

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



**GLOUCESTER
COAL**

Merger Proposal legally effective

Further to recent announcements in relation to the Merger Proposal, Gloucester Coal Ltd (ASX:GCL) ("**Gloucester**") confirms that an office copy of the order made by the Supreme Court of Victoria on 13 June 2012 approving the scheme of arrangement between Gloucester and its ordinary shareholders was lodged with ASIC today. Accordingly, pursuant to section 411(10) of the Corporations Act, the scheme is now legally effective.

Accompanying this announcement is a copy of the Court's order as lodged with ASIC.

The indicative timetable for the implementation of the scheme (which gives effect to the Merger Proposal) and the finalisation of the capital return is as set out in Gloucester's announcement of 14 June 2012.

For Further Information

Hemang Shah

General Counsel and Company Secretary

+61 414 326 776

**IN THE SUPREME COURT OF VICTORIA
AT MELBOURNE
COMMERCIAL AND EQUITY DIVISION
COMMERCIAL COURT
CORPORATIONS LIST**

No SCI 2012 1986

**IN THE MATTER OF GLOUCESTER COAL
LIMITED (ACN 008 881 712)**



**GLOUCESTER COAL LIMITED
(ACN 008 881 712)**

Plaintiff

GENERAL FORM OF ORDER

JUDGE: The Honourable Justice Ferguson

DATE MADE: 13 June 2012

ORIGINATING PROCESS: Originating Process filed 5 April 2012

HOW OBTAINED: On return of the Originating Process filed 5 April 2012

APPEARANCES: Mr J.G. Santamaria, one of her Majesty's Counsel and Mr G. J. Ahern of Counsel for the Plaintiff.

Mr. P.D. Crutchfield of Senior Counsel and Mr J.A. Redwood of Counsel for Yancoal Australia Limited.

OTHER MATTERS: The Court noted that it had read the affidavits (together with the exhibits) listed on the final page of this Order.



It was noted that a statement dated 13 June 2012 had been given by the Australian Securities and Investments Commission in accordance with section 411(17)(b) of the *Corporations Act* 2001 (Cth).

The Court noted further that the Plaintiff will rely on the Court's approval of the Scheme for the purpose of qualifying for exemption from the requirements of the U.S. Securities Act of 1933, provided for by section 3(a)(10) of that Act, in connection with the implementation of, and provision of consideration under, the Scheme.

THE COURT ORDERS THAT:

1. The scheme of arrangement in this proceeding, the terms of which are set out in the schedule to this Order, be and is hereby approved pursuant to section 411(4)(b) of the *Corporations Act 2001* (Cth).
2. The Plaintiff be exempted pursuant to section 411(12) of the *Corporations Act 2001* (Cth) from compliance with section 411(11) of the *Corporations Act 2001* (Cth) in relation to the scheme of arrangement.
3. Compliance with Rule 3.5(b) of the *Supreme Court (Corporations) Rules 2003* is dispensed with.
4. The Plaintiff lodge an office copy of this Order with the Australian Securities and Investments Commission by 5.00 pm on 27 June 2012.
5. The affidavit of Peter Capodistrias sworn 13 June 2012 and filed on 13 June 2012 and the exhibits to that affidavit not be published to any person without further order of the Court and be sealed on the Court file and not disclosed to any person without further order of the Court. *order*

AND THE COURT DIRECTS THAT:

6. The solicitors for the Plaintiff draw up this Order and that it be signed by the Honourable Justice Ferguson pursuant to rule 60.02(2) of the *Supreme Court (General Civil Procedure) Rules 2005*.



.....
The Honourable Justice Ferguson

Dated: 13 June 2012

Form of Scheme

Between

Gloucester

Gloucester Coal Ltd

ABN 66 008 881 712 of Level 7, 167 Macquarie Street Sydney NSW,
Australia

(Gloucester)

and

holders of ordinary shares in Gloucester at the Scheme Record Date
(other than Excluded Shareholders)

1 Definitions and interpretation

1.1 Definitions

The meanings of the terms used in this Scheme are set out below.

Term	Meaning
ASIC	the Australian Securities and Investments Commission.
ASX	ASX Limited (ABN 98 008 624 691) or, as the context requires, the financial market known as the Australian Securities Exchange operated by it.
'All Bidder Shares' Election	an election by a Gloucester Shareholder to receive 100% of their Scheme Consideration in the form of Bidder Shares, on the basis of one Bidder Share for each Gloucester Share held as at the Scheme Record Date.
Bidder	Yancoal Australia Limited (ABN 82 111 859 119), of Level 11, 68 York Street, Sydney, New South Wales, Australia.
Bidder Share	a fully paid ordinary share in the capital of Bidder.
Bidder Group	Bidder and each of its subsidiaries (excluding, at any time, Gloucester and its subsidiaries to the extent that Gloucester and its subsidiaries are subsidiaries of Bidder at that time). A reference to a <i>member of the Bidder Group</i> is a reference to Bidder or any such subsidiary
Business Day	a business day as defined in the ASX Listing Rules.
CHESS	the clearing house electronic subregister system of share transfers operated by ASX Settlement Pty Limited (ABN 49 008 504 532).
CHESS Holding	has the meaning given in the Settlement Rules
Capital Reduction	The proposed equal reduction of the share capital of Gloucester under Part 2J.1 of the Corporations Act, as contemplated by the Merger Proposal Deed.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).

