

ASX ANNOUNCEMENT

24 July 2013

WHOLE-OF-COMPANY TRANSACTION UPDATE

COALBANK LIMITED (ASX: CBQ, COALBANK or the Company) is pleased to provide an update on the whole-of-company transaction between the Company and Loyal Strategic Investment Ltd (the parties).

Following feedback from shareholders and ongoing discussions with Loyal Strategic, the parties are now in the process of restructuring the change-of-control transaction with the aim of retaining the Company's ASX listing to pursue existing projects and other growth and income-generation opportunities.

The revised transaction is expected to provide shareholders with the opportunity to participate in the Company's future.

While the revised transaction structure is being finalised and documented, the Scheme Implementation Agreement remains in place and has been amended to provide an extension of the exclusivity period to 30 August 2013.

Loyal Strategic will also pay COALBANK an amount of A\$500,000 for the extended exclusivity period under these revisions. This \$500,000 will be deducted from any remaining payment Loyal Strategic must make under the current Scheme Implementation Agreement in the event of the Alternative Transaction B.

Since execution of the Scheme Implementation Agreement with Loyal Strategic, COALBANK's Exploration Permits for Coal (EPCs) 2239 and 2359 have been granted by the Queensland Department of Natural Resources and Mines and the Company's EPC 2241 has been renewed for a period of three years. COALBANK's now holds a portfolio of 33 granted EPCs.

During the past two months, the Company has also conducted further research into historical records, which, along with other evidence, has identified additional coal intersections in COALBANK's South East Queensland EPCs and further validated the Company's existing data set. The additional data has enabled the refinement and prioritisation of the next phase of drilling targets these EPCs.

COALBANK will provide an update and timetable to the market when the revised arrangements are finalised and documented, prior to 30 August 2013.

Advisers

COALBANK is being advised on the transaction by McCullough Robertson.

Further information:

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