CLSA Investment Conference Hong Kong

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QR NATIONAL™

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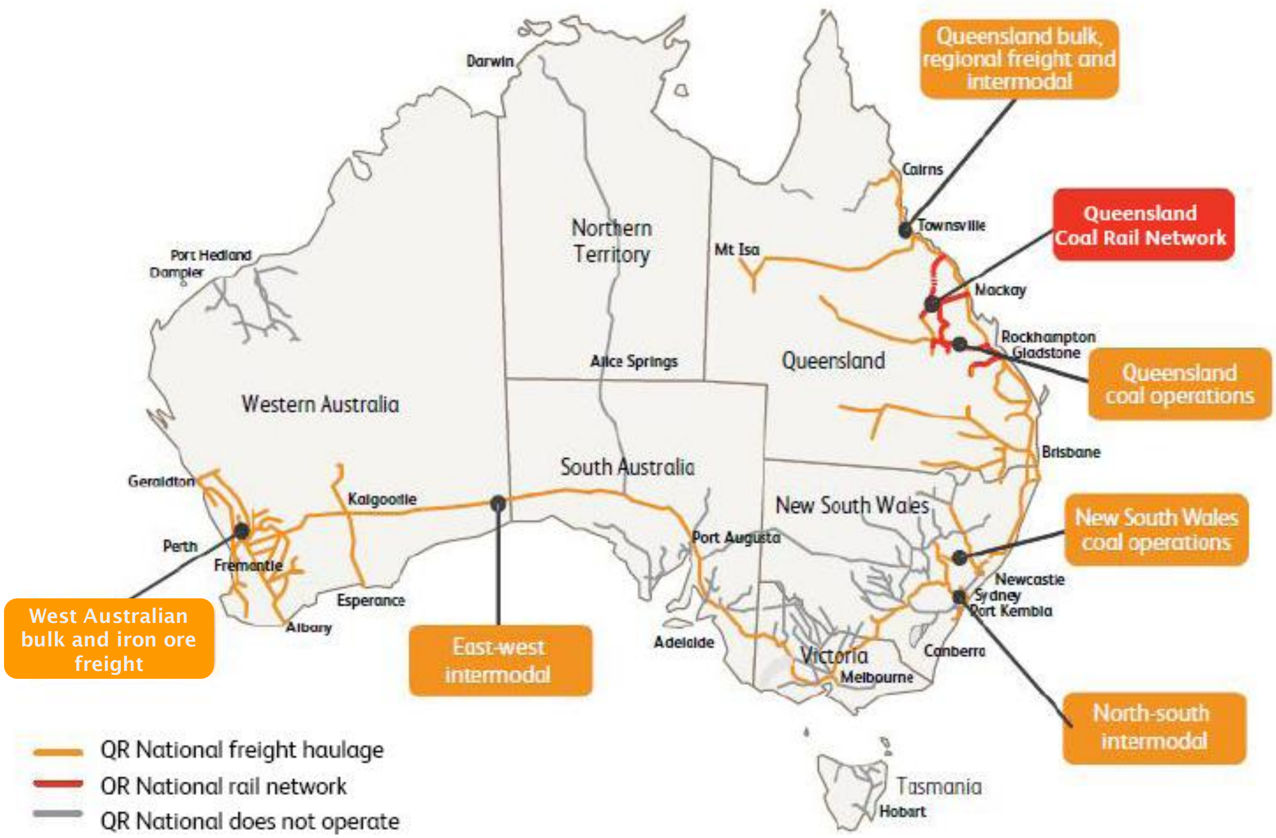
QR NATIONAL IS AUSTRALIA'S LARGEST RAIL FREIGHT OPERATOR



- Operations across all mainland States
- 2,300kms of track owned, managed and operated in Central Queensland
- 242mtpa of volumes hauled in FY11
- 9,001 employees
- $9.2bn of total assets
- Market capitalisation of ~$8bn

QR NATIONAL'S KEY OPERATIONS

Coal

- Largest coal haulage operator in Australia
- >500,000 tonnes hauled per day
- >500 coal train services per week
- >450 heavy haul diesel and electric locomotives
- 55 mine sites over six supply chains

Freight

- National transporter of bulk mineral commodities (including iron ore), agricultural, mining and industrial products, general and containerised freight

Network Services

- Network – 2,300km of track across four coal rail systems in Central Queensland
- Infrastructure & Rollingstock Services – provides specialist rollingstock & track maintenance services internally and externally

Operational Excellence

- Asset Engineering
- Fleet planning
- Safety and Environment
- Asset Reliability, Planning & Scheduling

FY11 Performance

INAUGURAL RESULT DEMONSTRATES DELIVERY AND MOMENTUM

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EARNINGS INCREASE

- Revenue of $3.3bn - up 11% on FY10
- Underlying EBIT of $367m - up 35% on FY10
- Volumes of 243.1mt in FY11 - down 7% on FY10
- Statutory EBIT of $205m - $72m loss in FY10

WEAKER COAL VOLUMES DUE TO FLOODS

- Flood impacted coal volumes resulting in a reduction of 37mt against expectations
- Transformation benefits partly offset impact of flood affected coal volumes
- Despite lower volumes in FY11, coal revenue of $1.69bn is in line with FY10

TRANSFORMATION PROGRESS

- Significant improvements in safety performance - 50% reduction in LTIFR
- Revenue quality improving - 29% of contracted volumes on new contracts
- VR Program fully implemented - 660 people departed the company
- Procurement savings of $23.1 million

GROWTH STRATEGY GAINS TRACTION

- Strategic investment of $1.4bn for growth crucial to coal export industry
- Currently building capacity increase of >43mtpa to CQCN by 2014
- Increasing to >70mtpa once Wiggins Island Project commences
- New coal and iron ore contracts secure more than 40mtpa at commercial returns

FY11- DELIVERING ON TRANSFORMATION AND GROWTH

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Strategy

Transformation

- Safety
- Commercial outcomes
- Customer service
- Performance improvement
- Cost reductions
- Asset utilisation
- Company-wide cultural change
- Attract, develop and retain the right people
- Up-skill workforce

Growth

- Contract wins
- Revenue growth
- Diversification
- Invest in infrastructure and above-rail assets
- Balance sheet and funding requirements

Execution

Transformation

- 50% reduction in LTIFR - safety performance
- VR Program fully implemented - 660 people departed
- Revenue quality uplift in coal
- 29% QLD contracted coal volumes on new contracts
- Payload increases - Blackwater 5% and Goonyella 6% since February 2010
- Procurement savings - Opex - $13.5m and Capex - $9.6m
- Workforce renewal with 390 new roles including executives, train drivers & operational roles
- Recruitment of 167 graduates, apprentices and trainees

Growth

- Coal contracts for 26mtpa
- Hunter Valley ~ 30% market share contracted in FY12
- Iron Ore contracts for ~30mtpa
- Freight revenue growth under TSC
- Services external contract - revenue uplift
- Capital investment of $1.4bn in FY11
- Network investment of $692m in new infrastructure
- $440m investment in new rollingstock
- Strong balance sheet to fund growth

A SOLID OUTCOME

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Financial		
Revenue ($m)	**3,294**	+11%
Underlying EBITDA ($m)	**813**	+17%
Underlying EBIT ($m)	**367**	+35%
Statutory NPAT ($m)	**350**	>100%
Volumes (mt)	**243.1**	(7%)
Statutory EPS (cps)	**14.94**	>100%

