

By this Deed dated 21st May 2013

BETWEEN the Minister of Conservation (the Minister)

AND Buller Coal Limited (BCL)

### BACKGROUND

- A. BCL holds Mining Permit 51 279.
- B. BCL has applied to the Minister for an access arrangement under s 61 of the Crown Minerals Act 1991, to enable open cast coal mining and mining operations within part of the land (the *Land*) administered by the Department of Conservation (DOC).
- C. BCL has proposed the payment of various sums of money to DOC as compensation for the adverse effects, on conservation values, of the proposed open cast coal mining and mining operations on and in the Land.
- D. Both BCL and the Minister intend that if the access arrangement is granted, the compensation monies shall be paid by BCL and held by DOC and expended for the specific purposes described in this Agreement.

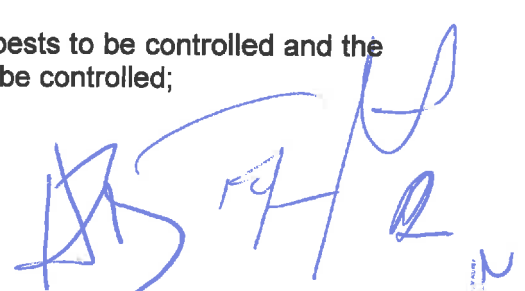
### AGREEMENT

BCL and the Minister hereby agree:

1. BCL will pay to DOC the compensation sums, on the compensation dates a specified in Schedule 1 to this agreement.
2. DOC will expend the compensation sums as follows;

#### Heaphy

- 2.1 This funding shall be expended, in accordance with the Heaphy Biodiversity Enhancement Management Plan, for the purposes of biodiversity enhancement over a period of 35 years within the area shown on the map annexed at Schedule 2 of this Agreement.
- 2.2 BCL shall, within 6 months of the execution of this Deed, prepare for DOC's approval a Heaphy Biodiversity Enhancement Management Plan.
- 2.3 This plan:
  - (a) must be prepared in consultation with DOC;
  - (b) shall as a minimum:
    - (i) demonstrate that the weed and animal pest control measures are coordinated with any other control measures carried out in adjacent areas;
    - (ii) identify weed and animal pests to be controlled and the areas over which they will be controlled;



- (iii) quantify weed and animal pests targets to be achieved and the means of measuring the targets;
- (iv) identify key invertebrate, plant and vertebrate species for outcome monitoring to be monitored;
- (v) incorporate an initial survey focusing on what pest irruptions are triggered by masting events;
- (vi) identify how outcome monitoring will be implemented and how the information will be used for adaptive management to ensure that the required biodiversity benefits are achieved;
- (vii) outline a process for expert input into the design and implementation of the weed and animal pests control programme and subsequent monitoring, reporting and adaptive management to respond to the need for change;
- (viii) incorporate control methods in relation to the target species and the available best practice methodology, taking into account the sensitivity of the receiving environment; and
- (ix) provide for regular review and reporting on the achievement of the weed and animal pest control and the implementation of adaptive management techniques over the 35 year duration of the term of the plan.

2.4 DOC may, at any time, make any amendments to the Heaphy Biodiversity Enhancement Management Plan so as to better provide for the enhancement of biodiversity within the area shown on the map annexed at Schedule 2 of this Agreement with the funds available.

#### **Denniston**

2.5 This funding shall be expended, in accordance with the Denniston Biodiversity Enhancement Management Plan for the purposes of biodiversity enhancement in perpetuity by the undertaking of a programme of weed and animal pest control within the area shown on the map annexed at Schedule 3 of this Agreement (the *DBEA*).

2.6 BCL shall, within 6 months of the execution of this Deed, prepare for DOC's approval a Denniston Biodiversity Enhancement Management Plan.

2.7 This plan:

- (a) must be prepared in consultation with DOC;
- (b) shall as a minimum:
  - (i) demonstrate that the weed and animal pest control

- measures are coordinated with any other control measures carried out in adjacent areas;
- (ii) identify weed and animal pests to be controlled and the areas over which they will be controlled;
  - (iii) quantify weed and animal pests targets to be achieved and the means of measuring the targets;
  - (iv) identify key invertebrate, plant and vertebrate species for outcome monitoring to be monitored;
  - (v) incorporate an initial survey focusing on what pest irruptions are triggered by masting events in the particular case of the Denniston Plateau forest habitats;
  - (vi) identify how outcome monitoring will be implemented and how the information will be used for adaptive management to ensure that the required biodiversity benefits are achieved;
  - (vii) outline a process for expert input into the design and implementation of the weed and animal pests control programme and subsequent monitoring, reporting and adaptive management to respond to the need for change;
  - (viii) incorporate control methods in relation to the target species and the available best practice methodology, taking into account the sensitivity of the receiving environment and the potential interests of the public that depend on the area for water supply; and
  - (ix) provide for regular review and reporting on the achievement of the weed and animal pest control and the implementation of adaptive management techniques in perpetuity.

