



ASX Announcement

21 September 2009

Inferred Coal Resource increase 338 to 3,166 Million tonnes – 4 new project areas in QLD.

Price
\$0.205

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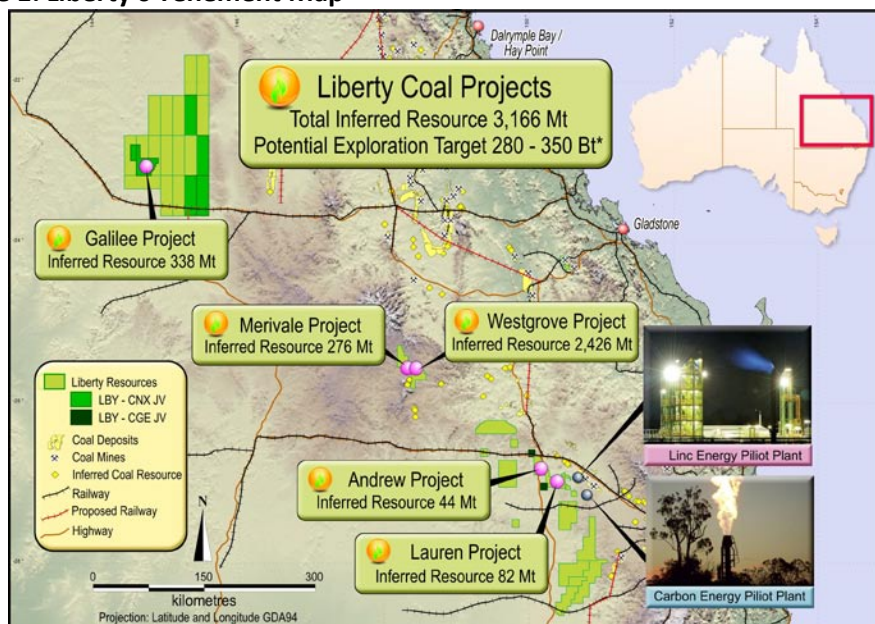
ASX Share Price (LBY):	\$0.205
Issued Shares:	138.6m
Market Cap:	28.4m
Current Cash:	\$4.5m
Debt:	\$0.0m

Liberty Resources (ASX:LBY) Inferred Coal Resource has increased from 338 to 3,166 million tonnes (mt) of thermal coal. The inferred resources are part of the broader exploration potential target tonnage of 280 - 350 billion tones (Bt) (refer announcement dated 29 July 2009). This development gives rise to the potential for four new Projects in Queensland.

Highlights:

- Inferred Coal Resource increased from 338Mt to 3,166Mt of thermal coal (refer Table 1 and Figure 1).
- This represents a significant increase of a total of 2,828Mt from four project areas.
- Inferred Coal Resources have been estimated for the Merival, Westgrove, Andrew and Lauren projects (refer Figure1).
- The Inferred Coal Resources will be the basis for the company to lodge further Mining Development License Applications.
- All Resources remains open along strike and up/down dip.
- Strengthens the Company's resource base to fast track underground coal gasification (UCG) investigations and site selections.

Figure 1: Liberty's Tenement Map



**Please note these target estimates are conceptual and that there has been insufficient exploration to define a resource other than that identified. Future work may or may not further define any or all of them either in part or wholly.*

Directors

Andrew Haythorpe
Managing Director

Alan Phillips
Chairman

Michael Fry
Non-executive Director

James Becke
Non-executive Director

This significant inferred resource increase still only represents a small area of Liberty's total project potential.

The Inferred Coal Resource has been estimated by independent geological consulting group Al Maynard and Associates Pty Ltd (AM&A) and is based on;

- Geological logs and down-hole geophysical logs including density and gamma logs were used to estimate coal thickness from petroleum exploration wells (Refer ASX announcement dated 28 October 2008).
- A 1.0km radius of influence from the wells.
- Insitu Density (DBD) of 1.4.
- Conventional estimation techniques for coal seams greater than 2.0m thick.

The inferred resources remain open in all directions and are expected to increase significantly with exploration drilling and/or further geological modelling. The mineral resource estimate is classified in accordance with the Joint Ore Reserves Committee (JORC) Code and is detailed in Table 1.

Table 1: Mineral Resource Statement

Project	Thermal Coal (Mt) Inferred Resource
Galilee Project ⁽¹⁾	338
Andrew Project	44
Lauren Project	82
Merivale Project	276
Westgrove Project	2,426
TOTAL	3,166

Notes for Table

⁽¹⁾ Galilee Resource falls within an MDL application, EPC1326 and EPC1340 which are in joint venture with Carbon Energy (ASX:CNX) refer announcement dated 27 July 2009.

Coal Quality

The coal measures in the basins covered by the Liberty tenements, generally have fairly uniform physical and chemical properties with high proportions (70-100%) of vitrinite and liptonite producing high volatile matter (>50% dry ash-free-daf) with a perhydrous composition (>6% hydrogen, daf) that is believed ideal for in-situ conversion to liquid fuels and power generation. However all types of coal are being evaluated for their suitability for UCG.

Liberty commissioned AM&A to complete a resource estimate study on the Company's exploration petroleum well data for its Queensland project. This study to date has resulted in the compilation and estimation of Inferred Resources at its Rodney, Andrew, Lauren, Merivale and Westgrove projects. Further areas are being evaluated for Inferred Coal Resources.

Yours faithfully

Andrew Haythorpe
Managing Director

Competent Person Statements

AL Maynard – Consent hereby provided 10:11 Friday Sept 18, 2009

The information in this report which relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Allen Maynard, who is a Member of the Australian Institute of Geosciences ("AIG") and independent consultant to the Company. Mr Maynard is the principal of Al Maynard & Associates Pty Ltd and has over 30 years of exploration and mining experience in a variety of mineral deposit styles. Mr Maynard 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, Mineral Resources and Ore Reserves". Mr Maynard consents to inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report which relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Philip A. Jones, who is a Corporate Member of the Australasian Institute of Mining and Metallurgy, a Member of the Australian Institute of Geoscience and independent consultant to the Company. Mr Jones is an associate of Al Maynard & Associates and has over 30 years of exploration and mining experience in a variety of mineral deposit styles including iron mineralisation. Mr Jones 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, Mineral Resources and Ore Reserves". Mr Jones consents to inclusion in the report of the matters based on his information in the form and context in which it appears.