

Liberty Resources Limited

ASX Code: **LBY**

SHARE INFORMATION

ASX Share Price: **\$0.072**

Issued Shares: **69.4m**

Market Cap: **\$5.00m**

Current Cash: **\$1.60m**

Debt: **\$0.0m**

ABN 98 103 348 947

admin@libertyresources.com.au

www.libertyresources.com.au

Directors:

Andrew Haythorpe
Managing Director

Alan Phillips
Chairman, Non-executive Director

Michael Fry
Non-executive Director

James Byrne
Non-executive Director

COAL GASIFICATION – QUEENSLAND, AUSTRALIA

- Shallow coal potential has been identified from historical water bore data within the southern part of the Surat project.
- MDL application has been lodged over the 338 million tonnes of Inferred Coal Resource estimated in Galilee project.
- Geoconsult completed an independent review of coal seam intersections within historical petroleum wells- confirming widespread coal potential over 2000 holes and 30,000km².
- Drilling programmes are being designed to substantially increase coal potential.

AQUISITION OF QUEENSLAND ENERGY PROJECT

As announced on the 22 April, Liberty has completed the acquisition of the Queensland Energy Projects for a substantially reduced consideration. This was the culmination of months of negotiation during the quarter. These Projects include tenements covering shallow and deep coal in the Surat, Galilee and Bowen Basins, potentially suitable for Underground Coal Gasification ('UCG') as well as conventional Open Cut and Underground mining.

With the acquisition of these projects the company now able to focus its attention on pursuing opportunities both from shallow coal and the developing technology of UCG.

Previous Transaction

91 million share
100 million options
A\$10 million over 2 years
1% gross royalty
Appointment of 3 of 7 directors
A\$600,000 break fee
2 year consultancy agreements

Independent expert report,
shareholder and regulatory approval
Change to company's activities
Related party transaction approvals

New Transaction

No new issue
No new issue
A\$300,000 single payment
No royalty
No increase in board
N/A
Agreements terminated on 6 months' notice
No shareholder approval

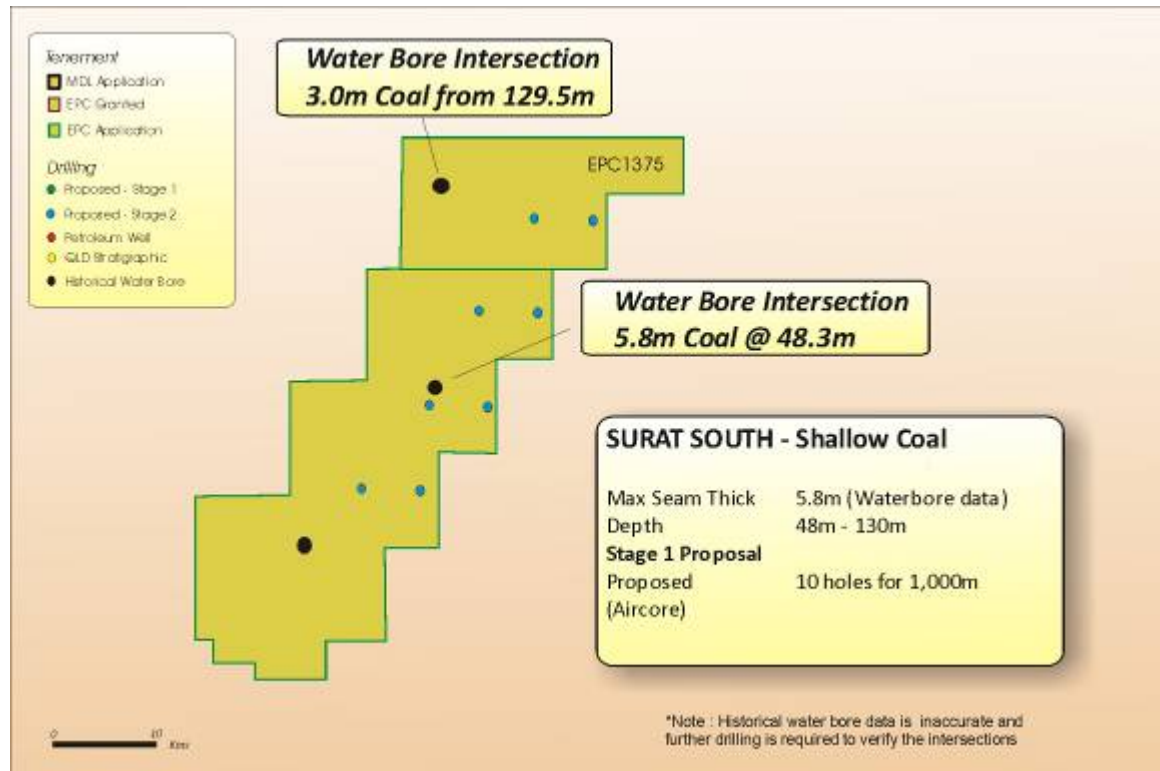
No change to activities
No Related party transactions

