

## ORION DOWNS – UPDATE

15 October 2012

### 1. Highlights

- ✓ Orion Downs (EPC1517) tenement has been renewed for a further 5 year period.
- ✓ Fieldwork commencing at recently granted Overlander (EPC2025) and Mt Inglis (EPC2253) tenements adjoining Orion Downs.
- ✓ Targeting discovery of outcrops and near-surface coal within the Bandanna Formation at Overlander.
- ✓ Environmental Management Plan for Meteor Downs South nearing completion.
- ✓ Targeting commencement of Meteor Downs South mine operations in 2013.

### 2. Orion Downs

Endocoal Limited (ASX: **EOC**) is pleased to announce Exploration Permit for Coal (**EPC**) 1517, known as 'Orion Downs', has been renewed by the Queensland Department of Natural Resources and Mines (**DNRM**) for a further five-year period. Endocoal is also pleased to announce that no relinquishment of any part of EPC1517 was required as part of this renewal.

The recently reinvigorated responsiveness and supportive approach taken by the DNRM in renewing EPC1517 is acknowledged and appreciated by Endocoal. It recognises the significant effort and expenditure Endocoal has applied to exploration programs that have yielded the Meteor Downs South (**MDS**) Project (13Mt JORC Marketable Reserves) and the Inderi Project (34.5Mt JORC Resource).

Endocoal continues to focus on achieving a near-term mine operations start-up at MDS. The Mining Lease Application (MLA 70452) underway has the associated Environmental Management Plan (EMP) nearing completion (see below). The aim remains to commence mine-site operations at MDS in 2013.

### 3. Overlander and Mt Inglis

The Overlander (EPC2025) and Mt Inglis (EPC2253) tenements adjoin the southern portion of the Orion Downs tenement. The renewal of Orion Downs, combined with the granting of Overlander (14 February 2012) and recently Mt Inglis (29 August 2012), supports development of a broad-based exploration program to assess prospectivity for the Bandanna Formation and other coal-bearing measures across these adjoining areas. The locations of these tenements, along with the particular areas of interest, are shown in the plan '*Overlander and Mt Inglis – Areas of Interest*' (see Figure 1. attached).

Endocoal's Exploration Team will begin field work at Overlander and Mt Inglis during mid-October 2012. The specific areas of interest include:

- Overlander tenement, plus a portion of the adjacent Orion Downs area, where the Bandanna Formation has been mapped in outcrop by the Geological Survey of Queensland. This is located approximately 6km east of the '*West Rolleston*' deposit that is held by another mining company (Peabody). This deposit is hosted within the Bandanna Formation and contains coal seams similar to those present at Meteor Downs South (MLA 70452), located approximately 20km to the north-east, where drilling has confirmed coal intersections of up to 9m in thickness.
- Northern portion of the Mt Inglis tenement. This area is nearby a gas well drilled by Conoco in 1995, where it was reported coal seams were intersected within the Aldebaran Sandstone. In this setting, exploration is targeting the existence of 'non-conventional' coal seams located near other current and developing mine sites within the Rolleston area.

- Southern portion of the Mt Inglis tenement, where the Freitag Formation is expected to occur. Endocoal's drilling has previously intersected coal seams in this particular formation further to the north within the Orion Downs tenement.

Endocoal's geologists involved in the current fieldwork program will be undertaking:

- Field mapping and rock sampling;
- Photography of the geological and physical landscape;
- Identification of areas of likely significant interest for next-stage exploration work; and
- Confirming site access and other logistics needs should a drilling program later be warranted.

Based on outcomes achieved from this initial ground-surveillance exercise, further exploration plans will then be developed for these areas.

#### **4. Meteor Downs South Project**

Drafting of the Environmental Management Plan (**EMP**) for MDS Project is now nearing completion. Endocoal continues to work closely with its consultants and other stakeholders to finalise the EMP program. Lodgement of the EMP with the Queensland Government's Department of Environment and Heritage Protection (**DEHP**) is targeted for late-October 2012.

