

ASX ANNOUNCEMENT

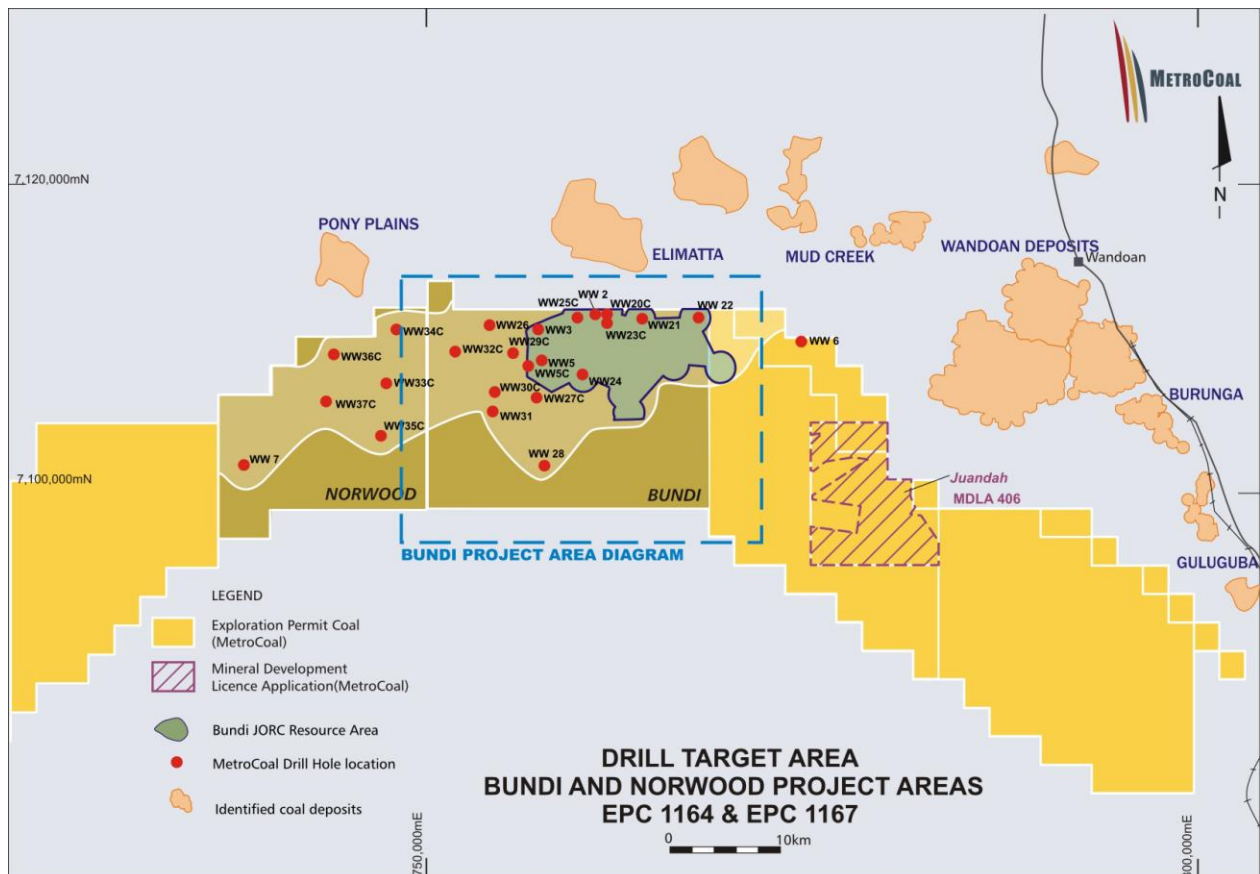
21 June 2010

500% INCREASE in BUNDI COAL RESOURCE TO 292Mt

Highlights

- Increase in JORC Inferred Resource from 58Mt to 292Mt of thermal coal at the Bundi Project area, Surat Basin
- 292Mt Inferred Resource contained within 60km² and strong potential to increase the Inferred Resource area to the south and west
- Average thickness of the Macalister Upper seam in resource area is 3.31m
- Raw coal quality confirms potential for an export thermal coal
- Ongoing drilling is expected to further increase the Inferred Resource in the Bundi Project area

MetroCoal Limited (ASX-MTE) is pleased to announce interim results of its 2010 initial drilling program have increased the Bundi underground inferred coal resource significantly from 58 Mt¹ to 292 Mt*. The Macalister Upper (MU) Seam continuity has been confirmed over a 60km² area (see following diagram) and significant potential for an increase in resource is apparent to the south east.



