

Gloucester and Whitehaven Merger

Creation of a major Australian coal company

February 2009



Gloucester Coal Ltd



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Further information concerning the proposed transaction between Gloucester and Whitehaven will be available in the bidder's statement and target's statement. Both the bidder's statement and target's statement should be read in full before any person makes any decision or takes any action in relation to the proposed transaction.

Agenda

- 1 Opening Remarks
- 2 Transaction Summary
- 3 Transaction Rationale
- 4 Future Strategic Focus

1 Opening Remarks

- Create a major Australian coal company with a market capitalisation of approximately \$900 million
- Merger by way of takeover offer for Whitehaven by Gloucester
- Gloucester has entered into pre-bid acceptances in respect of shares representing 19.9% of Whitehaven
- In the absence of a superior offer, Whitehaven directors:
 - unanimously recommend acceptance and
 - intend to accept in respect of the shares they own or control (collectively 74% of Whitehaven shares)

2 Transaction Summary

OFFER TERMS	<ul style="list-style-type: none"> All scrip consideration, with Whitehaven shareholders receiving 1 Gloucester share for every 2.45 Whitehaven shares held Whitehaven shareholders to receive any Whitehaven interim dividend of up to A\$0.025 per share, but will not receive any Gloucester interim dividend of up to A\$0.135 per share
STRUCTURE	<ul style="list-style-type: none"> To be implemented via an off-market takeover of Whitehaven by Gloucester Unanimously recommended by the Whitehaven Board (in the absence of a superior offer) Post merger company will have a combined market capitalisation of approximately A\$900m The majority of Whitehaven shareholders should obtain roll-over relief¹ Break fee of \$4.5m payable to Gloucester by Whitehaven under certain prescribed circumstances
COMPANY NAME & HEADQUARTERS	<ul style="list-style-type: none"> New name of the combined entity to be determined Corporate headquarters in Sydney
CONDITIONS	<ul style="list-style-type: none"> 80% acceptance by Whitehaven shareholders FIRB approval Other customary conditions, including no Whitehaven material adverse change (excluding coal market and currency impacts)
INDICATIVE TIMETABLE	<ul style="list-style-type: none"> Bidder's and Target's statements planned to be dispatched in March 2009

