Results for the Six Month Full Financial Year Ended 30 June 2005

Gavin May **Chief Executive Officer**

The Company has changed its reporting date from calendar year to financial year reporting. This full financial report covers the six month period ending June 2005. Comparative data in this presentation is shown against the Jan – June 2004 Period

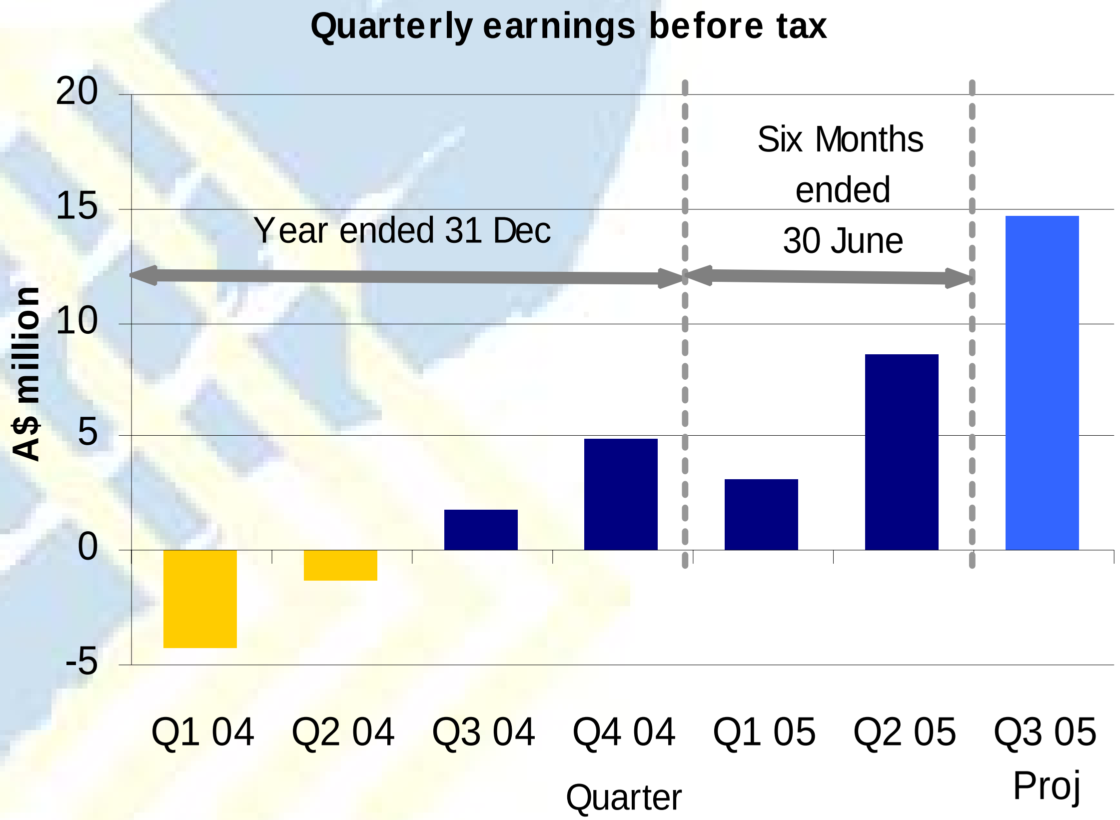
Summary of Results

- **Record profit before tax from operations of $12.1 million**
  - $8.5 million NPAT
- **Production and sales consistent and stable**

	Six Month Full Financial Year ended 30 June 2005	Comparative Period Jan – June 2004	Twelve Month Financial Year ended 31 December 2004
Production (GCL 90% Share) Million tonnes	**0.834**	**0.812**	**1.68**
Net sales (GCL 90% Share) Million tonnes	**0.796**	**0.811**	**1.61**
Revenue A$ million	**54.15**	**32.16**	**74.50**
Profit before tax from operations A$ million	**12.13**	**(5.64)**	**0.93**

