

21 February 2012

HARVEST METALS UPDATE – EXPANSION IN CHILLAGOE REGION

Key Points:

- **COALBANK**, via its 100% subsidiary **Harvest Metals**, has strategically increased its copper-gold exploration footprint in the Chillagoe Region, with a new EPM application for a large area to the north of Mungana and Red Dome Mines along strike covering the *Chillagoe Formation*.
- The increased tenement footprint represents an almost four-fold expansion of the Company's footprint in the Chillagoe region and further enhances the commercial potential of COALBANK's Harvest Metals subsidiary highlighted in its Independent Expert's Report released on 16 February 2012.
- From an initial review of the available data, the Company is excited about the prospectivity of the new tenement application area, which strongly complements Harvest Metals' existing Chillagoe-area projects.

COALBANK LIMITED (ASX: CBQ) is pleased to advise, following the release of the Independent Expert's Report on 16 February for its 100%-owned copper-gold subsidiary **Harvest Metals** Pty Ltd, that it has significantly expanded its tenement area in the highly prospective Chillagoe Region.

Mineralisation in the Chillagoe area is concentrated within the prospective Chillagoe Formation.

During the finalisation of the Independent Expert's Report, a significant area was identified that included the northerly extension of the Chillagoe Formation host sequence north of Mungana and Red Dome Mines, and south of Harvest Metals' Leane's and Bald Hills prospects. This highly prospective area was clearly a logical addition to Harvest Metals' copper-gold exploration portfolio in the region.

Harvest Metals has lodged a new EPM application ('EPM 19537 Mitchell River South') with the Department of Employment, Economic Development and Innovation covering this extension of the Chillagoe Formation, which representing 100 sub-blocks. The expanded tenement area represents an almost four-fold increase in Harvest Metals' tenement footprint in the Chillagoe area.

A location map is attached (page 2) which indicates the new Mitchell River South EPM application, along with Harvest Metals' existing Chillagoe-area projects and the known mines and major deposits within the Chillagoe Formation host sequence.

As mentioned in the Company's ASX Release dated 16 February, from the results of the Expert's review, the Company is very excited about the potential for its Chillagoe and Mount Morgan area copper-gold projects and the future possibilities for Harvest Metals.

The new Chillagoe area EPM application does not reflect any change in COALBANK's strategic direction in the energy sector while it pursues its commercial options for its Harvest Metals subsidiary. As previously advised, this may involve farm-out of the metals projects, de-merger, or outside investment in/spin off of Harvest Metals. The Company's legal and tax advisors have been commissioned to prepare advice and make arrangements for a possible Shareholder's Meeting to seek approval for preferred commercial options.

continued over page

LOCATION MAP: HARVEST METALS CHILLAGOE AREA TENEMENTS INCLUDING MAJOR MINES & DEPOSITS

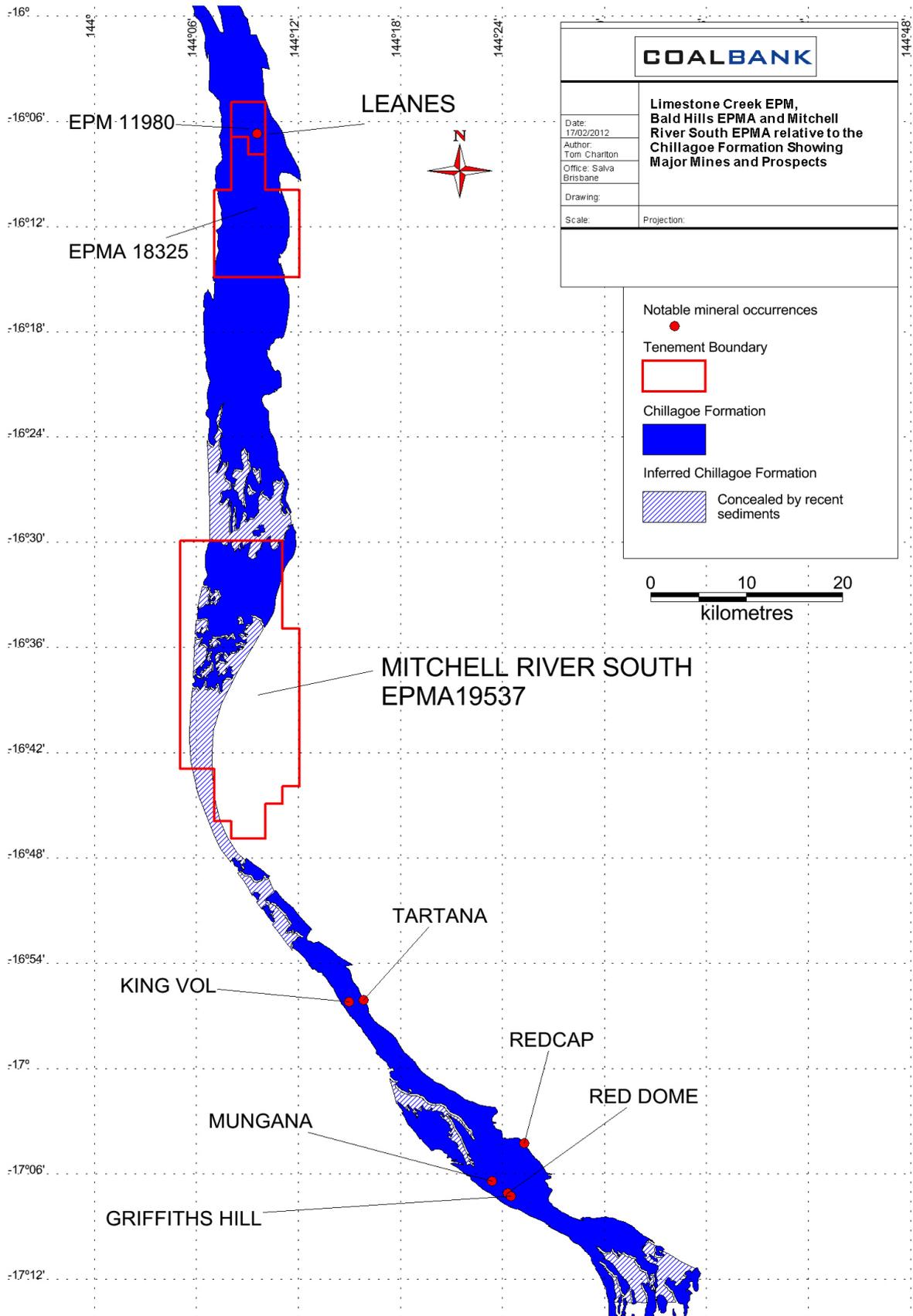


Figure: Mineralisation in the Chillagoe area is concentrated within the prospective Chillagoe Formation (shown in blue). Harvest Metals tenements shown in red, including new Mitchell River South EPM 19537

COALBANK LIMITED

ABN 20 075 877 075

Level 1 101 Edward Street Brisbane Queensland 4000 • GPO Box 762 Brisbane Queensland 4001 Australia
 T +61 7 3229 6606 • F +61 7 3221 6625 • info@coalbank.com • www.coalbank.com

Ends

Further information:

Bruce Patrick
CEO,
COALBANK Limited
Mobile: 0417 389 830

Greg Baynton
Deputy Chairman
COALBANK Limited
Mobile: 0414 970 566

About COALBANK LIMITED

COALBANK LIMITED is an ASX-listed company (ASX:CBQ) that invests in and develops early stage upstream energy projects, which also has a portfolio of metals projects held via its 100%-owned subsidiary, Harvest Metals Pty Ltd.

As its core focus, 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 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.