



COALWORKS Limited

28 January 2010

The Manager
Company Announcements Office
ASX Limited
Via: www.asx.online.com

COALWORKS ACQUIRES HUNTER THERMAL & COKING COAL PROJECT

Highlights

- Coalworks acquires 90 percent of Ferndale Coal project
- The deposit is located in prime Hunter Valley coal mining area, NSW
- Proximity to rail, road, port infrastructure
- Export and domestic thermal and coking coal target
- Preliminary exploration target: 60 - 85 Mt
- Initial production target 2 Mtpa, increasing to 5 Mtpa

Coalworks Limited (ASX: CWK) today announced that it has acquired a 90% interest in the Ferndale Coal Project EL 7430. The deposit is located at Yarrowa in the prime Hunter Valley coal area in New South Wales. It is about 8 kilometres southwest of Denman near Muswellbrook, is close to rail, and road infrastructure, and is only 125km from the coal port of Newcastle.

Coalworks Managing Director and CEO Mr Andrew Firek said: "We plan to optimise this valuable coal project which has high calorific value thermal and coking coal potential. Our immediate aim will be to drill a number of known coal measures occurring in the EL, including the quality Wittingham Coal Measures. An exploration target of 60 to 85 million tonnes of export quality thermal coal and semi soft coking coal is the current objective.

"Coalworks' mining consultants advise us that if a project is developed at Ferndale with the planned production rate the Project would have the potential to generate up to 250 jobs during the construction phase, and 100 permanent jobs at the mine, with a further 250 jobs likely to be generated for contractors and suppliers. Flow on effects will generate up to 6 jobs for every miner employed. It is envisaged that the mine will generate considerable benefits to local businesses," he said.

"The Ferndale Coal Project is a significant acquisition for Coalworks because we believe that operations conducted in an environmentally responsible manner and in accordance with our clean

The acquisition of the Ferndale Coal Project follows Coalworks' 29 October 2009 ASX announcement regarding the grant of the Vickery South EL in the Gunnedah Basin, NSW which is currently being drilled.

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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)**
5. **Hodgson Vale (exploration target thermal coal)**
6. **Ashford (limestone deposit with high value lime products as the target). *See Coalworks' ASX announcement 5.11.2009**

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*