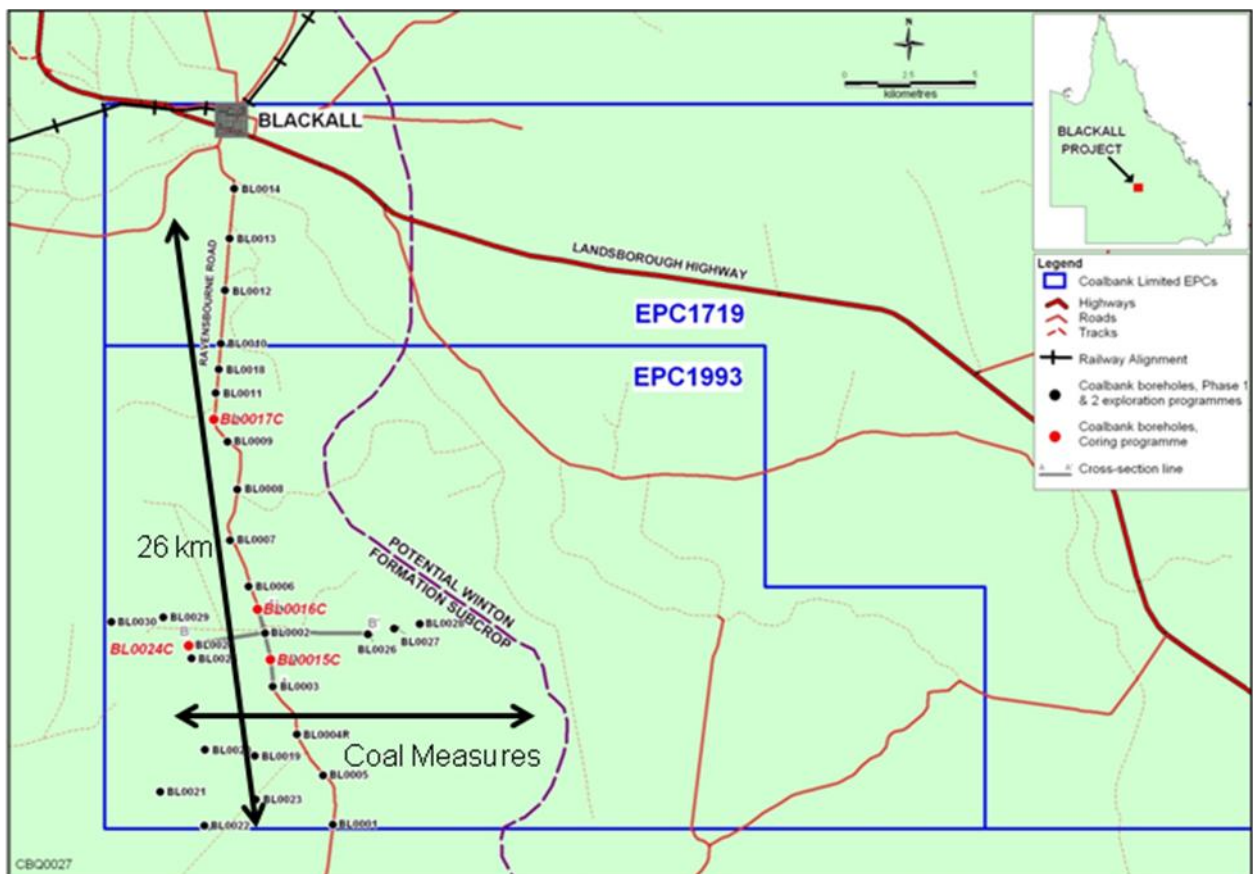


22 December 2011

DRILLING UPDATE: RESULTS CONTINUE TO DEFINE BLACKALL COAL DISCOVERY

Key Points:

- **COALBANK's** 2011 coal drilling program continued through to mid-December and continued to reveal the presence of coal seams at shallow depths within the Company's Blackall Coal Project in Queensland (refer map below).
- Coal seams were intersected at relatively shallow depths (from 16 metres) over a distance of approximately 26 kilometres with 34 holes including 4 partly cored holes being completed.
- As drilling progressed the lateral continuity of the seams was confirmed, with total coal thicknesses exceeding 10 metres being intersected in a number of holes.
- Several stratigraphic holes were drilled south east of Tambo which confirm the presence of the Walloon Coal Measures in the area and provide valuable data for targeting of future exploration in these areas.
- The focus on resumption of drilling in 2012 will be the achievement of a maiden coal resource for the Blackall project in line with JORC criteria.



COALBANK Limited's Blackall Project (EPCs 1993 and 1719).

COALBANK LIMITED (ASX: CBQ) is pleased to advise drilling during November and December continued to reveal the presence of coal seams at shallow depths within the Company's EPCs 1993 and 1719 south of Blackall in Queensland. COALBANK's Blackall Project is located approximately 145km south-west of Alpha in Central Queensland.

Chief Executive Bruce Patrick said a total of 34 holes have now been completed at near Blackall including 4 partly cored holes targeted for coal seam sampling at sites selected from the chip drilling program. Down-dip holes indicate that the seams are very shallow-dipping.

He also said that as drilling progressed the lateral continuity of the seams was confirmed, with total coal thicknesses exceeding ten metres being intersected in a number of holes.



COALBANK geologist examines Blackall Project coal core.

Three separate coal-bearing horizons have been encountered over a 26 kilometre strike length from depths as shallow as 16 metres.

