

Contact

Phone: +61 7 3418 0500

Fax: +61 7 3418 0355



8 April 2010

New Hope Offer to acquire Macarthur Coal

New Hope Corporation Limited (ASX:NHC, "New Hope") today announced its intention to acquire 100% of Macarthur Coal Limited (ASX:MCC, "Macarthur") offering **2.7** New Hope shares for every **1** Macarthur share ("Offer") by way of a scheme of arrangement valuing Macarthur at \$14.58¹ per share and representing a total consideration of \$3.71 billion².

Based on the closing share prices of New Hope and Macarthur of \$5.40 and \$14.31 respectively on 7 April 2010, New Hope's Offer represents:

- a premium of 50% to \$9.70 per share, the Macarthur share price used to determine the alternative cash consideration to Gloucester minority shareholders under the Gloucester takeover offer;
- a premium of 31% to \$11.17, the mid-point valuation of Macarthur determined by the Independent Expert for a 100% controlling interest in its report dated 26 February 2010;
- a premium of 12% to \$13.04, the 1 month VWAP³ of Macarthur shares; and
- a premium of 25% to \$11.66, the 3 month VWAP³ of Macarthur shares.

The Offer also provides Macarthur shareholders with an opportunity to:

- continue to be a shareholder in a major Australian coal company with an increased reserve and resource base, enhanced scale and diversified geographical, product and infrastructure assets;
- become shareholders in a combined entity with a market capitalisation of over \$8 billion and a net cash position greater than \$1.5 billion;
- benefit from increased market presence and liquidity of shares;
- share in the significant synergies created by merging Macarthur with New Hope;

¹ Based on the closing share prices of New Hope and Macarthur of \$5.40 and \$14.31 respectively on 7 April 2010.

² This is the estimated market capitalisation of Macarthur based on Macarthur shares currently on issue at the Offer price.

³ Volume Weighted Average Price calculated at close of trading at 7 April 2010.

- benefit from the expected future growth of the combined Macarthur/New Hope entity and significantly improved outlook for the resources sector;
- manage individual exposure to capital gains tax through capital gains tax rollover relief; and
- participate in a merger at a valuation per Macarthur share significantly above the valuation of Macarthur shares being issued through the Gloucester transaction.

New Hope believes the Offer is superior to both the Gloucester transaction and the highly conditional, non-binding, indicative proposal put forward by Peabody Energy Corporation.

The Offer is subject to certain conditions which are substantially set out in Annexure A to this announcement. These include a condition that the Gloucester transaction does not proceed, however, none of these conditions are within the control of New Hope.

The Board of New Hope believes that a merger of the two companies is in the best interests of both New Hope and Macarthur shareholders and is a superior proposal to the Gloucester transaction.

New Hope is being advised by Pitt Capital Partners.

For further information, please contact:

Robert Millner	Chairman, New Hope Corporation Limited	+61 408 414 295
Todd Barlow	Managing Director, Pitt Capital Partners	+61 407 065 883

About the Merged Entity

A merged New Hope and Macarthur Coal will create a leading Australian Securities Exchange listed player in the Australian coal sector with an implied market capitalisation greater than \$8 billion.

The entity will have a substantial resource and reserve base with a significant development pipeline. It will also have cash resources of greater than \$1.5 billion to develop this pipeline. The merged entity will have the infrastructure in place to underpin this production growth.

The merged entity will have a diverse range of geographical locations, mines, infrastructure and products with five operating coal mines shipping through two coal terminals.

About New Hope Corporation

New Hope Corporation Limited is an independent Australian energy company, publicly listed on the Australian Securities Exchange (ASX code: NHC) with a current market capitalisation in excess of \$4 billion. New Hope has more than 500 employees and over 7,000 shareholders.

New Hope has a proven track record in generating superior shareholder returns as evidenced by the average annual rate of total shareholder return over the past three years being over 50%. Production tonnage has increased over the past three years by 23% to 5.5Mtpa. New Hope has open cut mines at Acland on the Darling Downs and at Rosewood near Ipswich. The company focuses on niche marketing of its thermal coal and exports around 80 per cent of coal production to Asia Pacific markets with the remainder being consumed by customers in south-east Queensland.

The company also holds various exploration tenements in central Queensland and on the Darling Downs in southern Queensland. New Hope's investments include a 100 per cent shareholding in Queensland Bulk Handling, a common user coal export terminal at the Port of Brisbane, and significant land holdings around Ipswich and near its mining operations at Acland.

New Hope attributes its growth to innovation, hands-on management, environmental and social responsibility and strong and dynamic relationships with partners.

