



Gloucester Coal Ltd
ABN 66 008 881 712
Level 9 Citadel Towers (Keycorp Tower)
799 Pacific Highway
Chatswood NSW 2067
Telephone: 02 9413 2028
Facsimile: 02 9413 4802
Email: gcl@gloucestercoal.com.au
www.gloucestercoal.com.au
ASX Code: GCL

FIRST QUARTER REPORT

PERIOD ENDING 30 SEPTEMBER 2005

HIGHLIGHTS

- ✦ Company pays 10 cent dividend on Net Profit after Tax of \$8.5 Million for January to June 2005 period
- ✦ Previously announced share buy-back may commence from 20 October 2005
- ✦ GCL's share of production and sales for the Quarter has increased to 100% following acquisition of Itochu's 10% share of the Stratford Joint Venture
- ✦ Operations continue to perform reliably and safely

CLEAN COAL SALES

Coal Type	Sept 2005/6	Sept 2004*	Change
Financial Year			
Coking	170	124	37%
Thermal – Export	365	193	89%
Thermal – Domestic	0	73	(100%)
Total Sales	535	390	37%
Purchases	(44)	(23)	
Net Sales	491	367*	34%

* GCL's 90% share of sales in previous year



OPEN CUT OPERATIONS

- ✦ Bowens Road North and Duralie open cut mines performed to expectations.
- ✦ GCL's share of production increased by 16% when compared to the corresponding quarter of 2004.
- ✦ Total average FOB cash costs for the quarter are in the mid A\$40's. Costs have risen by 12% over the past 12 months. Royalties on the higher priced coking coal account for more than half of the cost increase. Higher oil prices have increased mining costs by approximately \$1.00 per tonne.
- ✦ The administrators of Henry Walker Eltin Contracting (HWEC) have announced two preferred bidders for the assets of HWEC. GCL will evaluate all possible options to maintain reliable low cost mining operations.

STRATFORD PREPARATION PLANT

- ✦ The Preparation Plant continues to operate safely.
- ✦ Production continues to show incremental gains for negligible capital investment. Productivity gains are offsetting cost increases as the plant approaches an annual feed rate of 2.9 million tonnes per annum (mtpa). In the September quarter the plant operated at an annualised rate of 2.88 mtpa.

ROM PRODUCTION SUMMARY

		Sept 2005	Sept 2004*
Coal Source	Delivery to Stratford ROM Stockpile	,000 t	,000 t
Duralie	Railed	437	406
Bowens Road North	Trucked	181	197
Co-disposal	Trucked	80	90
Total ROM coal delivered to CHPP		698	693
Preparation Plant	ROM Coal processed	719	660
	Total Yield	66%	69%
Total Product		472	453
GCL's share of Production		472	408*

* SJV – Sept 2004 Quarter, Stratford Joint Venture (GCL 90%, Itochu 10%); now 100% GCL



MARKETING

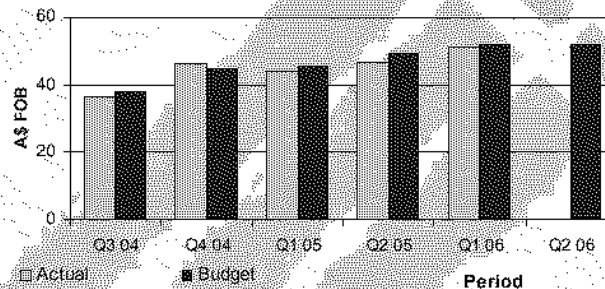
- ✦ Sales volumes were up 37% when compared to the corresponding quarter.
- ✦ Demand for the mid volatile, high fluidity Gloucester coking coal continues to remain strong. Coking coal stocks were 67,000 t at the end of the quarter with 63,000 t railed in the first 2 weeks of October.
- ✦ While it appears there has been some softening in the spot thermal market, offtake of the Gloucester high ash, high energy washed coal remains strong.
- ✦ GCL has continued to maintain a low inventory of thermal coal and at the end of the quarter stocks were 25,000 t.

