

# CENTENNIAL COAL QUARTERLY ACTIVITIES REPORT



September 2009

## Another Strong Quarter

- Centennial's equity share of coal sales totalled 3.8 million tonnes for the September 2009 Quarter.
- ROM coal production under Centennial management totalled 5.0 million tonnes for the quarter.
- Centennial's equity share of ROM coal production totalled 4.1 million tonnes.
- Production at Angus Place again improved quarter on quarter, with a new monthly production record established in July.
- Mandalong has started the 2010 financial year with a new quarterly production record of 1.6 million tonnes.
- Thermal coal export market demand continues to strengthen.
- Successfully secured a new 10-year Taipower contract to deliver 500,000 tonnes per annum, supporting the Group's drive to increase exports.
- Progress continues to be made on the Group's various projects to expand production and exports. Construction continues at Airly and the Mandalong Haul Road - linking Mandalong to Newstan's export facilities.
- Both Airly and Mandalong are on schedule and on budget.

Commenting on the Company's September 2009 Quarterly performance, Centennial's Managing Director and CEO, Bob Cameron said:

*"With production records at Angus Place and Mandalong, supported by export projects which are on time and on budget, Centennial is well-advanced with our strategic objective to achieve a balanced portfolio of export and domestic sales".*

**27 October 2009**

Production & Sales Report (Centennial's Equity Share) for September 2009 Quarter					
	Sep 09 Qtr ROM Production Tonnes	Sep 09 Qtr Saleable Production Tonnes	Sep 09 Qtr Domestic Sales Tonnes	Sep 09 Qtr Export Sales Tonnes	Sep 09 Qtr Total Sales Tonnes
<b>Western Region</b>					
Angus Place (50%)	584,416	584,416	539,606	-	539,606
Charbon (95%) / Clarence (85%)	781,219	705,944	49,460	577,529	626,989
Springvale (50%)	301,586	278,721	146,163	132,454	278,617
Other	44,847	44,847	-	75,681	75,681
<b>Total - Western Region</b>	<b>1,712,068</b>	<b>1,613,928</b>	<b>735,229</b>	<b>785,664</b>	<b>1,520,893</b>
<b>Southern Region</b>					
Berrima	29,434	29,434	45,540	-	45,540
<b>Total - Southern Region</b>	<b>29,434</b>	<b>29,434</b>	<b>45,540</b>	<b>-</b>	<b>45,540</b>
<b>Northern Region</b>					
Awaba/Newstan	214,329	176,067	-	236,997	236,997
Mandalong	1,597,568	1,597,568	1,494,878	-	1,494,878
Manning/Myuna	504,687	504,687	512,412	-	512,412
<b>Total - Northern Region</b>	<b>2,316,584</b>	<b>2,278,322</b>	<b>2,007,290</b>	<b>236,997</b>	<b>2,244,287</b>
<b>Group Total</b>	<b>4,058,086</b>	<b>3,921,684</b>	<b>2,788,059</b>	<b>1,022,661</b>	<b>3,810,720</b>
Notes:					
1. ROM = Run of Mine / Raw Coal Production.					
2. % = indicates Centennial ownership of each mine - otherwise 100%					
3. Berrima ceased to be a part of the Centennial Group with effect from 31 August 2009.					

Summary - Production & Sales (Centennial's Equity Share)				
Jun 09 Quarter Tonnes '000s		Sep 09 Quarter Tonnes '000s	Sep 08 Quarter Tonnes '000s	% Change
3,184	ROM Production	4,058	3,664	11%
3,029	Saleable	3,922	3,382	16%
3,328	Sales	3,811	3,134	22%

## Group Production & Sales Overview

### Group Production & Sales Overview

Centennial's equity share of ROM production for the quarter was 4.1 million tonnes, up on the previous quarter and prior corresponding quarter, with only Springvale in longwall changeover mode and Mandalong and Angus Place both performing strongly.