Shallow Coal Potential

Reviews of historical water bore data, supplied by the Queensland Department of Natural Resources and Water (DNR&W) has resulted in shallow coal occurrences being identified from shallow depths within the Surat project area.

Figure 1 details the location of the water bore holes and the proposed first pass drilling programme.

Figure 1 – Galilee Project Area Showing Shallow Coal Intercepts



It is important to note that water bore data can be somewhat inaccurate and the coal thickness reported cannot be quantified. Confirmation drilling will need to be carried out by Liberty Resources. The water bores are located in the north eastern corner of the Kobarra Project area (tenement applications EPC1333 and EPC 1336).

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NEW HYDROGEN FUEL – FROM SYNGAS

Liberty Resources aims to produce clean Hydrogen fuel that can provide low cost electricity, as well as fuel, for the post - petroleum era*.

Clean Hydrogen from Syngas

This is done by gasifying coal. The coal is converted into Hydrogen Fuel - with dramatically less pollution and greenhouse gas emissions than currently used techniques. Gasification can be done safely and cleanly – underground, without the need for mining (UCG - Underground Coal Gasification). Unused by-products can be reinjected safely into the ground afterwards – where they came from.

Pilot Success in Queensland - Jan 2009

Recent trials in Queensland (www.carbonenergy.com.au) show that Natural Gas - itself a valuable fuel - is a significant by-product, which will reduce the cost of Hydrogen to new, affordable levels.

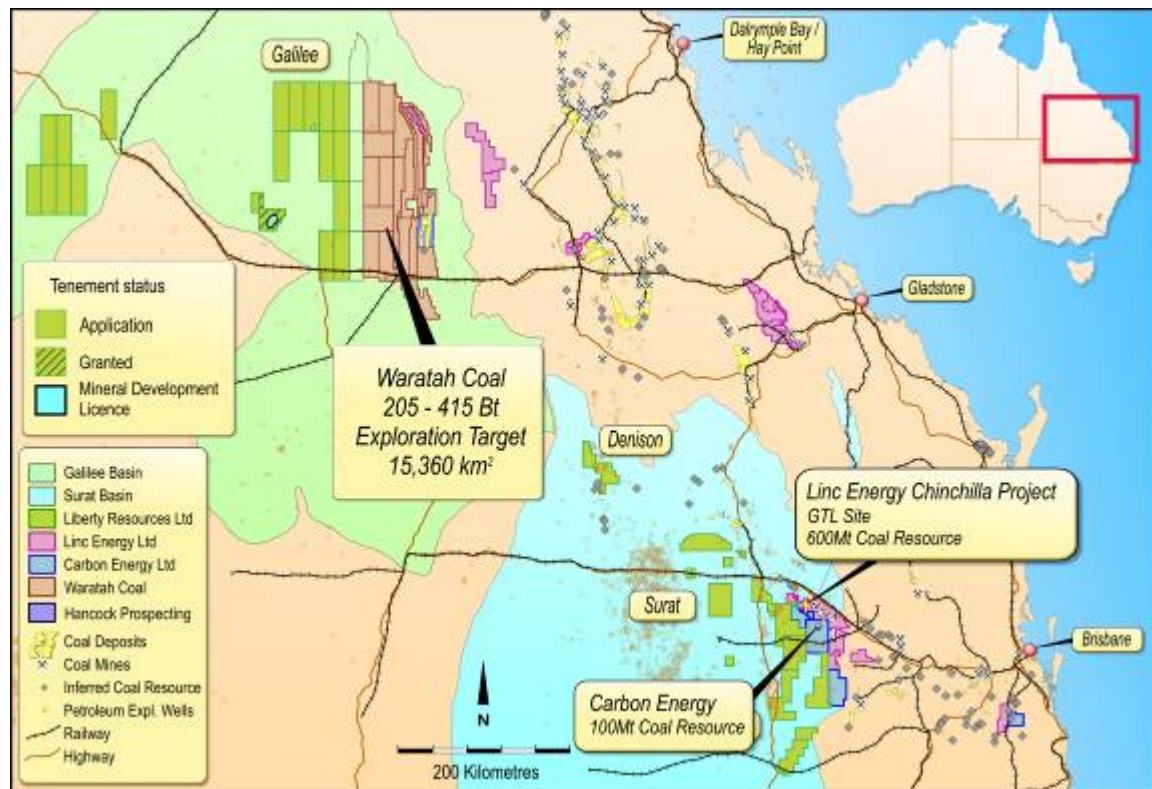
* (Top Gear - Honda Clarity http://videos.streetfire.net/video/Top-Gear-Honda-FCX_205799.htm).

