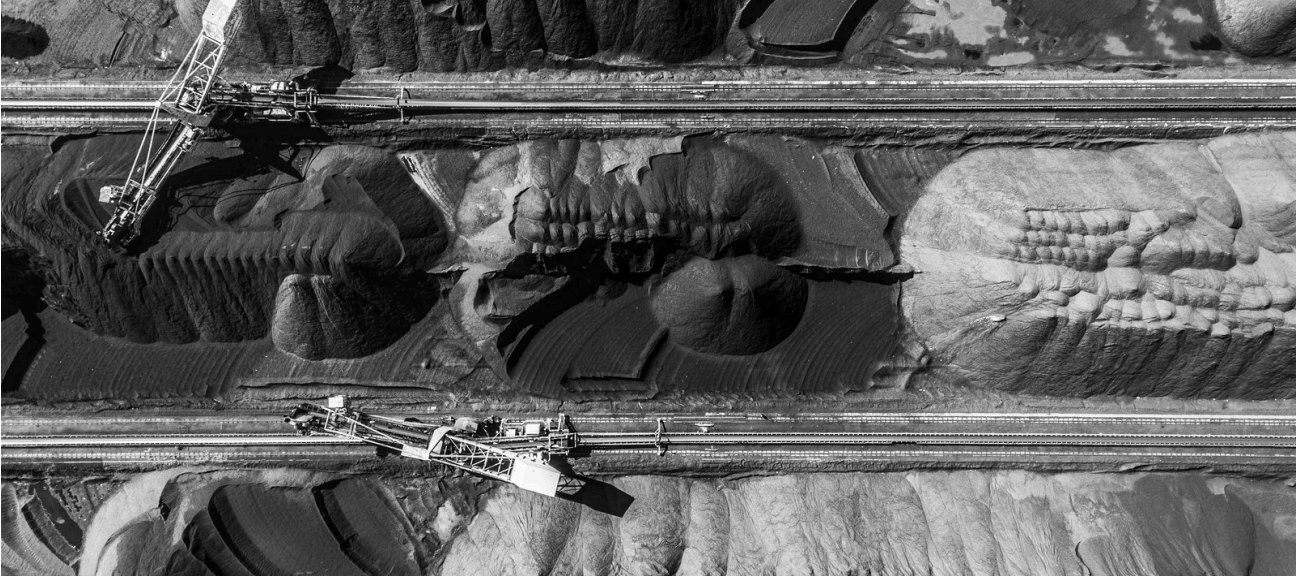




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The Mine That Proves the Bond Isn't Written

Australia's most advanced coal methane abatement portfolio is in the bond market this week — for everything except abatement.

BY JUNEIA MALLAS • THE METHANE BRIEF • ISSUE NO. 18 • SEPTEMBER 2026

This week, a consortium of Australian coal mines went looking for cheaper debt. GM3 — the joint venture between Singapore's Golden Energy and Resources (GEAR) and Matt Latimore's M Resources — is gauging investor sentiment for a possible bond to refinance a \$600 million private credit loan, according to [Bloomberg](#). The company is seeking to sell the note at a mid-to-high single-digit yield, well below the mid-teens rate on its existing private credit facility. The bond's size hasn't been finalised and could reach as much as \$600 million; negotiations are ongoing, and a deal may not be reached. It is, on its face, an unremarkable piece of corporate finance: a borrower shopping for a lower rate.

It is also, on closer inspection, a small but precise demonstration of an argument this newsletter has been making in pieces since August: the architecture to finance coal mine methane abatement does not yet exist — not even for the operator best positioned to use it.

The operator with nothing left to prove

GM3 is not a marginal case. Its Illawarra portfolio — Appin, Dendrobium, and the recently reacquired Tahmoor, all suppliers to BlueScope's Port Kembla steelworks — is, by regulators' own data, among the most methane-intensive in New South Wales. Analysis of Safeguard Mechanism data by the energy think tank Ember found that Appin's rising production pushed the mine from generating credits to exceeding its own baseline in FY2025; Tahmoor, separately, was flagged for a widening baseline gap of its own.

Unlike most of the mines this newsletter has profiled this year, GM3 has already moved on the technology. In November 2025, the NSW Government approved a pilot regenerative thermal oxidiser (RTO) at Illawarra Coal Holdings' Appin ventilation site — a system that captures ventilation air and heats it to break methane down into carbon dioxide and water — estimated to cut the mine's emissions by 36,000 tonnes of CO₂-equivalent a year once at full scale, with construction due to begin in 2026. Separately, CSIRO field-trialled its CataVAM catalytic technology at the same mine, reaching Technology Readiness Level 7 in April 2026 — a world-first demonstration, CSIRO says, of high-efficiency catalytic VAM abatement at that scale under real mining conditions.

