

MEDIA RELEASE

8 May 2009

METROCOAL'S SECOND DRILLING PROGRAM COMPLETED ON QUEENSLAND UCG PROJECT

MetroCoal Limited is pleased to announce the successful completion of a second drilling program on its wholly owned underground coal gasification (UCG) project in the Surat Basin, northwest of Brisbane.

The program, focused within the Juandah project (MDLA 406), has confirmed expectations of coal seam continuity and thickness. Modelling and resource evaluation is ongoing with a maiden resource estimate expected early in June, 2009.

MDLA 406 has no overlapping petroleum tenure issued under the P&G Act and, in accordance with the recently announced State policy regarding overlapping tenure, MetroCoal will be granted exclusive tenure over the MDLA 406 area.

Juandah Project Highlights

- 16 drill holes (for a total of 4,893 m) within MDLA 406 completed.
- 4 Core holes completed for 64.4m of core.
- Coal intercepts confirm preliminary geological model.
- Exploration expected to bring target resource to JORC Inferred and Indicated status.
- Maiden resource statement expected early in June 2009

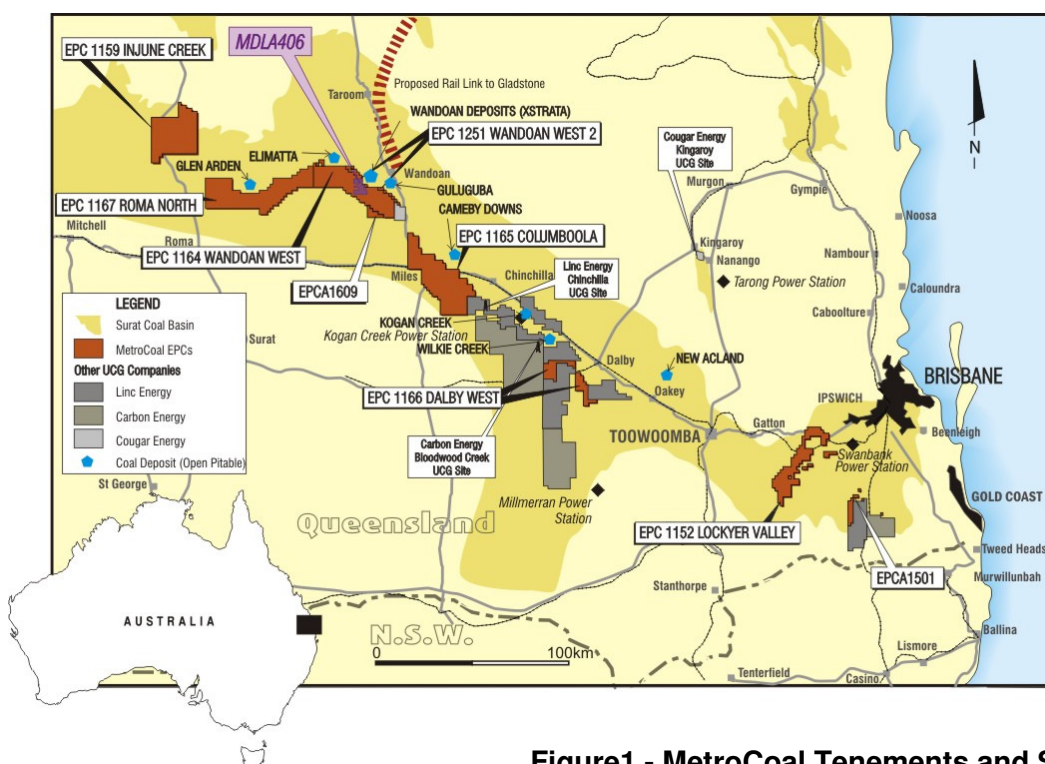


Figure1 - MetroCoal Tenements and Setting

The 16 hole drill programme within MDLA 406 was completed on 30 April 2009. This second drilling program follows the first phase of drilling completed in October 2008. A geological model constructed over large parts of EPC's 1164, 1251 and 1164 was used to plan the program and will form the basis for future resource estimation in the area. A 1x1 km grid was established over MDLA 406 to provide a base for systematic exploration.



Drilling on MetroCoal's Surat UCG coal project – March

Twelve (12) pilot holes were rotary drilled, also referred to as “open” holes, and four holes were ‘twinned’ to recover core samples through the Macalister Seam section for coal quality purposes. All holes were wireline logged for density and gamma.

This relatively widely spaced drilling is the first step towards establishing a UCG resource.

The Juandah MDLA 406 60km² tenement area near Wandoan has an exploration target⁽¹⁾ of between 125 Mt and 155 Mt the within the initial area of drilling. This target could be capable of supporting a coal gas-to-liquids (GTL) plant producing 20,000 barrels of liquid fuels per day for more than 20 years and is expected to increase as the drilling program expands.

Drilling targeted the Macalister Seams as the main priority. Initial results confirm that the Macalister seams are continuous across the MDLA area with working sections between 3.0m and 12.02m in thickness.

¹ **Note (*)** The potential coal quantity and quality is conceptual in nature due to there being insufficient information to define a coal resource in the exploration target area and it is uncertain if further exploration drilling will result in the determination of a coal resource.

The Kogan seam, stratigraphically located above the Macalister seam, has also been intersected in a number of holes and may provide an additional resource.

Processing of exploration data and geological modeling is expected to be completed by the end of May. Coal quality assay results are also expected by the end of May allowing a resource estimate to be released in early June 2009.

MetroCoal holds seven granted coal tenements with two recently submitted applications in progress, covering over 4,000 km² of coal bearing strata in the Surat and Moreton coal basins in Southern Queensland.

A big advantage of the UCG coal technology is that conventional mining can continue at shallower deposits, while UCG can be applied to the deeper portions of the coal deposits.

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For more information contact:

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Competent Person Statement

The information in this statement that relates to resources is based on information compiled by GeoConsult and reviewed by Warwick Smyth, who is a member of the Australasian Institute of Mining and Metallurgy (CP) Geology; and the Australian Institute of Geoscientists. Warwick Smyth is a qualified geologist (BSc Geol, Grad Dip AF&I, MAusIMM (CP), MGSA, MAIG), and has over 17 years experience which is relevant to the style of mineralisation, the type of deposit under consideration and to the activity which has been undertaken to qualify as a Competent Person as defined by the 2004 edition of the Australia Code for Reporting of Coal Resources. Warwick Smyth consents in writing to the inclusion in the statement of the matters based on the information in the form and context in which it appears.

The information in this statement that relates to in situ coal results are based on information compiled by Neil Mackenzie-Forbes, who is a member of the Australian Institute of Geoscientists and a full-time employee of MetroCoal Ltd. Neil Mackenzie-Forbes is a qualified geologist (B App Sc, MAIG), and has over 15 years experience with over 9 years relevant to the style of mineralisation, the type of deposit under consideration and to the activity which has been undertaken to qualify as a Competent Person as defined by the 2004 edition of the Australia Code for Reporting of Coal Resources. Neil Mackenzie-Forbes consents in writing to the inclusion in the statement of the matters based on the information in the form and context in which it appears.