NSW Resources

D25/67365
28 August 2025

Melanie Hollis
Department of Planning, Housing and Infrastructure
melanie.hollis@planning.nsw.gov.au
Via: Major Projects Portal

ADVICE RESPONSE: Metropolitan Coal Mine

Stage: Advice on Modification Report

Development Application: MP08_0149-Mod-4

Dear Melanie,

I refer to your correspondence dated 28 July 2025 inviting the Department of Primary Industries and Regional Development - NSW Resources to review the information supplied and provide comments on Metropolitan Coal Mine (the Modification) submitted to Department of Planning, Housing and Infrastructure by Metropolitan Collieries Pty Ltd (the Proponent).

NSW Resources Resource and Economic Assessment review is provided below. Please also refer to NSW Resources Regulator advice Attachment A.

Metropolitan Coal Mine - Modification 4

The Metropolitan Coal Mine is an existing underground mining operation located approximately 30 kilometres north of Wollongong, adjacent to the township of Helensburgh, New South Wales.

Exploration activities have identified geological and geotechnical constraints which affect the available coal resource. To maintain safe and efficient operations, a reduced underground mine layout has been implemented. In addition, longwalls have been shortened to reduce subsidence effects on watercourses.

The Proponent proposes to modify the approved underground mine layout to allow for the extraction of additional resources through the northern extension of Longwall 317 and addition of Longwall 318 to the west within existing mining and exploration titles.

Resources and Economic Assessment Review – Metropolitan Coal Mine - Modification 4

Resource Assessment

NSW Resources considers the Project represents an efficient development of coal resources having regard to the constraints of the location and is projected to provide an appropriate return to the State.

Project overview

Under Project Approval 08_0149 the Metropolitan Coal Mine has approval to undertake mining operations until June 2032. The mine is now expected to cease operations in 2029 as longwall panels have been reduced in length due to identified geological and geotechnical constraints which affect the available coal resource. To extend the mine's life, the Proponent proposes to modify the approved layout to extend Longwall 317 to the north and adding Longwall 318 to the west, within existing mining and exploration titles. If approved, this would allow the mine to operate for an additional two years, extending the closure date to 30 June 2031.

Size and quality of the resource

The Metropolitan Coal Mine is in the Southern Coalfield of the Sydney Basin. Coal is mined from the Bulli Seam in the Illawarra Coal Measures. The Bulli Seam is the top most coal seam of the measures and is sold as metallurgical (coking) coal. The Illawarra Coal Measures are overlain by the Narrabeen Formation and Hawkesbury Sandstone.

The Bulli Seam in the study area, where Longwalls 317 and 318 are proposed, has a cover depth ranging from 510m to 545m. The seam generally dips from southwest to northeast and has a thickness of 2.55m to 2.65m, with the longwall extracting a minimum height of 2.8m. While no geological structures have been found within the proposed Longwall 317 and 318 footprints yet, minor discontinuous faulting with negligible vertical displacement has been identified in previously approved longwall areas and is anticipated in ongoing exploration. The closest major geological feature is the Metropolitan Fault, located approximately 1.6 km from Longwall 317.

NSW Resources have verified that the Proponent has completed coal resource and reserve (Table 1) estimation for the Project in accordance with the Australasian Code for Reporting Exploration results, Mineral Resources and Ore Reserves (the JORC Code). The JORC Code is an industry-standard professional code of practice that sets minimum standards for public reporting of mineral exploration results, mineral resources and ore reserves. These statements are dated 31 December 2024.

Table 1. Metropolitan reserves as at 31 December 2024 (Internal report prepared for Peabody's 2024 10K Annual Report submission (SEC January 2025)

Authority	Proved (Mt)	Probable (Mt)	Total (Mt)
CCL703	936,213	6,435,921	7,372,134
ML1610	27,784	-	27,784
ML1702	142,361	1,960,636	2,102,996
Total	1,106,357	8,396,557	9,502,914

Resource Recovery

The modified layout introduces several key changes compared to the approved layout, primarily impacting longwalls 317 and 318 (Table 2).

