

Notice of extraordinary general meeting

COALBANK Limited ACN 075 877 075

Notice is given that the extraordinary general meeting of COALBANK Limited (**Company**) will be held at **4.00pm (Brisbane Time) on Wednesday, 16 October 2013** at McCullough Robertson Lawyers, Level 11 Central Plaza Two, 66 Eagle Street, Brisbane, Queensland.

AGENDA

Resolution: Approval of proportional takeover bid by Treasure Wheel Global Limited

To consider and, if in favour, to pass the following resolution as an ordinary resolution:

'That for the purposes of rule 16.4 of the Company's constitution and for all other purposes, shareholders approve the proportional takeover bid by Treasure Wheel Global Limited for ordinary shares in the Company on the terms set out in the Explanatory Memorandum.'

Voting exclusion statement

The Company will disregard any votes cast on the resolution by Treasure Wheel Global Limited and any of its associates.

However, the Company need not disregard a vote if:

- it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the chairman for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

Dated 16 September 2013

By order of the Board

Leni Stanley
Company Secretary

Notes to the Notice of Extraordinary Meeting

Eligibility to vote

A person will be entitled to vote at the Meeting if that person is a holder of Ordinary Shares at 5.00pm (Sydney time) on 12 September 2013, being the end of the day on which the first Offer under the Proportional Takeover Bid is made.

Proxy notes and corporate representatives

A member who is entitled to attend and cast a vote at the meeting is entitled to appoint a proxy. A form of appointment of proxy is enclosed with this Notice.

A proxy need not be a member of the Company. A member who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no such specification is given and two proxies are appointed, each may exercise half of the votes to which that member is entitled.

All proxy forms will need to be lodged with the Company not later than 4.00pm (Brisbane time) on 14 October 2013, being 48 hours before commencement of the Meeting.

If you wish to appoint a proxy and are entitled to do so, then complete the enclosed proxy form in accordance with the instructions on it and

return it to the Company's share registry by the deadline for lodgement as follows:

- by using the enclosed reply paid envelope
- by post or fax to the Company's share registry as follows:

COALBANK Limited
 c/- Link Market Services Limited
 Locked Bag A14
 Sydney South NSW 1235
 Facsimile: (02) 9287 0309

- by delivery to Link Market Services Limited at 1A Homebush Bay Drive, Rhodes, NSW 2138

A corporation may elect to appoint a representative in accordance with the Corporations Act in which case the Company will require written proof of the representative's appointment, which must be lodged with the Company no later than 48 hours before the commencement of the Meeting.

Questions

If you have any queries on how to cast your votes, then please call the Company Secretary, Leni Stanley, on (07) 3229 6606 during business hours.

Explanatory memorandum

COALBANK Limited ACN 075 877 075 (**Company**)

Resolution: Approval of proportional takeover bid by Treasure Wheel

Background

- 1 On 27 August 2013, the Company announced that Loyal Strategic Investment Ltd (**Loyal Strategic**) would make a proportional takeover offer for 75% of each shareholder's Ordinary Shares at 1 cent cash per Ordinary Share (**Proportional Takeover Bid** or **Offer**). Loyal Strategic has since nominated its wholly owned subsidiary, Treasure Wheel Global Limited (**Treasure Wheel**), to make the Proportional Takeover Bid.
- 2 On 12 September 2013, Treasure Wheel lodged a bidder's statement with ASIC in respect of the Proportional Takeover Bid. The Company intends to lodge a target's statement with ASIC shortly after the date of the Notice.
- 3 The Directors have unanimously recommended the Offer and have advised that they intend to accept the Offer in respect of all the Ordinary Shares which they hold or control within five Business Days after the beginning of the Offer Period, subject to no superior proposal being made.

