

MACARTHUR

ABN 40 096 001 955

COAL

LIMITED

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South Brisbane Qld 4101
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26 February 2010

Mr Patrick O'Connor
ASX Markets Supervision Pty Ltd
Riverside Centre, Level 5, 123 Eagle St
BRISBANE QLD 4000

Dear Patrick

Macarthur Coal Limited (ASX : MCC) Bidder's Statement

Please find attached Macarthur Coal Limited's Bidder's Statement lodged with ASIC and served on Gloucester Coal Limited today.

Yours sincerely



Lisa Dalton
Company Secretary

Encl



BIDDER'S STATEMENT

ACCEPT THE OFFER

BY

MACARTHUR COAL LIMITED

ABN 40 096 001 955

to acquire all of your ordinary shares in

GLOUCESTER COAL LIMITED

ABN 66 008 881 712

You can elect to receive either
0.84 Macarthur Shares
or \$8.00 cash for each
Gloucester Share you hold

The Offer closes at 7.00 pm (Sydney time)
on Thursday 6 May 2010, unless extended

*This is an important document and requires your immediate attention.
If you are in any doubt as to how to deal with it, please consult your
stockbroker, legal or financial adviser*

Financial Adviser

Legal Adviser

J.P.Morgan

**CORRS
CHAMBERS
WESTGARTH**
lawyers



IMPORTANT DATES

Announcement Date	22 December 2009
Date of Bidder's Statement	26 February 2010
Date of Offer	[insert]
Offer opens	[insert]
Offer closes – 7.00 pm (Sydney time) unless extended*	6 May 2010

* The Offer may be extended as permitted under the Corporations Act.

IMPORTANT NOTICES

BIDDER'S STATEMENT

This Bidder's Statement dated 26 February 2010 is given by Macarthur to Gloucester under Part 6.5 of the Corporations Act. It includes an Offer dated [insert] on the terms set out in **section 14**.

A copy of this Bidder's Statement was lodged with ASIC on 26 February 2010. Neither ASIC nor any of its officers takes responsibility for the contents of this Bidder's Statement.

DEFINED TERMS

A number of important words and phrases with particular meanings are used in this document. These terms are explained in the Glossary in **section 16** of this Bidder's Statement.

INVESTMENT DECISIONS

This Bidder's Statement does not take into account the individual investment objectives, financial situation or particular needs of each Gloucester Shareholder or any other person. You should consider seeking independent financial and taxation advice before making a decision as to whether or not to accept the Offer and whether Macarthur Shares are an appropriate investment for you.

FORWARD LOOKING STATEMENTS

This Bidder's Statement includes information that is historical in character and forward looking statements. The forward looking statements relate to future matters and are subject to various inherent risks and uncertainties. These risks and uncertainties include the risks described in **section 8**, as well as other matters not yet known to Macarthur or not currently considered material by Macarthur.

Actual events or results may differ materially from the events or results expressed or implied by any forward looking statements. The past performance of Macarthur, Middlemount and Gloucester is no guarantee of future performance. None of Macarthur, any of the directors or officers of Macarthur, any other person named in this Bidder's Statement with their consent or any person involved in the preparation of this Bidder's Statement makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. The forward looking statements in this Bidder's Statement reflect views held only as at the date of this Bidder's Statement.

GLOUCESTER INFORMATION

The information on Gloucester, Gloucester Shares and the Gloucester Group contained in this Bidder's Statement has been prepared by Macarthur using publicly available information.

The information in this Bidder's Statement concerning Gloucester and the assets and liabilities, financial position and performance, profits and loss and prospects of Gloucester has not been verified by Macarthur. Macarthur does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

MERGED GROUP INFORMATION

The information on the Merged Group contained in this Bidder's Statement, to the extent that it incorporates or reflects information on Gloucester or the Gloucester Group, has been prepared using publicly available information and has not been verified by Macarthur. Subject to the Corporations Act, Macarthur does not make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

FOREIGN JURISDICTIONS

The distribution of this Bidder's Statement and the making of the Offer may be restricted by the laws of foreign jurisdictions, and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities law. The Offer is not being made, directly or indirectly, in or into and will not be capable of acceptance from within any jurisdiction, if to do so would not be in compliance with the laws of that jurisdiction.

This Bidder's Statement is not a New Zealand prospectus or an investment statement and has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the *Securities Act 1978* (or any other relevant New Zealand law). This Bidder's Statement may not contain all the information that a prospectus or an investment statement under New Zealand law is required to contain. Macarthur Shares are being offered to the public in New Zealand under the Offer in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2002* (New Zealand).

No action has been taken to register the Bidder's Statement or qualify Macarthur or to otherwise permit a public offering of Macarthur Shares outside Australia or New Zealand. In particular, Macarthur Shares have not been, and will not be, registered under the *Securities Act 1933* of the United States of America (**Securities Act**) and may not be offered or sold in the United States or to, or for the account or benefit of, a US person (as defined in Regulation S under the Securities Act), except in a transaction exempt from the registration requirements of the **Securities Act** and applicable United States state securities laws. The entitlements of Gloucester Shareholders who are located in jurisdictions outside Australia and its external territories or New Zealand are set out in **section 14.11**.

HOW TO ACCEPT

Acceptances must be received by the end of the Offer Period. The manner by which you accept the Offer will depend on the nature and type of your holding. Full details of how to accept the Offer are set out in **section 14.6** and a summary is set out in **section 1**.

PRIVACY STATEMENT

Macarthur has collected your information from the Gloucester register of members for the purpose of making the Offer and, if accepted, administering your holding of Gloucester Shares. The type of information Macarthur has collected about you includes your name, address, contact details and information on your shareholding in Gloucester. Without this information, Macarthur will be hindered in its ability to carry out the Offer. The Corporations Act requires the name and address of shareholders to be held in a public register. Your information may be disclosed on a confidential basis to Macarthur's Related Bodies Corporate and external service providers (such as Computershare Investor Services Pty Limited and providers of print and mail services), and may be required to be disclosed to regulators such as ASIC. If you would like details of information about you held by Macarthur or Computershare Investor Services Pty Limited please contact them at the addresses set out in the corporate directory.

QUERIES

If you have any questions about this Bidder's Statement, please contact the Offer enquiry line on 1300 158 006 (or +61 3 9415 4090 for international callers) or your stockbroker, legal or financial adviser.



100 Melbourne Street
South Brisbane Qld 4101
GPO Box 1025
Brisbane Qld 4001
Tel: (617) 3221 7210
Fax: (617) 3229 1776
Email: info@maccoal.com.au

Dear Gloucester Shareholder

Macarthur is pleased to provide you with its offer to acquire all your shares in Gloucester.

Macarthur is offering you a choice between 0.84 Macarthur Shares or \$8.00 cash for each Gloucester Share you own.

Macarthur offering a premium for Gloucester Shares

The Scrip Alternative offered to Gloucester Shareholders values:

- Gloucester at \$691 million; and
- each Gloucester Share at \$8.43.

based on the closing price of Macarthur Shares on 25 February 2010.

The Scrip Alternative under the Offer represents the following premiums:

- 28.8% to the closing price of Gloucester Shares on 21 December 2009, which was the day before the Offer was announced by Macarthur (being \$6.55);
- 30.9% to the one month VWAP to 21 December 2009 of Gloucester Shares (being \$6.44);
- 35.1% to the three month VWAP to 21 December 2009 of Gloucester Shares (being \$6.24); and
- 43.2% to the six month VWAP to 21 December 2009 of Gloucester Shares (being \$5.89).

Your election

If you accept the Offer and elect to receive the Scrip Alternative for your Gloucester Shares, you will own Macarthur Shares and thereby retain an investment in the coal mining sector and participate in the benefits of the Merged Group. Gloucester's largest shareholder, Noble Group, has agreed that if it accepts the Offer in respect of all of its Gloucester Shares, it will elect to receive the Scrip Alternative.

Those Gloucester Shareholders who wish to receive cash for their Gloucester Shares may accept the Offer and elect to receive the Cash Alternative.

Benefits to Gloucester Shareholders

The Offer provides significant benefits for Gloucester Shareholders. In particular, it gives eligible Gloucester Shareholders the opportunity to become a shareholder in a larger group with a market capitalisation of approximately \$3.5 billion (based on the closing price of Macarthur Shares on 25 February 2010) which offers:

- a strong and diverse asset base;
- an enhanced earnings profile and balance sheet;
- enhanced liquidity; and
- access to future dividends paid on Macarthur Shares.

There are risks associated with holding Macarthur Shares, further details of which are set out in **section 8** of the Bidder's Statement.

Other transactions

Subject to the satisfaction or waiver of certain conditions including the Offer becoming unconditional, FIRB approval and

Macarthur Shareholder approval, Macarthur has also agreed to acquire Noble Group's shares in Middlemount and enter into associated arrangements. Further information on this proposal is set out in **section 13.16(a)** of the Bidder's Statement.

As a separate transaction, Macarthur has agreed with its largest shareholder, the CITIC Group, to acquire the CITIC Group's joint venture interests in Macarthur's Coppabella and Moorvale Joint Venture and terminate the CITIC Group's marketing rights for long term coal sales in China and India for coal produced by the joint venture in exchange for the issue of Macarthur Shares to the CITIC Group. The transaction is conditional on FIRB approval, Macarthur Shareholder approval, the waiver of pre-emptive rights held by the other joint venture participants and other conditions. The CITIC Transaction is not conditional on either the Takeover Bid or the Middlemount Acquisition completing. Further information on the CITIC Transaction is set out in **section 13.16(b)** of the Bidder's Statement.

Information about the Offer

Macarthur's Offer is conditional upon Macarthur becoming entitled to at least 90% of Gloucester Shares, FIRB approval, Macarthur Shareholder approval and certain other Conditions. Details of all of the Conditions of the Offer are set out in **section 14.13** of the Bidder's Statement.

All the independent directors of Gloucester recommend that you accept the Offer, in the absence of a superior proposal and subject to the Gloucester Independent Expert Report containing certain favourable conclusions.

Please read this document carefully. The Offer is open for your acceptance until 7.00 pm (Sydney time) on Thursday 6 May 2010, unless extended. To accept the Offer, complete and return the enclosed Acceptance Form or instruct your stockbroker to initiate acceptance of the Offer through CHESS so that it is received before the Offer closes. See **section 1** and the Acceptance Form for detailed acceptance instructions.

If you have any questions about the Offer, please contact the Offer enquiry line on 1300 158 006 (or +61 3 9415 4090 for international callers) or your stockbroker, legal or financial adviser.

On behalf of the Macarthur Board, I commend the Offer to you.

Yours sincerely



Hon.Keith De Lacy, AM
Chairman



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SUMMARY OF THE OFFER

This summary provides an overview of the Offer and is qualified by the detailed information contained in the Bidder's Statement. You should read the Bidder's Statement in full before deciding whether or not to accept the Offer. The full Offer terms are set out in **section 14**.

Defined terms used in this Bidder's Statement are capitalised. The definitions of these terms are set out in the Glossary in **section 16**.

Offer

0.84 Macarthur Shares or \$8.00 cash for each of Your Gloucester Shares.

If you are entitled to a fraction of a Macarthur Share upon acceptance of the Offer, your entitlement to Macarthur Shares will be rounded up to the nearest whole number (if equal to a fraction of 0.5 or greater) or rounded down (if equal to a fraction of less than 0.5).

Gloucester's largest shareholder, Noble Group, has agreed that if it accepts the Offer in respect of all of its Gloucester Shares, it will elect to receive the Scrip Alternative.

Before accepting the Offer and deciding which form of Consideration to receive, Gloucester Shareholders should obtain current market prices for Macarthur Shares and Gloucester Shares from their stockbroker or other financial adviser.

Offerees

The Offer relates to Gloucester Shares that exist or will exist as at the Relevant Date (26 February 2010).

The Offer also extends to all Gloucester Shares that are issued during the period from the Relevant Date to the end of the Offer Period as a result of the exercise of any Gloucester Options.

How to accept

Below is a summary of the ways in which you can accept the Offer. The full details of how to accept the Offer are set out in **section 14.6**.

The Offer may only be accepted for all of Your Gloucester Shares.

You cannot elect to receive a combination of the Scrip Alternative and Cash Alternative for Your Gloucester Shares. That is, you may only elect to receive one type of Consideration in respect of each holding of Gloucester Shares.



Issuer Sponsored Holding

If Your Gloucester Shares are held in an Issuer Sponsored Holding (such holdings will have Securityholder Reference Numbers beginning with an "I"), to accept the Offer you must complete and sign the accompanying Acceptance Form in accordance with the instructions on it and return it, together with any other documents required by those instructions, to the address indicated on the form so that it is received before the end of the Offer Period.

Acceptance Forms must be received by 7.00 pm (Sydney time) on Thursday 6 May 2010, unless the Offer is extended.

CHESS Holding

If Your Gloucester Shares are held in a CHESS Holding (such holdings will have Holder Identification Numbers beginning with an "X"), you must instruct your Controlling Participant (usually your stockbroker) to initiate an acceptance of the Offer on your behalf in sufficient time for the Offer to be accepted before the end of the Offer Period.

You could also complete and sign the accompanying Acceptance Form in accordance with the instructions on it and return it, together with any other documents required by those instructions, to the address listed on the form. However, Macarthur will merely send the instruction carried on this form onto your Controlling Participant who is the only person who can accept the Offer on your behalf.

Your Controlling Participant must accept the Offer on your behalf by 7.00 pm (Sydney time) on Thursday 6 May 2010, unless the Offer is extended.

Closing date

The Offer closes at 7.00 pm (Sydney time) on Thursday 6 May 2010, unless extended.

Payment of Consideration

If you accept the Offer, the Consideration elected by you will generally be issued (in the case of the Scrip Alternative) or paid (in the case of the Cash Alternative) to you no later than 14 days after the Offer becomes or is declared Unconditional, or the date of your acceptance if received later. See **section 14.12** for full details of when the Consideration will be provided.

Conditions

The Offer is subject to the Conditions set out in **section 14.13**. The Conditions include:

- Macarthur having received valid acceptances so that Macarthur and its Associates hold a Relevant Interest in at least 90% of Gloucester Shares;
- no Gloucester Material Adverse Change having occurred;
- no Prescribed Occurrences or certain other similar events having occurred;
- all Regulatory Approvals (including FIRB approval) being obtained;
- no regulatory action being taken;
- no distributions being announced, declared or paid by Gloucester;
- no material acquisitions, disposals or new commitments being made by Gloucester;
- the Gloucester Independent Expert Report containing the Favourable Conclusions and the Gloucester Independent Expert not changing those conclusions prior to the end of the Offer Period;
- the Macarthur Independent Expert not changing its conclusion that the proposed issue of Macarthur Shares to Noble Group under the Takeover Bid and Middlemount Acquisition is not fair but is reasonable to Macarthur Shareholders prior to the end of the Offer Period; and
- the approval of Macarthur Shareholders at the Macarthur Shareholders Meeting.

This is only a summary of the Conditions which are set out in full in **section 14.13**.

The Macarthur Independent Expert concluded that the proposed issue of Macarthur Shares to Noble Group is not fair but is reasonable to Macarthur Shareholders. The Macarthur Board intends to recommend that Macarthur Shareholders approve the proposed issue. The Macarthur Independent Expert's report and the notice of meeting for the Macarthur Shareholder Meeting, which includes the reasons for the Macarthur Board's recommendation, can be obtained from the ASX website www.asx.com.au or from www.macarthurcoal.com.au.

Information on the Regulatory Approvals and other approvals required for the Offer and the Middlemount Acquisition are set out in **section 13.12**.

Risks

If you accept the Offer and elect to receive the Scrip Alternative (and are not an Ineligible Foreign Shareholder), you will be issued with Macarthur Shares.

There are a number of risk factors which may affect the future operating and financial performance of the Merged Group and the future investment performance of Macarthur Shares, including risks to which Gloucester is already exposed. Many of the risks of the Merged Group are outside the control of Macarthur and its directors.

In deciding whether or not to accept the Offer, you should carefully consider the risks set out in **section 8**, as well as the other information contained in this Bidder's Statement and the information contained in Gloucester's Target's Statement.

Middlemount Acquisition

Subject to certain conditions including the Offer becoming Unconditional, the Noble Group accepting the Offer in respect of all of its Gloucester Shares and the approval of Macarthur Shareholders at the Macarthur Shareholder Meeting, Noble Group has agreed (among other things) to sell its interests in Middlemount to the Macarthur Group.

Further information about the Middlemount Acquisition is set out in **section 13.16(a)**.

CITIC Transaction

As a separate transaction which is not conditional on either of the Takeover Bid or the Middlemount Acquisition but is subject to the approval of Macarthur Shareholders, Macarthur has agreed with its largest shareholder, CITIC Resources Australia, to acquire that group's joint venture interests in the Coppabella and Moorvale Joint Venture and terminate the marketing rights of CITIC Resources Australia for long term coal sales to China and India for coal produced by the Coppabella and Moorvale Joint Venture.

Further information on the CITIC Transaction is set out in **section 13.16(b)**.

Dividends or other Rights in relation to Gloucester Shares

Macarthur is entitled to any dividends declared or paid (or the value of any other Rights that might arise) after the Announcement Date in respect of Gloucester Shares acquired under the Offer. If any such entitlement is payable to a Gloucester Shareholder, Macarthur reserves the right to deduct the value of the entitlement from the Consideration payable to that Gloucester Shareholder on acceptance of the Offer.

The treatment of Rights under the Offer is disclosed further in **section 14.9**.

Taxation consequences

There may be taxation consequences for Gloucester Shareholders who accept the Offer. A general outline of possible Australian taxation consequences of accepting the Offer is set out in **section 12**. You should consult your own independent professional taxation adviser in relation to the taxation implications of acceptance of the Offer taking into account your own individual circumstances.

Transaction costs

You will not pay any brokerage, stamp duty or GST on accepting the Offer (unless you are an Ineligible Foreign Shareholder who elects to receive the Scrip Alternative, in which case the proceeds you will receive will be net of sale costs including brokerage).

If you hold your Gloucester Shares through a CHESS Holding or are a beneficial owner of Gloucester Shares that are registered in the name of a broker, bank, custodian or other nominee, you should ask your Controlling Participant or nominee whether it will charge any transaction fees or service charges in connection with acceptance of the Offer.

Foreign Shareholders

Foreign Shareholders that accept the Offer and elect to receive the Cash Alternative will receive \$8.00 cash for each Gloucester Share they hold.

Foreign Shareholders that:

- are Ineligible Foreign Shareholders;
- accept the Offer; and
- elect to receive the Scrip Alternative,

will not receive Macarthur Shares. Rather, the Macarthur Shares that these Ineligible Foreign Shareholders would have been entitled to receive will be issued to, and sold by, a Nominee and the net proceeds attributable to each Ineligible Foreign Shareholder will be paid by cheque in Australian dollars drawn on an Australian bank account.



**Non-acceptance of Offer
where Macarthur is entitled
to proceed to compulsory
acquisition**

Foreign Shareholders should read **section 14.11** which provides further information on Ineligible Foreign Shareholders and the Nominee sale process.

If you do not accept the Offer and Macarthur becomes entitled to acquire Your Gloucester Shares compulsorily under the Corporations Act, it intends to do so and you will receive the Consideration for Your Gloucester Shares later than Gloucester Shareholders who choose to accept the Offer.

If you do not elect the form of Consideration you wish to receive in response to the compulsory acquisition material provided to you, you will receive the Cash Alternative for Your Gloucester Shares.

**Non-acceptance of Offer
where Takeover Bid
becomes Unconditional
but Macarthur is not entitled
to proceed to compulsory
acquisition**

If the Takeover Bid becomes or is declared Unconditional but Macarthur does not become entitled to compulsorily acquire Your Gloucester Shares under the Corporations Act, you will remain a shareholder in Gloucester. Macarthur will seek to have Gloucester delisted from the ASX if Gloucester ceases to meet the ASX's listing requirements. If delisting is approved by the ASX, Your Gloucester Shares will no longer be quoted and cannot be traded on the ASX.

Further details on Macarthur's intentions for Gloucester in these circumstances are set out in **section 9.4**.

Quotation of Macarthur Shares

The Macarthur Shares issued under the Offer will be issued fully paid and will, from the time of issue, rank equally for dividends and other rights with existing Macarthur Shares.

Macarthur will apply for the Macarthur Shares to be issued under the Offer to be quoted on the ASX within seven days of the start of the Offer Period. Quotation of these Macarthur Shares will not be automatic but will depend on the ASX exercising its discretion. However, as Macarthur is already admitted to the official list of the ASX and Macarthur Shares in the same class as to those to be issued under the Offer are already quoted, Macarthur believes quotation of the shares will be granted. In accordance with the Corporations Act, the quotation of the Macarthur Shares to be issued under the Offer is a Condition to the Offer under **section 14.19**.

Queries

If you have any questions about the Offer, please contact the Offer enquiry line on 1300 158 006 (or +61 3 9415 4090 for international callers).



WHY YOU SHOULD ACCEPT THE OFFER

The information in this section should be read together with the detailed information set out in the Bidder's Statement. You should read the Bidder's Statement in full before deciding whether or not to accept the Offer. If you are in any doubt as to how to deal with this Bidder's Statement you should consult your stockbroker, legal or financial adviser as soon as possible.

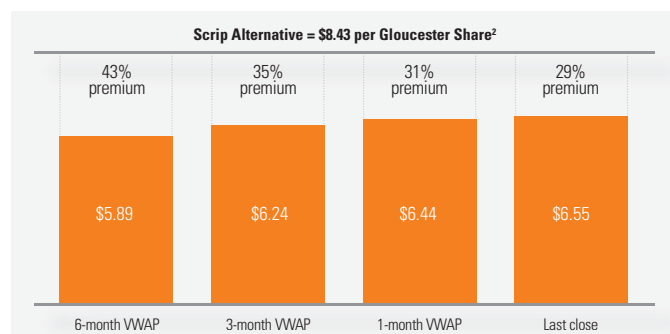
2.1 THE IMPLIED VALUE OF THE OFFER REPRESENTS A SUBSTANTIAL PREMIUM TO RECENT TRADING PRICES

Based on the closing price of Macarthur's Shares on 25 February 2010, the Scrip Alternative represents an implied value of \$8.43 per Gloucester Share. This represents a significant premium to the price at which Gloucester Shares traded prior to the announcement of the Offer as shown by **Exhibit 2.1.1**.

The Cash Alternative of \$8.00 per Gloucester Share also represents a significant premium to the price at which Gloucester Shares traded prior to the announcement of the Offer as shown by **Exhibit 2.1.2**.

EXHIBIT 2.1.1

Premium of Scrip Alternative to Gloucester's share price and VWAPs at 21 December 2009¹



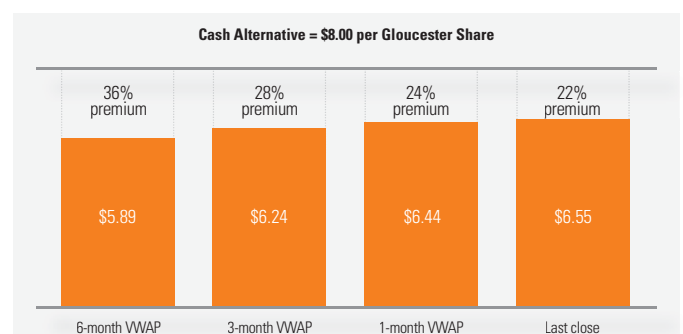
Source: IRESS as at 25 February 2010. IRESS has not consented to the use of the trading data referred to in this Bidder's Statement.

¹ Being the last trading day prior to the Announcement Date.

² Implied value of Scrip Alternative based on the closing price of Macarthur Shares on 25 February 2010 (\$10.04).

EXHIBIT 2.1.2

Premium of Cash Alternative to Gloucester's share price and VWAPs at 21 December 2009¹



Source: IRESS.

¹ Being the last trading day prior to the Announcement Date.

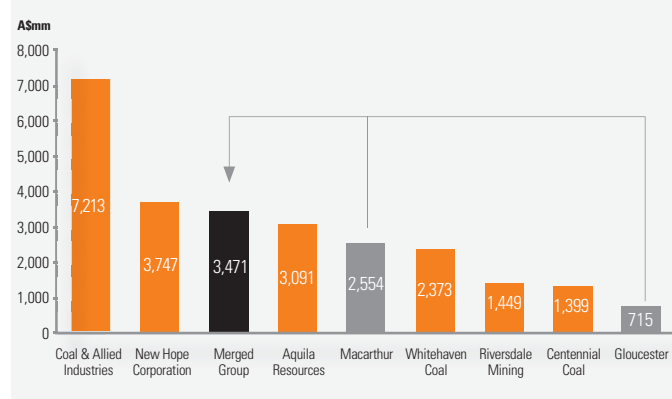


2.2 THE TAKEOVER BID AND MIDDLEMOUNT ACQUISITION WILL CREATE A MAJOR AUSTRALIAN COAL COMPANY WITH A MARKET CAPITALISATION OF APPROXIMATELY \$3.5 BILLION

The enhanced scale and market position afforded by the Offer is expected to provide the Merged Group with greater flexibility to pursue a wider range of organic and acquisition-driven growth opportunities.

EXHIBIT 2.2.1

Australian coal peers - market capitalisation as at 25 February 2010¹



Source: IRESS as at 25 February 2010

¹ Exhibit 2.2.1 does not show the market capitalisation of diversified mining companies involved in the coal industry. Exhibit 2.2.1 also excludes the potential impact of the CITIC Transaction and is based on the assumption that:

- all Gloucester Shareholders accept the Offer and elect to receive the Scrip Alternative;
- the Middlemount Acquisition completes and Noble elects to apply the proceeds of the Noble Loan, Noble Royalty Loan and Option Cancellation Loan towards the subscription for Macarthur Shares at \$9.70 per share; and
- the price of Macarthur Shares is \$10.04, being the closing price of Macarthur Shares on 25 February 2010.

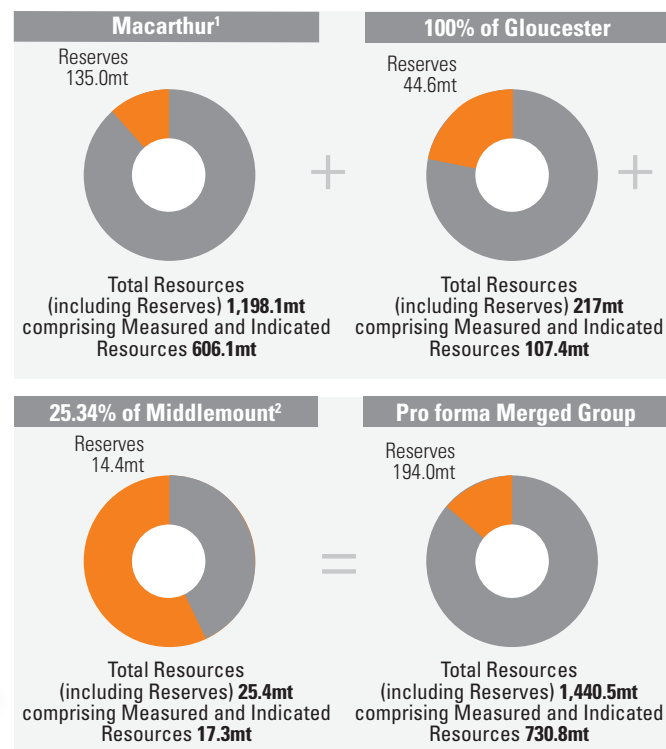
Following the Takeover Bid and the Middlemount Acquisition, the Merged Group's substantial shareholders will hold a smaller aggregate percentage interest in the Merged Group than the substantial shareholders of Gloucester currently hold in Gloucester.

2.3 THE MERGED GROUP WILL HAVE A LARGER RESOURCE BASE WITH INCREASED PRODUCT AND GEOGRAPHIC DIVERSITY

The Merged Group will have greater scale and diversification through exposure to a larger resource base and a wider range of coal types in the Gloucester and Bowen coal basins. **Exhibit 2.3.1** details the Merged Group's significant resources and reserves base.

EXHIBIT 2.3.1

Pro forma Merged Group Resources and Reserves



Note: Exhibit excludes the potential impact of the CITIC Transaction. All figures shown are on an equity basis and have been rounded to the nearest 0.1mt.

Refer to the competent persons' statements in **sections 3.7 and 5.4**.

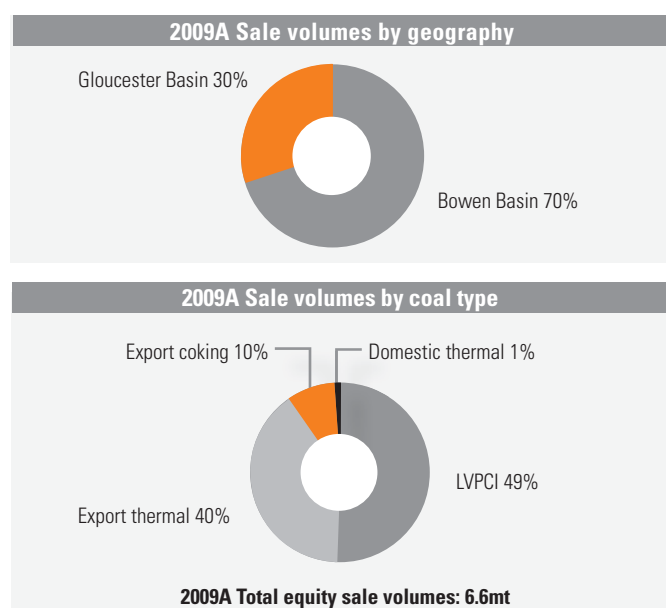
¹ Includes current Macarthur equity share in Middlemount of 74.66%.

² Represents the Noble Group's 25.34% interest in Middlemount.

The Merged Group's sales profile will be significantly diversified both on a geographical and coal type basis, as detailed by **Exhibit 2.3.2**.

EXHIBIT 2.3.2

Pro forma Merged Group sales diversification¹



Note: Pro forma Merged Group includes 100% of Gloucester and 100% of Middlemount; all data based on coal sale volumes (includes purchased coal); figures are shown on an equity basis.

¹ Excludes the potential impact of the CITIC Transaction.

2.4 THE MERGED GROUP WILL HAVE A COMPLEMENTARY COAL ASSET PORTFOLIO

The Merged Group will own and operate a portfolio of complementary coal assets which should combine stable cash flows from existing open-cut operations with future cash flows from development projects.

The Merged Group will own and operate coal assets at all stages from early exploration to development and production. Operating mines will include the Coppabella, Moorvale, Stratford and Duralie mines. Assets in the development stage will include the Middlemount Mine (in the Bowen Basin) and Clareval (at Duralie in the Gloucester Basin). **Exhibit 2.4.1** indicates the current status of each coal asset that will be held by the Merged Group.

2.5 MACARTHUR HAS A CONSERVATIVE DEBT PROFILE

Macarthur currently has cash reserves in excess of its interest bearing debt. Macarthur Group intends to fund any payments of cash consideration under the Takeover Bid from those cash reserves. Noble Group has the right to elect to apply the proceeds from certain loans under the Middlemount Acquisition towards subscribing for Macarthur Shares. If Noble Group does not elect to do so, Macarthur Group will review the most appropriate source of funds for repayment of these loans, which may include its current cash resources, cash flows from operations and additional debt facilities. See **section 10.3** for further details.

2.6 THE INDEPENDENT GLOUCESTER DIRECTORS UNANIMOUSLY RECOMMENDED THE OFFER

The directors of Gloucester considered independent by the Gloucester Board, being James MacKenzie, David Brownell and Gregory Fletcher, have unanimously recommended that Gloucester Shareholders accept the Offer in the absence of a superior proposal and subject to the Gloucester Independent Expert Report containing the Favourable Conclusions.

2.7 NO COMPETING OFFER

At the date of this Bidder's Statement, Macarthur's Offer is the only offer that has been made or announced for Gloucester Shares and Macarthur believes a competing offer is unlikely.

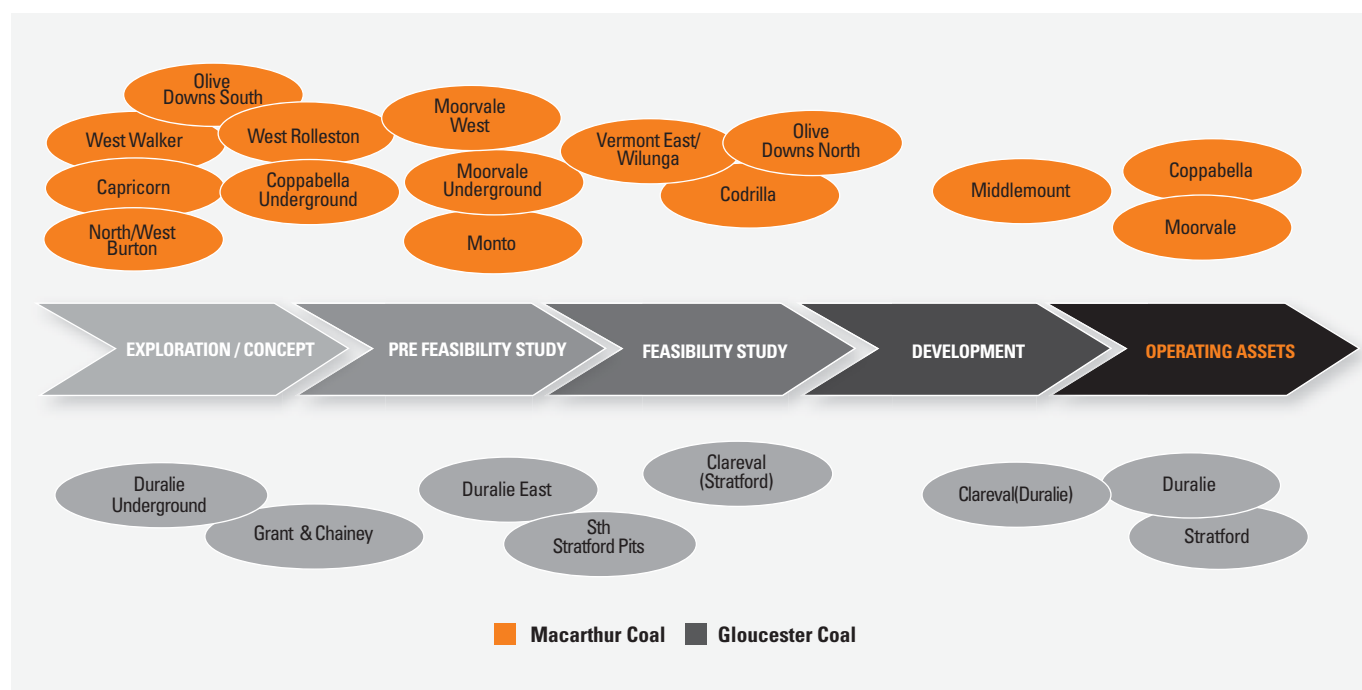
2.8 CGT ROLL-OVER RELIEF

If disposal of Your Gloucester Shares would give rise to a capital gain, electing to receive the Scrip Alternative may result in any capital gain arising as a result of acceptance of the Offer being disregarded and deferred until you dispose of the Macarthur Shares issued to you under the Offer.

