

# COALBANK

PORTFOLIO UPDATE

MARCH 2012



**COALBANK**

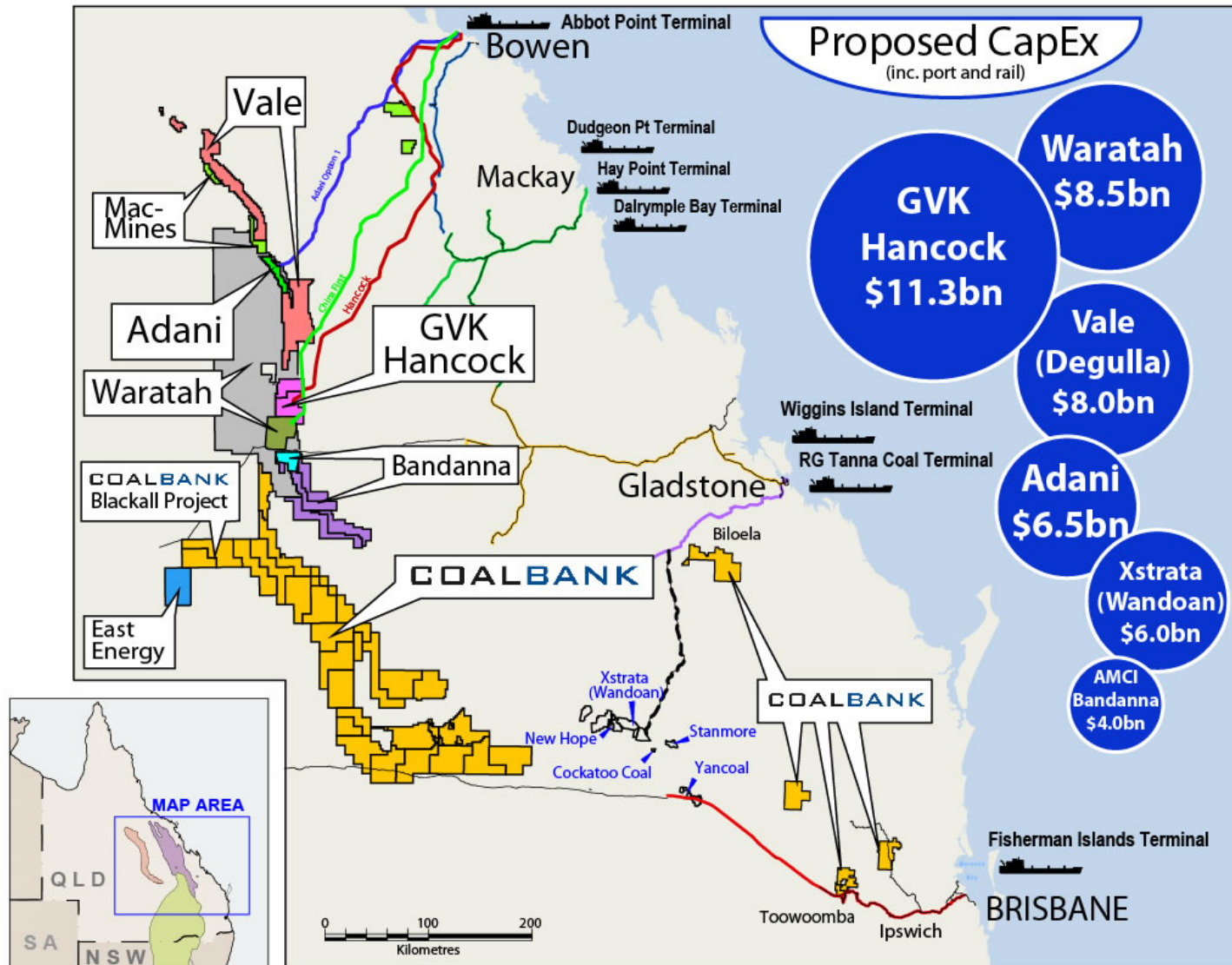
(ASX:CBQ)

Mines & Money 2012 – Hong Kong

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## Queensland: Emerging Projects & Infrastructure



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ABARE and  
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## Executive Summary

COALBANK LIMITED (“COALBANK” or “the Company”) is an ASX-listed company (ASX: CBQ) with an extensive portfolio of early stage coal projects in Queensland. The Company holds the largest coal exploration permit footprint in Australia of any ASX-listed company.

### SCALE

Tenements exceeding **24,000sqkm** in the **Surat, Galilee, Eromanga** and **Bowen Basins**

### SELECTIVE

Initial tenements selected on the basis of historical waterbore drilling logs that displayed **coal intersections**

### EARLY SUCCESS

Repeated, significant coal seam intersections over **26km of strike** in drilling in Blackall Project

### SUCCESSFUL TEAM

A **proven team** of explorers and developers of early stage coal projects

### UPSIDE

Large upside potential from exploration and strategic acquisition targets

### PROVEN AND SECURE REGION

All projects neighbour **producing or proven coal assets**

**96%** of COALBANK’s coal exploration areas lie **outside the Strategic Cropping** Land Protection Areas

### CORPORATE

Preparing for appointment of an intermediary to review strategic options and **manage approaches received from strategic partners**

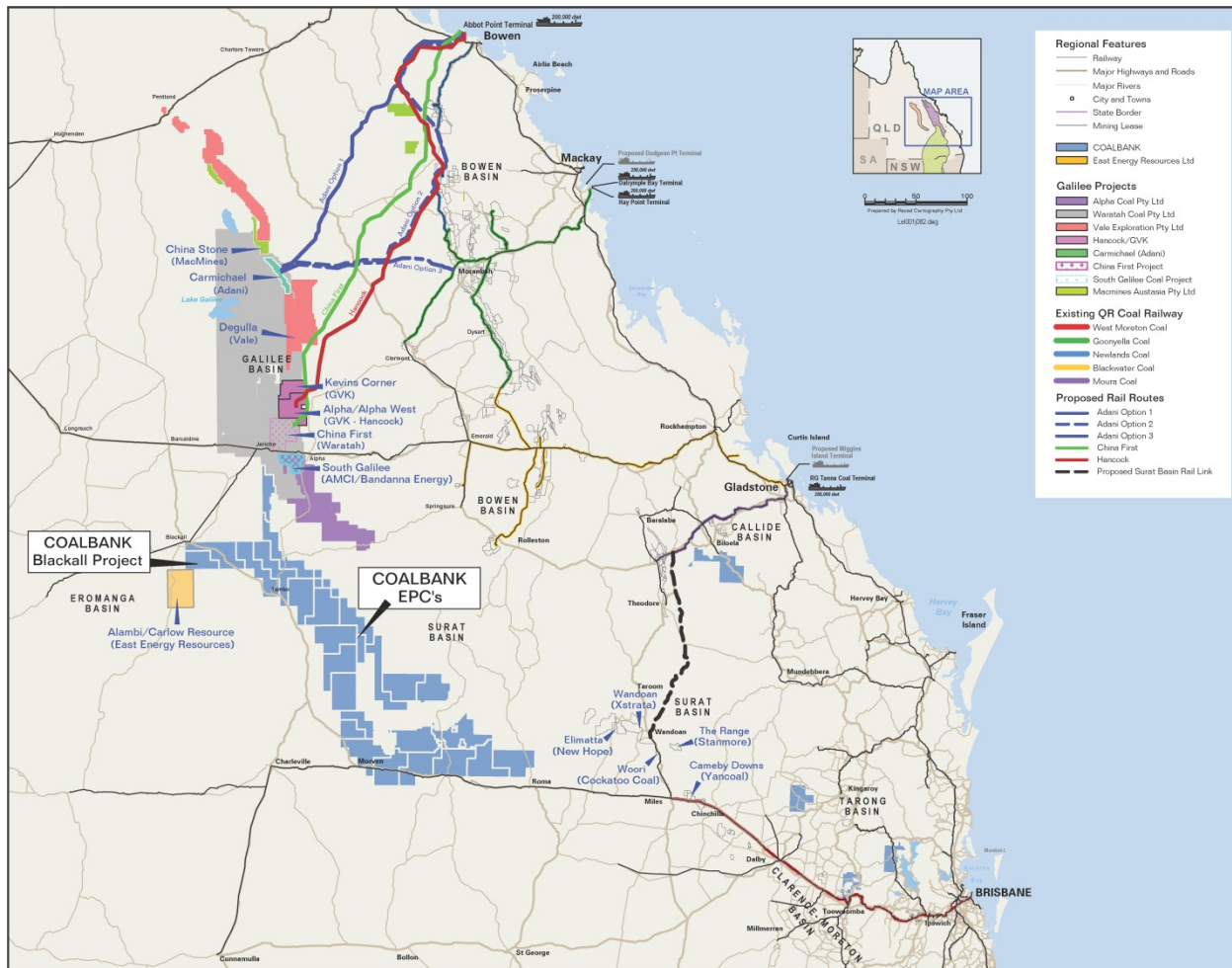
### FUNDING

Recently raised **\$5 million** to continue drilling activities at the Blackall Project and achieve a **maiden JORC coal resource by mid-2012**



