

# ASX

# ANNOUNCEMENT



## GLOUCESTER COAL

A Member of  
UK COAL PLC

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### REPORT TO THE STOCK EXCHANGE FOR THE QUARTER ENDED 31 DECEMBER 2003

#### OPERATIONS

##### Duralie and Stratford Operations (100%)

'000 tonnes	December Quarter		Change %	Year		Change %
	2003	2002		2003	2002	
Production	<b>369</b>	482	(23)	<b>1,688</b>	2,434	(30)
Sales						
Own Production	<b>388</b>	384	-	<b>1,746</b>	2,350	(25)
Traded	<b>23</b>	19		<b>143</b>	80	
<b>Total Sales</b>	<b>411</b>	403	2	<b>1,889</b>	2,430	(22)

#### FOURTH QUARTER SUMMARY

The combined clean coal production for the quarter from the combined Gloucester operations was 369,000 tonnes.

Gloucester Coal Ltd (GCL) identified a number of cost savings in the Stratford coal handling and preparation plant (CHPP) during the quarter. As a result the company will be taking over full management of the CHPP from the incumbent contractor.

The continuing appreciation of the Australian Dollar is negatively impacting cash flow.

#### DURALIE OPERATIONS

In the December quarter 248,000 tonnes of ROM coal was railed from Duralie to Stratford on the dedicated shuttle train. During the first half of the 2004 calendar year studies will continue on underground coal resources at Duralie.

## **BOWENS ROAD NORTH (BRN) OPERATIONS**

In the December quarter 143,000 tonnes of ROM coal were extracted from the BRN open cut and delivered to the CHPP. GCL continued to mine the lower portion of the Bowens Road seam for coking coal, and as a result GCL now recovers a high quality, low sulphur and low volatile coking coal to blend into the Gloucester coking coal.

## **MARKETING AND FINANCIAL**

Market signals at the end of December indicated strong demand for both coking and thermal coal products, particularly from the Port of Newcastle. This strong demand has caused a significant increase in the spot prices of coal. Producers are looking to receive significant price increases in the new Japanese financial year commencing in April 2004.

The negative aspect of the strong demand is reflected in the growing queue of vessels waiting for coal at the Port of Newcastle. During the quarter, GCL has incurred large demurrage costs associated with vessel delays.

## **LAND HOLDINGS**

The Company is contributing to a collaborative study with the University of Newcastle on the best ways to utilise GCL's considerable land holdings so as to maximise the value for both GCL and the local communities in the longer term.

## **CORPORATE**

We understand that there have been no developments in regard to parties that had approached UK COAL PLC with expressions of interest in GCL and its assets.

**Gavin May**  
Chief Executive Officer  
**GLOUCESTER COAL LTD**

30 January 2004