



LIBERTY RESOURCES

Cleaner • Greener • Safer

ASX Announcement

Date 19<sup>th</sup> July 2010

## Favourable Turnaround From Departmental Tests – Kingaroy UCG Pilot

### SHARE INFORMATION

ASX Share Price (LBV):	\$0.047
Issued Shares:	138.5m
Market Cap:	6.5m
Current Cash:	\$1.3m
Debt	\$0m

Following widespread negative press coverage surrounding water bore test results at Cougar Energy's Kingaroy Underground Coal Gassification Plant, the Department of Environment and Resource Management (DERM) Director General John Bradley (Queensland) has advised the following:

"In all cases these (results) are below the Australian Drinking Water Guideline standards.

The maximum level of benzenes detected was 0.7 parts per billion (ppb) compared to an Australian Drinking Water Guideline standard of 1.0 ppb and this was only detected at the Cougar Energy plant site itself.

Although it is difficult to compare exposures from drinking water to those in air, by comparison, this is less than 10% of the benzene level in the air of a city street and up to six hundred times less than the air at a suburban petrol station.

The maximum level of toluene detected was 4.3 parts per billion at the Cougar plant itself compared to an Australian Drinking Water Guideline standard of 800 parts per billion. Toluene test results at neighbouring bores were at the limit of detection.

Aside from the Cougar site results, the highest reading from any landholder bores to date has been 3 parts per billion for toluene on 16 June which is over 200 times below the Australian Drinking Water Guideline standard.

Queensland Health has advised that at these levels in the groundwater no adverse health effects would be expected.

These are welcome results and we look forward to assessing the remaining bore samples as soon as possible."

### Directors

Andrew Haythorpe  
Managing Director

Michael Fry  
Non-executive Director

James Becke  
Non-executive Director

Liberty's development plans are not impacted by the recent news from Cougar Energy.

Liberty's projects are distinct from the Pilot Plant of Cougar Energy because of depth and distance from communities. There is great safety afforded by operating at deeper levels – well below the reach of other human activities. Our recent news regarding the Denison Project is based on coal at depths of approximately 1200m, well below the reach of ground water draw and in certain areas, even below coal seam gas operations. Development at depth may cost a little more, however the benefits more than offset the costs in our view.

The UCG Partnership, based in London, included the following statement in its recent release;

“The Government says the low levels of benzene and toluene do not pose a health risk, and were looking at levels that were below Australian drinking water guidelines.

Cougar Energy has released an announcement refuting the claims and has identified discrepancies in laboratory reporting from tests on the Kingaroy monitoring wells as the cause.”

Mr Roche of the Queensland Resources Council is quoted as saying;

“Common to many industries, pilot programs are the means by which potential problems are identified and addressed before consideration of full-scale commercial development.

The environmental issues identified by the companies and subsequent response by the state government confirm the value of the process, particularly the involvement of an independent scientific expert panel.

Underground coal gasification is an exciting new energy technology prospect to deliver a range of high-value fuel and chemical products from coal, but as members of the Queensland Resources Council, all three trial proponents are acutely aware that their social licence to operate is a top priority.”

The company is not currently proposing to operate a Pilot Plant in Queensland, other than in previously announced joint ventures which are yet to be approved by the Queensland Government, but rather, is focused on developing extensive models of large scale Projects incorporating best practice protocols.

For and on behalf of the Board

Andrew Haythorpe  
Managing Director