Underlying EBIT by Division ($m)		
Network Services	**285**	+3%
Coal	**159**	(29%)
Freight	**31**	>100%
Other	**(108)**	+18%
Group	**367**	+35%

Key Metrics		
Revenue / NTK (A$/000 NTK)	**55.1**	+19%
Labour Costs / Revenue	**33%**	-
NTK/employee[3] (MNTK)	**6.6**	(3%)
Opex[1] / NTK (A$/000 NTK)	**48.9**	(16%)
Operating Ratio[2]	**89%**	+2%
ROIC	**4%**	+1%

Strong balance sheet		
Total Assets ($m)	**9,162**	+7%
Net Debt ($m)	**(686)**	
Shareholders equity	**6,992**	
Gearing[4]	**9%**	

(1) NTK/Employee using headcount as at 30 June as denominator

(2) Opex defined as operating expense including depreciation & amortisation

(3) Operating Ratio defined as (1 - EBIT margin)

(4) Gearing = Net debt /(Debt + total equity)

A SIGNIFICANT LIFT AGAINST PRIOR YEAR

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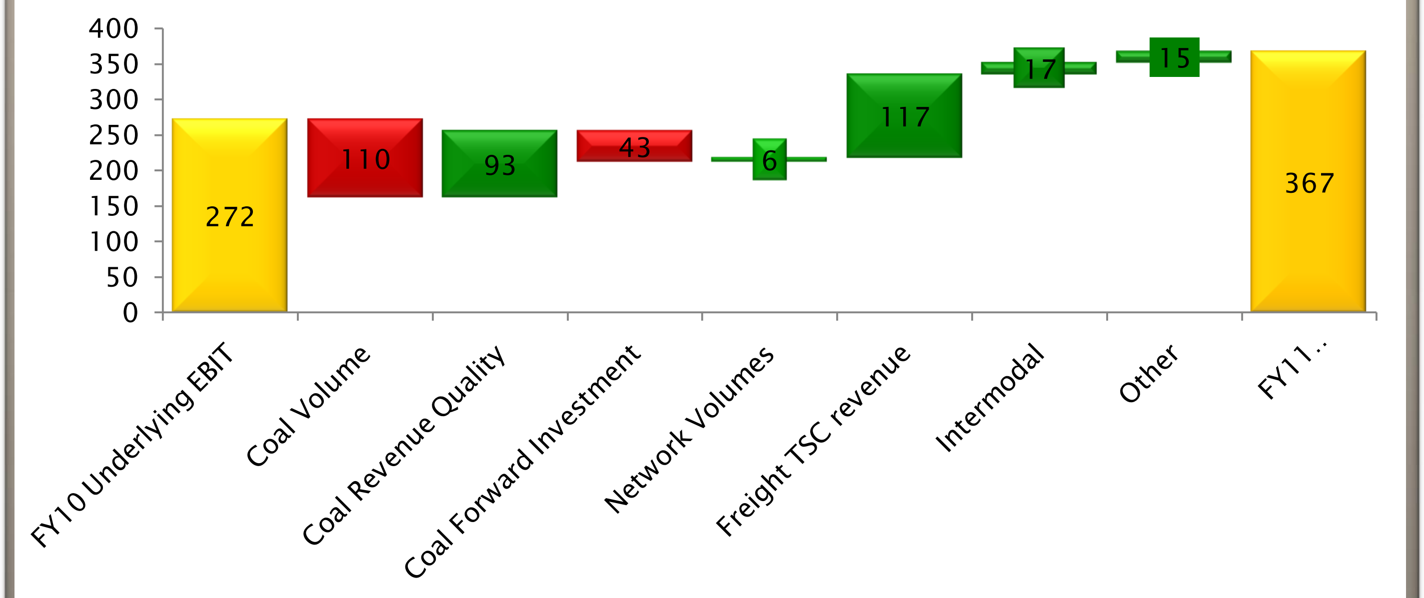
- Flood impact and reduced mine outputs impact on volumes
- Revenue quality uplift from contract renewals, incentives and performance bonuses
- Forward investment in maintenance and capital to underpin growth
- Lower Network tonnages are offset by take or pay revenue
- TSC for regional services
- Intermodal customer ramp up
- NSW growth expansion tonnes



GROWTH CONTINUES TO ACCELERATE

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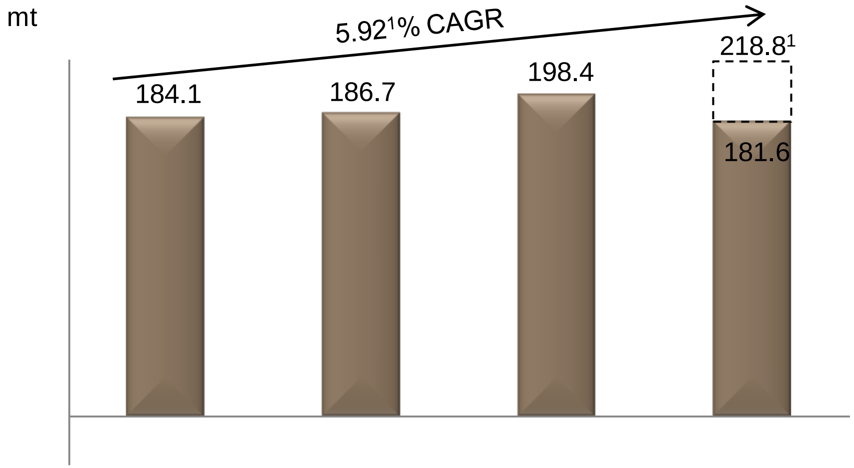
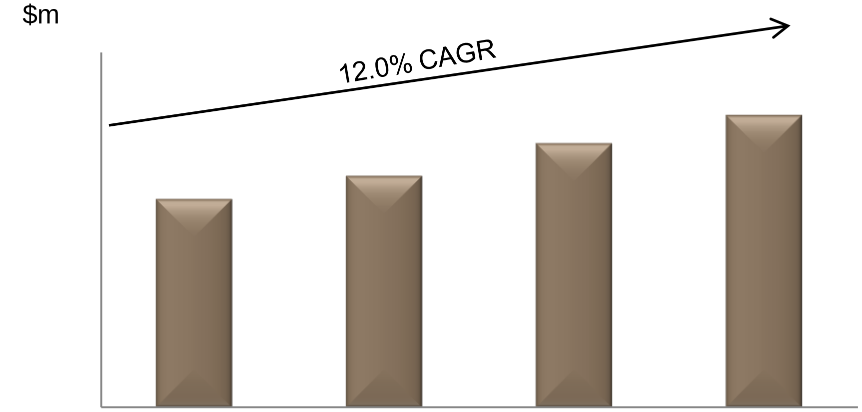
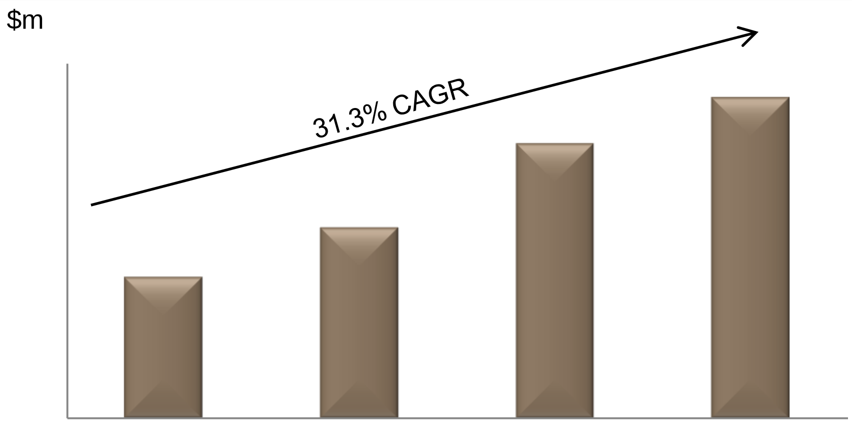
Coal Volumes



