

Date: 30 July 2012

To: Australian Securities Exchange
Companies Announcement Office
Electronic Lodgment System

Dear Sir

ACTIVITIES REPORT FOR QUARTER ENDED 30 JUNE 2012

HIGHLIGHTS

- **Significant progress made on the Blackall Coal Project**
 - **Resource delineation drilling completed**
 - **Coal quality laboratory work undertaken**
 - **Inferred Coal Resource of 1.3Bt of thermal coal reported (in accordance with JORC code)**
- **An independent review of the potential for shale gas in ATP1020 was undertaken which identified gas anomalies in several shale zones recorded within historical well logs**
- **Cash expenditure for the next two quarters is expected to be lower than recent prior quarters and additional funding is being considered**

ACTIVITIES RELATED TO ENERGY PROJECTS:

Blackall – Tambo Project

COALBANK LIMITED (ASX: CBQ, the Company or COALBANK) was very pleased to announce the maiden Resource Statement for its Blackall Coal Project during the June quarter. This confirmed a total Inferred Resource of **1.3Bt** of thermal coal for the Inverness Deposit, located immediately south of Blackall in Queensland (ASX Announcement 20th June 2012 “CBQ - Maiden Resource Statement confirms 1.3 billion tonnes JORC Resource at Blackall Coal Project”).

McElroy Bryan Geological Services Pty Limited (MBGS) was commissioned by COALBANK to provide an objective assessment of coal resources for its Blackall Coal Project reported in accordance with the Australasian Code for Reporting of Mineral Resources and Ore Reserves (The JORC Code).

Mr Rowan Johnson of MBGS, a geologist with more than 30 years of relevant experience, performed the analysis and evaluation of COALBANK’s Inverness Deposit.

Exploration Permits for Coal EPC 1993 (Blackall South Corner) and EPC 1719 (Barcoo River-Blackall Rail) are part of COALBANK’s Blackall Coal Project and collectively the two tenements cover an area of 1,484 square kilometres. The Blackall Coal Project area is located in south-western Queensland, 145 kilometres south-west of Alpha and 680km west-northwest of Brisbane.

COALBANK LIMITED

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The resource announcement for the Blackall Project followed an effective, large scale exploration effort during the quarter incorporating an efficient drilling program (involving three rigs), geological interpretation, geological modelling and laboratory work that delineated the very large scale Inverness Deposit.

Significantly, the Inverness Deposit is shallow and flat-lying with Inferred Resources of **825Mt estimated at less than 50 metres depth**, with a further **425Mt between 50 and 100 metres depth**.

