



ACN 117 763 443

ASX ANNOUNCEMENT

18 November 2011

CUMBOOLA JV INCREASES RESOURCE BY 757 MILLION TONNES TO 1.297 BILLION TONNES

Highlights

- Inferred Resource increased from 540 million tonnes to 1.297 Billion tonnes of thermal coal.
- Drilling continues to increase confidence in the Macalister Seam as a potential economic mineable package.
- MetroCoal's total thermal coal resource increases to 2.363 Billion tonnes** on a 100% basis (see following Table).

Table 1 – MetroCoal Underground Resources

Resource	Norwood ¹	Bundi ¹	Juandah ¹	Columboola	Total Resources
Inferred	156 Mt	511Mt	224 Mt	1,297Mt (635 Mt ²)	2,188 Mt
Indicated	-	150.9Mt	24Mt	-	174.9 Mt
Total	156 Mt	662Mt	248 Mt	1,297 Mt	2,363 Mt

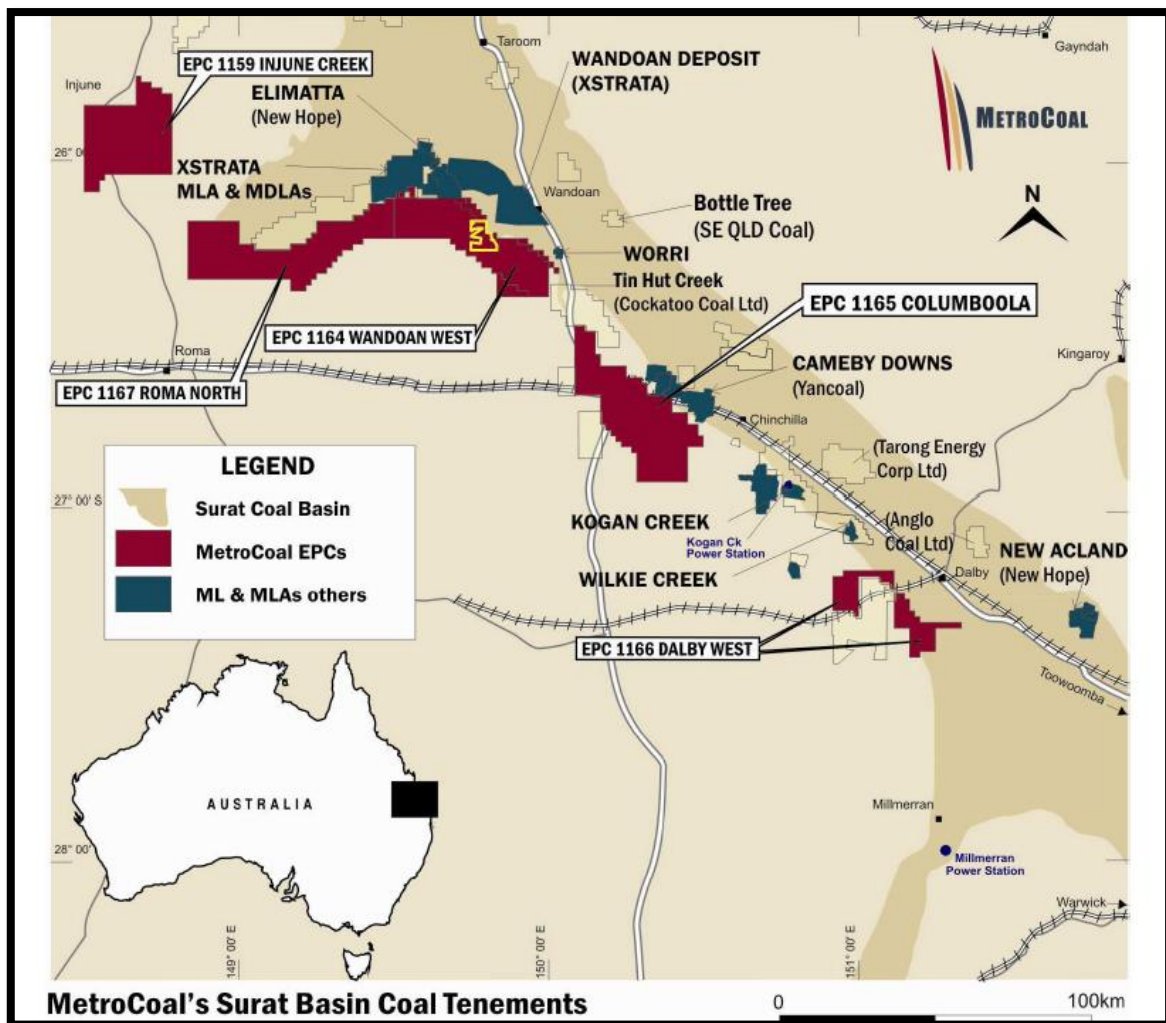
1. See MTE ASX Announcement 3 November 2011 - BUNDI PROJECT – MAIDEN INDICATED RESOURCE OF 150.9Mt
2. MTE JV share = 49%

