

24 September 2012

### INITIAL PROPOSED MINING STUDY AREA IDENTIFIED AT BLACKALL COAL PROJECT

#### HIGHLIGHTS:

- COALBANK Limited has identified a **proposed initial mining study area** based on a review of the geological model of its Total Inferred 1.3Bt coal resource near Blackall<sup>1</sup>. As announced previously, the Company's Inverness Deposit features
  - 825Mt Inferred Resources estimated at less than 50 metres depth
  - 1.249Bt Inferred Resources estimated at less than 100 metres depth
- Cross-sections confirm the shallow and gently-dipping/basin nature of the deposit.
- The basin structure provides a range of opportunities for mine design with sub-crops in both the eastern and western parts of the deposit

**COALBANK LIMITED (ASX: CBQ, the Company or COALBANK)** is pleased to provide an update regarding its Blackall Coal Project which contains a total Inferred Resource of **1.3Bt** of thermal coal located immediately south of Blackall in Queensland in the Inverness Deposit (Figure 1).



**Figure 1: Location Plan**

<sup>1</sup> COALBANK ASX Release 20 June 2012: "Maiden Resource – 1.3 Billion Tonnes"

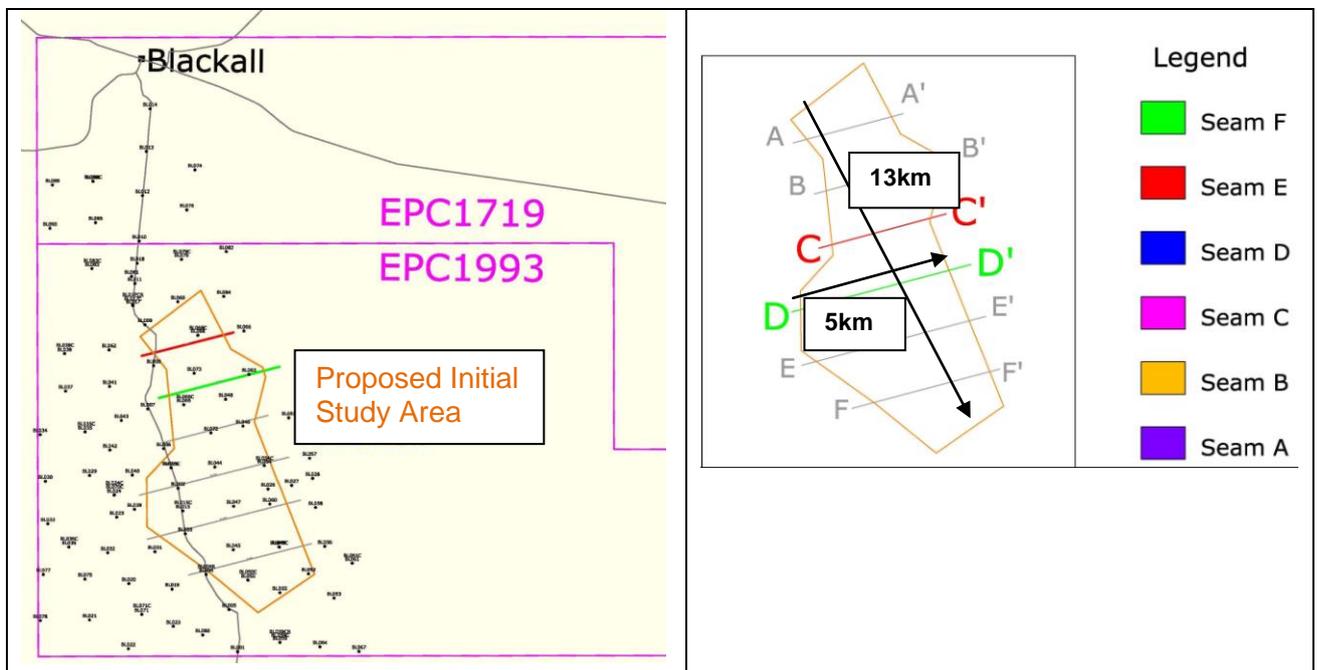
**Inverness Deposit Location**

EPC 1993 and EPC 1719 are located in the north-western corner of the Blackall Coal Project near the township of Blackall, and centred 20 kilometres southeast of the town. The Inverness Deposit is located in the western part of EPC 1993, with the northern 5 kilometres of the deposit extending into EPC 1719.

Following the release of the Company's initial JORC-code compliant resource at its Blackall Coal Project, further modelling of the Inverness Deposit at Blackall has highlighted the favourable basin-like structure of the majority of the coal deposit.

**Proposed Initial Study Area**

An initial proposed mining study area has been selected based on a review of the geological model (Figure 2). The initial area selected is approximately 13km long and 5km wide, and contains in excess of 600Mt of Inferred Coal Resources. Given the extent of the Inverness deposit, other mining areas within the deposit would be considered in the future.



