



# GLOUCESTER COAL LTD

## FY 09 FIRST HALF RESULTS

PERIOD ENDED 31 DECEMBER 2008

Rob Lord - Chief Executive Officer

Peter Scott – Chief Financial Officer

February 2009

# DISCLAIMER

Statements contained in this material, particularly those regarding the possible or assumed future performance, costs, dividends, returns, production levels or rates, prices, reserves, potential growth of Gloucester Coal Limited, industry growth or other trend projections and any estimated company earnings are or may be forward looking statements. Such statements relate to future events and expectations and as such involve known and unknown risks and uncertainties. Actual results, actions and developments may differ materially from those expressed or implied by these forward looking statements depending on a variety of factors.



# HIGHLIGHTS H1- FY 2009

Record financial performance

Record interim dividend

Record JSM price settlement \$US 270

Strong cashflows and cash position (\$10m debt repaid; net cash 31 Dec 08 \$25m)

Reserves and Resources upgrade

Exploration program strengthened – target of 180-275mt

Excellent safety record maintained

Growth plans on track



# KEY FINANCIALS

	H1 2009 \$m	H1 2008 \$m		Change %
Sales revenue	<b>137.3</b>	<b>62.0</b>	↑	<b>122%</b>
Cost of sales (incl. royalties)	<b>75.1</b>	<b>50.5</b>	↑	<b>49%</b>
EBITDA	<b>63.1</b>	<b>11.2</b>	↑	<b>464%</b>
EBITDA Margin	<b>46%</b>	<b>18%</b>	↑	<b>28%</b>
NPAT	<b>44.0</b>	<b>5.2</b>	↑	<b>747%</b>
EPS	<b>53.6c</b>	<b>6.4c</b>	↑	<b>738%</b>
Interim dividend	<b>13.5c</b>	<b>5c</b>	↑	<b>170%</b>

