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GLOUCESTER COAL

Independent Directors Release

Gloucester Coal Ltd receives takeover offer from Macarthur Coal Limited

Gloucester Coal Ltd ("Gloucester") has received a notice of an intention to make a takeover offer from Macarthur Coal Limited ("Macarthur") to acquire all of the issued securities of Gloucester (the "Offer"). Under the takeover offer, Macarthur would offer Gloucester shareholders 0.84 Macarthur shares for every 1.00 Gloucester share held. Macarthur also intends to make a cash alternative available to Gloucester shareholders at A\$8.00 per Gloucester share held ("All Cash Alternative"). Gloucester's largest shareholder, Noble Group Limited ("Noble"), owner of 87.7% of the shares in Gloucester, will elect not to receive the All Cash Alternative if it chooses to accept the takeover offer.

Macarthur is in various stages of entering into the following arrangements with Noble (the "Noble Transactions"):

MIDDLEMOUNT

- in respect of Middlemount Coal Pty Ltd ("Middlemount"), Macarthur has entered into a conditional binding term sheet to:
 - acquire the remaining 25.34% interest in Middlemount not currently owned by Macarthur
 - cancel Noble's right to acquire a further 4.66% of the shares in Middlemount
 - cancel Noble's option to acquire a further 20% of Middlemount from Macarthur
 - reduce the royalty payable by Middlemount to Noble to 1.5% and terminate the marketing agreement with Noble in respect of Middlemount
- amongst other things, this term sheet is conditional upon reaching agreement with Noble on the Donaldson transaction (see below) and that agreement becoming unconditional
- the parties will continue to negotiate to agree and sign definitive legal documentation to more fully give effect to the terms agreed in the term sheet.



DONALDSON

- in respect of Donaldson Coal Pty Limited ("Donaldson"), Macarthur is progressing discussions with Noble to enter conditional agreements to, amongst other things:
 - acquire a majority interest (currently expected to be 79.9%, subject to further negotiations) of Donaldson Coal Holdings Limited, Donaldson's holding company
 - enter into a series of fixed price and index linked coal sales agreements. This will cover production from 2010 until 2018
 - reduce the royalty fee payable by Donaldson to Noble to 1.5%

Macarthur and Noble have agreed the form of a non-binding statement of principles in relation to certain high level commercial terms in relation to the Donaldson arrangements. However there are a considerable number of key commercial terms that are yet to be negotiated and there is no guarantee that it will be possible to reach agreement on binding agreements.

The consideration payable by Macarthur to Noble for the Noble Transactions will be cash of A\$175 million and 22.5 million Macarthur shares.

The current discussions between the parties in respect of Donaldson envisage Noble remaining responsible for logistics and shipping for Donaldson's product under a Coal Supply Chain Management Agreement.

Macarthur and Noble have entered into a Transaction Facilitation Deed - further details are set out in the announcement released today by Macarthur which is set out in Attachment 1.

Each of the Noble Transactions will be conditional, amongst other things, upon FIRB approval and the conditions precedent related to the Gloucester Offer becoming unconditional and Noble accepting the Gloucester Offer. The conditions to the Gloucester Offer are set out in Attachment 2.

Macarthur will issue a separate statement to ASX today in respect of a potential transaction with its major shareholder, CITIC Resources Holdings Limited ("CITIC Resources").

The Independent Directors of Gloucester have carefully considered Macarthur's Offer and unanimously recommend the Offer:

- (i) in the absence of a superior proposal; and
- (ii) subject to the Independent Expert finding that the proposal is fair and reasonable to Gloucester shareholders and that the consideration being given by Macarthur to Noble in respect of each of the Middlemount Acquisition and the Donaldson Acquisition is no more than fair market value of the assets being acquired.

The Independent Directors of Gloucester have appointed Deloitte Corporate Finance Pty Limited to prepare an Independent Expert's Report for Gloucester shareholders to determine whether the Offer is fair and reasonable to Gloucester shareholders and that the consideration being given by Macarthur to Noble in respect of each of the Middlemount Acquisition and the Donaldson Acquisition is no more than fair market value of the assets being acquired.

Gloucester Chairman, James MacKenzie said "The proposed transactions are intended to provide Gloucester shareholders with an opportunity to have a stake in a leading player in the Australian coal sector or to receive cash for their current holdings.

Gloucester shareholders can obtain an exposure to a suite of high quality producing and development coal mines – as well as maintaining an interest in the existing Gloucester assets.



The Independent Directors of Gloucester believe that the merged entity should have an attractive growth profile and benefit from the diversification of ports, mines and coal products.”

Based on the current trading of Macarthur, those Gloucester shareholders who choose to accept the scrip alternative should also benefit from increased liquidity and inclusion in the S&P/ASX 200 index.

The All Cash Alternative of A\$8.00 per Gloucester share may provide an attractive opportunity for some Gloucester shareholders. Gloucester shareholders should consider this alternative in light of their individual portfolio preferences and the conclusions of the Independent Expert’s Report.

All Gloucester shareholders should seek independent financial advice in light of their own potential circumstances.

TRANSACTION FEATURES

Macarthur has offered Gloucester shareholders 0.84 Macarthur shares for every 1.00 Gloucester share held. Based on a Macarthur closing price of A\$9.71 on 21 December 2009, this implies an offer price of A\$8.16 per share to Gloucester shareholders.

Based on historical market data as at 21 December 2009, this offer represents a premium of:

- 24.5% to Gloucester’s last traded price of Gloucester shares on ASX prior to the announcement of the transaction of A\$6.55;
- 26.6% to the 1 month Volume Weighted Average Price (“VWAP”) of Gloucester shares traded on ASX prior to the announcement of the transaction of A\$6.44; and
- 30.6% to the 3 month VWAP of Gloucester shares prior to the announcement of the transaction of A\$6.24.

Macarthur is also providing an All Cash Alternative of A\$8.00 cash per Gloucester share.

