METROCOAL

AN EMERGING COAL BASED ENERGY COMPANY FOCUSED ON THE SURAT BASIN REGION

Presentation to

RIU Sydney Resources Round-up

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Chief Executive Officer

12 May 2010

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- Statements and material contained in this Presentation, particularly those regarding possible or assumed future performance, production levels or rates, commodity prices, resources or potential growth of MetroCoal Ltd, industry growth or other trend projections are, or may be, *forward looking statements*. Such statements relate to future events and expectations and, as such, involve known and unknown risks and uncertainties.
- MetroCoal is at an early exploration stage and although reasonable care has been taken to ensure that the facts stated in this presentation are accurate and or that the opinions expressed are fair and reasonable, no reliance can be placed for any purpose whatsoever on the information contained in this document or on its completeness.
- Actual results and developments may differ materially from those expressed or implied by these forward looking statements depending on a variety of factors.
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- Technical information on MetroCoal Limited coal projects in this report had been compiled by Mr Neil Mackenzie-Forbes, Exploration Manager of MetroCoal. Mr MacKenzie-Forbes, member of the Geological Society of Australia, is a competent person and has relevant experience to the mineralisation being reported on to qualify as a Competent Person as defined by the Australasian Code for Reporting of Minerals Resources and Reserves. The resource information in this report has been released to the Australian Stock Exchange.

MetroCoal Limited

ABN: 45 117 763 443
ASX Code: MTE
www.metrocoal.com.au

Share price May 7th 2010	$0.285
Shares on Issue	141.7M
Market Cap	$40.4M
Cash end April 2010	$8.8M

Substantial Shareholders

- Metallica Minerals Limited 56.46%
- Bank of America 5.08%

MetroCoal Limited

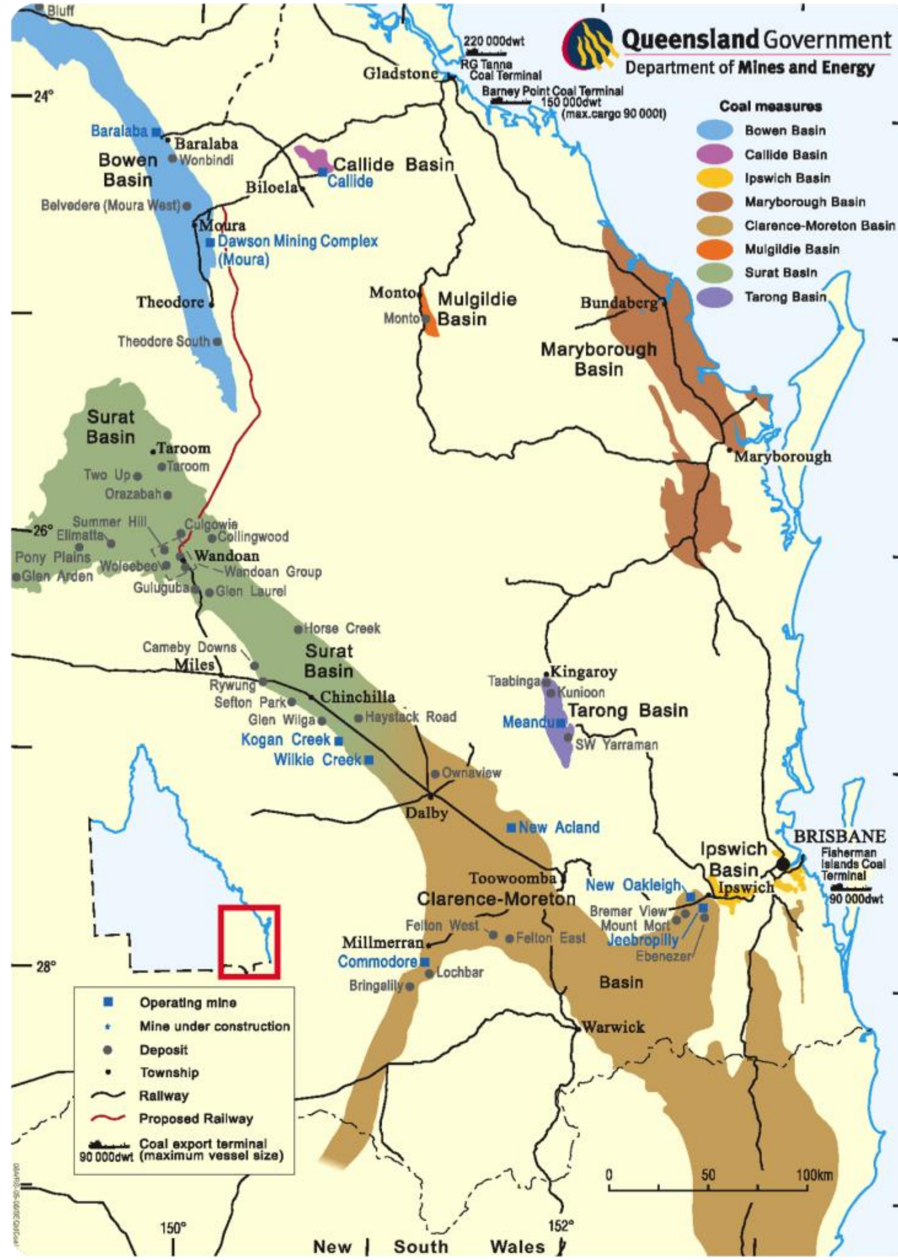
ACN 117 763 443

- **Emerging export thermal coal and domestic energy company**
- **Substantial resources in the Surat Basin**