Further details in respect of the Australian taxation implications of accepting the Offer are set out in **section 12**, however, you should consult your own independent professional taxation adviser for further details taking into account your own individual circumstances.

EXHIBIT 2.4.1

Merged Group coal asset portfolio





PROFILE OF MACARTHUR

3.1 INTRODUCTION

The bidder is Macarthur Coal Limited ABN 40 096 001 955.

3.2 MACARTHUR – OVERVIEW

(a) Overview

Macarthur is a public coal mining, development and exploration company incorporated in Australia and listed on the ASX (ASX ticker code “MCC”).

Macarthur’s principal activities include the development and operation of coal mines in the Bowen Basin of Queensland. In FY2009, Macarthur’s share of production from the Coppabella and Moorvale mines was 4.7mt of coal, primarily LVPCI coal, from its Coppabella and Moorvale mines. The company is also focused on developing the Middlemount Mine, as well as evaluating and developing a number of coal deposits in the Bowen Basin.

(b) Structure

Macarthur conducts its operations through a number of subsidiaries and joint ventures. **Exhibit 3.2.1** provides a high-level view of Macarthur’s key assets and its current interest in those assets. This Exhibit excludes the impact that the Middlemount Acquisition and CITIC Transaction will have on these interests.

EXHIBIT 3.2.1

Macarthur’s key assets

Asset	Type	Status	Macarthur’s interest (rounded)
Coppabella	Open-cut	Operating	73.3%
Moorvale	Open-cut	Operating	73.3%
Middlemount	Open-cut	Development	74.7%
Olive Downs North	Open-cut	Feasibility Study	73.3%
Codrilla	Open-cut	Feasibility Study	85.0%
Vermont East/Wilunga	Open-cut	Pre-feasibility Study	85.0%
Moorvale West	Underground	Pre-feasibility Study	90.0%
Moorvale Underground	Underground	Pre-feasibility Study	73.3%
Monto	Open-cut	Pre-feasibility Study	41.0%
North/West Burton	Open-cut	Drilling/Concept	65.0%
Coppabella Underground	Underground	Drilling/Concept	73.3%
West Rolleston	Open-cut	Drilling/Concept	90.0%
Olive Downs South	Open-cut / Underground	Drilling/Concept	90.0%
West Walker	Open-cut / Underground	Drilling	85.0%
Capricorn	Open-cut	Drilling	85.0%

(c) Ownership

Details of the substantial holders of Macarthur Shares are set out in **section 4.2** of this Bidder's Statement.

3.3 MACARTHUR BOARD

Hon. Keith De Lacy, AM – Chairman and Independent, Non-Executive Director

Hon DLitt, DUniv, BA, QDA, FAICD, FAIM

Keith has extensive commercial experience. He is a former Treasurer of Queensland and is a prominent company director.

He has been Macarthur's Chairman since the Company's public listing on 5 July 2001.

Keith was appointed to the Audit and Risk Management Committee on 18 February 2003 and to the Nomination and Remuneration Committee on 13 June 2003.

Keith is also Chairman of both Cubbie Group Ltd and Nimrod Resources Limited, and is a director of both the Reef Casino (Reef Corporate Services Limited) and Queensland Energy Resources Limited.

In 2006, Keith was made a Member of the Order of Australia for service to Queensland. He also has honorary doctorates from both James Cook and Central Queensland universities, a Centenary Medal and the University of Queensland Gatton Gold Medal.

Roger Marshall, OBE - Deputy Chairman and Non-Executive Director **BE, MAUSIMM, FAIM, FAICD**

Roger has extensive domestic and international coal industry experience covering management, marketing, finance and operational roles.

He has been Macarthur's Deputy Chairman since 5 July 2001.

Roger was appointed to the Nomination and Remuneration Committee on 13 June 2003 and the Special Projects Committee on 11 August 2008.

Roger's appointments to boards of other publicly listed companies include Chairman of Queensland Ores Limited from 18 May 2005 (resigned 5 July 2009), Chairman of Southern Uranium Limited from 14 April 2007, Director of Copper Resources Corporation Ltd from 1 November 2005 to 4 June 2007 and Director of CITIC Australia Trading Limited from 3 April 2002 until 23 January 2009.

Nicole Hollows - Chief Executive Officer and Managing Director **BBus (Acctg), Grad Dip CSP, Grad Dip Adv Acctg (Dist), FAICD, ACIS, CA**

Nicole was appointed Chief Executive Officer of Macarthur in January 2007 and Managing Director in June 2007. Prior to this Nicole held the positions of Acting CEO, Deputy CEO and Chief Financial Officer.

Nicole joined the Macarthur Group in 1998. In her role Nicole leads a team of over 350 employees and is recognised as one of Australia's emerging business leaders.

In 2007 Nicole was appointed to the board of the Queensland Resources Council (QRC) and became President of the QRC in November 2008. Nicole's memberships include the Institute of Chartered Accountants, Australian Institute of Company Directors and the Institute of Chartered Secretaries Australia.

Nicole joined the QUT Faculty of Business Executive Dean's CEO Strategy Group in 2008 and the board of the Queensland Museum Foundation in 2009. In 2009, Nicole was awarded the QUT Outstanding Alumni Award for the Faculty of Business.

Peter Forbes - Independent, Non-Executive Director **FCPA, FCIS, FAICD, SA Fin**

Peter has more than 30 years' experience in senior financial and corporate management roles, including 14 years as Deputy Chief Executive and Executive General Manager - Equities, for Queensland Investment Corporation, one of Australia's largest wholesale fund managers.

Peter was appointed as a Macarthur director on 14 November 2003.

Peter has been a member of the Audit and Risk Management Committee since 14 November 2003 and was appointed Chairman of the Committee on 16 August 2007. He was appointed to the Special Projects Committee on 16 August 2007 and also chairs this Committee. In addition, Peter was chair of the Due Diligence Committee established for the preparation of this Bidder's Statement and the notice of meeting for the Macarthur Shareholder Meeting.

Peter is a director of both Cubbie Group Ltd and QIC Private Capital Pty Ltd, and is a member of the Queensland Council of the Australian Institute of Company Directors (AICD).

Martin Kriewaldt - Independent, Non-Executive Director **BA, LLB (Hons), FAICD**

Martin is one of Queensland's most prominent company directors.

He has been on the boards of listed companies Suncorp-Metway Limited from October 1996 (he served as Deputy Chairman for six years), ImpediMed Limited from 24 March 2005, Oil Search Limited from 16 April 2002, BrisConnections Management Company Limited from 24 October 2008 and Campbell Brothers from 12 June 2001.

He was previously a director of GWA International Limited from 25 June 1992 to 30 October 2008 and Arana Therapeutics Limited from 24 October 2003 to 28 August 2007.

Martin has expertise in a wide range of legal areas including construction law, banking, insurance and mining, having worked as a partner in litigation and commercial law for more than 20 years at legal firm, Allen Allen & Hemsley (now Allens Arthur Robinson).

Martin was appointed as a director of Macarthur on 13 October 2008 and was appointed as a member of the Nomination and Remuneration Committee on 18 November 2008.

**Terry O'Reilly – Independent, Non-Executive Director**

BCom, MAppFin, MBA, FAICD, FAIM, CPA

Terry has extensive chief executive and senior executive experience in resources and energy both in Australia and internationally.

He has served as managing director of Conzinc Asia based in Singapore, Managing Director of Pacific Coal based in Brisbane, and Managing Director of Coal and Allied Industries based in Sydney. He has also served on the board and as Chairman of Dalrymple Bay Coal Terminal.

He has a degree in commerce and an MBA from Melbourne University and a Masters in Applied Finance from Macquarie University. He is a CPA and a Fellow of both the AICD and the Australian Institute of Management.

Terry has chaired the World Coal Institute Promotions Committee, the Australian Coal Association, Queensland Coal Operators, the New South Wales Minerals Council, and was president of the Australian Philippines Business Council.

Terry was appointed as a director of Macarthur on 13 October 2008 and was appointed as a member of the Audit and Risk Management Committee and Special Projects Committee on 18 November 2008.

Chen Zeng – Non-Executive Director

BA (Economics), M International Finance, member Asia Society, member Australia China Business Council

Chen Zeng is the Managing Director of CITIC Resources Australia Pty Ltd, a company that is a long time investor in Macarthur's coal ventures and shares a similar business philosophy as Macarthur.

Chen holds a Master's Degree in International Finance from Shanghai University of Finance and Economics. He has more than 20 years of experience managing a number of business operations, corporate and asset restructures, and has developed several projects for the CITIC Group. He holds directorships in several other subsidiaries of the CITIC Group including CITIC Australia Trading Limited which, until January 2009, was listed on the ASX. He is responsible for the management and operations of the group.

Chen serves as an Executive Director of China CITIC Resources Holdings Limited, a company listed on the Hong Kong Stock Exchange and was appointed as a Director of the China CITIC Group in January 2010. Chen is also a director of the China Chamber of Commerce in Australia, and Non-Executive Director of Marathon Resources Limited.

Chen was appointed as a Director of Macarthur director on 23 July 2007 and was appointed to the Special Projects Committee on 16 August 2007.

3.4 MANAGEMENT TEAM

Peter Kane – Chief Operating Officer

BE (Mining), MAusIMM, MMAA, GAICD, Certified Mine Manager

Peter was appointed to this position in February 2008 and is responsible for overseeing all operational aspects of Macarthur's business including the development of the Middlemount Mine.

Peter has extensive experience in the mining industry in both iron ore and coal mining and has worked for such companies as BHP Billiton, Thiess and Leighton Contractors.

Michael Barry – Acting Chief Financial Officer¹

BA (Econ, Govt), BBus (Prof Acc), CPA

Michael commenced in the Acting Chief Financial Officer role in November 2009 through a secondment arrangement with PricewaterhouseCoopers.

Michael has over 14 years' experience in professional and commercial roles, including the last 11 with PricewaterhouseCoopers. As a consultant in finance effectiveness and strategic transformation, Michael has supported the finance leadership of numerous listed companies in Australia and the US to improve the efficiency and effectiveness of their finance functions. His focus on finance function transformation has included static transformations, as well as post-deal mergers and integration engagements.

¹ Note on vacant Chief Financial Officer's position

Macarthur's Chief Financial Officer position is currently vacant. Michael Barry is performing the role of Acting Chief Financial Officer until a suitable candidate is found. Macarthur is actively pursuing candidates for this role.

Michael Gray – EGM – Projects and Infrastructure

BE (Civil), MBA, GAICD

Michael joined Macarthur in October 2005 and was appointed to the position EGM - Projects and Infrastructure in February 2008. His role was expanded and he was appointed to the Executive Management Team on 20 July 2009. He is responsible for the management of Macarthur's exploration and evaluation program, the management of long term infrastructure requirements and government relations.

Michael has 20 years' experience in the planning and development of major mining, industrial and infrastructure projects in Queensland and has had extensive involvement in resource development, environmental management and native title issues.

Gary Lee – Vice President – Marketing

BAppSc (Hons), GAICD

Gary was appointed in January 2004 and is responsible for the sales and marketing of all coal types from Coppabella and Moorvale mines.

Gary has more than 30 years' experience in the coal industry in both technical and marketing roles. He has extensive experience in all of Australia's major coal markets for both metallurgical and thermal coal.

Lisa Dalton – Company Secretary

B App Sc, M App Sc, LLB (Hons), FAICD

Lisa joined Macarthur in May 2007 having formerly held the position of Company Secretary at Tarong Energy. Lisa provides support to the Macarthur Board and its committees, facilitates compliance with the Corporate Governance Framework and is responsible for human resources, legal services, corporate communications and investor relations at Macarthur.

Lisa began her career at Clayton Utz, has been corporate counsel and Company Secretary for an international biotechnology company and was Principal Legal Officer in the Corporate Governance and Business Services Unit at Crown Law.

3.5 PROPOSED CHANGES TO MACARTHUR BOARD AND MANAGEMENT TEAM

As set out in **section 9.3(a)**, if Macarthur acquires a Relevant Interest in at least 90% of Gloucester Shares and becomes entitled to compulsorily acquire all remaining Gloucester Shares in accordance with the Corporations Act:

- Macarthur will invite two current Gloucester directors nominated by Gloucester to join the Macarthur Board. The Gloucester directors have indicated that they will nominate Mr James MacKenzie and either Mr Ricardo Leiman or Mr William Randall to become Macarthur Directors. Mr MacKenzie is currently the chairman and independent director of Gloucester, and is not employed by Noble Group.
- Both Mr Leiman and Mr Randall are employees of Noble Group, being the Noble Group Chief Operating Officer and Noble Group Head of the Coal and & Coke division respectively; and
- it is proposed that the CEO and Managing Director of Gloucester, Barry Tudor, will be offered a senior executive position in the Merged Group, and the current Chief Operating Officer of Gloucester, Graham Colliss, will be offered a senior management role.

As noted in **section 3.4**, Macarthur is seeking to appoint a permanent chief financial officer. This appointment will be made in due course and is not dependent on the outcome of the Takeover Bid.

3.6 PRINCIPAL ACTIVITIES OF MACARTHUR

Macarthur has an interest in two operating coal mines located in the Bowen Basin of Queensland, being the Coppabella and Moorvale coal mines through its 73.3% ownership in the Coppabella and Moorvale Joint Venture. Macarthur also has a 74.66% interest (which will increase to 100% if the Middlemount Acquisition proceeds) in the Middlemount Mine project for which mining operations are expected to commence in the second half of the 2011 calendar year. In addition, Macarthur has interests in a number of exploration assets in Queensland.

Macarthur's principal product is LVPCI coal for use in the production of steel. This product is mined at the Coppabella and Moorvale mines. The company also produces thermal and coking coal.

Coal mined at Coppabella and Moorvale is currently exported through the Dalrymple Bay Coal Terminal.

Exhibit 3.6.1 shows the location of Macarthur's Coppabella and Moorvale mines and the Middlemount Mine.

EXHIBIT 3.6.1

Map of Macarthur's operating and development assets

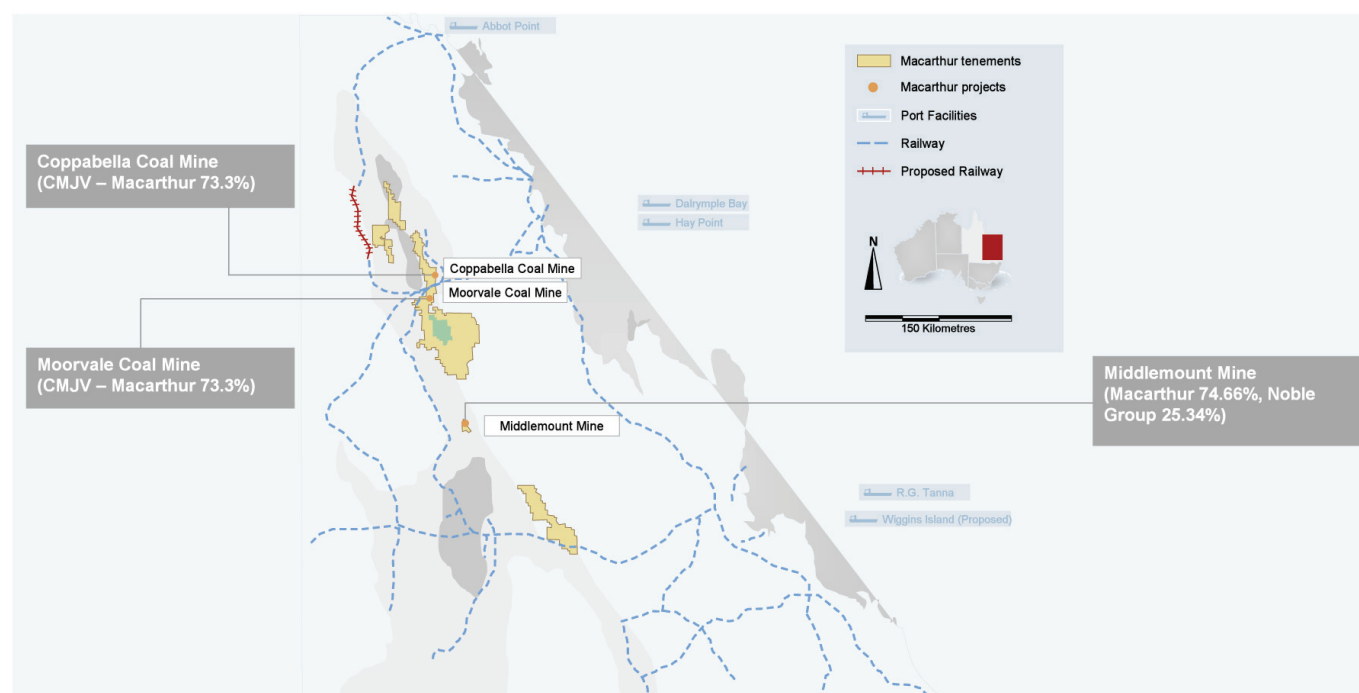
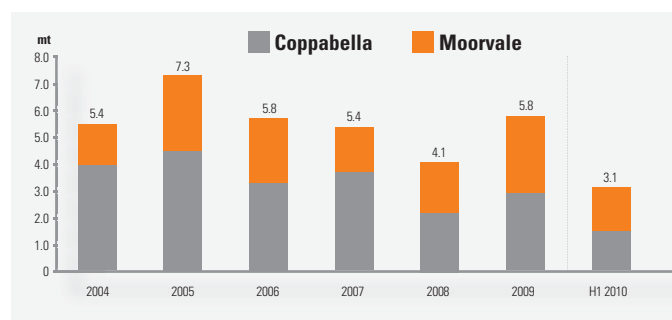




Exhibit 3.6.2 details Macarthur's historical ROM coal production for the Coppabella and Moorvale mines.

EXHIBIT 3.6.2

Total historical ROM coal production for the Coppabella and Moorvale operations since 2003 (June year end, in mt)¹



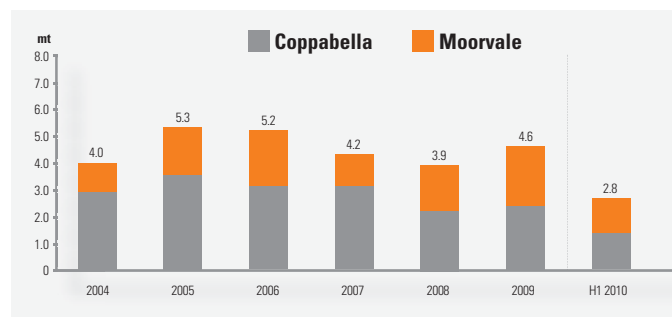
Source: Macarthur annual and half-yearly reports.

¹ Shown on an equity basis.

Exhibit 3.6.3 shows the historical coal sales volumes for Macarthur since 2002.

EXHIBIT 3.6.3

Macarthur historical coal sales volumes since 2003 (June year end, in mt)¹



Source: Macarthur annual and quarterly reports.

¹ Shown on an equity basis. Coal sales include purchased coal.

On 15 January 2010, Macarthur announced that its December half 2009 sales volume reached 2.8mt. This was ahead of previous guidance provided on 18 November 2009 which stated a shipping schedule of 2.4mt to 2.7mt.

December quarter 2009 sales volumes were above guidance due to strong production during the second quarter, weather conditions that were more favourable than anticipated, and a partial reduction in the vessel queue at Dalrymple Bay Coal Terminal which facilitated earlier loading of cargoes.

June half 2010 sales are forecast to be less than the December half 2009 due to minimal coal stocks at commencement of the half, likely seasonal effects of the weather on production, and continuing restrictions in the Goonyella coal chain.

Due to the first half sales volume, Macarthur increased its full year sales forecast to be in the range of 4.8mt to 5.0mt subject to unexpected

production disruptions including disruptions caused by extreme additional wet weather and significant increases in Goonyella coal chain congestion.

(a) Coppabella Mine (Coppabella and Moorvale Joint Venture – Macarthur 73.3%)

Macarthur has a 73.3% interest in the Coppabella and Moorvale Joint Venture (which includes the Coppabella Mine), although this will increase to approximately 80.3% if the CITIC Transaction proceeds – see **section 13.16(b)** for further information.

The Coppabella Mine has an open-cut reserve and an underground resource with potential for development. Its current installed capacity is 4.8mtpa product coal. It is situated 140km from Dalrymple Bay Coal Terminal.

The Coppabella Mine was developed from a greenfields project to a coal producing project in less than twelve months, with mining operations commencing in July 1998. The mine produced 2.4m product tonnes and 2.9m ROM tonnes in FY2009 and is targeting FY2010 production of 3.0m product tonnes.

The mine produces LVPCI coal. The average seam thickness is 10 metres. Coal is mined using conventional strip mining using a dragline with truck and shovel and excavators for pre-stripping operations in three pits – Johnson, South and East. Mining and coal preparation activities are carried out 24 hours per day, seven days per week. Coal processing is undertaken by Sedgman through an 800tph CHPP owned by the Coppabella and Moorvale Joint Venture.

(b) Moorvale Mine (Coppabella and Moorvale Joint Venture – Macarthur 73.3%)

Macarthur has a 73.3% interest in the Coppabella and Moorvale Joint Venture (which includes the Moorvale Mine), although this will increase to approximately 80.3% if the CITIC Transaction proceeds – see **section 13.16(b)** for further information.

The Moorvale Mine is an open-cut coal mine located 13km south of the Coppabella Mine with an underground resource for future development. Its current installed capacity is 3.0mtpa product coal.

The Moorvale deposit is made up of six pits, being Pits A to F. The mining method at Pits A, B and E utilises a dip-line (down dip mining strip) at an apparent dip of 10 degrees. Pit F utilises a terrace mining method due to the increased seam dip in the area, with Pits C and D planned to utilise a similar method.

Moorvale was developed from a greenfields project to a coal producing project in twelve months with the first coal train loaded from Moorvale on 6 December 2003. Moorvale produced 2.2m product tonnes and 2.9m ROM tonnes in FY2009 and is targeting production of 1.8m product tonnes in FY2010.

The mine produces LVPCI coal, thermal coal and coking coal. The average seam thickness of the resource is 9 metres. Coal processing is undertaken by Sedgman through a 600tph CHPP owned by the Coppabella and Moorvale Joint Venture.

(c) Middlemount Mine

The Middlemount Mine is positioned to be the next operating mine in Macarthur's project portfolio. Macarthur has a 74.66% interest in the Middlemount Mine which is being developed by Middlemount, an incorporated joint venture of Macarthur and the Noble Group. If the Middlemount Acquisition proceeds (see **section 13.16(a)**) for further details) Macarthur will acquire the Noble Group's interest in Middlemount and hold a 100% interest in the Middlemount Mine.

Middlemount is located approximately 120km south of the Coppabella Mine. The coal product from the Middlemount Mine will consist of approximately 30% LVPCI coal and 70% semi-hard coking coal. A bulk sample pit was developed in order to obtain coal samples for processing trials and shipping to customers.

The mining lease for the Middlemount Mine was granted in September 2009 and construction of a CHPP is currently underway and is expected to be completed in the September quarter of the 2010 calendar year. The mining lease allows operations for up to 1.8mtpa ROM coal capacity. Middlemount will seek to commence small scale mining operations in the 2010 calendar year but the Middlemount Mine will not be fully operational until completion of a rail loop and water pipeline to the Mine, expected to be available in the second half of the 2011 calendar year, subject to necessary approvals.

Significant work has been undertaken to enable expansion of production up to a potential total operation of 5.0mtpa ROM. An Environmental Impact Study (EIS) will be required to assess potential environmental impacts of the additional production activities. Initial baseline studies and technical investigations for this EIS have commenced. It is expected that the EIS may take up to two years for completion and approval and, as such, any increase in production above 1.8mtpa ROM is not expected to commence until early 2012.

Capital investment for development of the mine over the next three years is estimated at \$240 million (on a 100% basis). The main items in this expenditure are CHPP, rail loop and civil works including creek relocation.

(d) Exploration projects

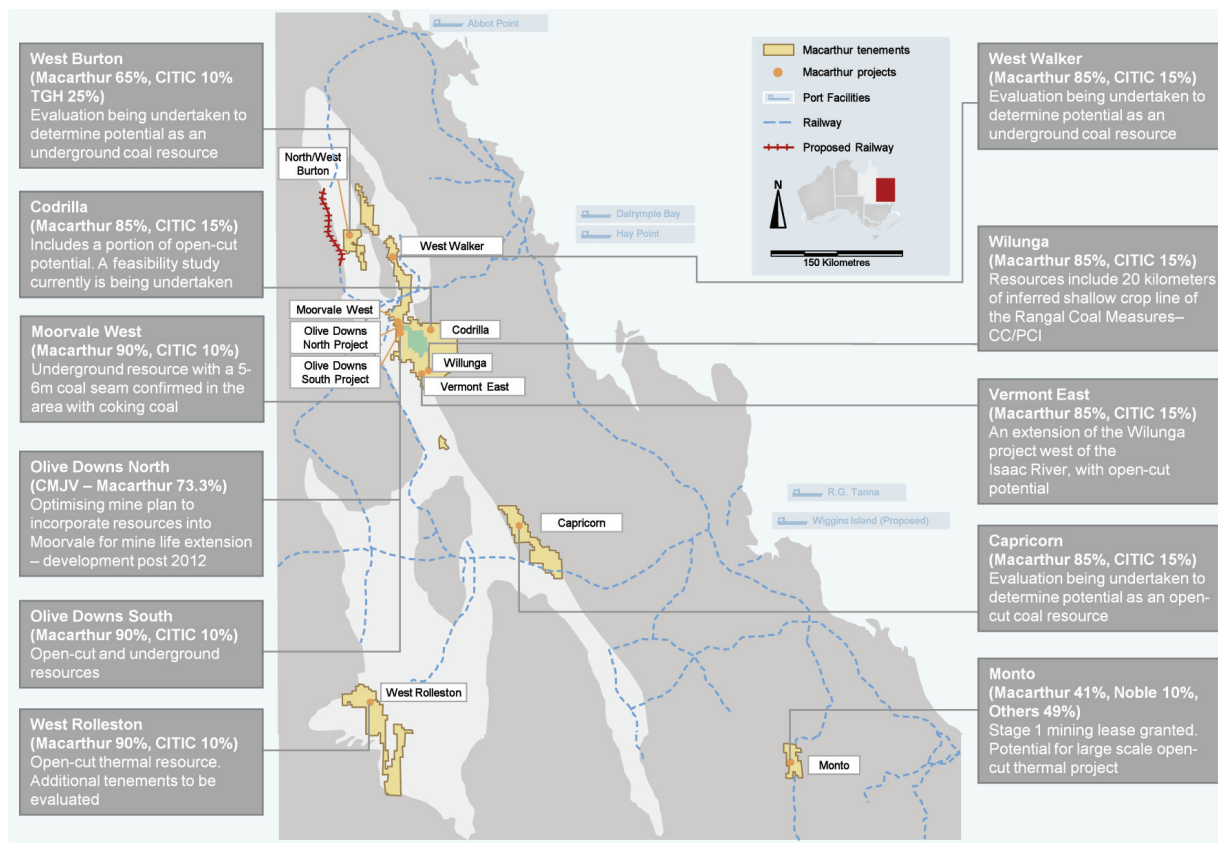
The objective of Macarthur's exploration efforts is to establish a long term supply of projects for development, with a preference for open-cut operations.

Exhibit 3.6.4 shows the location of Macarthur's exploration assets.

Further details on Macarthur's exploration projects are provided in Macarthur's 2008/09 annual report lodged with the ASX on 26 August 2009.

EXHIBIT 3.6.4

Map of exploration projects





3.7 RESOURCES AND RESERVES

Set out in **Exhibit 3.7.1** are details of Macarthur's Resources and Reserves as at 30 June 2009 as reported in its 2008/09 annual report. It also includes the updated resource for Monto, as announced on 11 November 2009.

EXHIBIT 3.7.1

Macarthur's Resource and Reserves statement (100% basis) as at 30 June 2009

	Resources (mt)				Reserves (mt)			
	Measured	Indicated	Inferred	Total	Proved	Probable	Total	Competent person ²
Coppabella Mine	64.6	122.0	16.6	203.2	43.0	20.0	63.0	1,2
Moorvale Open-cut	26.2	5.8	—	32.0	31.0	5.0	36.0	1,2
Moorvale Underground	42.3	37.2	12.5	92.0	1.0	13.6	14.6	2,7
Middlemount	30.6	37.8	31.7	100.1	29.0	28.0	57.0	1,6
Moorvale West	100.3	31.6	14.0	145.9	—	—	—	3,4
Olive downs Nth	30.6	35.3	61.1	127.0	—	12.5	12.5	3,4,5
Olive downs Sth	25.8	18.0	228.3	272.1	—	—	—	3,4,5
Codrilla	42.8	12.7	24.0	79.5	—	—	—	3,4
West Rolleston	43.6	15.5	21.0	80.1	—	—	—	3,4
Vermont East/Wilunga	—	—	164.6	164.6	—	—	—	3,4
Monto ¹	22.4	50.0	256.0	328.4	—	—	—	8
Total	429.2	365.9	829.8	1,624.9	104.0	79.1	183.1	

¹ Adjusted for revised Monto resource announced on 11 November 2009.

² Competent persons' statement:

All Coal Resources comply with the JORC Code 2004.

The information that relates to Coal Reserves at the Coppabella and Moorvale mines and the Middlemount Mine in this **section 3.7** and referred to in **section 2.3** is based on information compiled by Mark Bryant BE Mining (Hons), MAusIMM (1), a member of The Minserve Group Pty Ltd (ABN 43 010 995 767).

The information that relates to Coal Resources at Coppabella and Moorvale mines in this **section 3.7** and referred to in **section 2.3** is derived from geological modelling by Mal Blaik BSc App (Geol) (Hons), MAusIMM, (2). Mal Blaik is employed by JB Mining Services Pty Ltd (ABN 99 050 708 596).

The information that relates to Coal Resources at Olive Downs North, Vermont East/Wilunga and Codrilla in this **section 3.7** and referred to in **section 2.3**, is derived from geological modelling by Greg Jones BSc (Hons) MAusIMM, MAIG (3) from data compiled by Rees Thomas, which updates prior information compiled by Lance Grimstone BSc (Hons) (Geol), Grad Dipl Mngt, FAusIMM, MMICA (4). Greg Jones is employed by JB Mining Services Pty Ltd (ABN 99 050 708 596). Rees Thomas is the Chief Geologist for Macarthur. Lance Grimstone is employed by Lance Grimstone & Associates (Consulting) Pty Ltd (ABN 23 114 977 829).

The information that relates to Coal Resources at Moorvale West, Olive Downs South and West Rolleston in this **section 3.7** and referred to in **section 2.3**, is derived in part from geological modelling by Greg Jones BSc (Hons) MAusIMM, MAIG(3) with information compiled by Lance Grimstone BSc (Hons) (Geol), Grad Dipl Mngt, FAusIMM, MMICA (4). Greg Jones is employed by JB Mining Services Pty Ltd (ABN 99 050 708 596). Lance Grimstone is employed by Lance Grimstone & Associates (Consulting) Pty Ltd (ABN 23 114 977 829).

The information that relates to Coal Reserves at Olive Downs in this **section 3.7** and referred to in **section 2.3** is based on information compiled by Alwyn Hyde-Page BE Mining (Hons), FAusIMM CP (5), a member of The Minserve Group Pty Ltd (ABN 43 010 995 767).

The information that relates to Coal Resources at Middlemount in this **section 3.7** and referred to in **section 2.3** is based on information compiled by Carol Rolley MSC, MAIG (6). Carol Rolley is employed by JB Mining Services Pty Ltd (ABN 99 050 708 596).

The information that relates to the Underground Coal Reserves at Moorvale in this **section 3.7** and referred to in **section 2.3** is based on information compiled by Jack Steenekamp B.Eng (Min) (Hons), B.Eng (Mech), MBA, FAusIMM(7). Jack Steenekamp is employed by Mining Consultancy Services (Australia) Pty Ltd (ABN 96 095 129 016).

The information that relates to Coal Resources at Monto in this **section 3.7** and referred to in **section 2.3** is based on information compiled by David Broome B App Sc, MAIG (8), a consultant of JB Mining Services Pty Ltd.

Mark Bryant, Mal Blaik, Greg Jones, Lance Grimstone, Carol Rolley, Alwyn Hyde-Page, Jack Steenekamp and David Broome have sufficient experience which is 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 2004 editions of the JORC Code.

Mark Bryant, Mal Blaik, Greg Jones, Lance Grimstone, Carol Rolley, Alwyn Hyde-Page, Jack Steenekamp, and David Broome consent to the inclusion in this Bidder's Statement of the matters based on the information in the form and context in which it appears.

3.8 INFRASTRUCTURE DEVELOPMENT

Macarthur has critical rail and port infrastructure allocation to meet its current operations and additional contracted capacity for development of the Middlemount Mine and future development projects.

Macarthur's total port contract at Dalrymple Bay Coal Terminal has increased from 5.1mtpa to 7.7mtpa (equity share) following the completion of the terminal's Stage 2 expansion project at the end of June 2009. From 1 July 2010 the contract will increase to 8.2mtpa. Macarthur's contract with the Dalrymple Bay Coal Terminal expires in 2018 but includes evergreen extension provisions.

Long term rail contracts to match the Dalrymple Bay Coal Terminal capacity were executed in May 2009 and February 2010 with Pacific National Pty Ltd.

