

27 July, 2006

Director
Donaldson Coal Pty Ltd,
Level 7,
167 Macquarie Street
Sydney NSW 2001

Attention: Mr Alick Osborne

Dear Alick,

Re: Abel Underground Project: Surface Water and Water Balance Peer Review

I have completed an independent review of the Evans and Peck report titled "Abel Mine Project Part 3A Assessment Surface Water Assessment and Outline Water Management Plan".

The review was conducted by an initial detailed review of the revision 2 of the document (dated 23rd June 2006), and subsequent telephone and email discussions with Dr Steve Perrens and Ms Alison Tourle of Evans and Peck to rationalise some minor issues in relation to the documentation. I have also reviewed the relevant parts of subsequent revisions up the (final) revision 5 (dated 24th July, 2006) to check that the revisions have addressed issues raised by the detailed review.

I have found that the quality of the report information, the data and methods used for analysis and modelling, and the author's inferences of the model results, are all consistent with best practice approaches, and that the arguments and conclusions are robust and appropriate.

I believe that the information provided should be acceptable in relation to the Part 3A Environmental Assessment for the Abel Underground Project.

Yours sincerely,
Aquaterra



Hugh Middlemis
B.E., M.Eng.Sci., M.I.E.Aust.
Principal Water Resources Engineer

HERITAGE COMPUTING

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8 July, 2006

Director,
Donaldson Coal Pty Ltd,
Level 7, 167 Macquarie Street
Sydney NSW 2000

Attention: Mr Alick Osborne

Dear Alick,

Re: Abel Underground Project: Groundwater Model Peer Review

Your letter of 12 May 2006 requested that I undertake the peer review of the report on Underground Water for the Part 3A Environmental Assessment for the Abel Underground Project. I have completed an independent review of the Aquaterra Simulations report titled "Groundwater Modelling of Impacts of Abel Underground Mining Operation". Apart from modelling, this report includes coverage of the geology of the area and hydrogeological data acquired for the project.

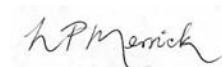
The review was conducted according to the review protocol in the *de facto* Australian best practice guide, known as the MDBC Groundwater Flow Modelling Guidelines. An initial detailed review of the the modelling report dated 13 June 2006 is documented in my report "Review of the Abel Coal Groundwater Modelling Study" (dated 23 June 2006). Subsequent telephone and email discussions with Hugh Middlemis and Ilka Wallis of Aquaterra Simulations led to minor revisions of documentation and provision of more information. I have also reviewed the final version of the report (dated 7 July, 2006) and can certify that the revisions have addressed issues raised by the initial review.

The quality of the report information, the data and methods used for analysis and modelling, and the authors' inferences from the modelling results, are all consistent with best practice protocols. The arguments and conclusions are robust and appropriate.

I find that the model, as documented in the Aquaterra Simulations report dated 7 July 2006, is suitable for the purpose of impact assessment of the Abel Underground Project on the regional groundwater system. I concur with the conclusions that have been reached, based on the model outputs.

The information provided should be acceptable in relation to the Part 3A Environmental Assessment for the Abel Underground Project.

Yours sincerely,
Heritage Computing



Noel Merrick
B.Sc., M.Sc., GradDip(Data Proc.), Ph.D.
Director