Exploration Target*

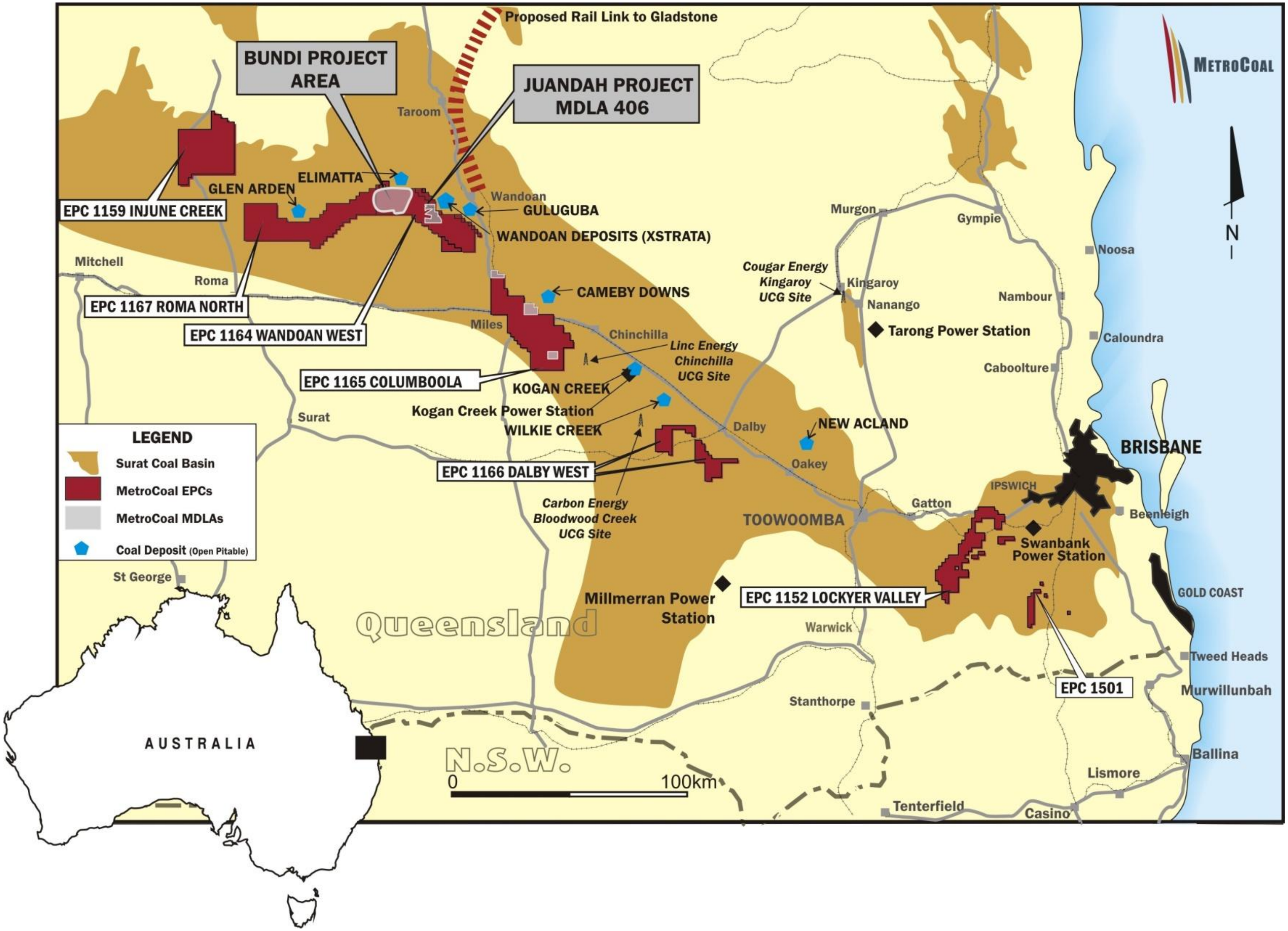
2.5 to 3.5 billion tonnes

by December 2011



The potential quantity and quality is conceptual in nature, and there has been insufficient exploration to define a Mineral Resource or Ore Reserve and it is uncertain if further exploration will result in the determination of a Mineral Resource or Ore Reserve.

MetroCoal's Surat-Moreton Basin Coal Tenements



Two Pronged Development Strategy

- **MetroCoal's vision is to build a substantial export thermal coal and cleaner energy business based on:-**
  - **Conventional underground mining and, where possible, opencast mining; and**
  - **Underground Coal Gasification (UCG) with an integrated gas synthesis process producing syngas fueled power generation, and later high quality, clean liquid fuel**

- **Exploration Target over next two years is 2.5 – 3.5 billion tonnes***
  - **225 – 275Mt target in the Juandah Project area***

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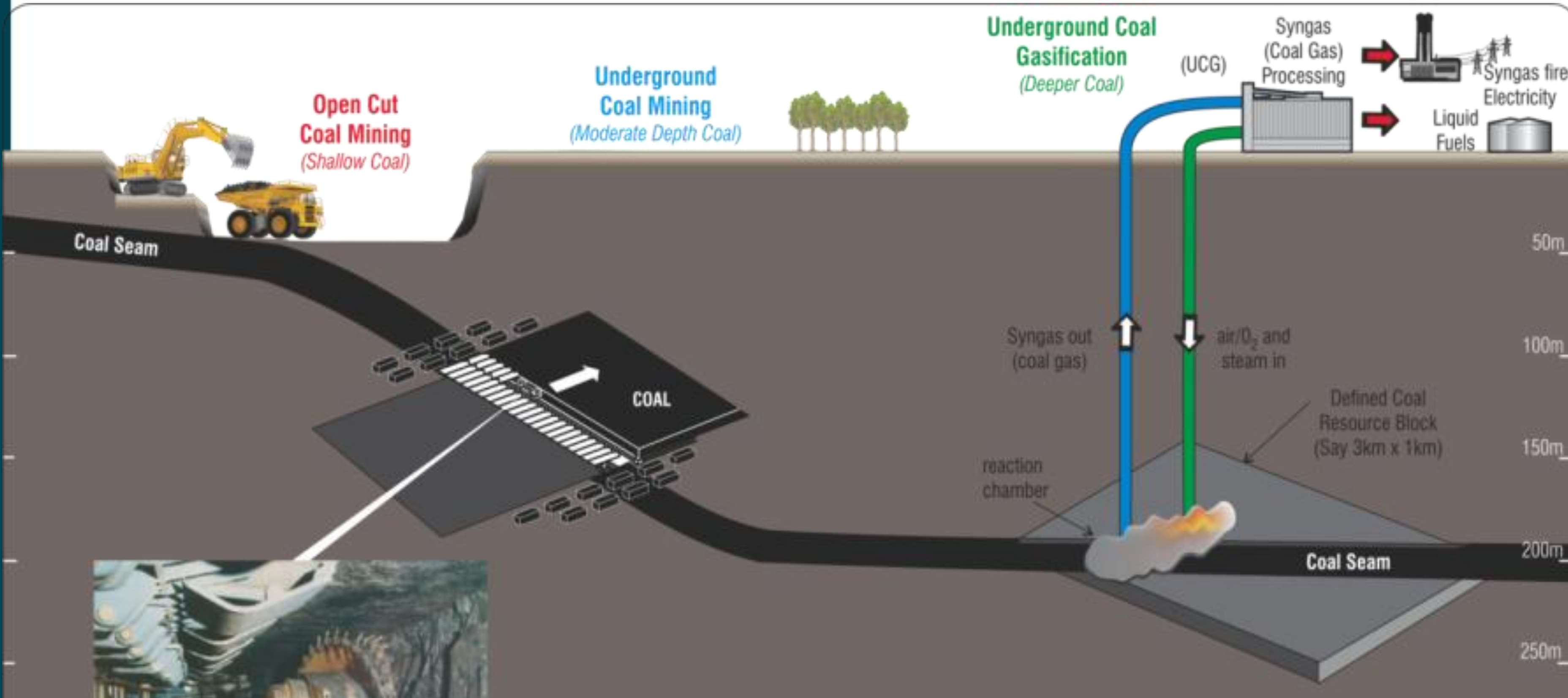
Development Strategy