- Longwall 317 will be extended by 703 metres at its northern (commencing) end and shortened by 67 metres at its southern (finishing) end
- Longwall 318 is a new addition in the Modified Layout
- The tailgate pillars for Longwalls 316, 317, and 318 will be widened from 45 metres to 55 metres. This change aims to mitigate subsidence effects on nearby upland swamps, specifically by limiting predicted conventional tensile strain to a maximum of 0.5 mm/m for swamps near Longwalls 317 and 318
- The finishing end of Longwall 317 is being shortened to further reduce subsidence impacts on Swamp S106
- Both the Approved and Modified Layouts involve the relinquishment of certain underground mining areas that were part of the approved project layout.

Table 2. Longwall schematics for LW317 and LW318

Layout	Longwall	Void length including installation heading (m)	Overall void width including first workings (m)	Overall tailgate chain pillar width (m)
Approved layout	LW317	724	163	45
Modified Layout	LW317	2,360	163	55
	LW318	2,258	163	55

Economic Assessment

The Metropolitan Coal Mine is an existing underground mining operation located approximately 30 kilometres north of Wollongong, adjacent to the township of Helensburgh, New South Wales (NSW). Metropolitan Coal Mine is owned and operated by Metropolitan Collieries Pty Ltd (Metropolitan Coal), a wholly owned subsidiary of Peabody Energy Australia Pty Ltd.

The Metropolitan Coal Mine currently operates under Project Approval (08_0149), for the annual extraction of up to 3.2 million tonnes of run of mine coal until 22 June 2032. Approved operations include the continuation, upgrade and extension of underground coal mining operations (Longwalls 20 - 27 and Longwalls 301 - 317) and surface facilities at the Metropolitan Coal Mine. As mining operations have progressed at the Metropolitan Coal Mine, ongoing exploration activities have identified geological and geotechnical constraints which affect the available coal resource. To maintain safe and efficient operations, a reduced underground mine layout has been implemented. In addition, longwalls have been shortened to reduce subsidence effects on watercourses.

The Modification Report outlines that mine is expected to cease operations in 2029, approximately three years earlier than the approved mine life of 2032, due to a reduced underground mine layout compared to the approved underground mine layout presented in the Preferred Project Report.

Metropolitan Coal proposes to optimise the approved underground mine layout to allow for the extraction of additional resources through the northern extension of Longwall 317 and addition of Longwall 318 to the west within existing mining and exploration tenements (hereafter referred to as the Modification). The Modification would therefore provide for an additional two years of operations at the Metropolitan Coal Mine (i.e. coal extraction until approximately 30 June 2031).

Economic Benefits of the Modification

Metropolitan Coal have not compiled a separate economic assessment report for the Modification. The economic benefits of the Modification as provided in this section have been compiled by NSW Resources.

Additional product coal to be produced from the Modification would be both export and domestic metallurgical coal in approximately equal proportions, with potentially more domestic products produced in the last 2 years of the Modification. Domestic coking coal is utilised in the local BlueScope steel works located at Port Kembla. Export coal is transported to Port Kembla export coal terminal.

The Modification Reports notes the current mine workforce is approximately 400 full time equivalent (FTE) people. This modification would support continuation of jobs at the mine to 2031, providing additional jobs for the years 2030 and 2031, as without the Modification, mining operations would cease in 2029.

Based on the proponents Modification Report, NSW Resources has calculated that total revenues from the Modification would be in the order of A$512 million in current dollars, with the net present value of this revenue stream being around A$396 million (at a real discount rate of 5%).

As well as providing export revenue which adds to NSW and Australia's balance of trade, the Modification will provide economic benefits to the local, regional and state economies. Domestic coal utilised in the local BlueScope steelworks is also of economic importance to the local Wollongong region. Additional capital expenditure due to the Modification would be of the order of $60 million.

The assessment completed by the Resource Economics Unit in August 2025 has used export coal price assumptions based on Consensus Economics price forecasts, with some adjustments by NSW Resources based on coal quality parameters for the product coal to be produced from Metropolitan Mine. NSW Resources has assumed that the domestic coal to be produced from the Modification would be priced at similar price levels to the export product.

