

DIRECTORS' OBLIGATIONS TO NOTIFY THE ASX OF SHAREHOLDINGS AND OPTIONS

Corporations Act

Under the provisions of the Corporations Act (Section 205G) the Directors of Gloucester Coal Ltd (**Gloucester Coal**) are required to notify the Australian Stock Exchange (ASX) regarding their shareholdings and share options in Gloucester Coal.

In essence, the obligation is for each Director to notify the ASX of his or her:

- (a) relevant interests in securities of Gloucester Coal, or of a related body corporate (see below for what constitutes a relevant interest);
- (b) relevant interests in debentures of Gloucester Coal, or a related body corporate;
- (c) rights or options over shares in Gloucester Coal, or a related body corporate, or
- (d) contracts to which the Director is a party, or under which the Director is entitled a benefit and that provide a right to call for or deliver shares in, or debentures of, Gloucester Coal or a related body corporate.

The obligation is to provide the ASX with the required information within 14 days after appointment as a Director. There is a continuing obligation for Directors to notify the ASX within 14 days after any change in his or her interests.

It should be noted that the Corporations Act makes a Director personally responsible for lodging the notification and imposes penalties for late lodgement (up to \$1,100 or 3 months imprisonment or both).

ASX Listing Rules

The Entity is required, under ASX Listing Rule LR3.19A.1 to disclose to ASX details of directors' interests in securities, and in contracts relevant to securities. The Entity is also required to enter into an agreement with directors under which directors are obliged to provide the necessary information to the entity.

Time for Initial Notification

The obligation is to provide the ASX with the required information within five business days after appointment as a Director

Subsequent Notifications

There is a continuing obligation for Directors to notify the ASX within five business days after any change in his or her interests.

Form of Notification

Enclosed with this paper (Appendix 1) is a form of the agreement entered into by each director under which directors are obliged to provide the necessary information to the entity. The Entity is then required, under ASX Listing Rule LR3.19A.1, to disclose to ASX details of directors' interests in securities, and in contracts relevant to securities. Also enclosed with this paper is a form that should be completed by a director when his/her interests in GLOUCESTER COAL changes and can be forwarded to the Company Secretary for lodging with the ASX (Appendix 2).

It should be noted that the 'dual lodgement' system operated in some instances between the ASIC and ASX applies to this issue. By complying with the ASX Listing Rules noted above, directors will also comply with the Corporations Act.

What amounts to a Relevant Interest

"Relevant interest" is a concept that is defined in the Corporations Act, and which does not readily lend itself to a concise summary. However, for the purposes of Section 250G, the basic principle is that a Director of Gloucester Coal will have a "**relevant interest**" in a Gloucester Coal share where he or she is the holder of the security or has the **power to control the voting or the disposal of that Gloucester Coal security**. You may have a relevant interest in Gloucester Coal securities even where you do not directly or indirectly own the securities. A family trust may own the securities. Alternatively your spouse or children may be the registered holder of the shares, or the shares may be held by a company in respect of which you have direct or indirect control over 20% of the voting power. These concepts are discussed in further detail below.

The Corporations Act defines (in section 608 and 609) what constitutes a relevant interest. In summary:

1. A person has a relevant interest if:
 - (a) they are the holder of Gloucester Coal securities; or
 - (b) they have the power to exercise, or control the exercise of, a right to vote attached to Gloucester Coal security; or
 - (c) they have power to dispose of, or control the exercise of a power to dispose of , Gloucester Coal securities.
2. It does not matter how remote the relevant interest is or how it arises. If 2 or more persons can jointly exercise one of the above powers, each of them is deemed to have that power.
3. The concepts of power or control are defined to include:
 - (a) power or control that is indirect;
 - (b) power or control that is or can be exercised as a result of, by means of or by the revocation or breach of:
 - a trust;
 - an agreement;
 - a practice; or
 - any combination of the above.
 - (c) power or control that is, or can be made, subject to restraint or restriction.

It does not matter if the power or control is express or implied, formal or informal, exercisable alone or jointly with someone else. It does not matter that the power or control cannot be related to a particular security.

4. A person has a relevant interest in Gloucester Coal securities held by a body corporate if the person's voting power in that body corporate is above 20%.
5. A person has a relevant interest in Gloucester Coal securities held by a body corporate that the person controls (which means that the person has the capacity to determine the outcome of decisions about the body corporates financial and operating policies).



Further Assistance

It is not possible to deal with every permutation in a note of this manner. Accordingly, if your individual circumstances are such that it is not clear whether you hold a “relevant interest” or whether disclosure is required, please contact Gloucester Coal’s Chairman, CEO/Managing Director or Company Secretary for specific advice.