TRANSACTION DETAILS

A bid Implementation Agreement has been signed today by Macarthur and Gloucester, under which Macarthur agrees to make an off-market takeover offer for all of Gloucester’s outstanding shares.

The Offer is subject to a number of conditions including:

- 90% acceptance by Gloucester shareholders;
- The Independent Expert appointed by Gloucester concluding that Macarthur’s Offer is fair and reasonable to Gloucester shareholders and that the consideration being given by Macarthur to Noble in respect of each of the Middlemount Acquisition and the Donaldson Acquisition is no more than fair market value of the assets being acquired;
- Approval by Macarthur’s shareholders of Noble’s stake in Macarthur increasing beyond 20% and an Independent Expert appointed by Macarthur concluding that the issue of shares resulting in that increase are fair and reasonable to Macarthur shareholders; and
- FIRB and other regulatory approvals.

The full terms of the conditions to the Offer are set out in Attachment 2.



The Bid Implementation Agreement also includes mutual exclusivity provisions including a commitment not to solicit alternative transactions to the Offer. Further details regarding the key terms of the Bid Implementation Agreement in relation to these matters are set out in Attachment 3.

Macarthur's Bidder's and Gloucester's Target's Statements are planned to be sent to Gloucester shareholders in February 2010.

INDICATIVE TIMETABLE

Date	Event
22 December 2009	Announcement date
22 December 2009	Independent Expert appointed by Gloucester Independent Directors
Late February 2010*	Bidder's Statement lodged with ASIC and served on ASX and Gloucester

Indicative only and are subject to change without notice.

ADVISERS

UBS Investment Bank is acting as financial adviser to Gloucester and Minter Ellison is acting as legal adviser.

FOR FURTHER INFORMATION

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About Macarthur

Macarthur Coal (ASX: MCC) is the world's largest producer of seaborne low volatile pulverized coal injection coal (LV PCI) used for steel making. As a supplier to the world's leading steel producers, Macarthur exports its entire product around the globe. The company currently holds 73.3% of the Coppabella and Moorvale mines, located in Queensland's Bowen Basin.

The company is focused on organic growth through developing new mines from grass roots level and identifying and pursuing high growth market segments.

About Gloucester

Gloucester Coal (ASX: GCL) is a coal mining company with two mining operations, Stratford and Duralie, both located in the New South Wales Gloucester geological basin. The company also holds coal exploration licences which cover a large proportion of the basin and include a number of known coal deposits. Gloucester is focused on the production of both coking and thermal coal products. These products are produced through the efficient blending of coal from its Stratford, Duralie and satellite operations.

About Donaldson

Donaldson Coal's mining operations are based in the Hunter Valley just south of Maitland approximately 25 kilometres from Newcastle and Port Waratah. Production is sourced from the Donaldson open-cut mine, the Tasman underground mine and the Abel underground mine.

About Middlemount

Located 6 kilometres south-west of the township of Middlemount in central Queensland, Middlemount is expected to produce low volatile PCI coal and semi-hard coking coal.

About Noble

Noble Group (SGX: N21) is a market leader in managing the global supply chain of agricultural, industrial and energy products. The Group operates from over 100 offices in more than 40 countries, serving 4000+ customers. Noble manages a diversified portfolio of essential raw materials, integrating the sourcing, marketing, processing, financing and transportation. With 2008 annual revenues exceeding US\$36 billion, Noble owns and manages an array of strategic assets, sourcing from low cost producers such as Brazil, Argentina, Australia and Indonesia and supplying to high growth demand markets including China, India and the Middle East. Today, Noble has interests in grain crushing facilities, coal and iron ore mines, fuel terminals and storage facilities, sugar and ethanol plants, vessels, ports and other infrastructure to ensure high quality products are delivered in the most efficient and timely manner to its customers.

In late 2009, Noble Group was honored at the DHL SCMP Hong Kong Business Awards by winning the coveted International Award. During the year, Noble ranked #218 on the Fortune Global 500 and achieved "Investment Grade" ratings (Baa3) from Moody's Investors Service and (BBB-) from Standard & Poor's, complementing its initial "Investment Grade" rating (BBB-) from Fitch the previous year. In addition, Noble appears on the Forbes Global 2000 and Forbes Fab 50 lists of leading companies. Noble Group is among the 30 securities listed on the Straits Times Index.

Forward-looking statements

This announcement includes 'forward-looking statements'. These can be identified by the use of forward-looking words such as 'may', 'can', 'intend', 'expect', 'believe', 'should' or similar words. These forward-looking statements involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Gloucester, and its officers, employees, agents or associates. Actual outcomes may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. Readers are cautioned not to place undue reliance on forward-looking statements and Gloucester assumes no obligation to update such information.



Attachment 1: Macarthur Announcement re Gloucester



MACARTHUR COAL (ASX:MCC) ANNOUNCES RECOMMENDED TAKEOVER OF GLOUCESTER COAL AND CONDITIONAL ACQUISITIONS OF ASSETS FROM NOBLE GROUP

22 December 2009

Macarthur Coal Limited ("Macarthur") today announced:

- **an intention to acquire 100% of Gloucester Coal Ltd ("Gloucester") through an off-market takeover offer valuing Gloucester at A\$8.16 per share (scrip offer with cash alternative)**
- **an intention to acquire Noble Group Limited's ("Noble") interest in the Middlemount JV, taking Macarthur's ownership to 100% including all marketing rights for Middlemount product**
- **it is continuing discussions with Noble to acquire a majority stake (currently expected to be 79.9% subject to further negotiations) in Donaldson Coal Holdings Ltd ("Donaldson")**

On completion of the proposed transactions, Macarthur will be Australia's leading independent coal producer and a significant ASX listed company with a market capitalisation of approximately A\$3.4 billion¹. Key features of the new Macarthur would include:

- Size and scale with six operating mines in two States currently shipping through two coal terminals
- Growth potential supported by future port capacity allocations at Abbot Point and Newcastle Coal Infrastructure Group ("NCIG")
- Substantial reserve and resource base to support development, with upside potential, including an advanced development project in Middlemount
- Geographic, mine, product and port diversification with new operations in the Gloucester Basin and Newcastle Coalfield to complement existing operations in the Bowen Basin
- Significant additional product diversification with the addition of Gloucester's coking coal and Donaldson's thermal coal to Macarthur's existing leading PCI portfolio
- Significant development opportunities with large tenement portfolio
- Experienced Board and management team, including the addition of highly experienced coal industry executives from Gloucester and Donaldson

Macarthur Chairman, Keith DeLacy, said "The proposed transactions will create a great Australian coal company.

