

20 June 2012

**MAIDEN RESOURCE STATEMENT CONFIRMS
1.3 BILLION TONNES JORC RESOURCE AT BLACKALL COAL PROJECT**

HIGHLIGHTS:

COALBANK Limited has released a Maiden Resource Statement for its Blackall Coal Project with the following JORC classification:

- Total Inferred coal resource of **1.3Bt** for the Inverness Deposit which features
 - o **825Mt** Inferred Resources estimated at **less than 50 metres** depth
 - o **1.249Bt** Inferred Resources estimated at **less than 100 metres** depth
- Other structural and quality characteristics include
 - o **Shallow**, flat-lying, linear depo-centre
 - o **Very low** In-situ Cumulative Strip Ratio
 - o Initial quality testing indicates a **low-medium ash, low sulphur**, sub-bituminous coal

COALBANK LIMITED (ASX: CBQ, the Company or COALBANK) is very pleased to release the maiden Resource Statement for its Blackall Coal Project which confirms a total Inferred Resource of **1.3Bt** of thermal coal for the Inverness Deposit, located immediately south of Blackall in Queensland.

McElroy Bryan Geological Services Pty Limited (MBGS) was commissioned by COALBANK to provide an objective assessment of coal resources for its Blackall Coal Project compliant with the Australasian Code for Reporting of Mineral Resources and Ore Reserves (The JORC Code).

Mr Rowan Johnson of MBGS, a geologist with more than 30 years of relevant experience, performed the analysis and evaluation of COALBANK's Inverness Deposit.

Exploration Permits for Coal EPC 1993 (Blackall South Corner) and EPC 1719 (Barcoo River-Blackall Rail) are part of COALBANK's Blackall Coal Project and collectively the two tenements cover an area of 1,484 square kilometres. The Blackall Coal Project area is located in south-western Queensland, 145 kilometres south-west of Alpha and 680km west-northwest of Brisbane.

COALBANK CEO, Bruce Patrick said the Blackall Project area represented only a small part of the Company's overall coal tenement coal portfolio in Queensland.

He said COALBANK held one of the largest coal exploration permit areas in Australia, primarily focused on coal exploration in Queensland.

"During the June quarter, COALBANK and our contractors ran an efficient and well-balanced drilling program at the Blackall Project that has determined the large scale of the Inverness Deposit."

"We were able to drill a 75-hole program (see FIGURE 1) in approximately ten weeks, which enabled the estimation of a 1.3Bt Inferred JORC-compliant resource."

"We can now confirm that the Inverness Deposit is very large, shallow and flat-lying. Importantly, the Blackall Coal Project is outside of designated strategic cropping land areas."

Mr Patrick said that one of the most exciting aspects of COALBANK's Inverness Deposit was how shallow it is, which is almost unprecedented in Queensland for this level of coal tonnage (refer FIGURE 2 and 3).

Inferred resources of **825Mt** were estimated at **less than 50 metres depth**, with **1.249Bt** estimated at **less than 100 metres depth** (refer FIGURE 5).

