LIBERTY RESOURCES
Cleaner • Greener • Safer

Positive Scoping Study

29 June2010

SHARE INFORMATION

ASX Share Price (LBY):	$0.047
Issued Shares:	138.5 m
Market Cap:	6.5 m
Current Cash:	$1.3 m
Debt	$0.0m

Scoping Study Findings - Denison Gas Project, Queensland

Liberty Resources Limited ("Liberty") (ASX: LBY) is pleased to announce that it has completed a nine month scoping study to validate the economics of an Underground Coal Gasification ('UCG') syngas project in the Denison Trough in Queensland ('Project'). The positive results from the study were based on 19,783 PJ of recoverable syngas produced at a cost of $1.79/GJ. Assuming $3.00/GJ sale price for syngas, the model shows Project revenues exceeding A$59 billion**.** Further studies are being completed on the Denison and elsewhere.

Syngas Project Operating Cashflow has been estimated at $24 billion using a 25.3 GJ/tonne Coal Heating Value (HV) and $11.8billion using 20GJ/tonne HV. Both are considered more than adequate to cover future capital and development costs.

The following table summarises the Project's key study findings:

SCOPING STUDY SUMMARY		
Coal Heating Value (HHV)	**20 GJ/tonne**	**25.3 GJ/tonne**
Coal	1.04 billion m3	1. 04 billion m3
Calculated Recoverable Gas	15,142 Peta Joules	19,783 Peta Joules
Barrels of Syncrude (energy equivalent) **	Not estimated	1.6 billion barrels
Base Production Rate	10,000 tonnes per day	10, 000 tonnes per day
Total Revenue Over Life of Project	$44.0 billion	$59.4 billion
Project Operating Costs	$18.0 billion	$21.8 billion
Project Operating Cash Flow	$26.0 billion	$37.6 billion
Sustaining Capital	$13.6 billion	$13.6 billion
Total Project Cash Flow	$11.8 billion	$24.0 billion
Annualised Project Cash Flow	Not estimated	$93.2 million
Total Capex – Phase 1	$0.6 billion	$0.6 billion

*** Alternate potential product, based on Clean Coal Technology South Africa - Air blown Syncrude production from Syngas – subsequent report to be tabled.*

Further opportunities to upgrade the saleable products and hence revenues, as well as reduce operating and capital costs, have been identified.

Unit B2 431 Roberts Road, Subiaco
WA 6008
www.libertyresources.com.au
ACN 103 348 947
Tel: +61 8 9287 4488
admin@libertyresources.com.au

PROJECT FINANCE

Liberty is now inviting suitable interested parties for Joint Venture with a view to developing large scale projects. Off take agreement and Project finance discussions with potential partners and customers have commenced.

SCOPE OF REPORT

This Summary focuses on just one of Liberty's tenements in Queensland (EPC 1435). Further coal is available for exploitation outside the area under consideration in this document.

The findings in this report are not intended to be misconstrued as forecasts. This is the first of a series of reports intended to give potential investors an indication of the scope and magnitude of the Projects. These Projects will become the focus of further work with a view to selecting the most attractive for prefeasibility studies. The data compiled herein is based on current prices for various input s and outputs with recent examples of capital, operating costs for plant and equipment. They are not future revenue or operating costs Forecasts.

Liberty has utilised the expertise and input of many companies with experience in coal gasification in developing its economic modeling. Capital and operating cost inputs (+/- 30% accuracy as appropriate) have been sourced by the following organisations;

ORGANISATION	PLANT	PRODUCT
Hatch	Fischer-Tropsch	Diesel, Jet Fuel
Uhde Shedden	Fischer-Tropsch	Diesel, Jet Fuel
GHD	Fischer-Tropsch	Diesel, Jet Fuel
Clean Coal Technology South Africa	Fischer-Tropsch (Air Blown Syngas)	Syncrude, Naptha
CompactGTL	Fischer-Tropsch	Diesel, Jet Fuel
UGL	Turnkey project options	-
GE	Combustion turbines utilising low BTU fuels	Electricity
Solar Turbines	Combustion turbines utilising low BTU fuels	Electricity
Siemens	Combustion turbines utilising low BTU fuels	Electricity
Cummins	Gas engines utilising low BTU fuels	Electricity
Sheng Li	Gas engines utilising low BTU fuels	Electricity
Air Liquide	Large scale air separation and process equipment	Oxygen
Lurgi	Large scale air separation and process equipment	Oxygen
Haldor Topsoe	Ammonia/Urea Plant	NH3, Urea
Lawrence Livermore	Coal to Syngas Conversion modelling	-

These companies, among others, are being considered for inclusion on bid lists as service providers and/or partners for Liberty's future UCG projects. The company is currently in the process of working through a prequalification exercise to identify suitable technical partners in the areas of design, construction and equipment supply to assist Liberty in commercialising our coal using the UCG process.