Appendix 1

To: Directors of Gloucester Coal Ltd (the “Entity”)

The Entity is required, under Listing Rule LR3.19A.1 of the Listing Rules of Australian Stock Exchange Limited (“ASX”), to disclose to ASX details of directors’ interests in securities, and in contracts relevant to securities. The Entity is also required to enter into an agreement with directors under which directors are obliged to provide the necessary information to the entity.

If you agree to the following terms, please sign and return the enclosed copy of this letter.

Initial disclosure

1. The director will provide the following information:
 - Details of all securities registered in the director’s name. These details include the number and class of the securities.
 - Details of all securities not registered in the director’s name but in which the director has a relevant interest within the meaning of section 9 of the Corporations Act. These details include the number and class of the securities, the name of the registered holder and the circumstances giving rise to the relevant interest.
 - Details of all contracts (other than contracts to which the Entity is a party) to which the director is a party or under which the director is entitled to a benefit, and that confer a right to call for or deliver shares in, debentures of, or interests in a managed investment scheme made available by, the Entity or a related body corporate. These details include the number and class of the shares, debentures or interests, the name of the registered holder of the shares, debentures or interests have been issued and the nature of the director’s interest under the contract.
2. The director will provide the required information as soon as reasonably possible after his/her appointment and in any event no later than three business days after his/her appointment.

Ongoing disclosure

3. The director will provide the following information.
 - Details of changes in securities registered in the director’s name other than changes occurring as a result of corporate actions by the Entity. These details include the date of the change, the number and class of the securities held before and after the change, and the nature of the change, for example on-market transfer. The director will also provide details of the consideration payable in connection with the change, or if a market consideration is not payable, the value of the securities the subject of the change.
 - Details of changes in securities not registered in the director’s name but in which the director has a relevant interest within the meaning of section 9 of the Corporations Act.

These details shall include the date of the change, the number and class of the securities held before and after the change, the name of the registered holder before and after the change, and the circumstances giving rise to the relevant interest. The director will also provide details of the consideration payable in connection with the change, or if a market consideration is not payable, the value of the securities the subject of the change.

- Details of all changes to contracts (other than contracts to which the Entity is a party) to which the director is a party or under which the director is entitled to a benefit, and that confer a right to call for or deliver shares in, debentures of, or interests in a managed investment scheme made available by, the Entity or a related body corporate. These details include the date of the change, the number and class of the shares, debentures or interests to which the interest relates before and after the change, the name of the registered holder of the shares, debentures or interests have been issued, and the nature of the director's interest under the contract.
4. The director will provide the required information as soon as reasonably possible after the date of the change and in any event no later than three business days after the date of the change.

Final disclosure

5. The director will provide the following information as at the date of ceasing to be a director.
- Details of all securities registered in the director's name. These details include the number and class of the securities.
 - Details of all securities not registered in the director's name but in which the director has a relevant interest within the meaning of section 9 of the Corporations Act. These details include the number and class of the securities, the name of the registered holder and the circumstances giving rise to the relevant interest.
 - Details of all contracts (other than contracts to which the Entity is a party) to which the director is a party or under which the director is entitled to a benefit, and that confer a right to call for or deliver shares in, debentures of, or interests in a managed investment scheme made available by, the Entity or a related body corporate. These details include the number and class of the shares, debentures or interests, the name of the registered holder of the shares, debentures or interests have been issued and the nature of the interest under the contract.
6. The director will provide the required information as soon as reasonably possible after the date of ceasing to be a director and in any event no later than three business days after the date of ceasing to be a director.

Agency

7. The director authorises the Entity to give the information provided by the director to ASX on the director's behalf and as the director's agent.

Securities

8. "Securities" for the purposes of this letter means securities of the entity or a related body corporate.



Agreement Confirmed By

| Director signature | Director name | Date |
|---------------------------|----------------------|-------------|
|---------------------------|----------------------|-------------|

Appendix 2

To: Gloucester Coal Ltd (the “Entity”)

In accordance with the agreement that I entered with the entity on [insert date], and in accordance with Listing Rule LR3.19A.1 of the Listing Rules of Australian Stock Exchange Limited (“ASX”), I hereby notify the entity of the any changes to interests in securities, and in contracts relevant to any securities of the entity.

Director is the Registered Holder

| Director name | Class of security (eg.Ordinary or Option) | Number held prior to change | Number acquired or disposed | Value or consideration | Date of change | Number held after change |
|---------------|---|-----------------------------|-----------------------------|------------------------|----------------|--------------------------|
| | | | | | | |
| | | | | | | |

Director has a Relevant Interest*

| Entity name and nature of interest | Class of security (eg.Ordinary or Option) | Number held prior to change | Number acquired or disposed | Value or consideration | Date of change | Number held after change |
|------------------------------------|---|-----------------------------|-----------------------------|------------------------|----------------|--------------------------|
| | | | | | | |
| | | | | | | |

* Note: Section 608(3) of the Corporations Act notes that a person has a relevant person’s voting power is above 20%

Notification Confirmed By



Director signature

Director name

Date