

# ASX ANNOUNCEMENT

25 February 2010

## METROCOAL ENTERS CO-DEVELOPMENT AGREEMENT

Emerging coal based energy company MetroCoal Limited (ASX: MTE) is pleased to announce it has entered into a co-development agreement with Arrow Energy Ltd companies and Shell CSG (Australia) Pty Ltd.

The agreement covers overlapped portions of MetroCoal's coal tenements EPC 1166 and EPC 1251 (see Figure 1) and the gas tenements held by Arrow and Shell.

The co-development agreement provides a framework to enable the companies to set up their respective operations to extract the coal seam gas (CSG) and mine the coal within the overlapped areas.

MetroCoal CEO, Mike O'Brien, said MetroCoal was particularly pleased with the outcome as it allows both the coal party and the gas party to pursue their separate business plans in the knowledge that their respective applications for production leases will be supported by the other party. "It is also a clear demonstration that coal seam gas and coal mining companies are willing and able to work together delivering the best outcome for Queensland," Mr O'Brien said.

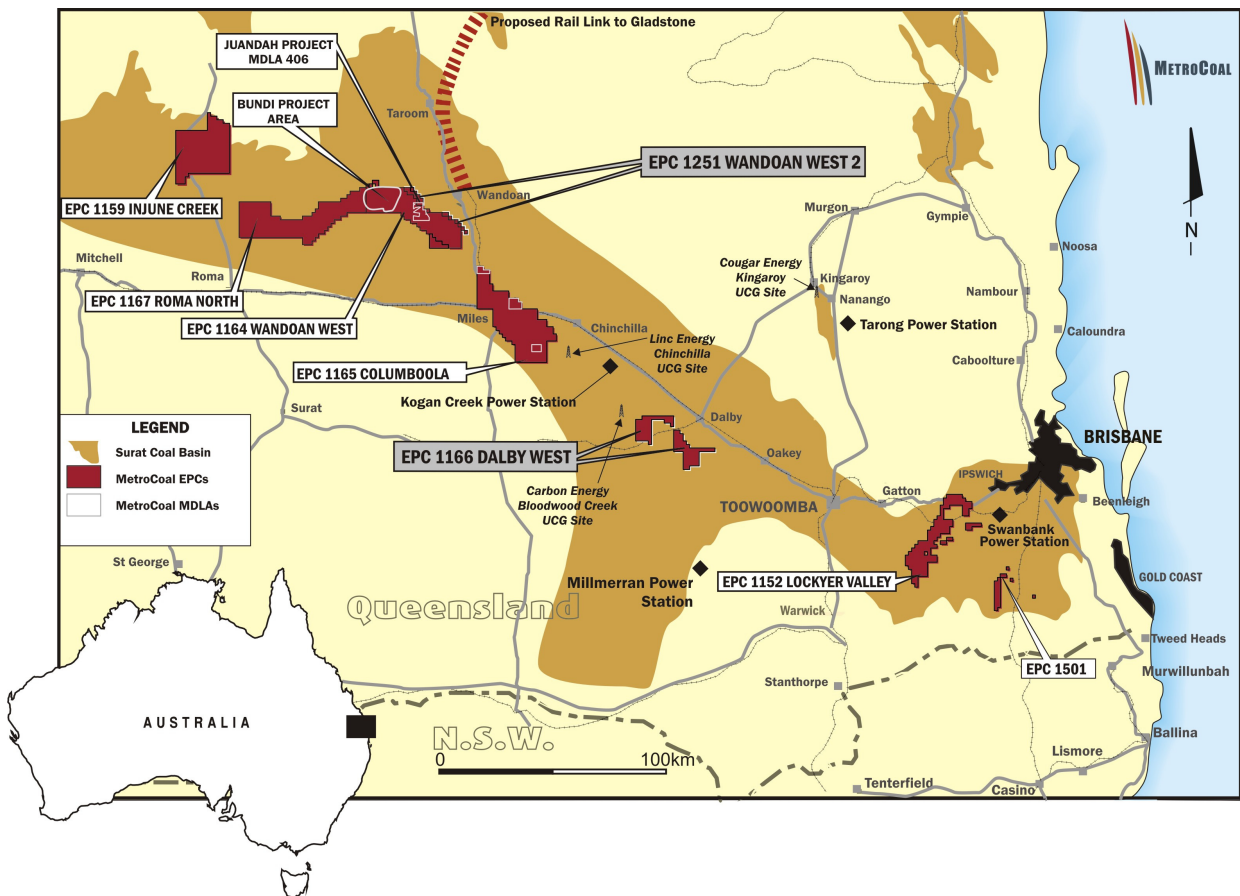


Figure1 - MetroCoal Tenements



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Further information on MetroCoal can be found on our website [www.metrocoal.com.au](http://www.metrocoal.com.au)

## **About MetroCoal Limited (ASX code: MTE)**

MetroCoal is an Australian based emerging coal energy company focused on its 100% owned coal projects in the Surat Basin in South East Queensland. MetroCoal listed on the ASX on 4 December 2009 after closing a fully subscribed IPO raising \$10 million.

MetroCoal's vision is to build a substantial coal business and cleaner energy 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<sup>2</sup>. 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 information and its own drilling programs, MetroCoal has an Exploration Target of between **2.5 and 3.5 billion tonnes\*** with a JORC Code classification of "inferred" or better, within the next two years for evaluation for conventional underground coal mining and where more suited - UCG.

*\*Under the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (Paragraph 18) the Company is required to make the following statement with regard to Exploration Targets – the potential quantity and quality is conceptual in nature, and that there has been insufficient exploration to define a Mineral Resource of Ore Reserve and that it is uncertain if further exploration will result in the determination of a Mineral Resource of Ore Reserve.*