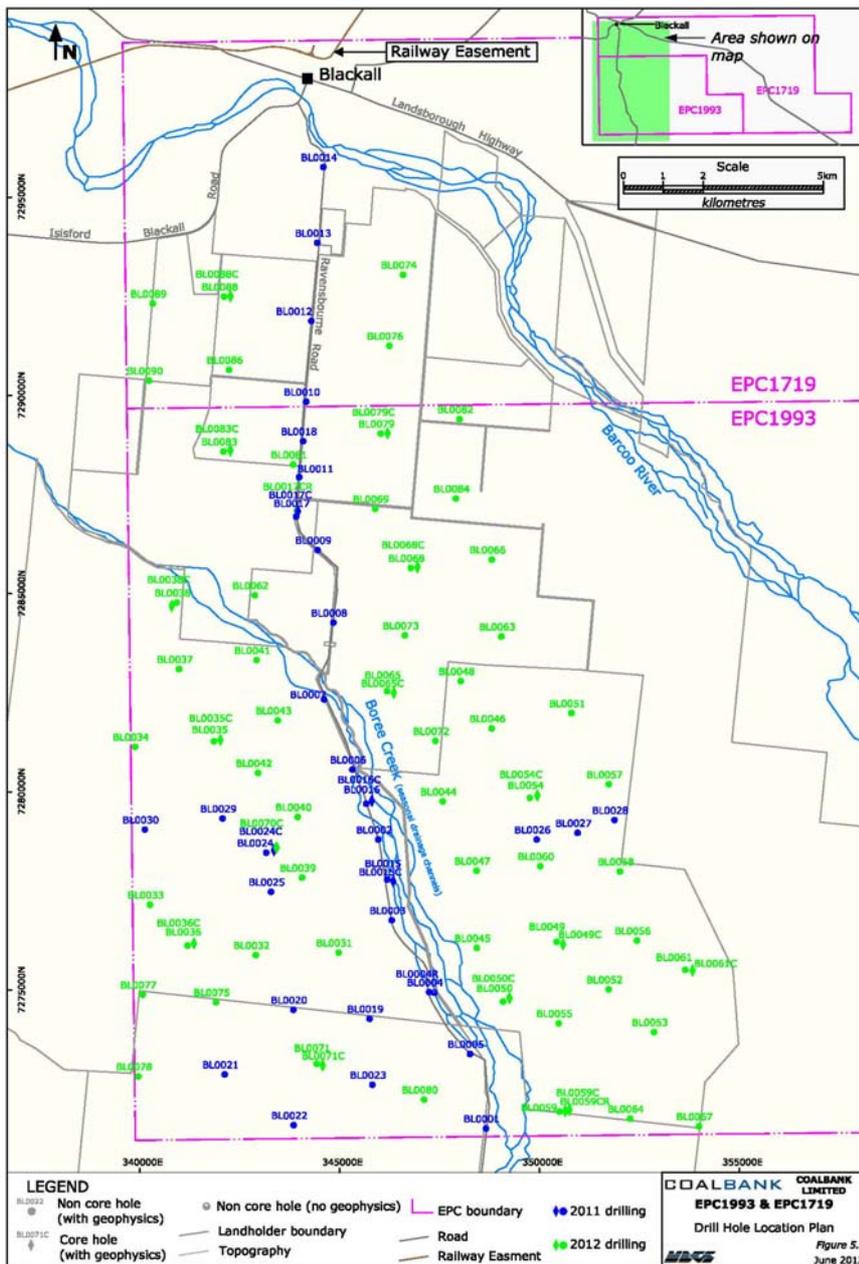


FIGURE 1: Blackall Coal Project Exploration Program Map Indicating Location of Boreholes Drilled

The Maiden Resource Statement has confirmed both the significant scale of the Inverness Deposit and its very low In-situ Cumulative Strip Ratio.

The results far exceeded the Company's expectation at the commencement of the program earlier this year.

The Blackall Project has access to an existing rail corridor to Jericho and Alpha. This is in relatively close proximity to the existing Central Rail Line to Emerald and Gladstone, and the proposed Galilee Rail infrastructure planned to connect projects, including GVK-Hancock, Waratah Coal and Adani, to Abbot Point. COALBANK is ideally placed at the forefront of a new coal province commencing south of Blackall.

The deposit is favourably located adjacent to an existing rail corridor connecting Blackall with the rail infrastructure being proposed for regional Galilee Basin coal projects.

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The Blackall Project area represents only a small part of the Company's overall coal tenement portfolio in Queensland.

Future Work

Following this initial delineation of the geology of the Blackall Coal Project, COALBANK plans to undertake further targeted geological studies including wash testing, planning for additional drilling and other relevant studies to provide data for the development of an optimal mining scenario utilising the shallowest and highest quality coal.

Surat Gas

A high level independent review of the potential for shale gas in ATP1020 was undertaken during the quarter in response to increased interest in shale gas as a potential energy supply. The review of the logs of historical petroleum wells within or close to the ATP highlighted gas indications in several geological units including Triassic shales, and shale units within the Jurassic age Hutton Sandstone and Birkhead Formation.

ACTIVITIES RELATED TO MINERAL PROJECTS:

Following the release of the Independent Expert's Report for its Harvest Metals subsidiary to the market in February, site visits were conducted during the quarter at both the Mount Morgan and Chillagoe Projects with interested parties.

CORPORATE ACTIVITY:**Funding**

Following the completion of drilling at the Blackall Coal Project and the announcement of the 1.3 Billion tonne inferred JORC-compliant resource, cash expenditure for the next two quarters is expected to be lower than recent prior quarters with activities focusing on consolidation of exploration data and partnering and corporate matters. As part of these activities, the Directors also intend to raise additional working capital during the quarter.

Approaches from Investors and Parties Regarding Projects

As previously advised, the Company has received approaches from a number of interested foreign and domestic strategic partners and intermediaries regarding potential joint ventures, strategic investments, partial asset sales or other corporate transactions. These approaches cover coal, metals and petroleum and gas projects.

The company plans to continue discussions with potential strategic partners and qualifying corporates with a view to unlocking value.

Yours faithfully,

Roger Clarke
Chairman

Further information:

<p>Bruce Patrick Chief Executive Officer 07-3229-6606</p>	<p>Greg Baynton Deputy Chairman (Executive) 07-3229-6606</p>
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Competent Person’s Statement

The information in this announcement that relates to the Resource Statement has been based on information compiled by Mr Rowan Johnson who is a Member of the Australasian Institute of Mining and Metallurgy and is a Senior Geologist employed by McElroy Bryan Geological Services Pty Ltd (MBGS).

