

ASX ANNOUNCEMENT

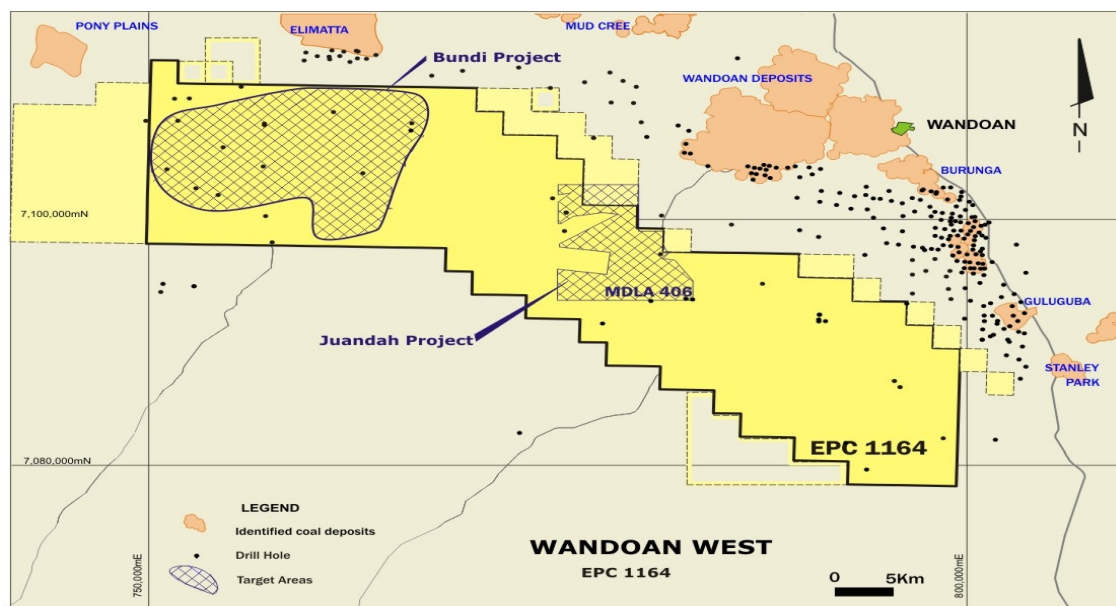
14 January 2010

SURAT BASIN COAL PROJECT - EXPLORATION UPDATE

MetroCoal Limited (**ASX-MTE**) is pleased to announce it is continuing its coal exploration and evaluation work program and expects to announce a new coal Inferred Resource suitable for conventional underground mining, within the next few weeks.

MetroCoal is continuing to update the Bundi Project geological model within EPCs 1164 and 1167. This update has enabled the inclusion of drilling data recently released by Queensland Mines and Energy together with data obtained through data swaps with other companies and data from MetroCoal's earlier drilling program.

MetroCoal's CEO, Mr Mike O'Brien said "obtaining this new and valuable drill data in the Bundi area has been a real bonus for MetroCoal's work programme which should result in a new and attractive resource estimate. Importantly, the imminent Inferred Resource estimate will be achieved without using funds raised in the December IPO."



Inclusion of this data confirms correlation of the Macalister Upper Seam (MetroCoal principle coal exploration target) within the Juandah Coal Measures of the Mid Jurassic Walloon Sub group. The geological model update was intended to facilitate planning for the upcoming exploration program. However, drill data density is sufficient for estimation of an Inferred Resource compliant with the JORC Code. The updated model will assist in optimising the planned exploration program with new holes planned.

The Bundi coal deposit is down dip of the Northern Energy Ltd's (ASX- NEC) Elimatta and Xstrata Ltd's Wandoan mining project areas (see figure above).



For further information, please contact:

Mr Mike O'Brien
CEO

Theo Psaros
Chief Operating Officer and Company Secretary

MetroCoal Limited ACN 117 763 443

Phone: +61 (7) 3891 9611 Fax: +61 (7) 3891 9199

Email: admin@metrocoal.com.au

Postal Address: GPO Box 122, Brisbane QLD 4001

Further information on MetroCoal can be found on our website www.metrocoal.com.au

Competent Person Statement

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.

**Under the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (Paragraph 18) the Company is required to make the following statement with regard to Exploration Targets – 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.*