## Strategic Footprint in Queensland Coal Basins

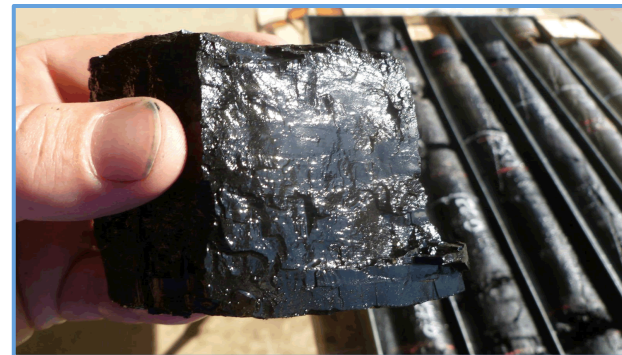
*Neighbours all the major players in Australia's recent international coal plays*



- **COALBANK: 100%-owned coal projects** in several Queensland basins
- Large footprint: **24,000km<sup>2</sup>**
- **Multi-deposit potential** in Surat/Eromanga portfolio
- Major projects and infrastructure planned for the region (> **AUD 40 billion including ports and rail**)
- Major developers of regional projects include:
  - **GVK** (Kevin's Corner/Alpha)
  - **Adani** (Carmichael)
  - **Vale** (Degulla)
  - **Xstrata** (Wandoan)
  - **Waratah Coal** (China First)
  - **AMCI** (South Galilee)

## Corporate Snapshot

<b>Capital Structure (AUD)</b>	
Share Price	\$0.06
Shares Outstanding	813 m
Market Capitalisation	\$50 m
Cash and Receivables	\$5m
Debt	Nil
Enterprise Value	\$45m



<b>Exchange</b>	<ul style="list-style-type: none"> <li>• Australian Stock Exchange: (ASX: CBQ)</li> <li>• Total Shareholders: 1,200 (approximately)</li> </ul>	
<b>Ownership</b>	<ul style="list-style-type: none"> <li>• Allegro Capital Nominees Pty Ltd (G. Baynton, Director)</li> <li>• Affiliated Funds of Och-Ziff Capital Management LLC</li> <li>• Square Resources Pty Limited (S. Ever, Director)</li> <li>• Other</li> </ul>	<p>49.4%</p> <p>11.9%</p> <p>3.0%</p> <p>35.7%</p>

## Key Personnel

**Bruce Patrick Chief Executive**, *B.Sc. (Hons), Grad Dip Mgt, Cert. in Mining, MAusIMM*

Project Manager for Anglo Coal's \$800m Lake Lindsay Project, managing the project from initial exploration, through feasibility and approvals, to construction. Open-cut mining project management roles in Anglo Coal's Operations and Projects and Engineering Group. Early career as a geologist for Coal and Allied Industries and Thiess Mining Division where he assisted in further defining the stratigraphy of the Surat Basin. At Callide Mine in Central Queensland he moved to mining engineering and mine operational management roles.

**Staffan Ever Director**, *MBA, M.Sc. (Civil Eng)*

Former CEO of QCoal, former General Manager of AMCI Australia (12 years with AMCI). Strong experience in managing and financing coal projects from greenfields to production and marketing. Previously undertook and oversaw equity investments in Gunnedah, Glennies Creek, Coppabella and Moorvale mines.

**Dr Peter Jorgensen Senior Geologist**, *BSc (Hons), PhD, MAusIMM*

Over 18 years experience in the Queensland coal industry, more than 20 years general geological experience. Previous roles in exploration, mine site geology and resource evaluation with Anglo Coal, Shell Coal and as a self-employed contract geologist.

**Lance Grimstone Director**, *B.Sc. (Hons) Geol. Grad.Dipl. Mangt., F.AusIMM, CPGeo.M.MICA.*

An expert geologist with over 40 years' experience in the exploration, mining and civil engineering industries. For the last 25 years, has consulted to eastern Australian coal operations. He was a key geological consultant to Macarthur Coal Limited prior and post its IPO.

**Greg Baynton Deputy Chairman (Executive)**, *M.Econ St., MBA, B.Bus (Accounting), Grad.Dip. Finance and Investment, FFINSIA.*

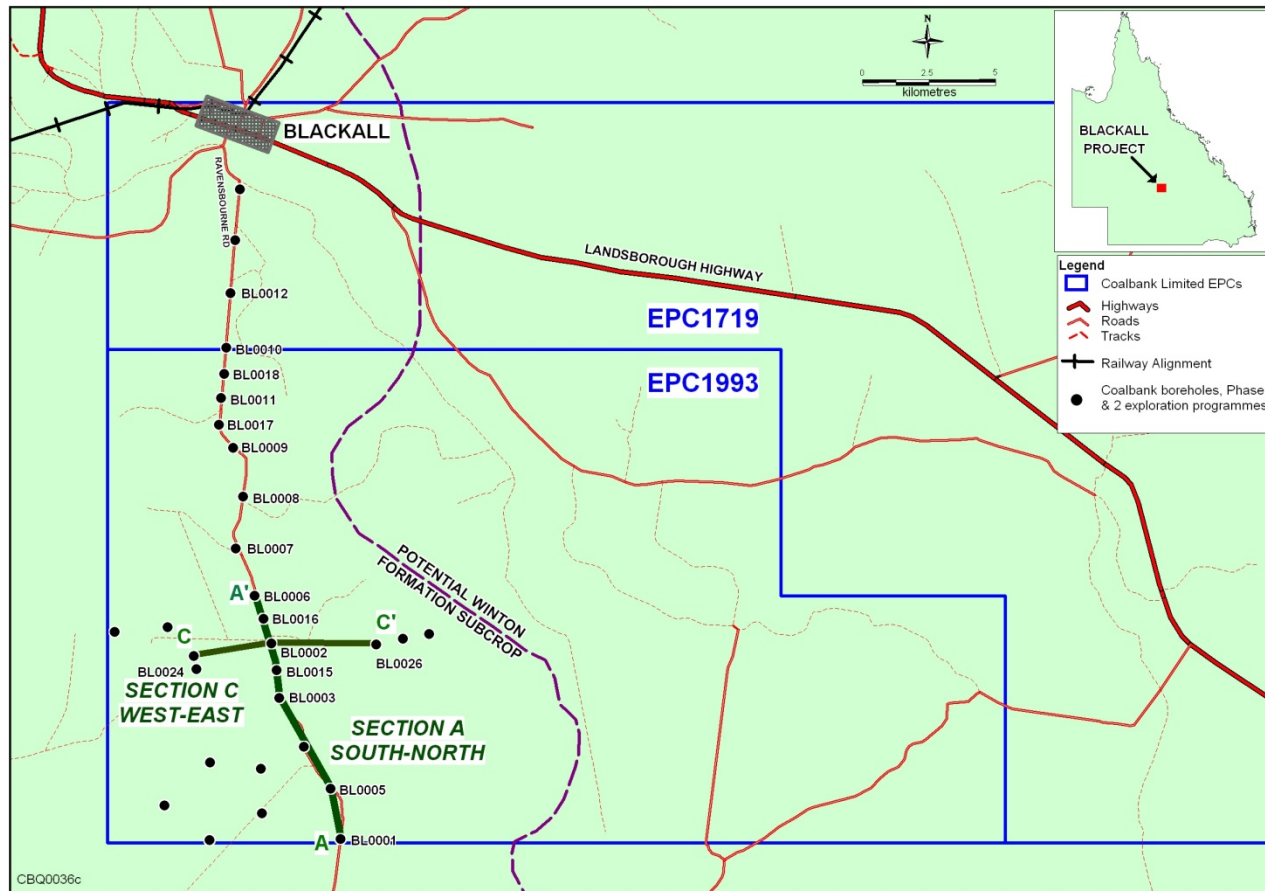
Founder of Tambo Coal & Gas, Moreton Energy and Coalbank. Expertise in new project generation, capital raisings, corporate structuring, tenure application and administration, government relations and Joint Ventures. Founder and Director of Orbit Capital, former Director of PIPE Networks Limited, current Director of NEXTDC Limited and Tissue Therapies Limited.

