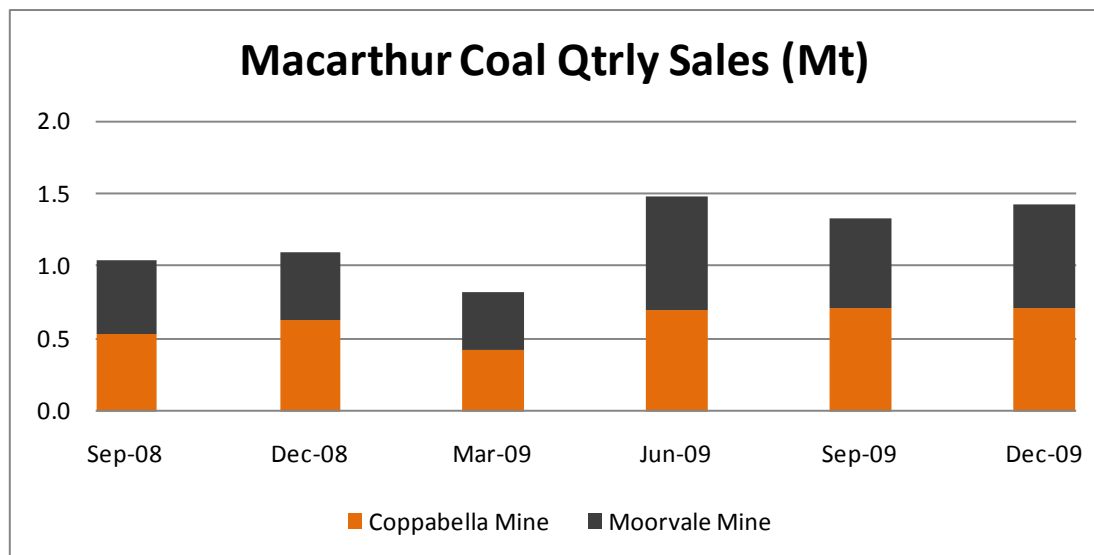


DECEMBER 2009 QUARTERLY REPORT

Key points

- Sales for December quarter of 1.45Mt, second highest in the company's history
- Sales for December half of 2.77Mt, the highest in the company's history
- Traditional customers continue to return accounting for 74% of sales for the quarter
- Exploration activity continuing at Wilunga and West Rolleston
- Record overburden removal from Moorvale Mine
- Continued strong record of safety across all sites over the quarter
- Announced off-market takeover of Gloucester Coal Limited, conditional acquisition of assets from Noble group and acquisition of assets from CITIC Resources Holdings Limited