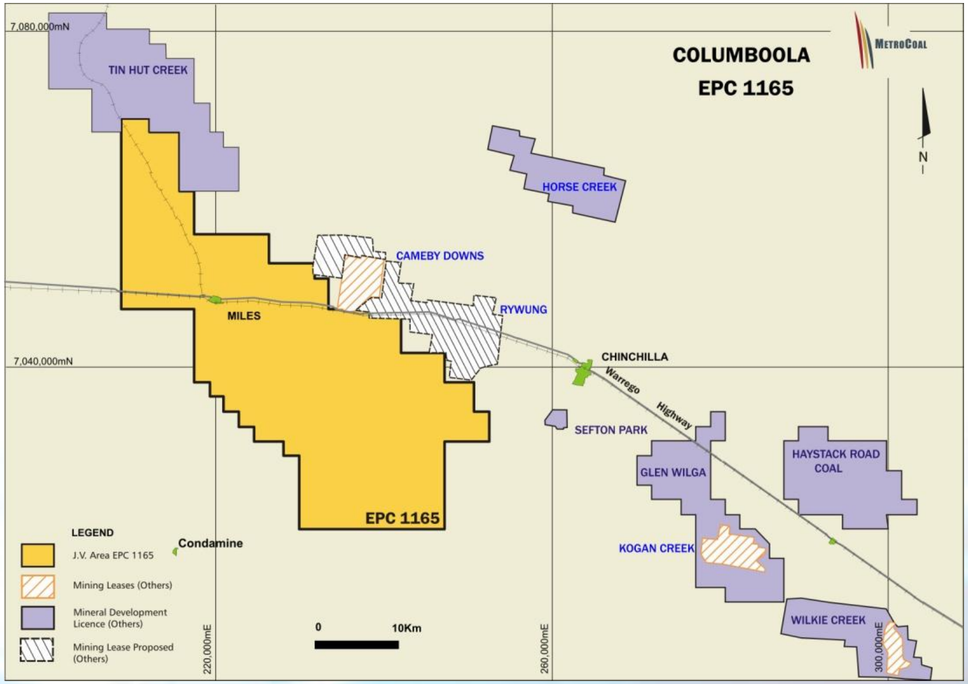
MetroCoal is unique with a two pronged strategy that optimises resources through both conventional mining and UCG

Achievements since listing in December 2009

- ✓ Signed $30 million Joint Venture with China Coal, on EPC 1165 Columboola
- ✓ Initial underground coal mining resource established
- ✓ Co-development Agreement with Arrow Energy put in place
- ✓ 2010 Drilling program ongoing – 2 rigs operating, 8 holes completed

China Coal – MetroCoal Joint Venture

- China Coal's Columboola interest is approx 12% by area of MetroCoal's current EPC portfolio
- FIRB approval in place;
- Subject to approvals from Chinese Government agencies;



Thermal Coal Mining Strategy

- **Objective is to develop an initial mining operation with an export coal capacity in excess of 5Mt per year. Target areas have been identified for additional operations.**
  - **Drilling shows that Macalister Upper seam is continuous with thickness varying generally between 2.0m and 4.5m at depths from 120m to 400m.**
  - **High Level desktop study confirms attractiveness of underground longwall mining targeting the Macalister Upper Seam**

Underground Mining In the Surat

- High level desktop study completed by Mining Consultancy Services (MCS).
- To date evaluation of the resource has not identified any hazard that cannot be managed using current industry techniques and management practices.
- Assumed conditions are suitable for the application of both Longwall and Bord and Pillar mining methods
- **Longwall key statistics in study:-**
  - **Annual ROM production 6.3 – 6.9 Mt**
  - **Pithead operating costs $17 - $20 per tonne**

