



JUNE 2007 QUARTERLY REPORT

SALES

MACARTHUR COAL'S ATTRIBUTABLE SALES - COPPABELLA & MOORVALE MINES (73.3%)								
		Actual - Quarter			Actual - Year to Date			
		Jun-07	Jun-06	% Var	Jun-07	Jun-06	% Var	
		000s	000s		000s	000s		
Coppabella	(excl. sale of purchased coal)	tonnes	773.5	733.4	5.5	2,748.0	2,942.5	(6.6)
Moorvale	(excl. sale of purchased coal)	tonnes	275.5	530.7	(48.1)	1,046.6	1,990.1	(47.4)
Sub-total		tonnes	1,049.0	1,264.1	(17.0)	3,794.6	4,932.7	(23.1)
Purchased coal		tonnes	63.4	36.2	75.0	430.8	214.5	100.9
Total		tonnes	1,112.4	1,300.3	(14.5)	4,225.4	5,147.1	(17.9)

Macarthur Coal's attributable sales for the full year were 3.8 million tonnes, slightly ahead of the revised target provided to the market earlier this calendar year. Sales were well below the previous year as they were impacted by significant infrastructure constraints. Coal sales (excluding purchased coal) of 1.049 million tonnes produced at Macarthur Coal's mines for the June 2007 quarter were 17% lower than sales achieved in the corresponding 2006 quarter predominantly due to off-site infrastructure issues including rail and port congestion.

The coal chain system operated in the June quarter at an annualised rate of 48.1 million tonnes per annum (Mtpa) a slight improvement from 47.2 Mtpa in the March quarter but still significantly below contracted capacity of 61.3 million tonnes. As a result shipping congestion has remained with 55 ships anchored off Dalrymple Bay Coal Terminal (DBCT) awaiting loading with loading delays of 28 days at the end June. Congestion continues to be experienced at all coal ports along the eastern seaboard of Australia. Sales for FY2008 will be impacted by the current port congestion and infrastructure constraints.

Railings to Abbot Point have commenced and these will help to offset, but not completely alleviate, the throughput problems being experienced at DBCT.

Current demand for low volatile PCI coal is high and the steel market is strong with major Asian and European steel producers increasing pig iron production. However, steel producers appear to be more responsive in managing production to meet market demand than in the past and are prepared to cut production to hold the steel price. Additionally, metallurgical coal supply is constrained by port capacity limitations and infrastructure bottlenecks.

PRODUCTION

MACARTHUR COAL'S ATTRIBUTABLE PRODUCTION - COPPABELLA & MOORVALE MINES (73.3%)							
		Actual - Quarter			Actual - Year to Date		
		Jun-07	Jun-06	% Var	Jun-07	Jun-06	% Var
		000s	000s		000s	000s	
Overburden Removed							
Coppabella	bcm	8,550.9	8,341.2	2.5	34,422.7	32,188.8	6.9
Moorvale	bcm	3,235.2	1,998.0	61.9	11,173.0	8,650.3	29.2
Total	bcm	11,786.1	10,339.1	14.0	45,595.7	40,839.1	11.6
Run of Mine Coal Extracted							
Coppabella	tonnes	915.1	929.2	(1.5)	3,714.8	3,347.0	11.0
Moorvale	tonnes	669.5	513.0	30.5	1,684.0	2,431.6	(30.7)
Total	tonnes	1,584.6	1,442.2	9.9	5,398.8	5,778.6	(6.6)
Saleable Coal Production*							
Coppabella	tonnes	596.1	792.4	(24.8)	2,559.4	3,020.1	(15.3)
Moorvale	tonnes	387.8	468.8	(17.3)	1,075.5	2,001.7	(46.3)
Total	tonnes	983.8	1,261.3	(22.0)	3,634.9	5,021.8	(27.6)