Sales



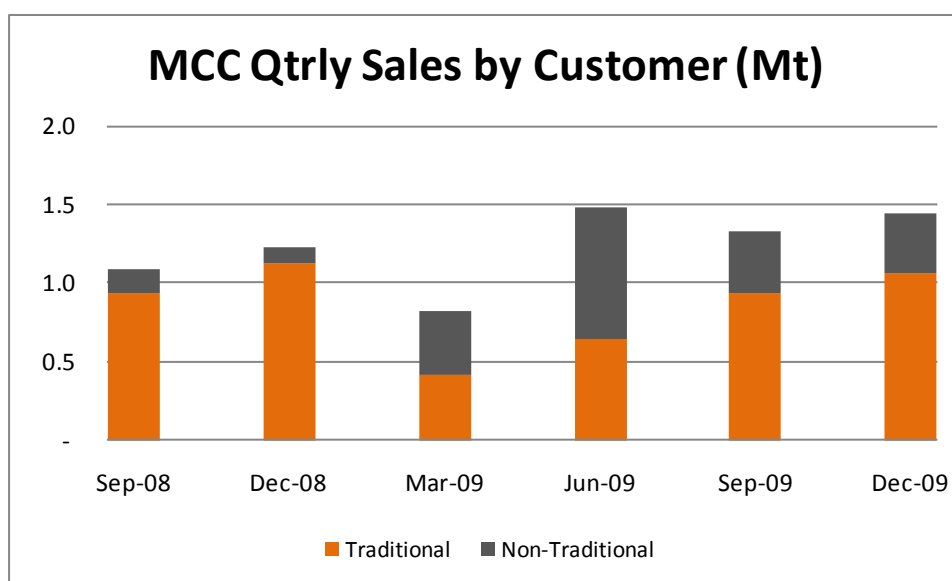
MACARTHUR COAL'S ATTRIBUTABLE SALES – COPPABELLA & MOORVALE MINES

MACARTHUR COAL'S ATTRIBUTABLE SALES - COPPABELLA & MOORVALE MINES (73.3%)							
		Actual - Quarter			Actual - Year to Date		
		Dec-09 000s	Dec-08 000s	% Var	Dec-09 000s	Dec-08 000s	% Var
Coppabella (excl. sale of purchased coal)	tonnes	715.4	630.4	13.5	1,431.4	1,157.9	23.6
Moorvale (excl. sale of purchased coal)	tonnes	710.2	466.2	52.3	1,318.6	972.1	35.6
Sub-total	tonnes	1,425.6	1,096.7	30.0	2,750.0	2,130.0	29.1
Purchased coal	tonnes	22.2	131.4	(83.1)	24.6	185.7	(86.8)
Total	tonnes	1,447.8	1,228.1	17.9	2,774.6	2,315.7	19.8

Shipments

Macarthur Coal achieved the second highest quarterly sales on record with 1.45Mt of coal sold during the December quarter. LV PCI sales represented 89% of the total.

Sales to traditional customers increased to 74% of sales as demand from traditional markets improved in the December quarter. This trend is expected to continue in the second half of the 2010 financial year.



Coal Chain Infrastructure

The shipping queue at Dalrymple Bay Coal Terminal (DBCT) peaked at 77 vessels in early November.

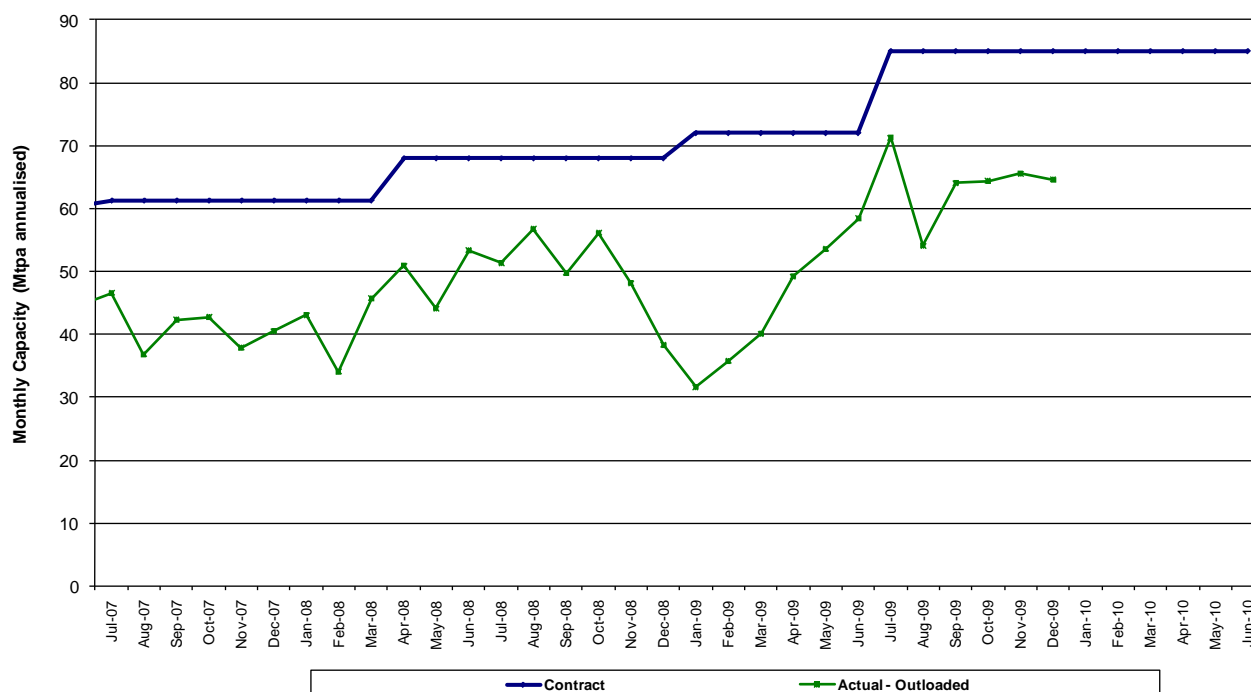
This was predominately due to continued demand for coal as traditional customers reinstate steel production capacity. Vessels arrived at a rate greater than the throughput of the coal chain in the early part of the quarter.

As at 31 December, the shipping queue reduced to 51 vessels, with wait time currently in the order of 20-30 days for vessels loading at DBCT.

