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# Annual General Meeting

4.00pm - 20 November 2012

HopgoodGanim Lawyers  
Level 7, Waterfront Place  
1 Eagle Street  
Brisbane

AN EMERGING COAL BASED ENERGY COMPANY FOCUSED ON THE SURAT BASIN REGION

# Disclaimer

- Statements and material contained in this Presentation, particularly those regarding possible or assumed future performance, production levels or rates, commodity prices, resources or potential growth of MetroCoal Ltd, industry growth or other trend projections are, or may be, forward looking statements. Such statements relate to future events and expectations and, as such, involve known and unknown risks and uncertainties.
- MetroCoal is at an early exploration stage and although reasonable care has been taken to ensure that the facts stated in this presentation are accurate and or that the opinions expressed are fair and reasonable, no reliance can be placed for any purpose whatsoever on the information contained in this document or on its completeness.
- Actual results and developments may differ materially from those expressed or implied by these forward looking statements depending on a variety of factors.
- Nothing in this presentation should be construed as either an offer to sell or a solicitation of an offer to buy or sell shares in any jurisdiction.
- Geological and resource information on MetroCoal Limited coal projects in this report had been reviewed by Mr E Radley, MetroCoal Geology Manager. Mr Radley, member of “*The Australian Institute of Geoscientists*”, has the experience relevant to the mineralisation being reported on to qualify as a Competent Person as defined by the Australasian Code for Reporting of Minerals Resources and Reserves. The resource information in this report has been released to the Australian Stock Exchange. Mr Radley has consented in writing to the inclusion in this presentation of the matters based on the information in the form and context it appears.

# MetroCoal in the Surat Basin



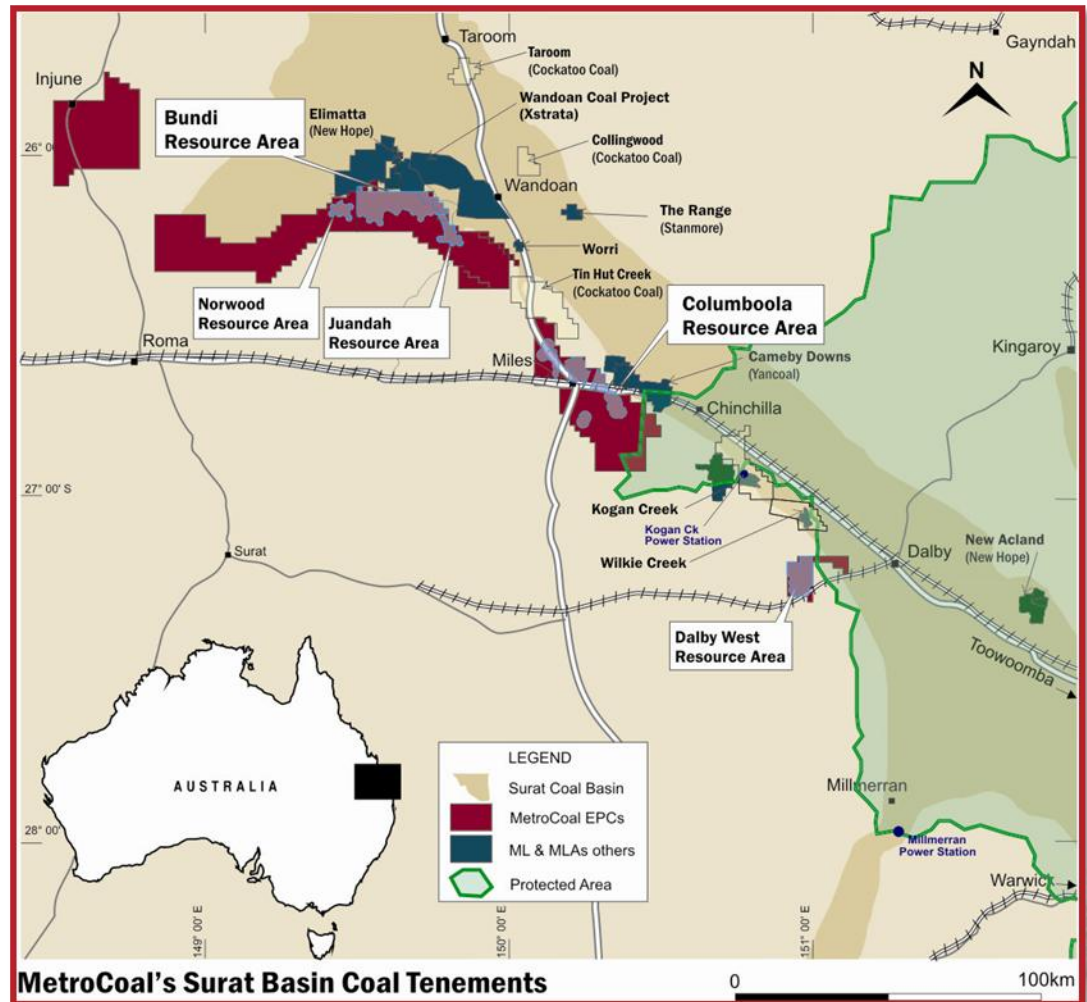
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- 7 EPCs exceeding 3500km<sup>2</sup>

