



GLOUCESTER COAL LTD

ABN 66 008 881 712

MARKET RELEASE

ON MARKET SHARE BUY BACK

The Directors of Gloucester Coal Ltd are pleased to announce that the Company will undertake an on market buy-back of up to 7.5% of the issued capital of the Company. The buy-back program is intended to be completed within 12 months and has been established to enable the Company to repurchase shares on an opportunistic basis and to take advantage of current volatile market conditions.

Gloucester Coal Ltd is committed to achieving value for shareholders and this buy-back, coupled with the Company's intention to deliver sustainable dividends, confirms this commitment.

The Company has a very strong balance sheet and robust cash flows generated from contracted production from Gloucester Basin operations. The buy-back will be funded from operational cash flow surplus to capital expenditure and dividend payments.

Based on the closing price of the Company's ordinary shares on the ASX on 8 October 2008, a buy-back of 6.172 million shares would cost the Company approximately A\$28 million. The buy-back is expected to add value to the remaining shares on issue and does not impact on the growth plans the Company intends to pursue.

GLOUCESTER COAL LTD

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