

May 22, 2003.

The Announcements Officer
Company Announcements Office
Australian Stock Exchange Ltd
Exchange Centre
Level 6
20 Bridge Street
Sydney
NSW 1215

Dear Sir,

RE: Entitlement Notice - Conversion of Convertible Notes to Ordinary Shares

A copy of the Entitlement Notice sent to convertible noteholders, advising of the opportunity to convert their convertible notes to fully paid ordinary shares, is attached.

Yours faithfully,
MACARTHUR COAL LIMITED

R.A.

R.K. ADAMS
Company Secretary

22 May 2003

Dear Noteholder

Entitlement Notice – Conversion of Convertible Notes to Ordinary Shares

The first six monthly opportunity to convert convertible notes to ordinary shares is now available.

Convertible notes may be converted to ordinary shares on the basis that each convertible note entitles the noteholder to one ordinary share.

Convertible notes must be converted in multiples of 1,000 or if the total number held is less than 1,000, the number held. Noteholders wishing to convert all convertible notes held may do so regardless of the number of convertible notes held.

If you convert some or all of your convertible notes, interest on those notes will still accrue up to 30 June 2003 and be paid to the noteholders as at 23 June 2003. If you do not convert some or all of your convertible notes, then you will continue to hold those convertible notes and receive the interest payments.

The next opportunity to convert your notes is 31 December 2003. You will receive a further Entitlement Notice about that conversion.

Unconverted notes will expire 9 December 2005.

Macarthur Coal Limited is not exercising its right to pay a cash equivalent amount in lieu of issuing ordinary shares on this occasion.

If you wish to convert some or all of the convertible notes to ordinary shares, please complete the attached Conversion Notice and send it to:

Computershare Investor Services Pty Limited	
GPO Box 523	Level 27
BRISBANE QLD 4001	345 Queen Street
	BRISBANE QLD 4000

Alternatively, Conversion Notices may be sent by facsimile to 07 3229 9860.

Conversion Notices are to be lodged on or before **5.00pm Brisbane time, Friday 6 June 2003**.

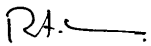
In accordance with Australian Stock Exchange Limited ASX Listing Rule 6.1, Appendix 6A, Macarthur Coal Limited advises that:

- The market sale price of ordinary fully paid shares in Macarthur Coal Limited on the ASX was \$1.13 on 21 May 2003, being the last trading day prior to the date of this notice; and
- During the three months preceding the date of this notice:
 - The highest market price on the ASX of ordinary fully paid shares was \$1.21 on 2 April 2003; and
 - The lowest market price was \$1.05 on 13 March 2003.

- ❑ The market sale price of the convertible notes in Macarthur Coal Limited on the ASX was \$1.52 on 21 May 2003, being the last trading day prior to the date of this notice; and
- ❑ During the three months preceding the date of this notice:
 - The highest market price on the ASX of convertible notes was \$1.53 which occurred at various times and the most recent time was 15 April, 2003.
 - The lowest market price was \$1.40 on 13 March 2003.

If you are in doubt as to what you should do, we advise that you consult your investment or other professional advisor.

Yours Sincerely

A handwritten signature in black ink, appearing to read 'RA.' followed by a horizontal flourish.

Bob Adams
Company Secretary