

ASX ANNOUNCEMENT

30 August 2011

DRILLING COMMENCEMENT AND BOARD / MANAGEMENT CHANGES**Key Points:**

- **COALBANK LIMITED** is pleased to announce the deployment of an initial drilling rig to its Tambo Coal Projects in Queensland and the commencement of drilling activities south of Blackall.
- In parallel Mr Bruce Patrick has been appointed Chief Executive Officer, while Mr Staffan Ever, who has held the position for since June 2010, will join the Company's Board of Directors.

COALBANK LIMITED (ASX: CBQ) is pleased to advise that its 2011 coal drilling program commenced following the deployment of an initial drilling rig by its drilling contractor. The rig was mobilised late last week and drilling activities have commenced this week at drill sites prepared south of Blackall.

With the implementation of field activities the company is also pleased to announce the appointment of Mr Bruce Patrick as Chief Executive Officer, while Mr Staffan Ever, who has held the position for since June 2010, will join the Company's Board of Directors.

Mr Patrick most recently served as the Company's General Manager. Since joining the Company in June 2009 he previously worked as the Project Manager for the Tambo Coal & Gas project.

His skills and formal qualifications include both geology and mining engineering, and his career has included coal exploration, mining activities and project management with major energy companies.

Prior to his time with COALBANK, Bruce was employed as Project Manager for Anglo Coal's \$800 million Lake Lindsay Project in Queensland and undertook other open cut mining project management roles with Anglo Coal. Previous roles include Mine Manager for the Boundary Hill and Callide coal mines in Central Queensland.

Bruce commenced his career in 1977 as a geologist with Coal & Allied Industries in the Hunter Valley. In 1978 he moved to Brisbane with Thiess Bros Mining Division as a Project Geologist working on the Surat Basin tenements in Queensland held by Thiess. During this time he worked on geological studies that assisted in further defining the stratigraphy and coal prospectivity of the Surat Basin¹.

¹ Jones, GD and Patrick, RB (1981) Stratigraphy and coal exploration geology of the northeastern Surat Basin. Geology Society of Australia Coal Geology Group Journal 1 (4).

In 1980 he relocated to Thiess' Callide Mine in Central Queensland as its Mine Geologist. In addition to in-pit mining geology at Callide, he managed the exploration for the development of the Boundary Hill Mine, and other new satellite mining areas near the older Callide Mine.

Between 1984 and 1992 Bruce made the transition to mining engineering, taking on a range of field supervision and mining engineering roles at Boundary Hill and Callide Mines, including that of Chief Mining Engineer.

The appointment of Mr Patrick as CEO will take effect from 1 September 2011 and will involve a salary package of \$250,000, plus a cash bonus of \$37,500 linked to drilling outcomes achieved prior to 31 December 2011. Under the terms of his engagement, he will also be entitled to 3,000,000 Options exercisable at \$0.0825 cents each and 4,000,000 Options exercisable at \$0.10 each, expiring on 8 August 2013.

COALBANK's incumbent CEO, Mr Staffan Ever will join the Company's Board as a non-executive Director, ensuring the Company retains both his corporate knowledge and benefits from his strategic, industry expertise.

COALBANK Chairman, Mr Roger Clarke, said that the Company was pleased to continue the involvement of Staffan and Bruce in these new roles as it commences a major coal drilling program today.

"We look forward to this next phase of exploration and to updating the market on our progress and outcomes as soon as practicable."

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 the 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 the COALBANK 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.

COALBANK LIMITED

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