Equity sales for the quarter were 3.8 million tonnes, again up on both the previous quarter and the prior corresponding period, consistent with strong production. Importantly, export sales are 40% higher than the prior corresponding period, and continue the trend of increasing exports in accordance with the Group's strategy of increasing the proportion of its market-priced sales.

On a tonnes under management basis, ROM production was 5.0 million tonnes, 22% higher than the previous quarter and 16% higher than the prior corresponding period. Similarly, sales under management increased by 27% to 4.7 million tonnes when compared to the prior corresponding period.



## Operations

### Western Region

#### **Angus Place (50% interest)**

Angus Place produced 1,169,000 tonnes (100% basis) for the September 2009 Quarter, representing an 18% increase over the June 2009 Quarter and ahead of expectation for the quarter, with a new monthly production record of 409,991 tonnes set in July 2009.

Mining conditions were consistent during the quarter, with improved longwall production rates following the full introduction of the longwall automation system enabling further refinement of operations.

Roadway development was 2,322 metres for the quarter, representing a healthy float ahead of the next panel and ensuring longwall continuity. The maingate panel continues to experience good mining conditions, with the installation road now turned away in preparation for the next longwall panel.

#### **Charbon (95% interest)**

Charbon produced 336,000 tonnes (100% basis) from its underground and open-cut operations for the September 2009 Quarter. During the quarter, Charbon experienced good mining conditions in the extraction panel, but suffered from poorer conditions in the development area.

Saleable production was above expectations with a 7.3% improvement in washery yield achieved over the quarter, a result of better horizon control in the mining process and ongoing recovery improvements from the coal handling and preparation plant.

As previously reported, Charbon continues to focus on extending the mine's operating life beyond that of the existing open-cut and underground operations (which will be depleted within the next 4-5 years). The environmental assessment to support the mine's extension is planned to be submitted for approval in the December 2009 Quarter.

#### **Clarence (85% interest)**

Clarence produced 543,000 tonnes (100% basis) for the September 2009 Quarter, 4% higher than the prior corresponding period, and 15% higher than the previous period. This continues the trend from the previous financial year, which realised a new annual production record.

Sales for the quarter amounted to 494,000 tonnes which is 56% higher than the prior corresponding period and in-line with the previous quarter, reaffirming the strong demand for the mine's high-quality, low-sulphur coal. With the Group's emphasis on improving its proportion of export sales, Clarence sold 92% of its sales into the export market, an increase of 10% over the prior corresponding period.

Clarence's focus on continuous improvement is being supported by the addition of new equipment, including 3 new King shuttlecars (fitted with ergo-pods for improved worker safety and ergonomics) plus the Joy Flexible Conveyor Train ("FCT"). Both are on schedule for delivery during the 2010 financial year, with the first of the shuttles cars delivered in September and the FCT in the new year.

#### **Ivanhoe North (100% interest)**

Ivanhoe North is a small open-cut operation, which commenced operation early in the September 2009 Quarter - producing 45,000 tonnes. The mine is a low strip ratio, low risk addition to the Group's western operations.

Mining is being undertaken using a well known local contractor and is principally the rehabilitation of an abandoned post-war open-cut inherited as part of the purchase of the Ivanhoe operation in 1994. The coal will be delivered to the Lidsdale Siding for export.

#### **Springvale (50% interest)**

Springvale produced 603,000 tonnes (100% basis) during the September 2009 Quarter, down on both the previous corresponding period and the June 2009 Quarter as a result of the LW 412 to 413 changeover over June / July.

Following an area of poor geology experienced during the completion of LW 412, Springvale management has revised the mine's production schedule over the remaining nine months of the 2010 financial year (by reducing some previously planned shutdown periods) to ensure production targets are met.

As previously advised, as a result of adverse ground conditions encountered in the development of LW413 during the 2009 financial year, a mid-block changeover (or "step-around") will be carried out in the March 2010 Quarter.



