

ASX ANNOUNCEMENT

31 March 2011

Bundi Coal Project Drilling Update

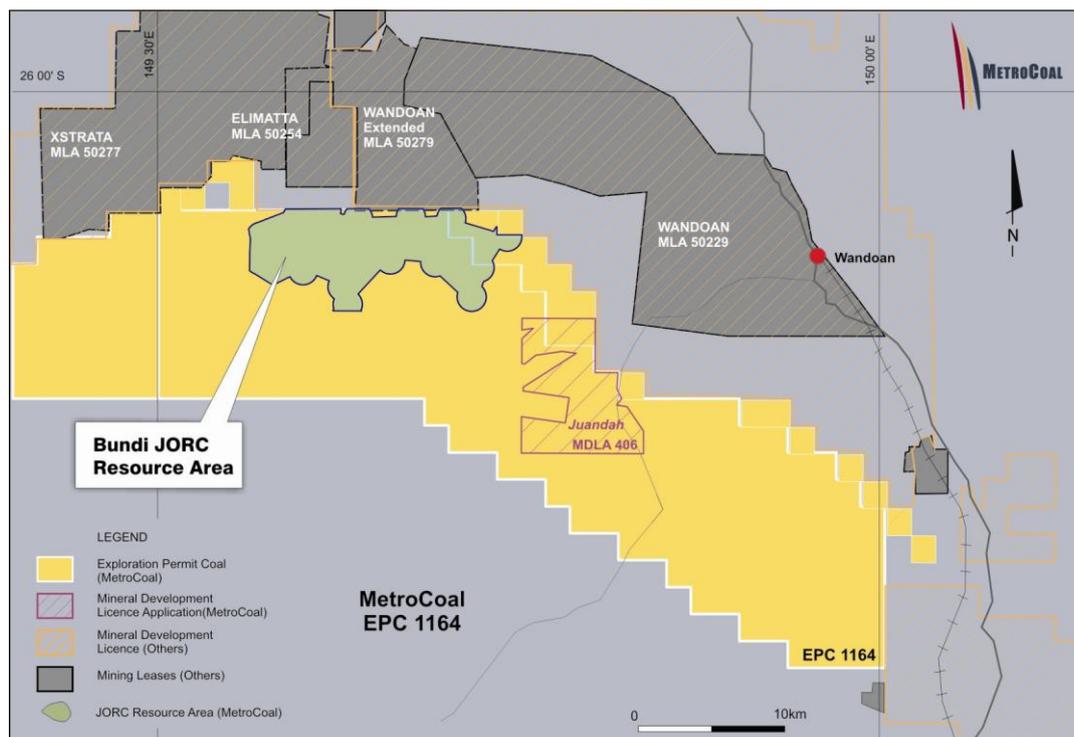
Highlights

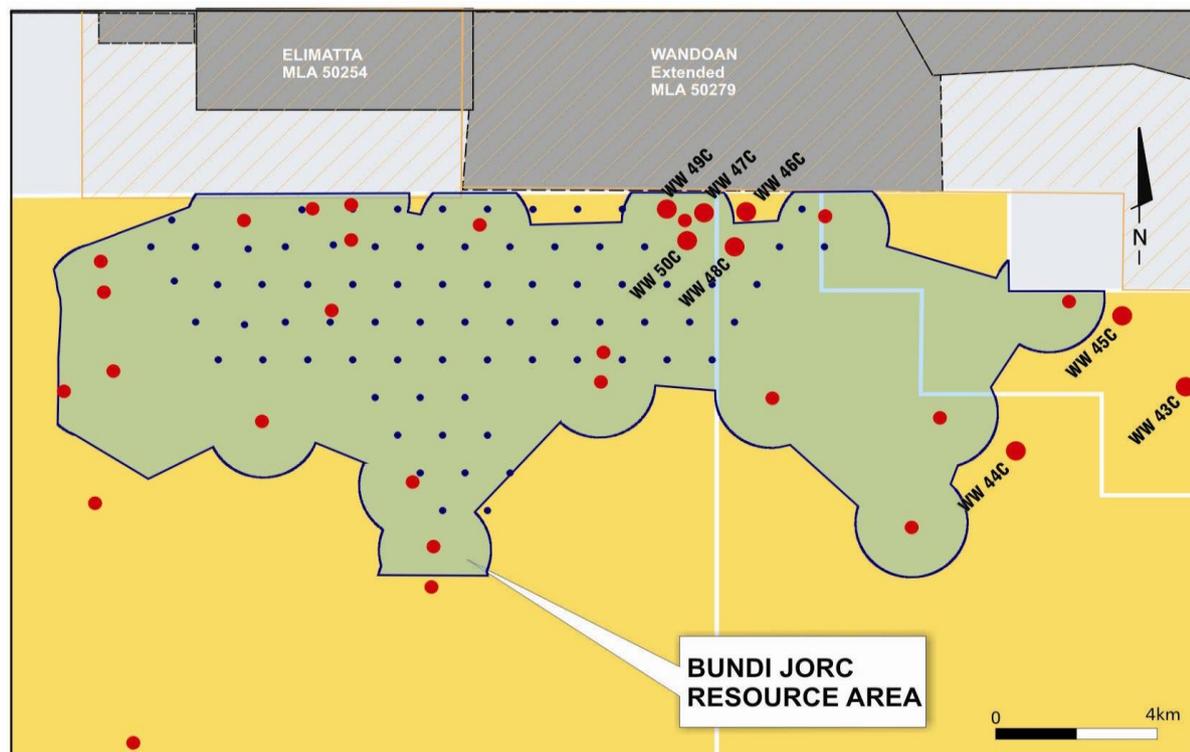
- **First five (5) holes completed**
- **Thicker than anticipated Kogan (KO) and Macalister Upper (MU) Seams intersected with up to 7m in thickness**
- **Positive results will extend the Bundi Resource eastward**
- **Three rigs mobilised and drilling continues**