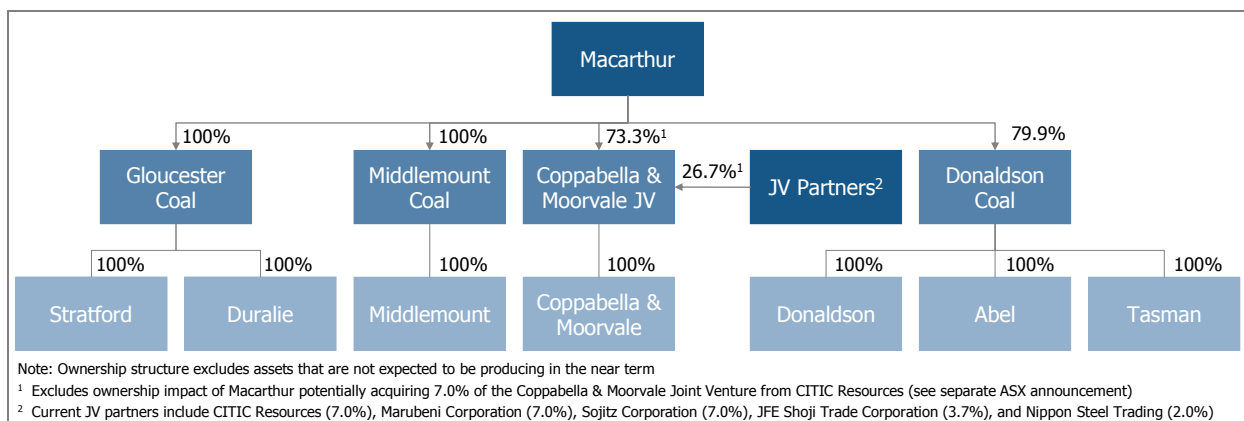
¹ Based on current trading prices of Macarthur shares



“The transactions will transform Macarthur into Australia’s leading independent coal producer with pro forma 2009 sale volumes of 7.5 million tonnes and strong geographic, mine, port and product diversification.

“Gloucester and Macarthur shareholders will have exposure to high quality producing coal mines in three separate coal basins, with strong growth potential. Gloucester shareholders will also have the benefit of participating in future dividends paid by Macarthur.”


Pro forma Macarthur ownership structure



Rationale for the Gloucester Offer and the Noble Transactions

- **Macarthur will be a leading player in the Australian coal sector** – after the transactions Macarthur will have an equity market value of approximately A\$3.4 billion and will have a significantly increased production profile with pro forma 2009A sale volumes of 7.5 million tonnes
- **Substantial resources and reserves base** – the merged entity will have pro forma attributable reserves and resources (excluding reserves) of 316.5 million tonnes and 1.8 billion tonnes² respectively to support development. The merged entity will also have considerable upside potential through the combination of Macarthur’s and Gloucester’s extensive exploration tenements
- **Geographic, mine, product and port diversification** – the merged entity provides both Macarthur and Gloucester shareholders with greater geographical, mine and port diversification, which will enhance the flexibility to diversify risk and optimise production and sales. The merged entity will also have significantly greater product diversification with pro forma 2009A sale volumes of 44% LV PCI, 8% export coking, 47% export thermal coal and 1% domestic thermal coal
- **Significant development pipeline** – the merged entity has a significant portfolio of growth projects which will continue to underpin the estimated strong production growth. Assets in the development stage include Middlemount in the Bowen Basin and the Abel expansion in the Newcastle Coalfield
- **Required infrastructure allocation in place** – through the acquisition of Donaldson, with NCIG port capacity entitlements and Macarthur’s expected allocation at Abbot Point, the merged entity will

² Refer to Annexures 4, 5 and 6 for detailed reserves and resources, and Competent Person statements, for Macarthur, Gloucester and Donaldson



have the required port infrastructure in place to underpin the growth profile of both existing and development assets

Macarthur Managing Director, Nicole Hollows, said, "Macarthur Coal will have greatly expanded scale and diversity in terms of geography, mines, ports and products.

"We will operate six mines in two States shipping through two port terminals, increasing to four with future capacity allocations at NCIG and Abbot Point.

"Future growth of Macarthur Coal would be underpinned by the Middlemount project which is at an advanced stage of development, existing and future port capacity allocation and substantial new project opportunities with our extensive tenement portfolio."

Gloucester Offer

Macarthur intends to make an off-market takeover offer to acquire all of the issued securities of Gloucester ("Gloucester Offer"). Under the Gloucester Offer, Macarthur would provide Gloucester shareholders 0.84 Macarthur shares for every 1.00 Gloucester share held ("All Scrip Offer").

The All Scrip Offer implies a Gloucester Offer price of \$8.16 per Gloucester security³ valuing Gloucester's equity at A\$669 million, and represents a premium of:

- 24.5% to Gloucester's closing price on 21 December 2009, being the last trading day prior to the announcement of the Gloucester Offer
- 26.6% to the 1-month Volume Weighted Average Price⁴ ("VWAP") of Gloucester shares
- 30.6% to the 3-month VWAP⁵ of Gloucester shares
- 38.5% to the 6-month VWAP⁶ of Gloucester shares.

Macarthur also intends to make a cash alternative available to Gloucester shareholders at A\$8.00 per Gloucester share held ("All Cash Alternative"). Gloucester's largest shareholder, Noble, will elect not to receive the All Cash Alternative if it chooses to accept the takeover offer.