### Board of Directors

Roger Clarke	Chairman
Greg Baynton	Deputy Chairman (Executive)
Lance Grimstone	Director
Staffan Ever	Director
William Stubbs	Director
Grahame Baker	Director

## Blackall Project – Cross Section Location Plan

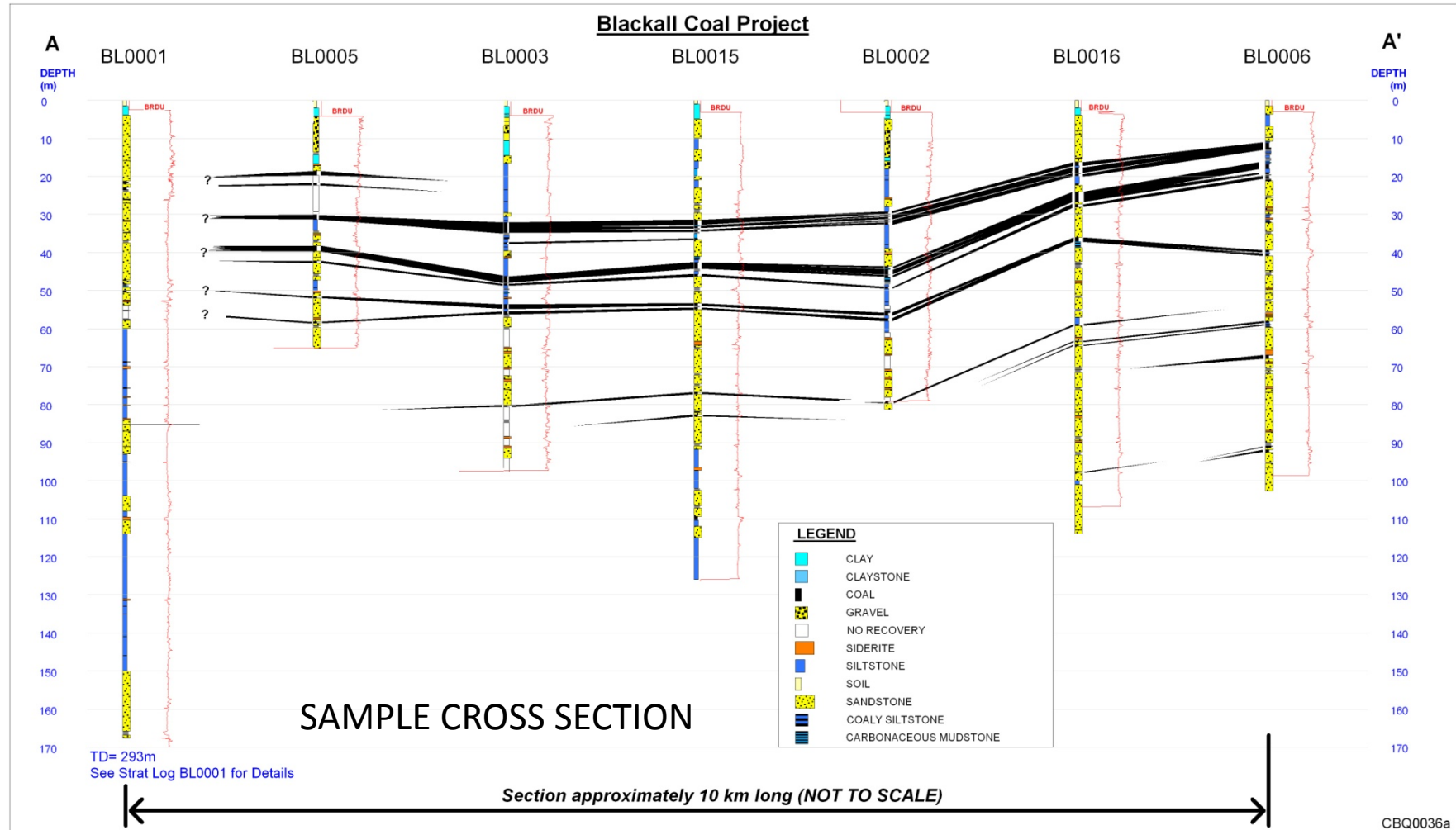
*Neighbours all the major players in Australia's recent international coal plays*



- Drilling commenced late August 2011
- Repeated, significant coal seam intersections over **26 km strike length**
- Extent and thickness of coal intersections to date suggest potential for very **large tonnages** at **shallow depths** (from 16 metres)
- Total coal >10 metres confirmed in a number of CBQ holes at shallow depths
- Blackall Coal Project is located on an **existing rail corridor, outside of strategic cropping land areas**
- The Blackall Project represents a **very small portion (<5%)** of COALBANK's total exploration footprint in Queensland
- Targeting northward extensions of large **known coal deposits** immediately to south

## Cross Section A: South - North Seam Correlations

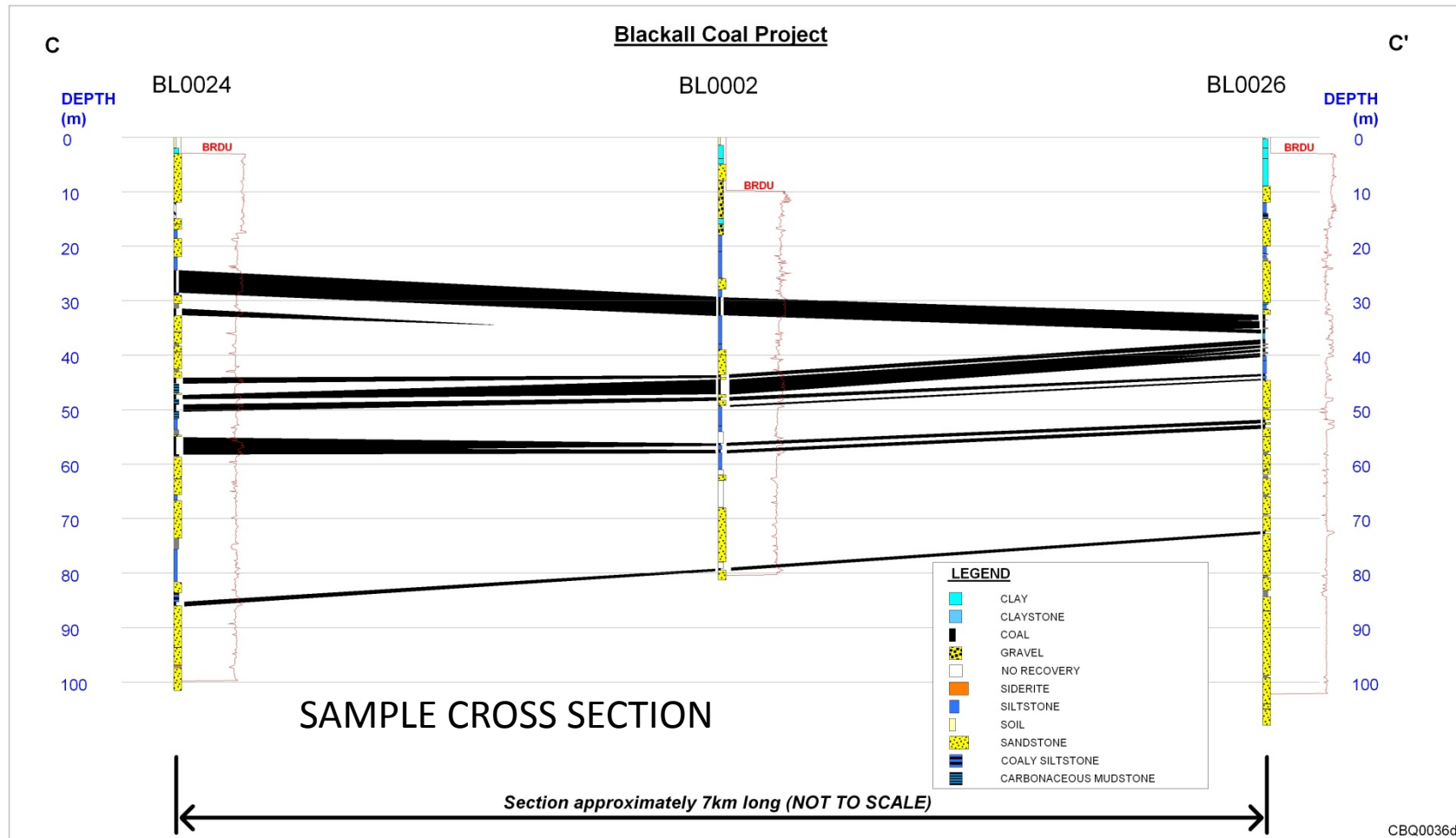
*Coal seams were intersected at shallow depths over a distance of 26km with 34 holes*

