



COAL FE RESOURCES LIMITED

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ANNOUNCEMENT HIGHLIGHTS

- Pancaran Abadi Project – Initial JORC compliant resources completed;
- Combined Resources of 27.26 million Mt from 6 drill tested coal seams; and
- Area drilled represents 29.5% of total concession area

Following the successful completion of the drilling program on the Pancaran Abadi Project (“Abadi Project”) as announced on 16 April 2008, Coal FE Resources Limited (ASX:CES) today is pleased to announce JORC Code compliant coal resource results from the drilling and resource modelling at the Abadi Project, as summarised below:

Resource Category	Metric Tonnes (Mt)
Measured	440,000
Indicated	14,578,000
Inferred	12,242,000
Combined	27,260,000

The 27.2 million Mt combined coal resource is derived from the six (6) seams found in the concession area as detailed out in Table 2.

The concession area of the Abadi Project encompasses an area of about 1,017 Hectares (ha) in Selo Lai Area, Muara Badak District, East Kalimantan, Indonesia. The detailed exploration and drilling were carried out in the south-western portion of the concession area measuring approximately 300 ha.

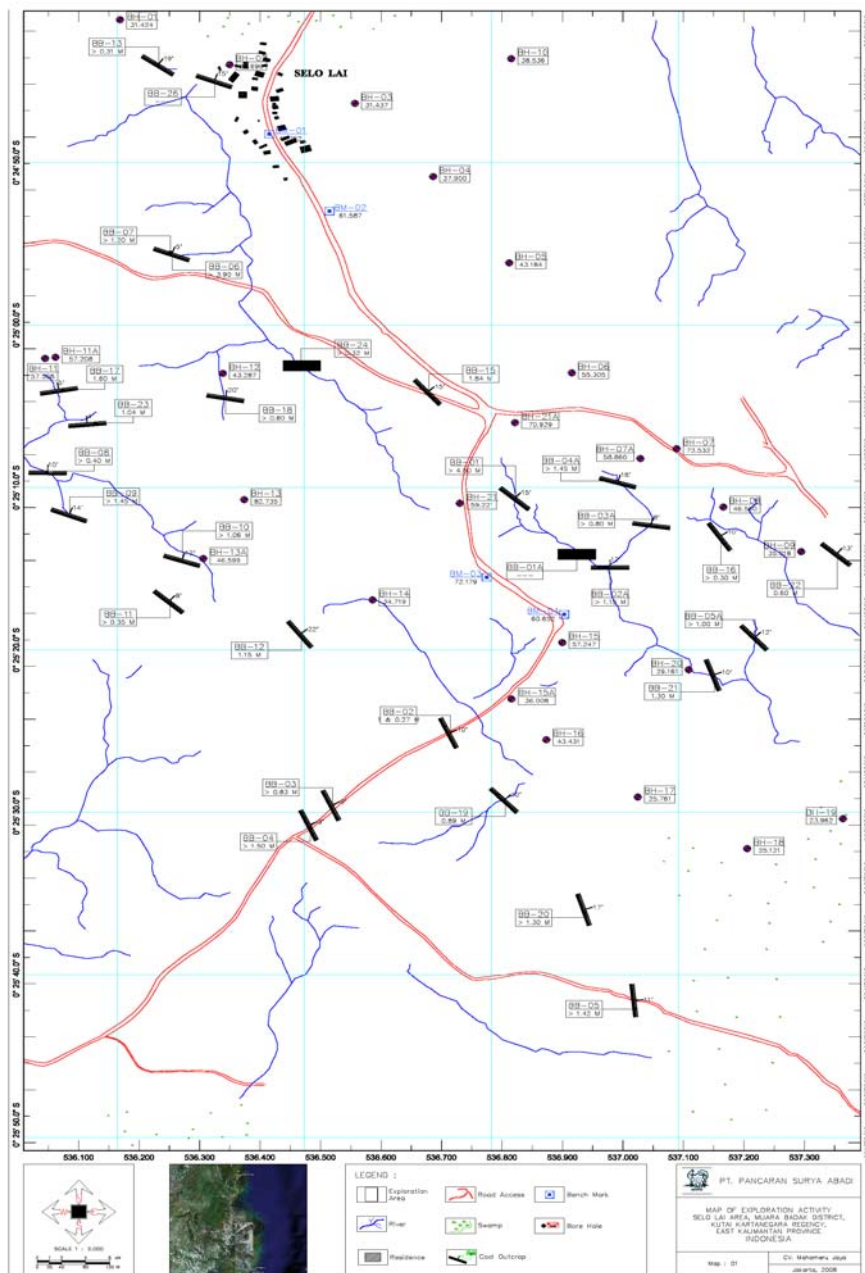
Ravensgate, a minerals industry consultant, has been involved on a technical basis with this project since 2006. Ravensgate latest brief was to assess the JORC compliancy of the resource estimates done over the concession by Indonesian consultants, CV Mahameru Jaya. Ravensgate then undertook a parallel resource modelling and estimation program. The data used and the application of this data is outlined below as well as the ultimate results of this study.

