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ASX ANNOUNCEMENT

8 April 2010

METROCOAL SIGNS \$30 MILLION JOINT VENTURE AGREEMENT WITH CHINA COAL SUBSIDIARY

Emerging coal energy company MetroCoal Limited (ASX-MTE) is pleased to announce it has signed a Joint Venture Agreement (JVA) 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 EPC 1165 Columboola in the Surat Basin, Queensland (Figure 2) 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.

MetroCoal Chairman, Mr David Barwick said "bringing CCIEC in as a joint venture partner was a significant milestone for the company, meeting its stated strategic objective, as set out in its 2009 Prospectus, of developing projects with substantial partners as well as complementing its overall strategy to confirm its exploration target of between 2.5 and 3.5 billion tonnes*.

MetroCoal CEO Mike O'Brien said "China Coal is a substantial company producing in excess of 100 million tonnes of coal a year. With access to this strong mining base CCIEC will bring valuable technical skill and expertise into the joint venture, particularly in underground coal mining. Discussions have been ongoing for some time and during this period we have developed a good relationship with CCIEC Executives that will provide a constructive base for our future relationship."

"In terms of the work program the Columboola JVA will continue the initial exploration activities in EPC 1165 and subject to the success of this program, advance the development plans to exploit significant underground coal assets," he said.

**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.*



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 premier coal producing regions.”

“EPC1165 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 joint venture partner to maximise this opportunity and future opportunities which may arise.”