MetroCoal Limited (**ASX-MTE**) and its Joint Venture (JV) partner, SinoCoal Resources Pty Ltd, are pleased to announce a significant increase in the inferred resource of 757 Mt for the Columboola Project in the Surat Basin (see map on following page). This increase lifts the total inferred resource for the Columboola Project from 540Mt to 1.297Bt. Drilling results continue to confirm a potentially economic and mineable Macalister Seam has been identified within the Columboola Project Area.

The JV is targeting thermal coal suitable for the export market at depths amenable to underground mining. Three potential working sections, MA1, MA3 and MA4 have been identified within the Macalister Seam package.

Drilling on the Stage 1 program has continued on a 3.6km offset grid to cover the larger part of the Columboola exploration permit (EPC 1165) and enable the JV to identify and focus on the most prospective future mining areas. Data from additional holes will be included in the geological model when laboratory results have been received.

Stage 2 drilling has commenced and is designed to increase resource confidence in the target areas on a 1.8km offset grid.



Resource Estimation

The resource polygons and locations of the completed and currently planned holes are shown on Figures 1, 2 & 3. The drilling conducted to date combined with publically available information from historically drilled holes has allowed an estimate of inferred resources with the Macalister Seam package as outlined below. Within the resource areas, the intersected depth to seam roofs range from around 100 – 460m for the MA1 seam, 90 – 490m for the MA3 seam and 150 – 500m for the MA4 seam.

Table 2 – Columboola: Macalister Coal Seam Resource

Seam name	RD ¹	Mass (Mt)	Av PWS Thickness ² (m)	IM ³ (%a d)	Raw Ash ³ (%ad)	VM ³ (%ad)	FC ³ (%ad)	TS ³ (%ad)	Gross CV ³ (MJ/kg)	Gross CV ³ (Kcal/kg)
MA1	1.47	771	3.00	7.7	29.0	33.6	29.7	0.32	20.1	4801
MA3	1.49	222	2.27	8.0	29.3	32.9	29.7	0.30	18.8	4490
MA4	1.66	304	2.96	7.0	32.9	32.7	26.9	0.32	19.1	4562
Total		1,297 Mt								

¹ Calculated in accordance with the Preston & Sanders method, using mass weighting to composite ply sample moisture values over potential working sections.

² Potential Working Sections based on a minimum thickness of 1.2m, maximum theoretical composited raw ash content 45% (ad), and raw ash content of roof and floor plies <60% (ad).

³ Thickness/RD (ad) weighted where coal ply data have been composited over potential working sections (PWS=potential working section, ad=air dried basis).

NB: Each individual interval that exceeds 45% raw ash (ad) within a PWS, is less than 1m thick.

Drilling Continues

Drilling is continuing and is targeting all coal seams to the base of the Taroom Coal Measures. Potential working sections have been identified in these lower coal seam packages, however further modelling and quality data is required in order to include the Taroom Coal Measures in the resource estimation

Coal Quality

Coal Quality has been received for ten (10) of the partially cored holes conducted to date. Coal samples have been logged and sampled on a ply by ply basis in the field and sent to ALS laboratory in Ipswich for proximate analysis. The raw ply analysis results have been composited into potential working sections based on coal interval (seams) greater than 1.2m and with raw ash <45%.

Continuity of the seams within the Macalister Seam package are extrapolated between cored holes using geophysical data from the open holes drilled by the Columboola JV and from available historic holes. The resource area for each modelled seam within the Macalister Seam package is shown in the figures below. (Note that MA2 has not yet been modelled as only one of the analysed cores, in the northwest of the drilled area, has returned a potential working section, but more drilling may define an MA2 resource in this area).

