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**GLOUCESTER
COAL**

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR TO U.S. PERSONS

Gloucester Coal Entitlement Offer – Retail Entitlement Offer

A Retail Entitlement Offer Booklet relating to the retail component of Gloucester Coal's Entitlement Offer will be mailed to Eligible Retail Shareholders and is attached for release to the market (in accordance with Listing Rule 3.17).

A notification to Ineligible Retail Shareholders will be released to the Australian Securities Exchange separately.

Yours sincerely

Craig Boyd

Company Secretary

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This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or to, or for the account or benefit of, any U.S. Person (as defined in Regulation S under the U.S. Securities Act of 1933 (the "U.S. Securities Act") ("U.S. Person")). Securities may not be offered or sold, directly or indirectly, in the United States or to or for the account or benefit of U.S. Persons unless the securities have been registered under the U.S. Securities Act or an exemption from registration under the U.S. Securities Act and applicable U.S. state securities laws is available. The securities to be offered and sold in the offer have not been and will not be registered under the U.S. Securities Act, or under the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States or to or for the account or benefit of U.S. Persons unless the securities are registered under the U.S. Securities Act or in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Neither this announcement nor any of its accompanying documents may be distributed to, or relied upon by, a U.S. Person or a person acting for the account or benefit of a U.S. Person.



**GLOUCESTER
COAL**

GLOUCESTER COAL LTD (GLOUCESTER)

ABN 66 008 881 712

**Details of a 2-for-11 non-renounceable pro-rata
Entitlement Offer of Gloucester ordinary shares
("New Shares") at an offer price of A\$9.00 per
New Share**

**Retail Entitlement Offer closes at
5.00pm (AEST) on 6 June 2011**

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR TO U.S. PERSONS

This is an important document which is accompanied by a personalised Entitlement and Acceptance Form and both should be read in their entirety.

Please call your stockbroker, accountant or other independent professional adviser or the Gloucester Entitlement Offer Information Line if you have any questions.

IMPORTANT INFORMATION

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR TO U.S. PERSONS

No cooling-off rights apply to the Retail Entitlement Offer – you cannot withdraw your application once it has been accepted. This Retail Entitlement Offer Booklet (“Booklet”) contains certain “forward looking statements” within the meaning of securities laws of applicable jurisdictions. Forward looking statements include those containing words such as: “anticipate”, “believe”, “expect”, “project”, “forecast”, “estimate”, “likely”, “intend”, “should”, “could”, “may”, “target”, “plan”, “consider”, “foresee”, “aim”, “will” and other similar expressions. Any forward looking statements, opinions and estimates provided in this Booklet are based on assumptions and contingencies which are subject to change without notice and involve known and unknown risks and uncertainties and other factors which are beyond the control of Gloucester. This includes any statements about market and industry trends, which are based on interpretations of current market conditions.

An investment in Gloucester’s securities is subject to investment risks and other known and unknown risks and factors, some of which are beyond the control of Gloucester, including the volume and price of coal sales, the impact of inflation on operating and development costs, any fluctuations in exchange rates, operational risks, risks associated with the exploration or developmental stage of projects, the imprecise nature of resource and reserve estimates, access to and costs of infrastructure and transport, taxation (including the Mineral Resource Rent Tax), regulatory issues and changes in law and accounting policies, the fluctuating industry and commodity cycles, any reliance on third parties and joint ventures in the development of projects, any imposition of significant obligations under environmental regulations, the impact of competitiveness of the business resulting from carbon trading and carbon tax imposed by Australian and foreign governments, any climate change impact (including regarding water allocations), any increased competition, any loss of key long term contracts, the adverse impact of wars, terrorism, political, economic or natural disasters, any inability to enforce legal rights, any native title claims, the ability to service existing debt and to refinance its debt to meet its expenditure needs and any future acquisitions, further exploration or new projects, loss of key personnel and delays in obtaining or inability to obtain any necessary government approvals or exploration licences, impact of changes in interest rates, effect of new technologies, changes to government fiscal, monetary and regulatory policies or reliance on third parties.

Forward looking statements may include projections, guidance on future production, reserves, resources, sales, earnings, dividends and other estimates. Forward looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in such statements and any projections and assumptions on which those statements are based because events and actual circumstances frequently do not occur as forecast and these differences may be material. These statements may assume the success of Gloucester’s business strategies. The success of any of these strategies is subject to uncertainties and contingencies beyond Gloucester’s control, and no assurance can be given that any of the strategies will be effective or that the anticipated benefits from the strategies will be realised in the period for which the forward looking statement may have been prepared or

otherwise. Readers are cautioned not to place undue reliance on forward looking statements and, except as required by law or regulation, Gloucester assumes no obligation to update these forward looking statements. To the maximum extent permitted by law, Gloucester and its directors, officers, employees, agents, associates and advisers disclaim any obligations or undertaking to release any updates or revisions to the information to reflect any change in expectations or assumptions, do not make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of such information, or likelihood of fulfilment of any forward looking statement or any event or results expressed or implied in any forward looking statement, and disclaim all responsibility and liability for these forward looking statements (including, without limitation, liability for negligence).

This Booklet is not an offer or an invitation to acquire Gloucester securities or any other financial products and is not a prospectus, product disclosure statement or other offering document under Australian law or any other law. It is for information purposes only.

The Underwriters and advisors have not been involved in the preparation of, and have not authorised, permitted or caused the issue, lodgement, submission, dispatch or provision of this Booklet and do not make or purport to make any statement in this Booklet and you acknowledge that there is no statement in this Booklet which is based on any statement made by the Underwriters or advisors. You acknowledge and agree that none of the Underwriters and advisors and their affiliates, officers and employees, makes any representation or warranty as to the currency, accuracy, reliability or completeness of information and nor do they make any representations or warranties to you concerning the Offer and whether you should participate. You should make your own decisions regarding the Offer and whether to participate based upon your own inquiries and independent advice. The Underwriters and advisors and their affiliates, officers and employees, to the maximum extent permitted by law, expressly disclaim all liabilities in respect of, make no representation regarding, and take no responsibility for any part of this document or in relation to the Offer.

This Booklet and anything contained in it or accompanying it does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any U.S. Person (as defined in Regulation S under the U.S. Securities Act of 1933 (the “U.S. Securities Act”)) (“U.S. Person”) or in any other jurisdiction in which such an offer would be illegal. The New Shares to be offered and sold in the equity raising have not been and will not be registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons unless the New Shares are registered under the U.S. Securities Act or in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws.

The Booklet or material accompanying it must not be distributed to, or relied upon by, a U.S. Person or a person acting for the account or benefit of a U.S. Person.

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This Booklet is not financial advice or a recommendation to acquire Gloucester securities and has been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision, you should consider the appropriateness of the information having regard to your own objectives, financial situation and needs and seek such legal, financial and/or taxation advice as you deem necessary or appropriate to your jurisdiction.

CHAIRMAN'S LETTER

Dear Shareholder,

On behalf of the Board of Directors of Gloucester Coal Ltd, I am pleased to invite you to participate in this accelerated non-renounceable entitlement offer, which entitles all Eligible Retail Shareholders to subscribe for 2 New Shares for every 11 Shares held on the Record Date of 7.00pm (AEST) on Thursday, 12 May 2011, at an offer price of \$9.00 per New Share ("**Entitlement Offer**").

Background to the Offer

On 16 May 2011 Gloucester Coal announced that it had entered into an agreement with Noble Group Limited, Gloucester's largest shareholder ("**Noble**"), to acquire, subject to shareholder approval, Donaldson Coal Holdings Ltd ("**Donaldson**") for an enterprise value of \$585 million ("**Donaldson Acquisition**").

Gloucester also announced that it had entered into an agreement with the shareholders of Ellembay Holdings Pty Limited ("**Ellembay**") to acquire Ellembay and its controlled entities ("**Monash**") for a base purchase price of \$30 million plus contingent payments of up to approximately \$120 million (depending on the outcomes of a drilling program and the obtaining of mine approvals) ("**Monash Acquisition**").

Donaldson is a NSW-based coal producer that owns one open cut and two underground mines producing thermal coal and semi-soft coking coal products, located approximately 25 kilometres west of Newcastle, New South Wales. It also has an 11.6% founding shareholding in NCIG Holdings Pty Limited, a new coal export terminal at the Port of Newcastle giving it access to critical port capacity to facilitate growth.

Monash is a prospective large semi-soft coking and thermal coal development opportunity located near existing infrastructure in the Hunter Valley. Monash owns two exploration licences, EL 6123 and EL 7579, covering approximately 22 square kilometres in the lower Hunter Valley, New South Wales.

The Donaldson Acquisition and Monash Acquisition (together "**Acquisitions**") underpin Gloucester's growth objective to become a leading Australian coal company. The acquisitions give Gloucester the opportunity to significantly enhance its resource and existing production base and improve its product offering through blending opportunities, further diversifying Gloucester's production and exploration risks as well as adding significant tonnage growth to its production profile over the medium term. The enlarged Gloucester, particularly through Donaldson's shareholding in NCIG, are expected to have a significantly enhanced platform for growth, with port capacity to deliver its stated growth plans and ability to develop other early stage projects such as Monash with this port capacity.

Separately, and subject to completion of the Donaldson Acquisition, new coal marketing arrangements have been proposed between Gloucester and Noble.

Further details on the Donaldson and Monash transactions and the marketing arrangements will be provided in an explanatory memorandum to be sent to shareholders on or around 7 June 2011. A General Meeting of Gloucester shareholders to consider resolutions relating to the Donaldson Acquisition, the Monash Acquisition and the Marketing Arrangements is scheduled for 8 July 2011.

Purpose of the Entitlement Offer

To help fund the Acquisitions, Gloucester announced an up to approximately A\$230 million equity raising on 16 May 2011 through an accelerated pro-rata entitlement offer ("**Entitlement Offer**"). The Entitlement Offer is fully underwritten by Citigroup Global Markets Australia Pty Limited and UBS AG, Australia Branch (together the "**Underwriters**").

Noble did not participate in the Entitlement Offer. Gloucester announced on Tuesday, 17 May 2011 that it had successfully raised approximately A\$218 million from the institutional component of the Entitlement Offer. The net proceeds of the Entitlement Offer will be used to help fund the Acquisitions (if they proceed), repayment of existing Noble debt owed by Donaldson (if the Donaldson Acquisition proceeds) and associated costs.

If the Acquisitions do not proceed (due to failure to receive shareholder approval or for any other reason), then Gloucester will use the monies raised under the Entitlement Offer to fund new opportunities and strategic initiatives in line with its strategy to create a leading Australian coal company and fund its capital expenditure and working capital requirements. This may involve reviewing capital expenditure plans in relation to other projects, repayment of debt or restructuring of the Company's debt profile, as well as consideration of alternative strategic opportunities consistent with Gloucester's strategy. As at the date of this Retail Offer Booklet, the Board has not finally determined which alternatives it will pursue if the Acquisitions do not proceed.

This Booklet relates to the up to A\$12 million retail component of the Entitlement Offer ("**Retail Entitlement Offer**") to eligible retail shareholders ("**Eligible Retail Shareholders**"). The Retail Entitlement Offer is also fully underwritten by the Underwriters.

Details of your Entitlement

As an Eligible Retail Shareholder (as defined in the Additional Information section of this Booklet), you are entitled to apply for 2 new Gloucester ordinary shares ("**New Shares**") for every 11 existing Gloucester ordinary shares ("**Shares**") held at 7.00pm (AEST) on Thursday 12 May 2011 ("**Record Date**") at the offer price of A\$9.00 ("**Offer Price**") per New Share ("**Entitlement**"). The Offer Price is the same as that paid by eligible institutional shareholders under the Institutional Entitlement Offer ("**Eligible Institutional Shareholders**").

Eligible Retail Shareholders who accept their Entitlement in full will have the opportunity to apply for additional shares in excess of their Entitlement up to a maximum number equal to twice their Entitlement (subject to scaleback at the sole discretion of Gloucester) (“**Additional New Shares**”).

Further Information

In this Booklet you will find the following:

- Key dates for the Retail Entitlement Offer and the General Meeting;
- Instructions on “How to Apply” setting out how to accept all or part of your Entitlement;
- Investor Presentation dated 16 May 2011 (as amended);
- ASX Announcements relating to the Entitlement Offer; and
- Additional information.

Accompanying this Booklet is your personalised Entitlement and Acceptance Form which details your Entitlement and is to be completed in accordance with the instructions provided on the form and the instructions in this Booklet on “How to Apply”.

There are two alternative ways you can pay your Application Monies:

- Post to the Registry your completed Entitlement and Acceptance Form, along with your Application Monies by cheque, bank draft or money order. The Registry address is specified on the Entitlement and Acceptance Form; or
- Pay your Application Monies via BPAY[®]. If you pay by BPAY[®] you do not need to complete and post your Entitlement and Acceptance Form to the Registry.

Payment of your Application Monies must be received by 5.00pm (AEST) on Monday, 6 June 2011.

See Section 6 of the “How to Apply” section of this Booklet for further information about payment methods.

Further information on the Entitlement Offer and Gloucester’s business is detailed in this Booklet. You should read the entirety of this Booklet carefully, in particular the “Key risks” section in the Investor Presentation, before deciding whether to participate in the Retail Entitlement Offer.

If you would like further information regarding the Retail Entitlement Offer please call the Gloucester Entitlement Offer Information Line on 1300 579 638 (within Australia) or +61 (0)3 9415 4336 (from outside Australia) between 8.30am and 5.00pm (AEST) Monday to Friday during the Retail Entitlement Offer period. For other questions, you should consult your stockbroker, accountant, taxation adviser, financial adviser or other professional adviser. You should be aware that Gloucester has not

had regard to your individual circumstances or needs, including your personal taxation or financial position, in sending this Booklet and accompanying information to you and Gloucester is not licensed to provide financial product advice to you in relation to your Gloucester ordinary shares. If you have any doubt about whether you should invest in the Retail Entitlement Offer, you should seek professional advice before making any investment decision. Please note that no cooling-off period applies in relation to the Retail Entitlement Offer – you cannot withdraw your application once it has been accepted.

On behalf of the independent directors of the Board and management team of Gloucester, I invite you to consider this investment opportunity and thank you for your ongoing support.

Yours sincerely



James MacKenzie
Chairman

KEY DATES

Event	Date
Record Date for the Retail Entitlement Offer	Thursday, 12 May 2011 at 7.00pm (AEST)
Entitlement Offer Announcement Date	Monday, 16 May 2011
Cleansing Notice – Entitlement Offer	Monday, 16 May 2011
Institutional Entitlement Offer – Open Date	Monday, 16 May 2011
Institutional Entitlement Offer – Close Date	Monday, 16 May 2011
Announcement of completion of Institutional Entitlement Offer	Tuesday, 17 May 2011
Trading recommenced	Tuesday, 17 May 2011
Retail Entitlement Offer – Open Date	Friday, 20 May 2011 at 9.00am (AEST)
Mailing of personalised Entitlement and Acceptance Form and Retail Entitlement Offer Booklet to Eligible Retail Shareholders	Friday, 20 May 2011
Institutional Entitlement Offer – Settlement Date	Monday, 23 May 2011
Institutional Entitlement Offer – Allotment Date	Tuesday, 24 May 2011
Institutional Entitlement – normal trading	Tuesday, 24 May 2011
Retail Entitlement Offer – Close Date	Monday, 6 June 2011 at 5.00pm (AEST)
Retail Entitlement Offer – Shortfall Notification Date	Thursday, 9 June 2011
Retail Entitlement Offer – Settlement Date	Wednesday, 15 June 2011
Retail Entitlement Offer – Allotment Date	Thursday, 16 June 2011
Dispatch Date	Friday, 17 June 2011
Normal trading commences	Friday, 17 June 2011

Dates and times in this Booklet are indicative only and subject to change. All references in this Booklet to AEST are to Australian Eastern Standard Time.

Gloucester, in conjunction with the Underwriters, reserves the right, subject to the Corporations Act 2001 (Cth) ("**Corporations Act**"), ASX Listing Rules and other applicable laws to withdraw or vary the dates of the Entitlement Offer without prior notice. In particular, Gloucester reserves the right to extend the closing date of the Retail Entitlement Offer or accept late applications, either generally or in particular cases, without prior notice. Applicants are encouraged to submit their personalised Entitlement and Acceptance Forms as soon as possible after the Retail Entitlement Offer opens. No cooling-off rights apply to applications submitted under the Retail Entitlement Offer. The commencement of quotation of New Shares is subject to confirmation from ASX.

Enquiries

If you:

- have questions on how to complete the Entitlement and Acceptance Form or how to take up your Entitlement; or
- have lost your Entitlement and Acceptance Form and would like a replacement form,

please call the Gloucester Entitlement Offer Information Line on 1300 579 638 (within Australia) or +61 (0)3 9415 4336 (from outside Australia) at any time from 8.30am to 5.00pm (AEST) Monday to Friday during the Retail Entitlement Offer period. We recommend you consult your stockbroker, accountant, financial adviser, taxation adviser or other independent professional adviser if you are in any doubt as to whether to participate in the Retail Entitlement Offer.

Website

www.gloucestercoal.com.au



HOW TO APPLY

HOW TO APPLY

1. The Retail Entitlement Offer

Eligible Retail Shareholders (as defined in the “Additional Information” section starting on page 75) are being offered the opportunity to apply for New Shares through the Entitlement Offer being conducted by Gloucester. The offer ratio for the Entitlement Offer is 2 New Shares for every 11 Gloucester ordinary shares (“Shares”) held at 7.00pm (AEST) on Thursday, 12 May 2011 (“Entitlement”). The Entitlement is non-renounceable.

New Shares are offered at a fixed price of \$9.00 per New Share.

You should note that not all Gloucester shareholders will be eligible to participate in the offer of New Shares. Please read the “Additional Information” section starting on page 75.

Eligible Retail Shareholders who accept their entitlements in full may also apply for Additional New Shares up to two times their Entitlement. Any Additional New Shares will be limited to the extent that there are sufficient new Shares from Eligible Retail Shareholders who do not take up their Entitlement.

Additional New Shares will only be allocated to Eligible Retail Shareholders if and to the extent that Gloucester so determines in its sole discretion. Gloucester may apply any scaleback to applications for Additional New Shares in any manner it decides and in its sole discretion.

New Shares and any Additional New Shares issued pursuant to the Retail Entitlement Offer will be fully paid and rank equally with existing Gloucester Shares on issue.

2. Please carefully read the information in this Booklet and the personalised Entitlement and Acceptance Form

The Retail Entitlement Offer is not being made under a product disclosure statement or prospectus. Rather, the Retail Entitlement Offer is being made pursuant to provisions of the Corporations Act which allow rights issues and related issues to be made without a product disclosure statement or prospectus. Certain confirmations will be provided to the market on the basis that all information that investors and their professional advisers would reasonably require to make an informed investment decision in relation to the Entitlement Offer, when read with this Booklet and the accompanying information, is publicly available. The Booklet does not contain all of the information which may be required in a prospectus or product disclosure statement. As a result, it is important for Eligible Retail Shareholders to carefully read and understand the information on Gloucester and the Retail Entitlement Offer made publicly available, prior to accepting all or part of their Entitlement. In particular, please read this Booklet in its entirety, and Gloucester’s interim and annual reports and other announcements made available at www.gloucestercoal.com.au or www.asx.com.au.

Note: the Entitlement stated on your personalised Entitlement and Acceptance Form may be in excess of the actual Entitlement you may be permitted to take up where, for example, you are holding Shares on behalf of a U.S. Person (see definition of Eligible Retail Shareholder in the “Additional Information” section).

3. Please consider the Retail Entitlement Offer in light of your particular investment objectives and circumstances

Please consult with your stockbroker, accountant, financial adviser, taxation adviser or other independent professional adviser if you have any queries or are uncertain about any aspects of the Retail Entitlement Offer. You should also refer to the “Key risks” section in the Investor Presentation released to ASX on Monday, 16 May 2011 which is included in this Booklet on pages 58 to 62.

An investment in Gloucester shares is subject to investment and other known and unknown risks, some of which are beyond the control of Gloucester, including possible loss of income and principal invested. Gloucester does not guarantee any particular rate of return or the performance of Gloucester, nor does it guarantee the repayment of capital from Gloucester or any particular tax treatment. In considering an investment in Gloucester shares, investors should have regard to (amongst other things) the “Key risks” section in the Investor Presentation and the disclaimers outlined in this Booklet.

4. Your Entitlement

Your Entitlement is set out on the accompanying personalised Entitlement and Acceptance Form and has been calculated based on the number of Shares you held as at the Record Date of 7.00pm (AEST) on Thursday, 12 May 2011 calculated as 2 New Shares for every 11 existing Shares held as at the Record Date (fractional entitlements will be disregarded). If you have more than one registered holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding. New Shares issued pursuant to the Entitlement Offer will be fully paid and rank equally with existing Shares, including in respect of entitlement to dividends.

If you decide to take up all or part of your Entitlement or apply for Additional New Shares, please refer to the accompanying personalised Entitlement and Acceptance Form and accept the offer of New Shares and, if you have accepted your entitlement in full, apply for the Additional New Shares pursuant to the instructions set out on the personalised Entitlement and Acceptance Form. If you take no action you will not be allocated any New Shares and your Entitlement will lapse. Eligible Retail Shareholders who do not take up their Entitlement in full will not receive any payment or value for that part of their Entitlement they do not take up.

Gloucester will treat you as applying for as many New Shares as your payment will pay for in full up to your full Entitlement and, in respect of amounts received by Gloucester in excess of your Entitlement (“Excess Amount”), may treat your application as applying for as many Additional New Shares as your Excess Amount will pay for in full, subject to any scaleback Gloucester may determine to implement in its sole discretion.

5. Acceptance of the Retail Entitlement Offer

If you are an Eligible Retail Shareholder, you may do any one of the following:

- take up all or part of your Entitlement;
- take up all of your Entitlement and also apply for Additional New Shares in excess of your Entitlement up to two times your Entitlement; or

- do nothing, in which case all of your Entitlement will lapse and you will not receive any payment or value for those Entitlements.

If you decide to take up all or part of your Entitlement, or apply for Additional New Shares, please complete and return the personalised Entitlement and Acceptance Form with the requisite Application Monies using the reply paid self-addressed envelope provided with this Booklet or pay your Application Monies via BPAY® by following the instructions set out on the personalised Entitlement and Acceptance Form.

Gloucester will treat you as applying for as many New Shares as your payment will pay for in full subject to any scaleback it may determine to implement in its sole discretion. Any Excess Amount may be treated as an application to apply for as many Additional New Shares as your Excess Amount will pay for in full.

No New Shares or Additional New Shares will be issued to you in respect of an application if payment of the Application Monies is not received by Gloucester by no later than 5.00pm (AEST) on Monday, 6 June 2011.

If you take up and pay for all or part of your Entitlement before the close of the Retail Entitlement Offer, you will be allotted your New Shares on Thursday, 16 June 2011. If you apply for Additional New Shares then, subject to Gloucester's sole discretion to scaleback your application for Additional New Shares (in whole or in part), you will be issued these on Thursday, 16 June 2011. Gloucester's decision on the number of Additional New Shares to be allocated to you will be final.

Your application for Additional New Shares may not be successful (wholly or partially). Any surplus Application Monies received for more than your final allocation of New Shares and Additional New Shares will be refunded (only where the amount is A\$5.00 or greater). You are not entitled to any interest that accrues on any Application Monies received or returned (wholly or partially).

Gloucester reserves the right (in its sole discretion) to reduce the number of New Shares allocated to Eligible Retail Shareholders, or persons claiming to be Eligible Retail Shareholders, if their claims prove to be overstated or otherwise incorrect or if they fail to provide information to substantiate their claims.

If you take no action you will not be allocated New Shares and your Entitlement will lapse. Your Entitlement to participate in the Retail Entitlement Offer is non-renounceable and cannot be traded on ASX or any other financial market, nor can it be privately transferred. Shareholders who do not take up their Entitlements in full will not receive any payment or value for those Entitlements they do not take up.

6. Payment methods

6.1 BPAY®

For payment by BPAY®, please follow the instructions on the personalised Entitlement and Acceptance Form (which includes the Biller Code and your unique Customer Reference Number ("CRN")). You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- you do not need to submit the personalised Entitlement and Acceptance Form but are taken to have made the declarations on that personalised Entitlement and Acceptance Form; and

- if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares (and any Additional New Shares) as is covered in full by your Application Monies.

When completing your BPAY® payment, please be sure to use the specific Biller Code and unique CRN provided on your personalised Entitlement and Acceptance Form. If you receive more than one personalised Entitlement and Acceptance Form, please only use the CRN specific to the Entitlement on that form. If you inadvertently use the same CRN for more than one of your Entitlements, you will be deemed to have applied only for New Shares (and any Additional New Shares) on the Entitlement to which that CRN applies.

Should you choose to pay by BPAY® it is your responsibility to ensure that your BPAY® payment is received by the Registry by no later than 5.00pm (AEST) on Monday, 6 June 2011 (subject to variation). You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment and you should therefore take this into consideration when making payment. Gloucester takes no responsibility for any failure to receive Application Monies or payment by BPAY® before the Retail Entitlement Offer closes arising as a result of, among other things, delays in postage or processing of payments by financial institutions.

Any Application Monies received for more than your final allocation of New Shares and any Additional New Shares (only where the amount is A\$5.00 or greater) will be refunded on or around Tuesday, 21 June 2011. No interest will be paid to Applicants on Application Monies received or refunded.

6.2 Payment by cheque, bank draft or money order

For payment by cheque, bank draft or money order, you should complete your personalised Entitlement and Acceptance Form in accordance with the instructions on the form and return it accompanied by a cheque, bank draft or money order in Australian currency for the amount of the Application Monies, payable to "Gloucester Entitlement Offer" and crossed "Not Negotiable".

Your cheque, bank draft or money order must be:

- for an amount equal to A\$9.00 multiplied by the number of New Shares that you are applying for; and
- in Australian currency drawn on an Australian branch of a financial institution.

The completed Entitlement and Acceptance Form, together with Application Monies, should be mailed using the reply paid envelope provided with this Booklet or otherwise mailed to the Registry at the following address:

Gloucester Entitlement Offer
C/o Computershare Investor Services Pty Limited
GPO Box 505 Melbourne
Victoria 3001 Australia

HOW TO APPLY (CONTINUED)

You should ensure that sufficient funds are held in the relevant account(s) to cover the Application Monies. If the amount of your cheque for Application Monies is insufficient to pay for the number of New Shares (and any Additional New Shares) you have applied for in your personalised Entitlement and Acceptance Form, you will be taken to have applied for such lower number of whole New Shares (and any Additional New Shares) as your cleared Application Monies will pay for and to have specified that number of New Shares (and any Additional New Shares) on your personalised Entitlement and Acceptance Form. Alternatively, your Application will not be accepted.

Any Application Monies received for more than your final allocation of New Shares (and any Additional New Shares) (only where the amount is A\$5.00 or greater) will be refunded on or around Tuesday, 21 June 2011. No interest will be paid to Applicants on Application Monies received or refunded.

Should you choose to pay by cheque, bank draft or money order it is your responsibility to ensure that your payment is received by the Registry by no later than 5.00pm (AEST) on Monday, 6 June 2011 (subject to variation). Cash payments will not be accepted. Receipts for payment will not be issued.

7. Warranties made on acceptance of the Retail Entitlement Offer

The method of acceptance of the Retail Entitlement Offer will depend on your method of payment being:

- by BPAY®; or
- by cheque, bank draft or money order.

