



COALWORKS Limited

OAKLANDS COAL RESOURCE UPDATE

- **760 Million tonnes total coal resource now includes:**
 - **212 Million tonnes indicated resource; and**
 - **548 Million tonnes inferred resource**
- **NSW Department of Primary Industries approval received for measured resource drilling program as part of Oaklands feasibility study**

Total tonnage has increased plus part of the resource has been upgraded to indicated status:

COALWORKS Limited (ASX:CWK) today announced that its Coal Resource within Oaklands Exploration License (EL6861) has been upgraded from the previously announced Inferred Coal Resource of 640 million tonnes to a total of **760 million tonnes** of sub-bituminous coal. Included within this is **212 million tonnes of Indicated Resource**.

This revision is based on the results to date from the ongoing drilling program and the resource is classified in accordance with the 2004 Australian code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code).

Coalworks has also received approval to commence its measured resource drilling program from the Department of Primary Industries to advance towards Bankable Feasibility Study. This drilling will focus on the optimal coal areas in both the north and south of Coalworks EL area. This will form the basis for a mine plan and is expected to be completed by June this year.

Coalworks Managing Director and CEO Andrew Firek said that:

“This resource upgrade demonstrates the momentum that Coalworks has maintained since ASX listing. The level of confidence resulting from the upgraded resource has underscored our strategy to proceed directly to Bankable Feasibility Study, commence detailed mine planning with environmental studies and initiate the measured resource drilling program. “

The resource estimate is based on results from 58 exploration drill holes (ODH001- ODH058) that have been completed by Coalworks Ltd within EL6861, and previously drilled historical drill hole data. Historical data was validated against recently drilled seam intersections before inclusion in the data set. All drillholes completed by Coalworks Ltd up to hole ODH056 have been surveyed, with 54 holes geo-physically logged.

Coal quality increases from south to north across the tenement (see Table 1). However zones of higher quality coal exist in both the north and the south of the tenement and technical studies are underway to optimize the mine development strategy and sequence in this regard.

Infill drilling is ongoing and a revised resource will be estimated periodically as outstanding quality data and additional drilling data become available.

Tenement (Figure 1)

Coalworks Limited holds 100% of Exploration Licence (EL) 6861 in the Oaklands area in the Riverina District, southern New South Wales, which covers part of the Permian Oaklands-Coorabin coalfield. It is located approximately 6 km north of Oaklands, 12 km south west of Urana and 90 km north west of Albury. The EL area is 54.91km² and is held 100% by Coalworks Limited.

Geology

Overburden consists of overlying clays, sands and poorly consolidated gravels of the Quaternary Shepparton, and Tertiary Calivil Formation. Total overburden thickness to the main Lanes Shaft seam ranges from 44m in the south of the EL, to a maximum depth of 222m in the north.

Two coal seams, the Coreen Creek seam and the Lanes Shaft seam, are present within the EL. Intersections of the Coreen Creek seam are up to 1.75m thick and they occur around 20m above the Lanes Shaft seam. The thicker Lanes Shaft seam contains three potential working sections which split and coalesce within the licence. Combined intersected thicknesses of the Lanes Shaft seam range from 2.2m to 20.0m.

Figures 2 and 3 present west to east geological cross sections of the two seams in the tenement's northern and southern portions.

Core samples from drilling were submitted to Actest in Newcastle for ply quality analysis. Quality data in table 1 is based on results from 28 drillholes. Further results from continued drilling are expected by the end of the March quarter 2009.

The Lanes Shaft coal is a medium to high ash, sub bituminous coal with low sulphur and medium specific energy contents (Table 1). Oxidisation has affected coal quality in a few holes located within the south eastern area of the EL. Oxidised seam intersections were excluded from the estimated resource (Figure 1).

Estimation Method

Results from Coalworks' ongoing drilling campaign, have been combined with selected and verified historical drill hole data (NOK holes ex Port Kembla Coal). Geos Mining has plotted the combined drill hole data and correlated the seams to confirm the continuity and quality of coal seams. The Lanes Shaft seam contains a parting that splits the seam into upper and lower plies when the parting is >0.4m thick. Where this occurred, the plies were modelled separately. Volumes were estimated using Micromine software. The maximum seam dip modelled was 7 degrees.

Intersections of less than 0.3m thick were excluded from volume calculations. Seam by seam qualities were interpolated using an inverse distance squared estimation method.

Tonnage was derived using an estimated bulk density ranging from 1.39t/m³ to 1.42t/m³ for the Lanes Shaft seam and 1.35 t/m³ for the Coreen Creek seam. These values were derived from the measured air dried densities using the Preston-Sanders method. They were used to give in situ tonnages including excess moisture. Deduction of excess moisture gave the expected air dried tonnes. The Lane's underground coal colliery in the vicinity of Oaklands was mined prior to 1960. The coal within this and other minor underground workings, plus buffer zones around the workings, has been deducted from the total resource tonnage (see Figure 1).

