



ACN 117 763 443

## ASX ANNOUNCEMENT

12 April 2012

### BUNDI JOINT VENTURE MARKETING UPDATE

#### Highlights

- **Discussions continue with international & domestic parties**
- **Several non-binding indicative offers received however none are acceptable to MTE**
- **MTE has sufficient cash to progress and add value to Bundi & Columboola projects as planned**

MetroCoal Limited (**ASX: MTE**) wishes to update the market on the Joint Venture (JV) process that has been taking place for its 100% owned Surat Basin thermal coal Bundi Project covering EPCs 1164, 1251 and 1609 (see Figure 1 on page 2) and hosting an Inferred and Indicated Resource of 1.56 billion tonnes of thermal coal (see Resource Table on page 2).

Since May 2011, MTE has been co-ordinating a formal process seeking to introduce a JV partner to assist with the development of its 100% owned Bundi Project. Through this process a range of parties from China, India, US, Korea, Japan and Australia expressed interest and this culminated in a number of indicative non-binding offers.

Many of the indicative non-binding offers received were for 51% or more of the Bundi Project. MTE does not believe the offers received to date, recognise the inherent value of the Bundi Project. MTE's preferred position has been to maintain control and offer a minority JV interest in the Bundi Project. MTE believes there are a number of catalysts over coming months which should further de-risk the project and enhance the value of the Bundi Project including finalisation of a Scoping Study, key rail and port infrastructure progress and continued upgrading of the resource.

MTE is seeking to match the Bundi project with an established international coal or energy company with a medium to long term vision of developing favourably located large coal resources for production of over 5 mtpa of export quality thermal coal to 2040 and beyond.

As per the ASX announcement on 23 February 2012, drilling is well underway in key areas within the Bundi Project, with the intention of identifying the first Measured Resource, increasing confidence in the Inferred Resource model zones and expanding the Indicated Resource zone. In addition to the advances in the drilling program, MTE is firmly of the view that the combination of a total Resource of 1.56 billion tonnes (see Resource Table on page 2) and priority access to the planned Tenement to Terminal Limited (3TL) proposed coal port project in Gladstone (see MTE ASX announcement 7 March 2012), can achieve the best outcome for the benefit of shareholders.

MTE has substantial financial resources with cash at bank of approximately \$19.5m and an additional \$19m of project funding available through its Columboola joint venture with SinoCoal Resources Pty Ltd. This funding will enable MTE to continue to progress its projects as planned.

MTE remains committed to introducing a partner to assist with developing the Bundi Project but only on terms that maximise value for MTE shareholders. To this end, MTE remains in discussions with potential partners involving this joint venture opportunity. MTE Chairman, David Barwick, and CEO, Mike O'Brien, are currently in China meeting with interested coal and energy companies.

MTE will keep the market informed and provide updates on its progress to secure a JV Partner for its Bundi Project.

### MetroCoal Underground Thermal Coal Resources

Resource	Norwood	Bundi <sup>1</sup>	Juandah	Columboola <sup>2</sup>	Dalby West <sup>3</sup>	Total Resources
Inferred	156 Mt	1410.9Mt	224 Mt	1,297Mt (635 Mt) <sup>#</sup>	520Mt	3607.9 Mt
Indicated	-	150.9Mt	24Mt	-		174.9 Mt
<b>Total</b>	<b>156 Mt</b>	<b>1561.8Mt</b>	<b>248 Mt</b>	<b>1,297 Mt</b>	<b>520Mt</b>	<b>3782.8Mt</b>

- 1 See MTE ASX Announcement 14 December 2011 – 230% Increase in Bundi Project Area Resource to 1561.8 Mt
- 2 See MTE ASX Announcement 18 November 2011 – COLUMBOOLA JV INCREASES RESOURCE BY 757 MILLION TONNES TO 1.297 BILLION TONNES
- 3 See MTE ASX Announcement 9 December 2011 – DALBY WEST PROJECT – MAIDEN INFERRED RESOURCE OF 520
- # MTE JV share = 49%

### About the Bundi Coal Project

The Bundi Project Area is located in the northern part of EPC1164 and includes several sub blocks from the adjoining EPC1251 and EPC1609. The Juandah project area is also located in EPC1164, adjacent to the south east corner of the Bundi Project.