The Denison Project hosts some 52km^2 of Reids Dome Coal Seam with an estimated average thickness of 20m. Using a typical specific gravity of 1.4 yields potential coal of 1.46 billion tonnes which, at 60% volumetric efficiency and 91% thermo-dynamic recovery equates to 0.87 billion tonnes. A calorific value of 25.3 GJ/tonne has been used, based upon coal qualities for saleable coal from a number of collieries currently mining Permian age coal in the region. An alternative Heating Value of 20GJ/t has also been investigated.

MODEL ECONOMICS

Economic modelling incorporating industry established techniques (+/- 30% accuracy) indicates production costs of A$1.79 / GJ saleable syngas.

The following table summarises the key details of the Denison UCG Project Economics including the comparable energy contained in UCG syngas after various degrees of filtering and scrubbing.

KEY INPUTS and OUTPUTS		
HHV of Coal	20 GJ/ton (1)	25.3 GJ/ton (2)
Coal Seam Thickness	20m	20m
Coal Seam Depth	1200m	1200m
Coal Volume	1.04 billion m3	1.04 billion m3
Coal Mass (3)	1.456 billion ton	1.456 billion ton
Recovery Factor Volumetric	65%	60% (4)
Coal Mass Recoverable as Syngas	0.95 billion tonnes	0.87 billion tonnes
Recovery Factor Thermodynamic (5)	80%	91%
Energy in Syngas (Raw - at Wellhead)	15,142 Peta Joules	20,167 Peta Joules
Process Loss Factor (6)	3.5%	2.0%
Energy in Syngas (7)	14,612 Peta Joules	19,783 Peta Joules
Sale Price Syngas (Polished)	$3.00/GJ	$3.00/GJ
Cost Syngas (Polished)		$1.10/GJ
Cost Sustaining Capital		$0.69/GJ
Total Cost Syngas (Polished)	$2.20/GJ	$1.79/GJ

(1) Discounted value based upon a range of calorific values identified in Department of Natural Resources and Mines Queensland Coal; Physical and Chemical properties, colliery and company information 14th Ed 2003 assumed wash coal quality results

(2) Based on average of six Bowen Basin coal properties drill data (collected from the Dept of Natural Resources and Mines – Bureau of Mining & Petroleum 14th Ed 2003 Mutton A.J.)

(3) Calculated with an assumed bulk density for coal of 1.4gm/cc

(4) Based on assumed 20m pillar by 30 m cavity width

(5) Based on Livermore model (Lawrence Livermore National Laboratory's UCG-MEEE model)

(6) Based on GEIGCC study indicative values (Cost and Performance Baseline for Fossil Energy Plant Volume 1: Bituminous Coal and Natural Gas to Electricity Final Report, Revision 1, August 2007)

(7) Polished form with CO2, sulphur and mercury removed

UCG syngas economics are based around the cost of drilling and developing the coal seam panels, constructing the above ground piping and gas treatment infrastructure, and the cost of operations and maintenance.

The initial phase of capital expenditure occurs during initial development when a continuous drilling and development program is required to bring the producing panels on stream. Concurrent with this expenditure will be the installation of surface facilities mainly flowlines and possibly distributed process plant.

Once the initial development phase is complete there will be an ongoing capital expenditure program required to bring new panels on line as the existing ones become depleted.

Operating expenses are those associated with the day to day running of the UCG field. The major expense is oxygen in the case of oxygen blown syngas operation or electricity in the case of an air blown one. In this analysis the minimum cost of the syngas is that which covers these costs.

Electricity Supply

The study has assumed an external power supply of 12MW at a supply cost of $40 per MWh.

Oxygen Supply

The study has assumed bought in Oxygen at $40 per tonne.

Gas Cleanup (Selexol) Plant

The study has allowed for gas cleanup including;

- COS Hydrolysis
- Mercury Removal
- Selexol Unit
- Sulphur Recovery

Selexol Unit

The Selexol unit is the major gas cleanup item comprising 38 % of Capex. This study assumes a single stage unit which removes acid gases such as CO_2 and H_2S.

