



GLOUCESTER COAL LTD

ABN 66 008 881 712

MARKET RELEASE

RESERVES & RESOURCES UPGRADE

- **OPENCUT COAL RESERVES INCREASE 33% TO 38.0 MILLION TONNES**
- **COAL RESOURCES INCREASE TO 209 MILLION TONNES**
- **FURTHER UPGRADES EXPECTED SEPT 2009**

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Gloucester Coal today announced an upgraded coal resources and reserves estimate with significant additions of identified coal, including a 33% increase of coal reserves.

As at 31 December 2008 Gloucester Coal's reserves were 38.0 million tonnes, an increase of 33% compared to the reserves of 28.5 million tonnes as at 31 May 2008. The additional reserves include 3.5 million tonnes at Duralie (mostly Clareval seam) and 5.1 million tonnes at Roseville West and Roseville South.

This reserve upgrade is the first to include the Roseville reserves, which are now JORC code compliant. In the seven months prior to 31 December 2008 (i.e. since the last reserves upgrade), a total of 0.11 million tonnes of ROM coal has been mined from the Roseville Seam, while 0.97 million tonnes and 0.52 million tonnes have been mined from the Duralie Main Pit and Bowens Road North Pit areas respectively.

Gloucester Coal also recently announced an expanded coal exploration program in the Gloucester Basin. The program will continue over a period of several years and is expected to add significant coal resources, with exploration targets of between 180 and 275 million tonnes of additional coal.

Over the next six months drilling will continue near Stratford to delineate the Clareval Seam east of the Stratford CHPP. About 60 drill holes are planned to provide data that will enable JORC resources to be estimated over 4km of strike length of the seam sub crop and down to 150 meters of cover. Information from this work will be included in updates planned for later in 2009.

**COMMENTS FROM GLOUCESTER COAL
CHIEF EXECUTIVE OFFICER MR ROB LORD:**

“The continued increases in coal reserves and resources announced today underscore the long term viability of our mining operations. Our operations are well established and low cost, and these developments secure our future as a significant producer of both thermal and coking coal in the Gloucester Basin.

“Our facility expansions currently underway will deliver long term value from our increased indentified coal resources. Our upgrade to the Strafford preparation plant is due for completion in 2010, which will result in an increase in processing capacity from 3.2 million tonnes to 4.3 million tonnes of raw coal per annum. And our part 3A application to expand the Duralie coal mine is progressing as planned.

“Building on our successes to date, our coal exploration program has been expanded. We have set ambitious exploration targets and have the resources to deliver on those targets. Concept studies are now underway to support even further increases in production. I am confident there is more good news to come from Gloucester Coal,” Mr Lord said.

Please see following details of Gloucester Coal’s Resources and Reserves as at 31 December 2008, and a map of Gloucester Coal resources plan

COAL RESOURCES AS AT 31 DECEMBER 2008

Set out below are details of Gloucester's resources and resources as at 31 December 2008.

