



Share Trading Policy

19 June 2008

Version	Date Approved by Board
Initial Version	22 June 2001
Revision 1	13 November 2002
Revision 2	12 March 2004
Revision 3	19 June 2008

1 INTRODUCTION

1.1 NEED FOR SHARE TRADING POLICY

- a) There are legal duties placed on directors and officers of the Macarthur Coal Group in relation to transactions in the Securities of **Macarthur Coal Limited**. Criminal and civil penalties apply if these duties are breached. The major issue is the matter of price sensitive information.
- b) In view of this and the difficulties in determining whether certain information is price sensitive, Macarthur Coal Limited has adopted a Share Trading Policy governing dealings in Securities by Directors, Employees and their Associates.
- c) Nothing in this policy sanctions a breach of any relevant legal or regulatory requirement. In particular all Directors, Employees and their Associates must comply with applicable insider trading legislation.

1.2 BACKGROUND - LEGAL CONSTRAINTS

- a) Legal constraints which apply to directors and officers of a public company who buy or sell securities in that company arise from the following sources:
 - ◇ common law
 - ◇ Corporations Act
 - ◇ ASX Listing Rules.
- b) If a director or an officer is in possession of price sensitive information, which has not been publicly disclosed, there are a number of general and some specific legal rules which provide constraints on dealing in Securities.

1.3 HOLDING SECURITIES IN MACARTHUR COAL

Whilst it is desirable that Directors, Employees and their Associates hold Macarthur Coal Securities, Directors, Employees and their Associates wishing to buy or sell Macarthur Coal Securities must have regard to the legal constraints and to the spirit of this Policy.

2 SHARE TRADING POLICY

2.1 DEFINITIONS

Associate means any person or entity (including trusts or companies) whose shareholdings are controlled or influenced by a Director or Employee. It does not include parents, spouses, dependents and children who are not under the control or influence of a Director or Employee but act on their own initiative without reference to the Director or Employee.

Trade means subscribe for, purchase or sell such securities, enter into an agreement for that purpose or procure another person to do so.

Director means a director of Macarthur Coal Limited or a director of a Subsidiary of Macarthur Coal Limited.

Employee means an employee or contractor of the Macarthur Coal Group.

Macarthur Coal Group means Macarthur Coal Limited and its related bodies corporate.

Macarthur Coal Securities means all securities issued by Macarthur Coal Limited from time to time including ordinary shares, preference shares, debentures, options and convertible notes.

Subsidiary means any subsidiary in which Macarthur Coal Limited has a controlling interest.

Price Sensitive Information has the meaning set out in Schedule 1

Short Term Trading means the buying or selling of the same Macarthur Coal Securities within a trading window permitted under clause 2.2.

2.2 TRADING IN MACARTHUR COAL SECURITIES

a) Irrespective of whether this Policy permits Trading in Macarthur Coal Securities, a Director shall not buy or sell Macarthur Coal Securities at any time without the knowledge of the Chairman or in the case of the Chairman, the Chairman of the Audit and Risk Management Committee.

b) The following table sets out the rules for Trading in Macarthur Coal Securities:

Never Allowed To Trade	Allowed to Trade without prior written permission	Allowed to Trade but only with prior written permission from a Notification Officer
<p>A Director, Employee or their Associates shall not Trade at any time in any Macarthur Coal Securities if they are in possession of Price Sensitive Information.</p>	<p>Directors, Employees and their Associates may Trade in Macarthur Coal Securities during the period of 30 days following:</p> <ul style="list-style-type: none"> • the announcement to the ASX of the half year results, • the announcement to the ASX of the full year results • the annual general meeting <p>provided that:</p> <ul style="list-style-type: none"> • they are personally satisfied that they are not in possession of Price Sensitive Information, and • the transaction does not amount to Short Term Trading. 	<p>Directors, Employees and their Associates may Trade in Macarthur Coal Securities at times other than those specifically permitted by the policy provided that:</p> <ul style="list-style-type: none"> • they are personally satisfied that they are not in possession of Price Sensitive Information, and • the trading does not amount to Short Term Trading , and • they seek prior written approval from a Notification Officer.