*Output from the coal handling and preparation plant

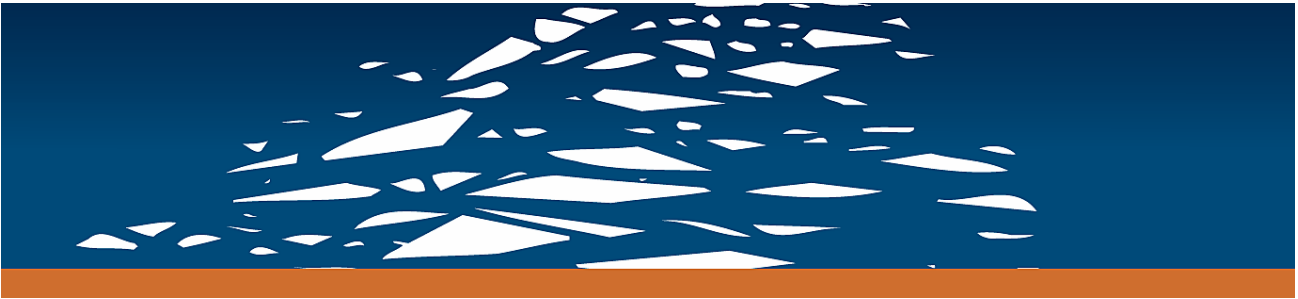
Coppabella Mine

Production of run of mine (ROM) coal in the June quarter was 0.915 million tonnes, slightly lower than the same period in 2006. This was a very good result as the mine experienced several rain events during the quarter and lost over nine production days due to wet haul roads. ROM coal production for the year was 3.7 million tonnes, about 11% higher than the previous year. The improvement is due to higher output from East Pit which is operated by the workforce that transferred in December 2006 from Peter Champion Mining to Macarthur Coal. The transition to owner operator is progressing to plan.

ROM and product stocks totalled 804,000 tonnes at the end of the financial year.

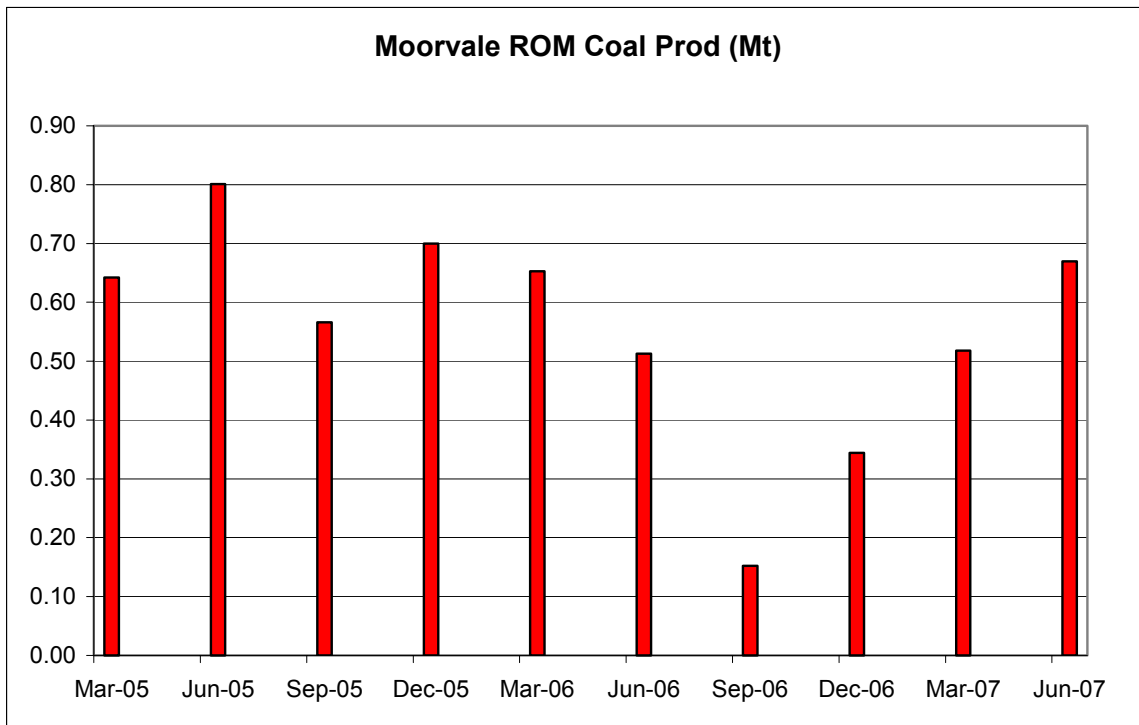
Dragline and truck shovel operations performed well in both the Roche and MCC mining areas with overburden moved ahead of the previous quarter and full year. The dragline continued to have a very good run in Johnson Pit and moved into South Pit strip 10 in mid-April. The dragline has subsequently moved to South Pit strip 9 and is currently forming the softwall batter.

