

Surface Water – Surface Facilities Area

Metropolitan Coal monitors the water management system at the mine's major surface facilities area. The site water management system comprises a series of collection dams, sumps and treatment systems. The system is operated to avoid mixing of clean water runoff and mine water, minimise off-site release of site runoff and to provide water supply requirements on-site. Figure 1 shows a schematic of the major surface facilities water management system.

Water Use

Flow meters at key points in the water management system monitor flow rates using an electronic system and manual (weekly) readings. Manual weekly readings have been recorded while the electronic system has been updated.

Metropolitan Coal used approximately 156 megalitres (ML) of potable town water (as recorded by the Sydney Water meter), with a monthly average of approximately 13 ML. The amount of town water used over the reporting period is shown on Chart 1. Metropolitan Coal also sourced approximately 77 ML of water from Camp Gully during this period.

Licensed Discharge

Water discharged from the Water Treatment Plant to Camp Gully is monitored in accordance with Environment Protection Licence (EPL) No. 767, which requires Metropolitan Coal to continuously monitor the volume (kilolitres/day) of water discharged from the clean water tank in the Water Treatment Plant to Camp Gully.

The total amount of water discharged from the Water Treatment Plant to Camp Gully was 65 ML.

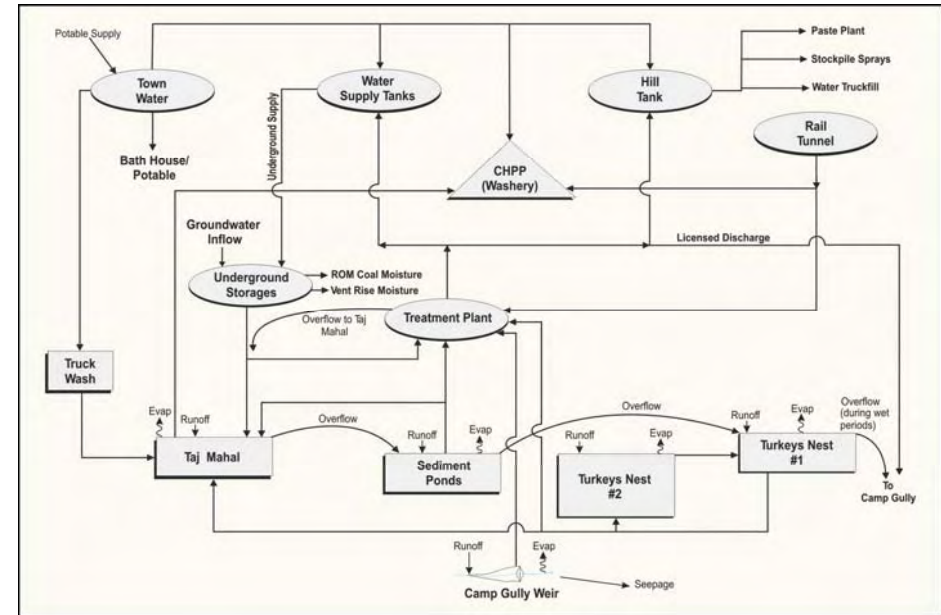


Figure 1 Major Surface Facilities Area Water Management Schematic

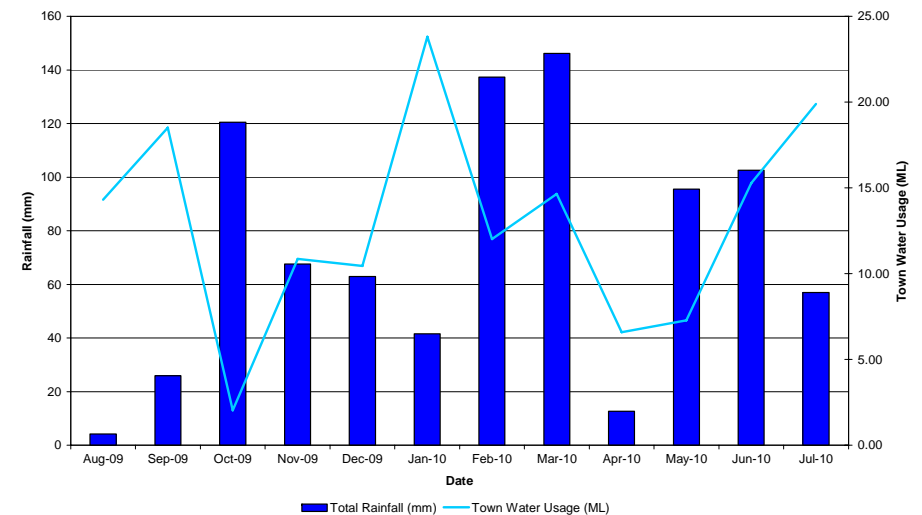


Chart 1 Rainfall and Town Water Use

METROPOLITAN COAL - ENVIRONMENTAL MONITORING SUMMARY

Water Quality

Surface water quality monitoring is conducted at EPL No. 767 monitoring point 9 (clean water tank of the water treatment plant), if discharge is occurring to Camp Gully. Water quality parameters for EPL No. 767 monitoring point 9 include: pH, oil and grease and total suspended solids.

The monitoring results indicate:

- pH ranged from 8.1 to 8.4, with an average of pH 8.3 (Chart 2).
- Oil and grease concentrations ranged from less than the detection limit (<0.1 milligrams/litre [mg/L] from August 2009 to December 2009; <5 mg/L from January 2010 to July 2010) to 7 mg/L (Chart 3).
- Total suspended solids ranged from 1 to 80 mg/L, with a monthly average of 9.7 mg/L (Chart 4).

The site water management system continuously monitors total suspended solids and prevents discharges of water that exceeds the criteria. Water that exceeds the criteria is treated further to ensure that only water which meets the acceptable criteria is discharged.

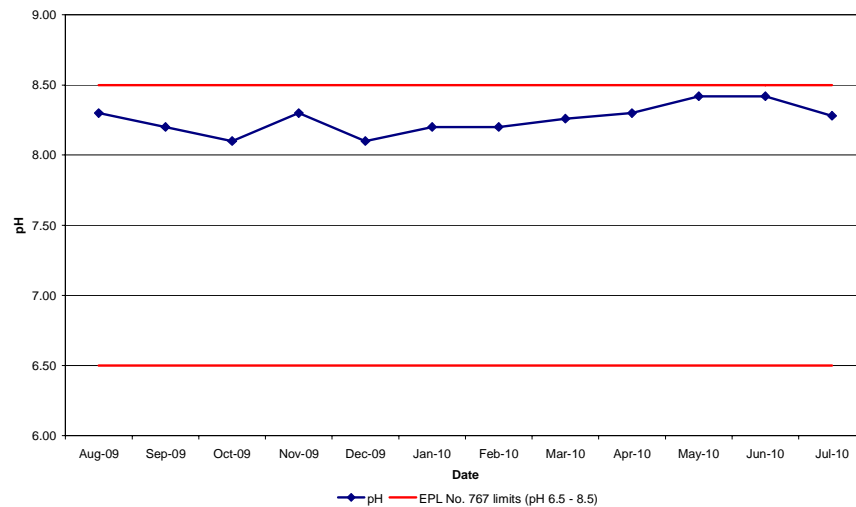
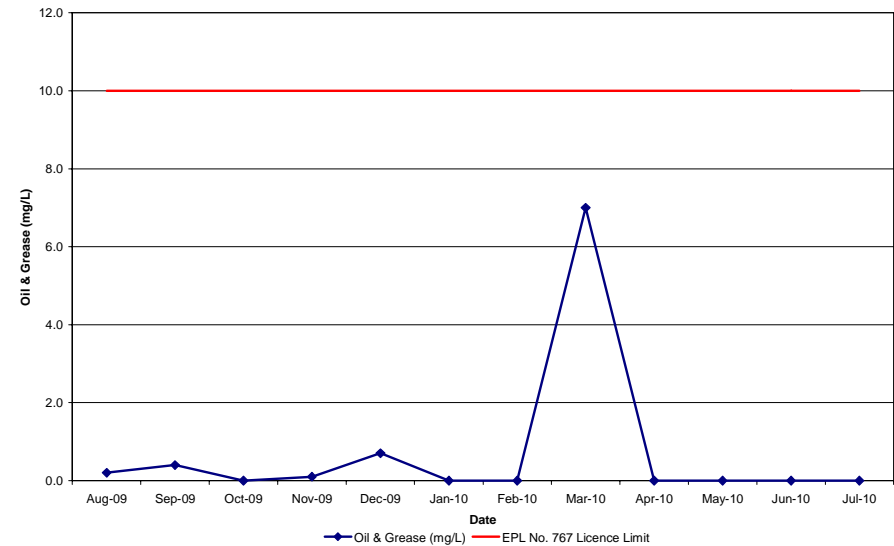


Chart 2 pH recorded at EPL No. 767 Monitoring Point 9



* Note: where the chart presents zero values, this corresponds to results that are below the laboratory detection limits.