COAL GASIFICATION – QUEENSLAND, AUSTRALIA

Liberty Resources has entered into an agreement to acquire various coal interests in Queensland which hold extensive Exploration Permits for Coal Applications (“EPCAs”) in Queensland.

The EPCA’s cover coal in the Surat, Galilee and Bowen coal basins and is believed to be the largest private holding for deep coal in Queensland, one of the world’s major coal exporters. An estimated 4.2 billion tonnes of coal occurs within the shallow part of the Surat Basin (refer to <http://www.dme.qld.gov.au/mines/resources.cfm>) adjacent to the EPCA areas. The EPCA’s cover an area twice the size down-dip to the south and west of the area hosting shallow coal.

Figure 2 – Liberty Coal Tenement Status



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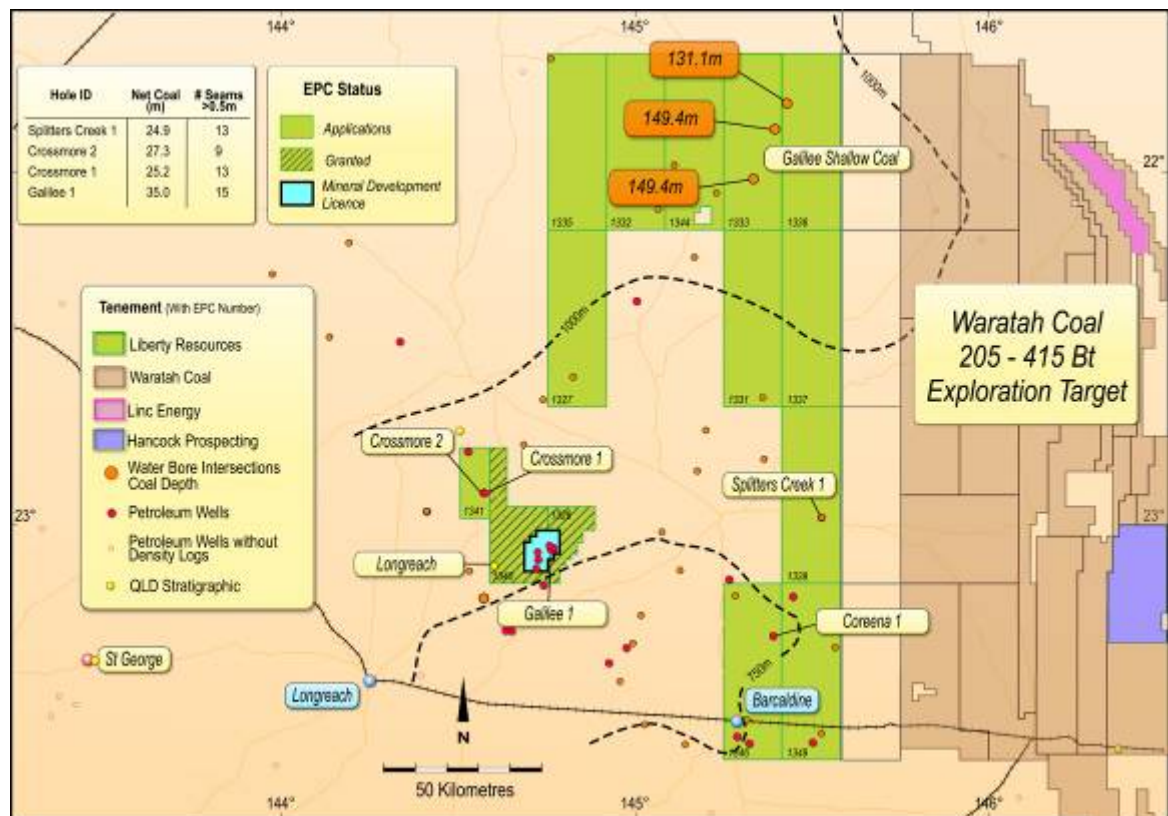
MDL application lodged - 338 Mt Inferred Coal Resource

