

## **COALWORKS Limited**

**22 March 2011**

The Manager  
Company Announcements Office  
Australian Securities Exchange Limited  
Via e-lodgement

### **VICKERY SOUTH MEASURED DRILLING COMPLETED AHEAD OF SCHEDULE AND UNDER BUDGET**

**COALWORKS Limited** (ASX:CWK) is pleased to announce that the Measured Drilling on the Vickery South EL has been completed ahead of schedule and under budget.

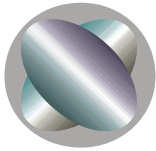
This work involved the completion of 52 exploration drill holes, using up to four drilling rigs, and included 20 HQ cored holes and 32 open holes ranging in depth from 45m to 246m deep, with 7,465.96 metres drilled, including 2,933.96 metres of HQ core. All holes were geophysically logged and depth corrected. Drilling was completed on 19 March 2011, two weeks ahead of program and comfortably under budget.

The drilling has confirmed the data used in the Vickery South PFS and has expanded the coal resource (Refer previous announcement 23 February 2011 of a 51 Million tonne JORC Inferred resource).

While the measured drilling is now complete, coal quality and float/sink analysis of the resultant cores is in progress and running to schedule, with coal drill core analysis being undertaken by the SGS Laboratory in Muswellbrook NSW. It is anticipated that the resultant coal quality results will enable a JORC classification upgrade to the coal resource.

Further drilling will now be undertaken to refine the coal boundaries around the zone of the Boggabri Ridge volcanics. Drill rigs will now also continue drilling water bores that will be used by Hydrogeological Consultants in their work leading into the Vickery South Joint Venture's Bankable Feasibility Study ("BFS") and Environmental Assessment ("EA").

One 200 mm large diameter cored exploration hole will also be completed that will contribute to the study work in relation to coal processing.



Coalworks is also pleased to advise that the pre-BFS and EA work is well advanced, and all activities are on, or ahead of schedule and on budget. The BFS therefore remains on schedule for completion by 28 February 2012. Accordingly, Coalworks now intends to participate in the Port Waratah Coal Services (PWCS) round of Newcastle Port Capacity Allocations submissions at the end of July 2011.

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**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.*

**The following statements apply in respect of the information in this announcement that relates to Exploration Results and Mineral Resources:** *The information is based on, and accurately reflects information compiled by Mr Matt Morgan, who is a Member of The Australasian Institute of Mining and Metallurgy. The reference to measured resources established under the JORC Code refer to resources classified in accordance with the 2004 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.*

*Mr Morgan is a geologist employed by Coalworks Limited. He has the relevant experience in relation to the coal deposits being reported on to qualify as a Competent Person as defined in the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves.*

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## About COALWORKS

**Coalworks has a portfolio of projects in Australia including:**

1. **Oaklands (JORC measured, indicated and inferred 822Mt thermal coal)**  
– see ASX announcement 5.11.2009;
2. **Oaklands Bankable Feasibility Study underway;**
3. **Strategic Alliance with Synthesis Energy Systems Inc to develop Oaklands coal-to-petrol plant announced – see ASX announcement 2.12.2009**
4. **Vickery South, Gunnedah Basin (exploration target coking/thermal coal)**  
# JORC inferred resource 42Mt (see ASX announcement 15 April 2010)  
# ITOCHU signs Farm In Agreement in \$11m deal (see ASX announcement 04.05.2010)  
# Preliminary Feasibility Study – positive with semi soft coking coal forming 84% of product (see ASX announcement 09.11.2010)  
# JORC Inferred Resources Increases by 20% to 51Mt (See Announcement 23.02.2011)  
# ITOCHU Farm-in Stage 1 payment of \$5m and signing of JV agreement sees Itochu acquired 29% interest in Vickery South (see ASX announcements 22.12.2010 & 23.2.2011)
5. **Hodgson Vale (exploration target thermal coal)**
6. **Ashford (limestone deposit with high value lime products as the target).**
7. **Ferndale Coal Project**  
# Coalworks includes its 90% owned subsidiary Loyal Coal Pty Ltd  
# New Exploration Target 350Mt – 530Mt of coking/thermal coal (See Announcement 19.11.2010)  
# Boardwalk Resources signed Farm-In and Joint Venture Agreements in \$25m deal (see ASX announcement 09.12.2010)