## Northern Region

### **Awaba (100% interest)**

Awaba continues to perform strongly, producing 214,000 tonnes during the September 2009 Quarter and in-line with expectations. Importantly, the whole of the mine's production during the quarter was supplied into the export market.

Where possible, Awaba will continue to direct its output to export, maintaining Awaba as an important contributor to the Group's overall profitability. As Mandalong begins to export in the second-half, Awaba will switch into the domestic market.

### **Mandalong (100% interest)**

Mandalong has commenced the year strongly, with production ahead of plan and setting a new quarterly production record of 1,598,000 tonnes. Strong development performance, which is also ahead of plan, continues to support production and provide longwall continuity. The current longwall (LW8) will be completed during December, with LW9 development on track for an efficient longwall changeover.

Construction of the haul road linking the Cooranbong coal handling facilities to the Newstan-Eraring Haul Road continued during the quarter. In addition, construction work on the modifications to the Cooranbong coal handling plant also commenced during the quarter. These projects will allow higher delivery rates to the Cooranbong facility and allow Mandalong coal to be loaded for export utilising Newstan's export facilities. These projects are on schedule for completion to allow Mandalong to commence exporting coal in the June 2010 Quarter.

### **Mannering (100% interest)**

Mannering produced 212,000 tonnes for the September 2009 Quarter, 62,000 tonnes or 41% more than the previous quarter.

Mannering operates two "place-change" units; both are now operating in areas indicating improved mining conditions, with expected improvements in productivity over the next quarter.

The third mining unit was expected to have mined through a faulted zone, but has continued to encounter difficult geological conditions beyond the anticipated extent of the faulted zone. Recent mining in this area is indicating a slight improvement in mining conditions.

### **Myuna (100% interest)**

Myuna produced 293,000 tonnes during the September 2009 Quarter, 15% higher than the previous quarter, but 11% lower than the prior corresponding period. This quarter-on-quarter increase demonstrates the incremental improvement in output achieved while progressing through a geological fault zone in the Fassifern seam and into improving conditions.

The Wallarah Seam "Place Change" panel continues to operate in favourable conditions, with the additional benefit that this area contains a high quality, low-ash thermal coal product that assists with the management of ROM quality across the northern region.

The two Fassifern Seam "Place Change" panels continued to operate in variable conditions for much of the quarter, with one unit completing the development of mains roadways through a geological fault zone. These mains headings have now accessed new working areas in improving conditions that are suitable for pillar extraction. One of these Fassifern seam units is due to commence pillar extraction - off the mains driveage - shortly.

Opportunities for increased pillar extraction are currently being evaluated in the Great Northern seam, the successful implementation of which should facilitate higher productivity at lower cost.

### **Newstan (100% interest)**

Newstan is currently on "care & maintenance" with minimal labour to cover statutory inspections and mine water pumping. All infrastructure is in place for a future start-up of the mine as part of the Newstan Lochiel Project (formerly known as Awaba East).

## Southern Region

### **Berrima (100% interest) (Interest ceased on 31 August 2009)**

Following several years of losses at Berrima as it struggled with difficult mining conditions, a lack of scale and a low contract price, a decision was made not to renew the Berrima coal supply contract with the local cement works. As Berrima was no longer considered a strategic fit with the Group's stated policy of increasing its exposure to market prices, a decision was also made to relinquish the operatorship of the Berrima mine from midnight on 31 August 2009, including the sale of the mining assets to the leaseholder.

Berrima contributed 45,000 tonnes during the September 2009 Quarter.



## Sales and Marketing – Industry Overview

The September 2009 Quarter saw a continued strength in demand from Asian-Pacific markets for all coal types.

The revival in demand for coking coals continues, with all metallurgical coal types now being sold into traditional metallurgical markets. For example, shipments of Hunter Valley semi-soft coal have increased from 620,000 tonnes in April to two million tonnes in August, reflecting the increase in demand for metallurgical coals. Recently, it has been reported that Hunter Valley semi-soft coal has been sold around US\$95 per tonne.

