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CHAIRMAN'S ADDRESS – SCHEME MEETING

INTRODUCTION

Good morning ladies and gentlemen and welcome to these two important meetings of Gloucester Shareholders. My name is James MacKenzie and, as Chairman of your Company, I will be chairing both of today's meetings.

[Opening procedural comments not included in this ASX release]

This Scheme Meeting has been convened in accordance with orders made by the Supreme Court of Victoria on 27 April 2012, and with the Company's Constitution. The purpose of this meeting is for you to consider, and if you think fit, approve a Scheme of Arrangement (also called the **Merger Proposal**) under which Yancoal Australia Limited, currently a wholly-owned subsidiary of Yanzhou Coal Mining Company Limited, will acquire all of the shares in Gloucester Coal Ltd, provided that all conditions to the scheme are satisfied or waived.

I refer to the Notice of Scheme Meeting contained in Appendix 4 to the Explanatory Booklet that sets out the resolution proposed for today's meeting. As the Explanatory Booklet was released to the ASX on 30 April 2012 and mailed to shareholders shortly afterwards, I will take the Notice of Scheme Meeting as read.

The Explanatory Booklet outlines the reasons to vote in favour of the Merger Proposal and Capital Return and possible reasons to vote against the Merger Proposal and Capital Return. I am confident that shareholders have carefully considered this document and so I will not attempt to restate all of the information it contains.

RECENT DEVELOPMENTS

I would now like to say a few words about the Merger Proposal.

The negotiations between Gloucester's independent directors and representatives of Yanzhou Coal Mining Company Limited culminated in the signing of the Merger Proposal Deed on 22 December 2011. Following a period of continued mutual due diligence investigations a revised recommended merger proposal was announced on 6 March 2012.

Under the Merger Proposal, Gloucester Shareholders registered as such on the Scheme Record Date (expected to be 7:00pm Sydney time on Friday, 29 June 2012) will transfer all of their Gloucester Shares to Yancoal Australia which is to be listed on ASX. Those Gloucester Shareholders will receive as consideration one fully paid ordinary share in Yancoal Australia for each Gloucester Share they hold.

In addition to receiving Yancoal Australia ordinary shares, Gloucester Shareholders will also have the opportunity to receive contingent value rights shares (**CVR shares**). How the CVR shares work is explained in detail in the Explanatory Booklet.

As foreshadowed in the Explanatory Booklet, Gloucester's largest shareholder, Noble Group Limited, has submitted an 'All Ordinary Shares' Election in respect of in excess of 130 million shares. As a result and provided Noble's election is not revoked, varied or otherwise rendered ineffective, all other Gloucester Shareholders registered as such on the Scheme Record Date who do not make an 'All Ordinary Shares' Election in respect of their shares will receive as the default consideration one Yancoal Australia ordinary share and one CVR share for each of their Gloucester Shares.

As I said in my Chairman's letter in the Explanatory Booklet, a condition of the Scheme is that arrangements are in place to the satisfaction of Gloucester and Yancoal to ensure that the election made by Noble remains effective to the Scheme record date. The position of your Directors, as I stated in my Chairman's letter, is that this condition will not be waived by Gloucester.

Since the announcement of the recommended Merger Proposal on 6 March 2012, no Superior Proposal has emerged.

Separate to the Merger Proposal, it is proposed that Gloucester Shareholders registered as such on the Capital Return Record Date (expected to be 7:00pm Sydney time on Wednesday, 20 June 2012) will receive \$3.15 per Gloucester Share, comprising:

- (a) a Special Dividend of what is expected to be \$0.44 per Share payable after the Court Approval Date (expected to be Friday, 8 June 2012) but prior to the Effective Date (expected to be Friday, 22 June 2012) of the Merger Proposal; and
- (b) a Capital Return to Shareholders of what is expected to be \$2.71 per Share satisfied by the issue of promissory notes to an independent trustee, with the promissory notes expected to be paid on presentation around 3 January 2013.

The Capital Return requires the approval of shareholders which will be proposed at the general meeting which will be held later this morning. Among other things, the Merger Proposal is conditional on the Capital Return being approved.

Your Board of Directors unanimously recommend that shareholders vote in favour of the Merger Proposal, in the absence of a superior proposal.

REASONS TO VOTE IN FAVOUR OF THE MERGER PROPOSAL

I would like to take this opportunity to outline the Gloucester Board's key reasons for recommending that you vote in favour of the Merger Proposal.

