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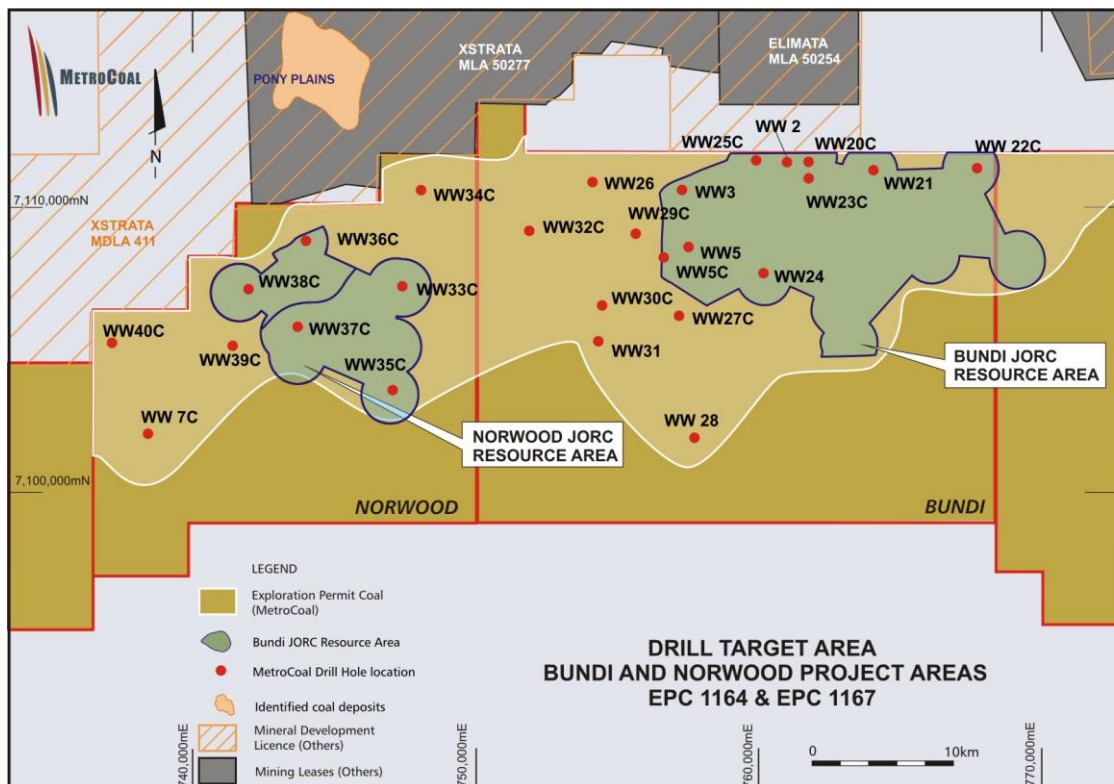
## ASX ANNOUNCEMENT

17 August 2010

# MAIDEN RESOURCE FOR 100% OWNED NORWOOD THERMAL COAL PROJECT

MetroCoal Limited (ASX-MTE) is pleased to announce that a maiden Inferred Resource of 156Mt\* in its Norwood Project Area has been defined from its recently completed drill program.

The Norwood Project Area, within EPC 1167 (Roma North) in the Surat Basin, is down dip the Pony Plains deposit and adjacent to Xstrata Ltd's recently submitted Wandoan Extended Mining Lease. The Norwood project area is west of MetroCoal's Bundi project where the company recently announced a 292Mt<sup>1</sup> resource. The figure below shows the resource area which covers an area of some 29km<sup>2</sup>.



The primary target is an underground mining resource based on the Macalister Upper (MU) Seam of the Juandah Coal Measures within the Norwood Project Area. The Inferred Resource estimate is based on a working section comprising the MU10, MU20 and MU30. The MU 40 & MU 50 ply's, the Kogan Seam, the Macalister Lower Seam and other coal seams and splits have been excluded from the resource estimate.