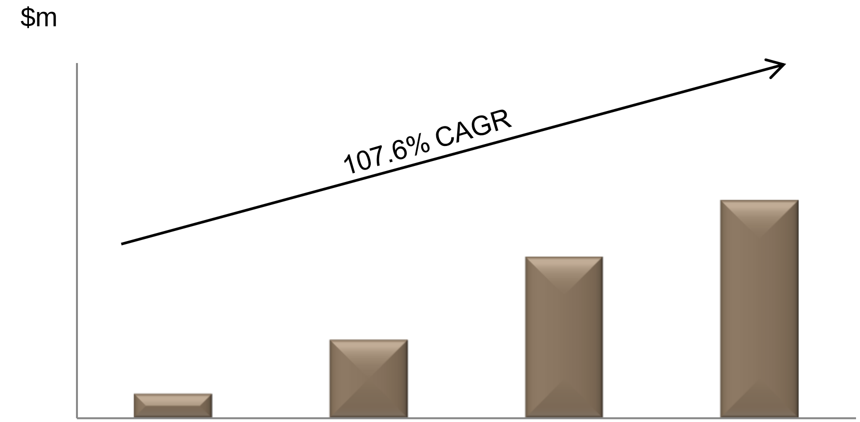
Revenue



Underlying EBITDA



Underlying EBIT



1. Full year expectations without flood and cyclone

PERFORMANCE METRICS TRENDING IN THE RIGHT DIRECTION

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QR National Group Operating metric	FY10	FY11
Revenue / NTK (A$/000 NTK)	46.3	55.1
Labour Costs / Revenue	33%	33%
NTK/employee[(3)] (MNTK)	6.8	6.6
Opex[(1)] / NTK (A$/000 NTK)	42.1	48.9
EBITDA Margin	23%	25%
Operating Ratio[(2)]	91%	89%
ROIC	3%	4%
NTK (bn)	64.2	59.8
Tonnes (m)	262.0	243.1
People	9,390	9,001

Commentary

- Increased EBITDA margin by 200 bps due to:
  - Improved revenue quality underpinning growth in revenue per NTK
  - Partially impacted by higher cost per NTK resulting from reduced volumes due to floods
- Labour costs in line with early benefits of VR program flowing through
- ROIC improvement demonstrates continued focus on improving commercial outcomes

(1) NTK/Employee using headcount as at 30 June as denominator

(2) Opex defined as operating expense including depreciation & amortisation

(3) Operating Ratio defined as (1 - EBIT margin)

SAFETY – LEAD INDICATOR FOR PERFORMANCE

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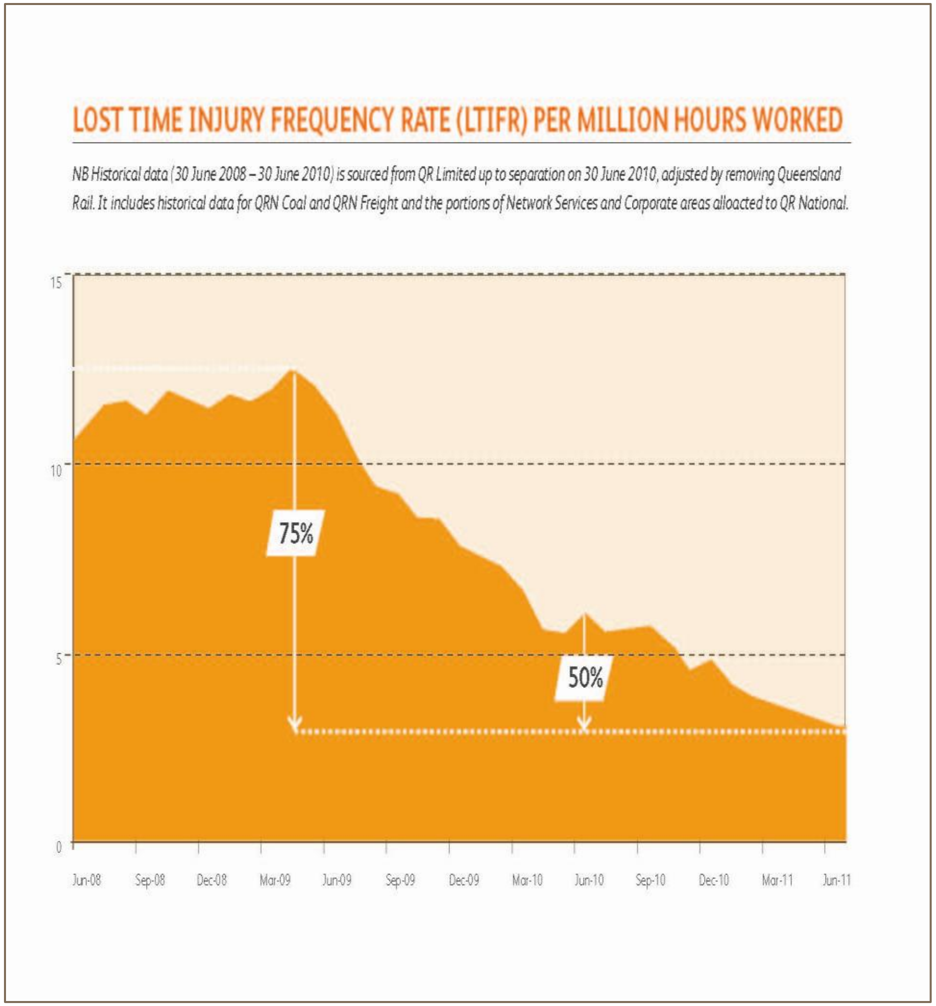
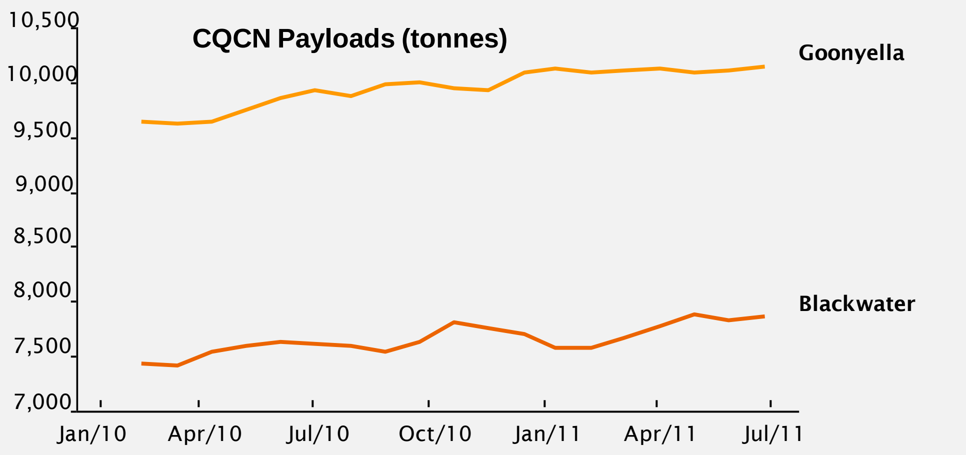
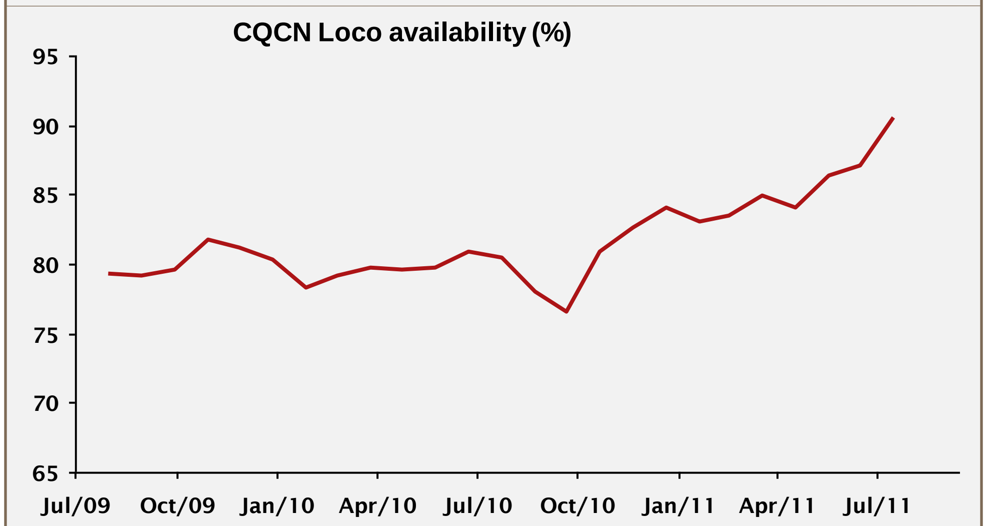
- Safety is QR National's core value and highest priority
- Achieved 50% improvement in LTIFR to 3.08
- Achieved first LTI free month on record
- MTIFR decreased by 26% to 18.26
- SPAD rate decreased by 20% to 1.66
- Improvements reflect:
  - changing culture
  - operating discipline
- Good safety performance is good business



