

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

GLOUCESTER COAL LTD

ABN

66 008 881 712

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |  |   |
|---|--|---|
| 1 | +Class of +securities issued or to be issued   | Non-cumulative Preference Converting shares<br><b>(Converting Shares)</b>   |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued  | 1,000 Converting Shares were issued to Multi Consulting Pty Ltd, SES Rotges Investments Pty Ltd and McActivity Pty Ltd (together <b>Monash Vendors</b> ) as part consideration for the acquisition of Ellemby Holdings Pty Ltd, Monash Coal Pty Ltd and Monash Coal Unit Trust (together <b>Monash Group</b> ). |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | The Converting Shares will entitle the Monash Vendors to receive a number of additional Gloucester Coal Ltd ( <b>Gloucester</b> ) fully paid ordinary shares ( <b>Additional Shares</b> or <b>Gloucester Shares</b> ) as deferred consideration to be issued in stages:   |

(a) Stage One: Additional Shares will be issued on finalisation of a reserves report setting out the ore reserves for the exploration area of the Exploration Licence 6123 and Exploration Licence 7579 (**Monash Tenements**) in accordance with the Joint Ore Reserves Committee (**JORC**) Code. Finalisation of the report will occur shortly after completion of an agreed drilling program, except if the holders of Converting Shares elect to earlier provide Gloucester with a JORC Code compliant report, in which case the Stage 1 payment is to be provided shortly after the early provision of that report.

The number of Stage 1 Additional Shares issued will be determined based on AUD 1.16 per tonne of JORC Code compliant proved or probable reserves at the Monash Tenements, capped at a total value of AUD 70.0 million (**Stage 1 Payment**). The Stage 1 Payment cap will be adjusted for inflation from a March 2011 base.

(b) Stage Two: Additional Shares will be issued on the date a second JORC Code compliant ore reserves report is finalised assessing at least 60 Mt of proved or probable reserves within the Monash Tenements. The Stage 2 payment is subject to a mining lease being issued after Stage 1 and within 10 years of completion of the Monash and Donaldson Acquisitions (**Mining Lease**) following the receipt of planning approval to undertake an underground longwall coal mining operation of 4 million tonnes ROM coal production p.a over at least 15 years for aggregate proved or probable reserves of at least 60 Mt.

The number of Stage 2 Additional Shares issued will be determined based on AUD 0.70 per tonne of proved or probable reserves within the area of the planning approval for the Monash Tenements capped at a total value of AUD 50 million (**Stage 2 Payment**). The Stage 2 Payment is additional to the Stage 1 Payment. The Stage 2 Payment cap will be adjusted for inflation from a March 2011 base.

(c) Stage Three: following the issue of a Mining Lease, in addition to the Stage 1 Payment and the Stage 2 Payment, further additional shares will be issued if the Stage 2 Payment date occurs prior to 31 December 2016 (**Stage 3 Payment**).

---

+ See chapter 19 for defined terms.

The Stage 3 Payment will be calculated on a quarterly basis over the period between the Stage 2 Payment date and 31 December 2016 and is 2.5% of the Stage 2 Payment (Stage 3 Payment).

In each of these scenarios, additional Gloucester Shares will be provided to holders of Converting Shares at a price per share equal to the then prevailing 20 business day VWAP.

Additional Gloucester Shares may also be required to be provided to holders of Converting Shares in certain circumstances, including on a change in control of Gloucester, a change in the Tenements or termination of the Works Agreement between Venasi Consult Pty Ltd, Gloucester, Leigh McPherson and Monash Coal Pty Ltd, rather than provided in paragraphs (a) to (c) above. A cash dividend, in lieu of the issue of additional Gloucester Shares, will be payable to holders of Converting Shares should Gloucester become insolvent.

When no additional Gloucester Shares are to be provided under the terms of the Converting Shares, each Converting Share will convert into one fully paid Gloucester Share.

For further information on the terms of the Converting Shares please refer to section 9 of the Notice of Meeting and Explanatory Memorandum for Gloucester dated 7 June 2011 (**Notice of Meeting**).

- 4 Do the \*securities rank equally in all respects from the date of allotment with an existing \*class of quoted \*securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

The Converting Shares rank equally among themselves in all respects but do not and will not rank equally with the existing class of quoted securities until they convert at the stages set out in paragraph 3.

The Converting Shares will pay a dividend at a rate of 5% per annum on face value (\$50 per annum in total).

On conversion a Converting Share will be an ordinary share and the holder of the share will be a holder of an ordinary share ranking equally in all respects with all other ordinary shares then on issue and who will be conferred all the rights and obligations in respect of an ordinary share.

