



GLOUCESTER COAL LTD

ABN 66 008 881 712

MARKET RELEASE

GLOUCESTER COAL ANNOUNCES MAJOR NEW COKING COAL DISCOVERY

Gloucester Coal today announced a significant new coal discovery in the Gloucester Basin, with drilling intersections confirming the continuity of a major seam of coking coal along the eastern side of the Basin.

Significant intersections of the Clareval Seam have been discovered at Stratford South and in the Grant & Chainey area. The northern drill intersections are located on company owned land only 2.5km from the Coal Handling and Preparation Plant (CHPP).

Analyses from the drill GC22C indicate that a product coal yield of approximately 70% to 75% could be anticipated from routine washing. About 50% of the product would be an 8% ash semi-hard coking coal with a sulphur content of less than 1%, similar to the Clareval product expected from the Duralie Northwest area.

Gloucester Coal Chief Executive Officer, Mr. Rob Lord, said:

“This is an important new discovery for Gloucester Coal and we expect further drilling over the coming months will enable us to delineate resources and therefore increase JORC standard reserves and resources further as a result of this success.

“An additional source of lower sulphur, semi-hard coking coal from the Clareval Seam will give greater flexibility to our mining and coal blending operations. This will enable the Company to increase the proportion of coking coal in the future sales mix and take advantage of the higher prices for coking coal expected into the future.

“The existence of the Clareval Seam so close to our existing facilities is very significant. Planning to take advantage of this new coal seam can be included in the Part 3A application that is currently being prepared to extend mining operations at Stratford.

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“Our exploration activities are continuing and I am hopeful they will deliver further positive results into the future,” he said.

DRILLING DETAILS

**GLOUCESTER COAL LTD – STRATFORD SOUTH
DRILL HOLE INTERSECTIONS**

Drill Hole	From (m)	To (m)	Vertical Thickness* (m)	Seam
SS182R	194	214	20	Clareval
SS183R	50	74	24	Clareval
SS183R	113	118	5	Clareval Lower

***Note:** The Clareval Seam dips to the west at about 55 degrees and true thickness is less than the vertical thickness.

**GLOUCESTER COAL LTD – GRANT & CHAINEY
DRILL HOLE INTERSECTIONS**

Drill Hole	From (m)	To (m)	Vertical Thickness* (m)	Seam
GC12R	27	40	13	Clareval
GC22C	35	50	15	Clareval
GC13R	16	25	9	Weismantel
GC23C	50	57	7	Weismantel

***Note:** The Clareval and Weismantel Seams dip to the west at about 60 degrees and true thickness is less than vertical thickness.

In the Grant and Chainey exploration area the Weismantel Seam has also been intersected, but this seam is thinner and contains more claystone partings, compared with the seam in the Duralie East area, some 6km to the south.

At Stratford South drilling is planned to locate the Weismantel Seam to the west of the Clareval Seam. Recent heavy rain has restricted access to proposed drill sites, but drilling should resume in a week or so. A cored drill hole is planned near SS183R to provide coal quality data on the northern intersection of Clareval Seam.

The attached map show the location of the recently drilled holes.

Gloucester Coal plans its first resource/reserves upgrade for the calendar year in Q2, however the recent discoveries will be included

as part of a further resource/reserves upgrade planned for later in the calendar year.