FOCUS ON PRODUCTIVITY & SERVICE





- New operating model established in Capricornia and Goonyella Central Queensland coal systems
- Payloads have increased 5% in Goonyella and 6% in Blackwater since February 2010
- Improved alignment between above and below rail; planning, scheduling and day of operations
- Reduced time at major depots
- Improved track availability and reliability
- Improved coal loco availability to over 90% in August
  - Improved supplier partnerships
  - Reliability focussed maintenance that eliminates failure modes
  - Improving maintenance depot productivity
  - Development of supervisors to provide on the ground leadership.

MORE THAN 70MTPA OF COMMITTED ADDITIONAL SYSTEM CAPACITY

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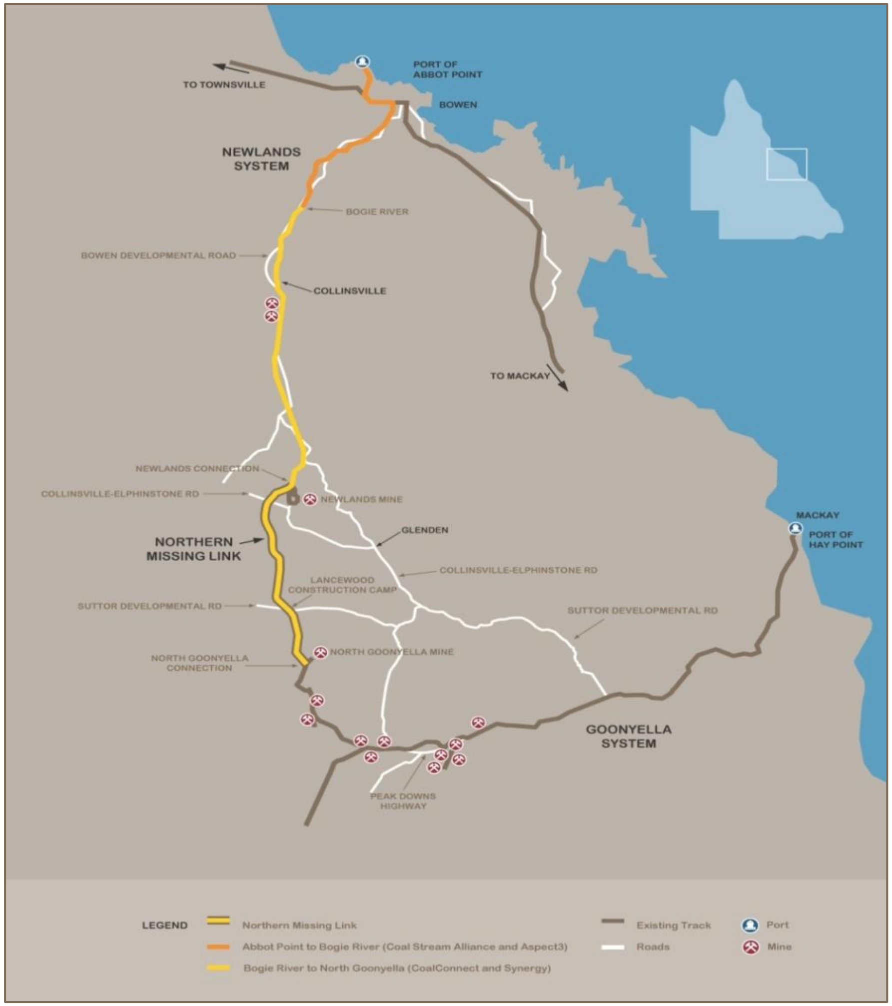
- **Abbot Point**
  - **plus 33mtpa**
- **Hay Point**
  - **plus 11mtpa**
- **Gladstone (Wiggins Island)**
  - **plus 27mtpa**

GAP – ON SCHEDULE & ON BUDGET



- One of the largest rail infrastructure projects in the Company's history - $1.1bn
- Increasing capacity through Goonyella and Newlands system to Port of Abbott Point by 33mtpa
- GAP Project includes:
  - Construction of the Northern Missing Link – 74kms
  - A major upgrade and expansion of existing Newlands Coal System
  - Capacity enhancements within the Goonyella System – 50mtpa achieved by 2012
- Project remains on schedule and on budget for commissioning from January 2012

