

ASX

ANNOUNCEMENT



**GLOUCESTER
COAL**

A Member of
UK COAL PLC

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

OPERATIONS

Duralie and Stratford Operations (100%)

'000 tonnes	September Quarter		Change %	Year		Change %
	2003	2002		2003	2002	
Production	425	653	(35)	1,317	1,952	(32)
Sales						
Own Production	441	649	(32)	1,358	1,966	(31)
Traded	70	49		120	61	
Total Sales	511	698	(27)	1,478	2,027	(27)

THIRD QUARTER SUMMARY

The September quarter was the first full quarter of normal operations following commissioning of the Duralie and Bowens Road North open cut operations. The combined clean coal production for the quarter from the combined Gloucester operations was 425,000 tonnes. The operating costs for the open cut operations are in line with expectations.

During the quarter the Coal handling and preparation plant (CHPP) costs dropped as a result of the modifications made in June. The costs however are still higher than planned and additional restructuring has been identified.

Revenue is less than planned as a result of the appreciation of the Australian Dollar

DURALIE OPERATIONS

In the September quarter 279,000 tonnes of ROM coal was railed from Duralie to Stratford on the dedicated shuttle train. The ROM coal was split 70:30 between coking coal and thermal coal. Studies have continued on expanding Duralie mineable resources from the open cut and a potential underground operation. During the quarter investigations into the possible underground mine entry locations were undertaken.

BOWENS ROAD NORTH OPERATIONS

In the September quarter 234,000 tonnes of ROM coal was extracted from the BRN open cut and delivered to the CHPP. Gloucester Coal (GCL) has commenced trial washing of the lower portion of the Bowens Road seam. GCL intend to recover a high quality, low sulphur, and low volatile coking coal to blend into the Gloucester coking coal.

MARKETING AND FINANCIAL

GCL sold 217,000 tonnes of Gloucester coking coal into the Japanese steel mills during the quarter. Another 160,000 tonnes of high ash thermal product was sold into the export market, as strong demand for Australian thermal coal continued.

The strength of the Australian dollar is reducing the revenue the Company receives from its US dollar sales. This strengthening dollar combined with the high demurrage costs as a result of the performance of the Port of Newcastle is impacting unfavourably on the cash flow of GCL. The Company is continuing to look at ways to improve the efficiency of operations and to further reduce the cost of production.

CORPORATE

A number of parties have approached UK COAL PLC with expressions of interest in GCL and its assets. The Board of GCL will advise shareholders of any offers received.

Gavin May

Chief Executive Officer

GLOUCESTER COAL LTD

31 October 2003