This strength in demand for semi-soft coal (and metallurgical coal in general) has helped maintain a stable thermal coal market, with the current export thermal spot price above US\$70 per tonne for Australian quality coals.

Continuing Asian customer requirements for higher quality Australian coals, required to blend with sub-bituminous coals to give a suitable blend for combustion, is also a factor in the recovery of Australian coal prices. In addition, Australian export thermal coal stocks are low.

From a Centennial perspective, the Company continues to receive strong enquiries for coal to be shipped via Port Kembla and Port Newcastle, including enquiries for new supply in the 2010 calendar year. This was recently demonstrated with Centennial securing a new 10-year Taipower contract to deliver 500,000 tonnes per annum.

## Port Capacity

On 16 October 2009, the NSW Court of Appeal upheld a decision of the Supreme Court handed down in August 2009 in relation to Centennial's interest in the Newcastle Coal Infrastructure Group ("NCIG"). The earlier decision determined that certain undertakings in the Anvil Hill Asset Sale Deed ("Asset Sale Deed") with respect to Centennial's interests in ("NCIG") will remain on foot for the time being.

The decision means that Centennial may be required, subject to the following restrictions and limitations, to make port capacity at NCIG available in the future for Xstrata's Mangoola Project (formerly Anvil Hill), a greenfield development. The timing for the development of Mangoola is unclear, but is understood to be no earlier than 2012. In the meantime, Xstrata is not entitled to use Centennial's NCIG capacity for coal from any of its other mines.

The extent of Xstrata's use of Centennial's capacity at NCIG is also potentially limited by restrictions contained in the agreements in force between the NCIG shareholders, the terms of the Asset Sale Deed itself and other practical difficulties.

Furthermore, the foreshadowed new port access regime for Newcastle, which requires both ports (PWCS and NCIG) to expand in a timely manner to cater for producer demands, has now been signed by all parties. The new port framework is currently in the process of being implemented and could potentially double port capacity through Newcastle to over 200 million tonnes per annum in the next few years, thereby providing ample port capacity for all producers. In this regard, the construction of NCIG Stage 1 is more than 80% complete and is on track to commence shipping in March/April 2010 as scheduled. Planning for NCIG Stage 2 is well advanced, with the ANZ Banking Group appointed to arrange the necessary finance. Stage 2 is targeted for completion in the second half of 2012.

Currently, the majority of Centennial's exports are from the Group's western operations and shipped through Port Kembla. The bulk of production from Centennial's northern mines is supplied to local power stations, with the balance exported. Taking advantage of these mines' advantageous location south of Newcastle, Centennial is able to export through both Newcastle and Port Kembla (thus avoiding Newcastle port's current congestion). It should be noted that there is no dispute regarding Centennial's ability to utilise its allocation at NCIG (due to come on stream in 2010) until Mangoola is producing export coal, which is anticipated to be no earlier than 2012. This provides Centennial with sufficient port capacity for the immediate future.

In the longer-term, with the implementation of the new NSW Government / coal industry port access regime for Newcastle now underway and a potential doubling of the port's capacity to over 200 million tonnes per annum over the next few years, Centennial remains confident that sufficient port capacity will be available for its growing exports.



## Health, Safety, Environment and Community (“HSEC”)

The provision of a safe working environment, supported by robust management systems and employee safety education and awareness is key to the Centennial Group achieving best-practice safety performance.

Centennial's commitment to continual improvement in its Occupational Health and Safety (“OH&S”) performance continued to be demonstrated in several ways during the September 2009 Quarter.

Group safety performance indicators continue to improve. The Centennial Group achieved a 12-month moving average Lost Time Injury Frequency Rate (12mma LTIFR) of 13 and a quarterly LTIFR of 14. This can be compared to a 12mma LTIFR of 21 and a quarterly rate of 23 for the September 2008 Quarter.