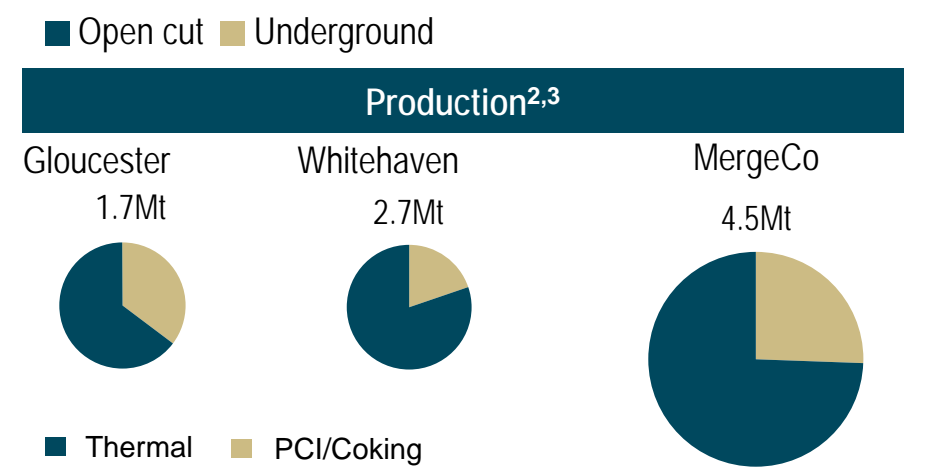
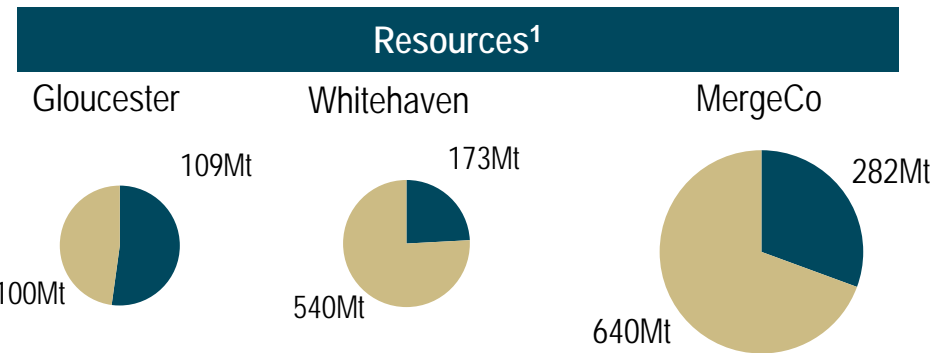
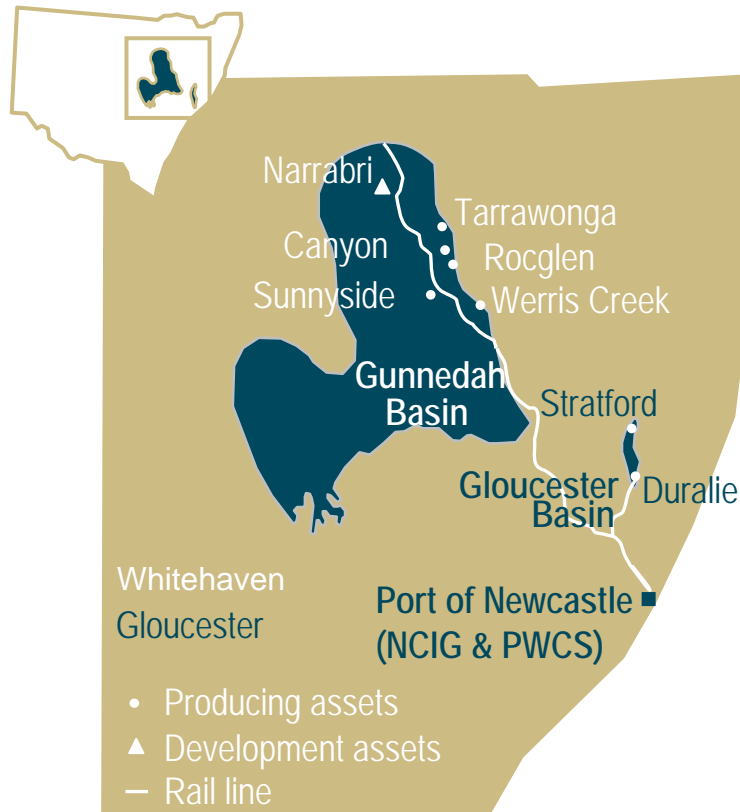
1. Subject to individual circumstances. The Bidder's statement will contain further details.

3 Transaction Rationale

- Complementary coal product qualities, mining operations, growth projects, resource holdings and infrastructure
- Diversifies operating, development and market risks
- Solid base of existing low risk, low cost operations plus large, near-term growth projects provide potential for combined coal sales of around 12 Mtpa within 5 years
- Significant synergies through blending of Whitehaven and Gloucester thermal coals
- Combined balance sheet, profit and cashflow provide the merged company with a very strong financial platform from which to grow organically and/or through acquisitions
- Larger market capitalisation, greater free float and broader share register enhances equity market position and provides more financial flexibility
- Experienced Board & management teams with proven track records