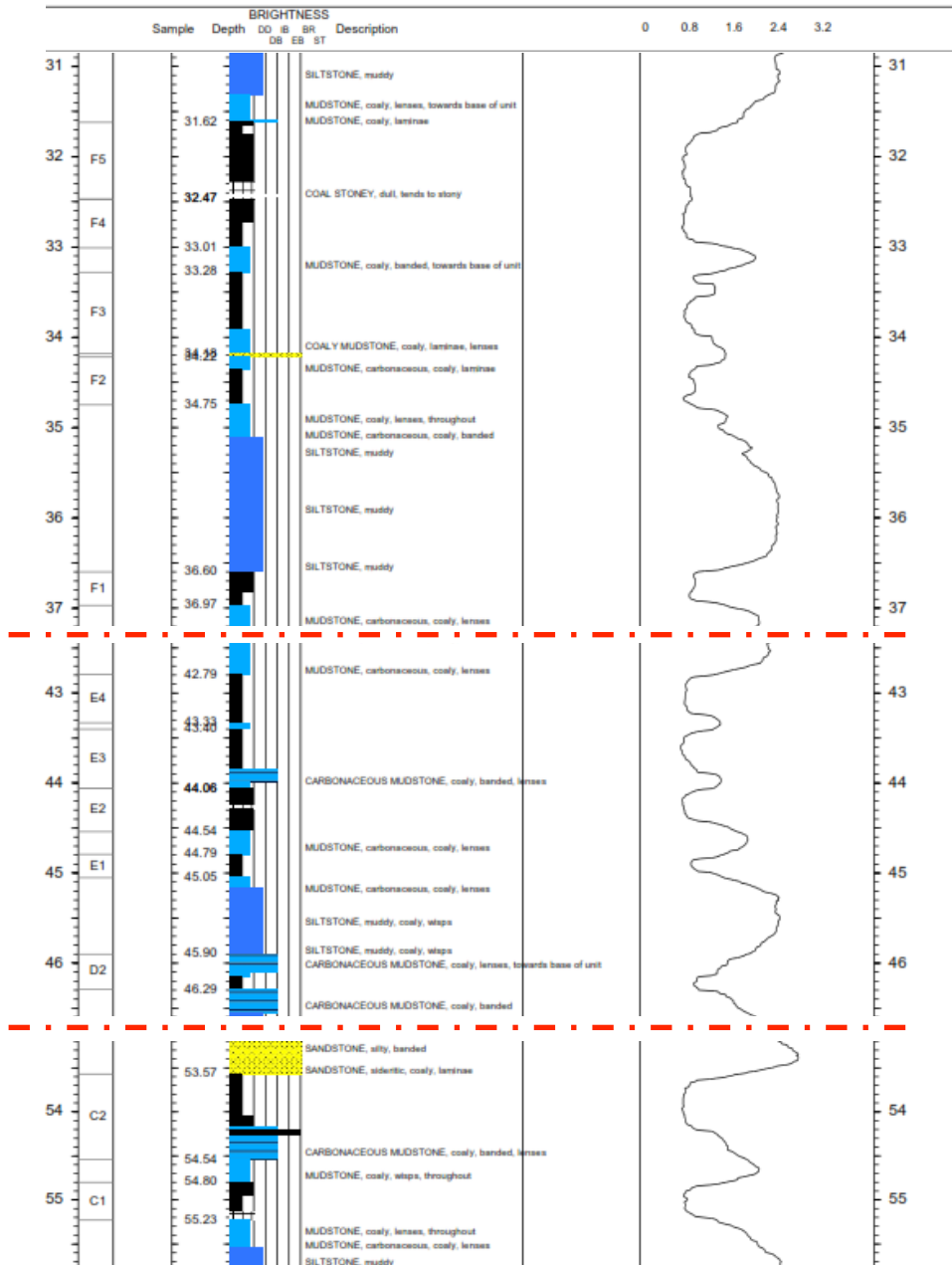




## Cross Section C: West - East Seam Correlations

*Total coal thicknesses exceeding 10 metres were intersected in a number of holes*





## RAW COAL QUALITY – BL0015C

### Raw Coal Calculated Ply Composites (air dried basis)

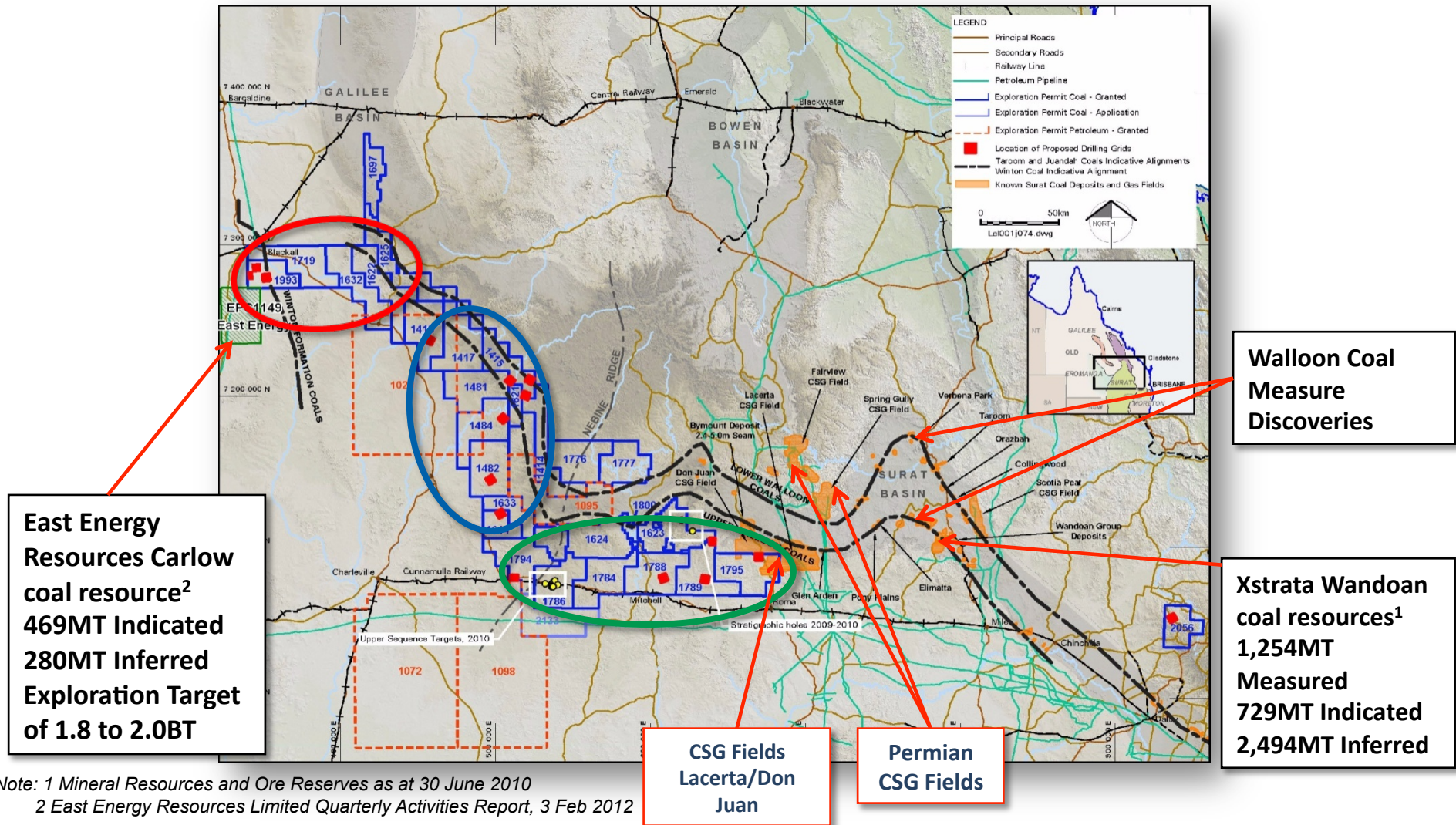
PLY	FROM (m)	TO (m)	THICK (m)	I.M. (%) ad	ASH (%) ad	S.E. (ad) (MJ/kg)	RD ad
F5	31.62	32.47	0.85	20.5	12.1	19.76	1.41
F4	32.47	33.01	0.54	21.4	6.4	21.10	1.37
F3	33.28	34.18	0.90	18.6	22.5	16.98	1.48
F2	34.22	35.11	0.53	18.8	19.4	17.94	1.45