The deposit is favourably located adjacent to an existing rail corridor connecting Blackall with the rail infrastructure being proposed for regional Galilee Basin coal projects including GVK-Hancock, Waratah Coal and Adani.

In parallel with ongoing activities in the Blackall region COALBANK drilled 6 stratigraphic holes across EPCs 1415, 1481 and 1621 south-east of Tambo. These holes confirmed the presence of the Walloon Coal Measures in the area and provide valuable data for targeting of future exploration in these areas.

In Quarter 1, 2012 the Company will resume drilling activities at the Blackall Project. The focus will be to achieve a maiden coal resource in line with the JORC criteria by

- continuing a broad drilling grid to progress control correlation, determine eastward extent of Winton Formation coal seams and identify areas with maximum coal thicknesses
- ongoing core sampling from selected sites for coal quality analysis
- continuing infill drilling aimed at the achievement of a maiden coal resource in line with the JORC criteria.

The Company will provide a further update regarding the recommencement of activities for the Blackall-Tambo Coal Projects early in Quarter 1 2012 after assessment of the impact of the wet season.

Ends

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About COALBANK LIMITED

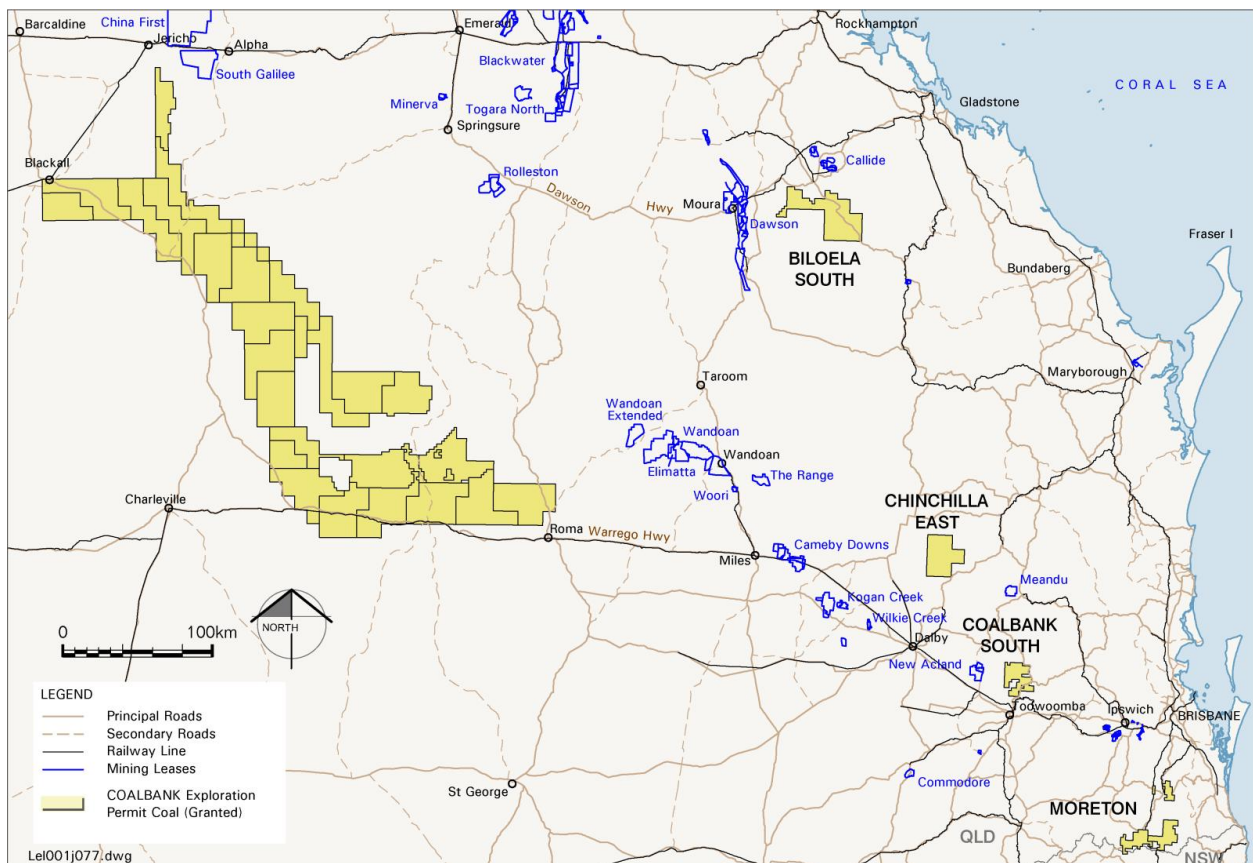
COALBANK LIMITED is an ASX-listed company (ASX: CBQ) that invests in and develops early stage upstream energy projects.

During late 2011 the Company was successful in discovering a very significant coal occurrence over a strike length of 26 kilometres in its initial drilling program south of Blackall in Central Queensland.

The Company holds one of the largest coal exploration permit areas in Australia, with the Blackall Project representing only a small portion of the overall area. 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.

The Company also holds two copper-gold projects and petroleum and gas projects in Queensland via its two wholly owned subsidiaries Harvest Metals Pty Limited and Surat Gas Pty Limited. Given COALBANK's core focus on coal exploration, the Company will consider joint venture partners or spin-off opportunities for these entities.



COALBANK Coal Exploration Portfolio in Queensland

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