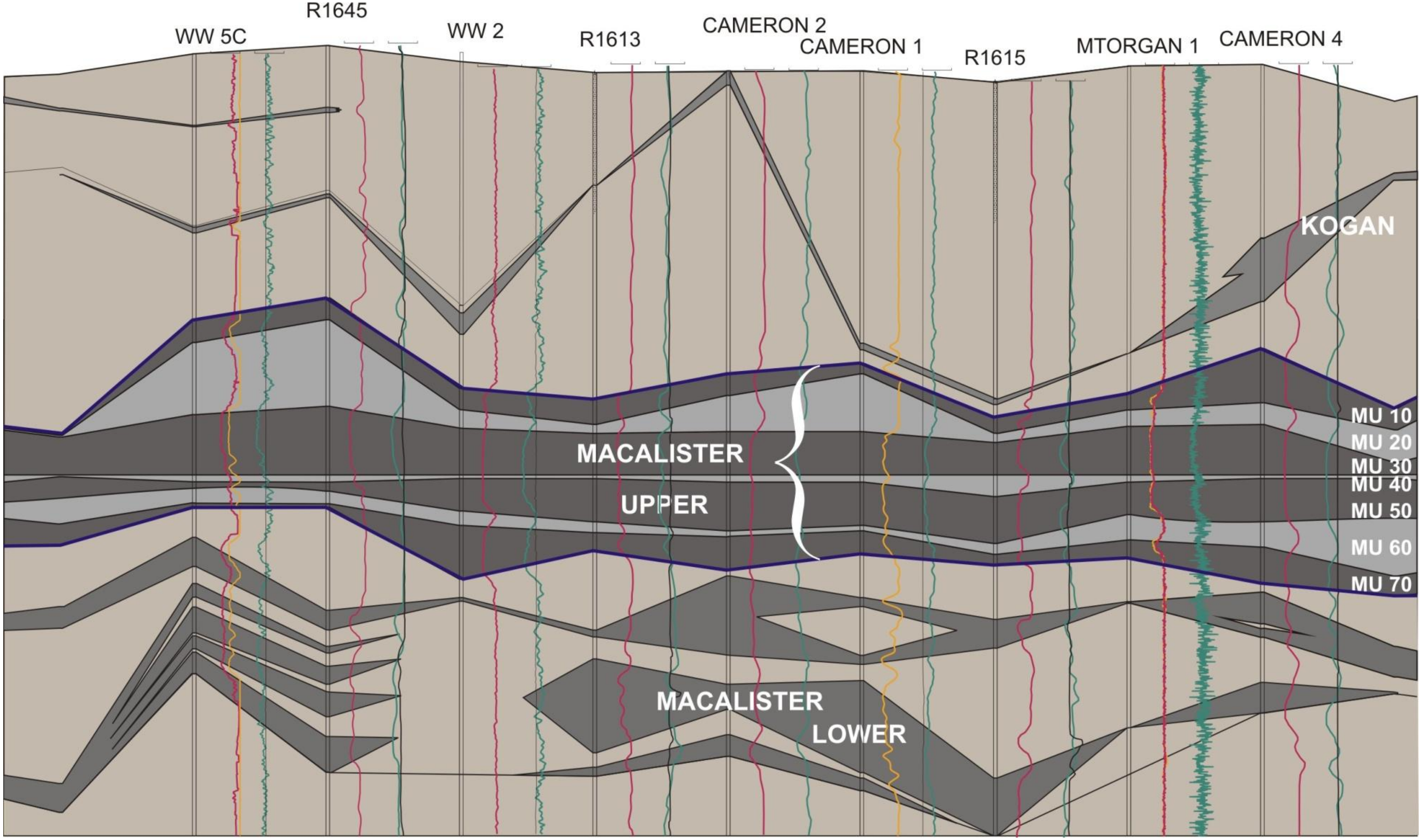
Underground Mining In the Surat

- **Physical parameters - key assumptions in MCS Report:-**

Parameter	Minimum	Average	Maximum
Mining height (m)	2.0	3.0	3.5
Depth of cover (m)	80	150	250
Structure losses (%)	10	15	20
Immediate roof strength (MPa)	45	62	80
Immediate floor strength (MPa)	20	30	40

- **Exploration is ongoing to define the resource and provide the geological, coal quality and geotechnical information necessary to proceed to a Concept Level Study**

Macalister Upper Seam Continuity



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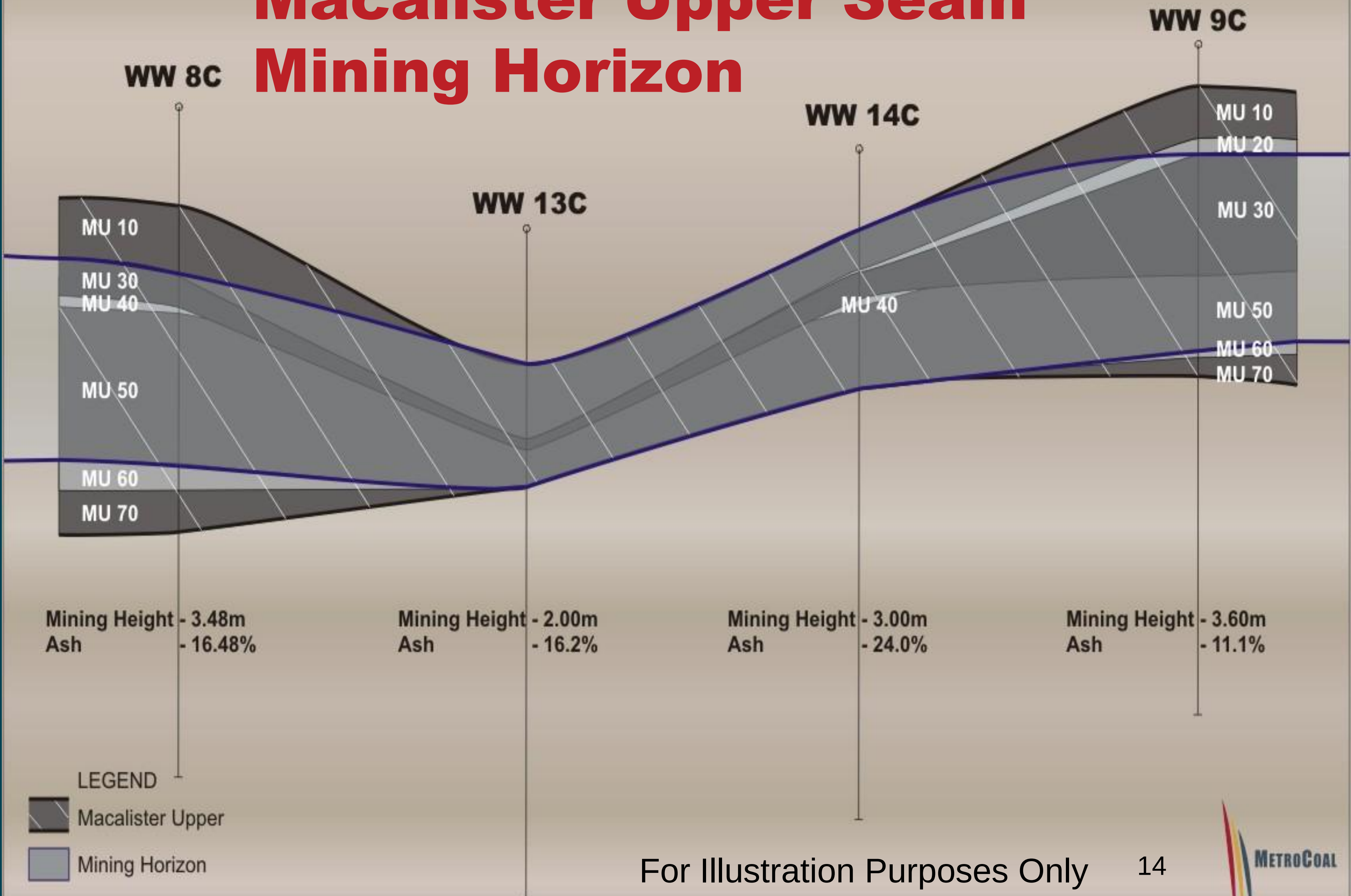
Macalister Upper Seam Mining Horizon