Defeating conditions to the Offers

- 4 Each Offer and any contract which results from its acceptance is subject to the satisfaction of the following conditions (**Defeating Conditions**):
 - (a) (**minimum acceptance condition**) before the end of the Offer Period, Treasure Wheel has acquired voting power of not less than 50.1% (by number) of the Ordinary Shares then on issue;
 - (b) (**no prescribed occurrences**) during the Offer Period there is no Prescribed Occurrence (as set out in the Schedule);
 - (c) (**no material adverse change**) during the Offer Period there is no matter, event or circumstance which occurs, is announced or becomes known to Treasure Wheel after the date of the Implementation Agreement which (individually or when aggregated with all such matters, events or circumstances) has resulted in or is likely to result in a material diminution in the value of the Group, but does not include:
 - (i) any matter, event or circumstance arising from changes in economic or business conditions (including changes in thermal coal prices, likely operating or capital expenditure requirements or the intentions of other participants in the coal industry) which impact on the Company and its competitors in a similar manner;
 - (ii) any change in royalty or taxation rates or the law relating to royalties or taxation which impact on the Company and its competitors in a similar manner; or
 - (iii) any change occurring directly or indirectly as a result of any matter, event or circumstance required to be done or procured by a party pursuant to the Implementation Agreement;

- (d) **(no regulatory action)** during the Offer Period:
- (i) there is not in effect any preliminary or final decision, order or decree issued by any Government Agency; and
 - (ii) no action or investigation is announced, commenced or threatened by any Government Agency,

in consequence of or in connection with the Offer (other than an application to, or a decision or order of, ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act) which prohibits or materially impedes, or materially impacts upon, the making of the Offer;

- (e) **(cancellation of Options)** during the Offer Period, the Company procures the cancellation of all Options which have been granted as at the date of the Implementation Agreement; and
- (f) **(no legal proceedings)** during the Offer Period, no litigation or arbitration proceedings or other legal proceedings against the Company or its Subsidiaries are commenced, instituted or threatened to be commenced which is likely to have a material adverse effect on the Group.

Loan

- 5 Pursuant to the terms of the Implementation Agreement, Treasure Wheel has agreed to loan the Company \$2 million to redeem the Convertible Bonds on issue (**Loan**) when the Offers become unconditional (**Advance Date**). The Company is required to provide Treasure Wheel with security for the Loan comparable to that which was provided to the holders of the Convertible Bonds.
- 6 The first 12 months of the Loan (**Initial Loan Term**) is interest free however, if the term of the Loan extends beyond the Initial Loan Term, interest will accrue at a rate of 15% per annum on and from the end of the Initial Loan Term.
- 7 No less than 30 days before the end of the Initial Loan Term, Treasure Wheel must give written notice (**Repayment Notice**) to the Company that all or part of the Loan which remains outstanding is to be repaid in cash no later than 18 months from the Advance Date or is to be converted into equity at \$0.015 per Ordinary Share, which conversion will be subject to shareholder approval. Should shareholder approval not be obtained within a reasonable time of the Repayment Notice being given, Treasure Wheel may give a further notice to the Company requiring that all or part of the Loan:
- (a) be repaid in cash no later than 18 months from the Advance Date; or
 - (b) be converted progressively at \$0.015 per Ordinary Share to the extent it is able to under the Corporations Act without shareholder approval (e.g. in accordance with the creep provisions allowing movement in voting power of no more than 3% in any six month period). In the event that any amount of the Loan is not converted within 24 months of the Advance Date, Treasure Wheel may give notice that the amount of the Loan not yet converted is to be repaid in cash within 6 months of such notice.
- 8 If Treasure Wheel fails to give the Company a Redemption Notice, the outstanding amount of the Loan must be repaid by the Company in cash no later than 18 months from the Advance Date.

