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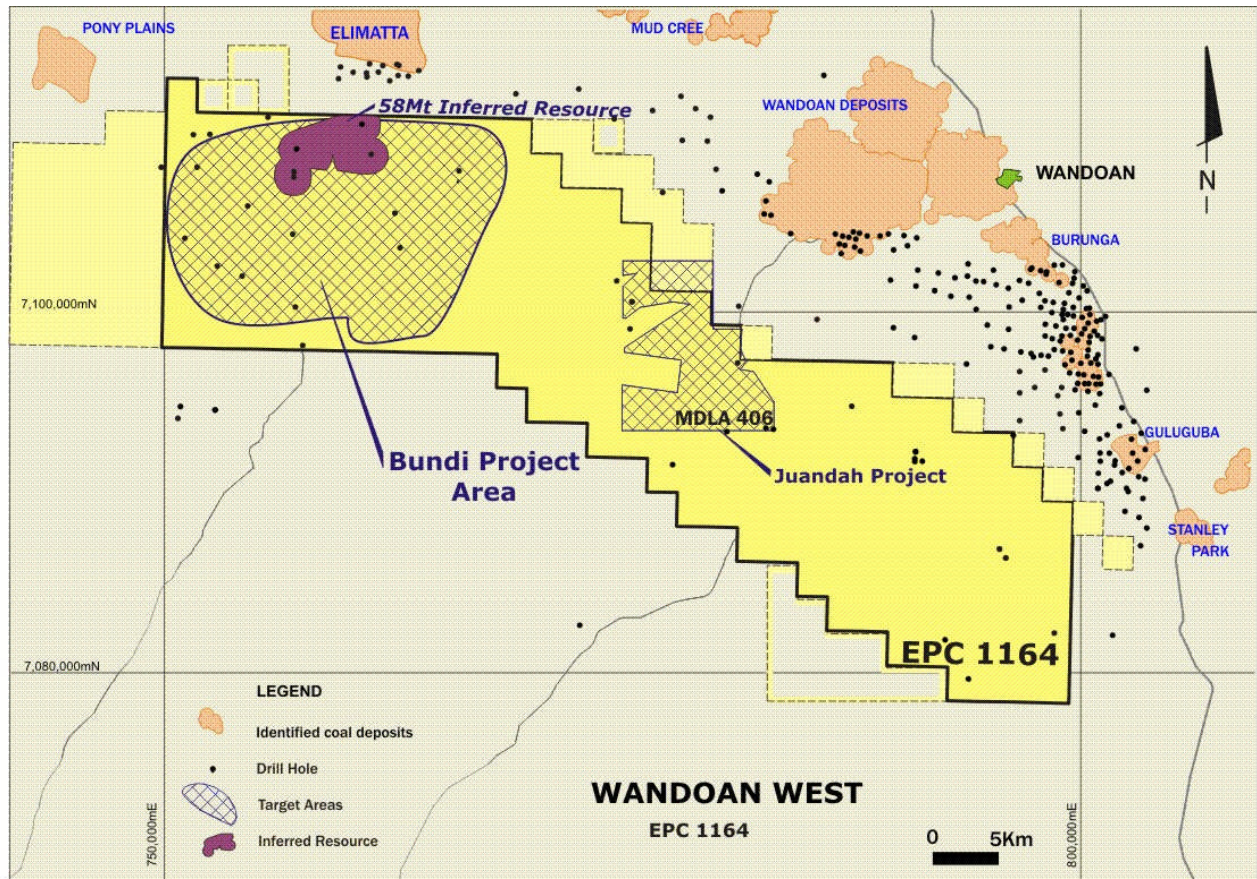
ASX ANNOUNCEMENT

27 January 2010

METROCOAL ANNOUNCES AN UNDERGROUND COAL MINING RESOURCE IN ITS BUNDI PROJECT AREA

MetroCoal Limited (ASX-MTE) is pleased to announce that as a result of drill data recently released by Queensland Mines and Energy together with data obtained through data swaps with other companies and data from MetroCoal's earlier drilling program an initial Inferred Resource of 58 Mt* in its Bundi Project area has been confirmed.

The Bundi Project area, within EPC 1164 Wandoan West, in the Surat Basin is down dip of Northern Energy Ltd's (ASX- NEC) Elimatta and Xstrata Ltd's Wandoan mining project areas and covers an area of some 240km². The 58 Mt Inferred Resource* is contained within an area of approximately 18km² (refer figure below) and is MetroCoal's maiden underground coal mining resource. The total exploration target for the Bundi Project Area is between 240Mt and 335Mt.**





The resource was identified while updating the geological model ahead of the planned exploration program. The data density has proved to be sufficient for estimation of an Inferred Resource compliant with the JORC Code.

The primary target is an underground mining resource in the Macalister Upper Seam of the Juandah Coal Measures within the Bundi Project Area. The Inferred Resource estimate is based on a working section used comprising the MU30, MU40 and MU50 plies. The Macalister Lower Seam and other coal seams and splits have been excluded from the resource estimate.

These plies have been selected as they are continuous and correlatable across the resource area and provide a sound basis for an underground mining resource. Initial raw coal quality data suggests that the resource will be suited to the production of a thermal coal product. Average thickness of the working section is 2.2m at a depth between 106m and 186m.

The estimate is considered to be conservative with the focus on a continuous, correlatable coal seam. The planned exploration program and future modelling is expected to increase the resource by extending the resource area, potentially including additional plies of the Macalister Upper and where possible including the Macalister Middle and Macalister Lower seams

MetroCoal's CEO, Mr Mike O'Brien said "Establishing a resource at Bundi is the first step towards building an extensive mining resource portfolio in addition to the UCG resource established in the Juandah Project area last year. We expect the Bundi resource to expand considerably when additional borehole information becomes available from our exploration program. We will also be drilling near Miles in our Columboola EPC 1165 where we have an exploration target of between 830Mt and 1,165 Mt**."

For further information, please contact:

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Competent Person Statement

** The information in this statement that relates to in situ coal resources potential is based on information compiled by GeoConsult Pty Ltd and reviewed by Warwick Smyth, who is a member of the Australasian Institute of Mining and Metallurgy (CP) Geology; and the Australian Institute of Geoscientists. Warwick Smyth is a qualified geologist (BSc Geol, Grad Dip AF&I, MAusIMM (CP), MGSA, MAIG), and a Principal Consultant for GeoConsult Pty. Ltd. and has over 17 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 Australian Code for Reporting of Coal Resources. Neither Warwick Smyth nor GeoConsult Pty Ltd has any material interest or entitlement, direct or indirect, in the securities of MetroCoal or the Projects. GeoConsult has been commissioned to provide geological services to MetroCoal since early 2008. Fees for the preparation of this report are on a time and materials basis. Warwick Smyth and GeoConsult Pty Ltd 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 Warwick Smyth or GeoConsult Pty Ltd.*

*** The information in this Announcement that relates to the Exploration results and Exploration 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.*

About MetroCoal Limited (ASX code: MTE)

MetroCoal is an Australian based emerging coal based 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 cleaner energy and coal business 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 4,000km². 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 programs and its own drilling results, 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.*