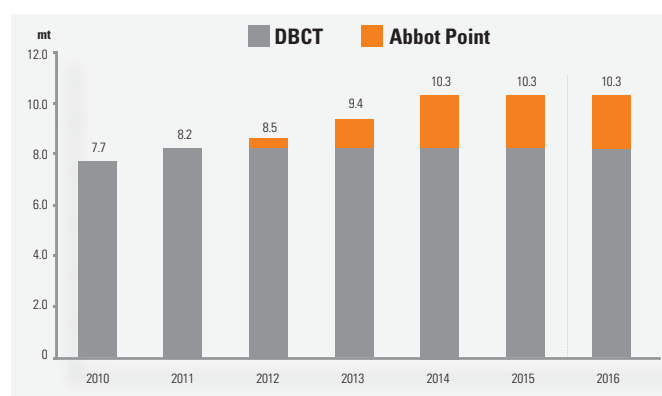
In addition to Dalrymple Bay Coal Terminal export capacity, Macarthur, through Middlemount, also has a contract for port capacity of up to 3.0mtpa (on a 100% basis) at the Abbot Point Coal Terminal commencing in 2012. This contract will be serviced by rail haulage along the Northern Missing Link rail project, for which Macarthur has approved and committed to an access agreement for below rail capacity with Queensland Rail.

Macarthur has also lodged expressions of interest for port capacity at the proposed Wiggins Island Port Terminal in Gladstone and will be working closely with other potential coal producers, Gladstone Port Corporation and Queensland Rail throughout the development phases of the project. Additional port capacity is required to enable the development of future projects in Macarthur's tenement portfolio.

Exhibit 3.8.1 shows Macarthur's future port allocation from the Dalrymple Bay Coal Terminal and the Abbot Point Coal Terminal.

EXHIBIT 3.8.1

Macarthur's equity share of port contracts (June year end, in mtpa)



3.9 FOREIGN CURRENCY HEDGING

Macarthur's foreign exchange hedging policy has existed for a number of years. The policy ensures that when each annual sales contract price in US dollars is agreed with a customer, Macarthur will hedge the AUD:USD exchange rate to lock in 85% of the forecasted Australian dollar revenue for the sales contract.

The key risk associated with the hedging policy is that customers purchase less than their contracted volumes during the following year. The risk is mitigated by only hedging 85% of the forecasted revenue and not all of the contracted revenue from the sales contract.

The philosophy behind the hedging policy is that accepting a US dollar price for coal sales is effectively accepting the Australian dollar price at the same time by applying the prevailing AUD:USD exchange rate.

3.10 FINANCIAL INFORMATION ON MACARTHUR

The recent financial performance of Macarthur is summarised below.

Section 7.4 sets out pro forma financial information for the Merged Group.

(a) Basis of presentation of historical financial information

The historical financial information below relates to Macarthur on a stand alone basis and accordingly does not reflect any impact of the Offer. It is a summary only and does not contain all the disclosures usually provided in an annual report prepared in accordance with Australian Accounting Standards and the Corporations Act.

The full financial statements for Macarthur for the financial periods described below, which include the notes to the financial statements, can be found in Macarthur's annual reports and half-yearly reports for those periods.

The financial statements of Macarthur for the financial years ended 30 June 2008 and 30 June 2009 were audited by KPMG, in accordance with Australian Auditing Standards. The financial statements of Macarthur for the six months ended 31 December 2009 were reviewed by KPMG, in accordance with Australian Auditing Standards.

The audit opinions and review statement relating to the above financial statements were unqualified.

(b) Historical financial information of Macarthur

Balance Sheets

The stand alone historical balance sheets of the consolidated Macarthur Group set out in **Exhibit 3.10.1** below have been extracted from the audited financial statements of Macarthur for the years ended 30 June 2008 and 30 June 2009 and the reviewed financial statements of Macarthur for the six months ended 31 December 2009, being the most recent financial statements available prior to the date of this Bidder's Statement.

EXHIBIT 3.10.1

Macarthur Group Balance Sheets

Consolidated			
	As at 30 June 2008 (\$'000)	As at 30 June 2009 (\$'000)	As at 31 December 2009 (\$'000)
Current assets			
Cash and cash equivalents	22,478	267,576	257,946
Trade and other receivables	119,536	187,608	216,727
Inventories	27,626	43,612	31,246
Other financial assets	42,689	39,682	68,239
Income tax receivable	15,439	—	—
Overburden in advance	143,501	138,117	148,880
Total current assets	371,269	676,595	723,038
Non-current assets			
Trade and other receivables	2,701	800	123
Investments in equity accounted investees	365,282	358,130	351,234
Inventories	265	187	4,296
Other financial assets	—	2,745	3,289
Property, plant and equipment	189,503	286,797	277,305
Exploration and evaluation assets	76,600	70,916	76,362
Overburden in advance	31,646	31,834	27,813
Total non-current assets	665,997	751,409	740,422
Total assets	1,037,266	1,428,004	1,463,460
Current liabilities			
Trade and other payables	138,789	97,609	96,398
Loans and borrowings	7,156	14,582	15,602
Income tax payable	—	58,582	24,485
Employee benefits	2,714	4,101	4,605
Provisions	1,966	1,911	5,383
Other financial liabilities	2,603	3,696	2,876
Total current liabilities	153,228	180,481	149,349

Macarthur Group Balance Sheets (continued)

Consolidated			
	As at 30 June 2008 (\$'000)	As at 30 June 2009 (\$'000)	As at 31 December 2009 (\$'000)
Non-current liabilities			
Loans and borrowings	41,359	93,251	91,020
Deferred tax liabilities	95,157	88,957	83,787
Employee benefits	144	118	57
Provisions	23,776	33,903	27,514
Other financial liabilities	33,126	22,229	29,396
Total non-current liabilities	193,562	238,458	231,774
Total liabilities	346,790	418,939	381,123
Net assets	690,476	1,009,065	1,082,337
Equity			
Share capital	465,118	651,423	713,420
Reserves	17,941	11,369	16,062
Retained earnings	207,417	346,273	352,855
Total equity	690,476	1,009,065	1,082,337

Details on current litigation which may have a material adverse effect on Macarthur's balance sheet is described in **section 3.11**.

Income Statements

The summarised income statements of the consolidated Macarthur Group set out in **Exhibit 3.10.2** below have been extracted from the audited financial statements of Macarthur for the years ended 30 June 2008 and 30 June 2009 and the reviewed financial statements of Macarthur for the six months ended 31 December 2009.

EXHIBIT 3.10.2

Macarthur Group Income Statements

	Consolidated		
	2008 (\$'000)	2009 (\$'000)	Half year to 31 December 2009 (\$'000)
Revenue from coal sales	400,231	695,417	318,459
Cost of coal sold	(263,446)	(412,692)	(197,870)
Gross profit	136,785	282,725	120,589
Other income	40,332	67,015	2,794
Distribution expenses	(34,076)	(30,762)	(30,810)
Administration expenses	(15,174)	(18,982)	(8,156)
Other expenses	(10,195)	(39,822)	(14,010)
Results from operating activities	117,672	260,174	70,407
Financial income	7,784	3,272	6,514
Financial expenses	(5,825)	(8,912)	(6,675)
Net financial income/(expenses)	1,959	(5,640)	(161)
Share of profit/(loss) of equity accounted investees, net of income tax	(3,666)	(12,338)	(6,896)
Profit before income tax	115,965	242,196	63,350
Income tax (expense) / benefit	(43,281)	(73,638)	(23,705)
Profit for the period attributable to the ordinary equity holders of the Company	72,684	168,558	39,645
Earnings per share for profit attributable to the ordinary equity holders of the company			
Basic earnings per share from continuing operations	\$0.36	\$0.79	\$0.16
Diluted earnings per share from continuing operations	\$0.36	\$0.79	\$0.16

3.11 CURRENT LITIGATION INVOLVING MACARTHUR

As previously disclosed in Macarthur's 2008/09 annual report, a statement of claim was delivered to Monto Coal Pty Ltd, a wholly-owned subsidiary of Macarthur, and Monto Coal 2 Pty Ltd, an equity accounted investee, on 1 October 2007 from the minority interest holders in the Monto Coal Joint Venture, being Sanrus Pty Ltd, Edge Developments Pty Ltd and H&J Enterprises (Qld) Pty Ltd. The claim seeks damages stated to be no less than \$68,970,000 plus interest and costs.

Monto Coal Pty Ltd is the manager of the Monto Coal Project pursuant to a management agreement. Monto Coal 2 Pty Ltd holds a 51% interest in the Monto Coal Joint Venture.

Monto Coal 2 Pty Ltd and Monto Coal Pty Ltd dispute the above claims and continue to defend their position.

Except as disclosed in this section, so far as the directors of Macarthur are aware, there is no current, pending or threatened litigation, arbitration proceeding, administrative appeal, or criminal or governmental prosecution in which Macarthur or its subsidiaries is directly or indirectly concerned which is likely to have a material adverse effect on the business or financial position of Macarthur.

3.12 CORPORATE GOVERNANCE

The Macarthur Board seeks to provide accountability levels that meet or exceed the ASX Corporate Governance Council's Principles for Good Corporate Governance and Best Practice Recommendations.

Details on Macarthur's corporate governance procedures, policies and practices can be obtained from its website www.macarthurcoal.com.au or from Macarthur's 2008/09 annual report lodged with the ASX on 26 August 2009.

3.13 INFORMATION ABOUT MACARTHUR IN THIS BIDDER'S STATEMENT

Due to the fact that Macarthur is offering Gloucester Shareholders the opportunity to elect to receive Macarthur Shares under the Offer, the Corporations Act requires that this Bidder's Statement must include all information that would be required for a prospectus for an offer of Macarthur Shares under sections 710 to 713 of the Corporations Act. Macarthur does not need to issue a prospectus for the offer of the Macarthur Shares as the Offer is occurring under a takeover bid.

Macarthur is a disclosing entity for the purposes of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations imposed by the Listing Rules and the Corporations Act. In particular, Macarthur is required to continuously disclose to the market any information it has which a reasonable person would expect to have a material effect on the price or value of Macarthur Shares, subject to certain limited exceptions.

As Macarthur Shares have been quoted on the ASX during the 3 months prior to the date of this Bidder's Statement, they are continuously quoted securities and therefore, in general terms, the Bidder's Statement is only required to contain information in relation to the effect of the Offer on Macarthur and the rights and liabilities attaching to the Macarthur Shares. It is not necessary to include general information in relation to all of the assets and liabilities, financial position and performance, profits and losses or prospects of Macarthur unless such information has been excluded from a continuous disclosure notice in accordance with the Listing Rules and it is information:

(a) that investors and their professional advisers would reasonably require for the purposes of making an informed assessment of such matters; and

(b) relating to the rights and liabilities attaching to the Macarthur Shares to be issued under the Offer.

Copies of announcements made by Macarthur to the ASX are available from the ASX website www.asx.com.au or from www.macarthurcoal.com.au.

Copies of documents lodged with ASIC by or in relation to Macarthur may be obtained from, or inspected at, any office of ASIC.

Macarthur will provide a copy of the following documents free of charge to any Gloucester Shareholder who requests such documents during the Offer Period:

- the annual financial report for the Macarthur Group for the year ended 30 June 2009;
- the half year financial statements for the Macarthur Group for the period ending 31 December 2009; and
- any continuous disclosure notices given by Macarthur after lodgement of the 2008/09 annual report with ASIC and before the lodgement of this Bidder's Statement with ASIC.

Requests for copies of these documents may be made by contacting the Offer enquiry line on 1300 158 006 (or +61 3 9415 4090 for international callers).

3.14 RECENT ANNOUNCEMENTS TO THE ASX BY MACARTHUR

Since 30 June 2009, the following announcements have been made by Macarthur to the ASX:

Date	Description
24 February 2010	Appendix 4D 31 December 2009
24 February 2010	Half Yearly Report and Accounts
24 February 2010	MCC 2010 Half Year Financial Results
24 February 2010	FY2010 Half Year Roadshow Presentation
4 February 2010	Long Term Rail Haulage Agreement with Pacific National
29 January 2010	Macarthur Coal Announces Update on Corporate Acquisitions
27 January 2010	Quarterly Activities Report
15 January 2010	Revises First Half 2010 Financial Year Guidance
8 January 2010	Becoming a Substantial Holder
22 December 2009	MCC Intention to Acquire Assets from CITIC Resources
22 December 2009	MCC Corporate Acquisition Presentation
22 December 2009	Macarthur Coal Announces Corporate Acquisitions
22 December 2009	Trading Halt
2 December 2009	CEO Presentation to UBS Coal Seminar

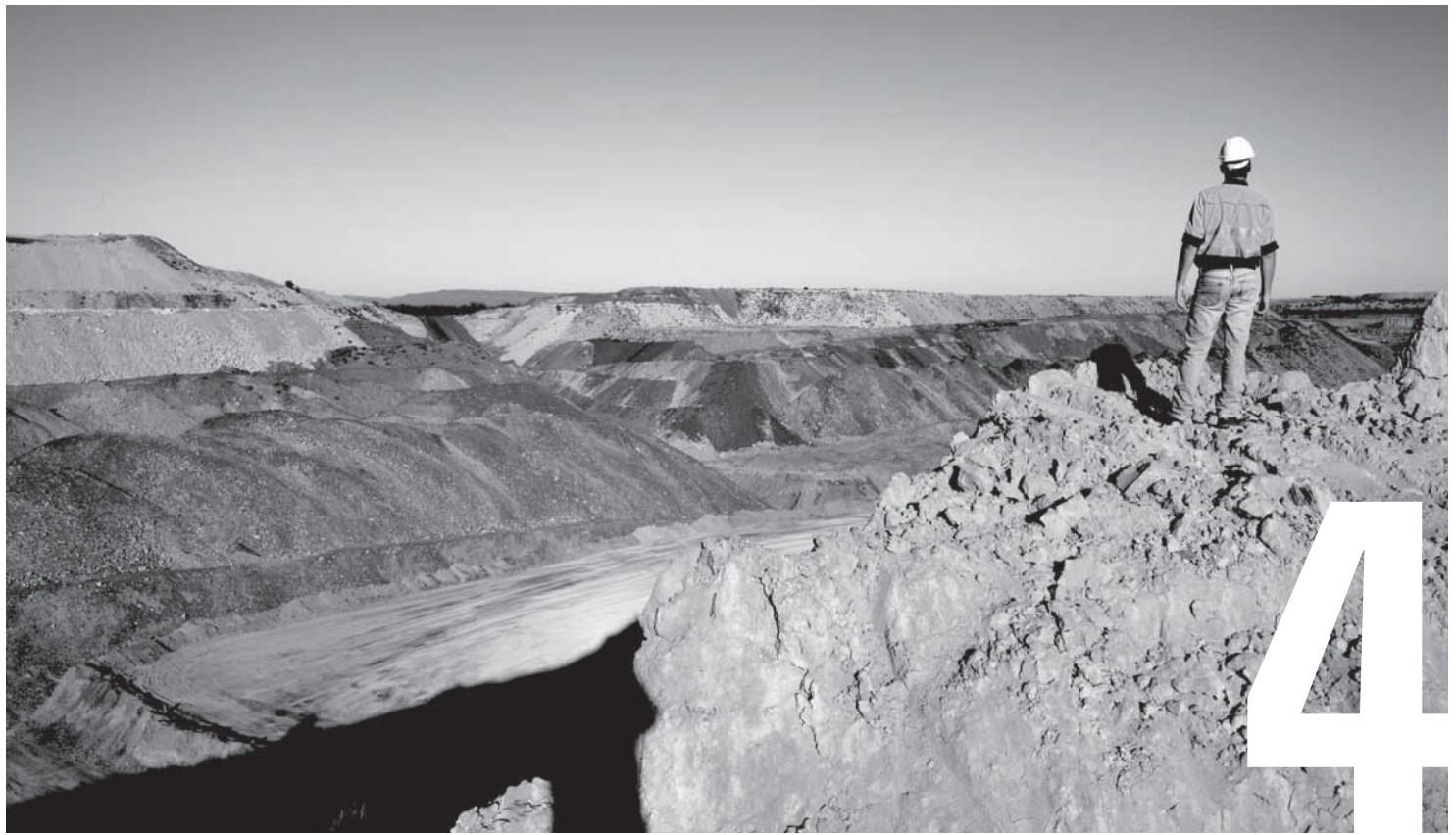


Date	Description
18 November 2009	Results of Meeting
18 November 2009	2009 Annual General Meeting Managing Director Presentation
18 November 2009	2009 Annual General Meeting Chairman's Presentation
18 November 2009	Macarthur Profit Forecast December 2009 Half of \$30 to \$38 million
11 November 2009	Revised Resource for Monto Project
28 October 2009	Macarthur September 2009 Quarterly Report
28 September 2009	Notice of Annual General Meeting/proxy form
14 September 2009	Mining Lease Granted for Middlemount Mine
2 September 2009	Change of Director's interest notice for Terrence Mortimer O'Reilly
2 September 2009	Change of Director's interest notice for Roger Marshall
2 September 2009	Change of Director's interest notice for Peter William Forbes
2 September 2009	Change of Director's interest notice for Martin Douglas Eberlein Kriewaldt
2 September 2009	Change of Director's interest notice for Keith Ernest De Lacy
2 September 2009	Change of Director's interest notice for Chen Zeng
26 August 2009	Macarthur 2009 Full Year Results Presentation
26 August 2009	Media Release for 2009 Full Year Results
26 August 2009	Preliminary Final Report / Annual Report
6 August 2009	Change in Substantial Holding
27 July 2009	Macarthur June Quarterly Report
27 July 2009	Change of Director's interest notice for Keith Ernest De Lacy
27 July 2009	Change of Director's interest notice for Roger Marshall
27 July 2009	Change of Director's interest notice for Peter William Forbes
27 July 2009	Change of Director's interest notice for Chen Zeng
27 July 2009	Change of Director's interest notice for Martin Douglas Eberlein Kriewaldt
27 July 2009	Change of Director's interest notice for Terrence Mortimer O'Reilly
24 July 2009	Appendix 3B in relation to issue of ordinary shares under share issue plan
24 July 2009	Macarthur Share Purchase Plan is Well Supported
8 July 2009	Macarthur Share Purchase Plan Shareholder Presentation
1 July 2009	Change of Director's interest notice

3.15 FURTHER INFORMATION ON MACARTHUR

Further information about Macarthur can be found on Macarthur's website:

www.macarthurcoal.com.au.



INFORMATION ON MACARTHUR SHARES

4.1 MACARTHUR SHARES

As at the date of this Bidder's Statement, the only securities Macarthur had on issue were 254,333,109 Macarthur Shares.

4.2 SUBSTANTIAL SHAREHOLDERS OF MACARTHUR

As at 25 February 2010, the substantial shareholders of Macarthur were as follows:

Substantial holder	Number of Macarthur Shares	Voting power
CITIC Group	57,058,812	22.4%
ArcelorMittal	42,219,184	16.6%
POSCO	21,215,700	8.3%

4.3 RECENT TRADING HISTORY OF MACARTHUR SHARES

Macarthur is listed on the ASX. The last recorded sale price of Macarthur Shares on the ASX the date before the Announcement Date was \$9.71.

The last recorded sale price of Macarthur Shares on the ASX on 25 February 2010 was \$10.04.

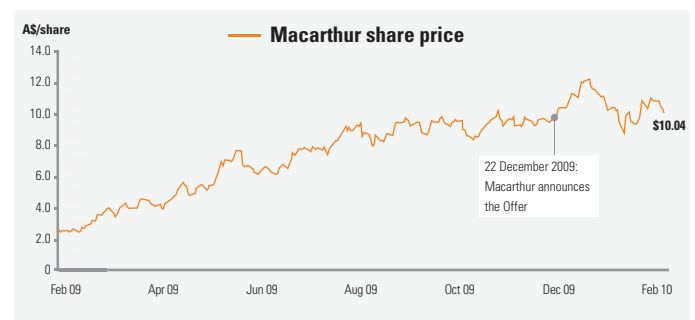
From the Announcement Date to 25 February 2010, Macarthur Shares have traded on the ASX between \$8.62 and \$12.41.

The volume weighted average price of Macarthur Shares over this period was \$10.50.

Exhibit 4.3.1 shows the one-year share price performance of Macarthur Shares on the ASX in the period starting on 26 February 2009 and ending on 25 February 2010.

EXHIBIT 4.3.1

Macarthur one-year share price performance





4.4 MACARTHUR'S DIVIDEND PAYOUT RATIO AND HISTORY

Macarthur has a policy of paying approximately 50% of annual profit after tax as dividends.

Macarthur's dividend history over the last three full financial years is summarised below. All dividends paid over this period were fully franked.

Financial year	Interim dividend	Final dividend	Aggregate dividends
2009	Nil	\$0.13	\$0.13
2008	\$0.03	\$0.14	\$0.17
2007	\$0.11	\$0.07	\$0.18

In December 2008, the Macarthur Board determined not to pay any interim dividend, given the disruption of capital markets at the time.

For the year to 30 June 2009, Macarthur declared a fully franked final dividend of 13 cents per share, representing approximately 50% of Macarthur's net profit after tax for the second half.

On 24 February 2010, Macarthur announced an interim dividend of \$0.08 per Macarthur Share in respect of the half year ended 31 December 2009. The key dates with respect to this interim dividend are:

Ex dividend date: 25 March 2010
Record date: 31 March 2010
Payment date: 21 April 2010

Given the number of Conditions and other approvals required for the Offer and the Middlemount Acquisition, it is highly unlikely that Macarthur Shares will be issued under this Offer before the record date for the interim dividend. Accordingly, Gloucester Shareholders that accept the Offer and elect to receive the Scrip Alternative will not be eligible to receive the interim dividend.

As set out in **section 9.5**, the dividend payout ratio and future dividends of the Merged Group are subject to a number of contingencies and no assurance can be given in relation to the payment or timing of payment of future dividends.

4.5 DIRECTORS' INTERESTS IN MACARTHUR SECURITIES

As at the date of this Bidder's Statement, the directors of Macarthur have the following Relevant Interests in Macarthur Shares:

Director's name	Macarthur Shares held	Nature of Relevant Interest
Keith De Lacy	316,740	Indirect
Roger Marshall	166,700	Indirect
Nicole Hollows	14,500	Indirect
Peter Forbes	64,740	Direct
Martin Kriewaldt	10,680	Indirect
Terry O'Reilly	242,984	Indirect
Chen Zeng	22,500	Indirect

Each non-executive director of Macarthur (being all of the directors listed above except Nicole Hollows) has a right to 10,000 Macarthur Shares each financial year. A director's entitlement to Macarthur Shares is subject to a daily accrual in the course of a financial year. Each non-executive director of Macarthur (except Nicole Hollows) will be provided with 5,000 Macarthur Shares in accordance with the non-executive director share plan. The shares will be purchased on market by Macarthur and provided to the non-executive directors between 8 and 23 March 2010. The 5,000 Macarthur Shares to be purchased are for the period 1 July 2009 to 31 December 2009. Further information on the non-executive director share plan is provided in **section 4.6(a)**.


4.6 MACARTHUR SHARE PLANS

(a) Non-executive director share plan

Macarthur has a non-executive director share plan to better align the interests of non-executive directors with the interests of Macarthur Shareholders.

Under the plan, Macarthur's non-executive directors have been offered Macarthur Shares by the Macarthur Board as part of their remuneration package. The Macarthur Board has resolved that a maximum of 10,000 Macarthur Shares may be offered to each non-executive director under the plan in each financial year.

A non-executive director's entitlement to Macarthur Shares accrues on a daily basis and will generally be allocated to the director after the announcement of Macarthur's half year results and full year results.



The Macarthur Shares to be provided to non-executive directors are purchased on market in appropriate trading windows. The value of the Macarthur Shares at the time they are purchased is included in the aggregate remuneration of non-executive directors approved by Macarthur Shareholders from time to time.

Macarthur Shares allocated to non-executive directors under the plan are not subject to disposal restrictions. If a director ceases to be a director of Macarthur and has an outstanding entitlement to be allocated Macarthur Shares under the plan, the shares will be acquired in the director's name or Macarthur will pay the director a cash equivalent for the value of the shares, at the Macarthur Board's discretion.

(b) Employee share loan plan

In May 2005 Macarthur established an employee share loan plan to provide Macarthur Group employees and approved contractors the opportunity to subscribe for Macarthur Shares. Offerees that elected to participate in the plan were provided with a loan from Macarthur to finance the purchase of Macarthur Shares. The plan was designed to encourage employee share ownership and to assist in aligning employees' interests with shareholders' interests.

No invitations to participate in the plan have been made since the 2005/06 financial year and the Macarthur Board has no intention to make invitations to participate in the plan in the current financial year or beyond.

(c) Deferred employee share plan

In the 2008/09 financial year, Macarthur implemented a deferred employee share plan which was offered to all full time employees that had been employed by the Macarthur Group for a period of three months. The plan allowed employees to salary sacrifice up to a pre-determined percentage of their pre-tax total salary in exchange for Macarthur Shares. The tax payable on the sacrificed salary is able to be deferred for up to ten years if conditions under the plan are met. The Board suspended this plan as a result of the decision by the Treasurer of the Commonwealth of Australia to remove the ability of participants to defer tax. The plan was only operative for two months before it was suspended. The Board intends to review options available to replace the deferred employee share plan once new legislation is adopted.

(d) Short term and long term incentive plans

Macarthur's short term incentive plan comprises an annual performance-based cash bonus amount payable to eligible executives.

Macarthur's long term incentive plan is an equity-based plan under which eligible executives may receive annual grants of performance rights at no cost to the participant. Each performance right entitles the participant to one Macarthur Share, subject to satisfaction of performance conditions over a three year period. The extent to which performance rights vest depends on a number of performance factors including growth in earnings, relative total shareholder return and return on invested capital. Macarthur Shares awarded to executives under the plan are purchased on market in appropriate trading windows. As at the date of this Bidder's Statement, there are 239,912 unvested performance rights on issue.

Further information about Macarthur's short term and long term incentive plans are set out in Macarthur's 2008/09 annual report lodged with the ASX on 26 August 2009.



PROFILE OF GLOUCESTER

5.1 DISCLAIMER

The information set out in this Bidder's Statement in relation to Gloucester has been prepared by Macarthur using publicly available information, which has not been independently verified. Accordingly, Macarthur does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information. The information regarding Gloucester in this Bidder's Statement should not be considered comprehensive.

Further information relating to Gloucester's business may be included in Gloucester's Target's Statement to be issued in response to this Bidder's Statement.

5.2 GLOUCESTER – OVERVIEW

Gloucester is a public coal producing company which was registered in Western Australia in December 1978. It was listed on the ASX on 27 June 1985 (ASX ticker code "GCL").

Headquartered in Sydney, Gloucester produces both coking and thermal coals from its mining operations at Stratford and Duralie in the Gloucester Basin of New South Wales. In 2009, Gloucester sold approximately 1.9mt of high-volatile coking coal and high-ash thermal coal by-product. Gloucester also holds coal exploration licences and conducts extensive exploration activities in the Gloucester Basin.

5.3 PRINCIPAL ACTIVITIES OF GLOUCESTER

The principal activities of Gloucester consist of the production and marketing of coking and thermal coals from the Stratford and Duralie mines located in the Gloucester Basin, approximately 100km north of Newcastle, New South Wales. Gloucester also holds several coal exploration licences in the Gloucester Basin for prospective development.

Gloucester owns and operates the Coal Handling and Processing Plant (CHPP) at Stratford, which processes and blends all coals to produce a marketable suite of both coking and thermal coal products of consistent quality. In 2010, the CHPP is expected to receive additional tonnage from the Duralie Mine.

Open-cut mining operations at both Duralie and Stratford are currently performed by contract mining companies. On 30 June 2009, Gloucester extended the Duralie mining contract for another seven years.

The location of Gloucester's operations in New South Wales is shown in **Exhibit 5.3.1**.

EXHIBIT 5.3.1

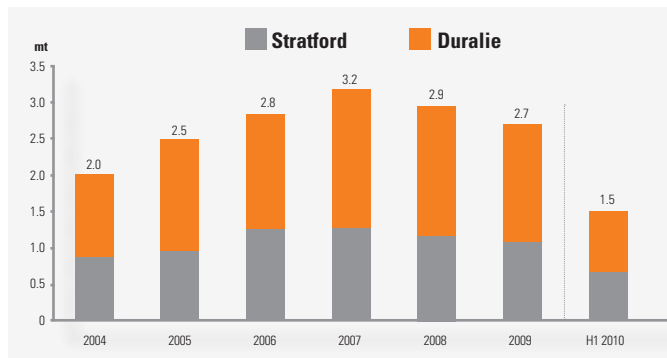
Location of Gloucester's operating mines



Exhibit 5.3.2 details Gloucester's historical ROM coal production for the Stratford and Duralie operations.

EXHIBIT 5.3.2

Total historical ROM coal production for the Stratford and Duralie operations since 2003 (June year end, in mt)



5.4 RESOURCES AND RESERVES

As at the date of this Bidder's Statement, Gloucester has JORC resources of 217.4mt and reserves of 44.6mt, as detailed in **Exhibit 5.4.1** below.

EXHIBIT 5.4.1

Gloucester resource and reserve statement as at 30 June 2009

	Resources (mt)					Reserves (mt)			
	Measured	Indicated	Inferred	Total		Proved	Probable	Total	
Stratford	6.7	23.9	14	44	Stratford	4.7	13.3	18.0	(B)
Grant & Chaney	-	-	33	33	Grant & Chaney	-	-	-	
Duralie open-cut	11.8	24.2	4	40	Duralie complex	-	-	-	
					North East Pit	-	6.5	6.5	(A)
					Railway Pit	0.8	-	0.8	(A)
					Clareval West	10.6	0.6	11.2	(B)
					Duralie Pit	-	8.1	8.1	(B)
Duralie underground	0.9	39.9	59	100	Duralie Underground	-	-	-	
Total	19.4	88.0	110	217		16.1	28.5	44.6	

Competent persons' statement:

Notes on JORC resources

- The estimates of Coal Resources presented in this **section 5.4** and referred to in **section 2.3** have been carried out in accordance with the JORC Code. Coal Resources are reported inclusive of Coal Reserves (ie Coal Reserves are not additional to Coal Resources);
- Coal Resources have been updated by subtraction of mined tonnes for Duralie open-cut and Roseville West (Stratford);
- The information that relates to Gloucester's Coal Resources in this **section 5.4** and referred to in **section 2.3** based on the information compiled by Ms Janet Bartolo, a full-time employee of McElroy Bryan Geological Services Pty Ltd; and
- Ms Janet Bartolo is a member of the Australian 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 she is undertaking to qualify as a Competent Person as defined in the 2004 JORC Code. Ms Bartolo consents to the inclusion in this Bidder's Statement of the matters based on her information in the form and context in which it appears.

Notes on JORC reserves

- The estimates of Coal Reserves presented in this **section 5.4** and referred to in **section 2.3** have been carried out in accordance with the JORC Code;
- The information that relates to Gloucester's Coal Reserves in this **section 5.4** and referred to in **section 2.3** is based on information compiled by (A) Mr Robert MacKenzie, a full-time employee of Runge Limited, and (B) Mr Shaun Tamplin, a full-time employee of Tamplin Resources Pty Ltd; and
- Mr MacKenzie and Mr Tamplin are members of the Australian Institute of Mining and Metallurgy. Mr MacKenzie and Mr 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 MacKenzie and Mr Tamplin consent to the inclusion in this Bidder's Statement of the matters based on their information in the form and context in which it appears.

5.5 FINANCIAL INFORMATION ON GLOUCESTER

The recent financial performance of Gloucester is summarised below.

Section 7.4 sets out pro forma financial information for the Merged Group.

(a) Basis of presentation of historical financial information

The historical financial information referred to below relates to Gloucester on a stand alone basis and accordingly does not reflect any impact of the Offer. It is a summary only and does not contain all the disclosures usually provided in an annual report prepared in accordance with Australian Accounting Standards and the Corporations Act.

The full financial statements for Gloucester for the financial periods described below, which include the notes to the financial statements, can be found in Gloucester's annual reports and half-yearly reports for those periods.

The financial statements of Gloucester for the financial years ended 30 June 2008 and 30 June 2009 were audited by KPMG in accordance with Australian Auditing Standards, and the financial statements of Gloucester

for the six months ended 31 December 2009 were reviewed by Ernst & Young, in accordance with Australian Auditing Standards.

The audit opinions and review statement relating to the above financial statements were unqualified.

Macarthur will provide a copy of the financial statements of Gloucester for the six months ended 31 December 2009 free of charge to any Gloucester Shareholder who requests a copy during the Offer Period.

To request a copy, please contact the Offer enquiry line on 1300 158 006 (or +61 3 9415 4090 for international callers).

(b) Historical financial information of Gloucester

(i) Balance Sheets

The stand alone historical balance sheets of the consolidated Gloucester Group set out in **Exhibit 5.5.1** below have been extracted from the audited financial statements of Gloucester for the years ended 30 June 2008 and 30 June 2009 and the reviewed financial statements of Gloucester for the six months ended 31 December 2009, being the most recent financial statements available prior to the date of this Bidder's Statement.

EXHIBIT 5.5.1

Gloucester Group Balance Sheets

Consolidated			
	As at 30 June 2008 (\$'000)	As at 30 June 2009 (\$'000)	As at 31 December 2009 (\$'000)
Current assets			
Cash and cash equivalents	5,602	65,774	4,422
Trade and other receivables	24,461	21,497	10,725
Other financial assets (derivatives)	4,334	16,591	13,848
Inventories	9,892	5,179	14,068
Total current assets	44,289	109,041	43,063
Non-current assets			
Property, plant and equipment	73,317	98,290	131,806
Intangible – exploration & evaluation	5,000	8,700	13,659
Waste in advance	28,743	28,265	28,990
Investments	176	60	70
Total non-current assets	107,236	135,315	174,525
Total assets	151,525	244,356	217,588
Current liabilities			
Trade and other payables	13,359	25,273	12,638
Income tax liability	3,960	28,716	967
Provisions	-	200	200
Employee benefits	467	564	853
Total current liabilities	17,786	54,753	14,658
Non-current liabilities			
Interest bearing loans and borrowings	9,670	-	-
Deferred tax liabilities	15,813	15,898	14,156
Provisions	6,517	7,063	8,029
Employee benefits	81	95	95
Total non-current liabilities	32,081	23,056	22,280
Total liabilities	49,867	77,809	36,938
Net assets	101,658	166,547	180,650
Equity			
Issued capital	138,905	137,247	137,247
Retained profits / (accumulated losses)	(42,269)	15,280	33,379
Reserves	5,022	14,020	10,024
Total equity	101,658	166,547	180,650



(ii) Income Statements

The stand alone income statements of the consolidated Gloucester Group shown in **Exhibit 5.5.2** below have been extracted from the audited financial statements of Gloucester for the years ended 30 June 2008 and 30 June 2009 and the reviewed financial statements for Gloucester for the six months ended 31 December 2009, being the most recent financial statements available prior to the date of this Bidder's Statement.

