



ACN 117 763 443

ASX ANNOUNCEMENT

13 November 2013

DISAGREEMENT WITH 3TL REGARDING VESTING OF OPTIONS

MetroCoal Limited (**ASX: MTE**) wishes to advise that it has received correspondence from Tenement To Terminal Ltd (**3TL**) seeking the immediate vesting of 12.5 million MTE share options held by 3TL (**MTE Options**). The MTE Options were issued to 3TL under the terms of the Capacity Priority Agreement entered into in August 2011 between MTE and 3TL and would vest (be capable of exercise) upon 3TL achieving certain milestones in the development of its proposed Yarwun coal export terminal.

3TL is unlikely to achieve these milestones within the corresponding time limits under the MTE Options but is seeking to invoke the automatic vesting provision within the MTE Option terms on the basis that 3TL considers the proposed merger with Cape Alumina Ltd (**CBX**) to be a "Control Event". The Agreement provides that on the occurrence of a Control Event the MTE Options automatically vest and are capable of exercise notwithstanding 3TL is unlikely to achieve the required development milestones within the corresponding timeframes.

After conferring with MTE's lawyers, the MTE board has rejected this proposition and informed 3TL that MTE does not consider the merger with CBX constitutes a Control Event and, as a consequence, the MTE Options have not vested and are not capable of exercise.

At the time of entering into the Capacity Priority Agreement MTE also invested \$3.5 million into 3TL in return for a 20% equity stake in 3TL. These investment funds have been used by 3TL to progress the potential development of the Yarwun coal export terminal and for working capital purposes.

MTE wishes to advise that, at the same time as receiving the claim for the options to vest, it also received separate correspondence from 3TL containing a non-binding conditional offer to immediately buy back MTE's equity in 3TL. Given the commercial terms and conditionality of the 3TL buy-back offer MTE has declined to respond to and will not be accepting the offer.

MTE has arranged for the resignation of its 3TL Board nominee but has reserved its right (as a 20% shareholder) to nominate a 3TL Board member in the future.

MTE will update the market on any further developments in this matter.

3TL is a public company currently 80% owned by six shareholders. More information on 3TL can be found at www.3tltd.com.au

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