Capex	A$180m
Plant type	Selexol single stage
Capacity	10,000 tpd
Opex	A$8.5m per annum (pro rata on plant Capex)

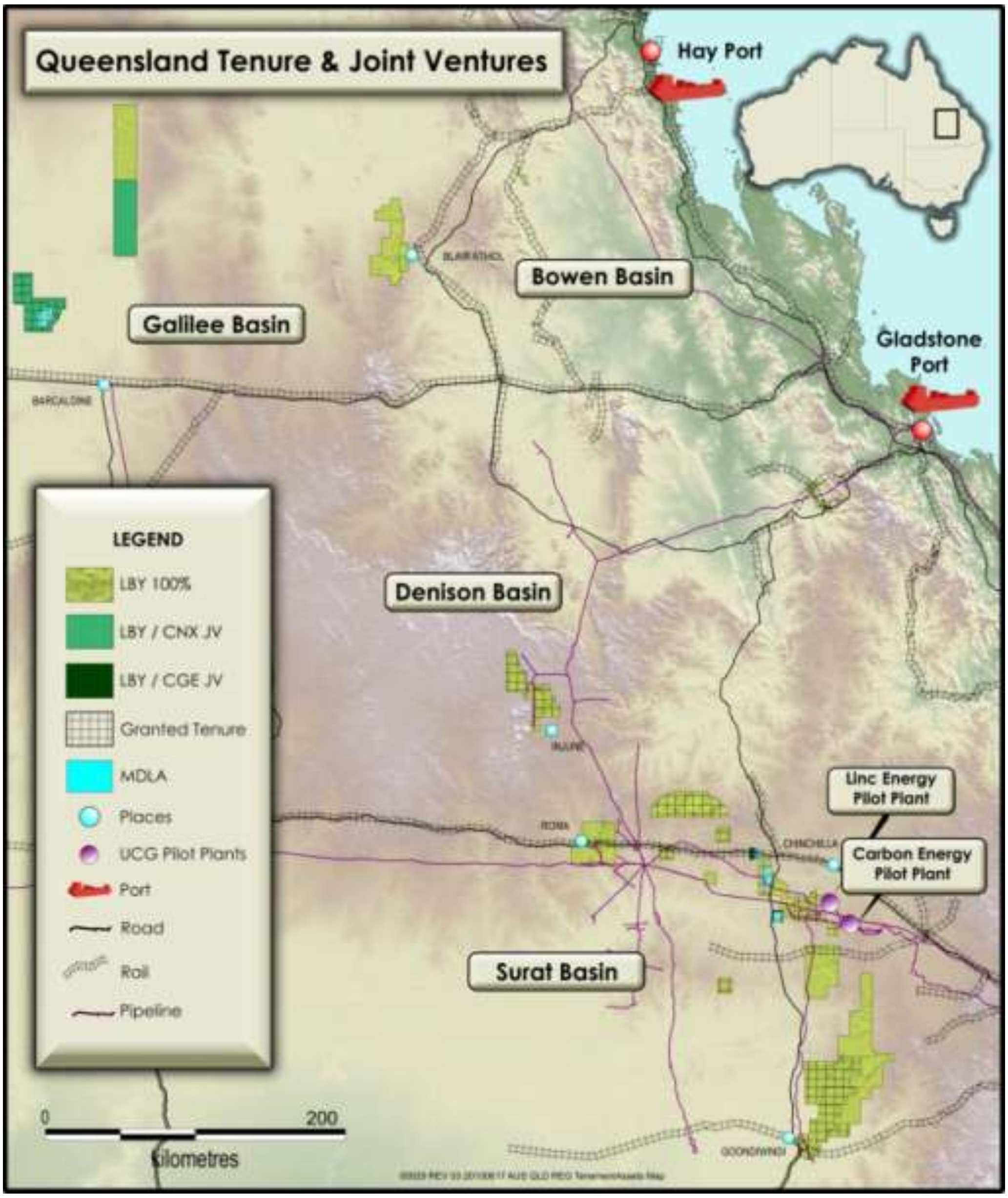
UCG Wells

The study assumes 13 UCG wells each producing a nominal 1,500 tpd of syngas. The wells are supplied with 440 tpd of oxygen.