Greater diversification

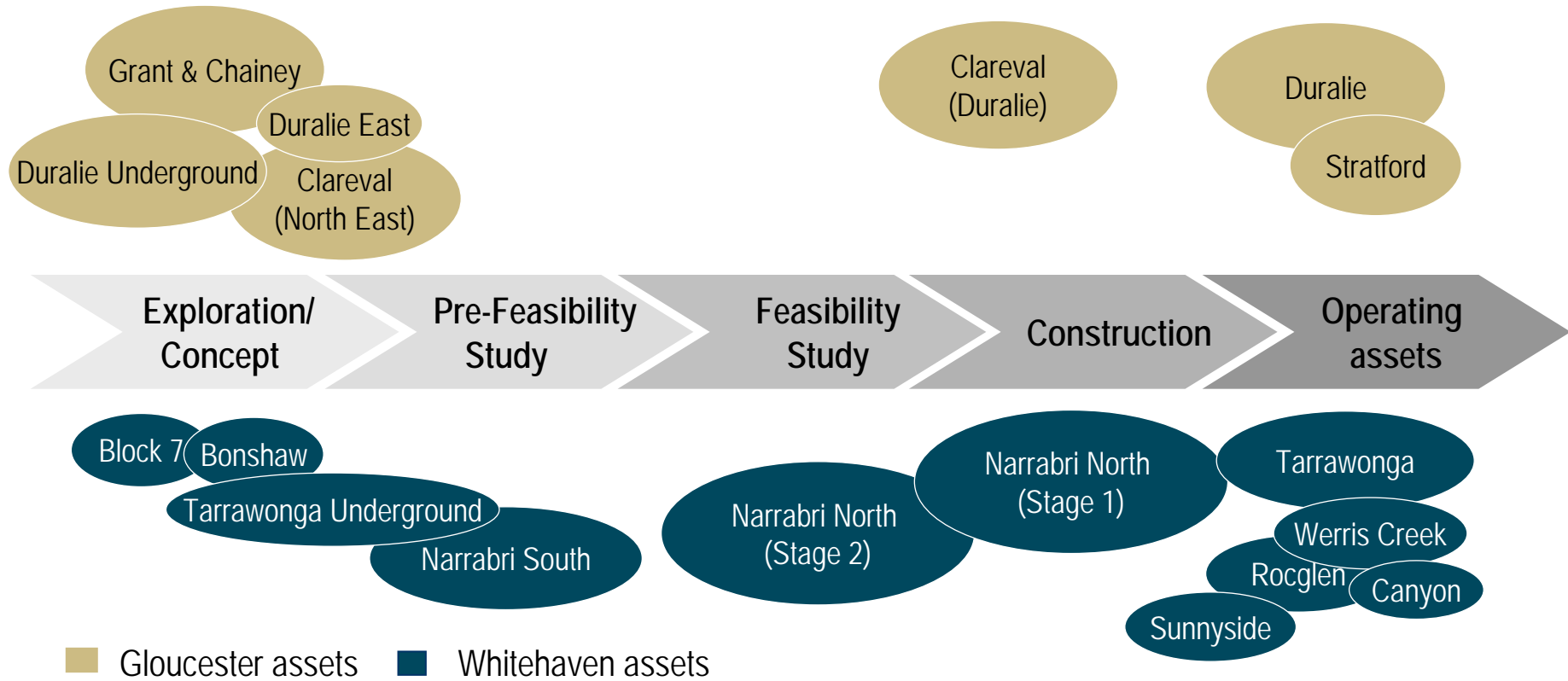
Complementary resources, coal qualities, mining operations and infrastructure access mean risks are diversified and reduced



1. Resources quoted are gross resources and are inclusive of reserves
 2. Saleable coal production on a 100% basis for the 12 months to 31 December 2008
 3. Totals may not sum due to rounding

Complementary development pipeline

Combination of stable, low risk cashflows from existing open-cut operations, and high impact, future cashflows from the ramp up of Whitehaven's Narrabri Underground project