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY®, you will be deemed to have acknowledged, represented and warranted that you, and each person on whose account you are acting, are an Eligible Retail Shareholder (as defined in the “Additional Information” section) or otherwise eligible to participate.

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY®, you will also be deemed to have acknowledged, represented and warranted on your own behalf and on behalf of each person on whose account you are acting that:

- (a) you and each person on whose account you are acting are not in the United States or a U.S. Person, or acting for the account or benefit of a U.S. Person, and are not otherwise a person to whom it would be illegal to make an offer of or issue of New Shares and any Additional New Shares under the Retail Entitlement Offer and under any applicable laws and regulations;
- (b) the Entitlements and the New Shares and any Additional New Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction in the United States, or in any other jurisdiction outside Australia or New Zealand and, accordingly, the New Shares and any Additional New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws; and

- (c) you and each person on whose account you are acting have not and will not send any materials relating to the Entitlement Offer to any person in the United States, or that is, or is acting for the account or benefit, of a U.S. Person.

8. Refunds

Any Application Monies received for more than your final allocation of New Shares and any Additional New Shares will be refunded on or around Tuesday, 21 June 2011 (except for where the amount is less than A\$5.00, in which case it will be donated to a charity chosen by Gloucester). No interest will be paid to applicants on any Application Monies received or refunded.

9. Withdrawals

You cannot, in most circumstances, withdraw your application once it has been accepted. Cooling-off rights do not apply to an investment in New Shares and any Additional New Shares.

10. Confirmation of your application and managing your holding

You may access information on your holding, including your Record Date balance and the issue of New Shares and any Additional New Shares from this Entitlement Offer, and manage the standing instructions the Registry records on your holding on the Investor Centre website www.investorcentre.com. To access the Investor Centre you will need your SRN or HIN and you will need to pass the security challenge on the site.

ASX OFFER ANNOUNCEMENTS





ASX OFFER ANNOUNCEMENT

DATED 16 MAY 2011

MARKET RELEASE

16 May 2011

ABN 66 008 881 712

Level 15, Tower B
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Gloucester to acquire Donaldson Coal and Monash Group and announces an underwritten equity raising of A\$230 million

- Proposed acquisition of 100% interest in Donaldson Coal, subject to shareholder approval ("**Donaldson Acquisition**")
- Proposed interconditional acquisition of 100% of Monash Group, subject to shareholder approval ("**Monash Acquisition**")
- Donaldson Acquisition and Monash Acquisition ("**Transaction**") expected to create a leading Australian coal company with an estimated market capitalisation of approximately A\$2.0 billion
- New export coal marketing arrangements with Noble
- Agreements reached after due diligence and negotiation period led by Gloucester Independent Board Committee
- The Independent Directors of Gloucester unanimously recommend the Transaction
- The Independent Expert has concluded that the Transaction, including the new marketing arrangements, is fair and reasonable to non-Noble Group Limited ("**Noble**") shareholders
- Gloucester shareholders to vote on the Transaction at a General Meeting ("**GM**") to be held on or about 8 July 2011
- Gloucester to undertake an equity raising of approximately A\$230 million at \$9.00 per share ("**Offer Price**") through a fully underwritten non-renounceable accelerated pro-rata entitlement offer ("**Entitlement Offer**")
- The Entitlement Offer is not conditional on Gloucester shareholders approving the Transaction

Gloucester Coal Ltd (ASX:GCL) ("**Gloucester**") today announced that it has entered into an agreement with Noble, Gloucester's largest shareholder, to acquire, subject to shareholder approval, Noble's 100% interest in Donaldson Coal Holdings Limited ("**Donaldson**"). Donaldson owns (through interposed entities) one open cut and two underground mines producing thermal coal and semi-soft coking coal

products, located approximately 25 kilometres west of Newcastle, New South Wales. It also has an 11.6% founding shareholding in NCIG Holdings Pty Limited, a new coal export terminal at the Port of Newcastle giving it access to critical port capacity to facilitate growth.

Gloucester has also entered into an agreement with the shareholders of Ellembly Holdings Pty Limited ("**Ellembly**") to acquire Ellembly and its controlled entities ("**Monash**"). Monash is a prospective large semi-soft coking and thermal coal development opportunity located near existing infrastructure in the Hunter Valley. Monash owns two exploration licences, EL 6123 and EL 7579, covering 22.19 square kilometres in the Hunter Valley, New South Wales. The exploration licences contain approximately 287 Mt of export grade coking and thermal coal (JORC compliant resource). Subject to exploration success and receipt of approvals, project commissioning and first coal production is targeted for FY2017, ramping up to full production of up to 9 Mtpa ROM coal in FY2022. The resource has potential to support a mine life of 20+ years of majority coking coal production.

Under the agreement with Noble, Gloucester has agreed to acquire Donaldson from Noble for an enterprise value of A\$585 million¹, estimated to comprise:

- \$360 million in new Gloucester shares issued to Noble at A\$9.75 per share, subject to a 12 month escrow period (sale restriction) on all shares issued; and
- \$225 million in debt comprised of: \$186 million of Noble debt (agreed to be repaid) and \$39 million² of debt from a third party lender assumed (expected to be refinanced at completion)

Donaldson will have a number of fixed and floating price contracts in place following completion of the transaction. These include a floating price (linked to market price) contract of 2.5Mt +/- 20% of thermal coal over five years and fixed price contracts with Noble for a total of c.6.8Mt over up to 8 years.

Separately, Gloucester has entered into new marketing arrangements with Noble, which will take effect if the proposed Donaldson Acquisition completes. These arrangements will also be subject to shareholder approval. A summary of the key terms of the arrangements is provided in an Appendix to the accompanying Investor Presentation.

The proposed Donaldson Acquisition is interconditional with the proposed Monash Acquisition and is subject to various conditions, including Gloucester shareholder approval (Noble and its associates will be ineligible to vote on the Donaldson Acquisition), Gloucester sourcing new debt facilities on acceptable terms to Gloucester of an amount determined by Gloucester not exceeding \$500 million and Foreign Investment Review Board approval.

Under the agreement with the shareholders of Ellembly ("**Ellembly Shareholders**"), Gloucester has agreed to acquire 100% of Monash for a Base Purchase Price of A\$30 million, comprising:

- A\$30 million in cash consideration payable to the Ellembly shareholders; and
- Nominal number of new Converting Shares for the provision of additional shares to the Ellembly shareholders, subject to achievement of key milestones.

¹ Subject to completion adjustments

² Based on forecast debt balance upon completion



Additional Gloucester shares to be provided in stages, subject to a 12 month escrow period (sale restriction) on 50% of the shares provided, as follows:

- Stage 1: A\$1.16 per Proven or Probable Reserves tonne capped at A\$70 million (indexed to CPI) satisfied by provision of additional Gloucester shares³ on completion of approved drilling program if the holders of Converting Shares provide Gloucester with a JORC compliant report in relation to ore reserves prior to completion of the drilling program; and
- Stage 2: A\$ 0.70 per Proven or Probable Reserves tonne capped at A\$50 million (indexed to CPI) satisfied by provision of additional Gloucester shares³ upon receipt of mining lease and planning approval.

Gloucester will spend up to \$20 million over three years on an agreed drilling program to prove reserves and up to \$15 million on a program to be agreed to secure a mining lease and related authorisations in accordance with the Works Agreement.

Additional shares equal in value to 2.5% of the total indexed to CPI Stage 2 Payment are to be provided for each complete calendar quarter between finalisation of the Stage 2 JORC report (following grant of the mining lease and planning approval) and 31 December 2016. The provision⁴ of additional Gloucester Shares under the terms of the Converting Shares will be at the prevailing 20 business day VWAP of Gloucester shares prior to the time the additional Gloucester shares are provided.

The proposed Monash Acquisition is interconditional with the proposed Donaldson Acquisition and is subject to various conditions, including Gloucester shareholder approval.

If the Transaction proceeds and after the provision of the additional Gloucester shares to Noble, Noble's shareholding in Gloucester will reduce from 65.3% to approximately 63.4%⁵. Also in this case, Gloucester's free float will increase from approximately \$482 million⁶ to approximately \$724 million.

Independent Directors' Recommendation

The consideration and negotiation of the Transaction has been under the supervision and control of a committee of Gloucester's Independent Directors, Mr James MacKenzie, Mr Greg Fletcher and Mr Denis Gately (the "**Independent Board Committee**"). The Directors of Gloucester who are officers of Noble, Mr Ricardo Leiman and Mr William Randall, have stood aside from all considerations and decisions concerning the Transaction. A company owned and controlled by Gloucester's CEO, Brendan McPherson, and his spouse is currently a minority shareholder of Monash.

On behalf of the Independent Board Committee, Independent Non-Executive Chairman, Mr James MacKenzie, said "the proposed acquisition of Donaldson and Monash presents an opportunity to comprehensively transform Gloucester into a leading Australian coal producer. The transaction gives

³ At then 20 business day VWAP.

⁴ Gloucester reserves the right to procure the transfer of additional existing shares already on issue as an alternative to issuing the additional shares.

⁵ Before provision of new Gloucester shares under the terms of unlisted Converting Shares for Monash deferred consideration

⁶ Based on Noble holding post capital raising of 63.4% and pro forma market capitalisation of \$2.0 billion based on implied Gloucester market capitalisation using the theoretical Gloucester share price, after adjusting for the impact of the pro rata Entitlement Offer and the Transaction.



Gloucester the opportunity to significantly enhance its resource and existing production base and provide opportunities to improve its product offering through blending opportunities, further diversifying Gloucester's production and exploration risks as well as adding significant tonnage growth to its production profile over the medium term."

"The enlarged Gloucester, particularly through Donaldson's shareholding in NCIG, should also have a significantly enhanced platform for growth with port capacity to deliver its stated growth plans and ability to develop other early stage projects such as Monash with this port capacity. The corresponding equity raising announced today also provides increased free float and liquidity for Gloucester's shareholders."

"The Independent Directors of Gloucester unanimously recommend the Transaction to Gloucester shareholders", Mr MacKenzie said.

Shareholders in Gloucester will be asked to vote on the Transaction at the Company's GM which is expected to be held on or about 8 July 2011. Noble and its associates will be ineligible to vote on the resolutions in connection with the Donaldson Acquisition or the proposed new marketing arrangements.

Expected Benefits of the Transaction

The Independent Board Committee considers that the Transaction will deliver significant benefits for Gloucester shareholders, including:

- The Transaction positions Gloucester for further NSW growth:
 - Expansion of existing production base and significant increase in resource base from 340Mt to 1,512Mt;
 - Significant expansion in port capacity through 11.6% shareholding in NCIG; and
 - Major new Hunter Valley coking and thermal coal development opportunity in Monash
- Significantly enhances Gloucester's production profile in both near and medium term:
 - Gloucester will be a multi-mine operator with operations across all stages of the development curve;
 - Expected increase in medium term annual production from 5.5Mtpa to c.10Mtpa
 - Capability to produce 40 – 50% metallurgical coal post ramp up of Middlemount, including up to 1Mtpa of semi-soft coking coal from the Donaldson Abel mine; and
 - Creates opportunities to blend existing Gloucester product with Donaldson product
- Infrastructure holdings to deliver growth:
 - Donaldson delivers Newcastle port capacity to facilitate growth of the enlarged Gloucester group
- Centralised new export coal marketing arrangements with Noble with capacity to develop alternative in house capability



- Monash provides potential large scale development opportunity
 - Potential large semi-soft and thermal coal resource, located in area where coal seams are well understood;
 - Potential for large scale underground operation (up to 7Mtpa), with majority of product expected to be semi-soft coking coal; and
 - Located close to rail and port infrastructure relative to development opportunities which are located in the Gunnedah and Mudgee Basins
- Increased market capitalisation and free float, which is expected to improve index weighting, liquidity and investor interest:
 - Noble shareholding diluted to approximately c.63.4%

Independent Expert's Report

The Independent Directors appointed Deloitte Corporate Finance Pty Limited ("**Independent Expert**") to prepare an Independent Expert's Report ("**IER**") on the Transaction. The Independent Expert has concluded that the Donaldson and Monash Acquisitions including the new marketing arrangements are fair and reasonable to Gloucester shareholders that are not associated with Noble. The IER will accompany the Notice of Meeting and Explanatory Memorandum ("**Notice of Meeting**") which are expected to be dispatched to Shareholders following ASIC review of those documents, which is expected to be completed on or around 3 June 2011. The IER may need to be updated to reflect any material changes in market conditions and circumstances and the outcome of ASIC's review prior to the date of issue of the Notice of Meeting.

The IER has been prepared for the sole use by Gloucester shareholders with respect to their decision whether or not to approve the resolutions required by ASX Listing Rule 10.1 and sections 217-227 of the Corporations Act (essentially shareholder approval of related party transactions). A copy of the IER has been provided by Gloucester to ASX with this announcement. A draft of the Notice of Meeting (including the IER) is expected to be lodged today with ASIC, for its review.

Gloucester Shareholder Meeting

The Transaction will be conditional on, among other things, Gloucester shareholders passing certain resolutions at Gloucester's GM which is expected to be held on or around 8 July 2011. Noble and its associates will be excluded from voting on the resolutions to approve the Donaldson Acquisition including the proposed new marketing arrangements with Noble.

Detailed information concerning the Transaction, including its advantages, risks and disadvantages and the IER, will accompany the Notice of Meeting which is expected to be dispatched to Gloucester shareholders on or around 7 June 2011.

The Independent Directors of Gloucester encourage Gloucester shareholders to read the IER, Notice of Meeting and Explanatory Memorandum in their entirety when they are released. Gloucester shareholders should consult their accountant, tax adviser and/or financial adviser if they are uncertain about the impact of the Transaction on their particular investment objectives.



Equity Raising

To fund the cash consideration for the Transaction (if it proceeds), partly fund repayment of existing Noble debt owed by Donaldson and payment of associated transaction costs, Gloucester has today announced an equity raising of approximately A\$230 million through a fully underwritten 2 for 11 non-renounceable accelerated pro-rata Entitlement Offer. The Entitlement Offer comprises:

- approximately A\$110 million underwritten institutional component ("**Institutional Entitlements Offer**"); and
- approximately A\$20 million, underwritten retail component ("**Retail Entitlements Offer**").

The Offer Price for the equity raising is A\$9.00 per new share which is a 9.1% discount to last close and 7.8% discount to TERP⁷.

Noble, which currently holds 65.3% of Gloucester, has announced that it will not accept its entitlement under the Entitlement Offer. As a result, Noble's shareholding in Gloucester will reduce to 63.4% following completion of the equity raising and the Acquisitions.

Eligible Retail Shareholders who accept their Entitlement in full will have the opportunity to apply for additional shares in excess of their Entitlement up to a maximum number equal to twice their Entitlement (subject to any scaleback rule to be set out in the retail offer booklet).

The unaccepted Noble Entitlement will be offered to eligible institutional shareholders and other institutional investors.

The equity raising is not conditional on Gloucester shareholders approving the Transactions. If the equity raising is successfully completed, but the Transaction does not proceed (due to failure to receive shareholder approval or for any other reason), then Gloucester will use the monies raised under the equity raising to fund new opportunities and strategic initiatives in line with its strategy to create a leading Australian coal company and fund its capital expenditure and working capital. In this instance, the 36.9 million shares at an issue price of A\$9.75 of new Gloucester shares as part of the consideration payable to Noble Shareholders under the Transaction will not be issued.

The Institutional Entitlements Offer and the Retail Entitlements Offer are fully underwritten by UBS AG (Australia Branch) and Citigroup Global Markets Australia Pty Limited

Further details of the equity raising are provided in the Appendices.

The Transaction, the equity raising and other information described in this announcement is also set out in an investor presentation which Gloucester has provided to ASX today ("**Investor Presentation**"). The Investor Presentation contains important information including risk factors and foreign selling restrictions with respect to the equity raising.

⁷ The theoretical ex-rights price is the theoretical price at which Gloucester shares should trade immediately after the ex-date for the entitlement offer. The theoretical ex-rights price is a theoretical calculation only and the actual price at which Gloucester shares trade immediately at the ex-date for the entitlement offer will depend on many factors and may not be equal to the theoretical ex-rights price.



Lazard is acting as financial advisor and Minter Ellison as legal advisor to Gloucester on the Transaction and equity raising.

For Further Information

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Appendices

About Donaldson

Donaldson owns one open cut (Donaldson) and two underground operating mines (Abel and Tasman) located approximately 25 kilometres west of Newcastle, New South Wales.

- JORC compliant reserves of 152Mt and resources of 885Mt
- Abel and Tasman mine life expected to be in excess of 20 years based on current JORC reserves and resources
- Saleable production from all mines of 2.0Mt in CY10 (actual), with plans to increase to 4.5–5.0Mt in CY16 (target)
- Production of high quality thermal coal consistent with Newcastle benchmark specifications, a higher ash thermal coal and a semi-soft coking product
- Expansion of the Abel and Tasman underground mines, including the introduction of two longwall units at Abel, is expected to enhance production and reduce operating costs
- Forecast capital expenditure program at Donaldson of: Abel underground extension, including longwall installation, of c.\$192m over five years, Tasman underground development of c.\$128m over the next 8 years and c.\$81m expansion of Bloomfield CHPP to add an additional 4Mtpa of washing capacity to meet forecast production growth
- Long term service contract with a third party for the provision of coal preparation and handling for up to 3.95Mtpa of ROM production
- 11.6% founding shareholding in NCIG Holdings Pty Limited. Allocation port capacity from the new NCIG export terminal at the Port of Newcastle is expected to be c.6.3Mtpa in FY2015 from planned capacity expansions
- Rolling ten year port allocation at Port Waratah Coal Services terminals at Port of Newcastle

About Monash

Monash owns 100% of two exploration licences, EL 6123 and EL 7579, covering approximately 22.19 square kilometres in the Hunter Valley, New South Wales.

- Site located 95 kilometres from the Port of Newcastle, 12 kilometres from existing rail lines and 12 km from Xstrata's Bulga mine
- Potential large scale underground operation (up to 7Mtpa)
- JORC indicated and inferred resources of 287 Mt
- Expected majority semi-soft coking coal
- Resource has potential to support mine life of 20+ years
- Subject to exploration success and approvals targeting project commissioning and first coal production in FY2017 ramping up to full production of up to 9 Mtpa ROM in FY2022



About Noble

Noble is a market leader in managing the global supply chain of agricultural, industrial and energy products. The company is incorporated in Bermuda and listed on the SGX (SGX code: N21), with its head office in Hong Kong. The company has grown to become one of the world leaders in supply chain management over the past 20 years.

The Noble global network encompasses more than 150 offices and plant locations in 38 countries employing approximately 70 nationalities.

Noble manages a diversified portfolio of essential raw materials, integrating the sourcing, marketing, processing, financing and transportation.

Noble’s 2010 annual revenues exceeded US\$56 billion and Noble owns and manages an array of strategic assets, sourcing to high growth demand markets including China, India and the Middle East. Noble has interests in grain crushing facilities, coal and iron ore mines, fuel terminal and storage facilities, sugar and ethanol plants, vessels, ports and other infrastructure to ensure high quality products are delivered in the most efficient and timely manner to its customers.

Sources and Uses of Funds⁸

The various sources and uses of funds in relation to the proposed Transaction can be summarised as follows:

Sources (A\$m)		Uses (A\$m)	
Gloucester Equity Raising	\$230m	Cash Consideration for Monash	\$30m
Debt Facility ⁹	\$35m	Stamp Duty, Taxes and Transaction costs	\$49m
		Repayment of Donaldson Debt	\$186m
Total sources of funds	\$265m	Total uses of funds	\$265m

Under the Entitlement Offer, eligible shareholders may apply for 2 new Gloucester shares (“**New Shares**”) for every 11 existing Gloucester shares held at 7.00pm (Sydney Time) on 12 May 2011 (“**Record Date**”). Fractional entitlements will be disregarded.

The Entitlements will not be tradeable on ASX or otherwise transferable. Shareholders who are not eligible to receive entitlements will not receive any value in respect of entitlements they would have received had they been eligible.

⁸ Indicative only. Totals may not add up due to rounding. Assumes that the Donaldson Acquisition and the Monash Acquisition both complete. It excludes the impact of cash flows within the existing Gloucester business.

⁹ Net of debt raising costs. Represents debt required to be drawn down at completion from the new facility to be put in place prior to transaction completion. In addition \$39.3m of third party debt in Donaldson is expected to be refinanced at completion. Donaldson transaction is conditional on Gloucester securing debt financing on terms acceptable to Gloucester.



New shares equal in number to those not taken up by Gloucester's eligible institutional shareholders (including Noble) will be offered for subscription to eligible institutional shareholders and selected institutional investors through a volume bookbuild process at the Offer Price.

Eligible Retail Shareholders will receive a retail offer booklet including a personalised entitlement and acceptance form in relation to the Retail Entitlement Offer which will provide further details of how to participate. Eligible Retail Shareholders who accept their Entitlement in full will have the opportunity to apply for additional shares in excess of their Entitlement up to a maximum number equal to twice their Entitlement (subject to any scaleback rule to be set out in the retail offer booklet).

Stock Lending and Other Transactions

Pursuant to a waiver from ASX and for the purposes of determining shareholder entitlements under the Entitlements Offer, Gloucester will disregard transactions in the shares occurring on or after 9 May 2011, during a period of trading halt and voluntary suspension that commenced on 9 May 2011, except for settlement of Integrated Trading System (ITS) on-market transactions that occurred prior to that date.

Accordingly, a person who is a registered Gloucester shareholder at the Record Date as a result of a dealing on or after 9 May 2011 (other than registrations of transactions that were effected through ITS before that halt) may not be entitled to receive an entitlement under the Entitlement Offer.

If a shareholder has existing Gloucester shares out on loan at the Record Date, the borrower will be regarded as the shareholder for the purposes of determining the Entitlement (provided that those borrowed shares have not been on-sold or used to cover a short sale).

Shareholder Enquires

Retail shareholders who have further questions regarding the Retail Entitlement Offer please call the Gloucester Entitlement Offer Information Line on 1300 579 638 (within Australia) or +61 3 9415 4336 (from outside Australia) between 8.30am and 5.00pm (AEST) Monday to Friday during the Retail Entitlement Offer. For other questions, you should consult your stockbroker, accountant, taxation adviser, financial adviser or other professional adviser.



Equity Raising Timetable

The following outlines an indicative timetable for the equity raising:

Event	Date
Record Date – Retail Entitlement Offer	12 May 2011
Announcement date – Entitlement Offer	16 May 2011
Institutional Entitlement Offer materials released to ASX, including Offer Price	16 May 2011
Institutional Entitlement Offer – open date	16 May 2011
Institutional Entitlement Offer – close date	16 May 2011
Trading recommences	17 May 2011
Retail Entitlement Offer – open date	20 May 2011
Dispatch of Retail Entitlement Offer materials to eligible retail investors	20 May 2011
Lodgement of Retail Entitlement Offer materials with ASX	20 May 2011
Institutional Entitlement Offer settlement date	23 May 2011
Institutional Entitlement Offer allotment date	24 May 2011
Normal trading – Institutional Entitlement	24 May 2011
Retail Entitlement Offer – close date	6 June 2011
Dispatch of Notice of General Meeting and Explanatory Memorandum including the Independent Expert's Report	On or around 7 June 2011
Retail Entitlement Offer – settlement date	15 June 2011
Retail Entitlement Offer – allotment date	16 June 2011
Normal trading commences	17 June 2011
Register date for the General Meeting	7pm (Sydney time) on 6 July 2011
General Meeting Date	8 July 2011



Annex A Competent Person Statement for Gloucester Coal

Resources statement as at 30 June 2010					
Region	Area	Measured	Indicated	Measured & Indicated	Inferred
Stratford	Bowens Road North (A)	2.7	0.6	3.3	-
	Avon North (A)	-	3.0	3.0	-
	Roseville West (A)	-	35.5	35.5	5
	Co-disposal Area	-	2.3	2.3	-
	Stratford East (B)	-	5.8	5.8	4
Grant & Chainey (B)	Grant & Chainey	-	56.8	56.8	25
Duralie (A)	Duralie Main Pit	0.7	8.3	9.0	-
	Duralie North West	9.9	4.5	14.4	1
	Duralie East	-	9.2	9.2	3
	Railway Pit	1.2	0.5	1.7	-
Total	Open Cut	14.5	126.5	141.0	38
Duralie (A)	Duralie Underground	0.9	39.9	40.8	59
Total	Open Cut & Underground	15.4	166.4	181.8	97

Reserves statement as at 30 June 2010				
Region	Area	Proven	Probable	Proven & Probable
Duralie	Main Pit (B)	-	6.2	6.2
	Clareval West (B)	10.6	0.6	11.2
	Railway Pit (A)	0.9	-	0.9
	North East (A)	-	6.5	6.5
Stratford (B)	Avon North	-	3.1	3.1
	Bowens Road North	1.8	0.4	2.2
	Co-disposal area	-	2.2	2.2
	Grant & Chainey	-	15.0	15.0
	Stratford East	-	2.9	2.9
	Stratford South	-	6.5	6.5
	Roseville West (& South)	-	18.1	18.1
Total	Open Cut Reserves	13.3	61.5	74.8

This Competent Persons Statement is in relation to Gloucester's reserves and resources only, and does not cover reserves and resources reported for Middlemount.



Notes on JORC resources

The estimates of coal resources have been carried out in accordance with the "2004 Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (the JORC Code)" prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia. Coal resources are reported inclusive of coal reserves (i.e. coal reserves are not additional to coal resources).

Coal resources have been updated by subtraction of mined tonnes for Duralie Main Pit, Roseville West and Co-disposal area.

The information that relates to Gloucester's coal resources in this ASX Announcement is based on information compiled by:

- (A) Ms Janet Bartolo, a full-time employee of McElroy Bryan Geological Services Pty Ltd; and
- (B) Mr Shaun Tamplin, a full time employee of Tamplin Resources Pty Ltd.

Ms Janet Bartolo and Mr Shaun Tamplin are members of the Australasian Institute of Mining and Metallurgy and have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as competent persons as defined in the JORC Code. Ms Janet Bartolo and Mr Shaun Tamplin consent to the inclusion in this ASX Announcement of the matters based on their information in the form and context in which it appears.

Notes on JORC reserves

The estimates of coal reserves have been carried out in accordance with the "2004 Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (the JORC Code)" prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia. Coal resources are reported inclusive of coal reserves (i.e. coal reserves are not additional to coal resources).

The information that relates to Gloucester's coal reserves in this ASX Announcement is based on information compiled by:

- (A) Mr Robert MacKenzie, a full-time employee of Runge Ltd trading as Minarco-MineConsult; and
- (B) Mr Shaun Tamplin, a full-time employee of Tamplin Resources Pty Ltd.

Mr Robert MacKenzie and Mr Shaun Tamplin are members of the Australasian Institute of Mining and Metallurgy. Mr Robert MacKenzie and Mr Shaun Tamplin have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as competent persons as defined in the JORC Code.

Mr Robert MacKenzie and Mr Shaun Tamplin consent to the inclusion in this ASX Announcement of the matters based on their information in the form and context in which it appears.



Annex B
Competent Person Statement for Middlemount

Resources and Reserves statement as at 30 June 2010 (100% basis)							
	Resources (Mt)				Reserves (Mt)		
	Measured	Indicated	Measured & Indicated	Inferred	Proved	Probable	Total
Middlemount	89.3	31.5	120.8	1.8	69	27	96

This Competent Persons Statement is in relation to Middlemount's reserves and resources only.

Notes on JORC resources

The estimates of coal resources have been carried out in accordance with the "2004 Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (the JORC Code)" prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia. Coal resources are reported inclusive of coal reserves (i.e. coal reserves are not additional to coal resources).