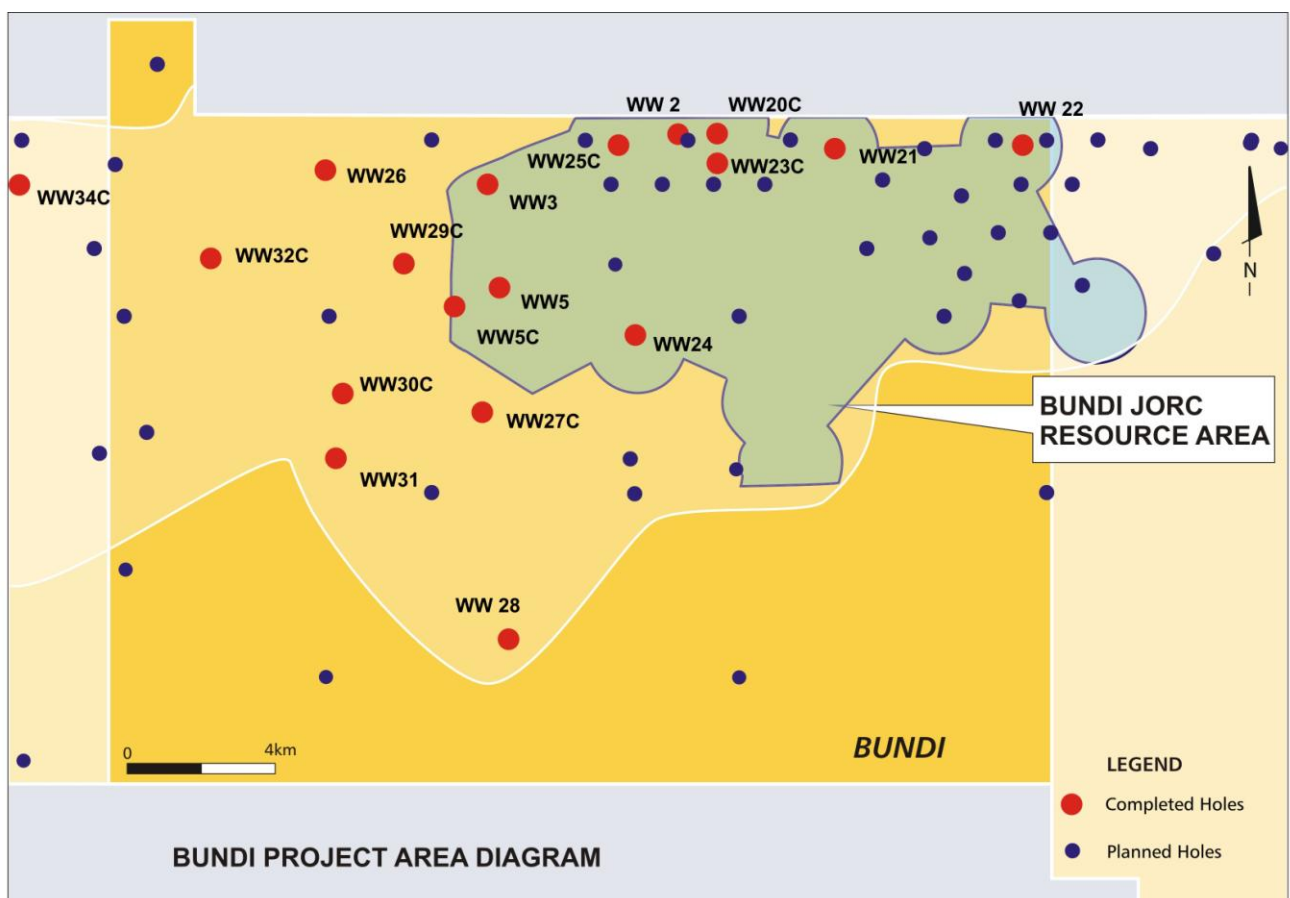
¹ See MTE ASX Release 27th January 2010 – MTE Bundi Resource

Initial coal float sink results indicate a coal product comparable to other Surat Basin washed product.

Seam	Area (m ²)	Volume (m ³)	Tonnage (t)	Tonnage (Mt)
MU	60,586,564	194,590,608	291,885,912	292

Characteristics	Average	Minimum	Maximum
Density (g/cm ³) (fixed)	1.5	-	-
Thickness (m)	3.31	1.81	4.65
Depth to Roof (m)	171.32	91.72	298.86
Raw Ash (%) (ad)	25.2	16.3	31
Total Sulphur (%) (ad)	0.25	0.22	0.27
Inherent Moisture (%) (ad)	7.5	6.7	9
Calorific Value (kcal/kg) (ad)	5078	4560	5802
Specific Energy (MJ/kg) (ad)	21.3	19.1	24.3
Fixed Carbon (%) (ad)	32.1	29.3	36.4

The Bundi Project area, within the Company's EPC 1164 Wandoan West in the Surat Basin, is down dip of Elimatta and Xstrata Ltd's Wandoan mining project areas. The 292Mt Inferred Resource is contained within an area of approximately 60km² as shown in the following diagram.





The primary target is an underground mining resource in the MU Seam of the Juandah Coal Measures within the Bundi Project Area. The Inferred Resource estimate is based on a working section within the MU Seam.

The MU Seam has been selected as it is continuous and correlatable across the resource area and provides 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 thermal coal product. The average thickness of the working section is 3.3m at a depth between 90m and 300m.

The estimate is considered to be conservative with the focus on a continuous, correlatable coal seam.

Drilling is continuing and the resource area is expected to be expanded further over the next few months. Future geological 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 "the Bundi resource is proving up to be an ideal starting point for mining studies to fulfil MetroCoal's ambitions of a 7 Mtpa long wall operation with a minimum mine life of 20 years."

Exploration is currently focussing on establishing an initial resource at Norwood which is located immediately west of Bundi within EPC 1167.

For further information, please contact:

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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 4,000km². 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 of Ore Reserve and that it is uncertain if further exploration will result in the determination of a Mineral Resource or Ore Reserve.*