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**GLOUCESTER
COAL**

Gloucester successfully completes the institutional component of its equity raising

Gloucester Coal Ltd (ASX: GCL) (**Gloucester**) today announced the successful completion of the c.A\$218 million underwritten institutional component of its 2 for 11 accelerated, non-renounceable pro rata entitlement offer (**Institutional Entitlement Offer**), which will result in the issue of 24.3 million new shares at the offer price of A\$9.00 per new share.

As announced on 16 May 2011, the net proceeds of the c.A\$230 million Entitlement Offer announced by Gloucester on 16 May 2011 (including the retail component described below) will be used to fund the Monash Acquisition (if it proceeds), partly fund repayment of existing Noble Group Limited (**Noble**) debt owed by Donaldson (if the Donaldson Acquisition proceeds) and associated costs.

As stated in the announcement on 16 May 2011, Noble did not take up its entitlement under the Institutional Entitlement Offer and, as a result, Noble's entitlement shares have been offered to institutional investors at the offer price of A\$9.00 per new share.

The Institutional Offer was very well supported by shareholders, with approximately 97% of eligible institutions (excluding Noble) taking up their entitlements, and new institutional investors joining Gloucester's share register. Following completion of the Institutional Entitlement Offer and issue of A\$360 million of new Gloucester shares to Noble in connection with the Donaldson Acquisition (subject to shareholder approval), Noble's shareholding in Gloucester is expected to reduce to 63.4% which will significantly increase Gloucester's free-float and liquidity.

Gloucester's non-executive chairman, Mr James MacKenzie said: "We are very pleased with this result. We have had a strong level of support from existing institutional shareholders and we welcome a number of new investors to Gloucester's register."

Settlement of the Institutional Entitlement Offer is expected to be completed 23 May 2011, with trading of new shares issued under the Institutional Entitlement Offer expected to commence on 24 May 2011.

Gloucester shares are expected to resume trading on the ASX today.

Commencement of the Retail Entitlement Offer

The size of the retail component of the entitlement offer (**Retail Entitlement Offer**), which is non-renounceable, is up to A\$12 million.

The Retail Entitlement Offer will open on 20 May 2011 and is expected to close at 5.00 pm (AEST) on 6 June 2011. Eligible retail shareholders will have the opportunity to subscribe for 2 new shares for every 11 existing Gloucester shares held at 7.00 pm (AEST) on 12 May 2011 (**Record Date**), at the offer price of A\$9.00 per new share, the same offer price as under the Institutional Offer.

Eligible retail shareholders may apply for new shares in excess of their entitlement up to a maximum of twice their Entitlement subject to availability and scale-back in accordance with the policy to be set out in the retail offer booklet.

Eligible retail shareholders wishing to participate in the Retail Entitlement Offer should carefully read the retail offer booklet and personalised Entitlement and Acceptance form which is expected to be mailed to eligible retail shareholders by 20 May 2011. The Retail Entitlement Offer is not being extended to shareholders outside Australia and New Zealand.

Retail shareholders who have further questions regarding the Retail Entitlement Offer should call the Gloucester Entitlement Offer Information Line on 1300 579 638 (within Australia) or +61 3 9415 4336 (from outside Australia) between 8.30 am and 5.00 pm (AEST) Monday to Friday during the Retail Entitlement Offer period. For other questions, you should consult your stockbroker, accountant, taxation adviser, financial adviser, or other professional adviser.

Timetable for the Retail Entitlement Offer

Event	Date
Record Date for the Entitlement Offer	12 May 2011
Retail Entitlement Offer opens	20 May 2011
Retail offer booklet and personalised Entitlement and Acceptance form despatched to Eligible Retail Shareholders	20 May 2011
Settlement of Institutional Entitlement Offer	23 May 2011
Allotment and trading of New Shares issued under the Institutional Entitlement Offer	24 May 2011
Retail Entitlement Offer closes	6 June 2011
Retail Entitlement Offer settlement	15 June 2011
Allotment of New Shares issued under the Retail Entitlement Offer	16 June 2011
Retail Trading date	17 June 2011



<i>Dates in relation to the General Meeting</i>	
Despatch of Notice of Meeting and Explanatory Memorandum including the Independent Expert's Report	on or around 7 June 2011
Voting Entitlements Date for the General Meeting	6 July 2011
General Meeting date	8 July 2011

The timetable is subject to change. Subject to its obligations under the underwriting agreement, Gloucester reserves the right to withdraw or vary the timetable for the offer without notice. In particular, subject to its obligations under the underwriting, Gloucester reserves the right to extend the closing date for the retail entitlement offer, to accept late applications either generally or in particular cases or to withdraw the retail entitlement offer without prior notice. The commencement of quotation of new shares is subject to confirmation from ASX.

For Further Information

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Important Information

This announcement does not constitute an offer for subscription, invitation, recommendation or sale with respect to the purchase or sale of any securities in any jurisdiction. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any "U.S. persons" (as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the **Securities Act**) (**U.S. persons**)). Neither the Entitlements nor the New Shares have been, or will be, registered under the Securities Act or any securities laws of any state or other jurisdiction of the United States and may not be offered, sold or otherwise transferred except in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and any other applicable securities laws.

This announcement is not financial product or investment advice nor a recommendation to acquire Gloucester shares and has been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek legal, taxation and financial advice appropriate to their jurisdiction and circumstances.

Gloucester is not licensed to provide financial product advice in respect of Gloucester shares or any other financial product.

An investment in Gloucester shares is subject to investment and other known and unknown risks, some of which are beyond the control of the Gloucester Group, including possible loss of income and principal invested. Gloucester does not guarantee any particular rate of return or the performance of the Gloucester Group, nor does it guarantee the repayment of capital from Gloucester or any particular tax



treatment. In considering an investment in Gloucester shares, investors should have regard to (amongst other things) the risks and disclaimers outlined in the Investor Presentation released to ASX on 16 May 2011.

