



Full Year Results 2012

Lance Hockridge Managing Director & CEO
Deborah O'Toole EVP & CFO
23 August 2012

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Agenda

- **Year in review**
Lance Hockridge, Managing Director and CEO
- **Financial & Business Overview**
Deborah O'Toole, Executive Vice President and CFO
- **Roadmap for the future**
Lance Hockridge, Managing Director and CEO
- **Questions and Answers**

Year in Review



QR NATIONAL™

Results demonstrate successful execution of our strategy in FY12

Strong financial and operational performance despite flat coal volumes

- Underlying EBIT of \$584m – up 52%
- Revenue of \$3.63bn – up 10%
- Operating Ratio improvement of 4ppt – to 84%
- Coal Volumes of 185.6Mt – up 2%
- Safety Improvements – 22% decrease in LTIFR

Transformation delivers improved performance and increased EBIT in all divisions

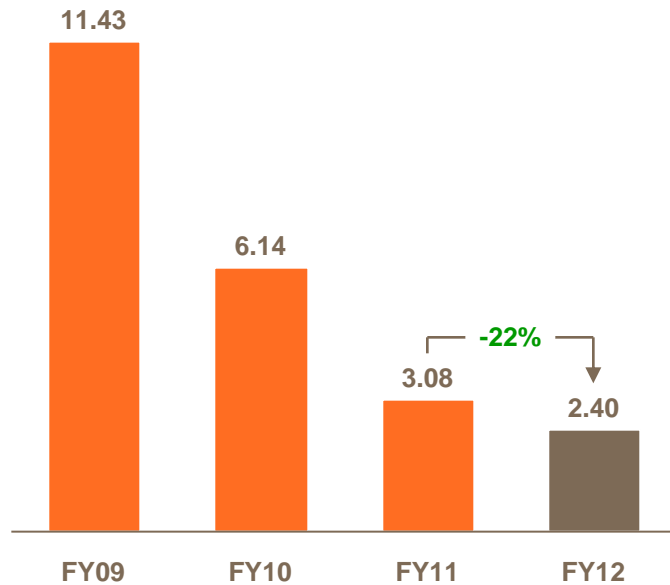
- Cost efficiencies and coal revenue quality delivered \$121m in sustainable transformation benefits
- Network Services EBIT increased due to regulatory tariff reset and contribution from GAPE
- Iron Ore EBIT doubled due to new commercial contracts commencing
- Restructure through phased voluntary redundancy programs delivers sustained savings

Delivery on growth and investment momentum continues

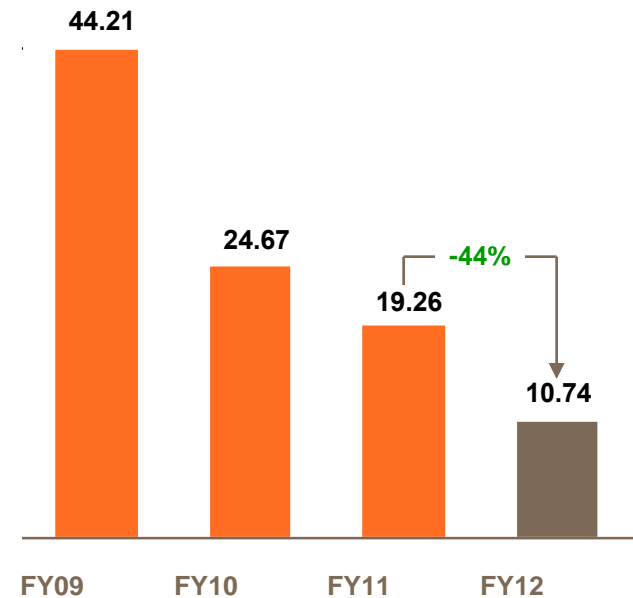
- \$0.9bn invested in major growth projects in FY12
- Network capacity increased by 38Mtpa to 272Mtpa and committed to increase to 310Mtpa by 2015
- Iron Ore volumes increased by 17% to 14Mtpa and are on track to deliver ~30Mtpa by 2014
- Strong, stable cash flows
- Strong balance sheet delivers flexibility and optionality
- Intention to purchase up to 10% of issued share capital in an on-market buy-back

Safety performance










Lost Time Injury Frequency Rate (LTIFR)



Medically Treated Injury Frequency Rate (MTIFR)

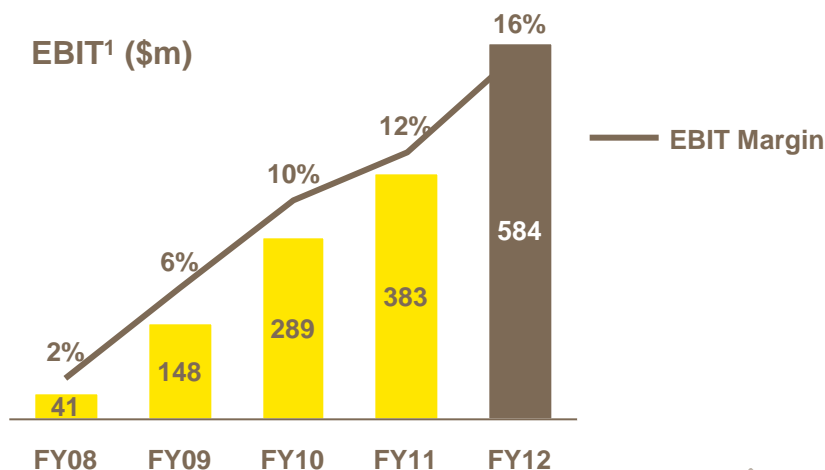
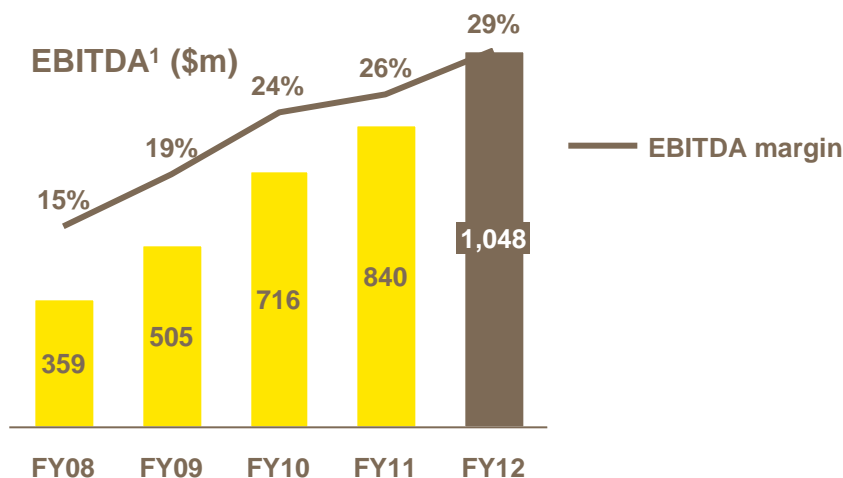
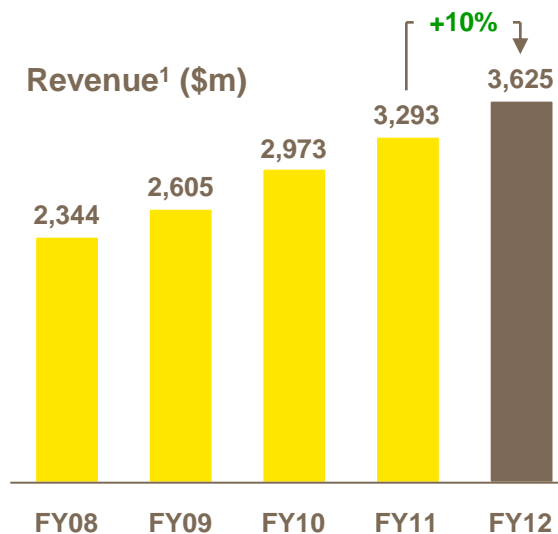
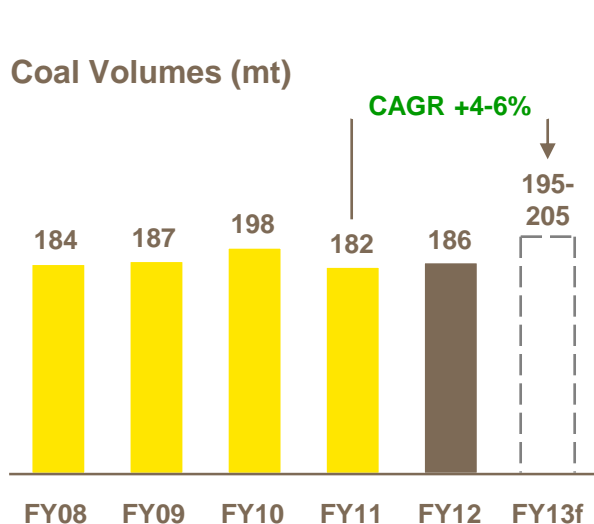


Financial highlights

	FY11 ¹ (\$M)	FY12 (\$M)	VARIANCE (%)
Statutory Revenue	3,293	3,634	 10%
Statutory EBITDA ⁽¹⁾	679	1,057	 56%
Underlying EBITDA ^{(1) (2)}	840	1,048	 25%
Statutory EBIT ⁽¹⁾	222	593	 168%
Underlying EBIT ^{(1) (2)}	383	584	 52%
Statutory NPAT ^{(1) (3)}	361	441	 22%
Statutory Operating Cash Flow ⁽¹⁾	585	924	 58%
Statutory EPS (cents per share) ⁽¹⁾	15.4	18.1	 18%
Total Dividends (cents per share)	3.7c	8.3c	 124%











- 1) FY11 comparative restated due to a retrospective application of a voluntary change in accounting policy relating to mechanised Ballast undercutting
- 2) Underlying EBITDA and EBIT in FY12 were adjusted by \$8.8m relating to the reversal of stamp duty. Underlying EBITDA and EBIT in FY11 were adjusted for one-off IPO related costs and voluntary redundancy expenses totalling \$161.7m.
- 3) FY11 statutory NPAT includes \$281m tax benefit.