Capex	A$6.0m per panel (incl drilling and surface costs)
Plant type	Oxygen blown CRIP's type UCG operation
Capacity	1,500 tpd
Opex	A$8.1m per annum
Oxygen Consumption	440 tpd

LOCATION

The Denison Project is located in central Queensland (EPC 1435) near 25.5 degrees south and 148.4 degrees east longitude. A gas pipeline into the area services gas producing wells (Refer map).



The area is predominantly agriculture (farming) and forestry with the township of Taroom some 130 kilometres to the east. The region is largely flat lying to gently undulating topography.

The Denison EPC was granted on 8th June 2010.

GEOLOGY OVERVIEW

The licence area is located within the Denison Trough where the Jurassic to Cretaceous aged Surat Basin un-conformably overlies the Permian to Triassic Bowen Basin. Coal occurs at a number of horizons throughout the stratigraphic column including potentially commercially exploitable coal mainly in Permian rocks. In most of the licence area the Walloon Coal measures have been removed by uplift and erosion with some basal Walloon Coal measure beds preserved in the southern part of the licence. Very thick coal seams are present in the Permian Reids Dome Beds, but usually at more than 1,000m depth with thinner seams at shallower depths in the Bandanna Formation. Currently conventional gas is produced from Permian stratigraphy at and below the Bandanna Formation while no coal seam gas specific wells have been drilled within the licence area.

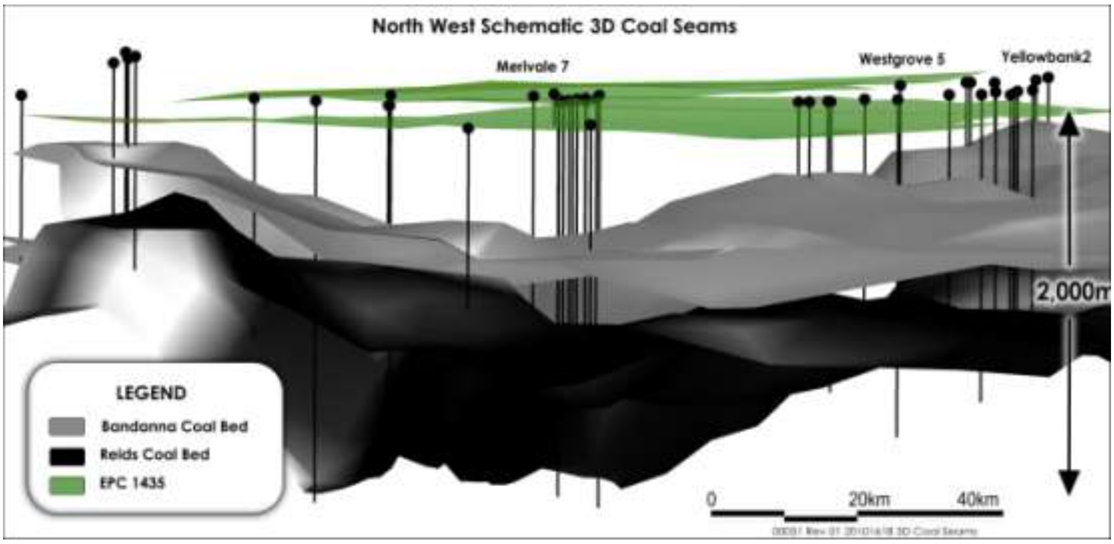
COAL

Data from 42 existing drill holes was used to identify coal which would be considered suitable for the underground coal gasification process. Coal has been considered within a number of possible horizons but the focus so far has been on the Permian sequence of the Bandanna seams and the lower Reid's Beds seams. Modelling to date is stronger for these seams.

Summary of Denison Project Coal Seams – Bandanna and Reid's Dome

	Volume million m^3	Tonnage m t	Thickness Ave m	Syngas PJ
Selected Project Area				
Reid's Dome	**1,048**	**1,467**	**20.0**	**20,167**
Bandanna	131	183	2.6	NC
Rest of lease Area				
Reid's Dome	1,339	1,874	2.6	NC
Bandanna	1,887	2,642	3.3	NC

The area of thicker coal in the Reids Dome bed was selected for the initial Project. The following image was taken from the 3D wireframe geological model.



The approach has been to identify continuous seams over 4 metres in thickness and at depths greater than 200 metres and up to approximately 1200 metres below the surface. The data has then been used to generate wireframe models of the top and bottom of the seam. The wireframes have been combined to form a solid and from this a block model will be generated which will hold the coal quality information.