As previously noted, operations were disrupted by substantial rainfall during April, May and June, with Coppabella Mine receiving a total of 155mm in June alone. However, mine site dams received significant runoff which eliminated the risk of ongoing disruptions to coal preparation operations due to lack of water.



Moorvale Mine

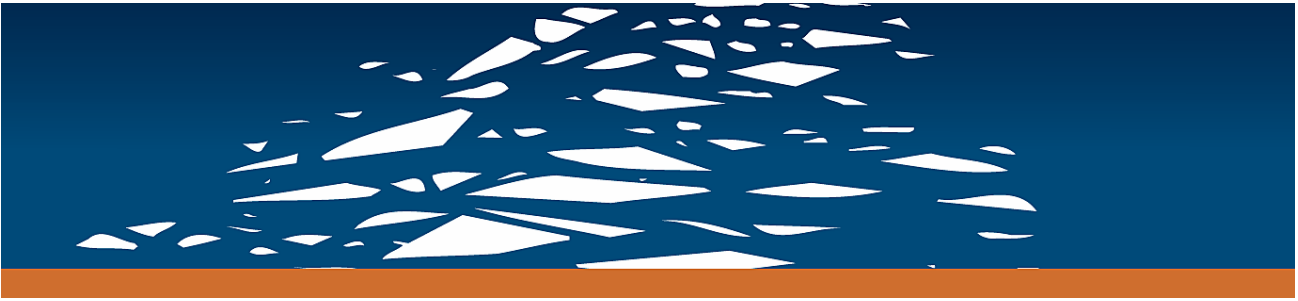
Overburden removal for the June 2007 quarter (3.2 million BCM) and year (11.2 million BCM) significantly exceeded volumes moved last year (2.0 million BCM and 8.7 million BCM respectively). The increased overburden removal is required due to the higher strip ratio of overburden to coal in the second strip compared to the first strip. The ratio is now approximately 6:1, nearly doubling that of the first strip.



ROM coal production progressively increased in line with forecasts over the year. Mining commenced the year at each end of the pit and was restricted to truck and shovel movements however, as the year progressed normal throw blast and dozer push activities resumed and led to the increased ROM coal production.

Product coal and ROM coal stocks were 408,000 tonnes at the end of the year.

Substantial rainfall occurred in April, May and June, filling all minesite dams.



Health and Safety Performance

The Lost Time Injury Frequency Rates (LTIFR) for the Coppabella and Moorvale mines, as a twelve month rolling average from 1 April 2007 to 30 June 2007, were:

- ◆ Coppabella Mine – 11.72
- ◆ Moorvale Mine – 0.0

The state average LTIFR for open-cut-coal mines for year ended June 2007 was 6.1.

Leighton Contractors Celebrate 1000 days LTI free

On 18 June, Leighton Contractors, which undertakes mining activities at Moorvale Mine, reached the enviable total of 1000 days LTI free. Senior staff from both companies, including Ken Talbot and Nicole Hollows from Macarthur Coal and Laurie Voyer and Matthew Joyce, from Leighton Contractors joined Leighton and Macarthur Coal staff for a celebratory barbeque. Leighton staff were congratulated on their achievement and commended on their strong commitment to health and safety in the workplace.