The 12-month moving average Total Recordable Injury Frequency Rate (12mma TRIFR) at the end of September 2009 was 61, while the September Quarterly rate stands at 66. This reflects a significant improvement over the corresponding 2008 period (12mma TRIFR = 78, quarterly rate = 73).

Centennial held its annual Health, Safety, Environment & Community (“HSEC”) Conference during September. The conference is designed to acknowledge and reward innovations and excellence within the HSEC area of responsibility. The Award for Excellence was awarded to Angus Place for the concept, development and implementation of underground Belt Structure Cassettes, while Clarence was awarded the Most Improved Award for its overall reduction in Lost Time Injury Frequency Rates and Environmental Reportable Incident Rates.

Several health and safety programmes, under the Company's Step Change Initiative were completed during the September 2009 Quarter. In addition, key elements of the Step Change Initiative were implemented:

- (a) Centennial's renewed vision statement was incorporated into the new Health and Safety Policy and Strategy documents, which are now available on the Company intranet. In addition, the Group's new safety slogan “Think Safe, Work Safe, Home Safe” was launched during September.
- (b) 455 operational staff completed the three-day safety leadership programme for supervisors, with almost all of the remaining 1,000 plus employees attending a one-day safety leadership programme.
- (c) A Corporate Safety Leadership DVD, featuring Centennial's Managing Director and CEO, Bob Cameron, was developed and launched at the above noted HSEC Conference. Another safety DVD has also been produced involving an injured employee's account of the personal impacts associated with a serious injury in the workplace. This second DVD will be used for operational site training purposes.

External to Centennial, the Group continues to support and assist broad industry improvement programmes. These included involvement and assistance with various Australian Coal Association Research Programme (“ACARP”) sponsored projects focused on improving health and safety performance as well as productivity within the Australian coal mining industry. During the September 2009 Quarter, Centennial representatives participated in the review and further development of MDG1020, “Guidelines for Underground Emergency Escape Systems”.

### Environment and Community

**Environment:** Centennial is committed to:

- actively managing its operations to minimise environmental impacts;
- meet its legislative obligations; and
- being open and transparent with respect to these matters.

During the September 2009 Quarter, there were no major environmental incidents, although one incident occurred that required reporting to the NSW Department of Environment, Climate Change and Water (“DECCW”). This involved the discharge of material after a sump failure on a drill site. There were no ongoing remediation matters arising from this.

In the June 2009 Quarter, Centennial advised of a reportable matter involving ground slumping on the Newnes Plateau. A subsequent investigation has confirmed that no damaging environmental impact had occurred.

As previously advised, on 18 August 2008, Newstan discovered an unauthorised water discharge from a drainage pipeline connected to its former underground workings. Following remediation work and investigation, Newstan was charged with an offence under section 120 of the *Protection of the Environment Operations Act 1997* and has since pleaded guilty for pollution to waters. The matter remains before the court and has not yet been listed for a sentencing hearing.

**Climate Change:** During the September 2009 Quarter, Centennial registered for the National Energy and Greenhouse Reporting Scheme (NGERs). This Scheme is mandatory, requiring Centennial to provide detailed energy and greenhouse data by 31 October 2009 to the Federal Government's Department of Climate Change.



**Community:** Centennial continues to engage with the local communities in which it operates and was involved in a number of local community events during the September 2009 Quarter, including the Morisset Street Beat and Rugby League Grand Finals in the west. The Centennial Coal Cup, which featured many of Centennial's employees in the local teams saw the Lithgow Bears and Kandos Waratahs go head to head in the Grand Final. The Kandos Waratahs were victorious celebrating their first premiership in 28 years.

In an unusual interaction with the community, Centennial was the successful bidder for "Watermark" a marine themed sculpture made of plastic bottles. ABC Radio listeners, in the Hunter Valley, received a non-plastic refillable water bottle for every five plastic bottles delivered to the ABC's Newcastle headquarters and two artists, supported by an enthusiastic team of volunteers, worked over four days to transform the mountain of plastic bottles into a sculpture called "Watermark". Proceeds from the auction were directed to environmental projects in Lake Macquarie, while "Watermark" was gifted to Lake Macquarie City Council and is currently proudly on exhibition at the Toronto Library.

