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Chairman's AGM Address 19 October 2005

Following the departure of UK COAL PLC as a shareholder, GCL was required to realign its tax financial year, and adopted an Australian financial year end of 30 June. As a result of this change the company has reported for a six month financial period to 30 June 2005.

Profit

GCL is pleased to report a profit after tax of \$8.5 million or 11 cents per share. This profit is particularly pleasing in that revenue from higher priced coal contracts was not realised until May 2005.

Operations

The Company's operations are performing safely and efficiently. There have been upward cost pressures due to high fuel prices and increased government royalties, however production costs continue to be in line with our expectations. In respect of the HWE administration, GCL is evaluating all possible options to continue reliable low cost mining operations.

Capital Management

GCL has paid a 10 cent dividend (unfranked) on the back of strong cash flows. Over the six month period to 30 June the company also reduced total debt by \$12 million. Since 30 June, the Company has further reduced debt by another \$8 million.

GCL has previously announced buy back of up to 10% of the company shares. GCL can commence this buy back from October 20.

Corporate

As previously announced, GCL has concluded the purchase of ITOCHU's 10% share of the Stratford Joint Venture.

The acquisition provides GCL with control of 100% of the Gloucester Basin assets. It also delivers greater administrative efficiencies, and a simpler, more transparent operation.

Life of Mine

In May 2005, GCL announced an increase in the mineable reserves at Duralie, extending mine life to 2017. GCL is continuing to optimise the existing open cut and has moved to expand the operation into shallow reserves overlying the proposed trial underground area. Approximately 1 million tonnes of additional low strip ratio coal (less than 5 to 1 strip ratio) will now be recovered. These reserves have not been yet reported to the JORC standard.

GCL intends to release a revised reserves table to JORC standard in the first quarter of 2006. The revised reserves will incorporate the high wall optimisation and any additional reserves as a result of drilling in the South Stratford area.

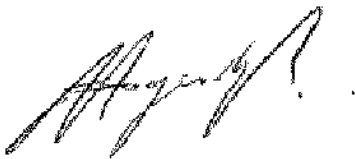
IFRS

As a result of the six month financial period, GCL has been one of the first companies to fully comply with IFRS reporting requirements. This has been a particularly onerous and costly procedure. The reporting complexities are in stark contrast with the simple and efficient operations of the company. It is interesting to note over the past five annual reports, while operations have remained substantially the same, the size of the annual report has almost doubled.

On closing, I would like to thank the staff of GCL for their contribution to the Company, and particularly for their effort to ensure continued safe operations.

GCL remains committed to focusing on the fundamentals of operating efficient and safe coal mining operations. While the market remains robust, GCL strives to maintain the lowest cost operations possible.

The Board also remains committed to stewarding the sound and low risk financial management plans of the Company, with the aim of delivering the best financial outcome for shareholders.

A handwritten signature in black ink, appearing to read 'Andy Hogendijk', with a small flourish at the end.

Andy Hogendijk
Chairman
Gloucester Coal Ltd