



GLOUCESTER COAL

A Member of
UK COAL PLC

Gloucester Coal Ltd
Formerly **CIM Resources Ltd**
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ASX ANNOUNCEMENT

GLOUCESTER COAL LTD CLOSES OUT HEDGE BOOK

Gloucester Coal Ltd (GCL) is now in a position to move forward financially after making the final payment on its foreign exchange hedge book and with the development of the Duralie and Bowens Road North deposits.

FINANCIAL

- In July 1999 GCL (formerly CIM Resources Ltd) significantly reduced its foreign exchange hedge book and banking loans and recapitalised the Company. GCL has since optimised the Stratford operation, diversified the range of products, increased the customer base and focused on discharging the balance of its bank loans and foreign exchange hedge commitments.
- GCL made the final payment of its bank loan in October 2002 and the final payment of the Company's hedge book in December 2002. Since the financial restructure GCL has repaid hedges totaling US\$88.9 million at an exchange rate of AUD1.00:USD0.761.
- GCL is now debt free except for parent company loans used to fund Duralie capital development and working capital.

STRATEGY AND OPERATIONS

- GCL changed its name during 2002 to more closely align itself to the geographic and geological location of the operations and coal products from the Gloucester Basin.
- GCL will consolidate the mineable assets into the Gloucester Coal concept, where coal mined from satellite pits is blended to produce a unique suite of coal products. The Duralie deposit is integral in the development of the Gloucester Coal concept.
- Marketing activities are progressing with indications of strong demand for the Gloucester Export Coking and Domestic Thermal coal products.
- The next phase of GCL's life occurs as the Company simultaneously develops the next economic reserves from the Duralie and Bowens Road North deposits while the Stratford Main Deposit reserves are depleted during 2003.

- GCL commenced construction of the Duralie Coal project in June 2002, with the aim of incorporating Duralie into the existing Stratford operation in early 2003. Construction is proceeding on time and on budget. Processing of coal from Duralie is scheduled to commence in the first quarter 2003.
- GCL are negotiating with Henry Walker Eltin (HWE) for the mining of the Bowens Road North and Duralie deposits. GCL and HWE have had a long and positive association together in the Gloucester Basin.
- GCL has applied for a five-year extension of its extensive exploration licenses over the Gloucester Basin. Previous exploration has identified a number of coal resources. GCL will continue identify additional economic reserves, both open cut and underground, that maybe transported to Stratford and incorporated into the Gloucester Coal concept.

The management of GCL believe these changes will establish a solid operational base and allow the Company to build a successful coal business that can provide economic benefits to the shareholders and the community of the Gloucester area.

For further information:

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