

ASX ANNOUNCEMENT

18 December 2012

UPDATE ON FARM-OUT OF MOUNT MORGAN PROJECT

COALBANK LIMITED (ASX: CBQ) has today been advised that Ashburton Minerals Limited subsidiary Southern Pioneer Ltd ("SPL") does not intend to proceed with the farm-in of the Mount Morgan project held by COALBANK Limited's wholly-owned subsidiary Harvest Metals Pty Ltd.

Following a period of due diligence SPL considers that further work is required to refine drilling targets and this does not fit with that company's timing and exploration plans.

Harvest Metals' Mount Morgan Project is comprised by one Exploration Permit for Minerals, EPM17850, of 44 sub-blocks in size surrounding the historic Mt Morgan gold-copper mine.

The Mount Morgan Mine was hosted in a world-class massive sulphide deposit that from 1882 to 1981 produced 50 million tonnes averaging 5.0 g/t of gold and 0.72% copper (8M oz gold; 360,000 t Cu), making it the largest gold producing mine in eastern Australia to date. As a result, the Mt Morgan area has been extensively explored by traditional methods over time, albeit without another significant discovery being made.

Further information:

Bruce Patrick
CEO,
COALBANK Limited
Telephone +61 7 3229 6606

Greg Baynton
Deputy Chairman
COALBANK Limited
Telephone +61 7 3229 6606

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.

COALBANK LIMITED

ABN 20 075 877 075
Level 1 101 Edward Street Brisbane Queensland 4000 • GPO Box 762 Brisbane Queensland 4001 Australia
T +61 7 3229 6606 • F +61 7 3221 6625 • info@coalbank.com • www.coalbank.com