

09 September 2011

HARVEST METALS: COPPER DISCOVERY CONFIRMED

Key Points:

- New copper discovery confirmed from October 2010 drilling program at Chillagoe Project in North Queensland, with significant intersections of copper mineralisation identified in assays from six holes.
- **COALBANK** has commissioned an independent technical review of its metals projects, held via its 100% subsidiary, **Harvest Metals Pty Ltd**.
- Positive preliminary feedback received from technical review process.

COALBANK LIMITED (ASX: CBQ) is pleased to advise that it has engaged an independent technical expert to review its metals projects portfolio, held via the Company's 100% subsidiary, **Harvest Metals Pty Ltd** (Harvest Metals).

As previously advised, COALBANK is also finalising the transfer of its EPMs covering its Chillagoe (North Queensland) and Mount Morgan (Central Queensland) metals projects to Harvest Metals.

New Copper Discovery at Chillagoe Project

Situated 130km north of the Chillagoe township in North Queensland, the Chillagoe district project is understood to have structural and lithological settings similar to the Mungana and Red Dome gold-copper deposits near Chillagoe.

The Company's exploration has been aimed at discovery of porphyry copper-gold orebodies similar to those at Red Dome and Mungana, near Chillagoe.

To this end, the Company completed a 10 hole drilling program at the Company's Chillagoe project in October 2010. Following a recent review of assay results, a new copper discovery has been identified at the Chillagoe Project.

Analysis of drilling results at Limestone Creek, Chillagoe, indicates that a 700 metre long zone consistently exceeds 1,000 ppm copper, and averages 3,100 ppm copper in soil samples. A linear zone of hydrothermal breccias, similar in type and shape to those in the upper levels of Red Dome (pre-mining) and Mungana deposits, outcrops over a similar distance.

The 10 hole (492 metre) reverse-circulation drilling program tested three targets last October. The main target was Leane's Prospect, where eight holes for 412 metres tested a 500 metre strike length which includes the main zone of breccias, soil copper anomalies, and strongly anomalous rock chip copper assays.

Significant intersections of copper mineralisation were made in six holes. The central section of the breccia system was examined at shallow depths by holes LRC2, 3 and 4. Bulging of the breccia width in this central area suggests the potential for a porphyry system at depth.

Copper intersections greater than 0.1% are listed below:

Hole	Interval (m)	Width (m)	Grade (Cu%)
LRC02	22-24	2	0.18%
LRC02	31-33	2	0.16%
LRC02	36-48	13	0.31%
LRC03	24-28	4	0.55%
LRC04	21-54	33	0.49%
LRC05	25-28	3	0.35%
LRC06	46-55	9	0.17%

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LRC08	06-13	7	0.27%
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The Leane's copper discovery has potential to be a similar "Porphyry-Breccia" geological model to Mungana near Chillagoe, in which surface exposure of remnants of the porphyry plug are so highly leached as to be almost unrecognisable.

The focus of copper mineralisation and width of breccias on Sections 6920N, 7000N and 7050N suggest that the optimum location for a source porphyry plug or plugs is at depth on these sections.

A program of three combined RC/NQ cored deeper holes for 180m of RC drilling and 420m of coring will be considered as follow-up drilling of the Leane's breccia column and as an initial test of the overall concept of a porphyry copper system at depth.

Collaborative Drilling Grant Awarded

As previously announced, during the first half of 2011 the Company was successful in its application for a grant of half the estimated direct drilling costs under the Queensland Government's "Collaborative Drilling Initiative". The Collaborative Drilling Grants are competitive and are provided to "assist testing of new exploration concepts by drilling".

Strategic Review of Metals Projects

The Company has now commissioned an independent technical review of its Chillagoe and Mount Morgan metals projects, which have been transferred to a new wholly owned subsidiary, Harvest Metals Pty Ltd.

The preliminary results from this independent review have been positive.

Following receipt of the final recommendations of the independent review, the Company will consider its options for funding new drilling activities within these projects. This may involve farm out of the metals projects, further internal funding, or outside investment in/spin off of the Harvest Metals subsidiary.

From the initial results of the independent technical review, the Company is excited about the potential for its Chillagoe copper discovery and its Mount Morgan area projects along with the future possibilities for Harvest Metals.

Ends

Competent Person's Statement:

Technical information relating to the Limestone Creek Project contained in this report has been compiled by Mr John Nethery FAusIMM(CP) and FAIG, who is a competent person and member of the Australasian Institute of Mining and Metallurgy and Australian Institute of Geoscientists. Mr Nethery has relevant experience to the mineralisation being reported on to qualify as a Competent Person as defined by the Australasian Code for Reporting of Minerals Resources and Reserves. Mr Nethery consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

Further information:

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About COALBANK LIMITED

COALBANK LIMITED is an ASX-listed company (ASX:CBQ) that invests in and develops early stage upstream energy projects.

The Company holds one of the largest coal exploration permit areas in Australia, and is primarily focused on coal exploration in Queensland. Significant value is added to the Company's projects through its team's exploration expertise and commercial discovery experience.

COALBANK's future strategy includes the involvement of strategic industry partners for its key

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projects to accelerate their development from exploration to production.

Given COALBANK's core focus on coal exploration, the Company will consider joint venture partners or spin-off opportunities for our petroleum subsidiary Surat Gas Pty Ltd, and for its metals subsidiary, Harvest Metals Pty Ltd.