PLY	FROM (m)	TO (m)	THICK (m)	I.M. (%) ad	ASH (%) ad	S.E. (ad) (MJ/kg)	RD ad
F1	36.60	36.97	0.37	20.4	12.6	19.63	1.41

PLY	FROM (m)	TO (m)	THICK (m)	I.M. (%) ad	ASH (%) Ad	S.E. (ad) (MJ/kg)	RD Ad
E4	42.79	43.33	0.54	20.9	10.0	20.56	1.38
E3	43.40	44.06	0.66	18.1	22.5	17.27	1.48
E2	44.06	44.54	0.48	20.7	14.6	19.00	1.41
E1	44.79	45.05	0.26	19.5	15.8	18.94	1.43
D2	45.90	46.29	0.39	17.3	31.9	14.79	1.53

PLY	FROM (m)	TO (m)	THICK (m)	I.M. (%) ad	ASH (%) ad	S.E. (ad) (MJ/kg)	RD ad
C2	53.57	54.54	0.97	18.5	25.0	16.12	1.51
C1	54.80	55.23	0.43	22.0	8.0	20.34	1.36

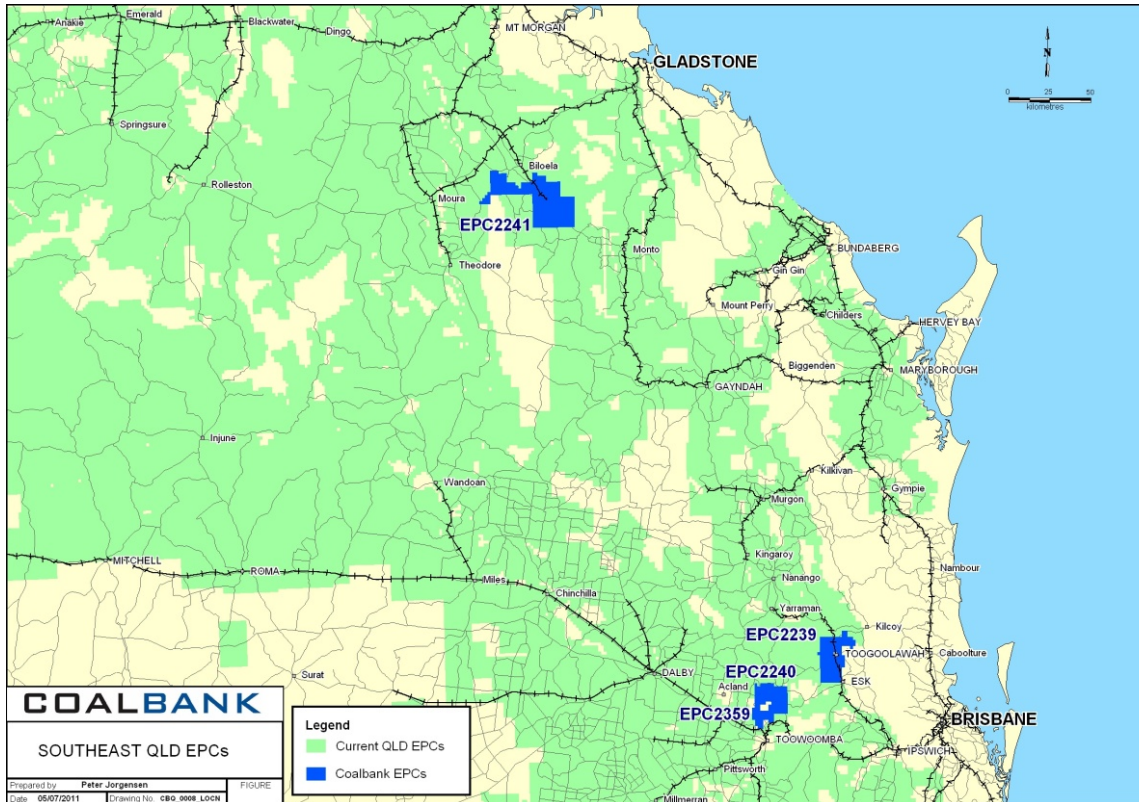
## Blackall-Surat Project Areas & New Targets





## East Surat and Bowen Basin Projects

*Three Eastern Queensland projects all Close to major coal deposits, rail infrastructure and ports*



