



**ENDOCOAL
LIMITED**

ACN 132 183 281

ASX CODE: EOC

**SECURITIES
INFORMATION**

Ordinary Fully Paid
Shares: 118.6m

Unlisted Options:
16.9m

Converting
Preference Shares:
7.0m

**DIRECTORS &
MANAGEMENT**

Alan Broome AM
Non-Executive
Chairman

Tim Hedley
Chief Executive
Officer

Rod Austin
Finance Director

Phillip McCarthy
Non-Executive
Director

Lex Hansen
Non-Executive
Director

Gavin Solomon
Non-Executive
Director

11 April 2011

ENDOCOAL LIMITED STRATEGY UPDATE

1. Highlights

Endocoal Limited (EOC: ASX) is pleased to announce its "Three Product" coal strategy and the appointment of additional technical expertise to its senior management team.

Following an internal Board review on the next steps in commercialising its tenement holdings, Endocoal announced a three product development strategy comprising:

- i. Developing the Orion Downs Thermal Coal project;
- ii. Confirming the Rockwood project's PCI Coal discovery; and
- iii. Exploring the Talwood-Pretoria Hill Coking Coal prospect.

To implement this strategy Endocoal has appointed Mr Tim Hedley, a mining engineer by background, as Chief Executive Officer to be based in Brisbane. Mr Hedley has over 30 years experience in coal mining, primarily with BHP in Newcastle, Illawarra and the Bowen Basin.

This appointment will allow Mr Rod Austin to move into the role of Finance Director and oversee the commercial activities of the Company including important assignments such as arranging project finance and negotiating with potential offtake and joint venture parties.

Alan Broome, Endocoal's Chairman said:

"This Three Product strategy builds on the success of the Orion Downs Scoping Study, the announcement of further drilling at Rockwood, where the company has a 50-80 million tonnes exploration target, and the joint acquisition by Carabella Resources Limited (CLR: ASX) and Endocoal of the Pretoria Hill tenement."

"As one of the largest coal tenement holders in the Bowen basin with over 5,000km², Endocoal is well positioned to become a multi-mine and multiproduct company in the medium term"

"In order to aid the prospect of successfully developing coal mines in the near term Endocoal needed to broaden the skill base in its senior management team. The current progress of preparation of a Mining Lease application and the appointment of Tim Hedley assists in the objective of having a mine up and running at Orion Downs by 2013. "

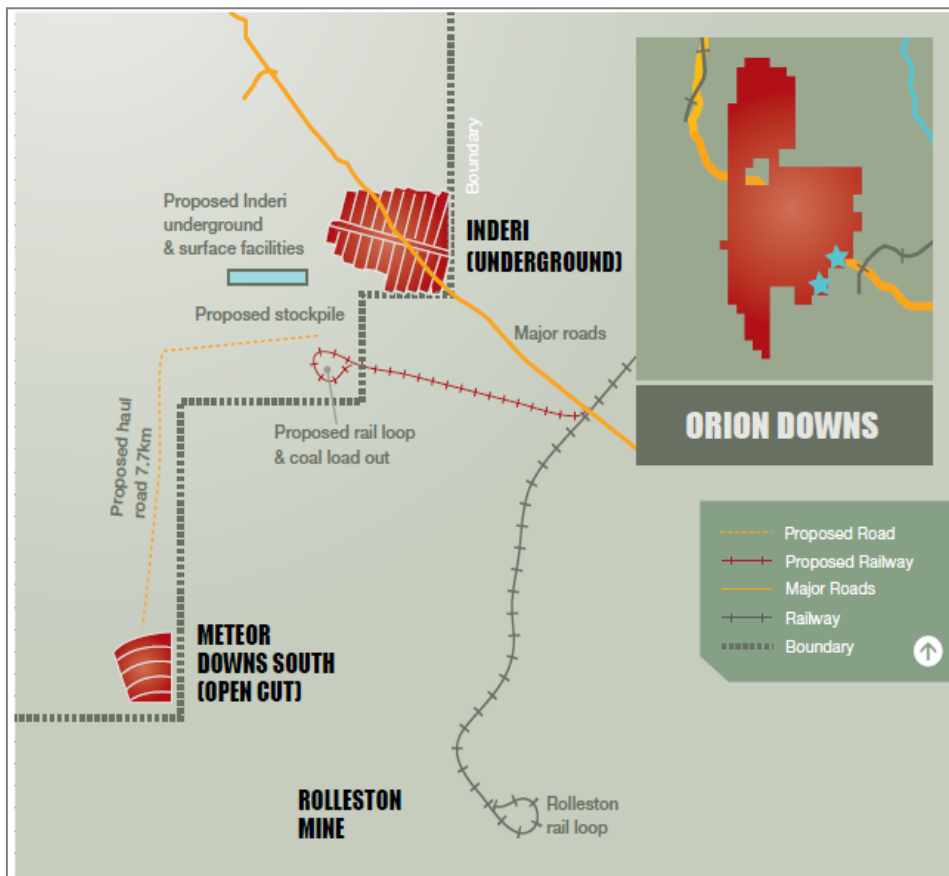
“By harnessing the different but complementary skills of Tim and Rod, the Endocoal Board is confident that the Three Product strategy can be successfully implemented”