It is expected that during CY2010 rail operators will continue to focus on improving rollingstock availability and reliability to assist in alleviating the congestion issues. However, planned below rail maintenance works along the coal chain will reduce some of the potential for increased capacity and throughput.

Annualised throughput for DBCT is approximately 64 Mt for the financial year to date (25% less than contracted capacity) which is substantially higher than the 54Mt achieved in the 2008 calendar year. This is shown in the chart below together with the contracted volumes.

DBCT - Capacity and Throughput



Markets

Demand for metallurgical coal continued to improve during the December quarter in line with recovery in steel production. The improved demand in conjunction with strong production for the quarter enabled Macarthur Coal to ship its second highest quarterly volume on record.

The continuing improvement in demand globally and a continuation of strong demand from China is expected to see increasing tightness in the metallurgical coal market. Currently, spot prices are well above current contract prices.

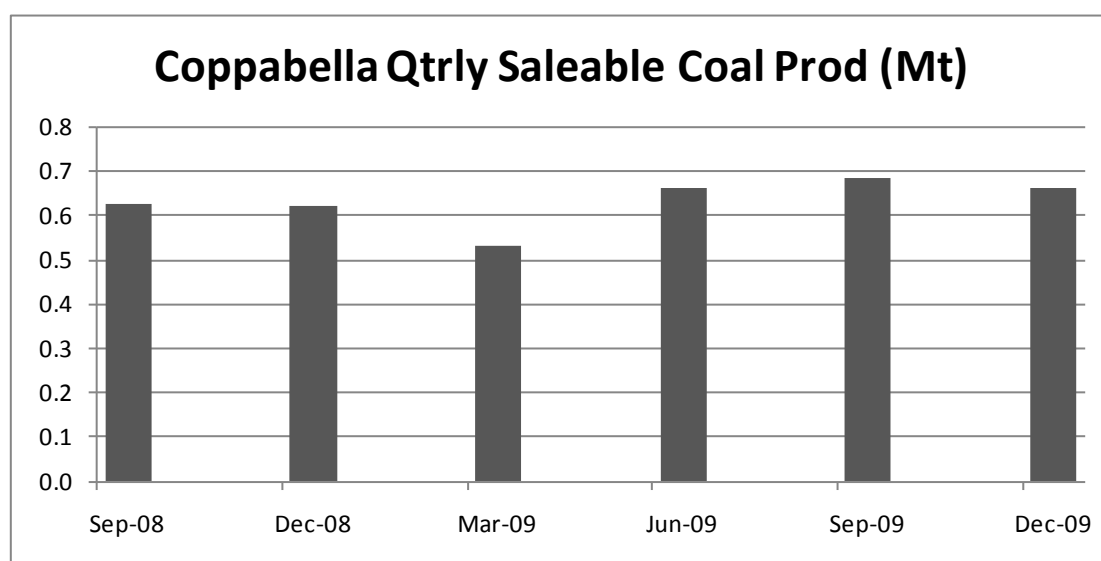
Despite increasing demand, sales in the 3rd quarter are likely to be lower due to low opening stocks, possible disruptions due to weather during the wet season and ongoing infrastructure congestion in the Goonyella coal chain.

