

Date: 11 January 2013

To: Australian Securities Exchange
Companies Announcement Office
Electronic Lodgment System

Dear Sir

ACTIVITIES REPORT FOR QUARTER ENDED 31 DECEMBER 2012

ACTIVITIES RELATED TO ENERGY PROJECTS:

Blackall – Tambo Project

Further laboratory analysis results from coal samples from the recent drilling program at the Company's Blackall Coal Project have been received and remaining outstanding results are awaited from the laboratory.

Planning for potential further exploration during 2013 is under way. Commencement of drilling will be subject to final program design, funding and weather conditions in the target areas.

Coal Projects - General

Statutory relinquishments of sub-blocks have been made in accordance with the conditions of the various exploration permits as required. Additional sub-blocks have also been released where assessment of the prospectivity for open-cut coal has indicated that depths to coal are excessive or where ground lies outside the geologically prospective units.

CORPORATE ACTIVITIES:

Annual General Meeting

The Annual General Meeting was held on Monday 26 November and an update presentation was made to shareholders.

Sale of Surat Gas Pty Limited

On 21 December 2012 COALBANK announced the acceptance of an offer for the sale of its 100%-owned subsidiary, Surat Gas Pty Limited.

The consideration received by COALBANK for the sale of Surat Gas involved a cash and scrip combination in the form of an up-front payment of A\$250,000 and 10,000,000 shares in the purchaser, Gobi Lithium Limited (to be renamed Sierra Oil Limited), an Australian unlisted public company. The scrip-based consideration received by COALBANK represents approximately 27% of the issued capital of Sierra Oil Limited.

The cash payment and shares in Sierra Oil Limited were both received on execution of the Share Sale Agreement and related documents during December.

COALBANK LIMITED

ABN 20 075 877 075

Level 1 101 Edward Street Brisbane Queensland 4000 • GPO Box 762 Brisbane Queensland 4001 Australia
T +61 7 3229 6606 • F +61 7 3221 6625 • info@coalbank.com • www.coalbank.com

The Directors of the purchaser intend to consider an IPO of Sierra Oil Limited in early 2013 and COALBANK's shareholding in Sierra Oil Limited would represent approximately \$1,000,000 in value at the targeted IPO valuation.

Under the terms of the Share Sale Agreement, it is proposed that shareholders of COALBANK would be offered a priority entitlement to subscribe for new shares in an IPO of Sierra Oil, subject to legal and taxation considerations.

The sale of Surat Gas is consistent with the Company's stated strategy of focusing on coal exploration projects and divesting its remaining petroleum and copper-gold exploration subsidiaries.

COALBANK's shareholding in Sierra Oil Limited will allow participation in the exploration upside potential of the Surat Gas ATP portfolio and Sierra's future petroleum projects.

Mount Morgan Project

COALBANK received a conditional farm-in offer for its Mount Morgan Cu-Au project which did not proceed to a final agreement. The Company is in discussions with alternative parties who have also expressed interest in the Mount Morgan Project.

Trade Mission to India

The Company's CEO participated in the Queensland Government Trade Mission to India at the end of November-early December 2012. Presentations highlighting COALBANK's Blackall Coal Project were made at an investor forum in Mumbai and in a number of private meetings and discussions in India.

During the quarter, the Company also held meetings in Australia with parties interested in its coal projects.

Due diligence continues with several parties. However no formal proposals have been received to date.

Yours faithfully,

Roger Clarke
Chairman

Further information:

Bruce Patrick
Chief Executive Officer
07-3229-6606

Greg Baynton
Deputy Chairman
07-3229-6606

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.

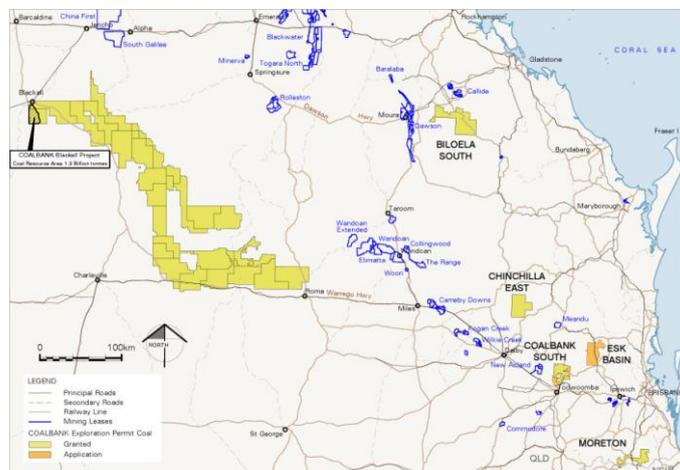
About COALBANK LIMITED

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 significant coal occurrence over a strike length of 26 kilometres south of Blackall in Central Queensland and following a targeted drilling program in 2012 a 1.3Bt Inferred coal resource (reported in accordance with the JORC Code) was announced.

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 via its wholly owned subsidiary Harvest Metals Pty Limited. Given COALBANK's core focus on coal exploration, the Company will consider joint venture partners or spin-off opportunities for these projects.



COALBANK Coal Exploration Portfolio in Queensland

COALBANK LIMITED

ABN 20 075 877 075

Level 1 101 Edward Street Brisbane Queensland 4000 ♦ GPO Box 762 Brisbane Queensland 4001 Australia
T +61 7 3229 6606 ♦ F +61 7 3221 6625 ♦ info@coalbank.com ♦ www.coalbank.com