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Reserves Update

Additional open cut JORC coal reserves of 7.3 million tonnes identified

Gloucester Coal today announced an update to JORC coal reserves at its Stratford coal mine. An increase in recoverable JORC reserves of 7.3 million tonnes has been identified as at 30 June 2009 in the followings areas.

	Million tonnes
Avon North	3.1
Clareval seam	1.8
Co-disposal area	2.4
ADDITIONAL STRATFORD OPEN CUT RESERVES	7.3

Gloucester Coal CEO Mr Barry Tudor said these new reserves were evidence of the continued benefits the Company is receiving from its increased focus and investment on strategic exploration activities.

“We have raised previously identified resources to JORC standard and unlocked this value as another step in the path towards achieving our exploration targets. Further increases will be announced as our exploration program continues.

“We have increased the number of drill rigs operating within the basin to five and will further increase drilling capacity over the next few months”, Mr. Tudor said.

The reserves identified have not previously been reported and are in addition to the total reserves announced as at 31 December 2008 of 38.0 million tonnes. For the period from 1 January 2009 to 30 June 2009 1.3 million tonnes has been mined from the Stratford and Duralie Operations.

The Company will provide a full upgrade of Resources and Reserves when the information is available.



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.

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

The information in this report that relates to Coal Reserves is based on information compiled by Mr Shaun Tamplin, a full-time employee of Tamplin Resources Pty Ltd.

Mr Tamplin is a member of the Australian Institute of Mining and Metallurgy. Mr Tamplin has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Persons as defined in the 2004 Edition of the “Australian Code for Reporting Mineral Resources and Ore Reserves”. Mr Tamplin consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

FOR FURTHER INFORMATION

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