

GLOUCESTER COAL LTD

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GLOUCESTER COAL

June 2010 Coal Reserves and Resources Update

- JORC Reserves increase 31% to 74.8 million tonnes
- JORC Resources increase 16% to 278.8 million tonnes

Gloucester Coal Ltd has today announced a further upgrade to its Coal Reserves and Resources.

JORC Coal Reserves have increased from 57.2Mt to 74.8Mt from the Reserves previously announced¹. JORC Coal Resources have increased from 239.9Mt to 278.8Mt from the Resources previously announced¹.

Gloucester Coal CEO, Mr Barry Tudor said, "These are very pleasing results that support and endorse the effort that the company has placed in its exploration programme."

"Gloucester Coal will maintain its intensive focus on exploration. The current exploration programme targets are on track to identify approximately 130 million tonnes of coal reserves by mid calendar year 2011. This result is approximately one year ahead of the original schedule announced in 2009. Our continued exploration success underpins the company's committed growth plans which will increase production to approximately 3.5Mt from 2014 of which 2.0Mt will consist of our high fluidity semi-hard coking coal."

¹ Based on Reserves and Resources as at 1 March 2010



**TABLE 1:
GLOUCESTER COAL LTD COAL RESERVES AS AT 30 JUNE 2010²**

Region	Area	Coal Seam	Proven Reserves (mt)	Probable Reserves (mt)	Proven & Probable Reserves (mt)
Duralie	Main Pit ^(B)	Weismantel	-	6.2	6.2
	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 ^(B)	Avon North	Marker, Avon, Triple	-	3.1	3.1
	Bowens Road North	Bowens Road, Marker	1.8	0.4	2.2
	Co-disposal area	Co-dispose tailings	-	2.2	2.2
	Grant & Chainey	Glen Road, Markers, Avon, Triple	-	8.2	8.2
	Grant & Chainey	Marker, Bowens Road	-	6.8	6.8
	Stratford East	Clareval	-	2.9	2.9
	Stratford South	Markers, Avon, Triple	-	5.0	5.0
	Stratford South	Marker, Bowens Road	-	1.5	1.5
	Roseville West (& South)	Marker 7, Bindaboo, Deards, Cloverdale, Roseville	-	18.1	18.1
	Total: Open Cut Reserves			13.3	61.5

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 Stratford Bowens Road North, Co-disposal area, Roseville West, and the Duralie Main Pit, have had reserves updated by subtraction of mined tonnes. The mined tonne estimates were inflated in lieu of a detailed reconciliation.

² The information that relates to Gloucester’s coal reserves in Table 1 is based on information compiled by:

(A) Mr Robert MacKenzie, a full-time employee of Runge Ltd trading as Minarco-MineConsult; and

(B) Mr Shaun Tamplin, a full-time employee of Tamplin Resources Pty Ltd.

Mr Robert MacKenzie and Mr Shaun Tamplin are members of the Australasian 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.



TABLE 2:
GLOUCESTER COAL LTD COAL RESOURCES AS AT 30 JUNE 2010³

Region	Area	Tenement	Coal seam	Depth range (m)	Coal Resources						
					Measured (mt)	Indicated (mt)	Measured & Indicated (mt)	Inferred (mt)			
Stratford	Bowens Road North ^(A)	ML1409 & ML1528	Bowens Road	0-100	2.7	0.1	2.8	-			
			Marker	0-100	-	0.5	0.5	-			
	Avon North ^(A)	ML1360 & A315	Marker, Avon & Triple	<200	-	3.0	3.0	-			
			Roseville West ^(A)	ML1360, ML1409 & ML1447 & ML1528	Linden to Roseville	0-150	-	35.5	35.5	5	
	Co-disposal tailings	-			-	2.3	2.3	-			
	Stratford East ^(B)	A315 & ML1360			Weismantel	0-200	-	-	-	1	
	Grant & Chainey ^(B)	Grant & Chainey	A311 & A315	Rombo	0-100	-	-	-	5		
Avon, Triple				0-100	-	18.0	18.0	7			
Bowens Road				0-100	-	11.2	11.2	4			
Markers, Glen View				0-100	-	4.9	4.9	2			
Rombo				100-200	-	-	-	3			
Avon, Triple				100-200	-	11.3	11.3	3			
Bowens Road				100-200	-	7.4	7.4	1			
Markers, Glen View				100-200	-	4.0	4.0	-			
Duralie ^(A)				Duralie Main Pit	ML1427	Weismantel	0-100	-	5.1	5.1	-
						Clareval	0-80	0.7	3.2	3.9	-
	Duralie North West	A315	Weismantel	0-100	-	4.0	4.0	-			
			Clareval	0-150	9.9	0.5	10.4	1			
	Duralie East	A315	Weismantel	0-100	-	6.5	6.5	-			
			Clareval	0-80	-	2.7	2.7	3			
	Railway Pit	ML1427 & A315	Weismantel	0-100	1.2	0.5	1.7	-			
Total			Open Cut		14.5	126.5	141.0	38			
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		15.4	166.4	181.8	97			



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 (i.e. coal reserves are not additional to coal resources).

Coal resources have been updated by subtraction of mined tonnes for Duralie Main Pit and Roseville West.

³ The information that relates to Gloucester’s coal resources in Table 2 is based on information compiled by:

(A) Ms Janet Bartolo, a full-time employee of McElroy Bryan Geological Services Pty Ltd; and

(B) Mr Shaun Tamplin, a full time employee of Tamplin Resources Pty Ltd.

Ms Janet Bartolo and Mr Shaun Tamplin are members of the Australasian 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 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.

FOR FURTHER INFORMATION

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