During the quarter, the company lodged a MDL application over the Inferred Resource of 338 million tonnes (Mt) of thermal coal in its Galilee Project.

The MDL application covers the limits of the resource, however the resource remains open in all directions and is expected to increase significantly with exploration drilling. The mineral resource estimate is classified in accordance with the Joint Ore Reserves Committee (JORC) code.

The MDL provides a base to fast track underground coal gasification (UCG) investigations.

Figure 2 – Galilee Coal Project – MDL application



Coal Seam Intersections – Exploration Petroleum Wells

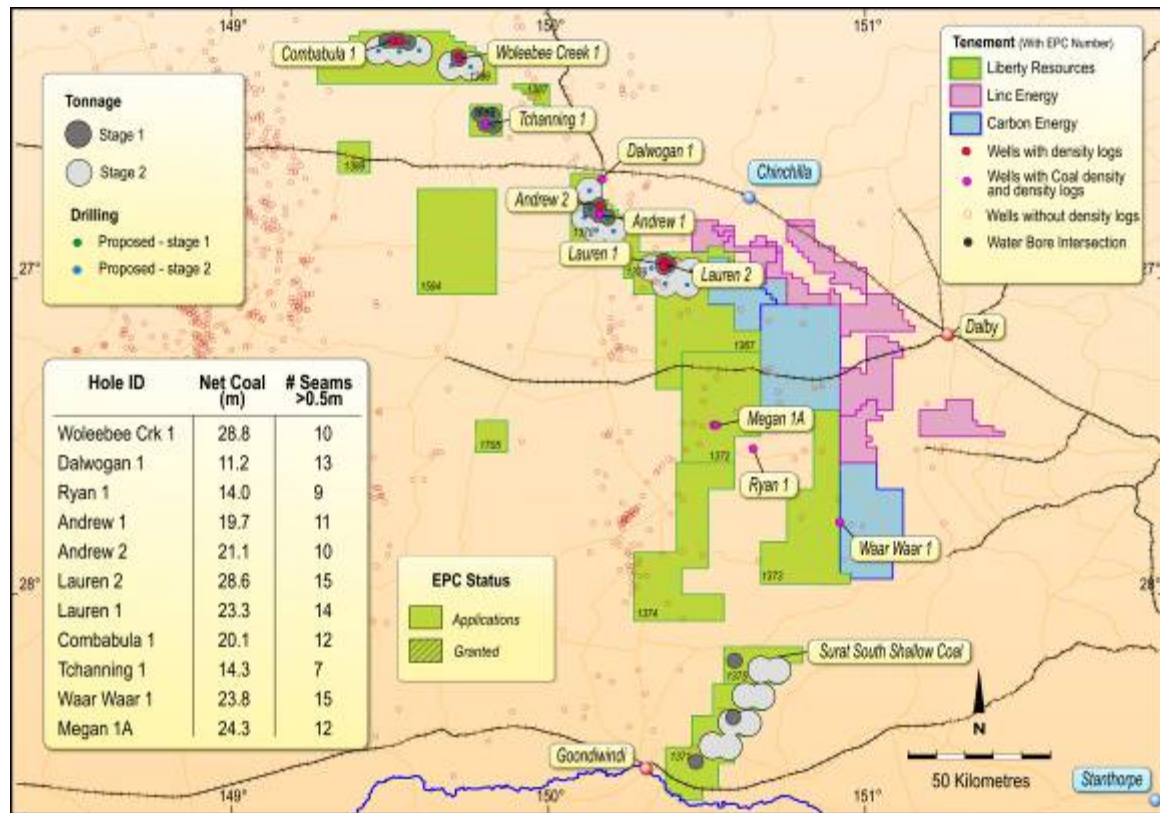
During the quarter GeoConsult completed its verification programme data from over 900 historical petroleum wells. This involved substantiating the coal seams intersected with corresponding density logs of 226 holes. Based on this work priority areas have been identified