The Independent Directors of Gloucester have unanimously recommended that Gloucester shareholders accept the Gloucester Offer by Macarthur in the absence of a superior proposal and subject to a favourable Independent Expert's Report.

Upon completion of the acquisition, two Gloucester directors will be offered positions on the Macarthur Board.

Macarthur also envisages enhancing its current management team through offers of continuing employment to a number of Gloucester executives. It is proposed that Barry Tudor (currently the Managing Director and CEO of Gloucester) will be offered a senior executive position of the combined entity, and the current Chief Operating Officer of Gloucester, Graham Colliss, will be offered a senior management role within the combined entity. Peter Kane from Macarthur will continue as Chief Operating Officer for Macarthur's Queensland assets.

³ Based on Macarthur's closing share price of \$9.71 on 21 December 2009

⁴ Based on the 1-month VWAP of A\$6.44 between 23 November 2009 and 21 December 2009

⁵ Based on the 3-month VWAP of A\$6.24 between 22 September 2009 and 21 December 2009

⁶ Based on the 6-month VWAP of A\$5.89 between 22 June 2009 and 21 December 2009



The Gloucester Offer is subject to a number of conditions including a 90% minimum acceptance condition and FIRB approval. Refer to Annexure 1 for a detailed description of the conditions. Macarthur and Gloucester have entered into a Bid Implementation Agreement which includes customary exclusivity arrangements (refer to Annexure 2 for a summary description).

Transactions with Noble

Macarthur is in various stages of entering into the following arrangements with Noble (the "Noble Transactions"):

Middlemount

- in respect of Middlemount Coal Pty Ltd ("Middlemount"), Macarthur has entered into a conditional binding term sheet to:
 - acquire the remaining 25.34% interest in Middlemount not currently owned by Macarthur
 - cancel Noble's right to acquire a further 4.66% of the shares in Middlemount
 - cancel Noble's option to acquire a further 20% of Middlemount from Macarthur
 - reduce the royalty payable by Middlemount to Noble to 1.5% and terminate the marketing agreement with Noble in respect of Middlemount
- Macarthur will offer to employ Hisanao Kato in a senior marketing role and William Kendall in a senior business development role, subject to Macarthur and the relevant individual agreeing on remuneration and the terms and conditions of employment
- amongst other things, this term sheet is conditional upon reaching agreement with Noble on the Donaldson transaction and that agreement becoming unconditional
- the parties will continue to negotiate to agree and sign definitive legal documentation to more fully give effect to the terms agreed in the term sheet.

Donaldson

- in respect of Donaldson, Macarthur is progressing discussions with Noble to enter into conditional agreements to, amongst other things:
 - acquire a majority interest (currently expected to be 79.9%, subject to further negotiations) of Donaldson
 - enter into a series of fixed price and index linked coal sales agreements. This will cover production from 2010 until 2018
 - reduce the royalty fee payable by Donaldson to Noble to 1.5%

Macarthur and Noble have agreed the form of a non-binding statement of principles in relation to certain high level commercial terms regarding the Donaldson arrangements. However, there are a considerable number of key commercial terms that are yet to be negotiated and there is no guarantee that it will be possible to reach binding agreements.



The consideration for the Noble Transactions is A\$175 million in cash and 22.5 million Macarthur shares issued at a price of A\$9.70 per share. This will be in addition to the 60.4 million Macarthur shares that Noble will receive if the Gloucester Offer proceeds and they accept the All Scrip Offer for their 87.7% interest in Gloucester.

The current discussions between the parties in respect of Donaldson envisage Noble remaining responsible for logistics and shipping for Donaldson's product under a Coal Supply Chain Management Agreement.

Macarthur and Noble have entered into a Transaction Facilitation Deed, the terms of which are summarised in Annexure 3.

Each of the Noble Transactions will be conditional, amongst other things, upon FIRB approval, the Gloucester Offer becoming unconditional and Noble accepting the Gloucester Offer. The conditions to the Gloucester Offer are set out in Annexure 1.

Funding

Macarthur will finance the cash component of the Gloucester Offer from its existing cash resources (in excess of A\$300 million as at 30 November 2009).

Macarthur will finance the cash components of the Noble Transactions from its existing cash resources.

Pro forma shareholding of Macarthur

Each of the Gloucester Offer and the Noble Transactions result in the issuance of Macarthur ordinary shares. Consequently, Macarthur has considered carefully the likely composition of its share register following the proposed transactions. In summary, Macarthur believes its register will reflect the following, post completion of these transactions:

Shareholder	Pro forma ownership
Noble and associated entities	24.0%
CITIC Resources and associated entities	16.5%
Macarthur shareholders other than CITIC Resources and Noble	57.1%
Former Gloucester shareholders other than Noble	2.4%

It should be noted that these percentages above are based on a 100% scrip offer to all Gloucester shareholders and will change to the extent that Gloucester shareholders other than Noble take the cash alternative made available to them.

Transaction timing

It is intended that Macarthur's Bidder's Statement will be despatched to Gloucester shareholders in late February 2010.

Other considerations

Macarthur will issue a separate statement to ASX today in respect of a transaction with its major shareholder, CITIC Resources Holdings Limited ("CITIC Resources").



Advisers

J.P. Morgan is acting as Macarthur's financial adviser, Pricewaterhouse Coopers as accounting and tax adviser and Corrs Chambers Westgarth as legal adviser.

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About Macarthur Coal

Macarthur Coal (ASX: MCC) is the world's largest producer of seaborne low volatile pulverized coal injection coal (LV PCI) used for steel making. As a supplier to the world's leading steel producers, Macarthur exports its entire product around the globe. The company currently holds 73.3% of the Coppabella and Moorvale mines, located in Queensland's Bowen Basin.

The company is focused on organic growth through developing new mines from grass roots level and identifying and pursuing high growth market segments.

