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ASX ANNOUNCEMENT

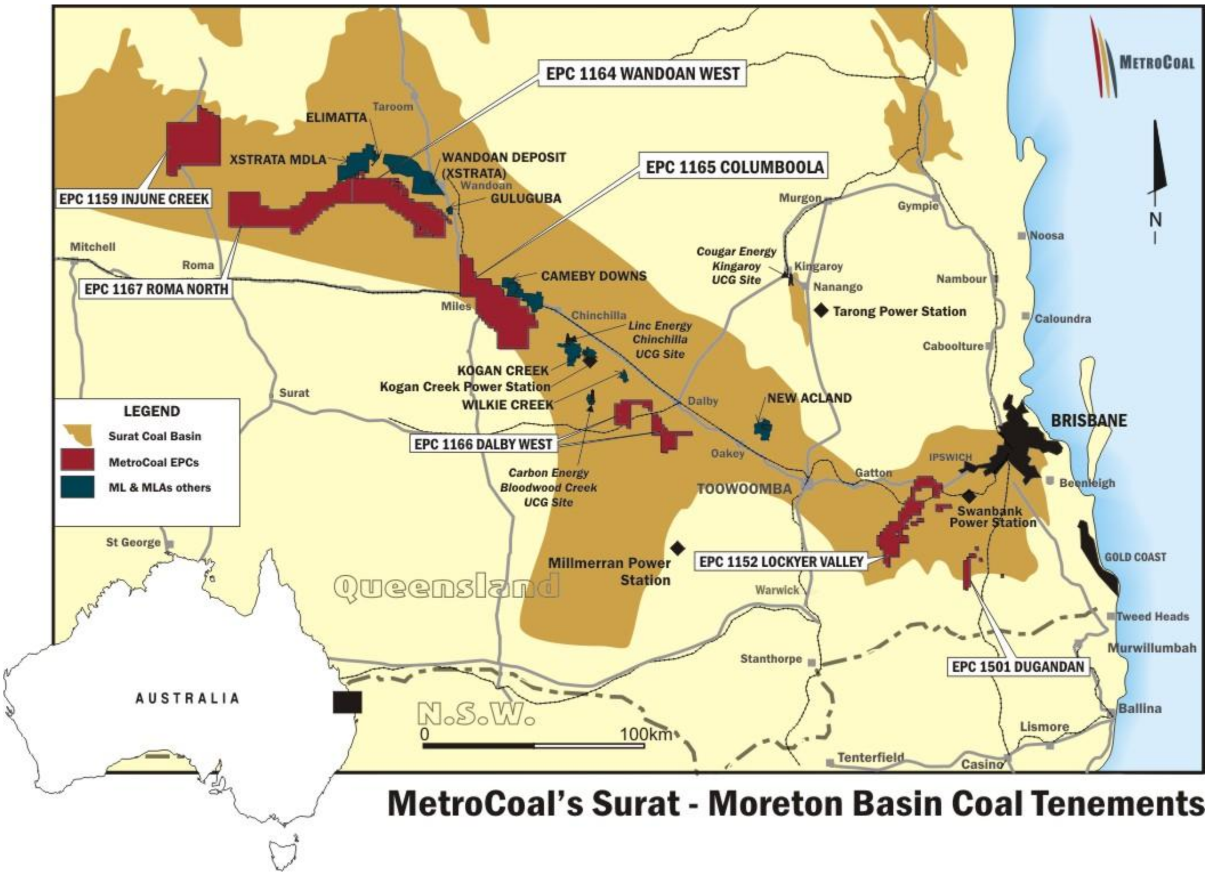
16 November 2010

SURAT BASIN COAL REGION GIVEN SUBSTANTIAL BOOST FOLLOWING QUEENSLAND GOVERNMENT APPROVAL FOR WANDOAN COAL PROJECT

MetroCoal Limited (ASX-MTE) is pleased to announce that the Surat Basin Region has been given a significant boost following the conditional approval announcement by Queensland Government authorities on Friday, 12 November 2010 for a proposed $3 billion coal project.

MetroCoal said the conditional approval by the Queensland Co-ordinator General (attached) of the Xstrata managed Wandoan Coal project greatly enhanced the region's standing as world-class coal province

MetroCoal's major exploration tenements, EPC 1164 Wandoan West and EPC 1165 Columboola are both located in the Surat Basin region (see diagram below). EPC 1164 is adjacent to Xstrata's Wandoan Coal project and EPC 1165 is approximately 80km from the town of Wandoan.



MetroCoal's Surat - Moreton Basin Coal Tenements

The development of the Bundi Project area within EPC 1164 and the Columboola Joint Venture project area with SinoCoal Resources (see ASX release 5 October 2010) are both dependent upon the proposed Surat Basin Railway (SBR) between Wandoan and the Moura rail line to the port expansion at Wiggins Island, Gladstone. The Surat Basin Rail Joint Venture comprises Xstrata, QR National and The Australian Transport and Energy Corridor (ATEC).

The SBRJV and WICET consortium responsible for construction of the Wiggins Island terminal at Gladstone are both aiming to have rail and port capacity available for the Surat Basin coal producers in late 2014 or early 2015. MetroCoal has lodged an Expression of Interest for capacity with WICET in 2015.

MetroCoal's strategy is to develop both the Columboola and Bundi Project areas and begin operations in 2014/2015.

MetroCoal CEO, Mike O'Brien, said the announcement by the Queensland Government was a tremendous beginning to the development of the Surat Basin.

"It positions the Surat Basin to be the next major coal production region in Australia,'' he said.

For further information, please contact:

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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 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 Release of the matters based on the information in the form and context it appears.*

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.