Results Summary

MetroCoal is pleased to advise the drilling results for the first 5 holes of the current drill programme are available and these results continue to confirm the continuity and correlations of the Macalister Upper (MU) Seam within the Bundi Project Area (see diagram below). Importantly, Holes WW43C to WW45C have extended the MU and KO seams to the east. Holes WW46C and WW47C are infill drill holes and the results increase confidence of the MU Seam currently in the Bundi resource. Two holes have intersected the MU Seam with hole WW47C yet to reach the MU seam target at time of report.

Of particular note, all three holes intersected a KO Seam up to 7m thick. The latest results indicate the potential for two working seams (i.e. MU & KO coal seams) in the Bundi Project.





● Completed Holes ● Planned Holes

Bundi Project Area Drill Hole Location Map

Drilling

MetroCoal currently has three drill rigs mobilised to the Bundi project and is conducting a systematic infill program on an 800m offset grid to increase the confidence of the resource to an Indicated status.

Early drilling results have confirmed the original MU seam picks and correlations. The Kogan Seam within this area of the Bundi resource appears well developed and is being investigated for inclusion in future resources which could potentially make Bundi a multi seam resource further enhancing the project's economics.

All drilling is part core with rotary drilling to the roof of the Juandah Coal Measures and core sections through the target KO and Macalister Seams. As ground conditions improve following the wet season, access for our drilling rigs will improve and meterage will increase accordingly.

Hole	Actual Hole ID	MGA 94 Easting*	MGA 94 Northing*	Rotary	Core	TD	Coal Roof	Coal Floor	Thickness #	Unit
1	WW43C	777263	7105651	101.32	170.98	272.3	178.28	179.86	1.58	KO10
							182.63	185.09	2.46	KO30
							186.62	188.47	1.85	KO50
							202.74	206.8	4.06	MU
2	WW44C	773582	7105607	183.66	109.44	293.1	193.32	194.1	0.78	KO10
							207.7	210.1	2.40	MU
3	WW45C	775508	7108152	73.53	222.47	296.0	155.00	156.75	1.75	KO10
							158.8	161	2.20	KO30
							165.15	171.9	6.75	MU
4	WW46C	768841	7110224	100.81	31.24	132.05				
5	WW46CR	768840	7110232	100.97	117.31	218.28	154.2	161.25	7.05	KO
							187.15	194.2	7.05	MU
6	WW47C ^{##}	768061	7110242	119.35	64.17	183.52	164.7	170.4	5.70	KO
7	WW48C ^{##}	768464	7109550	36						
8	WW49C ^{##}	767282	7110268	36						
9	WW50C ^{##}	767640	7109665	36						
Total Meters				787.64	715.61	1,503.25				

* Final Survey Pending

Preliminary Seam Picks, final interpretation pending

as at date of Announcement

KO: Kogan Seam

MU: Macalister Upper Seam

ML: Macalister Lower Seam

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**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 Compilation and Exploration Results and 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.