BEFORE THE EXPERT PANEL **FTAA-2507-1089**

UNDER Fast-track Approvals Act 2024

IN THE MATTER of the Bendigo-Ophir Gold Project

STATEMENT OF RICHARD MEADE ON BEHALF OF SUSTAINABLE TARRAS

Dated 19 August 2026

Contains confidential information – only the redacted version should be uploaded

Julian Miles KC
Richmond Chambers
miles@richmondchambers.co.nz

SALLY GEPP KC
M +64 21 558 241 — SALLY.GEPP@MILLSLANE.CO.NZ
MILLS LANE CHAMBERS. 3 BROOKSIDE. NELSON 7010
PO.BOX 537 SHORTLAND ST. AUCKLAND 1140. MILLSLANE.CO.NZ

TO THE EXPERT PANEL

1. My name is Richard Meade. I provided a report on behalf of Sustainable Tarras Inc in relation to Matakanui Gold Limited's (**MGL**) economics assessment in April 2026. My qualifications and experience were set out in that statement.

2. The purpose of this statement is to respond to MGL's new information on bonds and economics provided in response to RFI 11 (filed on 22 July 2026, unredacted version provided on 11 August 2026).

RFI 11 Question 13

3. The information in response to Q13 provides further confirmation that the proposed arrangements could leave material residual liabilities unfunded.

4. D.03 Schedule One – Common Conditions include funding arrangements for the Matakinui Trust:

> To provide the funding required for the Matakinui Trust to perform its purpose, functions, and responsibilities and to exercise its powers as set out in Conditions NEW X and X above, the Consent Holder must transfer NZ$5 million per year from Year 6 of gold production into an escrow arrangement approved by the Councils for that year and every year thereafter whilst producing gold until funds within the escrow account total the sum determined via the bond calculation for post-closure in accordance with Conditions C119 – C129 above, up to a maximum of NZ$50 million, subject to the following.
>
> (a) When the Matakinui Trust is established, the accrued funds in the escrow account must be transferred to the Matakinui Trust along with any subsequent annual payments required in accordance with the above following the establishment of the Matakinui Trust; and
>
> (b) If at the time the Trust Land is transferred to the Matakinui Trust there are insufficient funds to fulfil its obligations in relation to any transferred or held resource consents or the covenant relating the Trust Land (or both) (as demonstrated through the annual bond calculation which includes the post-closure obligations required in Condition C123), the Consent Holder must provide additional funding to the extent required.

5. I note that funding is "up to" $50 million.

6. There are several ways in which the proposed arrangements could nevertheless leave a material liability unfunded. Three illustrate the issue:

    a. If gold production ceases in Year 8 (for example, because unexpected cost increases or falls in gold prices make continued production uneconomic), substantial closure and long-term obligations may already have crystallised but the escrow account would contain only $10 million. The adequacy of the arrangements would therefore depend on the then-current bond and MGL having sufficient remaining resources to meet any excess.

    b. A more fundamental problem arises if a substantial new TSF or other closure requirement is identified after the existing bond has been set. The bond can then be increased, but that does not itself provide the additional funds. If MGL cannot provide the increased security from its own resources, satisfying the requirement depends on its shareholder being willing to provide further capital. If the amount required exceeds the remaining value of the Project to the

shareholder, it may be economically rational not to recapitalise MGL and instead allow it to cease operating or become insolvent. Limited liability means the shareholder is not obliged merely by virtue of its shareholding to meet MGL's resulting shortfall. This risk increases as the mine approaches the end of its life, because its remaining value declines while closure and post-closure obligations increase as disturbance increases.

c. The same issue would arise following a sale or transfer of the Project. If satisfying an increased bond or other funding requirement required additional shareholder capital, a future owner would face the same choice whether to recapitalise the project company or allow it to fail. The risk could be greater if the Project were transferred later in its life to a less-capitalised or more highly leveraged owner, unless an enduring parent guarantee or equivalent financial security remained in place following the transfer.

7. Air New Zealand's experience with Ansett Australia provides a practical illustration. Air New Zealand reported that Ansett was continuing to incur operating losses; when sufficient additional shareholder capital was not forthcoming and attempts to sell Ansett failed, Ansett was placed into voluntary administration.[1] This illustrates the point that ownership of a subsidiary does not ensure that shareholders will continue injecting capital when doing so is no longer economically attractive.

8. The Trust's functions (p 3, response to Q12) include "Monitor and maintain the residual structures within the Trust Land, including the Tailing Storage Facility and engineered landforms, so that they remain in a stable rehabilitated state". However, MGL's itemised post-closure costs do not identify any specific allowance for [redacted].

9. Post-closure costs are assumed to escalate at CPI of only 2% – 2.7% (p 12 – 13, response to Q13). However, for the past 20 years (approximately), civil construction cost rises have outstripped CPI rises by about 50% (i.e. 0.9% per quarter vs 0.6% per quarter).[2] Hence, even if unforeseen additional construction requirements (e.g. a major unexpected earthquake requiring a major rehabilitation spend) are not allowed for, [redacted] due to an inadequate assumed inflation rate. This only concerns the cost of undertaking the presently anticipated quantity of work; it makes no allowance for additional work becoming necessary because of future seismic events, deterioration, or new engineering knowledge.

---

[1] Air New Zealand, *Financial and Operating Results, Financial Year Ended 30 June 2001*, 13 September 2001, reproduced at: https://m.scoop.co.nz/stories/BU0109/S00065/air-nz-financial-operating-results.htm.

