

ASX ANNOUNCEMENT

2 August 2012

COALBANK COMPLETES PLACEMENT

COALBANK LIMITED (ASX: CBQ) is pleased to advise that the Company has successfully completed placement of approximately \$1 million to institutional and sophisticated investors (“Placement”).

The Placement follows the announcement of COALBANK’s 1.3 Billion tonne maiden JORC-compliant inferred thermal coal resource at its Blackall Coal Project on 20 June 2012.

This major milestone has positioned the Company to progress discussions with strategic investors and other interested parties with a view to unlocking value for shareholders. The funds raised through the Placement and a capped Share Purchase Plan (“SPP”) are expected to fund the company as it continues these discussions.

The placement was completed at a price of \$0.038 per share, with settlement expected to occur on 7 August 2012.

The new Ordinary Shares issued under the placement will represent approximately 3.3% of the issued capital of the Company and will rank equally with its existing Ordinary Shares.

RBS Morgans Limited and Patersons Securities Limited are Joint Lead Managers of the placement and SPP.

Share Purchase Plan

The SPP to follow the Placement will entitle shareholders as at the record date of 1 August 2012 to subscribe for up to \$15,000 of shares at the same price as the Placement (\$0.038 per share). The Board intends to cap the SPP raising at \$1 million. In the event the Company receives applications for more than this amount, applications may be scaled.

Indicative Timetable

The Indicative timetable is as follows:

SPP Record Date	Wednesday, 1 August
Placement & SPP Announcement	Thursday, 2 August
Placement Settlement	Tuesday, 7 August
ASX Quotation of Placement Shares	Wednesday, 8 August
SPP Offer Opens	Monday, 13 August
SPP Offer Closes	Friday, 31 August
Allotment of SPP shares	Thursday, 6 September
Dispatch of Holding Statements	Friday, 7 September
ASX Quotation of SPP shares	Monday, 10 September

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, 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.

Following the release of the Company's maiden JORC-compliant inferred thermal coal resource of 1.3 Billion tonnes at its Blackall Coal Project, the Company is focused on continuing discussions with strategic investors and qualifying corporates with a view to unlocking value.

COMPETENT PERSON'S STATEMENT

The information in this announcement that relates to the Resource Statement for COALBANK's Blackall Coal Project has been based on information compiled by Mr. Rowan Johnson who is a Member of the Australasian Institute of Mining and Metallurgy and is a Senior Geologist employed by McElroy Bryan Geological Services Pty Ltd (MBGS).

Mr Johnson has more than 30 years experience as a geologist in the resources industry and more than 15 years experience in the estimation of coal resources for coal projects and coal mines in Australia and overseas. This expertise has been acquired principally through exploration and evaluation assignments at operating coal mines and for coal exploration areas in Australia's major coal basins and in other coal basins overseas. This experience is more than adequate to qualify him as a Competent Person for the purpose of Resource Reporting as defined in the 2004 edition of the JORC Code. Mr Johnson consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.