About Gloucester Coal

Gloucester Coal Ltd (ASX: GCL) is a coal mining company with two mining operations, Stratford and Duralie, both located in the New South Wales Gloucester basin 100 km north of Newcastle. The company also holds coal exploration licences which cover a large proportion of the basin and include a number of known coal deposits. Gloucester is focused on the production of both coking and thermal coal products. These products are produced through the efficient blending of coal from its Stratford, Duralie and satellite operations.

About Donaldson Coal

Donaldson Coal's mining operations are based in the Hunter Valley just south of Maitland approximately 25 kilometres from Newcastle and Port Waratah. Production is sourced from the Donaldson open-cut mine, the Tasman underground mine and the Abel underground mine.

About Middlemount

Located 6 kilometres south-west of the township of Middlemount in central Queensland, Middlemount is expected to produce low volatile PCI coal and semi-hard coking coal.



About Noble

Noble Group (SGX: N21) is a market leader in managing the global supply chain of agricultural, industrial and energy products. The Group operates from over 100 offices in more than 40 countries, serving 4000+ customers. Noble manages a diversified portfolio of essential raw materials, integrating the sourcing, marketing, processing, financing and transportation. With 2008 annual revenues exceeding US\$36 billion, Noble owns and manages an array of strategic assets, sourcing from low cost producers such as Brazil, Argentina, Australia and Indonesia and supplying to high growth demand markets including China, India and the Middle East. Today, Noble has interests in grain crushing facilities, coal and iron ore mines, fuel terminals and storage facilities, sugar and ethanol plants, vessels, ports and other infrastructure to ensure high quality products are delivered in the most efficient and timely manner to its customers.

In late 2009, Noble Group was honored at the DHL SCMP Hong Kong Business Awards by winning the coveted International Award. During the year, Noble ranked #218 on the Fortune Global 500 and achieved "Investment Grade" ratings (Baa3) from Moody's Investors Service and (BBB-) from Standard & Poor's, complementing its initial "Investment Grade" rating (BBB-) from Fitch the previous year. In addition, Noble appears on the Forbes Global 2000 and Forbes Fab 50 lists of leading companies. Noble Group is among the 30 securities listed on the Straits Times Index.



ANNEXURE 1

Conditions of the Gloucester Offer

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

1.1 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.

1.2 No Gloucester Prescribed Occurrences

No Gloucester Prescribed Occurrence occurs during the Condition Period.

1.3 FIRB

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

- (a) 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;
- (b) 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
- (c) 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.

1.4 No action by Regulatory Authority materially adversely affecting the Offer

That during the Condition Period:

- (a) there is not in effect any preliminary or final decision, order or decree issued by a Regulatory Authority;
- (b) no inquiry, action or investigation is instituted, or threatened by any Regulatory Authority; or
- (c) no application is made to any Regulatory 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 the 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.



1.5 Approvals by a Regulatory Authority

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

- (a) as are necessary to permit the Offer to be lawfully made to and accepted by Gloucester Shareholders;
- (b) 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;
- (c) as are necessary to permit the completion of any transaction contemplated by the Bidder's Statement; or
- (d) 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.

1.6 No further dividends, distributions or redemptions

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

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

1.7 No material acquisitions, disposals or new commitments

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

- (a) 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;
- (b) disposes of, offers to dispose of, or agrees to dispose of:
 - (i) 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
 - (ii) 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:



- (iii) 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
 - (iv) hedging forward sales of coal in the ordinary course of business and in accordance with Gloucester's hedging policy disclosed in Gloucester's 2009 annual report;
- (c) enters into, or offers to enter into, any agreement, joint venture, partnership, farm-in agreement, management agreement, arrangement or commitment which:
- (i) 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
 - (ii) 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 in the ordinary course of business on arm's length terms;

- (d) enters into, or offers to enter into, a transaction that has the same economic effect as any of the things in **clauses 1.7(a), (b) or (c)**; or
- (e) Gloucester resolves to do any of the things in **clauses 1.7(a), (b), (c) or (d)**.

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 clause **1.7(b)(iii) or (iv) or the exclusion in clause 1.7(c)**.

1.8 Conduct of Gloucester's business

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

- (a) makes any changes to its constitution or passes any special resolution;
- (b) borrows or agrees to borrow any money except for:
 - (i) working capital borrowing from its bankers in the ordinary course of business; and
 - (ii) 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;
- (c) 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;
- (d) 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;
- (e) except as required by law does any of the following:
 - (i) 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;
 - (ii) makes or agrees to make any substantial change in the basis or amount of remuneration of any director, executive officer or other employee; or



- (iii) 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;
- (f) conducts its business otherwise than in the ordinary course;
- (g) 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 Options, domestic supply arrangements with Australian steel companies on arm's length terms, the supply of blending coal for JFY10 on arm's length terms and spot coal transactions of less than 25,000 tonnes at prevailing market prices);
- (h) 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 Options);
- (i) 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);
- (j) becomes subject to investigation under the *Australian Securities and Investments Commission Act 2001* (Cth) or any corresponding legislation; or
- (k) is in material breach of its obligations under chapter 3 of the ASX Listing Rules or discloses information to ASX which is not true and correct in all material respects.

1.9 No material adverse change

That during the Condition Period, no Gloucester Material Adverse Change occurs.

1.10 Independent Expert Reports

- (a) The Gloucester Independent Expert's 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.
- (b) The Macarthur Independent Expert issues its report to Macarthur Shareholders, which contains a conclusion that the proposed issue of Macarthur Shares to Subsidiaries of Noble under the Offer, the Middlemount Acquisition and the Donaldson Acquisition is fair and reasonable to Macarthur shareholders before the date on which the Bidder's Statement is to be despatched to the Gloucester Shareholders, and the Macarthur Independent Expert does not publicly change its conclusions or publicly withdraw its report prior to the end of the Offer Period.