WIGGINS ISLAND PROJECT ADDS 27MTPA ADDITIONAL CAPACITY

WIGGINS ISLAND PROJECT ADDS 27MTPA ADDITIONAL CAPACITY

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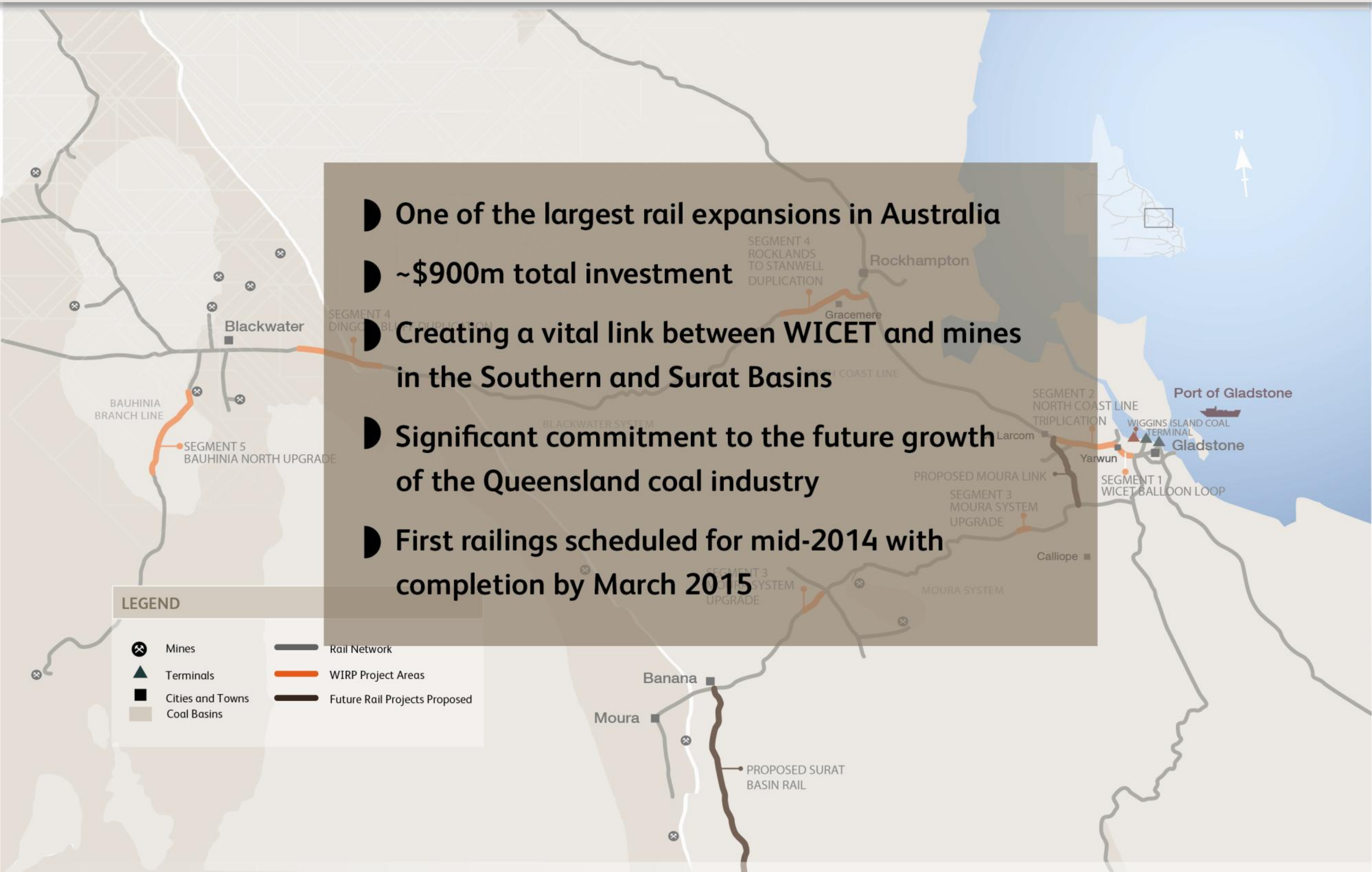
- One of the largest rail expansions in Australia
- ~$900m total investment
- Creating a vital link between WICET and mines in the Southern and Surat Basins
- Significant commitment to the future growth of the Queensland coal industry
- First railings scheduled for mid-2014 with completion by March 2015



HUNTER VALLEY OUT-PERFORMANCE

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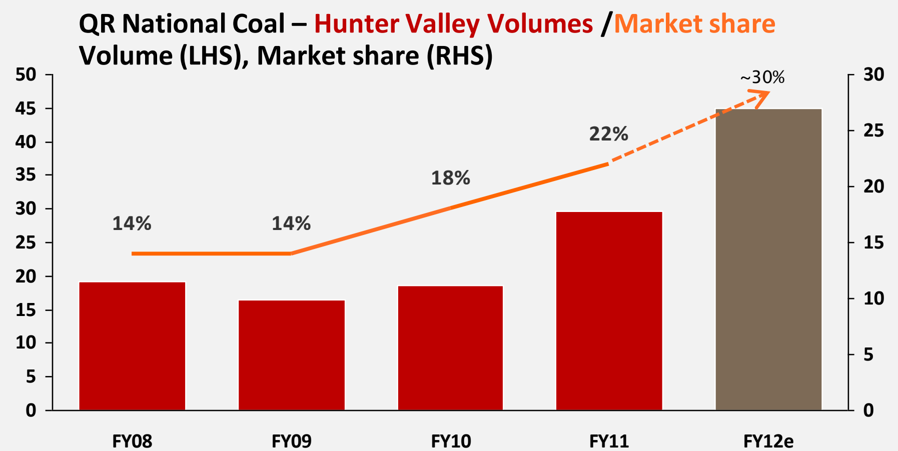
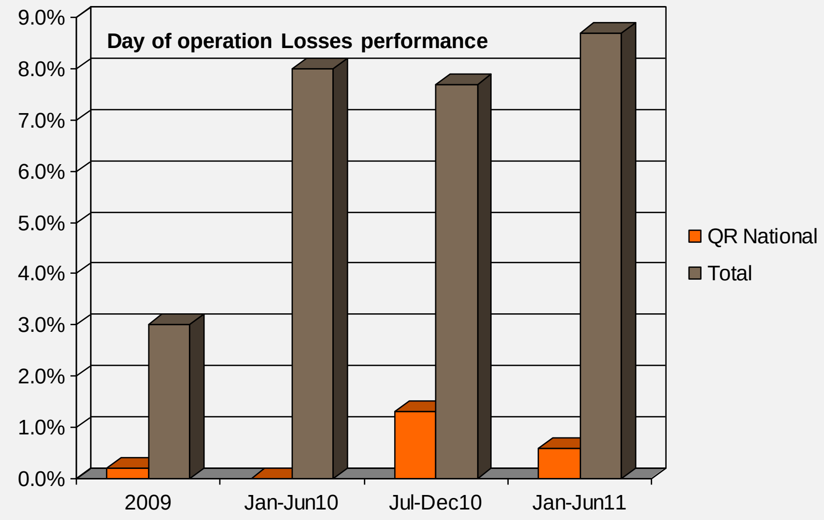
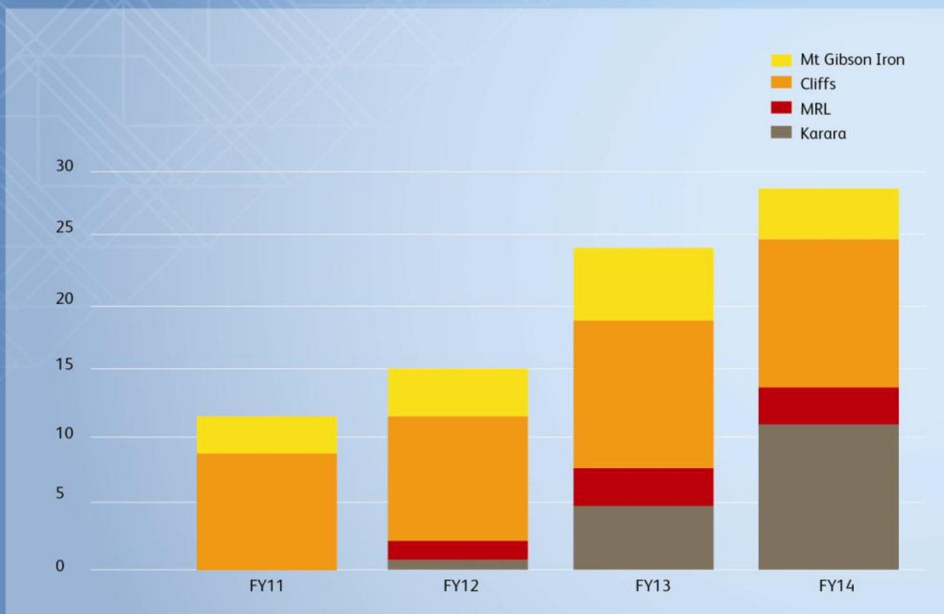
- 58% increase in volumes railed in FY11 to 30mt in export plus domestic
- Effectively implementing strategy with cornerstone customers BHP, Yancoal and Peabody
- Superior project management capability with all contract commitments delivered on time
- Market share in NSW is expected to reach ~30% in FY12 underpinned by increase in contracted tonnages
- Investment of $385 million in new rollingstock between FY10-FY12 to underpin volume growth
- In five years of operations our Day of Operation Losses have not exceeded 1.3% notwithstanding a significant increase in volumes
- Outstanding safety performance with no lost time injuries in FY11 or for the past five years

