

## **COALWORKS Limited**

19 July 2010

The Manager  
Company Announcements Office  
Australian Securities Exchange Limited

# **50 – 80Mt OPEN CUT POTENTIAL INCREASES FERNDALE TARGET UP TO 330Mt**

- *Drilling to date confirms the presence of the Newcastle and Upper Whittingham Coal Measures.*
- *Increased Exploration Target within the Newcastle Coal Measures of additional 50 to 80 million tonnes with Open Cut potential.*
- *Total Exploration Target increased to 250 - 330 million tonnes.*

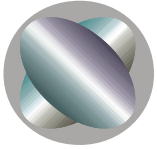
**COALWORKS Limited** (ASX: **CWK**) today announced that a review of initial drilling results at the Ferndale Project have confirmed the presence of the Newcastle and Upper Whittingham Coal Measures, and further indicated an increase in the Exploration Target potential of the Newcastle Coal Measures from the previous estimate of 10 – 50 million tonnes to an updated 50 – 80 million tonnes with open cut potential.

This increases the current Exploration Target to 250 – 330 million tonnes of bituminous coal. Please refer to the Coalworks Ltd March 2010 Quarterly Report for previous Exploration Target Announcements for Ferndale EL7430.

### **The Exploration Target total comprises the following:**

- ◆ An Exploration Target ranging from 50 – 80 Mt in seams which have been tentatively correlated as corresponding to the Great Northern and Fassifern seams in the Newcastle Coal Measures at depths of between 20m and 70m. The seams are recognised as having thermal potential in some areas of the Hunter Valley. Due to the relatively shallow depth, these seams may be amenable to open cut mining.

COALWORKS Limited ABN 51 114 702 831  
Level 5, 44 Miller Street, North Sydney NSW 2060 AUSTRALIA  
Ph: +61 2 9922 1344 Fax: +61 2 9922 4288  
Email: [info@coalworks.com.au](mailto:info@coalworks.com.au)  
[www.coalworks.com.au](http://www.coalworks.com.au)



- ♦ An Exploration Target ranging from 200 – 250 Mt in seams which have been tentatively correlated as corresponding to the Whybrow, Wambo, Whynot and Blakefield seams in the Wittingham Coal Measures, at depths greater than 150m. These seams are recognised as high quality mineable seams elsewhere in the Hunter Valley with coking coal potential.

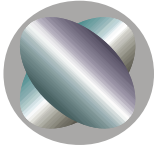
The potential quantity and quality is conceptual in nature, and there has been insufficient exploration to define a Mineral Resource. Further exploration is planned with an aim to upgrade the Exploration Target into a Resource\*.

Furthermore, the initial drilling has identified additional coal seams within the Newcastle Coal Measures, as indicated in **Table 1**. As the quality of these seams is uncertain, they have not been included within the current Exploration Target Estimation. Historical drilling in the area surrounding the tenement has intersected additional underlying coal seams in the Wittingham Coal Measures, which could provide additional resource potential.

\*It is uncertain if further exploration will result in the determination of a Mineral Resource.

