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## FOURTH QUARTER REPORT

### FOR THE THREE MONTHS ENDED 31 DECEMBER 2004

#### SUMMARY

- The December quarter production and sales figures continue to demonstrate Gloucester Coal Ltd's (GCL) ability to reliably operate the Bowens Road North and Duralie open cut operations to plan and on budget.
- At the end of the December quarter, total sales for 2004 were up 4% on 2003, while total revenue was up by more than 20%.
- GCL achieved its forecast FOB cash cost for the year. The December quarter and year end cost was approximately A\$37 per tonne.
- GCL's share of 2004 Coking coal sales of 708,000 tonnes were the same as in 2003.
- GCL's foreign exchange hedge programme protected the Australian dollar revenue against the USD depreciation (A\$ appreciation) during the December quarter. This resulted in a gain of A\$369K in December.

#### CLEAN COAL SALES (GCL's 90% share of Stratford Joint Venture)

Coal Type	Q4 2004	Q4 2003	Change	Year end 2004	Year end 2003	Change
Coking	<b>179</b>	145	23%	<b>708</b>	709	0%
Thermal – Export	<b>277</b>	107	158%	<b>783</b>	441	77%
Thermal - Domestic	<b>13</b>	118	(89%)	<b>270</b>	550	(50%)
Total Sales	<b>469</b>	370	18%	<b>1761</b>	1700	4%
Purchases	<b>(33)</b>	(21)		<b>(149)</b>	(130)	
Net Sales	<b>436</b>	349	25%	<b>1612</b>	1570	3%

- GCL's share of net coal sales from the Stratford Joint Venture (net of purchased coal) totalled 436,000 tonnes for the quarter.



## OPERATIONS

- Duralie and Bowens Road North both performed in line with expectations and on budget.
- FOB cash costs for the December quarter were slightly better than the target of A\$37 per saleable tonne.

### ROM PRODUCTION SUMMARY (100% Stratford Joint Venture)

		Q1 04	Q2 04	Q3 04	Q4 04	Total
		,000 t	,000 t	,000 t	,000 t	,000 t
<b>Coal Source</b>						
Duralie	Railed to Stratford CHPP	360	367	406	<b>445</b>	1578
Bowens Road North	Trucked to Stratford ROM stockpile	165	130	197	<b>253</b>	745
Co-disposal recovery	Trucked to Stratford ROM stockpile	117	151	90	<b>2</b>	360
<b>Total ROM coal delivered to CHPP</b>		<b>642</b>	<b>648</b>	<b>693</b>	<b>700</b>	<b>2683</b>
<b>Preparation Plant</b>	ROM Coal processed	614	655	660	<b>679</b>	2608
	Total Yield	74%	68%	69%	<b>76%</b>	71.5%
	<b>Total Product</b>	<b>454</b>	<b>448</b>	<b>453</b>	<b>511</b>	<b>1866</b>
<b>GCL's 90% Share of Production</b>		<b>409</b>	<b>403</b>	<b>408</b>	<b>460</b>	<b>1680</b>

## MARKETING

### QUARTERLY SALES PERFORMANCE BY COAL TYPE (GCL's 90% Share)

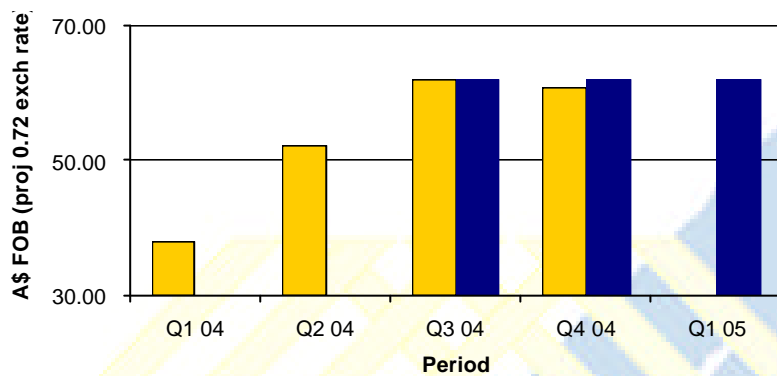
Coal Type	Q1 04 Actual ,000t	Q2 04 Actual ,000t	Q3 04 Actual ,000t	Q4 04 Actual ,000t	2004 Total ,000t
Coking	165	147	101	146	<b>559</b>
Thermal – Export	106	208	193	277	<b>783</b>
Thermal - Domestic	119	66	73	13	<b>270</b>
<b>GCL's Net Sales</b>	<b>390</b>	<b>421</b>	<b>367</b>	<b>436</b>	<b>1612</b>



