



GLOUCESTER COAL LTD

ABN 66 008 881 712

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Sydney – Australia

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7 September 2005

Companies Announcements Office
Australian Stock Exchange

On Market Share Buy Back

The Directors of Gloucester Coal Ltd have finalised the Company's capital management plan for the 2005/06 financial year, and are pleased to announce that the Company will undertake an on market buy-back of up to 10% of the issued capital of the Company. The buy-back is intended to be completed within 12 months.

Gloucester Coal Ltd is committed to returning value to shareholders and this buy-back, coupled with the Company's intention to deliver sustainable dividends, confirms this commitment.

The Company's capital management plan is based on strong cash flows generated from contracted production from Gloucester Basin operations. Funds surplus to capital expenditure commitments, debt reduction and dividend payments will be used in the buy-back.

Based on the closing price of the Company's ordinary shares on the ASX on 6 September 2005, a buy-back of 7.4 million shares would cost the Company approximately A\$27 million. The buy-back is expected to add value to the remaining shares on issue and does not impact on the growth plans the Company intends to pursue within the Gloucester Basin.

For further information please contact:

Gavin May
Chief Executive Officer

Barry Tudor
Chief Financial Officer
Telephone: (02) 9413 2028

Appendix 3C

Announcement of buy-back (except minimum holding buy-back)

Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/9/99. Origin: Appendix 7B. Amended 13/3/2000, 30/9/2001.

Name of entity

ABN

Gloucester Coal Ltd

66 008 881 712

We (the entity) give ASX the following information.

Information about buy-back

1	Type of buy-back	On Market
2	+Class of shares which is the subject of the buy-back (eg, ordinary/preference)	Ordinary
3	Voting rights (eg, one for one)	One for one
4	Fully paid/partly paid (and if partly paid, details of how much has been paid and how much is outstanding)	Fully Paid
5	Number of shares in the +class on issue	82,069,885
6	Whether shareholder approval is required for buy-back	No
7	Reason for buy-back	Manage capital for the benefit of shareholders
8	Any other information material to a shareholder's decision whether to accept the offer (eg, details of any proposed takeover bid)	None

⁺ See chapter 19 for defined terms.

On-market buy-back

- 9 Name of broker who will act on the company's behalf To be advised
- 10 Deleted 30/9/2001.
- 11 If the company intends to buy back a maximum number of shares - that number
Note: This requires a figure to be included, not a percentage. Up to 7,400,000
- 12 If the company intends to buy back shares within a period of time - that period of time; if the company intends that the buy-back be of unlimited duration - that intention Within 12 months of commencement date (commencement date yet to be determined)
- 13 If the company intends to buy back shares if conditions are met - those conditions Approval by shareholders of the Company's new Constitution (at the AGM on 19 October 2005), which contains share buy-back provisions.

Compliance statement

1. The company is in compliance with all Corporations Act requirements relevant to this buy-back.
2. There is no information that the listing rules require to be disclosed that has not already been disclosed, or is not contained in, or attached to, this form.



Sign here:
(Company Secretary)

Date: 7 September 2005

Print name: Barry Tudor

⁺ See chapter 19 for defined terms.