Coal Resource

The JORC Inferred and Indicated Compliant Resource totals **760 million tonnes**.

Inferred:

The JORC Compliant Inferred Resource has been calculated in the northern and southern zones, totalling **548 million tonnes**.

The total Inferred resource includes the combination of **355 million tonnes** of JORC Compliant Inferred Resource in the northern zone, and **193 million tonnes** of JORC Compliant Inferred Resource in the southern zone.

Indicated:

The JORC Compliant Indicated Resource has been calculated in two separate areas within the southern zone, totalling **212 million tonnes**. (see Table 1). These tonnages have been corrected for moisture content to represent the total tonnage on an air dried basis.

| Seam | Zone | Indicated Resources (Mt) ¹ | Inferred Resources (Mt) ¹ | Total Moisture (ar%) ² | Moisture (ad%) ³ | Raw Ash (ad%) ³ | Volatile Matter (ad%) ³ | Fixed Carbon (ad%) ³ | Total Sulphur (ad%) ³ | Calorific Value (kcal/kg, ad) ³ | Calorific Value (MJ/kg, ad) ³ |
|---------------------------|-------|---------------------------------------|--------------------------------------|-----------------------------------|-----------------------------|----------------------------|------------------------------------|---------------------------------|----------------------------------|--|--|
| Coreen Creek ⁴ | North | | 12 | 28.6 | 17.1 | 9.6 | 27.01 | 45.88 | 0.48 | 5251 | 21.99 |
| Lane Shaft | North | | 343 | 28.76 | 14.04 | 14.7 | 25.05 | 46.0 | 0.26 | 5027 | 21.05 |
| Coreen Creek ⁴ | South | 7 | | 28.6 | 17.1 | 9.6 | 27.01 | 45.88 | 0.48 | 5251 | 21.99 |
| Lane Shaft | South | 205 | | 26.4 | 15.0 | 19.5 | 24.5 | 40.9 | 0.28 | 4640 | 19.43 |
| Coreen Creek ⁴ | South | | 6 | 28.6 | 17.1 | 9.6 | 27.01 | 45.88 | 0.48 | 5251 | 21.99 |
| Lane Shaft | South | | 187 | 25.4 | 14.4 | 20.14 | 24.1 | 41.0 | 0.28 | 4624 | 19.4 |
| Total (Mt) | | 212 | 548 | | | | | | | | |
| Grand Total (Mt) | | 760 | | | | | | | | | |

Table 1: Oaklands Indicated and Inferred Resource (as at 4th March 2009)

Notes:

