

Jack Turner
Department of Planning, Housing and Infrastructure
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Via: Major Projects Portal

ADVICE RESPONSE: Hunter Valley Operations (HVO) Open Cut Coal Continuation Project

Stage: Amendment Report

Development Application: HVO North SSD-11826681 and HVO South SSD-11826621

Dear Jack

I refer to your correspondence dated 28 August 2025 inviting the Department of Primary Industries and Regional Development (NSW Resources) to review the information supplied and provide comments on HVO North Open Cut Coal Continuation Project (SSD-11826681) and HVO South Open Cut Coal Continuation Project (SSD-11826621) referred to as the Hunter Valley Operations (HVO) Open Cut Coal Continuation Project (the Amendment), submitted to Department of Planning, Housing and Infrastructure by HV Operations Pty Ltd (the Proponent).

Please refer to NSW Resources Regulator advice Attachment A.

Project Overview

The Amendment is seeking approval for the Hunter Valley Operations (HVO) Open Cut Coal Continuation Project, a multi-pit open cut coal mining complex located approximately 24 kilometres north-west of Singleton in the Hunter Valley, New South Wales. The complex comprises two mine sites, HVO North (HVON) and HVO South (HVOS), which operate as one integrated complex with fully integrated environmental management systems.

The primary objective of the Amendment is to continue mining operations at HVON and HVOS complex beyond their current approved completion dates of 2026 and 2030, respectively. It aims to efficiently and economically recover an additional 430 million tonnes (Mt) of run-of-mine (ROM) coal resources over 19 years, primarily within existing disturbance areas, while maximising the use of existing infrastructure.

Amendment Overview

The Proponent has amended the Project as follows:

- Reduce the project mine plan to avoid coal extraction within gas Domain 1 at HVON and reduce the total ROM coal to be extracted by the Amendment by approximately 220 Mt
- Propose a maximum annual production limit for the HVO Complex of 26 Mtpa ROM coal, compared to the current approved maximum annual production of 42 Mtpa
- Reduce the proposed life of mining operations at HVO North by five years, from the end of 2050, as proposed by the original Project, to the end of 2045
- Reduce the proposed life of mining operations at HVO South by three years from the end of 2045, as proposed by the original Project, to the end of 2042
- Other changes include removal of approval for the construction and operation of the Lemington Coal Preparation Plant (LCPP) and associated rail facilities at HVO South, expanding the HVO North ROM coal stockpile, temporary transport of product coal by truck from Howick CPP to Liddell stockpile during Newdell LP upgrades, establishment of a levee for flood protection, and minor alterations to disturbance boundaries for construction activities.

Resources and Economic Assessment Review – Amended Project

NSW Resources has reviewed the information supplied and provides the following advice:

Resource Assessment

Size and quality of the resource

Geology

The HVO complex mines coal from the Late Permian Whittingham Coal Measures. These measures generally dip at an average of less than 4 degrees in a west to south easterly direction. They consist of sequences of coal seams interspersed with layers of sandstone, siltstone, tuffs, and conglomerate. The measures are divided into two subgroups: the Jerrys Plains Subgroup and the Vane Subgroup, which are separated by the Archerfield Sandstone.

The Jerrys Plains Subgroup, mined at both HVON and HVOS, outcrops at HVON and thickens to 300 m towards HVOS. This subgroup contains numerous coal seams, including the Whybrow, Redbank Creek, Wambo, Whynot, Blakefield, Glen Munro, Woodlands Hill, Arrowfield, Bowfield, Warkworth, Mt Arthur, Piercefield, Vaux, Broonie, and Bayswater seams. The Vane Subgroup, which is mined in the HVON area, consists of six coal seams: the Lemington, Pikes Gully, Arties, Liddell, Barret, and Hebden Seams.

Coal Product and Reserves

HVO produces thermal and semi-soft coking coal, described as high-energy bituminous coal, which is suitable for both international and domestic markets. Currently, 100% of the product is supplied to the export market. HVON is estimated to produce 93% thermal coal and 7% coking coal, while HVOs is estimated to produce 81% thermal coal and 20% coking coal.

The proponent has completed the coal resource and reserve estimation for the project in accordance with the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (JORC). The current JORC Statement for HVO is dated 31 December 2023. JORC is an industry-standard professional code of practice that sets minimum standards for the public reporting of mineral exploration results, mineral resources, and ore reserves.

