



ACN 117 763 443

## ASX ANNOUNCEMENT

29 May 2013

### BUNDI PROJECT RECOMMENCES DRILLING PROGRAM

#### Highlights

- **Drilling recommences on MetroCoal's 100% owned Bundi thermal coal project**
- **The 2013 program will enable the Bundi Project to submit a Mining Lease Application (MLA) in late 2013 and an Environmental Impact Statement (EIS) in first half 2014**
- **Mine studies and surface design work will also be an important component of the program.**

MetroCoal Limited (**ASX: MTE**) is pleased to announce it has recommenced exploration and evaluation work on its 100% owned Bundi thermal coal project in the Surat Basin, Queensland (see map below).

This exploration program and associated technical studies will provide the information and data necessary to complete the mine design and (EIS) and will form the basis for MTE's MLA.

Despite the challenging market conditions, MTE believes this focussed exploration program will add value to the Bundi Project and the program will be accommodated comfortably within MTE's cash reserves, leaving a cash balance at year end in excess of \$7M.

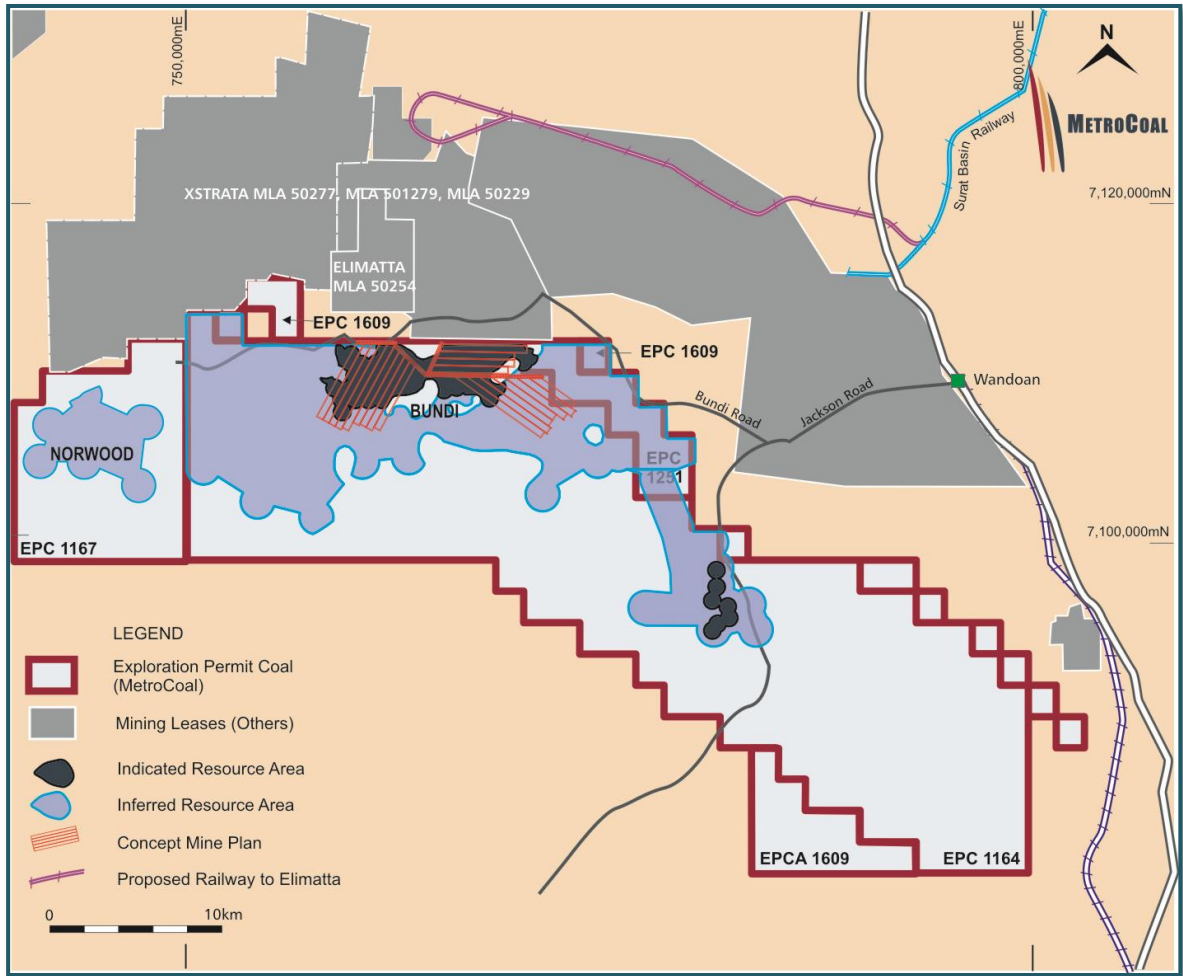
Coal market commentators continue to forecast strong growth in coal demand driven in particular by India and China. This strong growth should provide the platform for a price recovery and progressing our projects will allow MetroCoal to take advantage of the upturn.

Discussions are continuing with potential Joint Venture partners in China and India on the Bundi Project and this program of work is expected to increase knowledge and confidence of key attributes of the underground project.

The program consists of ten (10) bore holes within the Bundi Project's resource target area collecting geological, coal quality, gas and geotechnical data and two (2) monitoring bores for groundwater sampling and monitoring. (see Appendix 1 on page 4)

The Mining Lease Application is planned to be lodged in late 2013 followed by the Project EIS in the first half 2014.

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### 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.