Further information on environmental initiatives and community involvement can be viewed at [www.centennialcoal.com.au](http://www.centennialcoal.com.au).

## Strategy & Projects

A comprehensive update of the Company's Strategy and Projects can be found in the 2009 Annual Report, which can be viewed on-line or downloaded from the Company's website. A brief overview of these projects is set-out below:

**Newstan Lochiel Project:** The former Awaba East Project has been renamed Newstan Lochiel, a name that better reflects the expected synergies that this project should benefit from through the planned utilisation of existing Newstan infrastructure. The exploration / infill drilling programme continued during the quarter, with a total of 31 boreholes now been completed. A pre-feasibility study is well underway with completion expected in the first quarter of 2010.

The Group's in-house project team continues to develop and evaluate alternative mine layouts, as new geological information from the drilling programme becomes available, through the use of an integrated mine design, production scheduling and financial model that facilitates the assessment of mining alternatives.

Baseline environmental monitoring continues, while the project team liaises with various consent authorities in preparation for the drilling of two large diameter boreholes. Samples from these boreholes will be used for coal washability studies.

**Export Infrastructure – Mandalong:** As previously advised, work is progressing on a number of fronts at Mandalong, preparing the mine to become a major exporter.

Construction of a Haul Road linking Mandalong (via the Cooranbong coal handling facility) to Newstan commenced in the June 2009 Quarter (with Leightons as the lead-contractor). Good progress has been made to date, with clearing of the 3.5 kilometre road corridor now complete and associated earthworks substantially completed in preparation for laying pavement material in the December 2009 Quarter. In addition, the detailed design of a necessary rail overpass has been completed, with construction commenced in the September 2009 Quarter on the bridge supports and retaining walls in preparation for the lifting of the supporting bridge girders into place in November 2009. Overall, the project is more than 50% complete, on time and within budget.

In addition to the Haul Road, an upgrade of the Cooranbong coal handling facility continues, comprising new stockpile facilities, an export coal bin and associated truck-loading facilities. Initial demolition of old structures has now been completed, with detailed design and procurement of materials underway.

Together, these projects will allow Mandalong to begin exporting up to 1 million tonnes in the 2010 financial year, by utilising Newstan's infrastructure and rail facilities. Newstan's coal handling infrastructure is favourably located, being only 25 kilometres from Newcastle, with the option of railing south to Port Kembla also being available.

**Airly:** Construction works at Airly (led by Laing O'Rourke) are well advanced, with bulk earthworks for the rail loop 95% complete, with rails laid on part of the rail-loop by quarter's end. The surface coal handling system is under construction, with the civil engineering earthworks completed and procurement of equipment and steel fabrication substantially completed for delivery in the December 2009 Quarter. Construction has advanced on the installation of conveyors and the ROM coal crusher station and the tunnel coal reclaim system. Installation of the mine's electrical power supply system is progressing, with poles installed in the main 66kV powerline to the site and construction of the substation completed. In addition, surface earthworks have now commenced for the underground mining infrastructure, with construction of the mine portal underway.



The project is on schedule, being more than 70% complete and on budget, with first coal expected early in the June 2010 Quarter and recruitment of the first production crews recently commenced.

