



**GLOUCESTER COAL**

**GLOUCESTER COAL LTD**

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Companies Announcements Office  
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**GLOUCESTER COAL DELIVERS RECORD PROFIT,  
SALES AND PERFORMANCE**

- **FY2006: record financial performance for Gloucester Coal**
- **Net Profit after Tax of \$40.3 million (incl. \$5.8 million tax losses now recognised)**
- **EBITDA increased to \$58.2 million**
- **Record revenue from the sale of coal of \$153.7 million**
- **A final dividend of 12c per share, taking total dividend for the year to 23c**
- **GCL managed operations record another year without a lost time injury**
- **Exploration successes enhance potential for major mine life extensions**

Gloucester Coal Ltd (ASX: GCL, the “Company” or “Gloucester Coal”) today announced a record financial performance for 2006, including record profit levels and revenues from the sale of thermal and coking coal from its operations in the Gloucester Basin in New South Wales.

Gloucester Coal reported a 77% increase in Net Profit after Tax of \$40.3 million (Pro forma 2005: \$22.8 million), including the recovery of \$5.8million of tax losses now recognised. This equates to an earnings per share of 50.8 cents (Pro forma 2005: 29.3 cents per share).

Earnings before interest, tax, depreciation and amortisation (EBITDA) increased 98% to \$58.2 million (Pro forma 2005: \$29.4 million).

Gloucester Coal Chief Executive Officer Mr Gavin May said that “the significant increase in profit on the previous 12 month period clearly illustrates the substantial margins being achieved on the sale of our coking and thermal coal products. The result also represents another step towards building a robust and financially secure Gloucester Coal, and positions the business well for a range of growth options including acquisition.”

“It has been an outstanding year for Gloucester Coal. Our employees have recorded another year without a lost time injury, our exploration team has discovered the Clareval seam and the efficient coal mining operations have allowed the Company to maximise the benefit of strong sales prices to deliver record results for our shareholders,” Mr May said.

**FINANCIAL PERFORMANCE: SUMMARY**

|                         | <b>Year Ended<br/>30 June 2006<br/>A\$ Millions</b> | Six Months Ended<br>30 June 2005 *<br>A\$ Millions | <b>Pro-forma<br/>Year Ended<br/>30 June 2005*<br/>A\$ Millions</b> |
|-------------------------|---|--|--|
| Revenue                 | <b>153.7</b>  | 53.9   | <b>98.1</b>  |
| EBITDA                  | <b>58.2</b>   | 17.8   | <b>29.4</b>  |
| EBITDA Margin           | <b>38%</b>  | 33%  | <b>30%</b>   |
| Net Profit After Tax    | <b>40.3</b>   | 8.5  | <b>22.8</b>  |
| Earnings per Share      | <b>50.8 cents</b>                                   | 10.9 cents   | <b>29.3 cents</b>  |
| Cash & Cash Equivalents | <b>13.6</b>   | 0.6  | 0.6  |
| Current Ratio           | <b>1.6</b>  | 0.6  | 0.6  |
| Interest Bearing Loans  | <b>29.4</b>   | 39.5   | 39.5   |
| Net Debt                | <b>15.8</b>   | 38.9   | 38.9   |
| Net Assets              | <b>64.0</b>   | 38.7   | 38.7   |

\* The prior financial period was for the six months ended 30 June 2005 (due to change of balance date). Pro-forma figures for the year ended 30 June 2005 have been prepared based on the financial results for the six month period ended 30 June 2005, plus the results for the last six months of the Company's 2004 financial year.

Mr May said that the Company continued to generate strong sales growth during the year: “We have achieved record revenues of \$154 million from the sale of coal, representing an increase of 57% from the prior period as a result of continued demand for both coking and thermal coal. Importantly, we believe this demand will continue into next year as we already have contracts in place for a significant proportion of our production.”

During the year, net assets almost doubled from \$38.7 million to \$64.0 million, and the Company reported net tangible assets per ordinary security of 87 cents per share, an increase of 98% from last year (44 cents per share).

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Net debt (Borrowings less Cash) decreased from \$38.9 million at 30 June 2005 to \$15.8 million at 30 June 2006, and the Company's gross debt to market capitalisation is now approximately 11%.

"Following this year's outstanding performance and the continued sound management of the business in general, the financial position of the Company continues to strengthen. Strong cash flows have allowed us to continue capital investment whilst maintaining low gearing. This low gearing and stronger balance sheet gives Gloucester Coal the capability to pursue future growth opportunities," Mr May said.

During the reporting period, the Company used free cash flow to fund a range of operations, successful exploration activities and capital management requirements including:

|   | <b>A\$ million</b> |
|---|--------------------|
| Exploration within the Gloucester Basin   | 1.0                |
| Purchase of the 10% share in the Stratford Joint Venture                          | 8.3                |
| Purchase of property, plant and equipment (including strategic land acquisitions) | 10.4               |
| Share buy-back  | 12.5               |
| Dividends   | 16.7               |
| Repayment of borrowings   | 10.4               |

The Company announced a final dividend of 12 cents per share (unfranked), bringing the total dividends for the 2005/06 year to 23 cents – a payout ratio of approximately 45%. The record date for payment of the dividend is 18 September 2006, with payment on 6 October 2006.

A Dividend Reinvestment Plan has been implemented for the current dividend, the details of which are attached. A Share Purchase Plan will be announced at a later date to fund strategic growth and land acquisitions as opportunities arise.

For further information:

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