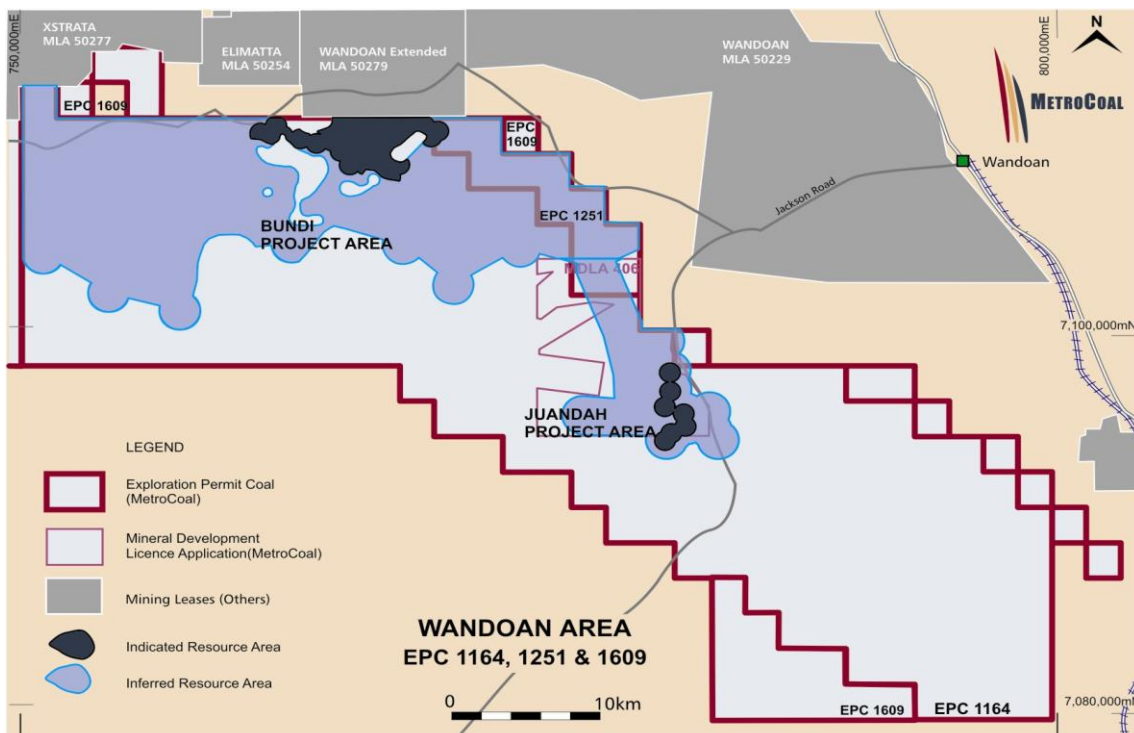


Figure 1 – Bundi & Juandah Project areas (EPCs 1164, 1251 & 1609)



The proposed Bundi mining area is focussed on the down dip extensions of the Kogan and Macalister coal seams immediately south of Xstrata's proposed Wandoan Open Cut Mine development and New Hope Coal's proposed Elimatta Mine.

The seams will be mined underground utilising a modern high productivity longwall mining system. This will produce approximately 5 Million tonnes per year of medium ash, low sulphur thermal coal suitable for steam raising in thermal power plants. Underground development is expected to commence in 2015 with longwall production following in 2017.

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*The information in this Announcement that relates to the Compilation of existing data and Exploration Results is based on information compiled by Mr Ed Radley who is a Member of the Australian Institute of Mining and Metallurgy (MAusIMM) (Membership No 300512). Mr Ed Radley is a fulltime employee of MetroCoal Ltd, in the role of Geological Manager, Mr Ed Radley 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 Ed Radley has consented in writing for inclusion in this announcement the matters based on the information in the form and context it appears.*