

ASX

ANNOUNCEMENT



**GLOUCESTER
COAL**

A Member of
UK COAL PLC

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REPORT TO THE STOCK EXCHANGE FOR THE QUARTER ENDED 30 JUNE 2003

OPERATIONS

Duralie and Stratford Operations (100%)

'000 tonnes	June Quarter		Change %	Year		Change %
	2003	2002		2003	2002	
Production	407	660	(38)	892	1,299	(31)
Sales						
Own Production	404	680	(40)	917	1,317	(30)
Traded	17	12		50	12	
Total Sales	421	680	(38)	967	1,329	(27)

SECOND QUARTER SUMMARY

During the second quarter of 2003 Gloucester Coal Ltd (GCL) brought the Duralie and Bowens Road North operations into full production following a successful commissioning period. GCL did not encounter any major operational or geological issues during the commissioning period.

The figures for the June quarter reflect the lower production and sales of the combined Gloucester Coal operation, which now has planned annual production and sales of approximately 2.0 million tonnes per annum, which is lower than the previous Stratford operation.

At Duralie, GCL have established the "Just in Time" production system, which relies on the co-ordination of the mining, shuttle train and preparation plant operations. This system is the most efficient and cost effective method of extracting coal from Duralie and delivering it to the Stratford site for processing. The operation at the low strip ratio Bowens Road North deposit has also performed in line with expectations and with coal quality marginally better than anticipated.

DURALIE OPERATIONS

At the end of the quarter 710,000 bcm of waste and 260,000 tonnes of coal had been mined. The initial coal from Duralie was sold into the European thermal market. Duralie coal is now the foundation coal for the Gloucester coking coal product. During the quarter GCL exported 100,000 tonnes of coking coal to Japanese Steel Mills.

Prior to the end of June, GCL received the final pre-feasibility report for the Duralie underground mine. This report identified a quantum of economically recoverable resources, greater than 20 million tonnes, within the initial Duralie underground area (resources yet to JORC standard). The next phase of feasibility will include further geological, mining, economic and marketing studies.

BOWENS ROAD NORTH OPERATIONS

The Bowens Road North product is now established as the primary source of supply for the Gloucester Domestic quality coal. To date 190,000 tonnes have been mined from the open cut.

STRATFORD OPERATIONS

At the end of June there was less than 50,000 tonnes remaining in the Main Deposit. Rehabilitation of the disturbed ground adjacent to the Main Deposit void is well advanced. The Preparation Plant was modified substantially in June to allow more efficient processing of the Duralie and Bowens Road North run of mine (ROM) coals. The modifications included installation of a bypass facility for the Bowens Road North domestic product. These changes have allowed GCL to lower the cost of processing and maintain a high degree of operational flexibility.

MARKETING AND FINANCIAL

GCL has achieved strong sales from the beginning of the quarter and is still carrying low stock inventory, however the Australia Dollar revenue is well below the anticipated level due to the significant appreciation in the Australian Dollar against the US Dollar. GCL is examining ways to mitigate and manage the impact of the high Australian dollar on the total revenue.

CORPORATE

In the March 2003 Quarterly Report it was noted that a number of parties have again approached UK COAL PLC with expressions of interest in GCL and its assets. At the end of the June Quarter, no proposals have been received. The Board of GCL will keep shareholders informed of any developments.

Gavin May

Chief Executive Officer

GLOUCESTER COAL LTD

31 July 2003