



ACN 117 763 443

## ASX ANNOUNCEMENT

14 December 2011

### 230% INCREASE IN BUNDI PROJECT AREA RESOURCE TO 1561.8 Mt

#### Highlights

- **900 Million tonne increase of Inferred Resources for the 100% owned Bundi Project.**
- **Bundi Resource now totals 1561.8 Million tonnes (1410.9 Mt Inferred and 150.9 Mt Indicated)**
- **EPC1164 and EPC 1251 including Juandah and Bundi Resources now totals 1.81 billion tonnes**

MetroCoal Limited (ASX: MTE) is pleased to announce a substantial increase in its 100% owned Surat Basin Bundi Project Area. The increase in the Inferred Resource Category of 900 Mt increases the Bundi Project coal resource estimate to 1561.8 Mt (1410.9 Mt Inferred and 150.9 Mt) as shown in Table 1.

**Table 1 – MetroCoal Underground Resources**

Resource	Norwood	Bundi	Juandah	Columboola <sup>1</sup>	Dalby West <sup>2</sup>	Total Resources
Inferred	156 Mt	1410.9Mt	224 Mt	1,297Mt (635 Mt) <sup>#</sup>	520Mt	3607.9 Mt
Indicated	-	150.9Mt	24Mt	-		174.9 Mt
<b>Total</b>	<b>156 Mt</b>	<b>1561.8Mt</b>	<b>248 Mt</b>	<b>1,297 Mt</b>	<b>520Mt</b>	<b>3782.8Mt</b>

<sup>1</sup> See MTE ASX Announcement 18 November 2011 – COLUMBOOLA JV INCREASES RESOURCE BY 757 MILLION TONNES TO 1.297 BILLION TONNES

<sup>2</sup> See MTE ASX Announcement 9 December 2011 – DALBY WEST PROJECT – MAIDEN INFERRERED RESOURCE OF 520Mt

<sup>#</sup> MTE JV share = 49%

This resource upgrade is based on the results from MetroCoal's successful 2011 exploration program including integration of the coal quality analysis from this program, MetroCoal's 2010 exploration program and drilling data from recently released public domain data.

The MetroCoal 2011 exploration program included 71 partially cored holes drilled in the Bundi Project Area. The close spaced exploration holes drilled during the first part of 2011 provided the data for modelling MetroCoal's Indicated resource announced to the ASX on 3 November 2011. The wider spaced drilling carried out during the latter part of the year has provided the basis to expand the footprint, defining the additional Inferred Resources announced in this release.

