

ASX ANNOUNCEMENT

21 July 2011

COALBANK RECEIVES INSTITUTIONAL INVESTMENT

COALBANK LIMITED (ASX: CBQ) is pleased to advise that the Company has finalised a \$3.8 million investment from certain investment funds affiliated with Och-Ziff Capital Management Group LLC (the Och-Ziff funds).

Under the terms of the agreement, the Och-Ziff funds will invest AUD\$3.8 million to fund the company's drilling and other exploration activities, along with working capital requirements. The funding will enable the Company to recommence drilling of its previously announced high priority coal targets.

The investment comprises a \$1.9 million share placement, priced at \$0.038 per share and \$1.9 million of convertible bonds (initially convertible at \$0.038 per share on certain terms), providing total proceeds of \$3.8 million. Settlement of both the placement and convertible bond subscription is expected to occur on 22 July 2011.

Commenting on the investment, Mr Roger Clarke, Chairman of COALBANK, said that the Company welcomed the investment from the Och-Ziff funds.

"Having an international investor of the calibre of Och-Ziff is an important progression in COALBANK's plans for development.

"Och-Ziff's experience in energy investments will provide a number of benefits and supports COALBANK's future potential," Mr Clarke said.

The new shares issued under the placement will represent 6.85 per cent of the issued capital of the Company, while the securities relating to the Convertible Bonds also represent 6.41 per cent of the Company's issued capital upon conversion.

Patersons Securities Limited and RBS Morgans Corporate Limited were Joint Lead Managers of the capital raising.

The Company will provide an update on its drilling plans as soon as access and logistical arrangements are finalised.

Ends

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About Och-Ziff Capital Management Group LLC

Och-Ziff Capital Management Group LLC is a leading global institutional asset management firm with approximately US\$29.3 billion of assets under management as of 1 July 2011.

About COALBANK LIMITED

COALBANK LIMITED is an ASX-listed company (ASX:CBQ) that is investing in and developing early stage upstream energy projects from the exploration stage, where significant value can be added most rapidly through our team's exploration expertise and commercial discovery experience.

The Company currently holds a large portfolio of coal and petroleum exploration projects in Queensland, Australia.

After adding value through our team's exploration expertise and commercial discovery experience, the Company's future partnering strategy includes the involvement of strategic industry partners for its key projects to accelerate their full development to production stage.

With one of the largest coal exploration permit areas in Australia, COALBANK is focused on coal projects, while actively seeking partners or spin-off opportunities for its petroleum subsidiary, Surat Gas Pty Ltd and its remaining minerals projects.