APPENDIX 3 SCHEME OF ARRANGEMENT (CONTINUED)

Term	Meaning
Court	the Supreme Court of Victoria or such other court of competent jurisdiction under the Corporation act agreed to in writing between Gloucester and Bidder.
CVR Share	a Contingent Value Right Share in the capital of Bidder, to be issued in accordance with this Scheme to Gloucester Shareholders who do not make an 'All Bidder Shares' Election, and on the terms set out in Appendix 8 to the Explanatory Booklet issued by Gloucester dated 27 April 2012 in relation to this Scheme and the Capital Reduction (or on such other terms agreed to in writing between Gloucester and Bidder).
Deed Poll	the deed poll dated 27 April 2012 executed by Bidder under which Bidder covenants in favour of the Scheme Shareholders to perform the actions attributed to it under this Scheme and the Merger Proposal Deed.
Effective	the coming into effect under section 411(10) of the Corporations Act of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to this Scheme.
Effective Date	the date on which this Scheme becomes Effective.
Election	an 'All Bidder Shares' Election or a Small Shareholder Cash Election, as the context requires or permits
Election Date	5.00pm (Sydney time) on the day before the Second Court Date (or such other date as Gloucester and Bidder agree in writing), being the last time and date by which Election Forms may be lodged in respect of an 'All Bidder Shares' Election or a Small Shareholder Cash Election.
Election Form	the form made available by Gloucester to Gloucester Shareholders to make an 'All Bidder Shares' Election or a Small Shareholder Cash Election, or any other form which Gloucester and Bidder agree in writing to accept for that purpose.
Electing Small Shareholder	a Small Shareholder who validly elects to have the Bidder Shares and any CVR Shares to which he or she is otherwise entitled under this Scheme sold in accordance with clause 5.4.
End Date	the 'End Date' determined in accordance with the Merger Proposal Deed.

Term	Meaning
Excluded Shareholder	any Gloucester Shareholder who is a member of the Bidder Group or any other Gloucester Shareholder to the extent it holds Gloucester Shares on behalf of, or for the benefit of, any member of the Bidder Group.
Foreign Scheme Shareholder	a Scheme Shareholder who comes within the definition of 'Foreign Scheme Shareholder' in the Merger Proposal Deed.
Gloucester Registry	Computershare Investor Services Pty Ltd ACN 078 279 277 or any replacement provider of share registry services to Gloucester.
Gloucester Converting Share	a non-cumulative, non-redeemable preference share in the capital of Gloucester issued on or about 15 July 2011.
Gloucester Option	an option to acquire by way of issue a Gloucester Share issued under the Gloucester Long Term Incentive Plan dated 20 November 2009
Gloucester Share	a fully paid ordinary share in the capital of Gloucester.
Gloucester Shareholder	each person who is registered as the holder of Gloucester Shares from time to time.
Gloucester Share Register	the register of members of Gloucester maintained in accordance with the Corporations Act.
Implementation Date	the fifth Business Day after the Scheme Record Date or such other date agreed to in writing between Gloucester and Bidder.
Issuer Sponsored Holding	has the meaning given in the Settlement Rules.
Merger Proposal Deed	the Merger Proposal Deed dated 22 December 2011 between Bidder, Yanzhou Coal Mining Company Limited and Gloucester, as amended.
Registered Address	in relation to a Gloucester Shareholder, the address shown in the Gloucester Share Register as at the Scheme Record Date.

APPENDIX 3 SCHEME OF ARRANGEMENT (CONTINUED)

Term	Meaning
Regulatory Authority	(a) any government or governmental, semi-governmental, administrative, monetary, fiscal or judicial body, tribunal, agency or entity; (b) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; or (c) any regulatory organisation established under statute, in any part of the world, and whether foreign, federal, state, territorial or local.
Sale Agent	a person appointed by Bidder, in consultation with Gloucester, to sell the Sale Securities pursuant to clauses 5.3(b) and 5.4.
Sale Proceeds	the gross proceeds of sale of the Sale Securities under clauses 5.3(b) and 5.4, less any applicable taxes and charges incurred by Bidder or the Sale Agent in connection with the sale.
Sale Securities	the Bidder Shares and CVR Shares or the Bidder Shares (as the case may be) to which Foreign Scheme Shareholders and Electing Small Shareholders would have been entitled under this Scheme but for the operation of clause 5.6.

Term	Meaning
Scheme Consideration	<p>In respect of a Scheme Shareholder, means:</p> <p>(a) if the Scheme Shareholder <i>is not a Foreign Scheme Shareholder</i> or an <i>Electing Small Shareholder</i> and <i>has made a valid 'All Bidder Shares' Election</i> on or before the Election Date - one Bidder Share per Scheme Share;</p> <p>(b) if the Scheme Shareholder <i>is not a Foreign Scheme Shareholder</i> or an <i>Electing Small Shareholder</i> and <i>has not made a valid 'All Bidder Shares' Election</i> on or before the Election Date:</p> <p>(i) if 'All Bidder Shares' Elections have been made in respect of 130,000,000 or more Scheme Shares - one Bidder Share and one CVR Share per Scheme Share; or</p> <p>(ii) if 'All Bidder Shares' Elections have been made in respect of less than 130,000,000 Scheme Shares:</p> <ul style="list-style-type: none"> • one Bidder Share and one CVR Share per Scheme Share, in respect of a number of Scheme Shares calculated as $(B/A) \times C$, where: <ul style="list-style-type: none"> • A = the number of Scheme Shares in respect of which an 'All Bidder Shares' Election has not been validly made, • B = the total number of Scheme Shares on issue on the Scheme Record Date less 130,000,000, and • C = the number of Scheme Shares held by the relevant Scheme Shareholder; plus • one Bidder Share per Scheme Share, in respect of the remaining Scheme Shares held by the relevant Scheme Shareholder; <p>(c) if the Scheme Shareholder <i>is a Foreign Scheme Shareholder</i> – the Bidder Shares and CVR Shares or the Bidder Shares (as the case may be) that would have been issued to the Scheme Shareholder had the Scheme Shareholder not been a Foreign Scheme Shareholder and was not an Electing Small Shareholder and which are issued to the Sale Agent as provided in clause 5.3(b)(1); or</p> <p>(d) if the Scheme Shareholder <i>is an Electing Small Shareholder</i>, – the Bidder Shares and CVR Shares or the Bidder Shares (as the case may be) that would have been issued to the Scheme Shareholder had the Scheme Shareholder not been an Electing Small Shareholder and was not a Foreign Shareholder and which are issued to the Sale Agent as provided in clause 5.4(b)(1),</p> <p>provided that for the purposes of the foregoing the total number of Bidder Shares and CVR Shares issued to a particular Scheme Shareholder in respect of its parcel of Scheme Shares shall be rounded down to the nearest whole Bidder Share and the nearest whole CVR and the total cash amount payable to an Electing Small Shareholder or a Foreign Scheme Shareholder in respect of its parcel of Scheme Shares shall be rounded down to the nearest whole cent,</p>