Proportional bid and minority ownership consequences

- 9 A proportional offer is an offer by a bidder to purchase a specified percentage of each shareholding in the target company.
- 10 If shareholders accept the Offer, each shareholder will:
 - (a) retain 25% of their shareholding in the Company; and
 - (b) receive 1 cent cash for each of the Ordinary Shares accepted under the Offer.
- 11 Treasure Wheel currently does not hold any Ordinary Shares. The maximum number of Ordinary Shares Treasure Wheel may acquire under the Offer is 75% of the Company's issued Ordinary Shares. Accordingly, if the Offer is accepted in full, Treasure Wheel will hold approximately 75% of the Company's Ordinary Shares.
- 12 The Offer is presently subject to a 50.1% minimum acceptance condition. Treasure Wheel has the right to waive the 50.1% minimum acceptance condition, although at the date of this Notice it has not yet indicated whether it will do so.
- 13 If Treasure Wheel acquires more than 50% of the Company's Ordinary Shares then, assuming all other Defeating Conditions to the Offer are fulfilled or waived, Treasure Wheel will obtain control of the Company.
- 14 Accordingly, the current shareholders of the Company will no longer have control of the Company. This has a number of possible implications, including the following:
 - (a) Treasure Wheel will be able to cast the majority of votes at a general meeting of the Company enabling Treasure Wheel to control the Board and senior management and determine the Company's strategic direction;
 - (b) Treasure Wheel's shareholding will be such that a third party would not be able to successfully make a takeover bid for the Company's Ordinary Shares without the support of Treasure Wheel. This means it is less likely that the Company's Ordinary Share price in the future will reflect a control premium;
 - (c) current shareholders will hold a reduced percentage of the Ordinary Shares of the Company, possibly as low as 25% if the Offer is fully taken up; and
 - (d) if Treasure Wheel acquires 75% or more of the Company's Shares, it will be able to pass special resolutions of the Company. This will enable Treasure Wheel to amend the Constitution.
- 15 If the Offer lapses, or if Treasure Wheel acquires less than 50% of the Company's Ordinary Shares and waives the 50.1% minimum acceptance condition, the trading price of the Company's Ordinary Shares may be higher or lower than the Offer Price. If you remain a shareholder in this circumstance, you will continue to enjoy the rewards, and be subject to the risks, of being a shareholder in the Company.

Constitutional requirements - shareholder approval

- 16 In addition to the Defeating Conditions set out above, the Offers are also conditional on shareholders approving a proportional takeover pursuant to rule 16.4 of the Constitution.
- 17 Last year, shareholders approved the adoption of a new Constitution which contains a proportional takeover provision in the form of rule 16.4 of the Constitution.

- 18 Rule 16.4 of the Constitution prohibits the registration of transfers resulting from acceptances of the Offers unless and until the Proportional Takeover Bid has been approved by those persons who hold Ordinary Shares at the end of the day the first offer under the Proportional Takeover Bid is made (i.e. 12 September 2013). This proportional takeover provision is effective for three years after its adoption unless renewed by a special resolution of shareholders.
- 19 As rule 16.4 of the Constitution continues to be effective, the Notice convenes a meeting of holders who hold Ordinary Shares at 5.00pm (Sydney time) on 12 September 2013 (**Voting Shareholders**) to approve the Proportional Takeover Bid in accordance with rule 16.4 of the Constitution.
- 20 This resolution will be passed if more than 50% of votes cast by Voting Shareholders are in favour of the resolution.
- 21 If this resolution is passed then:
- (a) shareholder acceptances that have already been made under the Offers will not be rendered ineffective; and
 - (b) shareholders who have not already accepted the Offers may accept or reject the Offers on their terms.
- 22 If this resolution is not passed:
- (a) all unaccepted Offers and acceptances failing to result in binding contracts are deemed to be withdrawn and Treasure Wheel must return the documents received by way of acceptance; and
 - (b) all binding acceptances may be rescinded by either Treasure Wheel or the accepting shareholder.
- 23 If this resolution to approve the Proportional Takeover Bid has not been voted on by 16 October 2013 (assuming the Offer Period is not extended), then this resolution is taken to have been passed.

Reasons to vote in favour of resolution

- 24 The Board believes that shareholders should vote in favour of the resolution to approve the Proportional Takeover Bid for the reasons set out below.
- Convertible Bond repayment/conversion risk***
- 25 Pursuant to the terms of the Implementation Agreement, Treasure Wheel has agreed to advance the Loan to the Company to redeem the Convertible Bonds on issue when its bid becomes unconditional. To facilitate the repayment of the Loan at the end of the Initial Loan Term, Treasure Wheel may elect to convert all or part of the Loan into equity at \$0.015 per Ordinary Share, which conversion will be subject to shareholder approval. Except for a cash repayment in the circumstances set out in paragraph 7(b), any component of the Loan to be repaid in cash must be repaid within 18 months of the Advance Date and will accrue interest on and from the end of the Initial Loan Term at a rate of 15% per annum. Therefore, the Company will have up to 18 months to repay any portion of the Loan in cash, if cash repayment is sought by Treasure Wheel.
- 26 In the absence of the Treasure Wheel Loan, the Company does not currently have access to internal sources of funding or alternative funding for repayment or refinancing of the Convertible Bonds when they mature at the end of their term, being 25 July 2014. At the bondholder's discretion, the Convertible Bonds may be converted to Ordinary Shares at the lowest share price