Environmental Performance

During the past financial year, no reportable environmental issues occurred at Macarthur Coal's mining operations.

PROJECT PIPELINE

A significant amount of exploration time was lost during the quarter primarily due to wet weather preventing drilling taking place and delaying access to drilling sites until the ground became firm enough to support drilling rigs and ancillary equipment. However, with recent drier conditions, normal exploration activity has resumed.

The shortage of exploration rigs, experienced geologists and geophysical logging units together with the inability of laboratories to meet the demand for coal testing continue to limit exploration activity in Queensland.

Olive Downs Project

The compensation amount with the land owner has now been agreed and the process to obtain a mining lease over the initial mining area is progressing.

Vermont East

A significant amount of drilling activity was undertaken during the quarter. However, two weeks of work was lost due to the rainfall events in the region. A large number of samples have been submitted to ACIRL laboratories in Ipswich. Initial modelling has commenced on the project area.

West/North Burton

A number of holes were drilled during the quarter however rainfall impacted the level of activity.

Exploration Expenditure

Exploration expenditure incurred by Macarthur Coal during the June 2007 quarter was \$2.13 million.



INFRASTRUCTURE

Infrastructure issues continued to constrain coal sales during the quarter. Coal sales were lower than originally planned due to rail and port congestion at Dalrymple Bay Coal Terminal (DBCT). In addition, coal producers have received significant cut backs in export allocation through DBCT for the balance of 2007.

Despite initiatives to reduce the shipping queue at DBCT the queue remained at 55 ships with long loading delays at the end of the financial year.

In view of the performance issues within the coal chain in the past two quarters, the industry, in conjunction with the Queensland Government, has commissioned an independent review of the Goonyella coal chain. A report from the review is due at the end of July 2007.

The purpose of the review is to investigate structural and operational issues impacting the coal chain throughput and to identify options to maximise throughput in the short and long term.

Contract to Export through Abbot Point

It was announced that the Coppabella and Moorvale Joint Venture, in which Macarthur Coal holds a 73.3% interest, would recommence export of coal through the Abbot Point Coal Terminal from 1 July 2007. Up to 560,000 tonnes of coal from both mines would be exported through Abbot Point by the end of the current sales contract year ending 31 March 2008. The arrangement will supplement exports through DBCT.

OTHER ISSUES

Nicole Hollows Appointed Managing Director

On 28 June 2007, Chairman of the Board of Macarthur Coal Limited, Mr Keith De Lacy, announced that Nicole Hollows had been appointed to the Board as Managing Director and she would remain as Chief Executive Officer.

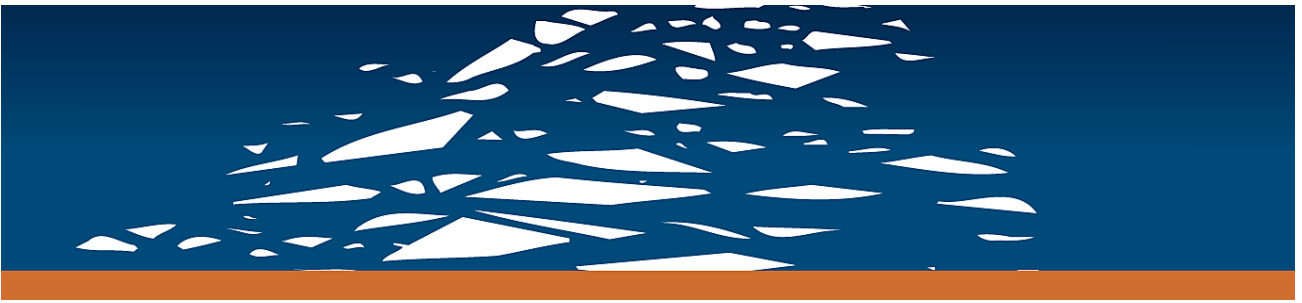
Mr De Lacy said that Ms Hollows brings 15 years of experience in the coal mining and resources industry to the Board and the Company and that he expects her to make significant contributions to the strategic management of the Company.