APPENDIX 3

SCHEME OF ARRANGEMENT

Term	Meaning
Scheme	this scheme of arrangement subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to in writing by Gloucester and Bidder.
Scheme Meeting	the meeting of Gloucester Shareholders (other than Excluded Shareholders) ordered by the Court to be convened under section 411(1) of the Corporations Act and includes any meeting convened following any adjournment or postponement of that meeting.
Scheme Record Date	7pm on the fifth Business Day after the Effective Date or such other time and date agreed to in writing between the Bidder and Gloucester.
Scheme Share	a Gloucester Share held by a Scheme Shareholder at the Scheme Record Date.
Scheme Shareholders	Gloucester Shareholders (other than Excluded Shareholders) at the Scheme Record Date.
Second Court Date	the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving this Scheme is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard.
Settlement Rules	the ASX Settlement Operating Rules
Small Shareholder	a Scheme Shareholder who is shown on the Gloucester Share Register on the Scheme Record Date as holding 200 Scheme Shares or less.
Small Shareholder Cash Election	an election made by a Small Shareholder to have the Bidder Shares and CVR Shares or the Bidder Shares (as the case may be) that they would otherwise be entitled to receive under this Scheme sold in accordance with clause 5.4.
Trust Account	an Australian dollar denominated trust account operated by Gloucester as trustee for the benefit of Scheme Shareholders (including for the avoidance of doubt Foreign Scheme Shareholders and Electing Small Shareholders).

1.2 Interpretation

Headings are for convenience only and do not affect interpretation. The following rules apply unless the context requires otherwise.

- (a) The singular includes the plural, and the converse also applies.
- (b) A gender includes all genders.
- (c) If a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (d) A reference to a person, corporation, trust, partnership, unincorporated body or other entity includes any of them.
- (e) A reference to a clause or schedule is a reference to a clause of or schedule to this deed.
- (f) A reference to an *agreement* or *document* (including a reference to this Scheme) is to the agreement or document as amended, supplemented, novated or replaced, except to the extent prohibited by this deed or that other agreement or document, and includes the recitals, schedules and annexures to that agreement or document.
- (g) A reference to a party to this Scheme or another agreement or document includes the party's successors, permitted substitutes and permitted assigns (and, where applicable, the party's legal personal representatives).
- (h) A reference to legislation or to a provision of legislation includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it.
- (i) A reference to conduct includes an omission, statement or undertaking, whether or not in writing.
- (j) A reference to an *agreement* includes any undertaking, deed, agreement and legally enforceable arrangement, whether or not in writing, and a reference to a *document* includes an agreement (as so defined) in writing and any certificate, notice, instrument and document of any kind.
- (k) A reference to *dollars* and *\$* is to Australian currency.
- (l) All references to time are to Sydney, Australia time.
- (m) Mentioning anything after *includes*, *including*, *for example*, or similar expressions, does not limit what else might be included.
- (n) A reference to, an *officer* or *subsidiary* is to that term as it is defined in the Corporations Act.

1.3 Business Day

Where the day on or by which any act, matter or thing under this Scheme is to be done is not a Business Day, that act, matter or thing must be done on or by the next Business Day.

1.4 Listing requirements included as law

A listing rule or business rule of a financial market will be regarded as a *law*, and a reference to such a rule is to be taken to be subject to any waiver or exemption granted to the compliance of those rules by a party.

APPENDIX 3

SCHEME OF ARRANGEMENT (CONTINUED)

2 Preliminary

2.1 Gloucester

- (a) Gloucester is a public company limited by shares, registered in Western Australia and admitted to the official list of ASX.
- (b) Gloucester Shares are officially quoted on ASX. As at 27 April 2012:
 - (1) 202,905,967 Gloucester Shares were on issue which are officially quoted on ASX;
 - (2) 1,000 Gloucester Converting Shares were on issue which are not quoted on any financial market; and
 - (3) 3,618,574 Gloucester Options were on issue which are not quoted on any financial market.

2.2 Bidder

Bidder is an unlisted public company limited by shares incorporated in Victoria.

2.3 Consequence of this Scheme becoming Effective

If this Scheme becomes Effective:

- (a) Bidder will apply (unless it has already applied) for admission to the official list of ASX and for all Bidder Shares and all CVR Shares to be quoted on ASX;
- (b) Bidder will provide or procure the provision of the Scheme Consideration to Scheme Shareholders in accordance with this Scheme and the Deed Poll; and
- (c) all the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares, will be transferred to Bidder, and Gloucester will enter Bidder in the Gloucester Share Register as the holder of the Scheme Shares with the result that Gloucester will become a wholly-owned subsidiary of Bidder.

