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New Hope Offer to merge with Macarthur Coal will create Australia's largest independent coal company

- **New Hope welcomes decision by Macarthur Board to defer EGM to 19 April**
- **Proposed Gloucester Transactions not in the best interests of all Macarthur shareholders**
- **Macarthur shareholders can participate in the New Hope Offer at a highly attractive premium**
- **New Hope Offer will create the largest independent Australian coal company with a market capitalisation of more than \$8 billion**
- **New Hope remains committed to working collaboratively with the Macarthur Board and shareholders**
- **New Hope Offer is straight forward, capable of being put to Macarthur shareholders and treats all shareholders equally**

New Hope Corporation Limited ("New Hope") (ASX:NHC) welcomes the decision by the Board of Macarthur Coal Limited ("Macarthur") (ASX: MCC) to defer the Macarthur EGM at which shareholders in Macarthur will be asked to approve the issue of Macarthur shares to Noble Group Limited ("Noble") for the proposed Gloucester and Middlemount transactions ("Proposed Gloucester Transactions").

The deferral of the EGM provides Macarthur shareholders the opportunity to consider New Hope's Offer to acquire all of Macarthur's shares for scrip consideration of 2.7 New Hope shares for every 1 Macarthur share to be implemented by scheme of arrangement ("New Hope Offer").

New Hope believes that its Offer is superior to the Proposed Gloucester Transactions and other announced proposals put to the Macarthur Board. Key highlights of the New Hope Offer:

1. Macarthur shareholders will receive a highly attractive premium for their shares;
2. It is a better alternative to the Proposed Gloucester Transactions which deliver significant value to Gloucester Coal Limited shareholders at the expense of Macarthur shareholders; and
3. Macarthur shareholders will continue to participate in what will be the largest independent, Australian listed coal company, with a strong balance sheet, increased size and liquidity.

New Hope is an independent Australian coal company, with a current market capitalisation in excess of \$4 billion. New Hope delivered revenues (excluding non recurring items) of \$701 million in FY2009 and production of 5.14 Mt.

Macarthur shareholders will receive a premium to participate in the merged entity

The New Hope Offer is a:

- **22.6%**¹ premium to Macarthur's Independent Expert's mid-point valuation of \$11.17 for each Macarthur share for a 100% control transaction;
- **16.4%**² premium to the 1 month VWAP of Macarthur shares as at 30 March 2010³; and
- **17.7%**⁴ premium to the 3 month VWAP of Macarthur shares as at 30 March 2010.

The Macarthur Board has rejected New Hope's Offer as it does not represent an *"...adequate premium for control of the company"*.

New Hope's Offer allows Macarthur shareholders to realise a premium for control and is at a significant premium to Macarthur's Independent Expert's valuation for Macarthur for a 100% control transaction. The Proposed Gloucester Transactions will result in the issue of a significant stake to Noble Group Limited ("Noble") at a substantial discount to Macarthur's current share price.

New Hope points out that ongoing speculation and rumours of corporate activity relating to Macarthur in the last two weeks has significantly increased the trading price of Macarthur shares so that the current Macarthur share price already reflects a control premium. The Proposed Gloucester Transactions will be likely to eliminate that control premium in the share price due to the creation of a blocking stake for Noble.

The New Hope Offer represents a merger of two companies of a similar size where Macarthur shareholders will participate in the merger at a highly attractive premium.

The Proposed Gloucester Transactions are an inferior proposal for Macarthur shareholders when compared to the New Hope Offer

By proceeding with the Proposed Gloucester Transactions, Macarthur will be issuing shares at:

- \$13.06⁵ to Gloucester shareholders (primarily Noble) which represents a premium of **57.1%** to the Independent Expert's mid-point valuation of Gloucester shares; and
- \$9.70 to Noble in consideration for the Middlemount acquisition which represents a **37.6%** discount to Macarthur's last closing share price⁶.

New Hope Chairman, Robert Millner, said: "The Proposed Gloucester Transactions transfer significant value to Gloucester shareholders at the expense of Macarthur shareholders."

The Independent Expert appointed by Macarthur concluded that the value for Macarthur on a 100% control basis was in the range of \$9.84 to \$12.49 per share with the mid-point being \$11.17.

¹ Implied value of Macarthur shares under the New Hope Offer utilising New Hope's 1 month VWAP as at 9 April 2010

² Using 1 month VWAP of New Hope shares as at 9 April 2010 and 1 month VWAP of Macarthur shares at 30 March 2010

³ On 31 March 2010, Macarthur announced it had been approached by Peabody Energy Corporation with a takeover proposal

⁴ Using 3 month VWAP of New Hope shares as at 9 April 2010 and 3 month VWAP of Macarthur shares at 30 March 2010