### EPC 2241 - Biloela South

- 20km south of Callide Mine
- 40km west of proposed Monto Mine

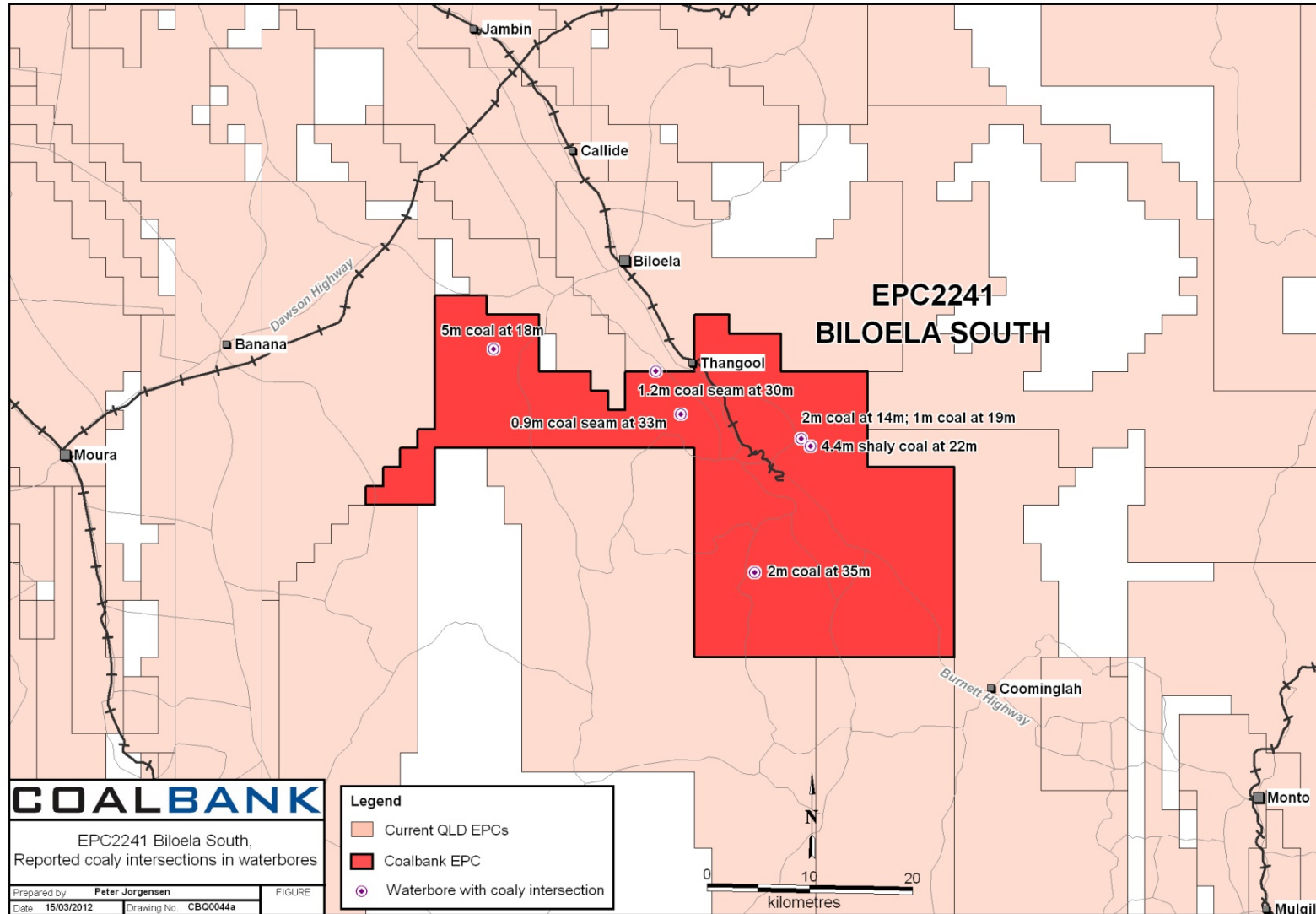
### EPCA 2239 - Coal Creek

- 45km south east of Meandu Mine
- 55km north of Jeebropilly Mine

### EPC 2240 & EPCA 2359 - Coalbank South

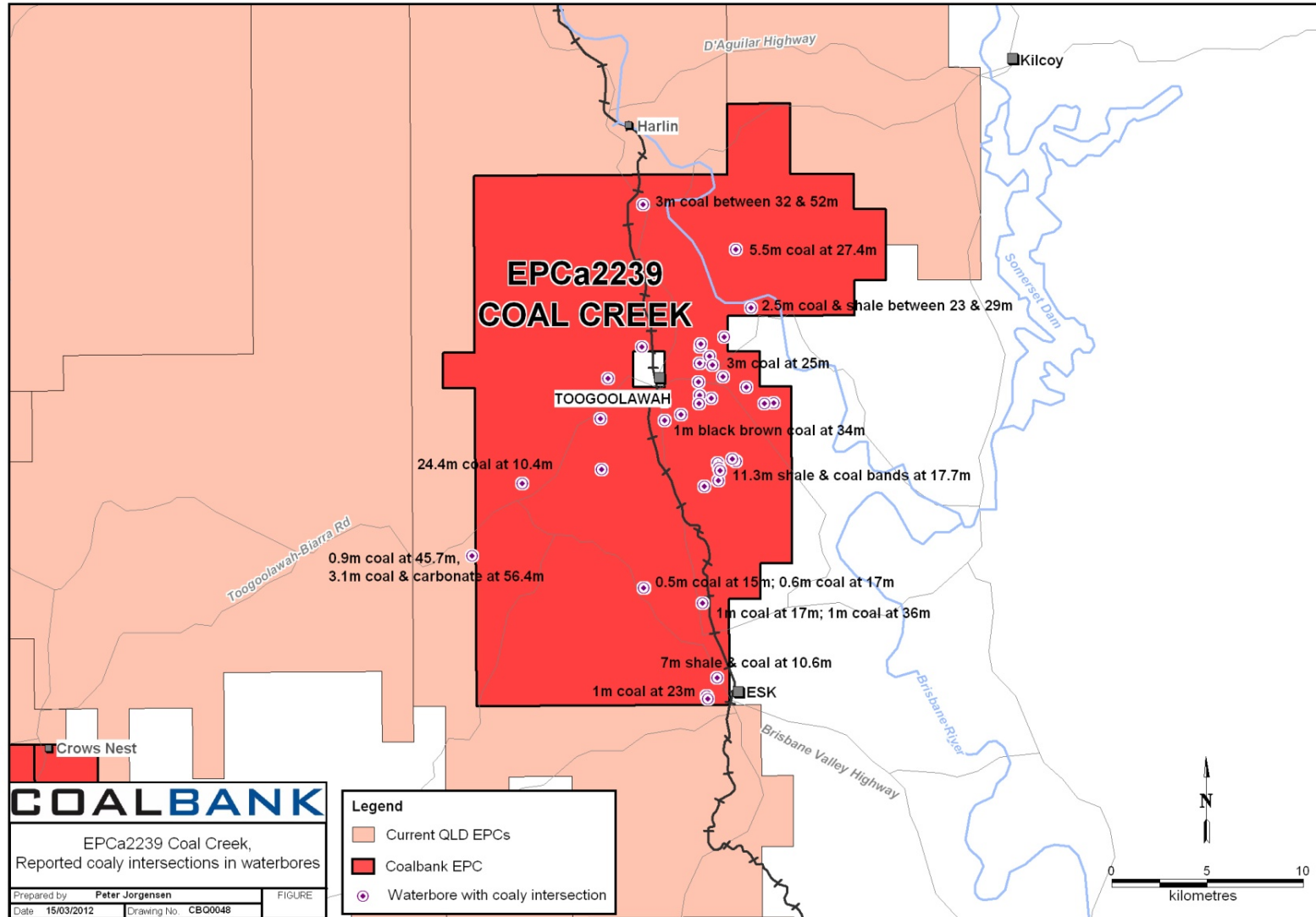
- 15km east of New Acland Mine
- All have coal intersections at shallow depths reported in the waterbore logs eg. 24.4 metres of coal in EPCA2239
- Geographical diversity should mitigate the impact of adverse weather within the combined portfolio

## Biloela South Project

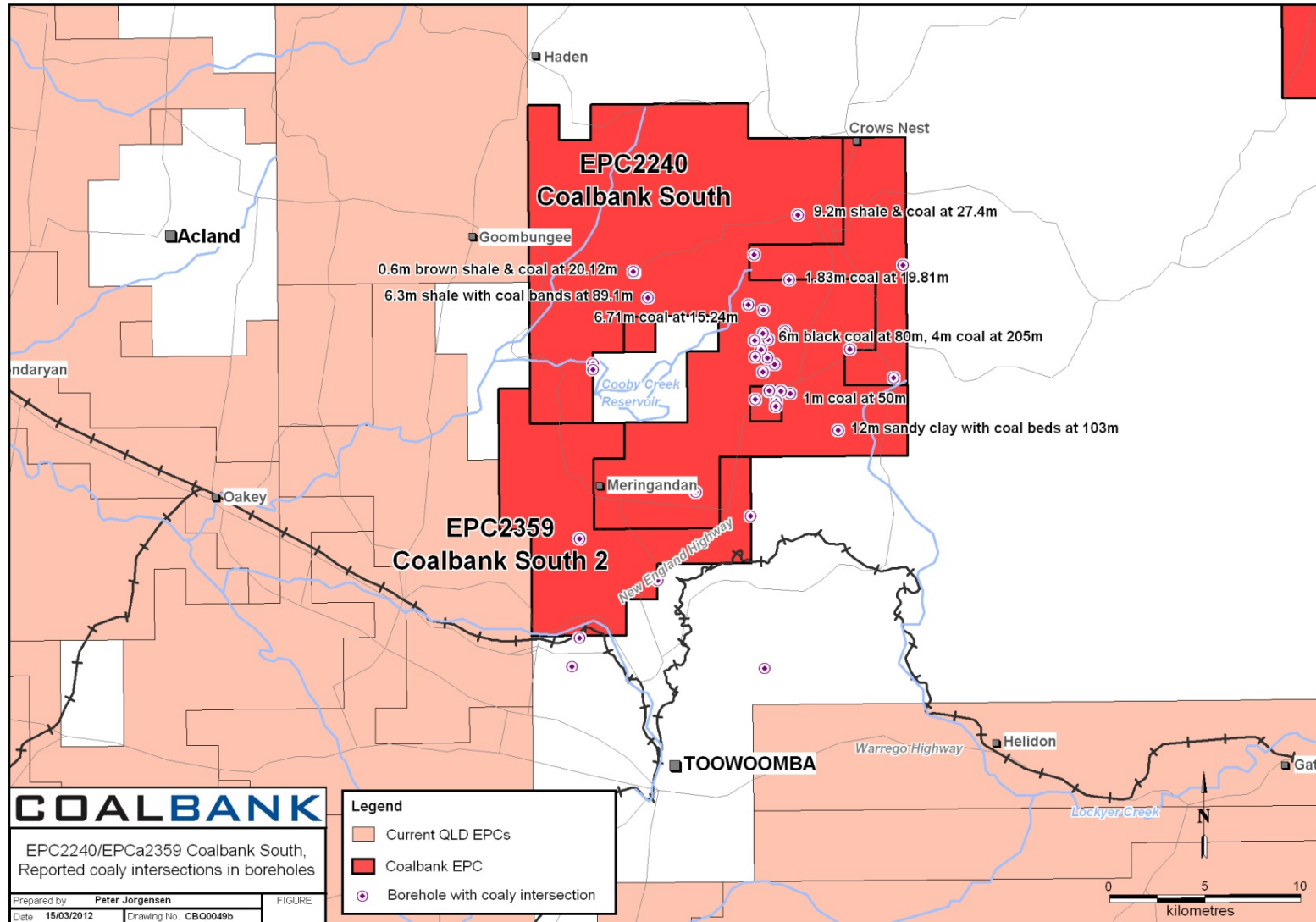




## Coal Creek Project



## Coalbank South Project



## Coal Exploration and Development Plans

Task	2011		2012				2013	2014	2015
	Q3	Q4	Q1	Q2	Q3	Q4			
First-pass drilling on selected targets	█	█							
Drill follow-up targets to JORC Resource level		█		█	█				
First-pass drilling on next targets					█	█			
Drill next-round targets to JORC Resource level							█		
MINE 1									
Concept Study						█	█		
Pre-feasibility Study							█		
Feasibility Study								█	
Mine Development									█
MINE 2									
Concept Study								█	
Pre-feasibility Study									█
Feasibility Study									