Drilling Data

Twenty two holes have been drilled within a 300 hectare block. Most of the holes were drilled along two NW running drill lines. These two drill lines are approximately 500 metres apart. Along drill line 1 the boreholes are generally spaced approximately 200 metres apart. Borehole spacing along drill line 2 is variable and boreholes can be as far as 400 metres apart in places.

Six recently drilled infill holes were located between drill lines previously designated as lines 1 and 2. Drill spacing in the southeast of the block is much closer spaced than in the northwest. The thickest coal seams occur towards the northwest where the drilling is more widely spaced (see Figure 1).

Figure 1:
Map showing location of drillholes



Samples and coal quality

Twenty samples were submitted to determine coal quality. The 20 samples constitute one composite value per coal seam. Six coal seams are developed in the project area. The remaining coal seam intersections might have to be submitted for analysis to bring some of the existing Indicated and Inferred resources into JORC compliant measured resources in the future after additional resource review and up-date.

Ravensgate Resource Block Model Based Resource Estimate

This identified Coal Mineral Resource Inventory Estimate for the Abadi Project is based upon Surface mapping and Surface Trench data intersecting the various seams seen typically outcropping in numerous locations across the project area. A summary of the observations and procedures used as well as any underlying assumption related to the resource modeling are outlined below.

Methodology and Parameters of 3-D Resource Block Model:

1. Resource estimates completed by Ravensgate using data prepared and provided by Coal FE Resources Limited.
2. Drill spacing is generally quite widely spaced however is still adequate for coal seam definition when used in conjunction with surface mapping and trenching. All drill-holes have been oriented closely perpendicular to the coal seams which tend to dip at 7 degrees to the North-East (Azimuth 45 degrees) throughout the project area. The drilled and logged coal intercept data in conjunction with surface mapping and trenching data provides an adequate measure of “true thickness” which has been applied to the resource block model.
3. All drill-hole collars were surveyed and checked to make sure they match the known surveyed topographic surface.
4. Geological features and the overall coal profiles derived from the drilling data was verified and calibrated by surface trench mapping and channel sampling assay data. Coal seams were modelled to an accurately defined vertical depth of 120 metres from the current topographic surface. A total of 6 Coal seams were modelled – Designated sequentially as Seam 1, 2, 3, 5 & 6 with Seam 1 being closest to surface. Seam 4 is “non-sequential” and is actually an extension of Seam 2.
5. The drill hole coal quality sample data used for block model interpolation were composited to uniform 1m “down-hole” composite lengths for general statistical analysis and for use in the localised assignment of coal quality parameters to the modelled coal seams.
6. Careful 3-D analysis of drilling data and surface mapping data were used to assist the correlation of coal seams.
7. Bulk Densities have been estimated from previous studies and was determined to be 1.3 tonnes / cubic metre for Coal. This density assumption was continued for this resource modeling study. Density variations are expected to be low and will be refined in future studies.

8. Block sizes used for the new Abadi block model were set at 8x8x1m (X,Y,Z) in order to accurately define some of the thinner coal seams locally.
9. Block Grades were interpolated into the 3-D block models using rigorous localized coal seam constraining and a 3-D polygonal match interpolation. All coal seam geometries were carefully adjusted to match the understood overall known structural known.
10. Resource classification was assisted by use of a "Quality of Estimate" algorithm which used a similar "3-D distance" of drill-hole from model block. This regime closely matched previous used resource classification regimes for the project area. This regime is briefly described as follows :-

QLTY=1 – Coded Coal Seam Block is <100m from nearest Drill-hole containing coal quality analyses.

