



GLOUCESTER COAL LTD

ABN 66 008 881 712

MARKET RELEASE

EXPECTED FIRST HALF RESULTS

Gloucester Coal Ltd expects first half year net profit after tax to be a record and in the range A\$41-44 million; although the result is subject to the timing of ship sailings, one of which is due to depart Newcastle late December.

Total sales volume in the Oct-Dec 2008 quarter is expected to be around 485,000 tonnes, which exceeds last quarter, and the corresponding quarter last year - which were 434,000 tonnes and 403,000 tonnes respectively. Coking coal sales will be lower than previous recent quarters due to recent slowing in off-take.

Total shipments for the next six months should remain solid and are expected to be up to the limit of available port allocation – although the split between coking and thermal product will be largely dependent on the strength of coking coal markets, particularly in Japan. As a countermeasure to any softening in coking coal demand, the Company will deliver into additional thermal coal contracts.

Gloucester thermal coal remains in strong demand and thermal contracts in excess of 800,000 tonnes have already been confirmed for delivery during the next two quarters. Thermal contracts in excess of 500,000 tonnes have also already been confirmed for the 2009/10 year at prices averaging in excess of US\$80 per tonne. Gloucester Coal has significant flexibility within its operations to adjust production and sales between products to meet changing market demands.

As previously advised the Company has no debt.

As a result of the continued exploration work over the last six months, the Company will also announce an updated reserves and resources JORC standard statement in January 2009

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