



ACN 117 763 443

## ASX ANNOUNCEMENT

7 September 2010

### METROCOAL RESPONDS TO CHINA COAL MEDIA REPORTS

MetroCoal Limited (ASX-MTE) has responded to media reports relating to an announcement attributed to China National Coal Group Corp (**China Coal**) on the Joint Venture between China Coal and MetroCoal on EPC 1165, Columboola. MetroCoal wishes to clarify that it has not completed any resource estimate or report on its Columboola Project area in Queensland's Surat Basin.

Chief Executive Officer for MetroCoal Limited, Mike O'Brien, said "the statements attributed to China Coal on resources and projected production tonnages from the Columboola project originated from media in Asia.

"MetroCoal re-affirms that it has not yet estimated a resource compliant with the JORC Code for Columboola," Mr O'Brien said.

"China Coal did review historic and publicly available drill hole information in relation to the Columboola tenement and they have used this data to make their own coal tonnage estimation.

"While it is well known that there are a number of coal seams within EPC 1165, extensive exploration is required before a JORC compliant resource or reserve can be quoted" Mr O'Brien said.

MetroCoal Limited stated in its 2009 Prospectus that it was pursuing an exploration target for the Columboola Project area of between 830Mt to 1,165 Mt\* thermal coal suited predominantly for underground mining.

MetroCoal is very encouraged with China Coal's positive outlook and is looking forward to progressing the exploration towards feasibility and ultimate development under the joint venture agreement.

Under the terms of the agreement, China Coal will acquire a 51% interest in MetroCoal's EPC 1165 Columboola in the Surat Basin for an agreed expenditure commitment of AUD\$30 million.

The funds will be used for exploring and evaluating the potential for future commercialisation options within the Columboola tenement and also opens up the opportunity for participation in MetroCoal's other tenements.

The Columboola JVA requires a minimum expenditure of \$4 million within the first two years of the agreement.



**For further information, please contact:**

**Mr Mike O'Brien**

Chief Executive Officer

Mob: 0419 599 523

**Mr Theo Psaros**

Chief Operating Officer and Company Secretary

Mob: 0414 988 009

Phone: +61 (7) 3249 3040

Fax: +61 (7) 3249 3041

Email: [admin@metrocoal.com.au](mailto:admin@metrocoal.com.au)

Postal Address: GPO Box 122, Brisbane QLD 4001

Further information on MetroCoal can be found on our website [www.metrocoal.com.au](http://www.metrocoal.com.au)

## **About MetroCoal Limited (ASX code: MTE)**

MetroCoal is an Australian based emerging coal and energy company focused on its 100% owned coal projects in the Surat Basin in South East Queensland. MetroCoal listed on the ASX on 4 December 2009 after closing a fully subscribed IPO raising \$10 million.

MetroCoal's vision is to build a substantial cleaner energy and coal business based on:

1. Export thermal coal from underground mining and where possible, open cut mining; and
2. Underground Coal Gasification ('UCG') with small scale power generation and an integrated gas synthesis process producing high quality, clean liquid fuel (e.g. clean diesel and jet fuel), chemicals and fertilizers.

MetroCoal holds extensive coal exploration tenements in the Surat Coal Basin covering approximately 4,000km<sup>2</sup>. These tenements are down dip of well known resources including Wandoan, Elimatta, Cameby Downs and Woori. Based on the geological information from the historic drilling programs and its own drilling results, MetroCoal has a thermal coal Exploration Target for its project areas of between **2.5 and 3.5 billion tonnes\*** with a JORC Code classification of "inferred" or better, by December 2011 for evaluation for conventional underground coal mining and where more suited - UCG.

*\*The potential quantity and quality is conceptual in nature, and that there has been insufficient exploration to define a Mineral Resource or Ore Reserve and that it is uncertain if further exploration will result in the determination of a Mineral Resource or Ore Reserve.*

## **Competent Person Statement**

*The information in this Announcement that relates to the Exploration Targets is based on information compiled by Mr Neil Mackenzie-Forbes who is a Member of the Australian Institute of Geoscientists (Membership No 2035). Mr Mackenzie-Forbes is currently the exploration manager of MetroCoal. Mr Mackenzie-Forbes has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Mackenzie-Forbes has consented in writing to the inclusion in this announcement of the matters based on the information in the form and context it appears.*