

ASX ANNOUNCEMENT

28 July 2010

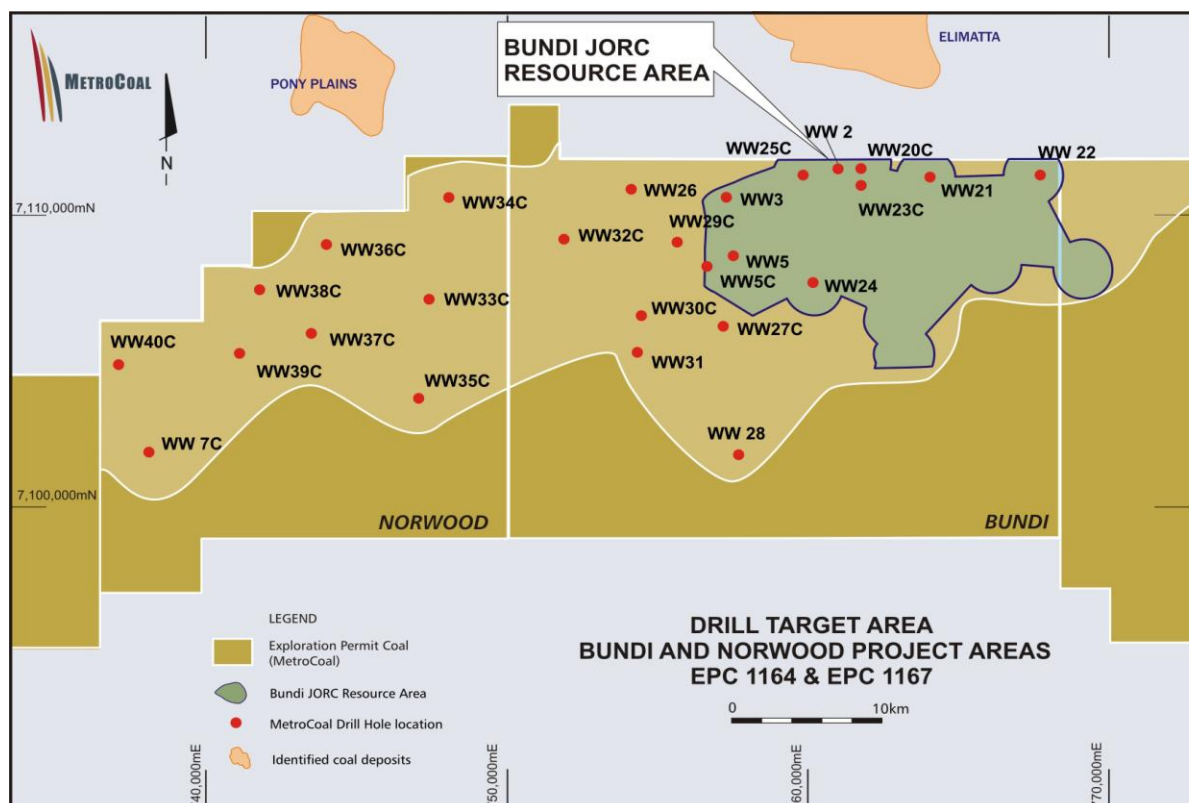
SURAT COAL PROJECT DRILLING UPDATE

Highlights

- Three (3) part core and two (2) rotary percussion holes completed on the Bundi project totalling 1,214 metres
- Seven (7) part core holes completed on the Norwood project totalling 1,290 metres
- Macalister Upper (MU) Seam intersected in all holes
- Drilling in the Norwood project area has confirmed the continuity of MU package with seam thicknesses ranging from 1.4m to 7.9m
- Coal quality analysis confirms expectation that after washing, a typical Surat Basin low sulphur export quality coal with energy content of 6,300kcal per kg (GAD) at 9% to 10% ash is achievable
- There is scope to increase the Bundi Inferred Thermal Coal Resource from 292Mt (see ASX - MTE Release 21 June 2010)
- Drilling is continuing

Overview

MetroCoal is pleased to announce that drilling has continued in the Bundi and Norwood project areas with a total of 19 holes of the planned 30 hole program now completed. All holes have intersected the Macalister Upper (MU) Seam confirming seam continuity and correlation.



The Macalister seam package has also been intersected at depths close to the depths predicted in the preliminary geological model. This increased confidence in predicting seam depth has allowed part coring in more bore holes than originally planned providing additional coal quality data and improving resource confidence.