## Finance and Hedging

### Foreign Exchange Hedging Disclosure – 30 September 2009

		2009/10	2010/11	2011/12	Total
<b>Forwards</b>					
Principal	US\$M	7.5	51.0	-	<b>58.5</b>
Rate	A\$/US\$	0.8514	0.8038	-	<b>0.8096</b>
<b>Bought A\$ Call Options</b>					
Principal	US\$M	130.5	88.5	9.0	<b>228.0</b>
Strike Price	A\$/US\$	0.9016	0.9057	0.9075	<b>0.9034</b>
<b>Sold A\$ Put Options <sup>(1)</sup></b>					
Principal	US\$M	108.0	81.0	9.0	<b>198.0</b>
Strike Price	A\$/US\$	0.8423	0.8114	0.7900	<b>0.8269</b>
<b>Total Hedged (at worst case rate)</b>					
Principal	US\$M	138.0	139.5	9.0	<b>286.5</b>
Rate	A\$/US\$	0.8987	0.8656	0.9075	<b>0.8825</b>
<b>Total Hedged (at best case rate) <sup>(1)</sup></b>					
Principal	US\$M	115.5	132.0	9.0	<b>256.5</b>
Rate	A\$/US\$	0.8428	0.8085	0.7900	<b>0.8229</b>

Notes accompanying foreign exchange hedging disclosure:

- (1) Sold A\$ Put Options allow Centennial to participate in a depreciation of the A\$, to the average levels specified, provided the spot rate stays below these levels.
- (2) During the September 2009 Quarter, the average exchange rate achieved was A\$1=US\$0.8695.
- (3) The mark to market valuation of the foreign exchange hedge book at 30 September 2009 was an unrealised gain of A\$3.1 million (at an exchange rate of A\$1=US\$0.8799). This compares with an unrealised loss of A\$19.3 million as at 30 June 2009 (at an exchange rate of A\$1=US\$0.8135).

### Thermal Coal Hedging Disclosure – 30 September 2009

		2009/10	2010/11	Total
<b>US\$ Coal Swaps</b>				
Quantity Sold	Metric Tonnes ("mt")	75,000	-	<b>75,000</b>
Fixed Price	US\$/mt	52.00	-	<b>52.00</b>
Quantity Bought	Metric Tonnes ("mt")	(30,000)	-	<b>(30,000)</b>
Fixed Price	US\$/mt	137.00	-	<b>137.00</b>

		2009/10	2010/11	Total
<b>A\$ Coal Options</b>				
Quantity	Metric Tonnes ("mt")	60,000	60,000	<b>120,000</b>
A\$ Put	A\$/mt	\$82.50	\$82.50	<b>\$82.50</b>
A\$ Call	A\$/mt	\$103.50	\$103.50	<b>\$103.50</b>

Notes accompanying thermal coal hedging disclosure:

- (1) The coal swaps are against the GlobalCOAL NEWC Index.
- (2) The coal swaps are OTC (Over-the-Counter) products executed with Centennial's banks.
- (3) During the September 2009 Quarter, 75,000 tonnes of US\$ Coal Swaps matured at a net cost of A\$4.2 million.
- (4) The mark to market valuation of the coal hedge book at 30 September 2009 was an unrealised loss of A\$3.7 million (at an average forward coal price of US\$71.50/mt and an exchange rate of A\$1=US\$0.8799). This compares with an unrealised loss of A\$9.3 million as at 30 June 2009.
- (5) The remaining US\$ Coal Swaps, amounting to 75,000 tonnes, are yet to be accounted for through the profit & loss account. These will be accounted for as they mature (on a monthly basis through to December 2009).

### Share Capital Movements

#### **Exercise of Options**

During the September 2009 Quarter, there were 42,500 options exercised under the Senior Executive and Director Share Option Scheme ("1999 Scheme"). Equity incentives under the Company's Performance Rights & Options Plan ("PROP"), adopted at the 2007 AGM, are yet to be tested.

#### **Dividends**

A fully-franked final dividend of 4 cents per share was paid to those Shareholders who were recorded on the Share Register on 24 September 2009, the "record-date".

The 2009 final dividend was paid on 8 October 2009 and totalled \$15 million, with \$4.7 million satisfied via the issue of 1,500,447 shares under the Company's dividend reinvestment plan.

