

MARKET RELEASE

9 March 2012

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**GLOUCESTER
COAL**

9 March 2012

Australian Securities Exchange
Company Announcements
Level 4
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FIRB Approval of merger proposal – further information

Following Gloucester Coal Ltd's announcement earlier today, please see annexed a copy of the undertakings referred to in the Deputy Prime Minister and Treasurer's press release annexed to our previous announcement.

For Further Information

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In relation to the acquisition by Yancoal Australia Limited (ACN 111 859 119) (**Yancoal Australia**) of Gloucester Coal Limited (ACN 008 881 712) (**Gloucester Coal**), the Treasurer has imposed the following conditions upon Yanzhou Coal Mining Company Limited (**Yanzhou Coal**) and Yancoal Australia, which he considers necessary, under section 25(1A) of the *Foreign Acquisitions and Takeovers Act 1975*.

1. Felix Resources (other than the Excluded Felix Assets) and the Austar Coal Mine Pty Limited (ACN 111 910 82) will continue to be owned by and publicly acknowledged as being owned by Yancoal Australia.
2. Gloucester Coal will be owned by and publicly acknowledged as being owned by Yancoal Australia.
3. Yancoal Australia will remain headquartered and managed in Australia by a predominantly Australian management and sales team, with:
 - a) Yancoal Australia, and any of its operating subsidiaries:
 - i. Each having at least two directors whose principal place of residence is in Australia, one of whom will be independent of Yanzhou Coal and its related entities;
 - ii. The Chief Executive Officer and Chief Financial Officer having their principal place of residence in Australia; and
 - iii. The majority of the board meetings in any calendar year being held in Australia.
 - b) An annual financial report in accordance with section 295 of the Corporations Act 2001 together with an annual directors' report that includes a review of the operations and principal activities of Yancoal Australia including product sales, employees, community relationships, environmental performance and any matter or circumstance that may significantly affect its operations, results or state of affairs in future years being lodged with the Australian Securities and Investments Commission and being made accessible to the Australian public on Yancoal Australia's website.
4. Yancoal Australia will continue to be operated according to commercial objectives, including the maximisation of product prices and long-term profitability and value, with production sold on an arms-length and non-discriminatory basis to all customers at prices determined by reference to international benchmarks in line with market practice.
5. Yanzhou Coal will:
 - a) Not later than the 31 December 2012:
 - i. list Yancoal Australia on the Australian Securities Exchange; and
 - ii. quarantine any shares that it holds above 70 per cent in the listed Yancoal Australia, so that the votes attaching to each such share are cast in the same proportions on any resolution as the votes cast on that resolution by shareholders other than Yanzhou.
 - b) Not later than 31 December 2013, reduce Yanzhou Coal's economic ownership of:
 - i. Felix Resources' underlying assets as at the time of acquisition of Felix Resources by Yancoal Australia (other than Excluded Felix Assets) to no more than 50 per cent and from then on to not exceed 50 per cent; and
 - ii. Yancoal Australia to less than 70 per cent and from then on not to exceed 70 per cent.

- c) Prior to or at the time of implementation of the merger of Yancoal Australia and Gloucester Coal, enter into one or more agreements which will result in:
 - i. the Premier and Syntech Assets being operated and managed by Yancoal Australia.
 - ii. Yancoal Australia being provided with the first right of refusal to acquire any of the Felix Exploration Assets.
 - d) Reduce its interest in the Premier and Syntech Assets to less than 70 per cent on or before 31 December 2014. This can be achieved either by transferring the Premier and Syntech Assets to the listed Yancoal Australia (subject to compliance with corporate governance, regulatory and legal requirements applicable to Yancoal Australia and Yanzhou) or by any other means, so long as either option is achieved by 31 December 2014. Prior to or at the time of the implementation of the merger of Yancoal Australia and Gloucester Coal, Yanzhou will enter into an agreement with Yancoal Australia in relation to the first alternative (to avoid doubt, this agreement will not operate if the reduction occurs under the second alternative).
 - e) Seek the Treasurer's approval to vary this condition if Yanzhou Coal considers that economic conditions or other factors potentially mean it could not be met.
6. The Chief Executive Officer of Yancoal Australia will provide a report to the Foreign Investment Review Board on compliance with these conditions annually or as required.

Definitions

For the purposes of these conditions the following definitions apply.

Premier and Syntech Assets consist of:

- Syntech Holdings Pty Limited (ACN 123 782 445) and Syntech Holdings II Pty Limited (ACN 126 174 847) or their underlying assets, which own the Cameby Downs coal mine; and
- Premier Coal Limited (ACN 008 672 599) or its underlying assets, which owns the Premier coal mine.

Felix Resources is:

- Felix Resources Limited (ACN 000 754 174), which was acquired by Auzstar Coal Mine Pty Ltd (a subsidiary of Yancoal Australia) Yancoal Limited and renamed Yancoal Resources Limited, and its underlying assets.

Felix Exploration Assets are:

- Tonford Pty Limited (ACN 006 880 931) and its underlying assets;
- Athena Coal Pty Limited (ACN 108 510 452) and its underlying assets; and
- the Wilpeena tenements and associated assets, which consist of EPC 1117, EPC 1668, EPC 1177, Wilpeena sub-blocks of EPC1429 (being CLER2724 Z, CLER2796 F, CLER2795 P, CLER2796 L, CLER2796 Q, CLER2796 R, CLER2796 V, CLER2868A located on the northern side of the McKenzie river), Wilpeena sub-blocks of EPC 621 (being CLER2724 V, CLER2796 A, CLER2796 B, CLER2796 C, CLER2796 F, CLER2796 G, CLER2796 H, CLER2796 J, CLER2796 M, CLER2796 N located on the northern side of the McKenzie river), including all new or existing exploration permits, mineral development licences or mining leases and applications for the foregoing for the total area covered by the external

boundaries of EPC 1117, EPC 1168, EPC 1177 and the sub-blocks of EPC 621 and EPC 1429 located on the northern side of the McKenzie river.

Excluded Felix Assets are:

- The Felix Exploration Assets; and
- UCC Energy Pty Limited (ACN 003 435 836) and its underlying assets including patented clean coal technology.

Excluded Assets are:

- the Excluded Felix Assets;
- the Premier and Syntech Assets;
- Yancoal Technology Development Pty Limited (ACN 152 132 379) and its underlying assets, including a licence to use longwall top coal caving technology; and
- Premier Char Pty Ltd (ACN 009 379 597) and its underlying assets including intellectual property associated with the production of char, activated carbon and gas from coal.