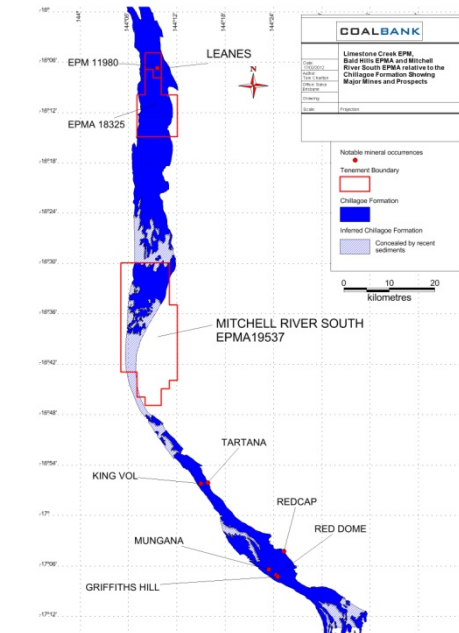
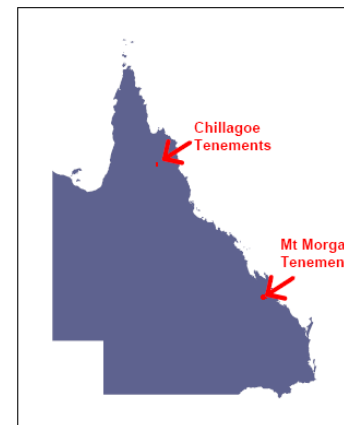
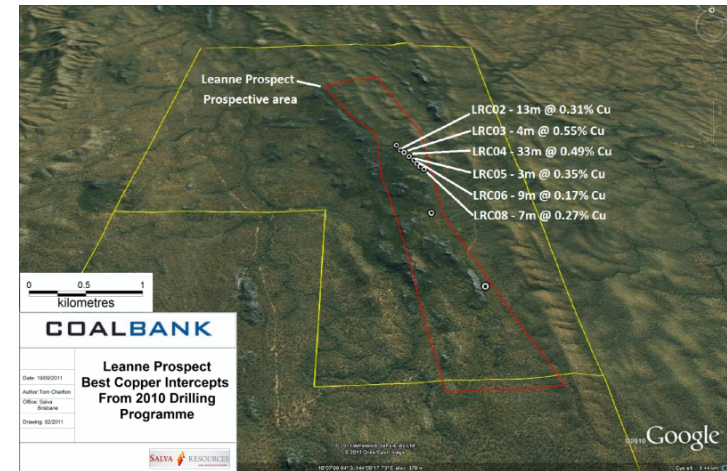
## Metals Projects (100% owned)

**Harvest Metals Pty Limited (100% subsidiary)**

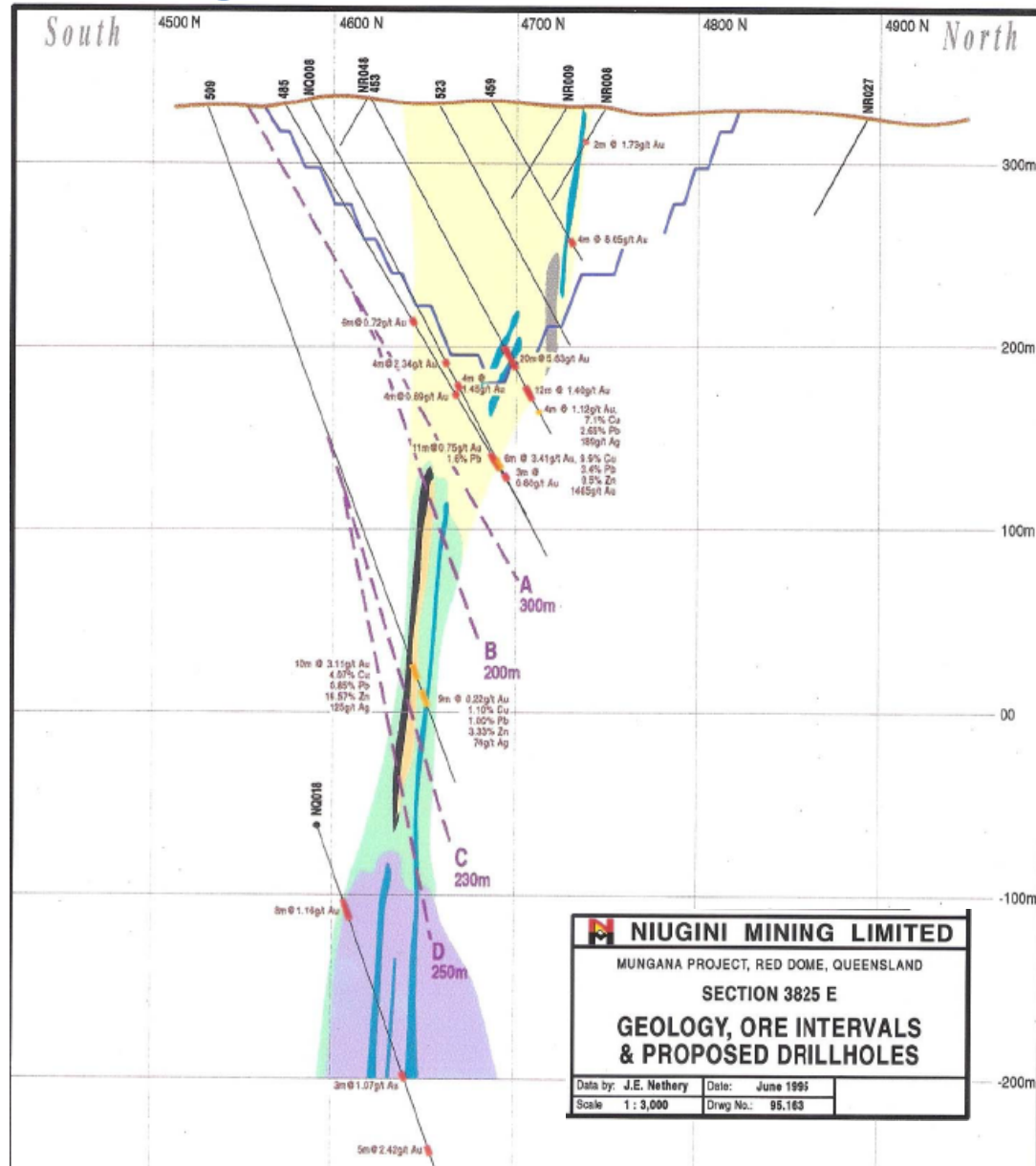
### Chillagoe

(EPM11980 and EPM applications 18325 application)

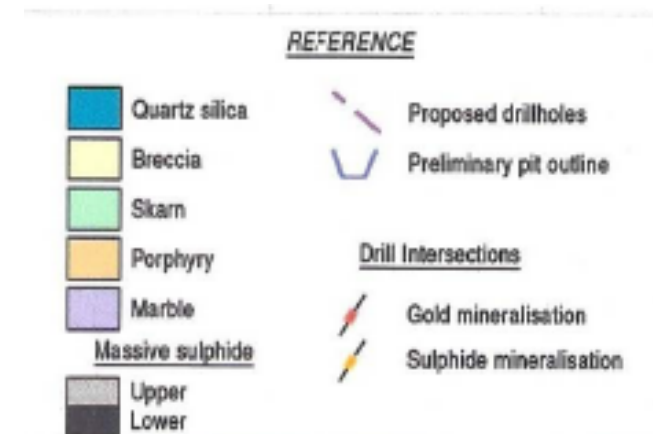
- “Leane’s” copper discovery in breccias in shallow (circa 50m) drilling
- High potential for similar porphyry breccia model to Mungana and Red Dome copper deposits
- Deeper drilling required to test for the total Mungana/Red Dome style porphyry orebody model



## Mungana – Potential Model for “Leane’s”



- At Mungana the window of mineralisation extends >500m
- Breccia extends 200m from surface into skarn
- The skarn stretches 200m into marble
- Below, marble extends into intrusive porphyry