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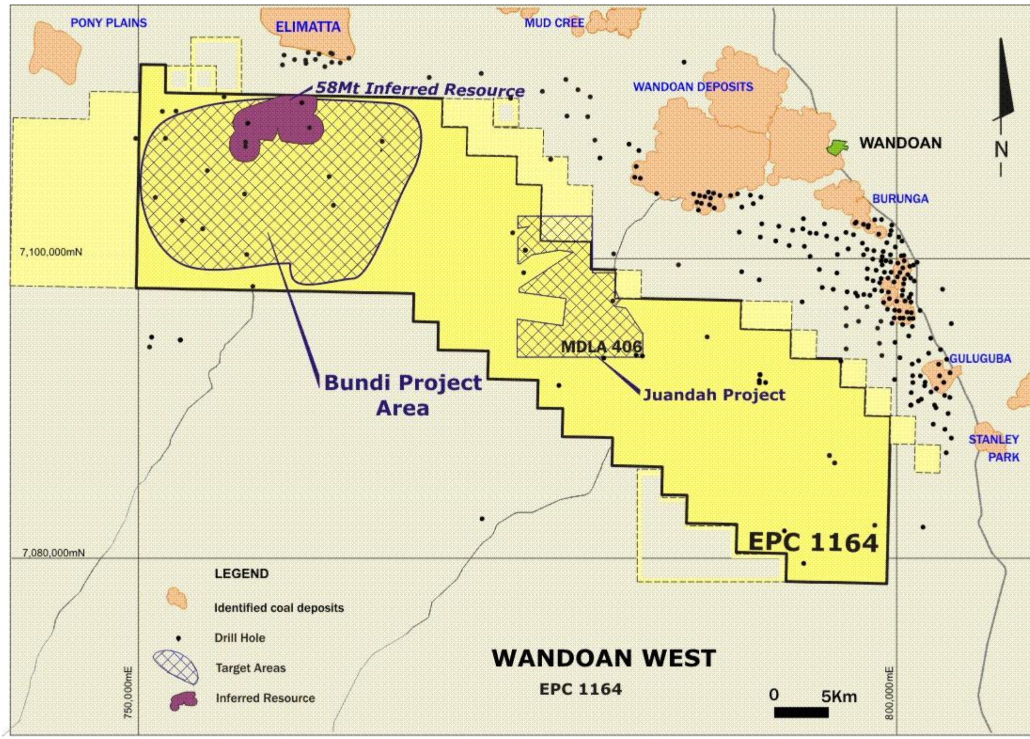
Bundi Coal Resource*
- Inferred 58Mt

- Bundi Project area 240km^2
- Inferred resource area 18km^2
  - Selected plies in Upper Macalister seam only
  - Continuous, correlateable seam section
- Drilling ongoing ASX update released 5 May 2010



