

GLOUCESTER COAL LTD

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100% PRICE INCREASE FOR COKING COAL

Gloucester Coal today announced that it had reached terms for its semi-hard coking coal volumes for Japanese Fiscal Year 2011 at prices close to 100% higher than those achieved for 2009/10 contracts¹.

In line with recent market movements, agreements have been reached with customers in Asia to move contracts that were previously priced annually to a shorter term quarterly basis.

Gloucester CEO Barry Tudor said: "The new coking coal prices represent the second highest price ever achieved for our coking coal, and is an excellent outcome. The price confirms the high value customers place on Gloucester's coking coal properties and the continued strong demand from both existing and new customers in Asia".

Gloucester Coal's recently announced strategic review highlighted the Company's plans to increase the production of coking coal in two stages, commencing with the Duralie extension in 2010, followed by a further increase in production, including two million tonnes of coking coal per annum from 2014/15.

The development of additional Asian markets is integral to Gloucester's expansion. Gloucester Coal CEO, Mr Barry Tudor said that in the last 12 months significant progress has been achieved in both market development and margin improvement through the intelligence networks and strategic marketing provided by major shareholder Noble Group.

"The high prices achieved in the latest agreements mean Gloucester Coal is ideally placed to take maximum advantage as our coking coal output rises", Mr Tudor said.

"Gloucester Coal has undertaken a substantial overhaul of operations and strategic objectives to maximize operating efficiency and development potential. We have rapidly advanced exploration and the expansion of high-value coking coal opportunities which we expect will more than double output of our high-fluidity coking coal.

"By accessing Noble Group marketing expertise we have developed an expanded customer base for current and future increases in production, particularly of coking coal at very healthy margins.

"The increase in production of coking coal will allow for additional export and local sales. Exports of coking coal will continue to be centered on five major Japanese Steel Mills but additional strategic markets are being developed as production increases", Mr Tudor said.

¹ Approximate increase based on weighted average US\$ FOB – First Quarter JFY 2010/11. Prices last year were in excess of US\$90 per tonne.



FOR FURTHER INFORMATION

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