The model has been modified to include known geology including Merrivale fault and surface geology expression of the Surat Basin geology as mapped by the States Geological Survey.

Modelling Approach

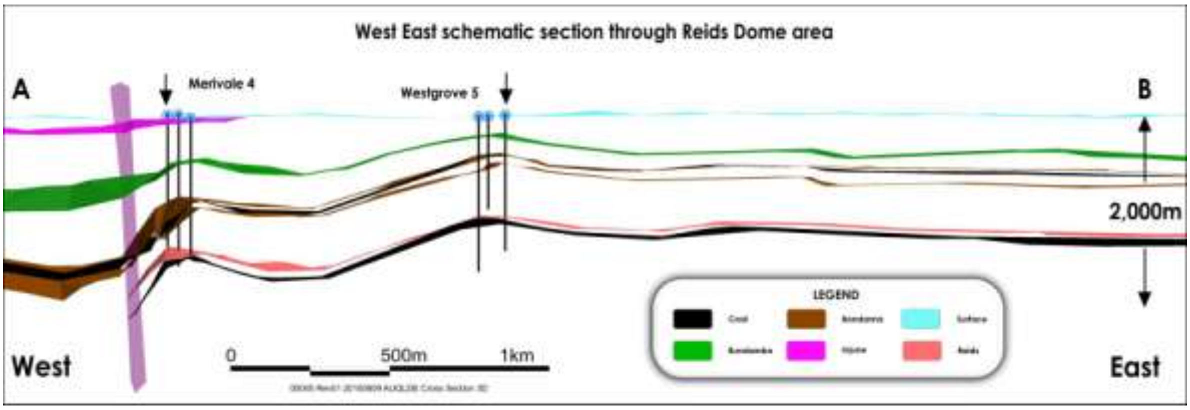
Approx 35 ‘constrained’ seam fragments have been modelled so far as foot wall and hanging wall surfaces. The wireframes extend to a maximum of 2 kilometres beyond a data point and to the midpoint between data points where the distance between the points exceeds 2 kilometeres. This approach has been considered valid given the positive correlation between the Liberty wireframe model with historical geological reports of the area.

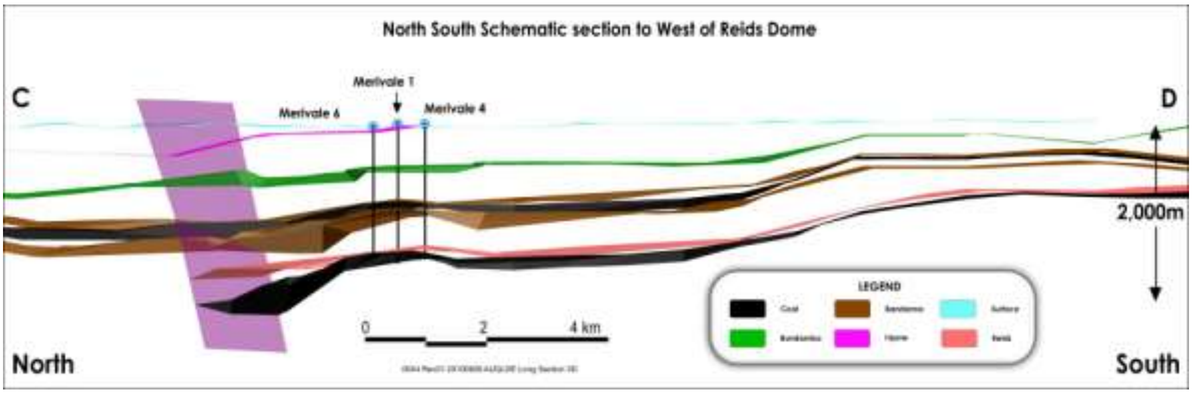
Within the Reids Dome Beds, multiple (3 to 5) seams were identified.

The next step was to validate the triangulation of the seam surfaces, combine the upper and lower surfaces into one solid. From this a single block model will be produced. To date a single seam in each formation, indentified as the most likely extraction seam, has been modelled.

The Reid's Seams wireframe key points:

- Average thickness 20m over east of the Merrivale Fault with the seam thinning to the south to cover approx 20% of the concession area.
- Data point thickness range from 3 - 45m based upon mud logging data refined by downhole composite geophysical logs.
- To the northern extent, the Reids is shallowest at 750m, however the seam is relatively thin here, averaging 4m thick.
- Deepest point within the tenement is approx 1450m, with thickness around 30 m.
- Appears to be thickest proximal to the Merrivale Fault and related North - South trending anticlines to East.