EXHIBIT 5.5.2

Gloucester Group Income Statements

Consolidated			
	2008 (\$'000)	2009 (\$'000)	Half year to 31 December 2009 (\$'000)
Revenue from sale of coal	159,552	306,771	103,661
Cost of sales	(116,097)	(172,057)	(76,327)
Gross profit	43,455	134,714	27,334
Other operating income / (expense)	(1,455)	2,253	(2,022)
Administration expenses	(6,490)	(23,098)	(4,456)
Operating profit before financing costs	35,510	113,869	20,856
Financial income	766	1,064	729
Financial expenses	(2,444)	(510)	(140)
Net financial income / (costs)	(1,678)	554	589
Profit before tax	33,832	114,423	21,445
Income tax expense	(10,385)	(32,683)	(3,346)
Profit for the year	23,447	81,740	18,099
Earnings per share (cents per share)			
Basic earnings per share	28.8	99.8	22.1
Diluted earnings per share	28.7	99.8	22.1

5.6 PUBLICLY AVAILABLE INFORMATION ON GLOUCESTER

Gloucester is a listed disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a listed company, Gloucester is subject to the Listing Rules which require continuous disclosure of any information Gloucester has concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

In addition, Gloucester is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Gloucester may be obtained from, or inspected at, an ASIC office.

A substantial amount of information about Gloucester, including its ASX announcements, is available in electronic form from its website www.gloucestercoal.com.au.

The most recent audited financial statements of Gloucester for the year ended 30 June 2009 were lodged with the ASX on 29 September 2009. Gloucester's reviewed financial statements for the half year ended 31 December 2009 were lodged with the ASX on 23 February 2010.

Further information about Gloucester will be contained in its Target's Statement.

5.7 RECENT ANNOUNCEMENTS TO THE ASX BY GLOUCESTER

Since 30 June 2009, the following announcements have been made by Gloucester to the ASX:

Date	Description
23 February 2010	Ceasing to be a Substantial Holder
23 February 2010	Market Release – Half Year Results
23 February 2010	Half Yearly Reports and Accounts
10 February 2010	New Coking Coal Contract
29 January 2010	Update on takeover offer from Macarthur
27 January 2010	Quarterly Activities Report
22 December 2009	GCL Receives Takeover Offer From MCC
22 December 2009	Trading Halt
26 November 2009	Change of Director's Interest Notice
26 November 2009	Appendix 3B
26 November 2009	Strategic Review - Phase One
23 November 2009	Change of Auditor
20 November 2009	Constitution
20 November 2009	Results of Meeting
20 November 2009	Chairman's Address to Shareholders
23 October 2009	Quarterly Activities Report
21 October 2009	Final share buy-back notice - Appendix 3F
21 October 2009	Company Secretary Appointment/Resignation
21 October 2009	Reserves Update
20 October 2009	Notice of Annual General Meeting/Proxy Form
19 October 2009	Change of Director's Interest Notice
2 October 2009	Appendix 3B
1 October 2009	Timing of Annual General Meeting
29 September 2009	Annual Report to Shareholders
27 August 2009	Market Release - Preliminary Final Report
27 August 2009	Preliminary Final Report
28 July 2009	Quarterly Activities Report
1 July 2009	Initial Director's Interest Notice
1 July 2009	Final Director's Interest Notice
1 July 2009	Gloucester Board Changes

Copies of these announcements may be obtained from the ASX website at www.asx.com.au (ASX ticker code "GCL") or from Gloucester's website www.gloucestercoal.com.au.

Macarthur will provide copies of these announcements free of charge to any Gloucester Shareholder who requests a copy during the Offer Period.

To request a copy of an announcement, please contact the Offer enquiry line on 1300 158 006 (or +61 3 9415 4090 for international callers).

Macarthur's announcements to the ASX since 1 July 2009 are detailed in **section 3.14**.



INFORMATION ON GLOUCESTER SECURITIES

6.1 GLOUCESTER SECURITIES

Based on documents lodged by Gloucester with the ASX and information provided by Gloucester, the total number in each class of securities in Gloucester at the date of this Bidder's Statement is as follows:

(a) Shares

Class	Number
Fully paid ordinary shares (ASX ticker code "GCL")	81,962,133

(b) Unquoted options over unissued shares

Holder (plan)	Vesting date	Exercise price	Number
Barry Tudor (long term employee incentive plan)	17 June 2012	\$5.65	500,000
Barry Tudor (long term employee incentive plan)	17 June 2014	\$5.65	500,000

6.2 SUBSTANTIAL SHAREHOLDERS OF GLOUCESTER

As at 25 February 2010, the substantial shareholders of Gloucester were as follows:

Shareholder	Number of shares in which Relevant Interest held	Relevant Interest
Noble Group	71,902,868	87.73%

6.3 RECENT TRADING HISTORY OF GLOUCESTER SHARES

Gloucester is listed on the ASX. The last recorded sale price of Gloucester Shares on the ASX on 21 December 2009, being the last trading day before the Offer was announced was \$6.55.

The last recorded sale price of Gloucester Shares on the ASX on 25 February 2010 was \$8.72.

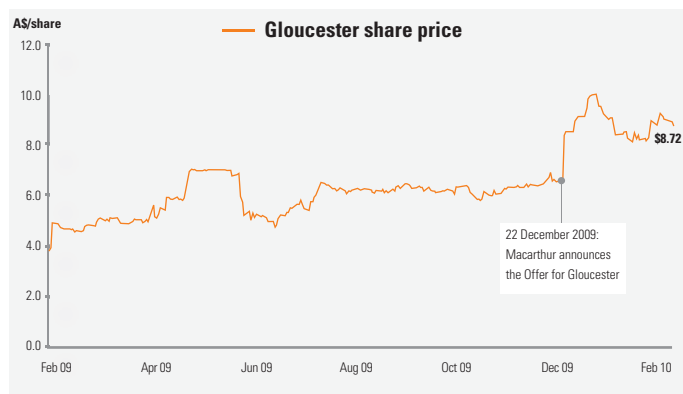
From the Announcement Date to 25 February 2010, Gloucester Shares have traded on the ASX between \$8.00 and \$10.10.

The volume weighted average price of Gloucester Shares over this period was \$8.64.

Exhibit 6.3.1 shows the closing price of Gloucester Shares on the ASX in the period starting on 26 February 2009 and ending on 25 February 2010.

EXHIBIT 6.3.1

Gloucester one-year share price performance



Source: IRESS as at 25 February 2010

6.4 GLOUCESTER'S DIVIDEND HISTORY

Gloucester's dividend history over the last three full financial years is summarised below. All dividends paid over this period were fully franked.

Financial year	Interim dividend	Final dividend	Aggregate dividends
2009	\$0.135	Nil	\$0.135
2008	\$0.05	\$0.16	\$0.21
2007	\$0.08	\$0.06	\$0.14

6.5 INTERESTS OF MACARTHUR AND ITS ASSOCIATES IN GLOUCESTER SECURITIES

Immediately before the Bidder's Statement was lodged with ASIC, neither Macarthur nor any of its Associates had a Relevant Interest in any Gloucester securities and Macarthur's voting power in Gloucester was nil.

6.6 DEALINGS IN GLOUCESTER SHARES

In the four months ending on the day immediately before the date of this Bidder's Statement, neither Macarthur nor any Associate of Macarthur provided, or agreed to provide, consideration for any Gloucester Shares under an agreement or purchase.



EFFECT OF THE TAKEOVER BID, MIDDLEMOUNT ACQUISITION AND CITIC TRANSACTION

This section contains pro forma financial information which has been prepared to illustrate the financial position of the operations of Macarthur (including the Middlemount Acquisition and the CITIC Transaction) and Gloucester on a combined basis.

The pro forma financial information has been prepared in order to give investors an indication of the scale and size of the Merged Group and the balance sheet impact of the Macarthur Group completing the Takeover Bid, Middlemount Acquisition and the CITIC Transaction. It does not necessarily illustrate the financial position that would have existed had the Takeover Bid, Middlemount Acquisition and the CITIC Transaction occurred on or before 31 December 2009.

The pro forma financial information presented in this section should also be read in conjunction with the risk factors set out in **section 8**, other information contained in this Bidder's Statement and the accounting policies of Macarthur and Gloucester as disclosed in their most recent financial reports.

For information on other important effects of the Offer and the Middlemount Acquisition on Macarthur, refer to **section 2** of this Bidder's Statement.

7.1 CAPITAL STRUCTURE AND EFFECT ON SHAREHOLDINGS

Assuming that:

- none of the Gloucester Options are exercised;
 - Macarthur acquires all of the Gloucester Shares the subject of the Offer; and
 - the Middlemount Acquisition and CITIC Transaction are completed,
- the Takeover Bid, Middlemount Acquisition and the CITIC Transaction will have the following effect on the capital structure of, and approximate shareholdings in, Macarthur as set out in **Exhibits 7.1.1** and **7.1.2** respectively. The figures will change depending on:
- whether these assumptions prove to be correct;
 - the number of Gloucester Shareholders who elect to receive the Scrip Alternative; and
 - whether Noble elects to subscribe for additional Macarthur Shares under the Middlemount Acquisition.

EXHIBIT 7.1.1 – EFFECT ON MACARTHUR'S CAPITAL STRUCTURE

Issued capital	Minimum number of Macarthur Shares issued	Maximum number of Macarthur Shares issued
Ordinary shares		
Existing ordinary shares	254,333,109	254,333,109
Ordinary shares (approximately) to be issued under the Middlemount Acquisition	8,298,969	22,505,155
Ordinary Shares (approximately) to be issued under the Offer	60,398,409	68,848,192
Issued capital (excluding the CITIC Transaction) (approximately)	323,030,487	345,686,455
Ordinary shares (approximately) to be issued if the CITIC Transaction proceeds	11,340,206	11,340,206
Issued capital (including the CITIC Transaction) (approximately)	334,370,693	357,026,662

EXHIBIT 7.1.2 – EFFECT ON SHAREHOLDINGS IN MACARTHUR

Holder	Current voting power	Voting power where the minimum number of Macarthur Shares are issued		Voting power where the maximum number of Macarthur Shares are issued	
		After the Takeover Bid and Middlemount Acquisition	After the CITIC Transaction	After the Takeover Bid and Middlemount Acquisition	After the CITIC Transaction
CITIC Group	22.4%	17.7%	20.5%	16.5%	19.2%
ArcelorMittal	16.6%	13.1%	12.6%	12.2%	11.8%
POSCO	8.3%	6.6%	6.3%	6.1%	5.9%
Noble Group	Nil	21.3%	20.5%	24.0% ¹	23.2%
Other Macarthur Shareholders	52.6%	41.4%	40.0%	38.7%	37.5%
Other Gloucester Shareholders	Nil	Nil	Nil	2.4%	2.4%

¹ After completion of the Takeover Bid and Middlemount Acquisition, Noble Group's interest in Macarthur could be as high as 24.6% if:

- all Gloucester Shareholders (except Noble Group) elect to receive the Cash Alternative;
- the Noble Loan is \$50m at completion and Noble elects to apply the proceeds of the Noble Loan, Royalty Loan and Option Cancellation Loan towards subscribing for additional Macarthur Shares; and
- the CITIC Transaction does not complete.

The minimum number of Macarthur Shares will be issued in circumstances where:

- all Gloucester Shareholders (except Noble Group) elect to receive the Cash Alternative; and
- Noble does not elect to apply the proceeds of the Noble Loan, Noble Royalty Loan and Option Cancellation Loan towards subscribing for additional Macarthur Shares.

Conversely, the maximum number of Macarthur Shares will be issued in circumstances where:

- all Gloucester Shareholders elect to receive the Scrip Alternative; and
- Noble elects to apply the proceeds of the Noble Loan (which will not exceed \$50 million), Noble Royalty Loan and Option Cancellation Loan towards subscribing for additional Macarthur Shares.

7.2 MIDDLEMOUNT ACQUISITION

The Middlemount Acquisition is described in more detail in **section 13.16(a)**.

Subject to certain conditions including the Offer becoming Unconditional, the Noble Group accepting the Offer in respect of all of its Gloucester Shares and the approval of Macarthur Shareholders at the Macarthur Shareholder Meeting, Macarthur has agreed to acquire Noble's minority interests in Middlemount which Macarthur does not already own.

The consideration for that share acquisition is a number of Macarthur Shares at \$9.70 per share to the value of \$130.5 million less the amount of the Noble Loan.

The Noble Loan will comprise certain amounts owing by Middlemount to the Noble Group at completion of the share acquisition. The actual amount of the Noble Loan will not be determined until completion, but will not exceed \$50 million. By way of example, as at 31 December 2009, the Noble Loan was approximately \$27.4m, which would oblige Macarthur to issue Macarthur Shares to the value of \$103.1m. There are certain post-

completion adjustments, which are to be paid in cash.

Amongst other things, Macarthur Group has also agreed with Noble Group to reduce a royalty currently payable by Middlemount to Noble Group from 4.0% to 1.0% for consideration of \$67.8m and to cancel the current call option, which entitles Noble to acquire a further 20% in Middlemount, for consideration of \$20m.

These transactions are subject to materially the same conditions as the share acquisition and will complete shortly before the completion of the share acquisition. However, no cash amounts will be payable at that time by Middlemount or Macarthur Group, as Noble Group has agreed to lend those amounts back to Middlemount and Macarthur Group.

Noble has a right to elect to subscribe for additional Macarthur Shares at \$9.70 per share at completion of the share acquisition using the proceeds of the repayment of the Noble Loan, Noble Royalty Loan and Option Cancellation Loan.

If Noble does not make that election, Middlemount must repay the Noble Loan at completion of the acquisition and the Royalty Loan on 30 September 2010, and Macarthur Group must repay the Option Cancellation Loan on 30 September 2010.

Further information about the Middlemount Acquisition is set out in **section 13.16(a)**.

Pro forma entries arising from this transaction to reflect the adjustments to the pro forma balance sheet are set out in **section 7.4**.

Middlemount historical financial information

The summarised historical financial information below relates to Middlemount on a stand alone basis and accordingly does not reflect any impact of the Offer. This historic financial information has been extracted from the audited financial statements of Macarthur for the year ended 30 June 2009 and unaudited management accounts for the 6 months ended 31 December 2009.



EXHIBIT 7.2.1 – MIDDLEMOUNT COAL FINANCIALS

	As at 30 June 2008 (\$'000)	As at 30 June 2009 (\$'000)	As at 31 December 2009 (\$'000)
Current assets	16,607	20,878	20,237
Non-current assets	101,653	124,337	147,296
Total assets	118,260	145,215	167,533
Current liabilities	61,243	97,398	127,693
Non-current liabilities	-	-	1,153
Total liabilities	61,243	97,398	128,846
Revenue	778*	119	3,662
Expenses	(6,812)*	(9,139)	(12,792)
Loss	(6,034)*	(9,020)	(9,130)

* Revenue, expenses and loss disclosed above reflect the standalone 100% results of Middlemount for the year ended 30 June 2008, 30 June 2009 and the half year ended 31 December 2009. The revenue, expenses and loss amounts for the year ended 30 June 2008 differ from the amounts disclosed in Macarthur's annual financial report (loss of \$4,614,000) as the annual report only discloses the results of Middlemount from the date these results were first equity accounted, being the acquisition date of Middlemount (15 January 2008).

7.3 CITIC TRANSACTION

As a separate transaction which is not conditional on either of the Takeover Bid or Middlemount Acquisition but is subject to the approval of Macarthur Shareholders, Macarthur has agreed with its largest shareholder, CITIC Resources Australia, to acquire the joint venture interests of CITIC Resources Australia in the Coppabella and Moorvale Joint Venture and terminate the marketing rights of CITIC Resources Australia for long term coal sales to China and India for coal produced by the Coppabella and Moorvale Joint Venture in exchange for \$110 million worth of Macarthur Shares at \$9.70 per share (subject to adjustments).

Further information on the CITIC Transaction is set out in **section 13.16(b)**.

Pro forma entries arising from this transaction to reflect the adjustments to the pro forma balance sheet are set out in **section 7.4**.

7.4 PRO FORMA BALANCE SHEET

(a) Preparation of Pro Forma Balance Sheet

The information included in this section is pro forma financial information for the Merged Group comprising of the respective groups of Macarthur, Gloucester and Middlemount as at 31 December 2009.

The pro forma information also includes the financial impact that the CITIC Transaction would have on the Merged Group, assuming it had been completed as at 31 December 2009.

The pro forma combined balance sheet of the Merged Group has been produced by aggregating the individual balance sheets from the reviewed financial statements of Gloucester and Macarthur as at 31 December 2009 (which were released to the ASX on 23 and 24 February 2010 respectively) and the unaudited management accounts of Middlemount as at that date.

The financial information for Gloucester and Macarthur relates to the latest publicly available information for each entity that is capable of being compared.

The financial information for Middlemount relates to the latest information that is available to Macarthur that is capable of being compared.

The pro forma information does not represent what the Merged Group would look like on a consolidated basis, since it is not possible to produce this information from publicly available information. No adjustments for potential synergy benefits have been included as the exact timing and amount of such benefits cannot be reliably estimated. However, the pro forma combined balance sheet does reflect:

- the issue of new Macarthur Shares to Gloucester Shareholders;
- the issue of new Macarthur Shares to Noble Group as part of the Middlemount Acquisition; and
- the issue of new Macarthur Shares to the CITIC Group as part of the CITIC Transaction.

The unaudited pro forma balance sheet is for illustrative purposes only and is based on numerous assumptions that may or may not reflect the actual financial position of the Merged Group after completion of the Offer. In addition, this pro forma balance sheet is presented in a summary format and does not contain all the disclosures required under the Corporations Act.

Financial information relating to Gloucester has been sourced from its reviewed financial statements for the six months ended 31 December 2009. Macarthur has relied on this information to prepare the pro forma financial information in this section.

Macarthur does not, except as required by law, make any representations or warranty, express or implied, as to the accuracy or completeness of this information.

Macarthur has had limited access to the directors, management or staff of Gloucester and has had limited access to working papers, accounting records or other documentation for the purposes of preparing this financial information. Therefore, it has not been possible to independently verify any of the financial information relating to Gloucester used in this Bidder's Statement for providing pro forma financial information.

The pro forma financial information presented in this section should also be read in conjunction with the risk factors set out in **section 8**, other information contained in this Bidder's Statement and the accounting policies of Macarthur and Gloucester as disclosed in their most recent financial reports.

Exhibit 7.4.1 in this **section 7.4** contains:

- the pro forma combined balance sheet of the Merged Group as at 31 December 2009, based on the historical balance sheets of Macarthur, Gloucester and Middlemount as at that date; and
- an adjusted pro forma combined balance sheet showing the impact that the CITIC Transaction would have on the Merged Group assuming it also had completed as at 31 December 2009.

(b) Assumptions and adjustments

The pro forma balance sheet set out in **Exhibit 7.4.1** below reflects the following adjustments and assumptions:

General

- (i) the pro forma information has been prepared using AIFRS and reflects the accounting policies of Macarthur. It has not been audited. Amounts presented in the report have been rounded;

Takeover Bid and Middlemount Acquisition

- (ii) the pro forma balance sheet of the Merged Group as at 31 December 2009 assumes the acquisitions of Gloucester and Middlemount by Macarthur had been completed at that date. The actual dates of the acquisitions will be at a later date. AASB 3 "Business Combinations" states that the acquirer shall, at the acquisition date, allocate the cost of a business combination by recognising the acquiree's identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria at their fair values as at that date. Accordingly, Macarthur will assess the fair value of identifiable net assets of Gloucester and Middlemount on completion of the acquisition;
- (iii) the pro forma combined balance sheet of the Merged Group is based on the assumption that the fair value of assets and liabilities (other than property, plant and equipment – mine properties and certain deferred tax balances) of Gloucester and Middlemount are equal to their book value. The difference between the book value of these assets and liabilities (adjusted for the expected changes to deferred tax balances arising at the date of acquisition) and the purchase consideration at the acquisition date has been assumed to relate to property, plant and equipment – mine properties. A full purchase price allocation will be undertaken post acquisition and the fair value of the assets and liabilities will be more accurately assessed at that time. This will not impact the valuation of the business, but may impact the classification between tangible assets, identifiable intangible assets and goodwill;
- (iv) identifiable intangible assets may need to be amortised over the period of their economic benefit to the Merged Group and such amortisation charges will reduce future reported earnings. Due to the limited information available as at the date of preparation of this pro forma financial information, it is not possible to identify all such intangibles and consequent amortisation charges at this time;

- (v) all Gloucester Options are exercised prior to the acquisition date;
- (vi) 100% of Gloucester Shareholders accept the Offer and elect to receive the Scrip Alternative;
- (vii) for fair value accounting purposes, each Macarthur Share issued under the Offer and the Middlemount Acquisition is assumed to have an issue price of \$10.79 (the closing price of Macarthur Shares on the ASX on 22 February 2010). The actual fair value of Macarthur Shares to be issued under the Offer and the Middlemount Acquisition will be determined by the market price of Macarthur Shares at the actual date of acquisition of Gloucester and Middlemount;
- (viii) Noble has an option under the Middlemount Share Sale Deed to apply the amounts owing to the Noble Group in respect of the Noble Loan, Royalty Loan and Option Cancellation Loan towards subscribing for additional Macarthur Shares at \$9.70 per share. For the purposes of preparing the pro forma balance sheet, it has been assumed that Noble has elected to subscribe for the additional Macarthur Shares;
- (ix) the accounting policies of Macarthur, Gloucester and Middlemount are similar and consistent in all material aspects;
- (x) the Takeover Bid and Middlemount Acquisition complete prior to 30 June 2010;

CITIC Transaction

- (xi) the pro forma adjustments for the CITIC Transaction assume the CITIC Transaction has been completed as at 31 December 2009. The actual date of the acquisition will be a later date. Macarthur will be required to recognise the identifiable assets, liabilities and contingent liabilities acquired that satisfy the recognition criteria at their fair values as at that date. Accordingly, Macarthur will assess the fair value of identifiable net assets of the CITIC Group's 7.0% interest in the Coppabella and Moorvale Joint Venture and related joint venture companies on completion of the acquisition of the CITIC Group's joint venture interest and will proportionally consolidate that interest from that date;
- (xii) for fair value accounting purposes, each Macarthur Share issued under the CITIC Transaction is assumed to have an issue price of \$10.79 (the closing price of Macarthur Shares on the ASX on 22 February 2010). The actual fair value of Macarthur Shares, which are to be issued under the CITIC Transaction, will be determined by the market price of Macarthur Shares at the actual date of acquisition of the CITIC Group's joint venture interest; and
- (xiii) the pro forma adjustments for the CITIC Transaction are based on the assumption that the fair value of the CITIC Group's interest in the Coppabella and Moorvale Joint Venture and related joint venture companies' assets and liabilities (other than property, plant and equipment – mine properties and certain deferred tax balances) acquired are equal to their proportionally consolidated book value as at 31 December 2009. The difference between the book value of these assets (adjusted for the expected changes to deferred tax balances arising at the date of acquisition) and the purchase consideration at the acquisition date has been assumed to relate to property, plant and equipment – mine properties.



EXHIBIT 7.4.1

Pro Forma Balance Sheet

	Macarthur 31 December 2009 Reviewed (\$'000)	Gloucester 31 December 2009 Reviewed (\$'000)	Middlemount 31 December 2009 Unaudited (\$'000)	Total Pro Forma Adjustments (\$'000)	Pro Forma Balance Sheet excluding CITIC Transaction (\$'000)	CITIC Transaction (\$'000)	Pro Forma Balance Sheet including CITIC Transaction (\$'000)
Current assets							
Cash and cash equivalents	257,946	4,422	946	(19,350)	243,964	4,342	248,306
Trade and other receivables	216,727	10,725	3,257	(63,875)	166,834	12,935	179,769
Inventories	31,246	14,068	10,133	-	55,447	3,364	58,811
Other financial assets	68,239	13,848	-	-	82,087	-	82,087
Overburden in Advance	148,880	-	5,901	-	154,781	13,418	168,199
Total current assets	723,038	43,063	20,237	(83,225)	703,113	34,059	737,172
Non-current assets							
Trade and other receivables	123	-	144	67,750	68,017	5,001	73,018
Investments in equity accounted investments	351,234	-	-	(299,004)	52,230	-	52,230
Inventories	4,296	-	-	-	4,296	-	4,296
Other financial assets	3,289	70	2,405	-	5,764	-	5,764
Deferred tax assets	-	-	19,981	20,325	40,306	-	40,306
Property, plant and equipment	277,305	131,806	134,032	939,068	1,482,211	104,391	1,586,602
Exploration and evaluation assets	76,362	13,659	-	-	90,021	1,089	91,110
Overburden in Advance	27,813	28,990	-	-	56,803	2,656	59,459
Total non-current assets	740,422	174,525	156,562	728,139	1,799,648	113,137	1,912,785
Total assets	1,463,460	217,588	176,799	644,914	2,502,761	147,196	2,649,957
Current liabilities							
Trade and other payables	96,398	12,638	16,185	-	125,221	6,082	131,303
Loans and borrowings	15,602	-	111,507	(91,250)	35,859	1,306	37,165
Income tax payable	24,485	967	-	-	25,452	-	25,452
Employee benefits	4,605	853	-	-	5,458	-	5,458
Provisions	5,383	200	-	-	5,583	3,528	9,111
Other financial liabilities	2,876	-	-	(800)	2,076	198	2,274
Total current liabilities	149,349	14,658	127,692	(92,050)	199,649	11,114	210,763

Pro Forma Balance Sheet (continued)

	Macarthur 31 December 2009 Reviewed (\$'000)	Gloucester 31 December 2009 Reviewed (\$'000)	Middlemount 31 December 2009 Unaudited (\$'000)	Total Pro Forma Adjustments (\$'000)	Pro Forma Balance Sheet excluding CITIC Transaction (\$'000)	CITIC Transaction (\$'000)	Pro Forma Balance Sheet including CITIC Transaction (\$'000)
Non-current liabilities							
Loans and borrowings	91,020	-	-	-	91,020	8,243	99,263
Deferred tax liabilities	83,787	14,156	9,266	(2,095)	105,114	730	105,844
Employee benefits	57	95	-	-	152	-	152
Provisions	27,514	8,029	1,153	-	36,696	-	36,696
Other financial liabilities	29,396	-	-	(2,877)	26,519	376	26,895
Total non-current liabilities	231,774	22,280	10,419	(4,972)	259,501	9,349	268,850
Total liabilities	381,123	36,938	138,111	(97,022)	459,150	20,463	479,613
Net assets	1,082,337	180,650	38,688	741,936	2,043,611	126,733	2,170,344
Equity							
Share capital	713,420	137,247	64,684	779,843	1,695,194	126,733	1,821,927
Reserves	16,062	10,024	-	(10,024)	16,062	-	16,062
Retained earnings	352,855	33,379	(25,996)	(27,883)	332,355	-	332,355
Total equity	1,082,337	180,650	38,688	741,936	2,043,611	126,733	2,170,344

(c) Important notes in relation to the pro forma adjustments

Pro forma adjustments – Gloucester

- (i) The assumed acquisition consideration for Gloucester has been calculated as follows based on the terms of the Offer by Macarthur:

Gloucester ordinary shares on issue	81,962,133
Options to be converted to ordinary shares	1,000,000
Total number of Gloucester Shares	82,962,133
Macarthur Shares for every Gloucester Share	0.84
Macarthur Shares issued under the Offer	69,688,192
Fair value based on share price of \$10.79 (\$'000)	751,936

- (ii) the increase to the fair value of property, plant and equipment – mine properties of \$551.4m has been calculated as the fair value of the consideration above of \$751.9m less the net book value of assets at 31 December 2009 of \$194.8m (after adjustments for deferred tax) less the additional cash raised from the conversion of options of \$5.7m;

Pro forma adjustments – Middlemount

- (iii) the assumed acquisition consideration for the minority interest held by Noble Group in Middlemount has been calculated as follows based on the terms of the Middlemount Deeds:

Number of Macarthur Shares to be issued (at \$9.70 per share to the value of \$130.5m less \$27.4m, being the amount of the Noble Loan as at 31 December 2009)	10,631,443
Fair value based on share price of \$10.79 (\$'000)	114,713

- (iv) the existing equity accounted interest of \$299m has been derecognised with a nil gain or loss arising based on the estimated fair value of the existing equity accounted stake of \$299m as at 31 December 2009;
- (v) the difference of \$371.3m between the notional fair value of the consideration for 100% of the assets of \$413.7m and net tangible assets acquired as at 31 December 2009 of \$42.4m (after adjustments for deferred tax) has been taken to property, plant and equipment – mine properties;
- (vi) the use by Noble Group of the proceeds of repayment of the Noble Loan to subscribe for Macarthur Shares has resulted in an increase in equity of \$27.4m (being the amount of the Noble Loan as at 31 December 2009). The actual amount of the Noble Loan (and the contingent increase in equity) cannot be determined until completion of the Middlemount Share Sale Deed;



- (vii) consideration payable of \$67.8m to reduce the royalty currently payable to Noble Group from 4.0% to 1.0% has been recognised as a prepayment with related deferred tax adjustments. This prepayment is to be amortised over the life of the original royalty agreement. A liability of \$22.6m arising on the acquisition of Middlemount by Macarthur for the remaining 1% royalty obligation has been recognised in other financial liabilities with a corresponding increase to property, plant and equipment – mine properties. The use by Noble Group of the proceeds of repayment of this loan consideration to subscribe for Macarthur Shares has resulted in a corresponding increase in equity of \$67.8m;
- (viii) the difference of \$6.3m between the consideration payable to cancel the Noble Group call options of \$20m and the carrying value of the option financial liability of \$26.3m has been credited to property, plant and equipment – mine properties. A gain of \$4.5m has been credited to retained earnings arising from the derecognition of deferred tax liabilities relating to the cancellation of these options. The use by Noble Group of the proceeds of repayment of this loan consideration to subscribe for Macarthur Shares has resulted in a corresponding increase in equity of \$20m;
- (ix) an intercompany loan of \$63.8m between Macarthur and Middlemount has been eliminated from trade and other receivables and loans and borrowings;

Pro forma adjustments – CITIC Transaction

- (x) the assumed acquisition consideration for the interest held by the CITIC Group in the Coppabella and Moorvale Joint Venture and related joint venture companies has been calculated, based on the terms of the binding agreement dated 22 December 2009, as follows:

Number of Macarthur Shares issued	11,745,405
Fair value based on share price of \$10.79 (\$'000)	126,733

- (xi) the difference of \$85.9m between the fair value of the consideration above and the additional share of proportionally consolidated net assets acquired from the CITIC Group, totalling \$40.8m (after adjustments for deferred tax) has been allocated to property, plant and equipment – mine properties;

Pro forma adjustments – transaction costs

- (xii) an estimate of transaction costs of \$25.0m relating to stamp duty and advisor fees and other associated costs arising from the Offer and the Middlemount Acquisition to be incurred post 31 December 2009 by Macarthur and Gloucester will be expensed, thus reducing cash balances and retained earnings in the pro forma balance sheet.

(d) Impact on pro forma balance sheet of alternative funding of the Offer and Middlemount Acquisition

Offer – Cash Alternative

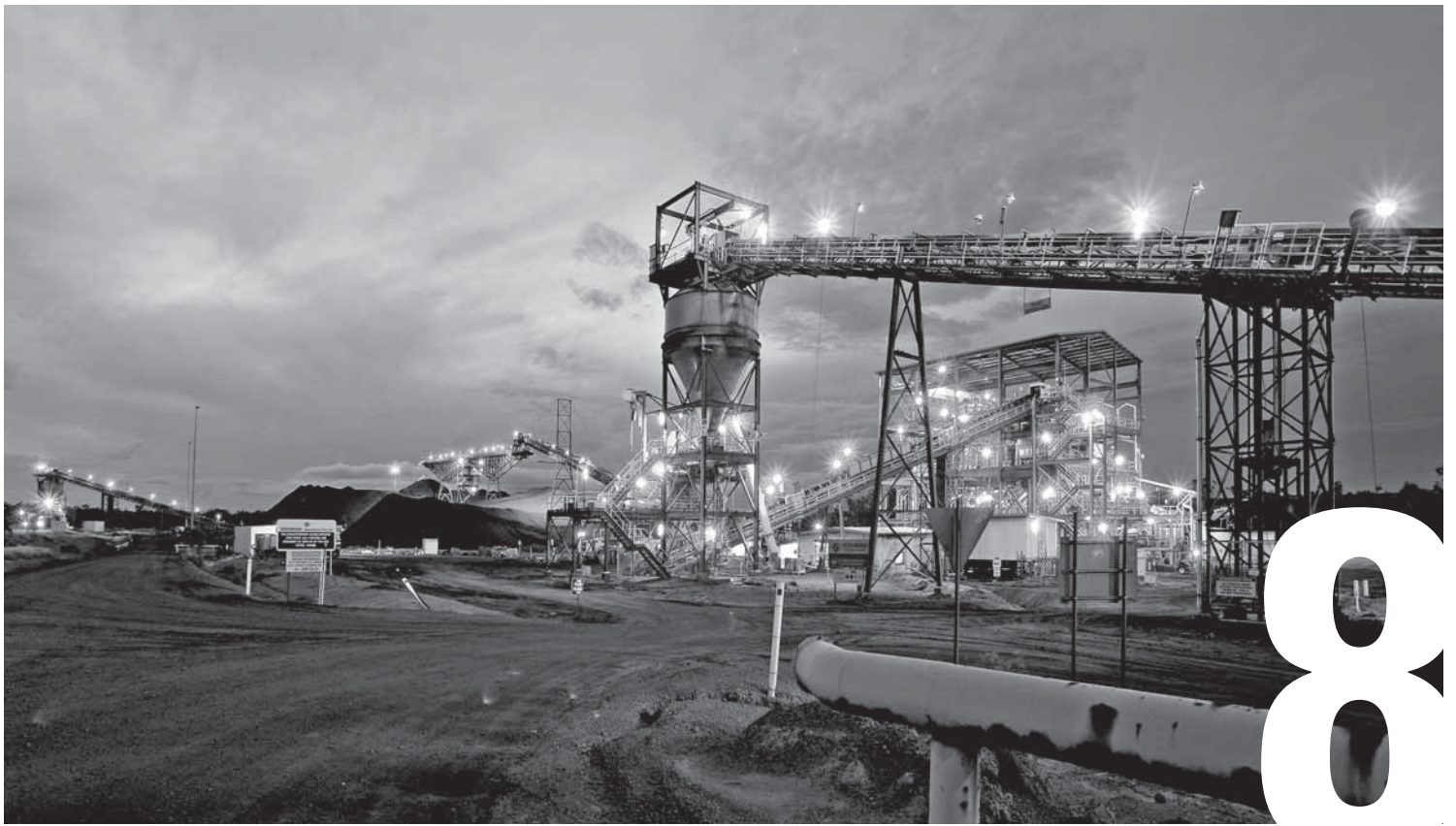
- (i) If it were the case that all Gloucester Shareholders (other than Noble Group who has agreed that, if it accepts the Offer, it will elect to receive the Scrip Alternative) were to accept the Cash Alternative of \$8.00 per Gloucester Share, the total cash consideration payable by Macarthur would be approximately \$88.5m. Cash consideration would be paid from existing cash reserves. The net assets and share capital calculated in the pro forma balance sheet example above would reduce by approximately \$100.2m under this option.