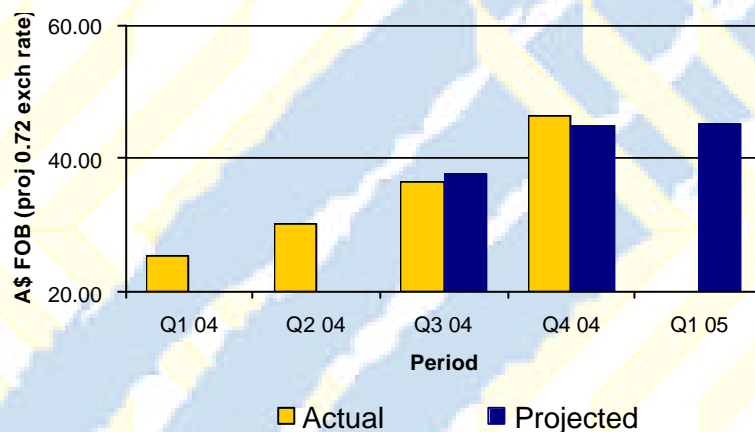
## SALES REVENUE

- The strong demand for all coal products continues to be reflected in the escalating sales prices being achieved by GCL.
- Price negotiations with the Japanese Steel Mills for Gloucester coking coal contracts will commence in the near future. GCL is anticipating a significant increase in sales price from April 2005, following the recent +100% price increase in the sale price of Australian hard coking coal.

**GCL Average Coking Coal Price A\$/tonne**



**GCL Average Thermal Coal Price A\$/tonne**



## PORT OF NEWCASTLE

- Demurrage costs for the 2004 December quarter were \$0.146 million. (Q4 2003 \$0.341 million)
- The second half of 2004 cost of demurrage was A\$0.26 per tonne, which was significantly lower than the first half average of A\$1.74 per tonne.



## CORPORATE

- GCL's A\$10 Million loan from former parent UK COAL PLC was assigned by UK COAL to ABN AMRO NV in December 2004. GCL's total debt of A\$52 Million has now been consolidated with ABN AMRO.
- GCL was keen to rationalise the ownership structure with the Stratford Joint Venture partner Itochu, across the two operations by the end of 2004 (GCL's share; Stratford 90% and Duralie 100%). At the end of 2004 negotiations with Itochu had not progressed. GCL is continuing to explore other equity and marketing relationships.

## EXPLORATION AND DEVELOPMENT

- The review of the Duralie seismic data by McElroy Bryan Geological Services reconfirmed the continuity and structure of the Weismantel coal seam over the prospective Duralie underground resource area. During the first half of 2005 exploration will involve drilling on the seismic lines to determine coal quality, seam gas and primary geotechnical properties. Mining consultants, Minarco Asia Pacific and GCL will investigate underground mining techniques suitable for the Duralie underground resource area geology. (100% owned by GCL)
- GCL also anticipates exploration will commence in the near future on delineating the potential open cut resources in the South Stratford area.
- GCL have optimised mine plans for both open cut operations and as a result the mineable reserves have been revised upwards from the original plan by 1.7 million tonnes. Reserves have been estimated and reported to JORC status by MineConsult Pty Ltd.

Deposit	Mineable Reserves	ROM Coal Mined	Mineable Reserves
	December 2003	During 2004	December 2004
	Mt	Mt	Mt
Bowens Road North	5.7	0.7	5.4
Duralie	13.5	1.6	13.2

For further information:

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Chief Executive Officer

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21 January 2005