Robust result despite flat coal volumes



1. Underlying Revenue, EBITDA and EBIT
 NB: FY09 - FY11 comparatives restated due to a retrospective application of a voluntary change in accounting policy relating to mechanised Ballast undercutting

Key group operating metrics

	FY11	FY12	VARIANCE
Revenue / NTK (A\$/000 NTK)	55.1	57.7	 5%
Labour Costs / Revenue	34%	31%	 3 ppt
NTK/employee (MNTK)	6.6	7.0	 6%
Opex ¹ / NTK (A\$/000 NTK)	48.6	48.4	 0%
EBITDA Margin	26%	29%	 3 ppt
Operating Ratio ²	88%	84%	 4 ppt
ROIC ³	4.4%	6.7%	 2.3 ppt
NTK (bn)	59.8	62.9	 5%
Tonnes (m)	243.1	252.2	 4%
People	9,001	8,969	0% 

1. Operating expense including depreciation and amortisation
2. Operating ratio defined as (1 - EBIT margin)
3. ROIC = EBIT/Net working capital + Net PP&E + AUC + Gross Intangible Assets

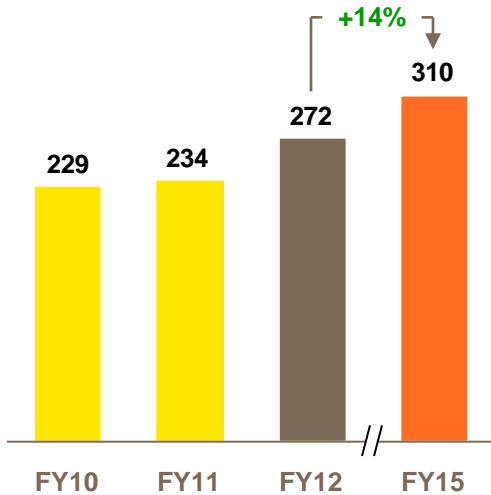
Execution capability successfully delivered major growth projects in FY12

GAPE	<ul style="list-style-type: none">• First railings commenced 19 December 2011• System capacity now 50mtpa• Completed August 2012
Blackwater Electrification	<ul style="list-style-type: none">• Largest electrical upgrade on the Central Queensland Coal System since 1980s – 4 new feeder stations• Operational June 2012
Karara Mining Limited	<ul style="list-style-type: none">• 14 locos and 211 wagons delivered• Construction of greenfield Narngulu East facility completed on time and on budget
Cliffs 11.5mtpa expansion	<ul style="list-style-type: none">• Railings (ramp up) commenced December 2011• 8 locos and 227 wagons delivered• Upgrade of Esperance Yard completed
Hunter Valley Rollingstock	<ul style="list-style-type: none">• Increases capacity in the Hunter Valley region• 19 locos and 786 wagons delivered to date

 Below Rail Coal  Iron Ore  Above Rail Coal

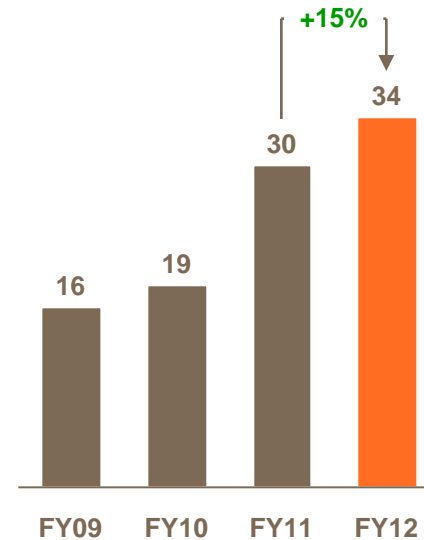
Delivering on growth

CQCN Network Capacity
under construction (Mtpa)



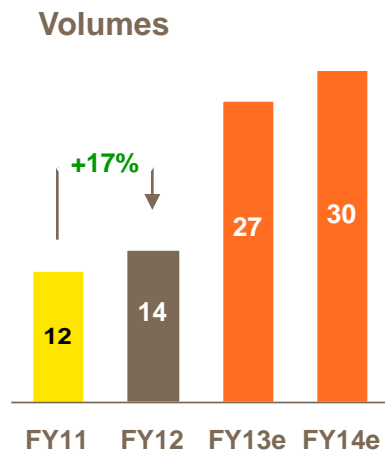
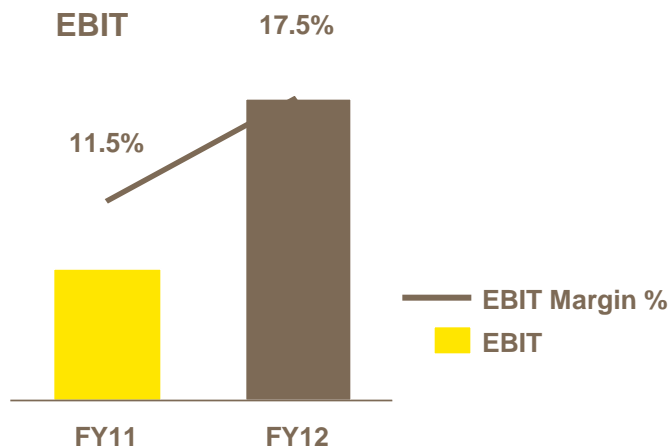
- CQCN capacity of > 300Mtpa by FY15
- GAPE2 will add further 25Mtpa

Hunter Valley Volumes (Mt)



- Volumes increased 15%

Iron ore EBIT doubled



- Strong performance delivered:
 - Cliffs RHA for expansion volumes to 11.5Mtpa operational 1 February 2012
 - MRL Polaris RHA for up to 4.2Mtpa operational October 2011
 - Karara RHA operational 15 January 2012
 - Mt Gibson Extension Hill 3.0Mtpa task commenced haulage 5 December 2011
- Volumes remain on track for ~30Mtpa by 2014
- Major Capital Expenditure for the Cliffs expansion project in Esperance and the Karara project in Narngulu completed on schedule and on budget

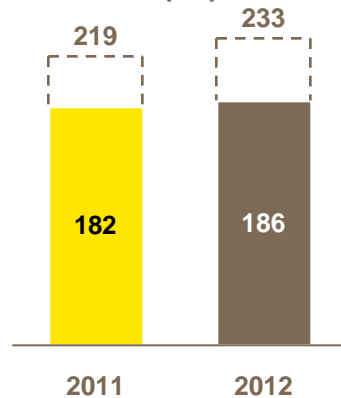
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Financial overview

EBIT uplift from \$383m to \$584m

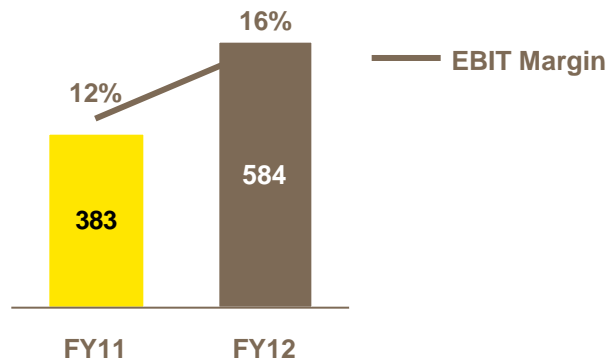
Coal Volumes (Mt)



 Offer Document Forecast Coal Volumes
 FY 11 Actual Coal Volumes hauled
 FY 12 Actual Coal Volumes hauled

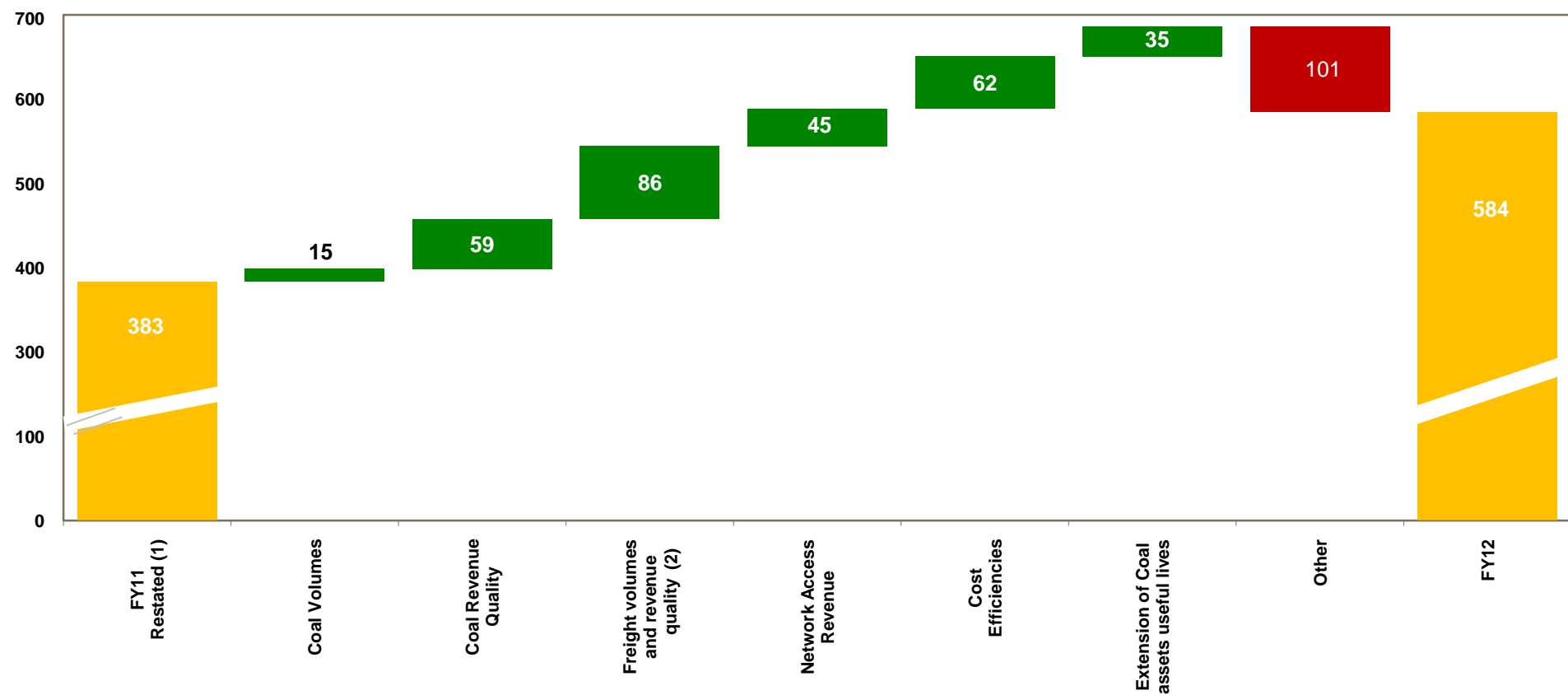
- EBIT forecast achieved through active management of the business
- Volume impact offset by benefits delivered from the transformation program, including;
 - Greater revenue quality
 - Improved margins
 - Capital & operational discipline
 - Cost & productivity efficiencies
 - TSC performance payments earned