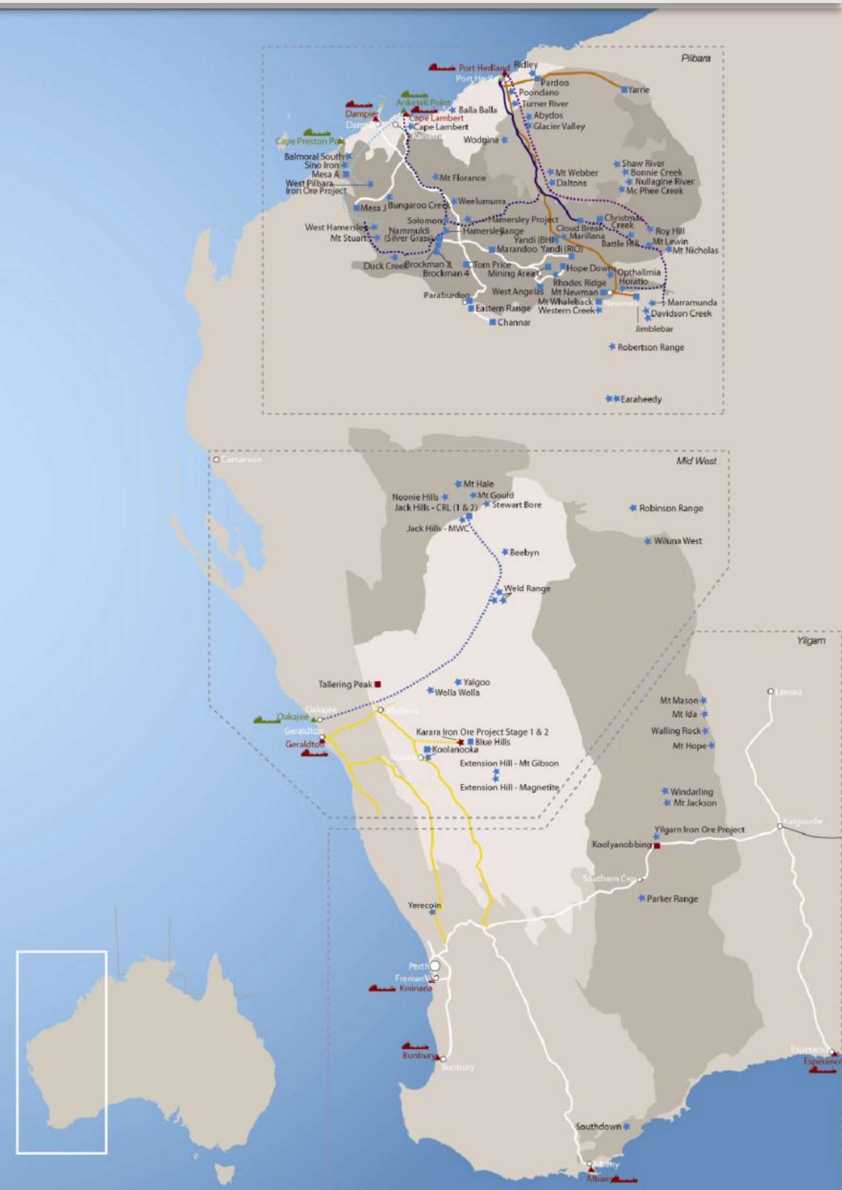




Note: Day of operations losses is an HVVCCC calculation of QR National performance vs. daily plan and total participant loss vs. plan

DIVERSIFICATION THROUGH IRON ORE GROWTH





LEGEND

Iron ore mine type
- ★ In development/exploratory
- ■ Operating
- City / town
- Proposed export terminal
- Operating export terminal

Geological regions
- >10 billion tonnes of iron ore
- 1 billion to 10 billion tonnes of iron ore
- 100 million to 1 billion tonnes of iron ore

Rail service provider
- QRNational
- Other operator
- Existing rail line
- Proposed rail line

CAPITAL BREAKDOWN FY11

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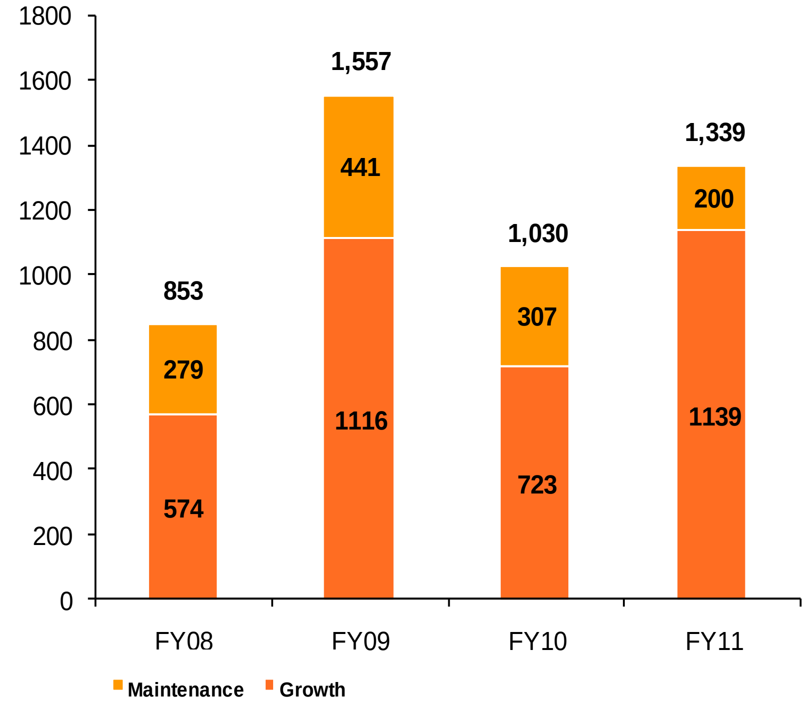
- **Growth capital spend of $3.5bn over the past 4 years***
- **FY11 breakdown:**

