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ASX ANNOUNCEMENT

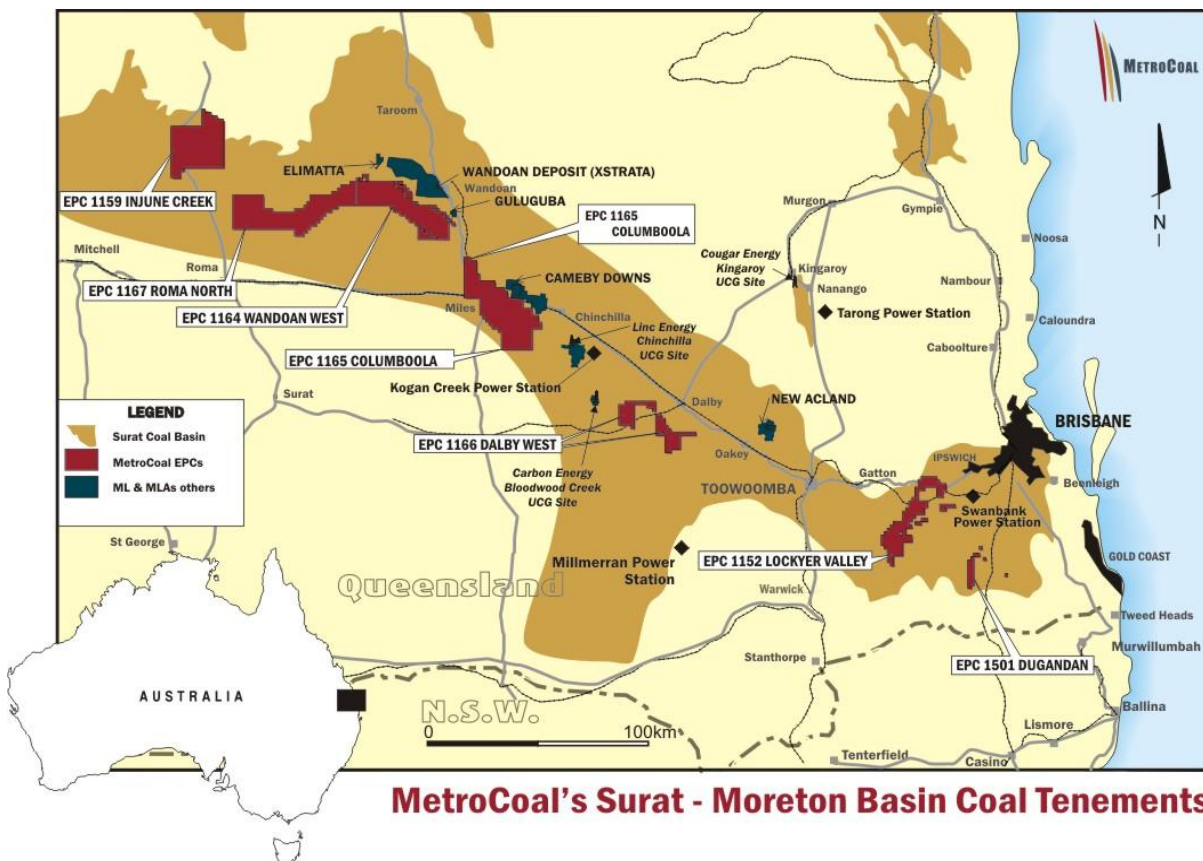
28 July 2010

CHINA COAL EXTENSION GRANTED TO COMPLETE REGULATORY REQUIREMENTS

MetroCoal Limited (ASX-MTE) announces that the date by which all conditions precedent of the Joint Venture with China Coal Import & Export Company (**CCIEC**) are to be satisfied have been extended to 30 September 2010 to enable CCIEC to obtain the last of their approvals with their local Chinese Government agencies.

MetroCoal announced on 17 July 2010 that it had received approval from The Chinese Government's National Development Reform Commission (NDRC) for CCIEC's \$30 million Joint Venture agreement but the remaining approvals are still required before this transaction can be finalised. CCIEC is a wholly owned subsidiary of China National Coal Group Corp (China Coal).

Discussions have already started on the implementation of the exploration program.





About the CCIEC Joint Venture

Under the terms of the Agreement, CCIEC has acquired a 51% interest in MetroCoal's EPC 1165 Columboola in the Surat Basin, Queensland (see Figure above) for an agreed expenditure commitment of AUD\$30 million on EPC 1165. 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.

The transaction has been approved by the Foreign Investment Review Board (FIRB) but is subject to approvals from a number of Chinese Government agencies and the transfer of the \$30 million in funds to China Coal's Australian subsidiary company. Other salient aspects of the Joint Venture Agreement are:

- within 10 days of receipt by CCIEC of the \$30 million, MetroCoal will amend the ownership of EPC 1165 with Queensland Mines and Energy;
- after the first \$4 million has been expended, either party may withdraw from the joint venture and the withdrawing party will forfeit its interest in the Joint Venture;
- when the \$30 million has been fully expended each party will be required to contribute in proportion to their respective Joint Venture interests;
- CCIEC will be the Manager of the Joint Venture; and
- CCIEC will also have first right to enter into a Joint Venture over the other MetroCoal tenements.

MetroCoal listed on the Australian Securities Exchange in December 2009 following a \$10 million capital raising. The company holds extensive coal tenements covering approximately 4,000 km² throughout the Surat Basin which it plans to commercialise through conventional coal mining and underground coal gasification (UCG).

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About MetroCoal Limited (ASX code: MTE)

MetroCoal is an Australian based emerging coal 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 Woori. 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 of Ore Reserve.*

Competent Person Statement

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