Middlemount Acquisition – alternative option to settle Noble Group loans

- (ii) Middlemount is required to settle the Noble Loan and the Royalty Loan and Macarthur is required to settle the Option Cancellation Loan, through the payment of cash unless Noble elects to apply these amounts towards subscribing for additional Macarthur Shares. If Noble does not elect to do so, cash balances (and therefore net assets) in the pro forma balance sheet above would decrease by \$115.1m and share capital would decrease by \$115.1m.

7.5 PROSPECTIVE FINANCIAL INFORMATION OF THE MERGED GROUP

Macarthur has given careful consideration as to whether a reasonable basis exists to produce reliable and meaningful forecast financial information in relation to the Merged Group. The Macarthur Board has concluded that forecast financial information would be misleading to provide, as a reasonable basis does not exist for producing forecasts that would be sufficiently meaningful and reliable, particularly considering the large effect that variations in key variable inputs may have on future earnings performance. Key variable inputs include coal prices, prevailing foreign exchange rates, the timing and level of production and costs related to development and operating activities.



RISKS ASSOCIATED WITH OWNING MACARTHUR SHARES

8.1 GENERAL

Gloucester Shareholders are currently exposed to various risks as a result of their investment in Gloucester.

Provided the Offer becomes or is declared Unconditional, Gloucester Shareholders who accept this Offer and elect to receive the Scrip Alternative will become shareholders in Macarthur and will be exposed to the risks of the Merged Group (which include the existing risks of investments in Gloucester and Macarthur, along with specific risks relating to the Offer and Middlemount Acquisition).

There are a number of risk factors which may affect the future operating and financial performance of the Merged Group and the future investment performance of Macarthur Shares, many of which are outside the control of Macarthur and its directors. The future level of dividends, the value of the assets of the Merged Group and the price at which Macarthur Shares trade on the ASX may be influenced by any of these factors.

Although Macarthur has undertaken limited due diligence on Gloucester as set out in **section 13.8**, Macarthur does not currently control, or have any involvement in, Gloucester's operations and has relied primarily on Gloucester having complied with its continuous disclosure obligations. Consequently, Macarthur is not in a position to identify all of the material risks of Gloucester nor, consequently, all of the material risks of the Merged Group.

Despite this, Macarthur has considered the current risks of the Macarthur Group and the current risks of Gloucester identified from Macarthur's limited due diligence including Gloucester's announcements to the ASX to prepare this summary of material risks of the Merged Group currently known to Macarthur.

In deciding whether or not to accept the Offer or elect to receive the Scrip Alternative, you should carefully consider these risks, as well as the other information contained in this Bidder's Statement, the information contained in Gloucester's Target's Statement and other publicly available information.

Additional risks and uncertainties not currently known to Macarthur may also have a material adverse effect on the businesses of Macarthur and Gloucester (and consequently the business of the Merged Group) and the information set out below does not purport to be, nor should it be construed as representing, an exhaustive list of the risks affecting Macarthur or the Merged Group.

8.2 SHARE INVESTMENT

(a) General

Gloucester Shareholders should be aware that there are risks associated with any stock market investment. It is important to recognise that share prices and dividends might fall or rise. Factors affecting the operating and financial performance of Macarthur and the market price of Macarthur Shares include domestic and international economic conditions and outlook, changes in government fiscal, monetary and regulatory policies, changes in interest rates and inflation rates, 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 Macarthur Shares.

(b) Composition of Macarthur's register

Gloucester Shareholders who accept the Offer and elect to receive the Scrip Alternative will become shareholders in a company with four substantial shareholders. If the Takeover Bid and Middlemount Acquisition proceed, these four shareholders will control over 50% of Macarthur's share capital and may also increase their shareholdings in Macarthur in the future in accordance with applicable laws.



Unless one or more of the Merged Group's substantial shareholders sell some or all of their Macarthur Shares, the market for Macarthur Shares will be limited to the remaining shares on issue. In addition, the presence of four substantial shareholders on Macarthur's register may make the Merged Group a less desirable takeover target. These factors may have a material adverse effect on the liquidity of Macarthur Shares and the market price of Macarthur Shares.

If one or more of the Merged Group's substantial shareholders decides to sell some or all of their Macarthur Shares, this could create an overhang in the market which could have a material adverse effect on the market price of Macarthur Shares.

8.3 GENERAL RISKS

(a) Government policy and taxation

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 both Macarthur and the entities in which Macarthur invests. These factors may ultimately affect the financial performance of Macarthur and the market price of Macarthur Shares.

(b) Wars, terrorism, political and natural disasters

Events may occur within or outside Australia that could impact upon the world economy, the market for coal, the operations of Macarthur and the market price of Macarthur Shares. These events include war, acts of terrorism, civil disturbance, political intervention and natural events such as earthquakes, floods, fires and poor weather affecting, mining, road, rail, handling at port, shipping, consumption and transport of coal.

Drought and floods have impacted on Macarthur's mining operations on a number of occasions in the past five years.

8.4 BUSINESS RISKS OF THE MERGED GROUP

In addition to the risks mentioned in **sections 8.2** and **8.3**, the following risks may affect the market price of Macarthur Shares and dividends paid by Macarthur:

(a) Industry and commodity cycles

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.

The Merged Group 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 the Merged Group'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 the Merged Group's control. The Merged Group will seek to mitigate the risks associated with commodity and industry cycles by selling a range of coal products to different customers across a number of countries.

(b) Coal market volatility

The Merged Group will sell coal for export to steel mills and electricity producers worldwide. Currently pricing for export coal is negotiated on an annual basis and, like other commodities, that pricing is subject to variability and volatility due to fluctuating global supply and demand. As a result, the Merged Group will be subject to potential year-on-year price variations due to issues outside its control.

There is some potential that the current annual pricing arrangements for metallurgical coal may be replaced by a quarterly pricing structure. Such an arrangement may further increase the volatility of revenue for the Merged Group.

(c) Impact of inflation on costs

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. These cost increases may be offset by increased selling prices.

(d) Foreign exchange fluctuations

The Merged Group's operations could be adversely affected by the impairment of assets and exposure to fluctuations in exchange rates.

Macarthur currently seeks to ameliorate any adverse consequences of exchange rate fluctuations by hedging the majority of its currency positions as set out in **section 3.9**. However, there can be no assurance that the Merged Group will be able to hedge its exchange rate exposure successfully or that it will be able to hedge such exposure at a satisfactory cost.

(e) Transport infrastructure

Coal produced from mining operations is transported to customers by a combination of road, rail and sea. A number of factors could disrupt these transport services, including weather-related problems, rail or port capacity constraints, insufficient rail and port capacity allocations, key equipment and infrastructure failures and industrial action, impairing the Merged Group's ability to supply coal to customers which may have a material impact on productivity.

The Merged Group's future growth potential is contingent on government and private sector delivery of proposed transport infrastructure which is outside the Merged Group's control. Due to increasing construction costs and the increased rate of return sought by both government and private sector infrastructure owners, the future cost of access to new and existing infrastructure is likely to be significantly greater than that of current operations.

In some cases, the port capacity available to the Merged Group could be reduced if reserves at the relevant mines fall below specified levels.

Rail and port capacity is obtained through long term contract arrangements with service providers. In most cases these contracts include 'take-or-pay' provisions which require payment of all rail and shipping charges irrespective of whether the service is used or whether sufficient capacity is available for all contracted entitlement to be used. In the event of infrastructure capacity being below contracted capacity, there is a risk the Merged Group will be required to pay take-or-pay charges for capacity for which it is unable to obtain allocation or use.

(f) Water and power

Water and power are critical to the Merged Group's coal mining operations.

Presently, all of the Merged Group's existing production operations have access to adequate sources of water and power. Planning is also ongoing to obtain reliable supplies for development of future projects.

Whilst these supplies are anticipated to be available, ongoing certainty of supply cannot be guaranteed due to factors such as climate, changes in allocations or government policy and increasing demand from competing users.

There is also a risk that the Merged Group may have excess water at times which may result in dam overflow and discharge and potentially breach the terms of the Merged Group's environmental consents.

(g) Environmental matters and emissions trading

Future mine developments are subject to a range of environmental legislation which may change in a manner that may include requirements in addition to those now in effect, and a heightened degree of responsibility for companies and their directors and employees. There may also be unforeseen environmental liabilities resulting from coal related activities, which may be costly to remedy.

In particular, any change to environmental laws (either in Australia or in the jurisdiction of any of the Merged Group's customers) may have a material adverse effect on the Merged Group's businesses.

For example, the Australian Government's proposed carbon pollution reduction scheme (or similar proposal) may impact the Merged Group's ongoing operations, including by way of:

- (i) increased compliance costs associated with data collection and management, emissions reporting, assurance of emissions and energy data and the purchase and management of carbon permits;
- (ii) increased energy costs associated with the pass through of carbon costs from diesel and electricity suppliers;
- (iii) increased distribution costs as rail freight providers pass through their costs associated with carbon;
- (iv) direct carbon permit liability costs under the carbon pollution reduction scheme, particularly in regards to fugitive methane emissions; and
- (v) impacts on the competitive position of the Merged Group as a result of the introduction of the carbon pollution reduction scheme.

These potential risks may be mitigated through the development of emissions abatement projects.

Any policy or regulatory change in relation to carbon emissions in the jurisdiction of any of the Merged Group's customers may also impact on the demand for coal.

(h) Resources and reserves

Resource and reserve estimates are stated to the JORC Code and are expressions of judgement 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 have a material adverse effect on the Merged Group's development and mining plans.

If the Merged Group's resources do not graduate to reserves at an acceptable rate, it may have a material adverse effect on the Merged Group's operations and will limit the long term growth prospects of the Merged Group.

(i) Exploration and development risks

The future value of the Merged Group is materially dependent on the success or otherwise of the Merged Group's activities which are directed towards exploration and development of new coal deposits. Any discovery of a coal deposit does not guarantee that the mining of that deposit will be commercially viable. The size of the deposit, location, development and operating costs, commodity prices and recovery rates are all key factors in determining commercial viability.

(j) New mining operations

New mining operations often experience unexpected problems and delays during development, construction and mine start-ups which delay the commencement of mineral production. For example, unexpected delays in obtaining necessary water and rail infrastructure have delayed production at the Middlemount Mine.

(k) Land and resource tenure

The Merged Group's land and resource tenure may be disputed resulting in disruption and/or impediment in the operation or development of a resource.

Any new mine development or expansion of existing operations will require landholder, native title and cultural heritage issues to be addressed, which can have significant timing and cost implications.

(l) Changes to government coal royalties

Australian governments have in recent years substantially increased royalties applicable to coal. Any future increases in federal or state taxes, duties or royalties may not be able to be passed on in full to customers or may result in the Merged Group's pricing becoming uncompetitive in the international market.

(m) Loss of key personnel

The Merged Group's operations will be dependent upon the continued performance, efforts, abilities and expertise of its key personnel. There are no guarantees that the Merged Group will be able to retain these employees or that it will be able to prevent them from competing with the Merged Group in the event of their departure.



(n) Reliance on third parties

Through the Merged Group's participation in joint ventures and its use of contractors and other third parties for exploration, mining and other services, it is reliant on a number of third parties for the success of its current operations and for the development of its exploration 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 the Merged Group. Any failure by counterparties to perform their obligations may have a material adverse effect on the Merged Group and there can be no assurance that the Merged Group would be successful in attempting to enforce any of its contractual rights through legal action.

(o) Industrial action

The Merged Group will be subject to the risk of industrial action and work stoppages by employees of the Merged Group and of contractors who provide services which are necessary for the continued operation of the businesses of the Merged Group.

(p) Safety legislation

Current and future mines are subject to a range of safety legislation which may change in a manner that may include requirements in addition to those now in effect, and a heightened degree of responsibility for companies and their directors and employees.

(q) Claims, liability and litigation

The risk of litigation is a general risk of the Merged Group's business. Except as set out in **section 3.11**, so far as the directors of Macarthur are aware, there is no current, pending or threatened litigation, arbitration proceeding, administrative appeal, or criminal or governmental prosecution in which Macarthur or its subsidiaries is directly or indirectly concerned which is likely to have a material adverse effect on the business or financial position of the Merged Group. There are, however, some actions and claims yet to be resolved.

The Merged Group may incur costs in making payments to settle any such claims which may not be adequately covered by insurance or at all. Such payment may have an adverse impact on the Merged Group's profitability and/or financial position.

(r) Refinancing risks

The Merged Group's ability to service its debt from time to time will depend on its future performance and cashflows, which will be affected by many factors, some of which are beyond the Merged Group's control.

Macarthur has finance facilities that need to be renewed or refinanced on or before 30 June 2010 and which are in the process of being refinanced. If Macarthur is unable to refinance existing facilities or secure new facilities on acceptable terms, this funding may need to be provided through cashflows of the business or from shareholder equity. Any inability of Macarthur to refinance its existing finance facilities could have a material adverse effect on the Merged Group.

(s) Changes in accounting policies

The Merged Group will be subject to the usual business risk that there may be changes in accounting policies which have an adverse impact on the Merged Group.

8.5 SPECIFIC RISKS OF THE TAKEOVER BID AND MIDDLEMOUNT ACQUISITION

(a) Issue of Macarthur Shares as Scrip Alternative

If the Takeover Bid and Middlemount Acquisition proceed, Macarthur will issue a significant number of Macarthur Shares. Some Gloucester Shareholders who accept the Offer and elect to receive the Scrip Alternative may not intend to continue to hold their new Macarthur Shares and may wish to sell them on the ASX. There is a risk that if a significant number of Gloucester Shareholders seek to sell their new Macarthur Shares, this may adversely affect the market price of Macarthur Shares.

The Scrip Alternative is offered to Gloucester Shareholders using a set ratio of 0.84 Macarthur Shares for each Gloucester Share. As a result, the implied value of the Scrip Alternative will fluctuate depending upon the market value of Macarthur Shares.

(b) Merger integration risks

Integrating companies such as Macarthur and Gloucester may produce some risks, including risks relating to integrating management, information systems and work practices. Greater than expected integration costs could have a material adverse effect on the Merged Group.

(c) Exposure to 100% of the risks associated with the development of the Middlemount Mine

By increasing its shareholding in Middlemount from 74.66% to 100%, Macarthur will have greater exposure to the risks inherent in the development of the Middlemount Mine, including the risks associated with any delays in commencing mining operations.

(d) Accounting for the Middlemount Acquisition

On completion of the Middlemount Acquisition, the value allocated to Macarthur Group's existing interest in Middlemount could vary depending on the determination of fair value and allocation of fair value to the existing interest and the underlying assets. A fair value higher than the carrying amount will result in a gain being recognised in the income statement. A fair value lower than the carrying amount will result in a loss being recognised in the income statement.

(e) Macarthur acquiring less than 90% ownership of Gloucester

The Offer is subject to the Minimum Acceptance Condition. This Condition may be waived by Macarthur. Therefore, a risk exists that the final level of ownership acquired by Macarthur may rest below 90%, which could have an impact on Macarthur's intentions for Gloucester which are set out in **section 9**.

(f) Taxation risks

The taxation consequences and risks of the Offer depend upon the specific circumstances of each Gloucester Shareholder. A general outline of possible Australian taxation consequences of accepting the Offer is set out in **section 12**.

Gloucester Shareholders should obtain their own independent professional taxation advice regarding the applicable law in respect of the Offer.

(g) Risk that the Middlemount Acquisition will not complete

As the conditions of the Middlemount Acquisition and the Offer are not identical, there is a risk that the Middlemount Acquisition may not complete despite the Takeover Bid being successful, and this may have some impact on the market price of Macarthur Shares.



MACARTHUR'S INTENTIONS FOR GLOUCESTER

9.1 INTRODUCTION IN RELATION TO MACARTHUR'S INTENTIONS

The intentions set out in this section of the Bidder's Statement represent the intentions of Macarthur and have been formed on the basis of facts and information concerning Gloucester, its business and the general business environment, which are known to Macarthur at the time of preparing this Bidder's Statement.

Macarthur will only make final decisions in light of the material information available to it and circumstances at the relevant time. Accordingly, the statements set out in this section are statements of current intention only and may vary as new information becomes available or circumstances change.

In addition, Macarthur will only make a final decision on these courses of action following receipt of appropriate legal, taxation and financial advice, and in light of the material circumstances at the relevant time, including the Macarthur directors' obligation to have regard to the interest of Macarthur and Macarthur Shareholders.

The articulation and formulation of the intentions are necessarily limited by virtue of the fact that Macarthur has only had access to publicly available information, and limited non-public information, about Gloucester.

9.2 CONTINUATION OF OPERATIONS

Subject to the matters described in this **section 9** and elsewhere in this Bidder's Statement, it is Macarthur's intention:

- to continue the business of Gloucester as a mining company focused on pursuing operational improvement and expansion of its current business operations;
- not to make any major changes to the business of Gloucester or redeploy any of the fixed assets of Gloucester; and
- to generally maintain the current employment of Gloucester's existing employees in the same capacity and on the same or substantially the same terms and conditions.

9.3 MACARTHUR'S INTENTIONS IF IT ACQUIRES MORE THAN 90% OF GLOUCESTER SHARES

If Macarthur acquires a Relevant Interest in at least 90% of Gloucester Shares and becomes entitled to compulsorily acquire all of the Gloucester Shares in accordance with the Corporations Act, its intentions for Gloucester are as follows:

(a) Corporate matters

- Macarthur will proceed with compulsory acquisition of the outstanding Gloucester Shares in accordance with the provisions of Part 6A.1 of the Corporations Act;
- Macarthur will apply for Gloucester to be removed from the official list of the ASX;
- the current directors of Macarthur will remain on the Macarthur Board;



- it is proposed that the CEO and Managing Director of Gloucester, Barry Tudor, will be offered a senior executive position in the Merged Group, and the current Chief Operating Officer of Gloucester, Graham Colliss, will be offered a senior management role; and
- two current Gloucester directors (see **section 3.5** for details) will be invited to join the Macarthur Board.

Under the compulsory acquisition procedure set out in the Corporations Act, Macarthur is required to offer the same consideration to remaining Gloucester Shareholders as Macarthur offered to all Gloucester Shareholders under the Offer. That is, remaining Gloucester Shareholders will be able to elect to receive the Scrip Alternative or the Cash Alternative for their Gloucester Shares (although Ineligible Foreign Shareholders that elect to receive the Scrip Alternative will only receive the net proceeds of the sale of the Macarthur Shares they would have been entitled to receive – see **section 14.11** for further details). If you do not elect the form of Consideration you wish to receive in response to the compulsory acquisition material provided to you, you will receive the Cash Alternative for Your Gloucester Shares.

(b) General operational review

After the end of the Offer Period, it is intended that a broad-based review of the Merged Group's operations will be conducted on both a strategic and financial level to:

- evaluate the Merged Group's performance, profitability and prospects;
- evaluate the strategy of the Merged Group; and
- identify opportunities for revenue enhancement and operating synergies derived from a larger portfolio of assets.

In the course of this review, it is intended that there will be a focus on a number of key specific areas including, but not limited to:

- new market opportunities;
- availability and optimisation of port resources;
- review and optimisation of the capital expenditure program of the Merged Group;
- the opportunity for procurement benefits resulting from having a larger level of production; and
- coal blending opportunities.

(c) Specific intentions

Following the end of the Offer Period, it is intended that Macarthur will:

- continue to conduct the current core business of Gloucester, namely the exploration, development operations and marketing of thermal and metallurgical coal products;
- continue to operate Gloucester's existing operations and proceed with the planned expansion projects, including construction of the Clareval deposit;
- continue to develop the Middlemount Mine which will be wholly-owned by the Merged Group; and

- transition some of Gloucester's organisational functions currently performed out of Gloucester's head office in Sydney to Macarthur's head office in Brisbane.

(d) Impact on employees

As a result of the implementation of the above intentions, certain organisational functions currently performed out of Gloucester's head office in Sydney, for example, those relating to the maintenance of Gloucester's listing on the ASX, will become redundant. It is likely that some job losses will occur as a result, but the incidence, extent and timing of such job losses cannot be predicted.


Where possible, job losses will be sought to be minimised through redeployment of the relevant employees elsewhere in the Merged Group. If redundancies do occur, the relevant employees will receive benefits in accordance with their contractual and other legal entitlements.

9.4 MACARTHUR'S INTENTIONS IF IT ACQUIRES LESS THAN 90% OF GLOUCESTER SHARES

Macarthur has no current intention to waive the Minimum Acceptance Condition (but it reserves its right to do so). The description of Macarthur's intentions in this **section 9.4** is not to suggest that Macarthur intends to declare the Offers free from the Conditions referred to in **section 14.13** (except the Condition referred to in **section 14.13(c)** (FIRB)) if Macarthur does not acquire at least 90% of Gloucester Shares.

If, however, Macarthur declares the Offers to be free from the Conditions referred to above but does not acquire at least 90% of Gloucester Shares (and is not otherwise entitled to compulsorily acquire the outstanding Gloucester Shares in accordance with the provisions of Part 6A.1 of the Corporations Act), Macarthur intends (subject to the level of Macarthur's shareholding in Gloucester) to:

- seek to appoint its own nominees to constitute all or a majority of the Gloucester Board, subject to the Corporations Act and to the constitution of Gloucester;
- acquire Gloucester Shares over time so as to enable Macarthur to move to compulsory acquisition;
- unless Gloucester has more than the required spread of shareholders under the Listing Rules, procure an application to be made to remove Gloucester from the official list of the ASX;
- through its nominees on the Gloucester Board, review the dividend policy of Gloucester to ensure that it reflects an appropriate balance between ensuring that Gloucester retains sufficient funds to meet its ongoing activities and capital requirements and the payment of dividends to shareholders; and
- seek to implement such of the intentions as are detailed in **section 9.3** as are consistent with Gloucester being a controlled entity of Macarthur but not a wholly-owned subsidiary.



The implementation of any of the steps in this **section 9.4** would only be undertaken where those steps are in accordance with all applicable legal and regulatory requirements, the Listing Rules, the fiduciary and statutory duties of the directors of Gloucester and after considering the advice of legal and financial advisers. In particular, the Gloucester directors may only implement any such steps if they consider the steps to be in the best interests of shareholders of Gloucester as a whole.

9.5 MACARTHUR'S INTENTIONS IN RELATION TO DIVIDENDS OF THE MERGED GROUP

Macarthur's policy is to pay approximately 50% of annual profit after tax as dividends. Subject to what is said below, the Macarthur Board has no current intention to amend this dividend payout ratio. Macarthur's dividend history is set out in **section 4.4**.

The dividend payout ratio of the Merged Group is subject to the contingencies of future years and time limits, including, but not limited to, the ongoing funding needs of the Merged Group, coal prices, royalties and development project costs. The dividend payout ratio of the Merged Group is also subject to the risk factors contained in **section 8** of this Bidder's Statement.

Gloucester Shareholders should note that the payment of any dividend and level of franking in respect of any year are subject to the operating performance and financial position of Macarthur including its subsidiaries, the amount of franking credits carried forward and the amount of Australian income tax paid on earnings in that year. Future determinations as to the payment of dividends by Macarthur will be at the discretion of the directors of Macarthur and will depend upon the availability of distributable earnings and franking credits, the operating results and financial condition of Macarthur and its subsidiaries, future capital requirements, covenants in relevant financing agreements, general business and financial conditions and other factors considered relevant by the directors of Macarthur. No assurance is, therefore, given in relation to the payment or timing of payment of future dividends or the extent to which any such dividends may be franked.

9.6 CONFLICTS

Macarthur intends that all directors of Gloucester nominated by Macarthur will act at all times in accordance with their fiduciary duties as required by law and that all legal requirements are complied with in pursuing any of the intentions outlined in this Bidder's Statement.

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PAYMENT OF CONSIDERATION

10.1 ISSUE OF MACARTHUR SHARES

As shown in **Exhibit 7.1.1**, the maximum number of Macarthur Shares that can be issued under the Takeover Bid, Middlemount Acquisition and the CITIC Transaction will be approximately 102,693,553 (subject to adjustments).

A condition of the Offer is the approval of Macarthur Shareholders at the Macarthur Shareholder Meeting. Assuming Macarthur Shareholder approval is obtained and the Offer becomes Unconditional, the issue of Macarthur Shares to Gloucester Shareholders who accept the Offer and elect to receive the Scrip Alternative will be made directly by Macarthur. No other approvals or third party consents are required by Macarthur for the issue of those shares although Noble requires certain approvals, as set out in **section 13.12**.

10.2 QUOTATION OF MACARTHUR SHARES

Macarthur will apply to the ASX within seven days after the commencement of the Offer Period for quotation of the Macarthur Shares that may be issued under the Offer. Quotation is not guaranteed or automatic but will depend on the ASX exercising its discretion under the Listing Rules.

Macarthur has already been admitted to the official list of the ASX and Macarthur Shares (being in the same class as those to be issued under the Offer) are already quoted. Macarthur cannot guarantee, and does not represent or imply, that the Macarthur Shares to be issued under the Offer will be quoted. However, Macarthur believes quotation of the shares will be granted. In accordance with the Corporations Act, the quotation of the Macarthur Shares to be issued under the Offer is a condition to the Offer under **section 14.19**.

10.3 FUNDING OF CASH ALTERNATIVE

Macarthur will finance the Cash Alternative from its existing cash resources which, as at 31 December 2009, exceeded \$250 million.

The maximum amount payable by Macarthur if all Gloucester Options are exercised before the end of the Offer Period and all Gloucester

Shareholders (excluding Noble Group):

- accept the Offer; and
- elect to receive the Cash Alternative, is approximately \$88 million.

If:

- all Gloucester Shareholders (excluding Noble Group) accept the Offer and elect to receive the Cash Alternative;
- Noble does not exercise the Share Election (ie does not elect to apply the proceeds of the Noble Loan, Royalty Loan and Option Cancellation Loan towards subscribing for Macarthur Shares at \$9.70 per share); and
- the amount of the outstanding Noble Loan owed by Middlemount to Noble Group at completion of the Middlemount Acquisition is the maximum \$50 million,

the maximum amount of cash payable by Macarthur in relation to the Takeover Bid and Middlemount Acquisition is approximately \$226.3 million (subject to adjustments under the Middlemount Acquisition).

If Noble does not exercise the Share Election:

Noble Loan and Royalty Loan

- Macarthur Group will fund Middlemount to enable it to repay:
 - (i) the Noble Loan at completion of the Middlemount Acquisition; and
 - (ii) the Royalty Loan on 30 September 2010.

Option Cancellation Loan

- Macarthur Group will repay the Option Cancellation Loan on 30 September 2010.

Macarthur Group has sufficient cash to pay the maximum cash consideration under the Takeover Bid and to fund the repayment of the Noble Loan.

Whether it will have sufficient cash to fund the repayment of the Royalty Loan and the Option Cancellation Loan at 30 September 2010 will depend on a range of factors, including the operating requirements of the Macarthur Group up to that time.

Macarthur is in the process of seeking a corporate facility to provide it with greater flexibility and certainty should Macarthur Group be required to repay the Royalty Loan and the Option Cancellation Loan on 30 September 2010.

There is no guarantee that Macarthur will be able to obtain such a corporate facility by 30 September 2010 on terms and conditions acceptable to it or at all.



RIGHTS AND LIABILITIES ATTACHING TO MACARTHUR SHARES

The Macarthur Shares issued under the Offer will be issued fully paid and will rank from the date of issue equally for dividends and other rights with existing Macarthur Shares.

This section contains a summary of the key rights and liabilities attaching to Macarthur Shares.

This summary does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Macarthur Shareholders, which can involve complex questions of law arising from the interaction of Macarthur's constitution and statutory, common law and Listing Rules requirements. Gloucester Shareholders should seek their own advice when trying to establish their rights and liabilities in specific circumstances.

To obtain a free copy of Macarthur's constitution during the Offer Period, Gloucester Shareholders may contact the Offer enquiry line on 1300 158 006 (or +61 3 9415 4090 for international callers).

11.1 CONSTITUTION OF MACARTHUR

Under section 140(1) of the Corporations Act, the constitution of Macarthur has effect as a contract between Macarthur and each Macarthur Shareholder and between a Macarthur Shareholder, Macarthur and each other Macarthur Shareholder. Accordingly, if you accept the Offer and elect to receive the Scrip Alternative, you will become liable to comply with the constitution of Macarthur. However, since the Macarthur Shares issued under the Offer will be issued as fully paid, no monetary liability attaches to them.

11.2 MEETINGS OF MACARTHUR SHAREHOLDERS

Subject to the provisions of Macarthur's constitution, each Macarthur Shareholder is entitled to receive notice of, and to attend and vote at, general meetings of Macarthur and to receive all notices, accounts and other documents required to be furnished to Macarthur Shareholders under the Macarthur's constitution, the Corporations Act and the Listing Rules.

A general meeting may be called by:

- (a) a resolution of the directors of Macarthur; or
- (b) at the request of:
 - (i) Macarthur Shareholders with at least 5% of the votes that may be cast at the general meeting; or
 - (ii) at least 100 Macarthur Shareholders.

11.3 VOTING RIGHTS

At a general meeting, subject to a number of specific exceptions, every Macarthur Shareholder present in person or by proxy or duly appointed representative has on a show of hands, one vote and upon a poll, one vote for every Macarthur Share held by that Macarthur Shareholder.

11.4 DIVIDENDS

Dividends are payable equally on all Macarthur Shares. Macarthur Shares issued under the Offer will be entitled to dividends that have a record date on or after the date of issue. **Section 4.4** provides further information on Macarthur's dividend payout ratio and history.



11.5 VARIATION OR CANCELLATION OF CLASS RIGHTS

The rights attached to any class of shares in Macarthur, unless otherwise provided for by the terms of issue of those shares, may only be varied or cancelled with the consent in writing of the holders of three-quarters of the issued shares in the relevant class, or with the sanction of a special resolution passed at a meeting of the holders of the shares in that class. At present, the Macarthur Shares are the only class of shares in Macarthur on issue.

If the rights attached to Macarthur Shares are varied or cancelled, Macarthur Shareholders with at least 10% of the votes attaching to the Macarthur Shares may apply to a court of competent jurisdiction to exercise its discretion to have the variation or cancellation set aside.

11.6 TRANSFER OF MACARTHUR SHARES

Subject to Macarthur's constitution, the Corporations Act, the Listing Rules and the ASTC Settlement Rules, Macarthur Shares are freely transferable.

Macarthur Shares are transferable by:

- a written transfer in the usual or common form or such other form as the directors of Macarthur may prescribe or in particular cases accept, duly stamped (if necessary) and being delivered to Macarthur;
- a proper transfer, which is to be in the form required or permitted by the Corporations Act; or
- a proper transfer effected in accordance with the ASTC Settlement Rules.

The directors of Macarthur may, subject to the requirements of the Corporations Act and the Listing Rules, refuse to register any transfer of Macarthur Shares in the following circumstances:

- if the registration would infringe any applicable laws or the Listing Rules;
- if the transfer concerns shares over which Macarthur has a lien; or
- if permitted to do so under the Listing Rules.

11.7 ISSUE OF FURTHER SHARES

The directors of Macarthur may, subject to the restrictions on the allotment of shares under the Corporations Act and the Listing Rules, issue, grant or otherwise dispose of shares in Macarthur on the terms and conditions and for the consideration they think fit.

Without affecting any special rights conferred on the holders of any shares, any share in Macarthur may be issued with preferred, deferred or other special rights, obligations or restrictions, whether in regard to dividends, voting, return of share capital, payment of calls or otherwise, as the directors of Macarthur may determine.

11.8 WINDING UP

Subject to any special or preferential rights attaching to any class or classes of shares, Macarthur Shareholders will be entitled, in the event of a winding up, to share in any surplus assets of Macarthur in proportion to the Macarthur Shares held by them.

11.9 OTHER KEY PROVISIONS OF MACARTHUR'S CONSTITUTION

A summary of some of the key provisions of Macarthur's constitution (other than those discussed in **sections 11.2 to 11.8** above) is set out below. The summary is not exhaustive.

(a) Number of directors

Macarthur's constitution provides that Macarthur must have between three and ten directors.

(b) Officers' indemnity

To the extent permitted by law and to the extent and for the amount that an officer is not otherwise entitled to be indemnified and is not actually indemnified by another person, Macarthur indemnifies each officer of Macarthur (including former officers) against all costs, charges, losses, damages, expenses, penalties and liabilities incurred by the officer in or arising out of the discharge of the duties of the officer.

(c) Amending the constitution

The Corporations Act provides that the constitution of a company may be modified or repealed by a special resolution by at least 75% of the votes cast by members entitled to vote on the resolution. Macarthur's constitution does not provide for any further requirements to be complied with to effect a modification of, or to repeal, it.



TAXATION CONSIDERATIONS

12.1 INTRODUCTION

The following is a general outline of the main Australian income tax consequences for an Australian resident individual Gloucester Shareholder resulting from acceptance of the Offer and the acquisition, ownership and disposal of Macarthur Shares.

