



GLOUCESTER COAL

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5 April 2004

Sale of UK COAL PLC shareholding in Gloucester Coal

Gloucester Coal Limited (“GCL”, the “Company”) has been advised by its major shareholder, UK COAL PLC (“UK COAL”), that it has completed a sale of its 97% holding in GCL. The sale was facilitated by ABN AMRO Rothschild who has distributed the stock to a broad range of institutional and sophisticated investors.

The sale was executed at a price of A\$0.69 per share, implying a market capitalisation of approximately A\$54 million. The sale will increase the Company’s free float from 3% to 100%.

GCL Chief Executive, Gavin May said

“We are grateful for UK COAL’s support since 1999 and understand UK COAL’s strategy to focus on its domestic business. We are delighted with the response shown from institutional and sophisticated investors in the sale. In 2003 GCL successfully completed a two year rebuilding of the Company and the sale positions the Company to move forward and focus on strategic opportunities within the Gloucester Basin.”

He went on to say:

“I believe the Company is well positioned to benefit from the recent strong improvement in both coking and thermal coal prices, commencing in the second quarter of 2004 given the low risk profile of the company’s operations and its low cost structure. The policy to only hedge contracted revenues should ensure that the Company’s operational performance is reflected in its financial results.”

GCL lodged with the ASX on Friday 2 April 2004 a Management Presentation outlining the strategic direction of the Company.

Shortly following completion of the sale, the two UK COAL appointed directors will resign their positions to be replaced by two non-executive independent directors, Mr Gordon Galt and Mr Ian Levy. Brief biographies for each are set out on the attached schedule.

GCL Chief Executive, Gavin May said

“Both Gordon and Ian have a detailed understanding of GCL and its assets and we are very pleased that two such well credentialed executives with 60 years of combined experience have agreed to join the Board. We anticipate a third independent director will be appointed in the short term.”

UK COAL has a finance facility in place with GCL. UK COAL has provided GCL with an undertaking that it will maintain their facility until the earlier of the facility being refinanced and 2 April 2005. GCL is advanced in the process of undergoing a refinancing and is confident that such arrangements can be finalised over the next few months.

The Company recently lodged its 2003 Annual Report with the ASX and has completed an upgrade to its website www.gloucestercoal.com.au, containing further information on the company.

For further information etc

Gavin May
Chief Executive Officer
Gloucester Coal Limited
(61 2) 9413 2028

Robert Waring
Company Secretary
Gloucester Coal Limited
(61 2) 9413 2028

Non Executive Director biographies

Gordon Galt B Eng (Hons) Mining, B Com, MAusIMM, MAICD

- ▶ Managing Director, Magnesium International Limited
- ▶ Director, Electrometals Technologies Limited
- ▶ Gordon is a qualified mining engineer with over 30 years experience in the Australian resources industry working for a number of major corporations in key operational, project management, general management and executive positions
- ▶ The majority of this experience is in the NSW and Queensland coal industries. Gordon was the Managing Director of Newcrest Mining from 1998 to 2001, and has held other positions with Thiess Bros, Capricorn Coal (Shell Coal), Exxon Coal, Ulan Coal Mine and Cumnock Coal

Gordon also has 3 years experience in the investment banking.

Ian W. Levy BSc (Hons, ANU), M Sc (Dist London), Diploma Imperial College (London), FellowAusIMM, Fellow AIG

- ▶ Director, D'Aguilar Gold Limited (since Feb 2003)
- ▶ Director and VP Development, Aurum Exploration (Fiji) Limited
- ▶ Ian is a qualified geologist and mineral economist with over 28 years experience in the mining sector as an employee and a consultant to the industry. He has served as a member on the Joint Ore Reserve Committee (ASX, AusIMM, AIG and MCA) for 10 years (4 as Vice Chairman) and was a member of the joint VALMIN committee (ASIC, AusIMM, AIG and MCA) for 7 years

Ian's work and consulting experience includes 11 years with WMC, 5 years with Pancontinental Mining and 7 years with Gympie Gold as GM Development.