The information that relates to Middlemount's coal resources in this ASX Announcement is based on information compiled by:

(A) Mr Greg Jones, a full-time employee of JB Mining Services Pty Ltd

Mr Greg Jones is a member of the Australasian Institute of Mining and Metallurgy and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a competent person as defined in the JORC Code. Mr Greg Jones consents to the inclusion in this ASX Announcement of the matters based on his information in the form and context in which it appears.

Notes on JORC reserves

The estimates of coal reserves have been carried out in accordance with the "2004 Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (the JORC Code)" prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia. Coal resources are reported inclusive of coal reserves (i.e. coal reserves are not additional to coal resources).

The information that relates to Middlemount's coal reserves in this ASX Announcement is based on information compiled by:

(A) Mr Mark Bryant, Principal Mining Consultant of Bryant Mining Pty Ltd and a member of The Minserve Group Pty Ltd

Mr Mark Bryant is a member of the Australasian Institute of Mining and Metallurgy and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a competent person as defined in the JORC Code. Mr Mark Bryant consents to the inclusion in this ASX Announcement of the matters based on his information in the form and context in which it appears.



Annex C Competent Person Statement for Donaldson

Mine	Seam	Resources (Mt) ^{1,2}				Reserves (Mt) ¹		
		Measured _{3,5}	Indicated _{3,5}	Measured & Indicated _{3,5}	Inferred _{3,5}	Proven ROM ^{4,6}	Probable ROM ^{4,6}	Total ROM ^{4,6}
Opencut						2.5		2.5
Tasman	Fassifern	29.7	9.3	39.0	6	12.9	5.1	18.0
	West Borehole	19.2	11.4	30.6	6	6.6	1.1	7.7
Tasman Extension	Great Northern	0.4	0.6	1.0	0	-	-	-
	West Borehole	28.8	17.1	45.9	9	0.3	7.8	8.2
	Sandgate	50.6	38.6	89.2	28	0.7	0.4	1.1
Abel	Upper Donaldson	63.4	9.5	72.9	0	24.2	7.7	31.9
	Lower Donaldson	94.0	14.9	108.9	0	21.7	8.6	30.3
	Upper Big Ben	123.8	36.9	160.7	3	-	-	-
	Ashtonfield	6.9	2.0	8.9	0	-	-	-
Abel Extension	Upper Donaldson	19.7	18.9	38.6	28	1.7	10.0	11.7
	Lower Donaldson	28.4	28.7	57.1	42	7.3	11.7	19.0
	Lower Big Ben	16.0	5.5	21.5	0	-	-	-
	Ashtonfield	54.5	13.9	68.4	0	17.4	4.7	22.1
	Rathluba	10.1	10.2	20.3	0	-	-	-
Total		545.5	217.5	763.0	122	95.4	57.1	152.4

This Competent Persons Statement is in relation to Donaldson's reserves and resources only.

- As at 1 July 2009.
- Resources are inclusive of Reserves.
- Air dried basis (ad).
- As received moisture basis (ar): ROM = 6.0%, Marketable = 8.0%.
- All resources comply with the JORC Code 2004. The information in this ASX Announcement relates to Coal Resources at the Tasman Underground Mine and Abel Underground Mine, and the two prospects, the Abel Extension and Tasman Extension, is based on information compiled by Ian D. Blayden, employed by Geological and Management Services Pty Ltd ABN 47001 256 248. Ian Blayden is a Member of the Mineral Industry Consultants Association, The Australian Institute of Geoscientists and AusIMM.
- The Reserves Statement complies with the JORC Code 2004. The information in this ASX Announcement relates to Coal Reserves at the Tasman Underground Mine and Abel Underground Mine, and the two prospects, the Abel Extension and Tasman Extension, is based on information compiled by David A. Thomas, employed by IMC Mining Group Pty Ltd. Mr. Thomas is a member of AusIMM.

Both Dr. Blayden and Mr. Thomas have sufficient experience which is relevant to the style and mineralisation, and type of deposit under consideration, and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 edition of the Australasian Code of Reporting of Mineral Resources and Ore Reserves.

Dr Blayden and Mr Thomas consent to the inclusion in this ASX Announcement of the matters based on their information in the form and context in which it appears.



Annex D
Competent Person Statement for Monash

Resources and Reserves statement as at 2 September 2010			
Coal Seams	Indicated (Mt)	Inferred (Mt)	Indicated and Inferred (Mt)
Woodlands Hill	2.1	43	45
Blakefield	2.4	48	50
Whynot	2.9	57	60
Whybrow	2.8	46	49
Borehole	2.2	57	59
Fassifern	0.7	23	24
Total	13.0	274	287

This Competent Persons Statement is in relation to Monash's resources only.

All resources comply with the JORC Code 2004. The information in this ASX Announcement that relates to EL 6123 and EL7579 (Monash Project Area), is based on information compiled by Ian D. Blayden, employed by Geological and Management Services Pty Ltd ABN 47001 256 248. Ian Blayden is a Member of the Mineral Industry Consultants Association, The Australian Institute of Geoscientists and AusIMM.

Dr. Blayden has sufficient experience which is relevant to the style and mineralisation, and type of deposit under consideration, and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code of Reporting of Mineral Resources and Ore Reserves.

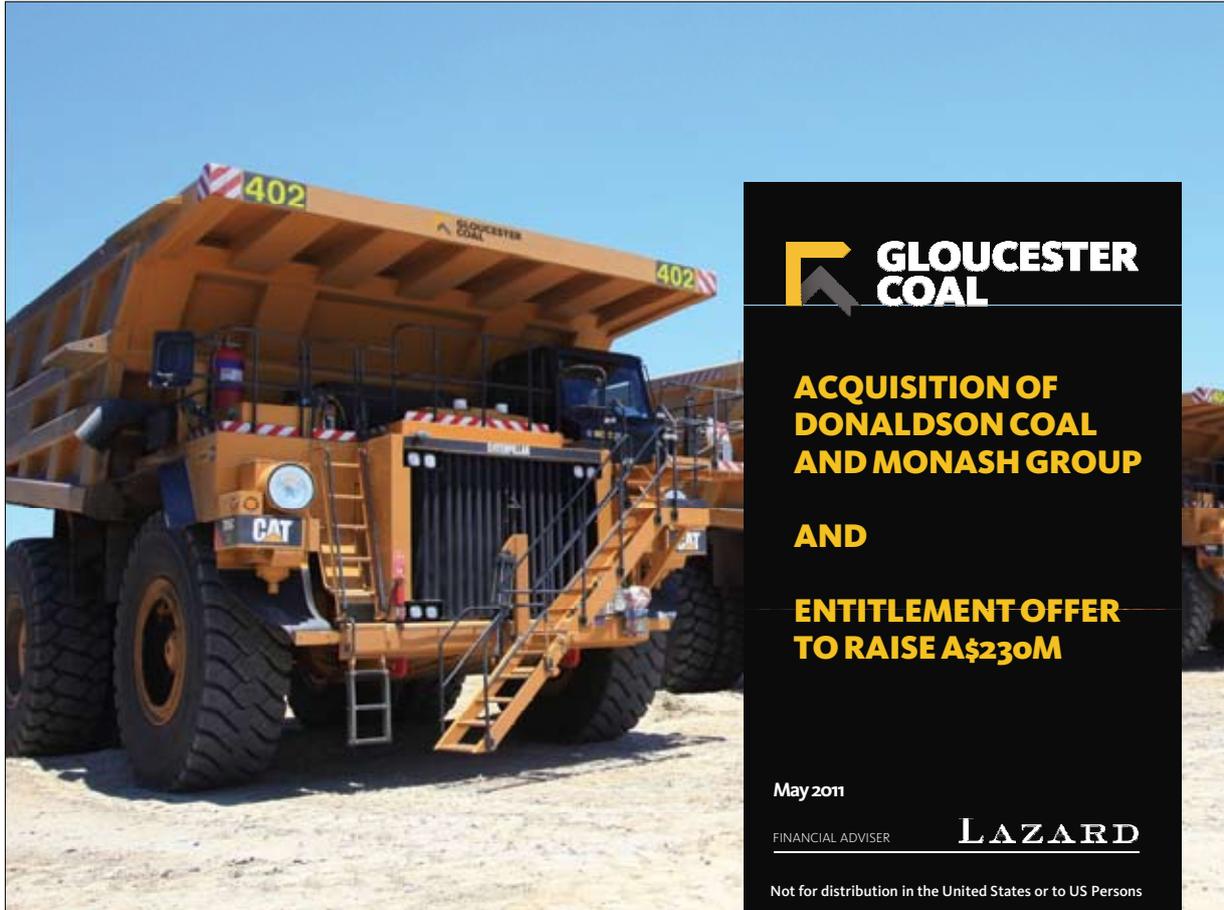
Dr Blayden consents to the inclusion in this ASX Announcement of the matters based on their information in the form and context in which it appears.





INVESTOR PRESENTATION

DATED 16 MAY 2011



IMPORTANT NOTICES



This Presentation has been prepared by Gloucester Coal Ltd ACN 008 881 712 (Gloucester).

Summary of information

This Presentation contains summary information about Gloucester and its subsidiaries and their activities as at 16 May 2011. The information in this Presentation does not purport to summarise all information that an investor should consider when making an investment decision. It should be read in conjunction with Gloucester's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange, which are available at www.asx.com.au.

Not financial product advice

This Presentation is not financial product or investment advice nor a recommendation to acquire Gloucester shares and has been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek legal, taxation and financial advice appropriate to their jurisdiction and circumstances. Gloucester is not licensed to provide financial product advice in respect of Gloucester shares or any other financial products. Cooling off rights do not apply to the acquisition of Gloucester shares.

Financial data

All dollar values are in Australian dollars (A\$) and financial data is presented within the financial year ended 30 June unless otherwise stated.

Effect of rounding

A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Presentation.

Risks of investment

An investment in Gloucester shares is subject to investment and other known and unknown risks, some of which are beyond the control of Gloucester, including possible loss of income and principal invested. Gloucester does not guarantee any particular rate of return or the performance of Gloucester, nor does it guarantee the repayment of capital from Gloucester or any particular tax treatment. In considering an investment in Gloucester shares, investors should have regard to (amongst other things) the risks and disclaimers outlined in this Presentation.

Forward-looking statements

This Presentation contains certain "forward-looking statements". The words "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan", "consider", "foresee", "aim", "will" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future production, resources, reserves, sales, capital expenditure, earnings and financial position and performance are also forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Gloucester.

Refer to Risk Factors on page 60 and the Disclaimer on page 3. See Glossary on page 74 for defined terms.

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IMPORTANT NOTICES



Disclaimer

Noble Group Limited and its affiliates (excluding Gloucester Coal Ltd), the Underwriters and Lead Manager, advisors and their affiliates to Gloucester, and each of their respective directors, officers and employees (Other Persons) have not been involved in the preparation of, and have not authorised, permitted or caused the issue, lodgement, admission, dispatch or provision of this presentation and do not make or purport to make any statement in this presentation. None of the Other Persons, makes any representation or warranty as to the currency, accuracy, reliability or completeness of information and nor do they make any representations or warranties to you concerning the offer and whether you should participate. To the maximum extent permitted by law, the Other Persons expressly disclaim all liabilities:

- (a) in respect of, make no representations regarding, and take no responsibility for any part of this document or in relation to the offer; and
- (b) for any expenses, losses, damages or costs that may be incurred by you as a result of that information being inaccurate or incomplete in any way for any reason.

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ACQUISITION OF DONALDSON COAL AND MONASH GROUP

May 2011

Executive Summary & Investment Highlights



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PROPOSED ACQUISITION OF DONALDSON AND MONASH



- Gloucester Coal Ltd (“Gloucester”) proposes to acquire
 - Donaldson Coal for an enterprise value of \$585 million¹ (Donaldson Acquisition); and
 - Monash Group for a Base Purchase Price of \$30 million plus contingent payments²
- Agreement reached after due diligence and negotiation period led by Gloucester Independent Board Committee
- Unanimously recommended by Gloucester’s Independent Directors
- Independent Expert, Deloitte Corporate Finance Pty Limited, has concluded that the transaction, including the new marketing arrangements, is fair and reasonable to non-Noble shareholders
- Both acquisitions subject to Gloucester Shareholders’ approval

**Transaction to underpin Gloucester’s growth strategy
in becoming a leading Australian coal company**

Notes:

1. Subject to completion adjustments.
2. Refer to page 20 for further details.

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ACQUISITION CONSISTENT WITH GLOUCESTER'S STRATEGY

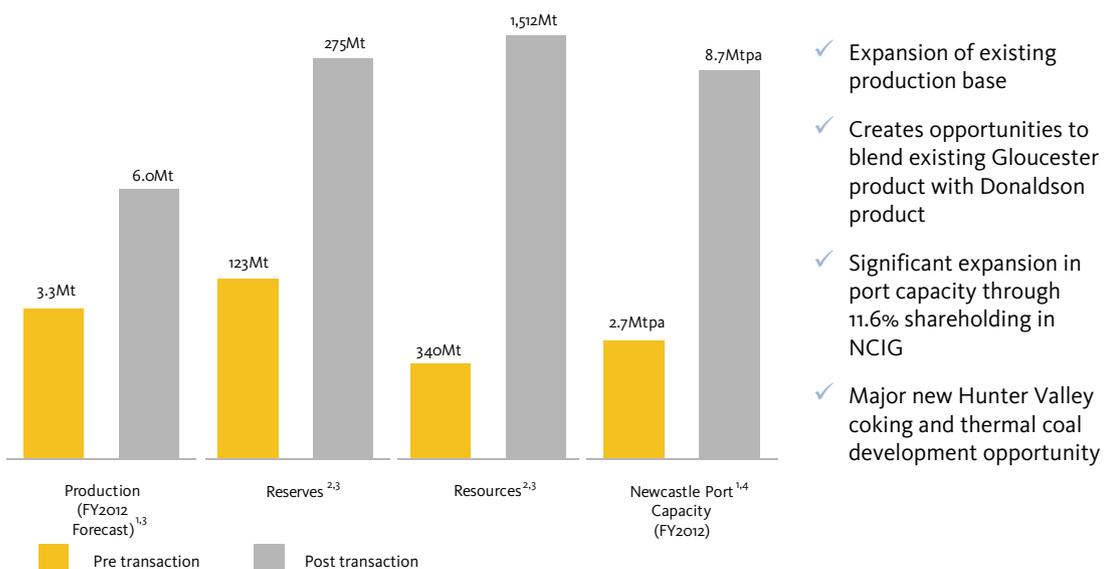


Gloucester's strategy is to create a leading Australian coal company. Key components of this strategy include:

- Scale
 - Aim to be a multi-product and multi-mine producer of scale
- Ensure access to a broader range of owned coals providing opportunities to create higher value coal products
- Growth
 - Pipeline of projects and infrastructure to support long-term growth
- Diversified product mix of metallurgical and thermal coal
 - Diversify price risk
 - Opportunity to shift volume between metallurgical and thermal coal in response to market conditions

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DONALDSON AND MONASH ACQUISITIONS POSITION GLOUCESTER FOR NSW GROWTH



- ✓ Expansion of existing production base
- ✓ Creates opportunities to blend existing Gloucester product with Donaldson product
- ✓ Significant expansion in port capacity through 11.6% shareholding in NCIG
- ✓ Major new Hunter Valley coking and thermal coal development opportunity

Notes:
 1. Projected production figures and port capacity figures are estimates only and are subject to the risks outlined in the Key Risks section (see the Appendices), including but not limited to the risks relating to port allocation and capacity, exploration and development, mining approvals, rail access, operational risks and resource and reserve estimates. Forward looking statements are not a guarantee of future performance and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Gloucester.
 2. Refer to Reserve and Resource Table on page 35.
 3. Production, reserves and resources figures include near 50% interest in Middlemount.
 4. Based on current capacity at PWCS (and NCIG) and expected capacity allocations from Donaldson's NCIG shareholding. Statements regarding future capacity allocation are estimates only and are contracted subject to the risks outlined in the Key Risks section (see the Appendices). Forward looking statements are not a guarantee of future performance and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Gloucester.

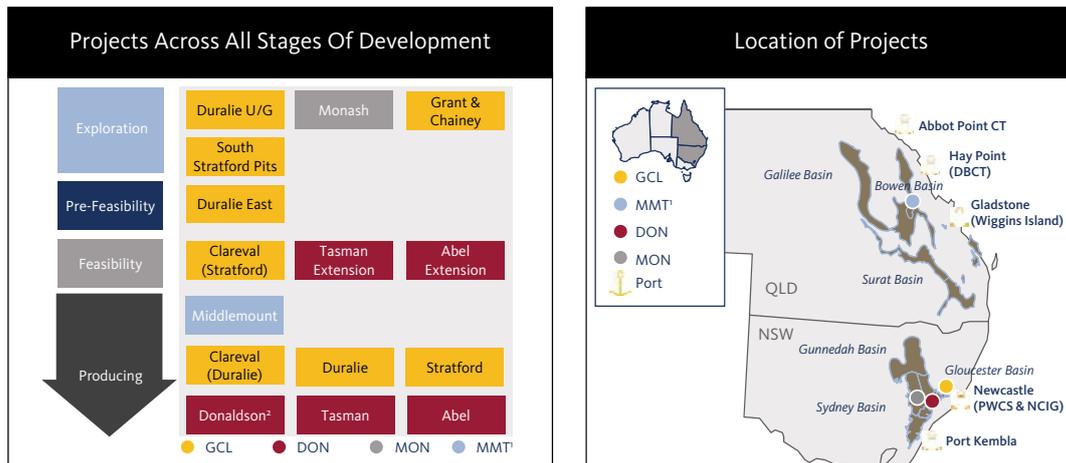
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COMPLEMENTARY PORTFOLIO



Gloucester is expected to be well positioned to deliver further growth

- Gloucester will be a multi-mine operator with assets across all stages of the development curve
- Solid production base with significant growth pipelines



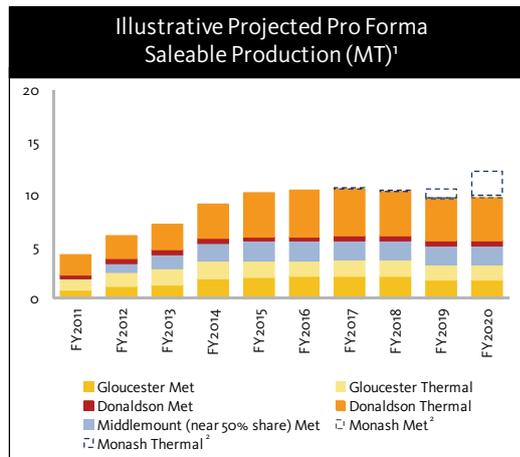
Notes:
 1. Refers to Middlemount.
 2. Donaldson mine is not currently producing as overburden is being stripped on a new development area.

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SIGNIFICANTLY ENHANCED PRODUCTION PROFILE IN BOTH NEAR & MEDIUM TERM



- Mix of metallurgical and thermal production
- Creates opportunities to blend existing Gloucester product with Donaldson product
- Capability to produce 40 – 50% metallurgical coal post ramp up of Middlemount including up to 1Mtpa of semi-soft coking coal from the Donaldson Abel mine



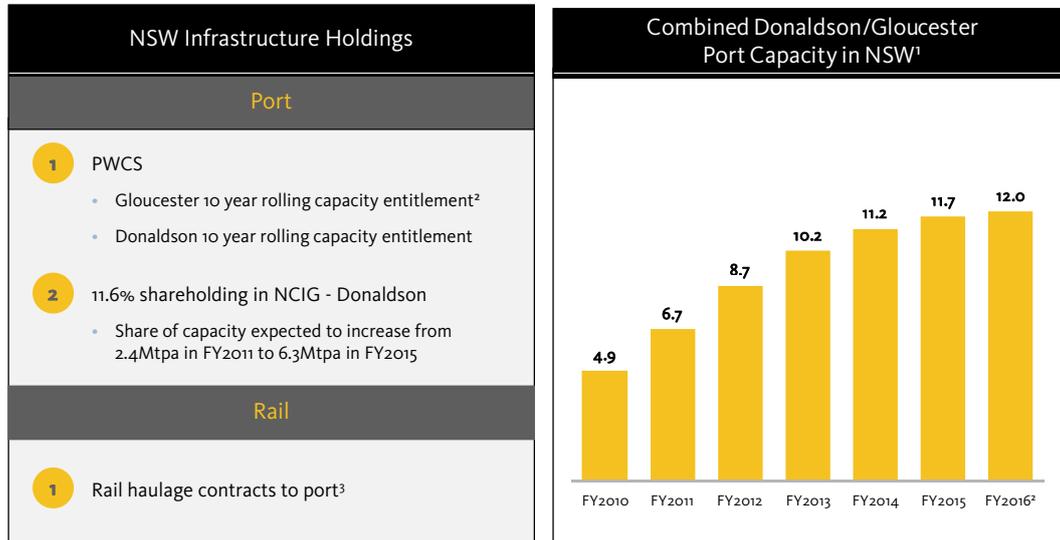
Notes: Based on June Year end production.
 1. Projected production figures and mine life figures are estimates only and are subject to the risks outlined in the Key Risks section (see the Appendices), including but not limited to the risks relating to port allocation and capacity, exploration and development, mining approvals, rail access, operational risks and resource and reserve estimates. Forward looking statements are not a guarantee of future performance and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Gloucester.
 2. Monash figures set out in this graph are based on concept level mine studies. The concept level mine study figures reflect only the assumptions used in the concept level mine studies. The concept level mine study figures are not an indication of any future Reserves or Resources that may be discovered in respect of the Monash Coal Assets. Forward looking statements are not a guarantee of future performance and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Gloucester

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INFRASTRUCTURE HOLDINGS TO DELIVER GROWTH



Donaldson delivers Newcastle port capacity to facilitate growth



Notes:

- Based on current capacity at PWCS (and NCIG) and expected capacity allocations from Donaldson's NCIG shareholding. Statements regarding future capacity allocation are estimates only and are contracted subject to the risks outlined in the Key Risks section (see the Appendices). Forward looking statements are not a guarantee of future performance and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Gloucester.
- Includes allocation from PWCS T4 development from CY2015.
- Total rail contracts in place for Gloucester and Donaldson for up to c.7Mtpa to meet near term growth plans.

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MONASH PROVIDES POTENTIAL LARGE SCALE DEVELOPMENT OPPORTUNITY



- Potentially large semi-soft and thermal coal resource
 - Located approximately 12km from Xstrata's Bulga mine
 - JORC Resource of 287Mt. Further potential exploration upside exists
 - Expected majority semi-soft coking coal
- Coal seams in area well understood
- Potential large scale underground operation (up to 7Mtpa)¹
- Located close to rail and port infrastructure relative to development opportunities which are located in the Gunnedah and Mudgee Basins



Note:

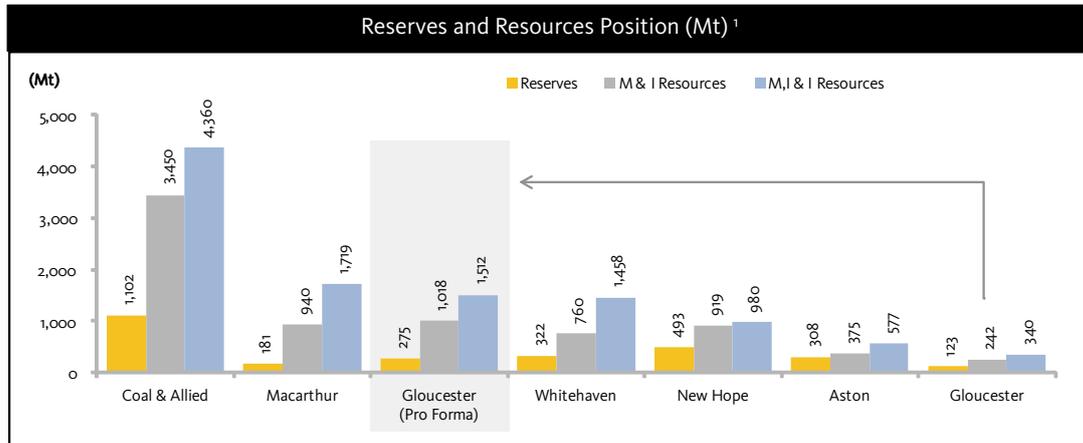
- Projected production figures are estimates only and are subject to the risks outlined in the Key Risks section (see the Appendices), including but not limited to the risks relating to port allocation and capacity, exploration and development, mining approvals, rail access, operational risks and resource and reserve estimates. Monash forecast production levels are based on concept level mine plans. Forward looking statements are not a guarantee of future performance and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Gloucester.

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REPOSITIONING GLOUCESTER RELATIVE TO ITS ASX LISTED PEERS



Substantial increase in reserves and resources



Source: Comparative reserve and resource figures sourced from public company filings

Note:

1. Reserves and Resources are presented on an equity basis. Reserves refers to Proven and Probable Reserves. M & I is Measured and Indicated Resources. M & I & I is Measured Indicated and Inferred Resources. Based on ASX reported company information as at 16 May 2011.

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IMPROVED ASX MARKET POSITION



Improved ASX Position

- Estimated market capitalisation of A\$2.0bn¹
- Enhanced free float is anticipated post equity raising (up to c. \$240m)²
- Improve from 172nd on S&P / ASX 200 (by free float) to 146th post Transactions³

Post Transaction Capital Structure

	Pre-Transaction	Post-Transaction Completion
Net Debt ⁴	\$150m	\$225m
Market Capitalisation	\$1,390m	\$1,980m
Equity Raising	-	\$230m
Shares issued to Noble for Donaldson	-	\$360m

Notes:

1. Based on implied Gloucester market capitalisation using the theoretical Gloucester share price after adjusting for the impact of the pro rata Entitlement Offer and the Transactions.

2. Assumes Transactions complete and Noble does not accept entitlements as part of the entitlement offer.

3. Based on implied Gloucester free float market capitalisation using the theoretical Gloucester share price after adjusting for the impact of the pro rata Entitlement Offer and the Transactions, compared to ASX participants' free float market capitalisations as at 6 May 2011.

4. Forecast debt position as at 30 June 2011 balance date.

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EQUITY RAISING



- Gloucester is undertaking an equity raising of approximately A\$230 million through a fully underwritten accelerated non-renounceable pro-rata Entitlement Offer
 - An offer of 2 new shares for every 11 shares held as at the Record Date
 - The Institutional Entitlement Offer will raise approximately A\$210m
 - The Retail Entitlement Offer will raise approximately A\$20m
- Fixed A\$9.00 per share Offer Price
 - 9.1% discount to last close and 7.8% discount to TERP¹
- Noble has announced that it will not participate in the equity raising, which is expected to result in an increase to the Gloucester free float²
- Retail shareholders who accept their entitlement in full will be able to apply for additional shares up to twice their entitlement³
- The Entitlement Offer is not conditional on Gloucester Shareholders approving, or completion of, the Acquisitions
- Net proceeds will be used to fund the Monash Acquisition (if it proceeds), partly fund repayment of existing Noble debt owed by Donaldson (if the Donaldson Acquisition proceeds) and associated costs
- If the Acquisitions do not proceed, the monies raised will be used to fund new opportunities and strategic activities in line with Gloucester's strategy of becoming a leading Australian coal company

Notes:

1. The theoretical ex-rights price is the theoretical price at which Gloucester shares should trade immediately after the ex-date for the entitlement offer. The theoretical ex-rights price is a theoretical calculation only and the actual price at which Gloucester shares trade immediately at the ex-date for the entitlement offer will depend on many factors and may not be equal to the theoretical ex-rights price.
2. Noble Group will be offered its pro rata entitlement under the Entitlement Offer, but has announced that it will not accept that entitlement. If Noble Group does not accept any part of its entitlement, the Noble Group Unaccepted Entitlement will be offered to eligible institutional shareholders and other eligible institutional investors.
3. Subject to any scaleback policy set out in the Retail Offer Booklet.

