

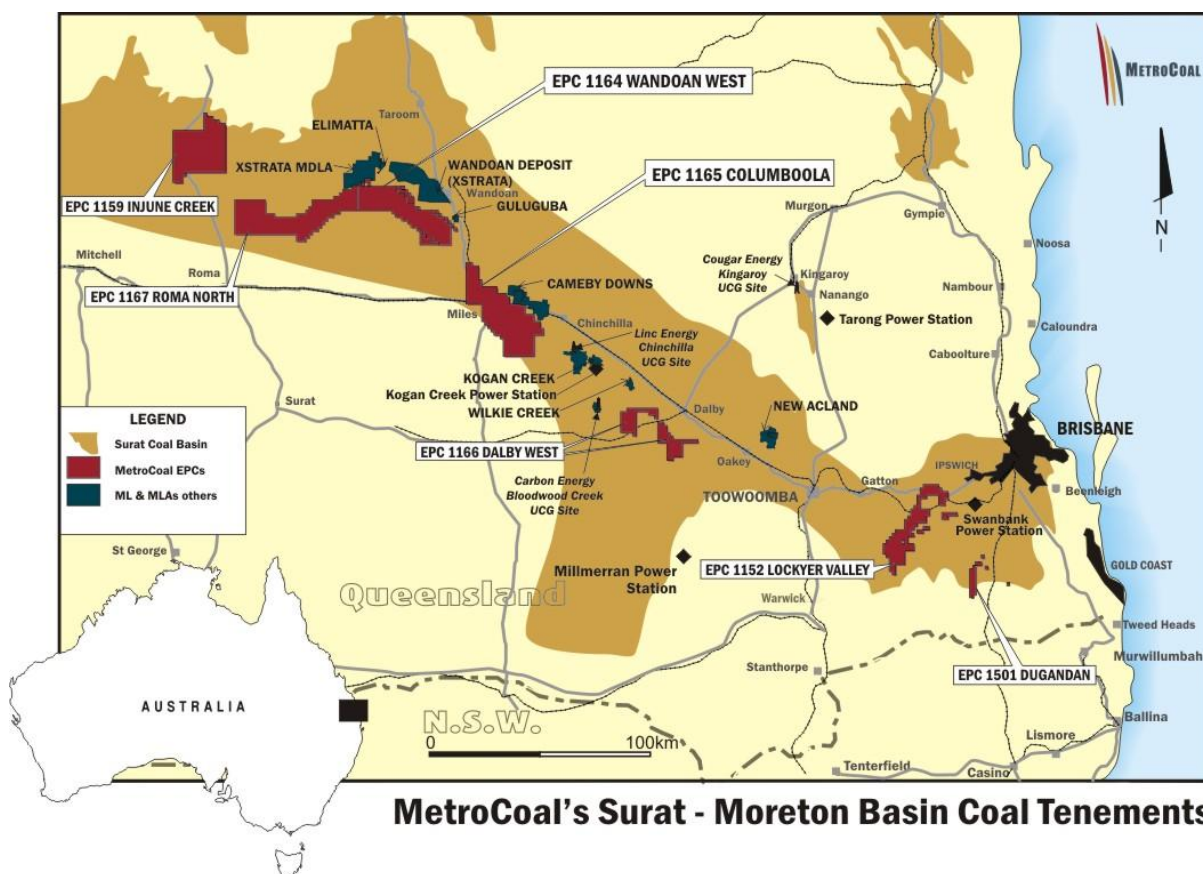
ASX ANNOUNCEMENT

15 September 2010

CUMBOOLA JOINT VENTURE NOW UNCONDITIONAL

MetroCoal Limited (ASX-MTE) is pleased to announce that the Joint Venture (**JVA**) with China Coal Import & Export Company (**CCIEC**), a wholly owned subsidiary of China National Coal Group Corp (**China Coal**) is now unconditional.

MetroCoal has advised China Coal that indicative approval has been received from the Queensland Department of Employment, Economic Development and Innovation (**DEEDI**) for the assignment of 51% of EPC 1165, Columboola (see Figure below), to China Coal's Australian subsidiary.



About the CCIEC Joint Venture

Under the terms of the JVA, CCIEC acquires a 51% interest in MetroCoal's EPC 1165 Columboola in the Surat Basin, Queensland (see Figure above) 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.



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.

For further information, please contact:

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About MetroCoal Limited (ASX code: MTE)

MetroCoal is an Australian based emerging coal and 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 small scale power generation and an integrated gas synthesis process producing high quality, clean liquid fuel (e.g. clean diesel and jet fuel), chemicals and fertilizers.

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 a thermal coal 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.

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

Competent Person Statement

The information in this Announcement that relates to the 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.