GAPE	$460m
Blackwater electrification	$86m
Other Network projects	$135m
New Coal rollingstock	$352m
Iron Ore	$105m
Other	$202m

- **Variation to offer document assumptions ($0.6bn)**
  - Major project delay WICET and Iron Ore $190m
  - Capital optimisation and deferral $430m
- **$2.2bn of available debt facilities to support capital expansion**

QRN capital expenditure* ($m)



Capex totals exclude capitalised interest for purpose of comparison to Offer Document only

LEVERAGED TO GLOBAL GROWTH SECTORS

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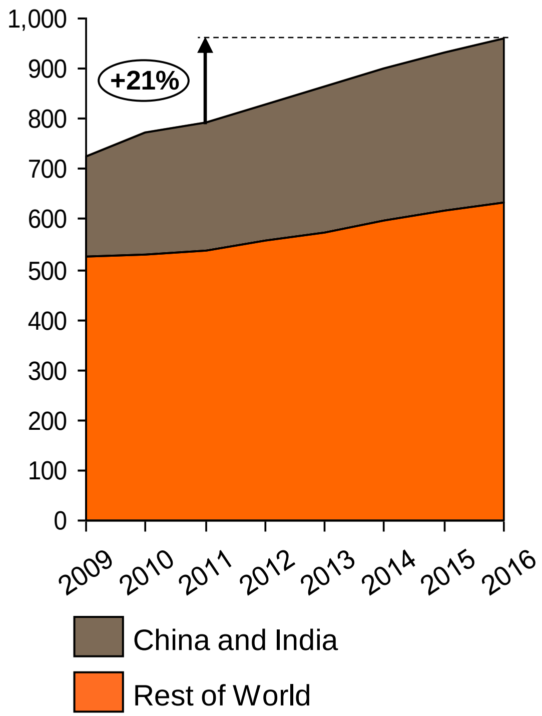
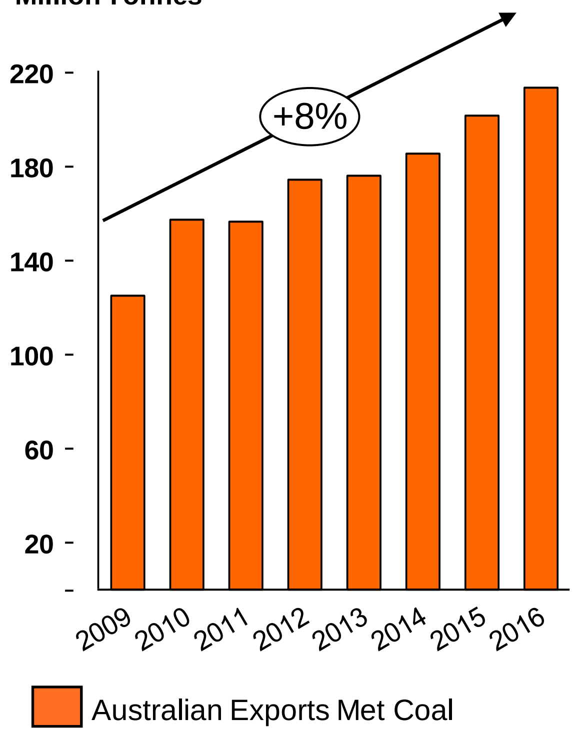
Thermal Coal

Global thermal coal imports
Million Tonnes



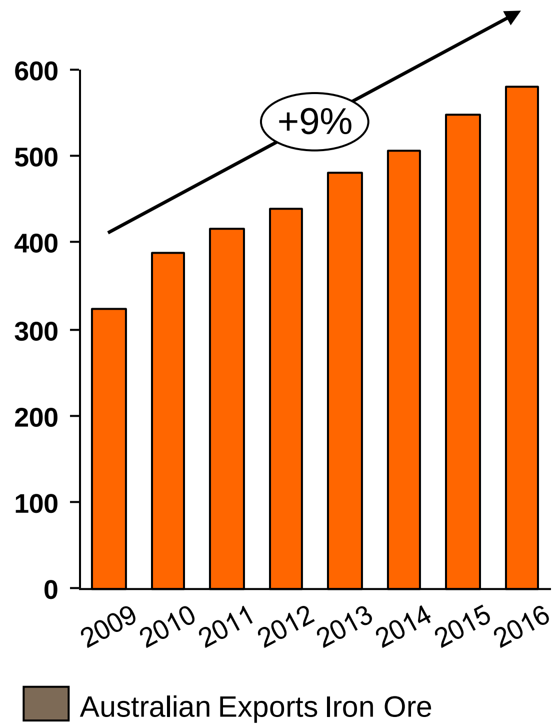
Metallurgical Coal

Australian Exports of Metallurgical Coal
Million Tonnes



Iron Ore

Australian Exports of Iron Ore



SOURCE: ABARE Australian commodities – Mar 2011

POSITIVE GROWTH EXPECTATIONS

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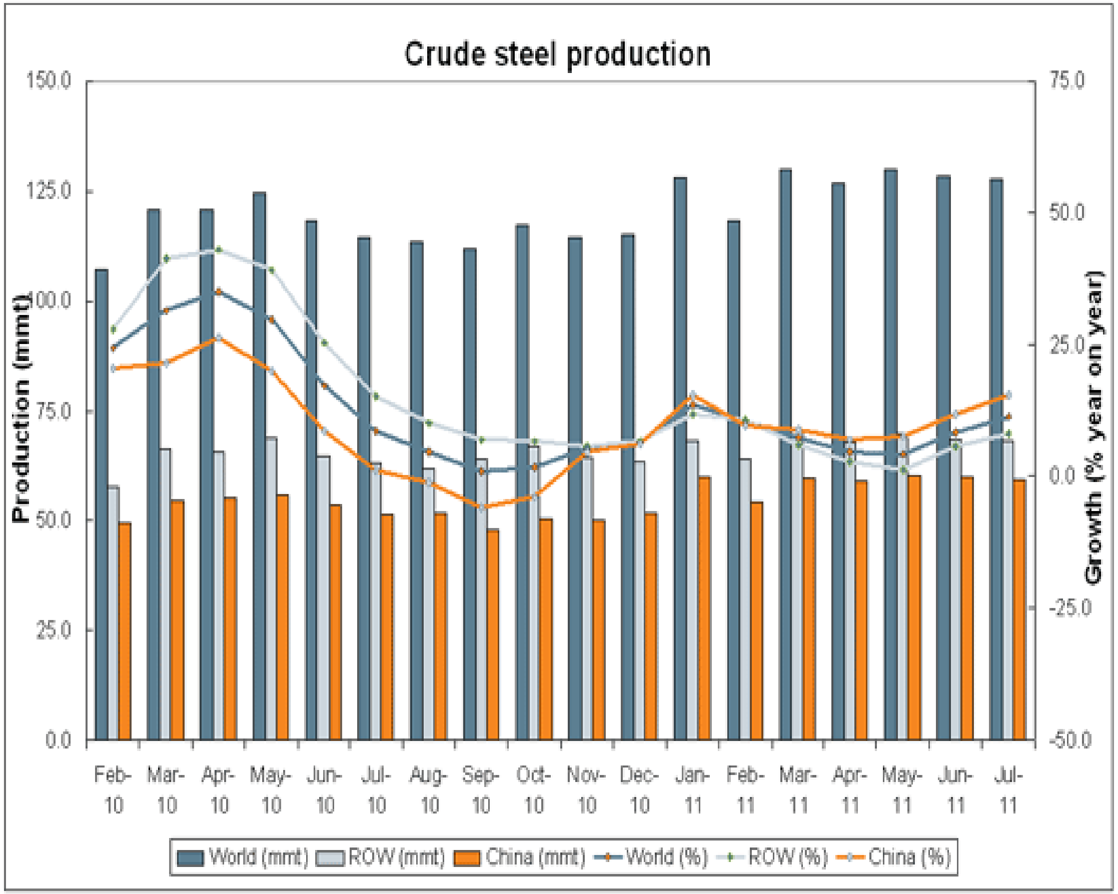