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GOVERNANCE AND DIRECTORS' RECOMMENDATION



Independent Directors of Gloucester unanimously recommend shareholders vote in favour of the Transactions

Independent Board Committee	<ul style="list-style-type: none"> • The Donaldson Acquisition is a related party transaction with Gloucester's current major shareholder, Noble, who has representation on the Board • The Monash Acquisition is not a related party transaction but is interconditional with the Donaldson Acquisition • Gloucester independent directors: James MacKenzie, Greg Fletcher and Denis Gately, constitute an Independent Board Committee formed by Gloucester's Board to consider and negotiate the Transactions • The Independent Board Committee adopted a governance framework and protocols relating to negotiation of the Transactions • A company owned and controlled by Gloucester's CEO, Brendan McPherson, and his spouse is currently a minority shareholder of Monash
Recommended Transactions	<ul style="list-style-type: none"> • Independent Directors unanimously recommend the Transactions • Independent Expert has concluded that the Transaction, including the new marketing arrangements, is fair and reasonable to non-Noble shareholders
Key Conditions	<ul style="list-style-type: none"> • The Transactions are subject to: <ul style="list-style-type: none"> - FIRB approval - Gloucester Shareholder approval at a GM. Noble and its associates are excluded from voting on the resolutions to approve the Donaldson Acquisition and proposed new marketing arrangements which are required to be passed at the GM in order for the Transactions to proceed - Gloucester securing debt financing on terms acceptable to Gloucester - Conditions set out in the acquisition agreements being satisfied or waived - In the case of the Monash Acquisition, completion of the Donaldson Acquisition, and in the case of the Donaldson Acquisition, completion of the Monash Acquisition

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ACQUISITION OF DONALDSON COAL AND MONASH GROUP

May 2011

Proposed Acquisition of Donaldson and Monash



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DONALDSON OVERVIEW



Existing producer with large resource base located near rail and port infrastructure. Donaldson has port capacity to deliver its growth plans as well as provide Gloucester with the ability to deliver growth projects

Asset Description		Location	
Projects	<ul style="list-style-type: none"> Donaldson open cut mine Abel underground mine Tasman underground mine Abel Extension and Tasman Extension exploration area 	<ul style="list-style-type: none"> Donaldson assets are in close proximity to the Port of Newcastle 	
JORC Reserves /Resources	<ul style="list-style-type: none"> Reserves: 152.4Mt¹/Resources: 885Mt¹ Estimated 20+ years mine life based on current JORC reserves² 		
Location	<ul style="list-style-type: none"> 25km by rail from the Port of Newcastle 		
Infrastructure	<ul style="list-style-type: none"> 10 year rolling contracts for PWCS 11.6% founding shareholding in NCIG <ul style="list-style-type: none"> c.6.3Mtpa allocation expected by 2014 Train haulage agreement 		
Production (saleable)	<ul style="list-style-type: none"> 2.0Mt in CY10 (actual), with plans to increase to 4.5-5.0Mt in CY16 (target)² Mix of thermal and semi-soft coking coal 		
Customers	<ul style="list-style-type: none"> End users of Donaldson product include Chubu Electric, EDF, JFE, Nippon Steel, Posco and Taiwan Power Corporation 		

Notes:

1. As at 1 July 2009. Refer to Reserve and Resource Table on page 41.

2. Refers to Abel and Tasman only. Donaldson mine is forecast to close in CY12. Projected production figures and mine life figures are estimates only and are subject to the risks outlined in the Key Risks section (see the Appendices), including but not limited to the risks relating to port allocation and capacity, exploration and development, mining approvals, rail access, operational risks and resource and reserve estimates. Forward looking statements are not a guarantee of future performance and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Gloucester.

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DONALDSON PROPOSED ACQUISITION TERMS



Consideration comprises Gloucester shares and debt assumed

- Gloucester to acquire 100% of Donaldson from Noble for an enterprise value of \$585 million
 - \$360m in Gloucester shares issued to Noble at \$9.75 per share, subject to a 12 month escrow period (sale restriction) on all shares issued;
 - \$225m debt assumed, comprised of approximately:
 - \$186m of Noble debt agreed to be repaid; and
 - \$39m of debt from third party lenders assumed (expected to be refinanced at completion)
 - Subject to completion adjustments
- Other key elements of the transaction include:
 - New marketing arrangements with Noble effective from completion of the transaction¹
 - Coal supply contracts assumed²
 - Floating price (linked to market price) contract of 2.5Mt +/- 20% of thermal coal over 5 years
 - Fixed price contracts with Noble for c.6.8Mt over up to 8 years
- The proposed Donaldson Acquisition is interconditional with the proposed Monash Acquisition and is subject to various conditions, including:
 - Gloucester shareholder approval (Noble and its associates will be ineligible to vote on the resolutions relating to the Donaldson Acquisition and the new marketing arrangements);
 - Gloucester sourcing new debt facilities on acceptable terms to Gloucester of an amount determined by Gloucester not exceeding \$500m; and
 - FIRB approval

Notes:
1. Details on page 45.
2. Details on page 30.

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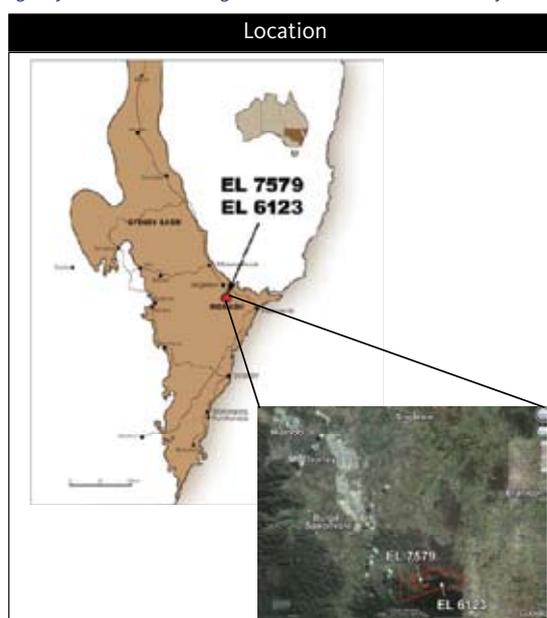
MONASH OVERVIEW



Prospective export semi-soft / thermal early stage exploration project strategically located near existing infrastructure in the Hunter Valley

Asset Description	
Exploration Titles	• EL 6123 and EL 7579 covering area of 22.19 square kilometres in Hunter Valley region, NSW
Resources	• JORC Resource of 287Mt (13Mt Indicated and 274Mt Inferred) ² • Further potential exploration upside exists
Location	• 12 km from rail line • Coal expected to be shipped from Port of Newcastle, 95km away • Situated in region serviced by Hunter Valley rail network

Mining and Production Profile	
Mining Method	• Underground
Expected Timing	• Subject to exploration success and approvals, targeted project commissioning and first coal production in FY2017 ramping up to full production of up to 9 Mtpa ROM in FY2022 ² • Resource has potential to support mine life of 20+ years ²
Targeted Average Production	• ROM potential : up to 9 Mtpa over life of mine ² • Saleable potential : up to 7 Mtpa over life of mine ²
Illustrative Production Split	• 58 % semi-soft • 42% thermal coal
Illustrative Capital Development Profile	• Underground longwall operation
Illustrative FOR Operating Cost	• Approx. c.A\$40 / t ²



Notes:
1. Refer to Reserve and Resource Table page 43.
2. Projected production figures, operating costs and mine life figures are estimates only and are subject to the risks outlined in the Key Risks section (see the Appendices), including but not limited to the risks relating to port allocation and capacity, exploration and development, mining approvals, rail access, operational risks and resource and reserve estimates. Forward looking statements are not a guarantee of future performance and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Gloucester.

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MONASH PROPOSED ACQUISITION TERMS



Consideration comprises cash, unlisted Converting Shares and additional Gloucester shares provided in accordance with the terms of issue of the Converting Shares¹

- Gloucester to acquire 100% of Monash by way of an acquisition of the shares in Ellembey from the Monash Vendors
 - Base purchase price of \$30m
 - \$30m in cash consideration; plus
 - Nominal number of new Converting Shares, the terms of issue of which allow for the provision of additional shares to the Monash Vendors
 - Additional Gloucester shares to be provided in stages, subject to a 12 month escrow period (sale restriction) on 50% of the shares issued, as follows:
 - Stage 1 : A\$1.16 per Proven or Probable Reserves tonne capped at A\$70 million (indexed to CPI) satisfied by provision of additional Gloucester shares² on completion of approved drilling program unless the holders of Converting Shares provide Gloucester with a JORC compliant report in relation to ore reserves prior to completion of the drilling program; and
 - Stage 2 : A\$0.70 per Proven or Probable Reserves tonne capped at A\$50 million (indexed to CPI) satisfied by provision of additional Gloucester shares² upon receipt of mining lease and planning approval
 - Additional shares equal in value to 2.5% of the total (indexed to CPI) Stage 2 Payment for each complete calendar quarter between finalisation of the Stage 2 JORC report (following grant of the mining lease and planning approval) and 31 December 2016
 - Additional shares provided under Converting Share terms will be provided at the then prevailing 20 business day VWAP
 - Gloucester permitted to issue the additional Gloucester shares or procure their transfer from third parties
 - Gloucester will spend up to \$20m over three years on an agreed drilling program to prove reserves and up to \$15m on a program to be agreed between Monash Coal Pty Ltd and Venasi Consult Pty Ltd to secure a mining lease and related authorisations in accordance with the Works Agreement
- The proposed Monash Acquisition is interconditional with the proposed Donaldson Acquisition and is subject to various conditions, including Gloucester shareholder approval
- A company owned and controlled by Gloucester's CEO, Brendan McPherson, and his spouse is currently a minority shareholder of Monash

Notes:

1. Terms of Converting Shares are summarised in the Appendix.
2. As at then 20 business day VWAP.

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POST MERGER INTEGRATION OBJECTIVES



- 1 To fully realise the potential of the combined organisations as quickly as possible
- 2 To capture the complementary strengths of both organisations
- 3 To eliminate unnecessary duplication
- 4 To leverage economies of scale to develop functional excellence
- 5 To mobilise the New Gloucester organisation quickly and effectively

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POST MERGER INTEGRATION WILL ENTAIL THREE PHASES



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EXPERIENCED BOARD AND MANAGEMENT



Gloucester has a new management team which brings complementary strategic and operational skills and experience

Brendan McPherson

- Previously CEO and Director of Donaldson Coal (having started there in 1999) and Senior Vice President - Asset Development & Operations of Noble Resources Australia

Tim Crossley

- Previously Global Head of Mining for Noble Group and former President and Chief Operating Officer of BHP Billiton Iron Ore Western Australia

Board of Directors

James MacKenzie

(Chairman and Independent Non-Executive Director)

Denis Gately *(Independent Non-Executive Director)*

Gregory Fletcher (Independent Non-Executive Director)

David Brownell *(Independent Non-Executive Director)*

Ricardo Leiman *(Non-Executive Director)*

William Randall *(Non-Executive Director)*

Senior Management

Brendan McPherson *(CEO)*

Tim Crossley *(Deputy CEO)*

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ACQUISITION OF DONALDSON COAL AND MONASH GROUP

May 2011

Equity Raising



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EQUITY RAISING OFFER STRUCTURE



Entitlement Offer	<ul style="list-style-type: none"> • A\$229.8 million² for 11 fully underwritten accelerated non-renounceable pro rata Entitlement Offer • Noble has announced that it will not be participating in the Entitlement Offer <ul style="list-style-type: none"> - Noble's unaccepted entitlement will be offered to eligible institutional shareholders and other eligible institutional investors • Institutional Entitlement Offer of approximately \$210m • Retail Entitlement Offer of approximately \$20m • Retail shareholders who accept their entitlement in full will be able to apply for additional shares up to a maximum of twice their entitlement¹ • Fully underwritten by UBS AG (Australia Branch) and Citigroup Global Markets Australia Pty Limited
Offer Price	<ul style="list-style-type: none"> • Fixed \$9.00 per share Offer Price • 9.1% discount to last closing price • 7.8% discount to TERP²
Dividend	<ul style="list-style-type: none"> • New Shares issued will rank equally with existing Shares including in respect to the payment of dividends • Gloucester maintains its intention to start paying dividends post completion of Stage 1 of Middlemount (currently expected during FY12)
Eligibility	<ul style="list-style-type: none"> • Gloucester Shareholders registered as such at 7.00pm (Sydney time) on the Record Date are entitled to participate in the Entitlement Offer

Notes:

1. Subject to the scaleback policy to be set out in the Retail Offer Booklet.
2. The theoretical ex-rights price is the theoretical price at which Gloucester shares should trade immediately after the ex-date for the entitlement offer. The theoretical ex-rights price is a theoretical calculation only and the actual price at which Gloucester shares trade immediately at the ex-date for the entitlement offer will depend on many factors and may not be equal to the theoretical ex-rights price.

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INDICATIVE TIMETABLE



Event	Date ¹
Record Date for the entitlement offer	12 May 2011
Institutional entitlement offer period (bookbuild)	16 May 2011
Retail entitlement offer opens	20 May 2011
Institutional settlement date	23 May 2011
Retail entitlement offer closes	6 June 2011
Retail settlement date	15 June 2011
Retail allotment date	16 June 2011
Normal trading commences	17 June 2011
Register Date for shareholder meeting	6 July 2011 ²
Shareholder meeting (approve the Donaldson and Monash Acquisitions including the issue of 36.9m of new Gloucester shares to Noble as part consideration for Donaldson Acquisition and proposed new marketing arrangements)	8 July 2011

Notes:

1. All dates are subject to change at the Gloucester Board's discretion, subject to ASX approval.
2. Effective 7.00pm (AEST).

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TRANSACTION SOURCES AND USES¹



Sources		Uses	
	Amount (\$m)		Amount (\$m)
Gloucester Equity Raising	\$230m	Cash consideration for Monash	\$30m
Debt Facility ²	\$35m	Stamp Duty, Taxes, Transaction Costs and Equity Raising Costs	\$49m
		Repayment of Donaldson Noble Debt	\$186m
Total	\$265m	Total	\$265m

If the Donaldson and Monash Acquisitions do not proceed:

- The Acquisitions will be subject to various conditions, including Gloucester shareholder approval (Noble and its associates ineligible to vote on Donaldson Acquisition)
- If the Acquisitions do not proceed (due to failure of shareholder approval or for any other reason), then monies raised under the Entitlement Offer will be used to fund new opportunities and strategic initiatives in line with Gloucester's growth strategy of becoming a leading Australian coal company
- In this instance, 36.9m of new Gloucester shares as the consideration payable for Donaldson will not be issued to Noble
- As a result, Noble would end up with a 55.3% shareholding in Gloucester³

Notes:

1. Indicative only. Assumes that the Donaldson Acquisition and the Monash Acquisition both complete. It excludes the impact of cash flows within the existing Gloucester business.
2. Net of debt raising costs. Represents debt required to be drawn down at completion from the new facility to be put in place prior to transaction completion. In addition \$39.3m of third party debt in Donaldson is expected to be refinanced at completion. Donaldson transaction is conditional on Gloucester securing debt financing on terms acceptable to Gloucester.
3. On the basis of Noble's announcement that it will not be taking up its entitlement.

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GLOUCESTER COAL ENTITLEMENT OFFER RETAIL ENTITLEMENT OFFER 41

REVIEWED PRO FORMA SUMMARY¹ BALANCE SHEET



(\$000's)	Reviewed Gloucester 31-Dec-10	Reviewed Equity Raising	Reviewed Debt, net of fees	Reviewed Sub-Total	Audited Donaldson 31-Dec-10	Reviewed Monash 31-Dec-10	Reviewed Purchase Price Adjustments	Reviewed Pro Forma Balance Sheet
Total Current Assets	118,601	223,079	35,394	377,074	97,236	819	(213,292)	261,837
Total Non-Current Assets	952,451	-	-	952,451	255,683	56	777,658	1,985,848
Total Assets	1,071,052	223,079	35,394	1,329,525	352,919	875	564,366	2,247,685
Total Current Liabilities	77,639	-	-	77,639	280,013	819	(83,934)	274,537
Total Non-Current Liabilities	231,148	(2,023)	35,394	264,519	8,664	-	380,726	653,909
Total Liabilities	308,787	(2,023)	35,394	342,158	288,677	819	296,792	928,446
Net Assets	762,265	225,102	-	987,367	64,242	56	267,574	1,319,239
Total Equity	762,265	225,102	-	987,367	64,242	56	267,574	1,319,239

- Included in the total amount of total liabilities is the balance of third party debt (\$39.3m) and Noble debt (\$129.2m) as at 31 December 2010. The forecasted debt balance as at 30 June 2011 is \$225.0m consisting of third party debt (\$39.3m) and Noble debt (\$185.7m).

Notes:

1. Refer to page 47 for the comprehensive pro forma balance sheet and page 48 for notes.

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OVERVIEW OF CAPITAL EXPENDITURE PROGRAM



Post capital raising Gloucester will have balance sheet capacity to undertake various capital expenditure project spending over the near term to deliver growth projects

- Following completion of the proposed transactions Gloucester will repay Donaldson related party loans with Noble and other loans from the proceeds of the capital raising and additional debt funding
- Capital expenditure is expected to be funded through a mix of operating cash flows and debt

Project	Overview of Capital Program ¹
Middlemount Project	<ul style="list-style-type: none"> • c.\$120m primarily relating to Gloucester's remaining contribution for the Middlemount Coal Project
Abel underground and extension, including longwall installation	<ul style="list-style-type: none"> • c.\$192m over the next 5 years² • Increase Abel saleable production up to c.4 Mtpa • Expected to significantly reduce mining costs
Tasman Underground Development	<ul style="list-style-type: none"> • c.\$128m over the next 8 years²
Bloomfield CHPP expansion	<ul style="list-style-type: none"> • c.\$81m expansion to add an additional 4Mtpa of washing capacity to meet forecast production growth
Monash	<ul style="list-style-type: none"> • c.\$20m drilling program over the next two years • c.\$15m approvals and environmental assessment

Notes: Based on June Year end production.

1. Projected capital expenditure figures are estimates only and are subject to the risks outlined in the Key Risks section (see the Appendices), including but not limited to the risks relating to inflation, interest rates, availability of finance and coal sales and prices. Forward looking statements are not a guarantee of future performance and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Gloucester.

2. Includes current year (CY11) expenditure.

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COAL SUPPLY CONTRACTS



Donaldson will have a number of fixed and floating price coal supply contracts in place following completion of the Transaction. An overview of volume, price and duration of the contracts is provided below

Fixed Price Thermal Coal Contracts

- 287,000t in 2H CY11 at US\$78.91/t, with 400,000t to be delivered in CY12 at US\$82.25/t¹
- 17,000t to Q3 CY11 at US\$122/t²
- 127,500t in Q3 CY11 at US\$116.50/t, with 144,500t in Q4 CY11 at US\$120.50/t²
- 5,800,000t to be delivered (3,000,000t +/- 200,000t of global thermal coal³ and 2,800,000t of thermal or high ash product), from CY12 up to CY18 at US\$102.58/t⁵ with production prioritised each calendar year to deliver into this contract as outlined below:
 - First priority of Donaldson is sales of up to 650,000t of low ash coal for use in blending or steel manufacture
 - Second priority is fulfilment of the floating price contract listed below
 - Third priority is 400,000t to be delivered in CY12 at US\$82.25/t under the fixed price contract listed above
 - Fourth priority is the 5,800,000t to be delivered under this contract, subject to annual caps of CY12: 1.5Mt, CY13: 2.4Mt, CY14: 1.9Mt and CY15+: 2.0Mtpa
 - Contract is an aggregation and consolidation of various contracts with Noble into a single supply agreement
- Donaldson may consider buying coal on market to satisfy its fixed price contracts and enable it to produce higher value semi soft coking coal, if the semi-soft price premium to the thermal price warrants this

Floating Price Thermal Coal Contracts

- 360,000t in 2H CY12 at US\$85.12/t, with 2,500,000t from CY12 to CY16 at a price to be re-negotiated each calendar year to reflect market price⁴

Notes:

1. Volume may be adjusted +/- 10% at the buyer's option, with delivery of 100,000t +/- 10% per quarter at the buyer's option.
2. Volume may be adjusted +/- 10% at the buyer's option.
3. Global thermal coal as per GlobalCOAL SCoTA Phys Newc.
4. Volume may be adjusted +/- 20% at the buyer's option.
5. High ash coal priced sold into contract priced at a discount to US\$102.58/t due to energy and high ash price adjustments.

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GLOUCESTER – UPDATE ON BUSINESS PERFORMANCE



Gloucester provides the following commentary on its FY2011 full year outlook:

- Gloucester continues to make good progress in re-establishing pit working inventories and ramping up production following the delays in the Stratford and Duralie project approvals
- Gloucester's outlook still remains solid with full year production remaining broadly in line with our Q3 production report
- Full year profit is expected to be in the \$41–50m range^{1,2} excluding transaction costs

Notes:

1. A key basis for the spread of this guidance range is the risk that shipments scheduled for the second half of June 2011 may be deferred to July (due to matters outside of Gloucester's control). It should however be noted that, in these circumstances, the profit revenue relating to these shipments would be realised in FY12.
2. Forward looking statements are not a guarantee of future performance and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Gloucester.

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SUMMARY



<p>Transformational Change in Gloucester</p>	<ul style="list-style-type: none"> • Increase resources from 340Mt¹ to 1,512Mt¹ • Increase in Newcastle port capacity from 3.5Mtpa to 12.0Mtpa in FY2016² • Expected increase in medium term annual production from 5.5Mtpa¹ to c.10Mtpa^{1,2} • Additional diversification through multiple operations
<p>Donaldson Provides Port Capacity and Operating Mines</p>	<ul style="list-style-type: none"> • Operating mines located only 25kms from Port of Newcastle • Entitlements of up to 8.4Mt of port capacity at PWCS and NCIG, providing Gloucester with a long term capacity to deliver its growth plans and provide growth options • Currently also producing semi-soft coking coal with potential to increase the annual production level • Creates opportunities to blend existing Gloucester product with Donaldson product
<p>Monash Growth Project</p>	<ul style="list-style-type: none"> • Potential large scale development growth option in Hunter Valley • Potential to produce majority typical Hunter Valley semi-soft coking coal • Located near existing infrastructure and closer to Port of Newcastle than many other development projects
<p>Index Position</p>	<ul style="list-style-type: none"> • Increased index weighting and free float • Noble shareholding diluted to approximately 63.4%³

Notes:

1. Includes near 50% interest in Middlemount.
2. Projected production figures are shown on an equity basis. Projected production figures are estimates only and are subject to the risks outlined in the Key Risks section (see the Appendices), including but not limited to the risks relating to port allocation and capacity, rail access, operational risks and resource and reserve estimates. Forward looking statements are not a guarantee of future performance and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Gloucester.
3. Assumes that the Donaldson Acquisition and the Monash Acquisition both complete.

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ACQUISITION OF DONALDSON COAL AND MONASH GROUP

May 2011

Appendices



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INELIGIBLE SHAREHOLDERS



- Only retail shareholders with registered addresses in Australia or New Zealand as at the Record Date will be entitled to participate in the Retail Entitlement offer. Retail shareholders with registered addresses in other jurisdictions will not receive an offer of entitlements
- Only institutional shareholders with registered addresses in Australia, New Zealand or any other jurisdiction determined by Gloucester will be entitled to participate in the Institutional Entitlement Offer. Institutional shareholders in other jurisdictions will not receive an offer of Entitlements, nor will they receive any proceeds in respect of any entitlements that would have been offered to them if they had been eligible

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APPENDICES PRO FORMA RESERVES AND RESOURCES



(Mt)	Gloucester ¹	Donaldson	Monash	Combined
Reserves	123	152	0	275
Measured and Indicated Resources	242	763	13	1,018
Measured Indicated and Inferred Resources	340	885	287	1,512

Notes:

1. Includes Gloucester's near 50% interest in Middlemount.
Refer to competent person sign-offs on pages 38, 40, 42 and 44.

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APPENDICES

GLOUCESTER – COAL RESOURCES AS AT 30 JUNE 2010



Gloucester's Existing Portfolio¹

Region	Area	Measured	Indicated	Measured & Indicated	Inferred
Stratford	Bowens Road North (A)	2.7	0.6	3.3	-
	Avon North (A)	-	3.0	3.0	-
	Roseville West (A)	-	35.5	35.5	5
	Co-disposal Area	-	2.3	2.3	-
	Stratford East (B)	-	5.8	5.8	4
Grant & Chainey (B)	Grant & Chainey	-	56.8	56.8	25
Duralie (A)	Duralie Main Pit	0.7	8.3	9.0	-
	Duralie North West	9.9	4.5	14.4	1
	Duralie East	-	9.2	9.2	3
	Railway Pit	1.2	0.5	1.7	-
Total	Open Cut	14.5	126.5	141.0	38
Duralie (A)	Duralie Underground	0.9	39.9	40.8	59
Total	Open Cut & Underground	15.4	166.4	181.8	97

Notes:

- As detailed in the JORC Coal Reserves and Resources Update in the ASX announcement on 26 July 2010. Refer to competent person sign-off on page 38.

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APPENDICES

GLOUCESTER – COAL RESERVES AS AT 30 JUNE 2010



Gloucester's Existing Portfolio – Reserves (Mt)¹

Region	Area	Proven	Probable	Proven & Probable
Duralie	Main Pit (B)	-	6.2	6.2
	Clareval West (B)	10.6	0.6	11.2
	Railway Pit (A)	0.9	-	0.9
	North East (A)	-	6.5	6.5
Stratford (B)	Avon North	-	3.1	3.1
	Bowens Road North	1.8	0.4	2.2
	Co-disposal area	-	2.2	2.2
	Grant & Chainey	-	15.0	15.0
	Stratford East	-	2.9	2.9
	Stratford South	-	6.5	6.5
	Roseville West (& South)	-	18.1	18.1
	Total	Open Cut Reserves	13.3	61.5

Notes:

- As detailed in the JORC Coal Reserves and Resources Update in the ASX announcement on 26 July 2010. Refer to competent person sign-off on page 38.

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APPENDICES

COMPETENT PERSONS STATEMENT



This Competent Persons Statement is in relation to Gloucester's reserves and resources only, and does not cover reserves and resources reported for Middlemount.

Notes on JORC resources

The estimates of coal resources have been carried out in accordance with the "2004 Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (the JORC Code)" prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia. Coal resources are reported inclusive of coal reserves (i.e. coal reserves are not additional to coal resources).

Coal resources have been updated by subtraction of mined tonnes for Duralie Main Pit, Roseville West and Co-disposal area.

The information that relates to Gloucester's coal resources in this Presentation is based on information compiled by:

- (A) Ms Janet Bartolo, a full-time employee of McElroy Bryan Geological Services Pty Ltd; and
- (B) Mr Shaun Tamplin, a full time employee of Tamplin Resources Pty Ltd.

Ms Janet Bartolo and Mr Shaun Tamplin are members of the Australasian Institute of Mining and Metallurgy and have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as competent persons as defined in the JORC Code. Ms Janet Bartolo and Mr Shaun Tamplin consent to the inclusion in this Presentation of the matters based on their information in the form and context in which it appears.