EBIT (\$m) and EBIT Margin








1. FY11 EBIT comparatives restated due to a retrospective application of a voluntary change in accounting policy relating to mechanised Ballast undercutting

EBIT increase driven by transformation benefits



1. FY11 comparatives restated due to a retrospective application of a voluntary change in accounting policy relating to mechanised Ballast undercutting
2. Freight revenue quality includes \$33m contribution from TSC additional payments

Improved performance in all divisions

Underlying EBIT	FY11 ¹	FY12	Variance
Coal	159	257	 62%
Network Services	301	341	 13%
Freight ²	31	100	 226%
Corporate	(108)	(114)	-6% 
Consolidated EBIT	383	584	 52%

1. FY11 comparatives restated due to a retrospective application of a voluntary change in accounting policy relating to mechanised Ballast undercutting

2. Includes \$33m contribution from TSC additional payments

Balance sheet remains strong, facilitating growth and capital management

Balance Sheet	FY11 ¹	FY12	Variance
Net Debt (\$m)	686	1,103	61%
Gearing	9%	13%	4ppt
Cash Flow from Operations			
Net inflow (\$m)	585	924	58%

Key issues:

- Capacity to support growth opportunities
- BBB+ and Baa1 ratings maintained

Key Drivers:

- Very low gearing level provides balance sheet flexibility
- As growth opportunities are pursued, leverage will increase
- Strong cash flow relative to commitments supports credit strength
- Intention to buy-back on-market up to 10% (244 million shares) of issued share capital

1. FY11 comparatives restated due to a retrospective application of a voluntary change in accounting policy relating to mechanised Ballast undercutting

On market buy-back announced

- We intend to undertake an on-market buy-back of up to 10% of our issued share capital equating to approximately 244 million shares
- This demonstrates our commitment to managing our balance sheet efficiently, whilst maintaining appropriate flexibility to invest in future growth opportunities
- Expected to be EPS accretive
- QRN's current level of debt is materially below that expected at the time of IPO, driven by:
 - efficient management of capital expenditure
 - a focus on return-accretive projects
 - the timing of major projects
- The buy-back will be funded through existing debt facilities; we believe that our current investment grade credit rating will be retained in the foreseeable future
- QRN is focussed on investigating and delivering a range of growth opportunities for Australia's resources supply chain and retains strong flexibility to pursue and fund these opportunities

Disciplined capital spend

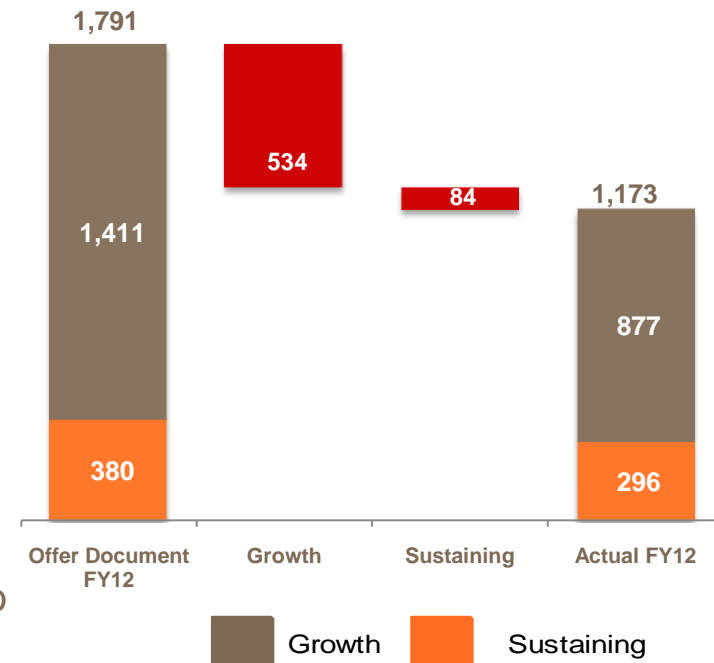
Growth Capex

- \$534m reduction due to:
 - Delayed project start - \$264m. WIRP most significant with \$240m delayed spend
 - Response to less demand - \$40m
 - Capital optimisation initiatives and project scope changes - \$230m
- \$877m actual growth spend was largely focussed on:
 - GAPE completion
 - Blackwater Electrification
 - WA Iron Ore installed capacity

Sustaining Capex

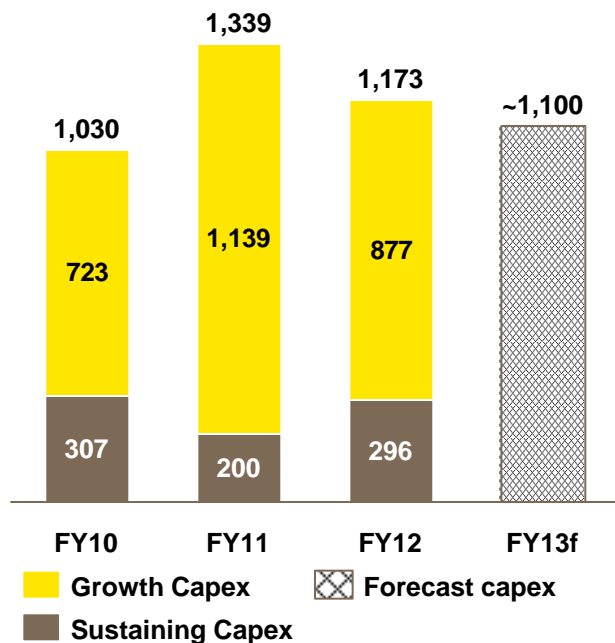
- \$84m reduction due to the deferral of coal wagon replacement and rollingstock overhaul activity attributed to lower demand and operational efficiencies

FY12 Capital Expenditure Variance
Offer Document vs. Actual

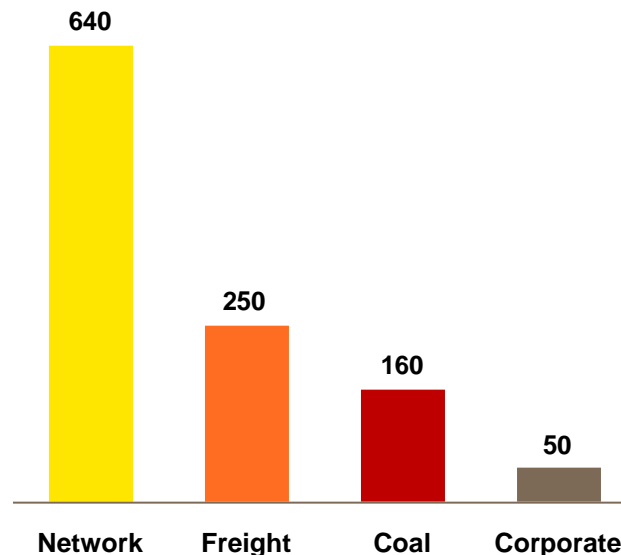


Capital committed to growth

Capital Expenditure¹ \$m
Growth vs. Sustaining



FY13 Capital Expenditure¹ \$m by Segment



- Major committed growth projects in FY13 include WIRP stage 1 and Hay Point expansions

- Sustaining capex will be higher in FY13 reflecting expected growth in volumes in the medium term

1. Excludes capitalised interest

Business overview

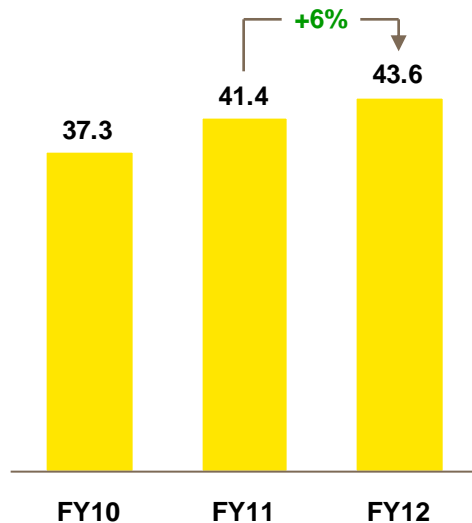
Coal

	FY11	FY12	VARIANCE
Tonnages (million)	181.6	185.6	2%
NTK (billion)	40.9	41.9	2%
Revenue (\$m)	1,691	1,828	■ 8%
EBITDA (\$m)	369	441	■ 20%
<i>Margin %</i>	22%	24%	2 ppt
EBIT (\$m)	159	257	■ 62%
<i>Margin %</i>	9%	14%	5 ppt
Capital Expenditure ¹ (\$m)	451	123	-73% ■

1. Excludes capitalised interest

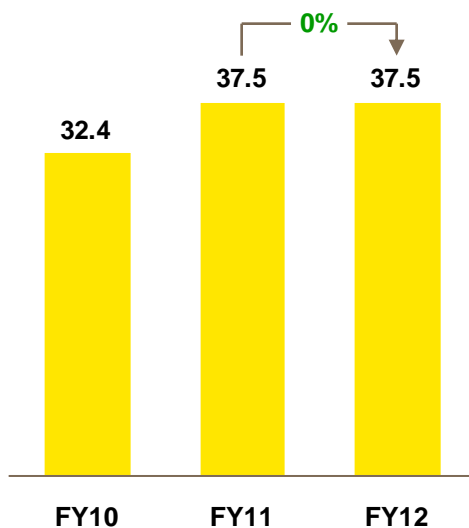
Coal operating metrics

Revenue/NTK (A\$/000 NTK)



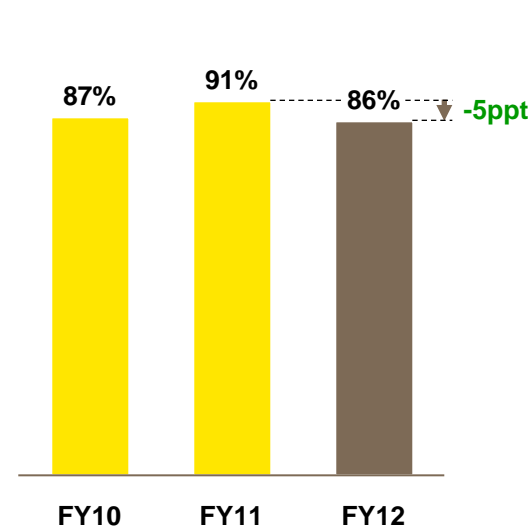
- Reflects revenue quality uplift from new form contracts