2.4 General

- (a) Gloucester and Bidder have agreed, by executing and undertaking the subsequent steps provided in, the Merger Proposal Deed, to implement this Scheme.
- (b) This Scheme attributes actions to Bidder but does not itself impose an obligation on it to perform those actions. Bidder has agreed, by executing the Deed Poll, to perform the actions attributed to it under this Scheme, including the providing or procuring the provision of the Scheme Consideration to the Scheme Shareholders.

3 Conditions

- (a) This Scheme is conditional on, and will have no force or effect until, the satisfaction of each of the following conditions precedent:
 - (1) all the conditions precedent in clause 3.1 of the Merger Proposal Deed (other than the condition in clause 3.1(j)) having been satisfied or waived in accordance with the terms of the Merger Proposal Deed by 8.00am on the Second Court Date;

- (2) neither the Merger Proposal Deed nor the Deed Poll having been terminated in accordance with their terms before 8.00am on the Second Court Date;
 - (3) approval of this Scheme by the Court under section 411(4)(b) of the Corporations Act, including with any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act as are agreed to in writing by Bidder and Gloucester; and
 - (4) such other conditions imposed by the Court under section 411(6) of the Corporations Act, as are acceptable to the parties, having been satisfied..
- (b) The satisfaction of the conditions referred to in clause 3(a) is a condition precedent to the operation of clauses 4 and 5.
 - (c) This Scheme will lapse and be of no further force or effect if:
 - (1) the Effective Date does not occur on or before the End Date or any later date as the Court, with the consent of the parties, may order; or
 - (2) the Merger Proposal Deed is terminated before implementation of this Scheme on the Implementation Date.

4 Implementation

4.1 Lodgement of Court orders

Gloucester must lodge with ASIC office copies of any Court orders under section 411 of the Corporations Act approving this Scheme no later than by 5pm on the tenth Business Day after the Court approves this Scheme.

4.2 Transfer of Scheme Shares

Subject to Bidder confirming in writing to Gloucester by no later than 12 noon (or such later time as Bidder and Gloucester may agree) on the Implementation Date that the Scheme Consideration has been provided to the Scheme Shareholders in the manner contemplated by clauses 5.3(b)(1), 5.4(b)(1) and 5.6(a)(1) (**Bidder Confirmation Certificate**), the following actions will occur on the Implementation Date:

- (a) the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares at the Implementation Date, will be transferred to Bidder, without the need for any further act by any Scheme Shareholder (other than acts performed by Gloucester or its officers as agent and attorney of the Scheme Shareholders under clause 8.5 or otherwise) by:
 - (1) Gloucester delivering to Bidder a duly completed and executed share transfer form to transfer all the Scheme Shares to Bidder; and
 - (2) Bidder duly executing such transfer form and delivering it to Gloucester for registration; and
- (b) immediately after receipt of the transfer form in accordance with paragraph 4.2(a)(2), Gloucester must enter, or procure the entry of, the name of Bidder in the Gloucester Share Register in respect of the Scheme Shares.

APPENDIX 3

SCHEME OF ARRANGEMENT (CONTINUED)

4.3 Gloucester Undertaking

Gloucester undertakes in favour of each Scheme Shareholder not to complete any of the actions required to be taken by Gloucester under clause 4.2 unless it has received the Bidder Confirmation Certificate.

5 Scheme Consideration

5.1 Amount of Scheme Consideration

Each Scheme Shareholder is entitled to receive the Scheme Consideration.

5.2 Election procedure

- (a) Each Gloucester Shareholder will be entitled to make an 'All Bidder Shares' Election or, in the case of a Small Shareholder, a Small Shareholder Cash Election (**Election**). All Elections will take effect in accordance with this Scheme to the extent that any Gloucester Shareholder who makes an Election qualifies as a Scheme Shareholder.
- (b) A Gloucester Shareholder which makes an Election may vary, withdraw or revoke that Election by lodging a replacement Election Form so that it is received on or before the Election Date.
- (c) An Election must be made in accordance with the terms and conditions of the Election Form and this clause 5.2, and an Election not so made will not be a valid election for the purpose of this Scheme and will not be recognised by Bidder or Gloucester for any purpose (provided that Bidder may, with the agreement of Gloucester, waive this requirement and may, with the agreement of Gloucester, settle as it thinks fit any difficulty, matter of interpretation or dispute which may arise in connection with determining the validity of any Election, and any such decision will be conclusive and binding on Bidder, Gloucester and the relevant Scheme Shareholder).
- (d) Clause 5.3 will apply to any Gloucester Shareholder who makes an Election but who qualifies as a Foreign Scheme Shareholder.
- (e) Subject to clause 5.2(f), if a Gloucester Shareholder makes an 'All Bidder Shares' Election, that Election will be deemed to apply in respect of the Gloucester Shareholder's entire registered holding of Gloucester Shares at the Scheme Record Date, regardless of whether the Gloucester Shareholder's holding of Gloucester Shares at the Scheme Record Date is greater or less than the Gloucester Shareholder's holding at the time it made its 'All Bidder Shares' Election.
- (f) A Gloucester Shareholder who is noted on the Gloucester Share Register as holding one or more parcels of Gloucester Shares as trustee or nominee for, or otherwise on account of, another person, may make separate Elections under this clause 5.2 in relation to each of those parcels of Gloucester Shares (subject to it providing to Bidder and Gloucester any substantiating information they reasonably require), and if it does so it will be treated as a separate Gloucester Shareholder in respect of each such parcel in respect of which a separate Election is made (and in respect of any balance of its holding), provided that if, at the Scheme Record Date, it holds fewer Gloucester Shares than it held at the time it made the Election, then, unless it has at the time of any sale of Gloucester Shares notified Gloucester whether the Gloucester Shares sold relate to any such separate Election (and if so which separate Election the Gloucester Shares sold relate to), it will be treated as not having made a valid

Election in respect of any of its Gloucester Shares (or will be treated in any other manner that Bidder and Gloucester agree is fair to the Gloucester Shareholder in all the circumstances acting reasonably and approved by the Court).