Notes on JORC reserves

The estimates of coal reserves have been carried out in accordance with the "2004 Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (the JORC Code)" prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia. Coal resources are reported inclusive of coal reserves (i.e. coal reserves are not additional to coal resources).

The information that relates to Gloucester's coal reserves in this Presentation is based on information compiled by:

- (A) Mr Robert MacKenzie, a full-time employee of Runge Ltd trading as Minarco-MineConsult; and
- (B) Mr Shaun Tamplin, a full-time employee of Tamplin Resources Pty Ltd.

Mr Robert MacKenzie and Mr Shaun Tamplin are members of the Australasian Institute of Mining and Metallurgy. Mr Robert MacKenzie and Mr Shaun Tamplin have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as competent persons as defined in the JORC Code.

Mr Robert MacKenzie and Mr Shaun Tamplin consent to the inclusion in this Presentation of the matters based on their information in the form and context in which it appears.

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APPENDICES

MIDDLEMOUNT RESOURCES AND RESERVES



Gloucester's Existing Portfolio

	Resources (Mt)				Reserves (Mt)		
	Measured	Indicated	Measured & Indicated	Inferred	Proved	Probable	Total
Middlemount ^{1,2}	89.3	31.5	120.8	1.8	69	27	96

Notes:

1. Sourced from Company Filings – Gloucester Coal 'Updated Coal Reserves – Middlemount' (17 March 2011).
2. 100% basis – as at 17 March 2011.
Refer to competent person sign-off on page 40.

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APPENDICES COMPETENT PERSONS STATEMENT



This Competent Persons Statement is in relation to Middlemount's reserves and resources only.

Notes on JORC resources

The estimates of coal resources have been carried out in accordance with the "2004 Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (the JORC Code)" prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia. Coal resources are reported inclusive of coal reserves (i.e. coal reserves are not additional to coal resources).

The information that relates to Middlemount's coal resources in this Presentation is based on information compiled by:

(A) Mr Greg Jones, a full-time employee of JB Mining Services Pty Ltd

Mr Greg Jones is a member of the Australasian Institute of Mining and Metallurgy and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a competent person as defined in the JORC Code. Mr Greg Jones consents to the inclusion in this Presentation of the matters based on his information in the form and context in which it appears.

Notes on JORC reserves

The estimates of coal reserves have been carried out in accordance with the "2004 Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (the JORC Code)" prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia. Coal reserves are reported inclusive of coal resources (i.e. coal reserves are not additional to coal resources).

The information that relates to Middlemount's coal reserves in this Presentation is based on information compiled by:

(A) Mr Mark Bryant, Principal Mining Consultant of Bryant Mining Pty Ltd and a member of The Minserve Group Pty Ltd

Mr Mark Bryant is a member of the Australasian Institute of Mining and Metallurgy and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a competent person as defined in the JORC Code. Mr Mark Bryant consents to the inclusion in this Presentation of the matters based on his information in the form and context in which it appears.

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APPENDICES DONALDSON – COAL RESOURCES AND RESERVES¹



Donaldson's Existing Portfolio

Mine	Seam	Resources (Mt) ^{1,2}				Reserves (Mt) ¹		
		Measured _{3,5}	Indicated _{3,5}	Measured & Indicated _{3,5}	Inferred _{3,5}	Proven ROM ^{4,6}	Probable ROM ^{4,6}	Total ROM ^{4,6}
Open cut						2.5		2.5
Tasman	Fassifern	29.7	9.3	39.0	6	12.9	5.1	18.0
	West Borehole	19.2	11.4	30.6	6	6.6	1.1	7.7
Tasman Extension	Great Northern	0.4	0.6	1.0	0	-	-	-
	West Borehole	28.8	17.1	45.9	9	0.3	7.8	8.2
Abel	Sandgate	50.6	38.6	89.2	28	0.7	0.4	1.1
	Upper Donaldson	63.4	9.5	72.9	0	24.2	7.7	31.9
	Lower Donaldson	94.0	14.9	108.9	0	21.7	8.6	30.3
	Upper Big Ben	123.8	36.9	160.7	3	-	-	-
Abel Extension	Ashtonfield	6.9	2.0	8.9	0	-	-	-
	Upper Donaldson	19.7	18.9	38.6	28	1.7	10.0	11.7
	Lower Donaldson	28.4	28.7	57.1	42	7.3	11.7	19.0
	Lower Big Ben	16.0	5.5	21.5	0	-	-	-
Total	Ashtonfield	54.5	13.9	68.4	0	17.4	4.7	22.1
	Rathluba	10.1	10.2	20.3	0	-	-	-
Total		545.5	217.5	763.0	122	95.4	57.1	152.4

Notes:

- As at 1 July 2009.
- Resources are inclusive of Reserves.
- Air dried basis (ad).
- As received moisture basis (ar): ROM = 6.0%, Marketable = 8.0%. Refer to competent person sign-off on page 42.

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APPENDICES

COMPETENT PERSONS STATEMENT



This Competent Persons Statement is in relation to Donaldson's reserves and resources only.

(5) All resources comply with the JORC Code 2004. The information in this Presentation relates to Coal Resources at the Tasman Underground Mine and Abel Underground Mine, and the two prospects, the Abel Extension and Tasman Extension, is based on information compiled by Ian D. Blayden, employed by Geological and Management Services Pty Ltd ABN 47001 256 248. Ian Blayden is a Member of the Mineral Industry Consultants Association, The Australian Institute of Geoscientists and AusIMM.

(6) The Reserves Statement complies with the JORC Code 2004. The information in this Presentation relates to Coal Reserves at the Tasman Underground Mine and Abel Underground Mine, and the two prospects, the Abel Extension and Tasman Extension, is based on information compiled by David A. Thomas, employed by IMC Mining Group Pty Ltd. Mr. Thomas is a member of AusIMM.

Both Dr. Blayden and Mr. Thomas have sufficient experience which is relevant to the style and mineralisation, and type of deposit under consideration, and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 edition of the Australasian Code of Reporting of Mineral Resources and Ore Reserves.

Dr. Blayden and Mr. Thomas consent to the inclusion in this Presentation of the matters based on their information in the form and context in which it appears.

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APPENDICES

MONASH – COAL RESOURCES



Monash's Existing Portfolio

Coal Seams	Indicated (Mt)	Inferred (Mt)	Indicated and Inferred (Mt)
Woodlands Hill	2.1	43	45
Blakefield	2.4	48	50
Whynot	2.9	57	60
Whybrow	2.8	46	49
Borehole	2.2	57	59
Fassifern	0.7	23	24
Total	13.0	274	287

Note:
Refer to competent person sign-off on page 44.

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APPENDICES
COMPETENT PERSONS STATEMENT



This Competent Persons Statement is in relation to Monash's resources only.

All resources comply with the JORC Code 2004. The information in this Presentation that relates to EL 6123 and EL7579 (Monash Project Area), is based on information compiled by Ian D. Blyden, employed by Geological and Management Services Pty Ltd ABN 47001 256 248. Ian Blyden is a Member of the Mineral Industry Consultants Association, The Australian Institute of Geoscientists and AusIMM.

Dr. Blyden has sufficient experience which is relevant to the style and mineralisation, and type of deposit under consideration, and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code of Reporting of Mineral Resources and Ore Reserves.

Dr. Blyden consents to the inclusion in this Presentation of the matters based on their information in the form and context in which it appears.

APPENDICES
ON-GOING MARKETING ARRANGEMENTS BETWEEN NOBLE & GLOUCESTER



• Marketing Arrangements

Marketing Fee	• Calculated as Rate x Volume x Price
Rate	• 2% per annum
Volume	• Actual NSW saleable production (including any third party sourced volume purchased for blending) of coal shipped from the Port of Newcastle for export up to a maximum of 8.25 Mtpa of subject coal in excess of 3.5 Mtpa from the completion date of the Proposed Transaction
Price	• Volume weighted average gross sales price per tonne FOBT Port of Newcastle (less adjustment for quality standards and specifications)
Payable	• Fee calculated for each month and payable approximately 10 business days after the month end. Reconciliations against monthly payments every 6 months
Term	• Fee continues until 31 December 2040
Change of Control of Gloucester	• If a party other than Noble acquires over 50% of Gloucester: <ul style="list-style-type: none"> - (a) either Gloucester or Noble can request a prepayment of the Net Present Value (NPV) at a 12% post tax discount rate for the unexpired period between 2020 and 2040; - (b) the prepayment will be based on a volume of 8.25 Mtpa; - (c) the parties are to agree forecast coal prices for the purposes of the NPV calculation; - (d) if Gloucester requests the prepayment, then the NPV is payable in cash; and - (e) if Noble requests the prepayment, Gloucester can pay in cash or Gloucester scrip (issued at then prevailing 20 trading day VWAP) at its election
Marketing Services	• Gloucester has the right to call on Noble to provide marketing services, but is not obliged to take any marketing services from Noble • However the marketing services arrangements are exclusive except for existing arrangements and for services which may be performed in house by specified Gloucester companies
Shareholder Approval	• The Marketing Arrangements are subject to shareholder approval at the forthcoming GM. Noble and its associates will not be permitted to vote on the resolution

APPENDICES

SUMMARY OF KEY TERMS OF THE CONVERTING SHARES TO BE ISSUED TO ELLEMBY



- 1000 Converting Shares will be issued by Gloucester fully paid as part of the consideration for the acquisition of all of the shares in Ellemby
 - Entitle the holder to receive a number of additional fully paid ordinary shares in Gloucester
- Gloucester may provide the additional shares by issuing or procuring the transfer of the shares
- Converting Shares will not be listed on ASX, but quotation will be sought for additional ordinary shares issued (where the shares are issued)
- Converting Shares will be preference shares with a face value of \$1.00 per share (\$1000 in aggregate)
 - Dividend rate of 5% per annum on face value, with nominal amount of dividends paid in arrears twice a year
 - Right to dividend to be non-cumulative
 - Voting rights on only specified matters at general meetings of Gloucester shareholders, such as winding-up of Gloucester, reduction of capital, votes affecting rights attached to Converting Shares, disposal of the whole of Gloucester's business, approval of terms of a buy-back of shares
- Number of ordinary shares to be provided in stages and determined by reference to:
 - Stage 1 : tonnage of Proven or Probable Reserves, provided on completion of approved drilling program unless the holders of Converting Shares provide Gloucester with a JORC compliant report in relation to ore reserves prior to completion of the drilling program (capped at \$70m, as indexed by CPI)
 - Stage 2 : tonnage of Proven or Probable Reserves, provided on receipt by Gloucester of a mining lease and planning approval (capped at \$50m, as indexed by CPI)
- Further additional shares may be provided equal to 2.5% of the total (indexed to CPI) Stage 2 Payment for each complete calendar quarter between finalisation of the Stage 2 JORC report (following grant of the mining lease and planning approval) and 31 December 2016
- When no further additional shares are to be provided under the terms of issue of the Converting Shares, each Converting Share will convert into one fully paid ordinary share in Gloucester (subject to the application of usual adjustment provisions on capital reorganisation events)

Note:
Further details of commercial terms are set out on page 20.

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REVIEWED PRO FORMA BALANCE SHEET²



(\$000's)	Reviewed Gloucester 31-Dec-10 (Note 2)	Reviewed Equity Raising (Note 3)	Reviewed Debt, net of fees (Note 4)	Reviewed Sub-Total	Audited Donaldson 31-Dec-10 (Note 5)	Reviewed Monash 31-Dec-10 (Note 6)	Reviewed Purchase Price Adjustments (Note 7)	Reviewed Pro Forma Balance Sheet
Current Assets								
Cash and cash equivalents (including restricted cash)	9,392	223,079	35,394	267,865	1,673	819	(201,952)	68,405
Other	109,209	-	-	109,209	95,563	-	(11,340)	193,432
Total Current Assets	118,601	223,079	35,394	377,074	97,236	819	(213,292)	261,837
Non-Current Assets								
Property, plant and equipment	742,440	-	-	742,440	209,404	-	539,608	1,491,452
Exploration & evaluation	33,021	-	-	33,021	8,075	54	107,402	148,552
Intangible - port allocation	-	-	-	-	-	-	132,253	132,253
Other	176,990	-	-	176,990	38,204	2	(1,605)	213,591
Total Non-Current Assets	952,451	-	-	952,451	255,683	56	777,658	1,985,848
Total Assets	1,071,052	223,079	35,394	1,329,525	352,919	875	564,366	2,247,685
Current Liabilities								
Interest bearing loans and borrowings	3,512	-	-	3,512	168,274	-	(128,974)	42,812
Customer contracts	-	-	-	-	-	-	35,112	35,112
Financial liability - marketing payable	-	-	-	-	-	-	3,592	3,592
Trade and other payables	25,681	-	-	25,681	60,731	142	6,336	92,890
Other	48,446	-	-	48,446	51,008	677	-	100,131
Total Current Liabilities	77,639	-	-	77,639	280,013	819	(83,934)	274,537
Non-Current Liabilities								
Interest bearing loans and borrowings	65,029	-	35,394	100,423	206	-	(206)	100,423
Customer contracts	-	-	-	-	-	-	81,133	81,133
Financial liability - marketing payable	-	-	-	-	-	-	76,636	76,636
Contingent consideration	-	-	-	-	-	-	57,642	57,642
Deferred tax liabilities	156,450	(2,023)	-	154,427	(8,557)	-	154,630	300,500
Other	9,669	-	-	9,669	17,015	-	10,891	37,575
Total Non-Current Liabilities	231,148	(2,023)	35,394	264,519	8,664	-	380,726	653,909
Total Liabilities	308,787	(2,023)	35,394	342,158	288,677	819	296,792	928,446
Net Assets	762,265	225,102	-	987,367	64,242	56	267,574	1,319,239
Equity	762,265	225,102	-	987,367	64,242	56	267,574	1,319,239

Notes:
1. Refer to page 79 for the Investigating Accountant's Report on Historical Financial Information and Pro Forma Financial Information.
2. Refer to the next page for notes.

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REVIEWED PRO FORMA BALANCE SHEET (Cont.)



Notes:

1. The financial information has been prepared under the historical cost convention except for certain financial instruments which are measured at fair value in accordance with Australian accounting standards.
2. Extracted from the reviewed balance sheet of Gloucester as at 31 December 2010.
3. Represents the issue of 25,535,829 shares at \$9.00 to raise \$229.8m less transaction costs of \$4.7m (net of tax).
4. Terms of debt have not yet been agreed. Completion of the transaction is conditional upon Gloucester securing debt financing on terms acceptable to Gloucester.
5. Extracted from the audited balance sheet of Donaldson as at 31 December 2010. The audit report contains an emphasis of matter regarding tax uncertainties. Gloucester has arranged for tax indemnities in the SPA, accordingly no provision is recognised in the pro forma balance sheet regarding this matter.
6. Extracted from the reviewed balance sheet of Monash as at 31 December 2011 after adjusting for inconsistent accounting policies.
7. Represents the purchase price adjustments relating to the following transactions:
 - acquisition of 100% of the issued capital of Donaldson Coal Holdings Limited for a total consideration of \$360.0m. This acquisition has been accounted for as a business combination under AASB 3: Business Combinations and accordingly, transaction costs of \$40.2m have been expensed. These costs pertain to stamp duty, landholders duty and advisors fees.
 - acquisition of 100% of the issued capital of Ellemby Holdings Pty Limited for a total consideration of \$30.0m in the form of cash and 1,000 converting shares with an assessed fair value of \$57.6m. Details of the converting preference shares are outlined in the Appendices. This acquisition has been accounted for as an asset purchase and accordingly, incidental acquisition costs of \$2.6m have also been capitalised.
 - the above purchase price adjustments have been determined on a provisional basis under AASB 3 and may be amended within 12 months of the acquisition date. Purchase price adjustments may be amended due to final valuations being completed.

Notes:

1. Refer to page 79 for the Investigating Accountant's Report on Historical Financial Information and Pro Forma Financial Information.

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REVIEWED PRO FORMA BALANCE SHEET (Cont.)



Notes:

7. (Continued)

(\$'000's)	Donaldson	Monash	Total
Fair value of purchase price			
Cash	-	30,000	30,000
Shares	360,000	-	360,000
Deferred consideration	-	57,642	57,642
Incidental transaction costs	-	2,589	2,589
	360,000	90,231	450,231
Existing book value of net assets acquired	64,242	56	64,298
Purchase price adjustments			
Property, plant & equipment	539,608	-	539,608
Exploration and evaluation	-	107,402	107,402
Write off of pre-existing goodwill	(1,605)	-	(1,605)
Intangible asset - port allocation	132,253	-	132,253
Customer contracts	(116,245)	-	(116,245)
Marketing agreement	(80,228)	-	(80,228)
Other assets/(liabilities)	(11,341)	(17,227)	(28,568)
Deferred tax liabilities	(166,684)	-	(166,684)
Total purchase price adjustments	295,758	90,175	385,933
Fair value of net assets acquired	360,000	90,231	450,231
Impact on cash			
Cash acquired	1,673	819	2,492
Cash consideration	-	(30,000)	(30,000)
Transaction costs	(40,183)	(2,589)	(42,772)
Retirement of loans ²	(129,180)	-	(129,180)
Net impact on cash	(167,690)	(31,770)	(199,460)
Impact on net assets			
Fair value of shares issued	360,000	-	360,000
Transaction costs expensed	(40,183)	-	(40,183)
Tax benefit associated with transaction costs	12,055	-	12,055
Net impact on net assets	331,872	-	331,872
Existing book value of net assets acquired	64,242	56	64,298
Impact on net asset of purchase price adjustments	267,630	(56)	267,574

Notes:

1. Refer to page 79 for the Investigating Accountant's Report on Historical Financial Information and Pro Forma Financial Information.
2. This represents the balance of third party debt (\$39.3m) and Noble debt (\$129.2m) as at 31 December 2010. The forecasted debt balance as at 30 June 2011 is \$225.0m consisting of third party debt (\$39.3m) and Noble debt (\$185.7m).

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ACQUISITION OF DONALDSON COAL AND MONASH GROUP

May 2011

Appendices
Further Details on Donaldson



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APPENDICES
OVERVIEW OF DONALDSON MINING OPERATIONS



	Abel	Tasman	Donaldson
Mining Method	• Underground	• Underground	• Open Cut
Status	• Producing	• Producing	• Producing ⁴
Estimated Production ¹	• ROM: 1.1Mt in CY10 → 6.1Mt in CY16 • Saleable: 0.8 Mt in CY10 → 4.3Mt in CY16	• ROM: 0.6Mt in CY10 → 1.1Mt in CY16 • Saleable: 0.5 Mt in CY10 → 0.7Mt in CY16	• ROM: 1.0Mtpa (average FY11-12) • Saleable: 0.6Mtpa (average FY11-12)
Estimated Mine Life ³	• c. 20+ years	• c. 20+ years	• To CY12
Expected Coal Specifications	• Newcastle spec thermal • High Ash Thermal • Semi-soft coking	• Newcastle spec thermal • High Ash Thermal	• Newcastle spec thermal • High Ash Thermal
Targeted Development Capex Profile ¹	• Abel underground and extension, including longwall installation, of c.\$192m over the next 5 years • Share of CHPP Upgrade (total c.\$81m)	• Tasman underground development of c.\$128m over the next 8 years • Share of CHPP Upgrade (total c.\$81m)	
Current FOB Cash Costs (FY10)	• \$123/t	• \$107/t	• N/A
Projected FOB Cash Costs (excluding royalty) ^{2,5}	• c.\$60-65/t (post longwall) ⁵	• c.\$80/t (pre longwall)	• c.\$76/t
Development and Expansion Plan	• The Abel extension will involve mining in the upper and lower Donaldson seams, the Ashtonfield seam and the Sandgate seam • Short long wall unit scheduled to be introduced in first quarter of 2013 and full longwall is scheduled to be installed by the last quarter of 2013	• The Tasman Extension will access reserves in the West Borehole seam which lies to the south of the existing lease • A planned connection and underground conveyor between the Abel and Tasman underground mines is scheduled to be completed by 2018	• N/A

Notes:

1. Projected production, coal specifications, operating cost and capital expenditure figures are estimates only and are subject to the risks outlined in the Key Risks section (see the Appendices), including but not limited to the risks relating to operational risks, land access arrangements, mining approvals, interest rates, availability of finance and resource and reserve estimates. Forward looking statements are not a guarantee of future performance and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Gloucester.
2. Annual operating costs/tonne weighted by saleable production.
3. Based on current reserves and resources.
4. Donaldson mine is not currently producing as overburden is being stripped on a new development area.
5. Expected 10 year average post longwall installation (CY14+cost).

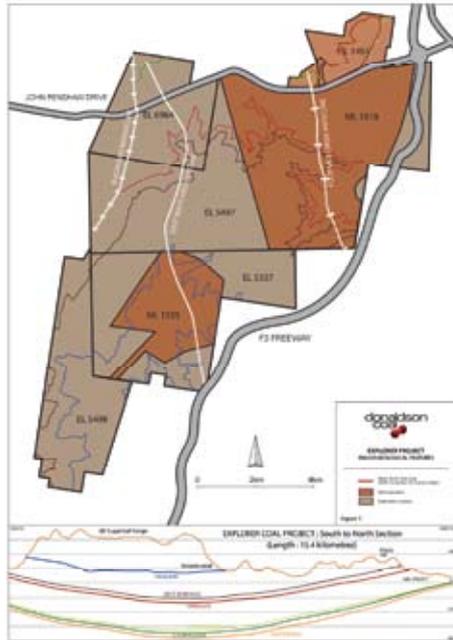
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APPENDICES

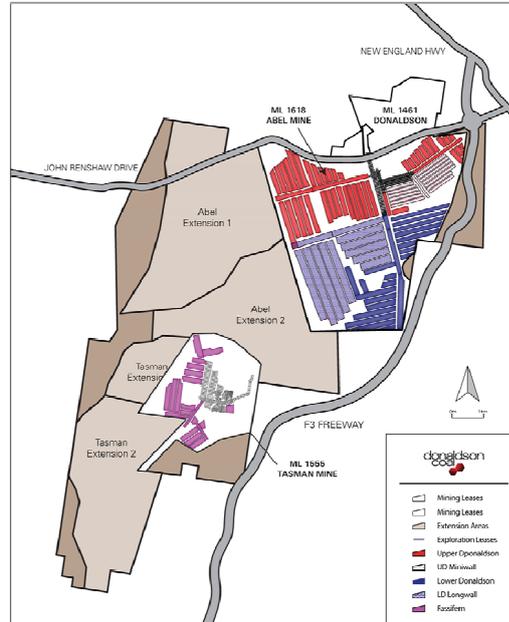
DONALDSON GEOLOGY AND MINE PLANS OVERVIEW



Regional Geology of the Mining and Exploration Areas



Operation Mine Plans



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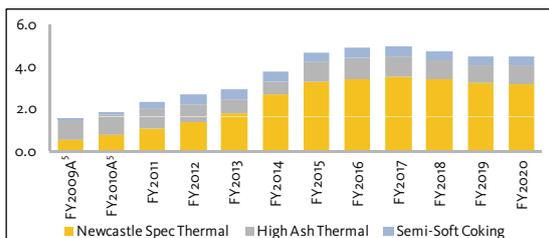
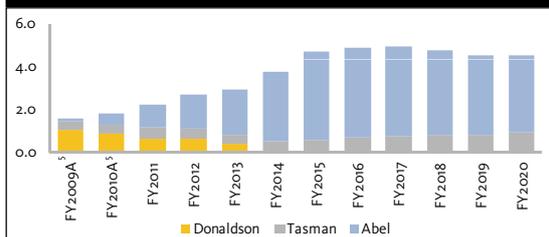
APPENDICES

DONALDSON PRODUCTION PROFILE AND PRODUCT SPECIFICATIONS



Donaldson is an existing producer – providing Gloucester with significant growth potential

Expected Saleable Production (Financial Year, Mt)¹



Expected Coal Specifications²

	Soft Coking Coal	Newcastle Spec Thermal	High Ash Thermal
Calorific Value (kcal/kg)	8,200 ³	6,750 ⁴	5,510 ⁴
Inherent Moisture (% ad)	2.4	2.7	3.3
Ash Content (% ad)	9.5	14.5	22.0 – 28.5
Volatile Matter (% ad)	33.3	30.3	23
Fixed Carbon (% ad, by difference)	54.8	52.5	45.2
Total Sulphur (% ad)	0.9	0.76	0.46
CSN	5.5 – 6	n/a	n/a
Fluidity (ddpm)	500	n/a	n/a

Notes:

- Projected production figures are estimates only and are subject to the risks outlined in the Key Risks section (see the Appendices), including but not limited to the risks relating to port allocation and capacity, rail access, operational risks and resource and reserve estimates. Forward looking statements are not a guarantee of future performance and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Gloucester.
- The coal quality data is representative and based on studies conducted to date, and is subject to the risks outlined in the Key Risks section (see the Appendices). Forward looking statements are not a guarantee of future performance and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Gloucester.
- Dry ash free.
- Air dried basis.
- Actuals.

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APPENDICES DONALDSON INFRASTRUCTURE



Donaldson has access to infrastructure to deliver its growth plans as well as provide Gloucester with the ability to deliver growth projects and provide development options

Key Processing and Infrastructure Holdings

- 1 Long term washing and handling services agreement with Bloomfield CHPP – 3.95Mtpa of ROM production
 - Agreement to enable expansion of facilities as required
- 2 Train haulage agreement to Port of Newcastle
- 3 Ten year rolling contract for port allocation at PWCS
- 4 11.6% founding shareholding in NCIG and corresponding share of port allocation
 - 30Mtpa terminal (3.5Mtpa Donaldson allocation) was commissioned in 2010
 - 23Mtpa expansion (1.3Mtpa Donaldson allocation) under construction and expected to be fully operational in 2013
 - Further 13Mtpa expansion (1.5Mtpa Donaldson allocation) to be completed by 2014

Summary of Donaldson Processing Capacity and Infrastructure Assets¹

June Year End	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
Washplant Capacity (Mt):						
Maximum Contracted Washing Capacity – Bloomfield (Mt)	4.0	4.0	4.0	4.0	4.0	4.0
Budgeted new CHPP Capacity (Mt)	0.0	0.0	0.5	2.0	3.5	4.0
Total Washplant Capacity (Mt)	4.0	4.0	4.5	6.0	7.5	8.0
Total Rail Capacity²	2.5	2.5	3.0	4.0	5.0	4.7²
Anticipated Port Allocation (Mt):						
Total Port Allocation³	2.9	4.6	6.0	7.1	8.1	8.4

Notes:

1. Projected processing and infrastructure capacity figures are estimates only and are subject to the risks outlined in the Key Risks section (see the Appendices), including but not limited to the risks relating to the Bloomfield CHPP, port allocation and capacity, rail access, operational risks and resource and reserve estimates. Forward looking statements are not a guarantee of future performance and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Gloucester.
2. Current contract ends 30 June 2014. It is expected that this contract will be extended on similar terms.
3. Includes Donaldson's entitlement from expected future allocations based on the rights that it has from its 11.6% shareholding in NCIG.