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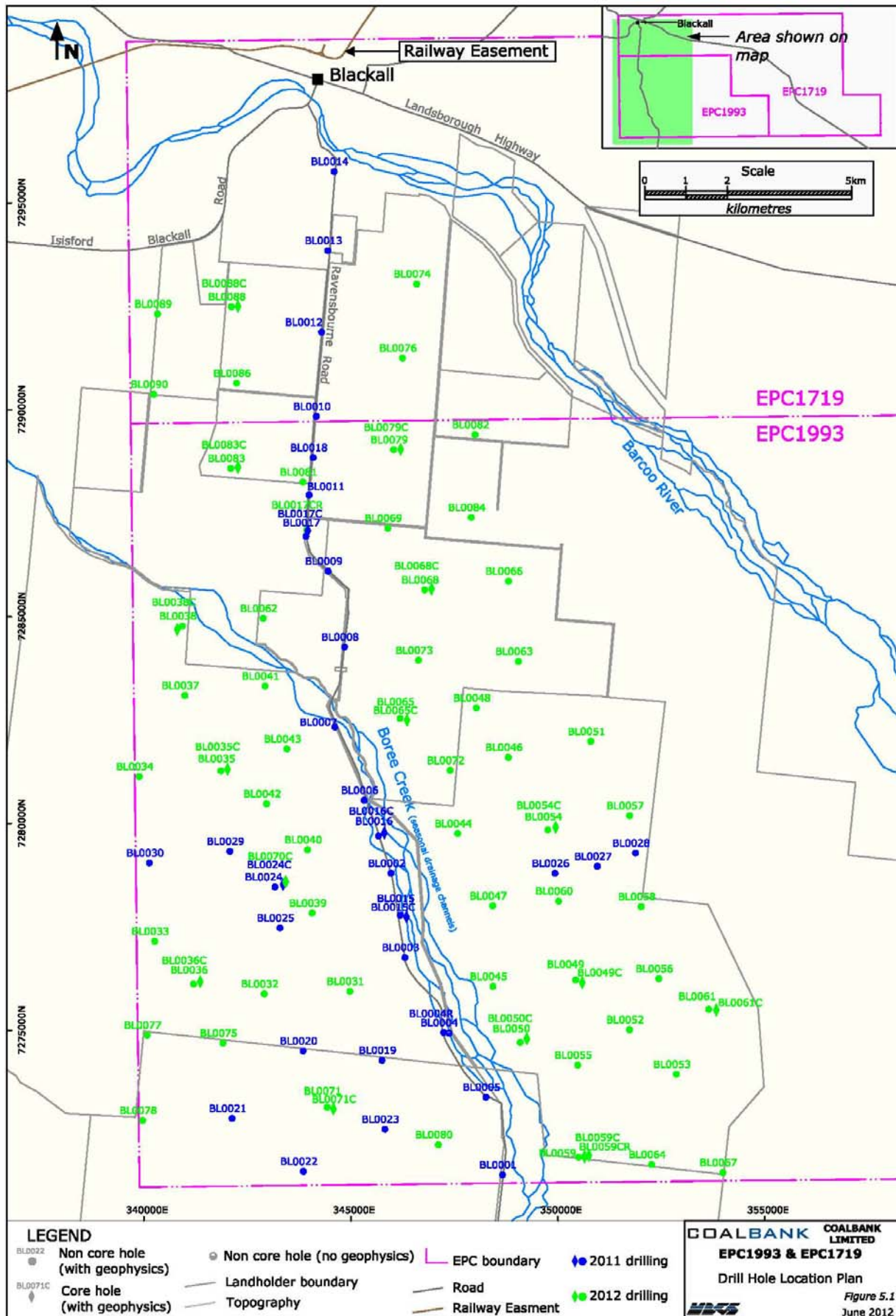


FIGURE 1: Blackall Coal Project Exploration Program Map Indicating Location of Boreholes Drilled

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The Inverness Deposit is situated within a broad synclinal structure trending north-northwest throughout the 25-kilometre length of the deposit. The coal seams are relatively flat-lying and the upper seams sub-crop locally, controlled by the gentle structure.

The Maiden Resource Statement has confirmed both the significant scale of the Inverness Deposit and its very low In-situ Cumulative Strip Ratio. The results far exceeded the Company's expectation at the commencement of the program earlier this year.

New Coal Province

COALBANK's Blackall Project is located on an existing rail corridor, only 130 km south-west of the Alpha area coal projects.

Mr Patrick said that when considered in the context of neighbouring coal projects to the south of COALBANK's tenements, it was clear that a major new coal province had emerged.

In this respect, COALBANK is ideally placed at the forefront of this new coal province.