Opex/NTK (A\$/000 NTK)



- Lower than forecast coal volumes offset by improved maintenance, labour and overhead costs

Operating Ratio



- Operating ratio improvement reflects sustainable transformation benefits

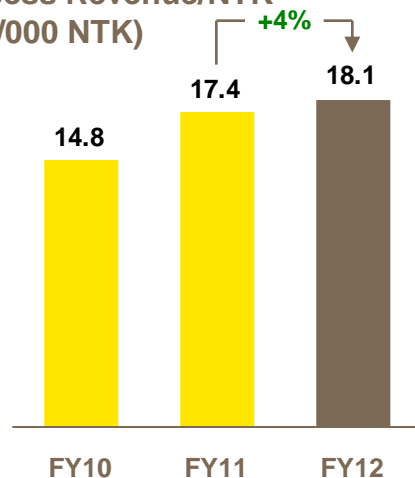
Network Services

	FY11 ¹	FY12	VARIANCE
Tonnages (million)	164.0	166.7	■ 2%
NTK (billion)	40.0	41.2	■ 3%
Revenue (\$m)	1,180	1,210	■ 3%
EBITDA (\$m)	466	527	■ 13%
<i>Margin %</i>	39%	44%	■ 5 ppt
EBIT (\$m)	301	341	■ 13%
<i>Margin %</i>	26%	28%	■ 2 ppt
Capital Expenditure ² (\$m)	683	663	-3% ■

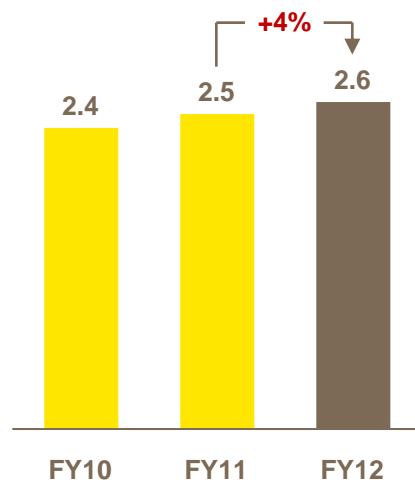
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2. Excludes capitalised interest

Network Services operating metrics

Access Revenue/NTK
(A\$/000 NTK)



Maintenance \$ /'000 NTK



Key Drivers:

- Total revenue increased 3% despite flat tonnages due to \$20m EBITDA contribution from GAPE tonnes railed from January 2012 at commercial returns and regulatory tariff reset
- 4% increase in maintenance costs reflects the accelerated capital upgrade program implemented during the year to take advantage of lower volumes e.g. Balloon Loop in Goonyella



Freight

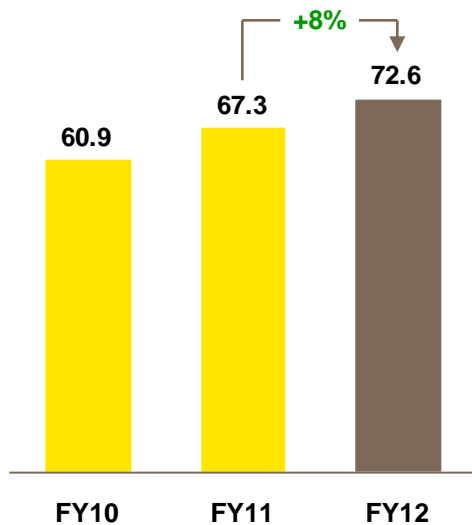
	FY11	FY12	VARIANCE
Tonnages (million)	61.5	66.6	8%
NTK (billion)	19.0	21.0	11%
Revenue (\$m)	1,277	1,524	19%
EBITDA (\$m)	89	173	94%
<i>Margin %</i>	7%	11%	4 ppt
EBIT ¹ (\$m)	31	100	226%
<i>Margin %</i>	2%	7%	5 ppt
Capital Expenditure ² (\$m)	196	332	69%

1. Includes \$33m contribution from TSC additional payments

2. Excludes capitalised interest

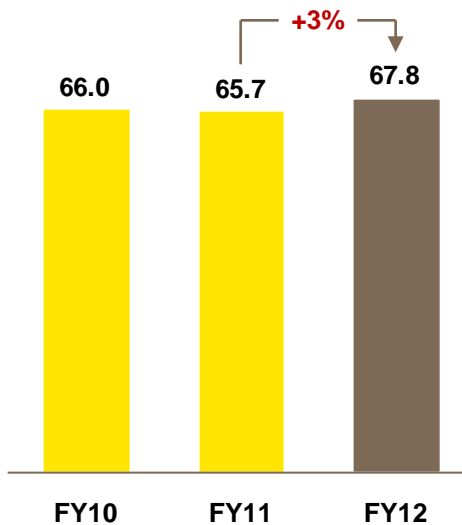
Freight operating metrics

Revenue/NTK (A\$/000 NTK)



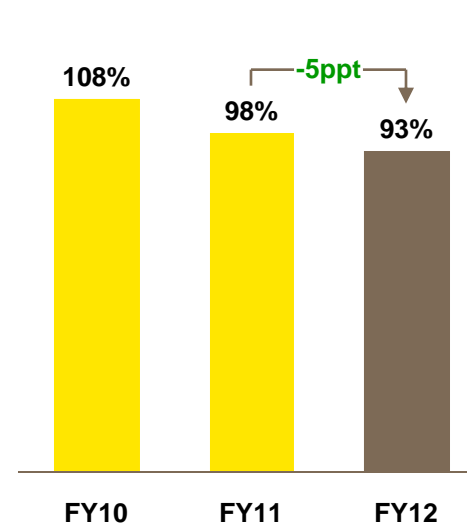
- TSC performance revenue
- Growth in iron ore
- Growth in Bulk

Opex/NTK (A\$/000 NTK)



- Increase reflects temporary spike from Iron Ore projects ramping up

Operating Ratio



- Operating ratio reflects revenue and volume growth

Outlook

- We expect the current softer demand environment for coal haulage services to continue in the near-term
- Latest expectations are for an increase in coal haulage volumes of 195 to 205 million tonnes for FY13
- The medium to long-term outlook for Australian resources remains robust and we don't believe the fundamental drivers of Asian demand have changed
- There is a strong pipeline of new and expansion projects committed in the resource sector, especially for coal and iron ore, which will underpin QR National's growth

The pace of change continues

- Transformation momentum delivered \$121m benefit in FY12
- Margins improving with revenue quality uplift and strong cost focus
- Focus on capital discipline and capital management
- Sustainable improvements across all businesses
- Key focus ROIC and increase in shareholder value

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Roadmap for the future

QR National's roadmap for the future

Strong and resilient business model

- Leveraged to growth markets
- Unmatched scale of operations
- Strong and reliable cash flows from Network Services and growth opportunities from Coal and Iron Ore
- Strong balance sheet

Robust strategy

- Focus on transformation and growth
- Traction and momentum gained since listing
- Transformed operating structure
- Strategic initiatives have delivered shareholder value and positioned the company for future growth
- Targeting an operating ratio of 75% by 2015, through increased revenue quality, volume growth and cost efficiencies

Confident in continued growth in demand

- Thermal coal CAGR of +5.8% to 2021
- Metallurgical Coal CAGR of +5.2% to 2021
- Iron Ore CAGR of +4.2% to 2021
- Confident in ability to deliver long-term growth in shareholder returns

Targeting 75% operating ratio by 2015



Revenue Quality

- Increased customer focus
- Performance based contracts
- Flexibility for volume growth
- Improved risk mitigation

Volume Growth

- QLD coal system growth
- Iron ore ramp-up
- Hunter Valley market share

Cost Efficiency \$150m - \$250m p.a. by 2015

- Right-sizing of organisation
- Procurement & capital efficiencies
- Rollingstock fleet management
- Improved reliability & availability

Transformation strategy

Performance Based Culture

- Embed a high performance culture through safety and leadership
- Improve operational performance and accountability

Customer Focus

- Drive improved performance based contracts
- Improve volume throughput and customer satisfaction
- Differentiated solutions that are valuable for our customers

Commercial Capability

- Build commercial capability with return driven benchmarks
- Improved fleet availability & reliability
- Whole of Life Asset Management

Industry Leadership

- Embed industry leadership by benchmarking against North American Class1 railroads

Transforming operating structure

Functional model implemented

- Drives long term customer focus
- Aligns with North American Class 1 Railroads
- Will accelerate QR National's transformation agenda
- Creates an environment of greater collaboration and cooperation
- Greater clarity around accountability and stronger standardisation of systems, procedures and processes

Restructure and reform

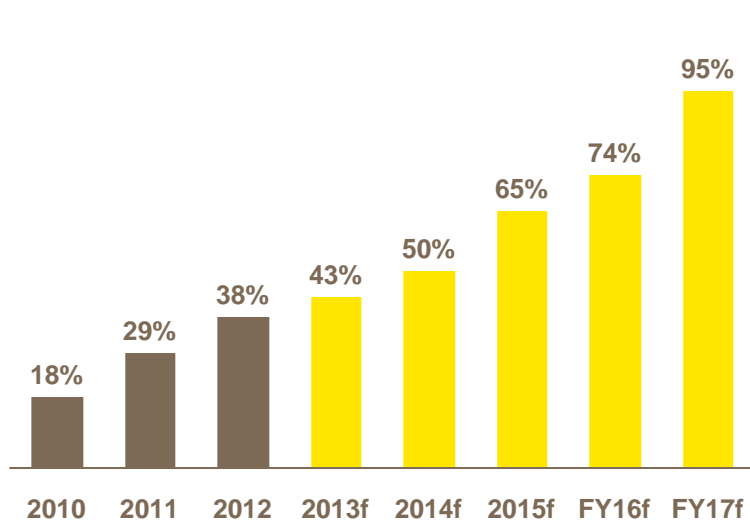
- Consultation on restructuring proposals announced 5 June 2012
- Follows a comprehensive review of operations and continues the restructure that commenced in 2011
- Following extensive consultation with employees and unions, we expect to accept ~750 expressions of interest for voluntary redundancy by end of CY2012
- Estimated cost of \$75m in FY13 with a payback period of 12 months