QLTY=2 - Coded Coal Seam Block is 100-200m from nearest Drill-hole.

QLTY=3 - Coded Coal Seam Block is 200-400m from nearest Drill-hole.

QLTY=4 - Coded Coal Seam Block is >400m from nearest Drill-hole.

In addition modelled coal seam blocks were beneficially re-classified when less than 20m from surface since coal outcropping by default increase classification confidence.

Classification is then continued considering all resource modifying factors as QLTY=1, 2 or 3 for Measured Indicated and Inferred respectively. QLTY=4 defined material is of "low confidence" and not classified or reported.

11. The reported tonnages and grades in Table 2 are in accordance with the guidelines and recommendations of the JORC code (December 2004) and Appendix 5A of the ASX Listing Rules. This resource estimate was carried out using accepted industry standard estimation methods and adhering to the JORC Code guidelines in estimating and categorising the identified Coal resources.

Table 2: Coal Resource Inventory Summary For All Modelled Seams

**Abadi Project
Inventory Summary
30 May 2008**

SEAM 1	QLTY	BCM	Tonnes	Dry Basis Analysis				CLASS
				DASH1	DVM1	DTS1	DGCV1	
	1	134,160	174,408	8.26	50.17	0.76	6111	Measured
	2	1,321,559	1,718,027	8.38	50.06	0.75	6099	Indicated
	3	682,672	887,474	7.62	50.75	0.81	6176	Inferred
		2,138,391	2,779,909	8.13	50.28	0.77	6124	(Combined)

SEAM 2	QLTY	BCM	Tonnes	Dry Basis Analysis				CLASS
				DASH1	DVM1	DTS1	DGCV1	
	1	0	0	0.00	0.00	0.00	0	Measured
	2	5,467,001	7,107,101	3.98	45.53	0.16	5296	Indicated
	3	2,794,194	3,632,452	3.98	45.53	0.16	5296	Inferred
		8,261,195	10,739,553	3.98	45.53	0.16	5296	(Combined)

SEAM 3	QLTY	BCM	Tonnes	Dry Basis Analysis				CLASS
				DASH1	DVM1	DTS1	DGCV1	
	1	32,210	41,874	13.30	49.30	0.32	5767	Measured
	2	1,465,676	1,905,379	13.30	49.30	0.32	5767	Indicated
	3	1,957,389	2,544,605	13.30	49.30	0.32	5767	Inferred
		3,455,275	4,491,858	13.30	49.30	0.32	5767	(Combined)

SEAM 4	QLTY	BCM	Tonnes	Dry Basis Analysis				CLASS
				DASH1	DVM1	DTS1	DGCV1	
	1	50,484	65,629	13.30	47.40	1.84	5690	Measured
	2	673,416	875,441	13.30	47.40	1.84	5690	Indicated
	3	942,509	1,225,262	13.30	47.40	1.84	5690	Inferred
		1,666,409	2,166,332	13.30	47.40	1.84	5690	(Combined)

SEAM 5	QLTY	BCM	Tonnes	Dry Basis Analysis				CLASS
				DASH1	DVM1	DTS1	DGCV1	
	1	36,236	47,106	6.27	53.40	1.20	6300	Measured
	2	1,202,233	1,562,903	6.27	53.40	1.20	6300	Indicated
	3	1,409,045	1,831,758	6.27	53.40	1.20	6300	Inferred
		2,647,514	3,441,767	6.27	53.40	1.20	6300	(Combined)

SEAM 6	QLTY	BCM	Tonnes	Dry Basis Analysis				CLASS
				DASH1	DVM1	DTS1	DGCV1	
	1	85,323	110,920	14.05	47.55	0.44	5731	Measured
	2	1,083,640	1,408,732	14.05	47.55	0.44	5731	Indicated
	3	1,631,323	2,120,720	14.05	47.55	0.44	5731	Inferred
		2,800,286	3,640,372	14.05	47.55	0.44	5731	(Combined)