Coal quality analysis of cores from both Bundi and Norwood areas confirms our expectation that, after washing, a typical Surat Basin low sulphur export quality coal with energy content of 6,300kcal per kg (GAD) at 9% to 10% ash is achievable.

Geotechnical samples from roof and floor strata have also been taken to provide the data base for future mining studies.

Bundi Summary

Initial drilling, with three (3) part core and two (2) rotary percussion holes, is complete across the western end of the Bundi project area and drilling operations will move to the eastern side of EPC 1164, extending the coal resource towards Wandoan.

A summary of the Bundi drilling results follows:

Table 1 : Bundi Drilling

Hole ID	MGA 94 Easting*	MGA 94 Northing*	Drilled metres			Depth to		Seam Thickness (m)	Seam Unit
			PCD	Core	Total	Coal Roof	Coal Floor		
Bundi Drilling									
WW28	0757590	7100732	281.00	N/A	281.00	196	198.4	2.4	KO
						214.9	217.3	2.4	KO
						227.8	230.3	2.5	MU
WW29C	0755450	7108365	150.05	41.93	191.98	93.41	95.5	2.1	KO
						108.3	109.5	1.2	KO
						110.5	111.3	0.8	KO
						132.3	134.3	2.0	MU
WW30C	754769	7,105,624	180.19	33.00	213.19	160	162.2	2.2	KO
						188	188.9	0.9	MU
						190.5	192.7	2.2	MU
WW31	0754000	7104000	342.00	N/A	342.00	161.5	163.5	2.0	KO
						176	177	1.0	KO
						179.7	181.3	1.6	KO
						226.6	231.6	5.0	MU
WW32C	0751774	7108006	155.98	30.00	185.98	156.7	158.2	1.5	KO
						169.8	173.4	3.6	MU
						176.8	177.9	1.1	ML
Total Metres			1,109.22	104.93	1,214.15				

* Final Survey Pending

Preliminary Seam Picks, final interpretation pending

KO: Kogan Seam

MU: Macalister Upper Seam

ML: Macalister Lower Seam

Norwood Summary

The Norwood Project area is situated immediately south of the Pony Plains Deposit which is on the sub crop line of the MU seam package and west of our Bundi project area. The seven (7) part core holes drilled to date in the Norwood project area have confirmed the continuity of the Macalister Upper (MU) Seam with seam packages up to 7.9 metres thick at depths suited to underground longwall mining

Drilling will continue in the Norwood area until early August providing the data necessary for completion of the geological model.

A summary of the Norwood drilling results follows:

Table 2: Norwood Drilling

Hole ID	MGA 94 Easting*	MGA 94 Northing*	Drilled metres			Depth to		Seam Thickness (m)	Seam Unit
			PCD	Core	Total	Coal Roof	Coal Floor		
Norwood Drilling									
WW33C	0747973	7109537	135.18	26.90	162.08	120.8	122.5	1.7	KO
						136.8	138	1.2	KO
						142.6	147.2	4.6	MU
						158.2	160	1.8	ML
WW34C	0754211	7109887	52.12	49.86	101.98	51.2	53.6	2.4	KO
						67.7	74.4	6.7	MU
WW35C	0746990	7102561	236.77	48.25	285.02	227.1	229.4	2.3	KO
						232.3	234.5	2.2	KO
						242	245.7	3.7	KO
						248.3	250.1	1.8	KO
						272.2	273.4	1.2	MU
						275.6	280.8	5.2	MU
WW36C	0743907	7107931	36.10	81.26	117.36	54.5	55.5	1.0	KO
						58.5	61.5	3.0	KO
						92.6	100.5	7.9	MU
WW37C	0743502	7104760	136.09	91.89	227.98	184.6	189.5	4.9	MU
						194.8	196.6	1.8	ML
WW38C	0738054	710194	53.39	78.85	132.24	75.9	79	3.1	KO
						122.7	124.7	2.0	MU
						126.1	127	0.9	MU
WW39C	0741150	710409	94.99	169.15	264.14	91.2	92.7	1.5	KO
						125.6	127	1.4	MU
						129.4	130	0.6	MU
						132.8	134	1.2	ML
Total Metres			744.64	546.16	1,290.80				

* Final Survey Pending

Preliminary Seam Picks, final interpretation pending

KO: Kogan Seam

MU: Macalister Upper Seam

ML: Macalister Lower Seam



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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. On 8 April 2010, MetroCoal announced the signing of a \$30 million Joint Venture Agreement with a subsidiary of China National Coal Group which is pending final approval from Chinese Government regulators.

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 Results and 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.*