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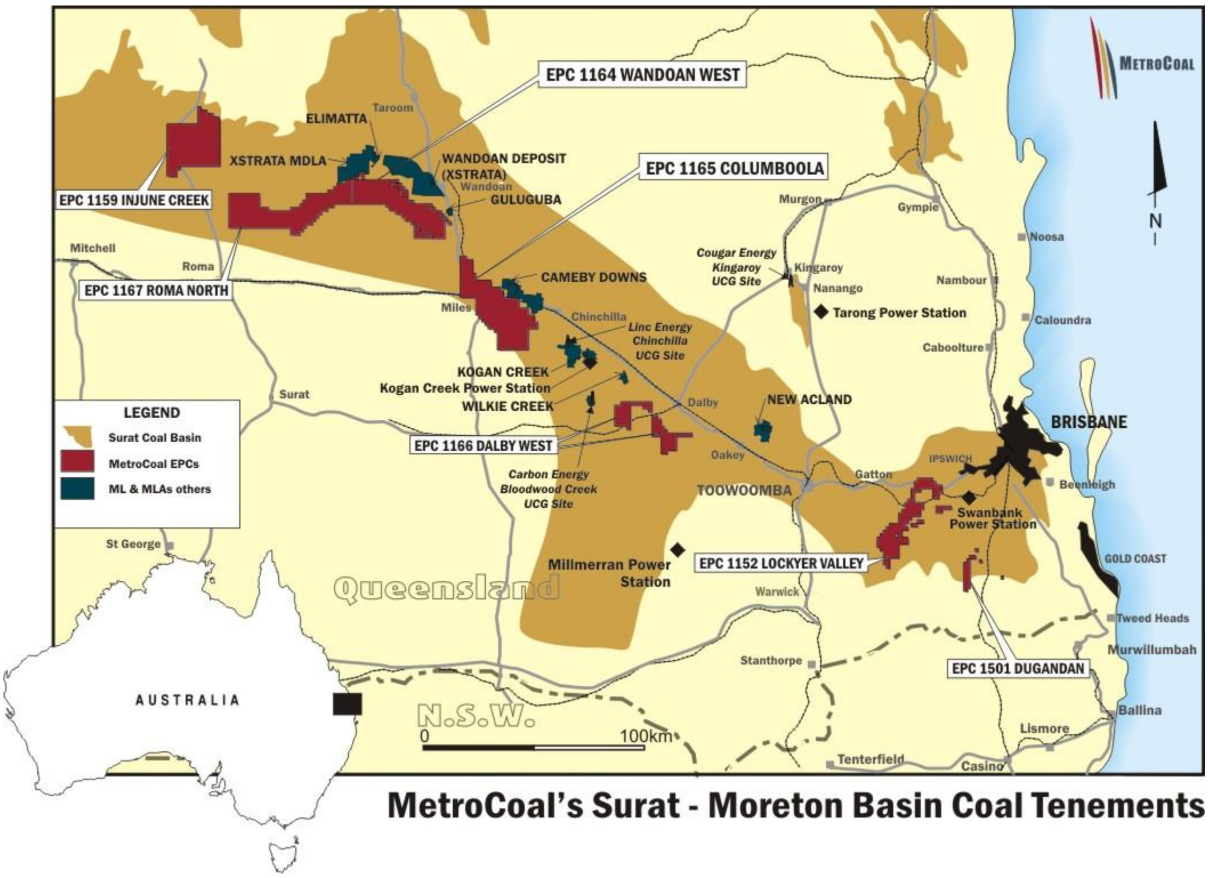
ASX ANNOUNCEMENT