- Down dip of major projects

- Focus on Columboola and Bundi Projects.

- Work during the year has confirmed the potential for large scale underground long wall mining



# 2012 Major Activities



- **Successful exploration programs at Bundi and Columboola**

	Bundi	Columboola
Holes Drilled	81	51
Metres Drilled	19,200m	22,320m
Expenditure	\$9.6M	\$11.2M

- 35km, 2D seismic program and insitu stress measurement completed at Bundi.
- **Bundi geological model reinterpreted to improve seam correlation**
  - Geological knowledge gained at Bundi transferred to Columboola
- **Commenced a desktop study of the Columboola underground, X'ian Institute**
- **Completed the Bundi Scoping study**
  - EIS commenced
- **Solid progress in securing infrastructure**
  - Shareholding and capacity priority in 3TL
  - Instrumental in forming the Central Surat Railway Joint Venture with ATEC Rail Group and other coal companies.
- **Dadi increased their shareholding to 19.6% through acquisition of 9 million shares from Metallica**

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# MetroCoal Resource



- **Total Resource increase in 2012 to 4.2 billion tonnes\*\***
- **Exploration focus now on increasing resource confidence and defining mining areas**

	Bundi**	Columboola**		Juandah**	Norwood**	Dalby West**	Total
		Underground	Open cut				
<b>Inferred</b>	1,315.8Mt	1,618Mt	13.8Mt	224Mt	156Mt	520Mt	3,847.6Mt
<b>Indicated</b>	246.3Mt	94.7Mt	31.1Mt	24.4Mt			396.5Mt
<b>Total</b>	<b>1,562.1Mt</b>	<b>1,712.7Mt***</b>	<b>44.9Mt***</b>	<b>248.4Mt</b>	<b>156Mt</b>	<b>520Mt</b>	<b>4,244.1Mt</b>