5.3 Foreign Scheme Shareholders

- (a) Bidder will be under no obligation to issue, and must not issue, any Bidder Shares or CVR Shares under this Scheme to Foreign Scheme Shareholders.
- (b) Instead, Bidder must procure that:
 - (1) the Sale Securities attributable to Foreign Scheme Shareholders are issued by Bidder to the Sale Agent on the Implementation Date (rounded down, if necessary, to the nearest whole number);
 - (2) as soon as practicable and, in any event, not more than 15 Business Days after the Implementation Date, the Sale Agent sells the Sale Securities in such manner, at such price or prices and on such other terms as the Sale Agent determines in good faith; and
 - (3) promptly after the last sale of Sale Securities in accordance with clause 5.3(b)(2) (and also clause 5.4(b)(2) below), the Sale Agent pays the Sale Proceeds into the Trust Account (for payment by Gloucester to the Foreign Scheme Shareholders and also to the Electing Small Shareholders, after deduction of any applicable taxes and charges incurred by the Bidder or the Sale Agent in connection with the sale, in accordance with sub-clauses 5.6(c) to (g) inclusive of this Scheme).
- (c) None of Bidder, Gloucester or the Sale Agent gives any assurance as to the price that will be achieved for the sale of Sale Securities by the Sale Agent. The sale of Sale Securities by the Sale Agent will be at the risk of the Foreign Scheme Shareholders.
- (d) Each Foreign Scheme Shareholder appoints Gloucester as its agent to receive on its behalf any financial services guide or other notices (including any updates of those documents) that the Sale Agent is required to provide to Foreign Scheme Shareholders under the Corporations Act.

5.4 Electing Small Shareholders

- (a) A Small Shareholder may, subject to the terms of this Scheme, elect to have the Bidder Shares and CVR Shares or the Bidder Shares (as the case may be) that they would otherwise receive under this Scheme sold in accordance with the provisions of this clause 5.4 by completing an Election Form so that it is received before the Election Date.
- (b) Bidder must not issue any Bidder Shares or CVR Shares to Electing Small Shareholders. Instead, Bidder must procure that:
 - (1) the Sale Securities attributable to Electing Small Shareholders are issued by Bidder to the Sale Agent on the Implementation Date (rounded down, if necessary, to the nearest whole number);
 - (2) as soon as practicable and, in any event, not more than 15 Business Days after the Implementation Date, the Sale Agent sells the Sale Securities in such manner, at such price or prices and on such other terms as the Sale Agent determines in good faith; and
 - (3) promptly after the last sale of Sale Securities in accordance with clause 5.4(b)(2) (and also clause 5.3(b)(2) above), the Sale Agent pays the Sale Proceeds into the Trust Account (for payment by

APPENDIX 3

SCHEME OF ARRANGEMENT (CONTINUED)

Gloucester to the Electing Small Shareholders and also to the Foreign Scheme Shareholders, after deduction of any applicable taxes and charges incurred by the Bidder or the Sale Agent in connection with the sale, in accordance with sub-clauses 5.6(c) to (g) inclusive of this Scheme).

- (c) None of Bidder, Gloucester or the Sale Agent gives any assurance as to the price that will be achieved for the sale of Sale Securities by the Sale Agent. The sale of Sale Securities by the Sale Agent will be at the risk of the Electing Small Shareholders.
- (d) Each Electing Small Shareholder appoints Gloucester as its agent to receive on its behalf any financial services guide or other notices (including any updates of those documents) that the Sale Agent is required to provide to Electing Small Shareholders under the Corporations Act.

5.5 Joint holders

In the case of Scheme Shares held in joint names:

- (a) any Bidder Shares and CVR Shares comprised in the Scheme Consideration are to be issued to and registered in the names of the joint holders;
- (b) any cheque required to be sent under this Scheme will be made payable to the joint holders and sent to the holder whose name appears first in the Gloucester Share Register as at the Scheme Record Date; and
- (c) any other document required to be sent under this Scheme, will be forwarded to the holder whose name appears first in the Gloucester Share Register as at the Scheme Record Date.

