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ASX Release

MACARTHUR COAL UPGRADES HALF YEAR PROFIT GUIDANCE

About Macarthur Coal

Macarthur Coal is an Australian coal company developing a new generation of coal assets in Queensland's Bowen Basin. The company currently holds 73.3% of the Coppabella and Moorvale mines.

The company's operations produce approximately 35% of the seaborne global demand for low volatile PCI coal, which is a high-growth coal market.

The company is focussed on organic growth through developing new mines from grass roots level and identifying and pursuing high growth market segments.

For further information contact:

Nicole Hollows
CEO

Macarthur Coal Limited
Tel: 07 3221 7210

Ian McAleese
EGM Corporate Development
Macarthur Coal Limited
Tel: 07 3221 7210

Or visit the website:
www.macarthurcoal.com.au

The Board of Directors of Macarthur Coal Limited (ASX: MCC) has today announced profit guidance for the first half of the 2009 financial year. Based on current forecasts, profit for the six months to December 2008 is likely to be in the range of \$150 million to \$160 million which is significantly higher than the \$13.5 million reported in the previous corresponding half. The profit range is sensitive to the following assumptions:

- Achieving the budgeted shipping schedule (full year target 4Mt low volatile PCI and 1Mt thermal coal)
- No change in the valuation of financial derivatives from 30 June 2008.

The company's profits for the first half of this financial year have improved primarily due to significantly increased prices for its premium low volatile PCI coal. Sales volumes were lower in the first quarter due to the impact from flooding in the Bowen Basin that occurred early in the calendar year. Macarthur Coal lifted its force majeure declaration on 20 August. Sales volumes are progressively improving as the Coppabella Mine recovers to full operating capacity.

Macarthur Coal CEO and Managing Director, Nicole Hollows, said that, "Macarthur Coal is in a strong position with a robust balance sheet, strong operational cashflows and improving production from Coppabella Mine. We are forecasting a greater than ten-fold increase in first half profit, year on year. The company's premium low volatile PCI product remains in strong demand from global steel mills as its use reduces the cost of steel production. Importantly, given the current situation in financial markets, Macarthur Coal is in a strong financial position in relation to the funding for future growth."