Quarterly Profit Before Tax

- **Four consecutive quarters of profit**
- **New higher contract sale prices take effect later half of Q2**
- **GCL positioned for record profit in 2005/6 financial year**



2005/6 Capital Management

- **Final dividend 10 cents per share (unfranked)**
  - Strong cash flows forecast with contracted coal sales giving relative financial certainty
    - Record Date 16 September
    - Date on which dividend is payable 30 September
- **Buy-back of Gloucester Coal shares**
  - Up to 10% of the Company's shares
  - Purchased by funds excess to capital expenditure, debt and dividend payments
- **Company remains committed to delivering sustainable returns to shareholders**

Corporate Achievements

- **GCL acquires ITOCHU's 10% share of the Stratford JV**
  - GCL has 100% Ownership of Gloucester Basin assets
  - GCL purchased ITOCHU share of land, stocks, reserves and infrastructure for A$8.87 million
  - ITOCHU has taken a 5% placement in GCL at $3.32 share
- **GCL one of the first companies in Australia to report under A-IFRS**
  - GCL accounts are reported to the new A-IFRS which commenced 1 January 2005
  - No impact on cash, however minor changes to dismantling provisions, options valuation and foreign exchange hedging disclosure
  - Generally a more complicated and costly process

Review of Operations

Safe and efficient operations remain a priority for the Company

- **Duralie**
  - Record half year production 0.845 million tonnes (1.7 Mt annualised)
  - $1 million coal shaft creek diversion completed in time and on budget
  - Stage 2 mine water irrigation scheme under construction
    - Capacity to irrigate and evaporate more than 4 million litres per day

- **Bowens Road North**
  - Record half year production 0.441 million tonnes (0.88 Mt annualised)
  - Minor highwall failure safely and successfully managed

- **Stratford Preparation Plant**
  - Optimisation plan is in place to increase ROM feed to 2.9 million tonnes per annum
  - Studies underway to investigate step change increase in production

GLOUCESTER COAL

Life of Mine Reserves
Duralie & Stratford

- **Duralie Open Cut mineable reserves > 20 million tonnes**
  - Mine life extended to 2017 with inclusion of reserves on Eastern side of Basin
  - Planning, land acquisition and environmental studies underway
- **Duralie Trial Underground mine entry study and Open Cut optimisation well advanced**
  - Trial Underground anticipated commencement mid 2008
  - Underground Mine Entries planned from Open Cut highwall
- **Reprocessing of seismic data to the North of the Duralie Mine lease**
  - Previous study identified shallow dipping Weismantel Coal Member
  - Potential large scale coking coal resource open to the north
- **Exploration Drilling in progress at South Stratford**
  - Subcrop and pit delineation drilling undertaken in Bowens Road South deposit
  - Structural drilling also underway in the Kara area

GLOUCESTER COAL

Port & Market Review

Port of Newcastle

- PWCS Capacity Allocation Scheme performing well
- GCL demurrage costs down
- GCL has acquired excess allocation rights to achieve 2 million tonne production capacity
- Port and rail capacity in excess of Hunter Valley/Newcastle production capacity

Market - Coking

- Coking coal market continues to remain very strong
- Japanese Steel Mills focus on hard and high fluidity coking coals for improved coke making
- Gloucester high fluidity coking coal in constant demand

Market - Thermal

- GCL has next three quarters of high ash thermal coal production under contract
- Prices for Gloucester high ash thermal coal remain above US$40/t (basis 6322 kcal gar)
- Small spot sales in Newcastle have ability to distort and mask market conditions
- GCL has no contracts tied to benchmark or derivative style indicators

Summary

- **Operations performing safely & efficiently**
- **Exploration and reserve delineation in progress**
- **Strong financials provide for capital returns to shareholders (dividends plus buy-back)**
- **Looking forward to a strong financial result in 2005/6**