"Our Blackall Project has access to an existing rail corridor and is in relatively close proximity to the existing Central Rail Line to Emerald and Gladstone, and the proposed Galilee Rail infrastructure planned to connect to Abbot Point."

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. Other than public road easements, all land is privately-owned.

Drilling at Blackall Coal Project

In 2011 drilling was supervised by Salva Resources Pty Ltd. 35 drill holes were completed of which 4 were cored and sampled for coal analytical testing. 34 drill holes were geophysically logged. In 2012, geological data capture was supervised by MBGS and a further 76 drill holes were completed of which 17 were cored and sampled for coal quality analytical testing. 73 drill holes were geophysically logged. To date 111 drill holes have been completed within the deposit of which 21 were cored holes for coal quality analytical testing (refer FIGURE 1).

Inverness Deposit Structure

A broad synclinal structure trending north-northwest is present throughout the length of the deposit. Coal seams are relatively flat lying so minor variations in base of weathering, seam dip and topography cause seams to sub-crop locally, particularly for the upper seams (D, E and F).

This creates an axial zone in which a vast majority of the coal resource is concentrated in a large, shallow, flat-lying, linear depo-centre. Regional dip of strata is west-southwest. The strike length of the deposit exceeds 25 kilometres.

Within the area explored no evidence of igneous activity has been detected at the current drill hole spacing.