The transaction has been approved by the Foreign Investment Review Board (FIRB) but is subject to approvals from a number of Chinese Government agencies which will include the setting up of an Australian Subsidiary company and the transfer of the \$30 million in funds to the Australian subsidiary company. The process for obtaining these approvals is underway and is required to be completed within three months of the date of signing of the Joint Venture Agreement. 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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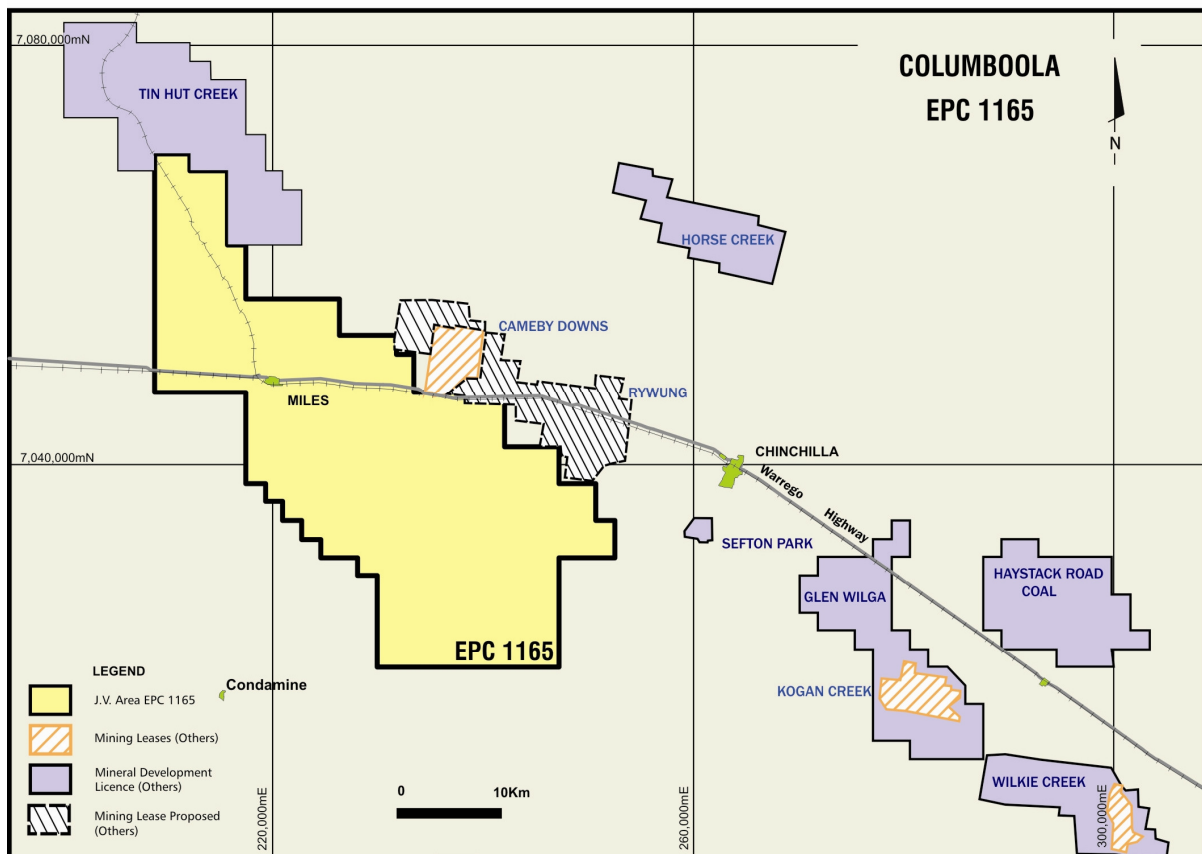
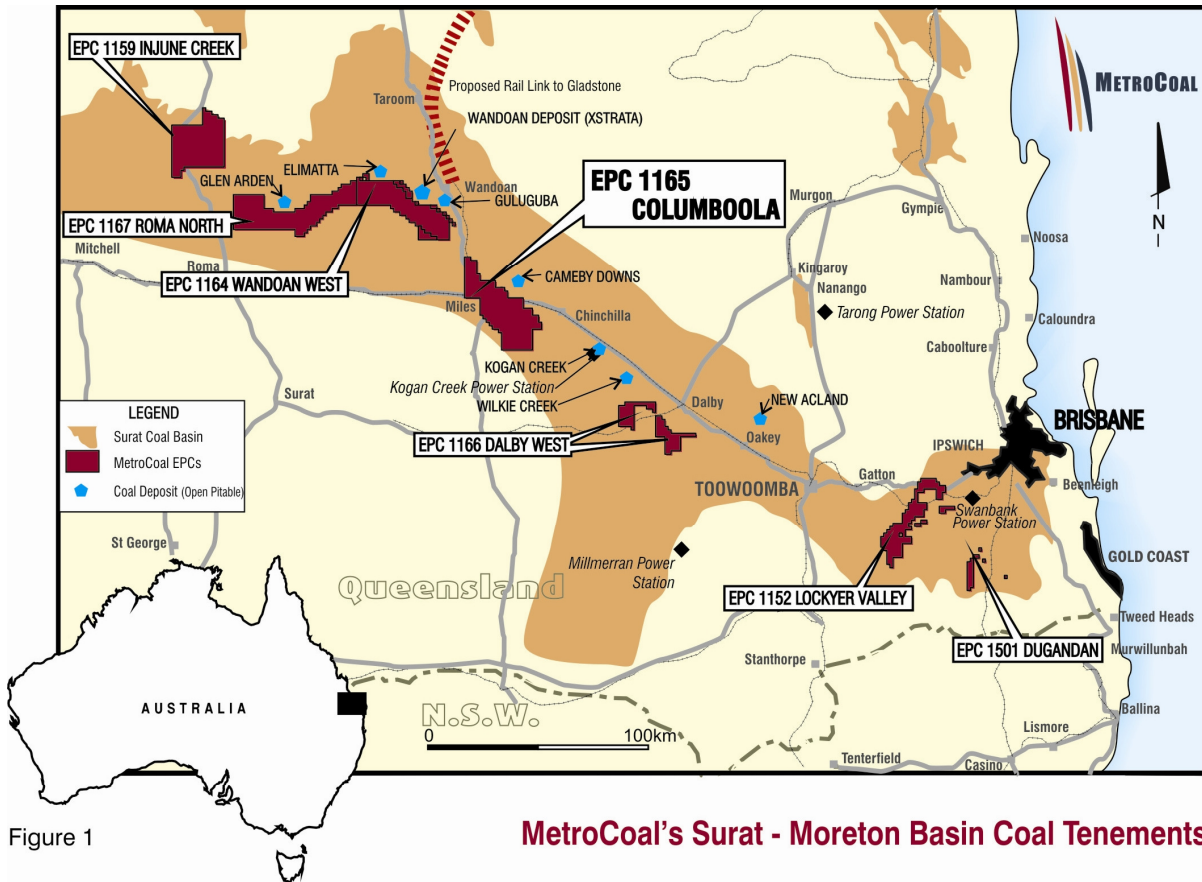
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About CCIEC

China Coal Import & Export Company (CCIEC) is a subsidiary of China National Coal Group Corp (China Coal). In 2009, China Coal ranked second in terms of coal production and sales revenues in the Chinese coal industry for six consecutive years and has ranked 76th among China's top 500 industrial enterprises in 2009. China Coal was established in 1982 and its core businesses comprise coal production and trading, coal chemical, coal-bed methane exploitation, pit mouth power generation, coal mine construction, coal mining equipment manufacturer and relevant engineering technical services. In 2009, China Coal turned out 125 million tons of raw coal and made profits 10.3 billion RMB(A\$166 million), China Coal has set 200 million as the target of turn out in 2014.

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.

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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.*