

COALWORKS Limited

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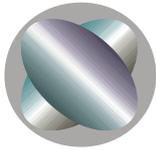
BOARDWALK FERNDALE JOINT VENTURE SIGNED

- ❖ *Boardwalk signs Farm In and Joint Venture Agreements for Ferndale*
- ❖ *Boardwalk intends to spend up to \$25 Million to earn 50%*
- ❖ *Boardwalk to take 19.9% placement in Coalworks and join the Board*

Coalworks Limited (ASX: **CWK**) today announced that its 90% owned Loyal Coal Pty Ltd has signed a Farm in Agreement and Joint Venture agreement with Boardwalk Ferndale Pty Ltd (BWK) associated with coal industry magnate Nathan Tinkler, for an up to \$25 million joint venture to develop its Ferndale coking/thermal coal project.

Up to \$25 million will be spent by BWK to provide a bankable feasibility study on an open-cut mine and complete a pre feasibility study for underground mine development at Ferndale. If the \$25 million is fully expended, the commitment will deliver BWK a 50% stake in the Ferndale coking/thermal coal project.

The signing follows a Heads of Agreement for the Ferndale Joint Venture and a placement. Accordingly a Subscription Agreement was also signed with Boardwalk which provides for BWK to take up a placement in Coalworks which would result in BWK achieving a 19.9% shareholding position in Coalworks, subject to approval by Coalworks shareholders. An EGM will be called for January 2011 to vote on the resolution. On becoming a 19.9% shareholder in Coalworks, Boardwalk will also be invited to have a nominated representative join the Coalworks Board.



Coalworks Managing Director and CEO Andrew Firek said:

“I welcome Nathan Tinkler and his team as our partners and look forward to working with them on our Ferndale Coal Project and as new shareholders of Coalworks. Their participation adds another dimension to Coalworks continued success.”

Boardwalk director and major shareholder, Mr Tinkler said:

“Coalworks have diligently carried out significant work in better understanding the geology of the Ferndale project. Ferndale now represents one of the few remaining opportunities for open cut coal production in the Hunter Valley. I look forward to exploring and developing the Ferndale Project further to create a low cost independent thermal and coking coal producer for world export markets”.

Coalworks recently announced an increase in its Ferndale resource target to 530Mt (see ASX announcement 19.11.2010)

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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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)
5. **Hodgson Vale (exploration target thermal coal)**
6. **Ashford (limestone deposit with high value lime products as the target).**
7. **Ferndale Coal Project (New Exploration Target 350Mt – 530Mt of coking/thermal coal)**
See Announcement 19.11.2010