It is planned that the seams will be mined underground utilising a modern high productivity longwall mining system. This should produce approximately 5 Million tonnes per year of medium ash, low sulphur thermal coal suitable for steam raising in thermal power plants. Subject to funding, underground development is expected to commence in 2016 with longwall production following in 2018.

The total resource for the Bundi and Juandah Project areas is now as follows:

Indicated	270.7Mt
Inferred	<u>1,539.8 Mt</u>
Total	<u>1,810.5Mt</u>

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## MetroCoal Underground Resources

Project	MTE Ownership	Resources (Mt)			Reserves (Mt)
		Indicated	Inferred	Total	
Columboola	49%	94.7	1,618	1,712.7	
Goombi	49%	4.9	13.8	18.7	26.2
Bundi	100%	246.3	1,315.8	1,562.1	
Dalby West	100%		520	520	
Juandah	100%	24.4	224	248.4	
Norwood	100%		156	156	
<b>TOTAL</b>		<b>370.3</b>	<b>3,847.6</b>	<b>4,217.9</b>	<b>26.2</b>

*Refer:-*

*MTE ASX Announcement 19 July 2012 – Bundi Resource Upgrade and Project Update*

*MTE ASX Announcement 9 December 2011 – Dalby West Project – Maiden Inferred Resource of 520Mt*

*MTE ASX Announcement 6 September 2012 – Maiden Indicated Resource for Columboola JV plus 26% increase in Inferred Resource*

*MTE ASX Announcement 19 December 2012 – Goombi Maiden Reserve Announced*

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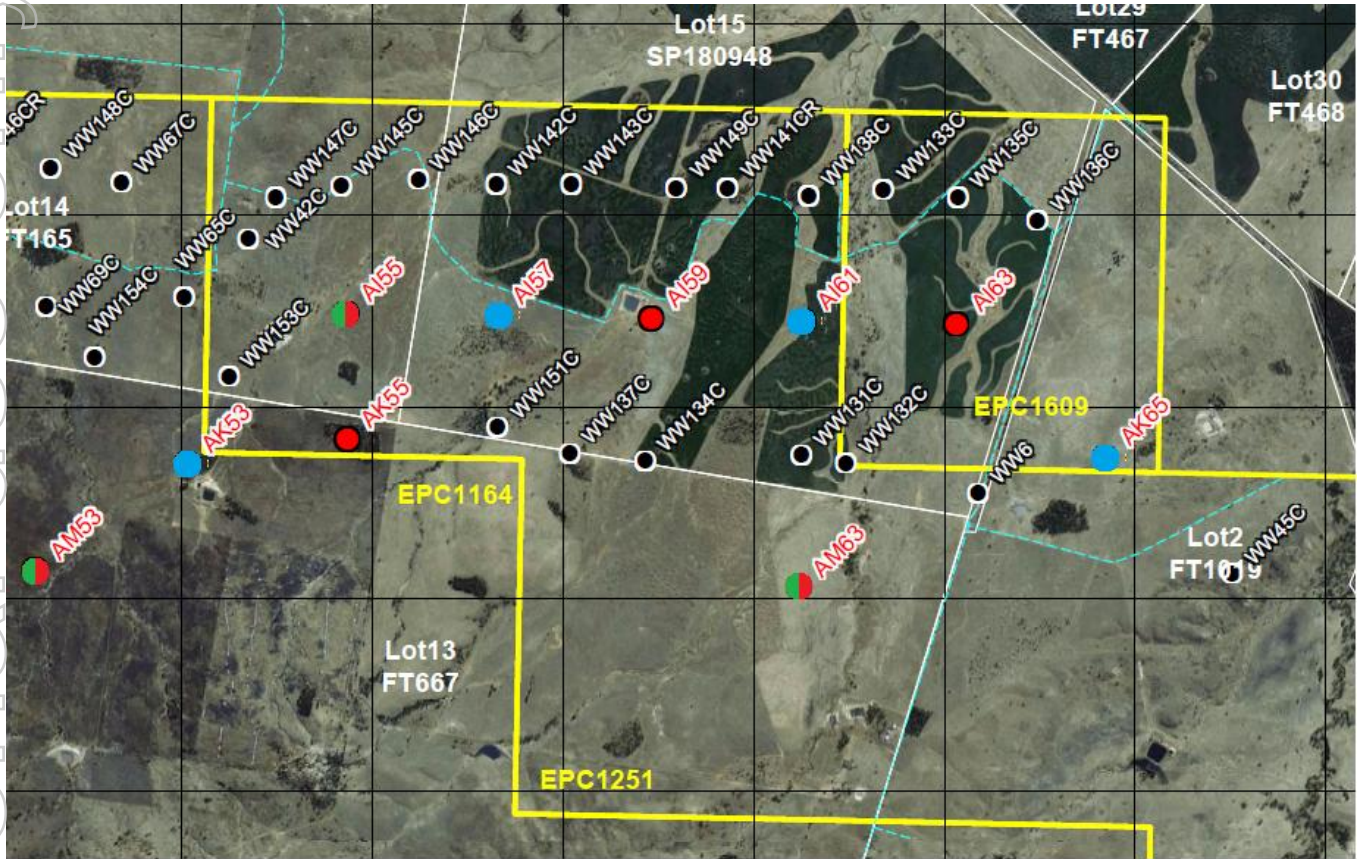
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Further information on MetroCoal can be found on our website [www.metrocoal.com.au](http://www.metrocoal.com.au)

**Competent Person Statement**

*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.*

Appendix1 – Location of 10 bore holes within Bundi Project



- Groundwater & Geotechnical
- Gas Desorption
- Geotechnical

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