- 5 Issue price or consideration

\$1.00 face value per Converting Share

6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	The Converting Shares were issued as part consideration for the acquisition of the Monash Group from the Monash Vendors.					
7	Dates of entering +securities into uncertificated holdings or despatch of certificates	14 July 2011					
8	Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)	<table border="1"> <thead> <tr> <th data-bbox="699 584 995 618">Number</th> <th data-bbox="995 584 1295 618">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="699 618 995 1010">202,905,967 (this number includes the Gloucester shares issued in connection with the Donaldson Coal Holdings Limited transaction described in the Appendix 3B lodged by Gloucester in respect of those shares on 14 July 2011).</td> <td data-bbox="995 618 1295 1010">Fully paid ordinary shares</td> </tr> </tbody> </table>	Number	+Class	202,905,967 (this number includes the Gloucester shares issued in connection with the Donaldson Coal Holdings Limited transaction described in the Appendix 3B lodged by Gloucester in respect of those shares on 14 July 2011).	Fully paid ordinary shares	
Number	+Class						
202,905,967 (this number includes the Gloucester shares issued in connection with the Donaldson Coal Holdings Limited transaction described in the Appendix 3B lodged by Gloucester in respect of those shares on 14 July 2011).	Fully paid ordinary shares						
9	Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	<table border="1"> <thead> <tr> <th data-bbox="699 1043 995 1077">Number</th> <th data-bbox="995 1043 1295 1077">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="699 1077 995 1727">2,546,128  Unlisted options over Ordinary Shares</td> <td data-bbox="995 1077 1295 1727">           273,064 vest 1 September 2013             136,532 vest 1 September 2014             136,532 vest 1 September 2015             Exercise price \$11.09 per option             1,000,000 vest 23 February 2014             1,000,000 vest 23 February 2016             Exercise price \$12.03         </td> </tr> </tbody> </table>	Number	+Class	2,546,128  Unlisted options over Ordinary Shares	273,064 vest 1 September 2013  136,532 vest 1 September 2014  136,532 vest 1 September 2015  Exercise price \$11.09 per option  1,000,000 vest 23 February 2014  1,000,000 vest 23 February 2016  Exercise price \$12.03	
Number	+Class						
2,546,128  Unlisted options over Ordinary Shares	273,064 vest 1 September 2013  136,532 vest 1 September 2014  136,532 vest 1 September 2015  Exercise price \$11.09 per option  1,000,000 vest 23 February 2014  1,000,000 vest 23 February 2016  Exercise price \$12.03						

+ See chapter 19 for defined terms.

1,000 Converting Shares	1,000 Converting Shares will convert to ordinary shares subject to achievement of Stages One, Two and Three.  For further information on the number of Gloucester ordinary shares that may be issued to the Monash Vendors upon conversion of the Converting Shares please refer to section 13.7 of the Notice of Meeting.
----------------------------	--

- |   |   |
|---|---|
| 10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests) | There has been no change to Gloucester's dividend policy. |
|---|---|

## Part 2 - Bonus issue or pro rata issue

- |   |  |
|---|--|
| 11 Is security holder approval required?  |  |
| 12 Is the issue renounceable or non-renounceable?   |  |
| 13 Ratio in which the +securities will be offered   |  |
| 14 +Class of +securities to which the offer relates   |  |
| 15 +Record date to determine entitlements   |  |
| 16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? |  |
| 17 Policy for deciding entitlements in relation to fractions  |  |

- 18 Names of countries in which the entity has +security holders who will not be sent new issue documents  
 Note: Security holders must be told how their entitlements are to be dealt with.  
 Cross reference: rule 7.7.
- 19 Closing date for receipt of acceptances or renunciations
- 20 Names of any underwriters
- 21 Amount of any underwriting fee or commission
- 22 Names of any brokers to the issue
- 23 Fee or commission payable to the broker to the issue
- 24 Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders
- 25 If the issue is contingent on +security holders' approval, the date of the meeting
- 26 Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled
- 27 If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders
- 28 Date rights trading will begin (if applicable)
- 29 Date rights trading will end (if applicable)

---

+ See chapter 19 for defined terms.

- 
- 30 How do +security holders sell their entitlements *in full* through a broker?
- 31 How do +security holders sell *part* of their entitlements through a broker and accept for the balance?
- 32 How do +security holders dispose of their entitlements (except by sale through a broker)?
- 33 +Despatch date

### Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

- 34 Type of securities  
(tick one)
- (a)  Securities described in Part 1
- (b)  All other securities  
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

#### Entities that have ticked box 34(a)

#### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

- 35  If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36  If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
- 1 - 1,000
  - 1,001 - 5,000
  - 5,001 - 10,000
  - 10,001 - 100,000
  - 100,001 and over

37  A copy of any trust deed for the additional +securities

**Entities that have ticked box 34(b)**

38 Number of securities for which +quotation is sought

39 Class of +securities for which quotation is sought

40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

	Number	+Class
42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)	<input type="text"/>	<input type="text"/>

+ See chapter 19 for defined terms.



## Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:



(Company secretary)

Date: 14 July 2011

Print name: Craig Boyd.

== == == == ==

---

+ See chapter 19 for defined terms.