

# ASX ANNOUNCEMENT

5 May 2010

## Surat Coal Project Drilling Update

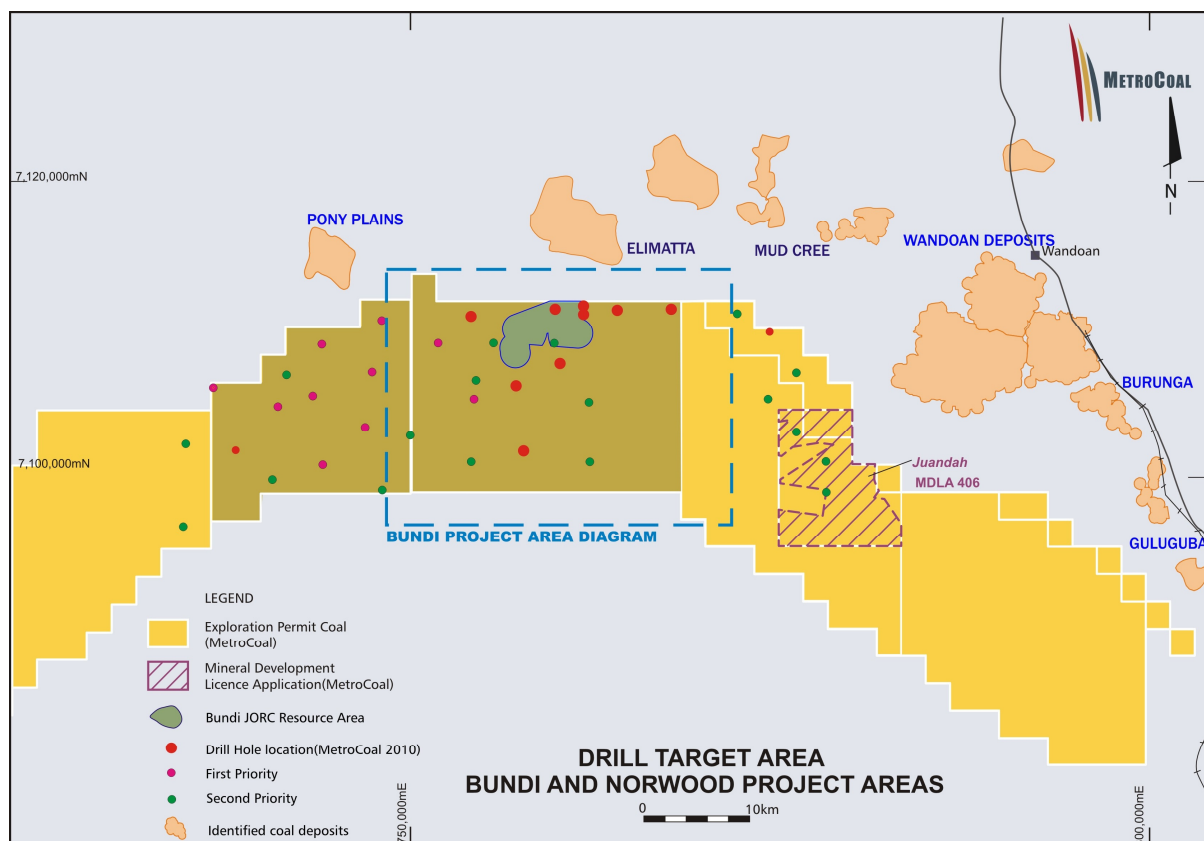
### Highlights

- Eight holes completed
- Macalister Upper (MU) Seam intersected in all holes
- Seam depths consistent with geological model forecasts
- Drilling continues