Annexure A

Offer Conditions

- (a) **(Gloucester Offer Lapses)** the proposed off-market takeover by Macarthur for all of the issued shares in Gloucester Coal Ltd lapses with no binding, unconditional contracts for acceptance coming into existence;
- (b) **(No Prescribed Occurrence)** prior to the scheme of arrangement to acquire all Macarthur shares becoming effective, none of the occurrences specified in Section 652C(1) or (2) of the Corporations Act occur in relation to Macarthur or any of its subsidiaries;
- (c) **(No Dividends)** prior to the scheme of arrangement to acquire all Macarthur shares becoming effective, Macarthur does not declare or distribute any dividend (excluding the 2010 fully franked interim dividend of eight cents per Macarthur Share as announced on 24 February 2010), bonus or other share of its profits or assets;
- (d) **(No Material Transactions)** prior to the scheme of arrangement to acquire all Macarthur shares becoming effective, no material acquisitions or disposals by Macarthur outside the ordinary course of business (provided that this condition will not be triggered if Macarthur completes the acquisition of the joint venture interests of CITIC Resources Holdings Limited and its related Bodies Corporate in the Coppabella and Moorvale joint venture);
- (e) **(Approvals and Consents)** any material third party consent or approval in respect to the Offer that may be required under any key commercial arrangements of Macarthur is obtained;
- (f) **(No Material Adverse Change)** prior to the scheme of arrangement to acquire all Macarthur shares becoming effective, no change occurs, is discovered or becomes public or becomes known to New Hope (whether or not it becomes public) which has, or could reasonably be expected to have, a materially adverse effect on the business, assets, liabilities, financial or trading position, performance, profitability or prospects of Macarthur and its subsidiaries taken as a whole or of any of them, including (but not limited to):
 - (i) any creditor demanding repayment of a debt of \$500,000 or more;
 - (ii) any act or omission which would adversely impact upon any title, licence, permit or other authority remaining, in good standing and in full force and effect; and
 - (iii) a diminution or prospective diminution in value of the aggregate assets of Macarthur and its subsidiaries in aggregate of \$2,500,000 or more or an increase or prospective increase in actual or contingent liabilities in aggregate of \$2,500,000 or more, with such diminution or prospective diminution to be calculated against the results set out in the half year report of Macarthur for the six months ended 31 December 2009 (released to the ASX on 24 February 2010 by way of an Appendix 4D);
- (g) **(No action by Governmental Agency Adversely Affecting the Offer)** prior to the scheme of arrangement to acquire all Macarthur shares becoming effective, there is not in effect any preliminary or final decision, order or decree issued by a governmental agency (provided that this condition will not be triggered by any order or action by the Takeovers Panel or the Australian Securities and Investments Commission), no action or investigation is instituted or threatened by any governmental agency and no application is made to any governmental agency which restrains, prohibits or may otherwise materially adversely impacts upon the completion of the Offer;
- (h) **(Approvals by Governmental Agency)** prior to the scheme of arrangement to acquire all Macarthur shares becoming effective, Macarthur and New Hope receive all approvals and consents which are required by law or by any governmental agency:
 - (i) to permit the Offer to be made to and accepted by Macarthur shareholders;
 - (ii) as a result of the Offer or the successful acquisition of the Macarthur shares by New Hope; and

- (iii) which are necessary for the continued operation of the business of Macarthur as currently conducted,
and those approvals are on an unconditional basis and remain in force in all respects and there is no notice or indication of intention to revoke or restrict such approvals;
- (i) **(Independent Expert's Report)** the report to be prepared by any independent expert appointed by Macarthur does not conclude that the Offer is neither fair nor reasonable to Macarthur shareholders;
- (j) **(Rights under Certain Agreements or Instruments)** prior to the scheme of arrangement to acquire all Macarthur shares becoming effective, no person exercises or purports or threatens to exercise, any rights under any provision of any agreement or other instrument to which Macarthur is a party, or by which Macarthur or any of its assets or businesses may be bound or be subject, which results, or which could be reasonably expected to result, in:
 - (i) any moneys borrowed by Macarthur becoming repayable immediately or earlier than the repayment date stated in such agreement or other instrument;
 - (ii) any such agreement or other such instrument being terminated or modified;
 - (iii) Macarthur's interest in any firm, joint venture, trust corporation or other entity being terminated or modified;
 - (iv) any material assets of Macarthur being sold transferred or offered for sale or transfer, including under any pre-emptive rights or similar provisions; or
 - (v) the business of Macarthur with any other person being adversely affected;
- (k) **(Conduct of Macarthur's business)** prior to the scheme of arrangement to acquire all Macarthur shares becoming effective, without the written consent of New Hope, Macarthur conducts its business otherwise than in the ordinary course or takes certain actions outside the ordinary course of business including:
 - (i) makes any change in its constitution or passes any special resolution;
 - (ii) borrows or agrees to borrow any money (except in the ordinary course of business);
 - (iii) releases, discharges or modifies any substantial obligation to it of any person, firm or corporation or agrees to do so;
 - (iv) accepts as a settlement or compromise of any matter an amount that is at least \$350,000 less than the amount claimed by Macarthur;
 - (v) has threatened or commenced against it any claims or proceedings in any court or tribunal which may result in damages or compensation payable greater than \$500,000 in aggregate;
 - (vi) pays any of its non-executive directors, senior executives or employees a termination or retention payment (otherwise than in accordance with an existing contract);
 - (vii) makes any change to its accounting practices or policies, other than to comply with generally accepted Australian accounting standards and any domestically accepted international accounting standards or electing to form a consolidated group for the purposes of the Income Tax Assessment Act 1997 (Cth); and
 - (viii) materially breaching its obligations pursuant to Chapter 3 of the listing rules of the Australian Stock Exchange or disclosing information to the Australian Stock Exchange which is not true and correct in all material respects;
- (l) **(No Resolution)** the resolution proposed in the notice of meeting of Macarthur shareholders dated 26 February 2010 is not passed at the meeting convened for 12 April 2010 or at any adjournment of that meeting and no resolution in similar terms is passed by the Macarthur shareholders prior to the scheme of arrangement to acquire all Macarthur shares becoming effective; and
- (m) **(Termination of Incentive Plans)** prior to the scheme of arrangement to acquire all Macarthur shares becoming effective, Macarthur takes all actions requested by New Hope to terminate all existing employee and director equity incentive plans and procure the vesting of all existing awards under those plans.