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8 July 2011

GLOUCESTER COAL

Chairman and Chief Executive Officer General Meeting Speech

Speeches for today's General Meeting are attached.

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CHAIRMAN'S ADDRESS GLOUCESTER COAL GENERAL MEETING

Good morning ladies and gentlemen. For those of you who do not know me, I am James MacKenzie Chairman of the Board of Gloucester Coal Ltd. I will be acting as the Chairman of this meeting.

Welcome to the General Meeting that has been called so that you can determine whether or not to approve the acquisitions of Donaldson Coal Holdings and Ellemby Holdings, together with new coal marketing arrangements with Noble Marketing and Noble Group.

As the necessary quorum is present, I declare the meeting open.

I, along with two other Independent Non-Executive Directors on the Gloucester Coal Board, formed the Independent Board Committee that completed the detailed review, negotiation and recommendation of the proposed acquisitions of Donaldson Coal Holdings and Ellemby Holdings.

In addition to resolutions directly relating to the acquisitions and marketing arrangements, two further resolutions are required to give effect to the Proposed Transactions. The first amends the Gloucester constitution to allow the issue of Converting Preference Shares as part consideration for the Ellemby acquisition. The second is a Financial Assistance resolution that will allow Gloucester to take on debt financing at a group level while providing lenders with security over assets of the Group, including the acquired entities.

All of the resolutions today, other than the proposed change to the constitution, are interconditional.

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It is important that shareholders are aware of the related party elements of the proposed transactions. The proposed acquisition of Donaldson, and the new coal marketing arrangements, constitutes related party transactions with Noble Group, which is a key reason why shareholder approval is being sought. Noble Group is our largest shareholder and the current owner of Donaldson. A company owned and controlled by Gloucester's CEO, Brendan McPherson, and his spouse is currently a minority shareholder of Monash.

Today's meeting continues the strict governance arrangements that were put in place to ensure fair and unbiased consideration of the Proposed Transactions on behalf of all Gloucester Coal shareholders. I will discuss these protocols in greater detail later in my address.

Let me begin by introducing my colleagues on the Independent Board Committee that supervised and controlled consideration and negotiation of the Proposed Transactions. They are:

- Gregory Fletcher, an Independent Non-Executive Director.
- Denis Gately, also an Independent Non-Executive Director

Also joining me is:

- Brendan McPherson, the chief executive officer of Gloucester.

Shareholders have already been provided with detailed information about the Proposed Transactions through the Notice of Meeting, Explanatory Statement and accompanying Independent Expert's Report from Deloitte Corporate Finance.

Nevertheless, I want to recap the key elements of the Proposed Transaction and the process of the Independent Board Committee's deliberations. This will provide context for our meeting today before you cast your votes on the various resolutions.

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On 16 May 2011, we announced the proposed acquisition of Donaldson and Monash following the signing of transaction documents that morning, as well as a $230 million capital raising through a fully underwritten Entitlement Offer of ordinary shares.

Assuming all of the resolutions to be voted on today are passed, the net proceeds from the capital raising will be used to fund the cash consideration for the Monash Acquisition, partly fund repayment of existing Noble debt owed by Donaldson, and payment of associated transaction costs and charges.

The Proposed Transactions before you today have been exhaustively reviewed and intensely negotiated over a four month period prior to announcement in May.

Acquiring Donaldson and Monash will make a substantial contribution to Gloucester's strategy of creating a leading Australian coal company. The acquisitions will increase the company's resource base from 340 Mt to 1,512Mt. The Monash semi-soft coking and thermal coal development prospects provide access to a new major Hunter Valley opportunity located near existing infrastructure.

Our chief executive officer, Brendan McPherson, will discuss the assets more extensively in his address shortly.

However, I would like to take a moment to explain why the Independent Board Committee believes that the Proposed Transactions provide a highly attractive opportunity to comprehensively transform Gloucester into a leading Australian coal producer.

We are excited by the opportunity to position Gloucester as a multi-mine operator with operations across all stages of the development curve. This promises to enhance Gloucester's production profile and diversification. Medium term annual production is expected to increase from previous estimates of around 5.5 Mt to around 10 Mt per annum.

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A more diverse group of mines and products also reduces risk for shareholders and may allow us to tailor production to better match market demand.

In addition, through its 11.6 per cent shareholding in NCIG Holdings, Donaldson brings a highly attractive allocation of port capacity from the new NCIG export terminal at the Port of Newcastle.

Your Independent Directors believe the Proposed Transactions to be strategically compelling for Gloucester shareholders as a whole.

Let me summarise for you the key terms of the Proposed Transactions.