Two independent technology tracks, one mine, both live. If any Australian coal operator were the natural candidate for an abatement-linked financing instrument, the public record points to this one.

What the bond in front of it actually is

Which makes what's happening in the bond market this week worth sitting with. The instrument GM3 is testing is a conventional high-yield note, priced purely on the spread between mid-teens private credit and a mid-to-high single-digit public coupon, with no climate or transition label attached and no stated link to the VAM or CataVAM work under way at Appin. It is ordinary balance-sheet management — nothing more, nothing less.

That absence is the point. The most advanced coal methane abatement case in the country is going to capital markets this month for reasons that have nothing to do with abatement, because no instrument yet exists that would let it do otherwise.

The architecture still isn't there

This newsletter has made this argument before in the abstract. Central banks have moved decisively on one side of the ledger: the Bank of England and its European counterparts have tightened how coal-linked corporate paper is treated on their balance sheets, part of a broader pattern of regulatory exclusion. But exclusion is not financing. A bond that funds a coal mine's operations and a bond that would fund a coal mine's methane abatement share collateral, sometimes share an issuer — and nothing else.

One of those instruments trades in size, every day, all over the world. The other has not yet been written.

GM3 is the clearest evidence yet that this isn't a hypothetical gap. It is a gap visible in real time, at the operator with the least excuse for it.

A country that keeps re-learning this

Australia has been here before, twice, this year alone.

In August, this newsletter reported on WestVAMP — the world's first commercial VAM abatement plant, built by BHP at West Cliff Colliery in 2007, run for a decade, then closed when the mine's operations moved on. Australia pioneered the technology and then didn't build a second plant for eighteen years. Not because the first one failed. Because no institution carried the proof forward.

The same month, this newsletter reported on Kestrel Coal, where engineer Jodi Lee laid out — on the record, without spin — why the company hadn't installed VAM abatement despite the technology being sound: “Why would you go through all that effort for something that's not economic?” Kestrel sits well above its Safeguard Mechanism baseline, which means abatement would cut its credit-purchase costs but generate none of the credit-selling revenue that mines closer to baseline can access. The financing model that works elsewhere simply doesn't reach a mine in Kestrel's position. As Lee put it: there is no villain, no denial — “there is a spreadsheet, and it hasn't yet said yes.”

GM3 adds a third variant to that pattern. Here, the spreadsheet has effectively said yes — the technology is being built, the trial has succeeded — and the capital still isn't arriving through any instrument built for the purpose.

The deadline arrives anyway

None of this is happening in a vacuum with unlimited time. As this newsletter reported in its most recent issue, the NSW EPA has moved to require the state's highest-emitting underground mines to actively abate ventilation air methane through the 2030s, with a safety review due in 2028. The obligation is real and dated. The crediting method that would let a mine finance compliance against a verified, creditable outcome is not yet written.

That is the same structural gap as the bond market question, one level down: a regulator can mandate the outcome without the financial architecture existing to fund it efficiently. GM3, again, sits at the centre of it — one of the mines the mandate is aimed at, and, coincidentally, the mine in the bond market this week.

Why the timing matters beyond bond markets

The urgency here isn't only financial. UNEP's September 2026 "Limiting Overshoot" report identified near-term methane cuts as the fastest available lever to cap the warming peak this century — faster than anything achievable through carbon dioxide alone. Coal mine methane remains, in UNEP's own accounting, an orphaned sub-sector: real, measurable, and largely absent from the climate conversations built around it.

A tonne of methane destroyed at a mine ventilation shaft is verified at the moment it happens — not modelled decades forward, not exposed to the reversal risk that has undercut forest carbon markets in recent years. That is a stronger claim to legitimacy than most instruments circulating in voluntary carbon markets today. It is also, still, a claim with nowhere to be financed.

Where this leaves the reader

COP31, convening in Antalya this November, is already being framed by its own organizers and by outside analysts as an "implementation COP" — judged less on pledges than on converting national climate commitments into bankable, investable projects. Mechanisms like the Climate Implementation Bridge and the Global Implementation Accelerator exist specifically to connect national targets to private capital and financeable project pipelines, with hard-to-abate industrial sectors named as a target area.

GM3 is, unintentionally, a preview of exactly what that agenda will run into: a named operator, proven technology, a dated regulatory mandate, and a live capital-markets test — and still no instrument connecting any of it to the abatement it could be financing. The gap has a name and a deadline now. What it still doesn't have is a bond.

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