



Scoping Study Assumptions

2 July 2010

SHARE INFORMATION

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

Further to the Liberty Resources Limited ("Liberty") (ASX: LBY) announcement dated 29 June 2010, Liberty wishes to clarify the key assumptions used in the scoping study for the Underground Coal Gasification ('UCG') syngas project in the Denison Trough in Queensland ('Project').

The modeling done by Liberty is based on the leading assumption that syngas can be produced by UCG from coal in the Denison Trough. The upstream processing of gas utilizes existing proven technologies.

Syngas production

Liberty has used data from existing drill holes to identify coal which may be considered suitable for the underground coal gasification process. An average thickness of 20m of continuous coal seam has been used in modeling process. It is assumed that the quality of the coal, depth, ground pressures and temperatures are acceptable for UCG. Appropriate testing has not been successfully carried out on Liberty's tenements to validate these variables.

For more information on production technology, please refer to LBY's announcement titled "Liberty Inferred Resource Report" released on 6 October 2009.

Syngas sale price

Liberty has assumed a conservative price of \$3.00/GJ based on prices in the draft Annual Gas Market Review prepared for the Queensland Gas Commissioner by McLennan Magasanik Associates in May 2010 (public submissions on the draft report closed 4 June 2010).

Higher Heating Value ('HHV) of Coal

The HHV (or gross calorific value or gross energy) of the coal (25.3 GJ/tonne) was based on the average drill data of six Bowen Basin coal properties. (collected from the Dept of Natural Resources and Mines – Bureau of Mining & Petroleum 14th Ed 2003 Mutton A.J.).

Directors

Andrew Haythorpe
Managing Director/Chairman

Michael Fry
Non-Executive Director

James Becke
Non-Executive Director

Recovery Factor Volumetric

For the coal recovery factor Liberty has used 60% which was based on a 20 metre pillar by 30 metre cavity width (considered to be an industry norm).

Recovery Factor Thermodynamic

The 91% thermodynamic recovery factor used by Liberty was based on the world renowned 'Lawrence Livermore National Laboratory's UCG-MEEE Model'. This was supported by 'A Material, Energy and Economics Estimator for Underground Coal Gasification (UCG-MEEE), Version 1.0, Upadhye, R.A. and S.J. Friedmann, Lawrence Livermore National Laboratory, LLNL-CODE-422567 (2010)'.

Process Loss Factor

Liberty has assumed a process loss factor of 2.0% 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)

Sustaining Capital Cost

The scoping study used an annual sustaining capital amount of \$54 million for the replacement of depleted UCG panels and surface pipework. This was the equivalent of \$0.69/GJ over the life of the Project.

The aim of the scoping study was to highlight the economic potential of extracting energy from coal in the Denison Trough using UCG.

For and on behalf of the board,

Andrew Haythorpe
Manager Director/Chairman