ASX Announcement
23 September 2008

THE MAC ANNOUNCES SIGNIFICANT EXPANSION AND A $45 MILLION CAPITAL RAISING

Key Points

- **The MAC has reached an agreement with Rio Tinto for the development of a new 300 room village at Gladstone, Queensland**
- **The MAC has signed a 3 year contract with BMA for 350 rooms at Coppabella**
- **500 new rooms planned at Middlemount Village subject to contract finalisation**
- **The MAC is upgrading its new room roll-out for FY2009 from approximately 1,000 to approximately 1,450**
- **Proportion of rooms contracted for FY2009 increased to 74% from 66%**
- **The MAC will raise approximately $45 million via a Placement of approximately 20 million new shares to institutional investors. The Placement will be undertaken via a bookbuild and is fully underwritten**

Gladstone Village

The MAC Services Group Limited and Rio Tinto Aluminium Limited have reached an agreement under which The MAC will design, construct and operate a 300 person accommodation village at 149 Stowe Road, Calliope, near Gladstone QLD. The MAC expects the transaction documents will be executed by Rio Tinto shortly.

The accommodation will be utilised to house non-local personnel engaged in the construction of the Yarwun 2 Project.

The village will have many of the design features that The MAC has incorporated into its other villages including high quality ensuited rooms, a central kitchen/dining facility and gymnasium.

The land upon which the village will be constructed is owned by Rio Tinto Aluminium and will be leased to The MAC. Gladstone Regional Council has issued development approval for a temporary facility for three years.

Bowen Basin Room Expansion

The expansion of existing mines and establishment of a number of new mines in the Bowen Basin has led to increased demand at The MAC's existing villages located within the Bowen Basin.

The MAC has entered into an agreement with the BHP Billiton Mitsubishi Coal Alliance ("BMA") for the development of an additional 350 rooms at Coppabella for workers involved in the new Daunia coal mine. The take or pay contract with BMA is for a term of three years with a minimum use of not less than 60% of contracted rooms.

Significant development is also anticipated at our Middlemount Village. This site was acquired in mid-2007 from Anglo Coal and we are planning to have approximately 500 new rooms installed by 30 June 2009 subject to client contract finalisation.

As a result of this increase in demand, The MAC now expects its FY2009 room roll-out in the Bowen Basin to be 1,153 rooms, including the additional 350 rooms at Coppabella.

Increase in FY2009 Room Roll-out Guidance and Contracted Revenue

The increase in planned room roll-outs in the Bowen Basin, along with the new 300 room accommodation village at Gladstone increases The MAC's total planned new rooms for FY2009 from approximately 1,000 (as indicated at the time of The MAC's FY2008 results in August) to approximately 1,450. The MAC now expects to have approximately 5,700 rooms by 30 June, 2009, an increase of 34% on the 4,245 rooms at 30 June, 2008.

The addition of client agreements for new rooms when aggregated with the extension or roll-over of existing contracts has increased the proportion of rooms contracted for FY2009 to 74% compared to 66% announced with our FY2008 results.

Capital Raising

The MAC intends to undertake a placement of approximately 20 million new shares to institutional investors to raise approximately $45 million ("Placement"). The Placement will be undertaken via a bookbuild and is fully underwritten by Goldman Sachs JBWere and Ord Minnett.

The funds raised from the Placement will be used to initially repay the majority of The MAC's existing debt and to fund the development of new accommodation villages, including the new accommodation village at Gladstone, and the expansion of existing accommodation villages in the Bowen Basin.

Following the completion of the Placement and prior to the deployment of capital for the construction of the new accommodation village at Gladstone and other room expansions, The MAC will have approximately $100 million in expansion capacity within existing approved debt facilities, providing the Company with significant capacity to continue to expand its operating footprint.

The Placement is expected to be completed on Wednesday, 24 September 2008. The shares issued under the Placement are expected to commence trading on Tuesday, 30 September 2008 and will not be entitled to The MAC's FY2008 final dividend to be paid in October 2008.

The impact of the placement and increase in FY2009 room roll-outs is expected to be broadly EPS neutral in FY2009 and accretive in FY2010.

Summary of the Placement

Approximate number of shares to be issued under the Placement	20 million
Approximate amount to be raised by the Placement	$45 million
Approximate total number of shares expected to be on issue following completion of the Placement	164.7 million

In addition to the Placement, The MAC will offer existing shareholders the opportunity to subscribe for up to $5,000 of shares via a Share Purchase Plan ("SPP"). The number of shares to be issued under the SPP will be capped at 1.5 million.[1] The price of shares offered through the SPP will be set at the final price achieved under the institutional bookbuild. The shares issued under the SPP will not be entitled to The MAC's FY2008 final dividend to be paid in October 2008. Full details of the SPP will be sent to shareholders shortly.

Funds raised from the SPP will be used to further strengthen The MAC's balance sheet and to fund future developments.

