

Gloucester Coal Ltd
ACN 008 881 712

Dividend Reinvestment Plan

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SUMMARY OF THE GLOUCESTER COAL LTD (GCL) DIVIDEND REINVESTMENT PLAN

DIVIDEND REINVESTMENT PLAN (DRP)

Under the DRP, you may elect to have dividends on some or all of your fully paid ordinary shares in GCL (**Shares**) automatically reinvested in additional Shares.

Full details of how the DRP operates are set out in the Terms and Conditions contained in this booklet. Participation is entirely optional.

It is up to you to decide whether you wish to receive cash dividends on your Shares or have that cash applied in purchasing new Shares. If you do nothing you will continue to receive a cash dividend.

ELIGIBLE DIVIDENDS

The board of directors of GCL (**Board**) has discretion to determine whether a particular dividend is "eligible" for the purposes of the DRP (**Eligible Dividend**). The Board will decide this at the time of declaring a dividend. If the Board decides that a dividend is an Eligible Dividend for the purposes of the DRP, the dividend will be applied in accordance with the Terms and Conditions of the DRP. If the Board determines that a dividend is not an Eligible Dividend, the dividend will be paid entirely in cash.

SHARES ISSUED OR TRANSFERRED

All Shares issued or transferred to you under the DRP will rank equally in all respects with existing Shares of that class from the date of issue or transfer.

COST OF SHARES

Shares may be acquired at the Market Price (as defined in the Terms and Conditions) or at a discount to the Market Price which will be determined by the Board from time to time.

The amount of any Eligible Dividend which you would otherwise be entitled to have applied in accordance with the DRP may be reduced to allow for any payments to be made by GCL as required by law (eg withholding taxes).

NO ADDITIONAL COSTS

Shares issued or transferred to you under the DRP are free of brokerage, commission and stamp duty costs.

SEPARATE HOLDER NUMBERS

An Application for the DRP must be made in respect of each separate holder number you have.

FULL OR PARTIAL DIVIDEND

You can elect to have some or all of your dividends reinvested under the DRP by completing the appropriate section of the Application Form.

DIVIDEND AND HOLDING STATEMENTS

A dividend statement, providing details of your participation in the DRP, will be sent to you at the time of each Eligible Dividend. The dividend statement will also show your total holding of Shares.

QUESTIONS AND ANSWERS

Q. Who can participate?

A. All holders of Shares (**Holders**) who are resident in, or whose address on the register of Holders is in, Australia, and who are physically located in Australia at the time they complete and lodge their Application Form are eligible to participate in the DRP. Holders whose registered address is outside Australia are not eligible to participate in the DRP unless the Board determines in its absolute discretion that the making of the offer or issue/transfer of Shares to them under the DRP would be lawful, reasonable and practicable.

Q. Is participation optional?

A. Yes. It is up to you whether or not you participate in the DRP.

Q. How can I participate in the DRP?

A. Complete the accompanying Application Form and return it to Computershare. In order to participate in the DRP for the next dividend to be paid by Gloucester Coal Ltd, your Application Form must be received by Computershare by the relevant record date.

Q. Can I participate partially in the DRP?

A. Yes, by nominating a specific number of your Shares on the Application Form.

Q. Can I change or withdraw my participation any time?

A. Yes, simply by notifying Computershare in writing (changes received after the record date in respect of a particular dividend will apply from the following dividend date).

Q. Can I sell my Shares when I choose?

A. Yes, you can sell some or all of your Shares at any time. The Shares will automatically be withdrawn from the DRP when Computershare receives notice of a valid transfer. However, should you want to sell your Shares shortly before or after the record date for determination of your dividend entitlements, you should inform your stockbroker that your Shares are participating in the DRP.

Q. What about taxation?

A. The Australian Taxation Office will treat dividends reinvested under the DRP in the same way as cash dividends on Shares that are not participating. However, the precise taxation position of each Holder under the DRP will depend upon the particular circumstances of the Holder. Accordingly, Holders should seek and rely upon their own taxation advice in relation to the DRP.

Q. Can my participation in the DRP be suspended or cancelled?

A. Yes, the Board may decide to suspend or cancel your participation in the DRP at any time. You will be notified of any such suspension or cancellation.

Q. Can the DRP be modified, suspended or terminated?

A. Yes, the Board may decide to modify the Terms and Conditions and the Allocation Price at any time or terminate or suspend the DRP. Notification of any such modification, suspension or termination will be given in the manner the Board determines is appropriate.

Q. Do I receive fully paid shares if I participate in the DRP?

A. Shares allocated under the DRP will be issued or transferred with the same rights as Shares which are on issue at the relevant date.