RISKS

The following summary, which is not exhaustive, represents some of the major risk factors which investors need to be aware of.

Economic Risks

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and future production activities, as well as on its ability to fund those activities.

Market conditions

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities and in particular, resources stocks.

Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

Joint Venture Parties, Agents and Contractors

The Directors are unable to predict the risk of financial failure or default by a participant in any joint venture to which the Company is or may become a party or the insolvency or managerial failure by any of the contractors used by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used by the Company for any activity.

Future Capital Requirements

The Company's activities will require substantial expenditures. There can be no guarantees that funds raised will be sufficient to successfully achieve all the objectives of the Company's overall business strategy. If the Company is unable to use debt or equity to fund expansion there can be no assurances that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to the Company or at all. Any additional equity financing may be dilutive to Shareholders and any debt financing if available may involve restrictive covenants, which may limit the Company's operations and business strategy.

The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

Reliance on Key Personnel

The Company’s success depends largely on the core competencies of its Directors and management, and their familiarisation with, and ability to operate, in mining industry and the Company’s ability to retain its key executives.

General Economic Risks and Business Climate

Share market conditions may affect the listed securities regardless of operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- movements in or outlook on interest rates and inflation rates;
- currency fluctuations;
- commodity prices;
- changes in investor sentiment towards particular market sectors; and
- the demand and supply for capital.

Commodity prices are influenced by physical and investment demand for those commodities. Fluctuations in commodity prices may influence individual projects in which the Company has an interest.

Exploration, Development Processing Risks

The business of mineral exploration, and project development by its nature contains elements of significant risk. Ultimate and continuous success of these activities is dependent on many factors such as:

- the discovery and/or acquisition of economically recoverable ore reserves;
- successful conclusions to bankable feasibility studies;
- access to adequate capital for project development;
- design and construction of efficient mining and processing facilities within capital expenditure budgets;
- ensuring and maintaining title to tenements and compliance with the terms of those tenements;
- obtaining consents and approvals necessary for the conduct of exploration and mining; and
- access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

Adverse weather conditions over a prolonged period can adversely affect exploration and mining operations and the timing of revenues.

Whether or not income will result from projects undergoing exploration and development programs depends on the successful establishment of mining operations. Factors including costs, actual mineralisation, consistency and reliability of ore grades and commodity prices affect successful project development and mining operations.

Mining is an industry which has become subject to increasing legislative regulation including but not limited to environmental responsibility and liability. The potential for liability is an ever present risk. The use and disposal of chemicals in the mining industry is under constant legislative scrutiny and regulation.

The introduction of new laws and regulations or changes to underlying policy may adversely impact on the operations of the Company.

Risks Specific to the Company Projects

The Company’s main business undertaking is coal exploration and development prospective for Underground Coal Gasification (UCG).

Risks specific to these projects include the following:

Competition

The potential market for UCG products involve a number of participants. Current levels of demand may see an increase in production from existing market participants, the potential for past participants in the market to re-enter or new start ups to emerge.

Resource Estimate

Resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates, which were valid when made, may change significantly when new information becomes available. In addition, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should the Company encounter mineralisation or formations different from those predicted by past sampling and drilling, resource estimates may have to be adjusted and mining plans may have to be altered in a way which could have either a positive or negative effect on the Company's operations.

Operating Risks

The current and future operations of the Company, including exploration, appraisal and possible production activities may be affected by a range of factors, including:

- geological conditions;
- limitations on activities due to seasonal weather patterns and cyclone activity;
- alterations to joint venture programs and budgets;
- unanticipated operational and technical difficulties encountered in seismic survey, drilling and production activities;
- mechanical failure of operating plant and equipment;
- adverse weather conditions, industrial and environmental accidents, acts of terrorism or political or civil unrest and other force majeure events;
- industrial action, disputation or disruptions;
- unavailability of aircraft or drilling equipment to undertake airborne electromagnetic and other geological and geophysical investigations;
- shortages or unavailability of manpower or appropriately skilled manpower;
- unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment; and
- prevention or restriction of access by reason of political unrest, outbreak of hostilities, and inability to obtain consents or approvals.

Commodity Prices

The Company expects to derive its future revenue from the development of its UCG interests and the sale of UCG products.