**Figure 2: Proposed Initial Study Area and Cross-section Location Plan**

The initial study area is a shallow basin structure with target seams dipping gently towards its centre. Seams sub-crop on both the eastern and western sides of the deposit at shallow depths providing a range of options for mine design and sequencing.

Cross-sections through the proposed initial study area are shown below in **Figure 3**.

These cross-sections illustrate the opportunity to commence mining at shallow depths, potentially from both the western and eastern edges of the Inverness Deposit.

Further field exploration work at the Inverness Deposit will include drilling to increase the level of knowledge of the deposit within the proposed mining study area and provide further information for mining studies.

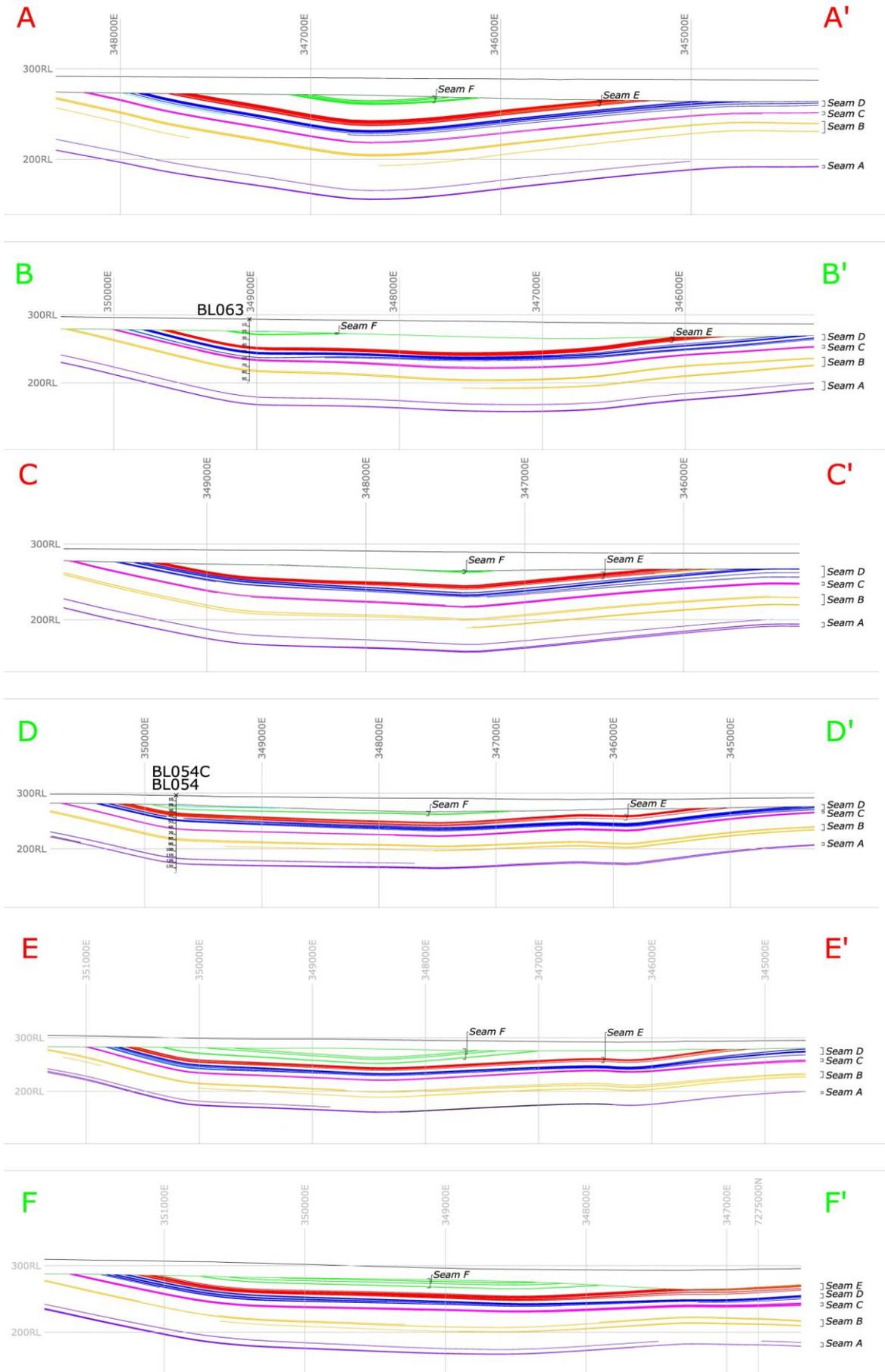


Figure 3: Cross-sections – Initial Proposed Mining Study Area

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**Competent Person's Statement**

The information in this announcement that relates to the Resource Statement 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.

**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 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.

**COALBANK LIMITED**

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