



COALWORKS Limited

9 February 2010

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

COALWORKS RECEIVES PETROL MARKET STUDY

Highlights

- Coalworks receives gasoline/petrol market study for Oaklands CTL
- NSW and Victoria have a shortfall of petrol supplies
- Transport costs are expected to be less than 2% of petrol revenue
- 7,000 bpd would equate to about 2% of Australia's petrol consumption

Coalworks Limited (ASX:CWK) today announced that it has received a Market Study from Muse Stancil relating to potential markets for petrol and LPG which would be produced from the proposed Oaklands Coal to Liquids (CTL) plant. The proposed CTL plant would produce automotive grade petrol from coal using these clean coal technologies. Petrol would be transported by rail for distribution for local or export markets. The study concluded that NSW and Victoria have a shortfall of petrol and LPG supplies providing an opportunity for petrol and LPG produced from Oaklands Coal. The study also noted that rail costs would be expected at less than 2% of petrol sales prices. The study envisaged a 7,000 barrels or petrol per day operation at Oaklands which would equate to about 2% of Australian petrol consumption.

This study forms part of the CTL Feasibility Study currently underway with Synthesis Energy Systems Inc. (SES). SES are in the process of conducting gasification tests on the suitability of Oaklands Coal for use with their U-GAS[®] technology in the proposed CTL Plant as a further component of the CTL Feasibility Study. The U-GAS[®] technology is currently operating in a commercial plant in China (See ASX Release 2.12.2009).

Coalworks Managing Director and CEO Mr Andrew Firek said: "We are very pleased to receive this study because it indicates a ready market is available as an offtake for Oaklands fuel products. It also indicates that project economics are boosted by the very low transport costs that would be involved with transporting these liquid fuels to market"

In summary key points with the proposed CTL plant include:

- Petrol produced would be expected to be cleaner than existing automotive petrol
- Rail costs would be expected at less than 2% of petrol sales revenues
- 7,000 bpd would equate to about 2% of Australia's petrol consumption
- Shortfall of petrol in NSW and Victoria provides good offtake potential
- The CTL plant will be a clean coal plant able to capture pollutants such as sulphur and nitrous oxides and would be carbon capture ready
- The technologies including the U-GAS[®] and MTG technology to be used in the CTL plant are commercially proven

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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. **Ferndale, Hunter Valley (exploration target coking/thermal coal).**
6. **Hodgson Vale (exploration target thermal coal)**
7. **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*



COALWORKS Limited

MEDIA RELEASE

US STUDY POINTS TO RICH LOCAL PETROL MARKET

A study of the potential markets available to Coalworks Limited (ASX:CWK) if the company proceeds with its proposed Oaklands coal to liquids (CTL) plant in southern New South Wales could be worth \$200 million a year in revenue.

The study done by the highly respected US firm of geochemical consultants Muse Stancil & Co stated that NSW has a significant shortfall of petrol and LPG with Victoria increasingly have a shortfall. The study envisaged the Oaklands clean coal plant producing 7,000 barrels of petrol a day. This would equate to about 2% of all Australian petrol consumption.

Oaklands which is strategically situated near Albury and Wagga means the liquids would be transported by rail for distribution to markets. These rail costs would be expected to be less than 2% of the total petrol sales revenues.

The Oaklands coal to liquids plant would be able to capture pollutants such as sulphur and nitrous oxides and would be carbon capture ready. Coalworks is currently conducting a feasibility study with US group Synthesis Energy Systems Inc. who currently operate a clean coal plant in China using technology proposed for Coalworks' planned CTL plant.

Chemical engineer and Managing Director of Coalworks Dr Andrew Firek said Oaklands is the company's flagship project with a 25 year mine life and total thermal coal resources of 822 million tonnes.

"We are pleased to receive the study because it indicates a ready market is available as an off take for Oaklands fuel products" he said

"Coal to liquids is an established and proven technology that can unlock the value of coal resources in an environmentally friendly way while facilitating import replacement".

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