Gloucester proposes to acquire Donaldson for an enterprise value of $585 million. That compares with the fair value of $609 - $671 million ascribed to Donaldson by the independent expert, Deloitte Corporate Finance.

The acquisition of Donaldson will be funded by the issue of $360 million in new shares to Noble Group at $9.75 per share – that's 8% more than the $9.00 that shareholders were asked to pay as part of the recent equity raising and 13.9% more than the price of Gloucester's shares at the close of trading yesterday.

Noble Group did not take up its rights in the equity raising, and so its shareholding following completion of the Proposed Transactions will be approximately 63.4%, down from 65.3% before the Proposed Transactions and capital raising.

As part of the Proposed Transactions, Gloucester Coal will assume Donaldson's pro forma debt of $225 million. This includes $186 million of debt from Noble.

In addition to the Donaldson acquisition, Gloucester proposes to enter into new coal marketing arrangements with Noble Marketing, a subsidiary of Noble Group. Under these arrangements

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Gloucester has the right to call on Noble to provide marketing services, but is not obliged to take any such services. This gives Gloucester the opportunity to develop its own marketing capability.

Turning to the Monash acquisition, Gloucester proposes to acquire Ellemby Holdings for consideration of $30 million in cash, together with 1,000 converting preference shares. These converting shares allow for the provision of additional Gloucester shares to the Ellemby vendors, subject to the achievement of key milestones.

The converting preference shares structure was developed to ensure that most of the consideration to the Ellemby vendors would be contingent on the results of a planned drilling programme to measure JORC compliant coal reserves and the subsequent grant of a mining lease and planning approval.

Gloucester shares of a number determined on the basis of $1.16 per tonne of JORC compliant reserves and resources - and capped at a maximum of $70 million (indexed to CPI) will be provided after the conclusion of an agreed drilling program to take place over the next three years.

Shares of a number determined on the basis of 70 cents per tonne of JORC compliant Proven or Probable Reserves – capped at $50 million (indexed to CPI) – will be provided upon receipt of a mining lease and planning approval. This payment will be increased if the mining lease and planning approval, and a subsequent JORC Report, are completed more than three months before the end of 2016. The increase will be 2.5% (indexed to CPI) for each complete quarter before 31 December 2016 that the process is completed.

All of the elements of the Proposed Transactions are interlinked and their finalisation is subject to the outcome of today's meeting. Subject to satisfaction or waiver of all conditions precedent, completion of the Proposed Transactions is currently envisaged to occur on 14 July 2011.

I want to provide some more detail on the strict governance procedures that we put in place to manage the related party aspects of the Proposed Transactions.

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Immediately upon the commencement of discussions in relation to a possible sale of Donaldson, your Board moved promptly to form an Independent Board Committee and adopt governance protocols that would ensure that the interests of shareholders not associated with Noble Group would be protected.

The Independent Board Committee comprises three experienced directors with a strong understanding of, and commitment to, their responsibilities.

Having formed the Independent Board Committee, we dealt exclusively with all aspects of the review, negotiation, and determination of the Donaldson and Monash acquisitions from Gloucester's point of view. We appointed independent financial, legal, tax and accounting advisers.

We appointed the Independent Expert to review the Proposed Transactions.

The directors of Gloucester who are officers of Noble, Ricardo Leiman and William Randall, stood aside from, and were not privy to, the Independent Board Committee discussions, or the work of our advisers. Gloucester CEO, Brendan McPherson, was subject to similar protocols in relation to the proposed Ellemby acquisition as Mr Leiman and Mr Randall were in relation to the proposed Donaldson acquisition due to Mr McPherson's interest in a company with a minority shareholding in Monash.

The Independent Board Committee is confident that the Proposed Transactions are in the best interests of all of the non-associated shareholders of Gloucester. Each independent director who holds or controls Gloucester shares intends that those shares will be voted in favour of the resolutions put before you today.

Before we commence the formal business of the meeting I will ask CEO Brendan McPherson to address the meeting.

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CEO'S ADDRESS GLOUCESTER COAL GENERAL MEETING

Good morning Ladies and Gentlemen,

This morning I will provide an introduction to the new Gloucester Coal, which, subject to the approval of the acquisition of the Donaldson and Monash coal assets, will be a substantially larger company that will be positioned to build value for shareholders in Gloucester Coal.

As you know, at present Gloucester is a mid-sized metallurgical and thermal coal mining company with two open cut mines in the Gloucester Basin - Stratford and Duralie - together with coal exploration licences covering a large proportion of the basin. Gloucester also owns a near 50% interest in the Middlemount Mine in the Bowen Basin.