Key SPP Dates[2]

26 September 2008	Record Date to determine eligible shareholders for SPP
2 October 2008	SPP opens
3 November 2008	SPP closes at 4.00pm (Sydney time)
6 November 2008	Allotment of shares to be issued under SPP
13 November 2008	Allotment Notices despatched to shareholders
20 November 2008	Shares expected to commence trading on ASX

For more information, please refer to the Investor Presentation

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For further information on The MAC, visit www.themac.com.au

[1] If the total number of shares applied for exceeds 1.5 million, The MAC reserves the right to scale back applications accordingly.
[2] Dates and times are indicative only and The MAC reserves the right to vary these dates and times without notice.

Capital Raising & Investor Update

September 2008

The MAC Services Group Limited

Presented by: KEVIN MALONEY Executive Chairman | **MARK MALONEY** Chief Operating Officer | **RICHARD SAUNDERS** Chief Financial Officer

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All figures are expressed in Australian dollars unless stated otherwise.

Gladstone Village Development

- Agreement reached with Rio Tinto Aluminium and expected to be signed shortly
- New Village on a 50 ha site at Calliope, Gladstone Queensland
- Design, construction and operation of a 300 guest room Village for the construction workforce at the Yarwun 2 Project
- First rooms expected to be ready in January 2009
- Site leased from Rio Tinto

Gladstone Region Projects – The Karratha of the East Coast

Projects Announced for the Gladstone Area

- Rio Tinto Yarwun 2 Alumina refinery expansion
  - US$1.8bn to double production output by 2011
- CSG to LNG projects
  - QGC, BG, Santos/Petronas, Origin ConocoPhillips, LNG Ltd, Southern Cross LNG, Gladstone LG
- Gladstone Pacific Nickel processing plant
- Port Expansion (Wiggins Coal Terminal)
- Boyne Island Smelters (Rio Tinto)
- Rail line expansion
- Regular maintenance shutdowns / upgrades required for alumina refineries, aluminium smelter, concrete plant and power stations
- Current announced projects for the Gladstone Region amount to total capital investment of ~$40bn – these projects are at varying stages of approval and planning
- The MAC expects a 10 year construction market

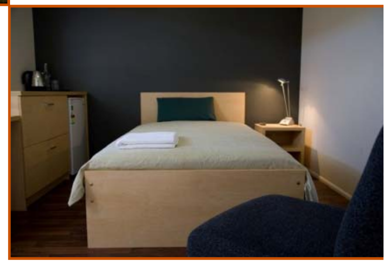
Existing Village Expansions in Bowen Basin

- Increased demand at existing Villages across the Bowen Basin as existing mines are expanded and new mines established

- Now expect FY2009 room roll-outs in the Bowen Basin to be 1,153

COPPABELLA

- 350 rooms for BMA at Coppabella now signed

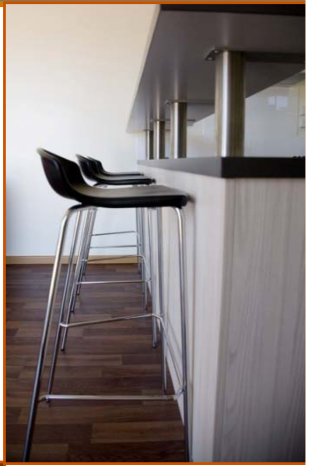


- Rooms to be used by workers involved in new BMA Daunia coal mine

- 3-year take or pay contract with BMA with minimum use of 60% of contracted rooms

- Major development of mines surrounding Coppabella with Vale expanding production at Carborough Downs (new longwall) and Isaac Plains (new dragline)

Existing Village Expansions in Bowen Basin



MIDDLEMOUNT

- Acquired mid-2007 from Anglo Coal

- Current plans will have approximately 500 new rooms installed by 30 June 2009, subject to contract finalisation

- Most rooms contracted to Anglo Coal

- Success in Middlemount highlights the key outsourcing theme driving the business

Contracted Room Profile

- Occupancy levels continue to be very high across all Villages
- Contracts for future occupancy remains strong
- Contracts continue to successfully rollover, with proportion of rooms contracted increasing recently

	Proportion of Rooms Currently Contracted	Proportion of Rooms Contracted at June 30, 2008
FY2009	74%	66%
FY2010	70%	64%
FY2011	51%	45%

FY2009 Room Roll-Out

- With a number of new contracts, The MAC is increasing its expected FY2009 room roll-out increases from ~ 1,000 to ~ 1,450

Site	Existing Rooms June 2008	2009 Expansion	Current Status	Further Potential Expansion
Coppabella QLD	1,168	537	Progressive delivery from October 2008 to March 2009	517
Dysart QLD	1,365	144	Planned completion by 31 December 2008	688
Gladstone QLD	-	300	Progressive delivery from January 2009	50 hectares
Middlemount QLD	124	472	Progressive delivery to June 2009	311
Roxby Downs	-	-	Contract negotiations – DA lodged	12 hectares
Karratha	-	-	Contract negotiations – DA lodged	1,430
Nebo	467	-	DA in progress for approx 100 rooms	472
Moranbah	889	-	Preliminary planning / costing	300
Kambalda	232	-	Rezoning approved by Council – awaiting Ministerial consent	482
Total	4,245	1,453		

