



## **MACARTHUR COAL (ASX: MCC) ANNOUNCES UPDATE ON TAKEOVER OF GLOUCESTER COAL AND CONDITIONAL ACQUISITIONS OF ASSETS FROM NOBLE GROUP**

**29 January 2010**

On 22 December 2009, Macarthur Coal Limited ("Macarthur") announced an intention to acquire 100% of Gloucester Coal Ltd ("Gloucester") via an off-market takeover by an all-scrip offer with cash alternative ("Gloucester Offer").

At the same time as the Gloucester takeover announcement, Macarthur also announced:

- that it had entered into a conditional binding term sheet to acquire Noble Group Limited's ("Noble") interest in the Middlemount JV, taking Macarthur's ownership to 100% of Middlemount including all marketing rights for Middlemount product ("Middlemount Transaction"); and
- that it was continuing discussions with Noble to acquire a majority stake in Donaldson Coal Holdings Ltd ("Donaldson"),

together, the "Noble Transactions", for a total consideration of A\$175 million in cash and 22.5 million Macarthur shares issued at a price of A\$9.70 per share.

### **Middlemount**

Macarthur is pleased to announce today that it has now entered into definitive legal documentation with Noble, which gives effect to the terms agreed in the binding term sheet announced on 22 December 2009. In addition, certain aspects of the binding term sheet have been amended, including that:

- the future royalty payable by Middlemount to Noble will reduce to 1.0%, a further 0.5% reduction from that announced on 22 December 2009; and
- Macarthur has agreed to grant Noble the option to apply the amounts to be owed for the royalty reduction, the cancellation of Noble's 20% option over Middlemount and certain loans owed by Middlemount to Noble towards the subscription for Macarthur shares at A\$9.70 per share.

The Middlemount Transaction will remain conditional, amongst other things, upon FIRB approval, the Gloucester Offer becoming unconditional and Noble accepting the Gloucester Offer.

Refer to Annexure 1 for a breakdown of the consideration to be paid for each of the interests Macarthur intends to acquire as part of the Middlemount Transaction.

### **Gloucester**

In relation to the Gloucester Offer, it is intended that Macarthur's Bidders Statement will be despatched to Gloucester shareholders in early March 2010, as Macarthur has received relief from ASIC to allow it to despatch its Bidder's Statement no later than 5 March 2010. This will enable the Bidder's Statement to include financial information for the half year to 31 December 2009 for both Gloucester and Macarthur.

Macarthur expects to hold a Shareholder Meeting in relation to the Gloucester Offer and Middlemount Transaction in mid April 2010. The Gloucester Offer is expected to close in early May, subject to extension.



## **Donaldson**

Macarthur and Noble have agreed not to proceed with the proposed transaction in relation to Donaldson.

Macarthur will proceed with the Gloucester Offer and the Middlemount Transaction.

Macarthur Managing Director, Nicole Hollows said, "We have agreed with Noble not to proceed with the elements of the transaction which relate to Donaldson. However, we believe that the acquisition of Gloucester and Noble's interest in Middlemount will create significant value for Macarthur shareholders by creating a more diverse business with exposure to multiple product types, geographies and mining operations."

## **Other information**

Macarthur intends to enter into a performance based agreement with Noble by 12 February 2010 in relation to the provision by Noble of day-to-day logistics management of the New South Wales rail and port supply chain. It is expected that this agreement will have an initial term of three years.

Macarthur advises that it still intends to acquire CITIC Resources Holdings Limited's ("CITIC Resources") direct interests in Macarthur's operating assets and terminate CITIC Resources' marketing rights to China and India ("CITIC Transaction").

Macarthur has appointed Lonergan Edwards & Associates to prepare Independent Expert's Reports for Macarthur shareholders to determine whether:

- the issue of Macarthur shares to Noble entities under the Gloucester Offer and Middlemount Transaction is fair and reasonable to Macarthur shareholders; and
- the issue of Macarthur shares to CITIC Resources under the CITIC Transaction is fair and reasonable to Macarthur shareholders.

Refer to Annexure 2 for updated pro forma ownership figures for Macarthur following the Gloucester Offer and Middlemount Transaction.

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## ANNEXURE 1 Middlemount Transaction Breakdown

### Middlemount Transaction Breakdown

Macarthur will pay a mixture of Macarthur shares and cash for the acquisition of interests in Middlemount and associated transactions, implying a total value of A\$218.3mm comprised of:

1. up to A\$50.0mm in repayment of certain loans which will be owed by Middlemount to Noble ("Noble Loan") at the transaction close ("Completion"). The actual Noble Loan amount will not be determined until Completion.
2. a number of Macarthur shares<sup>1</sup> to the value of A\$130.5mm less the amount of the Noble Loan for the acquisition of the remaining 25.34% interest in Middlemount not currently owned by Macarthur. For example, if the Noble Loan is A\$50.0mm at Completion, the number of Macarthur shares to be issued would be 8.3 million (i.e. (A\$130.5mm – A\$50.0mm) / A\$9.70).
3. A\$20.0mm for the cancellation of Noble's option to acquire a further 20% of Middlemount from Macarthur.
4. A\$67.8mm to reduce the royalty payable by Middlemount to Noble from 4.0% to 1.0%.

If Noble exercises its option to apply the cash amounts to be owed under items 1, 3 and 4 to subscribe for Macarthur shares at \$9.70 per share, the total consideration to Noble for the Middlemount Transaction will be approximately 22.5 million Macarthur shares and nil cash. The relevant shares will be issued at Completion.

However, if Noble does not exercise its option, the cash amount under item 1 will be paid at Completion, and the cash amounts under items 3 and 4 will be payable on 30 September 2010.

<sup>1</sup> Issued at a price of A\$9.70 per share



## ANNEXURE 2 Revised pro forma data

### Pro form ownership structure following the Gloucester Offer and Middlemount Transaction

Each of the Gloucester Offer and the Middlemount Transaction result in the issuance of Macarthur ordinary shares. Macarthur believes its register will reflect the following, post completion of these transactions<sup>1</sup>:

Shareholder	Pro forma ownership (Noble receives additional Macarthur Shares) <sup>2</sup>	Pro forma ownership (Noble receives cash instead of additional Macarthur shares) <sup>3</sup>
Noble and associated entities	24.0%	21.9%
CITIC Resources and associated entities	16.5%	17.0%
Existing Macarthur shareholders other than CITIC Resources	57.1%	58.6%
Former Gloucester shareholders other than Noble	2.4%	2.5%

<sup>1</sup> Percentages based on 100% scrip offer for all Gloucester shareholders; Excludes impact of potential CITIC Transaction, as announced on 22 December 2009.

<sup>2</sup> Assumes Noble exercises the option to apply the amounts owing for the royalty reduction, the cancellation of Noble's 20% option over Middlemount and the Noble Loan to subscribe for Macarthur shares.

<sup>3</sup> Assumes Noble does **not** exercise the option to apply the amounts owing for the royalty reduction, the cancellation of Noble's 20% option over Middlemount and the Noble Loan to subscribe for Macarthur shares; Assumes Noble Loan has a balance of nil at Completion.