Target tonnage in Kogan and Macalister Upper seam only

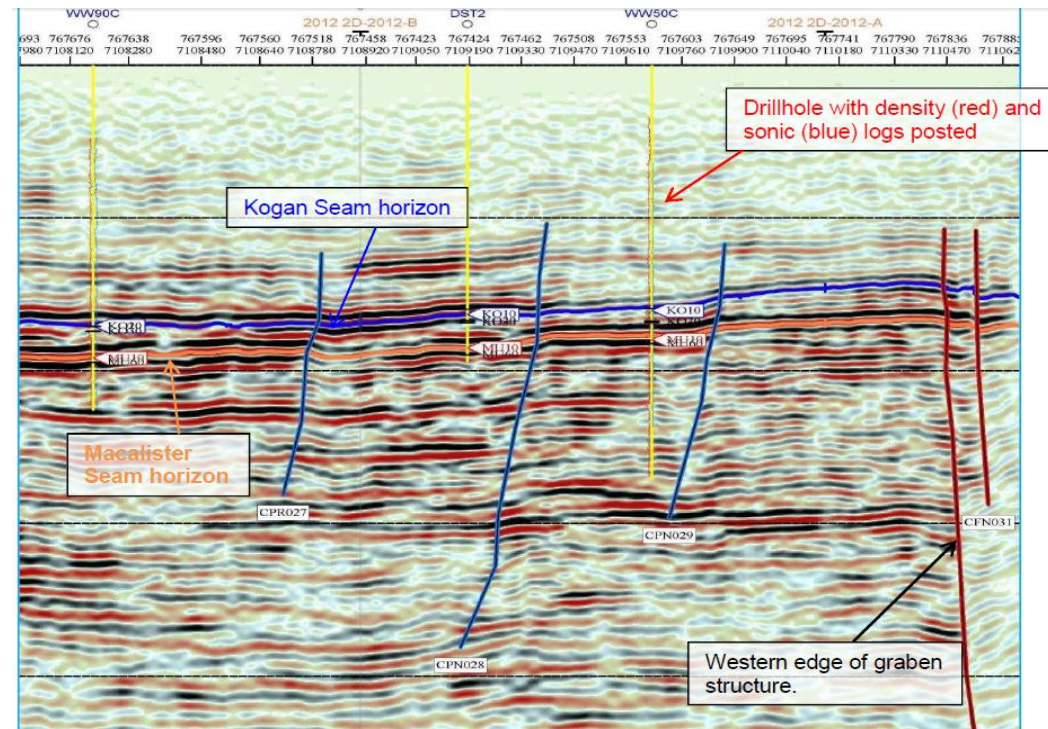
\*\*See ASX – MTE releases – 19 November 2012, 6 September 2012, 17 July 2012, 14 December 2011, 9 December 2011 & 18 November 2011

\*\*\*MTE JV share + 49%

# Progression from Explorer to Producer

## 2012 Highlights

- **Confirmation of the continuous mineable seam in Bundi project area**
  - Mining horizon identified initially from closer spaced drilling
  - Confirmed by results from the seismic program
  - Incorporated in the geological model
- **Washability tests confirm high yield from selective underground mining.**
  - High yield – 75% to 85%
  - Low ash <10%
  - Clear cut point 1.55 with no near gravity material
- **Identification of an open cut resource at Columboola**



# Bundi – Positive Scoping Study results



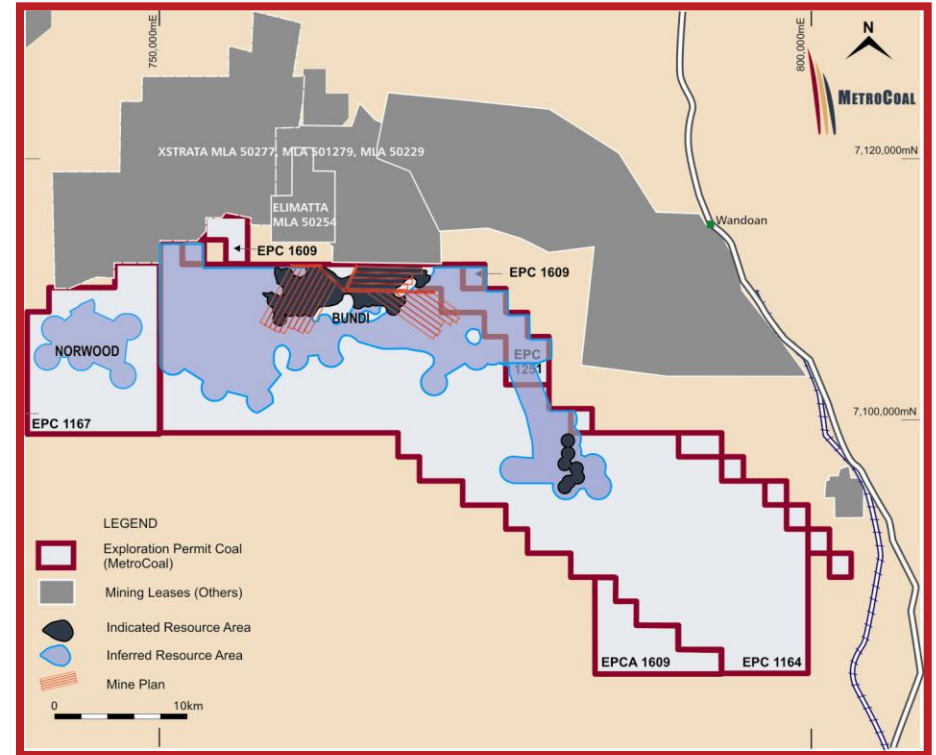
Continuous coal seam amenable to underground longwall mining;