■ Gloucester assets ■ Whitehaven assets

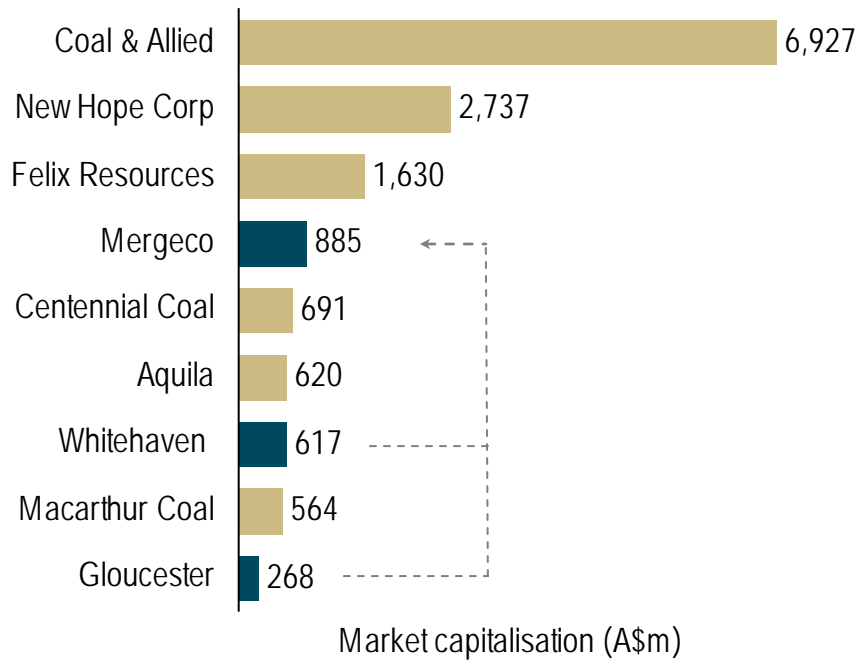
 Gloucester Coal Ltd



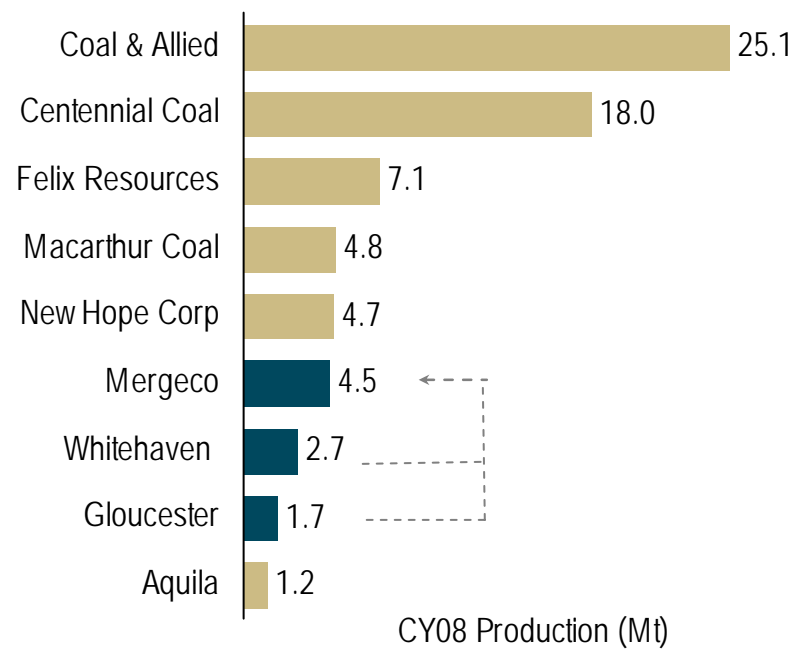
Enhanced market position and liquidity

Enhanced scale and market position are expected to improve liquidity and increase flexibility to pursue organic and acquisition driven growth

Australian Coal Peers – market capitalisation



Australian Coal Peers – CY08 production^{1,2}



Note:

- 12 months gross saleable production to 31 December 2008
- Totals may not sum due to rounding

Experienced Board & management

- Highly experienced board
- All Gloucester and Whitehaven directors invited to join the Board, with Mr John Conde to become Chairman and Mr Andy Hogendijk to become Deputy Chairman of the merged entity
- Mr Tony Haggarty will become MD for a period of time after which it is expected that the role will be transitioned to Mr Rob Lord
- Board will be reduced over a period of time
- Management team with experience in operational excellence and project delivery
- Senior management will be drawn from existing management teams
 - Limited overlap expected due to lean management teams, complementary operations and project development requirements
- A history of generating sustainable growth and shareholder returns