2.3 NOTIFICATION OFFICERS

For the purposes of this policy, the relevant Notification Officer for a Director or Employee is as follows:

Director/Employee	Notification Officer
Chairman	Chairman of the Audit and Risk Management Committee
Directors and Chief Executive Officer	Chairman and in the Chairman's absence, the Chairman of the Audit and Risk Management Committee
Employees	Chief Executive Officer or in the Chief Executive Officer's absence, the Chairman or Chairman of the Audit and Risk Management Committee

2.4 SUPPORTING REASONS TO BE PROVIDED

- a) Prior written approval to Trade in Securities pursuant to clause 2.2 will only be provided after a written request for approval, with supporting reasons, is provided to the Notification Officer.
- b) The following is a guide to when prior written approval may or may not be given:

Written approval may be given to trade in Macarthur Coal Securities but will depend on the individual circumstances	It is highly unlikely that written approval will be given to trade in Macarthur Coal Securities
<p>Prior written approval may be given by the Notification Officer where, for example, it can be shown that Macarthur Coal Securities:</p> <ul style="list-style-type: none"> • are to be sold to realise cash in a time of need • are transferred from one member of a family or trust to another when to delay the transaction would be detrimental to the family's affairs. 	<p>It is highly unlikely that prior written approval would be given by the Notification Officer to trade in Macarthur Coal Securities during the following periods:</p> <ul style="list-style-type: none"> • 31 December until immediately after the announcement of the half year results • 30 June until immediately after the announcement of the full year results • 30 days prior to the annual general meeting.

2.5 INFORMING THE COMPANY AND THE ASX

- a) Directors, Employees and their Associates who have been involved in any Trading in Macarthur Coal Securities, must advise the Company Secretary in writing of the details of the completed transactions within 2 days of each transaction. Such notification is necessary whether or not prior written approval from a Notification Officer has been required.
- a) The Company Secretary must maintain a Securities Transactions Register.
- b) The Policy does not apply to acquisition of Macarthur Coal Securities, issued pursuant to new issues or dividend reinvestment plans where the issues are available pro rata to all shareholders. It also does not apply to acquisition of Macarthur Coal Limited securities issued pursuant to a directors/employees incentive share or option plan.
- c) Directors must notify the Company Secretary, who in turn must notify the ASX of any changes in their holdings of Macarthur Coal Securities. Such notification must be made to the ASX within 5 business days of the Trade.

2.6 OTHER COMPANIES' SECURITIES

- a) In the event that the Macarthur Coal Board declares that a nominated company is the subject of an investment activity by Macarthur Coal, a Director or Employee who is aware of the Board's declaration and holds shares in that nominated company, must immediately disclose the existence of that shareholding to the Company Secretary who in turn must notify the Board.
- b) Directors, Employees or Associates who are made aware of a Macarthur Coal investment activity in a nominated company are deemed to have Price Sensitive Information and are prohibited from trading in Macarthur Coal Securities and securities of the nominated company.

2.7 TRUSTEES

A person who is included under this Policy and who is a joint trustee or a trustee of a deceased estate should advise his co-trustees or trust beneficiaries, as the case may be, of his relationship with Macarthur Coal Limited and the consequential restrictions on his ability to give advice in respect of Macarthur Coal Securities.

2.8 DISCLOSURE

- a) Directors are to note that the terms and existence of any finance arrangements, such as margin loans, in relation to their Macarthur Coal Securities, may require disclosure by Macarthur Coal under Listing Rule 3.1, if the information is such that a reasonable person would expect it to have a material effect on the price or value of Macarthur Coal Securities.
- b) As the obligation to disclose this information is placed on Macarthur Coal, Directors are to immediately disclose to the Chairman or Chairman of the Audit and Risk Management Committee in the case of disclosure by the Chairman, whenever their holding of Macarthur Coal Securities encounter or could encounter, a situation which could have a material effect on the orderliness of general market trading in the Macarthur Coal Securities.

- c) Directors should not enter into any arrangements in respect of their Macarthur Coal Securities which could lead them to encounter a situation which could have a material effect on the orderliness of general market trading in the Macarthur Coal Securities or could lead them to breach the provisions of this Share Trading Policy.

2.9 PROHIBITION ON HEDGING

Directors and Employees may not enter into a transaction that is designed to limit the economic risk of a holding in unvested Macarthur Coal Securities.

SCHEDULE 1

Price Sensitive Information

Price sensitive information can be both financial and non financial information.

Price sensitive information is any information that a reasonable person thinks would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to subscribe for, or buy or sell, the securities.

This list is not exhaustive. It aims to provide examples of what information could be considered price sensitive:

- material changes in turnover
- current or prospective profit figures
- proposed action in the form of dividends, bonus or new share issues
- proposed major disposals or acquisition of assets
- proposed major contracts beyond the size and nature of contracts normally undertaken by the company
- proposed changes in the debt and equity structure of Macarthur Coal
- information to be disclosed under the continuous disclosure provisions of the Corporations Act and ASX Listing Rules
- proposed changes to the membership or structure of the Board
- proposed changes in the general character or nature of the business
- information regarding changes in the holdings of substantial shareholders
- a proposal to change the auditor
- an agreement between Macarthur Coal and a director
- a change in accounting policy to be adopted by the entity