



COALWORKS Limited

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MEDIA RELEASE

JAPANESE CONGLOMERATE TO DEVELOP VICKERY SOUTH COAL PROJECT

Coalworks (Vickery South) Pty Ltd, a wholly owned subsidiary of Coalworks Limited (**ASX: CWK**) has signed a Memorandum of Understanding (MOU) with ITOCHU Minerals & Energy of Australia Pty Ltd (IMEA) to develop its coal project in the booming Gunnedah Basin of NSW in a deal worth \$11million.

ITOCHU Corporation is a major Japanese trading house which has extensive experience in the development of coal mines and the global marketing and sale of coal. It had annual revenue of \$US34, 807 billion and NET income of \$US 1,684 billion in the fiscal year ended March 2009.

It has numerous coal mines in Australia which includes joint ventures with Xstrata, Gloucester Coal and Anglo Coal.

Up to \$11 million will be spent by IMEA at Vickery South, where a drilling program has already commenced, to undertake a preliminary feasibility study and complete a bankable feasibility study by mid next year.

In a proposed Joint Venture (JV) the MOU provides for ITOCHU to enter into a marketing and sales agreement and off take agreement whereby ITOCHU will buy or arrange the sale and marketing of all coking and thermal coal produced from Vickery South.

Chemical engineer and Managing Director of Coalworks, Dr Andrew Firek said the benefit of having ITOCHU as a joint venture partner can't be overestimated.

"ITOCHU's experiences in coal mining development, coal off take and international marketing make it an invaluable partner", he said.

Prior to the ASX announcement Coalworks went into a trading halt yesterday. ITOCHU will release their Press Release to their press club in Tokyo today.

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