

ASX ANNOUNCEMENT

23 February 2012

BUNDI 2012 DRILLING PROGRAM COMMENCED

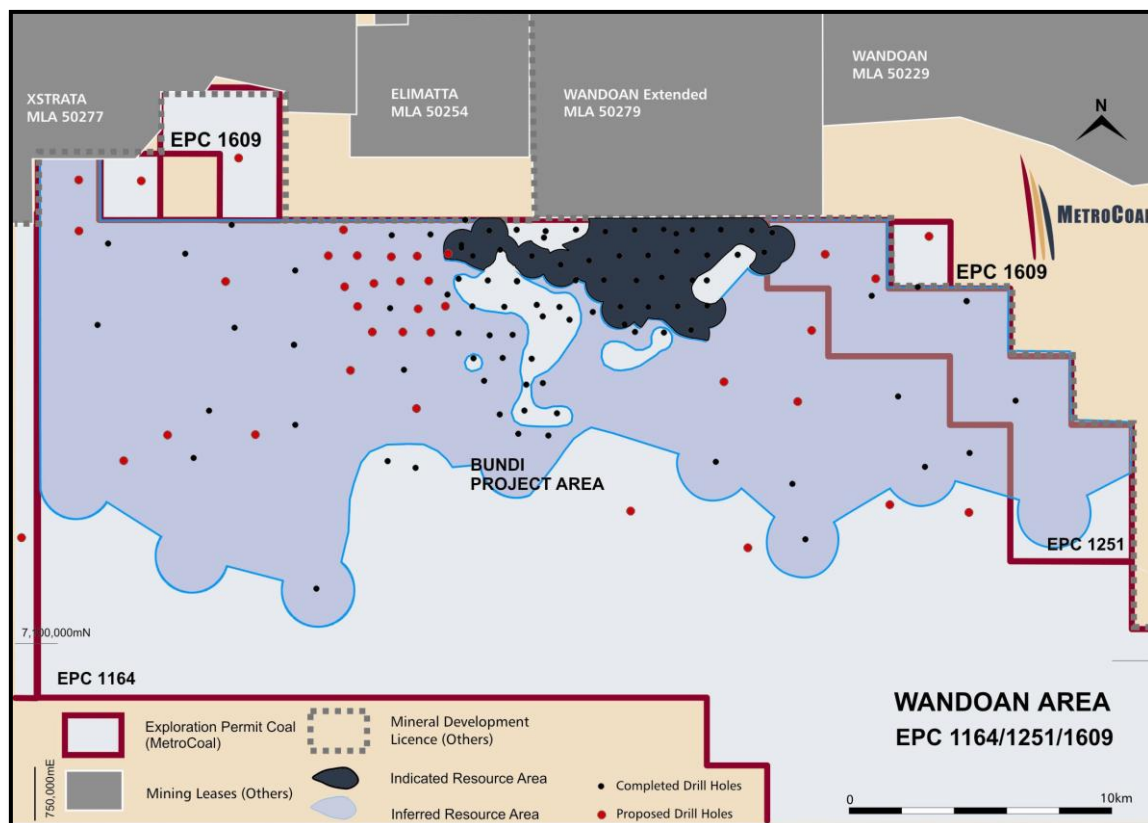
Highlights

- Two rigs are currently drilling in the 100% owned Bundi Project.
- Key objectives are to identify a maiden Measured JORC resource for Bundi as well as increasing the Indicated resource.
- EPC1609 (which adjoins Bundi) granted to MetroCoal

MetroCoal Limited (ASX: MTE) is pleased to announce that the 2012 drilling program in the Bundi Project Area has begun as planned, with no effect from poor weather experienced elsewhere in Queensland. Two drill rigs are currently working in key areas within the Bundi Project, with the intention of identifying the first Measured Resource, increasing confidence in the Inferred Resource model zones and expanding the Indicated zone.

The 2012 Bundi program has allowed for up to 80 holes to be drilled. The 36 holes planned for the initial phase are shown in Figure 1 below. These holes are intended to increase the Indicated Resource together with a modest expansion of the total Inferred Resource. The second phase of the program will include additional holes aimed at identifying our first Measured Resource.

Figure 1 - Bundi drill targets



The Bundi Project has expanded as EPC1609 has now been granted to MetroCoal. As highlighted on the map on the previous page, EPC1609 includes 5 sub blocks in three additional areas to the north and north-east of EPC1164 and EPC1251. These new areas adjoin the core mining study area. MetroCoal intends to drill the EPC1609 sub blocks that are near the mining study area in the first phase of the 2012 drilling program.

