

Date: 30 July 2013

To: Australian Securities Exchange
Companies Announcement Office
Electronic Lodgment System

Dear Sir

ACTIVITIES REPORT FOR QUARTER ENDED 30 JUNE 2013

CORPORATE ACTIVITIES:

Whole-of-Company Transaction

As previously announced, on 26 April 2013 **COALBANK LIMITED (ASX: CBQ, COALBANK** or the Company) the Company entered into a binding Scheme Implementation Agreement with Hong Kong-based company, Loyal Strategic Investment Ltd. (Loyal Strategic) in relation to a whole-of-company transaction.

The Company provided an update on the whole-of-company transaction on 24 July 2013. 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.

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 has paid COALBANK an amount of A\$500,000 for the extended exclusivity period under these revisions.

As previously advised, COALBANK will provide an update on the change-of-control transaction and timetable when the revised arrangements are finalised and documented, prior to 30 August 2013.

While COALBANK has received enquiries from other parties regarding alternative corporate transactions, the Company remains restricted from entering into such discussions during the exclusivity period agreed with Loyal Strategic.

ACTIVITIES RELATED TO ENERGY PROJECTS:

Coal Projects - Tenement Portfolio Update

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. In addition, the Company's EPC 2241 has been renewed for a period of three years.

COALBANK now holds a portfolio of 33 granted EPCs.

COALBANK LIMITED

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Coal Projects – General

During the past two months, the Company has 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 for these EPCs.

COALBANK's plans for exploration activities during 2013 remain on hold as a result of the change-of-control transaction announced on 26 April 2013.

Statutory reporting and where relevant relinquishments of sub-blocks have been made in accordance with the conditions of the various exploration permits and the Mineral Resources Act (1989) as required.

Infrastructure

During May, Adani Mining proposed the development of a rail project comprising approximately 300 km of greenfield standard gauge rail and associated infrastructure in the Galilee Basin to facilitate the movement of coal directly to the Port of Abbot Point.

Adani Mining has advised that the project would make provision for use by third parties.

The Australian government has subsequently directed Adani Mining to prepare an Environment Impact Statement (EIS) for the rail project. Adani issued the Draft Terms of Reference for the EIS during mid-July.

During the quarter, Adani's Abbot Point Terminal Pty Ltd also finalised the Environmental Impact Statement (EIS) for the proposed Abbot Point Coal Terminal project. The project is planned to provide new coal export facilities for the receiving, stockpiling and export of up to 70 million tonnes per annum of coal.

As previously announced, Aurizon and GVK Coal Infrastructure (Singapore) Pte Ltd (GVK Hancock) signed a non-binding term sheet to jointly progress the development of rail and port infrastructure to unlock Galilee Basin coal reserves including GVK Hancock's Alpha, Kevin's Corner and Alpha West coal mines to the north-east of the Blackall Coal Project.

The proposed GVK-Aurizon rail solution is also intended to align with Government policy on shared infrastructure and open access and a process to support the next phase of coal growth in Queensland.

These proposed rail and port projects advance the transport infrastructure options for COALBANK's Blackall Coal Project.

Yours faithfully,

Roger Clarke
Chairman

Further information:

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