5.6 Provision of Scheme Consideration

- (a) Bidder must (pursuant to its obligations under the Deed Poll) before 12 noon (or such later time as Bidder and Gloucester may agree) on the Implementation Date:
 - (1) procure that the name of each Scheme Shareholder entitled to receive Bidder Shares and CVR Shares or Bidder Shares (as the case may be) under this Scheme is entered in Bidder's register of members as the holder of those Bidder Shares and CVR Shares or those Bidder Shares (as the case may be) (in holdings having the same holding name and address and other details as the holding of the relevant Scheme Shares, and in CHESS Holdings if the relevant Scheme Shares were held in the CHESS Holdings and in Issuer Sponsored Holdings if the relevant Scheme Shares were held in Issuer Sponsored Holdings); and
 - (2) procure that the name of the Sale Agent is entered in Bidder's register of members as the holder of the Sale Securities (with such holding details as the Sale Agent notifies).
- (b) On or before the date that is five Business Days after the Implementation Date, Bidder must send or procure the sending of an allotment advice or holding statement (or equivalent document) to each Scheme Shareholder entitled to receive Bidder Shares and CVR Shares or Bidder Shares (as the case may be) under this Scheme, reflecting the issue of such Bidder Shares and CVR Shares and to the Sale Agent entitled to receive Sale Securities reflecting the issue of such Sale Securities, in accordance with clauses 5.6(a)(1) and (2) respectively.
- (c) As soon as practicable following payment into the Trust Account of the Sale Proceeds and in any event no later than 10 Business days after the date of such payment, Gloucester must pay from the Trust Account to each Foreign

Scheme Shareholder and each Electing Small Shareholder such amount of cash as is due to that Scheme Shareholder as Scheme Consideration in respect of their Scheme Shares, being in the case of each such person the amount they would have received had they:

- (1) received the Bidder Shares and CVR Shares or the Bidder Shares (as the case may be) to which they would have been entitled under this Scheme but for the operation of clauses 5.3 and 5.4; and
- (2) sold them for:
 - (A) in the case of each Bidder Share, an amount per Bidder Share equal to that part of the Sale Proceeds which is attributable to the sale of Bidder Shares (after deduction of any applicable taxes and charges incurred by Bidder and the Sale Agent in connection with the sale) divided by the total number of Bidder Shares included in the Sale Securities; and
 - (b) in the case of CVR Shares, an amount per CVR Share equal to that part of the Sale Proceeds which is attributable to the sale of CVR Shares (after deduction of any applicable taxes and charges incurred by Bidder and the Sale Agent in connection with the sale) divided by the total number of CVR Shares included in the Sale Securities,

provided that for the purposes of the foregoing the total cash amount payable to an Electing Small Shareholder or a Foreign Scheme Shareholder in respect of its parcel of Scheme Shares shall be rounded down to the nearest whole cent.

- (d) The amount referred to in clause 5.6(c) must be paid by Gloucester doing any of the following at its election:
 - (1) sending (or procuring the Gloucester Registry to send) it to the Scheme Shareholder's Registered Address by cheque in Australian currency drawn out of the Trust Account; or
 - (2) depositing (or procuring the Gloucester Registry to deposit) it into an account with any Australian ADI (as defined in the Corporations Act) notified to Gloucester (or the Gloucester Registry) by an appropriate authority from the Scheme Shareholders.
- (e) If there is any surplus in the amount held by Gloucester in the Trust Account, that surplus must be paid by Gloucester to Bidder following the satisfaction of Gloucester's obligations under this clause. Any interest on the amounts deposited in the Trust Account (less bank fees and other charges) will be to Bidder's account.
- (f) If any amount is required under any Australian law or by any Australian Regulatory Authority to be:
 - (1) withheld from an amount payable under paragraph (c) or (e) and paid to that entity or authority; or
 - (2) retained by Gloucester out of an amount payable under paragraph (c) or (e),

its payment or retention by Gloucester (or the Gloucester Registry) will constitute the full discharge of Gloucester's obligations under this clause 5.4 with respect to the amount so paid or retained until, in the case of paragraph (f)(2), it is no longer required to be retained.

- (g) If:

APPENDIX 3 SCHEME OF ARRANGEMENT (CONTINUED)

- (1) written notice is given to Gloucester (or the Gloucester Registry) of an order made by a court of competent jurisdiction that requires payment to a third party of a sum in respect of Scheme Shares held by a particular Scheme Shareholder, which would otherwise be payable to that Scheme Shareholder by Gloucester in accordance with clause 5.6(c), then Gloucester shall be entitled to procure that payment is made in accordance with that order; or
- (2) written notice is given to Gloucester (or the Gloucester Registry) of an order made by a court of competent jurisdiction that prevents Gloucester from making a payment by Gloucester to any particular Scheme Shareholder in accordance with clause 5.6(c), or such payment is otherwise prohibited by applicable law, Gloucester shall be entitled to retain an amount, in Australian dollars, equal to the number of Scheme Shares held by that Scheme Shareholder multiplied by the Scheme Consideration until such time as payment in accordance with clause 5.6(c) is permitted by that order or otherwise by law.

5.7 Status of Bidder Shares and CVR Shares

Subject to this Scheme becoming Effective, Bidder must:

- (a) issue the Bidder Shares and CVR Shares required to be issued under this Scheme on terms such that each such Bidder Share will rank equally in all respects with each other Bidder Share and each such CVR Share will rank equally in all respects with each other CVR Share;
- (b) ensure that each Bidder Share and CVR Share required to be issued under this Scheme is duly issued and is fully paid and free from any mortgage, charge, lien, encumbrance or other security interest (except for any lien arising under the constitution of Bidder); and
- (c) use all reasonable endeavours to ensure that such Bidder Shares and CVR Shares are approved for listing on the ASX and that quotation of them on ASX commences as soon as practicable after the Effective Date, initially on a deferred settlement basis and thereafter on an ordinary (T+3) settlement basis.

6 Dealings in Gloucester Shares

6.1 Determination of Scheme Shareholders

To establish the identity of the Scheme Shareholders, dealings in Gloucester Shares will only be recognised if:

- (a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Gloucester Share Register as the holder of the relevant Gloucester Shares on or before the Scheme Record Date; and
- (b) in all other cases, registrable transmission applications or transfers in respect of those dealings are received on or before the Scheme Record Date at the place where the Gloucester Share Register is kept,

and Gloucester will not accept for registration, nor recognise for any purpose (except a transfer to Bidder pursuant to this Scheme and any subsequent transfer by Bidder or its successors in title), any transfer or transmission application or other request received after such times, or received prior to such times but not in registrable or actionable form, as appropriate.