2. Thermal Coal

Endocoal is targeting the development of thermal coal mines from its Inderi and Meteor Downs South projects. These projects are part of Endocoal’s Orion Downs tenement (EPC 1517).

Endocoal’s Orion Downs Scoping Study included the following highlights:

- Meteor Downs South anticipated to be an open-cut, free-dig operation, and Inderi to be an underground, Board-and-Pillar operation;
- Aggregate production scenario for both Projects anticipated to be between 2.5 and 3.0 million tonnes per annum;
- Aggregate capital requirement for both Projects estimated at approximately \$100 million
- Average forecast Run-Of-Mine (ROM) production operating cost per tonne for Meteor Downs and Inderi are estimated at \$27 and \$54 respectively
- Most suitable transport corridor identified as the QR National-controlled Rolleston to Blackwater Rail Line and hence to the Port of Gladstone, via a new spur loop shared by the Inderi and Meteor Downs South projects
- Endocoal Board has approved the commencement of Prefeasibility studies for the Projects, targeting completion by the end of May 2011 (the “PFS”)



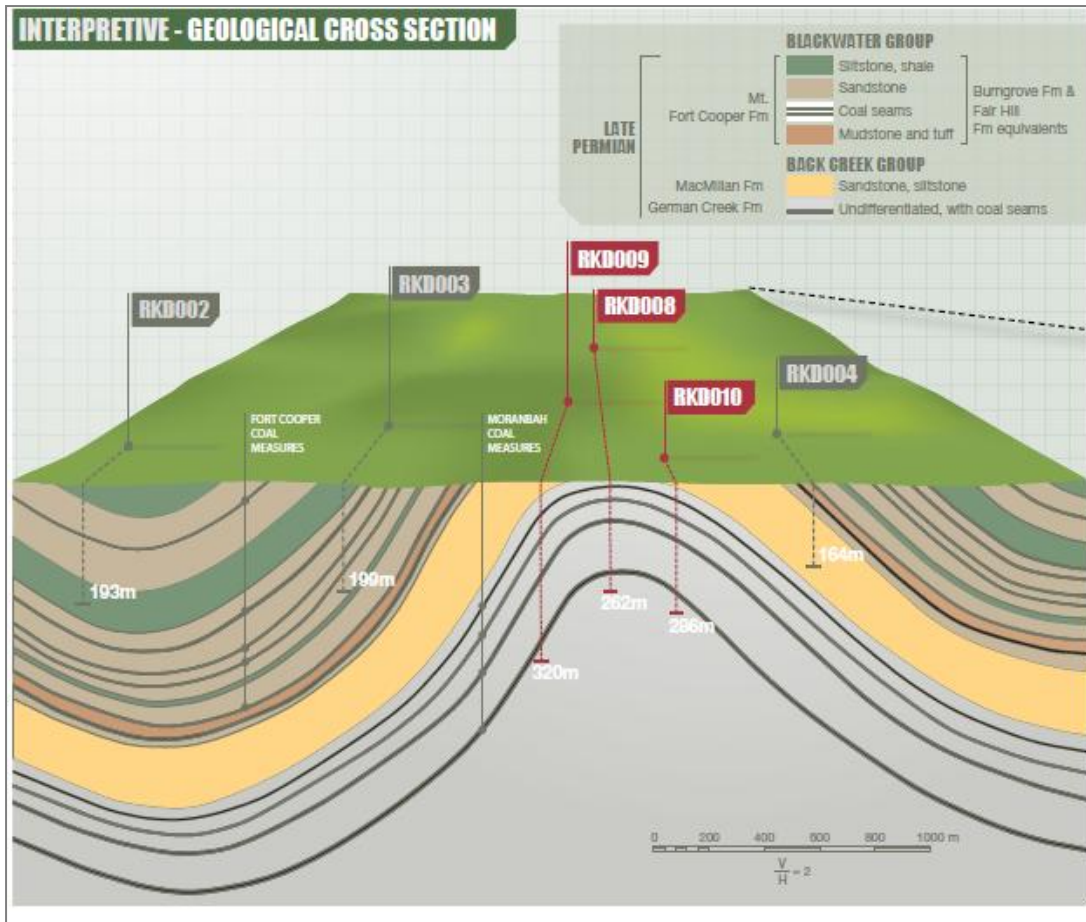
By 30 April 2011 Endocoal anticipates lodging a Mining Lease Application for the Meteor Downs South project. Over the period to 30 September 2011, Endocoal is seeking to increase the JORC Resource at Inderi and Meteor Downs South with a target of >50 million tonnes. In addition, Endocoal is currently working on mine designs for both Inderi and Meteor Downs South. As part of this process, the company is seeking to finalise its infrastructure solution for the mines.