1.11 Macarthur shareholder approval

Macarthur shareholders pass a resolution at the Macarthur Shareholder Meeting to approve Noble and its Associates increasing their voting power in Macarthur to above 20% for the purposes of section 611 item 7 of the Corporations Act as a result of:

- (a) accepting the Offer;
- (b) the Middlemount Acquisition; and
- (c) the Donaldson Acquisition.



Definitions

Condition Period means the period beginning on the Announcement Date and ending at the end of the Offer Period.

Favourable Conclusions means conclusions of the Gloucester Independent Expert to the effect that:

- (a) the Offer is fair and reasonable to Gloucester Shareholders; and
- (b) neither Noble Group nor any Associate of Noble Group will receive a net benefit in respect of each of the Middlemount Acquisition and the Donaldson Acquisition.

Gloucester Material Adverse Change means 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 Prescribed Occurrence means the occurrence of any of the following:

- (a) Gloucester converts all or any of its shares into a larger or smaller number of shares;
- (b) Gloucester or any Subsidiary of Gloucester resolves to reduce its share capital in any way;
- (c) Gloucester or any Subsidiary of Gloucester:
 - (i) enters into a buy back agreement in relation to its shares; or
 - (ii) resolves to approve the terms of a buy back agreement of its shares;
- (d) Gloucester or any Subsidiary of Gloucester issues shares other than on exercise of the Options or grants an option over its shares or agrees to make such an issue or grant such an option;
- (e) Gloucester or any Subsidiary of Gloucester issues, or agrees to issue, convertible notes;



- (f) Gloucester or any Subsidiary of Gloucester disposes or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (g) Gloucester or any Subsidiary of Gloucester charges or agrees to charge the whole, or a substantial part, of its business or property;
- (h) Gloucester or any Subsidiary of Gloucester resolves to be wound up;
- (i) a liquidator or provisional liquidator of Gloucester or a Subsidiary is appointed;
- (j) a court makes an order for the winding up of Gloucester or any Subsidiary of Gloucester;
- (k) an administrator of Gloucester or 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 a Subsidiary of Gloucester.



ANNEXURE 2

Summary Bid Implementation Agreement for the Gloucester Offer

Macarthur and Gloucester have entered into an implementation agreement which provides the framework for proposing and implementing Macarthur's offer. A summary of the key provisions is set out below.

Exclusivity arrangements

The agreement contains mutual exclusivity obligations which apply until the earlier of 30 June 2010 and the date on which the implementation agreement is terminated. These obligations are subject to appropriate carve outs reflecting the statutory and fiduciary duties of both the Macarthur and Gloucester Boards.

During the exclusivity period both parties must ensure that neither it nor its representatives:

- (a) 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**);
- (b) directly or indirectly enter into or participate in any discussions or negotiations with any person regarding a third party proposal;
- (c) grant any other person any right to conduct due diligence in respect of it or any of its related entities;
- (d) enter to any arrangement which may lead to a third party proposal; or
- (e) endorse or propose to endorse any third party proposal.

The parties 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 or Gloucester Board (as applicable), after receiving legal advice, constitute a breach of the Macarthur or Gloucester directors' fiduciary and statutory duties.

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.

Promotion of Gloucester Offer

Gloucester has certain standard obligations to promote the Gloucester Offer, such as including statements in all public statements to the effect that the Gloucester Independent Directors recommend that shareholders accept the Gloucester Offer subject to no superior proposal and a favourable independent expert's report.



Board appointments

Upon the Gloucester Offer becoming unconditional and Macarthur acquiring a relevant interest in more than 50% of the voting shares of Gloucester, Macarthur has agreed to use reasonable endeavours to appoint up to two Gloucester directors to the Macarthur Board.

Options

Gloucester must use reasonable endeavours to enter into an agreement in relation to the cancellation or exercise of the outstanding employee options conditional upon the Gloucester Offer becoming unconditional and Macarthur acquiring a relevant interest in more than 50% of the voting shares of Gloucester.



ANNEXURE 3

Summary of the Transaction Facilitation Deed

Macarthur and Noble have entered into a Transaction Facilitation Deed which provides the framework for proposing and implementing Macarthur's offer. A summary of some of the key provisions is set out below:

- Noble agrees that if it chooses to accept the Gloucester Offer, it will not choose the All Cash Alternative in relation to its Gloucester shares
- Subject to agreement and documentation of the Noble Transactions to Noble's satisfaction by 28 February 2010, Noble's option to acquire an additional 20% interest in Middlemount from Macarthur will be terminated if Noble chooses not to accept the Gloucester Offer in circumstances where all conditions to the Gloucester Offer (other than the 90% minimum acceptance condition) and the Noble Transactions (other than the Gloucester 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 option should the Middlemount transaction proceed)
- Noble agrees not to increase its relevant interest in Macarthur shares above 24.0% (or if the CITIC transaction also to be announced today does not proceed or until it does proceed, such higher percentage holding which results from its acceptance of the Gloucester Offer and completion of the Noble Transactions) for 12 months following the issue of any Macarthur shares to it under the Gloucester Offer. The agreement not to increase its holding terminates in certain circumstances, including:
 - if binding documentation in respect of the Noble Transactions is not executed on or before 28 February 2010
 - if there is a change of control transaction announced in respect of Macarthur
 - 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 the Noble group.

In addition, the restriction does not apply:

- as a result of a Macarthur buy back
- in connection with a Macarthur pro rata issue, dividend reinvestment plan or bonus share plan



ANNEXURE 4 Competent Person Statement for Macarthur Coal

Resource and reserve statement (100% basis) as at 30 June 2009¹

	Resources (mmt)				Reserves (mmt)			Competent Person ¹
	Measured	Indicated	Inferred	Total	Proven	Probable	Total	
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	1,7
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 ²	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 Refer to slide 22 for Competent Person Statements

² Adjusted for revised Monto resource announced on 11 November 2009

All Resources, with the exception of those at Monto, comply with the JORC Code 2004. Monto was modelled in 2002 and Coal Resources currently comply with the 1999 edition of the JORC Code.