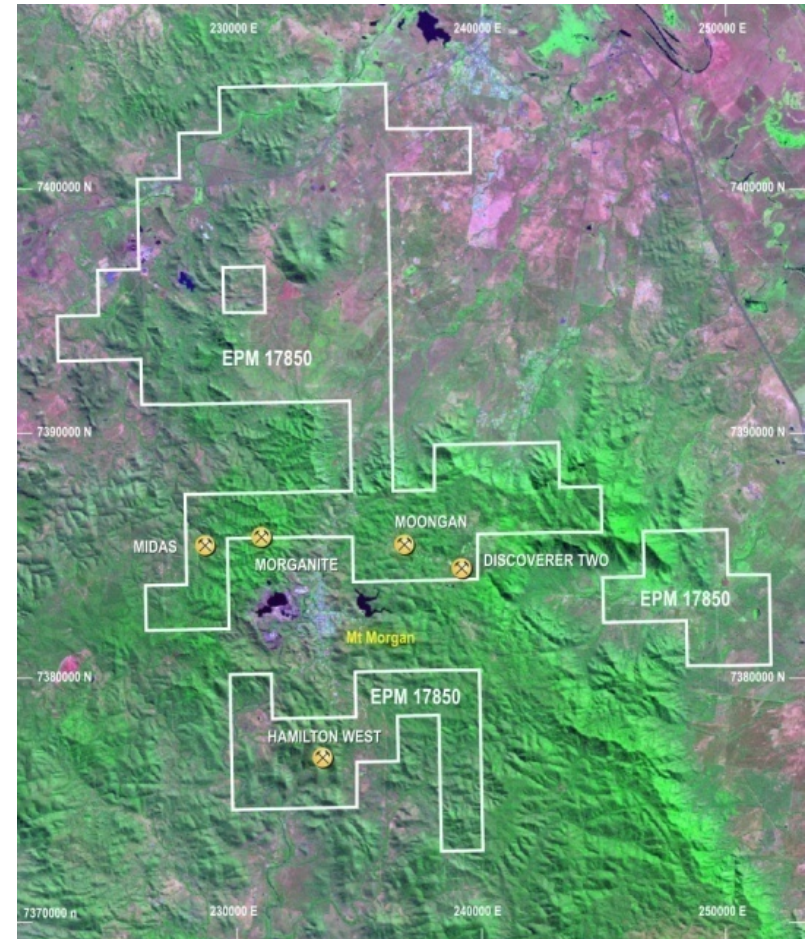
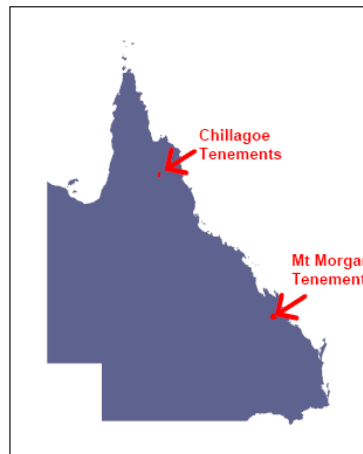


## Metals Projects (100% owned)

**Harvest Metals Pty Limited (100% subsidiary)**

### Mt Morgan (EPM17850)

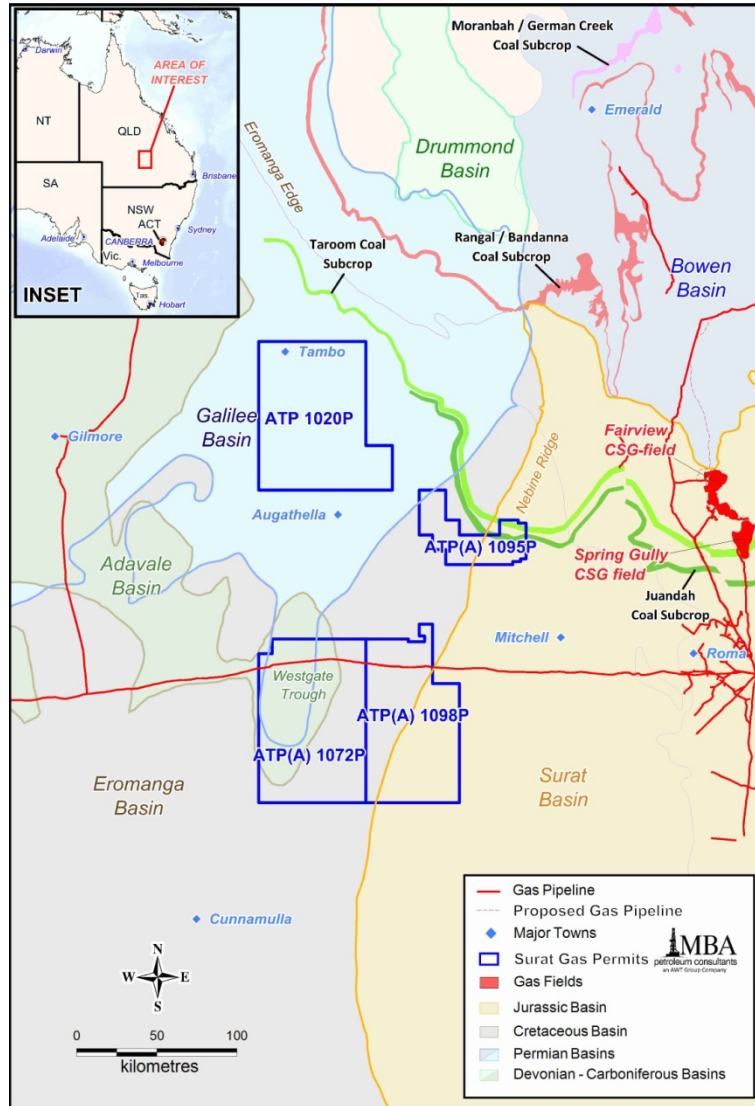
- Surrounds the historic gold mining town of Mt Morgan (265 sq kms)
- Targets include significant Cu in soil anomalies (> 500ppm Cu)
- 6 main targets identified in VMS province including Au, Cu & Zn skarns



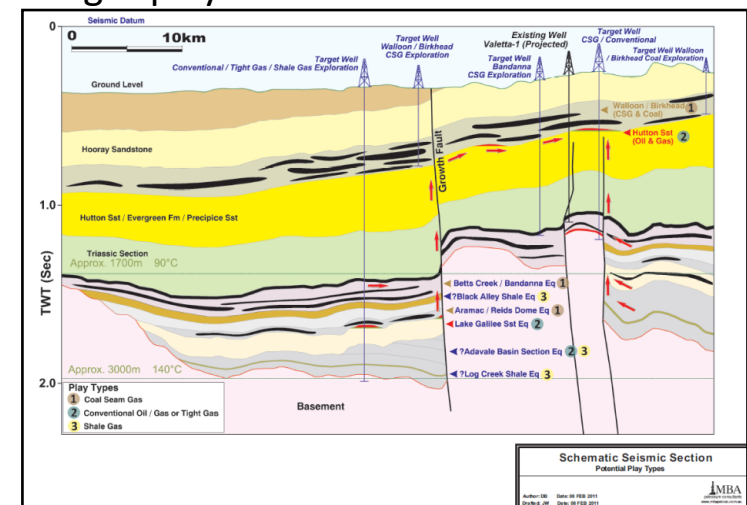
## Harvest Metals – Potential Spin-off

- Interest from potential partners for Chillagoe and Mt Morgan projects
- Independent Expert's Report released in February 2012
- New tenement application in Chillagoe Formation north of Mungana/Red Dome
- Option for *in specie* distribution of Harvest Metals during 2012
- Legal and tax planning under way
- Discussions with potential partners for Chillagoe & Mt Morgan Projects continue

## Surat Gas Pty Ltd (100%-owned)



- More than 20,000 sq km of ATPs close to pipeline infrastructure
- Favourable settings for unconventional shale gas and CSG plays + conventional oil and gas
- Breakthrough in seismic reprocessing has brought to light the geometry of very large, unexplored down-faulted basins
- Favourable sedimentary history with abundance of source rocks from Devonian to Jurassic
- Favourable structural /sedimentary traps and host rocks
- Favourable maturation conditions to generate conventional oil & gas plays



## Summary

**COALBANK is an explorer and developer of early stage coal assets**

Commencement of growth phase following recent exploration successes

**A significant landholding in an emerging coal basin**

In excess of 21,000 km<sup>2</sup> of overall holdings are across the Surat/Eromanga Basins west of Roma in Queensland

Additional projects in other coal basins close to operating coal mines with potential for multiple deposits and very large tonnages

Historical water bore records indicate significant coal intersections across all coal tenement holdings

Evidence of a major coal discovery over 26 km in strike length south of Blackall, with total coal intersections >10 metres from shallow depths (all at open-cut depths)

**2012 drilling program to achieve maiden JORC-standard resource at Blackall currently underway**

**Planning for farm-out/de-merger of non-core metals and petroleum subsidiaries**