Board of Directors & CEO

John Conde, Chairman

Andy Hogendijk, Deputy Chairman

Tony Haggarty, Managing Director

Rob Lord, Executive Director (MD elect)

Allan Davies, Executive Director

John Bryan, Non-Executive Director

Neil Chatfield, Non-Executive Director

Alex Krueger, Non-Executive Director

Ian Levy, Non-Executive Director

Hans Mende, Non-Executive Director

Andy Plummer, Executive Director

Chris Sadler, Non-Executive Director

4 Future Strategic Focus

- Using the merged entity's platform, we plan to continue to build a major Australian coal mining company with growing, competitive and sustainable operations
- We intend to continue to deliver shareholder value by:
 - Optimising existing operations whilst maintaining safe and efficient mining and processing operations in the Gloucester and Gunnedah Basins
 - Developing the Narrabri and Clareval projects in an efficient and timely fashion
 - Maximising quality synergies by the blending of Gloucester and Whitehaven's thermal coals and optimising output through shared rail and port infrastructure
 - Leveraging the combined financial strength and management capability to identify and develop appropriate growth opportunities that are in the best interests of shareholders

Questions and answers

Appendix 1 – Asset Overviews

Gloucester asset overview - Duralie



Duralie

- High fluidity coking coal and thermal coal
- Resources of 140.6 Mt and Reserves of 26.8 Mt
- Open-cut mine FY08 ROM production: 1.77 Mt
- Currently producing a high fluidity coking coal and thermal coal from the Weismantel Seam
- Future production from the Clareval seam expected to have lower ash and sulphur with higher coking coal yield
- Leighton Mining operates the mine under contract

Gloucester asset overview - Stratford



Stratford

- Majority thermal with some high fluidity coking coal
- Resources of 35.3 Mt and Reserves of 11.2 Mt
- Open-cut mining with FY08 ROM production of 1.17 Mt
- Mining currently at Bowens Road North (BRN) and Roseville pits
- BRN primarily thermal coal, Roseville coking coal
- Exploration targeting the Avon and Clareval seams which will improve ash and sulphur specifications and increase proportion of coking product
- Ditchfield Contracting operate the mine under contract

Whitehaven asset overview – Gunnedah Operations



Whitehaven – Gunnedah Operations

- Low ash, low sulphur, high energy Thermal and PCI coals
- Total saleable coal yield of more than 90%
- Resources of 223.7 Mt and Reserves of 19.7 Mt
- Four open-cut mines with total capacity of ~3.5 Mtpa
 - Sunnyside (100%) – 0.8 Mtpa
 - Tarrawonga (70%) – 1.5 Mtpa
 - Rocglen (100%) – 1.2 Mtpa
 - Canyon (100%) – Closing in 2009
- FY08 ROM production of 1.88 Mt
- Rocglen and Sunnyside developed in 2008 with first production in the December quarter
- Coal from all four mines processed through the Gunnedah CHPP and train load out facility

Whitehaven asset overview – Werris Creek



Werris Creek

- Thermal and PCI coals
- Saleable coal yield of 100%
- Resources of 38.0 Mt and Reserves of 19.9 Mt
- Open-cut mine with FY2008 production of 1.12 Mt
- Whitehaven moved to full ownership in FY2008 by purchasing the remaining 60% interest in Werris Creek
- Whitehaven operates Werris Creek having taking over from the contractor in January 2009
- Whitehaven has installed equipment and management to restore production to the planned rate of ~1.3 Mtpa
- Stand alone coal handling and rail loading facilities

Whitehaven asset overview – Narrabri



Narrabri North & South

- Low ash, low sulphur, high energy Thermal and PCI coals
- Saleable coal yield expected to be >90%
- Resources of 438 Mt and Reserves of 112 Mt
- Whitehaven ownership 77.5%. Yudean, EDF Trading and J-Power each have 7.5% JV interest and 1.5 Mtpa long term off-take contracts
- Underground mine development with first production from Stage 1 expected in October 2009
- Approvals for Stage 2 longwall operations expected during the second half of 2009
- Development of Narrabri South could utilise existing infrastructure at Narrabri North