Mine life of 28 years producing over 5mtpa;

NPV real, before tax is between \$600m and \$660m at a 10% discount rate and IRR before tax is 16%-17%;

Average cost to FOB \$80.72 per tonne, excluding royalties;

Initial Capital expenditure \$994 million

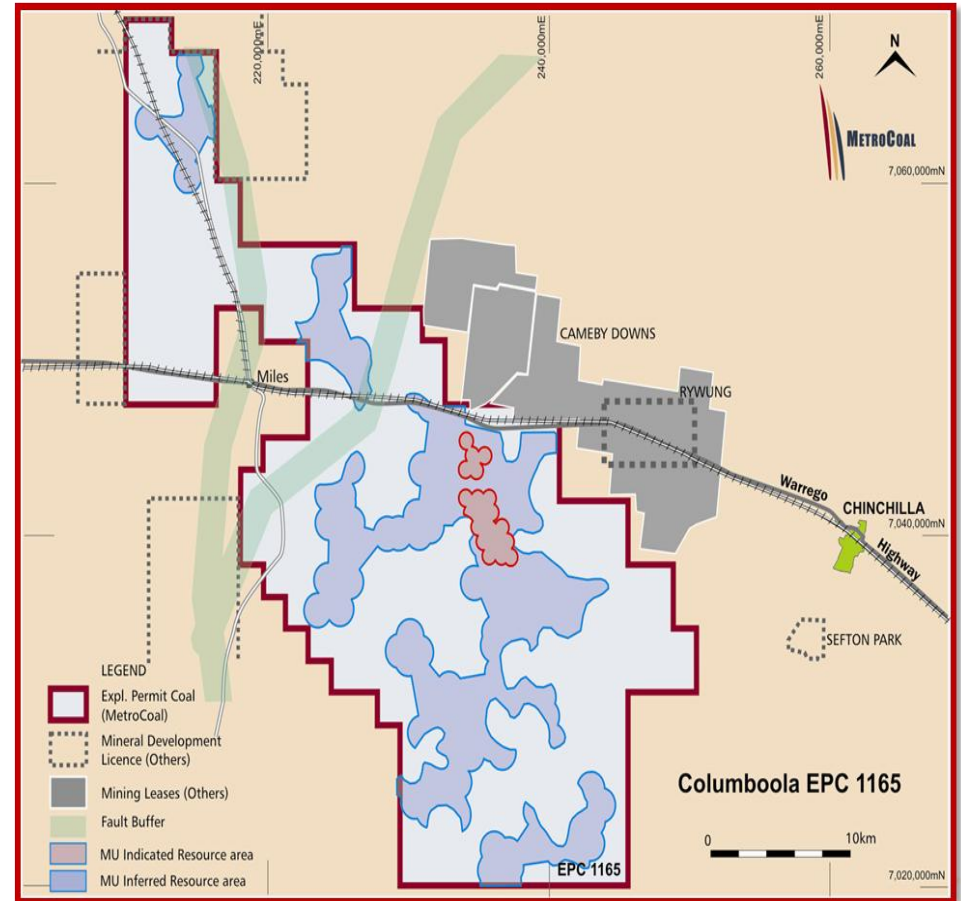


# Columboola Joint Venture



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- Sound relationship that continues to grow
- Completed wide space drilling and commenced closer spaced drilling in mining target areas.
- Underground mining assessment commenced by X'ian Institute
- Open cut resource identified
- JV focus remains the establishment of a large scale underground mine