Improved competitiveness

- Renewed focus on our core business and customers
- Reduced duplication across the business
- Reduced fixed cost base
- Improving operational efficiency

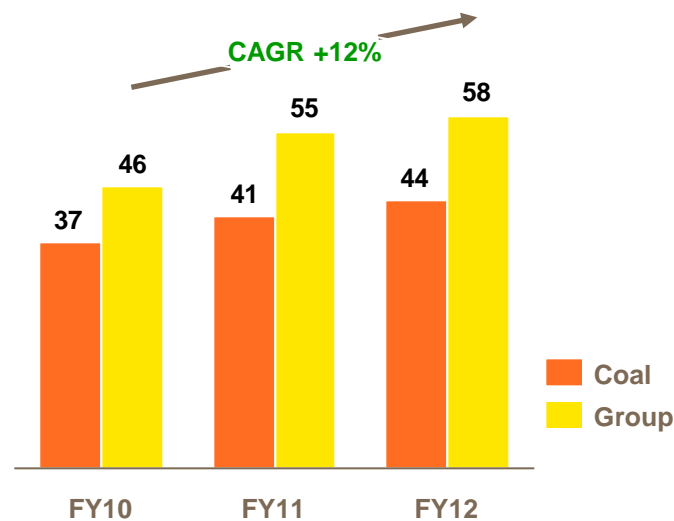
Transforming revenue quality

New Form Contracts – Coal Volumes Railed



- Value-driven for our customers, offering greater certainty and flexibility with bespoke customer solutions

Group Revenue/NTK



- Reflects the strength of the quality of the new form contracts through performance incentives and greater revenue protection

Improved ROIC driven by capital optimisation focus



Project Development & Execution

- Investment optimisation resulted in savings of >20% in projects under development including:
 - 11Mtpa Network expansion in the Goonyella system – 6 major projects reduced to 3
 - Halved cost of GAPE above rail maintenance facilities
 - Potential to re-align triplication for WIRP 1

Better Asset Utilisation

- Capital spend deferred through improved maintenance practices, driving greater utilisation of existing assets

Streamlining fleet

- Functional model and whole of fleet view enabling disposal of higher cost rollingstock and reducing maintenance costs
- During FY12, 45 older locos and 570 older wagons disposed of

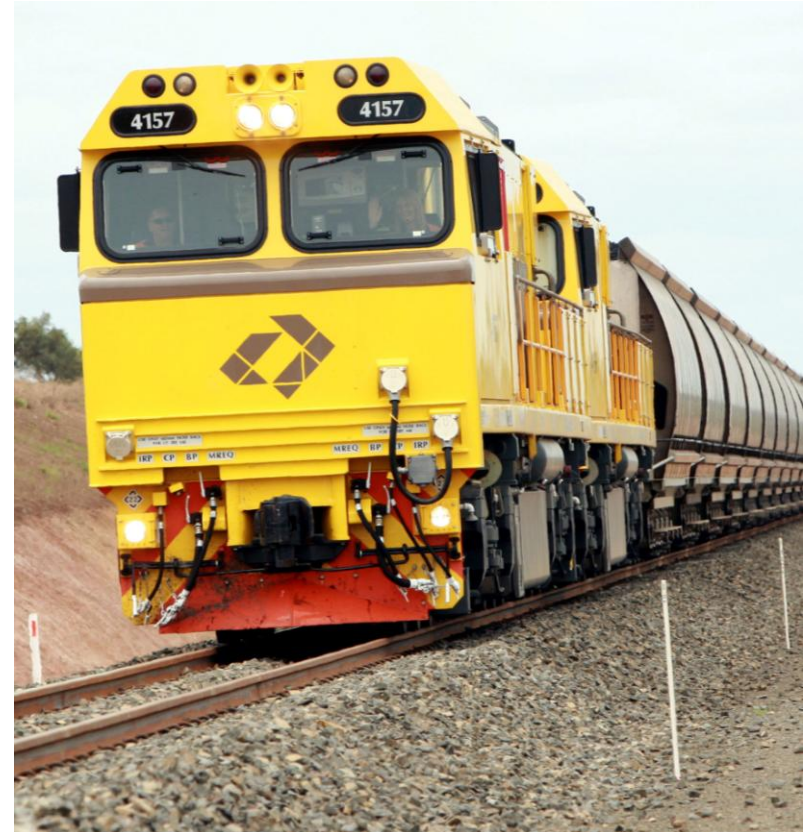
Momentum in growth – Northern QLD

GAPE – Northern Missing Link

- Completed August 2012
- System capacity now 50Mtpa with potential expansions to 200Mtpa and more

GAPE– Northern Bowen Basin

- QLD Govt support for QR National’s proposed (E-W) corridor to service the Galilee basin
- First stage – 25Mtpa upgrade of the existing Goonyella/Newlands corridor servicing both the Galilee and Bowen basins
- MOUs with both Adani and Vale to evaluate and scope expansion proposals for rail infrastructure and coal haulage services
- A critical investment given the Bowen basin is the core of our QLD coal growth strategy



GAPE – first coal train across NML19 December 2011

Momentum in growth – Southern QLD

WIRP stage 1

- One of the largest rail expansions in Australia
- Additional 27Mtpa in haulage in the southern Bowen Basin coal region
- Stage 1 - 13km Balloon Loop near Gladstone and 18km Rocklands to Stanwell Duplication
- \$132m in contracts awarded in June for civil works and track duplication.

WIRP stage 2 proposal

- Moura system will require upgrading inline with port and mine requirement

Surat Basin Rail Joint Venture proposal

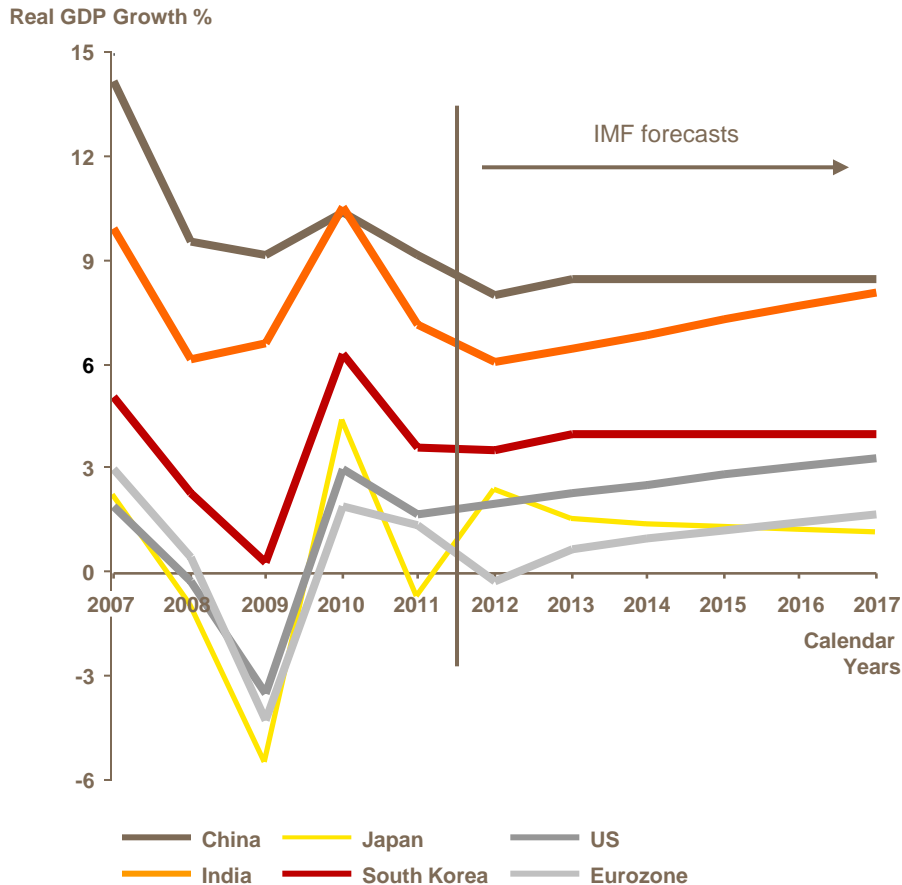
- Additional capacity of 32Mtpa required with potential for more in future



WIRP Stage 1 – entry edge of balloon loop

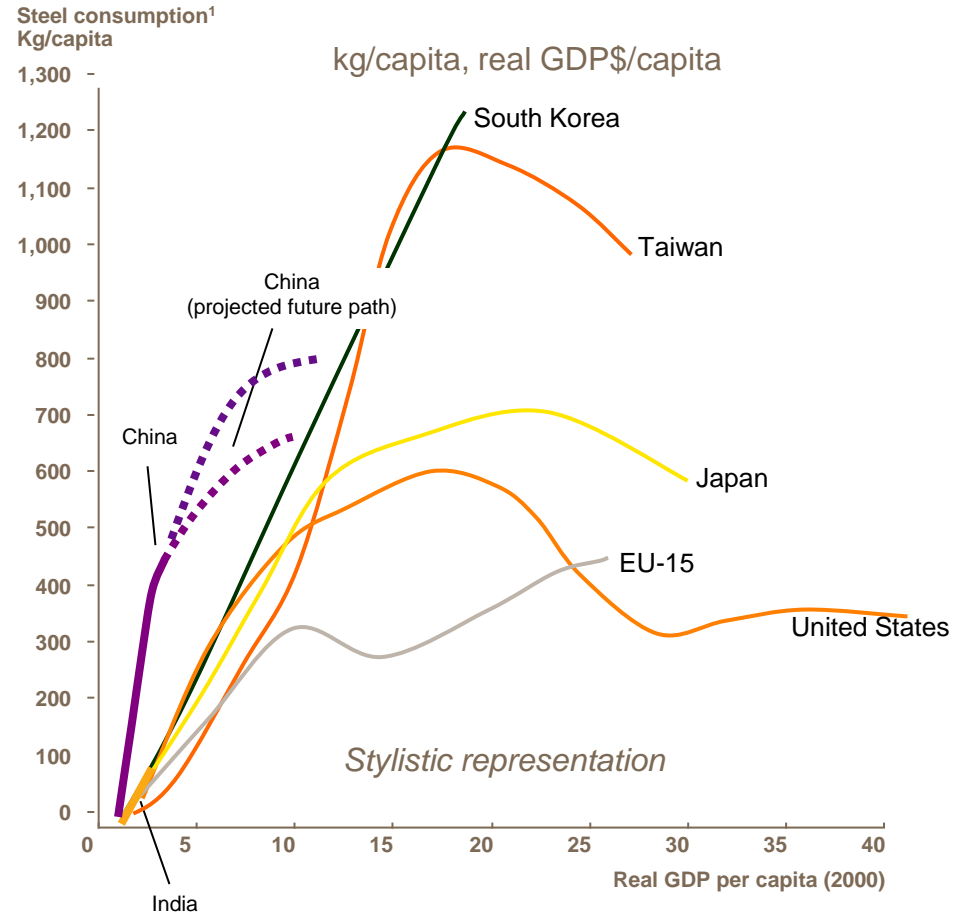
China growth story remains on course

GDP growth – China to remain strong compared to advanced economies



Sources: IMF World Economic Outlook Update, July 2012; QRN MI team analysis.