*See ASX – MTE release 27 January 2010

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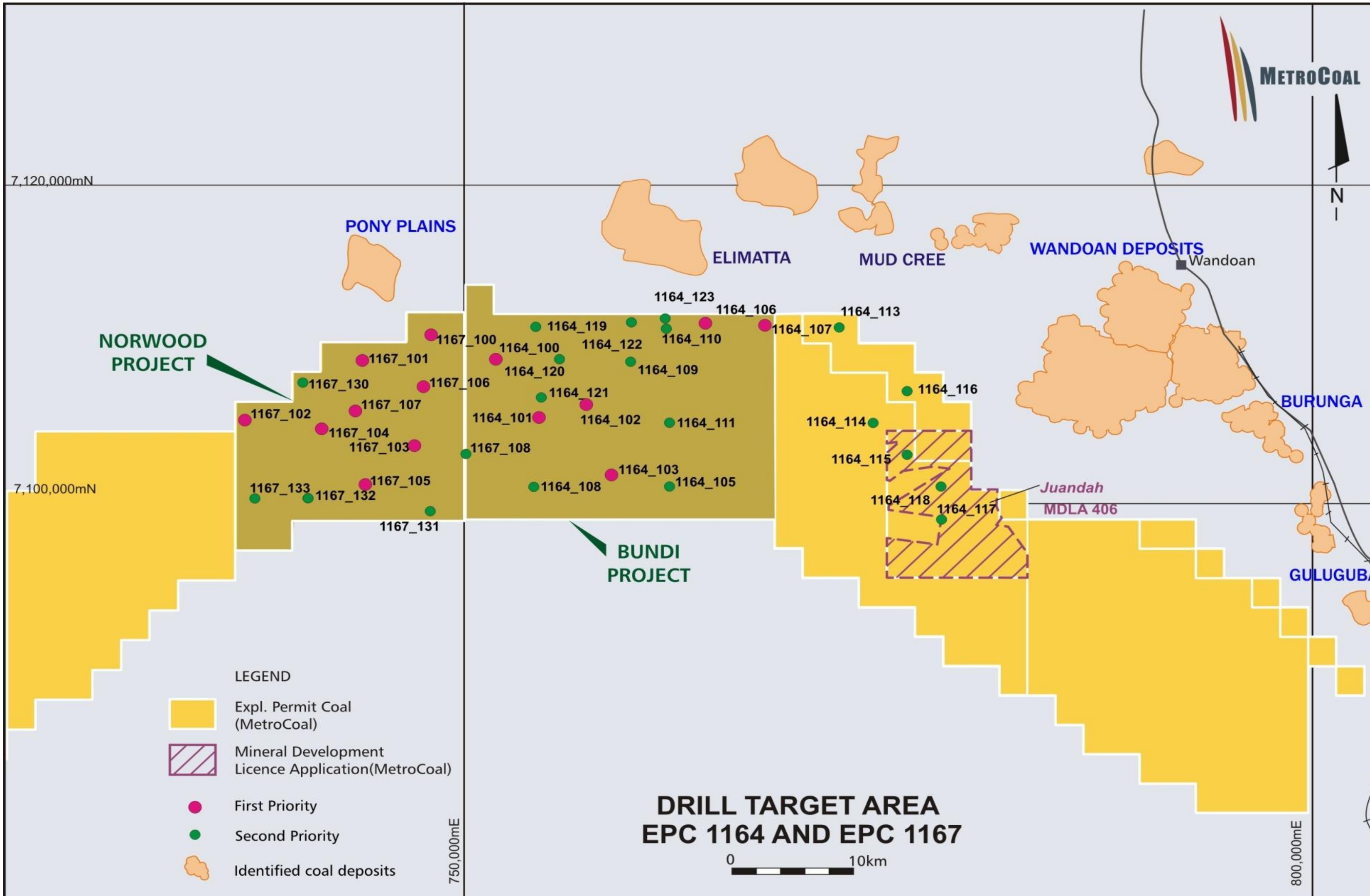
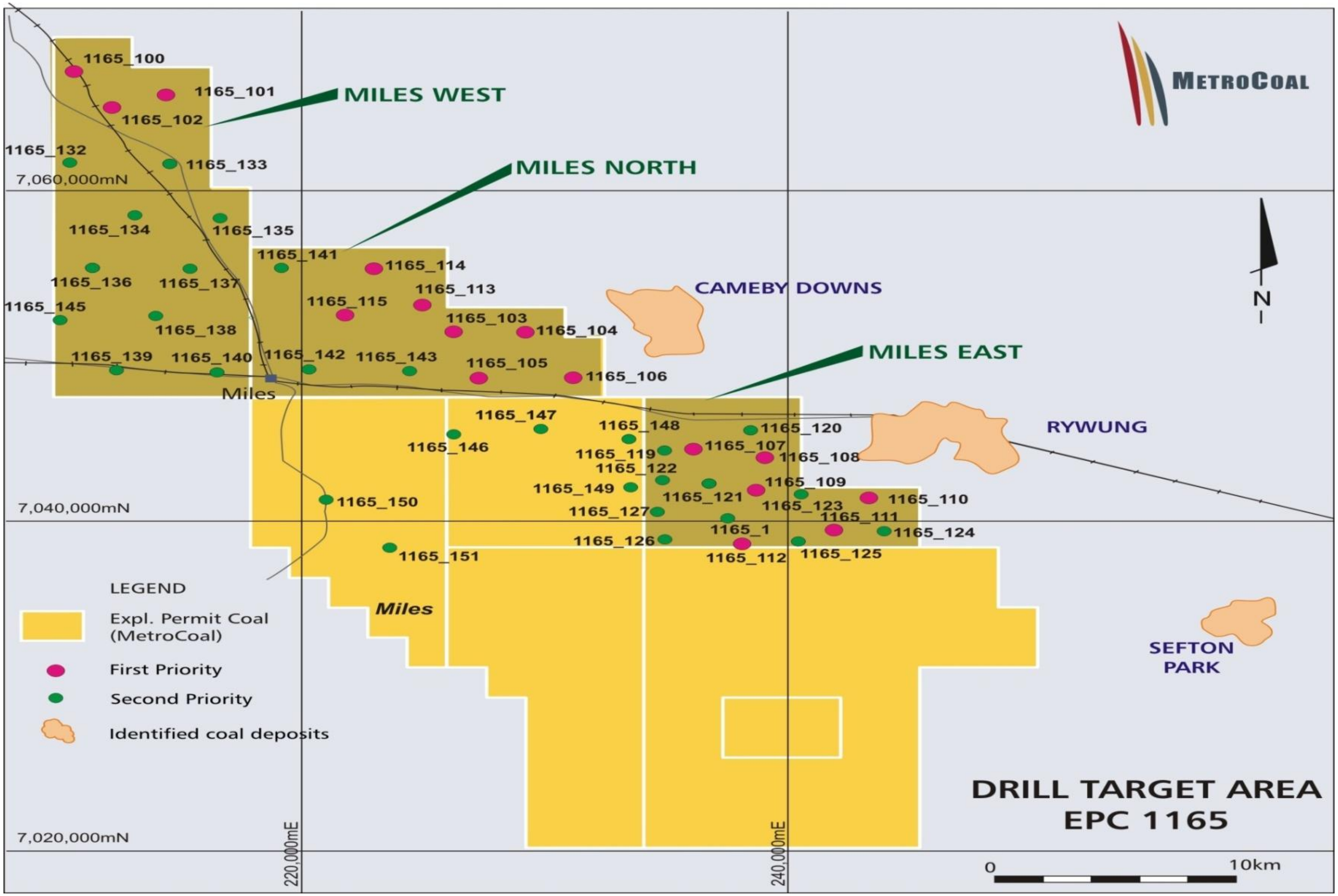
Norwood- Bundi Drilling Program