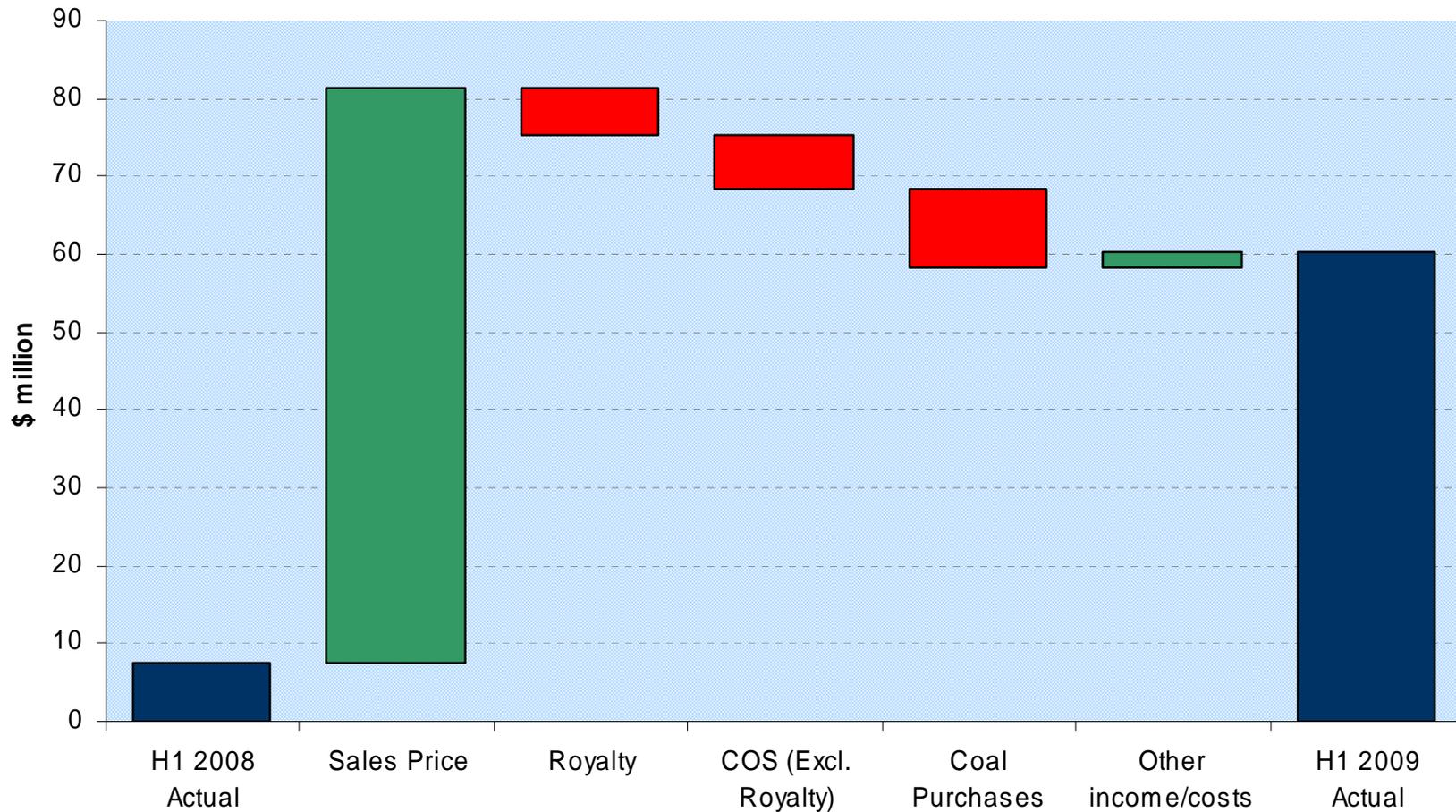


# PROFIT & LOSS

	H1 2009 \$m	H1 2008 \$m
<b>Sales Revenue</b>	<b>137.3</b>	<b>62.0</b>
<b>EBITDA</b>	<b>63.1</b>	<b>11.2</b>
<b>D&amp;A</b>	<b>(2.9)</b>	<b>(2.9)</b>
<b>Net Interest</b>	<b>0.0</b>	<b>(0.8)</b>
<b>PBT</b>	<b>60.2</b>	<b>7.5</b>
<b>Tax</b>	<b>(16.2)</b>	<b>(2.3)</b>
<b>NPAT</b>	<b>44.0</b>	<b>5.2</b>
<b>Basic EPS (cents)</b>	<b>53.6</b>	<b>6.4</b>



# PROFIT BEFORE TAX



# SALES VOLUMES

	H1 2009 Tonnes	H1 2008 Tonnes	Change
Coal Type			
Coking	262	363	(28%)
Thermal	659	537	23%
Total Sales	921	900	2%
Purchases	(49)	(68)	28%
Net Sales	872	832	5%



# PRODUCTION

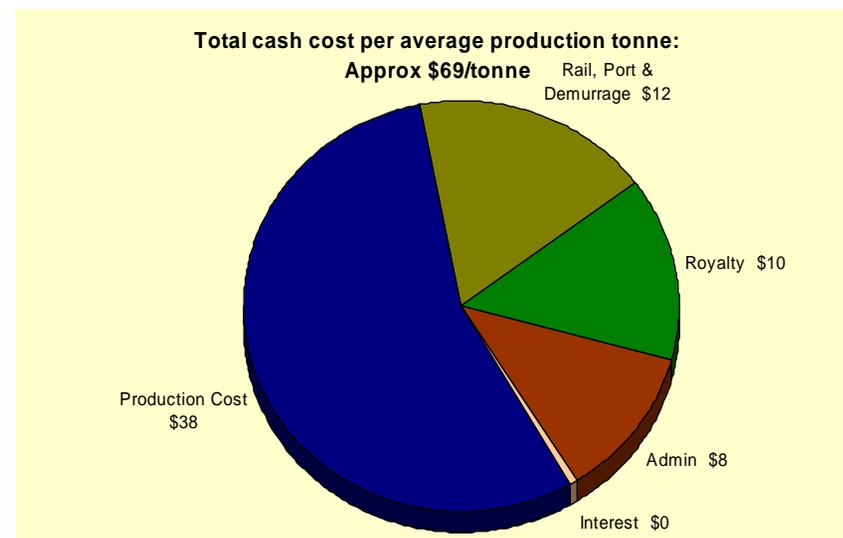
	H1 2009 Tonnes	H1 2008 Tonnes	Change
Coal Source			
Duralie	800	891	(10%)
Bowens Road North	448	484	(7%)
Co-disposal	6	14	(57%)
Roseville	97	128	(24%)
Total ROM coal to CHPP stockpile	1,351	1,517	(11%)
Preparation Plant (CHPP)			
ROM coal processed	1,307	1,415	(8%)
Yield	67%	66%	1%
Total Product	880	940	(6%)



# COST PER TONNE H1 FY 2009

## Cost Increases (\$/tonne)

Production Cost	7.1
Coal Royalty	6.9
Admin	1.9
Rail, Port & Demurrage	(0.6)
Interest	(0.9)



- Total FOB cash costs per average production tonne increased from \$55/tonne to \$69/tonne.
- Unit production costs have increased due to mining at higher strip ratios; cost rises within mining contracts and processing and lower production in the period.
- Royalty costs have increased because of higher sales revenue per tonne.