China steel intensity trending toward developed economies



Sources: WSA; Global Insight; IMF; USGS; McKinsey

1. Crude steel equivalent

NB: China – The purple dotted lines represent an indicative range of China's steel intensity over the coming decade or so

Longer term commodity demand remains strong

Macro picture

- Seaborne demand to 2021:
 - Thermal Coal CAGR +5.8%
 - Met coal CAGR +5.2%

QR National response

- We are currently delivering on significant additional capacity
 - Hay Point – 11Mtpa
 - WIRP stage 1 – 27Mtpa
 - GAPE2 – 25Mtpa

QLD growth potential

- Customer engagement indicates significant long term capacity demand, with potential projects including:
 - WIRP stage 2
 - Galilee Basin

Summary

- Positioned for growth and success
- Discipline and focus on consistent execution
- Flexibility and optionality in dynamic market
- Confidence in our strategy and growth prospects

Agenda

- **Year in review**
Lance Hockridge, Managing Director and CEO
- **Financial & Business Overview**
Deborah O'Toole, Executive Vice President and CFO
- **Roadmap for the future**
Lance Hockridge, Managing Director and CEO
- **Questions and Answers**

Additional slides

Reconciliation of statutory profit & loss

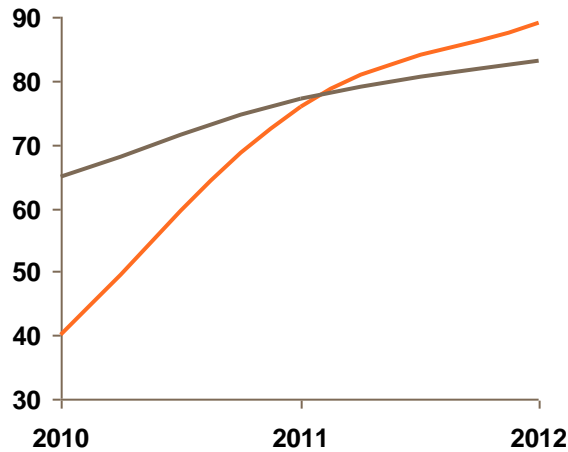
\$A(m) from continuing operations	2011			2012		
	Underlying result	Significant items	Statutory	Underlying result	Significant items	Statutory
Revenue ¹	3,292.7	0.0	3,292.7	3,625.3	8.8	3,634.1
Consumables ²	(1,327.2)	0.0	(1,327.2)	(1,400.1)	0.0	(1,400.1)
Employee benefits expense	(1,103.1)	(117.4)	(1,220.5)	(1,132.7)	0.0	(1,132.7)
Other expenses	(21.9)	(44.3)	(66.2)	(44.3)	0.0	(44.3)
EBITDA	840.5	(161.7)	678.8	1,048.2	8.8	1,057.0
EBIT	383.3	(161.7)	221.6	584.5	8.8	593.3
Net finance cost	(137.8)	0.0	(137.8)	(39.0)	0.0	(39.0)
Tax expense	(73.6)	350.7	277.1	(125.6)	12.2	(113.4)
NPAT	171.9	189.0	360.9	419.9	21.0	440.9
EPS (cps)	7.34	8.08	15.42	17.21	0.86	18.07
EBIT breakdown by division:						
QRN Coal	158.8	0.0	158.8	257.0	0.0	257.0
QRN Freight	30.6	0.0	30.6	99.9	0.0	99.9
QRN Network Services	301.0	(3.0)	298.0	341.4	0.0	341.4
Other	(107.1)	(158.7)	(265.8)	(113.8)	8.8	(105.0)

Reconciliation of statutory profit & loss

\$A(m) from continuing operations	2011			2012			Offer Document		
	Statutory	Underlying	Pro forma	Statutory	Underlying	Pro forma	Statutory	Underlying	Pro forma
Statutory EBIT	221.6	221.6	221.6	593.3	593.3	593.3	578.0	578.0	578.0
Transaction related costs	-	99.0	99.0	-	(8.8)	(8.8)	-	-	-
VRS	-	62.7	62.7	-	-	-	-	-	-
Timing related revenue:									
- 2009 Revenue Cap	-	-	(26.0)	-	-	-	-	-	-
- 2010 Revenue Cap	-	-	0.0	-	-	0.2	-	-	-
- 2011 Revenue Cap	-	-	46.0	-	-	0.0	-	-	-
- 2012 Revenue Cap	-	-	0.0	-	-	16.0	-	-	-
- 2010 DTC	-	-	(6.0)	-	-	0.0	-	-	-
- 2011 DTC	-	-	18.0	-	-	(21.1)	-	-	-
- 2012 DTC	-	-	-	-	-	33.3	-	-	-
Adjusted EBIT	221.6	383.3	415.3	593.3	584.5	612.9	578.0	578.0	578.0
Interest - net finance cost	(137.8)	(137.8)	(137.8)	(39.0)	(39.0)	(39.0)	(53.0)	(53.0)	(53.0)
Pro forma add back - QTC Interest	-	-	118.0	-	-	-	-	-	-
Tax									
- Income tax benefit/(expense)	277.1	277.1	277.1	(113.4)	(113.4)	(113.4)	(156.0)	(156.0)	(156.0)
- Underlying & pro forma add back	-	(350.7)	(394.7)	-	(12.2)	(12.2)	-	-	-
Adjusted NPAT	360.9	171.9	277.9	440.9	419.9	448.4	369.0	369.0	369.0

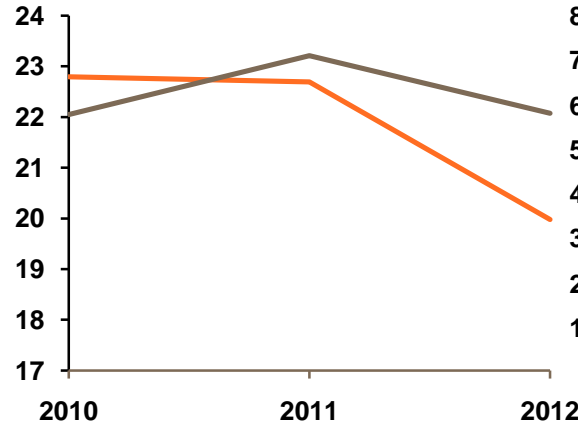
Transforming operating discipline

On Time Departure - OTD (%)



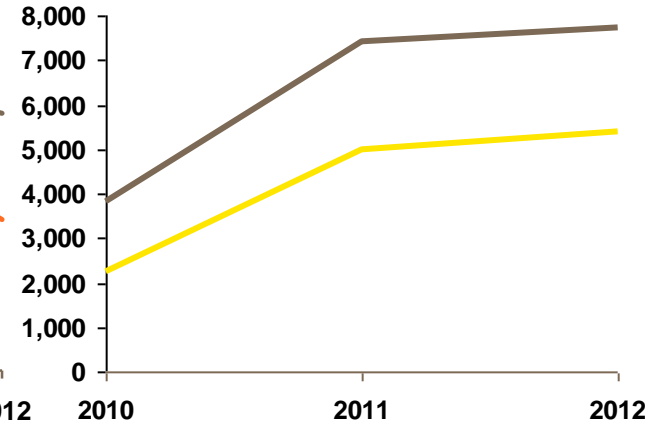
— Goonyella — Blackwater/Moura

Average cycle time (hrs)



— Goonyella — Blackwater/Moura

Payloads (tonnes)



— Moura — Blackwater

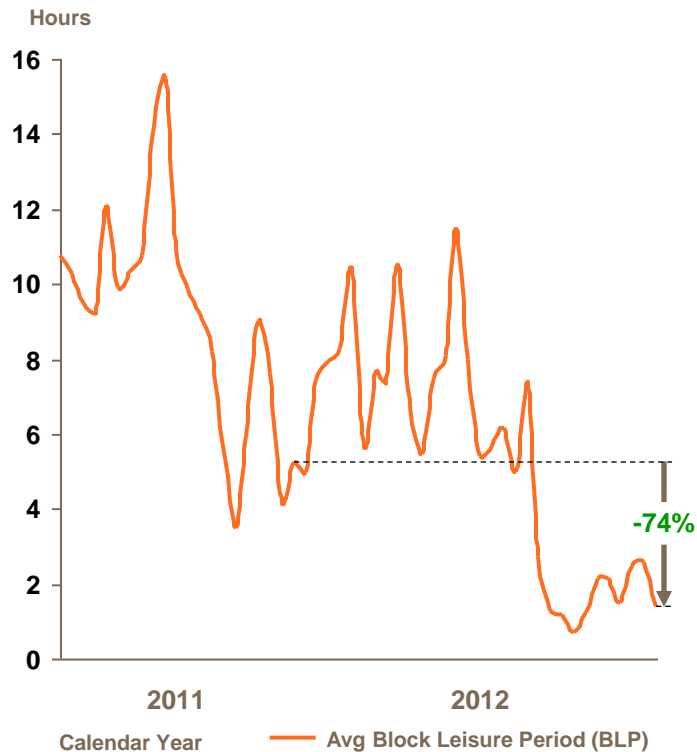
- 25% improvement in OTD in Blackwater system achieved through maintenance and shunting efficiencies in Callemondah yard

- A reduction in cycle time over the past year reflects an improvement in asset utilisation
- A one hour reduction in cycle time represents one less consist required in the system

- Payloads in all coal systems have continued to increase or been sustained at optimal levels
- Step change in Moura system achieving weekly tonnages hauled in May 2012

