

UPDATING JORC RESOURCE – ROCKWOOD

31 July 2012

1. Highlights

- ✓ Rockwood JORC Resource increased 33% by 109.8Mt to 447.1Mt
- ✓ 47.1Mt of the Rockwood JORC Resource is at 'Indicated' status
- ✓ Continuity of geological structures and coal seams has been confirmed
- ✓ Future drilling to focus on proving-up potential mine development areas
- ✓ Preliminary mine investigations to target prospective locations for development of a PCI product coal mine
- ✓ Total EOC JORC Resource increased to 498.5Mt – with 90.5Mt now at 'Measured' and 'Indicated' status

2. Rockwood JORC Resource Update

Endocoal Limited (**Endocoal**) (ASX: **EOC**) is pleased to announce a further increase of 109.8Mt in the JORC Resource at the Rockwood (EPC1514) tenement – increasing the total resource to 447.1Mt. This represents a one-third addition to the 337.3Mt resource base previously announced on 1 March 2012. This PCI coal resource, with high carbon, high energy and low volatile matter content, is at 'Indicated' and 'Inferred' status, as outlined in the table below.

Tenement	JORC-Measured	JORC-Indicated	JORC-Inferred	TOTAL (Mt)
Rockwood (EPC 1514)	0	47.1	400.0	447.1

3. 1H 2012 Exploration Program

The Rockwood exploration area is located on the eastern margin of the Bowen Basin, adjacent to the Fitzroy Development Road and approximately 45km north-east of the township of Dysart.

Since March 2012, EOC has undertaken an intensive, focussed drilling program at Rockwood. This followed-up the discovery of a significant resource at Rockwood during the 2011 program. Drilling has now been concentrated along Carfax Road, as well as across the southern boundary of the EPC1514 tenement (see Fig 1: *Rockwood JORC Resource Area – 1H 2012 Drilling*). A total of 22 drill holes, including 3 core holes, were included in the 1H 2012 program.

The aim to date has been to gain a critical understanding of seam stratigraphy and geological structure, as well as to confirm extension of the same coal seams into the south-eastern portion of the tenement.

Drilling in 1H 2012 has confirmed the continuity of Rockwood coal seams along Carfax Road in an east/west direction. Continuity has also been confirmed in a north/south direction, reaching all the way into the south-eastern area of the tenement. Combined with other exploration data available (including seismic survey), geological assessment activities have linked the geological structures and coal seams identified in the initial 'northern resource area' (drilled late-2010 and 2011), with those identified in the more recently explored 'southern resource area' (drilled 2012).

4. Immediate Priority for Further Drilling at Rockwood

Endocoal remains of the view that Rockwood is a significant coal asset. The Company's priority now is to advance Rockwood as a potential mining operation by:

- Undertaking in-fill drilling in selected potential mine development areas;
- Extending coal quality washability testing;
- Preparing for environmental studies; and
- Commencing preliminary mine planning assessments.

The 1H 2012 exploration program outcomes will enable further modelling of coal seams and geological structures within the currently identified JORC Resource area. The immediate focus at Rockwood will now shift away from further broader-area exploration (to identify greater resource levels), towards tighter in-fill drilling in locations identified as being prospective for the siting of mining pits. This, in turn, will assist in defining those specific areas with potential to support the initial development of an economic mining operation.

5. Overall JORC Reserve and Resource Base

EOC's overall JORC Reserve and Resource base now stands at 498.5Mt, including 13.0Mt of Marketable Reserves. This combines the successful exploration outcomes at the Rockwood Project with those at the Orion Downs Project (EPC1517), comprising the Meteor Downs South (**MDS**) and Inderi deposits. This outcome is summarised in the following table.

Tenement	JORC-Measured	JORC-Indicated	JORC-Inferred	Total JORC Resources (Mt)	JORC Marketable Reserves
Orion Downs (EPC 1517)	31.8	11.6	8.0	51.4	13.0 (MDS)
Rockwood (EPC 1514)	0	47.1	400.0	447.1	-
TOTAL (Mt)	31.8	58.7	408.0	498.5	13.0

6. Commentary

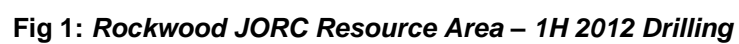
Commenting on the Rockwood mid-2012 JORC Resources update, Endocoal's Chief Executive Officer, Tim Hedley said:

"This significant increase in JORC Resources further confirms the major PCI deposit Endocoal has discovered and continues to prove-up at Rockwood. Our priority from here will be in-fill drilling to identify preferred mine locations at Rockwood, rather than continuing to deliver an expanded resource base that we believe exists beyond the 447.1Mt delineated to date."

Now we have established continuity of geological structures, and coal seams along these, we will now utilise in-fill drilling to target those areas most prospective for future mine development. This is the next essential task as we prepare to enter the value-adding mine investigation stage."

It is also likely these outcomes will be noted by various parties that have indicated interest in Endocoal at either the company, or project, or asset level. Endocoal, via its adviser Macquarie Capital, is in active dialogue with a number of parties who have access to a confidential data room and are progressing in review and evaluation processes now underway."

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 ***"Updating JORC Resource – 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 information relating to the Rockwood JORC Resources contained in today's announcement titled ***"Updating JORC Resource – Rockwood"*** has been provided 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.

Statement of Compliance:

The information in this report that relates to Marketable Reserves at Endocoal's South Meteor Downs Project is based on a mine plan, a mine schedule and costs prepared by The Minserv Group Pty Ltd. Mr Jeff Jamieson was responsible for the report's preparation and the reserve statement therein. He is both a Fellow of the Australasian Institute of Mining and Metallurgy, and a Chartered Professional (Mining) and is a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Jamieson consents to the inclusion in the report of the matters based on his 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 reserves and resources of 13Mt and 498.5Mt respectively. The Company is proceeding to develop an export-quality thermal coal open cut mine, Meteor Downs South, 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 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. At Pretoria Hill an exploration program with joint venture partner Carabella Resources (CLR) is being planned. Elsewhere, tenement applications 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: 186m

Unlisted Options: 21.6m

Directors & Management

Rod Austin

Interim Non-Executive

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