Chart 3 Oil and Grease recorded at EPL No. 767 Monitoring Point 9

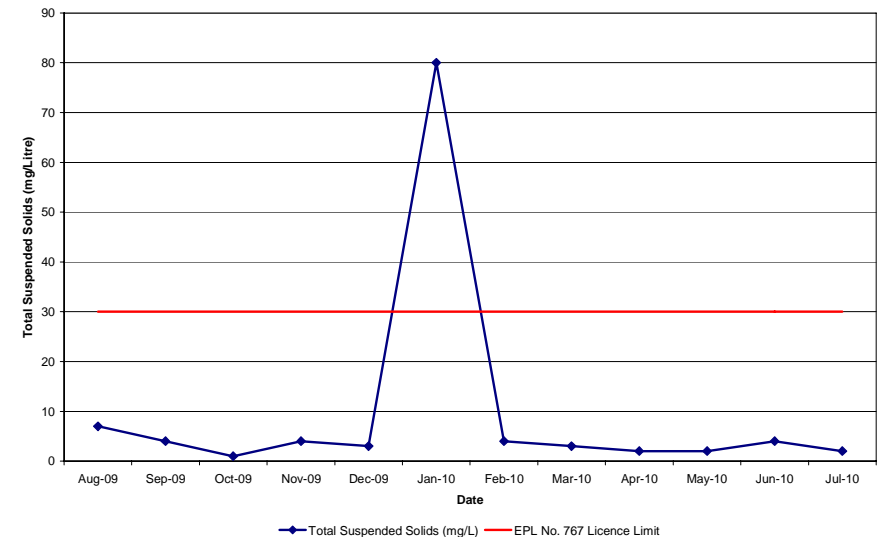


Chart 4 Total Suspended Solids recorded at EPL No. 767 Monitoring Point 9

METROPOLITAN COAL - ENVIRONMENTAL MONITORING SUMMARY

Mine Water Make

Mine water make is monitored by Metropolitan Coal. The monitoring is described in the Groundwater section of this Environmental Monitoring Summary.

Overall System Integrity

Water management items are visually inspected and reported in accordance with the mine's maintenance system to assess the overall integrity of the water management system. This includes inspections of the:

- Integrity of all water management system pipelines and pumps for leaks and general serviceability (daily inspection).
- Integrity of all concrete bunded areas (hydrocarbon storages) for integrity and signs of leakage (daily inspection).
- Integrity of main water storages (Turkey's Nests, Sediment Ponds and Taj Mahal) and status of sediment accumulation (daily inspection).
- Signs of discharge of site runoff to Camp Gully or Helensburgh Gully, other than via licensed discharge points (daily inspection).
- Integrity of upslope diversions at site perimeter (weekly inspection).
- Integrity and effectiveness of erosion control measures (weekly inspection).

The Water Treatment Plant is also checked daily by the site's maintenance personnel under the direction of Metropolitan Coal's Environment and Community Manager.

The Environment and Community Manager (or their delegate) also inspects the site weekly.

The daily and weekly inspections have identified a number of improvements and maintenance requirements that have been subsequently implemented by Metropolitan Coal.

On 31 March 2010 and 4 June 2010, the Turkey's Nest dams overflowed to Camp Gully. Both overflows occurred during significant rainfall events (97.2 mm of rainfall was recorded in the 24 hours prior to 31 March 2010 and 50 mm of rainfall was recorded in the 24 hours prior to 4 June 2010).

The Turkey's Nest Dam was identified to be overflowing to Camp Gully at approximately 7.30 am on 31 March 2010 and had ceased to overflow by 6.00 am on 1 April 2010. On 4 June 2010 the Turkey's Nest Dam overflowed into Camp Gully sometime between 6.00 pm on 3 June 2010 and 7.00 am on 4 June 2010. The overflow had ceased by 7.00 am on 4 June 2010.