2.8 The plan shall include

- (a) a programme of weed and animal pest control within the DBEA outside the DCEA (described in clause 2.8(b)) in order to provide a weed and animal pest control buffer around the DCEA, and within the DCEA;
- (b) a goal to achieve and sustain improvements in key biodiversity attributes within the area shown approximately and described on the map annexed at Schedule 3 of this deed as the Denniston Core Enhancement Area comprising as a minimum
  - (i) 500 ha comprising approximately:
    - 30% by land area of 'pakihi' open Brunner coal measure wetland

Handwritten signature and initials in blue ink, including a large stylized 'A' and 'u'.

- 30% by land area of manuka shrubland on Brunner coal measures (scrub);
- 30% by land area of forest on Brunner coal measures; and
- 10% by land area of sandstone pavement or, alternatively (second preference) 10 ha; and

(ii) of which at least 200 ha will be within the known current distributional range of *P. Patrickensis*;

(the DCEA); and

(c) objectives to achieve within the DCEA statistical significant improvement in abundance and to ensure that those improvements are sustained for each of the following key measurable and representative biodiversity attributes:

- (i) Great Spotted Kiwi
- (ii) *P. patrickensis*
- (iii) South Island fernbird
- (iv) Rifleman
- (v) Forest gecko
- (vi) West Coast green gecko; and

2.9 Any monitoring of the achievement of the goals or objectives set out in cl 2.8 shall be the responsibility of, and at the cost of, BCL. DOC shall have no liability if any or all of the goals described in clause 2.8(a), or the objectives described in clause 2.8(c), or the buffer described in clause 2.8, are not achieved.

2.10 DOC may, at any time, make any amendments to the Denniston Biodiversity Enhancement Management Plan so as to better provide for the enhancement of biodiversity within the DBEA (including the DCEA) with the funds available.

#### Historic

2.11 This funding shall be expended on the following specific projects, visitor monitoring, historic restoration, contribution of visitor facilities and interpretation at Burnetts Face, Conns Creek Carpark and Coalbrookdale totalling \$589,000.

2.12 Where any depreciable assets is, or would be, acquired through the above work that asset may, at the discretion of DOC, be owned and held by a trust or entity that makes the asset available for the specified purpose.

3. In the event that there is ever a surplus of monies such that funds received by DOC as compensation for the effects of mining or mining operations on and in the Land from BCL, are greater than required to carry out the conservation purposes described in clause 2 above, then those surplus funds are to be used for general conservation purposes within the Buller Area, as determined by DOC after consultation with BCL.
4. This Deed may be signed in any number of counterparts (including facsimile and PDF copies) all of which, when taken together, will constitute one and the same instrument. A party may enter into this Deed by executing any counterpart.

Signed by

Nick Smith, Minister of Conservation )

In the presence of:  )

NAME: WILLIAM PAUL JANSEN

OF: A SCORESBY GROVE, WHITBY, PORIRUA

DATE: 21/05/13



Signed

By Buller Coal Ltd )

By  )

Name: Campbell D Robertson )

Signed: ..... (Director) )

In the presence of: )

 )

Campbell D Robertson

CT- Buller Coal  
14-16 Palmerston St  
WESTPORT

By )

Name: Richard Tacon )

Signed:  (Director) )

In the presence of: )

 )

SAM AARONS

2/112,  
1 Willeston St  
Wellington 6011.