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APPENDICES OVERVIEW OF OTHER KEY CONTRACTS



- 1 NCIG Agreements
 - Donaldson owns 11.6% of the ordinary shares in NCIG Holdings and corresponding NCIG capacity entitlement
 - For Donaldson, this means 3.48Mtpa of current 30Mtpa 'Stage 1' terminal capacity and 1.276Mtpa of the additional 11Mtpa of Stage 2AA capacity reserved for NCIG shareholders
 - Capacity entitlement provided by Ship or Pay Agreement with evergreen 10 year term
 - Toll Charges payable regardless of actual tonnage shipped
 - Capacity can be used for Donaldson's designated 'Source Mines' and third party coal, subject to maximum charge of ≤ 105% of NCIG's toll charges for actual tonnage shipped
 - Shareholders have right to participate in future NCIG capacity expansions
- 2 Bloomfield Coal Handling Services Agreement
 - All ROM coal from the Donaldson Mines is transported to the Bloomfield coal handling and processing plant for processing
 - Services provided by Bloomfield Collieries include coal storage, crushing, washing and loading onto rail
 - Agreement extends to 31 December 2018, with an option to extend for a further 10 years
 - Maximum throughput entitlement of 3.95 million tonnes per 12 month period
 - Fees vary per service and are based on tonnes of coal processed

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APPENDICES
DONALDSON FINANCIAL SUMMARY



FYE 31 Dec (A\$m)	2009 ¹	2010 ²
Revenue	209.5	221.0
EBITDA ³	80.9	50.2
EBIT	71.6	37.3
Profit Before Income Tax	63.1	30.1
Net Profit After Tax ⁴	82.1	16.5

Balance Sheet as at 31 Dec 2010 (A\$m) ²	
Current Assets	97.2
Property, Plant and Equipment	209.4
Other Non-Current Assets	46.3
Total Assets	352.9
Interest Bearing Liabilities	168.5
Other Liabilities	120.2
Total Liabilities	288.7
Net Assets	64.2

Notes:

- Sourced from Donaldson Coal Holdings Limited Special Purpose Financial Report for the Year Ended 31 December 2009.
- Sourced from Donaldson Coal Holdings Limited Special Purpose Financial Report for the Year Ended 31 December 2010.
- EBITDA includes the impact of foreign currency gains and contract close out costs totalling \$42.9m (net gain) in CY 2009 and \$29.2 million (net loss) in CY2010 incurred from time to time in the course of running and funding the business of exploring for, producing and selling coal.
- Includes a gain of \$29.2m in CY 2009 and a loss of (\$6.2m) in CY 2010 resulting from ACA step up/(down) in tax bases of assets.

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ACQUISITION OF DONALDSON COAL AND MONASH GROUP
May 2011

Appendices
Further Details on Monash



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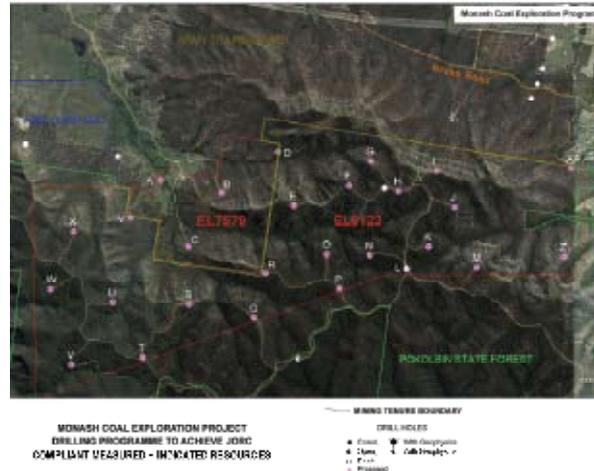
MONASH DEVELOPMENT PLAN



Strategy and Timetable

- Commence drilling program to establish reserve
- Refine conceptual mine plan based on reserve analysis
- In parallel to exploration activities undertake a process to obtain development approval for the operation
- Target to submit development application in late 2013, with approvals planned by end of 2014
- Commence construction of surface facilities in 2015
- Target first coal in 2016 from an underground operation

Monash Project Location



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APPENDICES

MONASH RESOURCES AND COAL SPECIFICATIONS



Significant resource base of export thermal and semi-soft coal

JORC Resources¹

(Mt)	Total
Indicated resource	12.9
Inferred resource	274
Total JORC resource	287

Coal Quality

- Both the thermal coal and semi-soft quality expected to be a typical Hunter Valley specification
- Estimated resources split of 58%/42% semi-soft/thermal coal

Expected Coal Specifications²

	Semi-Soft	Thermal
Calorific Value (kcal/kg) (air dried)	7300	6700
Inherent Moisture (% air dried)	1.9%	2.5%
Ash Content (% air dried)	9.5%	14.5%
Volatile Matter (% air dried)	33.0%	29.0%
Total Sulphur (% air dried)	0.80%	0.40%
FSI	6.0	1.5 - 2.0

Notes:

1. Please refer to page 44 for competent person sign-off.

2. The coal quality data is representative and based on studies conducted to date, and is subject to the risks outlined in the Key Risks section (see the Appendices), including but not limited to the risks relating to resource and reserve estimates and operational risks.

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ACQUISITION OF DONALDSON COAL AND MONASH GROUP

May 2011

Key Risks



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KEY RISKS



- There are various risks associated with investing in Gloucester, as with any stock market investment and, specifically, because of the nature of Gloucester's coal exploration and production business and the present stage of development of Gloucester's operations. This includes projects in which Gloucester has an interest including, if acquired, the Donaldson Assets and the Monash Assets. A reference to Gloucester in this "Key Risks" section should therefore be taken to include, where relevant, a reference to those project interests
- Potential investors should consider whether the shares offered are a suitable investment having regard to their own personal investment objectives and financial circumstances and the risk factors set out below. Many of those risk factors are outside the control of the Directors
- It is important to recognise that share prices might fall or rise and shareholders may or may not be entitled to receive dividends. Factors affecting the operating and financial performance of Gloucester and the market price of Gloucester shares include domestic and international economic conditions and outlook, changes in government fiscal, monetary and regulatory policies, changes in interest rates and inflation rates, changes to commodity prices, the announcement of new technologies and variations in general market conditions and/or market conditions which are specific to a particular industry. In addition, share prices of many companies are affected by factors which might be unrelated to the operating performance of the relevant company. Such factors might adversely affect the market price of Gloucester shares
- The forward-looking information provided in this Presentation with respect to, but not limited to, production forecasts, growth forecasts of Gloucester's resources and reserves, sales, earnings and capital expenditure estimates is based on certain assumptions which are inherently subject to significant uncertainties. The actual results of Gloucester's operations in future years may therefore differ from its current estimates

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KEY RISKS



Regulation of Coal Supply Chain/Port Capacity	<ul style="list-style-type: none"> Newcastle Port Corporation (NPC), NCIG and Port Waratah Coal Services Ltd (PWCS) have agreed a framework for the implementation of a long term solution for access to and expansion of export capacity at the Port of Newcastle. The ACCC has authorised the framework document and related agreements (the Framework Arrangements) for 15 years to 31 December 2024. The ACCC has the power to review the authorisation in certain circumstances, including where a condition has not been complied with or there has been a material change in circumstances. There is a risk that at some time over the life of Gloucester's or Donaldson's port usage agreements with NCIG and PWCS, the ACCC will become entitled to conduct such a review, or that the authorisation will not be renewed (or renewed on the same terms) beyond 2024. In that event, the contractual rights of shippers, including Donaldson and Gloucester, to use port capacity may be affected in a way which has a material adverse effect on them.
Sanctions for breach of open access obligations for NCIG	<ul style="list-style-type: none"> Under the Framework Arrangements, NPC can impose material contractual sanctions on all NCIG shippers if NCIG fails to give effect to and enforce certain contractual obligations of its shippers that are intended to facilitate open access to a shipper's excess NCIG capacity. The possible sanctions include, among other things, the suspension of the right to nominate for additional PWCS throughput capacity until the failure is rectified to NPC's satisfaction, and loss by NCIG shippers (whether or not at fault) of certain of their capacity entitlements through the PWCS port facilities. Also, the NCIG shipper to whom NCIG's failure relates could be made to transfer some or all of its NCIG capacity to the other NCIG shippers, to compensate for their loss of PWCS capacity. Donaldson and Gloucester are parties to these arrangements with NPC, but Gloucester currently has an exemption from certain of the sanctions. Gloucester will lose that exemption when it acquires ownership of Donaldson.
Restrictions on use and transfer of Donaldson's port capacity	<ul style="list-style-type: none"> Donaldson's right to ship coal through its capacity at NCIG's and PWCS's port facilities is subject to certain restrictions. These include, among others, a restriction of the source of the coal that can be shipped to particular 'source mines', and a restriction on the amount Donaldson is permitted to charge third parties for use or transfer of its port capacity (generally, Donaldson cannot receive more than a 5% uplift above the charges it is required to pay). These restrictions, together with certain anti-hoarding obligations, will limit the value that can be realised through the use or transfer of Donaldson's excess port capacity.
Port Allocation	<ul style="list-style-type: none"> Adverse weather conditions, operational issues and other events outside the control of Donaldson and Gloucester could result in a reduced ability or entitlement to export coal, exposure to increased demurrage costs, defaults and penalties under sales contracts and other material adverse consequences for Gloucester and/or Donaldson.
Variable and open ended port charges	<ul style="list-style-type: none"> The charges payable by shippers for their entitlements to use of NCIG's and PWCS's respective port terminals could increase or decrease substantially from time to time as a result of events and circumstances beyond a shipper's control.
Expansion of NCIG Terminal – associated risks	<ul style="list-style-type: none"> NCIG has announced a project to expand the capacity of its terminal at Newcastle Port from 30 Mtpa to 53 Mtpa. Based on its current 11.6% shareholding and assuming the expansion realises the further 23 Mtpa of capacity currently envisaged, Donaldson's share of the additional capacity would be 1.276 Mtpa. The expansion project carries risks for Donaldson, including (but not limited to) the risk of Donaldson's existing capacity entitlement with PWCS and/or NCIG being constrained due to an unexcused delay in completion of the project, the risk of NCIG passing through to its shippers cost overruns, increased financing costs, foreign exchange losses or liabilities incurred to customers for delay. There is also a risk to impairment of Donaldson's investment in NCIG being exposed to damages or other financial risks under Donaldson's coal sales and hedging arrangements.

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KEY RISKS



Regulation of Coal Supply Chain	<ul style="list-style-type: none"> Donaldson has contracted rail haulage until 30 June 2014, for the haulage of coal, by rail, from the rail loop at Bloomfield Colliery to the Port of Newcastle. Accordingly, Donaldson is reliant on contract counterparties to comply with its contractual obligations in order for Donaldson's processed coal to be transported to the Port of Newcastle. There is no certainty that Donaldson will be able to contract for sufficient rail haulage for coal production after expiry of its current rail haulage agreement. In addition, Australian Rail Track Corporation (ARTC) – the operator of the Hunter Valley Rail Network - has submitted an access undertaking application to the ACCC in relation to the Hunter Valley Rail Network, to replace existing access arrangements. The terms of the final revised access arrangements, if approved by the ACCC, are not yet known. Accordingly, it is not possible to assess, with certainty, the likelihood of Donaldson being able to secure sufficient rail access to meet its capacity entitlements at the port, or to otherwise meet anticipated saleable production under the new access arrangements. Efficient and reliable rail transportation is important for Donaldson to meet its export sale obligations and earn revenue (and profits) from the sale of coal. Delays or shortfalls in rail transportation, or inability to secure sufficient rail transportation entitlements in the future, could have an adverse effect on Donaldson's business.
Bloomfield Coal Handling and Preparation Plant (CHPP)	<ul style="list-style-type: none"> Donaldson has an agreement with the Bloomfield Group (Bloomfield) for the provision by Bloomfield of coal handling services up until the end of 2018. Donaldson is reliant on Bloomfield to comply with its contractual obligations in order for coal to be processed and loaded onto rail cars for transport to the Port of Newcastle.
Ashtonfield Lease	<ul style="list-style-type: none"> Donaldson and Bloomfield are joint tenant lessees of land leased from Ashtonfield. The lease has a 21 year term expiring on 31 March 2029. Under the lease, the lessees are granted the right to carry out open cut mining operations on Ashtonfield land (a right exercised by Bloomfield in relation to its own open cut mining operations) and the right to carry out coal processing operations at the Bloomfield CHPP (which is used to process Bloomfield's coal and Donaldson's coal) and tailing emplacement activities. Since the leasehold interest is held as joint tenants, all lease liabilities are joint and several liabilities of Donaldson and Bloomfield. As a result, there is a risk that Donaldson may become responsible for all of the liabilities under the lease in the event that Bloomfield becomes insolvent or otherwise does not comply with obligations under the lease allocated to it.

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Land Access Arrangements	<ul style="list-style-type: none"> The Bloomfield CHPP is adjacent to a rail loop not owned by Donaldson. Donaldson coal is loaded onto rail cars from the Bloomfield CHPP and transported via the rail loop to the public railway line. The rail loop crosses over land owned by various third parties. If any of the landowners who have entered into the access arrangements sell their parcels of land, the access arrangements are not binding on their successors in title. The <i>Ashtonfields Coal-Mines Railway Act 1921</i> (NSW) grants the right for the public to use the rail loop subject to payment of a toll to the owner of the rail loop. If the rail loop has been unused for any period of 3 years since 1921, the public's right of access lapses. Gloucester has no reason to believe that the access has lapsed on this ground; however it has not been able to conclusively verify that this is the case. Based on the assumption that Bloomfield owns the rail loop Donaldson considers that it is able to seek a Mining Lease over land occupied by the rail loop subject to payment of compensation to landowners concerned for any compensable loss. There is no guarantee that Donaldson or Gloucester will be able to obtain that lease and all necessary mining approvals. If Bloomfield does not own the rail loop Donaldson could not obtain a mining lease over it without the approval of the owner of the rail loop. However, Donaldson may be able to seek to obtain a mining lease over land within the rail loop corridor, upon which no improvements are located to build a rail loop if such consent is not able to be obtained.
Exploration and development projects and geological risk	<ul style="list-style-type: none"> The Monash Assets, are at an early stage exploration or development stage. Coal exploration and mine development generally involves a high degree of risk and is subject to hazards and risks including unusual and unexpected geological formations, seismic activity, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, any facilities, damage to life or property, environmental damage and possible legal liability. There is a risk that unforeseen geological difficulties will be encountered in Gloucester's mining operations. This may cause a loss of revenue due to lower production than expected and/or higher operations and maintenance costs and/or ongoing unplanned capital expenditure in order to meet production cost targets.
Mining approvals	<ul style="list-style-type: none"> The successful development of the Monash Assets depends on Gloucester being able to obtain all necessary regulatory approvals, including any approvals arising under applicable mining laws, environmental regulations and other laws. There can be no guarantee that all such approvals will be obtained, either at all or on terms or in time to enable Gloucester to successfully develop those assets.
Project uncertainty	<ul style="list-style-type: none"> As Monash is an early stage development project, there is a risk that the production rates, product mix, capital and operating costs differ from those currently expected.
Land/rail access	<ul style="list-style-type: none"> Rail access rights to the main Hunter Valley rail corridor for the development of the Monash Assets may require the consent of competing coal producers. Alternative access routes to the main Hunter Valley rail corridor may require the consent of the Commonwealth Government. There is a risk that these third parties may refuse access to the relevant rail line or land, which may impact the development of the Monash Assets.
Impact of inflation on costs	<ul style="list-style-type: none"> Higher than expected inflation rates generally, or specific to the mining industry in particular, could be expected to increase operating and development costs and potentially reduce the value of future project developments. While, in some cases, such cost increases might be offset by increased selling prices, there is no assurance that this would be possible.

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Exchange rate risks and hedging	<ul style="list-style-type: none"> Gloucester enters into forward exchange contracts to partially hedge its currency risk in relation to foreign currency sales and contracted sales denominated in foreign currency. Most such forward exchange contracts have maturity dates of less than one year from the reporting date. The impact of exchange rate movements will vary and may depend on the terms of the hedging contracts and the duration of the hedging contracts. The impact of movements in exchange rates may be negative depending on their duration, timing and magnitude.
Forward Sales	<ul style="list-style-type: none"> The Gloucester and Donaldson groups enter into coal supply agreements which include obligations to supply coal at prices that are either fixed or floating. The fixed price contracts may be denominated in either A\$ or \$US and act as a hedge against future adverse selling price movements, as such reduce the ability to benefit from increases in future selling prices and additionally, if agreements are denominated in A\$, movements in foreign exchange rates. In addition, to the extent that the contracted volumes cannot be delivered on an agreement a liability may arise
Operational risks	<ul style="list-style-type: none"> The mining operations of the Gloucester and Donaldson groups may be affected by (amongst other things) the following: weather/natural disasters; unexpected maintenance or technical problems; unplanned capital expenditure; variations in coal seam thickness and quality; variations in the amount of rock and soil overlaying coal deposits and other variations in geological conditions; and increases in labour costs.
Resource and reserve estimates	<ul style="list-style-type: none"> Resource and reserve estimates are stated to be prepared in accordance with the JORC Code and are expressions of judgment based on knowledge, experience and industry practice. Often these estimates were appropriate when made, but may change significantly when new information becomes available. There are risks associated with such estimates, including that coal mined may be of a different quality, tonnage or strip ratio from the estimates. Resource and reserve estimates are necessarily imprecise and depend to some extent on interpretations, which may ultimately prove to be inaccurate and require adjustment. Adjustments to resources and reserves could affect Gloucester's development and mining plans.
Infrastructure and transport	<ul style="list-style-type: none"> Gloucester's future growth is contingent on government and private sector delivery of proposed transport infrastructure. The development of this infrastructure and the future cost of access to new and existing infrastructure is outside Gloucester's control. Coal produced from Gloucester's mining operations is transported to customers by a combination of rail and sea. A number of factors could disrupt these transport services, including weather-related problems, rail or port capacity constraints, key equipment and infrastructure failures and industrial action, impairing Gloucester's ability to supply coal to its customers.
Availability and Cost of Key Equipment	<ul style="list-style-type: none"> Gloucester has significant new equipment requirements and any delay on the part of equipment suppliers to deliver to schedule, or any cost increases could have an adverse impact on Gloucester's financial performance and/or financial position.
Coal sales and prices	<ul style="list-style-type: none"> Gloucester and its subsidiaries, which will include Donaldson and subject to commencement of production Monash, will derive their revenue from the sale of coal. Their coal supply agreements are generally renegotiated quarterly/annually, though contracts covering longer periods are also agreed. Difficulties encountered in those negotiations may adversely affect Gloucester's financial performance if the price that customers are willing to pay and/or the quantity of coal required by customers are below expectations. Coal prices may fall as a result of a number of factors beyond Gloucester's control, including increased global supply, decreased demand, currency exchange rates, general economic conditions and other factors. Gloucester can give no assurance as to the prices it will achieve for any of its coal products in the future.

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<p>Exploration and development projects, geological risk and overlapping tenements risk</p>	<ul style="list-style-type: none"> Some of the projects in which Gloucester and its subsidiaries (which will include Donaldson and Monash) have an interest (which includes the Middlemount Coal Project) are at an exploration or development stage. Coal exploration and mine development generally involves a high degree of risk and is subject to hazards and risks including unusual and unexpected geological formations, seismic activity, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, any facilities, damage to life or property, environmental damage and possible legal liability. There is a risk that unforeseen geological difficulties will be encountered in Gloucester Group's mining operations. This may cause a loss of revenue due to lower production than expected and/or higher operations and maintenance costs and/or ongoing unplanned capital expenditure in order to meet production cost targets. The information provided in this Presentation in relation to Gloucester Group's projects is the current estimate of coal resources and reserves, capital and operating cost, as determined from geological data obtained from drill holes, other exploration techniques, feasibility studies, mine plans and projections conducted to date. The Duralie and Stratford Coal Mines and associated exploration licences adjoin or are overlapped by petroleum exploration licences held by AGL. AGL recently was granted concept and planning approval for the development of a coal seam methane production facility, pipeline and associated gas wells over parts of their petroleum exploration licences. Under their planning approval AGL is required to consult with the Gloucester regarding the location of their pipeline and gas well infrastructure. Further, any petroleum production lease granted to AGL is likely to include a condition requiring AGL to negotiate a co-operation agreement with the Company in respect of operational interaction issues. Gloucester has been working with AGL for some time, to ensure a co-ordinated approach to the development of both the coal and gas resources in the area and to protect its interests in relation to the coal resource
<p>Government policy and taxation</p>	<ul style="list-style-type: none"> Changes in relevant taxation laws, interest rates, other legal, legislative and administrative regimes, and government policies in Australia may have an adverse effect on the assets, operations and ultimately the financial performance of Gloucester and the market price of Gloucester shares.
<p>Industry and commodity cycles</p>	<ul style="list-style-type: none"> The demand for, and price of, coal is highly dependent on a variety of factors, including international supply and demand, the price and availability of alternative fuels, actions taken by governments, and global economic and political developments. Gloucester will be affected by prevailing steel market and electricity generation conditions in the countries and sectors in which it sells its product. Adverse changes in market sentiment or conditions can and will impact Gloucester's ability to manage operating costs and have sales meet installed production capacity. These impacts could lead to a reduction in earnings and the carrying value of assets that are outside of Gloucester's control.
<p>Minerals Resource Rent Tax¹</p>	<ul style="list-style-type: none"> The Federal Government announced on 2 July 2010 that it intends to introduce a Minerals Resource Rent Tax (MRRT) from 1 July 2012, payable at the rate of 30% on profits made from the exploitation of Australia's non-renewable resources. The MRRT will apply to all coal and iron ore mining projects in Australia. Projects coming under the MRRT regime will also be entitled to a 25% extraction allowance. Although at this stage, exact details concerning the MRRT remain uncertain and the extent to which the MRRT may impact on Gloucester and/or its operations is yet to be determined, the introduction of the MRRT has the potential to increase Gloucester's effective tax rate, which could adversely affect Gloucester's financial performance and share price.

Note:

1. This is a summary only of the MRRT as proposed by the Federal Government and does not include proposals by the major political parties other than the ALP – limited details are available at this stage, and the impact of the MRRT is yet to be determined. Investors should seek their own advice to form their own assessment of the impact of the MRRT.

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<p>Joint ventures and reliance on third parties</p>	<ul style="list-style-type: none"> Through Gloucester's participation in joint ventures and its use of contractors and other third parties for exploration, mining and other services generally, it is reliant on a number of third parties for the success of its current operations and for the development of its growth projects. While the situation is normal for the mining and exploration industry, problems caused by third parties may arise which have the potential to impact on the performance and operations of Gloucester. Any failure by counterparties to perform their obligations may have a material adverse effect on Gloucester and there can be no assurance that Gloucester would be successful in attempting to enforce any of its contractual rights through legal action.
<p>Environmental regulation</p>	<ul style="list-style-type: none"> Environmental regulation of mining activities at both State and Federal level imposes significant obligations on mining companies. Changes in these laws and regulations may adversely affect Gloucester's operations, including profitability of the operations. In addition, mining is an industry that has become subject to increasing environmental responsibility and liability. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environment regulation, if any, will not adversely affect Gloucester's operations.
<p>Global Warming – Carbon trading/carbon tax</p>	<ul style="list-style-type: none"> The regulatory response to the risk of global warming, including unilateral action by Australia, may affect coal prices and the competitiveness of Gloucester's products in the world energy market. Unilateral action by Australian governments (or multilateral action involving Australian governments which is not universal) may decrease the competitiveness of Australian coal exports relative to competing coal exporters (e.g. South Africa and South American countries). The Federal Government has announced it will introduce a carbon tax from July 2012 but details about the carbon price and compensation have not been finalised. Although at this stage, details concerning a carbon tax remain uncertain and the extent to which a carbon tax may impact on Gloucester and/or its operations is yet to be determined, the introduction of a carbon tax has the potential to increase Gloucester's effective tax rate, which could adversely affect Gloucester's financial performance and share price.
<p>Water and power management</p>	<ul style="list-style-type: none"> Gloucester uses water to suppress dust on mine sites and to wash coal. Power is necessary including for operation of the continuous miners and the Bloomfield CHPP. Gloucester currently has access to adequate water and power supply. However, in the future, no assurance can be given that sufficient water or power will be available or that access to water and power will not be disrupted in the future. Climate changes and changes to water allocations and to government policy may affect Gloucester's access to water and power necessary for existing and future mining operations.
<p>Competition</p>	<ul style="list-style-type: none"> Competition from Australian and international producers of coal may affect the cash flow and earnings which Gloucester will realise from its operations. Gloucester may also encounter competition from other mining companies for the acquisition of new projects to sustain or increase its coal production, affecting its ability to acquire new interests on acceptable terms.

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NSW Coal Royalties	<ul style="list-style-type: none"> On 1 July 2004, the NSW Government introduced an ad valorem coal royalty regime. This system was revised on 1 January 2009 but remained an ad valorem coal royalty regime. A royalty is also payable on coal in coal reject if the coal reject is used or disposed of for the purpose of producing energy. Gloucester can provide no guarantee that the NSW Government will not vary these royalties or its method of calculation. Any new tax impost or increase in royalty may have an adverse effect on Gloucester's financial performance and/or financial position.
Reliance on third parties	<ul style="list-style-type: none"> The use by Gloucester of contractors and other third parties for exploration, mining and other activities creates reliance on others for the success of current operations and for the development of exploration projects. Problems caused by third parties may arise with the potential to affect the financial performance of Gloucester.
Reliance on major customers for sales	<ul style="list-style-type: none"> Gloucester derives revenues from contracts generally renegotiated quarterly/annually, though contracts covering longer periods are also agreed. If these contracts expire and are not renewed, or customers default and other replacement customers are not found, the financial results of Gloucester may be adversely affected. Active spot markets for coal in Australia and overseas partially mitigate this risk.
Wars, terrorism, political, economic and natural disasters	<ul style="list-style-type: none"> Events may occur within or outside Australia that could impact upon the world economy, the market for coal, the operations of Gloucester and the price of Gloucester's shares. For example, war, acts of terrorism, civil disturbance, political intervention and natural activities such as earthquakes, floods, fire and poor weather affecting the transport and mining of coal. Gloucester has a limited ability to insure against some of these risks.
Enforcement of legal rights	<ul style="list-style-type: none"> Gloucester and its subsidiaries have entered into contracts which are important to the future of their businesses. Any failure by counterparties to perform those agreements may have a material adverse effect on Gloucester and there can be no assurance that it would be successful in enforcing any of its contractual rights through legal action.
Native title	<ul style="list-style-type: none"> Any native title claims or cultural heritage issues arising in the future may delay production from exploration areas where Gloucester does not already hold mining leases or freehold title.
Current and future finance	<ul style="list-style-type: none"> No assurance can be given that any refinancing required from time to time will be available on terms favourable to Gloucester. In such circumstances, if Gloucester is unable to secure refinancing or refinancing on favourable terms, this may have a material adverse effect on Gloucester. Gloucester's ability to service its debt will depend on its future performance and cash flows, which will be affected by many factors, certain of which are beyond Gloucester's control. Any inability of Gloucester to service its existing debt may have a material adverse effect on Gloucester. Existing credit facilities and internally-generated funds may not be sufficient for expenditure that might be required for acquisitions, new projects, further exploration and feasibility studies. Gloucester may need to raise additional debt or equity in the future. There is no assurance that Gloucester will be able to obtain additional debt or equity funding when required, or that the terms associated with that funding will be favourable, which may have an adverse effect on Gloucester.