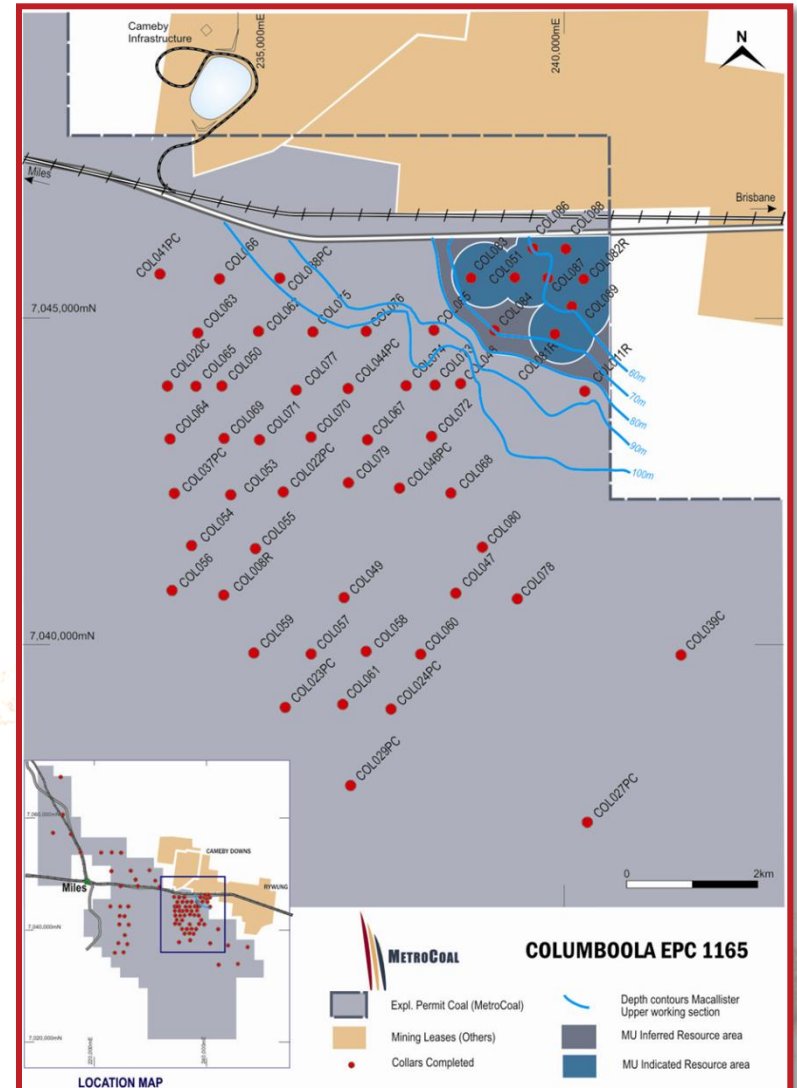


# Goombi Open Cut



- 45 million tonne resource\* identified at strip ratio between 4:1 and 6:1
- Potential for small scale production exporting through the Port of Brisbane
  - Opportunity for early entry into export market – not dependent on SBR
  - Establish market position and generate cash flow
- May provide low cost access to future underground mine
- Mining studies commenced
  - Further drilling planned
  - Mine lease application in Q1 2013

\* ASX release 19 November 2012



# MetroCoal in the Community



**MetroCoal opened an office in Wandoan and has continued to play an active role in the community with a wide range of community groups.**

**MetroCoal sponsored a number of community activities including community events such as the Wandoan Rodeo and Juandah Campdraft.**

**MetroCoal also sponsored local programs including a local Indigenous Schools program and the Wandoan Rural Ambassador Award.**

