30 October 2003

The Manager – Companies Announcement Office
Australian Stock Exchange (Sydney) Limited

Quarterly Activities Report – September 2003

Centennial Coal Company Limited ("Centennial") presents its September 2003 Quarterly Activities Report.

Highlights

- **Record quarterly** sales, raw coal and saleable coal production.
- **Coal production** totalled 3.8 million tonnes for the quarter, up 47% on the prior corresponding period (following the inclusion of a full quarter’s production from the ex-Powercoal mines).
- **Coal sales** totalled 3.6 million tonnes for the quarter, up 68% on the prior corresponding period.
- **Record monthly production at Newstan Colliery** for the month of September of 447,774 tonnes, 11% above the previous record high achieved in September 2002.
- **Production up 25%** at Clarence with the introduction of an innovative “super place change” mining system.
- **Mandalong** development on schedule.

<table>
<thead>
<tr>
<th>Summary — Production &amp; Sales (Centennial’s Equity Share)</th>
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<tbody>
<tr>
<td><strong>Jun 2003 Quarter Tonnes 000s</strong></td>
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<tr>
<td>-------------------------------</td>
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<tr>
<td>3,751 ROM (raw) Production</td>
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<tr>
<td>3,534 Saleable</td>
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<tr>
<td>3,490 Sales</td>
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### Production & Sales Report (Centennial’s Equity Share) for the September 2003 Quarter

<table>
<thead>
<tr>
<th></th>
<th>Sep 03 Qtr ROM Production Tonnage</th>
<th>Sep 03 Qtr Saleable Production Tonnage</th>
<th>Sep 03 Qtr Domestic Sales Tonnage</th>
<th>Sep 03 Qtr Export Sales Tonnage</th>
<th>Sep 03 Qtr Total Sales Tonnage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Western Region</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Angus Place</td>
<td>492,552</td>
<td>492,552</td>
<td>435,796</td>
<td>-</td>
<td>435,796</td>
</tr>
<tr>
<td>Clarence (85%) / Charbon (95%)</td>
<td>595,056</td>
<td>562,901</td>
<td>87,492</td>
<td>473,792</td>
<td>561,284</td>
</tr>
<tr>
<td>Springvale (50%)</td>
<td>440,008</td>
<td>440,008</td>
<td>326,460</td>
<td>-</td>
<td>326,460</td>
</tr>
<tr>
<td>Berrima / Ivanhoe</td>
<td>121,597</td>
<td>116,968</td>
<td>119,747</td>
<td>1,961</td>
<td>121,708</td>
</tr>
<tr>
<td><strong>Total – Western Region</strong></td>
<td><strong>1,649,213</strong></td>
<td><strong>1,612,429</strong></td>
<td><strong>969,495</strong></td>
<td><strong>475,792</strong></td>
<td><strong>1,445,248</strong></td>
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<tr>
<td><strong>Northern Region</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Newstan / Awaba</td>
<td>1,301,131</td>
<td>1,127,636</td>
<td>947,178</td>
<td>404,198</td>
<td>1,351,376</td>
</tr>
<tr>
<td>Mandalong / Myuna / Munnorah</td>
<td>806,739</td>
<td>806,739</td>
<td>758,571</td>
<td>-</td>
<td>758,571</td>
</tr>
<tr>
<td><strong>Total – Central Coast Region</strong></td>
<td><strong>2,107,870</strong></td>
<td><strong>1,934,375</strong></td>
<td><strong>1,705,749</strong></td>
<td><strong>404,198</strong></td>
<td><strong>2,109,947</strong></td>
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<tr>
<td><strong>Queensland</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Cook (45%)</td>
<td>40,569</td>
<td>37,272</td>
<td>5,040</td>
<td>80,933</td>
<td>85,973</td>
</tr>
<tr>
<td><strong>Group Total</strong></td>
<td><strong>3,797,652</strong></td>
<td><strong>5,584,076</strong></td>
<td><strong>2,680,284</strong></td>
<td><strong>900,884</strong></td>
<td><strong>3,641,168</strong></td>
</tr>
</tbody>
</table>

**Notes:**
1. ROM = Run of Mine.
2. % = indicates Centennial ownership of each mine - otherwise 100%.
3. Quarterly Export Sales include 392,638 tonnes and 80,933 tonnes of coking coal for each of Newstan and Cook respectively.

### Group Overview

The September 2003 Quarter includes a full production and sales period from the ex-Powercoal Mines, whilst the September 2002 Quarter includes only a two month contribution. These mines were acquired from the NSW State Government in early August 2002. As a result, the Group’s production and sales have risen substantially when the two quarters are compared. Importantly, the September 2003 Quarter saw record sales, raw coal and saleable coal production with the Group’s three longwall mines and Clarence all having met or exceeded budget.

Group ROM production for the September 2003 Quarter was 3.8 million tonnes (up 47% over the previous comparable period (“pcp”)) with Group sales of 3.6 million tonnes (up 68% pcp). As a result, ROM production is on budget whilst sales are marginally above budget.

Domestic sales comprised 74% of total sales, of which 98% were delivered under long-term contracts. Export sales were made to a growing list of customers, including both thermal and coking coal consumers in Asia and Europe.

