



Summary of Delegation of Authority to the CEO Policy

The Board is appointed by shareholders to manage the affairs of the Company. The role and responsibilities of the Board are set out in the Board Charter.

The Board has delegated responsibility for daily management of business activities to the CEO. Board separation from daily operational matters provides directors with the freedom to exercise independent and unfettered judgment over company related matters. The authority delegated to the CEO is defined in the Delegation of Authority to the CEO Policy, supplementing the Board Charter which also sets out the role and responsibilities of the CEO.

The Delegation of Authority Policy applies to Macarthur Coal and all subsidiary companies it controls. The scope of the CEO's authority covers:

- Operating expenditure with limits on amounts that can be authorised. The limit on unbudgeted expenditure is lower than for budgeted expenditure
- Capital expenditure with the limits on amounts that can be authorised. The limit on unbudgeted expenditure is lower than for budgeted expenditure
- Capital expenditure and operating expenditure variations from budget with limits on the amounts that can be authorised.
- Asset sales with limits set according to asset value, expected sale proceeds and/or asset age
- Contracts for equipment and/or services with limits applying to the contract term and/or liability imposed by the contract
- Credit provided to customers with a limit on the level of credit that can be granted
- Negotiations with customers with limits on carryover tonnage, sales on short period contracts and contract tenure
- Operational policy setting
- Human resources with limits on matters impacting the management structure, responsibilities, performance indicators, remuneration and termination of executive management personnel.

The CEO has been delegated powers to deal with abnormal events related to emergencies, compliance with regulatory requirements and/or need to preserve the Company's position or standing when timeframes do not make it possible to call a Board meeting or consult with the Chairman. The CEO is required to inform the Board as soon as possible after the event.

The CEO may sub-delegate authority in accordance with the authority level framework detailed in Macarthur Coal's Delegation of Authority policies.

The CEO is required to report regularly to the Board on authorities exercised and delegations to lower levels.