# BALANCE SHEET

\$m	Dec 2008	June 2008
Cash	25.0	5.6
Other Current Assets	35.0	38.7
Non Current Assets	121.0	107.2
<b>Total Assets</b>	<b>181.0</b>	<b>151.5</b>
Borrowings	-	9.7
Other liabilities <sup>(1)</sup>	75.6	40.1
<b>Total Liabilities</b>	<b>75.6</b>	<b>49.8</b>
Equity	105.4	101.7

Note 1: Includes FX hedgebook Mark-To-Market liability of \$38.2m



# DIVIDEND

	<u>2009 cps</u>
Interim Dividend 2008	5.0 (unfranked)
Final Dividend 2008	16.0 (franked) Paid during the year
Interim Dividend 2009	13.5 (franked)
Record Date	11 March 2009
Payment Date	31 March 2009

The Dividend Reinvestment Plan will not apply to the 2009 interim dividend



# CAPITAL MANAGEMENT

\$m

H1 2009

## Cash Outflows

Exploration within the Gloucester Basin	(\$1.4)
Operating capex	(\$2.2)
Strategic capex - Expansion	(\$3.7)
Strategic land acquisitions	(\$7.0)
Dividends	(\$13.1)
Reduction of borrowings	(\$10.0)

## Cash Inflow

Issue of shares following option exercise	\$0.6
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Cash balance at 31 January 2009 \$50.7m



# FOREIGN EXCHANGE

<b>Forward Exchange Contracts in place</b>	<b>\$US Million</b>	<b>Average Rate</b>
31 December 2008	133.6	0.8545
26 February 2009	88.1	0.7969

Hedging Policy is to maintain coverage of between 50% and 80% of committed sales.



# JORC RESERVES AND RESOURCES UPGRADE

Million tonnes	Reserves (Proved and Provable)	Resources (Measured, Indicated and Inferred)
May 2008	28.5	205
Plus additions	11.1	6
Less mined June to December	(1.6)	(2)
December 2008	38.0	209

**Expanded exploration program announced February 2009: target 180-275mt additional coal**

**For complete details refer to “Reserves and Resources Upgrade” lodged with the ASX on 17 February 2009**



# Market Outlook – Next 6 months

- Plan to ship full port allocation

## Thermal coal

- Recent offtake has been firm
- Contracted 2H 08/09 @ price of ~\$A130/tonne\*
- Contracted post 08/09 ~1 million tonnes @ price above \$US 73/tonne

## Coking coal

- Demand softer
- Prices expected to fall from record highs
- New markets under development

\* Based on 31 December 2008 hedgebook rate of 0.8545



# THE FUTURE AND FOCUS

- Exploration expansion program
- Complete current upgrade project
- Duralie expansion approvals & Part 3A
- JFY coking coal negotiations
- Coking coal market development work
- Whitehaven merger (Post merge company market capitalisation ~\$A900m)



# GLOUCESTER COAL AND WHITEHAVEN COAL MERGER – KEY POINTS

## WHY?

- Complementary coal products, mining operations, growth projects, resource holdings and infrastructure
- Diversifies operating, development and market risks
- Solid base of existing low risk, low cost operations plus large, near-term growth projects provide potential for combined coal sales of around 12 Mtpa within 5 years
- Significant synergies through blending of Whitehaven and Gloucester thermal coals
- Combined balance sheet, profit and cashflow provide merged company with strong financial platform to grow organically and/or through acquisitions
- Larger market capitalisation, greater free float and broader share register enhances equity market position and provides more financial flexibility
- Experienced Board & management teams with proven track records



# GLOUCESTER COAL AND WHITEHAVEN COAL MERGER – KEY POINTS (Cont)

## HOW?

- To be implemented via an off-market takeover
- All scrip consideration - Whitehaven shareholders receiving 1 Gloucester share for every 2.45 Whitehaven shares held



# GLOUCESTER COAL AND WHITEHAVEN COAL MERGER – KEY POINTS (cont)

## FOCUS

- Use merged entity's platform, to build a major Australian coal mining company with growing, competitive and sustainable operations
- Deliver shareholder value by:
  - ✓ Optimising existing operations whilst maintaining safe and efficient mining and processing operations in the Gloucester and Gunnedah Basins
  - ✓ Developing the Narrabri and Clareval projects in an efficient and timely fashion
  - ✓ Maximising quality synergies by the blending of Gloucester and Whitehaven's thermal coals and optimising output through shared rail and port infrastructure
  - ✓ Leveraging the combined financial strength and management capability to identify and develop appropriate growth opportunities that are in the best interests of shareholders