6.2 Register

- (a) **(Registration of transfers)** Gloucester must register registrable transmission applications or transfers of the kind referred to in clause 6.1(b) by or as soon as reasonably practicable after the Scheme Record Date (provided that for the avoidance of doubt nothing in this clause 6.2 requires Gloucester to register a transfer that would result in a Gloucester Shareholder holding a parcel of Gloucester Shares that is less than a 'marketable parcel' (as defined in the Settlement Rules).
- (b) **(No registration after Scheme Record Date)** Gloucester will not accept for registration or recognise for any purpose any transmission application or transfer in respect of Gloucester Shares received after the Scheme Record Date, other than to Bidder in accordance with this Scheme.
- (c) **(Maintenance of Gloucester Share Register)** For the purpose of determining entitlements to the Scheme Consideration, Gloucester must maintain the Gloucester Share Register in accordance with the provisions of this clause until the Scheme Consideration has been delivered to the Scheme Shareholders. The Gloucester Share Register in this form will solely determine entitlements to the Scheme Consideration.
- (d) **(No disposal after Scheme Record Date)** From the Scheme Record Date until registration of Bidder in respect of all Scheme Shares under clause 4, no Gloucester Shareholder may dispose or otherwise deal with Gloucester Shares in any way except as set out in this Scheme and any attempt to do so will have no effect and Gloucester shall be entitled to disregard any such disposal.
- (e) **(Statements of holding from Scheme Record Date)** All statements of holding for Gloucester Shares will cease to have effect from the Scheme Record Date as documents of title in respect of those shares (other than statements of holding in favour of any Excluded Shareholders). As from the Scheme Record Date, each entry current at that date on the Gloucester Share Register (other than entries in respect of any Excluded Shareholder) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Gloucester Shares relating to that entry.
- (f) **(Provision of Scheme Shareholder details)** As soon as practicable after the Scheme Record Date and in any event at least two Business Days before the Implementation Date, Gloucester will ensure that details of the names, Registered Addresses and holdings of Gloucester Shares for each Scheme Shareholder are available to Bidder in the form Bidder reasonably requires.

7 Quotation of Gloucester Shares

- (a) Gloucester will apply to ASX to suspend trading on the ASX in Gloucester Shares with effect from the close of trading on the Effective Date.
- (b) On a date after the Implementation Date to be determined by Bidder, and only after the transfer of the Scheme Shares has been registered in accordance with clause 4.2(b), Gloucester will apply:
 - (1) for termination of the official quotation of Gloucester Shares on ASX; and
 - (2) to have itself removed from the official list of ASX.

APPENDIX 3

SCHEME OF ARRANGEMENT (CONTINUED)

8 General Scheme Provisions

8.1 Consent

If the Court proposes to approve this Scheme subject to any alterations or conditions:

- (a) Gloucester may, by its counsel or solicitors, consent on behalf of all persons concerned to those alterations or conditions to which Bidder has consented in writing.
- (b) each Scheme Shareholder agrees to any such alterations or conditions to which counsel for Gloucester has consented.

8.2 Binding effect of Scheme

This Scheme binds Gloucester and all Scheme Shareholders (including those who did not attend the Scheme Meeting, those who did not vote at that meeting, or voted against this Scheme at that meeting) and, to the extent of any inconsistency, overrides the constitution of Gloucester.

8.3 Scheme Shareholders' agreements and acknowledgment

Each Scheme Shareholder:

- (a) agrees to the transfer of their Gloucester Shares together with all rights and entitlements attaching to those Gloucester Shares in accordance with this Scheme;
- (b) agrees to the variation, cancellation or modification of the rights attached to their Gloucester Shares constituted by or resulting from this Scheme or the Capital Reduction;
- (c) who holds their Gloucester Shares in a CHES Holding agrees to the Conversion of those Gloucester Shares to an Issuer Sponsored Holding and irrevocably authorises Gloucester to do anything necessary or expedient (whether required by the Settlement Rules or otherwise) to effect or facilitate such Conversion;
- (d) agrees to become a shareholder in Bidder and to be bound by the constitution of Bidder; and
- (e) acknowledges that this Scheme binds Gloucester and all Scheme Shareholders (including those who do not attend the Scheme Meeting or do not vote at that meeting or vote against this Scheme at that Scheme Meeting).

8.4 Warranties by Scheme Shareholders

Each Scheme Shareholder is deemed to have warranted to Gloucester, in its own right and for the benefit of Bidder that:

- (a) all of its Gloucester Shares which are transferred to Bidder under this Scheme will, on the date on which they are transferred to Bidder, be free from all mortgages, charges, liens, encumbrances, pledges, security interests and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind;
- (b) all of its Gloucester Shares which are transferred to Bidder under this Scheme will, on the date on which they are transferred to Bidder, be fully paid; and
- (c) it has full power and capacity to transfer its Gloucester Shares to Bidder together with any rights attaching to those shares..

8.5 Title to and rights in Scheme Shares

- (a) To the extent permitted by law, the Scheme Shares transferred under this Scheme will be transferred free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind, whether legal or otherwise.
- (b) On and from the Implementation Date, Bidder will be beneficially entitled to the Scheme Shares transferred to it under this Scheme pending registration by Gloucester of Bidder in the Gloucester Share Register as the holder of the Scheme Shares.

