1. Highlights

- Six drill rigs contracted to 31 December 2011;
- 5 metre thick coal seam intersected at Inderi;
- JORC Resources upgrades expected for Orion Downs and Rockwood in early 3Q 2011;
- Bankable Feasibility Study for Meteor Downs South open cut mine underway, with completion in 4Q 2011; and
- Talwood drilling to commence in July 2011.

Endocoal’s Chairman Alan Broome said:

“Endocoal continues to implement its three coal strategy in a timely manner.

The mobilisation of six drill rigs is indicative of the progress being made. We have high hopes for having a JORC Resource of >100Mt by 2011 year end.

When combined with a completed BFS at Meteor Downs South, Endocoal anticipates a significant re-rating for its shareholders over the period to 31 December 2011.

We look forward to updating shareholders as the results of this drill program are received.”

2. Exploration Program

Endocoal has re-commenced a major exploration program in the Bowen Basin.

Six drill rigs have been contracted through to December 2011. These are being deployed initially at Orion Downs and Rockwood, before moving to Talwood. The objective is to expand the drilling footprint on earlier successful thermal and PCI coal discovery sites.

3. Orion Downs

At Orion Downs (EPC 1517) a 41.2Mt JORC resources was identified in 2010. In April 2011 Endocoal lodged a Mining Lease Application (No. 70452) for the Meteor Downs South open cut project, part of Orion Downs. A Bankable Feasibility Study is proposed to be completed in 4Q 2011 for a 1.5Mtpa direct-ship thermal coal mine at Meteor Downs.

Two drilling rigs are now on site at Orion Downs. The first rig mobilised to the Inderi site on 4 May 2011. It initially completed an open chip hole (ORD 107), with the subsequent adjacent core hole (ORD 107HC) intersecting 5.2 metres of D Seam at 135 metres.
This core hole confirms the southern extension of the area included in the JORC resource statement last year. The rig has now relocated and drilling is underway on the next open chip hole (ORD 108).

The second rig arrived on site 12 May 2011 and will be in operation early this week after the completion of site safety inductions for the drill crew and set-up of the rig on the drill-pad.

The drilling program now underway at Orion Downs involves in-fill drilling, step out drilling, as well as resource boundary confirmation in some locations.

The Orion Downs exploration program’s objective is to increase the JORC Resource to over 50Mt. It is intended to bring the JORC Resources to ‘Measured’ status as part of Endocoal developing a Bankable Feasibility Study for Orion Downs.

Endocoal’s confidence in Orion Downs’ prospectivity has been buoyed by the resource increase to 369Mt at MacArthur Coal’s West Rolleston tenement. West Rolleston adjoins the State Forest zone on western boundary of the Orion Downs tenement. Discussions are underway to obtain access to this State Forest area to enable Endocoal to commence exploration of this area.

Orion Downs EPC 1517 and Surrounding Areas

Inderi In-fill Drilling
4. Rockwood

At the Rockwood PCI exploration area (EPC 1514), located near Dysart, two rigs are currently in operation in the northwest section of the tenure area. The first drill rig mobilised to Rockwood North and commenced drilling on the 15 April 2011. One core hole (RKD008HC) and three open chip holes (RKD021, RKD022, RKD023) have been drilled to date, along with one re-drill hole (RKD020) to allow geophysical logging to be completed. The rig is currently taking another core (RKD021HC), with cores being sent immediately to a coal laboratory for coal quality testing and analysis.

The second drill rig mobilised to site on 7 May 2011 and is currently drilling an open chip hole (RKD024) at Rockwood North. A third drill rig is expected to mobilise on site this week, with the final drill rig expected to arrive on site in late May 2011.

The Rockwood exploration program’s objective is to define 50-80Mt of JORC Resource in the northern section of the tenement with several other prospective targets identified for exploration later this year.

![Planned Rockwood Drill Hole Targets](image-url)
5. Talwood

Endocoal is targeting Rugby-style coal measures, prospective for coking coal, at Talwood. Activities are underway to gain access for drilling at Talwood (EPC 1590) in 2Q 2011. It is anticipated that one drill rig will move to this area by July 2011. Once a JORC resource is announced at Rockwood, a second rig will move to Talwood area.

Competent Person’s Statement:

In accordance with the Australian Securities Exchange requirements, the technical information contained in today’s announcement titled “Endocoal Exploration and Mine feasibility Planning” 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 the exploration and development of coal tenements in the Bowen Basin, Queensland’s premier coal producing region. The Company is currently proceeding to develop export-quality thermal coal mines at its flagship Orion Downs tenement, positioned close to existing infrastructure networks, and deliver coal to export markets. Endocoal also has an additional nine tenements in the Bowen Basin region which will be subject to further drilling and exploration, with a priority to the Rockwood tenement, which is prospective for PCI coal, and the Talwood/Pretoria Hill tenements which are prospective for Coking Coal.

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