



# LIBERTY RESOURCES

Cleaner • Greener • Safer

ASX Announcement

26 July 2009

## Carbon Energy HOA - Galilee 1 - 40 PJ pa Pilot Plant(s)

Price

\$0.083

### SHARE INFORMATION

ASX Share Price (LBY):	\$0.083
Option Prices (LBYO):	\$0.001
Issued Shares:	104.1m
Issued Options:	34.7m
Market Cap:	\$8.6m

Liberty Resources Limited ('Liberty') is pleased to announce that it has entered into a Heads of Agreement with Carbon Energy Limited (ASX: CNX) ('Carbon Energy') for the development of multiple Underground Coal Gasification (UCG) Projects in the Galilee Basin. The initial joint venture will develop Liberty's Exploration Permits for Coal (EPCs) 1340 and 1326 and MDLA 408 with the option for further joint ventures on 5 of Liberty's other Galilee coal tenements.

### *Liberty and Carbon Energy - conceptual staged scale up from 1 to 40PJ pa from each Pilot...*

Subject to regulatory approval, the joint venture will develop and construct 40PJ per annum Pilots. Liberty and Carbon Energy envisage that each facility will subsequently be progressively

expanded to produce gas and electricity. Liberty's 338 million ton inferred coal resource, the subject of the initial joint venture, alone represents considerable value, assuming that 55% of the coal is recoverable at a rate of 20GJ per ton and potential syngas wellhead prices of \$3.00 per GJ.

The initial joint venture interests will be Liberty 20% and Carbon Energy 80%. Liberty will retain a 20% free carried interest in the joint venture during this phase until production of 1PJ per annum equivalent is achieved. Following initial production, Liberty will contribute its pro-rata share for future development of the Project or be diluted according to an agreed formula.

The same joint venture structure can be applied to Liberty's other prescribed Galilee coal tenements although Liberty will no longer have a free carried interest and will have to contribute in accordance with its interest in these additional joint ventures.

The joint venture represents an exciting opportunity for Liberty to further develop its UCG interests with Carbon Energy who are the world leaders in UCG syngas production. This industry will create jobs, particularly in remote communities, provide new economic growth for Australia and supply the country Australia with substantial, clean affordable energy.

#### Directors

Andrew Haythorpe  
Managing Director

Alan Phillips  
Chairman

Michael Fry  
Non-executive Director

James Becke  
Non-executive

The development of the JV project will be subject to additional technical and market feasibility studies together with the appropriate Government approvals, having regard for the Queensland Government's UCG Policy and the interests of overlapping coal seam gas tenement holders.

## LIBERTY RESOURCES (LBY)

Liberty is working towards supplying affordable gas and power, and at the same time offering a unique opportunity to reduce Australia's level of CO<sub>2</sub> emissions.

Liberty has extensive tenements including those with coal at depths greater than 700m below the surface. Gasification (steaming) of deep coal seams create deep chambers suitable for storing CO<sub>2</sub>. At depth CO<sub>2</sub> becomes a liquid - held securely by the Earth's pressure.

To create these chambers, Liberty intends to gasify the deep coal. Gasification (steaming) of coal can only successfully take place in a secure, geologically sealed chamber. The Syngas is

*Deep coal can be converted into clean energy and new jobs*

composed predominately of Methane, Ethane, Hydrogen and CO<sub>2</sub> gases that can be used to generate low cost power and electricity with virtually no CO<sub>2</sub> emissions.

The CO<sub>2</sub> from the Syngas and electricity generation can be captured and returned safely into the deep, underground chambers.

## CARBON ENERGY (CNX)

Carbon Energy's purpose is to produce clean energy and chemicals feedstock from Underground Coal Gasification (UCG) syngas.

Carbon Energy's unique approach to UCG and syngas provides a low cost option for capturing CO<sub>2</sub>, making it a leader in clean coal technology.

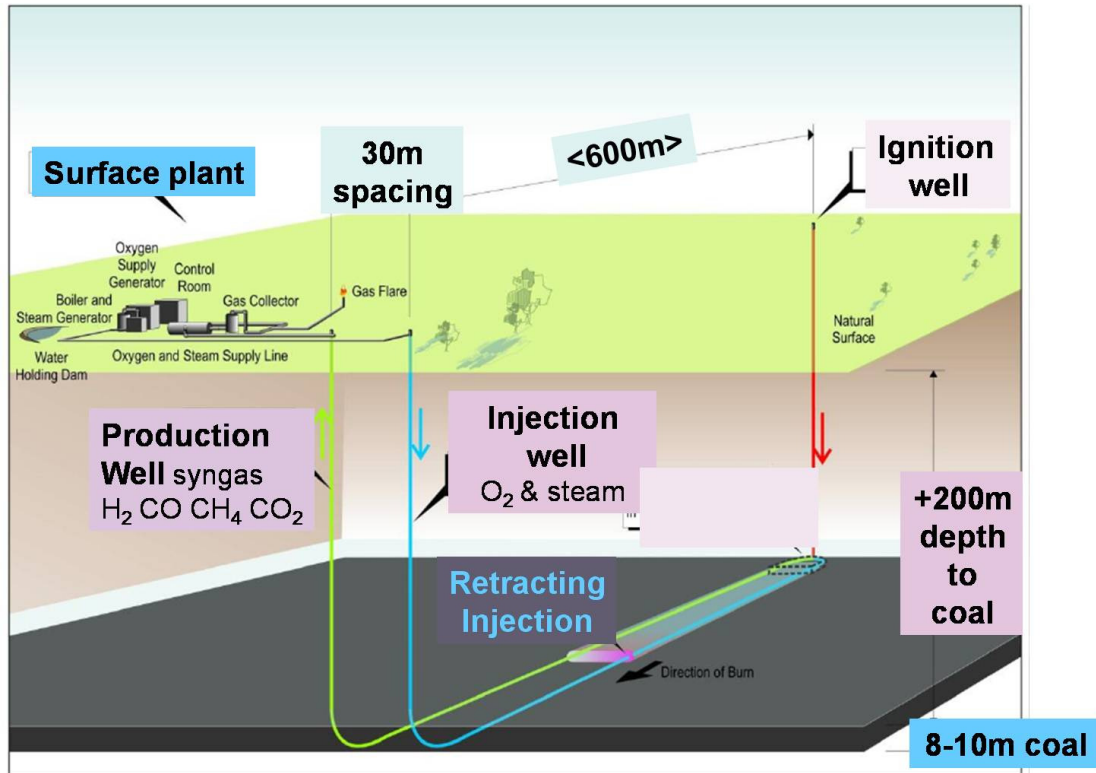
Carbon Energy's goal is for syngas to become the preferred feedstock for producing clean coal power stations, an alternative to oil-based fuel, agribusiness products (fertilisers and explosives), polyolefin products (such as plastics) and allowing for economic carbon capture.