at which the Company raises equity during the term of the Convertible Bonds, which could result in significant dilution for existing shareholders, particularly if the ultimate conversion price for the Convertible Bonds is less than \$0.015 per Ordinary Share, being the conversion price for the Loan.

- 27 Given the terms and conditions of the Convertible Bonds and the current share price level for the Ordinary Shares, the Company faces a significant refinancing risk or the risk of significant dilution on conversion (depending on the ultimate conversion price) in the event that the Convertible Bonds are not paid out using the Loan associated with the Proportional Takeover Bid.

Liquidity and premium to shareholders

- 28 The Proportional Takeover Bid provides the option for liquidity for the majority of each shareholder's holding in what has historically been a highly illiquid market for the Company's Ordinary Shares.
- 29 The Proportional Takeover Bid also offers shareholders the opportunity for liquidity for the majority of their holding at an 11.11% premium to the Company's closing share price of \$0.009 per Ordinary Share on 27 August 2013.

Share price may fall

- 30 The Offer is for 75% of each holder's Ordinary Shares at 1 cent cash per Ordinary Share. If the Offer is not successful, the Directors believe that the Ordinary Shares may trade at levels significantly less than the Offer Price. There is no guarantee that the Ordinary Share price will maintain current levels.

No superior proposal

- 31 During the past year, capital raising for all coal exploration companies has been extremely difficult and despite the Company's positive exploration results, the fundraising environment remains challenging. As announced to the market during 2012 and 2013, the Company has held discussions with a number of parties with a view to enter into strategic investments, joint ventures or a corporate transaction, which has consumed significant management focus and Company resources and which has resulted in only the current Proportional Takeover Bid. As at the date of the Notice, no alternative proposals have been received by the Board. Indeed, with the likelihood of ongoing funding difficulties, if the Proportional Takeover Bid and Loan do not proceed, the Company will be faced with the decision of significant relinquishments and abandonments within its tenement portfolio in order to manage its limited cash and will need to tightly focus its exploration efforts. The Board considers that it is likely that an alternative proposal, including a proposal superior to that of the Treasure Wheel Offer, will not be received during the Offer Period.

Maintain exposure to Company projects

- 32 The Proportional Takeover Bid will allow the Company to retain its ASX listing and gives shareholders the ability to retain 25% of their holding in the Company which allows shareholders to participate in any upside from potential capital growth or share price increases associated with Treasure Wheel acquiring a majority shareholding in the Company. Treasure Wheel's acquisition is expected to offer potential future value for shareholders' remaining holdings by improving the Company's capacity to continue exploration and develop its assets and projects.

Reasons to not vote in favour of the resolution

- 33 Although the Directors recommend that shareholders vote in favour of the resolution to approve the Proportional Takeover, there may be a number of disadvantages in doing so. A summary of some of those disadvantages is set out below.

Minority ownership

- 34 If the Offer is successful, current shareholders will retain a minority shareholding in the Company and will no longer collectively control the Company. However, the founder and executive Director, Mr Greg Baynton, currently has voting power of about 49%. Accordingly, the potential effect of the Offer is likely to result in the transfer of control from an existing shareholder to Treasure Wheel. The implications of Treasure Wheel being a majority shareholder of the Company are detailed in paragraph 14.

Shareholders will only receive consideration if all the Defeating Conditions are satisfied or waived

- 35 The Offer is subject to the Defeating Conditions, as set out in paragraph 4. All Defeating Conditions must be satisfied or waived by Treasure Wheel before shareholders who accept the Offer receive the Offer Price. If you accept the Offer and any Defeating Condition is not satisfied or waived at the end of the Offer Period, Treasure Wheel will not acquire the Ordinary Shares and shareholders will not receive the Offer Price for their Ordinary Shares. In the meantime, shareholders who accept the Offer will be unable to trade their Ordinary Shares or withdraw their acceptance (other than in accordance with their statutory rights).

