

SOUTHLAND COAL

SOUTHLAND PRODUCTION AND SALES STATISTICS

		2000-1	2001-2	2002-3
Development advanced	metres	4,175	10,600	6,005
Raw coal produced 'ROM'	tonnes	460,303	1,026,512	1,260,857
Washed coal produced	tonnes	445,856	959,596	1,155,996
Coal sales (including purchases)	tonnes	413,881	1,117,586	1,261,143

All figures quoted are for 100% of the project. Southland Coal's share is 90%.

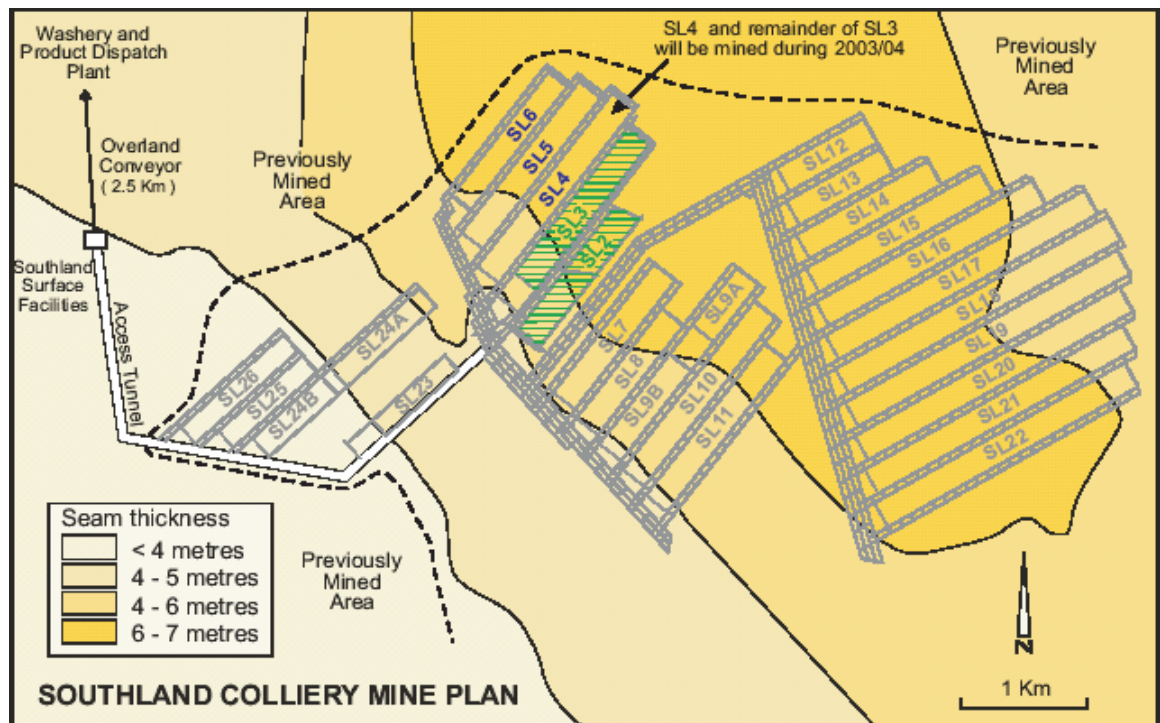
COAL RESOURCES (INCLUSIVE OF COAL RESERVES)

Category	Million Tonnes	
	30 June 2002	30 June 2003
Indicated	121.1	121.2
Measured	23.2	20.3
Total Resources	144.4	141.5

COAL RESERVES

Category	Million Tonnes	
	30 June 2002	30 June 2003
Probable	35.87	37.00
Proved	11.88	3.75
Recoverable Reserves	47.75	40.75

The Coal Resources estimate is for the full thickness of the Greta Seam while the Coal Reserves estimate is for a mining height of 3.1 metres to 3.5 metres.



SOUTHLAND COAL
COAL RESOURCES AND COAL RESERVES STATEMENT

Summary Of Resources For Full Greta Seam Thickness
(Million tonnes of coal, As at 30 June 2003)

Location	Measured Resources	Indicated Resources	Total Resources
CML2	19.7	99.3	119.0
CCL728	0.6	21.9	22.5
Total Coal Resources	20.3	121.2	141.5

Summary Of Resources For 4.5 Metre Mining Height From Seam Base

Location	Measured Resources	Indicated Resources	Total Resources
CML2	10.1	70.5	80.6
CCL728	-	2.3	2.3
Total Coal Resources	10.1	72.8	82.9

1. Resources are within tenements CML2 and CCL728 and have been estimated to a depth of 650 metres.
2. Resource exclusion zones:
 - 20 metre barrier from external lease boundary;
 - 100 metre minimum distance from old workings;
 - 20 metre on each side of interpreted faults and dykes; and
 - northern part of Quorrobolong Fault Zone where seismic records indicate structural disturbance.
3. Sulphur content generally increases towards the top of the Greta Seam. In the tenement area, the uppermost 1 metre to 2 metres of the the 6 metre thick Greta Seam is high in sulphur (>3%), while the basal 4 metres of the seam has sulphur content typically averaging 0.8% to 1.0%.
4. In-situ bulk density of the seam has been determined from an ash/ARD relationship adjusted for moisture. The relationship used is: $ARD = 1.2141 + (0.0099 \times \text{raw ash \% (ad)})$ corrected by subtracting 0.01 to allow for in-situ moisture.

**Summary Of Southland Coal Reserves
(Million tonnes of coal, As at 30 June 2003)**

Location	Proved Reserves	Probable Reserves	Recoverable Reserves
North West (SL3-SL6)	3.75	1.15	4.90
South West (SL7-SL11)	-	7.87	7.87
East (SL11- SL22)	-	24.12	24.12
West (SL 23-SL26)	-	3.86	3.86
Total Coal Reserves	3.75	37.00	40.75

1. Longwall extraction heights have been set at 3.1 metres for existing supports and 3.5 metres for replacement supports.
2. Coal barriers have been maintained at mine boundaries, adjacent to old workings and adjacent to faults where no mining has been included in the Reserves estimate. Barriers are:
 - 20 metres barrier at external lease boundary;
 - 100 metres barrier from old workings; and
 - 50 metres barrier either side of faults.
3. Roadway development roadway heights have been nominated at 3.3 metres.
4. In-situ bulk density of the seam has been determined from an ash/ARD relationship adjusted for moisture. The relationship used is: $ARD = 1.2141 + (0.0099 \times \text{raw ash \% (ad)})$ corrected by subtracting 0.01 to allow for in-situ moisture.
5. A moisture adjustment of 2% has been applied to the mined coal to determine the run-of-mine Recoverable Reserves.
6. Out of seam floor dilution of 25mm at an RD of 2.3 has been included in the Recoverable Reserves.
7. Adjustments to the June 2002 reserves estimation include a revised longwall extraction height, alteration to the mine plan in the southeast area and the production of 1.26 million tonnes during the 2002-03 financial year.

The above accurately reflect the reports of:

- R. Dyson of McElroy Bryan Geological Services Pty Ltd for the Mineral Resources; and
 - P. Mitchell of Minarco Asia Pacific Pty Ltd for the Ore Reserves;
- who qualify as a Competent Persons and have sufficient relevant experience in the field of activity being reported, as defined by the 1999 Australasian Joint Ore Reserve Code.