- Galilee Basin : 6 target drilling areas (refer figure 2)
- Surat Basin : 7 target drilling areas (refer figure 3)
- Dension : 1 target drilling area

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Based on this review several area's have been prioritised for drilling (Figure 3)

Figure 3 - Surat Coal Project



URANIUM – WESTERN AUSTRALIA, AUSTRALIA

Liberty Resources has a substantial ground position in the northern part of the Yilgarn Craton of Western Australia. During the quarter the company progressed its plans to divest its uranium assets.

Divestment opportunities for these assets are being considered by the company.

CORPORATE AND MANAGEMENT – post March Quarter

The Company's listed options expired on the 31 March 2009

Regards
LIBERTY RESOURCES LIMITED

Andrew Haythorpe
 Managing Director

For further information please contact Rebecca Britten on +61 8 9388 8861.

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BACKGROUND ON LIBERTY

Liberty Resources is focussed on new energy solutions. In acquiring extensive coal assets through Exploration Permits for Coal Applications (EPCAs) in Queensland, the Company aims to produce clean Hydrogen Fuel that can provide low cost electricity, as well as fuel, for the post - petroleum era*.

By gasifying coal, syngas is created which may be converted into Hydrogen Fuel - with dramatically less pollution and greenhouse gas emissions than currently used techniques. Gasification can be done safely and cleanly – underground (UCG), without the need for mining. Unused by-products can be reinjected safely into the ground afterwards – where they came from.

Making clean Hydrogen Fuel even more attractive.

The Company also has uranium interests in Western Australia.

Liberty Resources - looking after tomorrow... today.

Please visit the company website www.libertyresources.com.au for further information.

Competent Person Statement:

The information in this statement that relates to in situ coal results and resources is based on information compiled by GeoConsult and reviewed by Warwick Smyth, who is a member of the Australasian Institute of Mining and Metallurgy (CP) Geology; and the Australian Institute of Geoscientists. Warwick Smyth is a qualified geologist (BSc Geol, Grad Dip AF&I, MAusIMM (CP), MGSA, MAIG), and a Principal Consultant for GeoConsult Pty. Ltd. and has over 17 years experience which is relevant to the style of mineralisation, the type of deposit under consideration and to the activity which has been undertaken to qualify as a Competent Person as defined by the 2004 edition of the Australia Code for Reporting of Coal Resources. Warwick Smyth consents in writing to the inclusion in the statement of the matters based on his information in the form and context in which it appears.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Liberty Resources Limited

ABN

98 103 348 947

Quarter ended ("current quarter")

31 March 2009

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for		
(a) exploration and evaluation	(190)	(426)
(b) development	-	-
(c) production	-	-
(d) administration	(228)	(797)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	26	179
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(392)	(1,044)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	(163)
(b) equity investments	-	-
(c) other fixed assets	-	(2)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	2	53
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)		
Option extension	-	(300)
Option due diligence	(129)	(461)
Net investing cash flows	(127)	(873)
1.13 Total operating and investing cash flows (carried forward)	(519)	(1,917)

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Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(519)	(1,917)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(519)	(1,917)
1.20	Cash at beginning of quarter/year to date	2,844	4,242
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,325	2,325

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	75
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payments include directors' salaries & wages, and directors' fees

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

-

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

-

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Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	250
4.2 Development	-
Total	250

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Curent quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	70	183
5.2 Deposits at call	2,255	2,661
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	2,325	2,844

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	-	-	-	-
6.2 Interests in mining tenements acquired or increased	-	-	-	-

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Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>	-	-	-	-
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 *Ordinary securities	69,425,003	69,425,003		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5 *Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-
7.7 Options <i>(description and conversion factor)</i>	-	-	<i>Exercise price</i> -	<i>Expiry date</i> -
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	30,212,501	30,212,501	\$0.25	31 March 2009
7.11 Debentures <i>(totals only)</i>	-	-	-	-

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7.12	Unsecured notes (totals only)	-	-	-	-
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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: 
Company Secretary

Date: April 2009

Print name: Robert Hodby

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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