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Capital Expenditure Estimates	<ul style="list-style-type: none"> Gloucester has a substantial capital expenditure program which will increase if the Donaldson and Monash Acquisition complete. There is a risk that the capital costs could be greater than expected and if this is the case, it may adversely affect Gloucester's financial performance and/or financial position.
Key personnel	<ul style="list-style-type: none"> Gloucester has a number of key management personnel on whom it depends to run Gloucester's business. The loss of any of these officers or other key personnel, coupled with any inability to attract suitably qualified replacement personnel due to a shortage of labour, could have a material adverse effect on Gloucester's financial performance.
Industrial Action	<ul style="list-style-type: none"> Gloucester is conscious of its reliance on skilled and productive employees and contractors to maintain its production levels. It has taken deliberate steps to be thorough in selecting individuals with such characteristics to be its employees and has created a collective agreement for its employees. In addition, any industrial action by Gloucester's employees or contractors' employees has the potential to disrupt coal production and consequently, may adversely affect Gloucester's financial performance and/or financial position.
Health and Safety	<ul style="list-style-type: none"> Health and safety regulation affects Gloucester's activities. Coal production and underground mining are potentially hazardous activities. If any injuries or accidents occur in a mine, this could have financial implications for Gloucester including potential production delays or stoppages and this may have an adverse effect on Donaldson's financial performance and/or financial position.
Approvals	<ul style="list-style-type: none"> Gloucester's financial performance could be adversely affected as a result of delays in obtaining necessary government approvals or if applications lodged for exploration licences are not granted, or exploration licences that have been granted for a fixed term are not renewed upon expiry.
Risks related to proposed efficiencies/benefits under the proposed transactions	<ul style="list-style-type: none"> There is also a risk that any potential efficiencies and/or benefits for Gloucester of the acquisition of the Donaldson Assets and/or Monash Assets are not achieved in full or in a timely manner. In addition, a number of third parties are party to contractual arrangements concerning the Donaldson Assets and/or Monash Assets. Third parties may seek to challenge, set aside or reverse Gloucester's acquisition of the Donaldson Assets and/or Monash Assets. Although Gloucester is confident that its acquisition of the Donaldson Assets and/or Monash Assets will withstand any such challenge, litigation can give rise to uncertainties and the process and consequences of any such challenge may have a material adverse impact on Gloucester's operational and financial performance and/or position.

SELLING RESTRICTIONS



General

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United Kingdom

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This document is exempt from the restrictions in the FSMA as it is to be strictly communicated only to the following persons: (i) existing shareholders (ii) 'investment professionals' as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (Order); (iii) persons who fall within any of the categories of persons described in Articles 49(2)(a) to (e) of the Order (high net worth entities); or (iv) other persons to whom it may be lawfully communicated.

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Ireland

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No offer of securities to the public is made, or will be made, that requires the publication of (i) a prospectus pursuant to Irish prospectus law (within the meaning of Part 5 of the 2005 Act) in general, or in particular pursuant to the Prospectus (Directive 2003/71/EC) Regulations 2005 (the "Prospectus Regulations"); or (ii) a Local Offering Document under the 2005 Act. This Presentation is being distributed to fewer than 100 persons in Ireland and accordingly there is no requirement to publish a prospectus under the Prospectus Regulations or a Local Offering Document under the 2005 Act.

This Presentation has not been approved, reviewed or registered with the Irish Financial Services Regulatory Authority or any other competent authority in Ireland.

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France

Prospective investors are informed that no prospectus (including any amendment, supplement or replacement thereto) has been or will be prepared in connection with the offering of the new shares and entitlements that has been approved by the Autorité des Marchés Financier (AMF), the French market authority, or by the competent authority of another State that is contracting party to the agreement on the European Economic Area and notified to the AMF. No prospectus subject to the approval (visa) of the AMF has been, or will be, prepared in connection with the new shares.

The new shares and entitlements are not issued in the French Republic and the new shares and entitlements may not be offered or sold nor will be offered or sold to the public in the French Republic and neither this presentation or any other material or information relating to the new shares may be released, issued or distributed, caused to be released, issued or distributed, to the public in France, or used in connection with any offering of the new shares to the public in France, except that the new shares and entitlements may be offered exclusively to (i) persons licensed to provide the investment service of portfolio management for the account of third parties ("personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers") and/or (ii) qualified investors ("investisseurs qualifiés") or a restricted group of investors, provided that said investors act for their own account, all as defined and in accordance with Article L. 411-1 and L. 411-2 II of the French Code Monétaire et Financier and applicable regulations thereunder.

Prospective investors are informed that (i) the transaction does not require a prospectus to be filed with the AMF for approval, (ii) such prospective investors may only take part in the transaction solely for their own account, as provided in Articles D. 411-1, D. 411-2, D. 734-1, D. 744-1, D. 754-1 and D. 764-1 of the French Code Monétaire et Financier and (iii) the new shares and entitlements may not be further distributed, directly or indirectly, to the public in the French Republic otherwise than in accordance with Article L. 411-1, L. 411-2, L. 412-1 and L.621-8 to L. 621-8-3 of the French Code Monétaire et Financier and applicable regulations thereunder.

Switzerland

This document and any other materials relating to the shares may not be publicly distributed to any person or entity in or from Switzerland. The shares must not be publicly offered (as such term is defined in article 652a of the Swiss Code of Obligations) in or to investors from Switzerland. This Offering Memorandum does not constitute an offering prospectus as that term is understood pursuant to Article 652a of the Swiss Federal Code of Obligations.

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Germany

No offer in respect of the new shares will be made in Germany, other than to qualified investors as defined in Sec. 2 No. 6 of the German Securities Prospectus Act (Wertpapierprospektgesetz) or in circumstances where the offer of new shares is exempt from the publication of a prospectus according to the German Securities Prospectus Act.

Therefore, neither this presentation or any other document has been or will be submitted for approval to the Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht) and accordingly no such document may be communicated to the public in Germany in any form and by any means. Any offer or solicitation within Germany made in connection with the new shares must be in full compliance with the German Securities Prospectus Act.

The Netherlands

The new shares and entitlements may only be offered, sold, transferred or delivered at any time by anyone in or from the Netherlands as part of their initial distribution or any time thereafter, directly or indirectly, to qualified investors (gekwalificeerde beleggers) as such term is defined in Section 1:1 of the Act on Financial Supervision (Wet op het financieel toezicht), including – but not limited to – banks, brokers, dealers, and institutional investors holding a license or being otherwise regulated to be active on the financial markets or undertakings whose only corporate object is investing in securities.

Singapore

This offer is made in reliance on certain exemptions under the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), and is not made in or accompanied by a prospectus that is registered by the Monetary Authority of Singapore (the "Authority"). Conversely, the disclosure materials have not been and will not be registered as a prospectus with the Authority. Accordingly, the disclosure materials and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of new shares and entitlements may not be circulated or distributed, nor may new shares and entitlements be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA; (ii) to a relevant person pursuant to Section 275(i), or any person pursuant to Section 275(iA), and in accordance with the conditions specified in Section 275, of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where new shares and entitlements are subscribed for or purchased under Section 275 by a relevant person which is:

- (i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, then the securities (as defined in Section 2 of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the new shares and entitlements pursuant to an offer made under Section 275 except:
 - (A) to an institutional investor or to a relevant person as defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such securities of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further (in the case of the corporation), the transfer of securities of that corporation arise from an offer made in accordance with the conditions specified in Section 275 of the SFA;
 - (B) where no consideration is or will be given for the transfer; or
 - (C) where the transfer is by operation of law.

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SELLING RESTRICTIONS



Hong Kong

Important information for "professional" and other legally permitted Hong Kong investors:

WARNING

The contents of this Presentation have not been reviewed or approved by any regulatory authority in Hong Kong. Recipients are advised to exercise caution in relation to any offer of new shares by Gloucester. If recipients are in any doubt about any of the contents of this document, they should obtain independent professional advice.

The new shares and entitlements have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document other than:

- (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that ordinance; or
- (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that ordinance.

Further, no person shall issue or have in its possession for the purpose of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the new shares and entitlements, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the new shares and entitlements which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) and any rules made under that ordinance.

The information relating to the offering contained herein may not be used other than by the person to whom it is addressed and may not be reproduced in any form or transferred to any person in Hong Kong.

This offering is not an offer for sale to the public in Hong Kong and it is not the intention of Gloucester that the new shares and entitlements be offered for sale to the public in Hong Kong. **A person acquiring the new shares and entitlements under this offering must not offer those new shares and entitlements or any of them to the public within 6 months after their allotment.**

New Zealand

Presentation does not constitute a prospectus or investment statement and has not been registered, filed with or approved by any New Zealand regulatory authority under or in connection with the Securities Act 1978 (New Zealand). The disclosure materials are being distributed in New Zealand only to (a) persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money; (b) persons who are each required to pay a minimum subscription price of at least NZ\$500,000 for the new shares before the allotment of those new Shares; or (c) persons to whom securities may be offered in New Zealand pursuant to the Securities Act (Overseas Companies) Exemption Notice 2002. Under the offer new shares are not being offered to any other person in New Zealand.

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ACQUISITION OF DONALDSON COAL AND MONASH GROUP

May 2011

Glossary



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GLOSSARY



AASB3	Australian Accounting Standards Board 3: Business Combinations
Abel or Abel Mine	Operating coal mine owned by Donaldson
Acquisitions or Transactions	The Donaldson Acquisition and the Monash Acquisition
AEST	Australian Eastern Standard Time
Ashtonfields	Ashtonfields Pty Ltd ACN 084 407 652
ASX	Australian Securities Exchange
ASX 200	Market-capitalisation weighted and float-adjusted stock market index of the top 200 ASX listed stocks
Bloomfield	Bloomfield Collieries Pty Ltd ACN 000 106 972
Board or Gloucester Board	Gloucester Board of Directors
Capex	Capital expenditure
CHPP	Coal handling and preparation plant
Consent Modification	Modification of development consent
Converting Shares	Gloucester converting preference shares issued to the Monash Vendors, as part consideration for the Monash Assets, in accordance with the Converting Share Terms of Issue
Converting Share Terms of Issue	The terms of issue of the Converting Shares agreed to between Gloucester and the Monash Vendors in respect of the Converting Shares and summarised on page 46
CSN	Crucible swelling number
CY	Calendar year ended 31 December
DDPM	Dial divisions per minute
Deloitte	Deloitte Corporate Finance Pty Limited
Directors	James MacKenzie, David Brownell, Greg Fletcher, Denis Gately, Ricardo Leiman and William Randall
Donaldson or Donaldson Coal	Donaldson Coal Holdings Ltd ACN 074 921 243
Donaldson Acquisition	The proposed acquisition of Donaldson by Gloucester
Donaldson Mines	Operating coal mines owned by Donaldson Coal including the Donaldson Open Cut Mine, Abel Mine, Tasman Underground Mine and the Abel Extension and Tasman Extension Exploration Area
EBITDA	Earnings before interest, taxes, depreciation and amortisation

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GLOSSARY



Elleby	Elleby Holdings Pty Limited ACN 089 542 987
Entitlement Offer or Offer	The accelerated pro rata entitlement offer by Gloucester to eligible shareholders and others to raise approximately \$230m
Ernst & Young	Ernst & Young
FOB	Free on board
FOBT	Free on board trimmed
FY	Financial year ended 30 June
Export Coal	Coal mined from a mine in NSW owned either solely, partly or through a joint venture by Gloucester or its related bodies corporate (in proportion to Gloucester's underlying share or proportion of coal produced from that mine) and exported from the Port of Newcastle, coal exported from the Port of Newcastle by a third party whose ownership of the mine through Gloucester or its related bodies corporate, coal exported from the Port of Newcastle by a third party using facilities provided by Gloucester or its related bodies corporate or third party coal purchased by Gloucester or its related bodies corporate for the sole or dominant purpose of blending and sale by way of export by ship from the Port of Newcastle and in all cases including such coal or third party coal sold to the Noble Group
General Meeting or GM	Meeting to be held to provide shareholders with information on the running of the company and to approve the Donaldson Acquisition and Monash Acquisition and issue of shares to Noble and the vendors in the Monash Acquisition. This is expected to be held on 8 July 2011
Gloucester	Gloucester Coal Ltd ACN 008 881 712
Independent Board Committee	The independent board committee, formed in connection with consideration of the Acquisitions, comprising James MacKenzie, Greg Fletcher and Denis Gately
Independent Directors	James MacKenzie, David Brownell, Greg Fletcher and Denis Gately
Independent Expert	Deloitte Corporate Finance Pty Limited
Institutional Entitlement Offer	The offer of Offer Shares to institutional Gloucester Shareholders and other institutional investors
JORC	Australasian Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia
JORC Code	2004 Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by JORC
JV	Joint venture
Lead Manager	UBS AG (Australia Branch)
LV	Low volatile
M	Million
Middlemount Option	Option to acquire a further 20% interest in the Middlemount JV from Macarthur for \$100 million

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GLOSSARY



Monash, Monash Group or Monash Assets	The assets owned by Elleby including exploration titles EL 6123 and EL 7579
Monash Acquisition	The proposed acquisition of Monash by Gloucester
Monash Vendors	Molti Consulting Pty Ltd ACN 075 282 521, SES Rotges Investments Pty Limited ACN 088 935 620 and McActivity Pty Limited ACN 053 014 127
MRRT	Minerals Resource Rent Tax
Mt	Million tonnes
Mtpa	Million tonnes per annum
NAV	Net asset value
NCIG	Newcastle Coal Infrastructure Group Pty Limited ACN 111 228 221
NCIG Holdings	NCIG Holdings Pty Limited ACN 124 700 483
New Shares	New Gloucester Shares to be issued under the Offer
Noble Group or Noble	Noble Group Limited and its related bodies corporate
Noble Group Entitlement	Noble's entitlement to New Shares under the Offer
NPAT	Net profit after tax
NPC	Newcastle Port Corporation
NSW	New South Wales
Offer Price	\$9.00 per share
Offer Ratio	2 New Shares for every 11 Shares held as at the Record Date. Fractional entitlements will be disregarded
Opex	Operating expense
PCI	Pulverised coal injection
PTG	Policy Transaction Group
Purchase Price Adjustments	Purchase Price Adjustment at completion based on differences between forecast balance sheet for expected date of completion as at 16 May 2011 and actual balance sheet at completion
PWCS	Port Waratah Coal Services Ltd ACN 001 363 828
QLD	Queensland
Record Date	7:00pm (AEST) on 12 May 2011

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GLOSSARY



Retail Entitlement Offer	The offer of Offer Shares to retail Gloucester Shareholders
Register Date	7:00pm (AEST) on 6 July 2011
ROM coal	Run of mine coal
Ro Max	Mean maximum reflectance of vitrinite in oil
Shareholders	Holders of Gloucester Shares recorded on the register as at the Record Date
Share	A fully paid ordinary share in the capital of Gloucester
SPA	Sale and Purchase Agreement
T	Tonnes
Tasman	Operating coal mine owned by Donaldson
Underwriter	UBS AG (Australia Branch) and Citigroup Global Markets Australia Pty Limited
U.S. Person	Has the meaning given to that term in Rule 902(k) under the U.S. Securities Act
US Securities Act	The U.S. Securities Act of 1933, as amended
VWAP	Volume weighted average price
Works Agreement	The agreement between Monash Coal Pty Ltd ACN 069 359 011, Venasi Consult Pty Ltd ACN 150 338 275, Gloucester and Leigh McPherson dated 16 May 2011 in connection with the agreed drilling program and process arrangements for the Monash Assets
Xstrata	Xstrata Plc

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INVESTIGATING ACCOUNTANT'S REPORT



Ernst & Young Certified
Public Accountants
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15 May 2011

The Independent Board of Directors
Gloucester Coal Ltd
Level 15, Keycorp Towers
799 Pacific Highway
Chatswood NSW 2067

Dear Directors

INVESTIGATING ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION AND PRO FORMA FINANCIAL INFORMATION

1. Introduction

We have prepared this Investigating Accountants Report (the "Report") on the historical and pro forma financial information of Gloucester Coal Ltd ("Gloucester") in conjunction with Gloucester's proposed acquisition of Donaldson Coal Holdings Limited ("Donaldson") and Ellemby Holdings Pty Limited ("Ellemby") and an accelerated non-remunerable entitlement offer to raise approximately \$230 million before costs. This report pertains to the historical and pro forma financial information and accompanying footnotes which are to be included in an Investor Presentation to be dated on or about 15 May 2011 (the "Investor Presentation") which has been attached to this Report (the "Financial Information").

Expressions defined in the Investor Presentation have the same meaning in this Report.

2. Scope

Ernst & Young has been requested to prepare this Report to cover the following financial information:

- The historical balance sheet of Gloucester as at 31 December 2010 (the Gloucester Historical Financial Information);
- The historical balance sheet of Donaldson as at 31 December 2010 (the Donaldson Historical Financial Information);
- The historical balance sheet of Ellemby as at 31 December 2010 (the Ellemby Historical Financial Information);

(Collectively, the "Historical Financial Information")

- The pro forma balance sheet as at 31 December 2010 as set out on page 47 of the Investor Presentation (the "Pro Forma Balance Sheet") which assumes completion of the

proposed transactions outlined on page 48 of the Investor Presentation (the "Pro Forma Transactions")

(Collectively, the "Financial Information").

The Gloucester Historical Financial Information has been extracted from the interim financial statements of Gloucester as at 31 December 2010 which were reviewed by Ernst & Young and on which an unqualified review opinion was issued.

The Donaldson Historical Financial Information has been extracted from the audited financial statements of Donaldson as at 31 December 2010 which have been audited by Ernst & Young and on which an unqualified audit opinion was issued containing an emphasis of matter due to uncertain tax positions.

The Ellemby Historical Financial Information has been extracted from the management accounts of Ellemby as at 31 December 2010, after adjusting for inconsistent accounting policies, which have been reviewed by Ernst & Young.

The purchase price adjustments outlined in note 7 on pages 48 and 49 of the Investor Presentation are based on fair values determined by Gloucester management.

The Financial Information is presented in an abbreviated form insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports.

We disclaim any assumption of responsibility for any reliance on this Report or on the Financial Information to which this Report relates for any purposes other than the purpose for which it was prepared. This Report should be read in conjunction with the Investor Presentation.

3. Directors' Responsibility for the Financial Information

The Directors of Gloucester have prepared and are responsible for the preparation and presentation of the Financial Information. The Directors are also responsible for the determination of the Pro Forma Transactions.

4. Our Responsibility

Our responsibility is to express a conclusion on the Financial Information based on our review. We have conducted an independent review of the Financial Information in order to state whether on the basis of the procedures described, anything has come to our attention that would cause us to believe that:

- The Historical Financial Information does not present fairly the historical balance sheets of Gloucester, Donaldson and Ellemby as at 31 December 2010;

As EY is not a registered auditor, we are not permitted to provide any assurance on the financial information.

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INVESTIGATING ACCOUNTANT'S REPORT (CONT'D)



- b. The Pro Forma Transactions do not provide a reasonable basis for the Pro Forma Balance Sheet;
- c. The Pro Forma Balance Sheet has not been prepared on the basis of the Pro Forma Transactions; and
- d. The Pro Forma Balance Sheet does not present fairly as at 31 December 2010 in accordance with the measurement and recognition requirements (but not all of the presentation and disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia as if the Pro Forma Transactions set out above had occurred at 31 December 2010;

Our independent review of the Financial information has been conducted in accordance with Australian Auditing and Assurance Standards applicable to review engagements. Our procedures consist of reading of relevant Board minutes, reading of relevant contracts and other legal documents, inquiries of management personnel and the Directors of Gloucester, and analytical and other procedures applied to Gloucester's, Donaldson's and Ellenby's accounting records. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion on the Financial Information.

5. Conclusion and Opinion Statements

Based on our review, which was not an audit, nothing has come to our attention which would cause us to believe that the:

- a. The Historical Financial Information does not present fairly the balance sheet of Gloucester, Donaldson and Ellenby as at 31 December 2010;
- b. The Pro Forma Transactions do not provide a reasonable basis for the Pro Forma Balance Sheet;
- c. The Pro Forma Balance Sheet has not been prepared on the basis of the Pro Forma Transactions; and
- d. The Pro Forma Balance Sheet does not present fairly as at 31 December 2010 in accordance with the measurement and recognition requirements (but not all of the presentation and disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia as if the Pro Forma Transactions set out above had occurred at 31 December 2010;



6. Independence or Disclosure of Interest

Ernst & Young does not have any pecuniary interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. Ernst & Young provides audit and other advisory services to Gloucester, and will receive a professional fee for the preparation of this Report.

Yours faithfully

Ernst & Young

Michael Elliott
Partner

ASX INSTITUTIONAL OFFER COMPLETION ANNOUNCEMENT

DATED 17 MAY 2011



MARKET RELEASE

17 May 2011

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Gloucester successfully completes the institutional component of its equity raising

Gloucester Coal Ltd (ASX: GCL) (**Gloucester**) today announced the successful completion of the c.A\$218 million underwritten institutional component of its 2 for 11 accelerated, non-renounceable pro rata entitlement offer (**Institutional Entitlement Offer**), which will result in the issue of 24.3 million new shares at the offer price of A\$9.00 per new share.

As announced on 16 May 2011, the net proceeds of the c.A\$230 million Entitlement Offer announced by Gloucester on 16 May 2011 (including the retail component described below) will be used to fund the Monash Acquisition (if it proceeds), partly fund repayment of existing Noble Group Limited (**Noble**) debt owed by Donaldson (if the Donaldson Acquisition proceeds) and associated costs.

As stated in the announcement on 16 May 2011, Noble did not take up its entitlement under the Institutional Entitlement Offer and, as a result, Noble's entitlement shares have been offered to institutional investors at the offer price of A\$9.00 per new share.

The Institutional Offer was very well supported by shareholders, with approximately 97% of eligible institutions (excluding Noble) taking up their entitlements, and new institutional investors joining Gloucester's share register. Following completion of the Institutional Entitlement Offer and issue of A\$360 million of new Gloucester shares to Noble in connection with the Donaldson Acquisition (subject to shareholder approval), Noble's shareholding in Gloucester is expected to reduce to 63.4% which will significantly increase Gloucester's free-float and liquidity.

Gloucester's non-executive chairman, Mr James MacKenzie said: "We are very pleased with this result. We have had a strong level of support from existing institutional shareholders and we welcome a number of new investors to Gloucester's register."

Settlement of the Institutional Entitlement Offer is expected to be completed 23 May 2011, with trading of new shares issued under the Institutional Entitlement Offer expected to commence on 24 May 2011.

Gloucester shares are expected to resume trading on the ASX today.

Commencement of the Retail Entitlement Offer

The size of the retail component of the entitlement offer (**Retail Entitlement Offer**), which is non-renounceable, is up to A\$12 million.

The Retail Entitlement Offer will open on 20 May 2011 and is expected to close at 5.00 pm (AEST) on 6 June 2011. Eligible retail shareholders will have the opportunity to subscribe for 2 new shares for every 11 existing Gloucester shares held at 7.00 pm (AEST) on 12 May 2011 (**Record Date**), at the offer price of A\$9.00 per new share, the same offer price as under the Institutional Offer.

Eligible retail shareholders may apply for new shares in excess of their entitlement up to a maximum of twice their Entitlement subject to availability and scale-back in accordance with the policy to be set out in the retail offer booklet.

Eligible retail shareholders wishing to participate in the Retail Entitlement Offer should carefully read the retail offer booklet and personalised Entitlement and Acceptance form which is expected to be mailed to eligible retail shareholders by 20 May 2011. The Retail Entitlement Offer is not being extended to shareholders outside Australia and New Zealand.

Retail shareholders who have further questions regarding the Retail Entitlement Offer should call the Gloucester Entitlement Offer Information Line on 1300 579 638 (within Australia) or +61 3 9415 4336 (from outside Australia) between 8.30 am and 5.00 pm (AEST) Monday to Friday during the Retail Entitlement Offer period. For other questions, you should consult your stockbroker, accountant, taxation adviser, financial adviser, or other professional adviser.

Timetable for the Retail Entitlement Offer

Event	Date
Record Date for the Entitlement Offer	12 May 2011
Retail Entitlement Offer opens	20 May 2011
Retail offer booklet and personalised Entitlement and Acceptance form despatched to Eligible Retail Shareholders	20 May 2011
Settlement of Institutional Entitlement Offer	23 May 2011
Allotment and trading of New Shares issued under the Institutional Entitlement Offer	24 May 2011
Retail Entitlement Offer closes	6 June 2011
Retail Entitlement Offer settlement	15 June 2011
Allotment of New Shares issued under the Retail Entitlement Offer	16 June 2011
Retail Trading date	17 June 2011



<i>Dates in relation to the General Meeting</i>	
Despatch of Notice of Meeting and Explanatory Memorandum including the Independent Expert's Report	on or around 7 June 2011
Voting Entitlements Date for the General Meeting	6 July 2011
General Meeting date	8 July 2011

The timetable is subject to change. Subject to its obligations under the underwriting agreement, Gloucester reserves the right to withdraw or vary the timetable for the offer without notice. In particular, subject to its obligations under the underwriting, Gloucester reserves the right to extend the closing date for the retail entitlement offer, to accept late applications either generally or in particular cases or to withdraw the retail entitlement offer without prior notice. The commencement of quotation of new shares is subject to confirmation from ASX.

For Further Information

Brendan McPherson Chief Executive Officer +61 (0)2 9413 2028	Sue Cato +61 419 282 319
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Important Information

This announcement does not constitute an offer for subscription, invitation, recommendation or sale with respect to the purchase or sale of any securities in any jurisdiction. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any "U.S. persons" (as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the **Securities Act**) (**U.S. persons**)). Neither the Entitlements nor the New Shares have been, or will be, registered under the Securities Act or any securities laws of any state or other jurisdiction of the United States and may not be offered, sold or otherwise transferred except in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and any other applicable securities laws.

This announcement is not financial product or investment advice nor a recommendation to acquire Gloucester shares and has been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek legal, taxation and financial advice appropriate to their jurisdiction and circumstances.

Gloucester is not licensed to provide financial product advice in respect of Gloucester shares or any other financial product.

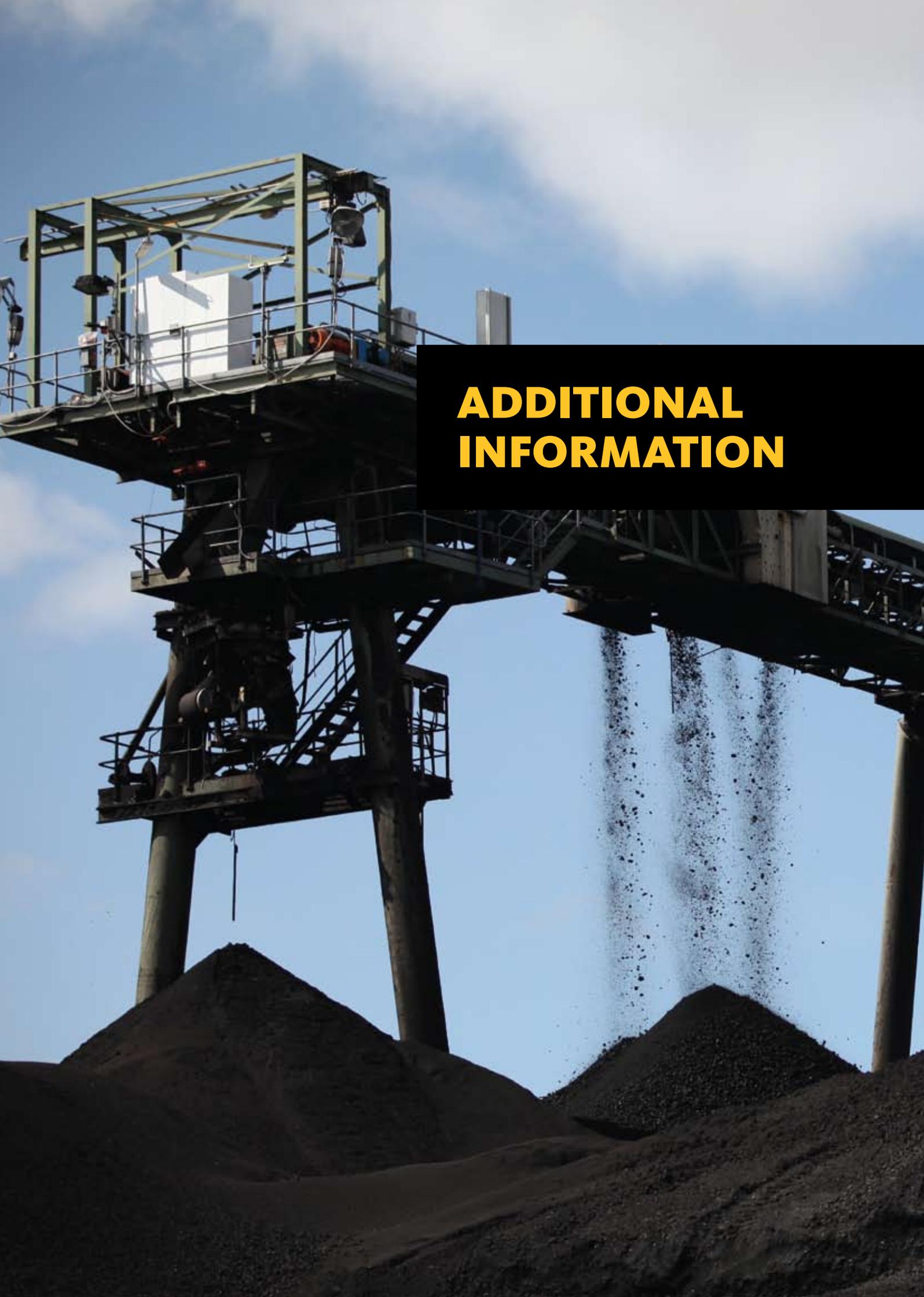
An investment in Gloucester shares is subject to investment and other known and unknown risks, some of which are beyond the control of the Gloucester Group, including possible loss of income and principal invested. Gloucester does not guarantee any particular rate of return or the performance of the Gloucester Group, nor does it guarantee the repayment of capital from Gloucester or any particular tax



treatment. In considering an investment in Gloucester shares, investors should have regard to (amongst other things) the risks and disclaimers outlined in the Investor Presentation released to ASX on 16 May 2011.