Consequently, the Company's expected earnings will be closely related to the price of these commodities. Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company.

These factors include worldwide and regional supply and demand for the specific commodity, commodity trading on the futures markets, general world economic conditions and the outlook for interest rates, inflation and other economic factors on both a regional and global basis. These factors may have a positive or negative effect on the Company's exploration, project development and production plans and activities, together with the ability to fund those plans and activities.

Land Access

Significant delays may be experienced in gaining access to privately owned freehold or leasehold land. Delays may be caused by weather, deference to landholders' activities such as cropping, harvesting, calving and mustering, and other factors.

Cultural Heritage

Interests in tenements in Australia are governed by the respective State legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

It is also possible that, in relation to tenements which the Company may acquire in the future, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected.

Environmental Risks

The operations and proposed activities of the Company are subject to State and Federal laws and regulation concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Government Regulation and Policy

The introduction of new legislation or amendments to existing legislation by governments, developments in existing common law, or the respective interpretation of the legal requirements in any of the legal jurisdictions that govern the Company's future operations or contractual obligations, could impact adversely on the assets, operations and, ultimately, financial performance of the Company.

TENURE IN QUEENSLAND

Under Ground Coal Gasification Policy

On 18 February 2009 the Queensland Government announced its Underground Coal Gasification Policy (refer to:

http://www.dme.qld.gov.au/zone_files/Mines/ucg_policy_february_2009.pdf) outlining proposed legislative changes to Minerals Resources Act 1989 and Petroleum and Gas (Production and Safety) Act 2004, which will specifically affect the ability of Liberty to develop UCG projects on EPCs overlapped by Coal Seam Gas (CSG) tenure.

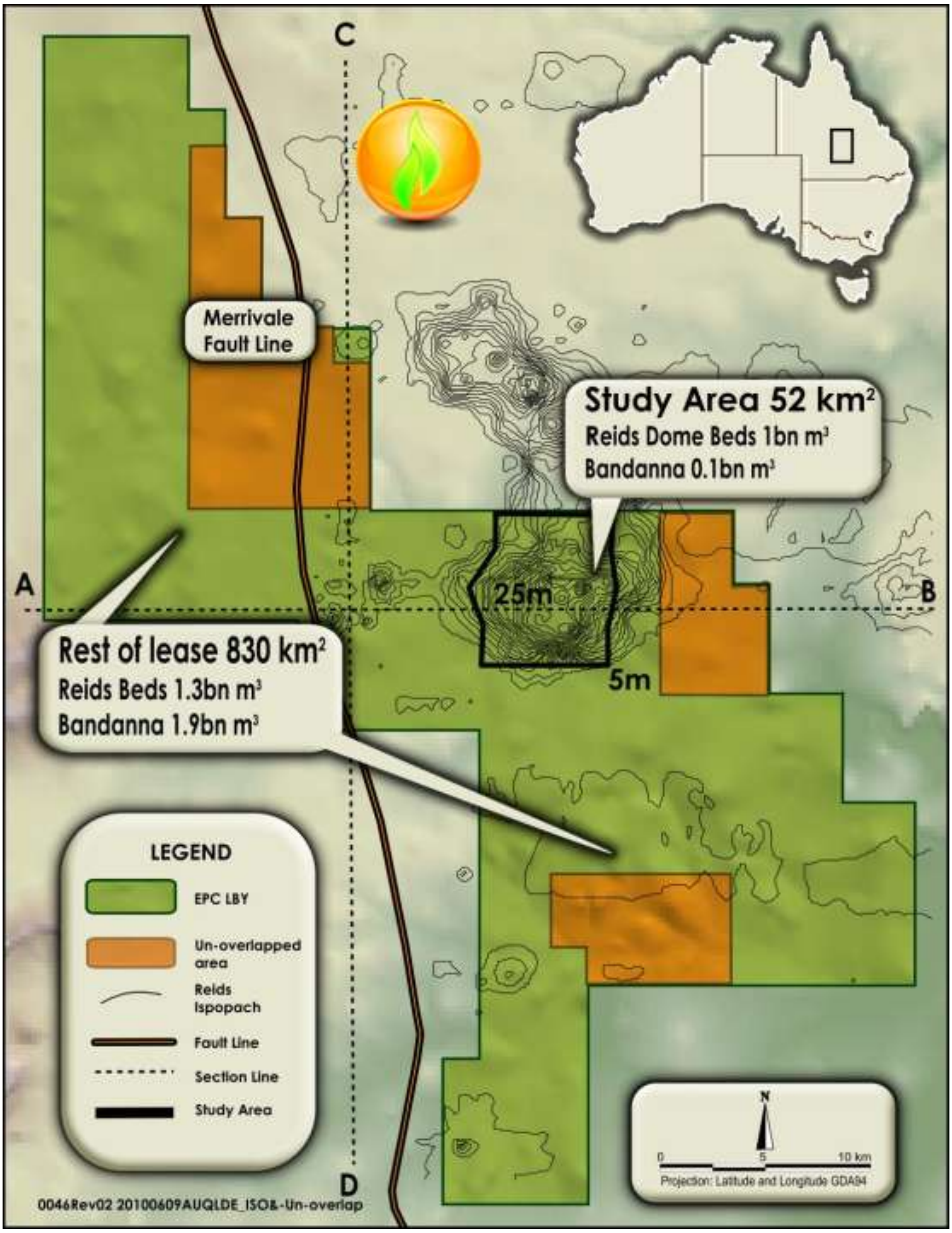
The QLD Government's UCG policy states that in order to undertake UCG (or a pilot project) an MDL is required to be granted on an EPC previously designated as Insitu Gasification Products (IGP) (mineral ‘f’). Currently only 3 MDLs have been granted for pilot projects i.e. Cougar Energy, Linc Energy and Carbon Resources.