3 November 2010

METROCOAL JV PARTNER SIGNS DRILLING CONTRACT

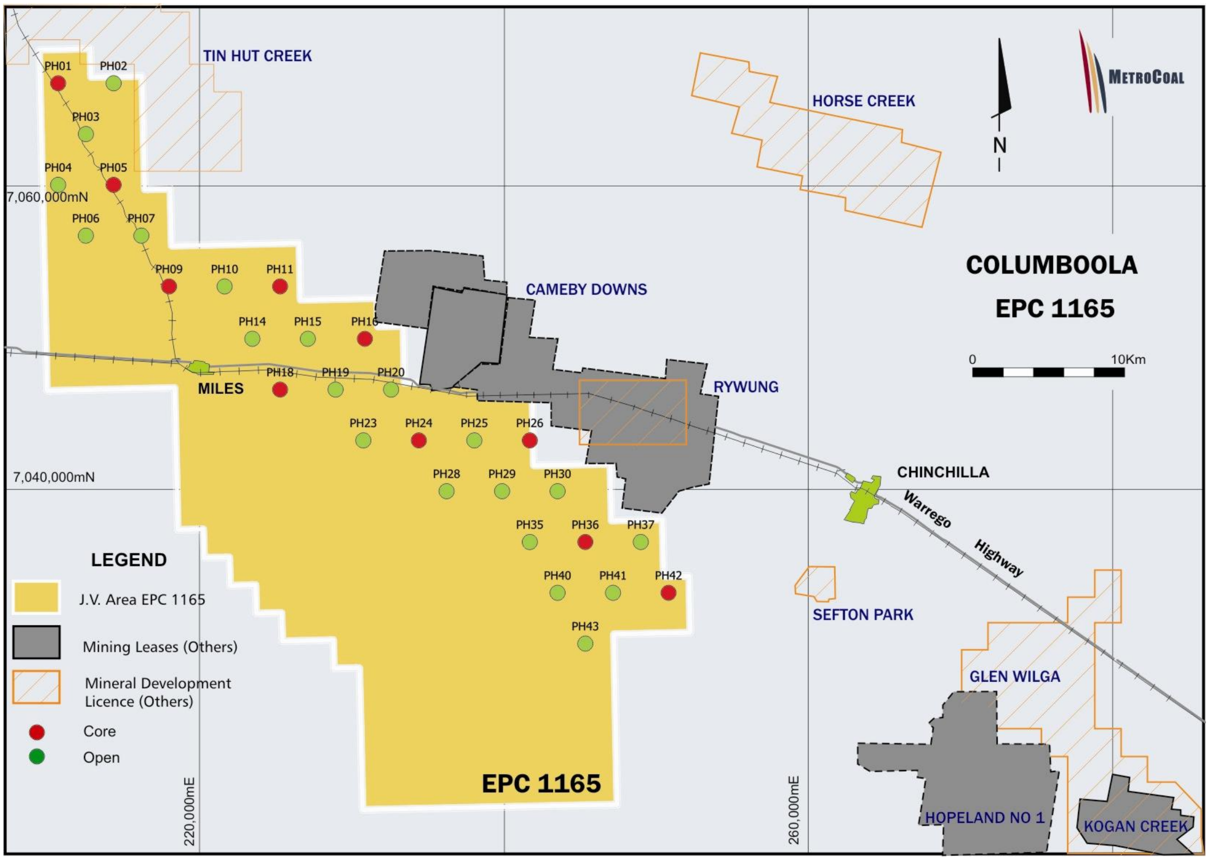
MetroCoal Limited (ASX-MTE) is pleased to announce that its joint venture partner, SinoCoal Resources Pty Ltd has signed an agreement with Dynamic Drilling Pty Ltd for the provision of Drilling Services for EPC 1165, Columboola (see Figure below).

The awarding of the drilling agreement signals the first stage of the Joint Venture between MetroCoal and SinoCoal Resources, the Australian subsidiary of China Coal Import & Export Company (**CCIEC**), a wholly owned subsidiary of China National Coal Group Corp (**China Coal**).



MetroCoal's Surat - Moreton Basin Coal Tenements

The planned drilling programme consists of 30 holes on a 3.6 km offset grid to optimise drill spacing for resource estimation. Drilling will begin when ground conditions allow the initial mobilisation of two drill rigs to complete the planned areas as shown in the following figure.



MetroCoal CEO Mike O'Brien said "we are very pleased that SinoCoal Resources have secured the locally based Dynamic Drilling to undertake the drilling program. While conditions at the moment are not desirable for this extensive drilling program, we will mobilise as soon as areas are considered dry enough for the two drilling rigs."

MetroCoal stated in its 2009 Prospectus that it was pursuing an exploration target for the Columboola Project area of between 830Mt to 1,165 Mt** thermal coal suited predominantly for underground mining.

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 on page 1) 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.

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Further information on MetroCoal can be found on our website **www.metrocoal.com.au**

About MetroCoal Limited (ASX code: MTE)

MetroCoal is an Australian based emerging coal based energy company focused on its 100% owned coal projects in the Surat Basin in South East Queensland.

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 4,000km^2. These tenements are down dip of well known resources including Wandoan, Elimatta, Cameby Downs and Worri. 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, by December 2011 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.

*** The information in this Announcement that relates to the Exploration results 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 Prospectus of the matters based on the information in the form and context it appears.*