



MACARTHUR COAL (ASX: MCC) NOTES FURTHER PROPOSAL FROM PEABODY ENERGY CORPORATION

MACARTHUR BOARD ADVISES SHAREHOLDERS TO TAKE NO ACTION

10 May 2010

The Board of Macarthur Coal Limited ("Macarthur") advises that it has received a further proposal from Peabody Energy Corporation ("Peabody") under which Peabody would acquire all the shares in Macarthur by way of a scheme of arrangement with Macarthur shareholders receiving A\$15 cash for each Macarthur share on issue ("Peabody's Further Proposal").

Under Peabody's Further Proposal, Peabody continues to be willing to provide any or all of Macarthur's three major shareholders (CITIC, ArcelorMittal and POSCO) the opportunity to retain their economic interest in Macarthur should they choose to do so.

Peabody's Further Proposal is subject to execution of a scheme implementation agreement, a unanimous recommendation of the Macarthur Board and the requisite approval of Macarthur shareholders in general meeting.

The proposed scheme of arrangement will require the approval of 75% of shares voted and 50% of shareholders voting at a scheme meeting.

Shareholders are advised to **Take No Action** in relation to it or any documentation received from Peabody until they receive the Directors' formal recommendation. The Directors will meet to consider and assess the merits of Peabody's Further Proposal.

The Macarthur Board is committed to being in regular contact with shareholders and will keep you informed of future developments. In the interim, the Macarthur Board urges shareholders to not have any regard to public statements issued by any third party. Should you have any queries, please contact Macarthur's shareholder enquiry line on 1300 160 409 (or +61 3 9415 4147).

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About Macarthur Coal

Macarthur Coal (ASX: MCC) is the world's largest producer of seaborne low volatile pulverised coal injection coal (LV PCI) used for steel making. As a supplier to the world's leading steel producers, Macarthur exports its entire product around the globe.

The Company currently operates two mines in Queensland's Bowen Basin and plans to double its production capacity in the next five years through the development of the Middlemount Mine project and an additional mine from its extensive project portfolio.