The majority of Gloucester's current production is shipped to customers in Asia through the port of Newcastle. Our customers value Gloucester's metallurgical coal for its high fluidity, which currently enhances pricing and supports demand relative to semi soft coking coals and thermal coals.

However, for some time the Gloucester board has recognised that the company would benefit from additional diversity. As a result, Gloucester's growth strategy involves producing a broader range of products from a larger number of mines, and servicing a more diverse customer base.

This gives the company the opportunity to deliver future growth by having an expanded range of projects at different points in their lifecycle.

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The acquisition of Donaldson and Monash will make an important contribution to this strategy - adding scale through the introduction of two new domains of production and development, and increasing coal volumes. We will also have increased opportunity to shift volume between metallurgical and thermal coal in response to market conditions.

Donaldson has a JORC resource estimated at 885 million tonnes and produces thermal and semi-soft coking coal with mining operations in the Hunter Valley. Donaldson is well located being only 25 kilometres from the Port of Newcastle .

In 2010, Donaldson produced 2.0 million tonnes of coal from its three producing mines:

(a) the Donaldson Open Cut Mine;

(b) the Tasman Underground Mine; and

(c) the Abel Underground Mine.

The Abel and Tasman underground mines are currently active and producing, each having an estimated mine life of around 20 years or more.

Mining at the Donaldson Open Cut is expected to cease in December 2012, from which point all of Donaldson's operations will be underground.

Plans are in place to increase Abel and Tasman underground mine production capacity to 4.5 – 5.0 million tonnes by 2016.

Also valuable to Gloucester is Donaldson's port access arrangements in Newcastle. Donaldson has 10-year rolling contracts with Port Waratah Coal Services, and a highly strategic 11.6 per cent shareholding in the Newcastle Coal Infrastructure Group.

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The NCIG shareholding brings with it proportionate access to capacity at the NCIG terminal- being a terminal allocation of approximately 6.3 million tonnes per annum by the time that the third planned phase of expansion is completed in 2014.

Donaldson also has a train haulage agreement to the Port of Newcastle.

I would now like to discuss the proposed acquisition of the Monash Coal Assets.

The acquisition of Monash has the potential to generate substantial value for shareholders.

Monash is a prospective early stage exploration project covering an area of 22.19 square kilometres in the Hunter Valley Region.

Subject to exploration success and mining approvals, Monash is targeting project commissioning and first coal production in 2017 from an underground operation, ramping up to full production of up to 9 million tonnes per annum ROM in 2022. The resource has potential to support a mine life of over 20 years.

Monash is expected to produce a split of approximately 58% semi-soft coal and 42% thermal coal and has estimated JORC Resources of 287 Mt.

Adding to the appeal of Monash is its proximity to existing infrastructure. The project is only 12 km from a rail line and in a region already serviced by Hunter Valley Rail Network.

Coal from the Monash Project is expected to be shipped from the Port of Newcastle, approximately 95 km away.

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The opportunity for the acquisitions to transform Gloucester into a leading Australian coal company with scale and growth is demonstrated by focusing on a few key metrics.

Following the transaction, Gloucester's forecast 2012 production will increase from 3.3 million tonnes to 6.0 million tonnes.

Even more significant are the more-than doubling in reserve tonnes, and quadrupling of resources.

This increase in scale is also reflected in Gloucester's ascendance up the pecking order of Australian coal companies.

Prior to the proposed acquisitions, Gloucester is a distant seventh in reserve and resource tonnes.

But the acquisitions will see our company become the fourth largest in reserve and resource tonnes relative to its ASX listed peers.

Longer term production forecasts will also be substantially boosted as a consequence of the Donaldson and Monash acquisitions. The combined group aspires to being a 10 million tonne producer within the medium term, with up to 50% being metallurgical coal following the ramp up of Middlemount.

Concept level mine studies also show Monash making a significant contribution to the saleable production from 2019 onwards as it builds towards targets of up to 7 million tonnes per annum of majority semi-soft coking coal production.

Importantly, Gloucester is also well positioned to fund the capital expenditure that is needed to cement our position among the largest Australian coal producers. We have recently completed a $230 million equity raising. Should the resolutions be approved today, net proceeds from the raising will be used to fund the Monash acquisition, partly fund repayment of existing Noble debt owed by Donaldson and pay associated costs.

A condition of the acquisitions will see Gloucester source new debt facilities of up to $500 million. New debt facilities are expected to be in place shortly.

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We believe that these funding decisions combined with operating profits leave us well placed to fund our expenditure program.

That concludes my comments today; I will now pass back to our Chairman James McKenzie.