**Our small contributions assisted in raising over \$60000 towards charities including Angel Flight, Cancer Council, Wandoan SS Parents & Citizens Ass., Taroom Palliative Care and Wandoan Arts Council.**



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# Rail Connection to Gladstone



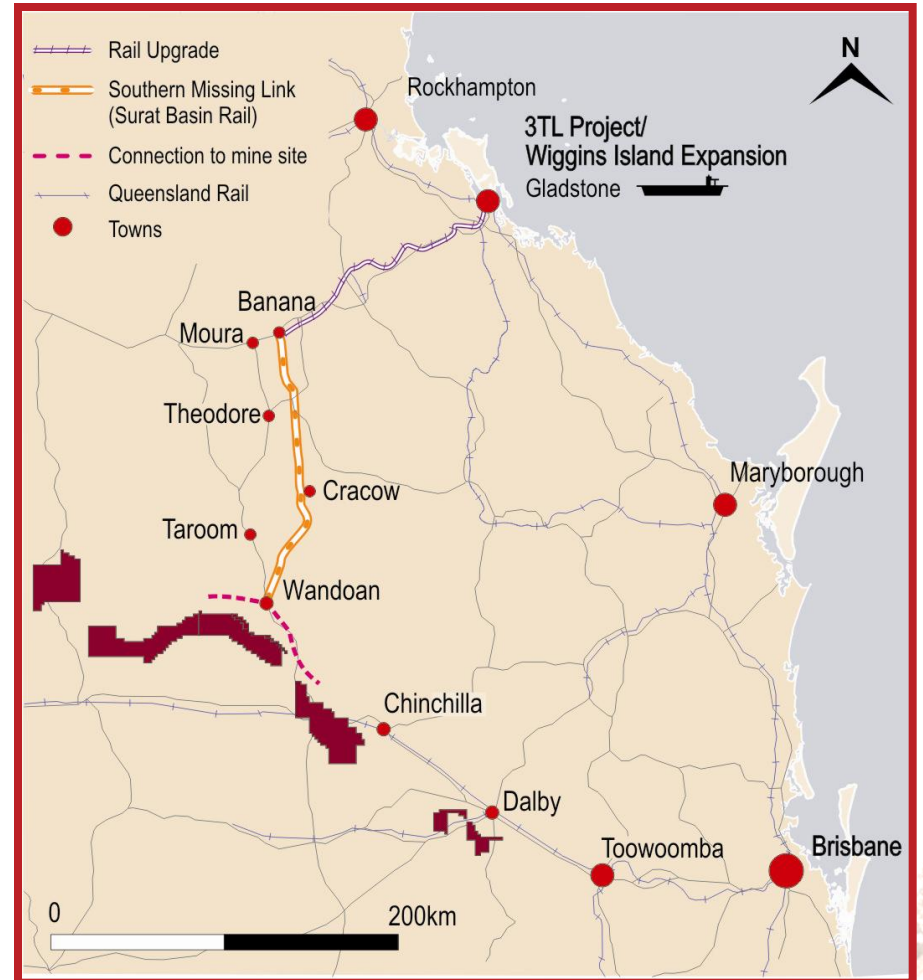
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Rail provided by the “Southern Missing Link” and upgrade of existing rail by QR National.

Surat Basin Rail construction start up now estimated at Q4 2013

SBR construction time line is not on Bundi or Columboola critical path (MTE would prefer early start)

SinoCoal represents the Columboola JV Central Surat Rail with ATEC and Cameby Downs.



# Path to Export Capacity



## Tenement to Terminal Ltd ([www.3tltd.com.au](http://www.3tltd.com.au))

- MTE holds 20% of 3TL and a priority allocation for up to 11.43 Mtpa.
- Completed a scoping level study.
- Yarwun Terminal declared a significant project
- Rail loop under contract with the QLD State Government .
- Currently reviewing funding options.