8.6 Authority given to Gloucester

- (a) Scheme Shareholders will be deemed to have authorised Gloucester to do and execute all acts, matters, things and documents on the part of each Scheme Shareholder necessary for or incidental to the implementation of this Scheme, including executing, as agent and attorney of each Scheme Shareholder, a share transfer or transfers in relation to Scheme Shares as contemplated by clause 4.2.
- (b) Each Scheme Shareholder, without the need for any further act, irrevocably appoints Gloucester and all of its directors, secretaries and officers (jointly and severally) as its attorney and agent for the purpose of executing any document necessary to give effect to this Scheme including, a proper instrument of transfer of its Scheme Shares for the purposes of section 1071B of the Corporations Act which may be a master transfer of all the Scheme Shares.

8.7 Appointment of sole proxy

On and from the Implementation Date and until Gloucester registers Bidder as the holder of all Gloucester Shares in the Gloucester Share Register, each Scheme Shareholder:

- (a) is deemed to have irrevocably appointed Bidder as its attorney and agent (and directed Bidder in such capacity) to appoint an officer or agent nominated by Bidder as its sole proxy and, where applicable, corporate representative to attend shareholders' meetings of Gloucester, exercise the votes attaching to the Scheme Shares registered in its name and sign any Gloucester Shareholders' resolutions,
- (b) undertakes not to otherwise attend shareholders' meetings, exercise the votes attaching to Scheme Shares registered in their names or sign or vote on any resolutions (whether in person, by proxy or by corporate representative) other than as pursuant to clause 8.7(a);
- (c) must take all other actions in the capacity of a registered holder of Scheme Shares as Bidder reasonably directs; and
- (d) acknowledges and agrees that in exercising the powers referred to in clause 8.7(a), Bidder and any officer or agent nominated by Bidder under clause 8.7(a) may act in the best interests of Bidder as the intended registered holder of the Scheme Shares.

8.8 Instructions and elections

If not prohibited by law (and including where permitted or facilitated by relief granted by a Regulatory Authority), all instructions, notifications or elections by a Scheme Shareholder to Gloucester binding or deemed binding between the Scheme Shareholder and Gloucester relating to Gloucester or Gloucester Shares (including any email addresses, instructions relating to communications from Gloucester, whether dividends are to be paid by cheque or into a specific bank account, notices of meetings or other communications

APPENDIX 3

SCHEME OF ARRANGEMENT (CONTINUED)

from Gloucester) will be deemed from the Implementation Date (except to the extent determined otherwise by Bidder in its sole discretion), by reason of this Scheme, to be made by the Scheme Shareholder to Bidder and to be a binding instruction, notification or election to, and accepted by, Bidder in respect of the New Bidder Shares issued to that Scheme Shareholder until that instruction, notification or election is revoked or amended in writing addressed to Bidder at its registry.

9 General

9.1 Stamp duty

Bidder must (pursuant to its obligations under the Deed Poll) pay all stamp duty payable in connection with the transfer of the Scheme Shares to Bidder.

9.2 Definition of 'sending'

For the purposes of clause 5 the expressions 'sending' means, in relation to each Scheme Shareholder:

- (a) sending by ordinary pre-paid post or courier to the Registered Address of that Scheme Shareholder as at the Scheme Record Date; or
- (b) delivery to the Registered Address of that Scheme Shareholder as at the Scheme Record Date by any other means at no cost to the recipient.

9.3 Notices

- (a) If a notice, transfer, transmission application, direction or other communication referred to in this document is sent by post to Gloucester, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at Gloucester's registered office or at the office of the Gloucester Registry.
- (b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such a notice by any Shareholder may not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

9.4 Governing law and jurisdiction

- (a) This Scheme is governed by the laws of Victoria.
- (b) The parties irrevocably submit to the non-exclusive jurisdiction of courts exercising jurisdiction in Victoria and courts of appeal from them in respect of any proceedings arising out of or in connection with this Scheme.

9.5 Further assurances

Gloucester must do anything necessary (including executing agreements and documents) to give full effect to this Scheme and the transactions contemplated by it.

Affidavits Relied Upon in Application for Approval of Scheme

1. **Sworn Affidavit of Hemang Shah**

Exhibit HS-1: Joint certificate from Gloucester and Yancoal Australia, certificate from Yancoal Australia

2. **Sworn Second Affidavit of Alberto Colla**

Exhibit AC-7: Email from ASIC

Exhibit AC-8: ASX Announcement made by Gloucester

Exhibit AC-9: Email from Ms Stone

Exhibit AC-10: Announcements made to the ASX dated 4 June 2012

Exhibit AC-11: Copy of the All Ordinary Elections and Report from Gloucester's Share Registry

Exhibit AC-12: Letter from Bank of China to Yancoal Australia

Exhibit AC-13: Copy of Waiver

Exhibit AC-14: Commitment letter dated 5 April 2012

Exhibit AC-15: Certificates dated 13 June 2012

Exhibit AC-16: Terms of issue

Exhibit AC-17: Memorandum

3. **Sworn Third Affidavit of Alberto Colla**

Exhibit AC-18: Letter from ASIC

4. **Sworn Affidavit of Bernard Frederic Oude-Vrielink**

Exhibit BFO -1: Copy Affidavit of Qu Feng

5. **Sworn Affidavit of Luke Bradshaw Hastings**

Exhibit LBH-1: Copy of opinion dated 12 June 2012

Exhibit LBH-2: Certified English translation

Exhibit LBH-3 : Certified English translation

6. **Confidential Sworn Affidavit of Peter Capodistrias**

Exhibit PC-1: Confidential exhibit

