



Centennial Coal

Seventh Supplementary Bidder's Statement

by Centennial Coal Company Limited ABN 30 003 714 538

This document is a Seventh Supplementary Bidder's Statement by Centennial Coal Company Limited (**Centennial**) to its Bidder's Statement dated 9 March 2005 (the **Original Statement**) in relation to its offer (the **Offer**) under a takeover bid for all of the ordinary shares in Austral Coal Limited ABN 21 069 071 816 (**Austral**).

Centennial has also issued supplementary bidder's statements dated 23 March, 5 and 13 April, 23 August, 9 September and 7 October 2005. The Original Statement and each supplementary bidder's statement (together the **Earlier Statements**) were lodged with the Australian Securities and Investments Commission (**ASIC**) on, respectively, 9 and 23 March, 5 and 13 April, 23 August, 9 September and 7 October 2005.

This Seventh Supplementary Bidder's Statement is to be read together with the Earlier Statements and prevails over the Earlier Statements to the extent there is any inconsistency between, on the one hand, this Seventh Supplementary Bidder's Statement and, on the other, the Earlier Statements.

Unless the context requires otherwise, words and expressions defined in the Original Statement have the same meanings in this Seventh Supplementary Bidder's Statement.

This Seventh Supplementary Bidder's Statement is to be lodged with ASIC on 20 October 2005. Neither ASIC nor any of its officers takes any responsibility for the contents of this Seventh Supplementary Bidder's Statement.

1. **Newstan Production Update**

Attached as Annexure A to this Seventh Supplementary Bidder's Statement is an announcement in relation to a production update, dated 19 October 2005.

2. **Authorisation**

This Seventh Supplementary Bidder's Statement has been approved by a resolution unanimously passed at a meeting of the Directors of Centennial held on 19 October 2005.

Dated 20 October 2005.

Signed on behalf of Centennial Coal Company Limited by Dr Paul Moy and Mr Tony Macko, being respectively a Director and a Company Secretary of Centennial Coal Company Limited who are authorised to sign by a resolution unanimously passed by the directors of Centennial Coal Company Limited.

Dr Paul Moy, Director

Mr Tony Macko, Company Secretary

CENTENNIAL COAL MARKET RELEASE



Newstan Production Update – 19 October 2005

Centennial Coal Company Limited (“Centennial”) provides the following update with respect to progress at the Company’s Newstan mine.

Since the announcement on 7 October 2005, there has been encouraging progress on consolidating and stabilising the faulted area on the longwall face, including PUR (“polyurethane resin”) injection into the surrounding strata. However, this remedial work on the longwall face has been slower than expected.

In addition, further analysis of the faulted area has been carried out by independent experts to assist local management with the necessary steps to mine through the faulted area.

On 7 October the Company advised of an unstable underground atmosphere, which arose from a higher than usual gas content resulting in a temporary withdrawal of employees from underground. Late yesterday, similar atmospheric problems were encountered requiring a precautionary withdrawal of employees from underground in accordance with the Mine’s safety procedures.

Local management is concentrating its efforts to ensure the affected area (which is in a localised part of the old underground workings remote from the current longwall face) is made permanently stable. This involves the injection of inert gas into the affected area, which is expected to commence today.

The Company is closely monitoring progress to ensure normal operations recommence as soon as possible.

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