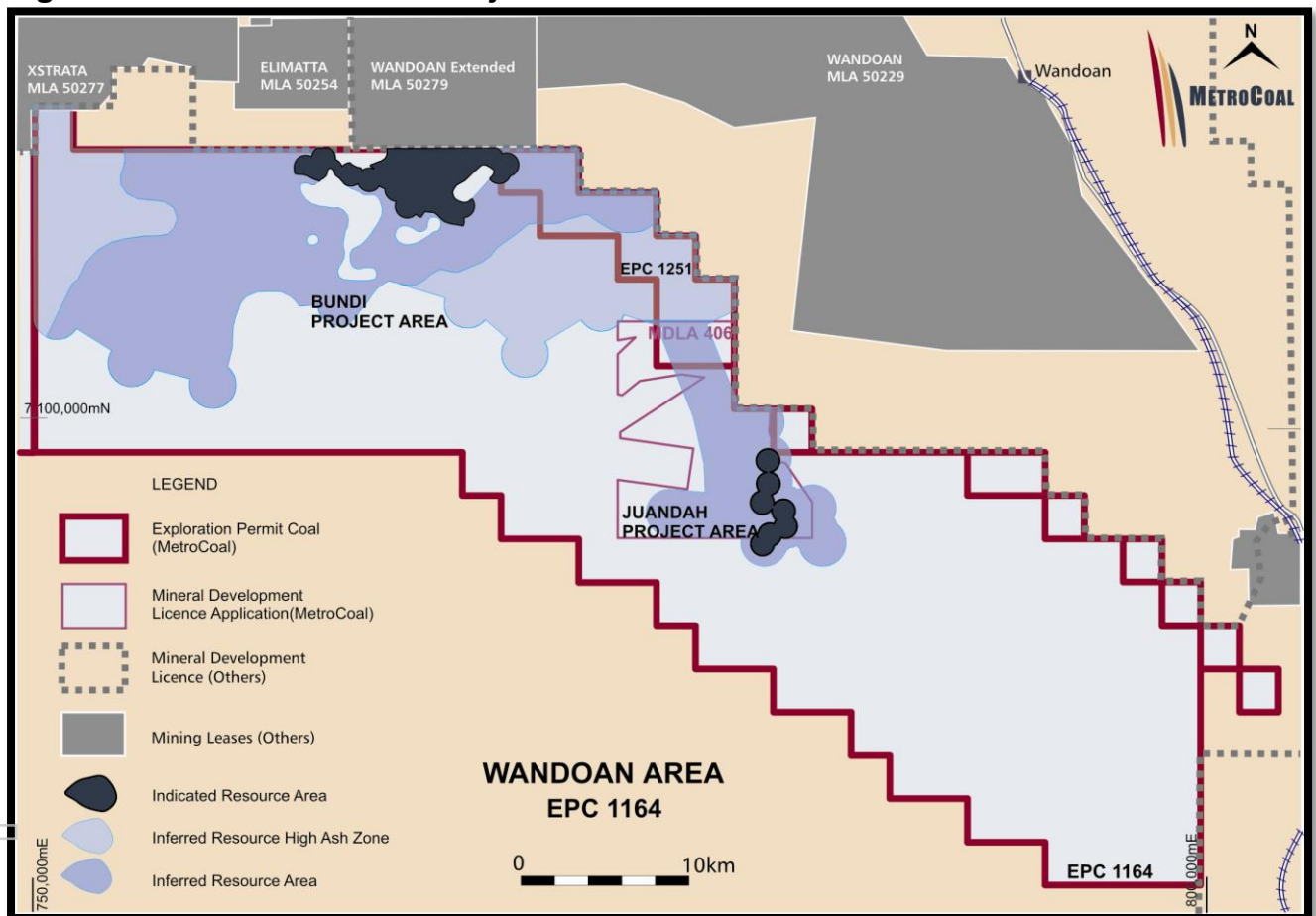
The resource area is shown in Figure 1 below illustrates the extension of Bundi Project to link up with the Juandah Project Area. This extended resource base will provide a solid platform for the 2012 drilling program.

Resource definition drilling efforts next year will focus primarily on expanding the Indicated Resource area and extending the conceptual level mining study area that has already been defined.

All holes were part core with rotary drilling to the roof of the Juandah Coal Measures and core sections through the target Kogan and Macalister Seams. Correlation of the drill holes in the geological model, together with the coal quality analysis results from the core samples, enabled further reclassification of resource from the Inferred into the Indicated category.

Laboratory results received to date confirm expected raw coal qualities with further work being undertaken to assess yield and washability.