3. PCI Coal

Endocoal is seeking to delineate a JORC resource at its Rockwood PCI coal discovery. The Rockwood tenements (EPC 1514 and 2022) cover 88km² and are ~50km south east of Moranbah.

Endocoal’s drilling results at Rookwood have indicated a potential low volatile PCI product and apparent seam thicknesses of:

- 12.5 metres of coal from 54 metres to 262 metres depth (cumulative) RKD008;
- 21.3 metres of coal from 33 metres to 320 metres depth (cumulative) RKD009; and
- 26.5 metres of coal from 62 metres to 286 metres depth (cumulative) RKD010.





From the work undertaken to date, Endocoal has estimated an Exploration Target of 50-80 million tonnes of coal in the northern section of Rockwood. Over the period to 30 June 2011, a further 30 drill holes are planned at Rockwood. This will also include structural drilling to determine the extent of any dipping and the stratigraphy of the tenement and exploration in the Southern section

In addition to the drilling program, in the period to 30 September 2011 Endocoal proposes the following activities at Rockwood:

- Closer spaced ground gravity
- Additional mini SOSIE seismic
- Aerial magnetics

Endocoal's view is that there is potential for a significant PCI resource over the entire extent of the tenement area.

4. Coking coal

Based on both desktop studies and field observations, Endocoal is confident of the likelihood of discovering coking coal on the Talwood-Pretoria Hill prospects.

The Talwood tenement (EPC 1590) covers ~150km² and is 100% owned by Endocoal. The Pretoria Hill tenement (EPC 2135) covers ~410km² and is a 50:50 joint venture between Endocoal and Carabella Resources.

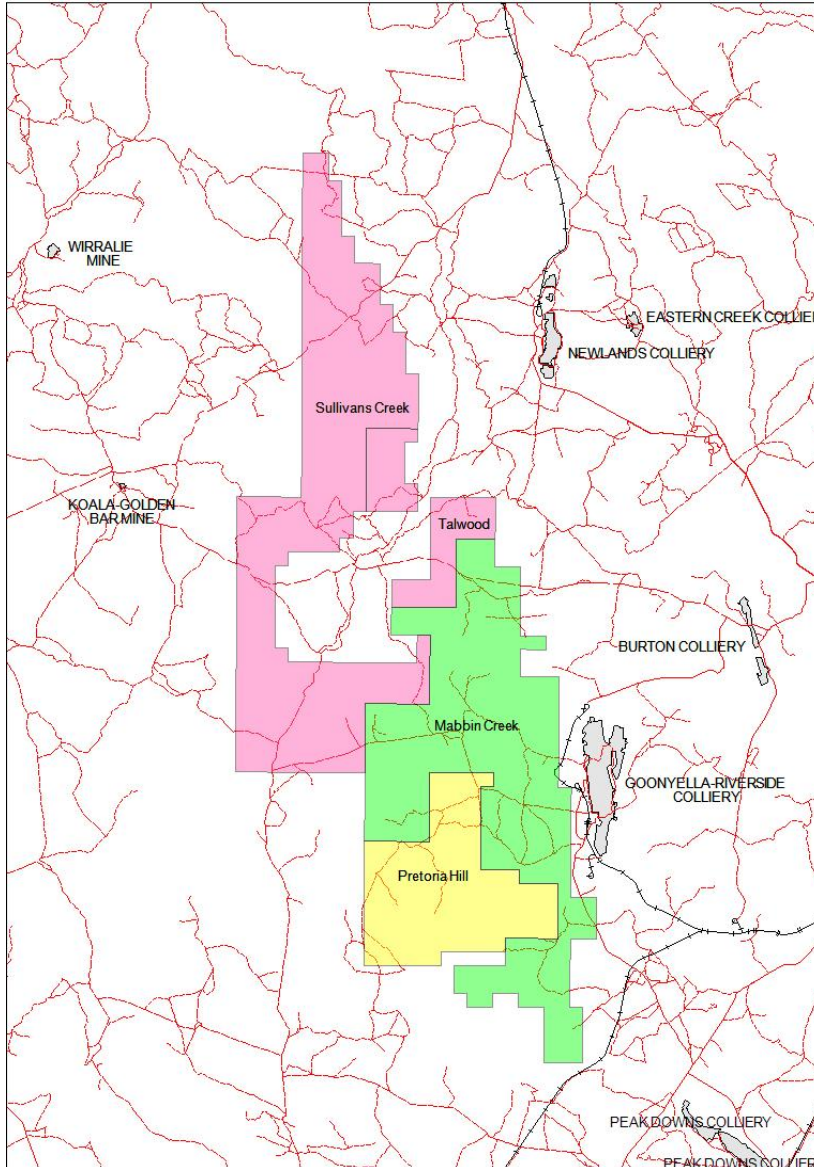
Endocoal's Sullivan Creek, Talwood and Pretoria Hill abut Carabella's highly prospective Mabbin Creek tenement. Carabella recently announced JORC coking coal Resource of 92 million tonnes at the Grosvenor West deposit in Mabbin Creek.