On a Group managed basis, raw coal production under management grew to 4.4 million tonnes, up 39%, whilst sales rose to 4.2 million tonnes, up 62%.

### Angus Place

Production for the quarter was on budget with longwall panel 27 (the last of the northern blocks) producing 493,000 tonnes. Development performance continues to improve, in-line with plan. Sales for the period were slightly ahead of budget in anticipation of the longwall changeover.
Production from longwall 27 has now concluded and the relocation of longwall operations to the longer blocks in the new southern area of the mine, adjacent to Springvale’s old workings, is now underway. As a result of the necessary extended changeover, the opportunity is being taken to install, commission and compatibility test the new face conveyor and upgrade the mine’s coal handling facilities, including underground and surface conveyors and bins at a total cost of approximately $20 million. Longwall mining is due to recommence in early January 2004.

Springvale
Production and sales for the quarter were ahead of budget with the mine continuing to benefit from improved efficiency. Development continues in preparation for the first of the longer, lower cost 3.8 km, 355 metre wide longwall blocks without interruption to the production schedule in financial year 2005. Longwall panel 408 is scheduled to conclude in late November / early December. As with Angus Place, a new face conveyor will be installed, commissioned and compatibility tested during this next longwall change.

In addition to the installation of the new face conveyor, other project work continues. In particular:

- Construction of a ventilation shaft and two service boreholes, at an approximate cost of $10 million. These are centrally located for the future development of the lease and are due for completion in March 2004.
- Construction of the short overland conveyor to Wallerawang Power Station, required for the July 2002 six-year coal supply contract to Delta Electricity, is nearing completion with commissioning due shortly. It will provide Delta Electricity with the flexibility to call for coal to either of its two local power stations. The new conveyor will also provide increased sales opportunities for Springvale coal and reduce the need to haul coal on public roads.

Clarence / Charbon
Following the successful trial and introduction of a new “super place change” mining unit at Clarence early in the quarter, production is some 25% above budget. In so doing, the mine twice broke unit and shift records and set new daily, weekly and monthly records. Charbon produced on budget for the quarter.

Sales were well in excess of budget benefiting from improvements in export demand and niche marketing.

Newstan / Awaba
Newstan produced 1.2 million tonnes in the quarter, setting a new daily and monthly production record of 27,252 and 447,774 tonnes respectively, despite several shifts lost to minor stoppages. September 2003’s ROM production eclipsed the old record set in September 2002 (shortly after Centennial acquired the mine) by 11%. In addition, the coal handling plant set a weekly throughput record of 109,352 tonnes.

Sales tonnes were in line with budget. However excessive water encountered on the longwall face when negotiating a known fault in July diluted coal quality.

Production from longwall panel 20 was completed in mid-October and is due to resume in late November.

Mandalong (incorporating Cooranbong) / Myuna / Munmorah
For varied reasons, these three mines produced below budget for the quarter. Despite this, sales tonnes were slightly ahead of budget.

Extraction mining at Cooranbong finished slightly earlier than planned, as a result of earlier good performances, leaving the Mandalong workforce to concentrate on developing the new mine.

Myuna has encountered claystone in the roof affecting both production and quality. Operational changes have been implemented to mitigate the financial impact.

Munmorah produced 236,000 tonnes in the quarter, only 3,200 short of budget, its best production performance under Centennial’s ownership. This improvement is expected to be sustainable, with early positive results from the first low-height continuous miner (commissioned during the quarter).
The development of Mandalong Mine continues on schedule with many major activities already well underway. These include:
- the awarding of the tender for the longwall mining equipment (in line with budgetary expectations);
- the awarding of the tender for the 33kv to 11kv substation (in line with budgetary expectations); and
- commencement of construction of the main underground surge bin, used to control the distribution of coal via the underground conveyors to Delta Electricity’s Vales Point Power Station and Eraring Energy’s Eraring Power Station.

**Outlook**

The first quarter of financial year 2004 has got off to a good start with all longwalls producing to budget or better. The Company is particularly pleased with Newstan’s record monthly production as well as the successful introduction of the innovative “super place change” mining system at Clarence.

However, a negligible CPI adjustment to the majority of the Group’s long-term contracts with the domestic power generators combined with quality issues at Newstan and Myuna, as mentioned above, have tempered the first quarter’s revenue.

With all three longwall mines involved in changeovers, two of which are extended, the December 2003 Quarter’s production and sales figures will be significantly lower than this quarter but in line with the Company’s expectations.

With the vast majority of the Group’s sales revenue for financial year 2004 denominated in Australian dollars, the Company’s exposure to the US$/A$ exchange rate remains significantly less than export orientated coal companies. However, the Company still has a need to manage its currency risk with respect to its US$ sales revenues. The Group’s hedging portfolio currently averages A$1=US$0.5815 on a “worst case” scenario. Centennial currently has in place hedging for 70% of its US$ denominated sales receipts at an average rate of A$1=US$0.5694 for the balance of the 2004 financial year and 42% at A$1=US$0.6398 for the 2005 financial year.

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