ENQUIRIES

If you have any further enquiries about how the DRP operates or how you can participate, or to request a DRP Application Form, please contact:

The Share Registrar
Computershare Investor Services Pty Ltd
Level 3, 60 Carrington Street
Sydney NSW 2000

Website: www.computershare.com.au

If your enquiry relates to taxation, you should contact your professional adviser.

Gloucester Coal Ltd
DIVIDEND REINVESTMENT PLAN

TERMS AND CONDITIONS

1. INTERPRETATION

1.1 Definitions

The following definitions apply in this document.

Allocation Price means the price at which Shares are acquired under the DRP to be determined in accordance with clause 5.5.

Applicable Law means the *Corporations Act 2001* (Cth), the *Foreign Acquisitions and Takeovers Act 1975* (Cth) and any other applicable laws.

Application means an application by a Holder to become a Participant.

Application Form means an application to participate in the DRP by a Holder (or, in the case of joint holdings, each relevant Holder) in a form prescribed or approved by the Directors from time to time, which form may be combined with or comprise part of any other form or notice.

ASX means Australian Stock Exchange Limited.

GCL means Gloucester Coal Ltd ACN 008 881 712.

Board means the directors of GCL acting collectively under the Constitution or the committee or person to whom the Board has delegated a relevant power in accordance with the Constitution or the *Corporations Act 2001* (Cth) (or both).

Business Day means the same as in the Listing Rules.

Constitution means the constitution of Gloucester Coal Ltd.

Dividend Payment Date means the date on which an Eligible Dividend is made in respect of Shares.

DRP means the dividend reinvestment plan of GCL under which a Holder may elect to acquire additional Shares by applying towards the Allocation Price for those Shares all or part of the Holder's Eligible Dividend on Shares.

DRP Account has the meaning given in clause 5.7.

Eligible Dividend means each cash dividend payable in respect of Shares which the Directors declare to be an eligible dividend for the purposes of the DRP.

Eligible Dividend Amount has the meaning given in clause 5.8(a).

Holder means a registered holder of a Share.

Listing Rules means the Listing Rules of ASX as amended from time to time.

Market Price means, in relation to an Eligible Dividend, the arithmetic average (calculated to 2 decimal places) of the daily VWAP for Shares (rounded down to the nearest cent), for each day on which the Shares were sold on ASX during the Pricing Period, or if there are no sales during the Pricing Period, the last bid price for such Shares during the Pricing Period.

Non-participating Share means a Share which is not a Participating Share.

Participant means a Holder participating in the DRP.

Participating Share means a Share participating in the DRP.

Pricing Period means a period of at least the 10 Trading Days after one of the following, to be determined by the Board from time to time in its absolute discretion:

- the day which is 2 Trading Days immediately after the Record Date; or
- the day on which the Shares first trade on the ASX exclusive of the relevant dividend.

Record Date means the date and time, as determined by the Board, at which a Holder holds, or is taken to hold, Shares for the purposes of determining the entitlement of that Holder to dividends for a dividend period.

Share means a fully paid ordinary share in the capital of Gloucester Coal Ltd.

Share Registry means Computershare Investor Services Pty Ltd ABN 48 078 279 277.

Terms and Conditions means these terms, provisions and conditions as suspended, modified or terminated under clause 13.

Trading Day means a day which is defined to be a "Trading Day" in the Listing Rules other than a day on which the Shares have been placed in Trading Halt or Voluntary Suspension (as those terms are defined in the Listing Rules).

VWAP means the volume weighted average sale price of Shares sold on ASX on a day during the Pricing Period but does not include:

- (a) any transaction defined in the ASX Market Rules as a "special crossing";
- (b) crossings prior to the commencement of normal trading;
- (c) crossings during the closing phase or the after hours adjust phase;
- (d) any overseas trades;
- (e) any overnight crossings;
- (f) any transactions involving the exercise of options; or
- (g) any trades which the Board reasonably decides to exclude on the basis that they are not representative of the general price at which Shares are trading on ASX in the context of trading in Shares on any day on which the trades took place.

1.2 Interpretation

- (a) A word denoting any gender includes all genders.
- (b) A word denoting an individual includes a corporation and vice versa.
- (c) A word denoting the singular includes the plural and vice versa.
- (d) References to time are to the time in Sydney NSW.

1.3 Holder Identification Number (HIN)/ Security Reference Number (SRN)

Where a Holder has, in respect of a distinct number of Shares held by the Holder, a separate HIN/SRN, the Holder shall, for the purposes of these Terms and Conditions, be deemed to be a separate and distinct Holder in relation to each such HIN/SRN and the Shares from time to time allocated to that HIN/SRN.