In addition, Mr De Lacy announced that Mr Ken Talbot, founder and former Managing Director and Chief Executive Officer, would not resume executive duties with Macarthur Coal and its associated companies.

Mr De Lacy thanked Mr Talbot for his 20 years of contributions to Macarthur Coal and the Queensland resources and business sectors and said that Mr Talbot will remain a non-executive director and continue to play an important role in the evolution of the Company.

CITIC Increases Shareholding

In June, CITIC Australia Coal Pty Ltd (CITIC) increased its stake from 11.62% to 19.99% of the issued capital of the Company by purchasing 15,683,735 shares at \$7.20 per share from major shareholder, founder and Director, Mr Ken Talbot. This reduces Mr Talbot's stake to 27.2% or 50,974,298 shares. Chairman of the Board, Mr Keith De Lacy, said that the realignment of interests did not affect other shareholders but merely consolidated the underlying independence of the Company.



Chen Zeng Appointed to Macarthur Coal Board

On 23 July it was announced that Mr Chen Zeng had been appointed to the Macarthur Coal Board as a non-executive director.

Mr Zeng is the Managing Director of CITIC Australia and has over 18 years of experience managing a number of business operations, corporate and asset restructures, and has developed several projects for the CITIC and CITIC Australia groups.

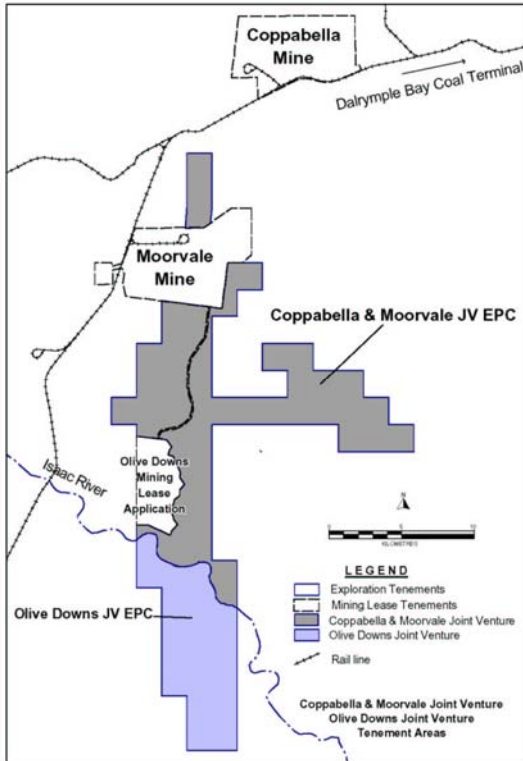
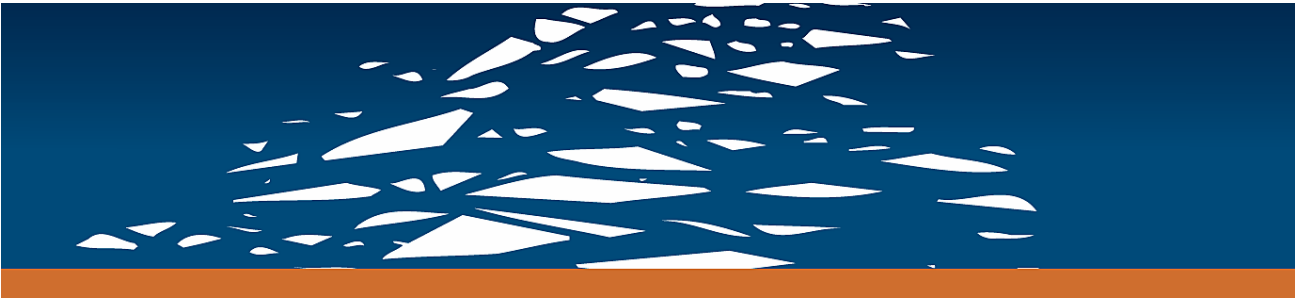
Mr Keith De Lacy said, "we are delighted to add a person of the calibre of Chen Zeng to our Board. We will benefit immensely not only from his business acumen and experience but his knowledge and expertise in Asian markets."