PRODUCTION

MACARTHUR COAL'S ATTRIBUTABLE PRODUCTION – COPPABELLA & MOORVALE MINES

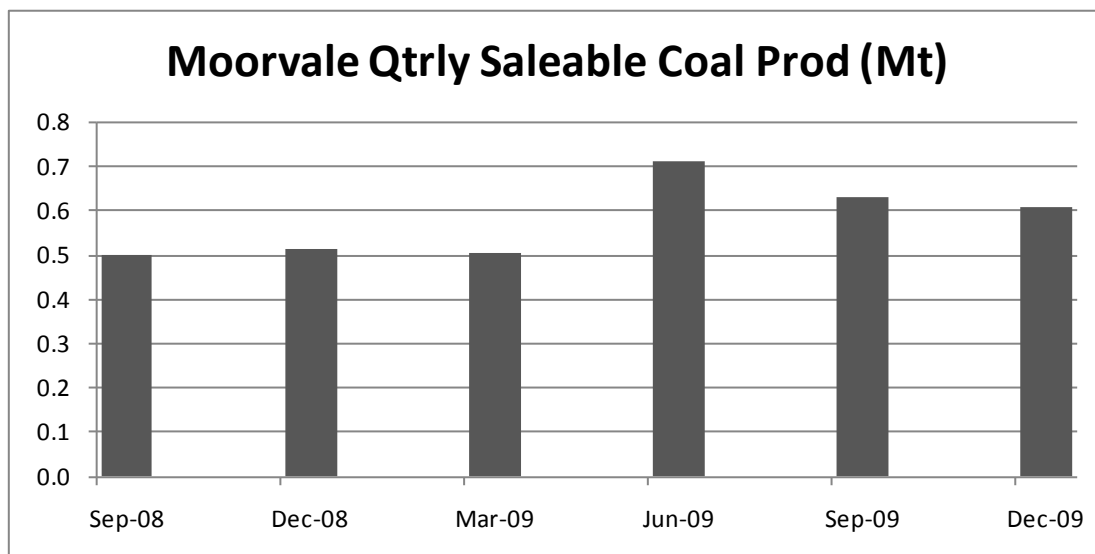
MACARTHUR COAL'S ATTRIBUTABLE PRODUCTION - COPPABELLA & MOORVALE MINES (73.3%)							
		Actual - Quarter			Actual - Year to Date		
		Dec-09	Dec-08	% Var	Dec-09	Dec-08	% Var
		000s	000s		000s	000s	
Overburden Removed							
Coppabella	bcm	7,067.8	5,726.7	23.4	12,972.2	12,655.9	2.5
Moorvale	bcm	5,234.6	5,095.0	2.7	10,458.3	8,843.9	18.3
Total	bcm	12,302.4	10,821.7	13.7	23,430.5	21,499.8	9.0
Run of Mine Coal Extracted							
Coppabella	tonnes	759.8	728.9	4.2	1,564.5	1,521.4	2.8
Moorvale	tonnes	755.9	544.3	38.9	1,575.7	1,282.9	22.8
Total	tonnes	1,515.7	1,273.2	19.0	3,140.2	2,804.3	12.0
Saleable Coal Production							
Coppabella	tonnes	664.4	622.4	6.7	1,351.2	1,247.8	8.3
Moorvale	tonnes	606.5	513.1	18.2	1,235.0	1,012.4	22.0
Total	tonnes	1,270.9	1,135.5	11.9	2,586.2	2,260.2	14.4

Coppabella Mine



Coppabella's saleable coal production for the quarter was 0.66Mt, 7% higher than the previous corresponding period. Production has been performing consistently over the first half of the year as all equipment is now operating back to pre-global financial crisis levels. Overburden removal is up 23% for the quarter due to two large excavators being brought back into production during the quarter and the dragline returning to full operation after a scheduled maintenance shutdown in the September quarter this year.

Moorvale Mine



Moorvale saleable coal production was 0.61Mt, 18% higher than the previous corresponding period.

Overburden removal for the quarter was the highest in the mine's history. The strong result was due to improved performance of equipment on site and the utilisation of a spare excavator during the quarter.

The coal handling and preparation plant had another impressive quarter with production ahead of budget due, in part, to planned maintenance being performed ahead of schedule.

Health and safety performance

There has been continued improvement in the total recordable industry frequency rate (TRIFR) at Coppabella during the quarter.

TRIFR - 12 month rolling average as at 31 December 2009:

Coppabella Mine	16.6
Moorvale Mine	16.1
Middlemount Mine	32.2
Queensland open-cut coal mining industry TRIFR benchmark*	22.2

*Source: Qld Mines and Quarries Safety Performance and Health Report December 2008

Environmental performance

In the three months to 31 December 2009 there were no externally reportable environmental incidents for Coppabella Mine, Moorvale Mine or Middlemount Mine.

Amended Environmental Authorities under the Environmental Protection Act 1994 (Qld) were issued for Coppabella, Moorvale and Middlemount mines in November 2009. The amended Environment Authorities contain revised water management conditions consistent with those applied to all mines in the Fitzroy Basin Catchment. Revised Plans of Operation for each mine to address the revised water management conditions have been prepared and submitted to the Department of Environment and Resource Management.

Rehabilitation of 42 hectares at Moorvale Mine and 17 hectares at Coppabella Mine was completed in the December quarter.

Macarthur Coal submitted its first National Greenhouse and Energy Report in compliance with the National Greenhouse and Energy Reporting Act 2007 (Cth) in October 2009. Macarthur Coal's Assessment and Reporting Schedule under the Energy Efficiency Opportunities Act 2006 (Cth) was approved by the Department of Resources, Energy and Tourism in December 2009.

GROWTH OPPORTUNITIES

Field exploration activity ceased for the Christmas break on 15 December with field work scheduled to re-commence early February 2010, weather permitting.