**Schedule 1**

**Compensation payment sums and dates**

Historic

Date for payment	Amount
On approval of first Annual Work Programme	<b>\$350,000 + GST</b>
On first anniversary of approval of first Annual Work Programme	<b>\$170,000 + GST</b>
On second anniversary of approval of first Annual Work Programme	<b>\$69,000 + GST</b>
On third anniversary of approval of first Annual Work Programme	<b>\$0 + GST</b>
On fourth anniversary of approval of first Annual Work Programme	<b>\$0 + GST</b>

Denniston Biodiversity Enhancement Area

Date for payment	Amount
On approval of first Annual Work Programme	<b>\$250,000 + GST</b>
On first anniversary of approval of first Annual Work Programme	<b>\$687,500 + GST</b>
On second anniversary of approval of first Annual Work Programme	<b>\$687,500 + GST</b>
On third anniversary of approval of first Annual Work Programme	<b>\$687,500 + GST</b>
On fourth anniversary of approval of first Annual Work Programme	<b>\$687,500 + GST</b>

Heaphy Biodiversity Enhancement Area

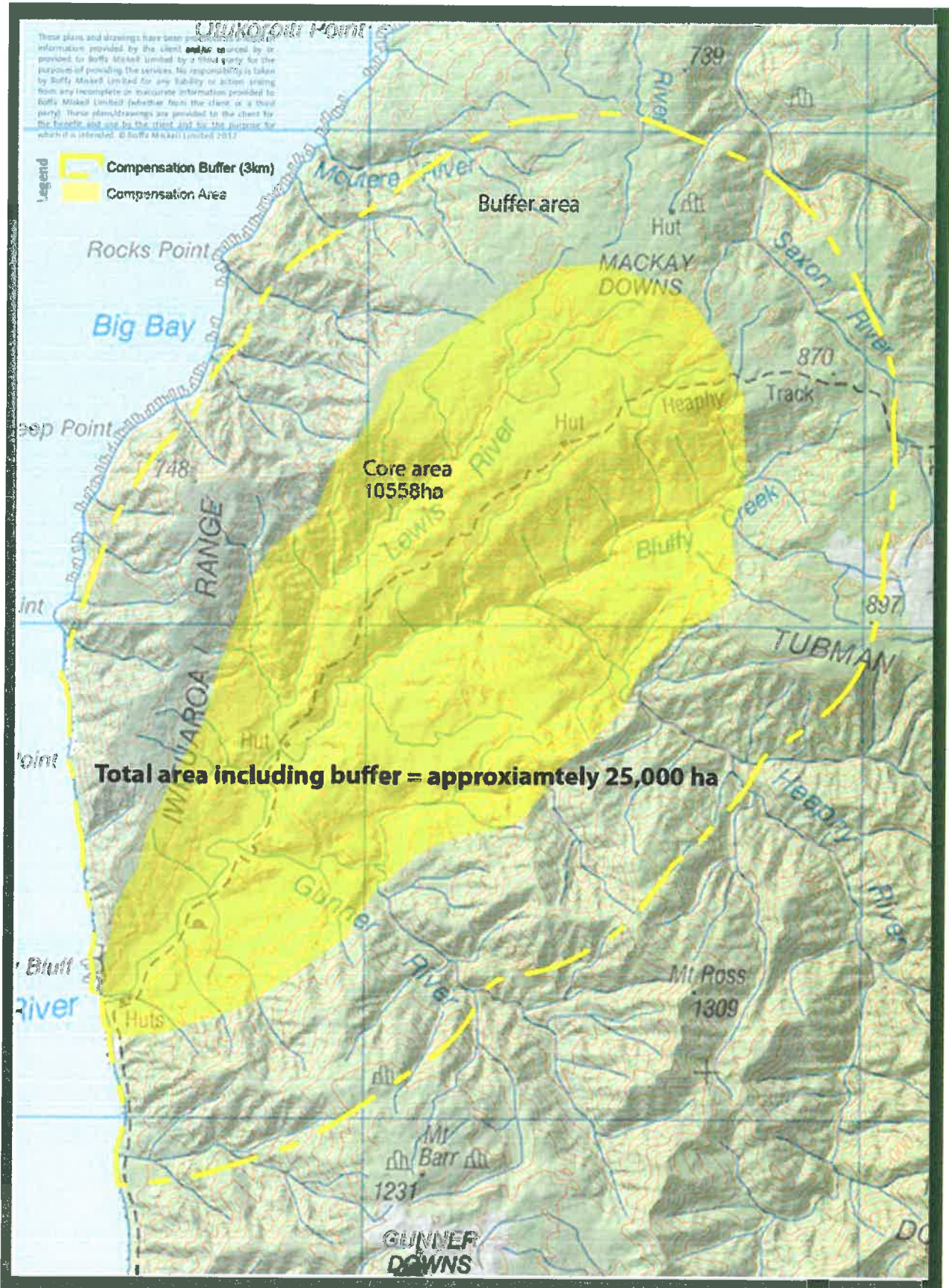
Date for payment	Amount
On approval of first Annual Work Programme	<b>\$1,000,000 + GST</b>
On first anniversary of approval of first Annual Work Programme	<b>\$3,342,500 + GST</b>
On second anniversary of approval of first Annual Work Programme	<b>\$3,543,500 + GST</b>
On third anniversary of approval of first Annual Work Programme	<b>\$8,212,500 + GST</b>
On fourth anniversary of approval of first Annual Work Programme	<b>\$2,276,500 + GST</b>