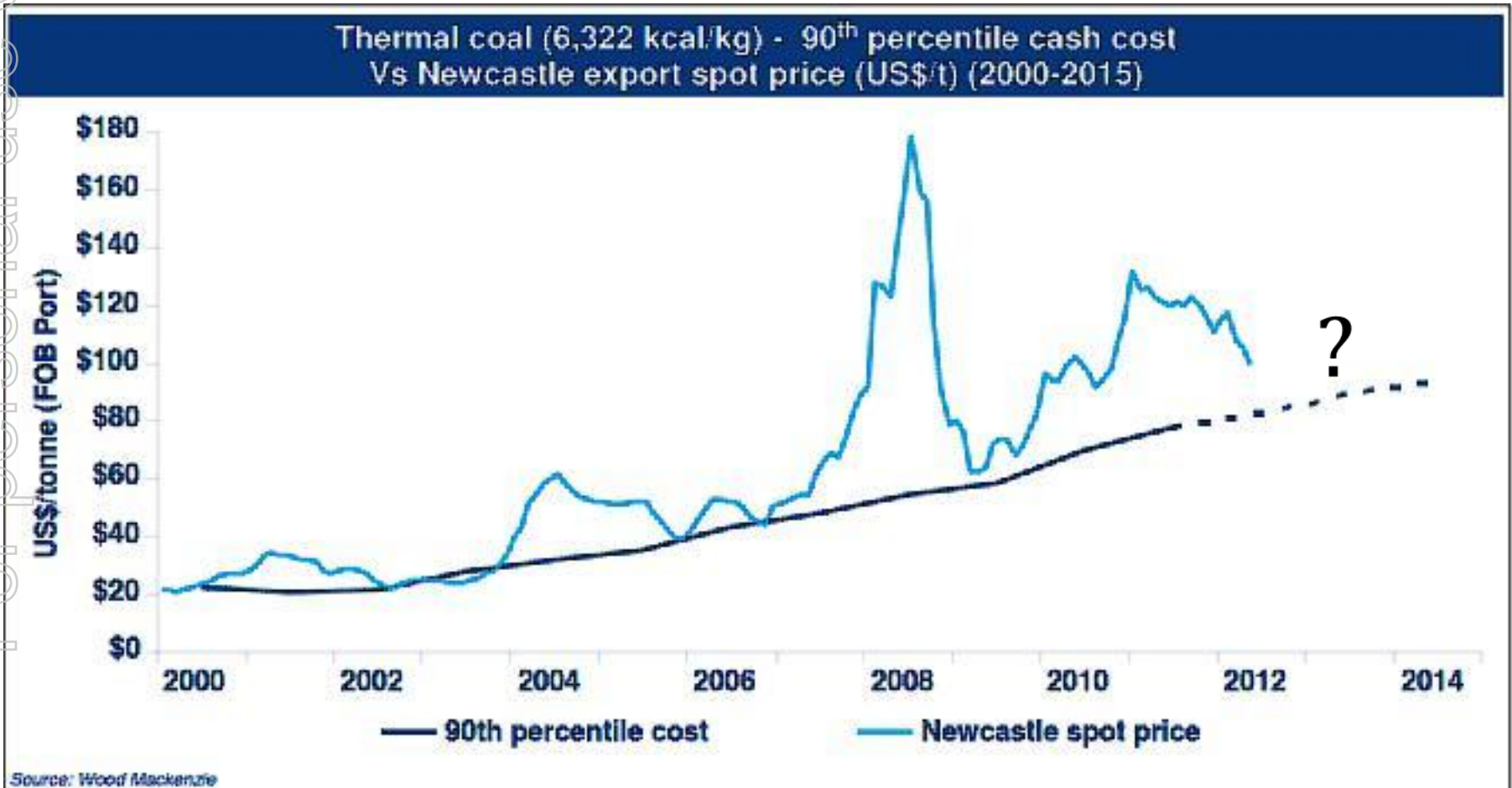


## Wiggins Island

- MetroCoal continues to participate in the Wiggins Island Stage 2 feasibility study
- Participation will be reviewed when WExp2 process finalised

