

COAL, 24/7

MACARTHUR COAL LIMITED

13 November 2008 **MACARTHUR COAL REAFFIRMS IT IS ON TRACK TO MEET ITS HALF YEAR PROFIT GUIDANCE**

**ASX Release**

**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.

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In response to recent media reports of the downturn in steel production and the likelihood of reduced demand for low volatile PCI coal worldwide, and an interview with Executive General Manager, Ian McAleese, reported by Dow Jones on 12 November 2008, Macarthur Coal Limited (ASX code: MCC) today reaffirmed that it is on track to achieve its half yearly NPAT guidance of \$150 to \$160 million, the highest since the company listed in 2001.

CEO and Managing Director, Nicole Hollows, said, 'Some steel producers have recently announced that they will reduce production in the short-term. However, due to the flood events in early 2008 we are still behind on deliveries against our sales contracts and there has not been a significant impact on shipments.

'Any future flow-on impact, as the result of cuts in steel production, will depend on what happens over the next few months,' she said. 'The fact that some regions are reducing steel production does not automatically mean that demand for Macarthur Coal's product drops by an equivalent amount. Steel makers can adapt their usage patterns of raw materials in a number of ways to reduce the cost of production, such as using more low volatile PCI coal in their furnaces rather than more expensive coke.

'Macarthur Coal has some flexibility given its diversified customer base to shift product between markets and also to modify its production quality. We are currently considering all options available to us in our response to any further changes in the global steel markets.

'Although demand dynamics are expected to be volatile in the next contract year, in the medium to longer term, the cost benefit of using our low volatile PCI product remains compelling for steel makers globally,' Ms Hollows said.