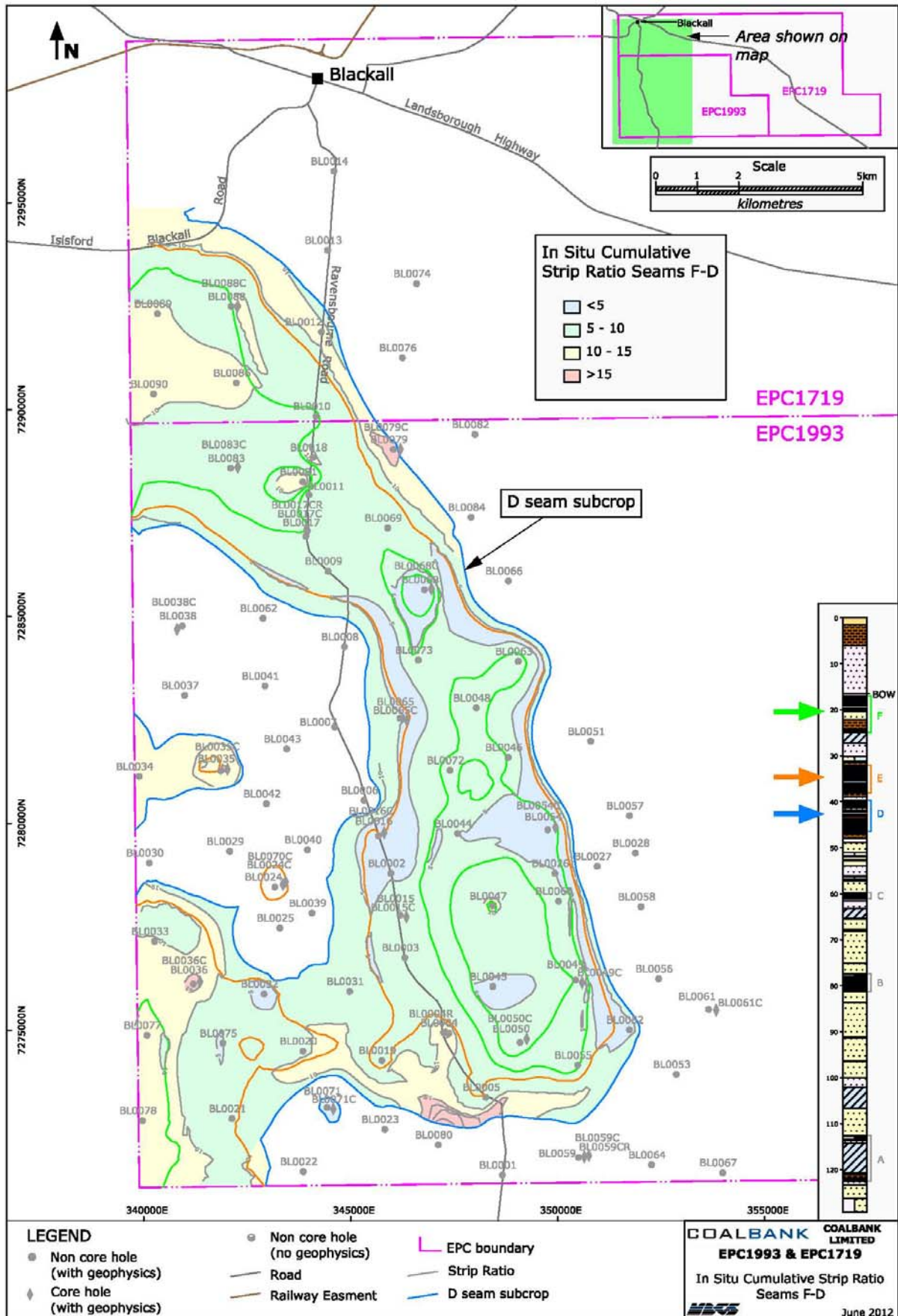


FIGURE 2: In-situ Cumulative Strip ratio F-D seams

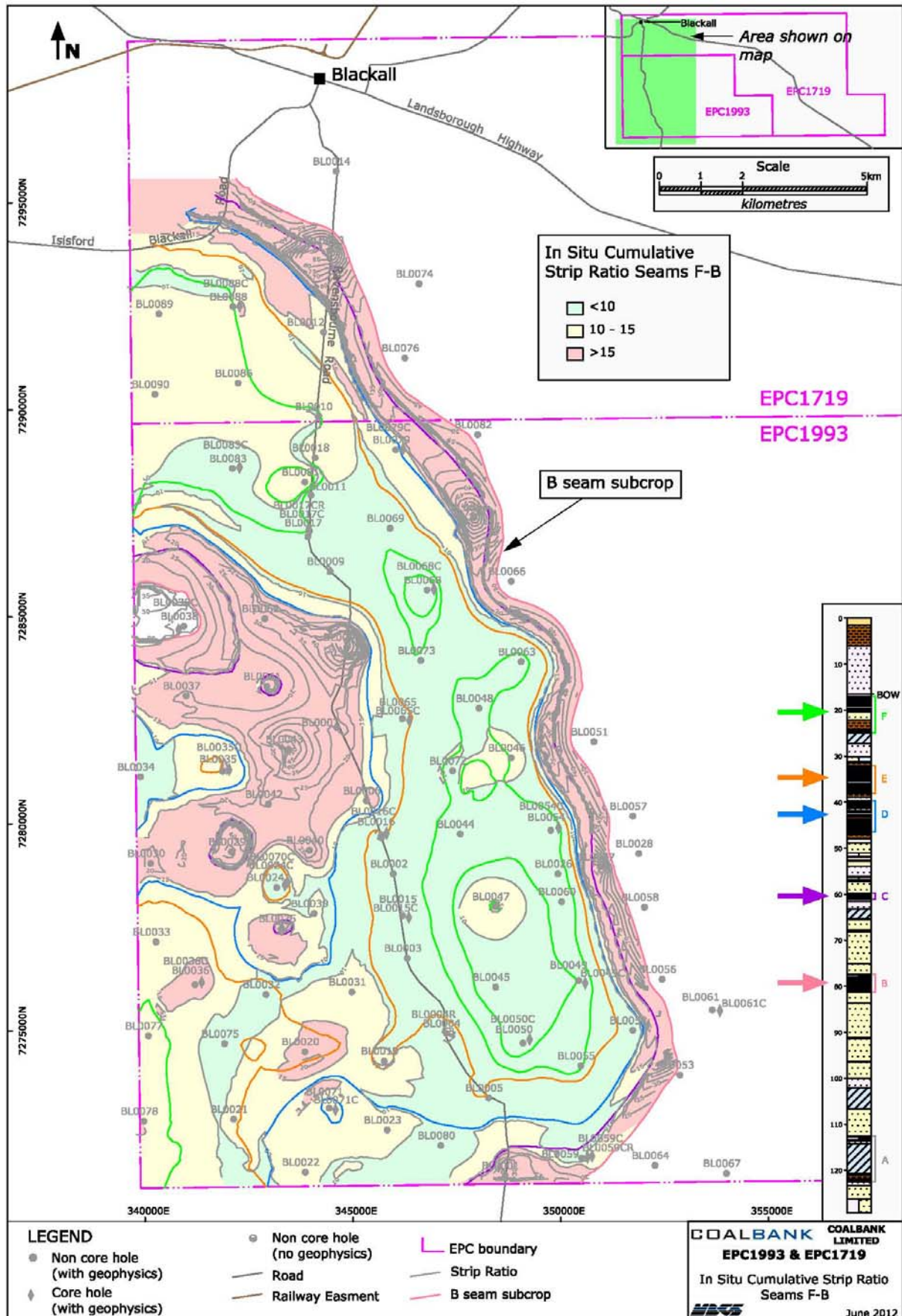


FIGURE 3: In-situ Cumulative Strip Ratio F-B seams

Coal Resources

Coal resources were estimated using the ply geological model. Individual plies in each seam were composited to generate a cumulative thickness for each seam, A to F.

Coal Resources for the Inverness Deposit within EPC 1993 and EPC 1719 as at 15 June 2012 contain a total Inferred Resource of **1300 Million tonnes (Mt)**.

The very low In Situ Cumulative Strip Ratios for the shallower and thicker seams (F-D) in the Inverness Deposit is illustrated in FIGURE 2. An illustration of the relatively low In Situ Cumulative Strip Ratios for seams (F-B) in the Inverness Deposit is provided in FIGURE 3.

TABLE 1 provides a summary of resources in EPC 1993 and EPC 1719.

Inferred Resources for each seam are:

- F Seam –	52Mt
- E Seam –	313Mt
- D Seam –	459Mt
- C Seam –	235Mt
- B Seam –	176Mt
- A Seam –	57Mt

Inferred Resources for each EPC are:

- EPC 1993 –	1184Mt
- EPC 1719 –	108Mt

Resources have also been categorised in 50 metre depth increments from base of weathering (BOW) to a depth of 150 metres. There are no resources estimated below 150 metres. Inferred Resources for depth increments between BOW and 150 metres are:

- Base of Weathering to 50 metres –	825Mt
- 50 to 100 metres –	425Mt
- 100 to 150 metres -	42Mt