**Figure 1 – Bundi & Juandah Project Resource Areas**



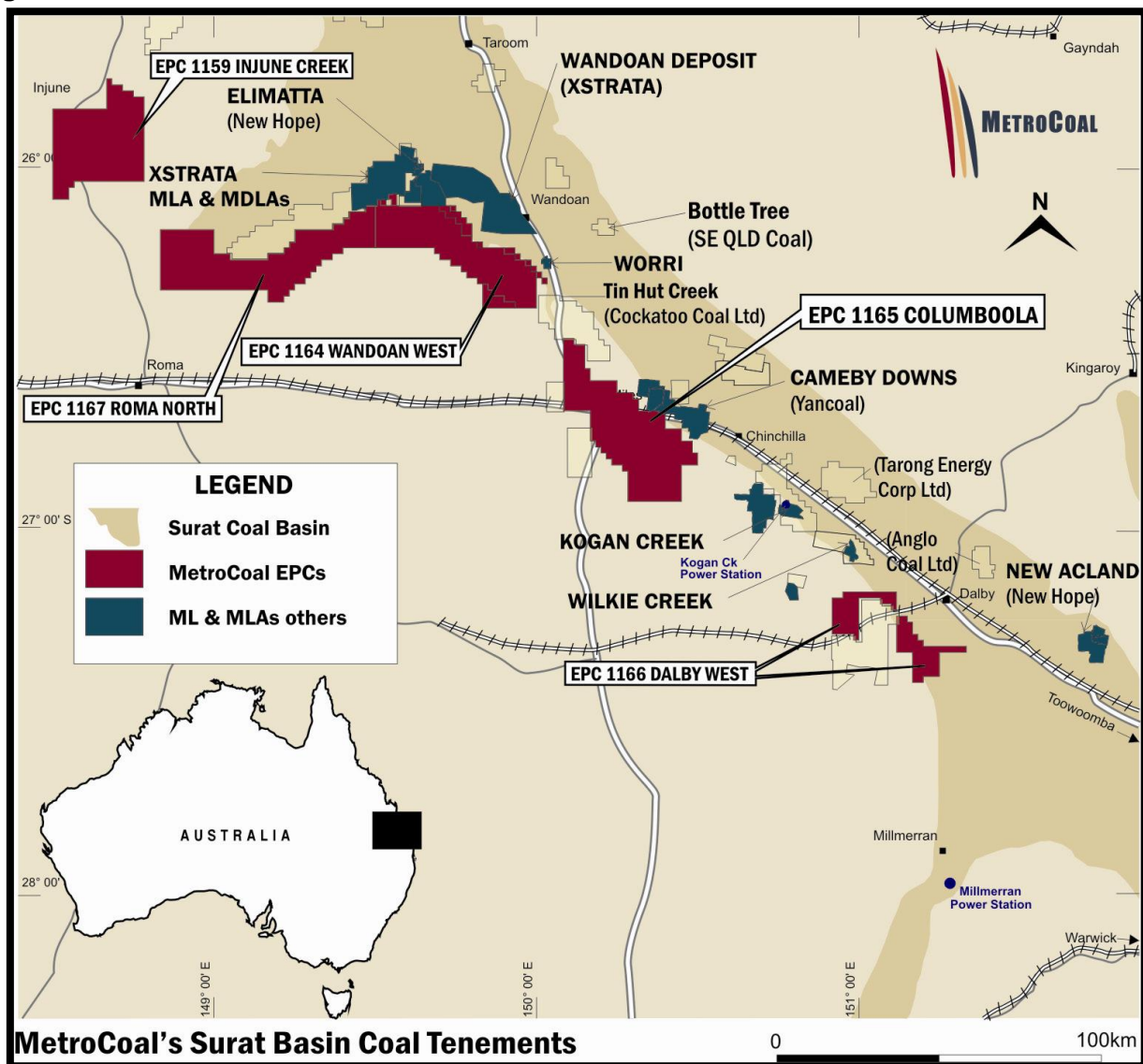
### About the Bundi Project

The Bundi Project Area is located in the northern part of EPC1164 and includes several sub blocks from the adjoining EPC1251. The Juandah project area is also located in EPC 1164, adjacent to the south east corner of the Bundi Project.

The proposed Bundi mining area is focussed on the down dip extensions of the Kogan and Macalister coal seams immediately south of Xstrata's proposed Wandoan Open Cut Mine development and New Hope Coal's proposed Elimatta Mine.

The seams will be mined underground utilising a modern high productivity longwall producing approximately 5 Million tonnes per year of medium ash, low sulphur thermal coal suitable for steam raising in thermal power plants. Underground development is expected to commence in 2015 with longwall production following in 2017.

**Figure 2 – MetroCoal's Surat Basin Tenements**



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With reference to the EPC1164 Bundi and Juandah Resources

*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 Geology, Grad Dip AF&I, MAusIMM (CP), MGSA, MAIG), and a Principal Consultant for GeoConsult Pty. Ltd. and has over 19 years of 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.*

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