

**GLOUCESTER COAL LTD**

ABN 66 008 881 712

MARKET RELEASE

2008/09 COKING COAL PRICE SETTLEMENT

Gloucester Coal announces the completion of coking coal price negotiations with key Japanese customers for the 2008/09 Japanese Financial Year, resulting in averaged USD price increases in excess of 270% on 2007/08 contracts.

Gloucester Coal CEO Mr Rob Lord said, "The outcome of these negotiations and the increases to coking coal prices we have achieved is an excellent result. It is a reflection of the buoyant coking coal market in general, and strong demand for Gloucester's particular semi-hard coking coal product".

The Japanese fiscal year is from April to March each year, and the new coking coal prices will be effective for shipments made to Japanese customers since late April 2008.

"As a consequence of these increased prices, the Company now expects net earnings for the recently ended 2007/08 year to be approximately 30% higher than the previous year," he said.

Gloucester Coal expects to announce full year results on 27 August 2008.

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