The outline is not exhaustive of all income tax considerations which could apply in the circumstances of any given Gloucester Shareholder and there are a number of limitations to the outline including that:

- it applies only to Australian resident individual taxpayers. It does not cover the tax treatment for any other classes of taxpayers including individuals who are non-residents of Australia for tax purposes, companies, insurance organisations, superannuation funds, trusts or employees of Gloucester or its associated companies who acquired their Gloucester Shares in respect of their employment;
- it applies only where Gloucester Shareholders hold their shares on capital account. It does not apply where the shares are held on revenue account (eg shares held by Gloucester Shareholders who trade in shares or hold Gloucester Shares as trading stock); and
- it is based on current Australian tax law. It does not take into account or anticipate any changes in the law (including changes to legislation, judicial authority or administrative practice).

The outline does not consider the income tax consequences of the Offer for any holder of Gloucester Options.

The outline does not constitute, and should not be construed as, taxation advice. Macarthur and their Officers and advisers do not accept any liability or responsibility in respect of any statement concerning the taxation consequences of the Offer or in respect of the taxation consequences themselves.

All Gloucester Shareholders, and particularly those shareholders not specifically addressed by this outline as noted above (eg non-resident shareholders), should consult their own independent professional taxation advisers regarding the Australian and, if applicable, foreign income tax consequences of disposing of Gloucester Shares given the particular circumstances which apply to them.

12.2 ACCEPTANCE OF THE OFFER AND DISPOSAL OF GLOUCESTER SHARES

(a) Capital gain or loss on pre-CGT Gloucester Shares

Any capital gain or capital loss that would otherwise be realised as a result of the disposal of Gloucester Shares pursuant to the Offer by a Gloucester Shareholder that acquired, or is deemed to have acquired, their Gloucester Shares before 20 September 1985 will be disregarded.

(b) Capital gain or loss on post-CGT Gloucester Shares

The disposal of Gloucester Shares pursuant to the Offer by a Gloucester Shareholder that acquired, or is deemed to have acquired, their Gloucester Shares on or after 20 September 1985, will constitute a CGT event for Australian income tax purposes.



If CGT roll-over relief is not available, or if a Gloucester Shareholder does not choose to obtain the CGT roll-over (refer to **section 12.2(c)** below):

- a capital gain will arise to the extent the capital proceeds received by a Gloucester Shareholder from the disposal of Gloucester Shares exceed the cost base of the Gloucester Shares (or, in some cases, as discussed below, the indexed cost base); or
- a capital loss will be realised to the extent the capital proceeds received by a Gloucester Shareholder are less than the reduced cost base of the Gloucester Shares.

Any capital gain realised in respect of the disposal of the Gloucester Shares will be included in the Gloucester Shareholder's assessable income for the tax year in which the Offer is accepted (unless offset against other capital losses of the Gloucester Shareholder). Any capital loss may offset other capital gains realised by the Gloucester Shareholder in the same year or be carried forward to be offset against future capital gains.

(i) Capital proceeds

For the purpose of calculating a capital gain or capital loss on the disposal of the Gloucester Shares, the capital proceeds will be:

- (A) if the Scrip Alternative is elected, the market value of Macarthur Shares; or
 - (B) if the Cash Alternative is elected, the aggregate amount payable to the Gloucester Shareholder under the Offer,
- on the date the Offer is accepted by the Gloucester Shareholder.

It should be noted that the market value of Macarthur Shares at the date the Offer is accepted by the Gloucester Shareholder may differ from the value placed on Macarthur Shares for the purposes of this Offer.

(ii) Cost base

The cost base and reduced cost base of Gloucester Shares is generally equal to the amount paid by the Gloucester Shareholder for the shares plus certain incidental costs incurred (for example, brokerage fees).

If Gloucester Shares were acquired at or before 11.45 am on 21 September 1999, an individual Gloucester Shareholder may choose to adjust the cost base of the Gloucester Shares to include indexation from the calendar quarter in which the Gloucester Shares were acquired until the quarter ended 30 September 1999. However, whilst those indexation adjustments are taken into account for the purposes of calculating any capital gain, they are ignored when calculating the amount of any capital loss (ie the reduced cost base will not include indexation).

(iii) CGT discount

Individual Gloucester Shareholders who cannot or do not choose that the cost base includes indexation as referred to above may be entitled to apply a 50% discount to any net capital gain realised on the disposal of Gloucester Shares (ie after any capital losses have been applied), provided that the Gloucester Shares have been held for at least 12 months prior to the date the Offer is accepted.

Whether it is better for any given Gloucester Shareholder to choose to include indexation in its cost base or apply the CGT discount will depend upon the particular Gloucester Shareholder's individual circumstances, including the cost base of the Gloucester Shares and whether the Gloucester Shareholder has any available capital losses. Gloucester Shareholders should consult their own independent professional taxation advisers in this regard.

(c) CGT roll-over relief

CGT roll-over relief may be available where, as a result of the Offer, Macarthur holds 80% or more of the voting shares in Gloucester and the relevant Gloucester Shareholder:

- exchanges their Gloucester Shares for Macarthur Shares by electing the Scrip Alternative;
- acquired their Gloucester Shares on or after 20 September 1985 and, but for the roll-over, a capital gain would arise from the exchange (see **section 12.2(b)** above);
- is an Australian resident or otherwise holds their shares as taxable Australian property; and
- chooses that the CGT roll-over applies.

If CGT roll-over relief is available, then any capital gain resulting from the disposal by Gloucester Shareholders of Gloucester Shares pursuant to the Offer may be disregarded. Any CGT implications are deferred either until the relevant Gloucester Shareholders dispose of the Macarthur Shares acquired pursuant to the Offer or upon the happening of another taxable event. The cost base of the Macarthur Shares will be equal to the cost base of the Gloucester Shares for which they were exchanged plus any other incidental costs that can be included in the cost base (see **section 12.5** below).

To choose CGT roll-over relief, a Gloucester Shareholder must make a choice before lodging an income tax return for the tax year in which the Offer is accepted. The manner in which the Gloucester Shareholder prepares the income tax return will be evidence of the choice (ie no notice is required to be lodged with the Australian Taxation Office).

It is a Condition of the Offer that Macarthur has a Relevant Interest in at least 90% (by number) of all Gloucester Shares. Macarthur reserves the right to waive this Condition, but is not in a position to confirm that the "80% requirement" referred to above will be satisfied for the purposes of determining whether CGT roll-over relief will be available to eligible Gloucester Shareholders. For the avoidance of doubt, Macarthur notes that it is not permitted to waive the "80% requirement" referred to above.

All Gloucester Shareholders, and particularly those not covered by this outline as noted above, should obtain their own independent professional taxation advice as to whether and how a CGT roll-over election should be made.

12.3 OWNERSHIP OF MACARTHUR SHARES

The tax consequences for Gloucester Shareholders owning Macarthur Shares that are issued as Scrip Alternative should be substantially the same as the consequences of owning Gloucester Shares.

12.4 DIVIDENDS IN RELATION TO MACARTHUR SHARES ISSUED AS SCRIP ALTERNATIVE

During the period which Gloucester Shareholders hold Macarthur Shares that are issued as Scrip Alternative, they may receive dividends which may be either franked or unfranked (subject to the terms of the Macarthur Shares in relation to the entitlement to receive dividends). The dividends, grossed up for any imputation (franking) credits, will be included in the Gloucester Shareholder's assessable income and they will receive a tax offset (rebate) equal to the imputation credit included in their income. There are rules that limit the availability of imputation credits in certain circumstances (eg you are generally required to have held your Macarthur Shares at risk for at least 45 days). These rules are complex and you should consult your independent professional taxation adviser regarding their operation.

In some circumstances, to the extent that an individual taxpayer has excess imputation credits (ie over and above the taxpayer's tax liability for the relevant tax year), they may be entitled to a refund of the excess amount. Again, Gloucester Shareholders should consult their own independent professional taxation advisers in this regard.

12.5 DISPOSAL OF MACARTHUR SHARES ISSUED AS SCRIP ALTERNATIVE

The income tax consequences of any disposal by a Gloucester Shareholder of Macarthur Shares that are issued as Scrip Alternative will generally be the same as for the disposal of Gloucester Shares as described in **section 12.2**, subject to the differences outlined below.

(a) Macarthur Shares acquired where CGT roll-over election was made

Where a choice to apply CGT roll-over relief was made by a Gloucester Shareholder in respect of the disposal of Gloucester Shares, the cost base of the Macarthur Shares issued to the Gloucester Shareholder as Scrip Alternative is equal to the cost base of the Gloucester Shares that were exchanged for the Macarthur Shares (plus any incidental costs that can be included in the cost base) which will be apportioned across the Macarthur Shares on a reasonable basis. Accordingly, the cost base of the Macarthur Shares may include indexation to 30 September 1999 if the Gloucester Shares were acquired on or before 11.45 am on 21 September 1999, unless the 50% discount is applied in relation to the disposal of the Macarthur Shares.

A Gloucester Shareholder will be taken to have acquired the Macarthur Shares issued under the Offer at the time the Gloucester Shares were acquired for CGT purposes. Consequently, the Macarthur Shareholder will be entitled to add together the ownership periods for both the Gloucester Shares and Macarthur Shares to determine whether the 12 month ownership requirement is satisfied for the discount capital gain rules.

(b) Macarthur Shares acquired where CGT roll-over relief does not apply

Where CGT roll-over does not apply to the disposal of Gloucester Shares, the cost base of the Macarthur Shares which are received in exchange for those Gloucester Shares is the market value of Gloucester Shares at the date of acceptance of the Offer.



ADDITIONAL INFORMATION

13.1 DATE FOR DETERMINING HOLDERS OF SECURITIES

For the purposes of section 633(2) of the Corporations Act, the date for determining the people to whom this Bidder's Statement is sent is the Relevant Date.

13.2 CONSENT TO EARLY DISPATCH OF BIDDER'S STATEMENT

The Corporations Act provides that there must be a minimum of 14 days between the date a bidder's statement is sent to the target and the date the bidder's statement is sent to the target's shareholders, unless the directors of the target agree that it may be sent earlier. The directors of Gloucester have agreed that the Bidder's Statement may be sent to Gloucester Shareholders on any date from and including 4 March 2010.

13.3 BID IMPLEMENTATION AGREEMENT

On the Announcement Date, Macarthur and Gloucester signed the Bid Implementation Agreement to provide the framework for proposing and implementing the Offer.

A summary of the key terms of the Bid Implementation Agreement is set out below.

(a) Exclusivity arrangements

The Bid Implementation Agreement contains mutual exclusivity obligations which apply until the earlier of 30 June 2010 and the date on which the Bid Implementation Agreement is terminated.

During the exclusivity period both Macarthur and Gloucester must ensure that neither it nor its representatives:

- directly or indirectly solicit or encourage the submission of any enquiries, negotiations or discussions which might lead to obtaining any expression of interest, offer or proposal from any other person for a third party proposal (**No Shop Provision**);
- directly or indirectly enter into or participate in any discussions or negotiations with any person regarding a third party proposal;
- grant any other person any right to conduct due diligence in respect of it or any of its Related Bodies Corporate;
- enter to any arrangement which may lead to a third party proposal; or
- endorse or propose to endorse any third party proposal.

Macarthur and Gloucester have also agreed that they will notify the other party of any approach, inquiry or proposal or any attempt to initiate discussions regarding any third party proposal.

The exclusivity obligations (except the No Shop Provision) do not restrain Macarthur and Gloucester to the extent not engaging in the relevant conduct would, in the opinion of the Macarthur Board or Gloucester Board (as applicable), after receiving legal advice, constitute a breach of the Macarthur or Gloucester directors' fiduciary and statutory duties.

(b) Conduct of business

Each of Gloucester and Macarthur agrees to carry on business in the usual and ordinary course to the end of the Offer Period and consult with and inform the other regarding certain material contracts and business decisions.

(c) Promotion of Offer

Gloucester has certain standard obligations to promote the Offer, such as including statements in all public statements to the effect that the Gloucester independent directors recommend that Gloucester Shareholders accept the Offer in the absence of a superior proposal and subject to the Gloucester Independent Expert Report containing the Favourable Conclusions.

(d) Board appointments

Upon the Offer becoming Unconditional and Macarthur acquiring a Relevant Interest in more than 50% of the voting shares of Gloucester:

- (i) Macarthur has agreed to use reasonable endeavours to appoint two Gloucester directors to the Macarthur Board; and
- (ii) Gloucester has agreed to use reasonable endeavours to:
 - (A) appoint those persons nominated by Macarthur as would constitute those nominees (acting together) as a majority of the directors on the Gloucester Board; and
 - (B) ensure that such members of the Gloucester Board as nominated by Macarthur resign from the Gloucester Board.

(e) Options

Gloucester must use reasonable endeavours to enter into an agreement in relation to the cancellation or exercise of the outstanding Gloucester Options conditional upon the Offer becoming Unconditional and Macarthur acquiring a Relevant Interest in more than 50% of the voting shares of Gloucester.

13.4 TRANSACTION FACILITATION DEED

Macarthur and Noble have entered into the Transaction Facilitation Deed.

A summary of the key terms of the Transaction Facilitation Deed is set out below.

- (a) Noble has agreed that, if the Noble Group accepts the Offer in respect of all of its Gloucester Shares, it will elect to receive the Scrip Alternative.
- (b) Noble Group's option to acquire an additional 20% interest in Middlemount from Macarthur will be terminated if Noble Group does not accept the Offer in circumstances where all conditions to the Offer (other than the Minimum Acceptance Condition) and the Middlemount Acquisition (other than the Offer becoming Unconditional) have been satisfied or waived. If regulatory action means that such acceptance is or could be prohibited or result in materially adverse consequences for Noble, Noble must instead pay Macarthur \$20 million (being the amount Macarthur has agreed to pay for the cancellation of the Middlemount option should the Middlemount Acquisition proceed).
- (c) Noble agrees not to increase its Relevant Interest in Macarthur Shares above 24.0% (or if the CITIC Transaction also does not proceed or until it does proceed, such higher percentage holding which results from Noble Group's acceptance of the Offer and completion of the Middlemount

Acquisition) for 12 months following the issue of any Macarthur Shares to Noble Group under the Offer. The agreement not to increase its holding terminates in certain circumstances, including:

- (i) if there is a change of control transaction announced in respect of Macarthur;
- (ii) if the CITIC Group acquires or is permitted to acquire under the creep provisions of the Corporations Act a Relevant Interest in Macarthur Shares that is the same as or greater than that held by Noble.

In addition, the Relevant Interest restriction does not apply:

- (iii) as a result of a Macarthur buy back; or
- (iv) in connection with a pro rata issue, dividend reinvestment plan or bonus share plan offered by Macarthur.

13.5 NO AGREEMENTS FOR INCREASED PRICE OR OTHER BENEFITS

Neither Macarthur nor any of its Associates has entered into a transaction prohibited by section 622(1) of the Corporations Act being a transaction whereby a benefit is to be passed and the amount or value of the benefit is determined by reference in whole or part to the Scrip Alternative or Cash Alternative offered under the Takeover Bid or the consideration offered for acquisition of Gloucester Shares outside the Takeover Bid during the Offer Period.

Refer to **section 13.7** for disclosure in relation to the Middlemount Acquisition.

13.6 AGREEMENTS REGARDING OUTCOME OF OFFERS

Under the Bid Implementation Agreement, Macarthur has agreed to use reasonable endeavours to appoint two current directors of Gloucester, (see **section 3.5** for details of the nominees), to the Macarthur Board, subject to the Offer becoming Unconditional and Macarthur acquiring a Relevant Interest in more than 50% of the voting shares of Gloucester.

See **section 13.10** regarding the Gloucester Options.

Except as disclosed above, there is no agreement between Macarthur and Gloucester nor any of the directors of Gloucester in connection with or conditional upon the outcome of the Offers.

13.7 BENEFITS TO GLOUCESTER SHAREHOLDERS

In the four months ending on the day immediately before the date of this Bidder's Statement, except as described below, neither Macarthur nor any Associate of Macarthur gave, offered to give or agreed to give a benefit to another person which was likely to induce the other person, or an associate of the other person, to:

- (a) accept an Offer; or
 - (b) dispose of Gloucester Shares,
- which benefit was not offered to all Gloucester Shareholders.



Prior to the date of the Offer, Macarthur entered into:

- commercial contracts with Noble Group to effect the Middlemount Acquisition (described in further detail in **section 13.16(a)**); and
- the Coal Supply Chain Management Deed with Noble Group (described in further detail in **section 13.16(c)**).

The Noble Group is the largest holder of Gloucester Shares.

The Middlemount Acquisition and the Coal Supply Chain Management Deed were entered into on arm's length terms. The Gloucester Independent Expert Report, which will be included in Gloucester's Target's Statement, will contain a conclusion as to whether Noble or any associate of Noble will receive a net benefit in respect of the Middlemount Acquisition. Further information on the terms of the Middlemount Acquisition is set out in **section 13.16(a)**.

13.8 MACARTHUR'S DUE DILIGENCE

For the purposes of confirming its assessment of whether to proceed with the Offer and to prepare this Bidder's Statement, Macarthur was given access by Gloucester pursuant to a confidentiality agreement and undertook limited due diligence in relation to certain information concerning Gloucester which has not been disclosed generally to Gloucester Shareholders. Macarthur did not make any changes to the proposed terms of the Offer as a result of its due diligence enquiries.

The fact, however, that Macarthur's decision to make the Offer was confirmed by its review of the information to which it had access may itself be regarded as information material to a decision whether or not to accept an Offer.

13.9 GLOUCESTER'S DUE DILIGENCE

Gloucester was given access by Macarthur pursuant to a confidentiality agreement and undertook limited due diligence in relation to certain information concerning Macarthur which had not been disclosed to Macarthur Shareholders. Otherwise than as contained elsewhere in this Bidder's Statement, none of the information to which it was given access is of such a nature and which, if the information were generally available, a reasonable person would expect to have a material effect on the price or value of Macarthur Shares. The fact that the decision of the independent directors of Gloucester to recommend the Offer was made after having regard to Gloucester's review of the information to which it had access may itself be regarded as information material to a decision whether or not to accept the Offer.

13.10 GLOUCESTER OPTIONS

Barry Tudor may elect to exercise the Gloucester Options which have vested (or which vest during the Offer Period) and then accept the Offer in respect of the Gloucester Shares issued as a result before or during the Offer Period.

Under the Bid Implementation Agreement, if the Offer becomes Unconditional, and Macarthur acquires a Relevant Interest in more than 50% of Gloucester Shares, Gloucester has agreed to use reasonable

endeavours to effect the lapse, cancellation or exercise of the Gloucester Options consistent with the terms of the Gloucester long term incentive plan adopted on 20 November 2009.

If all Gloucester Options are not exercised or cancelled and Macarthur acquires at least 90% of the Gloucester Shares on issue and the Offer is Unconditional, Macarthur intends to proceed to compulsorily acquire the Gloucester Options.

The treatment of the Gloucester Options is otherwise outside the terms of the Offer set out in this Bidder's Statement.

13.11 COMPULSORY ACQUISITION OF LATER-ISSUED GLOUCESTER SHARES

If Macarthur and its Associates have Relevant Interests in at least 90% of Gloucester Shares during, or at the end of, the Offer Period, Macarthur will (if it and its Associates have a Relevant Interest in more than 90% of Gloucester Shares at the time) give a notice of compulsory acquisition to all holders of outstanding Gloucester Shares, even if the Gloucester Shares to which those notices relate are issued:

- (a) after the Offer closes but before the notices are given (under section 661A(4)(b) of the Corporations Act); or
- (b) upon the exercise of Gloucester Options up to six weeks after the notices are given (pursuant to section 661A(4)(c) of the Corporations Act).

13.12 APPROVALS

As detailed in **section 14.13**, the Offer is conditional upon Regulatory Approvals. This section provides further details on the nature of these Regulatory Approvals and other approvals required for the Offer and Middlemount Acquisition.

FIRB - Macarthur

Macarthur is a foreign person for the purposes of the FATA because of the number of Macarthur Shares currently held by foreign persons. The FATA regulates the direct and indirect acquisition by foreign persons of interests in Australian businesses and properties by giving the Treasurer of the Commonwealth of Australia the wide discretion of prohibiting acquisitions the Treasurer considers are contrary to the "national interest". In practice, this function is delegated to FIRB.

Macarthur has given notification of the Takeover Bid to FIRB and has provided FIRB with a detailed submission and Macarthur considers that the transaction is consistent with the Government's foreign investment policy.

FIRB - Noble

Under the Transaction Facilitation Deed, Noble has agreed that, if the Noble Group accepts the Offer in respect of all of its Gloucester Shares, it will elect to receive the Scrip Alternative.

Noble, as a foreign company, is a foreign person for the purposes of the FATA and requires FIRB approval before the Noble Group may acquire Macarthur Shares under the Offer or the Middlemount Acquisition.

Noble obtaining FIRB approval is not a Condition. However, as noted in **section 13.16(a)**, a condition to completion of the Middlemount Acquisition is Noble obtaining FIRB approval.

Accordingly, Macarthur does not expect that the Noble Group will accept the Offer until after Noble receives FIRB approval for the acquisition of Macarthur Shares by the Noble Group.

Other Regulatory Approvals

As at the date of this Bidder's Statement, Macarthur is not aware of any other Regulatory Approvals that are required by any Public Authority in relation to the Offer.

Other approvals

As noted in **section 13.16(a)**, a condition to completion of the Middlemount Acquisition is the approval of Noble shareholders for the Noble Group to dispose of its interests in Gloucester and Middlemount.

Accordingly, Macarthur does not expect that the Noble Group will accept the Offer until after Noble has obtained shareholder approval for these transactions.

13.13 ASIC MODIFICATIONS AND EXEMPTIONS

ASIC has published various "Class Order" instruments providing for modifications and exemptions that apply generally to all persons, including Macarthur, in relation to the operation of Chapter 6 of the Corporations Act. Macarthur may rely on this "Class Order" relief.

Macarthur has been granted the following modifications under the Corporations Act by ASIC:

- A modification to vary the Corporations Act by extending the period that Macarthur must make the Offer by 11 days. The modification was necessary to allow Macarthur sufficient time to include the financial information for Macarthur and Gloucester for the six months ending 31 December 2009 in this Bidder's Statement.
- A modification to vary the Corporations Act to allow Macarthur to limit the disclosure of any amount that anyone has paid or agreed to pay, or the nature and value of any benefit anyone has given or agreed to give, to directors and certain other persons in certain circumstances, including:
 - to induce them to become a director; or
 - for services provided by directors or professional advisers named in the Bidder's Statement for services performed in connection with the formation of Macarthur or the Offer,

to the past two years for all amount or benefits, and since incorporation for any material amounts or benefits.

Without the modification, Macarthur would be required to disclose this information from the date of its incorporation.

13.14 APPOINTMENT OF NOMINEE

If the Offer becomes or is declared Unconditional, Macarthur will appoint a nominee approved by ASIC on the conditions that the Nominee remains the holder of an appropriate financial services licence during the period of time necessary to complete the sale procedure referred to in **section 14.11(c)** and that the Nominee only acts in its capacity as a nominee under section 619(3) of the Corporations Act on behalf of the Ineligible Foreign Shareholders. It is likely that Macarthur will appoint J.P. Morgan Australia Limited to act as the Nominee.

13.15 EXPIRY DATE

No Macarthur Shares will be issued on the basis of the Offer contained in this Bidder's Statement after 26 February 2011, being the expiry date of this Bidder's Statement.

13.16 MATERIAL CONTRACTS

In addition to the Bid Implementation Agreement and the Transaction Facilitation Deed summarised in **sections 13.3** and **13.4**, Macarthur considers the following contracts to be material in the context of a Gloucester Shareholder deciding whether to accept the Offer.

(a) Middlemount Acquisition

Overview

Macarthur has entered into conditional agreements to:

- acquire the remaining 25.34% interest in Middlemount not currently owned by it;
- cancel Noble Group's right to acquire a further 4.66% of the shares in Middlemount from Macarthur Group;
- cancel Noble Group's option to acquire a further 20% of the shares in Middlemount from Macarthur Group; and
- reduce the royalty payable by Middlemount Group to Noble Group from 4.0% to 1.0% and terminate Middlemount's coal marketing agreement with Noble Group.

Noble Group will receive a mixture of cash and Macarthur Shares as consideration for these Middlemount transactions, but Noble has a right to elect to use the cash proceeds to subscribe for additional Macarthur Shares.



Below is a summary of the material terms of the Middlemount Deeds.

The consideration for the Middlemount Acquisition is as follows:

	Aspect of Middlemount Acquisition	Consideration
1	Acquisition by Macarthur's wholly-owned subsidiary, Custom Mining, of the remaining 25.34% interest in Middlemount that it does not currently own.	Macarthur Shares at \$9.70 per share to the value of \$130.5 million less the amount of the Noble Loan owed by Middlemount to the Noble Group at completion (the Noble Loan will not exceed \$50 million). Noble has the ability to elect to apply the proceeds of repayment of the Noble Loan towards the subscription for Macarthur Shares at \$9.70 per share.
2	The cancellation of an option held by a wholly-owned subsidiary of Noble to acquire a further 20% of Middlemount from Custom Mining.	\$20.0 million. Noble has the ability to elect to apply this cash amount towards the subscription for Macarthur Shares at \$9.70 per share.
3	The cancellation of rights held by a wholly-owned subsidiary of Noble to acquire a further 4.66% of Middlemount from Custom Mining.	Nil. This right was contained in an earlier share sale agreement between the parties dated 4 April 2007 that will be terminated at completion.
4	Reduction of current marketing royalty payable by Middlemount Group to the Noble Group from 4.0% to 1.0%.	\$67.8 million. Noble has the ability to elect to apply this cash amount towards the subscription for Macarthur Shares at \$9.70 per share.
5	Repayment of the Noble Loan which will be owed by Middlemount to the Noble Group at completion.	The amount of the Noble Loan, which will not exceed \$50 million. Noble has the ability to elect to apply this cash amount towards the subscription for Macarthur Shares at \$9.70 per share.
	Total	\$218.3 million (in shares and cash).

Assuming Noble elects to apply the cash amounts towards the subscription of Macarthur Shares at \$9.70 per share, the total consideration will be approximately 22.50 million Macarthur Shares, subject to any completion adjustments which will be in cash.

Further details are set out below.

The Middlemount Share Sale Deed

Macarthur currently owns a 74.66% shareholding in Middlemount, and has agreed to acquire the remaining 25.34% shareholding from Noble Group.

The Middlemount Share Sale Deed is subject to a number of conditions, including:

- approval of Macarthur Shareholders for the issue of shares to Noble Group under the Offer and the Middlemount Acquisition;
- FIRB approval for the acquisition of Gloucester Shares and Middlemount shares by Macarthur Group;
- FIRB approval for the acquisition of Macarthur Shares by Noble Group;
- the Offer becoming Unconditional;
- Noble shareholder approval; and
- Noble Group accepting the Offer.

Completion of the Middlemount Share Sale Deed will occur on the last business day of the month in which the Offer Period ends or the last of the conditions is satisfied or waived (whichever is later). This is unless the Offer Period ends or the last of the conditions is satisfied or waived (as applicable) within the last five business days of a month in which case completion will occur on the last business day of the next month.

The consideration for the Middlemount Acquisition, to be given at completion of the Middlemount Acquisition, is:

- the repayment by Middlemount of the Noble Loan. The actual Noble Loan amount will not be determined until completion of the Middlemount Acquisition, but will not exceed \$50.0 million; and
- the issue of a number of Macarthur Shares (at an issue price of \$9.70 per Macarthur Share) to the value of \$130.5 million less the amount of the Noble Loan (**Middlemount Consideration Shares**).

Noble can elect to use the proceeds of repayment of the Noble Loan to subscribe for additional Macarthur Shares at completion of the Middlemount Acquisition pursuant to the Share Election (see *The Share Election* below).

There will also be a post-completion purchase price adjustment based on the difference between the estimated amount of working capital and capital expenditure items and the actual amounts at completion of the Middlemount share sale. The adjustment is payable in cash.

Noble Group has also agreed to terminate the following with effect from completion of the Middlemount Acquisition:

- its existing right to acquire a further 4.66% of the shares in Middlemount from Macarthur Group;
- the marketing agreement between Noble Group and Middlemount Group, which will give Macarthur full control over the pricing, branding, distribution and marketing of Middlemount coal; and
- certain ancillary arrangements between Macarthur Group and Noble Group in relation to Middlemount Group.

The Noble Royalty Reduction Deed

Under an existing royalty deed, Middlemount Group must pay to Noble Group a royalty of 4.0% of the price per metric tonne of coal from the Middlemount Mine sold by Middlemount Group.

Under the Noble Royalty Reduction Deed, Noble Group has agreed to reduce the royalty from 4.0% to 1.0%, subject to the satisfaction of certain conditions. The conditions are substantially the same as the conditions to the Middlemount Share Sale Deed.

Middlemount has agreed to pay \$67.8 million to Noble Group as consideration for that royalty reduction (**Royalty Consideration**).

The royalty reduction takes effect, and Middlemount must pay the Royalty Consideration, the date which is four clear business days before completion of the Middlemount Share Sale Deed (**Royalty Completion Date**).

On the Royalty Completion Date, Noble Group must lend to Middlemount, on an interest-free basis, an amount equal to the Royalty Consideration (**Royalty Loan**).

The obligation of Middlemount to pay the Royalty Consideration must be offset against the obligation of Noble Group to provide the Royalty Loan. The effect of this offset is that no cash will be exchanged between Middlemount and Noble Group on the Royalty Completion Date.

Noble can elect to use the proceeds of repayment of the Royalty Loan to subscribe for additional Macarthur Shares at completion of the Middlemount Acquisition under the Share Election.

If Noble does not exercise the Share Election, Middlemount must repay the Royalty Loan in cash to Noble Group on 30 September 2010, unless Noble exercises the Share Election (see *The Share Election* below).

The Call Option Cancellation Deed

Under an existing call option deed, Noble Group has a right to acquire a further 20% of the issued Middlemount shares from Macarthur Group.

Under the Call Option Cancellation Deed, Noble Group and Macarthur Group have agreed to terminate the existing call option deed and release and discharge each other from any claim in relation to that deed, subject to the satisfaction of certain conditions. The conditions are substantially the same as the conditions to the Middlemount Share Sale Deed.

Macarthur Group has agreed to pay \$20.0 million to Noble Group for the termination of the existing call option deed (**Option Cancellation Consideration**).

The call option cancellation takes effect, and Macarthur Group must pay the Option Cancellation Consideration, the date which is four clear business days before the date of completion of the Middlemount Share Sale Deed (**Option Cancellation Completion Date**).

On the Option Cancellation Completion Date, Noble Group must lend to the Macarthur Group, on an interest-free basis, an amount equal to the Option Cancellation Consideration (**Option Cancellation Loan**).

The obligation of the Macarthur Group to pay the Option Cancellation Consideration must be offset against the obligation of Noble Group to provide the Option Cancellation Loan. The effect of this offset is that no cash will be exchanged between the Macarthur Group and Noble Group on the Option Cancellation Completion Date.

Noble can elect to use the proceeds of repayment of the Option Cancellation Loan to subscribe for additional Macarthur Shares at completion of the Middlemount Acquisition under the Share Election.

If Noble does not exercise the Share Election, Macarthur Group must repay the Option Cancellation Loan in cash to Noble Group on 30 September 2010.

The Share Election

Under the Middlemount Share Sale Deed, Macarthur has granted Noble the right to elect (**Share Election**) to require that Macarthur issue to one or more nominees of Noble (which must be Noble Group members) (**Noble Nominees**) a certain number of additional Macarthur Shares.

Noble may decide whether or not to exercise the Share Election, in its absolute discretion.

The Share Election allows the Noble Nominees to subscribe for additional Macarthur Shares at \$9.70 per share, using as subscription monies the amounts which Middlemount or Macarthur Group will owe to Noble Group at completion of the Middlemount Acquisition pursuant to:

- the Noble Loan;
- the Noble Royalty Loan; and
- the Option Cancellation Loan.

The number of Macarthur Shares that the Noble Nominees may subscribe for under the Share Election is calculated in accordance with the following formula:

$$A = \frac{(B+C+D)}{\$9.70}$$

where:

A = the number of Macarthur Shares, rounded to the nearest whole number (**Option Shares**);

B = the amount of the Noble Loan;

C = \$67.8 million, being the amount of the Royalty Loan (see *The Noble Royalty Reduction Deed* above); and

D = \$20.0 million, being the amount of the Option Cancellation Loan (see *The Call Option Cancellation Deed* above).

Noble may exercise the Share Election between three and one business days before completion of the Middlemount Share Sale Deed.

Noble must notify Macarthur of the identity of the Noble Nominees (who must be Noble Group members) at the same time as exercising the Share Election.



If Noble exercises the Share Election:

- Middlemount must repay the Royalty Loan and the Noble Loan; and
 - Macarthur Group must repay the Option Cancellation Loan,
- at completion of the Middlemount Share Sale Deed, and Noble Group must direct that they pay those amounts to Macarthur as the subscription money payable by the Noble Nominees in respect of the Option Shares.

The effect of these directions will be that no cash will be exchanged between Middlemount or Macarthur Group and Noble Group in relation to these amounts at completion of the Middlemount Share Sale Deed.

Macarthur must issue the Option Shares to the Noble Nominees at completion of the Middlemount Share Sale Deed.

Repayment of the Noble Loan, Royalty Loan and Option Cancellation Loan if Noble does not exercise the Share Election

If Noble does not exercise the Share Election:

Noble Loan and Royalty Loan

- Macarthur Group will fund Middlemount to enable it to repay:
 - (i) the Noble Loan at completion of the Middlemount Acquisition; and
 - (ii) the Royalty Loan on 30 September 2010.

Option Cancellation Loan

- Macarthur Group will repay the Option Cancellation Loan on 30 September 2010.

Macarthur Group has sufficient cash to pay the maximum cash consideration under the Takeover Bid and to fund the repayment of the Noble Loan.

Whether it will have sufficient cash to fund the repayment of the Royalty Loan and the Option Cancellation Loan at 30 September 2010 will depend on a range of factors, including the operating requirements of the Macarthur Group up to that time.

Macarthur is in the process of seeking a corporate facility to provide it with greater flexibility and certainty should Macarthur Group be required to repay the Royalty Loan and the Option Cancellation Loan on 30 September 2010. There is no guarantee that Macarthur will be able to obtain such a corporate facility by 30 September 2010 on terms and conditions acceptable to it or at all.

