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ASX ANNOUNCEMENT

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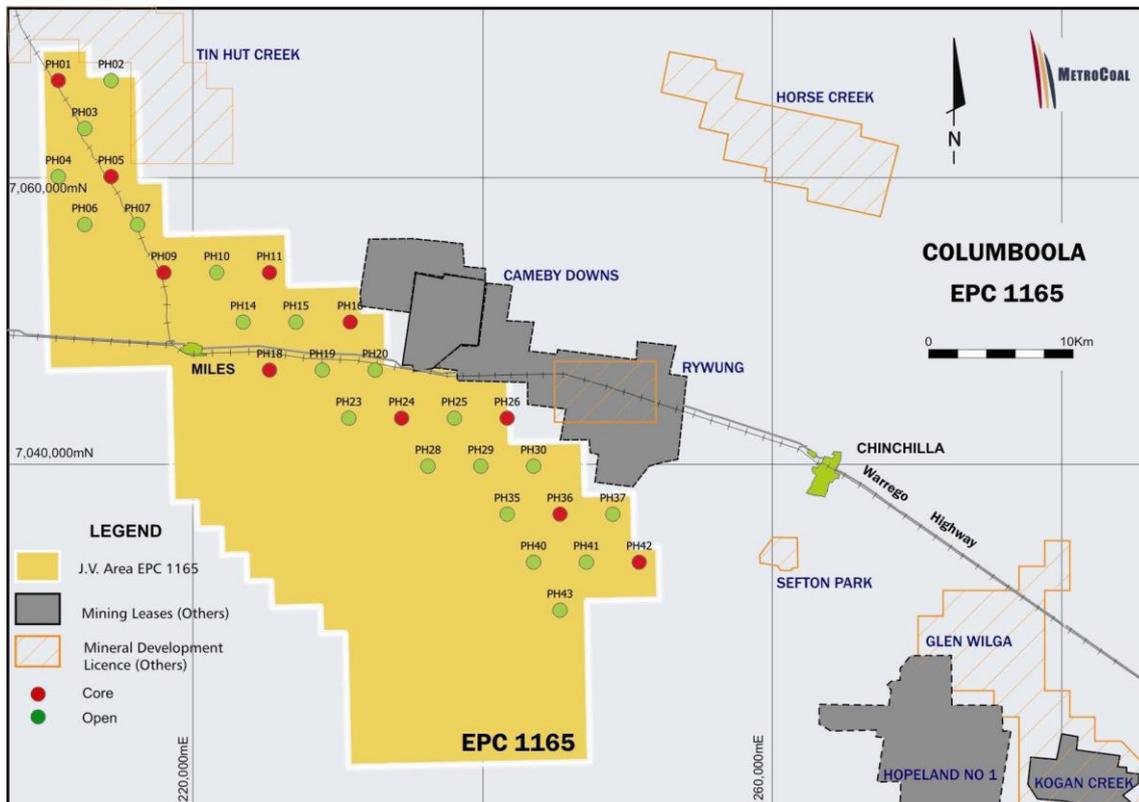
SINOCOAL JV FUNDS CONFIRMED TRANSFER OF 51% INTEREST UNDERWAY

MetroCoal Limited (ASX-MTE) is pleased to announce that its joint venture partner, SinoCoal Resources Pty Ltd (**SinoCoal**) has advised that funds of \$30 million are now in place and the transfer of 51% of EPC 1165, Columboola (see Figure below) is now underway.

SinoCoal Resources is the Australian subsidiary of China Coal Import & Export Company (**CCIEC**), a wholly owned subsidiary of China National Coal Group Corp (**China Coal**).

MetroCoal Chairman, David Barwick, Chief Executive Officer, Mike O'Brien and Chief Operating Officer, Theo Psaros attended the second JV Committee meeting at SinoCoal Resources' parent company office in Beijing on Friday, 3 December 2010.

Mr Barwick said "we are very pleased that funds are now in place and that drilling has begun on the Columboola coal project, near Miles in the central Surat Basin. From a MetroCoal perspective, we are very fortunate to have a partner of the calibre and quality of SinoCoal. We are very confident the JV will be a great success."



Columboola Coal Project - Proposed Drill Hole Program

Appointment of Columboola JV General Manager

MetroCoal is also pleased to announce that the Columboola JV Committee also approved the appointment of Mr Neil Mackenzie-Forbes as General Manager of the JV. Mr Mackenzie-Forbes has been MetroCoal's Exploration Manager to this time.

Mr O'Brien said "Neil will bring significant knowledge of the Surat Basin to the Columboola JV. In particular, he has fostered a very good relationship with SinoCoal team and the land owners whose properties are within EPC 1165."

The Columboola JV Committee also confirmed the appointment of Mr Jiangong Zhu of SinoCoal as Deputy General Manager.

Mr O'Brien said "now that we have the JV team in place and drilling is underway, we can look forward to undertaking the initial 30 hole program recently announced."

About the CCIEC Joint Venture

Under the terms of the JVA, CCIEC acquires a 51% interest in MetroCoal's EPC 1165 Columboola in the Surat Basin, Queensland (see Figure on page 1) for an agreed expenditure commitment of AUD\$30 million on EPC 1165. The funds will be used for exploring and evaluating the potential for future commercialisation options within the Columboola tenement and also opens up the opportunity for participation in MetroCoal's other tenements. The Columboola JVA requires a minimum expenditure of \$4 million within the first two years of the agreement.

For further information, please contact:

Mr Mike O'Brien
Chief Executive Officer

Mr Theo Psaros
Chief Operating Officer and Company Secretary

Phone: +61 (7) 3249 3040

Fax: +61 (7) 3249 3041

Email: admin@metrocoal.com.au

Postal Address: GPO Box 122, Brisbane QLD 4001

Further information on MetroCoal can be found on our website www.metrocoal.com.au

** 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.*

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.