management measures are implemented as proposed. MGL remains open to refining consent conditions, performance criteria, and adaptive management frameworks, where necessary, to provide regulators with confidence that ecological outcomes will be achieved using established regulatory tools, without recourse to an endowment fund.