

ABN 66 008 881 712

Level 7, 167 Macquarie Street
Sydney NSW 2000 Australia

Telephone: +612 9220 9900
Facsimile: +612 9220 9999

www.gloucestercoal.com.au



9 March 2012

Australian Securities Exchange
Company Announcements
Level 4
20 Bridge Street
Sydney NSW 20000

Gloucester Coal welcomes FIRB Approval of merger proposal

Gloucester Coal Ltd ("**Gloucester**") welcomes the announcement by the Deputy Prime Minister and Treasurer of the Government of Australia of the decision on Thursday, 8 March 2012 to approve the acquisition of Gloucester by Yancoal Australia Limited (**Yancoal**) subject to certain conditions.

The Deputy Prime Minister and Treasurer's press release is set out in the attachment.

Gloucester will continue to progress the merger proposal as originally announced to ASX on 23 December 2011 and revised as set out in Gloucester's subsequent announcement to ASX on 6 March 2012. An Explanatory Booklet for the revised merger proposal and separate proposed capital return is in the course of preparation and is expected to be finalised in the next few weeks.

Shareholder meetings for the merger proposal and separate capital return are planned to be held in April 2012. At those meetings Gloucester shareholders will vote on the merger proposal and separate capital return.

Gloucester is continuing its endeavours to ensure satisfaction of the remaining conditions of the merger proposal as summarised in its ASX announcement of 23 December 2011.

Gloucester will provide further updates in relation to its progress as necessary.

For Further Information

Media contact

Sue Cato

+61 419 282 319

Investor contact

Marie Festa

+61 405 494 705



THE HON WAYNE SWAN MP
DEPUTY PRIME MINISTER
AND TREASURER

[Home](#) > [Press office](#) > [Media releases](#) > **2012**

8 March 2012

Foreign Investment Decision

I approve the application by Yancoal Australia Limited to merge with Gloucester Coal Limited, subject to several legally enforceable conditions under section 25(1A) of the *Foreign Acquisitions and Takeovers Act 1975* that reflect the significance of coal production to the Australian economy.

The merged business, Yancoal, will be required to continue its production and supply arrangements on a commercial basis, and remain headquartered in Australia.

The merger will also allow Yancoal's parent company, Yanzhou Coal Mining Company Limited, to achieve a listing of its Australian operations by the end of 2012, which was a condition of its acquisition of Felix Resources Limited in 2009.

In recognising Yanzhou's progress in complying with this requirement and in light of sustained volatility in global financial markets in recent years, I have provided Yanzhou with an additional 12 months, to the end of 2013, to meet the condition that it reduce its economic ownership of Yancoal to less than 70 per cent, which was also required as a condition of its acquisition of Felix.

However after 31 December 2012, Yanzhou will be required to quarantine the voting rights of any shares that it holds above 70 per cent in the listed Yancoal.

Yanzhou will also be required to reduce its economic ownership in two assets that have been excluded from the merger, Syntech Resources and Premier Coal, by the end of 2014. Yancoal will manage these assets in the interim while Yanzhou reduces its ownership.

Under the conditions attached to the merger, Yanzhou and Yancoal are required to:

- ▶ List Yancoal on the Australian Securities Exchange by the end of 2012 and reduce Yanzhou's ownership to less than a 70 per cent holding by the end of 2013;
- ▶ Reduce the economic ownership of Yanzhou in the Syntech Resources and Premier Coal mines to 70 per cent by the end of 2014 and manage these mines through the listed Yancoal in the interim;
- ▶ Market coal produced at their Australian mines on arms-length terms with reference to international benchmarks and in line with market practices;
- ▶ Operate Yancoal as an Australian incorporated and headquartered company that is managed in Australia using a predominately Australian management and sales team;
- ▶ Ensure Yancoal, and any of its operating subsidiaries, have at least two directors whose principal place of residence is in Australia, one of whom will be independent of Yanzhou and its related entities; and
- ▶ Ensure that the Chief Executive Officer and Chief Financial Officer of Yancoal have their principal place of residence in Australia and that the majority of Yancoal's board meetings in any calendar year are held in Australia.

Yanzhou and Yancoal are also required to report to the Foreign Investment Review Board on their compliance with these conditions annually or as required.

Yanzhou's investment in the Australian coal industry will allow for the further development of Australia's coal deposits, which will have positive impacts on employment and growth in the sector and more broadly for the economy.

The Government welcomes foreign investment in Australia and continues to ensure that investments are consistent with Australia's national interest.

SYDNEY