Resource Block Name	Seam/Plys	Area (km <sup>2</sup> )	Volume (m <sup>3</sup> )	Tonnage (t)	Tonnage (Mt)
<b>NORWOOD EAST</b>	MU10 – MU30	20,023,674	82,447,625	120,093,177	<b>120</b>
<b>NORWOOD WEST</b>	MU30	8,932,379	24,596,054	36,539,763	<b>36</b>
<b>INFERRED: NORWOOD TOTAL</b>					<b>156</b>

These MU ply's have been selected as they are continuous and correlatable across the resource area and provide a sound basis for an underground mining resource. Initial raw coal quality data suggests that the resource will be suited to the production of a typical Surat Basin export quality thermal coal.

Average thickness of the working sections are approximately 2.76m for Norwood West and 4.15m for Norwood East at a depth between 81m and 291m.

The Resource estimate is considered to be conservative with the focus based solely on the continuous, correlatable Macalister Upper Coal Seam. The planned exploration drill program and future modelling is expected to increase the resource by extending the resource area, potentially including additional plies of the Macalister Upper and where possible including the Macalister Middle and Macalister Lower seams

MetroCoal's CEO, Mr Mike O'Brien said "This additional Norwood resource brings MetroCoal's total thermal coal resource base in the Surat Basin to 620 Mt. We are particularly pleased to see this latest drilling confirm the continuous extension of the Macalister Seam over the EPC's with attractive mining thicknesses."

Resource	Norwood (Underground Coal)	Bundi <sup>1</sup> (Underground Coal)	Juandah <sup>2</sup> (UCG)	Total (UG & UCG)
<b>Inferred</b>	156 Mt	292 Mt	149 Mt	597Mt
<b>Indicated</b>			23Mt	23Mt
<b>TOTAL</b>	<b>156 Mt</b>	<b>292 Mt</b>	<b>172 Mt</b>	<b>620 Mt</b>

1. See MTE ASX Release 21st June 2010 – 500% Increase in Bundi Coal Resource to 292Mt

2. See MLM ASX Announcement 28th May 2009 "MLM Initial resource for MetroCoal's Juandah UCG Project

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

## Competent Person Statement

*\* The information in this statement that relates to in situ coal resources potential is based on information compiled by GeoConsult Pty Ltd and reviewed by Warwick Smyth, who is a member of the Australasian Institute of Mining and Metallurgy (CP) Geology; and the Australian Institute of Geoscientists. Warwick Smyth is a qualified geologist (BSc Geol, Grad Dip AF&I, MAusIMM (CP), MGSA, MAIG), and a Principal Consultant for GeoConsult Pty. Ltd. and has over 17 years experience which is relevant to the style of mineralisation, the type of deposit under consideration and to the activity which has been undertaken to qualify as a Competent Person as defined by the 2004 edition of the Australian Code for Reporting of Coal Resources. Neither Warwick Smyth nor GeoConsult Pty Ltd has any material interest or entitlement, direct or indirect, in the securities of MetroCoal or the Projects. GeoConsult has been commissioned to provide geological services to MetroCoal since early 2008. Fees for the preparation of this report are on a time and materials basis. Warwick Smyth and GeoConsult Pty Ltd consent to the use of this statement and references to it and extracts from it, in the form and context in which they are included. Apart from the above, neither the whole nor any part of the statement document, nor references thereto, may be included in, or with, or attached to any document, circular, resolution, letter or statement without the prior written consent of Warwick Smyth or GeoConsult Pty Ltd.*

*\*\* The information in this Announcement that relates to the Exploration results and 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 Prospectus of the matters based on the information in the form and context it appears.*

## About MetroCoal Limited (ASX code: MTE)

MetroCoal is an Australian based emerging coal based 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 an integrated gas synthesis process producing high quality, clean liquid fuel (e.g. clean diesel and jet fuel), chemicals and fertilizers and syngas fuelled power generation.

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 Worri. Based on the geological information from the historic drilling programs and its own drilling results, MetroCoal has an Exploration Target of between **2.5 and 3.5 billion tonnes**\*\* with a JORC Code classification of "inferred" or better, within the next two years 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.*