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# ACQUISITION COMPLETION AND COMPANY UPDATES

## Gloucester Coal Ltd Completes Acquisition of Donaldson Coal and the Monash Group

Further to the ASX Release of 16 June 2011 advising confirmation of Foreign Investment Review Board approval, Gloucester Coal Ltd (**Gloucester**) announces that it has completed effective 14 July 2011:

- a) the acquisition of Donaldson Coal Holdings Ltd (**Donaldson**) from Noble Group Limited (**Noble**); and
- b) the acquisition of Ellembay Holdings Pty Limited (**Ellembay**) and its controlled entities (**Monash Group**) from Ellembay's shareholders.

Completing the acquisition of Donaldson and Monash was a significant step in Gloucester's strategy to transform the company into a leading Australian coal producer. The acquisitions increase the company's resource base from 340 million tonnes to 1,512 million tonnes. The Monash semi-soft coking and thermal coal development prospects provide access to a new major Hunter Valley opportunity located near existing infrastructure.

Gloucester is a multi-mine operator with operations across all stages of the development curve. This promises to enhance Gloucester's production profile and diversification. A more diverse group of mines and products allows us to tailor production to better match market demand. Medium term annual production is expected to increase from previous estimates of around 5.5 million tonnes to around 10 million tonnes per annum.

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

## Pro forma balance sheet

Gloucester refers to the pro forma balance sheet set out on slide 47 of its investor presentation dated 16 May 2011. The preliminary value assigned to the Monash Deferred Consideration classified as Non-Current Asset under 'Exploration & evaluation' and as a Non-Current Liability under 'Contingent consideration' was assessed at approximately \$57.6 million. Gloucester has conducted a preliminary review of this sum for accounting purposes and has reassessed this value to be within the range of \$82 million to \$89 million. As noted in the pro forma accounts this amount may be further amended as final valuations are completed. The capped amounts for the deferred consideration payable on the Monash acquisition (as set out on slide 20 of the investor presentation) remain unchanged and the Net Asset position on the pro forma balance sheet remains unchanged as a result of this accounting reassessment.

## New Debt Facilities

Gloucester also advises that it has taken the opportunity to negotiate a new debt facility with Noble. The unsecured \$400 million facility has a four year term expiring 30 June 2015. The new facility has been negotiated on terms and conditions which are competitive with alternative financing proposals considered by the Company. The debt facility has been negotiated at arms-length utilising the Independent Board Committee governance process described in the Company's investor presentation dated 16 May 2011.

As previously announced, the new facility will be utilised in part to repay existing Donaldson debt payable to Noble. The facility will otherwise be used for general corporate purposes. There is no fee for early termination of the facility by Gloucester.

## Gloucester Coal Ltd appoints new General Manager Marketing

Gloucester updated the market today on the appointment of Ross Monks to the role of General Manager Marketing. Ross joins Gloucester Coal from Vale Australia where he held the position of Senior Marketing Manager Coal for four years and was responsible for the sale of around 7 million tonnes of metallurgical and thermal coal to markets in Japan, Korea and Taiwan. He has also worked on marketing opportunities in the Asian markets for coal from Mozambique. The coal sales under his management were exported out of Dalrymple Bay Coal Terminal in Queensland and Port Waratah Coal Services in NSW.

The appointment of Ross as General Manager Marketing is consistent with Gloucester's intention to develop in house marketing capability. Ross formally commences his role at Gloucester on 8 August 2011.

## New Registered Office, Principal Place of Business and Contact Numbers

Gloucester wishes to advise that effective today, its registered office, principal place of business and contact numbers are as set out below:

### **Registered Office and Principal Place of Business:**

Level 7, 167 Macquarie Street  
Sydney NSW 2000

### **Contact Numbers:**

Telephone: +612 9220 9900  
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### **For Further Information**

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