Five drill rigs were in operation on exploration and development projects this quarter with the focus still centred on the development of the Wilunga and West Rolleston project areas. In order to progress concept studies, Wilunga and West Rolleston will continue to be the main priorities when drilling re-commences. Exploration drilling was also undertaken by Nitro Drilling on the Capricorn, Middlemount and Carfax areas, while Tropical Water Bores was on-site at Moorvale completing Pit F pre-production coal quality and LOX line drilling.

Priority for exploration during the first quarter of 2010 will continue at Wilunga and West Rolleston with additional drilling also on a number of other project areas including the Moorvale Mine and Olive Downs areas.

The exploration group has now recorded six consecutive months Total Recordable Injury free and over the past calendar year have achieved 95,700m of drilling.

Exploration expenditure

Exploration expenditure incurred by Macarthur Coal during the December 2009 quarter was \$3.3 million.

Middlemount Mine project

The first shipment of Middlemount trial wash coal was shipped during the quarter with 22,157t being washed and loaded at Coppabella. The remaining 51,459t of the 150,000t bulk trial wash coal has been hauled to Coppabella and will be processed and shipped to customers in the March quarter.

Construction of the Coal Handling and Preparation Plant (CHPP) commenced in October 2009. It is expected to be completed in the September quarter 2010.

During the quarter, Middlemount Coal awarded an Alliance Contract to a consortium of John Holland and GHD to design and develop a rail loop for the project. This rail loop and a dedicated water supply pipeline are expected to be completed in the December half 2011. In order to provide additional dump space for the mine, a further mining lease application (MLA70417) was submitted to the east of the granted project mining lease.

On 15 January 2010, the company announced that whilst discussions are continuing, lack of progress in obtaining key toll arrangements for temporary water and rail infrastructure makes it unlikely that there will be any shipments from the Middlemount Mine project in fiscal year 2011.

It was also advised that, Middlemount Coal will continue to seek opportunities for an earlier start but in parallel will expedite the EIS already underway for increased production which enables an accelerated ramp up of production once the infrastructure is in place.

OTHER

Foreign exchange contracts

It is company policy to undertake hedging arrangements as fixed price US dollar sales contracts are entered into.

The value of foreign exchange contracts held at 31 December 2009 was:

Period covered by FX Hedge Contracts	US dollar value	FX rate A\$1.00 = US\$	A\$ Unrealised gain based on A\$:US\$ spot rate of \$0.8969*
Jan 10 to Mar 10	96,035,000	0.7350	23,590,334
Apr 10 to Jun 10	3,100,000	0.8970	(385)
Total	99,135,000	0.7392	23,589,948

* A\$:US\$ spot rate as at 31 December 2009

Results of Annual General Meeting

The Annual General Meeting of the company was held on 18 November 2009. All resolutions contained in the Notice of Meeting were passed on a show of hands.

This resulted in the reappointment of non-executive directors, Roger Marshall and Chen Zeng, to the company's board of directors; the approval of the issuance of 31,823,510 shares; and the adoption of the Remuneration Report for the year ending 30 June 2009.

Gloucester Coal takeover and conditional acquisition of assets from Noble group

On 22 December 2009, the company announced that it intended to acquire 100% of Gloucester Coal Ltd through an off-market takeover. In addition to this it was also announced that the company intended to acquire Noble Group Limited's interest in the Middlemount JV and that discussions were continuing in relation to acquiring a majority stake in Donaldson Coal Holdings Ltd.

Work is progressing in relation to this transaction; further information is available from the ASX announcement.

Acquisition of assets from CITIC Resources Holdings Limited

On 22 December 2009, the company also announced its intention to acquire CITIC Resources Holdings Limited's interest in Macarthur's operating assets and intention to terminate CITIC's marketing rights to China and India.

Work is progressing in relation to this transaction; further information is available from the ASX announcement.