[2] Based on Statistics New Zealand capital goods price index series CEPQ.S2GC Civil construction.

10. The Trust funding model does not identify any specific allowance for [redacted].

RFI 11 Question 14

11. MGL says the bond "will include a conservatively estimated risk cost component sufficient to cover the remediation of any uninsurable events".

12. I disagree that MGL has demonstrated the bond will be sufficient to cover remediation of uninsurable events:

    a. A contingency can be demonstrated to be "conservative" or "sufficient" only relative to an identified risk distribution or cost benchmark. For genuinely unknown failure mechanisms, no such benchmark exists. A finite allowance may reduce risk, but cannot be demonstrated to be sufficient for unknown unknowns.

    b. Nor has a bounding or worst-case scenario been described and costed against which the claimed sufficiency of the allowance can be assessed.

13. Once regulator-approved closure and transfer to the Trust have occurred, and the post-closure bond has been released, the Trust's assets and available insurance appear to be the remaining sources of funding. This raises an issue separate from whether those assets are forecast to be sufficient. A bond provides financial security that can be called upon to fund required work if the consent holder defaults. It is not apparent from the RFI response whether, after the bond is released, Council retains equivalent security that it can directly access if the party responsible for post-closure works defaults. Nor is any enduring mechanism identified to recapitalise the Trust if later liabilities exceed its assets and available insurance.

14. Insurance does not eliminate this problem: after a major event, relevant cover may become unavailable, materially more expensive or subject to exclusions, and a limited-liability operator may rationally cease operations rather than incur costs exceeding the remaining value of the mine.

RFI 11 Question 25

15. [redacted]

[redacted]

17. [redacted]

RFI 11 Question 26

19. Costs are for obligations expected and known at the time of preparing the Updated Prefeasibility Study, so to the extent these costs have changed the NPV figures will be correspondingly out of date unless those costs are updated.

20. [redacted]

21. [redacted] More generally, any bond calculated by reference to identified closure requirements can provide for identified and estimated risks, but cannot be demonstrated to cover presently unknown failure mechanisms and their associated costs. It cannot allow for unknown/unexpected/unanticipated but possible/plausible eventualities and associated costs – e.g. a Kaikoura-like earthquake that was unanticipated and especially damaging. Such costs are not necessarily covered by insurance.

22. The issue is not only whether the TSF survives a design earthquake, but whether it remains sufficiently robust afterwards: an initial event may leave latent damage or reduced residual strength, such that substantial strengthening is required before later, potentially smaller, events, or it could damage essential underground seepage collection infrastructure, requiring costly repairs,

23. The other source of unexpected eventuality is a blowout in the costs of securing the TSF – which are difficult to predict even without factoring in major unanticipated seismic events. For example, another pandemic or major conflict resulting in disrupted global supply chains could result in step-jumps in costs, sustained input cost inflation, etc. [redacted]

RFI 11 Question 28

24. MGL's response refers to a "conservative current gold price" of NZ$6,503/oz.

25. The current gold price has for months been retreating from its historic high in January 2026 but remains high by historical standards. It is not "conservative" to assume that a historically high price will prevail over the next 16 years when it has never maintained that level for years in a row previously.

26. As noted in my initial report, the "conservative" price adopted in Mr Patterson's analysis is higher than MGL's own so-called "base case" price. Conventional practice is to adopt a "base case" price that the analyst

considers most likely to prevail, and adopt a lower (e.g. "conservative") and higher (e.g. "optimistic") price for alternative scenarios and/or sensitivity analyses to assess the sensitivity of modelled results to changes in such a key input assumption. In my opinion it is both unorthodox and potentially misleading to switch "conservative" and "base case" as they have been in Mr Patterson's analysis, since focusing on the so-called "conservative" case shifts focus away from the "base case" while also suggesting this is more conservative in the usual sense of the term.

27. The "worst case" NPV presented in response to Q28(b) is said not to be realistic due to "long term Consensus Economics real gold price forecasts" being higher than those used in the scenario. However, consensus forecasts are not market prices at which actual trades are occurring. Furthermore, evidence on consensus forecasts for gold prices finds they are not reliable for predicting even the direction of price *change* over *short* horizons (so will not reliably inform sustained average price *levels* over a *long-term* 16 year horizon);[3] while evidence on consensus forecasts for much less volatile economic variables than gold prices (i.e. GDP, inflation) show they are not informative beyond 18 months (hence they are unlikely to be more informative for highly-volatile gold prices over 2 to 16 years).[4] Finally, it is also unclear whether the cited Consensus Economics figure is a terminal long-run forecast or an average over time; a forecast for a distant year is not the same as the average price over the Project's 14–16 year life.

19 August 2026

Richard Meade (PhD, Toulouse School of Economics)

Principal Economist, Cognitus Economic Insight

[3] Ulrich Fritsche, Christian Pierdzioch, Jan-Christoph Rülke & Georg Stadtmann (2013) On the directional accuracy of survey forecasts: the case of gold and silver, Applied Economics Letters, 1127-1129, https://doi.org/10.1080/13504851.2013.791014.

[4] Ager et al., 2009, The accuracy and efficiency of the Consensus Forecasts: A further application and extension of the pooled approach, International Journal of Forecasting, 25(1), 167–181, https://www.sciencedirect.com/science/article/pii/S0169207008001404; Isiklar and Lahiri, 2007, How far ahead can we forecast? Evidence from cross-country surveys, International Journal of Forecasting, 23(2), 167–187, https://www.sciencedirect.com/science/article/pii/S0169207007000040.