TABLE 1: Summary of Coal Resources, EPC 1719 and EPC 1993

Tenement	Block Name	Seam Name	Block Area (km ²)	Coal Area (km ²)	Coal Thickness (m)	In Situ Density (g/cc) ⁽¹⁾	Raw Ash (%) ⁽²⁾	Specific Energy (kcal/kg) (a.d.) ⁽³⁾	Specific Energy (kcal/kg) ⁽²⁾	Total Sulphur (%) ⁽²⁾	Inferred Resources (Mt)			
											Subcrop-50m	50-100m	100-150m	Total
EPC1719	F_INF1	F	7.70	6.37	1.2	1.56	35	3090	2640	0.53	10	1	-	11
	E_INF1	E	12.23	5.50	2.1	1.42	18	4480	3940	0.37	15	16	-	31
	D_INF1	D	15.33	7.70	2.2	1.39	14	4800	4250	0.48	16	27	-	43
	C_INF1	C	12.73	5.75	0.6	1.39	15	4880	4180	0.42	1	5	-	6
	B_INF1	B	22.48	8.04	0.7	1.43	20	4500	3810	1.21	4	11	2	17
Total for EPC1719											46	60	2	108
EPC1993	F_INF2	F	6.17	3.45	1.4	1.50	29	3620	3120	0.50	7	1	-	8
	F_INF3	F	1.95	1.73	1.6	1.55	23	3190	2770	0.84	4	-	-	4
	F_INF4	F	23.89	20.45	1.0	1.46	24	4060	3500	0.55	27	-	-	27
	F_INF5	F	3.50	2.29	0.5	1.48	26	3890	3350	0.56	2	-	-	2
	E_INF2	E	76.10	53.59	3.0	1.41	17	4450	4020	0.37	242	25	-	267
	E_INF3	E	14.68	6.99	1.7	1.42	18	4260	3920	0.37	14	1	-	15
	D_INF2	D	151.01	72.42	2.6	1.42	19	4330	3890	0.63	309	107	-	416
	C_INF2	C	159.66	59.97	1.4	1.41	18	4410	3950	0.41	128	100	1	229
	B_INF2	B	173.57	75.11	1.1	1.43	20	4280	3810	1.31	36	114	9	159
	A_INF1	A	56.07	17.67	1.0	1.38 ⁽⁴⁾	14 ⁽⁵⁾	4790	4290	-	10	17	30	57
Total for EPC1993											779	365	40	1184
Total for EPC1719 & EPC1993											1292			
Total for EPC1719 & EPC1993 (Rounded)											1300			

- Notes:
- 1 In Situ Density generated from Ash regression at 25% moisture basis
 - 2 Raw coal quality parameters reported at In Situ Moisture basis (25%)
 - 3 Specific Energy reported at air dried basis
 - 4 Default In Situ Density generated from available laboratory data
 - 5 Default Raw Ash generated from default In Situ Density and ash/density regression

Laboratory analysis confirms that the minimum raw ash level for seams in the Inverness Deposit is 9.4%. Rigorous and detailed washability testing is currently underway.

