



Managed by Rio Tinto Coal Australia

ASX RELEASE

1 March 2010

Coal & Allied Industries Limited ('Coal & Allied') today announced a proposal to cancel all of the 1,857,180 non-participating preference shares issued in the capital of Coal & Allied for a cash payment of A\$1.50 (which represents outstanding capital and accrued dividend until the date of cancellation) for each cancelled preference share.

The proposed cancellation of Coal & Allied's preference shares will result in a simpler capital structure for Coal & Allied and remove the costs and administrative time currently required to manage the preference shares.

The cancellation will be implemented by way of a capital reduction and is subject to approval by the ordinary shareholders at the Annual General Meeting on Friday 16 April 2010 and, subsequently, by the preference shareholders at a separate general meeting on the same day.

Further details on the proposal including voting rights will be outlined in the Notices of Meeting to be provided to ordinary shareholders and preference shareholders in due course.

If approved, the capital reduction is expected to occur in May 2010.

The final dividend of 1.75 cents per preference share for the year ended 31 December 2009 announced on 27 January 2010 will be paid on 19 March 2010, which is in addition to the proposed consideration for the preference share cancellation.

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