

28 April 2010

MACARTHUR

COAL

ABN 40 096 001 955

LIMITED

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Dear Sir/Madam

Takeover offer by Macarthur Coal Limited for Gloucester Coal Ltd - first supplementary bidder's statement

I refer to the off-market takeover bid by Macarthur Coal Limited (**Macarthur**) for all of the shares in Gloucester Coal Ltd (**Gloucester**).

I **attach**, by way of service pursuant to section 647(3)(b) of the *Corporations Act 2001* (Cth), Macarthur's first supplementary bidder's statement dated 28 April 2010 (**Supplementary Bidder's Statement**).

The Supplementary Bidder's Statement has been lodged with the Australian Securities and Investments Commission and has been sent to Gloucester.

Yours faithfully,

Lisa Dalton
Company Secretary

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This is the first supplementary bidder's statement (**First Supplementary Bidder's Statement**) under section 643 of the *Corporations Act 2001* (Cth) issued by Macarthur Coal Limited ACN 096 001 955 (**Macarthur**), in connection with Macarthur's off-market takeover offer dated 4 March 2010 (**Offer**) to acquire all of the ordinary shares in Gloucester Coal Ltd ACN 008 881 712 (**Gloucester**) contained in Macarthur's bidder's statement dated 26 February 2010.

This First Supplementary Bidder's Statement supplements, and should be read together with Macarthur's bidder's statement dated 26 February 2010 and dispatched to Gloucester shareholders on 4 March 2010 (the **Bidder's Statement**). This First Supplementary Bidder's Statement prevails to the extent of any inconsistency with the Bidder's Statement.

Unless the context requires otherwise, terms defined in the Bidder's Statement have the same meaning in this First Supplementary Bidder's Statement.

A copy of this First Supplementary Bidder's Statement was lodged with ASIC on 28 April 2010. Neither ASIC nor ASX nor any of their respective officers take any responsibility for the content of this First Supplementary Bidder's Statement.

First Supplementary Bidder's Statement

1 Termination of Middlemount Acquisition

On 19 April 2010, a resolution put to Noble shareholders, to approve the disposal by Noble Group of its shares in Gloucester under the Offer and its shares and certain other interests in Middlemount under the Middlemount Acquisition, was not passed.

As announced on 20 April 2010, Macarthur has since received notices from Noble Group terminating the Middlemount Acquisition as a result of the Noble shareholder approval not being obtained, as that approval was a condition precedent to the Middlemount Acquisition.

As a result of the termination of the Middlemount Acquisition, certain material sections of section 7 of the Bidder's Statement (Effect of the Takeover Bid, Middlemount Acquisition and CITIC Transaction) are now outdated. In particular, the pro forma balance sheet and the information regarding the effect on Macarthur's capital structure and shareholdings were all prepared on the basis that the Middlemount Acquisition would proceed.

Macarthur's expectation is that, given the result of the Noble shareholder meeting, it is now unlikely that the 90% minimum acceptance condition to the Offer will be satisfied. While Macarthur reserves the right to waive that condition, Macarthur does not currently intend to do so. As a result, Macarthur does not propose to update the outdated information referred to above unless these circumstances change.

Macarthur notes that if any condition of the Offer, including the 90% minimum acceptance condition, is not satisfied or waived, Gloucester Shareholders who accept the Offer will not receive the Consideration but will lose the right to deal with their Gloucester Shares until either Macarthur withdraws the Offer or the Offer Period expires.

2 Extension of Offer Period

Macarthur has today extended the Offer Period to 13 May 2010. As a consequence, the new date for Macarthur to give notice of the status of the Conditions under section 630(3) of the Corporations Act is 5 May 2010.

3 Macarthur Shareholder approval

Macarthur announced on 16 April 2010 that it had postponed the Macarthur Shareholder Meeting to a date, time and venue to be advised. Approval of Macarthur Shareholders at the Macarthur Shareholder Meeting is a Condition of the Offer.

This announcement followed the receipt by Macarthur of a non-binding proposal from Peabody Energy Corporation (**Peabody**) under which Peabody would acquire all the shares in Macarthur by way of a scheme of arrangement with Macarthur Shareholders receiving A\$16 cash for each Macarthur Share on issue (**Peabody Proposal**). A copy of the Peabody Proposal is attached to Macarthur's ASX announcement on 15 April 2010.

The Macarthur Board has not made a recommendation in relation to the Peabody Proposal and discussions with Peabody are ongoing.

On 23 April 2010, Macarthur announced that it had given Peabody access to a data room to commence due diligence and that Peabody has until 3 May 2010 to complete its due diligence review.

4 Approval of Supplementary Bidder's Statement

This First Supplementary Bidder's Statement has been approved by a unanimous resolution passed by all of the directors of Macarthur.

Date: 28 April 2010.

Signed for and on behalf of
Macarthur Coal Limited
by



Lisa Dalton
Company Secretary