1 Expected air dried tonnage (Mt)

2 AR = As received basis

3 AD = Air dried basis

4 Quality data available from three holes only

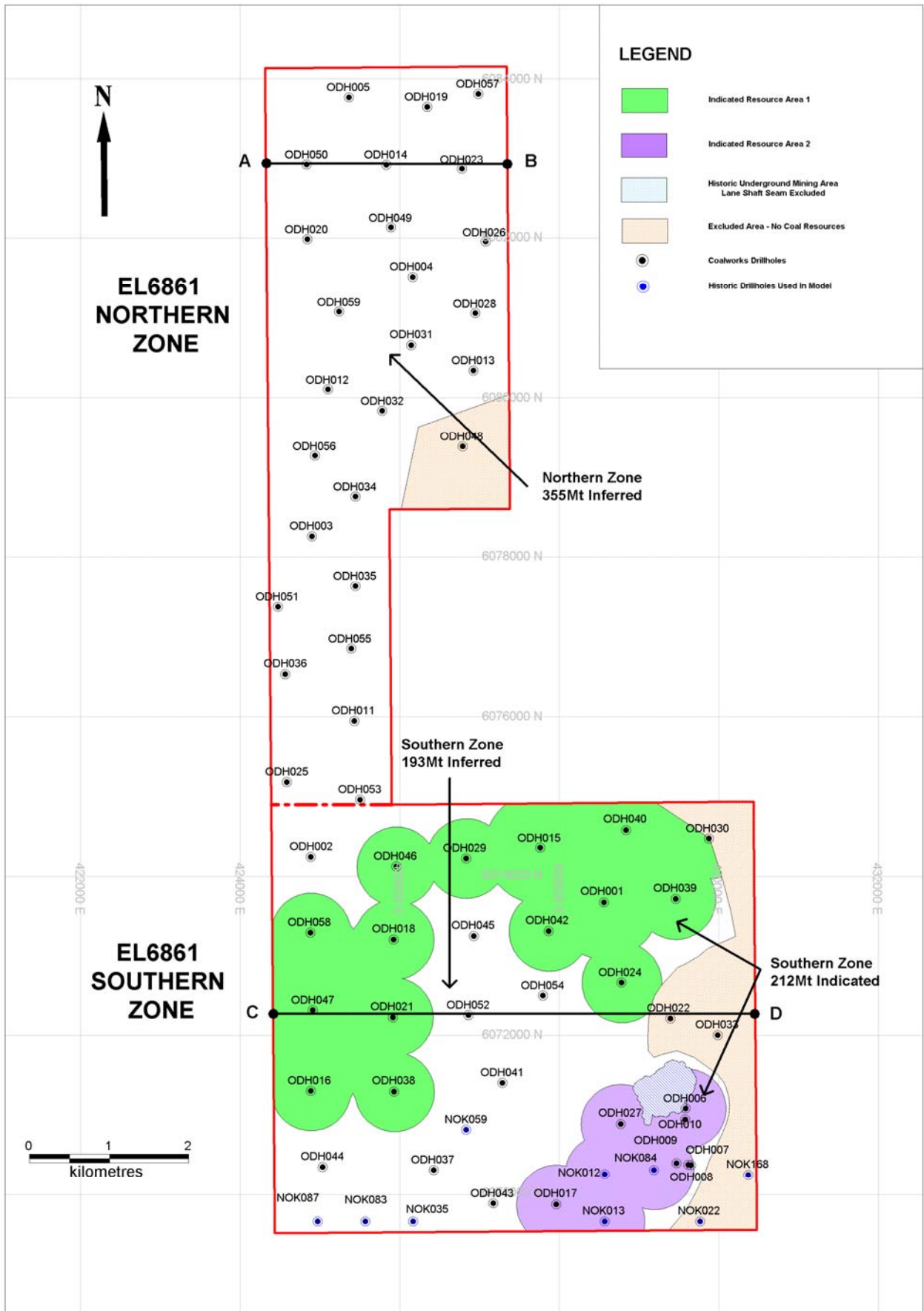


Figure 1: Drill hole locations and resource zones in EL6168

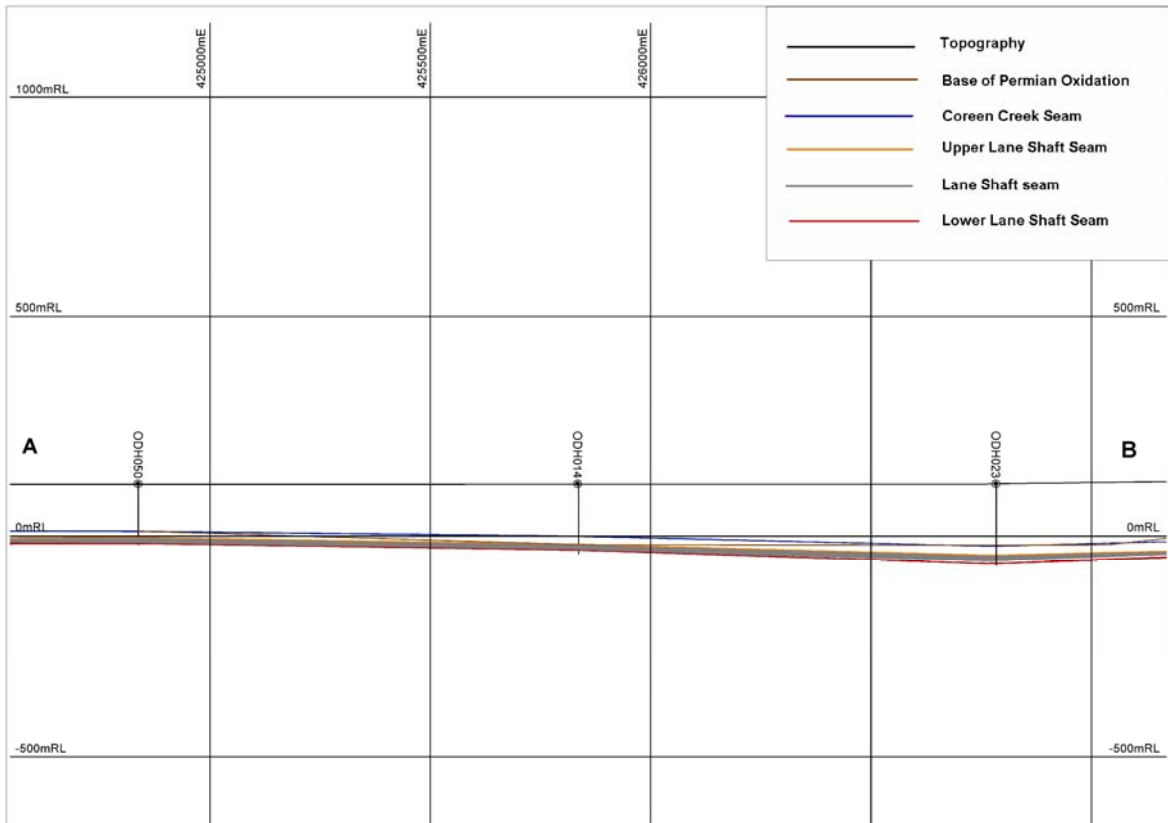


Figure 2: West-east cross section A-B in northern portion of EL 6861

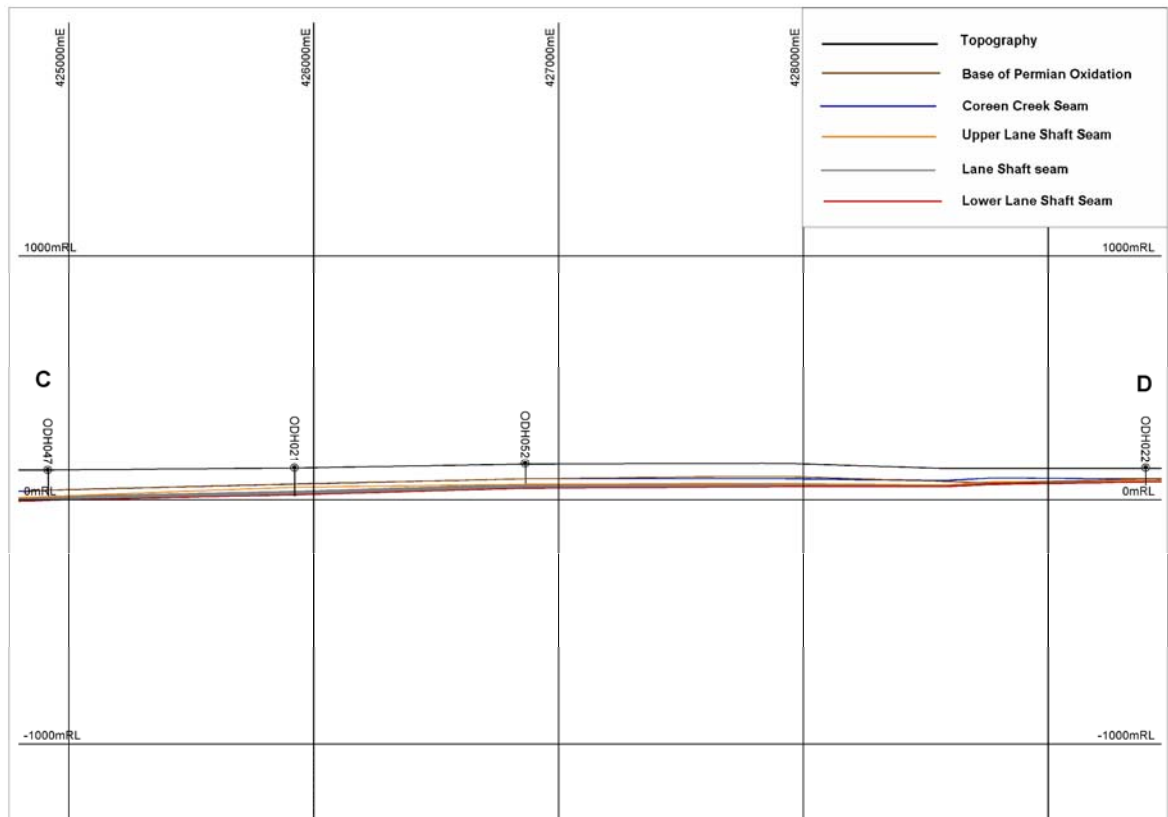


Figure 3 : West-east cross section C-D in southern portion of EL6861



COALWORKS Limited

Cautionary Note: *This release may contain forward-looking statements that are based upon management's expectations and beliefs in regards to future events. These statements are subjected to risk and uncertainties that might be out of control of Coalworks Limited and may cause actual results to differ from the release. Coalworks Limited takes no responsibility to make changes to these statements to reflect change of events or circumstances after the release.*

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Coalworks has a portfolio of projects in Australia including Oaklands (JORC inferred and indicated 760mt thermal coal), Hodgson Vale (exploration target thermal coal) and Ashford (limestone deposit with high value lime products as target).

Disclaimer

While every effort has been made, within the time constraints of this assignment, to ensure the accuracy of this report, Geos Mining accepts no liability for any error or omission. Geos Mining can take no responsibility if the conclusions of this report are based on incomplete or misleading data. Geos Mining and the author are independent of Coalworks Limited and have no financial interests in Coalworks Limited or any associated companies. Geos Mining is being remunerated for this report on a standard fee for time basis, with no success incentives.

JORC Statement

The information in this report relating to resources is based on information compiled by Matt Morgan who is a member of the Australasian Institute of Mining and Metallurgy and who is employed by Geos Mining. Matt Morgan has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2004 edition). Matt Morgan consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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