

23 November 2012

FARM-OUT OF MOUNT MORGAN PROJECT

COALBANK LIMITED (ASX: CBQ) is pleased to announce that it has accepted an offer for the farm-out of its Mount Morgan copper-gold project (location shown in Figure 1).

The Mount Morgan copper-gold project has been assigned by COALBANK to its wholly-owned subsidiary Harvest Metals Pty Ltd (Harvest Metals).

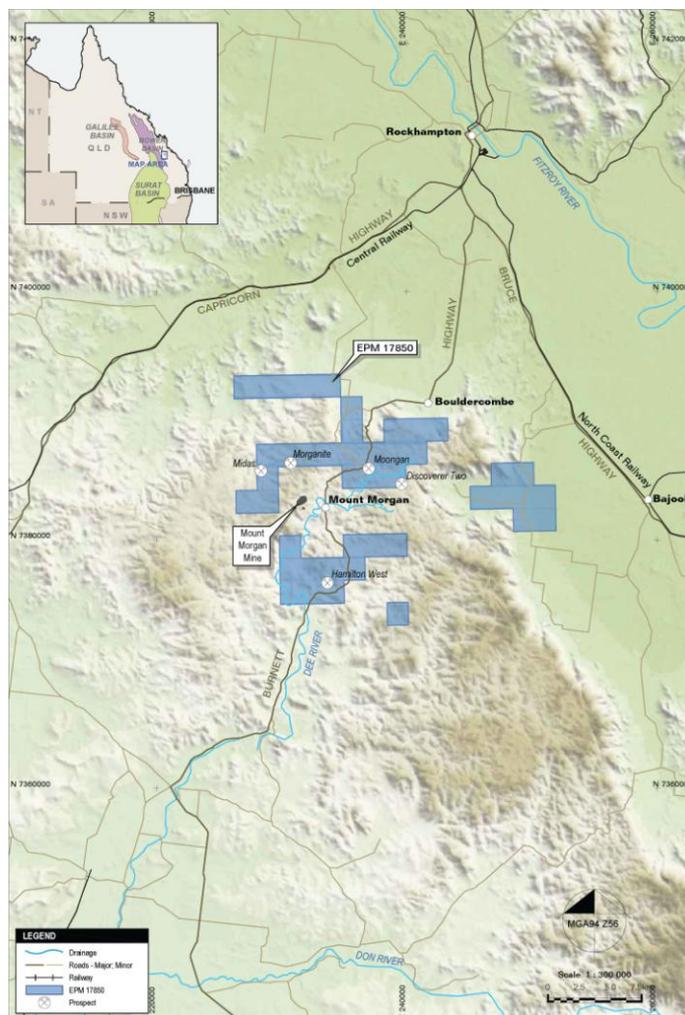


Figure 1 EPM 17850 Mount Morgan

Acceptance of the farm-in offer from Ashburton Minerals Limited (ASX: ATN, "Ashburton") followed discussions with a number of parties. The farming-in entity will be Southern Pioneer Ltd ("SPL"), a wholly-owned subsidiary of Ashburton.

Key Terms

- SPL will earn a 30% beneficial interest in EPM17850 by funding the 2012-2013 expenditure commitment under the terms of the permit.
- SPL will then earn an additional 50% beneficial interest in EPM17850 by issuing to Harvest Metals Pty Ltd 75,000,000 fully-paid shares in Ashburton.
- COALBANK's remaining 20% interest will be free-carried by SPL to a decision to mine, followed by subsequent expenditure on a JV basis in proportion to the parties' respective interests. Should either party's interest drop below 10% that party's interest will convert to a 2% smelter royalty.

The farm-out is conditional on finalisation of due diligence by Ashburton Minerals within a four week period from the date of acceptance.

The Company continues to hold 100% of its Chillagoe copper-gold project located north of Mungana and Red Dome mines, via its Harvest Metals subsidiary.

The farm-out of the Mount Morgan project is consistent with the Company's strategy of focusing on coal exploration projects and involving minerals explorers in its remaining copper-gold exploration projects.

The Company released its Independent Geologist's Report for its Harvest Metals' minerals projects to the ASX earlier in 2012.

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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 significant coal exploration permit areas in Queensland.

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 is considering 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 or providing a platform for future growth.

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.

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