#### **Dividend Reinvestment Plan ("DRP")**

As noted above, on 8 October 2009, the Company allotted 1,500,447 shares to those Shareholders who elected to take their 2009 final dividend in the form of shares. This represents 31.5% of the total dividend payable. The shares were allotted at \$3.1344 per share, being the 5-day volume weighted average price of the Company's shares between 30 September to 6 October 2009. (**Note:** the pricing period was changed from the 5-day "ex-div" day to the "record" day period to the five days commencing on the fourth day after the "record" date.)

A discount of 2.5% per DRP share applied to those Shareholders who chose to receive their dividend in the form of shares.

#### **6.2% Subordinated Convertible Notes ("Notes")**

During the September 2009 Quarter, no conversion notices were received with respect to the Notes.

Outstanding Convertible Notes currently total \$36.5 million, convertible at \$2.21 per share (as adjusted for the \$1.88 Capital Return paid in January 2008 and the 2009 interim dividend).

### 2009 Annual General Meeting

The Company's Annual General Meeting will be held at the Amora Hotel, Whiteley II Room, 11 Jamison Street, Sydney NSW 2000 on Friday, 27 November 2009 at 10.30 am. The 2009 AGM will be webcast (and recorded) for Shareholders unable to attend the AGM and other interested parties. Further details of the webcast will be released to ASX closer to the appointed time.

### December 2009 Half-Year Financial Report

The Company intends to report its December 2009 Half-Year Result on 19 February 2010.

### December 2009 Quarterly Activities Report

The Company's next Quarterly Activities Report is indicatively scheduled for release on 28 January 2010.

### Glossary

A glossary of technical mining terms is available on the Company's website [www.centennialcoal.com.au](http://www.centennialcoal.com.au) and / or at the back of the 2009 Annual Report.

## Corporate Information

### Directors

Kenneth Moss	Chairman
Robert Cameron	Managing Director and Chief Executive Officer
Bruce Allan	Non-Executive Director
Catherine Brenner	Non-Executive Director
Richard Grellman	Non-Executive Director
Paul Moy	Non-Executive Director
Neville Sneddon	Non-Executive Director

### Senior Group Management

Robert Cameron	Managing Director and Chief Executive Officer
Louise Baldwin	General Counsel
Robert Dougall	Chief Financial Officer
Tony Macko	GM Corporate Affairs and Company Secretary
David Moulton	Chief Operating Officer
Peter Parry	GM Financial Control
Ian Williams	GM Marketing
Brendon Wilson	Deputy GM Marketing

### Company Secretary

Tony Macko

### Issued Capital

As at 30 September 2009, the issued capital of the Company was 373,835,806 fully paid ordinary shares. Since the end of the September 2009 Quarter, the issued capital of the Company has risen to 375,356,253 fully paid ordinary shares through a combination of shares issued in response to the DRP and the exercise of executive options (refer above).

### Substantial Shareholders

Barclays Global Investors Australia Limited	-	11.32%
Bank of America Corporation	-	5.13%

\* **Note:** Does not necessarily take account of recent changes in the Company's share capital.

### Equity Incentives / Rights Over Ordinary Shares

Since the June 2009 Quarterly Activities Report, 62,500 options have been exercised with respect to the Company's Senior Executive and Director Share Option Scheme ("1999 Scheme").

Consequently, Centennial presently has 3,576,000 options outstanding under the 1999 Scheme.

The total amount of equity incentives on issue under the Company's Employee Incentive Schemes (the 1999 Scheme and PROP) amounts to 10,394,647 units (on a one-for-one basis), representing 2.77% of the Company's currently listed ordinary shares, and within the 7% limit approved by Shareholders.

All incentives are subject to performance hurdles except for 358,500 shares issued to professional staff under the Deferred Incentive Share Plan ("DISP"), which vest progressively upon the individual being in the employ of Centennial Group Companies on the first, second and third anniversaries of their issue.

### Full Company Name & Registered Office

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**Website** [www.centennialcoal.com.au](http://www.centennialcoal.com.au)

### Stock Exchange Listing

Australian Securities Exchange  
Home Exchange – Sydney NSW  
The Company's ASX code is "CEY"

### Shareholder Enquiries

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