Through this merger, Gloucester Shareholders have the opportunity to participate in what is expected to become Australia's largest listed pure play coal producer. At a time when consolidation is occurring around us, it is pleasing to provide shareholders with exposure to what will be a leading player in this industry.

The merged company will have significant scale initially producing more than 12 million tonnes of coal per annum. This scale is significant in the Australian market, and the company will also benefit from its diversified portfolio of coal assets. When compared to Gloucester Coal today, the merged company will have a broader geographic spread of coal mines, a superior offering of coal products and a lower average operating cost base.

The benefits of scale, diversification and a competitive cost base are particularly significant in the current coal market where prices are subdued.

The new merged company will have a significant pipeline of growth projects and will play a key role in the supply of this global demand. With a resource base of approximately 3.5 billion tonnes of coal and reserves of almost 700 million tonnes, the merged group will have a solid foundation to expand its operations for the next 40 years and beyond. The merged group expects to grow its production from 12 million tonnes today to between 25 and 33 million tonnes per annum by calendar year 2016.

An important differentiator that will set the merged group apart from its peers is its highly strategic infrastructure holdings. The merged group will have a 27% shareholding in the Newcastle Coal Infrastructure Group and significant capacity allocations at Port Warratah Coal Services Limited in NSW. It has also secured port capacity at four of the coal ports along the coast of Queensland. By merging the two entities, quantifiable synergies with a net present value of \$220 - \$380 million may be achieved. The most valuable synergy is expected to flow from the utilisation of Gloucester Coal's excess port capacity in NSW by realising opportunities to accelerate projects developments. Other synergy benefits will be available through coal blending opportunities while corporate, tax and procurement savings are also expected to be realised.

Turning now to some financial metrics, on a 2011 Calendar Year proforma basis, the combined operations generated over \$1.8 billion of revenue and Earnings Before Interest Tax Depreciation and Amortisation of \$687m. The group's total asset base was valued at over \$8 billion dollars.

Pro forma net debt for the merged group was \$3.86 billion as at 31 December 2011. The Board recognises that this level of debt is considerable for an Australian listed coal company, however the Board believes that the benefits of the Merger Proposal outweigh the concerns associated with the level of gearing.

One other area of concern highlighted over the past two months relates to the expected level of liquidity in the shares on day one. Following the merger, Yanzhou will hold 78% of the shares on issue, Noble will hold 13% and remaining Gloucester Shareholders will hold 9%. While the percentage of shares held by non Yanzhou and non Noble shareholders is low, the number of shares on issue available to non Yanzhou and non Noble shareholders will exceed 80 million. In

addition, under the conditions of approval of the Merger Proposal by Australia's Foreign Investment Review Board, Yanzhou is required to reduce its interest in Yancoal Australia Ordinary shares to less than 70% by 31 December 2013. This could almost double the percentage of shares held by non Yanzhou and non Noble shareholders.

I should also point out that your Directors' endorsement of the Merger Proposal is supported by the conclusion of the Independent Expert, Deloitte Corporate Finance Pty Ltd ("**Deloitte**"), whose report was included in Appendix 1 to the Explanatory Booklet. The Report prepared by Deloitte assessed the fair market value of a Gloucester share on a control basis as being between A\$8.90 to A\$9.65 per share.

This compares to Deloitte's value of the combined scrip and cash to be provided to Gloucester Shareholders of between A\$9.35 and A\$9.48 (including the value of an Ordinary share in Yancoal Australia, a CVR share, the capital return of \$2.71 per share and the special dividend of \$0.44 per share). Accordingly, Deloitte concluded that, in the absence of a superior proposal, the Merger Proposal is fair and reasonable and therefore is in the best interests of those Gloucester Shareholders who receive CVR shares as part of their Scheme consideration. Deloitte has not withdrawn, changed or modified its conclusion since the release of the Explanatory Booklet to ASX on 30 April 2012.

REASONS TO VOTE AGAINST THE MERGER PROPOSAL

I have highlighted some of the reasons you may choose to vote in favour of the Merger Proposal. However, your Directors acknowledge that there are potential reasons why Gloucester Shareholders may choose to vote against the Merger Proposal. Those reasons are set out in full in the Explanatory Booklet. In brief, they include the following:

- The investment and risk profile for Gloucester Shareholders may adversely change through their direct exposure to the Merged Group;
- The tax consequences or implications of transferring your Gloucester Shares and/or receiving the Capital Return and Special Dividend may not suit your financial position;
- You may believe that there is a better prospect for increased value if Gloucester remains a stand-alone listed company; and

- If the merger proceeds, this precludes the possibility of any Superior Proposal for Gloucester emerging in the future (noting, however, that no Superior Proposal has emerged as at the date of this meeting).

