



**GLOUCESTER COAL**

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**GLOUCESTER COAL LTD**

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## **PRESS RELEASE**

### **GCL STRATEGY DEVELOPMENTS**

The Board of Gloucester Coal Ltd (GCL) recently reviewed the company's strategic direction during an extended visit to GCL's operations in the Gloucester Valley. As a result of the review, GCL's Board has initiated activities aimed at doubling existing mineable reserves and extending the life of the company's mining operations towards 2020. The Board has also confirmed the appointment of a new Chief Financial Officer.

#### **OPERATING LIFE EXTENSION**

The company believes that it is feasible to extend the operating life of GCL's mines at Duralie and Stratford beyond the currently projected cessation of open cut operations in 2012, by exploiting underground and open cut coal resources known to exist in the Gloucester Basin.

##### **(a) DURALIE UNDERGROUND FEASIBILITY**

Extensive coal resources have been identified to the east and north of the current Duralie open cut mine plan. A revised geological interpretation incorporating updated seismic information has recently been completed and results were regarded as sufficiently promising for GCL to commit to a Feasibility Study for a Duralie Underground Mine.

Minarco Asia Pacific has commenced the Study with the initial focus (Phase 1) being on a continuous miner operation producing up to 0.5 million ROM tonnes of coking coal per year from the Weismantel Seam adjacent to the existing Duralie open cut. Expected to commence in late 2006, Phase 1 will maximise the use of existing infrastructure and services and allow GCL to fully evaluate mining conditions and geology with minimal capital investment in the order of \$10 million.

The Phase 1 Underground Operation will allow GCL to continue at its maximum raw coal production of 2.7 million tonnes per annum through to at least 2012. Later phases of underground may extend production beyond 2012.

##### **(b) EXPLORATION PROGRAM**

GCL has committed \$2m to year 1 of a staged three year exploration program which will further delineate already known open cut resources in the Grant, Chainy and Kara areas between Stratford and Duralie. All areas evaluated will be accessible to existing infrastructure.

(2)

**APPOINTMENT OF CHIEF FINANCIAL OFFICER**

GCL is pleased to announce that Mr. Barry Tudor will commence as Chief Financial Officer on the 21<sup>st</sup> February. Barry is a Chartered Accountant who has worked as a senior finance executive in the IT and communications industry. He has also spent 10 years with KMPG in the Corporate Finance and Assurance Service departments.

Barry will bring a range of commercial and system skills to GCL that will complement and enhance our management team.

**Gavin May**

Chief Executive Officer