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GLOUCESTER COAL

Reserves and Resources Upgrade

- JORC Reserves increase 28% to 57.2 million tonnes
- JORC Resources increase 10% to 239.9 million tonnes

Gloucester Coal today announced an upgrade of JORC coal Reserves and Resources.

JORC Coal Reserves have increased to 57.2mt, an increase of 28% from the Reserves previously announced¹.

JORC Coal Resources have increased to 239.9mt, an increase of 10% from the Resources previously announced¹.

Gloucester Coal CEO Mr Barry Tudor said, "These results show the success of our exploration programme which has been accelerated in the six months since the company's strategic review. We look forward to further Reserve and Resource increases resulting from our intensive drilling programme as we target greater long term production capacity".

"We continue to focus on exploration and currently have 14 drill rigs operating in the Gloucester Basin making our exploration programme one of the largest currently operating in any coal field in Australia. This is planned to be further expanded to 17 drilling rigs in the coming weeks.

"We remain on track to meet our exploration programme targets in excess of 130 million tonnes of coal reserves within three years.

"Our exploration programme is on course to support a longer mine life, with higher production volumes and with most of the increase in production coming in coking coal.

"This will change the production balance so that from 2014/15 Gloucester Coal will be producing more coking coal than thermal coal at which time we expect almost two-thirds of our 3.5 mtpa production to be in our 'high-fluidity' Gloucester coking coal." Mr. Tudor said

The Company will continue to provide updates of Resources and Reserves when the information is available.

¹ Based on Reserves and Resources as at 30 June 2009.



Set out in the following tables are details of the latest JORC Coal Reserves and Resources as at 1 March 2010.

TABLE 1: COAL RESERVES AS AT 1 MARCH 2010²

Region	Area	Coal Seam	Proven Reserves (mt)	Probable Reserves (mt)	Proven & Probable Reserves (mt)
Duralie	Main Pit (B)	Weismantel	-	6.8	6.8
	Clareval West (B)	Clareval & Cheer-up	10.6	0.6	11.2
	Railway Pit (A)	Weismantel	0.9	-	0.9
	North East (A)	Weismantel	-	6.5	6.5
Stratford	Avon North (B)	Marker, Avon, Triple	-	3.1	3.1
	Bowens Road North (B)	Bowens Road, Marker	1.9	0.4	2.3
	Co-disposal area (B)	Co-dispose tailings	-	2.2	2.2
	Stratford East (B)	Clareval	-	2.9	2.9
	Stratford South (B)	Avon	1.8	-	1.8
	Stratford South (B)	Bowens Road	0.9	0.1	1.0
	Roseville West (& South) (B)	Marker 7, Bindaboo, Deards, Cloverdale, Roseville	-	18.5	18.5
	Total: Open Cut Reserves			16.1	41.1

The estimates of Coal Reserves have been carried out in accordance with the “2004 Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (The JORC Code)” prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.

Coal resources are reported inclusive of coal reserves (i.e. coal reserves are not additional to coal resources).

The Co-disposal area has had reserves updated by subtraction of mined tonnes. The mined tonne estimates were inflated by 20% in lieu of a detailed reconciliation.

² The information that relates to Gloucester's Coal reserves in this Table 1 is based on information compiled by:

- Mr Robert MacKenzie, a full-time employee of Runge Ltd trading as Minarco-MineConsult, and
- Mr Shaun Tamplin, a full-time employee of Tamplin Resources Pty Ltd

Mr Robert MacKenzie and Mr Shaun Tamplin are members of the Australian Institute of Mining and Metallurgy. Mr Robert MacKenzie and Mr Shaun Tamplin have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as competent persons as defined in the JORC Code. Mr Robert MacKenzie and Mr Shaun Tamplin consent to the inclusion in this Statement of the matters based on their information in the form and context in which it appears.

Reserves have been rounded to appropriate levels of accuracy in accordance with 2004 JORC Code.

TABLE 2: COAL RESOURCES AS AT 1 MARCH 2010³

Region	Area	Tenement	Coal seam	Depth range (m)	Coal Resources					
					Measured (mt)	Indicated (mt)	Measured & Indicated (mt)	Inferred (mt)		
Stratford	Bowens Road	ML1409 &	Bowens Road	0-100	2.8	0.2	3.0	-		
		ML1528	Marker	0-100	-	0.6	0.6	-		
	Avon North (A)	ML1360 & A315	Marker, Avon & Triple	<200	-	3.0	3.0	-		
	Roseville West (1)(A)	ML1360, ML1409 & ML1447 & ML1528	Linden to Roseville	0-150	-	35.6	35.6	5		
			Co-disposal tailings	-	-	2.4	2.4	-		
			Stratford East (B)	A315 & ML1360	Weismantel	0-200	-	-	-	1
	Stratford South	A311, A315 & ML 1360	Clareval	0-200	-	5.8	5.8	3		
			Bowens Road	0-100	1.1	1.3	2.4	-		
			Avon	0-100	2.2	0.6	2.8	-		
			Avon Lower & Triple	0-100	-	-	-	1		
Grant & Chainey	Grant & Chainey	A311 & A315	Rombo	0-100	-	-	-	1		
			Parkers Road	0-100	-	1.6	1.6	-		
		Duralie (A)	Duralie Main Pit (1)	A315 & A315	Bowens Road	0-100	-	-	-	19
				Avon	0-100	-	-	-	14	
		Duralie (A)	Duralie North West	ML1427	Weismantel	0-100	-	5.7	5.7	-
					Clareval	0-80	0.7	3.2	3.9	-
				A315	Weismantel	0-100	-	4.0	4.0	-
					Clareval	0-150	9.9	0.5	10.4	1
					Weismantel	0-100	-	6.5	6.5	-
		Duralie East	A315	Clareval	0-80	-	2.7	2.7	3	
Railway Pit	ML1427 & A315			Weismantel	0-100	1.2	0.5	1.7	-	
Total			Open Cut		17.9	74.2	92.1	48		
Duralie (A)	Duralie Underground	ML1427 & A315	Weismantel	<100	0.9	0.6	1.5	-		
			Weismantel	>100	-	39.3	39.3	59		
Total			Underground		0.9	39.9	40.8	59		
Total			Open Cut & Underground		18.8	114.1	132.9	107		

³ The information that relates to Gloucester's Coal resources in this Table 2 is based on information compiled by;

- Ms Janet Bartolo, a full-time employee of McElroy Bryan Geological Services Pty Ltd; and
- Mr Shaun Tamplin, a full time employee of Tamplin Resources Pty Ltd

Ms Janet Bartolo and Mr Shaun Tamplin are members of the Australian Institute of Mining and Metallurgy and have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as competent persons as defined in the JORC Code. Ms Bartolo and Mr Tamplin consent to the inclusion in this Statement of the matters based on their information in the form and context in which it appears.



The estimates of Coal Resources have been carried out in accordance with the “2004 Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (The JORC Code)” prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.

Coal resources are reported inclusive of coal reserves (ie coal reserves are not additional to coal resources).

Coal resources have been updated by subtraction of mined tonnes for Duralie Main Pit and Stratford Bowens Road North and Roseville West (1).

FOR FURTHER INFORMATION

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