Columboola Drilling Program

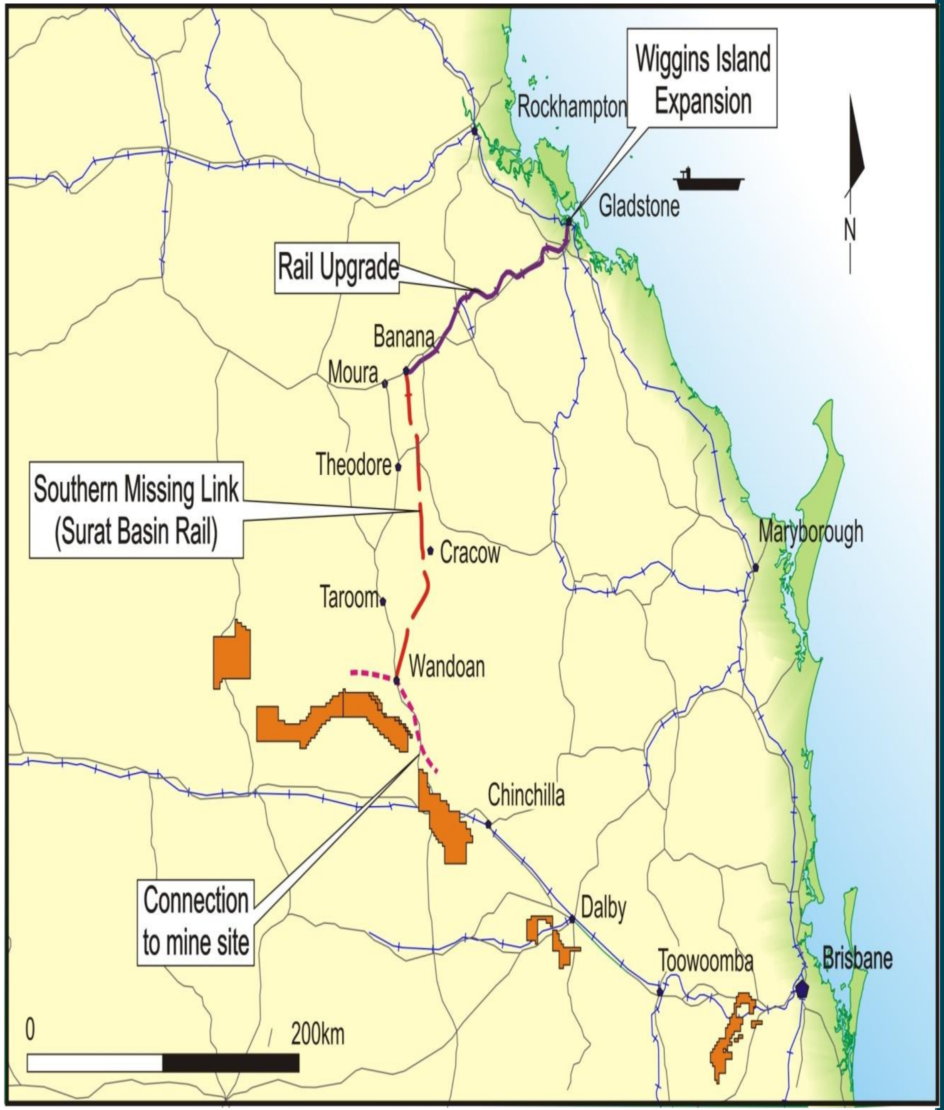
(China Coal JV)



Surat Basin Infrastructure

- **Port Capacity - Wiggins Island**
  - **EOI submitted**
  - **MTE participation expected in Stage 2**

- **Rail Capacity**
  - **Discussions with QR**
  - **EOI submitted to Surat Basin Rail JV**
  - **Opportunities for cooperation with proposed neighbouring operations**



UCG Strategy

- **Identify a UCG resource of at least a 100Mt supporting initial small scale power generation leading to UCG – GTL operations producing high grade, clean liquid fuels.**
  - **Juandah Project JORC resource of 172Mt. (inferred and indicated)**
  - **Macalister Seam Package presents MetroCoal with an attractive seam thickness of up to 12m at depths between 180m and 330m – ideally suited to UCG operations**
- **Focus on the exploration and resource definition.**

UCG Development Process

STAGE 1		STAGE 2		STAGE 3
• Confirm resource • Scoping study	• Identify start up area • Lock in technology	• Commence trial burn • Small scale electricity	• Feasibility and process design	• Approvals and commercial plant design