Washability studies are underway to determine the washability curve and potential ash and yield relationship for this resource.

Structure

Two major faults have been identified within the tenement. Recent drilling has improved understanding of the these faults although the exact locations are yet to be precisely determined and as such 1km buffers have been excluded from the resource estimate to allow for any loss or exaggeration of coal in the area of these faults. The buffer zone is expected to be reduced as exploration progresses.

Figure 1: MA1 Resource Polygon

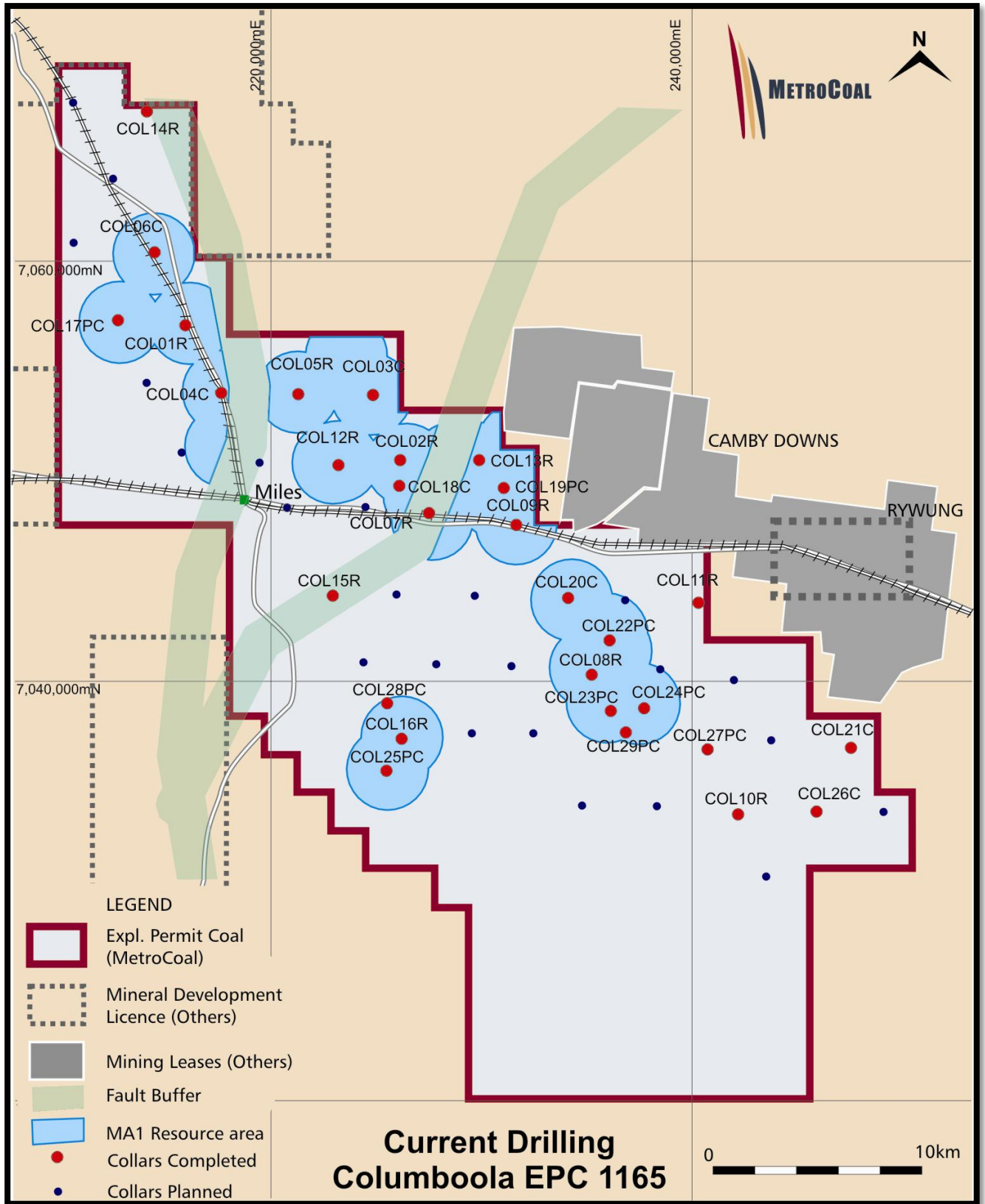


