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UPDATED COAL RESERVES - MIDDLEMOUNT

Gloucester Coal Ltd (ASX: GCL) advises that Middlemount Coal Pty Ltd, an incorporated joint venture between Macarthur Coal Limited (ASX Code: MCC) and Gloucester Coal, has reported an increase in Coal Reserves.

The revised Coal Reserves and Coal Resources for the Middlemount Project are as follows:

Middlemount Recoverable Reserves

Proved ROM Mt	Probable ROM Mt	Total Mt
69	27	96

Middlemount Coal Resources

Measured Mt	Indicated Mt	Inferred Mt	Total Mt
89.3	31.5	1.8	122.6

Note: References to Resources and Reserves are JORC compliant.

The new Reserves Statement represents a 68% increase in the Recoverable Coal Reserves compared with the previous statement for the project. The increased Reserve supports Middlemount Coal's plans to increase production following commencement of operations, expected in late 2011 calendar year.

The capital cost for the project has also increased to \$500 million, increasing Gloucester Coal's remaining capital contribution from \$70 million to \$120 million. This increase primarily relates to creek and pipeline relocations necessary to provide access to the additional coal Reserves as well as the impacts of wet weather and the increased cost associated with construction contracts which were previously based on estimates.

1. The information in this report that relates to Coal Reserves at Middlemount is based on information compiled by Mark Bryant, BE Mining (Hons), MAusIMM. Mark Bryant is a member of The Minserve Group Pty Ltd (ABN 43 010 995 767).

2. The information in this report that relates to Coal Resources at Middlemount is derived from geological modelling by Greg Jones BSc (Hons) MAusIMM, MAIG from data compiled by Rees Thomas BAppSc (Geol), BSc (Hons) (Economic Geol). Greg Jones is employed by JB Mining Services Pty Ltd (ABN 99 050 708 596).

Mark Bryant and Greg Jones have sufficient experience which is 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 2004 editions of the Australasian Code of Reporting of Mineral Resources and Ore Reserves.

Mark Bryant and Greg Jones consent to the inclusion in the report of the matters based on the information in the form and context in which it appears.

For Further Information

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