

MEDIA RELEASE

14 July 2010

Production report for the quarter ended 30 June 2010

'000 tonnes (100% basis)	CNA interest	2Q 2009	3Q 2009	4Q 2009	1Q 2010	2Q 2010	1H 2009	1H 2010
Saleable production								
Hunter Valley Operations	100%							
Thermal coal		2,383	1,610	2,400	1,892	1,736	4,595	3,628
Semi-soft coking coal		346	1,144	644	690	854	838	1,544
		2,729	2,754	3,044	2,582	2,590	5,433	5,172
Bengalla Mine	40%							
Thermal coal		1,438	1,468	1,434	1,228	1,477	2,564	2,705
Mount Thorley Operations ^(a)	80%							
Thermal coal		478	882	357	189	271	991	460
Semi-soft coking coal		157	81	818	306	552	214	858
		635	963	1,175	495	823	1,205	1,318
Warkworth Mine ^(a)	55.6%							
Thermal coal		918	1,378	1,272	1,115	1,389	1,982	2,504
Semi-soft coking coal		217	204	34	237	54	292	291
		1,135	1,582	1,306	1,352	1,443	2,274	2,795
Total Mount Thorley Warkworth		1,770	2,545	2,481	1,847	2,266	3,479	4,113
Total coal production								
Thermal coal		5,217	5,338	5,463	4,424	4,873	10,132	9,297
Semi-soft coking coal		720	1,429	1,496	1,233	1,460	1,344	2,693
		5,937	6,767	6,959	5,657	6,333	11,476	11,990
Total sales ^(b)								
Thermal coal		5,406	5,082	5,644	4,213	4,536	10,037	8,749
Semi-soft coking coal		778	1,245	1,607	1,019	1,441	1,361	2,460
		6,184	6,327	7,251	5,232	5,977	11,398	11,209
Coal & Allied share								
Coal production								
Thermal coal		3,851	3,669	3,966	3,154	3,316	7,515	6,470
Semi-soft coking coal		592	1,322	1,317	1,067	1,325	1,172	2,392
		4,443	4,991	5,283	4,221	4,641	8,687	8,862
Coal sales								
Thermal coal		3,978	3,519	3,928	3,072	3,178	7,520	6,249
Semi-soft coking coal		651	1,202	1,454	823	1,336	1,153	2,160
		4,629	4,721	5,382	3,895	4,514	8,673	8,409

(a) Production can be sourced from either mining lease and is allocated over the year based on the tonnage commitment ratio contractually agreed between the Mount Thorley and Warkworth joint ventures.

(b) Sales relate only to coal mined by the operations and exclude traded coal.

Production figures are sometimes more precise than the rounded numbers shown, hence small differences may result between the total of the quarter figures and the full year figures.

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Production

Coal & Allied's share of total saleable production in the June quarter was 4,641kt, 10 per cent higher than the prior quarter, and four per cent higher than the corresponding quarter in 2009.

The second quarter of 2010 saw Coal & Allied increase total semi-soft coking coal production by 18 per cent from the previous quarter in order to take advantage of the high semi soft coking coal prices relative to thermal coal prices that are currently being experienced.

Hunter Valley Operations' saleable coal production was similar to the previous quarter and five per cent lower than the corresponding quarter last year. Production was impacted in the quarter by:

- Increased levels of weather impacts, with 14 per cent of calendar time lost across the shovel and excavator fleets, which reduced waste removal and therefore coal exposure;
- an extended period of working through areas of higher strip ratio; and
- targeting higher semi-soft production (up 84 per cent from first half of 2009) impacting overall productivity.

Mount Thorley Warkworth's saleable coal production was 23 per cent higher than the previous quarter, and 28 per cent higher than the corresponding quarter last year. These production increases have been achieved through the progressive commissioning of new heavy mobile equipment which has resulted in higher waste movement. Notwithstanding these increases, production at Mount Thorley Warkworth has also been impacted by increased wet weather, a higher strip ratio and targeting of semi soft production (up 127 per cent from first half of 2009).

Bengalla's saleable production was 20 per cent higher than the previous quarter, and 3 per cent higher than the corresponding quarter in 2009. Compared to the previous quarter, Bengalla's production improved as a result of mining in a more productive seam.

Overall, Coal & Allied is experiencing rising strip ratios across its mines, in particular Hunter Valley and Mount Thorley Warkworth, as it accelerates waste stripping to bring its mines to full capacity. As a result, Coal & Allied's attributable strip ratio for the half year is 17 per cent higher than 2009 levels. Combined with the impact of a new three year collective bargaining agreement at Hunter Valley and Mount Thorley Warkworth, this has placed upward pressure on costs.

Sales

Coal & Allied's share of coal sales for quarter two of 2010 was 4,514kt, 16 per cent higher than the March quarter in 2010 and two per cent lower than the corresponding quarter last year. The increased focus on semi-soft coal has seen its contribution increase to 26 per cent of attributable sales volumes this half year compared to 13 per cent in the comparable period last year. One of the main contributors to the five per cent difference in first half production and sales was the slippage of vessels from the end of June into early July. This in turn was due to railing for these vessels being delayed by short term coal chain planning constraints. In addition to this impact, there was a moderate build in stock levels due to higher than anticipated shipping queues. This additional stock will be depleted early in the second half of the year.

Coal & Allied anticipates that full year sales will be aligned with the recent guidance given as part of the investor update, which outlined targeted production for 2010 of 27 million tonnes (100 per cent).

Other

There was no significant exploration activity during the quarter.

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