

MACARTHUR COAL ACHIEVES A\$42 MILLION NET PROFIT FOR THE HALF YEAR

28 February 2007

ASX Release

Macarthur Coal Limited (ASX:MCC) has today reported a half-year net profit after tax (NPAT) of A\$42.4 million for the six months to 31 December 2006.

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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Other key performance results included:

		6 months to 31 December 2006	6 months to 31 December 2005	Variance
Sales revenue	A\$M	216.2	277.6	(22.1%)
EBITDA	A\$M	64.5	125.4	(48.6%)
EBIT	A\$M	56.9	117.9	(51.8%)
EPS diluted	cps	22.6	47.2	(52.1%)

The Company also reported that an interim dividend of 11 cents per share fully franked is to be paid on 30 March 2007.

Macarthur Coal's profits were primarily affected by the 30% reduction in the US dollar coal price in April 2006 from the record previous price.

The total cost of mining and delivering coal to the port in terms of dollars per tonne was 4.9% lower than for the same period last year. The off minesite cost component reduced by 28.5%. However, minesite costs were up by 18.2% principally due to Moorvale Mine's increasing strip ratio and contractor charges.

Chief Executive Officer, Nicole Hollows, said "Macarthur Coal is in a very good position with strong cashflow, low debt and undrawn loan facilities.

"Macarthur Coal has also commenced the transition towards owner operator status at its Coppabella Mine with the successful acquisition of equipment owned by Peter Champion Mining. Over 90% of Peter Champion Mining staff transferred to Macarthur Coal, ensuring a smooth transition process that did not impinge on operations. Cost benefits are expected to flow through in the 2008 financial year.



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MACARTHUR COAL LIMITED

"Additionally, we have recently put in place a three year contract for the supply of large tyres to our operations at a price considerably less than the spot price for tyres. This, along with our increased port allocation at Dalrymple Bay Coal Terminal, upgraded water supply and the commissioning of our new electric shovel later in the year, has ensured we are positioned to maintain sustainable operations."

Production at Moorvale Mine was constrained as mining moved from the first to the second strip. It is expected that production rates will return to normal in the June quarter.

At Coppabella Mine, overburden removal rates improved considerably in the half year. However, highwall instability that occurred in December 2006 adversely affected production from the South Pit. Changes have been made to the mining method to minimise the risks of further delays due to geotechnical issues in the South Pit.

Rain has impacted coal mining in the March 2007 quarter and port congestion has increased. Coal inventories are also low, leaving the Company without stocks to cover unplanned production stoppages. Despite the weather related delays in shipping, the Company confirmed that it expects to meet its 4.5 million tonne annual shipping target subject to no further interruptions caused by rain or port congestion. The Company also confirmed the net profit guidance for the full year of between A\$63 and A\$73 million given at the 2006 Annual General Meeting.