CURRENT STATUS

Your Directors continue to believe that the expected advantages of the Merger Proposal outweigh its potential disadvantages and, accordingly, we maintain our previously stated recommendation that the Merger Proposal is in the best interests of Shareholders.

Each Director intends to vote at the meeting in favour of the Merger Proposal in relation to the Gloucester ordinary shares held or controlled by them.

The Merger Proposal is now principally conditional on the following occurring:

- Gloucester Shareholders passing the resolution proposed at this meeting to approve the Merger Proposal;
- Gloucester Shareholders passing the resolution to approve the Capital Return at the general meeting to be held later this morning;
- the receipt of Chinese regulatory approvals (I will discuss the status of these shortly);
- the fulfilment of certain conditions relating to the debt profile of the merged group (again, I will discuss the status of these conditions shortly); and
- the Supreme Court of Victoria approving the Scheme at the Second Court Hearing scheduled for this Friday 8 June 2012.

As previously announced to ASX, the conditions relating to both the Australian Foreign Investment Review Board and Hong Kong Stock Exchange approvals have been satisfied.

In respect of the condition relating to Chinese regulatory approvals, we understand from Yanzhou that those approvals are progressing satisfactorily and that there are reasonable grounds to believe that those approvals will be in place by 8:00am on the Second Court Hearing Date (expected to be Friday, 8 June 2012).

In respect of the conditions relating to the debt profile of the merged group, again, we understand from Yanzhou that this is progressing satisfactorily and that there are reasonable grounds to believe

that the debt conditions will be materially satisfied by 8:00am on the Second Court Hearing Date (expected to be Friday, 8 June 2012). There is a possibility that a small part of Yancoal's Felix facilities, about USD100m maturing on each of December 2012, 2013 and 2014 out of total drawings of USD3.04b, will not be extended, However, all of the balance owing under the 2012, 2013 and 2014 tranches of those facilities will be extended, and not just the 2012 and 2013 tranches which are required to be extended under the Merger Proposal. This is a better overall result for the Merged Group.

There are some other operational and procedural type conditions, usual for a transaction of this nature, which are described in the Explanatory Booklet. We are not aware of any reason why they will not be either satisfied or waived by 8.00 am on the date of the Second Court Hearing, which as I noted a few moments ago is scheduled for this Friday, 8 June 2012.

Subject to your approval of the Scheme at this meeting, your approval of the Capital Return at the following general meeting and the operational and procedural conditions noted above being either satisfied or waived before 8.00 am on the date of the Second Court Hearing, and also subject to the Supreme Court of Victoria by order approving the Scheme at that hearing and extending the usual period within which such an order must be lodged, the Scheme will become legally effective on Friday, 22 June 2012. The effective date will be the last day of trading in Gloucester shares before they are suspended from trading prior to the implementation of the Merger Proposal.

Trading in Yancoal Australia ordinary shares and CVR shares is expected to commence on Monday, 25 June 2012 – initially on a deferred settlement basis.

The implementation date of the Merger Proposal is expected to be 3 July 2012. Shareholders should expect to be sent holding statements for their Yancoal Australia Securities by Friday 5 July 2012.

QUALITY PARTNER IN YANZHOU COAL

Before I conclude my comments and move the formal part of the meeting, I'd like to take this opportunity to provide you with some insight into our partner in this transaction, Yanzhou Coal.

For those of you who are not aware, Yanzhou Coal is a leading coal mining company with international listings in Shanghai, Hong Kong and New York. It has a market capitalisation of close

to \$16 billion and is one of China's most respected companies. Yanzhou Coal owns and operates 14 coal mines and in 2011 produced 51 million tonnes of Coal, it employs over 65 thousand employees and is the world's leading exponent of long wall top coal caving.

It has a strong track record of good financial management and corporate governance and has received numerous awards for its corporate governance practices.

Yanzhou's impressive credentials and proven track record make them an exceptional partner in this proposed merger.