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

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

The information in this report that relates to Coal Resources at Olive Downs North, Vermont East/Wilunga and Codrilla, 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, CPGeo, 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 Coal Limited. Lance Grimstone is employed by Lance Grimstone & Associates (Consulting) Pty Ltd (ABN 23 114 977 829).

The information in this report that relates to Coal Resources at Moorvale West, Olive Downs South and West Rolleston 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, CPGeo, 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 in this report that relates to Coal Reserves at Olive Downs is based on information compiled by Alwyn Hyde-Page, BE Mining (Hons), FAusIMMCP (5). Alwyn Hyde-Page is a member of The Minserve Group Pty Ltd (ABN 43 010 995 767).

The information in this report that relates to Coal Resources at Middlemount 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 in this report that relates to the Underground Coal Reserves at Moorvale 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.

The information in this report that relates to Coal Resources at Monto 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 and Jack Steenekamp 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 1999 and 2004 editions of the Australasian Code of Reporting of Mineral Resources and Ore Reserves.

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



ANNEXURE 5 Competent Person Statement for Gloucester Coal

Resource and reserve statement as at 31 December 2008					
	Resources (mmt)				Reserves (mmt)
	Measured	Indicated	Inferred	Total	Proven & Probable
Stratford ¹	7.1	17.2	11.0	35.3	18.5
Grant & Chainey	-	-	33.0	33.0	-
Duralie open cut	11.8	25.0	4.0	40.8	26.8
Duralie underground	0.9	39.9	59.0	99.8	-
Total	19.8	82.1	107.0	208.9	45.3

¹ Reserves adjusted for upgrade at Stratford as at 21 October 2009

Note on Resources:

1) The estimates of Coal Resources presented in this table have been carried out in accordance with the "2004 Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (The JORC Code)" prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia. Resource totals have been rounded to appropriate levels of accuracy in accordance with the 2004 JORC Code. Coal Resources are reported inclusive of Coal Reserves (i.e. Coal Reserves are not additional to Coal Resources).

2) Coal Resources were updated by subtraction of mined tonnes.

3) In the co-disposal area of Roseville West, resources are estimated to 100m below the original surface as the reject material is being reprocessed over the next few years.

4) The information in this report that relates to Coal Resources is based on the information compiled by Ms Janet Bartolo, a full-time employee of McElroy Bryan Geological Services Pty Ltd.

5) 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 report of the matters based on her information in the form and context in which it appears.

Note on Reserves:

1) The estimates of Coal Reserves presented in this table have been carried out in accordance with the "2004 Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (The JORC Code)" prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.

2) Reserve totals have been rounded to appropriate levels of accuracy in accordance with the 2004 JORC Code. This statement does not include tonnage associated with the co-disposal material which is reprocessed through the Stratford preparation plant.

3) The information in the update above that relates to Coal Reserves is based on information compiled by (A) Mr Robert MacKenzie, a full-time employee of Minarco-MineConsult Pty Ltd, and (B) Mr Shaun Tamplin, a full-time employee of Tamplin Resources Pty Ltd.

4) 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 2004 Edition of the "Australian Code for Reporting Mineral Resources and Ore Reserves (The JORC Code)". Mr MacKenzie and Mr Tamplin consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.



ANNEXURE 6 Competent Person Statement for Donaldson Coal

Resource and reserve statement as at 1 July 2009

Mine	Resources (mmt)				Reserves (mmt)			Competent Person
	Measured ¹	Indicated ¹	Inferred ¹	Total ¹	Proven ²	Probable ²	Total ²	
Open-cut ³	-	-	-	-	2.5	-	2.5	1,2
Tasman	48.9	20.7	12.0	81.6	19.5	6.2	25.7	1,2
Tasman Extension	79.8	56.3	37.6	173.7	1.0	8.2	9.3	1,2
Abel	288.1	63.3	3.3	354.7	45.9	16.3	62.2	1,2
Abel Extension	128.7	77.2	69.5	275.4	26.4	26.4	52.8	1,2
Total	545.5	217.5	122.4	885.4	95.4	57.1	152.4	

Note: Resources are inclusive of Reserves

¹ Million tonnes at air-dried moisture of 2.4 – 3.8%

² Million tonnes as received at 6% moisture. Inclusive of marketable reserves

³ Open-cut resources are not reported

(1) All Resources comply with the JORC Code 2004. The information in this table that relates to Coal Resources at the Tasman Underground Mine and Abel Underground Mine, and the two prospects, the Abel Extension and Tasman Extension, is based on information compiled by Ian D. Blayden, employed by Geological and Management Services Pty Ltd ABN 47001 256 248. Ian Blayden is a member of the Mineral Industry Consultants Association and a member of The Australian Institute of Geoscientists.

(2) The Reserves Statement complies with the JORC Code 2004. The information in this table that relates to Coal Reserves at the Tasman Underground Mine and Abel Underground Mine, and the two prospects, the Abel Extension and Tasman Extension, is based on information compiled by David A. Thomas, employed by IMC Mining Solutions Pty Ltd. Mr. Thomas is a member of AusIMM.

Both Mr. Blayden and Mr. Thomas have sufficient experience which is relevant to the style and 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 edition of the Australasian Code of Reporting of Mineral Resources and Ore Reserves.

Mr Blayden and Mr Thomas consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.



Attachment 2: Gloucester Offer Conditions

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

1.1 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 Gloucester Shares on issue.

1.2 No Gloucester Prescribed Occurrences

No Gloucester Prescribed Occurrence occurs during the Condition Period.

1.3 Foreign Investment Review Board ("FIRB")

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

- a) 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;
- b) 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
- c) 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.

1.4 No action by Regulatory Authority materially adversely affecting the Offer

That during the Condition Period:

- a) there is not in effect any preliminary or final decision, order or decree issued by a Regulatory Authority;
- b) no inquiry, action or investigation is instituted, or threatened by any Regulatory Authority; or
- c) no application is made to any Regulatory 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 the 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.