1.4 Terms and Conditions subject to law

These Terms and Conditions are subject to Applicable Law and the provisions of the Constitution.

2. PARTICIPATION IN THE DRP

2.1 Eligibility

Subject to clauses 2.5 and 2.6, all Holders who are resident in, or whose address on the register of Holders is in, Australia and who are physically located in Australia at the time they complete and lodge their Application Form, are eligible to participate in the DRP. Holders whose registered address is outside Australia are not eligible to participate in the DRP unless the Board determines in its absolute discretion that the making of the offer or issue of Shares to them under the DRP is lawful in the relevant jurisdiction, reasonable and practicable having regard to each of the following:

- (a) the number of Holders in the place where the registered address of the Holder is situated;
- (b) the number and value of the Shares that may be issued or transferred to Holders in the relevant place; and
- (c) the cost of complying with legal requirements and the requirements of any regulatory authority applicable to the making of offers and the issue or transfer of Shares in the relevant place.

2.2 Optional participation

Participation in the DRP is optional and is subject to the Constitution and these Terms and Conditions.

2.3 Participant's variation or withdrawal

Subject to these Terms and Conditions, a Participant may vary their participation or withdraw from the DRP at any time by giving notice in accordance with clause 9.1.

2.4 **Transferability**

Participation in the DRP is not transferable.

2.5 **Directors' discretion**

If, in the reasonable opinion of the Board, the allocation of Shares under the DRP or the holding of those Shares by a Participant may breach a provision of an Applicable Law or the Constitution or is otherwise in the sole opinion of the Directors undesirable or impractical, the Directors may:

- (a) decline to allocate those Shares;
- (b) reduce the allocation of those Shares on a proportionate basis; or
- (c) reduce or suspend the participation of that Participant in the DRP.

2.6 **Eligibility of joint holders**

If Shares are jointly held by two or more Shareholders, all joint holders of such Shares must sign a single Application Form for it to be valid. If one or more of the joint holders of the Shares is not eligible to participate in the DRP, none of the joint holders can apply, or are eligible, to participate in the DRP with respect to the Shares jointly held.

3. **APPLICATION TO PARTICIPATE**

3.1 **Application Form**

Application to participate in the DRP shall be made on an Application Form.

3.2 **Commencement**

Subject to clause 11 and clause 13, participation in the DRP by a Holder will commence on and from the receipt by the Share Registry of a duly completed Application Form from the Holder, provided that an Application Form which is received from the Holder after 5.00pm on the Record Date for an Eligible Dividend is not effective for that Eligible Dividend, but will take effect in respect of the next Eligible Dividend.

4. **EXTENT OF PARTICIPATION**

4.1 **Full or partial participation**

A Holder may elect to participate in the DRP in respect of all Shares registered in the Holder's name (**full participation**) or in respect of only some of the Shares registered in that Holder's name (**partial participation**).

4.2 **Election**

A Holder shall specify on an Application Form the extent to which the Holder wishes to participate in the DRP by:

- (a) indicating full participation; or
- (b) indicating how many Shares the Holder wishes to participate in the DRP for partial participation.

4.3 **Full participation**

Under full participation, all Shares registered in the Participant's name at the time of commencement of their full participation, and all Shares subsequently registered in the Participant's name (including Shares issued or transferred under the DRP), will participate in the DRP, subject to any notice to the contrary being given by the Participant under clause 9.

4.4 **Partial participation**

Under partial participation, only that number of Shares indicated by the Participant for participation in the DRP, and any Shares issued or transferred under the DRP, will participate in the DRP.

4.5 **No election**

An Application Form which does not indicate the extent of the participation may, without notice to the Holder and at the discretion of the Board, be rejected or may be deemed to be an Application for full participation. The Board, GCL or the Share Registry shall not be liable to any Holder for loss, damage or claim in respect of either the Holder's participation or non-participation as the case may be, as a result of the exercise by the Board of its discretion.

4.6 **Deemed full participation**

An Application Form received which indicates a number of Participating Shares in excess of the number of Shares held by the Holder making the Application shall be deemed to be an Application for full participation.

5. **OPERATION OF DRP**

5.1 **Eligible Dividends**

The DRP only applies in respect of Eligible Dividends payable on Participating Shares.

5.2 **Shares may be issued or transferred**

GCL may, at its discretion, either issue new Shares or cause existing Shares to be acquired in the market for transfer to Participants (or undertake a combination of both alternatives), to satisfy their obligations under the DRP.