QUARTERLY SALES PERFORMANCE BY COAL TYPE (GCL's 100% Share)

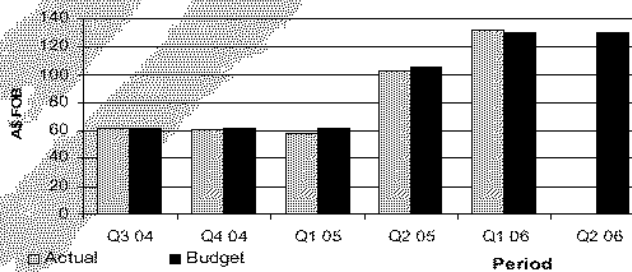
Coal Type	Sept 2005 , 000t	Sept 2004* , 000t
Coking	126	101
Thermal – Export	365	193
Thermal – Domestic	0	73
GCL's Net Sales	491	367*

* GCL's 90% share of sales in September 2004

Average Thermal Coal Price A\$/tonne



Average Coking Coal Price A\$/tonne

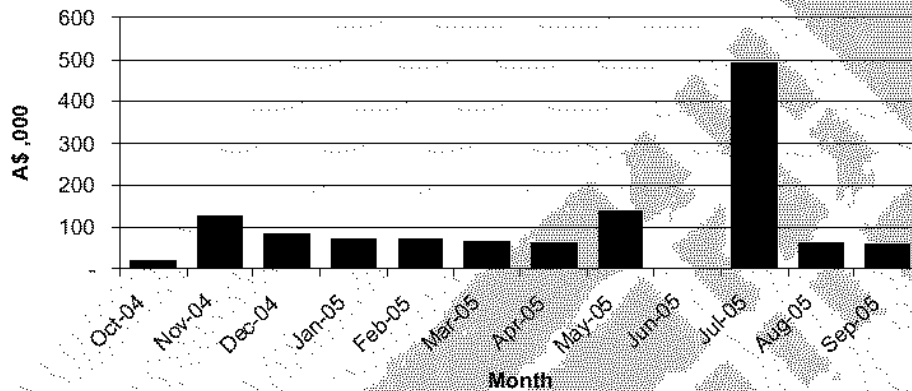




PORT OF NEWCASTLE

- Demurrage costs have generally been low throughout the past 12 months. However the graph below clearly shows the impact of more than 50 vessels arriving at Newcastle towards the end of June. Lengthy delays during July saw GCL incur demurrage costs of \$491,000. For the remainder of the September quarter costs returned to normal.
- September quarterly demurrage costs averaged A\$1.24 tonne.

GCL Demurrage Cost
Oct 04 - Sept 05



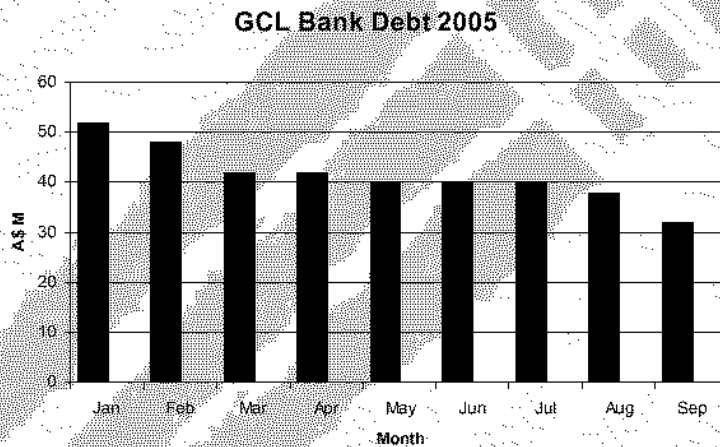
EXPLORATION AND DEVELOPMENT

- Exploration during the September quarter was delayed by rain. Drilling recommenced in mid August 2005. Exploration costs for the quarter were lower than anticipated at \$101,000.
- Approximately 2002 meters of predominately open hole drilling was undertaken in the South Stratford area, targeting the Avon and Bowens Road Coal Members.
- GCL will extend the Duralie open cut high wall into low strip ratio coal over the proposed trial underground area and has optimised the potential underground entry. This will add approximately 1 million tonnes to the mineable reserve at Duralie. (Not yet reported to JORC standard)
- GCL have commissioned the reprocessing of more than 10 km of seismic traverse data over the prospective deeper underground resources to the north of the existing Duralie Mining Lease.
- Planning and studies for the extension of Duralie Mine Life to 2017 are advancing. High level meetings have been held with Government departments to determine the appropriate approval paths and statutory requirements.



CORPORATE – Dividend, Debt Reduction, Share Buy-back

- ✦ GCL has paid a 10 cent unfranked dividend on the back of a \$8.5 million NPAT for the January to June 2005 period.
- ✦ From 20 October 2005, GCL can commence the previously announced buy-back of up to 10% of the Company's shares.
- ✦ A strong cash flow has helped GCL reduce debt during the quarter by \$8 million. Total debt now stands at \$32 million.
- ✦ At the time of this report the Company has a gearing level of 11% to market capitalisation.



For further information:

Gavin May

Chief Executive Officer

Barry Tudor

Chief Financial Officer

(02) 9413 2028

19 October 2005