MetroCoal Underground Resources

Resource	Norwood	Bundi ¹	Juandah	Columboola ²	Dalby West ³	Total Resources
Inferred	156 Mt	1410.9Mt	224 Mt	1,297Mt (635 Mt) [#]	520Mt	3607.9 Mt
Indicated	-	150.9Mt	24Mt	-		174.9 Mt
Total	156 Mt	1561.8Mt	248 Mt	1,297 Mt	520Mt	3782.8Mt

1 See MTE ASX Announcement 14 December 2011 – 230% INCREASE IN BUNDI PROJECT AREA RESOURCE TO 1561.8 Mt

2 See MTE ASX Announcement 18 November 2011 – COLUMBOOLA JV INCREASES RESOURCE BY 757 MILLION TONNES To 1.297 BILLION TONNES

3 See MTE ASX Announcement 9 December 2011 – DALBY WEST PROJECT – MAIDEN INFERRED RESOURCE OF 520

MTE JV share = 49%

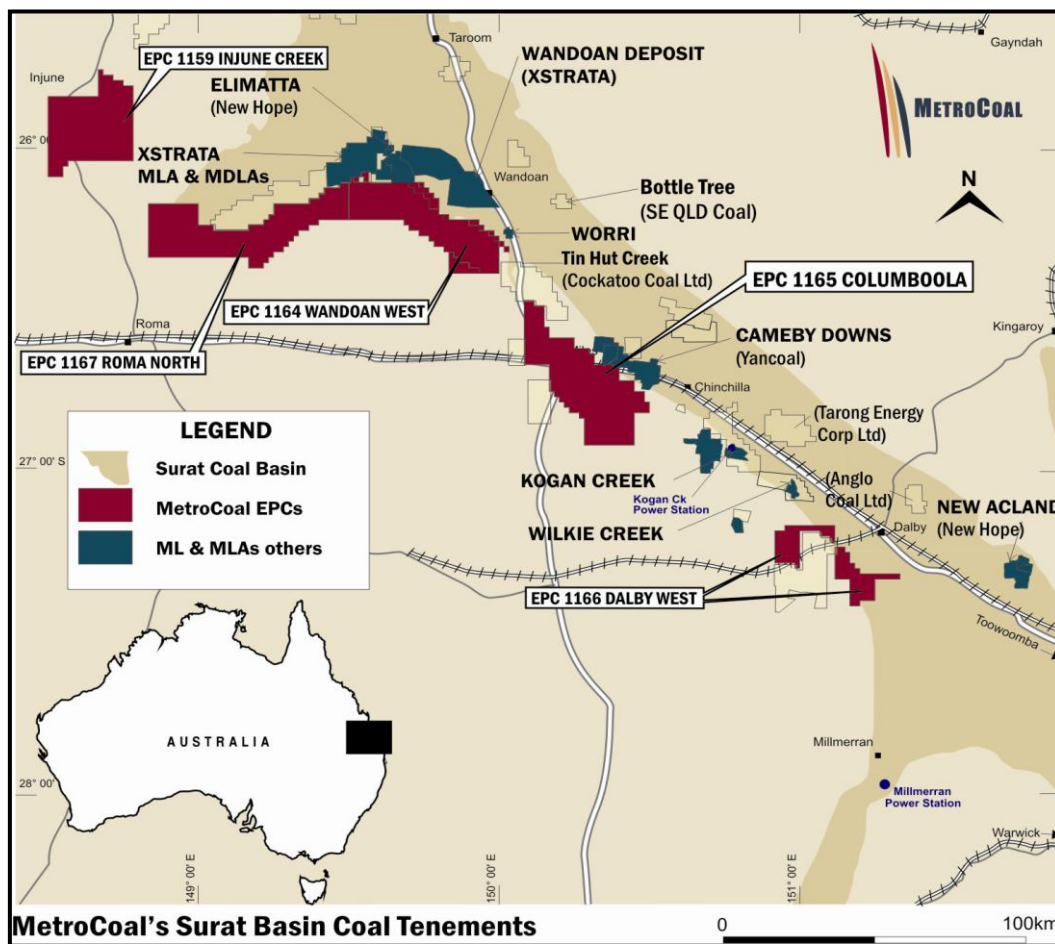
About the Bundi Project

The Bundi Project Area is located in the northern part of EPC1164 and includes several sub blocks from the adjoining EPC1251 and EPC1609. The Juandah project area is also located in EPC1164, 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 mining system. This will produce approximately 5 Million tonnes per year of medium ash, low sulphur thermal coal suitable for steam raising in thermal power plants. Subject to a Feasibility Study and funding, 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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The information in this Announcement that relates to the Compilation of existing data and Exploration Results is based on information compiled by Mr Ed Radley who is a Member of the Australian Institute of Mining and Metallurgy (MAusIMM) (Membership No 300512). Mr Ed Radley is a fulltime employee of MetroCoal Ltd, in the role of Geological Manager, Mr Ed Radley 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 Ed Radley has consented in writing for inclusion in this announcement the matters based on the information in the form and context it appears.