TOTAL	QLTY	BCM	Tonnes	Dry Basis Analysis				CLASS
				DASH1	DVM1	DTS1	DGCV1	
	1	338,413	439,937	10.74	49.36	0.84	5940	Measured
	2	11,213,525	14,577,583	7.50	47.71	0.49	5626	Indicated
	3	9,417,132	12,242,271	9.20	48.41	0.61	5723	Inferred
		20,969,070	27,259,791	8.31	48.05	0.55	5674	(Combined)

Rounded				Dry Basis Analysis				CLASS
TOTAL	QLTY	BCM	Tonnes	DASH1	DVM1	DTS1	DGCV1	
	1	338,000	440,000	10.74	49.36	0.84	5940	Measured
	2	11,214,000	14,578,000	7.50	47.71	0.49	5626	Indicated
	3	9,417,000	12,242,000	9.20	48.41	0.61	5723	Inferred
		20,969,000	27,260,000	8.31	48.05	0.55	5674	(Combined)

Legend:

DASH1 = Ash% Wt (Dry Basis)

DVM1 = Vm% Wt (Dry Basis)

DTS1 = TS% Wt (Dry Basis)

DGCV1 = GCV cal/g (Dry Basis)

Location of Exploration Area

The exploration area lies in the District of Muara Badak, Regency Kutai Kartanegara, Province East Kalimantan, Indonesia (see Figure 2). Balikpapan, the provincial capital of East Kalimantan, lies 110 kilometres due SW of the tenement. There are regular daily commercial flights between Jakarta and Balikpapan International Airport. The flying time from Jakarta to Balikpapan is approximately 2 hours.

Balikpapan and Samarinda are joined by a 140 kilometre long sealed road. It takes between 2 and 3 hours to drive between these two towns. Samarinda is the closest town to the project area. Samarinda is a large, well organised town with all modern amenities.

By road the licence area is approximately 60 kilometres from Samarinda. It takes approximately 2 hours to drive from Samarinda to the licence area. The first 30 kilometres is along a well maintained sealed road. The secondary, unsealed road leading into the licence area is in relatively good condition and is easily traversed in a four wheel drive vehicle.



Figure 2:
Picture Showing Location of Exploration Area

Physiography

The area consists of low to moderate hills, ranging in elevation from 30 to 110 metres which covers about 90% of the concession area. The remaining area consists of flood plains and low swampy ground. Principal lands use is coconut palm plantations (50 – 60% of total area), particularly in the northern portion of the concession. Over the remainder of the area communal farming is practiced.

Local drainages are generally shallow, with a number of creeks being ephemeral. April to October is the dry season. The wet season extends from November to March, with December and January being the wettest months.

Geology

The Abadi Coal prospect lies within the Kutai Basin, which is a thick sequence of deltaic to shallow marine sediments of Eocene to Mid-Pleistocene age.

The concession area is underlain by sediments of the Balikpapan and Kampung Baru Formations. Coal seams with economic potential are only developed in the Balikpapan Formation.

Drilling has established that there are 6 coal seams developed on the property. The seams strike at between 285° to 356° and dip gently towards the east (at around 6°-11°).

Future Direction

Discussions are progressing with possible off-takers or joint venture partners for the extraction and development of the project.

Coal FE's evaluation work is continuing with Pre-Feasibility study to further improve the confidence in the known resources and for definition of additional resources. The Pre-Feasibility study encompasses infrastructure, environmental and social studies.

Coal FE will continue to explore the remaining parts of the 1,017 ha concession for further resources as part of the agreed program in the Co-operation Agreement with PT. Pancaran Surya Abadi.

CP Statement

"The information in this report that relates to Mineral Resources is based on a resource estimate compiled Mr Stephen Hyland, Member of the AusIMM who is also a full time employee and Principle Consultant of Ravensgate Pty Ltd. Mr Hyland 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, Mineral Resources and Ore Reserves". Mr Hyland consents to the inclusion in the report of the matters based on his information in the form and context in which it appears."

Forward Looking Statement

This announcement includes forward-looking statements. All statements other than statements of historical facts included in this announcement, including, without limitation, those regarding Coal FE's business strategy, plans and objectives of management for future operations (including development plans and objectives relating to Coal FE's production forecasts and resource and reserve positions) are forward looking statements. Such statements are based on numerous assumptions and involve known and unknown risks, uncertainties and other factors which may cause the achievements and performance of Coal FE to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements.

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