1.5 Approvals by a Regulatory Authority

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

- a) as are necessary to permit the Offer to be lawfully made to and accepted by Gloucester Shareholders;
- b) 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;
- c) as are necessary to permit the completion of any transaction contemplated by the Bidder's Statement; or
- d) 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.

1.6 No further dividends, distributions or redemptions

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

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

1.7 No material acquisitions, disposals or new commitments

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

- a) 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;
- b) disposes of, offers to dispose of, or agrees to dispose of:
 - (i) 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
 - (ii) 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:

- (iii) 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



- (iv) hedging forward sales of coal in the ordinary course of business and in accordance with Gloucester's hedging policy disclosed in Gloucester's 2009 annual report;
- c) enters into, or offers to enter into, any agreement, joint venture, partnership, farm-in agreement, management agreement, arrangement or commitment which:
 - (i) 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
 - (ii) 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 in the ordinary course of business on arm's length terms;
- d) enters into, or offers to enter into, a transaction that has the same economic effect as any of the things in clauses 1.7(a), (b) or (c); or
- e) Gloucester resolves to do any of the things in clauses 1.7 (a), (b), (c) or (d)

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 clause 1.7(b)(iii) or (iv) or the exclusion in clause 1.7(c).

1.8 Conduct of Gloucester's business

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

- a) makes any changes to its constitution or passes any special resolution;
- b) borrows or agrees to borrow any money except for:
 - (i) working capital borrowing from its bankers in the ordinary course of business; and
 - (ii) 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 subject of such arrangements does not exceed \$50 million;
- c) 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;
- d) 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;
- e) except as required by law does any of the following:
 - (i) 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;
 - (ii) makes or agrees to make any substantial change in the basis or amount of remuneration of any director, executive officer or other employee; or



- (iii) 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;
- f) conducts its business otherwise than in the ordinary course;
- g) 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 Options, domestic supply arrangements with Australian steel companies on arm's length terms, the supply of blending coal for JFY10 on arm's length terms and spot coal transactions of less than 25,000 tonnes at prevailing market prices);
- h) 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 Options);
- i) 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);
- j) becomes subject to investigation under the Australian Securities and Investments Commission Act 2001 (Cth) or any corresponding legislation; or
- k) is in material breach of its obligations under chapter 3 of the ASX Listing Rules or discloses information to ASX which is not true and correct in all material respects.

1.9 No material adverse change

That during the Condition Period, no Gloucester Material Adverse Change occurs.

1.10 Independent Expert Reports

- a) The Gloucester Independent Expert's 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.
- b) The Macarthur Independent Expert issues its report to Macarthur Shareholders, which contains a conclusion that the proposed issue of Macarthur Shares to Subsidiaries of Noble under the Offer, the Middlemount Acquisition and the Donaldson Acquisition is fair and reasonable to Macarthur shareholders before the date on which the Bidder's Statement is to be despatched to the Gloucester Shareholders, and the Macarthur Independent Expert does not publicly change its conclusions or publicly withdraw its report prior to the end of the Offer Period.

1.11 Macarthur shareholder approval

Macarthur shareholders pass a resolution at the Macarthur Shareholder Meeting to approve Noble and its Associates increasing their voting power in Macarthur to above 20% for the purposes of section 611 item 7 of the Corporations Act as a result of:

- a) accepting the Offer;
- b) the Middlemount Acquisition; and
- c) the Donaldson Acquisition.



Attachment 3: Key terms of Bid Implementation Agreement between Macarthur and Gloucester

Macarthur and Gloucester have entered into an implementation agreement which provides the framework for proposing and implementing Macarthur's offer. The key provisions are set out below.

Exclusivity arrangements

The agreement contains mutual exclusivity obligations which apply until the earlier of 30 June 2010 and the date on which the implementation agreement is terminated. These obligations are subject to appropriate carve outs reflecting the statutory and fiduciary duties of both the Macarthur and Gloucester Boards.

During the exclusivity period each party must ensure that neither it nor its representatives:

- a) 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**);
- b) directly or indirectly enter into or participate in any discussions or negotiations with any person regarding a third party proposal;
- c) grant any other person any right to conduct due diligence in respect of it or any of its related entities;
- d) enter to any arrangement which may lead to a third party proposal; or
- e) endorse or propose to endorse any third party proposal.

The parties 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 or Gloucester Board (as applicable), after receiving legal advice, constitute a breach of the Macarthur or Gloucester directors' fiduciary and statutory duties.

Definitions

Condition Period means the period beginning on the Announcement Date and ending at the end of the Offer Period.

Gloucester Material Adverse Change means 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):
- c) 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;
- d) 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



- e) 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 Prescribed Occurrence means the occurrence of any of the following:

- a) Gloucester converts all or any of its shares into a larger or smaller number of shares;
- b) Gloucester or any Subsidiary of Gloucester resolves to reduce its share capital in any way;
- c) Gloucester or any Subsidiary of Gloucester:
 - (i) enters into a buy back agreement in relation to its shares; or
 - (ii) resolves to approve the terms of a buy back agreement of its shares;
- d) Gloucester or any Subsidiary of Gloucester issues shares other than on exercise of the Options or grants an option over its shares or agrees to make such an issue or grant such an option;
- e) Gloucester or any Subsidiary of Gloucester issues, or agrees to issue, convertible notes;
- f) Gloucester or any Subsidiary of Gloucester disposes or agrees to dispose, of the whole, or a substantial part, of its business or property;
- g) Gloucester or any Subsidiary of Gloucester charges or agrees to charge the whole, or a substantial part, of its business or property;
- h) Gloucester or any Subsidiary of Gloucester resolves to be wound up;
- i) a liquidator or provisional liquidator of Gloucester or a Subsidiary is appointed;
- j) a court makes an order for the winding up of Gloucester or any Subsidiary of Gloucester;
- k) an administrator of Gloucester or 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 a Subsidiary of Gloucester.