# Coal Price History Forecast?

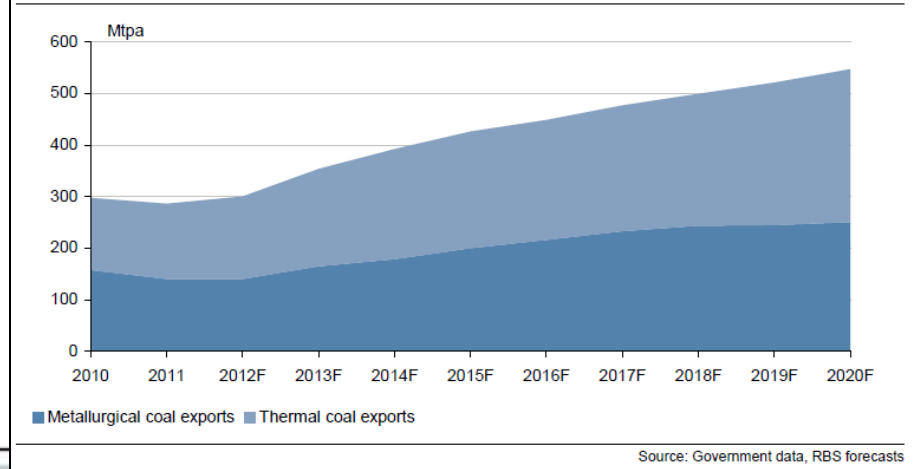
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# Market demand for thermal coal continues to grow

- Approx 250Mt new production required to meet the 2020 demand forecast.
- In addition, producing mines will close and that capacity must be replaced.

Chart 129 : Australian coal exports to reach 547Mt by 2020F



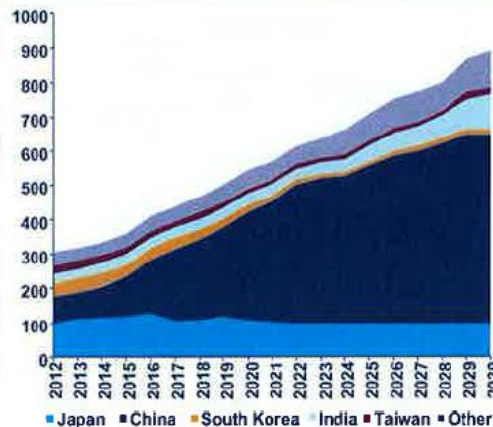
## China's Coal Consumption

Domestic shortfall exceeds 1 Bt by 2030

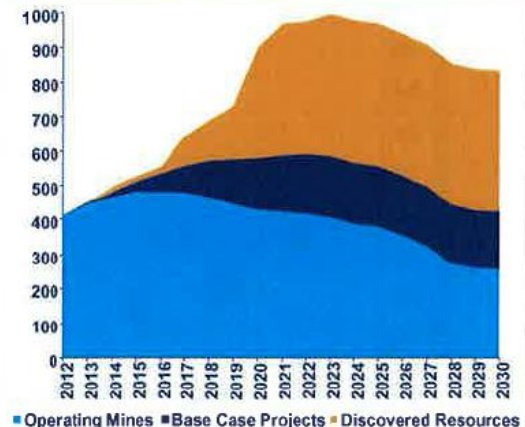


## China is the major demand driver for Australian production growth

Australia total coal exports 2012 – 2030 (Mt) By Destination



Australia marketable production 2012 – 2030 (Mt) By Mine Status



# MetroCoal in 2013

## MetroCoal moves from exploration into the next phase of development

- Goombi open cut priority to progress to mining lease
- Delineation of mining areas at Columboola and Bundi.

## Infrastructure for the Surat continues to develop

- SBR Final Investment Decision expected in 2013,
- Central Surat Basin JV established
- 3TL preliminary studies completed & further studies to commence 2013.

## Financing

- Cash on hand at end October \$12M
- We have sufficient funds to deliver our near term objectives without further capital raising.
- Continue to engage with potential JV partners in Bundi