Other matters

The Middlemount Deeds also:

- make provision for transitioning out certain financing facilities provided by the Noble Group to Middlemount; and
- provide that both Macarthur and Noble guarantee for their respective subsidiaries' obligations under the Middlemount Share Sale Deed, and that Macarthur guarantees the obligations of its subsidiaries under the Noble Royalty Reduction Deed and the Call Option Cancellation Deed.

Termination

Either Macarthur or Noble may (through their subsidiaries) terminate the Middlemount Deeds if the conditions to completion are not satisfied or waived on or before 30 September 2010 (or such earlier date as the parties may agree).

They may also terminate the Middlemount Share Sale Deed if:

- the other party has failed to comply with that party's obligations under the Middlemount Deeds and that failure is incapable of remedy or, if it is capable of being remedied, has not been remedied; or
- an insolvency event occurs in respect of the other party.

(b) CITIC Transaction

Macarthur has entered into an agreement dated 22 December 2009 under which Macarthur will acquire the interests of CITIC Resources Australia in the Coppabella and Moorvale Joint Venture.

As part of the CITIC Transaction, existing marketing rights of CITIC Resources Australia over long term coal sales to China and India for coal produced by the Coppabella and Moorvale Joint Venture will be terminated.

Consideration

At completion, Macarthur will issue 11,340,206 Macarthur Shares at a notional price of \$9.70 per share, for a total notional value of \$110 million.

The agreement provides for completion adjustments to reflect the passing of economic benefit from 1 January 2010. These adjustments may result in Macarthur issuing further Macarthur Shares at the same notional price of \$9.70 per share.

Conditions

Completion of the CITIC Transaction is conditional upon:

- the Coppabella and Moorvale Joint Venture minority partners waiving their pre-emptive rights in relation to the CITIC Transaction;
- Macarthur Shareholders approving the CITIC Transaction;
- the board and shareholders of CITIC Resources Holdings approving the CITIC Transaction; and
- all necessary Regulatory Approvals (including FIRB approval) and other third party consents being obtained.

The CITIC Transaction is not conditional on the Takeover Bid or the Middlemount Acquisition.

Completion

Completion of the CITIC Transaction will occur on the last day of the month in which the last of the conditions is satisfied or waived.

At this stage Macarthur anticipates that the meeting of Macarthur Shareholders to consider the CITIC Transaction will be held in June 2010. Accordingly, the earliest date the CITIC Transaction is expected to complete is 30 June 2010.

(c) Coal Supply Chain Management Deed

Macarthur and Noble Group entered into a Coal Supply Chain Management Deed on 12 February 2010 under which Noble Group will provide to Macarthur strategic advice on, and day-to-day logistics management services in relation to, the rail and port supply chain for Macarthur Group's majority-owned coal mines in NSW for an initial term of three years.

The Coal Supply Chain Management Deed is subject to a number of conditions including the Offer becoming Unconditional, Noble Group accepting into the Takeover Bid in respect of all of its Gloucester Shares, the Offer Period having ended and the termination or expiry of Gloucester Group's existing coal agency services agreement. No fee is payable by Macarthur to Noble Group for these services.

13.17 OTHER MATERIAL INFORMATION

There is no other information that:

- (a) is material to the making of a decision by a Gloucester Shareholder whether or not to accept an Offer;
- (b) is known to Macarthur;
- (c) does not relate to the value of Macarthur Shares; and
- (d) has not previously been disclosed to Gloucester Shareholders, other than as disclosed in this Bidder's Statement.

13.18 DISCLOSURE OF INTERESTS AND BENEFITS RELATING TO THE TAKEOVER BID

(a) Interests

Except as set out in this Bidder's Statement, no:

- (i) director or proposed director of Macarthur;
 - (ii) person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Bidder's Statement; or
 - (iii) promoter of Macarthur,
- (together **Interested Persons**) holds, or held at any time during the two years before the date of this Bidder's Statement, any interest in:
- (iv) the formation or promotion of Macarthur;
 - (v) property acquired or proposed to be acquired by Macarthur in connection with:
 - (A) its formation or promotion; or
 - (B) the offer of Macarthur Shares under the Offer; or
 - (vi) the offer of Macarthur Shares under the Offer.

(b) Benefits

Aside from:

- (i) the fees paid to Macarthur directors, particulars of which in respect of the financial year ending 30 June 2009 are disclosed in Macarthur's 2008/09 annual report;
- (ii) deeds providing Macarthur's Officers with rights of access to certain documents of Macarthur and requiring Macarthur to maintain directors and officers' liability insurance, and indemnities in respect of liabilities and costs incurred in their capacity as Officers;

- (iii) the indemnity which each Officer is given by Macarthur under its constitution against all costs, losses, expenses and liabilities incurred by the Officer in his or her capacity as an Officer of Macarthur to the extent permitted by law and which do not arise out of any negligence, breach of duty or breach of trust; and
- (iv) payments made or agreed to be paid by Macarthur to PricewaterhouseCoopers Securities Limited, J.P. Morgan Australia Limited, Corrs Chambers Westgarth and Peter Forbes disclosed below,

no person has paid or agreed to pay any fees, or provided or agreed to provide any benefit, to:

- (v) a director or proposed director of Macarthur to induce them to become or to qualify as a director of Macarthur; or
- (vi) any Interested Person for services provided by that person in connection with:
 - (A) the formation or promotion of Macarthur; or
 - (B) the offer of Macarthur Shares under the Offer,

within the last two years, or since incorporation of Macarthur for material amounts or benefits.

J.P. Morgan Australia Limited has acted as financial adviser to Macarthur in relation to the Offer and is entitled to receive professional fees on a commercial basis for these services.

Corrs Chambers Westgarth has acted as legal adviser, and PricewaterhouseCoopers Securities Limited has provided transaction advisory services, to Macarthur in relation to the Offer. Corrs Chambers Westgarth and PricewaterhouseCoopers Securities Limited will be entitled to receive professional fees in accordance with their normal time-based charges.

In addition:

- J.P. Morgan Australia Limited has acted as financial adviser to Macarthur in relation to the Middlemount Acquisition. If the Offer becomes Unconditional, Macarthur is likely to also appoint J.P. Morgan Australia Limited to act as the Nominee;
- Corrs Chambers Westgarth has acted as legal adviser to Macarthur in relation to the Middlemount Acquisition and CITIC Transaction; and
- PricewaterhouseCoopers Securities Limited has provided transaction advisory services to Macarthur in relation to the Middlemount Acquisition and CITIC Transaction.

Peter Forbes acted as chairman of the due diligence committee established for the preparation of this Bidder's Statement and the notice of meeting for the Macarthur Shareholder Meeting. Consistent with Macarthur's disclosed practice in its 2008/09 remuneration report, Macarthur has agreed to pay Peter Forbes \$10,000 for these services.



13.19 CONSENTS

The following persons have consented to being named in this Bidder's Statement in the form and context in which their names appear and have not withdrawn their consent prior to the lodgement of this Bidder's Statement with ASIC:

- PricewaterhouseCoopers Securities Limited – to be named as having provided transaction advisory services to Macarthur;
- J.P. Morgan Australia Limited - to be named as the financial adviser to Macarthur;
- Computershare Investor Services Pty Limited – to be named as the share registrar;
- Corrs Chambers Westgarth – to be named as the legal adviser to Macarthur;
- Lonergan Edwards & Associates Limited – to the inclusion of a reference to its conclusion in its independent expert's report to be provided to Macarthur Shareholders for the Macarthur Shareholders Meeting;
- Janet Bartolo – to be named as a competent person;
- McElroy Bryan Geological Services Pty Ltd – to be named as the employer of Janet Bartolo;
- Robert MacKenzie – to be named as a competent person;
- Runge Limited – to be named as the employer of Robert MacKenzie;
- Shaun Tamplin – to be named as a competent person;
- Tamplin Resources Pty Ltd – to be named as the employer of Shaun Tamplin;
- Mark Bryant – to be named as a competent person;
- Alwyn Hyde-Page – to be named as a competent person;
- The Minserve Group Pty Ltd – to be named as the recipient of consultancy services from Mark Bryant and Alwyn Hyde-Page;
- Mal Blaik – to be named as a competent person;
- Greg Jones – to be named as a competent person;
- Carol Rolley – to be named as a competent person;
- David Broome – to be named as a competent person;
- JB Mining Services Pty Ltd – to be named as the employer of Mal Blaik, Greg Jones, Carol Rolley and the recipient of consultancy services from David Broome;
- Lance Grimstone – to be named as a competent person;
- Lance Grimstone & Associates (Consulting) Pty Ltd – to be named as the employer of Lance Grimstone;
- Jack Steenekamp – to be named as a competent person; and
- Mining Consultancy Services (Australia) Pty Ltd – to be named as the employer of Jack Steenekamp.

This Bidder's Statement also contains statements made by the persons referred to above who have each consented to the inclusion of:

- each statement they have made; and
- each statement which is based on a statement they have made, in this Bidder's Statement in the form and context in which those statements appear and has not withdrawn that consent before lodgement of this Bidder's Statement with ASIC.

Each person named in this section as having given its consent to the inclusion of a statement or to being named in this Bidder's Statement:

- does not make, or purport to make, any statement in this Bidder's Statement or any statement on which a statement in this Bidder's Statement is based other than, in the case of a person referred to above as having given their consent to the inclusion of a statement, a statement included in this Bidder's Statement with the consent of that person; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Bidder's Statement, other than a reference to its name and, in the case of a person referred to above as having given their consent to the inclusion of a statement, any statement or report which has been included in this Bidder's Statement with the consent of that party.

This Bidder's Statement also includes or is accompanied by statements which are made in or based on statements made in documents lodged with ASIC or on the company announcements platform of the ASX. Under the terms of ASIC class order 01/1543, the parties making those statements are not required to consent to, and have not consented to, the inclusion of those statements in this Bidder's Statement.

Copies of relevant parts of reports and statements of third parties which have been lodged with ASIC or the ASX and which are referred to in this Bidder's Statement without the consent of those third parties will, in accordance with ASIC Class Order 01/1543, be provided free of charge to any Gloucester Shareholder who requests a copy during the Offer Period. If you would like to receive a copy of any of these reports or statements, please contact the Offer enquiry line on 1300 158 006 (or +61 3 9415 4090 for international callers).



OFFER TERMS

14.1 THE OFFER

- (a) Macarthur offers to acquire all of Your Gloucester Shares on the terms and subject to the Conditions of this Offer.
- (b) The Consideration offered is, at your election, 0.84 Macarthur Shares or \$8.00 cash for each of Your Gloucester Shares.
- (c) You may only accept this Offer and elect to receive either the Scrip Alternative or the Cash Alternative in respect of all of Your Gloucester Shares. If you hold one or more parcels as trustee or nominee for, or otherwise on account of, another person, certain exceptions to this requirement may apply (see **section 14.5(c)**).
- (d) If you are an Ineligible Foreign Shareholder, despite any other provision of this Offer, you will only be entitled to receive a cash amount in Australian dollars for Your Gloucester Shares by accepting the Offer and electing to receive the Cash Alternative or, if you elect to receive the Scrip Alternative, as determined in accordance with **section 14.11**.
- (e) Any Macarthur Shares issued to you under this Offer will be issued fully paid and will rank equally for dividends and other rights in all respects with existing Macarthur Shares from the date of issue.

14.2 OFFER PERIOD

- (a) Unless this Offer is extended or withdrawn in accordance with the Corporations Act, this Offer will remain open during the period commencing on [insert] and ending at 7.00 pm (Sydney time) on Thursday 6 May 2010.
- (b) Macarthur expressly reserves its rights under section 650C of the Corporations Act to extend the period during which this Offer remains open for acceptance or otherwise to vary this Offer in accordance with

the Corporations Act.

14.3 OFFEREEES

The Offer relates to Gloucester Shares that exist or will exist as at the Relevant Date and extends to all Gloucester Shares which are issued from the Relevant Date to the end of the Offer Period as a result of the exercise of any Gloucester Options.

14.4 FRACTIONAL ENTITLEMENTS

If the number of Gloucester Shares you hold is such that your entitlement to Macarthur Shares under the Scrip Alternative of the Offer is not a whole number, your entitlement to Macarthur Shares if you elect to receive Scrip Alternative will be rounded up to the nearest whole number (if equal to a fraction of 0.5 or greater) or rounded down (if equal to a fraction of less than 0.5).

14.5 WHO MAY ACCEPT THIS OFFER

- (a) This Offer is made to you as the holder of Your Gloucester Shares at the Relevant Date.
- (b) If at the time this Offer is made to you, or at any time during the Offer Period and before you accept this Offer another person is registered as the holder of some or all of Your Gloucester Shares (**Transferred Shares**):
 - (i) this Offer is deemed to have been withdrawn;
 - (ii) a corresponding Offer is taken to have been made to that other person in respect of the Transferred Shares; and
 - (iii) a corresponding Offer is taken to have been made to you in respect of Your Gloucester Shares other than the Transferred Shares.



- (c) If at any time during the Offer Period and before you accept this Offer, you hold one or more parcels of Your Gloucester Shares as trustee or nominee for, or otherwise on account of, another person within the meaning of section 653B of the Corporations Act, then in accordance with that section:
- (i) this Offer will be deemed at that time to consist of separate and distinct corresponding Offers made to you in relation to the respective distinct parcels of Your Gloucester Shares including any parcel that you hold in your own right;
 - (ii) an acceptance by you of any of those separate corresponding Offers is ineffective unless you have given Macarthur notice:
 - (A) if the acceptances relate to Gloucester Shares in a CHES Holding, in an electronic form approved by the ASTC Settlement Rules; or
 - (B) if the acceptances relate to Gloucester Shares held in an Issuer Sponsored Holding, in writing,that Your Gloucester Shares consist of distinct parcels and your acceptance specifies, for each parcel in respect of which you accept an Offer, the number of Your Gloucester Shares in that parcel; and
 - (iii) you may at the one time accept two or more such corresponding Offers as if they were a single Offer in relation to a distinct parcel of Gloucester Shares.

If you require additional copies of the Bidder's Statement and Acceptance Form, please contact the Offer enquiry line on 1300 158 006 (or +61 3 9415 4090 for international callers).

14.6 HOW TO ACCEPT THIS OFFER

- (a) You may accept this Offer at any time during the Offer Period, in the manner provided in this **section 14.6**.
- (b) The manner in which you accept this Offer will depend on whether Your Gloucester Shares are in an Issuer Sponsored Holding (see **sections 14.6(d) to (f)**) or in a CHES Holding (see **sections 14.6(g) to (i)**).
- (c) Subject to **section 14.9(b)**, if some of Your Gloucester Shares are in an Issuer Sponsored Holding, and some of Your Gloucester Shares are in a CHES Holding, your acceptance of this Offer will require separate action in relation to the separate portions of Your Gloucester Shares.

Issuer Sponsored Holding

- (d) If Your Gloucester Shares are held in an Issuer Sponsored Holding, to accept this Offer you must complete and sign the accompanying Acceptance Form in accordance with the instructions on it and return it, together with any other documents required by those instructions, to:

(By mail)

Computershare Investor Services Pty Limited
GPO Box 52
Melbourne VIC 8060,

so that it is received before the end of the Offer Period. The Acceptance Form allows you to elect to receive the Scrip Alternative or the Cash

Alternative for Your Gloucester Shares. A reply paid envelope is enclosed for your convenience. Overseas Gloucester Shareholders must affix their own postage.

- (e) Acceptance will be deemed to have been effected when, subject to this **section 14**, the duly completed Acceptance Form has been received at one of the above addresses.

CHES Holding

- (f) If Your Gloucester Shares are held in a CHES Holding, then acceptance of this Offer and the election of the form of Consideration you wish to receive can only be made in accordance with the ASTC Settlement Rules by:
 - (i) instructing your Controlling Participant to initiate acceptance of this Offer and elect either the Scrip Alternative or the Cash Alternative in accordance with Rule 14.14 of the ASTC Settlement Rules before the end of the Offer Period;
 - (ii) subject to **section 14.6(i)**, completing and signing the accompanying Acceptance Form in accordance with the instructions on it and returning it, together with any other documents required by those instructions, to one of the addresses listed in **section 14.6(d)**; or
 - (iii) if you are a Participant, initiating acceptance of this Offer in accordance with Rule 14.14 of the ASTC Settlement Rules before the end of the Offer Period.
- (g) Notwithstanding any other term or condition to the contrary, acceptance of this Offer in accordance with **section 14.6(g)(i)** or **(ii)** is not effective unless, prior to the end of the Offer Period, the Controlling Participant of the shareholding has initiated an acceptance of this Offer in accordance with Rule 14.14 of the ASTC Settlement Rules.
- (h) If you choose to accept this Offer in the manner outlined in **section 14.6(g)(ii)**, you:
 - (i) acknowledge that Macarthur (or its agents or nominees) will merely forward your Acceptance Form to your Controlling Participant (the only person who can accept this Offer and elect the form of Consideration on your behalf) and that it is your responsibility to allow sufficient time for your Controlling Participant to initiate acceptance of this Offer;
 - (ii) acknowledge that Macarthur (or its agents or nominees) is not responsible for any delays incurred by the process outlined in **section 14.6(i)(i)** or any losses whatsoever you incur by the fact that your acceptance is not processed before the end of the Offer Period; and
 - (iii) agree to promptly give any further instructions or take any further actions necessary (and authorise Macarthur to give any instructions and take any actions necessary) concerning Your Gloucester Shares to your Controlling Participant to initiate acceptance of this Offer and election of Consideration on your behalf in accordance with Rule 14.14 of the ASTC Settlement Rules prior to the end of the Offer Period.

14.7 ACCEPTANCE FORMS

- (a) The Acceptance Form which accompanies this Offer forms part of it. The requirements on the Acceptance Form must be observed in accepting this Offer and electing the form of Consideration you wish to receive in respect of Your Gloucester Shares.
- (b) You must comply with the directions on the Acceptance Form in order to lodge an effective acceptance of this Offer and election of Consideration.
- (c) Except in relation to Gloucester Shares in a CHESS Holding, Macarthur may deem any Acceptance Form received by it before the end of the Offer Period to be a valid acceptance notwithstanding that any of the requirements for acceptance have not been complied with. Where an Acceptance Form in respect of a CHESS Holding is received, it will be treated in accordance with **section 14.6(g)(ii)**.

No payment of Consideration need be made until the required documents have been received and any outstanding requirements have been satisfied.

14.8 POWER OF ATTORNEY OR DECEASED ESTATE

When accepting this Offer, you should also forward for inspection:

- (a) if the Acceptance Form is executed by an attorney, a certified copy of the power of attorney; and
- (b) if the Acceptance Form is executed by the executor of a will or the administrator of the estate of a deceased Gloucester Shareholder, the relevant grant of probate or letters of administration.

14.9 EFFECT OF ACCEPTANCE

By initiating acceptance of this Offer through CHESS, or signing and returning an Acceptance Form, you will have:

- (a) accepted this Offer (and each variation of this Offer) irrevocably in accordance with its terms and conditions in respect of all of Your Gloucester Shares;
- (b) if some of Your Gloucester Shares are in an Issuer Sponsored Holding, and some of Your Gloucester Shares are in a CHESS Holding, and your acceptance was made only in respect of one type of holding, agreed, on request from Macarthur or its agents, to promptly take any actions necessary and have authorised Macarthur to take any actions necessary concerning the unaccepted holding of Your Gloucester Shares to ensure those shares are validly accepted in accordance with **section 14.6** prior to the end of the Offer Period;
- (c) agreed to transfer all Your Gloucester Shares to Macarthur, subject to the Offer being Unconditional;
- (d) irrevocably authorised Macarthur (by any of its Officers and agents, jointly and severally) to complete on your behalf on the Acceptance Form (if applicable) correct details of Your Gloucester Shares, fill in any blanks remaining on the Acceptance Form and rectify any error in or omission from the Acceptance Form as may be necessary to make it a

valid acceptance of this Offer or to enable registration of the transfer of Your Gloucester Shares to Macarthur. If you do not elect a form of Consideration on the Acceptance Form or your election is unclear, Macarthur (by any of its Officers and agents, jointly and severally) will complete your Acceptance Form by electing the Cash Alternative;

- (e) represented and warranted to Macarthur that all of Your Gloucester Shares will, both at the time of your acceptance of this Offer and at the time of registration of the transfer of Your Gloucester Shares to Macarthur, be fully paid up and free from Encumbrances, that you have full power and authority to sell Your Gloucester Shares and that, upon transfer, Macarthur will be the owner of Your Gloucester Shares;
- (f) represented and warranted to and agreed with Macarthur that Your Gloucester Shares will be acquired by Macarthur with all Rights and that you will execute all instruments as Macarthur may require for the purpose of vesting in it such Rights;
- (g) irrevocably authorised and directed Gloucester to pay to Macarthur or to account to Macarthur for all Rights, subject to any Rights received by Macarthur being accounted for by Macarthur to you if the Offer is withdrawn or the contract formed by your acceptance of this Offer is rendered void;
- (h) except where Rights have been paid or accounted for under **section 14.9(g)**, irrevocably authorised Macarthur to reduce Consideration payable to you in accordance with **section 14.1(b)** by the amount (or value as reasonably assessed by Macarthur) of all Rights;
- (i) represented and warranted to Macarthur that, unless you have provided notice in accordance with **section 14.5(c)(ii)**, Your Gloucester Shares do not consist of distinct parcels of Gloucester Shares;
- (j) represented and warranted to Macarthur that you are not and are not acting on behalf of an Ineligible Foreign Shareholder, unless otherwise indicated on the Acceptance Form;
- (k) acknowledged and agreed that if you have elected to receive the Scrip Alternative but you are unable to make the representation in **section 14.9(j)** or if Macarthur believes that you are or are acting on behalf of an Ineligible Foreign Shareholder, a nominee approved by ASIC will sell the Macarthur Shares which would otherwise be issued to you, as described in **section 14.11**;
- (l) acknowledged and agreed that, except as permitted by and in accordance with the applicable law (including in accordance with an exemption from the registration requirements of the Securities Act), you will not offer or resell in, or to persons in, the United States of America any Macarthur Shares which you acquired at any time, although that does not prohibit any sale on the ASX if neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been prearranged with, or that purchaser is, a person in the United States of America;
- (m) if you elected to receive Scrip Alternative but except where you are or are acting on behalf of an Ineligible Foreign Shareholder, agreed to become a member of Macarthur, to be bound by Macarthur's



constitution and to subscribe for the Macarthur Shares to be issued to you as Scrip Alternative for the acquisition of Your Gloucester Shares;

- (n) if you elected to receive Scrip Alternative but except where you are or are acting on behalf of an Ineligible Foreign Shareholder, authorised Macarthur to issue to you the Macarthur Shares you are entitled to receive under this Offer and place in its register of members your name and other details required by the Corporations Act in respect of the Macarthur Shares to be issued to you;
- (o) if you elected to receive the Scrip Alternative but are an Ineligible Foreign Shareholder, irrevocably authorised Macarthur to issue to the account of the Nominee of that number of Macarthur Shares corresponding to your entitlement under this Offer at the date of application;
- (p) irrevocably appointed Macarthur and its Officers and agents from time to time, jointly and severally, from the time that this Offer or any contract resulting from acceptance of this Offer is or becomes Unconditional, as your attorney in your name and on your behalf:
 - (i) to attend and exercise any voting rights attaching to Your Gloucester Shares (including demanding a poll for any vote) at any and all general meetings of Gloucester or other meetings of all or a class of Gloucester Shareholders held from the time that this Offer or any contract resulting from your acceptance of this Offer is or becomes Unconditional until Macarthur is registered as the holder of Your Gloucester Shares;
 - (ii) to execute and deliver all forms, transfers, assignments, notices and instruments relating to Your Gloucester Shares (including instruments appointing a director of Macarthur as a proxy in respect of Your Gloucester Shares and any application to Gloucester for a replacement certificate in respect of any certificate which has been lost or destroyed);
 - (iii) generally to exercise all your powers and Rights in relation to Your Gloucester Shares including the power to requisition or join in requisitioning general meetings of Gloucester in accordance with the constitution of Gloucester or sections 249D, 249E or 249F of the Corporations Act and to consent to short notice of any general meetings of Gloucester; and
 - (iv) to request Gloucester to register in the name of Macarthur (or its nominee) Your Gloucester Shares which you hold on any register of Gloucester,

and agreed that, in exercising the powers conferred by this power of attorney, Macarthur or an Officer or agent of Macarthur (as the case may be) will be entitled to act in the interests of Macarthur as the beneficial owner and intended registered holder of Your Gloucester Shares;

- (q) irrevocably authorised Macarthur, from the time this Offer or any contract resulting from acceptance of this Offer is or becomes Unconditional or all Conditions have been satisfied, to:
 - (i) notify Gloucester on your behalf that your address for the purpose

of serving notices upon you in respect of Your Gloucester Shares is the address of Macarthur and that all such notices are to be marked care of Macarthur; and

- (ii) direct Gloucester to serve all notices and to send all correspondence, payments of dividends and other distributions, rights and entitlements, notifications of entitlements and other communications and documents of any kind in respect of Your Gloucester Shares to Macarthur at its address;
- (r) in respect of any of Your Gloucester Shares which are held in a CHESS Holding, irrevocably authorised and directed Macarthur by its Officers and agents to:
 - (i) instruct your Controlling Participant to initiate acceptance of this Offer in respect of those Gloucester Shares in accordance with the ASTC Settlement Rules; and
 - (ii) give any other instructions in relation to those Gloucester Shares to your Controlling Participant on your behalf under the sponsorship agreement between you and the Controlling Participant, as determined by Macarthur acting in its own interests as a beneficial owner and intended registered holder of Your Gloucester Shares; and
- (s) with effect from the date that this Offer or any contract resulting from acceptance of this Offer is declared Unconditional, irrevocably authorised Macarthur (or its agents or nominees) to do all things necessary to transfer Your Gloucester Shares into the name of Macarthur (including, if at the time of acceptance of this Offer some or all of Your Gloucester Shares are in a CHESS Holding, to cause a message to be transmitted in accordance with Rule 14.17.1 of the ASTC Settlement Rules to transfer Your Gloucester Shares to Macarthur's holding of Gloucester Shares on the CHESS subregister of Macarthur established for the purposes of this Offer), regardless of whether Macarthur has paid the Consideration due to you under this Offer.

14.10 DIVIDENDS AND OTHER ENTITLEMENTS

- (a) Macarthur will be entitled to all Rights declared, paid, made or which may arise or accrue on or after the date of this Bidder's Statement in respect of Gloucester Shares which it acquires as a result of this Offer.
- (b) If any Rights (including non-cash Rights) arise, accrue or are declared, issued, paid or made in cash to you as the holder of Your Gloucester Shares, Macarthur will (provided such Rights have not been paid or transferred to Macarthur) be entitled to reduce the Consideration specified in **section 14.1(b)** of this Offer by the amount equal to the value of the Rights, as reasonably assessed by Macarthur, of such Rights. This may include reducing the number of Macarthur Shares to which you may otherwise be entitled.
- (c) If Macarthur becomes entitled to any Rights as a result of your acceptance of this Offer, it may require you to give to Macarthur all documents necessary to vest title in those Rights in Macarthur. If you do not give these documents to Macarthur, or if you have received the

benefit of those Rights, you must pay the amount (or value as reasonably assessed by Macarthur) of such Rights to Macarthur.

14.11 INELIGIBLE FOREIGN SHAREHOLDERS

(a) Ineligible Foreign Shareholders

If you are (or are acting as a nominee or trustee on behalf of) a citizen or a resident of a jurisdiction other than Australia (and its external territories) or New Zealand, (**Permitted Jurisdictions**) or your address as shown in the register of members of Gloucester is a place outside the Permitted Jurisdictions (or you are acting on behalf of such a person), then you are considered a **Foreign Shareholder**.

If you are a **Foreign Shareholder** you are an **Ineligible Foreign Shareholder**, unless Macarthur determines that:

- (i) it is lawful and not unduly onerous and not unduly impracticable to make the Offer to you and to issue you with Macarthur Shares on acceptance of the Offer; and
- (ii) it is not unlawful for you to accept the Offer by the law of the relevant place outside the Permitted Jurisdictions.

This means that if you accept the Offer and elect to receive the Scrip Alternative, you will not be issued with Macarthur Shares. Rather, the nominee sale procedure set out in **sections 14.11(b)** and **14.11(c)** will apply. Unlike with the Scrip Alternative, there is no restriction on the ability of Ineligible Foreign Shareholders to accept the Offer and elect to receive the Cash Alternative.

(b) Nominee sale

If you are an Ineligible Foreign Shareholder and you accept this Offer and elect to receive the Scrip Alternative, Macarthur will arrange for a nominee sale in accordance with this **section 14.11**.

(c) Proceeds of nominee sale

If you are subject to the restrictions in sections 14.11(a), Macarthur will:

- (i) appoint a nominee approved by ASIC (**Nominee**);
- (ii) procure the issue to the Nominee of all Macarthur Shares to which you and all other Ineligible Foreign Shareholders would have been entitled but for this **section 14.11 (Nominee Shares)**;
- (iii) cause the Nominee to offer the Nominee Shares for sale in such manner, at such price and on such other terms and conditions as are determined by the Nominee;
- (iv) cause you to be paid the amount ascertained in accordance with the formula:

$$\text{Net Proceeds of Sale} \times \frac{\text{NBS}}{\text{TBS}}$$

where:

Net Proceeds of Sale is the amount (if any) remaining after deducting from the proceeds of sale of all Nominee Shares the expenses of the sale including tax, brokerage and stamp duty, if any;

NBS is the number of Macarthur Shares which would have been

issued to you as a result of your acceptance of this Offer but for this **section 14.11**; and

TBS is the total number of Nominee Shares issued to the Nominee under this **section 14.11**.

Payment will be made in Australian dollars and drawn on an Australian bank account.

Payment will be made by cheque posted to you at your risk by pre-paid ordinary mail (or, if you have an overseas address, by pre-paid airmail) to the address given to Macarthur by Gloucester's share registry. Under no circumstances will interest be paid on your share of the proceeds of the sale, regardless of any delay in remitting these proceeds to you.

(d) Authorities and clearances

Residents of certain places are not entitled to receive their share of the Net Proceeds of Sale unless and until all requisite authorities or clearances have been obtained from the Reserve Bank of Australia and/or the Australian Taxation Office. Refer to **section 14.12(e)** for further information.

14.12 OBLIGATIONS OF MACARTHUR

(a) Payment of Consideration

If you accept this Offer and your acceptance complies with **section 14.6** or Macarthur determines to treat your acceptance as valid, Macarthur will, subject to **sections 14.11**, **14.12(b)** and **(e)**, issue to you the Scrip Alternative or the Cash Alternative (as elected by you) to which you are entitled on acceptance of this Offer:

- (i) if the Offer is Unconditional at the time the Offer has been validly accepted by you, within 14 days after the Offer is accepted; or
- (ii) if the Offer is not Unconditional at the time the Offer has been validly accepted by you, within 14 days of the Offer becoming Unconditional.

(b) Where additional documents are required

Where the Acceptance Form requires an additional document to be given with your acceptance (such as a power of attorney):

- (i) if that document is sent or delivered with your Acceptance Form, Macarthur will provide the Consideration to which you are entitled in accordance with **section 14.12(a)**;
- (ii) if that document is given after you send or deliver the Acceptance Form and before the end of the Offer Period while the Offer is subject to a defeating Condition, Macarthur will provide the Consideration to which you are entitled within 14 days of the Offer becoming Unconditional;
- (iii) if that document is given after you send or deliver your Acceptance Form and before the end of the Offer Period while the Offer is not subject to a defeating Condition, Macarthur will provide the Consideration to which you are entitled within 14 days of receipt of that document;
- (iv) subject to **section 14.12(b)(v)**, if that document is given after acceptance and after the end of the Offer Period at which time the Offer is Unconditional, Macarthur will provide the Consideration to which you are entitled within 14 days after that document is given; and



- (v) if that document is not provided to Macarthur within one month after the end of the Offer Period, Macarthur may, in its sole discretion, rescind the contract resulting from your acceptance of the Offer.

(c) Holding statements

- (i) All Macarthur Shares issued under the Offer will be issued in uncertificated form and registered on the Issuer Sponsored subregister or CHES subregister of members of Macarthur in Brisbane, Australia.
- (ii) Subject to the Corporations Act, Macarthur must send or cause to be sent to you for the Macarthur Shares due to you a holding statement (for Issuer Sponsored holdings) or a confirmation of issue (for CHES holdings) at your risk by pre-paid ordinary mail (or in the case of an address outside Australia by airmail), to the address given to it by Gloucester's share registry.

(d) Return of Acceptance Forms

If this Offer does not become Unconditional or any contract arising from this Offer is rescinded by Macarthur on the grounds of a breach of a condition of that contract, Macarthur may, at its election, destroy your Acceptance Form or return by post to you, at the address shown on the Acceptance Form, any Acceptance Form and any other documents sent with it by you. Macarthur must also notify ASTC of the lapse of the Offer in accordance with the ASTC Settlement Rules.

(e) Clearances for certain shareholders

If, at the time of acceptance of this Offer, any authority or clearance of the Reserve Bank of Australia or of the Australian Taxation Office is required for you to receive any Consideration under this Offer or you are resident in or a resident of a place to which, or you are a person to whom:

- (i) the *Banking (Foreign Exchange) Regulations 1959 (Cth)*;
- (ii) Part 4 of the *Charter of the United Nations Act 1945 (Cth)*;
- (iii) the *Charter of the United Nations (Dealing with Assets) Regulations 2008 (Cth)*;
- (iv) any other regulations made under Part 4 of the *Charter of the United Nations Act 1945 (Cth)*; or
- (v) any other law of Australia that would make it unlawful for Macarthur to provide Consideration for Your Gloucester Shares,

applies, then acceptance of this Offer will not create or transfer to you any right (contractual or contingent) to receive the Consideration specified in this Offer unless and until all requisite authorities or clearances have been obtained by Macarthur.

If Macarthur is required by law to retain or withhold (and pay to a Public Authority) any amount of the Consideration payable to you under this Offer, the retention or payment by Macarthur of that amount in conjunction with payment of the remaining Consideration payable to you in accordance with this **section 14.12** will constitute full and proper payment of the Consideration payable to you under this Offer.

14.13 CONDITIONS

The Offer, and any contract resulting from the acceptance of the Offer, are subject to the fulfilment of the following conditions.

(a) Minimum acceptance condition

At the end of the Offer Period Macarthur and its Associates have a Relevant Interest in at least 90% (by number) of the Gloucester Shares on issue.

