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## FIRST QUARTER REPORT FOR THE THREE MONTHS ENDED 31 MARCH 2005

### “GLOUCESTER COAL WELL POSITIONED AS MARKET FUNDAMENTALS REMAIN STRONG”

#### SUMMARY

- Gloucester Coal Ltd (GCL) achieved consistent and budgeted production during the March quarter.
- Exploration and further resource development of the Weismantel Coal Member at Duralie continued following a review of mine economics and drill hole data.
- GCL reduced bank debt by 12% during the quarter. Debt is now \$46 million.

#### CLEAN COAL SALES (GCL's 90% share of Stratford Joint Venture)

Coal Type	Q1 2005	Q1 2004	Change
Coking	204	230	(11%)
Thermal – Export	253	106	138%
Thermal – Domestic	0	119	
Total Sales	457	455	
Purchases	(42)	(65)	
Net Sales	415	390	6%

- GCL's share of net coal sales from the Stratford Joint Venture (net of purchased coal) totalled 415,000 tonnes for the quarter.

#### OPERATIONS

- Bowens Road North production continued to increase as the open cut commenced operations in the second strip. A large tonnage of shallow, lower yielding coal was mined and processed, which marginally depressed clean coal yields.



## OPERATIONS Continued

- In March, Duralie experienced total monthly rainfall in excess of 300mm. This heavy rain caused some minor operational delays. Duralie also experienced some marginally poorer quality coal in the southern area where the Weismantel Coal Member is repeated and thickened by structurally complex geology. Mining is now progressing to the North away from this area.

### ROM PRODUCTION SUMMARY

		Q1 05	Q1 04
Coal Source	Delivery to Stratford ROM Stockpile	,000 t	,000 t
Duralie (100% GCL)	Railed & sold to SJV*	425	360
Bowens Road North (90% GCL)	Trucked	286	165
Co-disposal (90% GCL)	Trucked	6	117
<b>Total ROM coal delivered to CHPP</b>		<b>717</b>	<b>642</b>
<b>Preparation Plant</b>	ROM Coal processed	702	614
	Total Yield	66%	74%
	<b>Total Product</b>	<b>462</b>	<b>454</b>
<b>GCL's 90% Share of SJV Production</b>		<b>416</b>	<b>409</b>

\* SJV - Stratford Joint Venture (GCL 90%, Itochu 10%)

## MARKETING

- GCL will commence shipping 2005/06 coking coal with average sales price of US\$101 per tonne from late April.
- Discussions with thermal coal customers in regard to sales of Gloucester high ash thermal coal indicate continued strong market conditions to mid 2006. GCL price expectations for the high ash, high energy product remain above US\$40 per tonne.

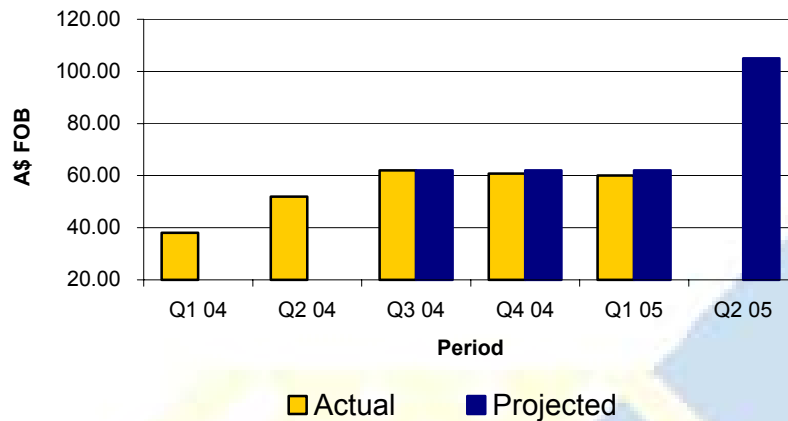
### QUARTERLY SALES PERFORMANCE BY COAL TYPE (GCL's 90% Share)

Coal Type	Q1 05 Actual ,000t	Q1 04 Actual ,000t
Coking	162	165
Thermal – Export	253	106
Thermal – Domestic	0	119
<b>GCL's Net Sales</b>	<b>415</b>	<b>390</b>

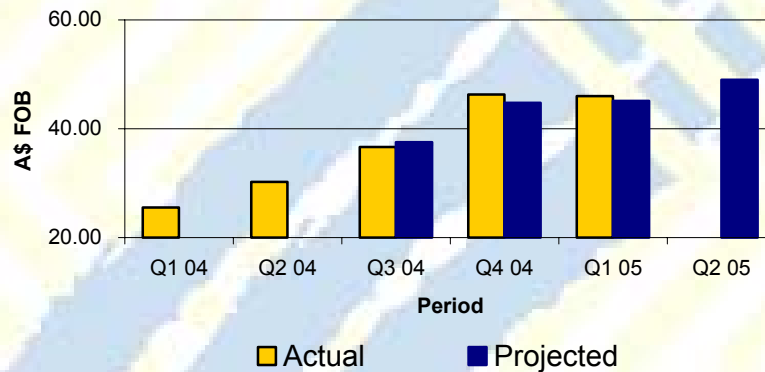


## SALES REVENUE

**Average Coking Coal Price A\$/tonne**



**Average Thermal Coal Price A\$/tonne**



## PORT OF NEWCASTLE

- Demurrage costs for the 2005 March quarter were \$0.382 million (Q1 2004 \$0.886 million), which was higher than anticipated. An unusually high number of vessel arrivals late in the quarter resulted in a queue of more than 20 vessels with delays of up to 8 days. By mid April the queue was less than 8 vessels with normal operational delays of 1 – 2 days.



## **CORPORATE**

- GCL made the first repayment of \$6 million towards the bank debt at the end of the quarter. GCL is on target to reduce total debt by 40% in 2005.
- Dr John Bryan was appointed as a non-executive director to the GCL Board on 7 April 2005. John brings a wide range of experience to the GCL Board in the exploration and resource development roles.

For further information:

**Gavin May**

Chief Executive Officer

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29 April 2005