Transforming operating discipline – panel rostering

Goonyella System - Average Train Crew
Overtime (BLP) per Service



Key Drivers for the improvement

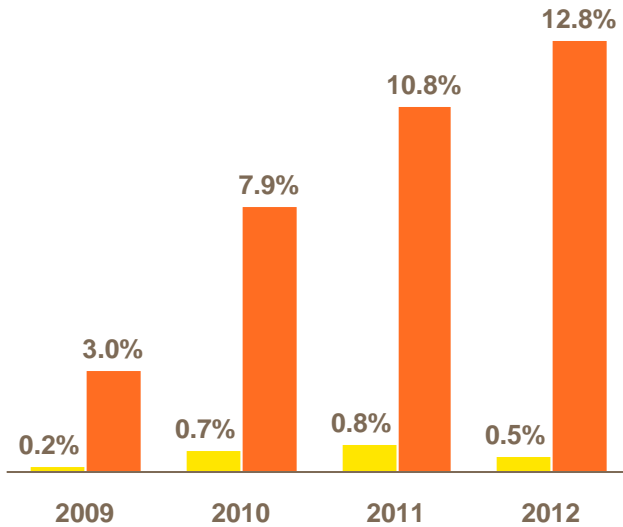
- the implementation of new train crew panel rosters over the past six months
- Tighter management of labour/task allocation

Outcomes

- 74% reduction on the average BLP hours per service utilised during FY12
- Approximate saving ~\$6m
- Annual leave entitlement has also reduced ~25%, representing a further \$2.5m in leave provisions without incurring overtime

Transformation – coal operating discipline

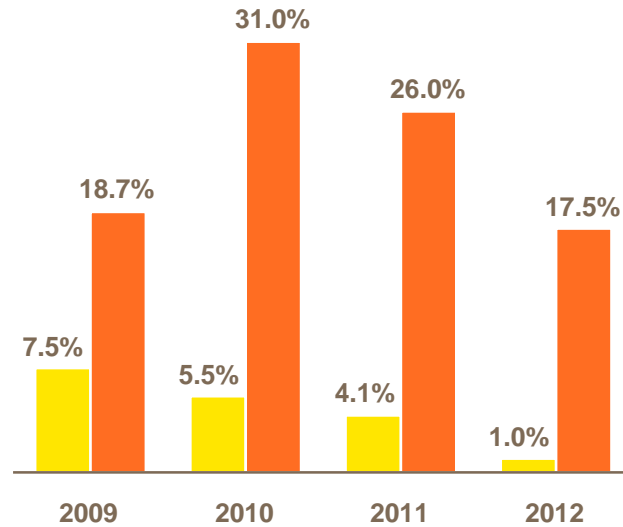
Hunter Valley
Day of Operations Performance



■ QR National at fault
■ Total losses – all stakeholders (including QRN)

Source: Hunter Valley Coal Chain Co-ordinator reports
 Note: Day of operations losses is an Hunter Valley Coal Chain Co-ordinator calculation of QR National performance vs. daily plan and total participant loss vs. plan

Goonyella Coal System
Day of Operations Performance

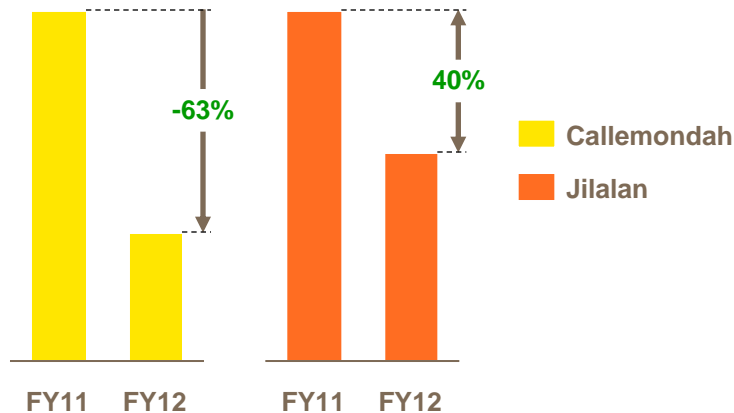


■ QR National Coal at fault
■ Total losses – all stakeholders (including QRN)

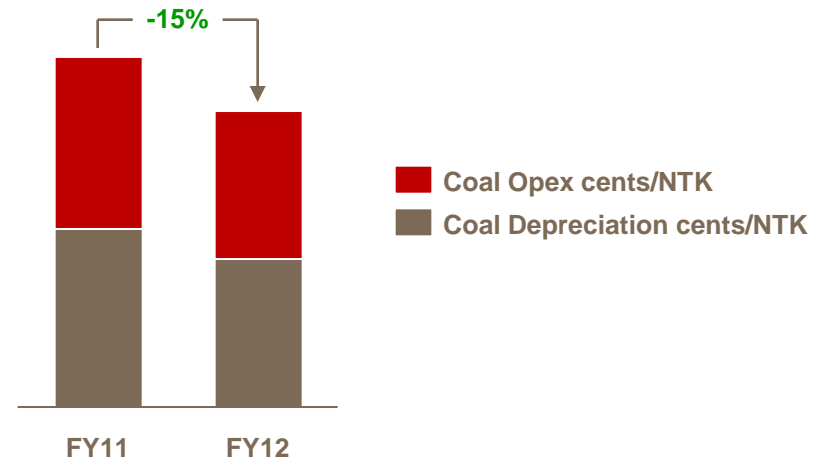
Source: Integrated Logistics Company
 Definition: These cancellations are only indicative of cancellations to the 48hr schedule

Transformation – rollingstock maintenance

Faults Per Loco Year (FLY)



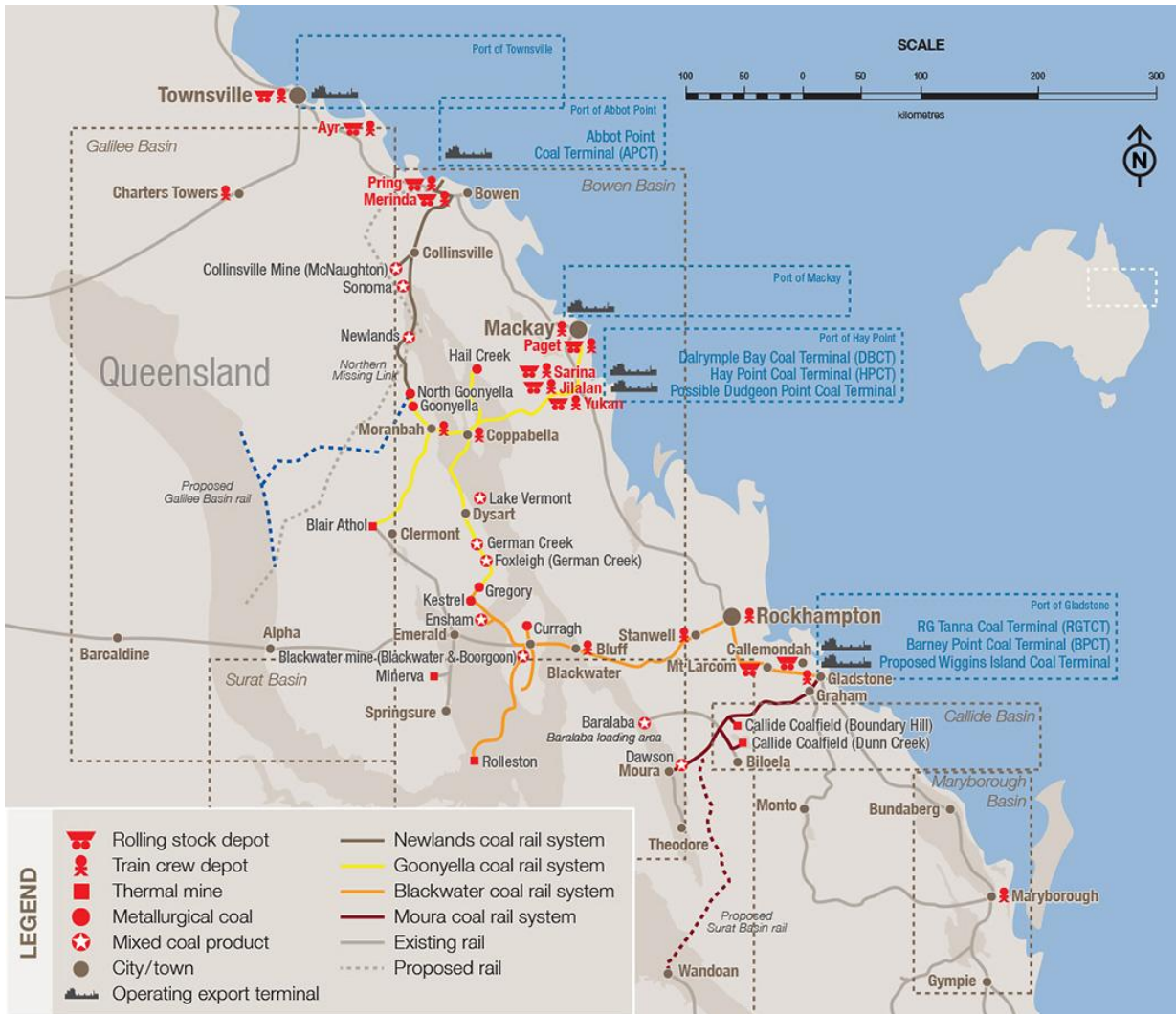
Fleet Cost, Maintenance and Depreciation



- Reliability centred maintenance program (RCMP) delivering improved reliability and availability
 - over 50% improvement in reliability (FLY) through 'root cause' analysis & technical support
 - Sustained availability of fleet >92%
 - Payloads sustained at optimal levels in Goonyella and Blackwater

- 15% reduction in cost through disciplined execution and strong leadership
- Stow, Cascade, Scrap & Sale of Rollingstock to reduce fleet cost
- Review of scope and cost of overhaul programs to reduce maintenance capital

Queensland coal system



Surat Basin growth



- Large thermal coal deposits exist in the Surat Basin
- QR National is a one third joint venture partner in the Surat Basin Railway with the ATEC Rail Group and Xstrata Coal
- The proposed SBR includes a new 210km rail corridor from Wandoan to the Moura system near Banana, 130kms west of Gladstone
- The SBR will align with second stage of the development of WICET
- Pending the necessary approvals, Surat Basin Rail is working toward a final investment decision on the project in 2013, with construction to follow thereafter
- QR National is also progressing feasibility and design work on a capacity increase for the Moura line that will connect with the SBR

