



Corporate Code of Conduct

20 July 2006

1 Introduction

This is the Corporate Code of Conduct ("Code") for Macarthur Coal Limited and its subsidiaries ("Macarthur Coal") and is designed to maintain confidence in the integrity of Macarthur Coal.

The Code sets out certain basic principles that directors, and employees ("officers") should follow in all dealings related to Macarthur Coal.

Officers should be loyal to Macarthur Coal, should show the highest business integrity in their dealings with others, including preserving the confidentiality of other people's information and should conduct Macarthur Coal's business in accordance with the law and principles of good business practice.

The Code reflects Macarthur Coal's recognition that Macarthur Coal's reputation is an essential element of Macarthur Coal's success. Each officer must act in a way that preserves and enhances Macarthur Coal's reputation.

Officers will often encounter issues requiring judgment based on the principles expressed in this Code. While it is impossible to discuss every conceivable situation that might arise, Macarthur Coal believes that the examples contained in this Code illustrate rules that should usually be followed to ensure that the actions of officers are not and will not be challenged for being unethical. The material in this Code is meant to be illustrative only and is not intended to limit the principles themselves.

Macarthur Coal expects all officers to be familiar with the principles stated in this Code, and expects each officer to be fully versed in the law affecting his or her responsibilities. Whenever questions of any nature whatsoever arise in relation to the Code, each officer should seek guidance from the Company Secretary who will, in turn, obtain advice on the interpretation of applicable laws and regulations from Macarthur Coal's solicitors.

The Code sets out the standards to which Macarthur Coal will adhere to while conducting its business and includes:

- the commitment to shareholders
- compliance with relevant laws
- environment protection
- occupational health & safety
- equal employment
- confidentiality
- conflicts of interest
- general conduct.

All officers are responsible for Macarthur Coal achieving the highest levels of business conduct. Macarthur Coal's officers are accountable for acting in line with the policies and standards outlined in the Code.

2 Board

The Board and senior managers of Macarthur Coal support, stand by and will adhere, at all times, to the Code. It is their view, that the Code will benefit Macarthur Coal in all that it strives to achieve and will be the key to the success of Macarthur Coal in the implementation of its strategies.

Proper business conduct is in the long-term interests of Macarthur Coal because it creates loyalty and trust in employees, customers, the communities in which Macarthur Coal operates, and other stakeholders.

3 Shareholders

Macarthur Coal acknowledges and endorses the expectation that funds of shareholders will be used in a manner that results in the best possible return, consistent with the agreed risk profile which takes into account the appropriate level of risk after balancing returns with risk. In achieving this aim, officers will undertake their duties with honesty, integrity, care, skill and diligence.

Macarthur Coal recognises that transparency in business conduct and open disclosure of the strategies of Macarthur Coal play a key role in building shareholder value, loyalty and trust. Macarthur Coal also recognises that in order to grow and achieve success, it must earn the trust of employees, customers, suppliers, communities and shareholders by being open and communicative.

4 Compliance with the Law

4.1 Introduction

Officers must comply with the letter and the spirit of all laws and regulations. This includes:

- understanding the laws and regulations relevant to their work
- complying with those legal requirements.

Some laws affect the business conduct of everyone and include equal employment opportunity and occupational health and safety. Other laws focus primarily on particular roles in Macarthur Coal such as the environment, trade practices and product liability.

It is crucial that all officers understand the laws that affect both their roles and their general business conduct. If an officer is unclear of the impact that the law may have on their role, they should seek advice from the Company Secretary.

4.2 Share Trading

Macarthur Coal's share trading policy provides guidelines and prohibitions relating to the trading of Macarthur Coal's securities. The key principles outlined in the share trading policy are:

- short term trading of Macarthur Coal's securities is not permitted
- trading in Macarthur Coal's securities while in possession of price sensitive information is prohibited
- trading in Macarthur Coal's securities is permitted during the four week period commencing immediately after the announcement to the Australian Stock Exchange (ASX) of the half year and annual results, after the conclusion of Macarthur Coal's annual general meeting and after the issue of a prospectus, providing that the person is not in possession of price sensitive information
- trading outside the specified four week period is allowed in exceptional circumstances and subject to special processes
- trading in Macarthur Coal's securities at any time by directors is not to occur without the knowledge of the Chairman.

4.3 Privacy

Macarthur Coal will only collect personal information from its employees ethically and lawfully. It also seeks to collect information in a fair manner and in a way that is not unreasonably intrusive. If personal information is collected on behalf of Macarthur Coal, the person whose information is collected must be informed of the purpose for which the information is collected and be made aware that, subject to some limitations, officers will be able to gain access to the information collected on request. Steps must be taken to ensure that data is appropriately accurate and current and that data is stored no longer than necessary.

Officers must ensure that the confidentiality of personal information contained in company records is strictly maintained.

Personal information relating to individuals should not be provided to other employees unless it is required to perform their jobs. Information relating to employment records, salaries, addresses etc. cannot be released to external organisations unless required by law or upon written consent from the relevant officer.

5 Environment

All Macarthur Coal's business activities will be carried out so as to protect the health and safety of officers, contractors, customers and the community while paying proper regard to the protection of the environment.

Macarthur Coal will endeavour to conduct its operations in a manner that is environmentally responsible.