## Drilling

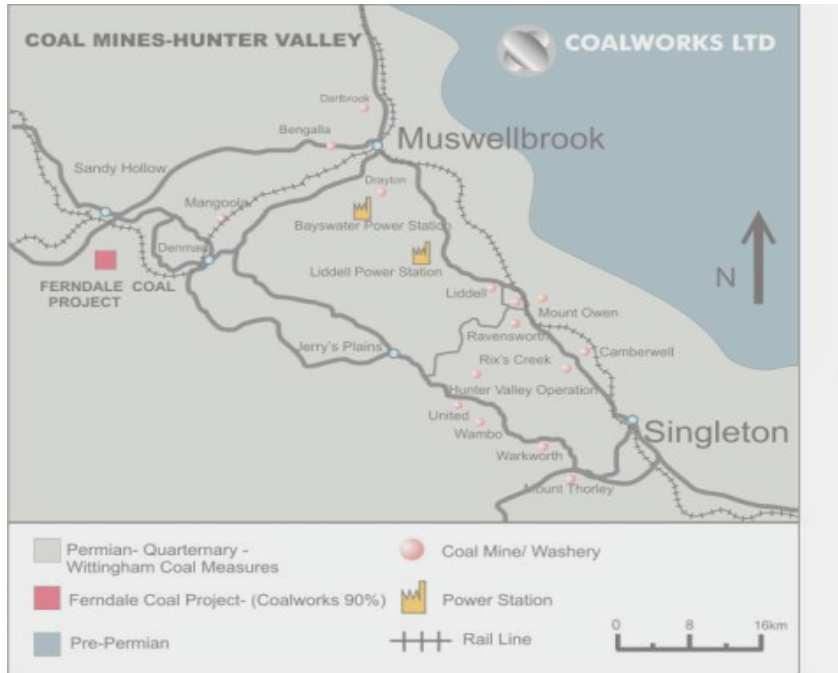
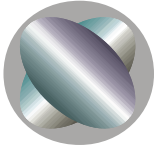
Coalworks Ltd has partially completed two (2) holes (FD001 & FD002 as per Table 1.) of an initial seven (7) hole exploration program at Ferndale. Drilling is currently suspended whilst a change in Drilling Contractors is completed. Drilling is planned to recommence on late July, with the completion of FD002 to a target depth of 500m to further investigate the presence of additional Wittingham Coal Measures. Currently FD001 has been partially completed to a depth of 54 metres, and FD002 partially completed to a depth of 348 metres as indicated in the table below.



	Coal Seam	FD001			FD002		
		From (m)	To (m)	Thickness (m)	From (m)	To (m)	Thickness (m)
Newcastle Coal Measures	Great Northern	10.26	13.35	3.09			Eroded
	Fassifem	35.94	37.1	1.16	24.6	27.58	2.98
	Upper Pilot	39.62	41.15	1.53	27.77	28.6	0.83
	Hartley Hill (Upper Split)	Drilling suspended at 54 metres			91.2	92	0.8
	Hartley Hill (Lower Split)				94	96.98	2.98
	Australasian				134.4	135.63	1.23
	Montrose				137.07	138.67	1.6
	Wave Hill				139.09	143.35	4.26
	Fern Valley (Upper Split)				145.54	146.03	0.49
	Fern Valley (Lower Split)				147.15	148	0.85
	Victoria Tunnel				148.4	150.7	2.3
	Nobbys				171.82	172.83	1.01
	Dudley				173.52	174.03	0.51
	Yard				183.2	183.81	0.61
Wittingham Coal Measures	Whybrow (Upper Split)				258.08	259.67	1.59
	Whybrow (Lower Split)				261.31	262.18	0.87
	Redbank Creek				279.06	281.51	2.45
	Wambo				305.94	307.13	1.19
	Whynot				338.38	341.66	3.28
	Blakefield				Drilling suspended at 348 metres		
	Glen Munro						
	Woodlands Hill						
	Arrowfield						
	Bowfield						
	Warkworth						
	Mt Arthur						
	Piercefield						
	Vaux						
Broonies							
Bayswater							

**Table 1:** Ferndale drilling results to date on partially completed holes FD001 & FD002. Both holes will be revisited and drilled to a target depth of 500m. Due to the early nature of the program, initial coal seam correlations are tentative. Interpreted depth and thickness have been geophysically corrected.

**Ferndale (90% owned by Coalworks) is located at Yarrawa in the prime Hunter Valley coal area in New South Wales. It is about 8 kilometres south-west of Denman near Muswellbrook, is close to rail, and road infrastructure, and is only 125km from the coal port of Newcastle.**



### Location of Ferndale EL7407 within the Hunter Valley NSW

**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, Mineral Resources and Ore Reserves:** 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. 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.

For further information, please contact:  
Mr Andrew Firek, Managing Director & CEO  
or Mr Tony Teng, Director & Company Secretary  
Coalworks Limited  
**Tel:** +61 2 9922 1344  
**Fax:** +61 2 9922 4288  
**Email:** [info@coalworks.com.au](mailto:info@coalworks.com.au)  
[www.coalworks.com.au](http://www.coalworks.com.au)

### 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 (Exploration Target 250-330Mt of coking/thermal coal)**