Strong Pipeline and Growing National Footprint

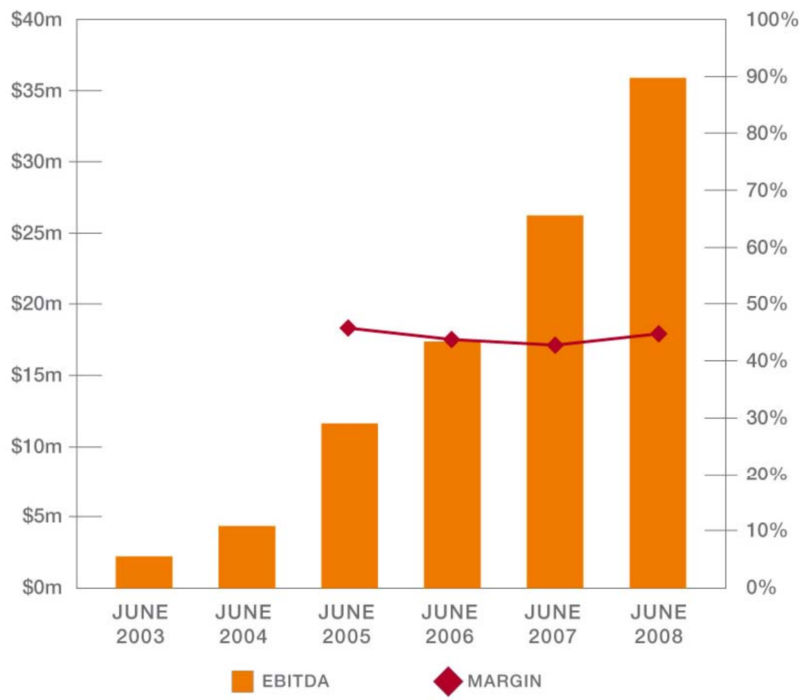
- Strong national presence in significant expanding mining areas
- Process of approvals and contractual negotiations at Karratha are progressing – no rooms included in FY2009 budget
- Negotiations with BHP Billiton regarding an initial 500-room Village development at Roxby Downs continue – no rooms included in FY2009 budget
- Land bank continues to grow at key mining areas with options or freehold title over additional sites
- Wandoan in Surat Basin a key site
- Discussions underway regarding a range of further expansion opportunities in key mining regions
- Long-term growth pipeline in place

Business Model
Focused & Sustainable

- Pure play provider of accommodation and related services
- Mine operation and maintenance focused, very little construction
- Long life, low-cost mines, mostly bulk commodities
- Contracted blue chip clients, leading to predictable revenue
- Very return focused - ROE of 24.3% achieved in FY2008

Financial Performance On Track

- Room occupancy exceptionally strong for July and August
- Very strong forward occupancy bookings and enquiries
- New rooms predominantly contracted to Anglo Coal, BMA and Rio Tinto
- Further key client development and outsourcing success anticipated
- Current capital raising and increasing free cashflow from existing operations provides sufficient funds for foreseeable future growth projects



Outlook - Future Growth Drivers

- Continue to see an increased level of demand in the Bowen Basin with strong forward bookings and a number of potential contracts currently being negotiated
- Long-term commodity demand remains buoyant, supporting investment in existing and new mines
- Outsourcing remains a strong trend in the mining sector with increasing focus on core competencies
- Development of significant relationships with key clients
- Labour supply remains tight and high-quality accommodation is very important for staff attraction
- Continued roll-out of additional service offerings at Villages, including retail and taverns
- Revenue diversification through the roll-out of announced new projects in Gladstone, Karratha and Roxby Downs
- Robust pipeline of development opportunities supporting long-term growth

Capital Raising – Overview

- ~$45 million capital raising via a fully underwritten placement of 20 million shares to institutional investors
  - Placement price to be set via book build
  - Shares issued will not participate in the FY2008 final dividend

- Offer fully underwritten by Goldman Sachs JBWere and Ord Minnett
- Existing shareholders able to acquire up to $5,000 of shares at the placement price via an SPP
  - SPP to be capped at 1.5 million shares

Use of proceeds

- Repay existing debt initially
- Fund new developments
  - Up to $100 million in debt capacity within existing debt facilities
  - Development of announced stages at Gladstone, Karratha and Roxby Downs and expansion of existing Villages as contracts agreed
- The Company was comfortable with FY2009 consensus EPS forecasts prior to the capital raising
- The impact of the upgraded room expansions and capital raising is expected to be broadly EPS neutral in FY2009 and EPS accretive in FY2010

Questions