



GLOUCESTER COAL LTD

ABN 66 008 881 712

MARKET RELEASE

UPDATE ON TAKEOVERS PANEL DECISION

Gloucester Coal Ltd (ASX: GCL) notes the final orders made by the Review Panel of the Takeovers Panel (the **Review Panel**).

The **Review Panel's** Orders require Gloucester to add a condition to Gloucester's offer for Whitehaven that enables the Gloucester Directors to withdraw from the Whitehaven merger in the event that a superior proposal for Gloucester is made or announced (the **No Superior Proposal** condition). This condition is not waivable for 21 days after the first offer is made for Whitehaven.

The Gloucester Board currently considers that the Whitehaven merger remains in the best interests of Gloucester shareholders. It considers that the value of Gloucester following the Whitehaven merger is higher than the value of Gloucester as a stand-alone entity. The Gloucester board also considers that Gloucester as a stand-alone entity is worth more per share than the \$4.85 per share that Noble is offering for Gloucester (the **Noble Bid**).

Gloucester Managing Director, Mr Rob Lord, said: **The medium to long-term benefits to Gloucester shareholders of the merger with Whitehaven are significant. Gloucester and Whitehaven have complementary operating assets and development projects, and the merged group will be well positioned to deliver strong growth over the next five years.**

Gloucester and Whitehaven expect to achieve significant synergies, including revenue benefits from coal blending which, over the medium-term are on their own, anticipated to average at least \$10 million per annum on a pre-tax basis. These blending synergies involve combining Gloucester's high ash, high sulphur coal with Whitehaven's low ash, low sulphur coal.

The Gloucester Board believes the operational and strategic benefits that will flow from the merger with Whitehaven are significant and outweigh the benefits of Noble's cash offer, Mr Lord said.

The Gloucester Board also notes Gloucester's continued strong performance as set out in the Quarterly Activities Report released on 27

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ASX: GCL

April 2009 and the 30%¹ increase in share prices of listed Australian coal companies since the announcement of the merger with Whitehaven

Gloucester's shares have closed above Noble's offer price of \$4.85 on every trading day over the last month, during which time trading volumes have totalled more than 10% of the Gloucester register. In addition, the latest trading price of Whitehaven shares of \$1.985 implies a value of approximately \$4.86 per Gloucester share based on the merger ratio of 1 Gloucester Share for every 2.45 Whitehaven shares.

The Gloucester Board's current intention, based on information currently in its possession, is to continue to recommend and progress the Whitehaven merger.

The Gloucester Board will, consistent with the Review Panel's orders, continue to assess whether the current Noble Bid, or any future offer that may be forthcoming from Noble or any other party, represents a superior proposal.

Noble is still obliged to proceed with the Noble Bid but this offer will only become unconditional if:

- (a) the Gloucester Board determines that the Noble Bid is a superior proposal; or
- (b) Noble waives its condition that the merger with Whitehaven does not proceed; or
- (c) the Whitehaven merger otherwise fails to complete.

The Noble Bid is also conditional on no prescribed occurrences+ occurring in relation to Gloucester.

Gloucester will release its Bidder's Statement for Whitehaven shortly.

¹ Based on the increase of an equally weighted index of Australian coal shares that is rebalanced daily and consists of Macarthur Coal, Northern Energy, New Hope Corporation, Riversdale Mining, Aquila Resources, Centennial Coal, Coal and Allied, Cockatoo Coal and Felix Resources from 19 February 2009 to 28 April 2009.