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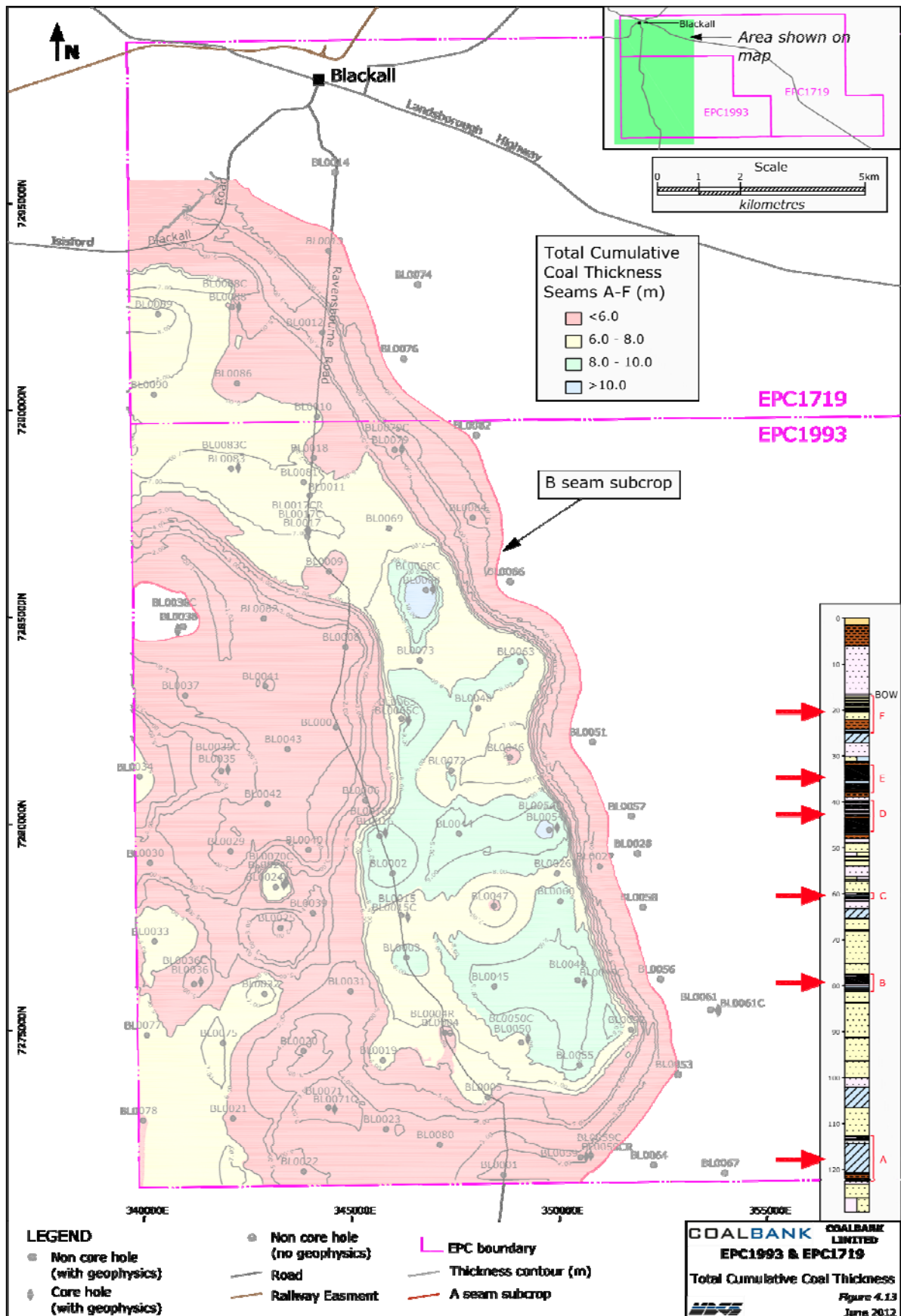