5.3 **Acquisition on market**

If GCL determines to cause the transfer of Shares to Participants, those Shares may be acquired in the market in such manner as GCL considers appropriate. If Shares are purchased on market on behalf of a Participant under the DRP and the purchase price for each Share:

- (a) exceeds the Allocation Price for the relevant Eligible Dividend, the Participant will not be liable to pay, or reimburse the Gloucester Coal Ltd, for the difference; or
- (b) is less than the Allocation Price for the relevant Eligible Dividend, GCL will not be liable to account to the Participant for the difference and may retain such amount for its own benefit.

5.4 **Deemed direction by the Participant**

A Participant will be deemed to have:

- (a) directed GCL to apply the Eligible Dividend Amount that is available for payment to the Participant in relation to the Participating Shares of the Participant on the Record Date towards the Allocation Price for further Shares;
- (b) authorised GCL to subscribe for Shares at the Allocation Price on the Participant's behalf; and
- (c) agreed to be bound by the Constitution in respect of all the Shares issued or transferred to the Participant under the DRP.

5.5 **Warranty by Participant**

By applying to participate in the DRP, the Holder:

- (a) warrants to GCL that it is eligible to participate in the DRP;
- (b) authorises GCL (and its officers or agents) to correct any error in, or omission from, its Application Form or any other notice;
- (c) acknowledges that GCL may at any time irrevocably determine that the Application Form is valid, in accordance with these Terms and Conditions, even if the Application Form is incomplete, contains errors or is otherwise defective;
- (d) acknowledges that GCL may reject any Application Form;
- (e) agrees to the appointment of a nominee by GCL as its agent to acquire Shares on market, where GCL decides to acquire existing Shares in accordance with clauses 5.2 and 5.3;
- (f) acknowledges that neither GCL nor the Share Registry has provided it with investment advice or financial product advice concerning its decision to apply to participate in the DRP and that neither has any obligation to provide this advice; and
- (g) unconditionally agrees to the Terms and Conditions and agrees not to do any act or thing which would be contrary to the spirit, intention or purpose of the DRP,

in each case, at all times until termination of the DRP or termination of their participation in the DRP.

5.6 **Allocation Price**

Shares will be acquired under the DRP at the Market Price for the relevant Eligible Dividend, or at a discount to the Market Price (as determined by the Board from time to time in its absolute discretion).

5.7 **DRP Account**

GCL will establish, and the Share Registry will maintain, a DRP Account for each Participant.

5.8 Dividends

GCL will (subject to the Directors' discretion set out in clause 2.5):

- (a) determine the amount of the Eligible Dividend that is available for payment to the Participant in relation to the Participating Shares of the Participant on the Record Date less the amount of any withholding tax, income tax or any other tax required to be deducted by GCL (**Eligible Dividend Amount**) and credit the Eligible Dividend Amount to the Participant's DRP Account;
- (b) determine the maximum whole number of Shares which could be acquired at the Allocation Price by dividing the credit balance amount in the Participant's DRP Account by the Allocation Price and rounding that number down to the nearest whole number;
- (c) on behalf of and in the name of the Participant, subscribe for or cause to be acquired that number of additional Shares determined under clause 5.8(b) and debit the Participant's DRP Account with the aggregate Allocation Price of the Shares; and
- (d) issue or cause to be transferred to the Participant that number of Shares determined under clause 5.8(b).

5.9 Forfeiture of residual entitlement

If the number of Shares subscribed for or acquired is rounded down in accordance with clause 5.8(b), any remaining fractional entitlement (including, for the avoidance of doubt, any remaining balance in the Participant's DRP Account) is forfeited.

5.10 Underwriting

GCL may, in its absolute discretion, arrange for an issue of Shares under the DRP to be underwritten or sub-underwritten.

6. SHARES UNDER THE DRP

6.1 Newly issued Shares

Any new Shares issued under the DRP will be issued in accordance with the Listing Rules and the Constitution.

6.2 Ranking of Shares

All Shares allocated to Participants under the DRP (whether newly issued or acquired on market and transferred to Participants) will rank equally in all respects with existing Shares.

7. NO COST TO HOLDERS

No brokerage, commission or other transaction costs will be payable by the Holder in respect of any issue or transfer of Shares under the DRP.

8. **DIVIDEND AND HOLDING STATEMENTS**

After each issue or transfer made under the DRP, each Participant will receive a statement detailing, as at the relevant Dividend Payment Date:

- (a) the number of Participating Shares of that Participant as at the Dividend Payment Date;
- (b) the Eligible Dividend Amount paid to the Participant in respect of the Participant's Participating Shares;
- (c) the franking credits (if any) applicable to the dividend due to be paid or reinvested under the DRP;
- (d) the number of Shares issued or transferred to the Participant under the DRP on the Dividend Payment Date; and
- (e) the Participant's total Share holding after the Eligible Dividend.

