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**GLOUCESTER COAL**

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## Gloucester successfully completes the institutional component of its equity raising

5 August 2010

Gloucester Coal Ltd (ASX: GCL) (“Gloucester”) today announced the successful completion of the c.A\$434 million underwritten institutional component of its 3 for 5 accelerated, non-renounceable pro rata entitlement offer (“Institutional Entitlement Offer”), which will result in the issue of c.47 million new shares at the offer price of A\$9.25 per new share.

As announced on 4 August 2010, the net proceeds of the Institutional Entitlement Offer will be used to acquire (subject to shareholder approval) Noble Group Limited’s (“Noble”) interests in the Middlemount Joint Venture (the “Middlemount JV”), which owns the Middlemount project, a near-term, open-cut metallurgical coal development project located in Queensland’s Bowen Basin.

Noble, which currently holds 87.7% of Gloucester<sup>1</sup>, has not taken up its entitlement under the Institutional Entitlement Offer and, as a result, Noble’s entitlement shares and the shares of other non-participating and ineligible shareholders have been offered to institutional investors at the offer price of A\$9.25 per new share. Despite strong demand, Gloucester has decided not to exercise the option to upsize the equity raising via a placement.

The Institutional Offer was very well supported by new shareholders globally, significantly enhancing Gloucester’s share register. Following completion of the Institutional Entitlement Offer and issue of A\$100 million worth of new Gloucester shares to Noble (subject to shareholder approval)<sup>2</sup>, Noble’s shareholding in Gloucester is expected to reduce to c.62%<sup>3</sup> which will significantly increase Gloucester’s free-float and liquidity.

Gloucester’s Chief Executive Officer, Mr Barry Tudor, said: “We are very pleased with this result and with the strong level of support from new institutional investors. As a result of the transaction,

<sup>1</sup> As at 30 July 2010, Noble has acceptances under the Noble Offer for a further 5.2% of the shares in Gloucester

<sup>2</sup> The share issue to Noble is at the equity offer price and is part of the consideration for the acquisition of the Middlemount assets

<sup>3</sup> Noble’s final shareholding will depend on various matters including the level of participation in the Retail Entitlement Offer, the level and timing of acceptances and transfers under the Noble Offer and the extent to which withdrawal rights are exercised



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Gloucester has taken a significant step forward in its strategy to become a major Australian, independent, diversified metallurgical coal producer”.

The new shares from the Institutional Entitlement Offer are expected to be issued on 18 August 2010 and commence trading on ASX on the same day.

These new shares will rank equally with existing Gloucester shares, however, these new shares are not eligible to be accepted into the Noble Offer<sup>4</sup> and will trade under a separate ASX code (GCLN) to those on issue at 1 June 2010 until the Noble Offer and any associated buy-out rights end (the Noble Offer is currently scheduled to close on 3 September 2010, but may be extended).

Gloucester shares are expected to resume trading on the ASX today.

### Commencement of the Retail Entitlement Offer

The size of the retail component of the entitlement offer (“Retail Entitlement Offer”), which is non-underwritten, is up to A\$21 million.

The Retail Entitlement Offer will open on 12 August 2010 and is expected to close at 5.00pm (AEST) on 27 August 2010. Eligible retail shareholders will have the opportunity to subscribe for 3 new shares for every 5 existing Gloucester shares held at 7.00pm (AEST) on 9 August 2010 (“Record Date”), at the offer price of A\$9.25 per new share, the same offer price as under the Institutional Offer.

Eligible retail shareholders may apply for new shares in excess of their entitlement subject to availability and scale-back at the sole discretion of Gloucester.

Eligible retail shareholders wishing to participate in the Retail Entitlement Offer should carefully read the retail offer booklet and personalised Entitlement and Acceptance form which is expected to be mailed to eligible retail shareholders by 12 August 2010. The Retail Entitlement Offer is not being extended to shareholders outside Australia or New Zealand. All eligible retail shareholders registered as such on the Record Date will be entitled to participate in the Retail Entitlement Offer whether or not they have accepted the Noble Offer and whether or not their acceptances are entitled to be withdrawn.

Retail shareholders who have further questions regarding the Retail Entitlement Offer should call the Gloucester Entitlement Offer Information Line on 1300 091 105 (within Australia) or +61 3 9415 4681 (from outside Australia) between 8.30am and 5.00pm (AEST) Monday to Friday during the Retail Entitlement Offer period. For other questions, you should consult your stockbroker, accountant, taxation adviser, financial adviser or other professional adviser.

### Timetable for the Retail Entitlement Offer

Event	Date
Record Date for the Entitlement Offer	9 August 2010
Retail Entitlement Offer opens	12 August 2010
Retail offer booklet and personalised Entitlement and Acceptance form despatched to Eligible Retail Shareholders	12 August 2010
Settlement of Institutional Entitlement Offer	17 August 2010
Allotment and trading of New Shares issued under the Institutional	18 August 2010

<sup>4</sup> On 6 April 2010 Noble announced its intention to acquire the Gloucester shares it did not own for A\$12.60 per share



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Entitlement Offer	
Retail Entitlement Offer closes	27 August 2010
Retail Entitlement Offer settlement	3 September 2010
Allotment of New Shares issued under the Retail Entitlement Offer	6 September 2010
Retail Trading date	7 September 2010
<i>Dates in relation to the General Meeting</i>	
Despatch of Notice of Meeting and Explanatory Memorandum including the Independent Expert's Report	27 August 2010
Record Date for the General Meeting	25 September 2010
General Meeting date	27 September 2010

The timetable is subject to change. Subject to its obligations under the underwriting agreement, Gloucester reserves the right to withdraw or vary the timetable for the offer without notice. In particular, subject to its obligations under the underwriting agreement, Gloucester reserves the right to extend the closing date for the retail entitlement offer, to accept late applications either generally or in particular cases or to withdraw the retail entitlement offer without prior notice. The commencement of quotation of new shares is subject to confirmation from ASX.

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## FOR FURTHER INFORMATION

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## Important Information

This announcement does not constitute an offer for subscription, invitation, recommendation or sale with respect to the purchase or sale of any securities in any jurisdiction. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any "U.S. persons" (as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "Securities Act") ("U.S. Persons"). Neither the Entitlements nor the New Shares have been, or will be, registered under the Securities Act or any securities laws of any state or other jurisdiction of the United States and may not be offered, sold or otherwise transferred except in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and any other applicable securities laws.

This announcement is not financial product or investment advice nor a recommendation to acquire Gloucester shares and has been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision prospective investors should consider the appropriateness of



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the information having regard to their own objectives, financial situation and needs and seek legal, taxation and financial advice appropriate to their jurisdiction and circumstances.

Gloucester is not licensed to provide financial product advice in respect of Gloucester shares.

An investment in Gloucester shares is subject to investment and other known and unknown risks, some of which are beyond the control of the Gloucester Group, including possible loss of income and principal invested. Gloucester does not guarantee any particular rate of return or the performance of the Gloucester Group, nor does it guarantee the repayment of capital from Gloucester or any particular tax treatment. In considering an investment in Gloucester shares, investors should have regard to (amongst other things) the risks and disclaimers outlined in the Investor Presentation released to ASX on 4 August 2010.