The objectives of Macarthur Coal in protecting the environment are to:

- meet or exceed all legal and regulatory requirements for environmental management and protection and where these are lacking or insufficient to protect the environment, apply best practice standards which will ensure that the environment is protected
- maintain an awareness within Macarthur Coal of the responsibility of Macarthur Coal and its officers or contractors to ensure protection of the environment
- regularly review Macarthur Coal's operations to identify and assess the environmental impact associated with those operations
- implement and maintain management systems, programs and procedures to ensure the environment is protected including the control of discharges and other waste emissions that may harm the environment.

6 Occupational Health & Safety Policy

Macarthur Coal is committed to the health and safety of all employees. Macarthur Coal will work to eliminate hazardous practices and behaviour which could cause accidents, injuries or illness to employees, contractors, visitors and the general public. Macarthur Coal strives to have injury free workplaces.

The objectives of Macarthur Coal in ensuring health and safety are to:

- comply with all relevant statutory obligations
- provide adequate resources to establish and maintain safe systems of work
- maintain health and safety competency and integrate health and safety requirements in all aspects of business
- ensure all incidents are reported and thoroughly investigated with a view to preventing a similar incident occurring
- continuously improve performance through innovative technology, education and good management practices
- provide health and safety training for employees
- employ only those contractors who aspire to the same health and safety standards as Company
- promote a positive health and safety culture that is based on the principle that all incidents can be prevented.

All employees are required to follow rules for safe and healthy operations, report hazards to their supervisors and report any injuries that they have incurred.

7 Equality in Employment

Macarthur Coal seeks to provide a work environment in which everyone is treated fairly and with respect. Merit is the primary basis for employment with Macarthur Coal. All employees and applicants for employment should be treated and evaluated according to their job-related skills, qualifications, abilities, aptitudes and attitude only. Any decisions based on characteristics such as gender, age, race, religion, marital status, sexual preference or political belief may constitute discrimination which is not accepted by Macarthur Coal.

Active discrimination and harassment in the workplace in any form is unacceptable. Macarthur Coal regards any actions by an officer that constitute harassment or discrimination as serious misconduct.

8 Confidentiality

Confidentiality is a key characteristic of an efficient and successful business. Officers are required to protect proprietary, commercial and other information that is confidential to Macarthur Coal. These obligations of confidentiality continue after an individual's employment has ceased with Macarthur Coal.

Information that is not generally available concerning the activities, results, strategies or plans of Macarthur Coal must be used for authorised purposes only. Confidential information should be handled and communicated with care and must not be disclosed outside Macarthur Coal without proper authority.

Any contracts that are entered into by Macarthur Coal with customers, consultants and contractors should contain appropriate confidentiality clauses that ensure the protection of Macarthur Coal's confidential information.

9 Conflicts of Interest

Officers should not engage in activities or hold or trade assets that involve, or could appear to involve, a conflict between their personal interests and the interests of Macarthur Coal. Such circumstances could compromise or appear to compromise the officer's ability to make impartial business decisions.

Any conflict of interest or potential conflict of interest must be disclosed to the CEO.

If in any doubt about a conflict of interest, the matter should be disclosed to senior management to ensure it can be adequately considered.

10 General Conduct

Officers must:

- not make unauthorised personal gains in relation to Macarthur Coal's activities or payments
- not accept or offer to give gifts, services, discounts, gratuities or other gains from (or to) people who conduct business with Macarthur Coal. Small gifts (gifts which are not seen or

perceived as an inducement to compromise or influence usual business procedure) or invitations to local social or sporting functions are generally acceptable.

- not make unauthorised public statements. Great care must be taken in public speaking engagements, media releases and official appearances to ensure there is no disclosure of price sensitive information.
- treat customers, consumers, the community and suppliers with respect, and honesty and strive to deliver superior performance in conducting their duties
- not make unauthorised political donations on behalf of Macarthur Coal.
- help out fellow workers and work collaboratively and within the bounds of commercial confidentiality
- work in the best interests of Macarthur Coal.

11 Compliance

11.1 Responsibility for monitoring compliance

All officers of Macarthur Coal are responsible for ensuring their individual compliance with the Code.

11.2 Reporting instances of non-compliance

All instances of non-compliance with the Code are to be reported to the Company Secretary or CEO.

Where appropriate, serious non-compliance with the code should be reported to the Audit and Risk Management Committee.

Serious non-compliance with the Code includes any conduct or event involving impropriety which:

- constitutes fraud
- may have a serious business impact on Macarthur Coal
- may seriously compromise the reputation of Macarthur Coal.

12 Review

The Company Secretary is to conduct an annual review of the Code to ensure that the Code continues to reflect the letter and spirit of all applicable laws and regulations and Macarthur Coal's commitment to its staff and the community.

Officers of Macarthur Coal are encouraged to report any difficulties or challenges encountered by them in complying with the Code (including any inconsistencies between the Code and the business initiatives of Macarthur Coal) to the Company Secretary. This will assist in the

evaluation of the effectiveness of the Code and will highlight any areas of the Code that may require amendment or additional guidance.

13 Access to the Code

The Corporate Code of Conduct is available to all directors staff of the Company.

A copy of this Code is to be placed on Macarthur Coal's website at www.macarthurcoal.com.au

Version	Date Approved by Board
Initial Version	14 August 2003
Revision 1	20 July 2006