9. **VARIATION TO OR TERMINATION OF PARTICIPATION**

9.1 **Notice**

A Participant may at any time give notice in writing, in the form prescribed by the Board from time to time, to GCL to:

- (a) increase or decrease the number of the Participant's Participating Shares; or
- (b) terminate the Participant's participation and withdraw from the DRP.

9.2 **Death, bankruptcy, winding up or insolvency of Participant**

- (a) If a Participant dies, becomes bankrupt, is wound up or becomes insolvent, participation by the Participant in the DRP terminates upon receipt by the Share Registry of written notice of that event.
- (b) If any other Participant was a joint Participant with the Participant described in clause 9.2(a) above, their participation in respect of the jointly held Shares will be terminated upon receipt by the Share Registry of the written notice described in clause 9.2(a) above.

10. **REDUCTION OR TERMINATION WHERE NO NOTICE IS GIVEN**

10.1 **Deemed termination**

Where a Participant transfers all of that Participant's holding of Shares without giving notice of termination of participation in the DRP, that Participant will be deemed to have given notice to terminate participation in the DRP on the date upon which the Share Registry last registered a transfer or instrument of disposal of that Participant's Shares.

10.2 **Partial Transfer**

Where a Participant transfers some of that Participants holding of Shares, the parcel of Shares transferred shall be taken to comprise:

- (a) firstly, the Shares (if any) held by the Participant which are not Participating Shares; and
- (b) secondly (and only to the extent that the number of Shares mentioned in clause 10.2(a) is insufficient to make up the full parcel transferred), Participating Shares.

10.3 **Effect of transfer of Participating Shares**

Where a Participant transfers Participating Shares, those Participating Shares shall upon registration of such transfer cease to be Participating Shares.

11. **APPLICATION AND NOTICES**

11.1 **Forms**

All notices shall be in such form as the Board may from time to time require.

11.2 **Holder Identification Number (PIN)/Security Reference Number (SRN)**

Application must be made, and notices must be given, by the Participant separately in respect of each holding of Shares identified by a separate HIN or SRN on the Share register of Gloucester Coal Ltd.

11.3 **Effect**

Applications and notices will be effective on receipt by the Share Registry, subject to the following:

- (a) these Terms and Conditions;
- (b) in the case of an Application, acceptance by Gloucester Coal Ltd;
- (c) Applications and notices received after 5.00pm on the Record Date shall be deemed to have been received on the day following the next allocation made under the DRP; and
- (d) such other restrictions as to the period of notice required as the Board may from time to time impose.

12. **ASX LISTING**

GCL will apply promptly for new Shares issued under the DRP to be listed for quotation on ASX.

13. **SUSPENSION, MODIFICATION, ADMINISTRATION AND TERMINATION OF THE DRP**

13.1 **Notice**

The DRP may be suspended, modified or terminated by the Board at any time on giving one month's notice to Holders.

13.2 **Form of notice**

Notice may be provided in any manner the Board determines is appropriate, including (but not limited to) public announcement, advertisements in any newspapers generally circulated in Australia, notice on Gloucester Coal's website, announcement to ASX or written notice sent to Participants by post.

13.3 **Modification without notice**

Notwithstanding clause 13.1, the Board may at any time, without the need for any notice:

- (a) modify the DRP to comply with the Constitution, the Listing Rules or any law; and
- (b) make minor amendments to the DRP where such amendments are of an administrative or procedural nature.

13.4 **Omission to give notice**

The accidental omission to give notice of modification, suspension or termination of the DRP will not invalidate the modification, suspension or termination.

13.5 **Delegation**

The Board may delegate any of its powers, discretions or functions under these Terms and Conditions to any person including the Share Registry.

13.6 **No liability**

Neither GCL nor any officer, employee, agent or adviser of GCL is liable or responsible to any Participant for any loss or alleged loss or disadvantage suffered or incurred by a Participant as a result, directly or indirectly, of any one or more of:

- (a) the establishment or operation of the DRP;
- (b) participation in the DRP; or
- (c) any advice given with respect to participation in the DRP by any person.

14. **SETTLING DISPUTES**

The Directors may settle in such manner as they think expedient, any difficulties, anomalies or disputes which may arise under or in connection with, or by reason of the operation of the DRP whether generally or in relation to any Holder or any Shares. Any determination of the Directors shall be conclusive and binding on all Holders and other persons to whom the determination relates.

15. **GOVERNING LAW**

These Terms and Conditions shall be governed by, and construed in accordance with, the laws of New South Wales.