



MEDIA RELEASE

January 29, 2009

UCG BOOST AS METROCOAL SECURES EXCLUSIVE EXPLORATION RIGHTS IN SURAT COAL BASIN

Underground coal gasification (UCG) proponent MetroCoal Limited today announced it had secured exclusive exploration rights over a large tenement in the Surat Basin.

The move is a significant boost to the emerging UCG sector – which is estimated to be worth billions of dollars to the Queensland economy – because it avoids the still-to-be-resolved issue of overlapping exploration rights on tenements by UCG and coal seam gas (CSG) proponents.

MetroCoal CEO Mike O'Brien said the company has secured the exclusive rights over a prime 60km² portion of one of its extensive coal tenements in the Surat Basin after an overlapping petroleum and gas tenement was relinquished over the area.

"MetroCoal now has a Mineral Development Licence application over the area and moved quickly to raise the exploration funds required to begin a drilling program in the tenement in the Wandoan area," Mr O'Brien said.

Mr O'Brien said that an exploration target (*) of between 220 Mt and 260 Mt of coal has been identified. This would be capable of supporting a coal gas-to-liquids plant producing 20,000 barrels per day for more than 20 years.

"We are very fortunate to have the opportunity to aggressively drill the coal deposits in this tenement," Mr O'Brien said.

Mr O'Brien said the MetroCoal area at Wandoan will be in the vicinity of a CSG operation, providing the opportunity to prove that both UCG and CSG can co-exist within proximity of each other.

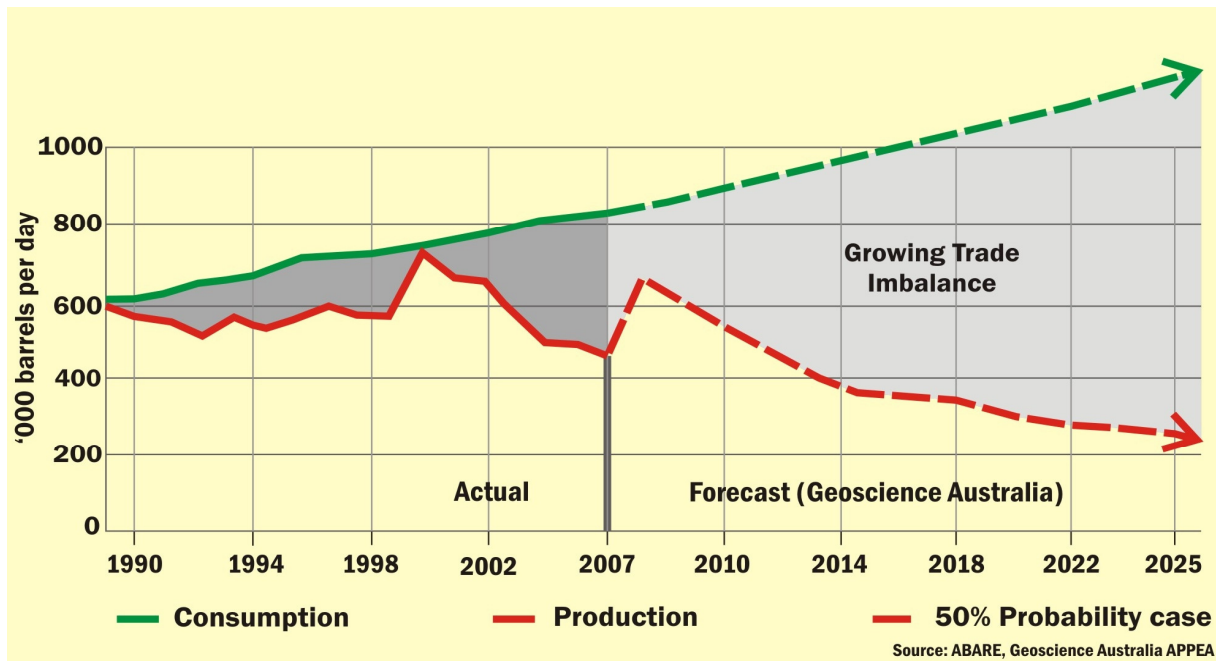
"UCG requires considerably less land than the level sought by the CSG operators and our footprint will have minimal land impact," he said.

"It is estimated UCG can produce billions in royalties for Queensland alone over the next 20 plus years and could supply cleaner diesel, fertilizers and transport fuels for many decades.

"Australia is expected to require 600,000 barrels of oil per day by 2014-15 (see graph below). Queensland will have the opportunity to meet this domestic demand right in its own backyard and it will be produced from otherwise stranded coal.

"These fuels will be of immense strategic importance to Australia, reducing our reliance on imported fuels and saving many billions of dollars in foreign exchange and it should be considered a must for Governments to develop a coal-derived clean fuel industry to meet domestic demands."

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.*



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Competent Person Statement

The information in this statement that relates to in situ coal results and 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.