Note export coal price forecasting is inherently difficult and is subject to potential changes in both supply and demand.

Assumptions

- Geotechnical constraints will result in ceasing mining operations under Project Approval 08_0149 Mod 3 in 2029
- The Modification provides an additional two years of operations until approximately June 2031
- Estimated total additional coal sales over the life of the Modification
- Consensus Economics price forecasts
- Real discount rate of 5%
- Allowable deductions from total revenue reducing the 8.8% statutory royalty rate to 8.4% of total revenue received for each year of the operational phase of the Modification life.

Total Royalties estimate

Using these assumptions and parameters, NSW Resources has calculated that the State will receive:

Parameter	$A (2025 dollars)
Total royalties received	$43 million
Net Present Value (NPV) royalties (5% discount rate, real)	$33 million
Annual estimated royalties (average)	$11 million/year (approximate)

Summary of review

NSW Resources is satisfied that, should the operational outcomes be realised, the proposed mine design and mining method submissions adequately recover resources and is projected to provide an appropriate return to the state.

For further advice on this matter, please contact Sarah Maiorana, Project Officer, Industry Advisory and Mining Concierge unit on 02 4063 6860 or mining.concierge@dpird.nsw.gov.au.

Sincerely

SJAnson

Scott Anson
Manager Industry Advisory and Mining Concierge
Industry Development

for

Tony Linnane
Executive Director Strategy, Performance and Industry Development
Department of Primary Industries and Regional Development - NSW Resources

Attachment A

NSW Resources
Resources Regulator

Wednesday, 6 August 2025

Melanie Hollis
Department Planning, Housing and Infrastructure
Melanie.Hollis@planning.nsw.gov.au

Via: Major Projects Portal

Dear Melanie,

I refer to the Metropolitan Coal Mine submitted to the Resources Regulator on 28 of July 2025 (MP08_0149-Mod-4). Based on the review of Metropolitan Coal Mine longwalls 317 & 318 Modification Report dated 2025 the Resources Regulator advises that it has no specific comments regarding mine safety or mine rehabilitation matters in relation to the proposal.

LIMITATIONS

It should be noted that the Resources Regulator does not provide any endorsement of the proposed rehabilitation methodologies presented in the plans provided. Under the conditions of a mining authorisation granted under the *Mining Act 1992*, the Resources Regulator requires the holder to adopt a risk-based approach to achieving the required rehabilitation outcomes.

The applicability of the controls to achieve effective and sustainable rehabilitation is to be determined based on site-specific risk assessments conducted by the authorisation holder. An authorisation holder may also be directed by the Resources Regulator to implement further risk control measures required to achieve effective rehabilitation outcomes during the life of the mine.

REGULATORY REQUIREMENTS IF APPROVED

The proponent will be required to comply with rehabilitation requirements under the mining authorisations prior to the commencement of the works associated with the proposal.

The Resources Regulator may undertake assessments of the mine operators' proposed mining activities under the *Work Health and Safety (Mines and Petroleum Sites) Act 2013* and Regulation as well as other WHS regulatory obligations.

BACKGROUND

The Mining Act Inspectorate within the Resources Regulator undertake risk-based compliance and enforcement activities in relation to obligations under the *Mining Act 1992*. This includes undertaking assessment and compliance activities in relation to mine rehabilitation activities and determination of security deposits. To ensure consistency, the Regulator requests the opportunity to review a copy of the draft development consent prior to any approval of the project.

The Mine Safety Inspectorate within the Resources Regulator is responsible for ensuring the mine operators' compliance with the Work Health and Safety (WHS) legislation, in particular the effective management of risks associated with the principal hazards as specified in the *Work Health and Safety (Mines and Petroleum Sites) Regulation 2022*.

CONTACT

Should you require any further information or clarification, please contact the Regulator on 1300 814 609 (Press Option 2 Press Option 5) or email nswresourcesregulator@service-now.com.

Yours sincerely,

Anthony Margetts

Chief Inspector of Mines

Resources Regulator