The proposed Board structure of the merged group will see Mr Weimin Li as Chairman. Mr Li is the Chairman and CEO of Yanzhou Coal. Mr Cunliang Lai will be the Co-Vice Chairman and Chair of the Executive Committee. Mr Lai has over 20 years experience in coal mine management and will be an invaluable member of the Board. I will become Co-Vice chairman and an independent Director of the Board. In total there will be six Yanzhou appointed Directors and five Independent Directors. The experience and high calibre of the Directors will be a significant asset to the merged company and its shareholders.

The current Managing Director of Yancoal Australia, Murray Bailey, will be the Chief Executive Officer of the Company and the current Managing Director of Gloucester Coal, Brendan McPherson, will become a Special Advisor to the Merged Group. The experience of the management team across both entities will be instrumental in the execution of the significant growth plans for the company.

SCHEME RESOLUTION

I would now like to proceed to a consideration of the Scheme Resolution. I declare that the voting on the Scheme Resolution be by way of poll.

[procedural content not included in this ASX release]

CLOSE AND THANKS

If there are no further questions or comments, we have now reached the stage where a vote is to be taken on the resolution. Voting on the poll will be conducted electronically. When the results are

known, I will announce the results of the poll to this meeting and following that announcement, I will close this meeting. The results of the poll will also be announced via ASX.

Before moving onto the vote, I would like to take this opportunity to thank my fellow Directors and the Gloucester management team for their commitment and support during this process. I would also like to thank you, the Gloucester Shareholders, for your support over the years.

CHAIRMAN'S ADDRESS – GENERAL MEETING

INTRODUCTION

Thank you ladies and gentlemen.

[Opening procedural comments not included in this ASX release]

This General Meeting has been convened in accordance with the Company's Constitution. The purpose of this meeting is for you to consider, and if you think fit, approve the implementation and giving effect of a Capital Return under which eligible Gloucester shareholders would receive a cash payment of approximately \$2.71 per share. The Capital Return is subject to the Court's approval of the Scheme.

GENERAL COMMENTS

The Capital Return will be implemented by Gloucester undertaking a capital reduction involving a reduction in Gloucester's issued share capital by approximately \$593 million and eligible shareholders receiving approximately \$2.71 cash per share six months after the scheme implementation date (expected to be Tuesday, 3 July 2012). The Capital Reduction is subject to the satisfaction of the following conditions:

- the Capital Reduction resolution being passed at this General Meeting; and
- Gloucester making an announcement to ASX by no later than two Business Days after the Court approves the Scheme (expected to be Friday, 8 June 2012) setting the Capital Return Record Date.

For the reasons set out in the Explanatory Booklet, your Directors consider that the Capital Reduction is fair and reasonable to Gloucester shareholders as a whole. Your Directors also consider that the Capital Reduction will not materially prejudice Gloucester's ability to pay its creditors.

If the Capital Reduction resolution is passed at this General Meeting, on or about 21 June 2012, Gloucester will issue to an independent Trustee one promissory note in respect each Gloucester shareholder registered as such on the capital return record date (counting as one any joint holders of the same shares) in an amount equal to that Gloucester shareholder's proportional share of the capital reduction amount. No cash payment attributable to the Capital Return will be made to eligible Gloucester shareholders on 21 June 2012. The delivery of the promissory notes will discharge Gloucester's obligations in respect of the capital return.

The Trustee will hold each promissory note on trust for the relevant eligible Gloucester Shareholder until 3 January 2013. On that date, the Trustee will present the promissory notes to Gloucester for payment. It is then proposed that Gloucester will pay (through arranging for Yancoal's share registry to do so) the promissory note in full and in cleared funds to the relevant former eligible Gloucester shareholder. It is at that stage that the former eligible Gloucester shareholders will receive a cash amount of approximately \$2.71 per share on account of the presentation of their promissory note for payment.

Further details on the capital reduction resolution are set out in Section 11 of the Explanatory Booklet.

Prior to this meeting, each Gloucester Director has submitted proxy forms directing that their votes be cast in favour of the Capital Reduction resolution in relation to the Gloucester shares held or controlled by them and recommends that you do the same at today's meeting.

PROPOSED RESOLUTION

I would now like to proceed to the formal business of this meeting to consider the Capital Reduction Resolution.

[procedural content not included in this ASX release]

CLOSE AND THANKS

If there are no further questions or comments, we have now reached the stage where a vote is to be taken on the resolution. Voting on the poll will be conducted electronically. When the results are known, I will announce the results of the poll to this meeting and following that announcement, I will close this meeting. The results of the poll will also be announced via ASX.

For Further Information

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