Besides CITIC Australia, Chen Zeng is also an executive director of the Hong Kong-listed CITIC Resources Holdings Ltd, Chairman of ASX-listed CITIC Australia Trading Ltd, and non-executive director of ASX-listed uranium company, Marathon Resources Limited.

Olive Downs Restructure

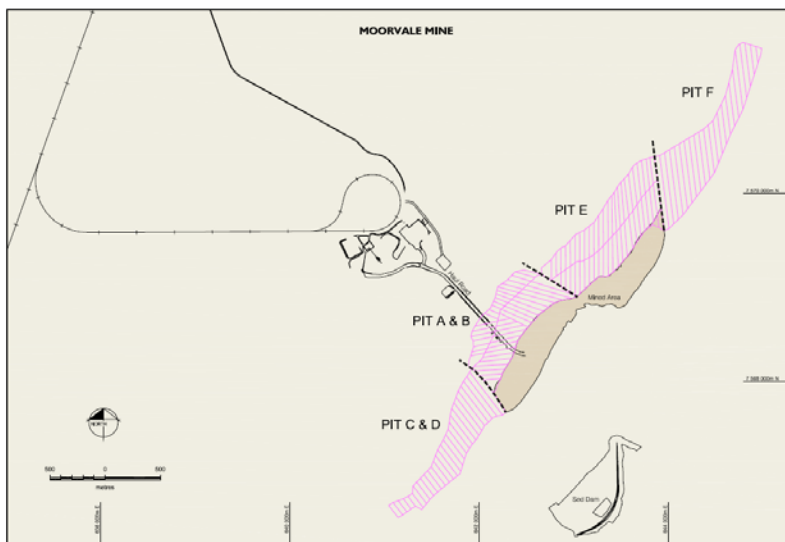
In May, the Company announced completion of the sale of a 16.7% interest in the Olive Downs North project and a 26.7% interest in the undeveloped Moorvale Pits C & D to participants in the Coppabella and Moorvale Joint Venture (CMJV). The sale was undertaken with CMJV partner CITIC selling a 3% interest in Olive Downs North and extends the CMJV's resource base. Macarthur Coal's interest in Olive Downs North was previously 90% with CITIC holding the remaining 10%. Net profit after tax generated by the sale was approximately \$9.2 million.

The sale followed the splitting of the Olive Downs project into two, with Olive Downs North comprising the tenement area north of the Isaac River, which cuts across the tenement, and Olive Downs South, comprising the tenement area south of the river (see following map).



Macarthur Coal's holding in Olive Downs South is 90% and CITIC's ownership is 10%.

Macarthur Coal was previously sole owner of Pits C & D which are at the southern end of Moorvale Mine (see following map) and now owns 73.3%.





Foreign Exchange Contracts

The value of foreign exchange contracts held at 31 June 2007 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 \$0.8487*
Jul 07 to Jun 08	192,595,561	0.7782	20,562,445
Total	192,595,561	0.7782	20,562,445

* A\$:US\$ spot rate as at 30 June 2007

MACARTHUR COAL TENEMENTS



Shareholder Enquiries

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CORPORATE INFORMATION

Directors

Hon. Keith De Lacy AM	Chairman
Roger Marshall, OBE	Deputy Chairman
Ken Talbot	Director
Don Nissen	Director
Peter Forbes	Director
Chen Zeng	Director
Nicole Hollows	Managing Director and CEO

CEO

Nicole Hollows

Company Secretary

Lisa Dalton

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Contacts

Ian McAleese Vice President - Corporate Development

Substantial Shareholders as at 31 June 2007

Name	% of Issued Shares
Ken Talbot and related parties	27.22
CITIC Australia Coal Pty Ltd	19.99
Sprott Asset Management Inc	5.98

Number of ordinary shares on issue: 187,380,346

ASX Code

Ordinary shares: MCC