

>500% RESOURCE UPGRADE AT ROCKWOOD

1. Highlights

- ✓ **Rockwood JORC Resource increased to 312.5Mt;**
 – **44.5Mt Indicated, with 268.0Mt Inferred**
- ✓ **Seismic, aeromagnetic and ground gravity surveys confirm structures;**
- ✓ **Total Endocoal JORC Resource, including Orion Downs, now 348.5Mt; with**
- ✓ **Rockwood coal quality testing and value-in-use assessments due shortly.**

2. Rockwood

Endocoal Limited (ASX:EOC) announces an upgrade to 312.5Mt for JORC Resource at Rockwood (EPC1514). This represents a 505% increase on the Initial 51.6Mt JORC Resource announced on 1 August 2011.

Rockwood is located north-east of the town of Dysart and lies adjacent to and east of the Fitzroy Development Road. The western boundary of EPC1514 adjoins tenements containing Macarthur Coal's Codrilla and Wilunga mine project areas.

Endocoal has carried out an intensive, focussed exploration program at Rockwood since April/May 2011. Drilling has extended to ~300m depth, with more than 20 separate coal intersections, ranging in thickness from 0.3m to 2.8m. Endocoal believes that Rockwood is prospective for low volatile PCI coal.

Three drill rigs were committed, with a fourth added in September 2011 as Orion Downs drilling was scaled back. This drilling program has significantly expanded the exploration footprint south and east of the original northern Rockwood project area. Infill drilling increased the number of points of observation and enabled considerably more coal to now be included in the JORC Resource as tabled. The attached plan shows drill-hole locations and outlines the JORC-status areas.

Other exploration techniques utilised included a 20 line-km seismic survey, as well as aeromagnetic and close-spaced ground gravity surveys. These have assisted in confirming continuity of the geological structures being drilled and have also identified similar and likely repeating structures elsewhere across the Rockwood tenement. Further exploration work will be undertaken during 2012 aiming to expand the size of the Rockwood resource.

As advised on 28 September 2011, Endocoal is currently seeking to confirm coal quality parameters and identify best value-in-use applications for Rockwood coal. It is anticipated that the results of coal quality tests and potential end-user assessments will be able to be reported to investors in mid-November 2011.

Endocoal believes that the outcomes from recent drilling, coal quality and value-in-use evaluations will support commencement of conceptual mine planning activities for the Rockwood resource. It is expected this high carbon, high rank, low volatile anthracite coal will find a ready place in the PCI coal export markets.

3. Total Endocoal Resource

The increase in Rockwood's resource lifts Endocoal's overall JORC Resources to 348.5Mt, as shown below.

Tenement	JORC-Measured	JORC-Indicated	JORC-Inferred	TOTAL (Mt)
Orion Downs (EPC 1517)	16.8	10.8	8.4	36.0
Rockwood (EPC 1514)	0	44.5	268.0	312.5
TOTAL (Mt)	16.8	55.3	276.4	348.5

4. Commentary

Commenting on the Rockwood resource upgrade, Endocoal's Chief Executive Officer, Tim Hedley said:

