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GLOUCESTER COAL LTD

QUARTERLY REPORT

FOR THE THREE MONTHS ENDED 31 MARCH 2004

HIGHLIGHTS

Corporate

- In April 2004, the Company was advised that its major shareholder UK COAL PLC that it had completed the sale of its 97% shareholding in GCL to institutional and sophisticated investors
- At the time of this report, GCL's share price had increased from \$0.42 at the beginning of the quarter to more than \$0.78, implying market capitalisation of more than A\$60 million
- In April 2004 GCL appointed two new non executive directors to the Board, following the resignation of the Chairman Mr Gordon McPhie
- GCL's Annual General Meeting is to be held at 11.00am on 20th May 2004 in the offices of PricewaterhouseCoopers, Sydney.

Operational

- Duralie achieved 1 million tonnes of production in its first 11 months of operations
- GCL took full management control of the Stratford preparation plant
- Coking and thermal coal production was on budget



(2)

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

- GCL's share of coal sales from the Stratford Joint Joint Venture (net of purchased coal) totalled 390,000 tonnes for the quarter.

Coal Type	Q1 2004	Q1 2003*	Change
Coking	230	271	(15%)
Thermal	106	28	280%
Domestic	119	193	(38%)
Total Sales	455	492	(7%)
Purchases	(65)	(30)	
Net Sales	390	462	(15%)

* higher figure reflects final Stratford Main Deposit production

- GCL railed and sold 360,000 tonnes of Duralie ROM coal to the Stratford Joint Venture from the 100% GCL owned Duralie operation during the quarter.

OPERATIONS

ROM PRODUCTION SUMMARY (100% Stratford Joint Venture)

		Tonnage
Coal Source		'000 t
Duralie	Railed to Stratford CHPP	360
Bowens Road North	Trucked to Stratford ROM stockpile	165
Co disposal recovery	Trucked to Stratford ROM stockpile	117
	Total ROM coal delivered to CHPP	642
Preparation Plant	ROM Coal processed	614
	Total Yield	74%
	Total Product	454



(3)

OPERATIONS continued

BOWENS ROAD NORTH OPEN CUT

- GCL has concluded negotiations with an adjacent landowner that will allow access to an additional 300,000 tonnes of low strip ratio mineable reserves.
- A minor highwall failure occurred in January. Mine operations have removed the failed material and have recovered some additional coal under the failed area.

DURALIE OPEN CUT

- At the beginning of February the first million tonnes of ROM Duralie coal was railed to Stratford for processing. This was 11 months after commissioning the mine.
- Major work continued on water management structures including Stage 2 of the Coal Shaft Creek diversion and the raising of the height of the mine water dam to design capacity.

CODISPOSAL

- During the quarter GCL recovered 117,000 tonnes of co disposal material for reprocessing which represented about 19% of the total preparation plant feed.

MARKETING

- The Stratford Joint Venture delivered 132,000 tonnes into the low priced domestic contracts in the first quarter. There are now only 238,000 tonnes outstanding on the domestic contracts.
- At the time of this report GCL had delivered all the 2003 Japanese coking coal contract tonnage.
- Negotiations regarding outstanding lower priced 2003 export thermal contracts were also being undertaken with customers.

CORPORATE

- GCL is in the process of refinancing the UK COAL PLC intercompany loans on a longer term basis
- GCL has hedged 12 months of US\$ denominated contracted coking coal sales at US\$2.5 million per month at an average rate of US\$0.7395.



(4)

EXPLORATION AND DEVELOPMENT

- GCL will register an expression of interest in the Moolarben exploration area in the Ulan district of the Western coal fields. There are considerable operational and coal quality synergies with Gloucester Basin coals.
- GCL will commence exploration for additional deposits in the South Stratford area in June 2004.

For further information:

Gavin May

Chief Executive Officer

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30 April 2004