



7 June 2011

Dear Shareholder,

Community consultation in Surat Basin, Potential JV partners express interest in Wandoan West

On behalf of the Board of Directors and management of MetroCoal Limited (ASX-MTE), we take great pleasure in presenting you with an update on recent activities and achievements during 2011.

MetroCoal has achieved significant milestones as we have forged ahead with our exploration and evaluation programs targeting the high quality thermal coal deposits of the Surat Basin.

MetroCoal Directors and senior management toured Queensland's Surat Basin communities recently to consult with the Western Downs Regional Council and landowners in the Wandoan district on the development of our thermal coal projects in this region.

The tour was part of MetroCoal's commitment to meaningful engagement with all stakeholders including land owners, government groups and community members over mine development in the Bundi Project area, Wandoan West (EPC 1164), and Columboola (EPC 1165) near the township of Miles.

MetroCoal's JV partner, SinoCoal Resources Pty Ltd, was also represented by Mr Zhu Jiangong and Mr Wu Qiongjun.

On the evening of Thursday, May 26, MetroCoal hosted an information evening for local councillors and senior council executives of the Western Downs Regional Council in Dalby. On the evening of Friday, May 27, MetroCoal hosted a similar information evening with approximately 25 landowners in Wandoan. The response from landowners was very positive.

MetroCoal recognises that two-way communication is the key to building long-term positive relationships in the regions we operate and we are delighted to be engaging in constructive discussions about these mine projects which we believe will provide significant opportunities for regional Queensland communities.

As you are aware, MetroCoal holds large coal exploration tenements near well-known existing resources in the Surat Coal Basin covering approximately 4,000 square kilometres.

The projects will draw on the company's extensive expertise in the extraction of coal resources at a time of rising global demand for cleaner, more efficient energy. MetroCoal plans to access the resources through underground mining, thereby minimising its footprint in the area and creating a negligible impact on agriculture and other activities. In addition to maximising the potential benefits to the region, MetroCoal also recognises its responsibility to manage and mitigate the potential adverse impacts.

We are confident our Surat Basin projects will provide significant benefits for the surrounding communities and the Queensland economy including new employment, infrastructure

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improvements, government royalties and flow-on effects in the local Wandoan, Taroom and Miles areas. MetroCoal looks forward to ongoing two-way community consultation on these exciting projects.

MetroCoal recently closed its initial Expressions of Interest (EOI) phase in seeking a Joint Venture partner for EPC 1164, Wandoan West, with a significant number of EOIs received from local and international companies. MetroCoal will now assess each of the EOIs, before initiating a process requiring interested parties to lodge non-binding indicative offers.

We see this as a very positive step towards the future development of Wandoan West. At the time of MetroCoal's listing in December 2009, we had an Exploration Target* for the Bundi Project area in EPC 1164 of between 240Mt to 335 Mt* of thermal coal suited predominantly for underground mining.

Achieving an Inferred Resource of 595Mt (see ASX announcement dated 12 May 2011) to date has already exceeded the Bundi target, which represents a small portion of the EPC 1164 tenement area covering 84km².

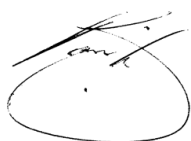
MetroCoal recommenced drilling on the Bundi Project area in February 2011. The drilling program that is currently underway consists of 70 holes and is designed to increase resource confidence to Indicated level and provide further data for preliminary underground mining studies. Drilling in the Bundi Project area will extend south-eastwards to increase geological information of the down dip extensions of the Xstrata Wandoan Deposit and potentially bring additional large areas to resource confidence.

MetroCoal announced on 15 March 2011 it had commenced the statutory approval process for a proposed coal mine within EPC1164 through submission of the Initial Advice Statement for the Bundi Coal Mine Project.

Meanwhile, our Columboola Coal Project JV is achieving positive results with the first eight holes of a planned 35 hole drilling program recently completed for 5,137m in total. Drilling has targeted all known coal packages with the Juandah and Taroom Coal Measures of the Jurassic Walloon Sub Group and has identified three coal packages that have sufficient thickness, continuity and correlation to pursue further for possible underground mining.

In conclusion we are pleased with the progress in 2011. We continue to meet our significant milestones and are well funded to undertake exploration activities and evaluations for the remainder of this year. As we have mentioned in previous shareholder communication, we are very confident that we remain on track to meet our thermal coal exploration targets of between 2.5 and 3.5 billion tonnes* by the end of 2011.

We appreciate your support of MetroCoal and look forward to more exciting news in 2011.



David Barwick
Chairman



Mike O'Brien
Chief Executive Officer

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** The potential quantity and quality is conceptual in nature, and that there has been insufficient exploration to define a Mineral Resource or Ore Reserve and that it is uncertain if further exploration will result in the determination of a Mineral Resource or Ore Reserve.*

** 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 General Manager – Columboola JV. 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.*

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