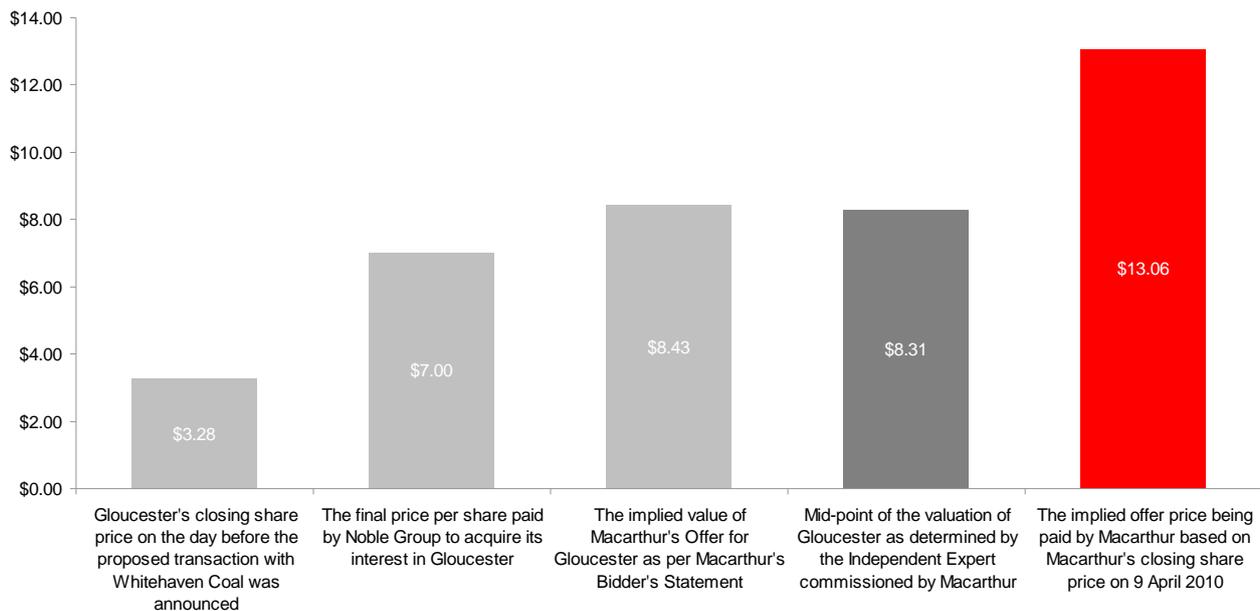
⁵ The implied offer price for Gloucester at Macarthur's closing share price on 9 April 2010 at the exchange ratio of 0.84

⁶ At the closing price of Macarthur's shares on 9 April 2010

“To argue that the value of Macarthur is higher than this range is a contradiction of that valuation process and by extension suggests that the Proposed Gloucester Transactions are not in the best interests of all Macarthur shareholders.

“The current Macarthur share price reflects a takeover premium as a result of the offers put to Macarthur. Under the New Hope Offer, Macarthur shareholders will participate in a merger at a price reflecting a control premium, whereas the Proposed Gloucester Transactions will create a merger where Gloucester shareholders participate in a merger with Macarthur at a discount to current prices,” Mr Millner said.

Premium being paid for Gloucester Coal by Macarthur Coal

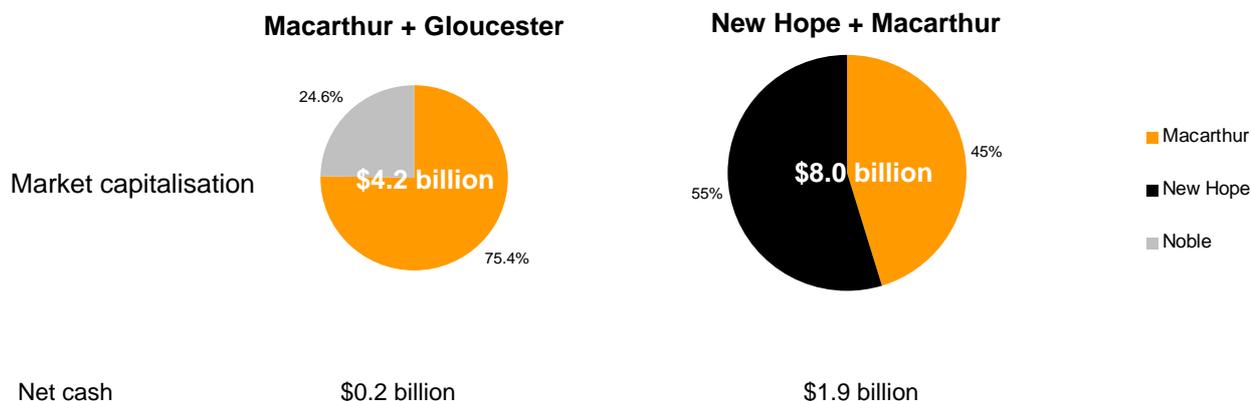


Macarthur is offering to buy Gloucester shares at \$13.06 when the Independent Expert's mid-point valuation is \$8.31. Noble paid \$7.00 a share for Gloucester in a competitive process and are now receiving almost double that price for the asset less than 12 months later.