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A photograph of an industrial facility, likely a coal processing plant. The image shows a large, multi-level metal structure supported by thick concrete pillars. At the top, there's a platform with railings and some equipment. Below, a conveyor system is visible, and a large amount of dark material, possibly coal or ore, is falling from a chute into a large pile on the ground. The sky is blue with some light clouds. A black rectangular box with yellow text is overlaid on the right side of the image.

ADDITIONAL INFORMATION

ADDITIONAL INFORMATION

This Booklet (including the ASX announcements and Investor Presentation in relation to the Entitlement Offer reproduced in it) and accompanying personalised Entitlement and Acceptance Form have been prepared by Gloucester. The information in this Booklet is dated Friday, 20 May 2011.

No party other than Gloucester has authorised or caused the issue of the information in this Booklet, or takes any responsibility for, or makes, any statements, representations or undertakings in this Booklet.

This information is important and requires your immediate attention. You should read the information in this Booklet carefully and in its entirety before deciding whether to invest in New Shares. In particular, you should consider the risk factors outlined in “Key risks” section of the Investor Presentation (as amended) released to ASX on Monday, 16 May 2011, any of which could affect the operating and financial performance of Gloucester or the value of an investment in Gloucester.

You should consult your stockbroker, accountant, solicitor or other independent professional adviser to evaluate whether or not to participate in the Retail Entitlement Offer. Gloucester has applied to ASX for the grant of official quotation of the New Shares and any Additional New Shares. It is expected that normal trading on ASX will commence in relation to New Shares issued under the Retail Entitlement Offer on Friday, 17 June 2011. Gloucester will have no responsibility and disclaims all liability (to the maximum extent permitted by law, including for negligence) to persons who trade New Shares before the New Shares are listed on the official list of ASX or before they receive their confirmation of issue, whether on the basis of confirmation of the allocation provided by Gloucester, the share Registry or the Underwriters. ASX accepts no responsibility for any statement in this Booklet.

1. Eligible Retail Shareholders

The information in this Booklet contains an offer of New Shares to Eligible Retail Shareholders in Australia and New Zealand and has been prepared in accordance with section 708AA of the Corporations Act as modified by Australian Securities & Investments Commission (“ASIC”) Class Order 08/35.

“Eligible Retail Shareholders” are those holders of Shares who:

- are registered as a holder of Shares as at 7.00pm (AEST) on Thursday, 12 May 2011 (the Record Date);
- have a registered address on the share register in Australia or New Zealand;
- are not in the United States and are not “U.S. Persons” (as defined under Regulation S under the United States Securities Act of 1933 (the “U.S. Securities Act”) (“U.S. Persons”)) or acting for the account or benefit of a U.S. Person;
- are not an institutional shareholder (whether or not eligible to participate under the Institutional Entitlement Offer); and
- are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

Retail Shareholders who do not satisfy these criteria are “Ineligible Retail Shareholders”.

The Retail Entitlement Offer is not being extended to any shareholders outside Australia or New Zealand. By returning a completed Entitlement and Acceptance Form or making a payment by BPAY®, you will be taken to have represented and warranted that you satisfy each of the criteria listed above. Eligible Retail Shareholders who are nominees, trustees or custodians are therefore advised to seek independent professional advice as to how to proceed.

Persons acting as nominees for other persons must not take up any Entitlements on behalf of, or send any documents related to the Retail Entitlement Offer to, any person in the United States or any person that is, or is acting for the account or benefit of, a U.S. Person.

2. Additional New Shares

Gloucester reserves the right to issue any Additional New Shares if and to the extent that Gloucester so determines, in its sole discretion. Any Additional New Shares in excess of Entitlements will be limited to the extent that there are sufficient New Shares from Eligible Retail Shareholders who do not take up their full Entitlements. Eligible Retail Shareholders may apply for Additional New Shares up to two times their Entitlements. Gloucester may apply any scaleback to applications in any manner it decides and in its sole discretion. Therefore, your application for Additional New Shares may not be successful (wholly or partially). The decision of Gloucester on the number of Additional New Shares to be allocated to you will be final.

3. No cooling-off rights

Cooling-off rights do not apply to an investment in New Shares. You cannot withdraw your application once it has been accepted.

4. Rounding of Entitlements

Where fractions arise in the calculation of Entitlements, they will be disregarded.

5. No Entitlements Trading

Entitlements are non-renounceable and cannot be traded on ASX or any other financial market, nor can they be privately transferred.

6. Not investment advice or financial product advice

The Entitlement Offer to which the information in this Booklet relates complies with the requirements of section 708AA of the Corporations Act as modified by ASIC Class Order 08/35. The information in this Booklet is not a prospectus, product disclosure statement, disclosure document or other offering document under the Corporations Act (or any other law) and has not been lodged with ASIC. It is also not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. Gloucester is not licensed to provide financial product advice in respect of the New Shares, any Additional New Shares or any other financial products.

The information in this Booklet does not purport to contain all the information that you may require to evaluate a possible application for New Shares or any Additional New Shares, nor does it contain all the information which would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act. It should be read in conjunction with Gloucester's other periodic statements and continuous disclosure announcements lodged with ASX, which are available at www.asx.com.au. The information in this Booklet does not take into account the investment objectives, financial situation or needs of you or any particular investor. Before deciding whether to apply for New Shares or any Additional New Shares, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial objectives and having regard to the merits or risks involved. You should conduct your own independent review, investigation and analysis of ordinary shares of Gloucester, the subject of the Entitlement Offer. If, after reading this Booklet, you have any questions about the Retail Entitlement Offer, you should contact your stockbroker, accountant, solicitor or other independent professional adviser. You should obtain any professional advice you require to evaluate the merits and risks of an investment in Gloucester before making any investment decision based on your investment objectives.

7. Foreign jurisdictions

The information in this Booklet does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer, and no action has been taken to register ordinary shares of Gloucester or otherwise permit a public offering of the New Shares in any jurisdiction outside of Australia and New Zealand. Return of the personalised Entitlement and Acceptance Form or your BPAY® payment will be taken by Gloucester to constitute a representation by you that there has been no breach of any such laws. Gloucester is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of Shares. Where any holder is acting as a nominee for a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Retail Entitlement Offer is compatible with applicable foreign laws. Eligible Retail Shareholders who are nominees, trustees or custodians are therefore advised to seek independent advice as to how to proceed.

This document does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any U.S. Person. New Shares may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons unless the New Shares have been registered under the U.S. Securities Act or an exemption from registration under the U.S. Securities Act is available. The New Shares to be offered and sold in the Entitlement Offer have not been and will not be registered under the U.S. Securities Act, or under the securities laws of any state or other jurisdiction of the United States and, accordingly, the New Shares are only being offered and sold to persons that are not U.S. Persons or acting for the account or benefit of U.S. Persons, in "offshore transactions"

within the meaning of Regulation S under the U.S. Securities Act and in compliance therewith. Any U.S. Person or any person that is or is acting for the account or benefit of a U.S. Person with a holding through a nominee may not participate in the Retail Entitlement Offer and the nominee must not take up any Entitlement or send any materials into the United States or to any person it knows to be a U.S. Person. The distribution of this document outside Australia and New Zealand may be restricted by law. In particular, this document or any copy of it must not be taken into or distributed or released in the United States or distributed or released to any U.S. Person or to any person acting for the account or benefit of a U.S. Person. Persons who come into possession of this document should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

The New Securities are not being offered or sold to the public within New Zealand other than to existing shareholders with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand).

This Booklet has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand). This document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

8. Governing law

The information in this Booklet, the Entitlement Offer and the contracts formed on acceptance of the personalised Entitlement and Acceptance Forms are governed by the law applicable in New South Wales, Australia. Each shareholder who accepts an offer of New Shares and any Additional New Shares submits to the jurisdiction of the courts of New South Wales, Australia.

9. Taxation

Eligible Retail Shareholders should seek specific advice applicable to their own particular circumstances from their own financial or tax advisers.

Set out below is a summary of the Australian tax implications of the Retail Entitlement Offer for Eligible Retail Shareholders who are residents of Australia for tax purposes and who hold their Shares as capital assets.

The summary below applies only to those Eligible Retail Shareholders who exercise their Entitlements and subscribe for New Shares and any Additional New Shares.

The summary below does not apply to Eligible Retail Shareholders who hold their Shares as assets used in carrying on a business or who may carry on the business of share trading, banking or investment.

The summary below does not apply to Eligible Retail Shareholders whose Shares are held through an employee share scheme or whose Shares are held as revenue assets or trading stock.

ADDITIONAL INFORMATION (CONTINUED)

The summary below also does not take account of any individual circumstances of any particular Eligible Retail Shareholder. Different tax consequences may apply for those Eligible Retail Shareholders that are non-residents of Australia for tax purposes. Taxation is only one of the matters that must be considered when making a decision in relation to New Shares and Additional New Shares. Eligible Retail Shareholders should seek specific advice applicable to their own particular circumstances from their own licensed financial or tax advisers.

The summary below does not address the tax implications of the Retail Entitlement Offer for Eligible Retail Shareholders who are tax residents of any jurisdiction (including New Zealand) other than Australia.

The summary below is based on the law in effect as at the date of this Offer Booklet.

9.1 Income tax

Issue of Entitlements

Subject to the qualifications noted above and assuming that the Eligible Shareholder continues to hold their Shares until the issue of the Entitlements, the issue of the Entitlements will not itself result in any amount being included in the assessable income of an Eligible Retail Shareholder on the basis that the Entitlements satisfy the requirements in section 59-40 of the *Income Tax Assessment Act 1997* (Cth) and are therefore treated as non-assessable and non-exempt income.

Exercise of Entitlements

Eligible Retail Shareholders who exercise their Entitlements and subscribe for New Shares and, in Gloucester's sole discretion, Additional New Shares, will acquire those Shares with a cost base for capital gains tax ("CGT") purposes equal to the Offer Price payable by them for those shares plus any non-deductible incidental costs they incur in acquiring them, but will not make any capital gain or loss, or derive assessable income, from exercising the Entitlements or subscribing for the New Shares or Additional New Shares.

New Shares and Additional New Shares

Taxation of income for Eligible Retail Shareholders

Eligible Retail Shareholders who exercise their Entitlements will acquire New Shares and, in Gloucester's sole discretion, Additional New Shares. Any future dividends or other distributions made in respect of those New Shares and Additional New Shares will be subject to the same taxation treatment as dividends or other distributions made on Shares held in the same circumstances.

For Eligible Retail Shareholders to be eligible for a tax offset in relation to any franking credits attached to a dividend paid by Gloucester on the New Shares and any Additional New Shares, they will need to hold the New Shares or Additional New Shares "at risk" for at least 45 days, not counting the day of acquisition or disposal (referred to as the "holding period rule"). The holding period rule generally only needs to be satisfied once for the New Shares and any Additional New Shares and will apply in respect of the

New Shares and Additional New Shares beginning on the day after the day on which the Eligible Retail Shareholder acquires the New Shares or Additional New Shares. This rule does not apply if the Eligible Retail Shareholder is an individual where the total franking credits entitlement for the year of income of the individual in which the dividend is received is below \$5,000.

Taxation of disposals for Eligible Retail Shareholders

On any future disposal of New Shares and Additional New Shares, Eligible Retail Shareholders may make a capital gain or capital loss, depending on whether the capital proceeds of that disposal are more than the cost base or less than the reduced cost base of the New Shares or Additional New Shares. The cost base of those Shares is described above, but, for these purposes, the cost base should also include a reasonable apportionment of the non-deductible incidental costs on disposal and any non-deductible interest.

New Shares will be treated for the purposes of the CGT rules as having been acquired when the Eligible Retail Shareholder exercised the Entitlement to subscribe for them. Additional New Shares will be treated for the purposes of the CGT discount as having been acquired when Gloucester issues or allots those Additional New Shares. In order to benefit from the CGT discount that may be available to individuals, trusts and complying superannuation funds in respect of a disposal of the New Shares or Additional New Shares, the New Shares or Additional New Shares must have been held for at least 12 months after the Eligible Retail Shareholder (in the case of the New Shares) exercised the Entitlement to subscribe for them or (in the case of the Additional New Shares) received an issue or allotment of them.

Taxation of a return of capital by Gloucester

Where a return of capital is made by Gloucester, the cost base and reduced cost base of the Eligible Retail Shareholder's New Shares or Additional New Shares for CGT purposes will be reduced by the amount of the return of capital, with any excess over the cost base triggering a capital gain. The amount returned may also include a dividend component, which will be subject to tax as set out above.

9.2 Goods and Services Tax and Stamp Duty

No Australian Goods and Services Tax ("GST") or stamp duty is payable in respect of the grant or exercise of the Entitlements or the acquisition of New Shares and any Additional New Shares (subject to the further stamp duty comments immediately below). Eligible Retail Shareholders may be charged GST on third party brokerage or advisor costs in respect of the issue or exercise of the Entitlements or the acquisition of those New Shares or Additional New Shares, depending on their individual circumstances.

No Australian stamp duty is payable in respect of the issue or exercise of the Entitlements or the acquisition of the New Shares and Additional New Shares on the basis that such acquisitions do not result in any shareholder of Gloucester holding (together with their associates) 90% or more of the total issued shares in Gloucester.

10. Underwriting

On 16 May 2011 Gloucester entered into an underwriting agreement with the Underwriters who have agreed to underwrite the Entitlement Offer on the terms and conditions set out in the underwriting agreement (“**Underwriting Agreement**”). The obligations of the Underwriters are subject to the satisfaction of certain conditions precedent documented in the Underwriting Agreement. Furthermore, in accordance with the Underwriting Agreement, as is customary with these types of underwriting arrangements:

- Gloucester has (subject to certain limitations) agreed to indemnify the Underwriter and its officers, employees, advisers and related bodies corporate against losses in connection with the Entitlement Offer.
- Gloucester and the Underwriters have given certain representations, warranties and undertakings in connection with (among other things) the conduct of the Entitlement Offer.
- The Underwriters may each terminate the Underwriting Agreement and be released from their respective obligations if any of a range of events were to occur, including but not limited to the following:
 - a new circumstance arises which is a matter materially adverse to investors and which would have been required by the Corporations Act to be disclosed in the Launch Materials (as that term is defined in the Underwriting Agreement) or otherwise disclosed to the ASX prior to the Entitlement Offer had it arisen before the Launch Materials were given to ASX;
 - ASIC takes certain actions in relation to the Entitlement Offer, the Offer Materials or Gloucester;
 - Gloucester or a Material Subsidiary (as that term is defined in the Underwriting Agreement) becomes Insolvent (as defined in the Underwriting Agreement); or
 - certain other events relating to the Entitlement Offer or to Gloucester occur.
- The Underwriters will be remunerated by Gloucester for providing these underwriting services at market rates and be reimbursed for certain expenses.

The Underwriters have not authorised or caused the issue of, and take no responsibility for, this Booklet, and to the maximum extent permitted by law, disclaim all liability in connection with the Entitlement Offer and this Booklet.

11. Financial data

All dollar values in this Booklet are in Australian dollars (\$) or A\$) unless otherwise stated.

The pro forma historical financial information included in this Booklet does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission.

12. Information availability

Eligible Retail Shareholders in Australia and New Zealand can obtain a copy of this information during the period of the Retail Entitlement Offer by calling the Gloucester Entitlement Offer Information Line on 1300 579 638 (within Australia) or +61 (0)3 9415 4336 (from outside Australia) between 8.30am to 5.30pm (AEST) Monday to Friday during the Retail Entitlement Offer period. A replacement Entitlement and Acceptance Form can be requested by calling the Gloucester Entitlement Offer Information Line.

Neither this Booklet nor the accompanying Entitlement and Acceptance Form may be distributed or relied upon by, persons in the United States that are, or are acting on behalf of or for the account or benefit of, a U.S. Person, or otherwise distributed in the United States.

13. Forward-looking statements and future performance

Neither Gloucester, its officers, employees, agents, associates and advisers, nor any other person warrants or guarantees the future performance of the New Shares, any Additional New Shares or any return on any investment made pursuant to the information in this Booklet. Forward looking statements, opinions and estimates provided in the information in this Booklet are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Any forward looking statements including projections, guidance on future production, reserves, resources, sales, earnings, dividends, and other estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. They are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of Gloucester and the Board of Gloucester, including the risks described in the accompanying Investor Presentation, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by any forward looking statements in this Booklet.

14. Past performance

Past performance information given in this Booklet is provided for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance. The historical information in this Booklet is, or is based upon, information that has been released to the market. For further information, please see past announcements released to ASX.

15. Nominees

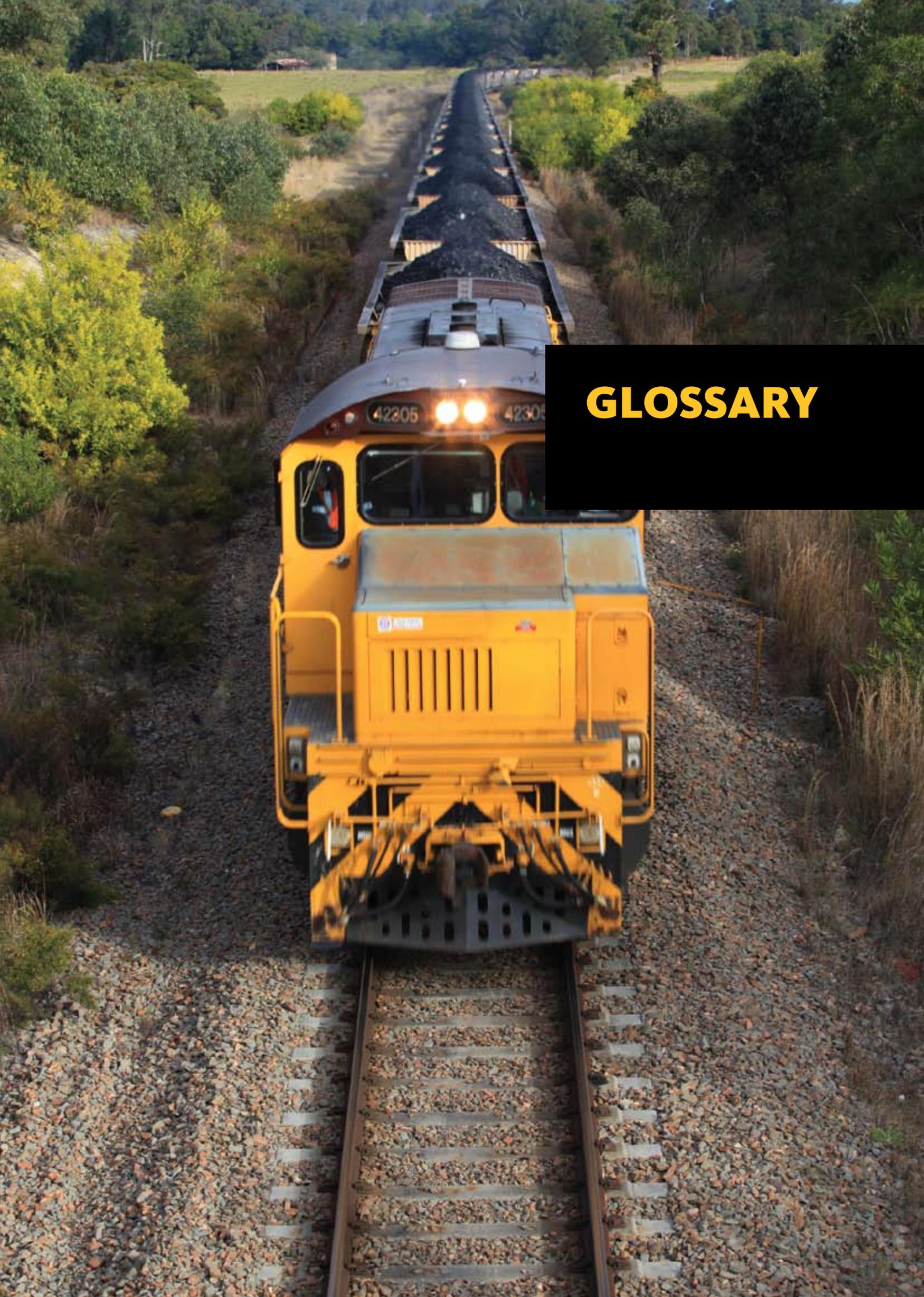
The Retail Entitlement Offer is being made to all shareholders on the register of Gloucester at 7.00pm (AEST) on Thursday, 12 May 2011 with an address in Australia or New Zealand, who are not an institutional shareholder (whether or not eligible to participate under the Institutional Entitlement Offer) and who are not in the United States and are neither a U.S. Person or acting for the

ADDITIONAL INFORMATION (CONTINUED)

account or benefit of a U.S. Person. Gloucester is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of Shares. Where any holder is acting as a nominee for a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Retail Entitlement Offer is compatible with applicable foreign laws. Any U.S. Person or any person that is or is acting for the account or benefit of a U.S. Person with a holding through a nominee may not participate in the Retail Entitlement Offer and the nominee must not take up any Entitlement or send any materials into the United States or to any person it knows to be a U.S. Person. Gloucester is not able to advise on foreign laws.

16. Disclaimer of representations

No person is authorised to give any information, or to make any representation, in connection with the Retail Entitlement Offer that is not contained in this Booklet. Any information or representation that is not in this Booklet may not be relied on as having been authorised by Gloucester, or its related bodies corporate, in connection with the Retail Entitlement Offer. Except as required by law, and only to the extent so required, none of Gloucester, or any other person, warrants or guarantees the future performance of Gloucester or any return on any investment made pursuant to this Booklet.



GLOSSARY

GLOSSARY

Additional New Shares	additional new shares in excess of your Entitlement up to a maximum number equal to twice your Entitlement (subject to scaleback in the sole discretion of Gloucester)
AEST	Australian Eastern Standard Time
Applicant	an Eligible Retail Shareholder who applies for New Shares in the Retail Entitlement Offer
Application	an application for New Shares lodged in accordance with the instructions in this Offer Booklet and the Entitlement and Acceptance Form
Application Monies	a payment or payments made to subscribe for New Shares
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited or a financial market operated by it
Board	the board of directors of Gloucester
Closing Date	5.00pm (AEST), Monday, 6 June 2011
Corporations Act	Corporations Act 2001 (Cth)
Donaldson Acquisition	the proposed acquisition of Donaldson by Gloucester
Donaldson	Donaldson Coal Holdings Ltd ACN 074 921 243
Eligible Retail Shareholders	has the meaning given in section 1 of “Additional Information”
Ellembly	Ellembly Holdings Pty Limited ACN 089 542 987
Entitlement	the number of New Shares for which an Eligible Retail Shareholder is entitled to subscribe under the Entitlement Offer
Entitlement and Acceptance Form	the personalised entitlement and acceptance form accompanying this Offer Booklet which Eligible Retail Shareholders may use to apply for New Shares and Additional New Shares
Entitlement Offer	the pro rata entitlement offer to subscribe for New Shares at the Offer Price set out in this Offer Booklet and the Entitlement and Acceptance Form, and announced to ASX by Gloucester on Monday, 16 May 2011
General Meeting	meeting to be held to provide shareholders with information on, and to approve, the Donaldson Acquisition and Monash Acquisition and issue of shares to Noble and the vendors in the Monash Acquisition. This is expected to be held on 8 July 2011
Gloucester	Gloucester Coal Ltd ABN 66 008 881 712
Ineligible Retail Shareholders	has the meaning given in section 1 of “Additional Information”
Institutional Entitlement Offer	the institutional component of the Entitlement Offer, details of which were announced to ASX by Gloucester on Monday, 16 May 2011
Investor Presentation	the investor presentation relating to the Entitlement Offer given to ASX by Gloucester on Monday, 16 May 2011 (as amended)
Monash	the assets owned by Ellembly including exploration titles EL 6123 and EL 7579
New Share	a Share issued under the Entitlement Offer
Noble Group	Noble Group Limited
Offer Booklet	this booklet setting out the terms of the Retail Entitlement Offer and other important information relating to the Retail Entitlement Offer
Offer Price	A\$9.00 per New Share
Opening Date	9.00am (AEST) on Friday, 20 May 2011
Record Date	7.00pm (AEST) on Thursday, 12 May 2011
Retail Entitlement Offer	the retail component of the Entitlement Offer, details of which are set out in this Offer Booklet
Retail Entitlement Offer period	the period from and including the Opening Date until and including the Closing Date

Securities Act	U.S. Securities Act of 1933
SGX	Singapore Stock Exchange
Share	a fully paid ordinary Share in the capital of Gloucester
Shareholder	a registered holder of Shares
Share Registry	Computershare Investor Services Pty Limited ABN 48 078 279 277
Underwriters	Citigroup Global Markets Australia Pty Limited and UBS AG, Australia Branch
U.S. Persons	has the meaning given to it in section 1 of "Additional Information"

CORPORATE DIRECTORY

Registered Office

Gloucester Coal Ltd
Level 15
Citadel Towers (Tower B)
799 Pacific Highway
Chatswood NSW 2067

Registry

Computershare Investor Services Pty Limited
GPO Box 505 Melbourne
Victoria 3001 Australia
Tel (within Australia): 1300 579 638
Tel (outside Australia): +61 3 9415 4336

Website

www.gloucestercoal.com.au

Gloucester Entitlement Offer Information Line

Australia: 1300 579 638
International: +61 (0)3 9415 4336
Open 8.30am to 5.00pm (AEST) Monday to Friday during the Retail Entitlement Offer period

Stock Exchange Listing

Gloucester's ordinary shares are listed on the Australian Securities Exchange (code "GCL")