In parallel with the EMP process, constructive negotiations are continuing involving:

- The preparation of a Cultural Heritage Management Plan; and
- The preparation of a landholder Compensation Agreement for mining within the MDS area.

Based on successful completion of these matters and subject to the satisfactory conclusion of the Queensland Government approval processes, Endocoal remains hopeful that a Mining Lease (**ML**) will be granted at MDS in 1Q 2013. This will allow for commencement of site operations at MDS, with the target remaining for commencement of coal mining in 4Q 2013 as planned, subject to the approval processes and market conditions.

For further information outlining the proposed MDS mine development, please refer to, 'MDS Project Evaluation' (released 4 April, 2012), available at Endocoal's website: <http://www.endocoal.com.au>

#### **5. Commentary**

Commenting on the announcements above, Endocoal's Chief Executive Officer, Tim Hedley said:

*"We are delighted to have received renewal of EPC1517 at Orion Downs for a further five years to allow further coal exploration activities. Orion Downs, coupled with the Overlander and Mt Inglis tenements, allows Endocoal to extend its exploration focus onto other prospective areas within close proximity to the proven Meteor Downs South Project area.*

*Starting on-the-ground fieldwork at Overlander is a logical first step in exploring this new area. We are targeting outcrops of the Bandanna Formation, looking for coal similar to that at MDS. It continues to demonstrate Endocoal's intention to actively explore the tenements we have been granted.*

*Completing the documentation for the EMP at MDS remains a priority. Lodging this for review by the Queensland Government Departments involved kicks-off the next stage in the MDS Mining Lease approval process. We look forward to dealing quickly with any matters arising.*

*Once the Mining Lease has been granted we can then commence actual mine development on the MDS site. We continue to target a start-up of mine site operations during 2013."*