2 This compensation equates to \$21,964,000.00 dollars +GST (in 2013 terms) over the life of mine, being made up of the following amounts;

- \$589,000.00 for Historic values
- \$3,000,000.00 for Denniston Biodiversity Enhancement
- \$18,375,000.00 for Heaphy Biodiversity Enhancement

## Schedule 2

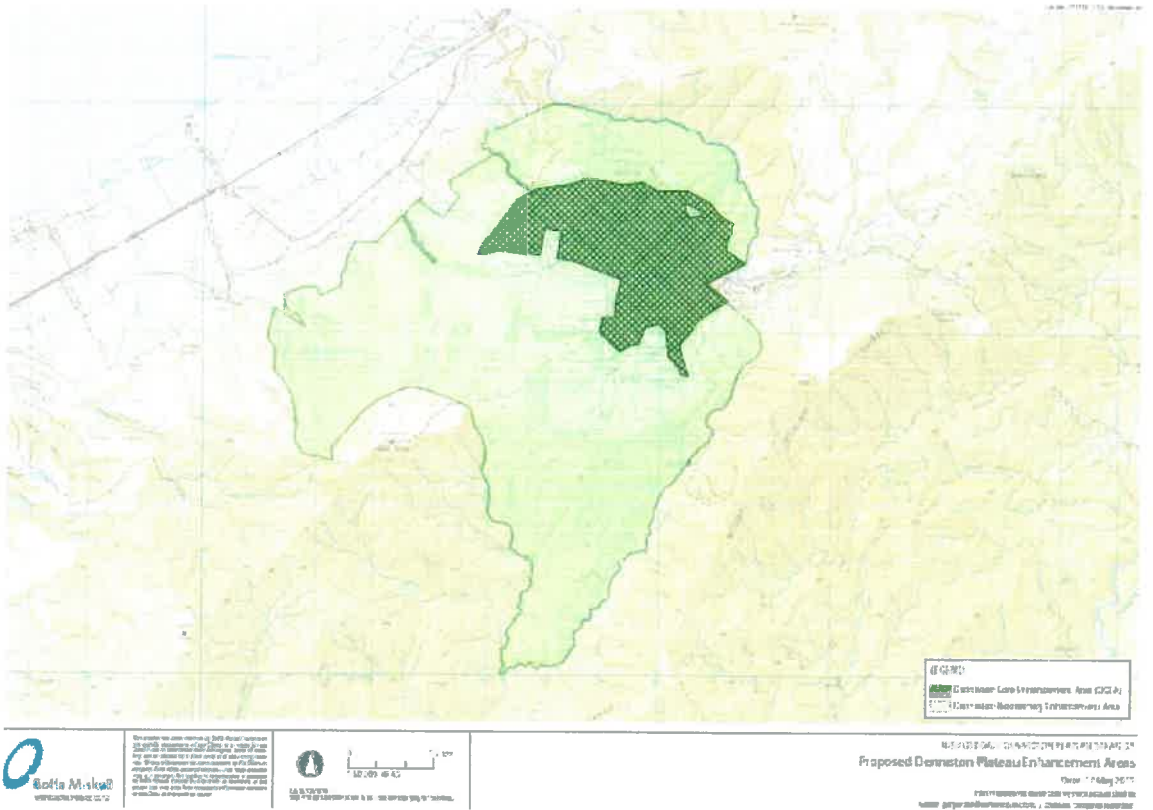
### Heaphy Biodiversity Enhancement Area Map



R. HS + J. M. u

### Schedule 3

## Denniston Biodiversity Enhancement Area and Denniston Core Enhancement Area Map



Handwritten signature in blue ink, appearing to be "A. A." with a stylized flourish above it.