Source: <http://suratbasinrail.com.au/>



QR NATIONAL

North Queensland growth

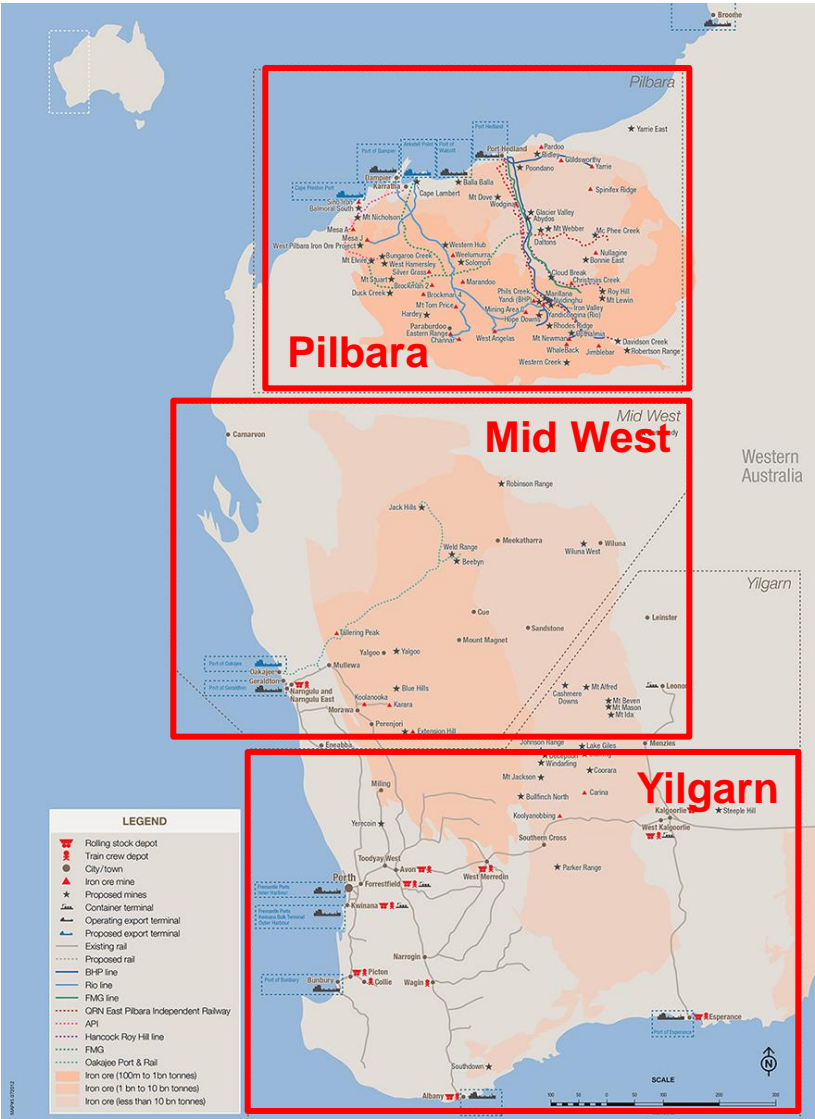


- Qld Government has endorsed two rail corridors to support growth of the Galilee basin
- This includes an East-West corridor linking QR National's existing Goonyella network to the Central Galilee
- By leveraging the existing rail network, QR National will be able to efficiently match rail capacity upgrades with planned mine production ramp-ups through a staged development
- Stage 1 will expand capacity on Goonyella/Newlands corridor by 25Mtpa to 75Mtpa with ability to scale further inline with demand
- Stage 1 will also strongly support growth opportunities in the Bowen Basin

Source: QLD Government

Iron Ore growth

- QR National has total committed investment in excess of \$350 million underway in WA in new trains and new facilities to support the growth of our customers and our business
- Potential for construction of fourth rail corridor in the Pilbara –multi user model
- QR National is undertaking a joint study with Atlas Iron of a multi-access iron ore railway in Western Australia’s East Pilbara



Offer Document to FY12 Divisional Variance

Network Services - \$413m variance including:

- WIRP 1 rescheduling
- Hay Point re-scoping
- Goonyella re-scoping

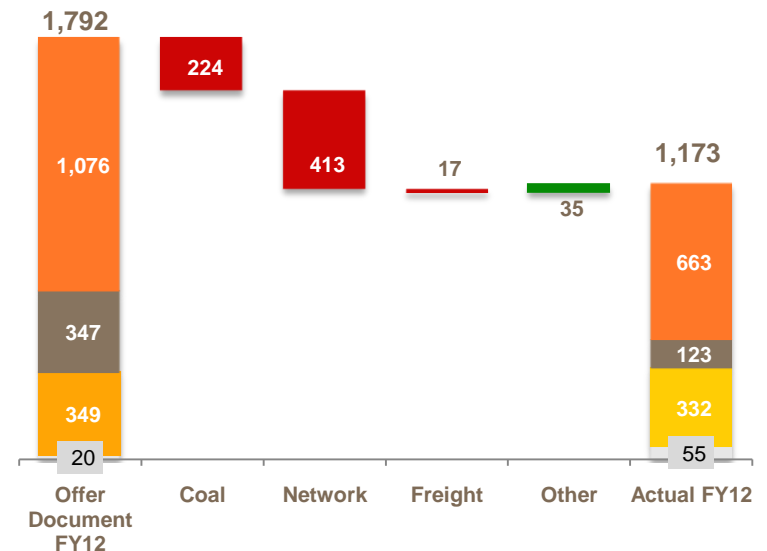
Coal - \$224m variance including:

- Rollingstock acquisition and overhaul deferral
- Pring yard facility re-scoping

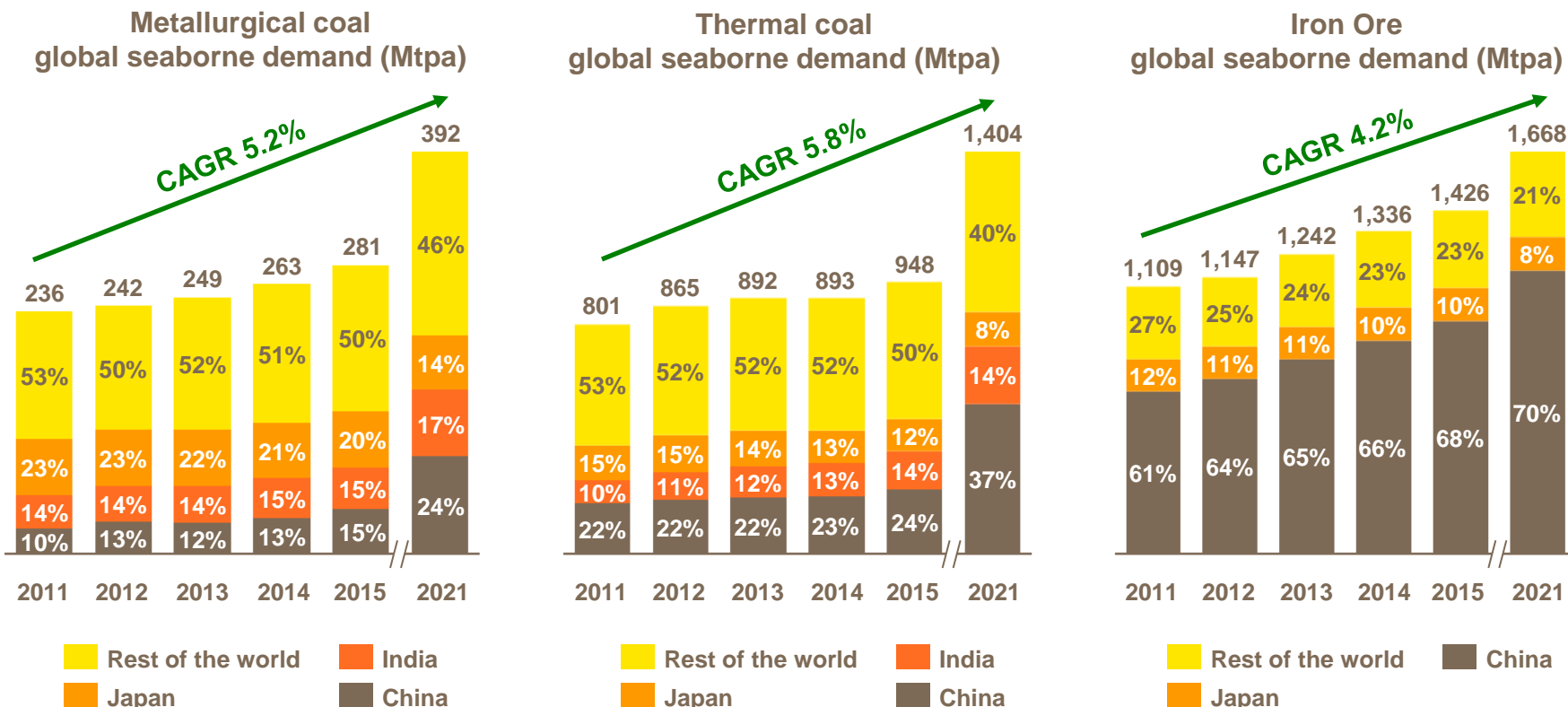
Other

- Corporate spend was \$35m higher than offer document, largely due to CQCN study costs

FY12 Capital Expenditure Divisional Variance
Offer Document vs. Actual



Leveraged to global growth sectors



Source: Wood Mackenzie Coal Market Service, May 2012; CRU Iron Ore Market Service, April 2012

Metric definitions

METRIC	DEFINITION
ROIC	Return on Invested Capital Calculated using 12-month trailing EBIT and comparative number represents year ended 30 June 2012 $\text{EBIT} / \text{Net working capital} + \text{Net PP\&E} + \text{AUC} + \text{Gross Intangible Assets}$
NTK	Net Tonnages x Kilometres
GTK	Gross Tonnages x Kilometres
FLY	Faults Per Loco Year = No. of faults/total No. of Loco's A fault is defined as anything related to the performance of the Rollingstock and requires correction
On Time Departure (OTD)	OTD from depot +/- 15 minutes
Opex	Operating expense including depreciation and amortisation
Operating Ratio	Operating ratio defined as (1 - EBIT margin)
Cycle time	Total actual run minutes/services run. Run minutes measured from yard to mine to port and return to yard.