

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

GLOUCESTER COAL LTD

ABN

66 008 881 712

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |  |   |
|--|---|
| 1 +Class of +securities issued or to be issued   | Fully paid ordinary shares (Shares)   |
| 2 Number of +securities issued or to be issued (if known) or maximum number which may be issued  | Up to 25,535,829 Shares will be issued pursuant to the accelerated pro rata entitlement offer ( <b>Entitlement Offer</b> ) announced by Gloucester on 16 May 2011. The number of Shares to be issued pursuant to the Entitlement Offer is to be finalised and is subject to the reconciliation of shareholder entitlements. |
| 3 Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully paid ordinary shares.   |

<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>The new Shares will rank equally in all respects with the existing Shares from their respective dates of allotment.</p>
<p>5 Issue price or consideration</p>	<p>\$9.00 per Share</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>The proceeds of the issue will be used to pay debt following the Donaldson Acquisition and to part-fund the Monash Acquisition; or, if the acquisitions do not proceed (due to failure of shareholder approval or for any other reason), then monies raised under the equity raising will be used to:</p> <ul style="list-style-type: none"> <li>• fund new opportunities and strategic initiatives in line with Gloucester's strategy of becoming a leading Australian diversified metallurgical and thermal coal company; and</li> <li>• fund capital expenditure and working capital.</li> </ul>
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>25 May 2011 for Shares issued under the institutional component of the Entitlement Offer (Institutional Entitlement Offer).</p> <p>17 June 2011 for Shares issued under the retail component of the Entitlement Offer (Retail Entitlement Offer).</p>

+ See chapter 19 for defined terms.

8 Number and <sup>+</sup>class of all <sup>+</sup>securities quoted on ASX (including the securities in clause 2 if applicable)

Number	<sup>+</sup> Class
After completion of the Entitlement Offer, there will be up to 165,892,981 Shares (based on the number of Shares on issue as at the date of this Appendix 3B and the maximum number of Shares that may be issued under the Entitlement Offer subject to reconciliation of shareholder entitlements an the effect of rounding.	Fully paid ordinary shares

9 Number and <sup>+</sup>class of all <sup>+</sup>securities not quoted on ASX (including the securities in clause 2 if applicable)

Number	<sup>+</sup> Class
2,546,128	273,064 vest 1 September 2013
Unlisted options over Ordinary Shares	136,532 vest 1 September 2014
	136,532 vest 1 September 2015
	Exercise price \$11.09 per option
	1,000,000 vest 23 February 2014
	1,000,000 vest 23 February 2016
	Exercise price \$12.03

10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)

There has been no change to Gloucester Coal Ltd's dividend policy.

## Part 2 - Bonus issue or pro rata issue

11 Is security holder approval required?

No.

12	Is the issue renounceable or non-renounceable?	Entitlements will not be able to be transferred on ASX or otherwise transferable. Entitlements not accepted by eligible retail shareholders will be offered for sale to institutional investors through a bookbuild process conducted on behalf of the Underwriter.
13	Ratio in which the +securities will be offered	2 New Shares for every 11 Shares held as at the Record Date.
14	+Class of +securities to which the offer relates	Fully paid ordinary shares.
15	+Record date to determine entitlements	7:00pm (AEST) on 12 May 2011.
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	No.
17	Policy for deciding entitlements in relation to fractions	Where fractions arise in the calculation of shareholders' entitlements under the Entitlement Offer they will be rounded up to the next whole number of New Shares.
18	Names of countries in which the entity has +security holders who will not be sent new issue documents	All countries other than:  1. Australia and New Zealand; and 2. any other jurisdictions into which it decides to make offers.
<p>Note: Security holders must be told how their entitlements are to be dealt with.</p> <p>Cross reference: rule 7.7.</p>		
19	Closing date for receipt of acceptances or renunciations	16 May 2011 for the Institutional Entitlement Offer.  8 June 2011 for the Retail Entitlement Offer
20	Names of any underwriters	UBS AG, Australia Branch ( <b>UBS</b> ) and Citigroup Global Markets Australia Pty Limited ( <b>Citigroup</b> ) will, subject to the terms of the underwriting agreement, underwrite the Institutional and Retail Entitlement Offer.

+ See chapter 19 for defined terms.

21	Amount of any underwriting fee or commission	Each underwriter will be paid its respective proportion (which is 50%) of 2% of the number of Entitlement Offer Shares. UBS will be paid a management fee of 0.5% of the number of Entitlement Offer Shares.
22	Names of any brokers to the issue	Not applicable.
23	Fee or commission payable to the broker to the issue	Not applicable.
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of <sup>+</sup> security holders	Not applicable.
25	If the issue is contingent on <sup>+</sup> security holders' approval, the date of the meeting	Not applicable.
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	No prospectus or Product Disclosure Statement is being produced. An entitlement and acceptance form and retail entitlement offer booklet will be sent to Eligible Retail Shareholders on or around 19 May 2011.
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	Not applicable.
28	Date rights trading will begin (if applicable)	Not applicable.
29	Date rights trading will end (if applicable)	Not applicable.
30	How do <sup>+</sup> security holders sell their entitlements <i>in full</i> through a broker?	Not applicable.
31	How do <sup>+</sup> security holders sell <i>part</i> of their entitlements through a broker and accept for	Not applicable.

the balance?

32 How do <sup>+</sup>security holders dispose of their entitlements (except by sale through a broker)?

33 <sup>+</sup>Despatch date

### Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

34 Type of securities  
(tick one)

(a)  Securities described in Part 1

(b)  All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

#### Entities that have ticked box 34(a)

#### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

35  If the <sup>+</sup>securities are <sup>+</sup>equity securities, the names of the 20 largest holders of the additional <sup>+</sup>securities, and the number and percentage of additional <sup>+</sup>securities held by those holders

36  If the <sup>+</sup>securities are <sup>+</sup>equity securities, a distribution schedule of the additional <sup>+</sup>securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over

37  A copy of any trust deed for the additional <sup>+</sup>securities

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+ See chapter 19 for defined terms.

## Entities that have ticked box 34(b)

38 Number of securities for which  
+quotation is sought

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39 Class of +securities for which  
quotation is sought

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40 Do the +securities rank equally in  
all respects from the date of  
allotment with an existing +class  
of quoted +securities?

If the additional securities do not  
rank equally, please state:

- the date from which they do
- the extent to which they  
participate for the next  
dividend, (in the case of a  
trust, distribution) or interest  
payment
- the extent to which they do  
not rank equally, other than in  
relation to the next dividend,  
distribution or interest  
payment

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41 Reason for request for quotation  
now

Example: In the case of restricted securities, end  
of restriction period

(if issued upon conversion of  
another security, clearly identify  
that other security)

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42 Number and +class of all  
+securities quoted on ASX  
(including the securities in clause  
38)

Number	+Class

## Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:

(Company secretary)

Date: 16 May 2011

Print name: Craig Boyd.

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+ See chapter 19 for defined terms.

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+ See chapter 19 for defined terms.

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