Region	Area	Tenement	Coal seam	Depth range	Coal Resources			
					Measured	Indicated	Measured & Indicated	Inferred
				(m)	(mt)	(mt)	(mt)	(mt)
Stratford	Bowens Road North (1)	ML1409 & ML1528	Bowens Road	0-100	3.8	0.3	4.1	-
			Marker	0-100	-	0.8	0.8	-
	Avon North	ML1360	Marker, Avon & Triple	0-80	-	0.9	0.9	-
	Roseville West (1)(2)	ML1360, ML1409 & ML1447 & ML1528	Marker 7	0-60	-	-	-	1
			Bindaboo	0-100	-	-	-	3
			Deards	0-100	-	-	-	5
			Cloverdale	0-100	-	6.3	6.3	-
	Stratford South	A311, A315 & ML1360	Roseville	0-100	-	5.4	5.4	-
			Bowens Road	0-100	1.1	1.3	2.4	-
			Avon	0-100	2.2	0.6	2.8	-
Avon Lower & Triple			0-100	-	-	-	1	
			Rombo	0-100	-	-	-	1
			Parkers Road	0-100	-	1.6	1.6	-
Grant & Chainey	Grant & Chainey	A311 & A315	Bowens Road	0-100	-	-	-	19
			Avon	0-100	-	-	-	14
Duralie	Duralie Main Pit(1)	ML1427	Weismantel	0-100	-	7.6	7.6	-
			Clareval	0-80	0.7	3.2	3.9	-
	Duralie North West	A315	Weismantel	0-100	-	4.0	4.0	-
			Clareval	0-150	9.9	0.5	10.4	1
	Duralie East	A315	Weismantel	0-100	-	6.5	6.5	-
			Clareval	0-80	-	2.7	2.7	3
Railway Pit	ML1427 & A315	Weismantel	0-100	1.2	0.5	1.7	-	
Total			Open Cut	0-100	18.9	42	61	48
Duralie Underground	Duralie Underground	ML1427 & A315	Weismantel	< 100	0.9	0.6	1.5	-
			Weismantel	> 100	-	39.3	39.3	59
Total			Underground		0.9	40	41	59
Total			Open Cut & Underground		19.8	82	102	107

Notes

(1) Coal Resources were updated by subtraction of mined tonnes

(2) In the co-disposal area of Roseville West, resources are estimated to 100m below the original surface as the reject material is being reprocessed over the next few years.

* These estimates of Coal Resources presented in this table have been carried out in accordance with the "2004 Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (The JORC Code)" prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.

** Resource totals have been rounded to appropriate levels of accuracy in accordance with 2004 JORC

*** Coal Resources are reported inclusive of Coal Reserves (i.e. Coal Reserves are not additional to Coal Resources).

COAL RESERVES AS AT 31 DECEMBER 2008

Region	Area	Coal Seam	Proved & Probable Recoverable Reserves	Strip Ratio
			(Mt)	(bcm/tonne)
Duralie	Main Pit (B)	Weismantel	8.9	4.8:1
	Clareval West (B)	Clareval & Cheer-up	10.5	3.5:1
	Railway Pit (A)	Weismantel	0.9	3.4:1
	North East (A)	Weismantel	6.5	3.4:1
Stratford	Bowens Road North (B)	Bowens Road, Marker	3.3	1.9:1
	Stratford South (B)	Avon	1.8	5.3:1
	Stratford South (B)	Bowens Road	1.0	4.3:1
	Roseville West (B)	Cloverdale	2.9	6.5:1
	Roseville South (B)	Roseville	2.2	8.5:1
	Total: Open Cut Reserves			38.0

- These estimates of Coal Reserves presented in this table have been carried out in accordance with the "2004 Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (The JORC Code)" prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.
- Reserve totals have been rounded to appropriate levels of accuracy in accordance with 2004 JORC Code.
- This Statement does not include tonnage associated with the Codisposal material which is reprocessed through the Stratford preparation plant.
- Reserves detailed in Area (Marked as A) are as reported by Minarco-MineConsult Pty Ltd. Reserves detailed in Area (Marked as B) are as reported by Tamplin Resources Pty Ltd.

RESOURCES STATEMENT

The information in this report that relates to Coal Resources is based on the information compiled by Ms Janet Bartolo, a full-time employee of McElroy Bryan Geological Services Pty Ltd.

Ms Janet Bartolo is a member of the Australian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code)". Ms Bartolo consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

RESERVES STATEMENT

The information in this report that relates to Coal Reserves is based on information compiled by (A) Mr Robert Mackenzie, a full-time employee of Minarco-MineConsult Pty Ltd, and (B) Mr Shaun Tamplin, a full-time employee of Tamplin Resources Pty Ltd.

Mr Mackenzie and Mr Tamplin are members of the Australian Institute of Mining and Metallurgy. Mr Mackenzie and Mr Tamplin have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the "Australian Code for Reporting Mineral Resources and Ore Reserves". Mr Mackenzie and Mr Tamplin consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

COAL RESOURCES PLAN AS AT 31 DECEMBER 2008

