

Macarthur Coal Limited

Annual General Meeting

19 November 2008

Chairman's Presentation

Keith De Lacy AM
(Chairman)

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Disclaimer: Statements contained in this material, particularly those regarding the possible or assumed future costs, performance, dividends, returns, production levels or rates, coal prices, reserves, potential growth of Macarthur Coal Limited, industry growth or other projections and any estimated company earnings are or may be forward looking statements. Such statements relate to future events and expectations and as such involve known and unknown risks and uncertainties. Actual results, actions and developments may differ materially from those expressed or implied by these forward looking statements depending on a variety of factors.

Agenda

1. 2007/2008 in review
2. Economic and social contribution
3. Environmental initiatives
4. Board restructure
5. Shareholding restructure
6. Safety – a culture
7. Infrastructure challenge
8. Strengthening relationships
9. Conclusions

1. 2007/2008 in review

Key financial results year ending 30 June 2008

\$Millions	12 Months to 30 June 2008	12 months to 30 June 2007	Change on Comparable Period 12 months to 30 June 2008	Comparison with Analyst Consensus
Coal Revenue (\$'M)	400.2	362.8	10.3%	384.0
EBITDA (\$'M)	136.2	98.1	38.8%	93.0
NPAT (\$'M)	72.7	66.5	9.3%	84.0
EPS diluted (cps)	36.6	35.5	3.1%	40.0
Dividend (cps)	17.0	18.0	(5.6%)	

NB. Dividend cps lower given share issue in January 2007 whereas eps uses weighted average of number of shares.

2. Economic and social contribution

- Macarthur Coal makes considerable contributions to the Queensland economy

2008	\$'000
Company tax (MCC only)	25,300
Dividends (MCC only)	19,500
Royalties to Qld Gov (JV)	31,400
Rail freight charges (JV)	30,500
Port charges (excl demurrage) (JV)	24,500
Employee wages and superannuation (excluding contractors)	23,900
Total – MCC share	125,700

2. Economic and social contribution

- QMEA sponsorship
- UQ Engineering scholarship
- Shares for Schools Programme
- Mining Industry Skills Centre
- 4RFM Moranbah Community Radio Station
- Central Queensland Helicopter Rescue Service
- Blackwater International Coal Centre
- Donations/sponsorship programme

3. Environmental initiatives

- **Climate Change Strategy**
 - Creation of Carbon Committee
 - Preparation, approval and release of company's Climate Change Policy
 - Development of carbon action plan
 - Understanding Macarthur Coal's carbon footprint with respect to operations and customers

- **COAL21**
 - Aimed at reducing emissions from coal fueled power generation through clean coal technology research
 - Coal industry has committed \$1 billion over 10 years

- **Greenhouse Challenge Plus**
 - Macarthur Coal a signatory and agrees to integrate greenhouse issues into its decision-making processes

- **Australian Coal Association Research Program (ACARP)**
 - Mission is to research, develop and demonstrate clean coal technologies
 - Australian black coal producers contribute 5 cents per tonne to ACARP research

4. Board Restructure

Changes to the Board:

- Resignation of Ken Talbot and Don Nissen
- Opportunity taken to evaluate Board
- Identified need to have majority of independent Board members
- Appointed Martin Kriewaldt and Terry O'Reilly as independent directors on 13 October 2008

Board of Directors



Nicole Hollows
CEO/
Managing Director



Keith De Lacy
Chairman



Roger Marshall
Deputy
Chairman



Peter Forbes
Director



Chen Zeng
Director



Martin Kriewaldt
Director



Terry O'Reilly
Director

5. Shareholding Restructure

- Considerable activity on share register in second half of financial year
- Resulting shareholding:
 - CITIC 20.4%
 - ArcelorMittal 19.9%
 - POSCO 10.0%
- MCC prides itself on being an **independent** coal company
- Following period of turbulence, left with three cornerstone investors with just over 50% of total shares, two being customers

5. Shareholding Restructure

- Supportive shareholders keen to participate in the ongoing growth of Macarthur Coal
- Current shareholders can look forward to very good fundamentals, strong dividend flows and very solid growth prospects over the long term
- Current share price does not reflect these fundamentals

6. Safety – a culture

- All site personnel have completed legislative training
- The new Safety Management System (SMP) has been rolled out to all staff including contractors
- New Safety Committee formed
- Coppabella safety record improved with 31% reduction I LTIFR
- Leighton Contractors (Moorvale Mine) – 1,500 days LTI-free on 17 October 2008
- Middlemount reached one year LTI-free on 13 June 2008

7. Infrastructure challenge

- Macarthur Coal's sales substantially impacted by continuing port and rail constraints and wet weather
- In first half of 2008 financial year, expansion works at DBCT impacted coal chain capacity
- Rail delivery to DBCT in 2008 FY also considerably less than forecast
- Difficult to determine Macarthur Coal's likely final port entitlement for 2009 financial year