Carabella has also announced that there are potentially a further 8 exploration targets at Mabbin Creek outside the Grosvenor West deposit. Carabella's Exploration Target for the Mabbin Creek tenement is for a further 480-565Mt¹.

Endocoal believes that the Pretoria Hill tenement has the potential for an extension of the Grosvenor West coking coal measures.

¹ See Carabella Investor presentation lodged with ASX on 24 March 2011

ENDOCOAL AND CARABELLA TENEMENT AREAS ADJOINING PRETORIA HILL



5. Senior Management

Endocoal is encouraged by the prospectivity of its tenements. In order to be better able to commercialise the opportunities afforded to it, Endocoal has added Tim Hedley to its senior management team. Mr Hedley will be based in Brisbane and oversee the company's Queensland based staff.

Mr Hedley is a mining engineer by background. He has had over 30 years experience in coal mining. His roles have included:

- As a mine manager and general manager of various BHP mines in NSW and Queensland including the Gregory, Crinum, Blackwater, Moura and South Walker Creek mines in the Bowen basin; and
- as a Mine Operations Adviser to Tarong Energy on its coal mining operations.



In the later role Mr Hedley co-ordinated Tarong Energy's team for exploration, coal quality and structure modelling, assessment of coal properties, pit design, infrastructure, mine scheduling, and capital and operating cost modelling.

Mr Hedley said:

"This is a significant and exciting time for Endocoal. Rod and his team have put together an impressive tenement portfolio.

I am looking forward to working with the Board and management to move quickly upstream from being a successful coal explorer to becoming a mine operator.

Early initiation and successful implementation of a mine development program will add real value for shareholders."

The Board believes that Mr Hedley's skills will be invaluable to Endocoal as it seeks to implement its multi mine and multi product strategy. The additional technical management resources available to Endocoal will also allow Rod Austin to focus his efforts on both arranging project finance and securing offtake and joint venture arrangements for these prospective mines.



Competent Person's Statement:

In accordance with the Australian Securities Exchange requirements, the technical information contained in today's announcement titled "*Endocoal Strategic Update*" has been reviewed by Darren Walker, B.Sc. (Hons) in Geology employed by Endocoal Limited. Mr Walker is a member of the Australian Institute of Geoscientists and the Australasian Institute of Mining and Metallurgy and 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, Minerals Resources and Ore reserves*". Mr Walker consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

About Endocoal:

Endocoal is an Australian public company focused on the exploration and development of coal tenements in the Bowen Basin, Queensland's premier coal producing region. The Company is currently proceeding to develop export-quality thermal coal mines at its flagship Orion Downs tenement, positioned close to existing infrastructure networks, and deliver coal to export markets. Endocoal also has an additional nine tenements in the Bowen Basin region which will be subject to further drilling and exploration, with a priority to the Rockwood tenement, which is prospective for PCI coal.

For further information please contact:

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