FIGURE 4: Total Cumulative Coal Thickness Map

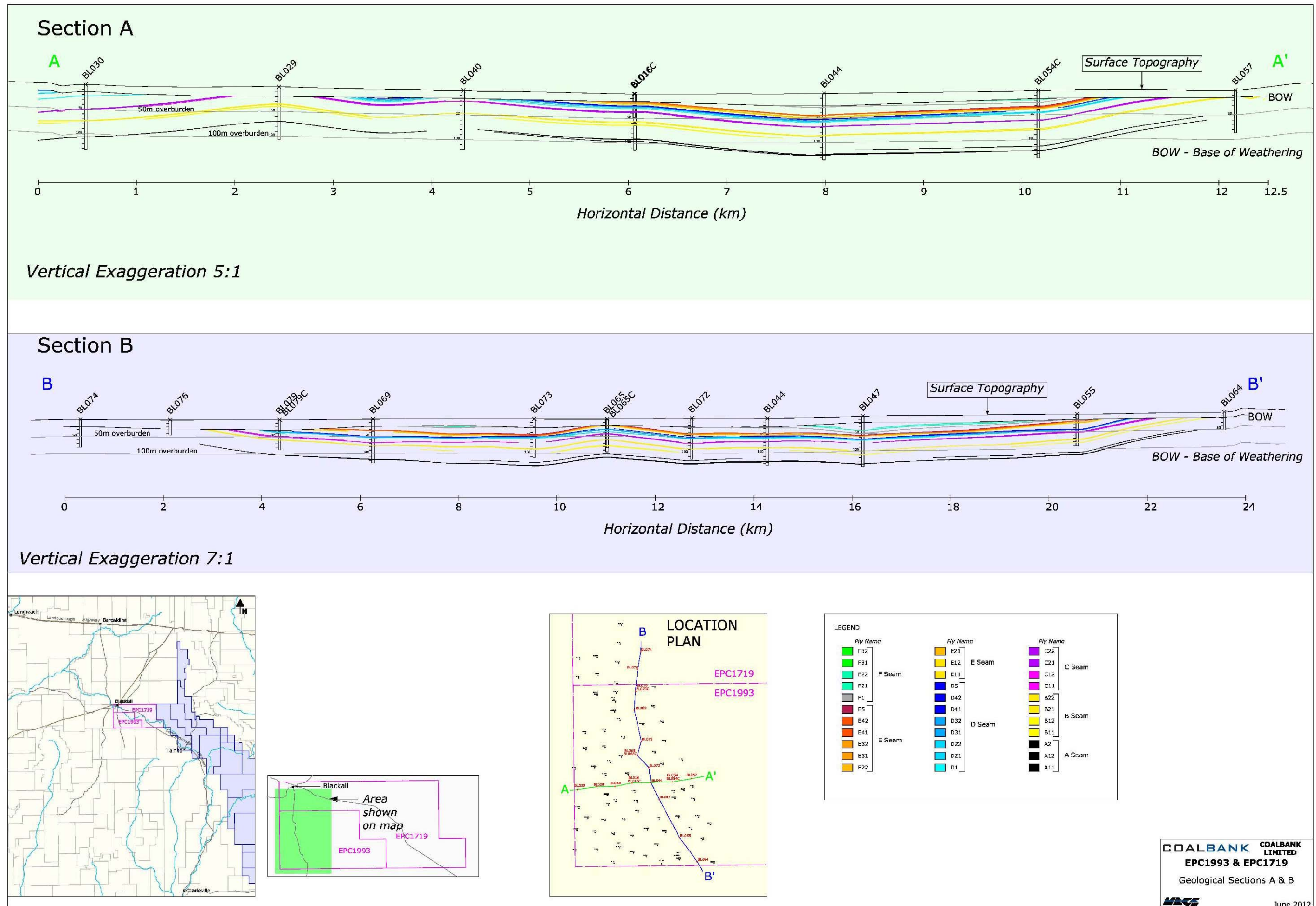


FIGURE 5: Geological Cross Section A & B, marked with 50m and 100m overburden line

Coal Resource Limits and Assumptions

Coal resources were estimated for seams A to F within EPC 1993 and EPC 1719. As part of the resource estimation process, the total resource area was divided into discrete blocks for each seam. Coal resources were then estimated for each of these blocks.

The following list details limits and assumptions used to define resource areas. Appendix A outlines specific limits for each category of resource block. Seam resource blocks were divided by tenement, EPC 1993 and EPC 1719.

For each seam, resource exclusion zones were based on the following considerations:

- A minimum coal ply thickness of 0.10 metres was applied.
- The eastern subcrops of seams A-F delineate the eastern limit.
- Seams A-F subcrop elsewhere within the deposit.
- Last line of drill holes in which the seam was intersected, where drill hole spacing assures sufficient confidence.
- Areas outside EPC 1993 and EPC 1719 were excluded.
- An ash cut off of 40% has been used to exclude all non-coal lithologies from tonnage estimates.
- Relative Density was obtained from coal quality laboratory results and a derived in situ density has been estimated, based on an In-Situ Moisture content of 25%.
- Environmental features or existing infrastructure were not used to excise resources thereby allowing mining studies to determine the economic limits.

Based on the current drill hole spacing for the Inverness Deposit, all resource polygons reported in the report were classified as Inferred Resources.

Future Work

Following this initial delineation of the geology of the Blackall Coal Project, COALBANK plans to undertake further targeted geological studies including additional drilling, wash testing and bulk sampling to provide data for the development of an optimal mining scenario utilising the shallowest and highest quality coal.

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.

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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.

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.