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EXPLORATION FINDS NEW COAL SEAM

- **Previously unknown economic coal seam identified**
- **Additional shallow, low ratio coking coal adjacent to existing operation**

New Economic Coal Seam Found At Duralie

Growth prospects within the Company's Gloucester Basin leases have improved following the discovery of a previously unidentified thick coal intersection below the Weismantel Coal Member. For many years the Weismantel Coal Member was believed to be the stratigraphically lowest, economic coal seam in the Gloucester Basin. The coal intersection which has been named the Clareval Seam was first intersected in December 2005 while exploring an anomalous seismic horizon and lies some 200 metres below the Weismantel Coal Member.

The Clareval Seam has been drilled over a 300 metre strike length, with dips at approximately 45 degrees to the east. The area drilled is 200 metres west of the Duralie open cut. (Refer to figure 1). Testing of the chip samples from Hole DU002 indicates that the Clareval Seam has similar coking properties to the Weismantel Coal Member.

A core hole will be drilled in March 2006 in the vicinity of the shallow open holes. Testing of the core samples will provide data on likely coal products and beneficiation yields.

Further exploration scheduled for April 2006 will focus on delineating the extent of the Clareval Seam to the south, within the Duralie Mining Lease Area. Additional drilling is proposed on

the eastern side of the synclinal Gloucester Basin to establish the expected existence of the Clareval Seam parallel to the known 4 km strike length Weismantel seam subcrop on that eastern flank. The next stage of exploration should allow GCL to quantify the potential resources available in the Clareval Seam.

**Gloucester Coal Ltd – Duralie Project
Drill Hole Intersections – Clareval Seam**

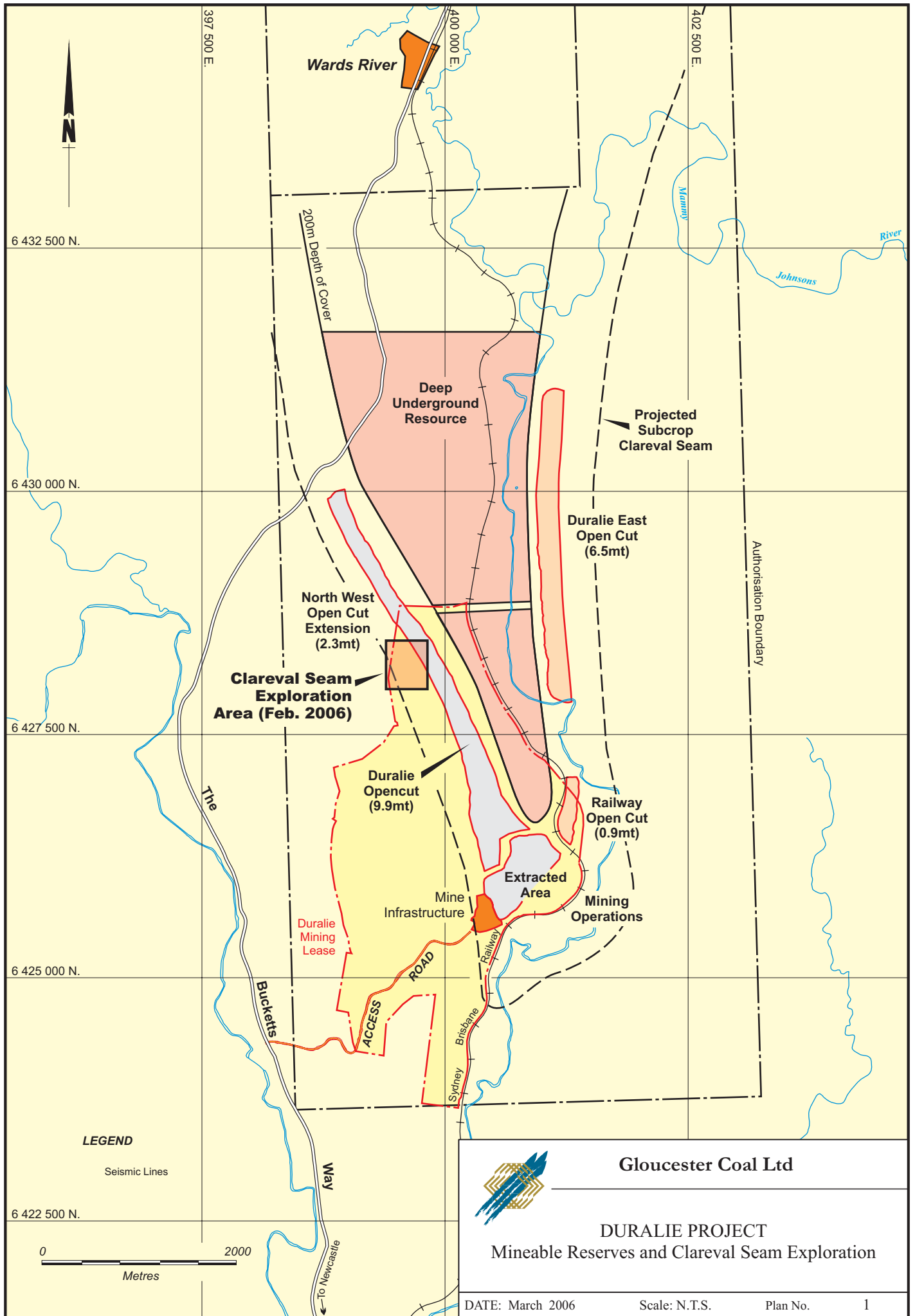
Clareval Seam Intersections			
Drill Hole	From (m)	To (m)	Vertical thickness (m)
DU002	81.0	88.0	7.0
DU003	39.8	45.7	5.9
DU004	18.3	26.9	8.6
DU005	48.1	58.5	10.4
DU006	26.8	37.9	11.1
DU007	37.7	49.5	11.8


This is an exciting find for GCL. The Company continues to identify economic coal adjacent to its existing operations, which will provide low strip ratio coal resources for open cut operations beyond 2020.

For further information

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Gloucester Coal Ltd
DURALIE PROJECT
 Mineable Reserves and Clareval Seam Exploration