Proceeding with the Proposed Gloucester Transactions will:

- Deliver a major shareholding of 24.6% to Noble at a discount to Macarthur's current share price;
- Not deliver any premium to Macarthur shareholders; and
- Create a company which is unlikely to trade with any takeover premium going forward due to the blocking stake issued to Noble

Side by Side Comparison



Source: Company filings

Notes:

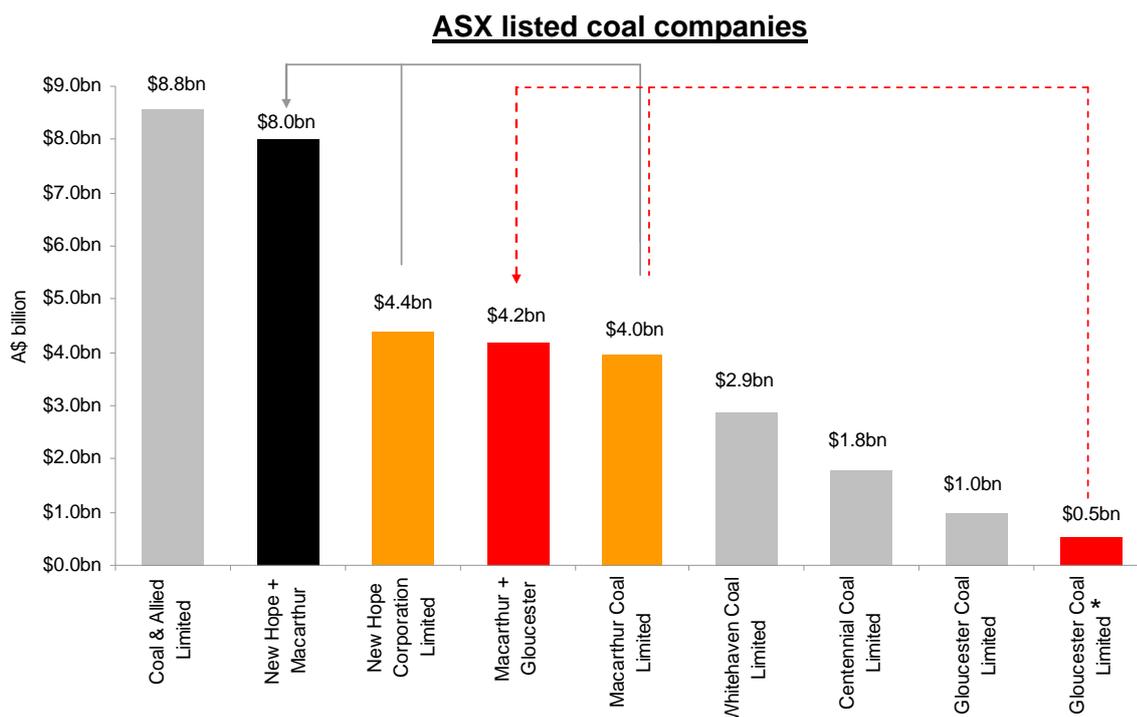
1. New Hope + Macarthur's estimated market capitalisation is based on New Hope's share price at close of trade on 9 April 2010 and an exchange ratio of 2.7 New Hope shares for every Macarthur share
2. Macarthur + Gloucester is calculated based on Macarthur's share price at the close of trade on 30 March 2010 being the last trading day prior to the announcement of the Peabody proposal and the exchange ratio of 0.84 Macarthur shares for every Gloucester share
3. New Hope's net cash includes cash realised from its stake in Arrow Energy Limited under the take over offer from Shell

Macarthur shareholders will continue to participate as shareholders in the merged entity

Under New Hope's Offer, Macarthur shareholders will have the ability to participate in the merged entity at a value reflecting a significant premium rather than giving a premium to Gloucester shareholders under the Proposed Gloucester Transactions.

New Hope's Offer will create a major Australian coal company with a market capitalisation of more than \$8 billion, with enhanced coal reserves and resources as well as a diversity of geography and assets.

The merged entity will have a very strong balance sheet with a net cash position of almost \$2 billion and shareholders will benefit from the increased size and liquidity of the company.



At close of trade on 9 April 2010

Notes:

1. Macarthur + Gloucester is calculated based on Macarthur's share price at the close of trade on 30 March 2010 being the last trading day prior to the announcement of the Peabody proposal and the exchange ratio of 0.84 Macarthur shares for every Gloucester share
2. Gloucester Coal* (red) is calculated based on the share price at close of trade on 21 December 2009 being the last trading day prior to the announcement of the Macarthur takeover

The New Hope Offer creates a bigger and better merged entity than the Proposed Gloucester Transactions, and at a much better value proposition for all Macarthur shareholders.

New Hope's Offer is not subject to financing or due diligence. New Hope will not treat Noble exercising one or more of its rights in respect of the Middlemount joint venture as a breach of any condition of the New Hope Offer.

The New Hope Offer is capable of being put to shareholders should the Macarthur Board wish to proceed.

"New Hope remains committed to working collaboratively with the Macarthur Board," Mr Millner concluded.

ENDS

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