### Results Summary

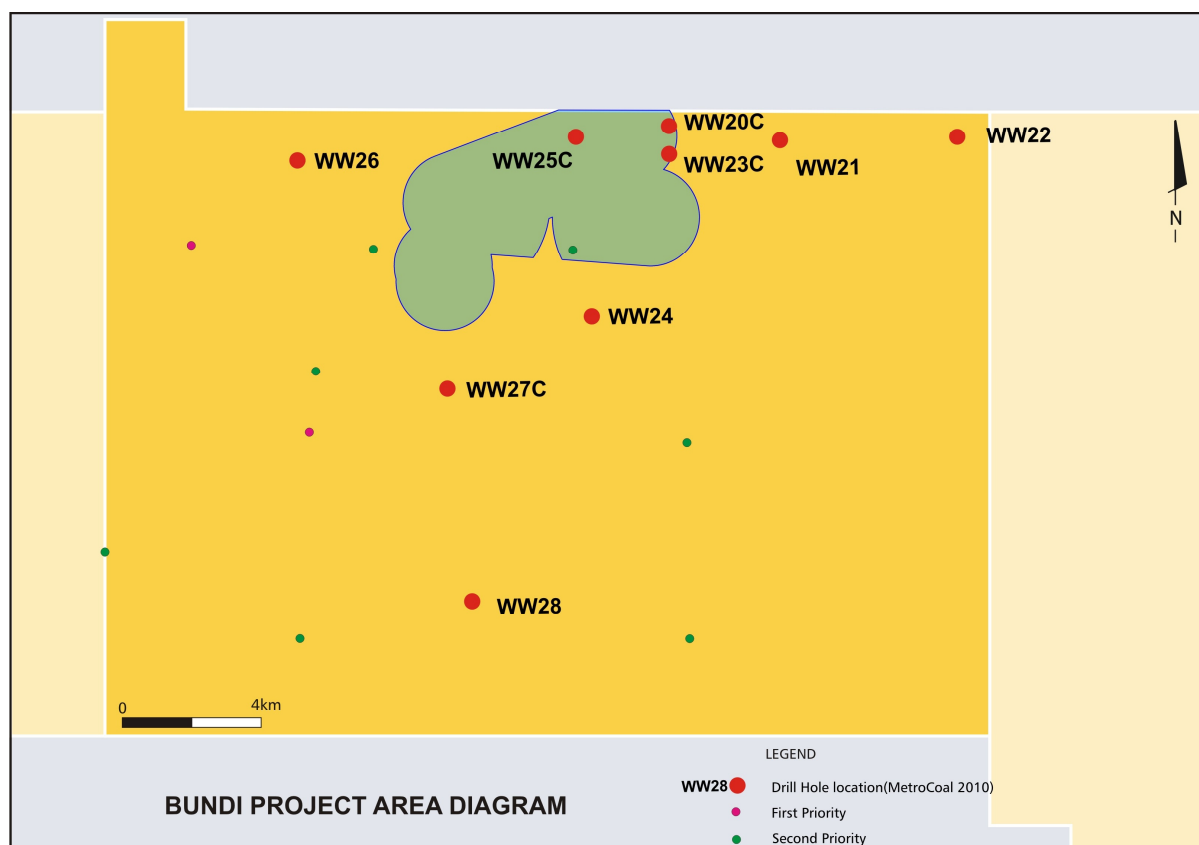
MetroCoal is pleased to advise that the results received from the 8 holes drilled to date (as part of planned 30 hole drill program):

- are positive to confirming the continuity of MU package with seam thicknesses ranging from 3.5m to 6.1m and at depths ranging from 109m to 184m (see table on page 3); and
- support MetroCoal's view of the MU Upper Seam as an attractive long wall mining target seam.



Two Depco drilling rigs were mobilised on 6 April to commence the 2010 drilling program. Initial drilling was within the Bundi Project area at the western end of EPC 1164 Wandoan West (see figure on page 1).

Eight (8) of the planned 30 holes have been completed with a total of 1,414 metres drilled. Three of the holes have been cored through the MU horizon and coal quality and geotechnical samples have been collected (see following figure).



Wire line log interpretations confirm the targeted MU horizon has been intersected in all holes at depths close to those estimated using the existing geological model. This result is positive to confirming the continuity of Macalister Seam package and supports the MetroCoal view of the MU Seam as an attractive long wall mining target seam. The table below shows the seam thickness and depth.

Total MU Seam package varies in thickness from 3.5 to 6m. Additional core drilling is being conducted in this exploration program to ensure sufficient coal quality is available to meet JORC Code resource estimation requirements. Washability tests will also be carried out.

Geotechnical samples from roof and floor strata will establish a data base for future mining studies.

Hole	Actual Hole ID	Prop Hole ID	MGA 94 Easting*	MGA 94 Northing*	PCD	Core	TD	Coal Roof	Coal Floor	Thickness#	Unit
1	WW20C	1164_123	761,759	7,110,459	118.00	25.98	143.98	119.68	121.43	1.75	KO
								129.24	133.49	4.25	MU
2	WW21	1164_106	764,009	7,110,115	184.00	N/A	184.00	125.5	130.0	4.5	MU
								134.0	135.4	1.4	ML
3	WW22	1164_107	767,631	7,110,143	184.00	N/A	184.00	126.3	130.1	3.8	KO
								151.7	157.2	5.5	MU
4	WW23C	1164_110	761,753	7,109,887	136.40	31.72	168.12	122.68	124.28	1.6	KO
								127.12	131.66	4.54	MU
								149.25	150.06	0.81	ML
								152.99	157.0	4.01	ML
5	WW24	1164_104	760,118	7,106,613	202.00	N/A	202.00	134.4	136	1.6	KO
								151.9	155.4	3.5	MU
								157.4	158.3	0.9	ML
								159.5	161.1	1.6	ML
6	WW25C	1164_122	759,857	7,110,270	100.13	43.85	143.98	102.3	105.0	2.7	KO
								124.9	131.0	6.1	MU
7	WW26	1164_119	754,211	7,109,887	184.00	N/A	184.00	109.3	113.6	4.3	MU
								125.9	127.3	1.4	ML
8	WW27C	1164_102	757,122	7,105,165	166.00	37.98	203.98	184.2	188.4	4.2	MU
								189.6	190.6	1.0	ML
								192.7	194.4	1.7	ML
Total Meters					1274.53	139.53	1414.06				

\* 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 4,000km<sup>2</sup>. 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.*