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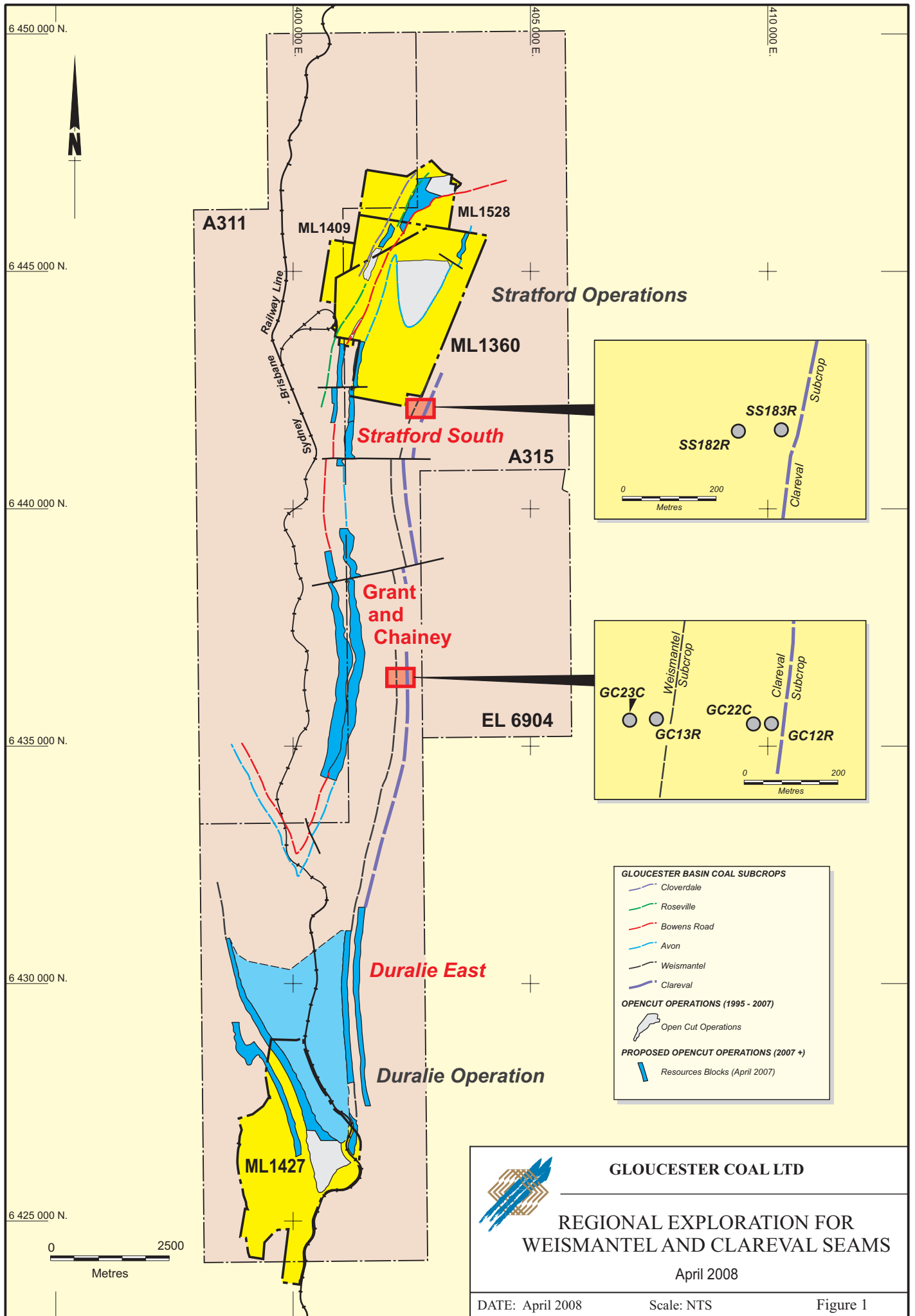
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Competent Persons Statement

The information in this report that relates to Exploration Results is based on information compiled by Dr John Bryan PhD, who is a Fellow of The Australasian Institute of Mining and Metallurgy and a Director of Gloucester Coal Limited.

Dr Bryan has more than five years experience which is relevant to the style of mineralisation and type of deposit being reported and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves' (the JORC Code). •This public report is issued with the prior written consent of the Competent Person(s) as to the form and context in which it appears.

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GLOUCESTER COAL LTD
REGIONAL EXPLORATION FOR WEISMANTEL AND CLAREVAL SEAMS
 April 2008
 DATE: April 2008 Scale: NTS Figure 1