Mr Johnson has more than 30 years experience as a geologist in the resources industry and more than 15 years experience in the estimation of coal resources for coal projects and coal mines in Australia and overseas. This expertise has been acquired principally through exploration and evaluation assignments at operating coal mines and for coal exploration areas in Australia’s major coal basins and in other coal basins overseas. This experience is more than adequate to qualify him as a Competent Person for the purpose of Resource Reporting as defined in the 2004 edition of the JORC Code. Mr Johnson consents to the inclusion in this Quarterly Report of the matters based on his information in the form and context in which it appears.

About COALBANK LIMITED

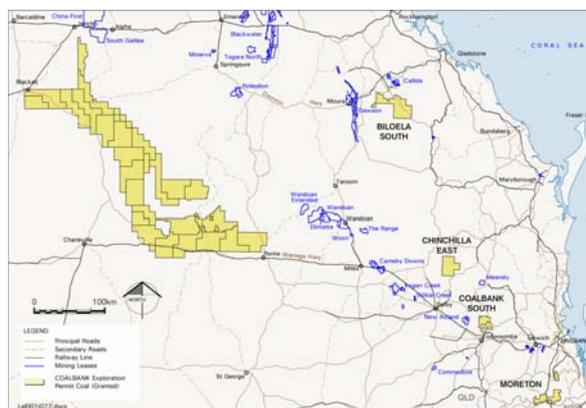
COALBANK LIMITED is an ASX-listed company (ASX: CBQ) that invests in and develops early stage upstream energy projects.

During late 2011 the Company was successful in discovering a very significant coal occurrence over a strike length of 26 kilometres in its initial drilling program south of Blackall in Central Queensland.

The Company holds one of the largest coal exploration permit areas in Australia, with the Blackall Project representing only a small portion of the overall area. Significant value is added to the Company’s projects through its team’s exploration expertise and commercial discovery experience.

COALBANK’s future strategy includes the involvement of strategic industry partners for its key projects to accelerate their development from exploration to production.

The Company also holds two copper-gold projects and a portfolio of petroleum and gas projects in Queensland via its two wholly owned subsidiaries Harvest Metals Pty Limited and Surat Gas Pty Limited. Given COALBANK’s core focus on coal exploration, the Company will consider joint venture partners or spin-off opportunities for these entities.



COALBANK Coal Exploration Portfolio in Queensland

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Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

COALBANK LIMITED

ABN

20 075 877 075

Quarter ended ("current quarter")

30 JUNE 2012

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(3,169)	(6,545)
(b) development	-	-
(c) production	-	-
(d) administration	(511)	(2,129)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	37	110
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material) BAS refunds received from the ATO	289	592
Net Operating Cash Flows	(3,354)	(7,972)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	28	(62)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	(64)
Net investing cash flows	28	(126)
1.13 Total operating and investing cash flows (carried forward)	(3,326)	(8,098)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(3,326)	(8,098)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	6,900
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Proceeds from issue of convertible bonds	-	1,900
	Share issue expenses	-	(511)
	Net financing cash flows	-	8,289
	Net increase (decrease) in cash held	(3,326)	191
1.20	Cash at beginning of quarter/year to date	4,322	805
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	996	996

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	15
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	702
4.2 Development	-
4.3 Production	-
4.4 Administration	272
Total	974

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	166	68
5.2 Deposits at call	830	4,254
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	996	4,322

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	Nil		
6.2	Interests in mining tenements acquired or increased	Nil		

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>	N/A			
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	812,931,073	812,931,073	Fully paid	Fully paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>	380	-	500,000 cents	Fully paid
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
	40,000,000	-	25 cents	02/09/14
	3,000,000	-	10.33 cents	02/06/13
	3,000,000	-	8.25 cents	08/08/13
	4,000,000	-	10.0 cents	08/08/13
7.8 Issued during quarter	N/A			
7.9 Exercised during quarter	N/A			
7.10 Expired during quarter	6,000,000	-	9.74 cents	29/09/12

+ See chapter 19 for defined terms.

7.10A	Performance rights	8,250,000	-	<i>Exercise price</i>	<i>Expiry date</i>
	Changes during the quarter				
	(a) Increases through issues	-	-	-	-
	(b) Decreases through securities converted	-	-	-	-
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act [or other standards acceptable to ASX \(see note 5\)](#).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: 
(Company secretary)

Date: 30 July 2012

Print name: Leni Stanley

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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