



ACN 117 763 443

ASX ANNOUNCEMENT

10 February 2010

DRILLING CONTRACT SIGNED TO ADVANCE SURAT BASIN COAL PROJECT

MetroCoal Limited (ASX-MTE) is pleased to announce that it has signed an agreement with established Queensland based coal drilling company, Depco Drilling.

The awarding of the drilling agreement signals the first stage of MetroCoal's two year program of achieving an Exploration Target of between **2.5 and 3.5 billion tonnes*** by December 2011.

The drilling program of 30 holes will be focussed on the Bundi, Norwood, Miles North and Miles East project areas, considered highly prospective for underground mining targets which are also close to planned rail infrastructure.

MetroCoal's CEO, Mr Mike O'Brien said: "Depco have worked with MetroCoal previously and we are very pleased that the signing of this agreement is the next stage of our extensive exploration program.

"We have already announced an initial resource in the Bundi Project Area and we look forward to continuing to build an extensive mining resource portfolio in addition to the UCG resource established in the Juandah Project area last year."

For further information, please contact:

Mr Mike O'Brien
CEO

Theo Psaros
Chief Operating Officer and Company Secretary

Phone: +61 (7) 3891 9611 Fax: +61 (7) 3891 9199

Email: admin@metrocoal.com.au

Postal Address: GPO Box 122, Brisbane QLD 4001

Further information on MetroCoal can be found on our website 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 its 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.

Competent Person Statement

The information in this Announcement that relates to the 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.

**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.*