



ASX Release

9 February 2004

Macarthur Coal feels the impact of the strengthening A\$ and short-term production shortfall

Revised NPAT forecast

The Directors of Macarthur Coal Limited (ASX: MCC, MCG) have today announced a revised net profit after tax forecast of \$6 million to \$7.5 million for the financial year ending 30 June 2004. A loss of up to \$2 million is expected to be incurred in the half year ending 31 December 2003.

The revision to the annual NPAT forecast is principally attributable to the rise in the Australian dollar relative to the US dollar. A 5.5 cent rise in the A\$/US\$ exchange rate since the date of the last profit forecast has reduced the annual NPAT forecast by \$6.4 million.

A production shortfall at Coppabella and increased demurrage charges also impacted NPAT. Details of the production shortfall were provided in the recently released December 2003 quarterly report. The increase in demurrage charges resulted in a \$1 million reduction in the annual NPAT forecast.

Coppabella operations have been impacted by recent heavy rain in Central Queensland. Pit flooding has prevented access to coal. All available pumps are being used to dewater pits and access to coal is expected to be achieved in 12 days time provided the weather remains dry. Force Majeure has been declared and management is working with customers to minimise the impacts.

The reported production shortfall at Coppabella for the 2004 financial year of 200,000 tonnes may now be as much as 347,000 tonnes.

Moorvale production was not impacted by the recent rain event. Production has now been upgraded from 1,000,000 tonnes to 1,500,000 tonnes for 2003/2004, however thermal coal production will be higher than normal.

A significant profit increase is forecast for the second half of the financial year, representing NPAT on an annualised basis of \$16 million to \$19 million. The increase is due to:

- Increased attributable tonnage due to Moorvale becoming fully operational;
- US\$ coal price increases;
- Demurrage reverting to normal levels; and
- Reduced coal preparation fees.

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The revised forecast is based on:

- A 77 cent A\$/US\$ exchange rate for the second half of the year;
- Undelivered Japanese Financial Year (JFY) 03 contracted tonnage being sold at JFY 03 prices in JFY 04; and
- No further production disruptions at Coppabella.

Improved profitability for the 2004/2005 financial year is expected. Macarthur Coal's attributable production will increase to approximately 4.5Mt and a substantial US\$ price increase for low volatile PCI coal will take effect for the majority of JFY 04 contracts.

Negotiations for the engagement of a second contractor at Coppabella are well advanced and management is confident of achieving its production target for 2004/2005.

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