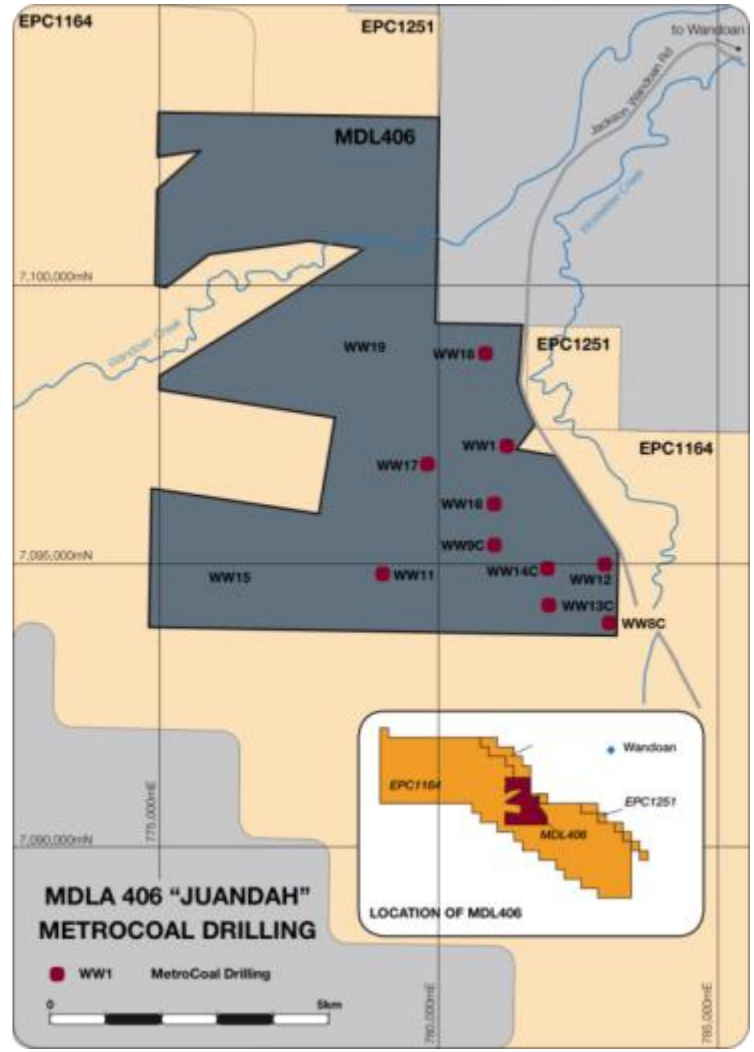
Juandah Coal Resource*

(within MDLA 406)

Inferred	149.2Mt
Indicated	22.5Mt
Total	**171.7Mt**

- Depths 150-250m
- Upper Macalister seam only
- Other seams were intersected but not included in the resource estimate
- No overlapping gas tenure
- Represents <1% of MetroCoal's tenure area

See ASX – MLM release 28 May 2009



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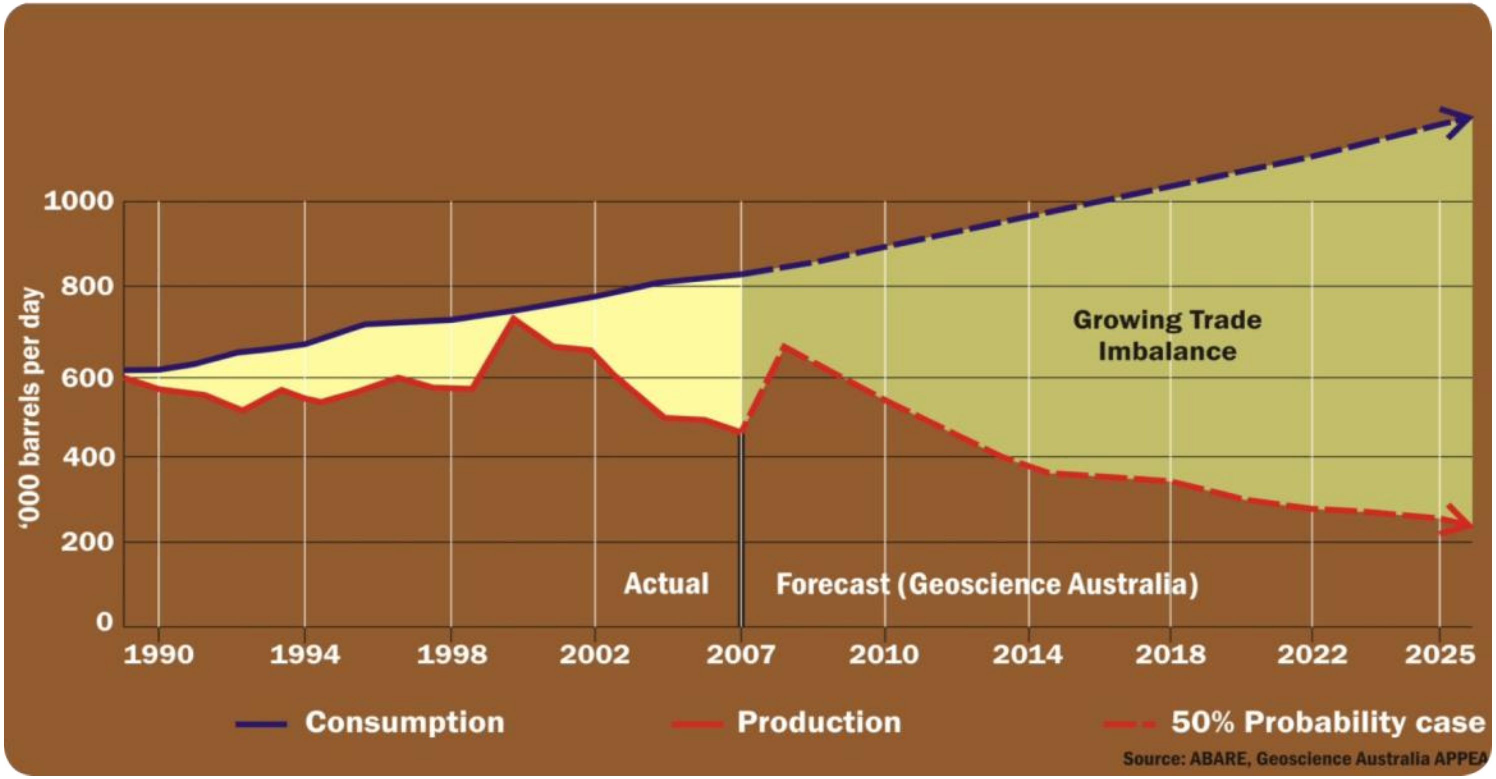
Why Australia Needs UCG



"Minister Ferguson said high oil prices and high price volatility will continue to affect Australia's economic outlook, however developments in coal-to-liquids and gas-to-liquids could play a greater role in meeting domestic demand for transport fuels and providing clean diesel and jet fuel to Asia-Pacific markets."
(Media release 5 June 2008)

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MetroCoal
An Investment Opportunity

- **Extensive and attractive tenure - EPCs cover over 4,000km^2 of coal bearing strata in the Surat Basin**
  - **Exploration Target * 2.5 – 3.5 billion tonnes by December 2011**
  - **Current JORC resource**
    - **Bundi Project 58Mt Inferred****
    - **Juandah Project 172Mt Inferred and indicated*****
- **On track to deliver our strategic plan**
  - **Signed significant Joint Venture Agreement with one of China's largest coal producers**
  - **Positive interest from substantial resource companies considering equity and joint venture participation.**
- **Experienced Board and Management team**

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