



ACN 117 763 443

ASX ANNOUNCEMENT

12 May 2011

BUNDI COAL RESOURCE INCREASES 56% TO 595Mt

Highlights

- Increase in Bundi Project Inferred Resource from 381Mt to 595Mt* of thermal coal
- Drilling is confirming continuity and correlation of Macalister and Kogan Seams in the Project Area.
- Attractive underground mineable resource identified in the Kogan Seam
- MetroCoal's Total Thermal Coal Resource Increases to 923 Mt

MetroCoal Limited (**ASX-MTE**) is pleased to announce a 56% increase of the Bundi Project resource.

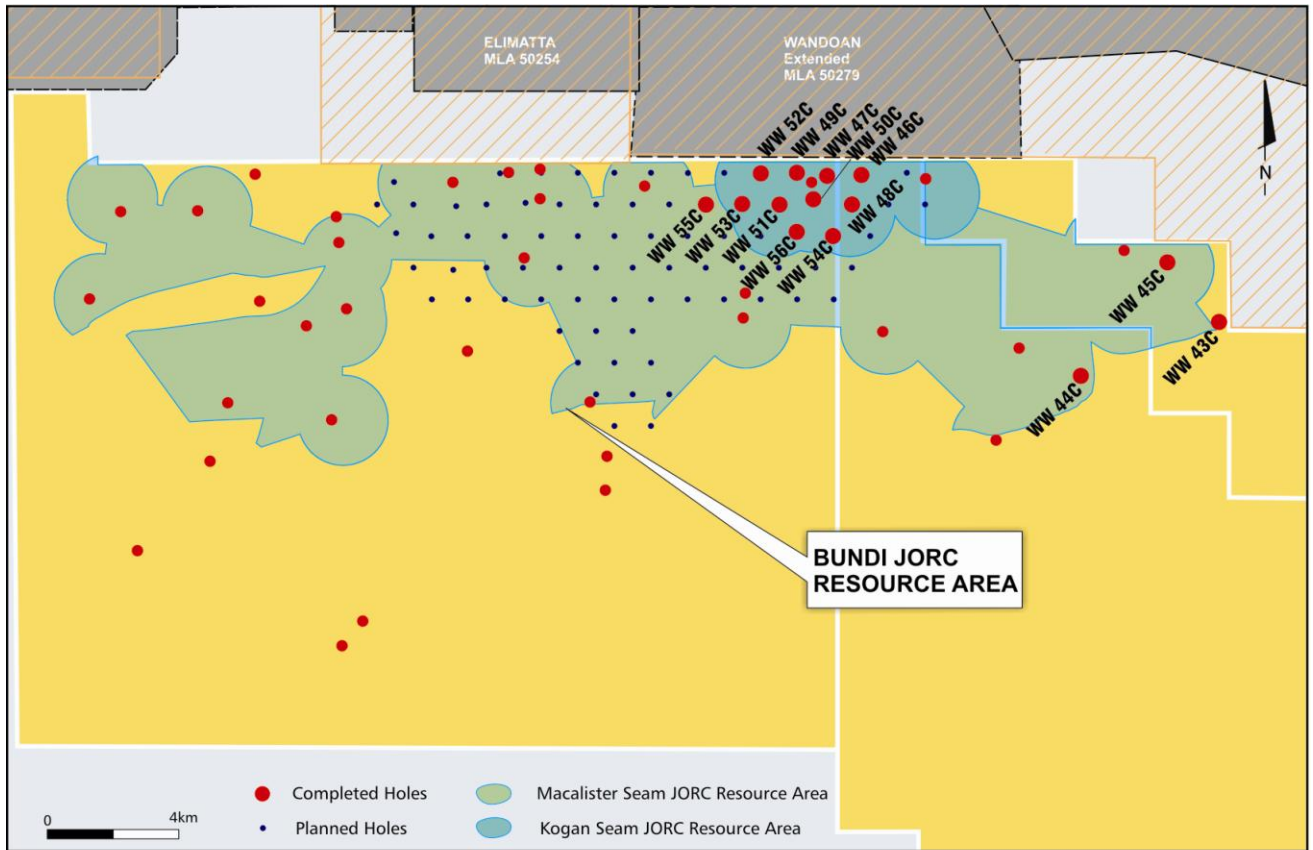
The Bundi Project area, within the Company's EPCs 1164 & 1251 Wandoan West in the Surat Basin, is the down dip extension of the Elimatta and Xstrata Ltd's Wandoan mining project areas (see diagram on following page). Further drilling and geological modelling has confirmed the correlation and continuity of the Macalister Upper (MU) Seam and extended the resource area. Furthermore, the addition of the Kogan Seam (KO) as a workable mining section has seen a substantial addition of tonnages to the resource.

The infill drilling program, commenced in February this year, was planned to improve our understanding of the resource by increasing resource confidence and tonnage as well as extending the total underground mineable area.

The drilling program has also confirmed a resource in the overlying Kogan Seam. This is particularly pleasing as it confirms earlier indications that the Kogan Seam was a viable exploration target. The seam thickness in the Kogan resource area is between 2.2 metres and 5.8 metres thick and presents an attractive mining opportunity.

The 70 hole drilling programme continues.

Seam	Area (km ²)	Volume (m ³ x10 ⁶)	Tonnage (Mt)
Kogan (KO10)	10.2	33.3	50
Macalister Upper (MU10-50)	98.8	321.9	545



Bundi Project Area

MetroCoal's total Resources are now as follows:

Resource ¹	Norwood (Underground Coal)	Bundi (Underground Coal)	Juandah (UCG)	Total (UG & UCG)
Inferred	156 Mt	595Mt	149 Mt	900Mt
Indicated	-	-	23Mt	23Mt
Total	156 Mt	595Mt	172 Mt	923Mt

1. See MTE ASX Release 18 October 2010 – Annual Report 2010

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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 19 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 or GeoConsult Pty Ltd has a 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 release 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'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, by December 2011 for evaluation for conventional underground coal mining and where more suited - UCG.

*** 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 or Ore Reserve.*