COALBANK

ASX ANNOUNCEMENT

12 August 2011

COALBANK EXECUTES DRILLING CONTRACT

COALBANK LIMITED (ASX: CBQ) is pleased to advise that the Company has executed a contract for drilling services to recommence drilling of its previously announced high priority coal targets.

Drilling is expected to commence at the Company's Blackall coal project in Queensland during the week beginning 23 August 2011. The drilling contract formally expires on 30 June 2012.

The Company's initial drilling targets in the Blackall area have been refined in recent weeks using data from additional waterbore logs that indicate coal intersections in historical boreholes, along with anticipated extensions of known coal deposits adjacent to the Company's permits.

Field activities in advance of drilling commencement are in progress.

Execution of the drilling contract follows the settlement of an institutional investment received from investment funds affiliated with Och–Ziff Capital Management Group LLC, announced on 21 July.

The Company will provide a further update when drilling activities have commenced.

Ends

Further information:

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About COALBANK LIMITED

COALBANK LIMITED is an ASX-listed company (ASX:CBQ) that is investing in and developing early stage upstream energy projects from the exploration stage, where significant value can be added most rapidly through our team's exploration expertise and commercial discovery experience.

The Company currently holds a large portfolio of coal and petroleum exploration projects in Queensland, Australia.

After adding value through our team's exploration expertise and commercial discovery experience, the Company's future partnering strategy includes the involvement of strategic industry partners for its key projects to accelerate their full development to production stage. With one of the largest coal exploration permit areas in Australia, COALBANK is focused on coal projects, while actively seeking partners or spin-off opportunities for its petroleum subsidiary, Surat Gas Pty Ltd and its remaining minerals projects.