Figure 2: MA3 Resource Polygon

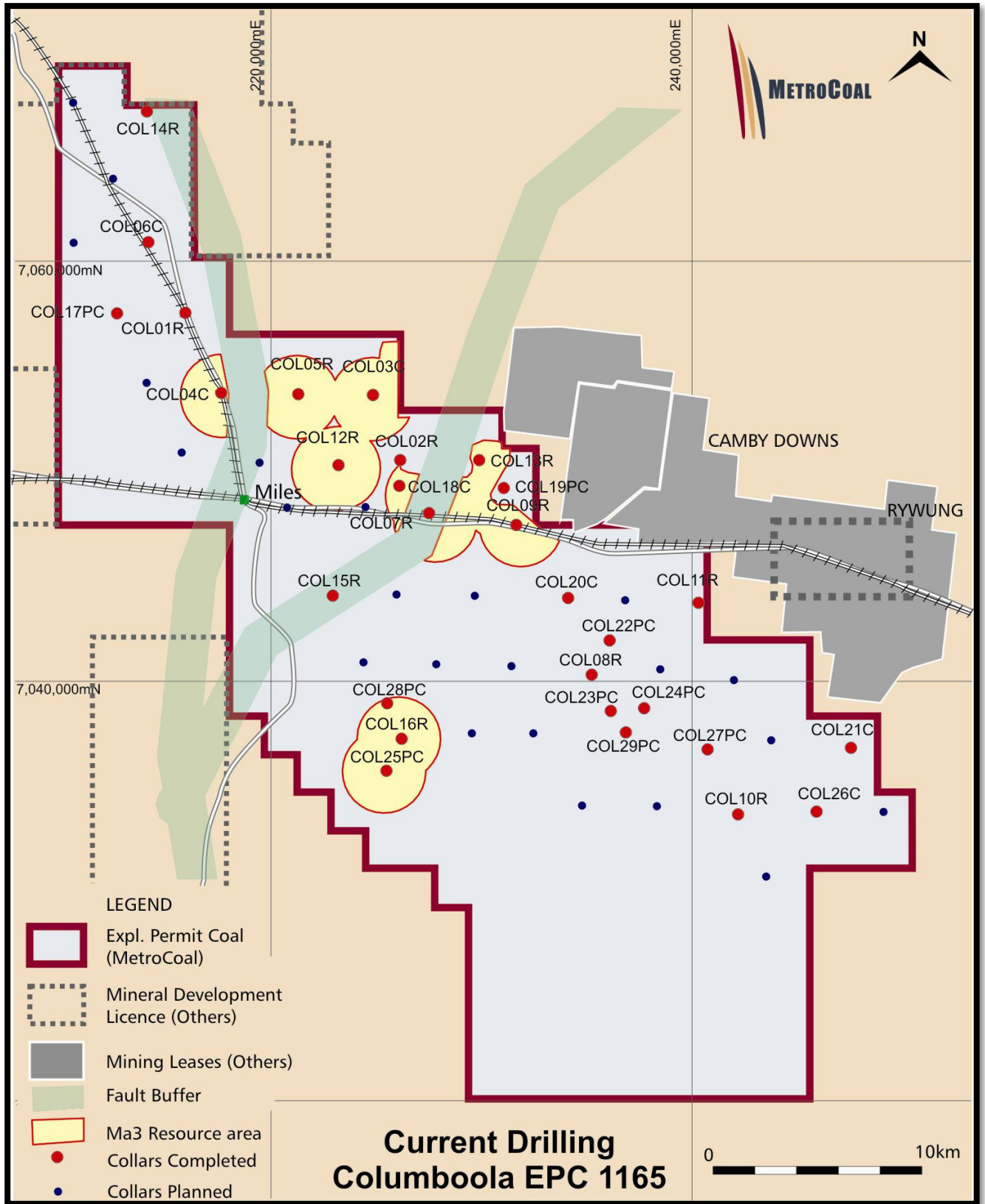


Figure 3: MA4 Resource Polygon

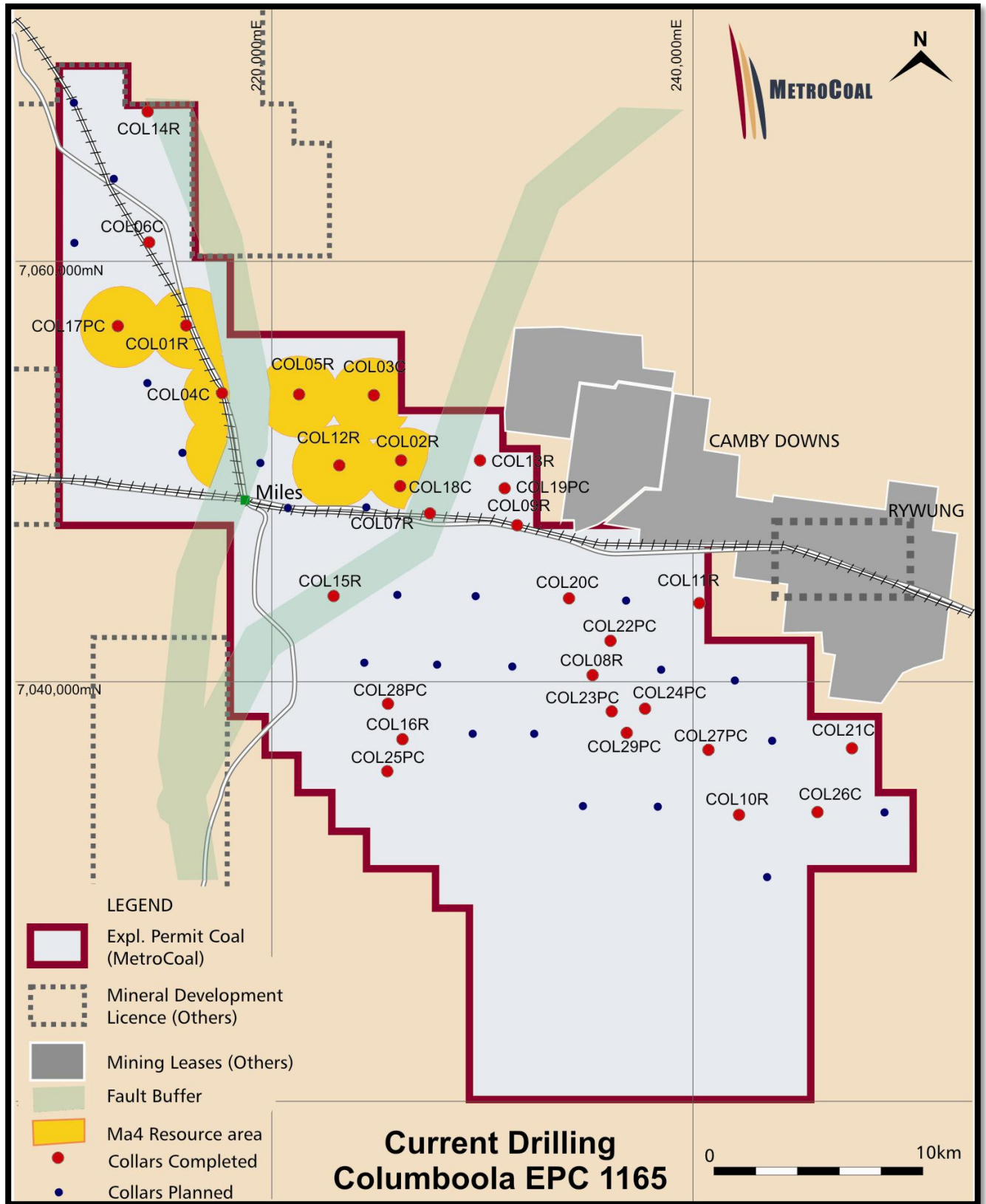
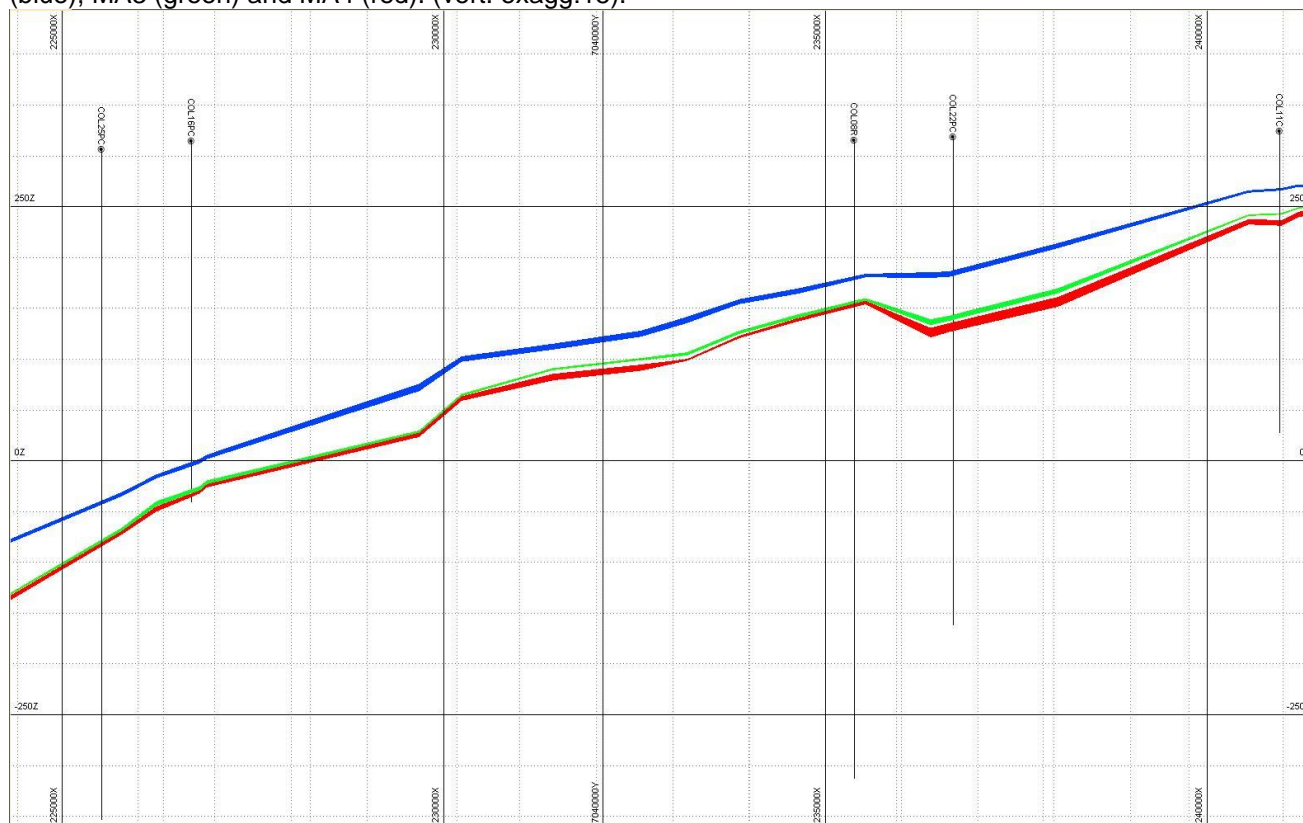


Figure 4: Northeast to southwest geological cross section through COL11C to COL25PC showing seams MA1 (blue), MA3 (green) and MA4 (red). (vert. exagg:15).



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Competent Person Statement

** The information in this statement that relates to Coal Resources is based on information compiled by Geos Mining and reviewed by Tom Bradbury, who is a Member of the Australasian Institute of Mining and Metallurgy (CP) Geology. Tom Bradbury is a qualified geologist (BSc(Hons)), and a Senior Consultant for Geos Mining, and has 20 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 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Neither Tom Bradbury nor Geos Mining has a material interest or entitlement, direct or indirect, in the securities of MetroCoal or the Projects. Geos Mining has been commissioned to provide geological services to MetroCoal since mid 2010. Fees for the preparation of this report are on a time and materials basis. Tom Bradbury and Geos Mining consent to the use of this statement and references to it and extracts from it, in the form and context in which they are included. Apart from the above, neither the whole nor any part of the statement document, nor references thereto, may be included in, or with, or attached to any document, circular, resolution, letter or statement without the prior written consent of Tom Bradbury or Geos Mining..*

*** The information in this Announcement that relates to the Exploration Results and Data 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 Columboola JV General Manager. 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.*