

SURAT BASIN

# MetroCoal Limited

**MetroCoal Limited is an emerging Australian coal-based energy company focused on projects in the Surat Basin in South East Queensland.**



**T**he company is still in the exploration phase but the results from its tenements in the Surat Basin have confirmed a significant potential for large scale coal extraction.

"The Surat Basin has the capacity to deliver large scale underground and open cut mining opportunities for MetroCoal," Chief Executive Officer Mike O'Brien said. "It is testament to the results of our exploration activities that the company's IPO was fully subscribed in late 2009 and has since gained a major joint venture partner."

The company's first step in the region is to utilise underground and open cut mining to extract and export high quality thermal coal to China and the Asia Pacific region. Underground mining also leaves a very small foot print with minimal impact on agriculture and other activities within the region.

After analysis of past exploration activities in the Surat Basin region, MetroCoal was able to confirm its tenements held significant coal seams and subsequently undertook two exploratory drilling programs.

The initial drilling took place in 2008 and comprised seven widely spaced holes over 50km in its northern tenements.

Next, drilling was undertaken in the area surrounding its Juandah Project which resulted in a JORC Code compliant resource of 172 million tonnes.

Based on the geological information gathered from its drilling activities, MetroCoal estimates an exploration target of between 2.5 - 3.5 billion tonnes of inferred resources within the next two years.

MetroCoal's second strategy involves developing Underground Coal Gasification (UCG) with an integrated gas synthesis process producing syngas fuelled power generation and at a later stage, high quality, clean liquid fuel.

MetroCoal's UCG strategy will involve identifying a resource of at least 100Mt to support the power generation and liquid fuels developments.

In April this year, the company signed a joint venture agreement with China Coal Import & Export Company (CCIEC), a wholly owned subsidiary of China National Coal Group Corp (China Coal).

Under the terms of the agreement, CCIEC has acquired a 51% interest in MetroCoal's Columboola project 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 in the region.

Mr O'Brien said bringing CCIEC in as a joint venture partner was a significant milestone for the company and was

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key to meeting its stated strategic objective of developing projects with substantial partners.

"China Coal is a substantial company producing in excess of 100 million tonnes of coal a year," he said. "This joint venture agreement complements MetroCoal's overall strategy to confirm its exploration target of between 2.5 and 3.5 billion tonnes."

"With access to this strong mining base CCIEC will bring valuable technical skill and expertise into the joint venture, particularly in underground coal mining."

CCIEC Managing Director Dr Hu said the company welcomed the opportunity to joint venture with MetroCoal on such a promising tenement in one of Queensland's future premier coal producing regions.

"MetroCoal presents a significant opportunity to confirm a major resource and future thermal coal supply base as well as providing us with a new joint venture partner with which to build our exposure to the Surat Basin," Dr Hu said.

"Following the execution of our joint venture agreement with MetroCoal we look forward to working with our Australian partner to maximise this opportunity and future opportunities which may arise."

The resource target is the focal point of MetroCoal's strategy and if attained, will serve as a launching pad for a world class base for its coal and UCG operations.

"Coal seam thickness in the tenements is ideal for bord and pillar and longwall mining," Mr O'Brien said. "In some areas the composite seam thickness is as much as 12 meters which provides an excellent opportunity for mining and UCG targets," he said.