The policy also states that:

"During the pilot phase of the above three projects there will be no further UCG pilot projects allowed on public interest grounds. However, the Minister for Mines and Energy will have the discretion to approve additional UCG pilot projects which have a strong ability to further demonstrate the efficacy of UCG technology."

At this time, Liberty does not have permission to undertake a pilot project on any of its tenements, although it intends to have future discussions with the Queensland Government concerning potential pilot projects which have a strong ability to further demonstrate the efficacy of UCG technology. Liberty makes no representations concerning its ability to successfully being able to obtain an MDL for a pilot project for UCG.

Three separate areas within the licence are non overlapped by petroleum exploration licences (Refer map).


C
Merrivale
Fault Line
Study Area 52 km²
Reids Dome Beds 1bn m³
Bandanna 0.1bn m³
A
25m
B
5m
Rest of lease 830 km²
Reids Beds 1.3bn m³
Bandanna 1.9bn m³
LEGEND
EPC LBY
Un-overlapped area
Reids Ispopach
Fault Line
Section Line
Study Area
N
0
5
10 km
Projection: Latitude and Longitude GDA94
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0046Rev02 20100609AUQLDE_ISO&-Un-overlap

ABOUT LIBERTY RESOURCES

Liberty is an Australian listed company ('Liberty', ASX Code: LBY) focussed on the development of coal deposits by way of Underground Coal Gasification ("UCG"). UCG produces syngas, a cocktail of gases which require further processing to yield economically viable gas and liquid fuel products.

Liberty controls over 25 separate tenements where potentially several billion tonnes of coal have been identified from past drilling in the Surat, Denison and Galilee basins in Queensland, Australia, as well as South Australia and Canada.

Liberty is part of an emerging industry that harvests the energy from un-mineable coal. This economically and environmentally efficient process will be used to develop Projects which are capable of producing low cost electricity, clean transport fuels as well as fertiliser products for agriculture.

For and on behalf of the board,

Andrew Haythorpe
Manager Director/Chairman

Competent Persons Statement

The information in the report to which this statement is attached relates to Exploration Results, Mineral Resources or Ore Reserves compiled by Mr D. J. Holden, who is a Member of The Australian Institute of Mining and Metallurgy, with over 20 years experience in the mining and resource exploration industry. Mr Holden has had previous relevant experience and qualifies as a Competent Person as defined in the "Australian Code for Reporting of Mineral Resources and Ore reserves". Mr Holden consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Claus Wohlert is a mechanical engineering with a Bachelor of Engineering (1^{st} Class Hons) from the University of Canterbury, Doctor of Philosophy from the University of Canterbury. Mr Wohlert has over 30 years local and international experience in the oil and gas industry. His work experience covers, major oil companies and consulting firms, all phases of the oil and gas industry, including design engineering, construction, commissioning, and maintenance and a full range of rotating equipment, including gas and steam turbines, centrifugal, rotary, and reciprocating compressors and pumps, diesel engines, motors, gearboxes, and ancillary equipment.