

## MINING, EXPLORATION & GEOSCIENCE ADVICE RESPONSE

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Dear Philip

**Modification:** Narrabri Coal Operations – Mod 7

**Stage:** Advice on Modification Report - REA

**Development** Application: MP08\_0144-Mod-7

I refer to your correspondence dated 26 July 2021 inviting the Department of Regional NSW – Mining, Exploration & Geoscience (MEG) to provide comments on the Narrabri Coal Operations – Modification 7 (the Modification) submitted by Narrabri Coal Operations Pty Ltd (the Proponent).

### Advice Overview

MEG considers the Modification will provide an appropriate return to the NSW Government including around \$18 million in total additional royalties (current dollars):

Parameter	\$m (2021 dollars)
Total Royalties received	18
Net Present Value (NPV) Royalties (7% discount rate real)	14
Annual estimated Royalties (average)	4 (approximate)

Furthermore, the Modification will generate:

- around \$18 billion additional total revenue (current dollars)
- support up to an additional 60 full-time equivalent (FTE) jobs during operations
- \$200 million in Net Present Value (NPV) terms of total net production benefits to the NSW economy
- Modification capital investment of about \$4 million.

The Modification is considered to be an efficient use of resources.

## **The proposed modification**

The Narrabri Mine is an existing underground coal mining operation situated in the Gunnedah Coalfield. The Narrabri Mine is located approximately 25 kilometres southeast of Narrabri and approximately 60 kilometres northwest of Gunnedah, within the Narrabri Shire Council Local Government Area, in the North West Slopes and Plains region New South Wales.

Stage 1 of the Narrabri Mine was approved in 2007 under Part 3A of the *Environmental Planning and Assessment Act 1979* and involved initial site establishment activities and continuous miner underground mining operations.

Modification approval 08\_0144 for Stage 2 of the Narrabri Mine was issued in 2010 under Part 3A of the *Environmental Planning and Assessment Act 1979* and allowed the Narrabri Mine to convert to a longwall underground mining operation.

This Modification (MOD7) involves the extraction of two approved longwall panels, LW201 and LW202, by cut and flit method, which will also change the planned timing of extraction of these panels, with production brought forward to 2022 from 2042.

MOD7 does not propose any changes to the approved footprint, infrastructure, water management and supply, hours of operation, rehabilitation strategy, production rate or mine life under the current Modification approval 08\_0144.

## **Resource and Economic Assessment**

The Narrabri Mine, incorporating Stages 1 and 2, extracts coal from the Hoskissons Coal Seam. Modification Approval 08\_0144 allows for the production and processing of up to 11 million tonnes per annum (Mtpa) of ROM coal until July 2031. The approved Narrabri Mine comprises 20 longwall panels.

The Proponent indicates that the modification will result in the loss of approximately 3.2 Million tonnes of Run-of-Mine (ROM) coal recovery but is necessary to avoid geological constraints (faulting) of the mining area that make longwall extraction unsuitable. The Modification will enable the recovery of resources that may have otherwise been sterilised.

If approved, the Modification will enable the Proponent to evaluate the cut and flit method at the Narrabri Mine which, if successful, may be used to recover additional coal resources in other parts of the mine that are unsuitable for longwall mining. The cut and flit mining would occur concurrently with longwall mining in other areas of the Narrabri Mine.

The Modification, if approved, would support the continued employment of the existing Narrabri Mine workforce of about 520 FTE operational workers. In addition, the Modification is estimated to employ an additional 60 FTE operational workers for the five-year period of extraction of LW201 and LW202.

The Modification, if approved, would support the following activities and development:

- recovery of two longwall panels, LW201 and LW202, by cut and flit extraction methods
- additional employment of 60 FTE operational workers for 5 years.

The Proponent has completed resource and reserve estimations for the Modification in accordance with the Australasian Code for Reporting of 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. Reserves are the economically mineable portion of a resource. A JORC compliant reserves report assists in independently assessing the commercial viability of the Modification and the proposed mining method.

In view of the constraints outlined in the Proponent's modification report and based on the information currently available, MEG considers that the Modification is consistent with the objects of the *Mining Act 1992*. In relation to clause 15 of the State Environmental Planning Policy (Mining,

Petroleum Production and Extractive Industries) 2007, the Modification represents an efficient development and utilisation of minerals resources which will foster significant social and economic benefits.

MEG is satisfied that, should the operational outcomes be achieved, the proposed mine design and mining method submissions adequately recover resources and will provide an appropriate return to the state.

The resource utilisation, recovery and economic benefits assessment undertaken by MEG is addressed in Attachment A.

***MEG notes that the resource and economic assessment has been undertaken in accordance with commercial-in-confidence resource and mine schedule data supplied by the Proponent.***

### **The requirement for a mining authority**

Based on current mining authority information, MEG advises that the Proponent holds the appropriate authorities required for mining operations as required for this Modification.

### **Biodiversity offset assessment**

MEG requests that the Proponent consider potential resource sterilisation should any future biodiversity offset areas be considered. The Proponent must consult with MEG and any holders of existing mining or exploration authorities that could be potentially affected by the proposed creation of any such biodiversity offsets, prior to creation occurring. This will ensure there is no consequent reduction in access to prospective land for mineral exploration or potential for the sterilisation of mineral and extractive resources.

### **Summary of review**

MEG considers that should the Modification be approved; efficient and optimised resource outcomes can be achieved.

MEG requests that it be provided with an opportunity to review the draft conditions of approval before finalisation and any granting of development consent.

For further enquiries, please contact Adam Banister, Senior Advisor – Industry Development on 02 4063 6972 or [assessment.coordination@planning.nsw.gov.au](mailto:assessment.coordination@planning.nsw.gov.au).

Yours sincerely



Anthony Keon  
**Executive Director Strategy, Performance & Industry Development**  
**Department of Regional NSW – Mining, Exploration & Geoscience**  
13 August 2021

Encl. – Attachment A - Narrabri Coal Operations – Mod 7 – Resource & Economic Assessment (DOC21/538702)

#### Agency update

Please note Mining, Exploration & Geoscience recently incorporated the Resources Regulator to form a larger agency. Advice will continue to be provided separately reflecting functional responsibilities. The Strategy, Performance & Industry Development Branch provides information and advice on mineral resource and mine development. Matters relating to subsidence, subsidence management, mine operator, safety, rehabilitation and environmental impacts of final landform design should be referred to the Resources Regulator