Profit guidance

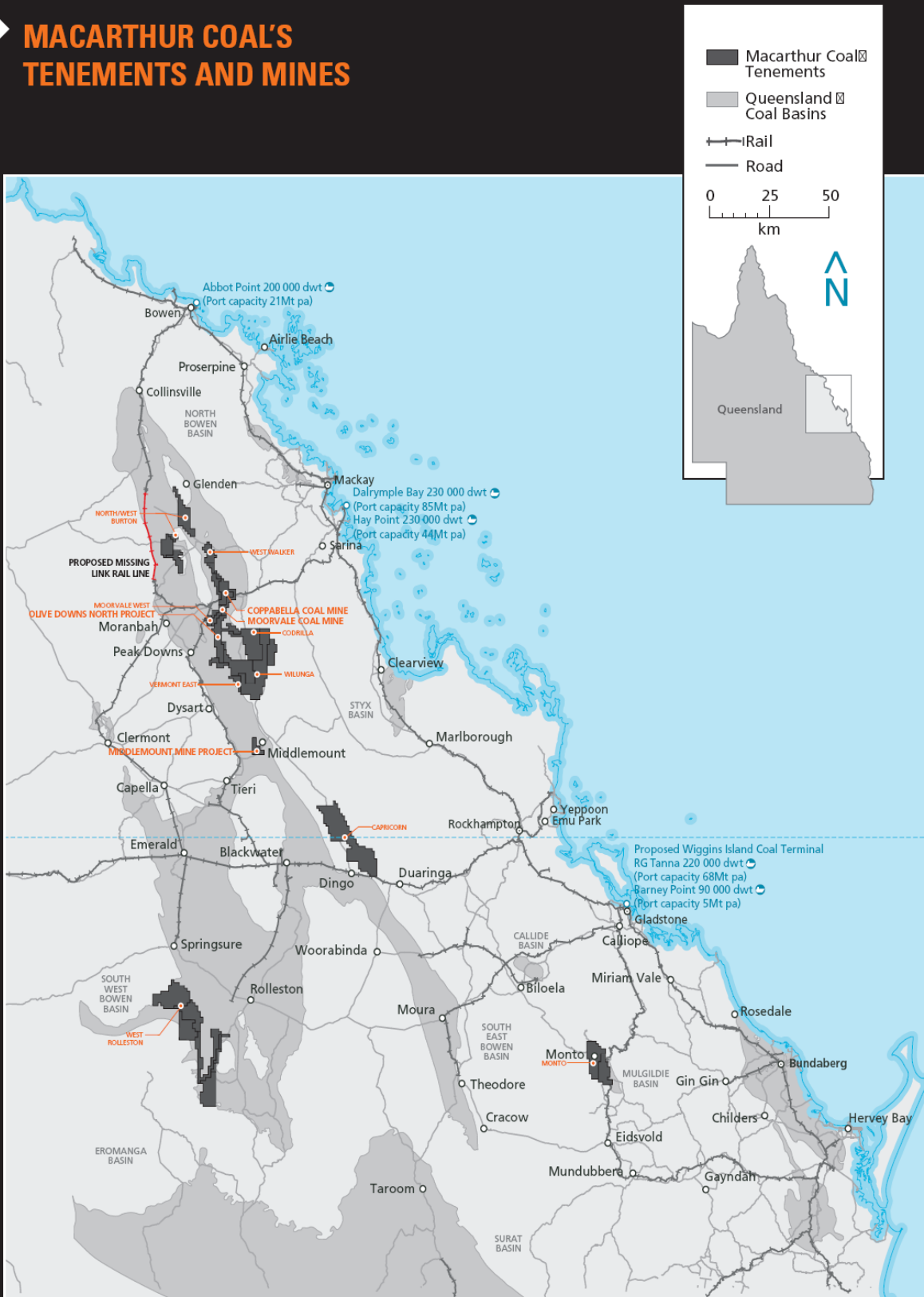
On 15 January 2010, the company updated the market with revised production and profit guidance for the first half of FY2010. The company expects profit for the six months to December 2009 to be in the range of \$37 million to \$42 million.

Due to the increase in first half sales volume, the company also increased its full year sales forecast to be in the range of 4.8Mt to 5.0Mt. This remains subject to unexpected production disruptions including additional wet weather and increases in Goonyella coal chain congestion.

Half yearly reporting date

The planned date for the release of the company's first half financial year results is Wednesday 25 February 2010.

MACARTHUR COAL'S TENEMENTS AND MINES



CORPORATE INFORMATION

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website: www.computershare.com.au

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Roger Marshall, OBE	Deputy Chairman
Peter Forbes	Director
Chen Zeng	Director
Nicole Hollows	Managing Director and CEO
Terry O'Reilly	Director
Martin Kriewaldt	Director

CEO and Managing Director

Nicole Hollows

Company Secretary

Lisa Dalton

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Contacts

David Saba Investor Relations Officer

Substantial Shareholders as at
31 December 2009

Name	Percentage of issued shares
CITIC Group	22.4
ArcelorMittal	16.6
POSCO	8.3
Number of ordinary shares on issue:	254,333,109