MARKET RELEASE

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ABN 66 008 881 712

Level 15, Tower B
799 Pacific Highway
Chatswood NSW 2067 Australia

PO Box 137
Chatswood NSW 2067 Australia

Phone 612 9413 2028
Fax 612 9413 4802
www.gloucestercoal.com.au

GLOUCESTER COAL

Gloucester Coal FY2011 Half Year Results

- Net profit after tax of $23.2 million is 28% higher than the previous corresponding period
- EBITDA of $36.0 million
- EBITDA margin 26%
- Earnings per share of 20.8 cents
- Final approval received and mining lease granted for the Duralie Extension Project
- $441 million raised from share issue
- near 50% interest in Middlemount and right to receive a royalty of 4% of FOBT sales from Middlemount, acquired during the period

Gloucester Coal Ltd (ASX: GCL) today announced a half year net profit after tax of $23.2 million compared to $18.1 million for the previous corresponding period, which is a 28% increase on the profit recognised in the previous corresponding period. Sales revenue for the period was $137.5 million (2010: $103.7 million). This result has been achieved through increasing coking coal volumes and maintaining EBITDA margin.

Gloucester Coal Chief Executive Officer, Barry Tudor said “sales were very strong during the period, particularly coking coal sales in the second quarter. Sales prices have been recently agreed with Gloucester’s term customers for the third quarter at approximately US$200 per tonne, the second highest price ever achieved for Gloucester coking coal.”

FINANCIAL PERFORMANCE SUMMARY

	6 Months Ended 31 December 2010	6 Months Ended 31 December 2009
Revenue (A$ m)	137.5	103.7
EBITDA (A$ m)	36.0	25.5
EBITDA Margin (%)	26%	25%
Net Profit After Tax (A$ m)	23.2	18.1
Earnings Per Share (cents)	20.8	22.1
Coal Sales (kt)	1,028	914

	As at 31 December 2010	As at 30 June 2010
Cash (A$ m)	9.4	27.8
Current Ratio	1.5	2.4
Interest Bearing Loans (A$ m)	68.5	34.7
Net Cash / (Debt) (A$ m)	(59.1)	(6.9)
Net Assets (A$ m)	762.3	181.2

DURALIE EXTENSION PROJECT

Environmental and planning approvals for the Duralie Extension Project were received in December 2010, followed soon after by Mining Lease ML 1646. The Duralie Extension Project allows the Company to continue the open pit operations at the existing Duralie Coal Mine through a northerly extension of the current workings and by developing the new Clareval Pit which is adjacent.

The Company is currently accelerating the production at Duralie to allow the Company to take full advantage of the recent coking coal prices. Pricing for January to March 2011 coking coal contracts have been agreed at an average price of approximately US$200/tonne. The remaining volumes are expected to be sold at the prevailing spot prices.

An objector has commenced a merit appeal challenge in the NSW Land and Environment Court against the NSW Planning Minister's grant of the environmental approvals for the Duralie Extension. The Company considers that the measures it has committed to and implemented as part of its environmental obligations under the approvals that it has received should position it well to successfully defend the challenge.

The Duralie Extension Project and associated modifications at Stratford are important steps toward increasing the Gloucester Basin product coal output to up to 3.5mtpa by 2014, including up to 2.0mtpa of coking coal.

MIDDLEMOUNT ACQUISITION

During the period, Gloucester Coal executed its first significant asset acquisition by acquiring a near 50% equity interest in the Middlemount Project. The acquisition was completed through an initial equity investment of 27.52% on 30 September 2010 followed by an additional investment on 24 December 2010 through the exercise of an option and a right to take the Company's total interest to nearly 50%. In addition to the equity acquired, a royalty of 4% of the total FOBT sales of Middlemount has been acquired for the life of the mine.

The total consideration of the assets acquired was $496.3 million. The finalisation of the Company's acquisition of a near 50% interest in the Middlemount Project represents a further move toward Gloucester Coal becoming a substantial, diversified coal producer with production coming from operations in NSW and Queensland and sold through ports in both States.

EXPLORATION

The exploration programme within the Gloucester Basin at Duralie and Stratford remains a high priority. During the period the Company spent $11.0 million on exploration and further upgrades in defined reserves are expected in coming months.

FUNDING

During the period the Company completed a successful share issue for which the net proceeds raised totalled $433.1 million.

In addition, the Company has also entered into a US$80 million debt facility on an arm's length basis with its ultimate parent, Noble Group Limited, while longer term financing facilities are established. On 25 January 2011, US$35 million was drawn down under this facility.

For Further Information

Sue Cato

+61 419 282 319