The proponent plans to produce 307 Mt of Run of Mine (ROM) from HVON, which will yield 226.1 Mt of product coal (73% recovery). This is a reduction of 220 Mt from the previous submission. From HVOS, the proponent plans to produce 122.2 Mt of Run of Mine (ROM), which will yield 90.1 Mt of product coal (73% recovery). This is a reduction of 86.1 Mt from the previous submission.

Resource recovery

HVON uses open-cut coal mining methods. The primary technique is truck and shovel, with the option of also using a dragline for extraction and rehabilitation to maintain flexibility.

The extraction area at HVON has been modified to exclude gassy coal from Domain 1 within the Carrington West Wing area. While the annual extraction rate for HVON will remain at 22 Mt, the proponent is requesting the removal of production limits between pits (12 Mtpa from the West Pit and 10 Mtpa from the Carrington Pit). The proponent also aims to extend the mining life of HVON from December 31, 2026, to December 31, 2045, which is a reduction from the initial proposal of December 31, 2050.

HVOS also employs open cut mining methods, primarily using truck and shovel, and has the option of a dragline for extraction and rehabilitation. Additionally, HVOS may use highwall mining methods, including auger mining.

The overall mining area has been reduced in some locations. The annual extraction rate has been lowered from the current approval of 20 Mtpa to 13 Mtpa (previous EIS was 18 Mtpa). The proponent intends to extend the mining life of HVOS from 24 March 2030, to 31 December 2042, which is a reduction from the initial proposal of 31 December 2045.

Economic Assessment

The Proponent commissioned Ernst & Young (EY) to conduct an economic impact assessment of the Amendment, which was completed in August 2025. EY conducted a Cost Benefit Analysis (CBA) and a Local Effects Analysis (LEA).

The CBA concluded that the potential net benefits to NSW from the Amendment would be \$5,692 million (based on a 7% real discount rate). The net benefit from HVON would be around 65% of the HVO Complex total and for HVOS around 35% of the HVO Complex total.

The LEA concluded that the potential net benefits to the Lower Hunter region from the Amendment would be \$1,778 million (based on a 7% real discount rate). The net benefit from HVON would be around 65% of the HVO Complex total and for HVOS around 35% of the HVO Complex total.

NSW Resources has used export coal prices based on the Proponents' coal price assumptions. In general, the proponents coal price forecasts are lower than Consensus Economics forecast coal prices. If coal prices over the life of the Amendment are higher than those assumed by the Proponent, then both revenues and hence royalties would be significantly higher than those calculated in this assessment.

Total capital expenditure for the Amendment would be of the order of \$2.4 billion, with the majority (over 60%) of this total spent during the first six years. The Amendment would provide around 1,400 Full Time Equivalent (FTE) jobs over its operational life from 2027 to 2045.

Royalty Calculation

Assumptions

- The Amendment provides an additional 19 years of operations from 2027 to 2045.
- Total additional coal sales of around 316 Mt over the life of the complex, 90% export thermal coal, 10% export coking coal.
- Price forecasts as provided by the proponent, see above.
- Real discount rate of 5%, as per NSW Treasury Guidelines, February 2023.
- Allowable deductions from total revenue reducing the 10.8% statutory royalty rate to around 10.6% of total revenue received for each year of the operational phase of the Amendment 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	\$4,200 million
Net Present Value (NPV) royalties (5% real discount rate)	\$2,500 million
Annual estimated royalties (average)	\$222 million/year (approximate)

Summary of review

Should the operational outcomes be realised, the proposed mine design, mining methods, and resource recovery approach for the Amendment could support the efficient extraction of coal resources and could provide an appropriate return to the State. The Amendment demonstrates a considered approach to maximising recovery within existing disturbance area compared to the original proposal.

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

Sincerely



Robert Hodgkins

Director, Industry Development

Attachment A

NSW Resources
Resources Regulator



Monday, 22 September 2025

Jack Turner
Department Planning, Housing and Infrastructure
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Via: Major Projects Portal

Dear Jack,

I refer to the HVO North and South Open Cut Coal Continuation Project submitted to the Resources Regulator on 2 of September 2025 (SSD-11826681 and SSD-11826621). Based on the review of the modification report, the Resources Regulator advises that it has no specific comments regarding mine safety or mine rehabilitation matters.

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,



Matthew Newton

Principal Inspector Environment and Rehabilitation
Resources Regulator