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

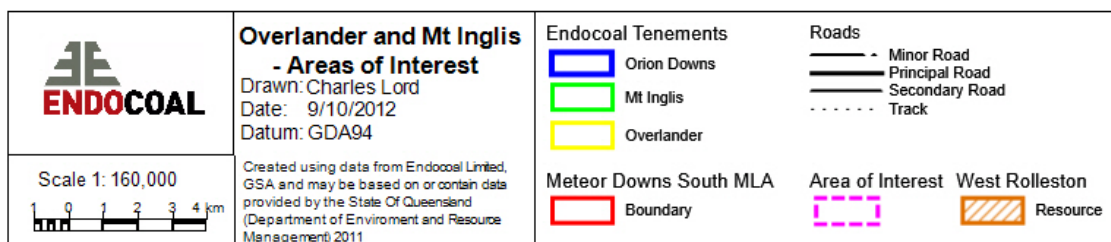
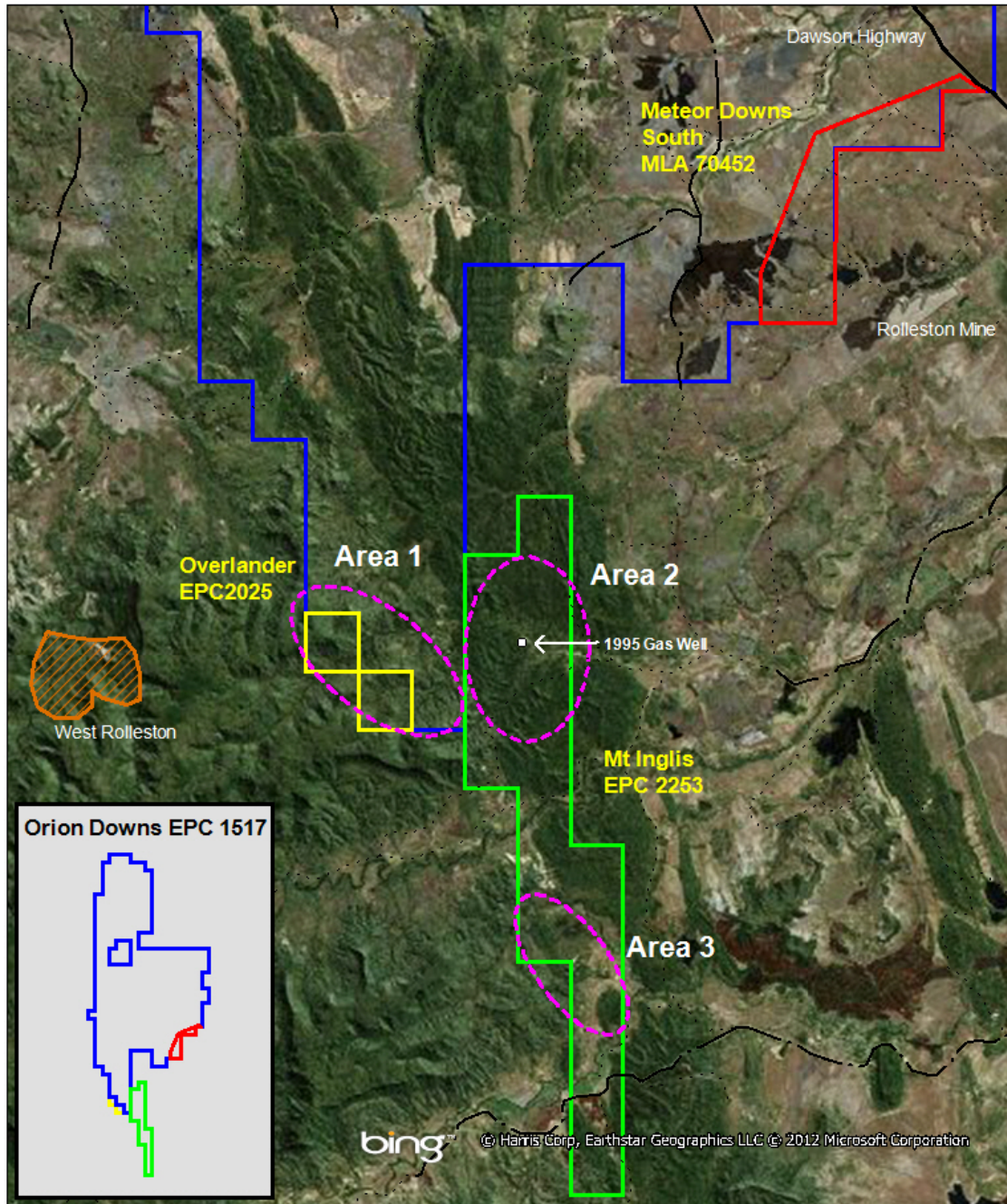


Figure 1: Overlander and Mt Inglis – Areas of Interest

**Competent Person's Statement:**

In accordance with the Australian Securities Exchange requirements, the coal technical information relating to the Rockwood deposit contained in today's announcement titled "**Orion Downs – 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 exploration of coal tenements and mine development in the Bowen Basin, Queensland's premier coal producing region. Endocoal currently holds JORC Marketable Reserves of 13Mt and total JORC Resources of 498Mt. The Company is proceeding to develop an export-quality thermal coal open cut mine at its flagship Orion Downs tenement, positioned close to existing infrastructure. Endocoal has several other tenements in the Bowen Basin region. These will be the subject of future exploration and drilling activities. Near-term priority will focus on Rockwood tenement with anthracite coal prospective for PCI coal; plus greenfield Talwood and Stockyard Creek Project tenements where scout drilling has commenced seeking coking coal. At both locations, coal seams have been intersected and are being evaluated. At Pretoria Hill an exploration program with joint venture partner Carabella Resources (CLR) is being planned. Elsewhere, tenement applications will target other locations identified as being potentially prospective for coal exploration.

Endocoal Limited

ACN 132 183 281

ASX CODE: EOC

Securities Information

Ordinary Fully Paid Shares: 186.929m

Unlisted Options: 20.45m

**Directors & Management****Rod Austin**

Interim Chairman

**Tim Hedley**

Chief Executive Officer

**Phillip McCarthy**

Non-Executive Director

**Lex Hansen**

Non-Executive Director

**Gavin Solomon**

Non-Executive Director

**Fred Yu**

Non-Executive Director