



ASX and MEDIA RELEASE

15 October 2002

Macarthur Coal announces \$30M Note issue to fund growth

Macarthur Coal Limited (**ASX: MCC**) will proceed rapidly with its mine development programme after today announcing a \$30 million Convertible Note issue to be arranged by ABN AMRO Morgans Limited. Shareholder approval will be sought for the Convertible Note issue at the Annual General Meeting to be held on the 15th November 2002.

Macarthur Coal's Managing Director and CEO, Ken Talbot, said, "The Convertible Note issue will give Macarthur Coal the capacity to fund new developments and facilitate the expansion of Macarthur Coal from a one mine to a three mine company."

Specifically, the funds raised will:

- refinance the acquisition (on the 5th July 2002) of an additional 5% interest in the Coppabella Joint Venture, at a cost of approximately \$11.1 million, taking Macarthur Coal's total interest to 50%;
- contribute to the development of the Moorvale Project; and
- fund part of the acquisition cost and development of the Monto Project.

The Convertible Notes will earn interest at a fixed rate of 10% per annum, payable half yearly and be issued at a price equal to 120% of the volume weighted average price of the Company's ordinary shares over the 10 business days prior to the date of lodgement of the disclosure document.

The Convertible Notes will be redeemed by the Company for the issue price on the third anniversary of their issue, unless earlier converted or redeemed.

The holder of a Convertible Note will be entitled to give notice to Macarthur Coal to convert the Convertible Note on 6 monthly trigger dates. Macarthur Coal must then either issue one ordinary share for each Convertible Note being converted or redeem the Convertible Note for an amount of cash equal to the greater of the issue price and the volume weighted average price of the company's ordinary securities over the 10 business days prior to the conversion date. The decision of whether to issue shares or redeem for cash is at the discretion of the Company.

A Notice of Annual General Meeting and Explanatory Memorandum are being forwarded to shareholders today.

The Company currently anticipates that the disclosure document relating to the Offer will be lodged with ASIC prior to the date of the Annual General Meeting. The final terms of the Offer will be contained in that disclosure document.

Application will be made for the Convertible Notes to be listed on the Australian Stock Exchange.

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About Macarthur Coal

Macarthur Coal is an Australian resources company developing a new generation of coal assets in Queensland's Bowen Basin.

Macarthur Coal supplies approximately 30% of the global demand for low volatile PCI coal which is a high-growth market.

The company is focussed on organic growth by developing new mines from grass roots level and identifying and pursuing high growth market segments. The Moorvale and Monto coal projects highlight Macarthur Coal's strategy, with both operations nearing the mining stages.

For further information contact:

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