Carbon Energy's technological advantage comes from its association with CSIRO including world class geotechnical, hydrological and gasification modelling capabilities.

## ABOUT UNDERGROUND COAL GASIFICATION

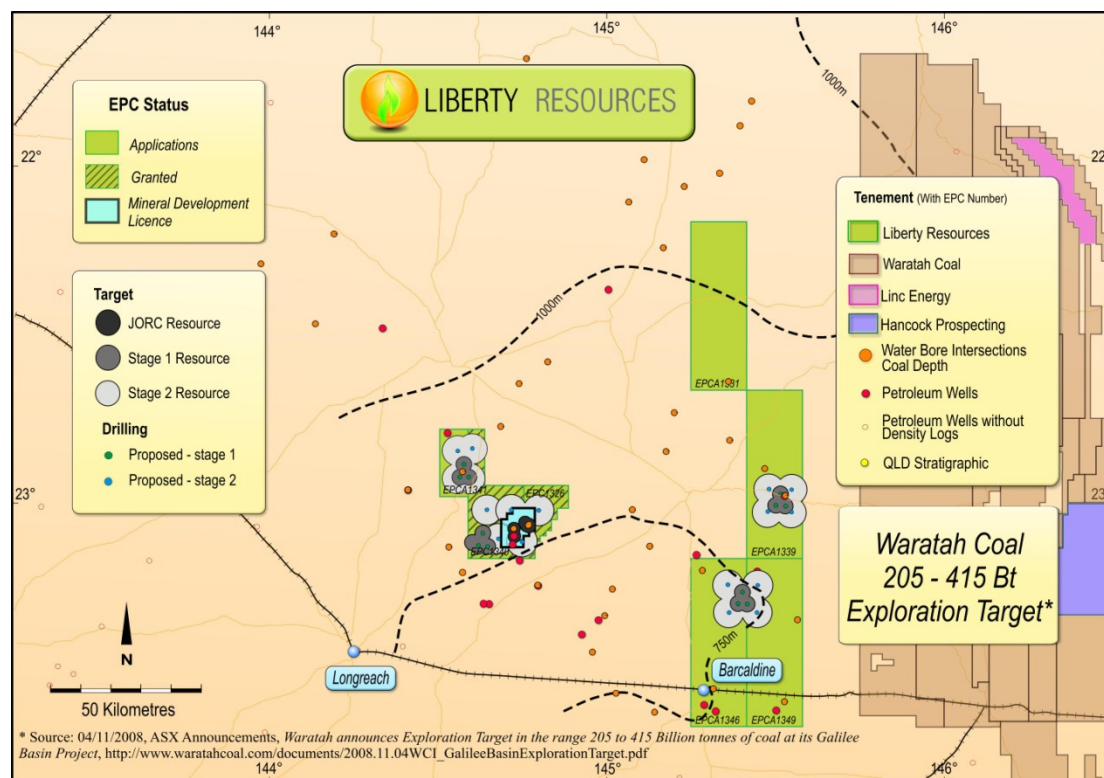
Underground Coal Gasification heats the coal underground and converts it into synthetic gas (syngas), which is then brought to the surface where it can be used to generate electricity or be converted to liquid form to produce a variety of fuels.

This is achieved by injecting oxidising gases, such as oxygen, steam or air down a borehole into a gasification chamber in the coal. The coal converts into gas, and the UCG syngas is extracted through another borehole. The gas is cleaned on the surface and processed for its specific use at that site.



## ABOUT GALILEE ASSETS

The initial joint venture under the heads of agreement covers 717.5km<sup>2</sup> of ground in the Galilee Basin on two tenements, EPC 1340 and 1326. Overlying these tenements is a Mineral Development License Application (MDLA 408). These areas contain an Inferred Resource of 338Mt of thermal coal (as announced in December 2008). 2D seismic indicates the coal continues along strike, however thickness is unknown.



Subject to regulatory approval, under the Heads of Agreement, Carbon Energy may enter into further joint ventures with Liberty for the development of UCG production facilities producing 40PJ per annum of syngas from areas within Liberty's other nominated Galilee coal tenements EPCA's 1341, 1346, 1349, 1339 and 1331.

Yours faithfully

Andrew Haythorpe  
Managing Director

## Competent Person Statement

The information in this statement that relates to in situ coal resources is based on information compiled by GeoConsult 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 Geol, Grad Dip AF&I, MAusIMM (CP), MGSA, MAIG), and a Principal Consultant for GeoConsult Pty. Ltd. and has over 17 years 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 Australia Code for Reporting of Coal Resources. Warwick Smyth

consents in writing to the inclusion in the statement of the matters based on his information in the form and context in which it appears