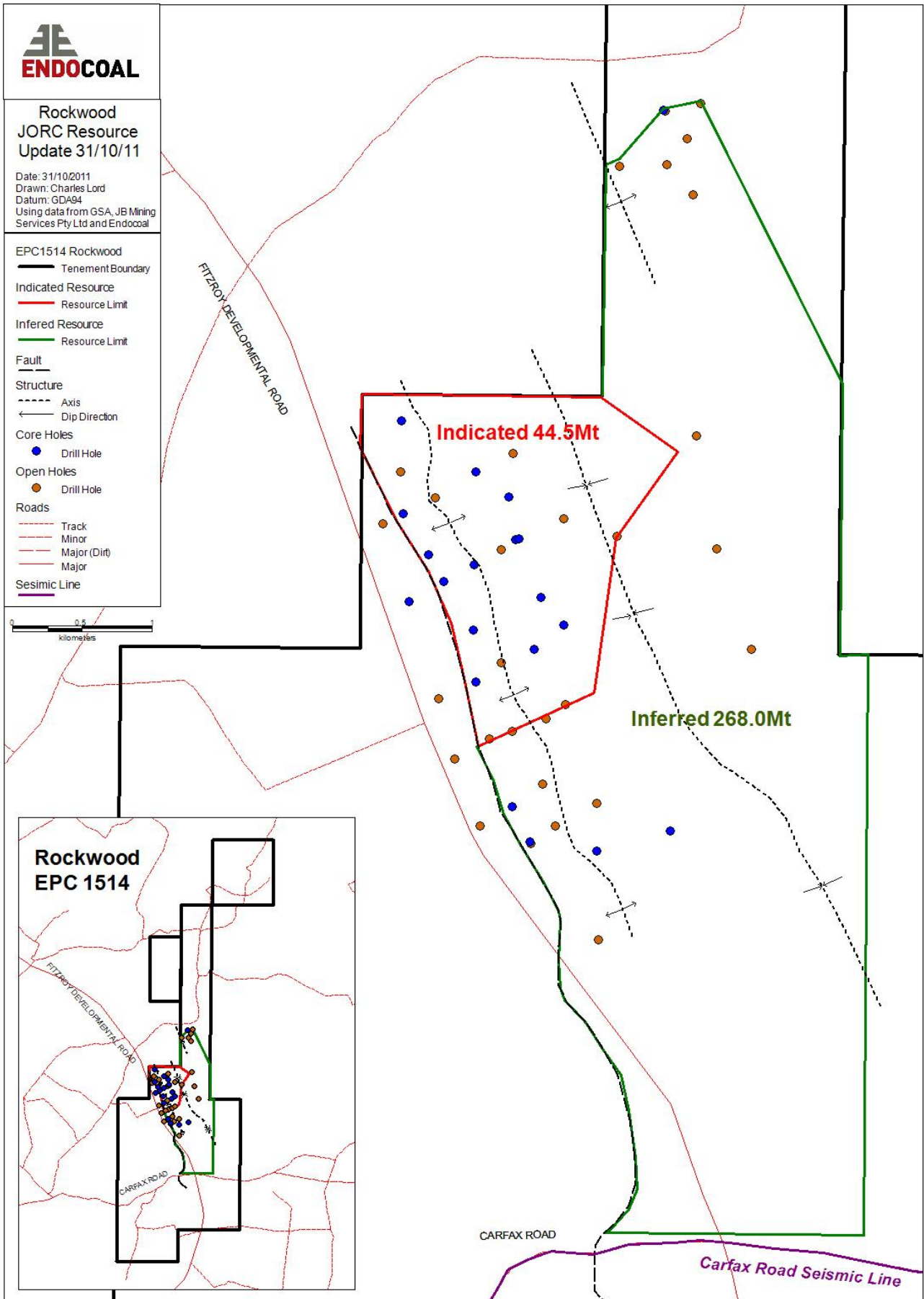
"This major increase in resources reinforces the likelihood Rockwood will become a company maker.

The recent drilling and coal analysis, along with results from seismic, aeromagnetic and ground gravity surveys suggest Endocoal has discovered a new coal province on the eastern side of the Bowen Basin.

The Moranbah Coal Measures have been intersected at Rockwood. Multiple coal seams are presenting, with some at relatively shallow depths.

We are excited about the prospects the Rockwood deposit presents to Endocoal as a potential mine development, and hence the opportunities for building shareholder value."

For further information please contact: Tim Hedley, Chief Executive Officer Tel: +61 417 771 198



Competent Person's Statement:

In accordance with the Australian Securities Exchange requirements, the technical information contained in today's announcement titled ">500% Resource Upgrade at Rockwood" 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.

Competent Person's Statement:

In accordance with the Australian Securities Exchange requirements, the technical information relating to the Rockwood JORC contained in today's announcement titled ">500% Resource Upgrade at Rockwood" has been reviewed by Phill Sides, B.App.Sc. (Geology), employed by JB Mining Services. Mr Sides is a member of the Australian Institute of Geoscientists 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 Sides consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

Competent Person's Statement:

In accordance with the Australian Securities Exchange requirements, the technical information relating to JORC Resources at the Orion Downs contained in the 1 August 2011 announcement titled "Endocoal Upgrades JORC Resources" has been estimated and reviewed by Jon Barber, B.Eng. (Hons) in Mining Engineering who is a full time employee of Jon Barber Consulting. Mr Barber is a member of 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 Barber consents to 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 an export-quality thermal coal mine at its flagship Orion Downs tenement, positioned close to existing infrastructure networks and will deliver coal to export markets. Endocoal has several other tenements within the Bowen Basin region. These will be subject to future drilling and exploration, with near-term priority for the Rockwood tenement prospective for PCI coal; and the Talwood/Pretoria Hill tenements that are prospective for Coking coal.

Endocoal Limited

ACN 132 183 281

ASX CODE: Endocoal

Securities Information

Ordinary Fully Paid Shares: 156.9m

Unlisted Options: 19.9m

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

Fred Yu

Non-Executive Director