- World crude steel production for the 64 countries reporting to the World Steel Association (worldsteel) was 127 million metric tons (mmt) in July - **11.5% higher than July 2010.**
- China's crude steel production for July 2011 was 59.3 mmt, **an increase of 15.5% compared to July 2010.**

SOURCE: World Steel Association – July 2011 Report

STRATEGIC INVESTMENTS FOR GROWTH

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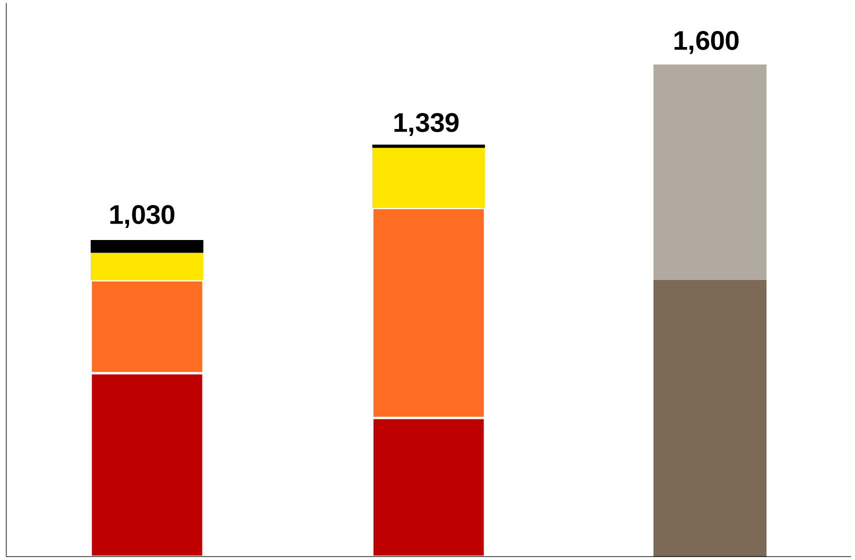
QRN capital expenditure* ($m)



** Excludes capitalised interest*

QR NATIONAL - DRIVING PERFORMANCE EXCELLENCE

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Key Priorities

- Safety
- Revenue Quality
- Cost, Efficiency & Productivity
- Capital Efficiency
- Growth

NEW STRUCTURE TO UNDERPIN FUTURE PERFORMANCE

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FROM A LINE OF BUSINESS FOCUS	TOWARDS A FUNCTIONAL MODEL
Rigid silos	Integration and collaboration
Internal focus	Company-wide focus on customers
Efficiency limitations	Driving further efficiencies
Impeding transformation effort and limiting ability to change	Will help to accelerate QR National's transformation agenda
Current structure is not best practice	Aligns with North American Class 1 Railroads – best practice
Transitioning from Government owned corporation	Agile and market focused listed company

Questions

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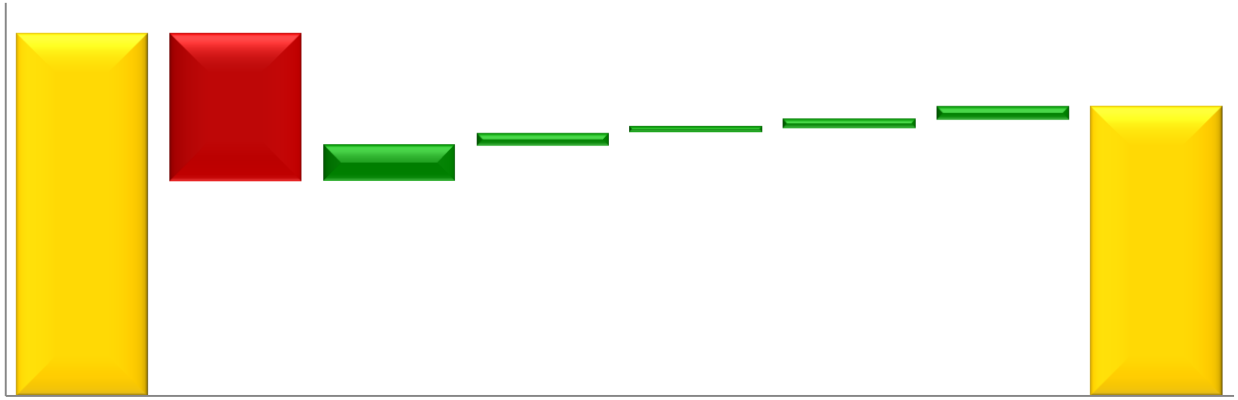
Additional Slides

RECOVERY FROM FLOODS AND CYCLONE

- Volume impact of 37.2 million tonnes in FY11
- Recovery of infrastructure completed within days of floods receding
- Damage limited to $5.8m
- Available rail capacity exceeds coal production

THE IMPACT OF THE FLOOD AND CYCLONE OFFSET BY TRANSFORMATION UPSIDE

- Of the $187m flood and cyclone impact an estimated $65m is recoverable in future years
  - $47m revenue cap FY13
  - $18 - $22m deficit tonnage charges FY12
- Revenue quality upside – improvements due to newly negotiated contracts including performance incentives and increased in tiered rates
- Deficit tonnage charges upside
- Depreciation savings offset by additional maintenance requirements
- Net freight savings through labour reform and maintenance savings
- Net corporate savings and additional external revenues through separation



PERFORMANCE METRICS
UNDERLYING

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EBITDA Margin	23%	25%
Operating Ratio[2]	91%	89%
ROIC	3%	4%

(1) NTK/Employee using headcount as at 30 June as denominator

(2) Opex defined as operating expense including depreciation & amortisation

(3) Operating Ratio defined as (1 - EBIT margin)

(4) Maintenance costs exclude flood repairs (incl. Rolleston), mechanised ballast undercutting , derailment repairs and electric traction maintenance

Divisions	Operating metric	FY10	FY11
Coal	Revenue / NTK (A$/000 NTK)	37.3	41.4
	Opex[1] / NTK (A$/000 NTK)	32.4	37.5
	EBITDA Margin	24%	22%
	Operating Ratio[2]	87%	91%
Freight	Revenue / NTK (A$/000 NTK)	60.9	67.3
	Opex[1] / NTK (A$/000 NTK)	66.0	65.7
	EBITDA Margin	(3%)	7%
	Operating Ratio[2]	108%	98%
Network Services	Access Revenue / NTK (A$/000 NTK)	14.8	17.4
	Maintenance[4] $ /'000 NTK	2.4	2.7
	NTK / Track km (000's)	20,119	17,558
	EBITDA Margin	41%	37%
	Operating Ratio[2]	74%	76%