(b) No Prescribed Occurrences

No Prescribed Occurrence occurs during the Condition Period.

(c) FIRB

One of the following occurs before the end of the Offer Period:

- (i) Macarthur receives written notice issued by or on behalf of the Treasurer of the Commonwealth of Australia stating that there are no objections under the Australian Government's foreign investment policy to the acquisition by Macarthur of the Gloucester Shares under the Offer, such notice being unconditional;
- (ii) the expiry of the period provided under the FATA during which the Treasurer may make an order or an interim order under FATA prohibiting the acquisition of Gloucester Shares under the Offer, without such an order being made; or
- (iii) if an interim order is made to prohibit the acquisition of the Gloucester Shares under the Offer, the subsequent period for making a final order has elapsed, without any such final order being made.

(d) No action by Regulatory Authority materially adversely affecting the Offer

That during the Condition Period:

- (i) there is not in effect any preliminary or final decision, order or decree issued by a Public Authority;
- (ii) no inquiry, action or investigation is instituted, or threatened by any Public Authority; or
- (iii) no application is made to any Public Authority (other than an application by Macarthur or any Associate of Macarthur, an application under section 657G of the Corporations Act, or an application commenced by a person specified in section 659B(1) of the Corporations Act in relation to the Offer), in consequence of, or in conjunction with, the Offer,

which restrains, prohibits or threatens to restrain or prohibit, or may otherwise materially adversely impact upon (or could reasonably be expected to restrain, prohibit, or otherwise materially adversely impact upon), the making of the Offer or the completion of any transaction contemplated by this Bidder's Statement or seeks to require the divestiture by Macarthur of any Gloucester Shares, or the divestiture of any assets by any company within the Gloucester Group or the Macarthur Group.

(e) Approvals by a Public Authority

That during the Condition Period all the Regulatory Approvals (other than a Regulatory Approval under the FATA) which are required by law or by any Public Authority:

- (i) as are necessary to permit the Offer to be lawfully made to and accepted by Gloucester Shareholders;

- (ii) which are required as a result of the Offer or the acquisition of Gloucester Shares and which are necessary for the continued operation of Gloucester's businesses;
- (iii) as are necessary to permit the completion of any transaction contemplated by the Bidder's Statement; or
- (iv) as are required for any member of the Gloucester Group to carry on its business,

are granted, given, made or obtained on an unconditional basis and remain in full force and effect in all respects and do not become subject to any notice, intimation or indication of intention to revoke, suspend, restrict, modify or not renew the same.

(f) No further dividends, distributions or redemptions

That during the Condition Period neither Gloucester nor any subsidiary of Gloucester announces an intention to pay, declares or pays a dividend or any other form of distribution of profits or capital other than:

- (i) a dividend or other distribution to be made by Gloucester which is approved in writing by Macarthur; or
- (ii) the declaration and/or payment by any subsidiary of Gloucester of a dividend where the only recipient of that dividend is Gloucester or a wholly-owned subsidiary of Gloucester.

(g) No material acquisitions, disposals or new commitments

That during the Condition Period, neither Gloucester nor any of its subsidiaries:

- (i) acquires, offers to acquire, agrees to acquire or announces a bid or tenders for, one or more companies, businesses or assets (or any legal, beneficial or economic interest or right in one or more companies, businesses or assets) the total consideration for which, or the value of which, in aggregate, exceeds \$15 million or makes an announcement in relation to such an acquisition, offer, agreement, bid or tender excluding the acquisition of services in the ordinary course of business;
- (ii) disposes of, offers to dispose of, or agrees to dispose of:
 - (A) one or more companies, businesses or assets or any legal, beneficial or economic interest or right in anyone or more companies, businesses or assets for an amount, or in respect of which the book value (as recorded in Gloucester's statement of financial position as at 30 June 2009) is, in aggregate, greater than \$15 million; or
 - (B) any legal, beneficial or economic interest or right in or in connection with any mining tenement, or makes any announcement in relation to such a disposition, offer or agreement but excluding:
 - (C) entering into and performing contracts with a term of no more than 12 months for the sale of coal or products on arm's length terms in the ordinary course of business; and
 - (D) hedging forward sales of coal in the ordinary course of business and in accordance with Gloucester's hedging policy disclosed in Gloucester's 2008/09 annual report;

- (iii) enters into, or offers to enter into, any agreement, joint venture, partnership, farm-in agreement, management agreement, arrangement or commitment which:

- (A) would require expenditure, or the foregoing of revenue, by Gloucester and/or its Subsidiaries of an amount or value which, in aggregate, exceeds \$5 million; or
- (B) involves any legal, beneficial or economic interest or right in or in connection with any mining tenement of Gloucester and/or its subsidiaries,

or makes an announcement in relation to such an entry, offer or agreement, but excluding the negotiation, entry into and performance of contracts with a term of not more than 10 years to transport or pay for the transport of coal by rail to the Port Waratah Coal Service with ARTC and Pacific National Pty Ltd in the ordinary course of business on arm's length terms;

- (iv) enters into, or offers to enter into, a transaction that has the same economic effect as any of the things in **paragraphs (i), (ii) or (iii)** above; or
- (v) Gloucester resolves to do any of the things in **paragraphs (i), (ii), (iii) or (iv)**.

This condition does not apply to any transaction or arrangement or proposed transaction or arrangement publicly announced by Gloucester before the Announcement Date or any matter referred to in **paragraphs (ii)(C) or (D) or the exclusion in paragraph (iii)** above.

(h) Conduct of Gloucester's business

That during the Condition Period, none of Gloucester, or any Subsidiary of Gloucester:

- (i) makes any changes to its constitution or passes any special resolution;
- (ii) borrows or agrees to borrow any money except for:
 - (A) working capital borrowing from its bankers in the ordinary course of business; and
 - (B) entering into finance or operating leases, hire purchase, chattel mortgage or analogous arrangements with an Australian bank or related body corporate of an Australian bank in respect of property plant and equipment in the ordinary course of business where the total aggregate value of assets the subject of such arrangements does not exceed \$50 million;
- (iii) releases, discharges or modifies any substantial obligation to it of any person, firm or corporation or agrees to do so, other than in the ordinary course of business;
- (iv) other than as provided in the Bid Implementation Agreement, appoints any additional director to its board of directors whether to fill a casual vacancy or otherwise;
- (v) except as required by law does any of the following:
 - (A) enters or agrees to enter into any contract of service or varies or agrees to vary any existing contract of service with any director or executive officer;



- (B) makes or agrees to make any substantial change in the basis or amount of remuneration of any director, executive officer or other employee; or
- (C) except as provided under any superannuation, provident or retirement scheme or contract in effect on the Announcement Date, pays or agrees to pay any retirement benefit or allowance to any director, executive officer or other employee;
- (vi) conducts its business otherwise than in the ordinary course;
- (vii) enters into, amends, or offers to enter into or amend any contract, commitment or other arrangement with a related party of Gloucester (other than in relation to the exercise or cancellation of the Gloucester Options, domestic supply arrangements with Australian steel companies on arm's length terms, the supply of blending coal for the Japanese financial year 2010 on arm's length terms and spot coal transactions of less than 25,000 tonnes at prevailing market prices);
- (viii) releases, discharges or modifies any substantial obligation to it of any related party of Gloucester or agrees to do so (other than in relation to the exercise or cancellation of the Gloucester Options);
- (ix) has threatened or threatened against it any material claims or material proceedings in any court or tribunal (including, but not limited to, a petition for winding up or an application for appointment of a receiver and manager);
- (x) becomes subject to investigation under the *Australian Securities and Investments Commission Act 2001* (Cth) or any corresponding legislation; or
- (xi) is in material breach of its obligations under chapter 3 of the Listing Rules or discloses information to the ASX which is not true and correct in all material respects.

(i) No Gloucester Material Adverse Change

That during the Condition Period, no Gloucester Material Adverse Change occurs.

(j) Independent Expert Reports

- (i) The Gloucester Independent Expert Report contains the Favourable Conclusions and the Gloucester Independent Expert does not publicly change its conclusions or publicly withdraw its report prior to the end of the Offer Period.
- (ii) The Macarthur Independent Expert does not publicly change its conclusion that the proposed issue of Macarthur Shares to Noble Group under the Offer and the Middlemount Acquisition is not fair but is reasonable to Macarthur Shareholders or publicly withdraw its report prior to the end of the Offer Period.

(k) Approval of Macarthur Shareholders

Macarthur Shareholders pass a resolution at the Macarthur Shareholder Meeting to approve the Noble Group increasing its voting power in Macarthur to above 20% for the purposes of section 611 item 7 of the Corporations Act as a result of:

- (i) accepting the Offer; and
- (ii) the Middlemount Acquisition.

14.14 OPERATION OF CONDITIONS

- (a) Each of the Conditions set out in each subsection, paragraph and subparagraph of **section 14.13**:
 - (i) constitutes and is to be construed as a separate, several and distinct Condition;
 - (ii) except for the Condition referred to in **section 14.13(c)** (FIRB), be a condition subsequent;
 - (iii) in the case of the Condition referred to in **section 14.13(c)** (FIRB), be a condition precedent to the acquisition by Macarthur of any interest in Gloucester Shares of a kind which would cause a breach of the laws referred to in that Condition, and unless the Condition in that clause is satisfied, no contract for the sale of Gloucester Shares will come into force or be binding on any accepting Gloucester Shareholder or Macarthur; and
 - (iv) until the expiration of the Offer Period will be for the benefit of Macarthur alone and may be relied upon only by Macarthur.
- (b) Subject to the Corporations Act, each of the Conditions contained in each subsection, paragraph and subparagraph of **section 14.13** is a condition subsequent and will not prevent a contract to sell Your Gloucester Shares arising from acceptance of this Offer, but any breach or non-fulfilment of such a Condition will entitle Macarthur, by written notice, to rescind the contract resulting from acceptance of this Offer.

14.15 FREEING THE OFFERS FROM CONDITIONS

Subject to and in accordance with the Corporations Act and the FATA, Macarthur may declare the Offer free from any or all of the Conditions contained in **section 14.13** by giving notice in writing to Gloucester. Any declaration made under this **section 14.15** may be made by Macarthur in its sole discretion but in compliance with the Corporations Act no later than seven days before the end of the Offer Period.

14.16 NOTICE ON STATUS OF CONDITIONS

Macarthur will give notice of the status of the Conditions in **section 14.13** in accordance with section 630(1) of the Corporations Act on 28 April 2010, subject to extension in accordance with section 630(2) of the Corporations Act if the period during which this Offer remains open for acceptance is extended under section 650C of the Corporations Act.

14.17 BREACH OR NON-FULFILMENT OF CONDITIONS

The breach or non-fulfilment of any of the Conditions contained in **section 14.13** does not, until the end of the Offer Period, prevent a contract resulting from your acceptance of this Offer. If at the end of the Offer Period in respect of any of the Conditions contained in **section 14.13**:

- (a) Macarthur has not declared this Offer and all other Offers made by Macarthur to be free from that Condition; and
 - (b) that Condition has not been fulfilled,
- all contracts resulting from the acceptance of Offers and all Offers that have been accepted and from which binding contracts have not yet resulted, are void. In that event, Macarthur will, if you have accepted this Offer:

- (c) return your Acceptance Form together with all documents forwarded by you (if any) to your address as shown in the Acceptance Form; and
- (d) notify ASTC of the lapse of the Offers in accordance with Rule 14.19 of the ASTC Settlement Rules.

14.18 REASONABLE ENDEAVOURS IN RELATION TO CONDITIONS

Macarthur and its subsidiaries will each:

- (a) use reasonable endeavours to procure that each of the Conditions in **section 14.13** is satisfied; and
- (b) not do or omit to do anything which may cause a breach of any such Condition.

14.19 STATUTORY CONDITION

The Offer and any contract that results from your acceptance of it are subject to the further condition that:

- (a) an application is made to the ASX within seven days of the start of the Offer Period for admission to official quotation by the ASX of the Macarthur Shares to be issued under the Offer; and
- (b) permission for admission to official quotation by the ASX of the Macarthur Shares to be issued under the Offers which are accepted, is granted no later than seven days after the end of the Offer Period.

This condition is not a defeating condition for the purposes of the Corporations Act and is not of the same nature as the Conditions set out in **section 14.13**. The Offer cannot be freed of this condition and subsequently no statements made by Macarthur can be taken to waive that condition. If this condition is not fulfilled, all contracts resulting from the acceptance of the Offer will be void automatically.

14.20 WITHDRAWAL OF OFFERS

Macarthur may withdraw unaccepted Offers at any time with the consent of ASIC. ASIC may consent subject to conditions.

14.21 VARIATION

Macarthur may at any time, and from time to time, vary this Offer in accordance with the Corporations Act.

14.22 COSTS

All costs and expenses of the preparation and circulation of the Bidder's Statement and the Offers will be paid by Macarthur. No stamp duty is payable by the transferor of listed shares. No brokerage is payable by you if you accept this Offer (unless you are an Ineligible Foreign Shareholder, in which case the proceeds you will receive will be net of sale costs including brokerage).

If you hold your Gloucester Shares through a CHESS Holding or are a beneficial owner of Gloucester Shares that are registered in the name of a broker, bank, custodian or other nominee, you should ask your Controlling Participant or nominee whether it will charge any transaction fees or service charges in connection with acceptance of the Offer.

14.23 NOTICES

Any notice to be given by Macarthur to you in connection with the Offers may be given to you by leaving it at or sending it by pre paid ordinary mail, or in the case of any address outside Australia, by pre paid airmail to you at your address as recorded in the register of members of Gloucester on the Relevant Date or the address shown in the Acceptance Form.



INTERPRETATION AND AUTHORISATION

15.1 DEFINITIONS

Terms used in this Bidder's Statement have the meaning given in the Glossary (unless the contrary intention appears).

15.2 CONSTRUCTION

In this Bidder's Statement, unless the context requires otherwise:

- (a) words importing the singular include the plural and vice versa and any gender include the other gender;
- (b) "includes" means includes without limitation;
- (c) if a word or phrase is defined in the Corporations Act, the Listing Rules or the ASTC Settlement Rules, it bears the same meaning;
- (d) if a word or phrase is defined, other parts of speech and grammatical forms of that word or phrase have corresponding definitions;
- (e) all prices referred to in the Offer are inclusive of GST where applicable;
- (f) a reference to:
 - (i) a person includes a firm, unincorporated association, corporation and a government or statutory body or authority;
 - (ii) a person includes the legal personal representatives, successors and assigns of that person;
 - (iii) a statute, ordinance, code or other law includes regulations and other statutory instruments under it and consolidations, amendments, re-enactments or replacements of any of them;

- (iv) a right includes a benefit, remedy, direction or power;
- (v) a right or obligation of any two or more persons confers that right, or imposes that obligation, as the case may be, jointly and individually,
- (vi) time is to Sydney time;
- (vii) "\$A", "\$" or "cents" is a reference to the lawful currency of Australia;
- (viii) a section, subsection, paragraph, subparagraph or annexure is to a section, subsection, paragraph, subparagraph or annexure of this Bidder's Statement; and
- (ix) "you" is to a person to whom the Offer is made under **section 14**.

15.3 HEADINGS

Headings are for ease of reference only and do not affect the interpretation of this Bidder's Statement.

15.4 GOVERNING LAW

The Offer and any contract that results from it are governed by the laws in force in Queensland, Australia and on acceptance of the Offer, you irrevocably and unconditionally submit to the non-exclusive jurisdiction of the courts exercising jurisdiction in Queensland and any courts which have jurisdiction to hear appeals from any of those courts and waive any right to object to any proceedings being brought in those courts.

15.5 AUTHORISATION

This Bidder's Statement has been approved by a unanimous resolution passed by the directors of Macarthur on 26 February 2010.



GLOSSARY

The following defined terms are used throughout this Bidder's Statement, unless the contrary intention appears or the context requires otherwise:

AASB	Australian Accounting Standards Board.
ACCC	the Australian Competition and Consumer Commission.
Acceptance Form	the transfer and acceptance form which accompanies this Bidder's Statement and forms part of the Offer.
AIFRS	Australian equivalents to International Financial Reporting Standards.
Announcement Date	22 December 2009, being the date on which Macarthur announced details of the Takeover Bid to the ASX.
ASIC	the Australian Securities and Investments Commission.
Associate	has the meaning given in the Corporations Act.
ASTC	ASX Settlement and Transfer Corporation Pty Ltd ABN 49 008 504 532, the body which administers the CHESS system in Australia.
ASTC Settlement Rules	the settlement rules of ASTC.
ASX	ASX Limited ABN 98 008 624 691 or the securities exchange operated by it, as appropriate.
Australian Accounting Standards	Australian Accounting Standards as issued by the Australian Accounting Standards Board.
Australian Auditing Standards	Australian Auditing Standards as issued by the Auditing and Assurance Standards Board.
Bid Implementation Agreement	the bid implementation agreement between Macarthur and Gloucester dated 22 December 2009 (as amended), a summary of which is set out in section 13.3 .
Bidder's Statement	this bidder's statement, being the statement of Macarthur under Part 6.5 Division 2 of the Corporations Act relating to the Offers.
Call Option Cancellation Deed	the <i>Call Option Cancellation Deed</i> between Macarthur, Custom Mining and Paway Limited dated 29 January 2010.
Cash Alternative	\$8.00 cash for each Gloucester Share.
CGT	capital gains tax.
CHESS	the Clearing House Electronic Subregister System operated by ASTC, which provides for electronic share transfer in Australia.
CHESS Holding	a holding of Gloucester Shares on the CHESS subregister of Gloucester.
CHPP	Coal Handling and Preparation Plant.



CITIC Group	CITIC Group, a state-owned enterprise of the People's Republic of China, and its related entities.
CITIC Resources Australia	CITIC Resources Australia Pty Ltd and its Related Bodies Corporate.
CITIC Resources Holdings	CITIC Resources Holdings Limited, a company incorporated in Bermuda and listed on the Hong Kong Stock Exchange.
CITIC Transaction	the transaction between Macarthur and the CITIC Group described in section 13.16(b) .
Coal Supply Chain Management Deed	the deed between Macarthur and Noble Group described in section 13.16(c) .
Condition Period	the period beginning on the Announcement Date and ending at the end of the Offer Period.
Consideration	either the Scrip Alternative or the Cash Alternative.
Conditions	the conditions of the Offer detailed in section 14.13 .
Controlling Participant	the Participant who is designated as the controlling participant for Gloucester Shares in a CHESS Holding in accordance with the ASTC Settlement Rules (usually, your stockbroker).
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Custom Mining	Custom Mining Pty Ltd ABN 99 109 159 471.
EIS	environmental impact study.
Encumbrance	any mortgage, charge (whether fixed or floating), pledge, lien, option, restriction as to transfer or any other encumbrance or security or adverse interest whatsoever.
FATA	<i>Foreign Acquisitions and Takeovers Act 1975</i> (Cth).
Favourable Conclusions	conclusions of the Gloucester Independent Expert to the effect that: (a) the Offer is fair and reasonable to Gloucester Shareholders; and (b) neither Noble nor any associate of Noble will receive a net benefit in respect of the Middlemount Acquisition.
FIRB	Foreign Investment Review Board.
Foreign Shareholder	the meaning given to that term in section 14.11(a) .
Glossary	the glossary set out in this section 16 .
Gloucester	Gloucester Coal Ltd ABN 66 008 881 712.
Gloucester Board	the board of directors of Gloucester.
Gloucester Group	Gloucester and its Related Bodies Corporate.
Gloucester Independent Expert	the independent expert appointed by Gloucester.
Gloucester Independent Expert Report	the report to be prepared by the Gloucester Independent Expert in accordance with the Corporations Act, and ASIC Regulatory Guides 111 and 112, for inclusion in the Target's Statement and which will report on: (a) whether the Offer is fair and reasonable to Gloucester Shareholders; and (b) whether Noble or any associate of Noble will receive a net benefit in respect of the Middlemount Acquisition.
Gloucester Material Adverse Change	a matter, event or circumstance that occurs, is announced or becomes known to Gloucester (whether or not it becomes public) where that matter, event or circumstance has, has had, or could reasonably be expected to have, individually or when aggregated with all such matters, events or circumstances: (a) a material adverse effect on the business, assets, liabilities, financial or trading position, profitability or prospects of the Gloucester Group taken as a whole; (b) without limiting the generality of paragraph (a) : (i) the effect of diminishing the value of the net assets of the Gloucester Group by an amount of \$29 million or more, as compared to the value of the net assets of the Gloucester Group set out in its consolidated balance sheet as at 30 June 2009; (ii) the effect of reducing in any financial year earnings before interest, tax, depreciation and amortisation of the Gloucester Group by an amount of \$12 million or more; or (iii) the effect of preventing the Gloucester Group from operating any one or more of its existing mines for a period of three months or longer or from completing any of its material development activities.
Gloucester Options	unquoted options to subscribe for Gloucester Shares.

Gloucester Shareholder	a holder of Gloucester Shares.
Gloucester Shares	fully paid ordinary shares in the capital of Gloucester.
GST	has the meaning given to that term in <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).
Ineligible Foreign Shareholder	has the meaning given to that term in section 14.11(a) .
Interested Person	has the meaning given to that term in section 13.18(a) .
Issuer Sponsored Holding	a holding of Gloucester Shares on Gloucester's issuer sponsored subregister.
JORC	The Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.
JORC Code	the 2004 Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (The JORC Code) prepared by JORC.
Listing Rules	the listing rules of the ASX.
LVPCI	low volatile pulverised coal injection, a type of coal.
Macarthur	Macarthur Coal Limited ABN 40 096 001 955.
Macarthur Board	the board of directors of Macarthur.
Macarthur Group	Macarthur and its Related Bodies Corporate.
Macarthur Independent Expert	Loneragan Edwards & Associates Limited ABN 53 095 445 560 or such other independent expert appointed by Macarthur.
Macarthur Shares	fully paid ordinary shares in the capital of Macarthur.
Macarthur Shareholder	a holder of Macarthur Shares.
Macarthur Shareholder Meeting	the proposed meeting of Macarthur Shareholders to consider and, if thought fit, approve the Noble Group increasing their voting power in Macarthur to above 20% for the purposes of section 611 item 7 of the Corporations Act.
Merged Group	the combined Macarthur Group and Gloucester Group, which will exist if Macarthur successfully completes the Takeover Bid and the Middlemount Acquisition.
Middlemount	Middlemount Coal Pty Ltd ABN 49 122 348 412.
Middlemount Acquisition	the proposed acquisition by a subsidiary of Macarthur from a subsidiary of Noble of all the shares in the capital of Middlemount not already held by a member of the Macarthur Group, and associated transactions as summarised in section 13.16(a) .
Middlemount Consideration Shares	has the meaning given to that term in section 13.16(a) .
Middlemount Deeds	the Middlemount Share Sale Deed, Noble Royalty Reduction Deed and Call Option Cancellation Deed to effect the Middlemount Acquisition, which is more fully described in section 13.16(a) .
Middlemount Group	Middlemount and its wholly-owned subsidiary, Ribfield Pty Ltd ACN 080 772 283.
Middlemount Share Sale Deed	the Share Sale Deed – Middlemount Coal Pty Ltd dated 29 January 2010 between Macarthur, Noble, Middlemount, Paway Limited and Custom Mining.
Minimum Acceptance Condition	the Condition specified in section 14.13(a) .
mt	megatonnes (1,000,000 tonnes).
mtpa	megatonnes per annum.
No Shop Provision	has the meaning given to that term in section 13.3(a) .
Noble	Noble Group Limited, a body corporate incorporated in Bermuda and headquartered in Hong Kong.
Noble Group	Noble and its Related Bodies Corporate.
Noble Loan	certain loans owed by Middlemount to the Noble Group which will not exceed \$50 million at completion of the Middlemount Acquisition.
Noble Nominees	has the meaning given to that term in section 13.16(a) .
Noble Royalty Reduction Deed	the Noble Royalty Reduction Deed between Macarthur, Noble Resources Pte Ltd, Middlemount, Ribfield Pty Ltd and (subject to clause 2.1 of that document) Ocetip Pty Ltd dated 29 January 2010.
Nominee	the nominee appointed by Macarthur in accordance with section 13.14 .
Nominee Shares	has the meaning given to that term in section 14.11(c)(ii) .



Offer

the offer for Gloucester Shares contained in this Bidder's Statement and **Offers** means the several like offers for Gloucester Shares sent or to be sent to other Gloucester Shareholders (or persons entitled to receive such offers under the Takeover Bid).

Offer Period

the period commencing on [insert] and (unless the Offer is withdrawn) ending at 7.00 pm (Sydney time) on Thursday 6 May 2010, or such later date to which the Offer has been extended.

Officers

in relation to an entity, its directors, company secretaries, officers, partners and employees.

Option Cancellation Completion Date

has the meaning given to that term in **section 13.16(a)**.

Option Cancellation Consideration

has the meaning given to that term in **section 13.16(a)**.

Option Cancellation Loan

has the meaning given to that term in **section 13.16(a)**.

Option Shares

has the meaning given to that term in **section 13.16(a)**.

Participant

has the meaning given to that term in the ASTC Settlement Rules.

Permitted Jurisdictions

has the meaning given to that term in **section 14.11(a)**.

Prescribed Occurrence


any of the following events:

- (a) Gloucester converts all or any of its shares into a larger or smaller number of shares;
- (b) Gloucester or a subsidiary of Gloucester resolves to reduce its share capital in any way;
- (c) Gloucester or a subsidiary of Gloucester:
 - (i) enters into a buy-back agreement; or
 - (ii) resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
- (d) Gloucester or a subsidiary of Gloucester issues shares, or grants an option over its shares, or agrees to make such an issue or grant such an option;
- (e) Gloucester or a subsidiary of Gloucester issues, or agrees to issue, convertible notes;
- (f) Gloucester or a subsidiary of Gloucester disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (g) Gloucester or a subsidiary of Gloucester charges or agrees to charge, the whole, or a substantial part, of its business or property;
- (h) Gloucester or a subsidiary of Gloucester resolves to be wound up;
- (i) a liquidator or provisional liquidator of Gloucester or a subsidiary of Gloucester is appointed;
- (j) a court makes an order for the winding up of Gloucester or a subsidiary of Gloucester;
- (k) an administrator of Gloucester, or of a subsidiary of Gloucester, is appointed under section 436A, 436B or 436C of the Corporations Act;
- (l) Gloucester or a subsidiary of Gloucester executes a deed of company arrangement; or
- (m) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of Gloucester or of a subsidiary of Gloucester.

Public Authority

any government or any governmental, semi-governmental, administrative, statutory or judicial entity, authority or agency, whether in Australia, or elsewhere, including the ACCC and any authority regulating competition issues and any self regulatory organisation established under statute or any stock exchange, but excluding:

- (a) ASIC;
- (b) the Takeovers Panel;
- (c) any person mentioned in section 657G(2) of the Corporations Act who applies to the Court for an order under section 657G(1) of the Corporations Act;
- (d) any person mentioned in section 659B(1) of the Corporations Act who commences court proceedings in relation to a takeover bid or a proposed takeover bid;
- (e) a court or a Court that makes an order in response to an application under section 657G(1) of the Corporations Act or proceedings commenced pursuant to section 659B(1),



	(all terms used in this definition, unless otherwise defined in this Bidder's Statement, have the meaning conferred on them by the Corporations Act).
Regulatory Approval	means: (a) any approval, consent, authorisation, registration, filing, lodgement, permit, franchise, agreement, notarisation, certificate, permission, licence, approval, direction, declaration, authority or exemption from, by or with a Public Authority; or (b) in relation to anything that would be fully or partly prohibited or restricted by law if a Public Authority intervened or acted in any way within a specified period after lodgement, filing, registration or notification, the expiry of that period without intervention or action.
Related Body Corporate	has the meaning given to that term in the Corporations Act.
Relevant Date	7.00 pm (Sydney time) on 26 February 2010.
Relevant Interest	has the meaning given to that term in the Corporations Act.
Rights	all accretions, rights or benefits attaching to or arising from Gloucester Shares on or after the Announcement Date (including all rights to receive dividends, bonuses or other shares of its profits or assets as well as rights to receive or subscribe for shares, stock units, notes or options and all other distributions or entitlements declared, paid, made or issued by Gloucester or any of its subsidiaries).
ROM	run of mine (raw coal as mined).
Royalty Completion Date	has the meaning given to that term in section 13.16(a) .
Royalty Consideration	has the meaning given to that term in section 13.16(a) .
Royalty Loan	has the meaning given to that term in section 13.16(a) .
Scrip Alternative	0.84 Macarthur Shares for each Gloucester Share.
Securities Act	has the meaning given to that term in the Important Notices section of this Bidder's Statement which begins on page i.
Share Election	has the meaning given to that term in section 13.16(a) .
Takeover Bid	the off market bid in accordance with Part 6.5 of the Corporations Act under which Macarthur offers to acquire all Gloucester Shares.
Target's Statement	the target's statement required to be sent to Gloucester Shareholders by Gloucester in response to this Bidder's Statement.
Transaction Facilitation Deed	the transaction facilitation deed between Macarthur and Noble dated 22 December 2009 (as amended), a summary of which is set out in section 13.4 .
Transferred Shares	has the meaning given to that term in section 14.5(b) .
Unconditional	that the Offers and any contracts resulting from acceptance of the Offers are no longer subject to fulfillment of the Conditions.
VWAP	volume weighted average price.
Your Gloucester Shares	all Gloucester Shares registered in your name at the time you accept the Offer.



CORPORATE DIRECTORY

Macarthur Coal Limited

REGISTERED OFFICE

Level 5, 100 Melbourne Street
South Brisbane QLD 4101

OFFER ENQUIRY LINE

Within Australia: 1300 158 006
From overseas: +61 3 9415 4090

DIRECTORS

Hon. Keith De Lacy, AM
Chairman, Independent, Non-Executive Director

Roger Marshall, OBE
Deputy Chairman, Non-Executive Director

Nicole Hollows
Chief Executive Officer and Managing Director

Peter Forbes
Independent, Non-Executive Director

Martin Kriewaldt
Independent, Non-Executive Director

Terry O'Reilly
Independent, Non-Executive Director

Chen Zeng
Non-Executive Director

COMPANY SECRETARY

Lisa Dalton

AUDITOR

KPMG
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Brisbane QLD 4000

SHARE REGISTRY

Computershare Investor Services Pty Limited
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307 Queen Street
Brisbane QLD 4000
Telephone: 1300 158 006

FINANCIAL ADVISERS

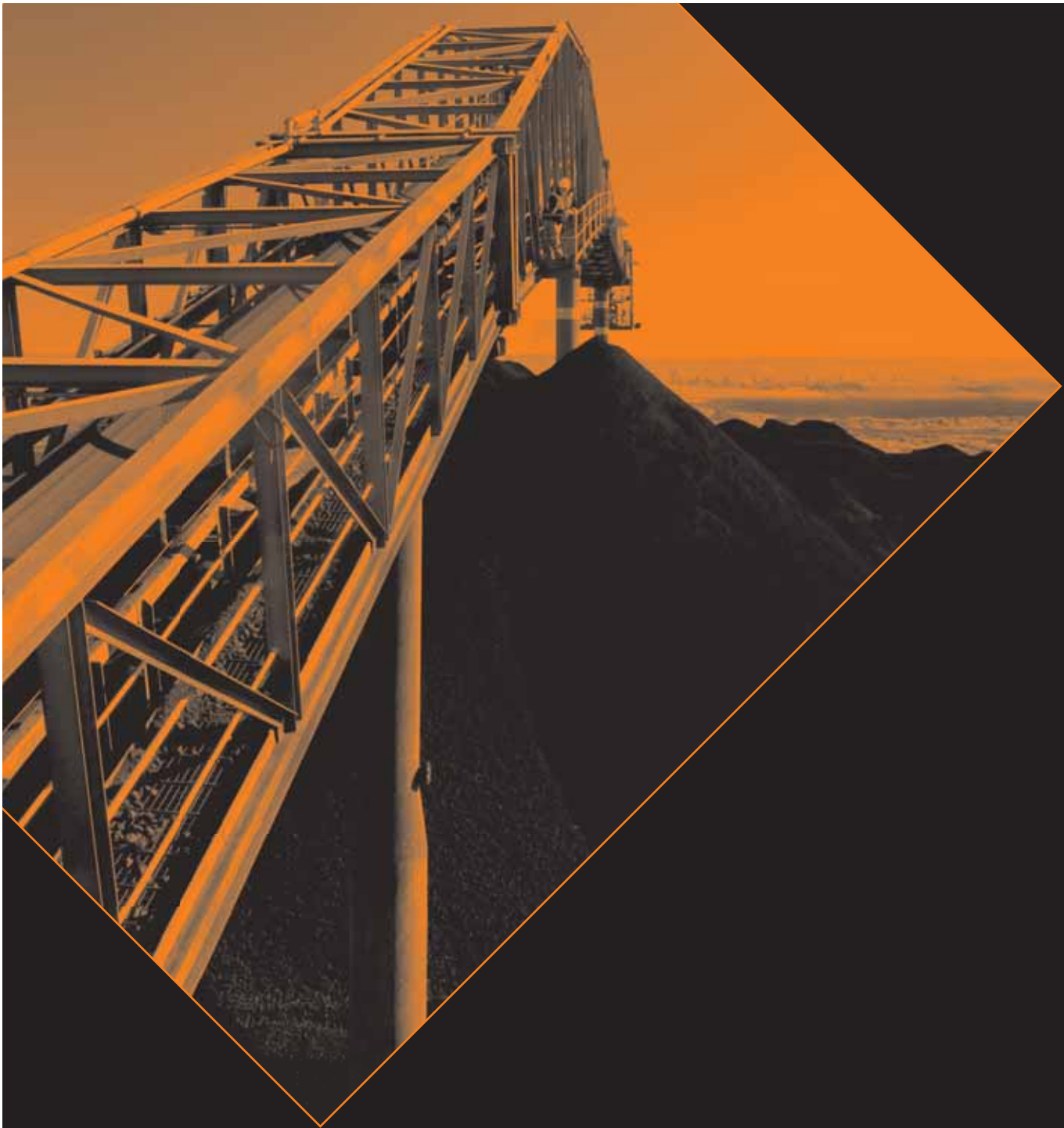
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STOCK EXCHANGE:

ASX, ticker code "MCC"



MACARTHUR COAL LIMITED
ABN 40 096 001 955