7. Infrastructure challenge

Northern Missing Link and Abbot Point expansion

Both projects to go ahead

Abbot Point

- Stage 1 estimated to be completed by early 2011 (50Mtpa)
- Stage 2 to be completed by late 2012 (75 Mtpa)
- Stage 3 to be completed by late 2014 (100 or 110Mtpa)

- Macarthur Coal executed 3Mtpa take or pay contract with Ports Corp of Queensland for future export capacity through Abbot Point, in February 2008
- Due to commence in 2011, at rate of 1.5Mtpa and ramp up progressively to 3Mtpa

7. Infrastructure challenge

Summary:

- Infrastructure provision should lead not lag growth
- Industry will pay, Government must coordinate
- Ensure planning, regulation and development of new infrastructure is integrated and timely
- Coordinator General's role must be strengthened
- Build and investment will come

7. Infrastructure challenge

Community Wins

- Macarthur Coal (MCC) produces 7% of Queensland's metallurgical coal

- **FY2008 we paid:**
 - Dividends \$19.5 million
 - Company Tax \$25.3 million
 - Royalties \$31.4 million
 - Rail Freight \$30.5 million
 - Port charges \$24.5 million
 - Wages (incl contractors) \$48.6 million

7. Infrastructure challenge

Government Wins

For every \$100 we spend on rail freight we also pay:

- Royalties (QLD Gov) \$103
- Port charges \$80
- Company Tax (Comm Gov) \$83

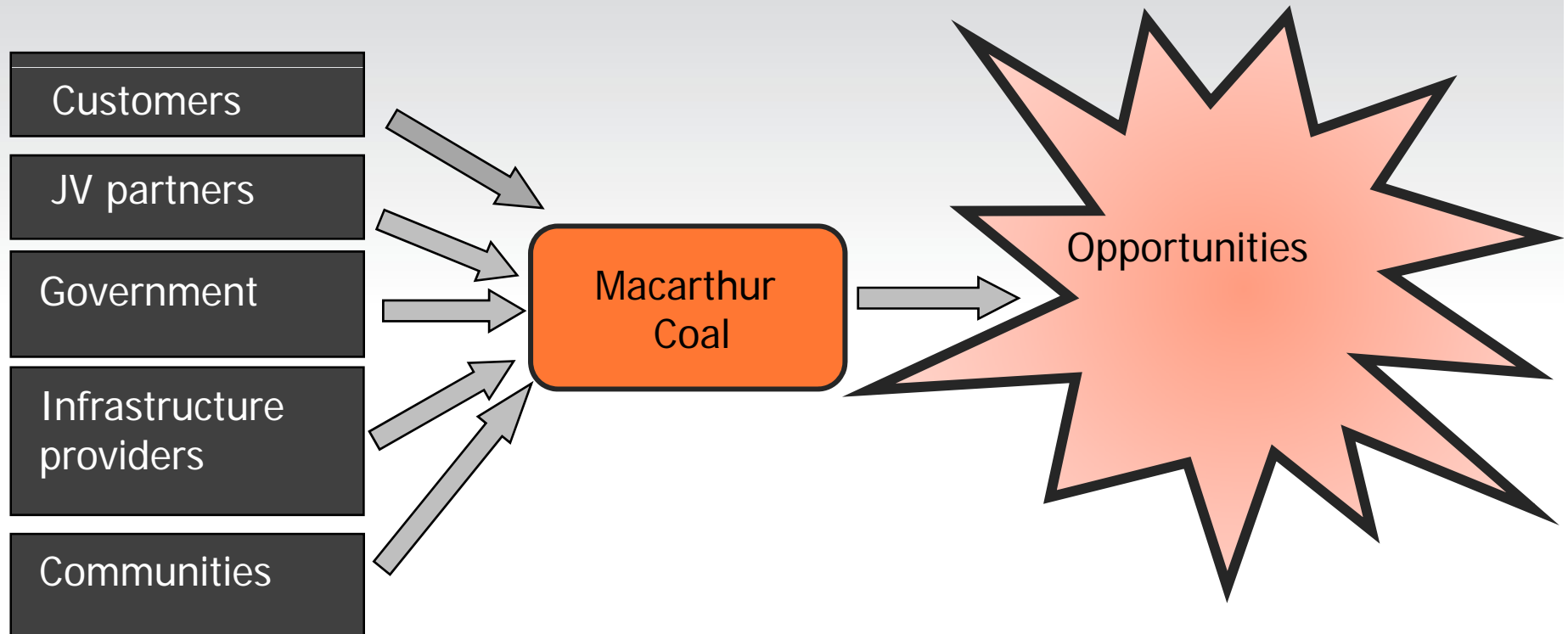
As well as:

- Payroll tax, GST, Income tax (employees) etc
- Regional development, growth and prosperity

EVERYONE WINS

8. Strengthening relationships

- Strong relationships and many opportunities



9. Conclusions

- 2008 has been a year of challenges and changes that will continue in 2009
- Macarthur Coal is focused on meeting these challenges head on by developing and implementing our company strategy and by focusing on our Top 5:
 - Safety and People
 - Operational Excellence
 - Cost Focus
 - Production Growth
 - Carbon and Environment