Inability to accept higher offer if one were to emerge

- 36 Except in the limited circumstances provided for under the Corporations Act, accepting the Offer will preclude shareholders from accepting a superior proposal from a third party, should one emerge during the Offer Period. As at the date of this Notice, the Board is not aware of any superior proposal.
- 37 Accepting the Offer will also preclude a shareholder from selling their Ordinary Shares subject of the acceptance on market. Accepting the Offer will not, however, deny a shareholder the benefit of any higher price offered by Treasure Wheel, which under the Corporations Act, is required to be extended to all shareholders, including those who have already accepted the Offer. As at the date of this Notice, Treasure Wheel has given no indication that it intends to increase the Offer Price.

Proportional offer only

- 38 The Offer is only for 75% of each holder's Ordinary Shares and does not give shareholders the ability to sell their entire holdings. If shareholders wish to sell the remainder of their holding, shareholders will need to do so on the market and there is no guarantee of the price at which the Ordinary Shares will trade from time to time, whether before or after the close of the Offer.

Recommendation

- 39 The Directors believe that the benefits of approving the Proportional Takeover Bid outweigh the disadvantages.
- 40 The Directors unanimously recommend that shareholders vote in favour of the resolution.

Definitions

Term	Definition
Advance Date	has the meaning set out in paragraph 5 of the Explanatory Memorandum.
ASIC	means Australian Securities & Investments Commission.
ASX	means ASX Limited ACN 008 624 691 or the securities exchange operated by it (as the case requires).
Board	means the board of Directors of the Company.
Company	means COALBANK Limited ACN 075 877 075.
Constitution	means the constitution of the Company.
Convertible Bonds	means the bonds issued by the Company under the deed poll dated 21 July 2011 and referenced 'Coalbank Limited Convertible Bonds – Bond Deed Poll'.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Defeating Conditions	has the meaning set out in paragraph 4 of the Explanatory Memorandum.
Directors	means the directors of the Company.
EPC	means an exploration permit for coal or an exploration permit for minerals, in each case issued under the <i>Mineral Resources Act 1989</i> (Qld).
Encumbrance	means any mortgage, charge, pledge or lien and a security interest or a preferential or adverse interest of any kind.
Explanatory Memorandum	means the explanatory memorandum attached to the Notice.
Financial Indebtedness	means any debt or other monetary liability (whether actual or contingent) in respect of moneys borrowed or raised or any financial accommodation.
Government Agency	means an Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity or any minister of the Crown in right of the Commonwealth of Australia or any State.
Group	means the Company and each of its subsidiaries.
Implementation Agreement	means the agreement setting out the terms for implementation of the Offers to be made under the Proportional Takeover Bid (as amended).
Initial Loan Term	has the meaning set out in paragraph 6 of the Explanatory Memorandum.
Insolvency Event	means any of the following events occurring in relation to a party: <ul style="list-style-type: none"> (a) a liquidator, receiver, receiver and manager, administrator, official manager or other controller (as defined in the Corporations Act), trustee or controlling trustee or similar official is appointed over any of the property or undertaking of the party; (b) the party is, or becomes unable to, pay its debts when they are due or is or becomes unable to pay its debts within the meaning of the Corporations Act, or is presumed to be

Term	Definition
	insolvent under the Corporations Act;
	(c) the party ceases to carry on business; or
	(d) an application or order is made for the liquidation of the party or a resolution is passed or any steps are taken to liquidate or pass a resolution for the liquidation of the party, otherwise than for the purpose of an amalgamation or reconstruction.
Loan	has the meaning set out in paragraph 5 of the Explanatory Memorandum.
Loyal Strategic	means Loyal Strategic Investment Ltd, a company registered in the British Virgin Islands, company number 518055.
Meeting	means the extraordinary general meeting of the Company to which the Notice applies.
Notice	means this notice of extraordinary general meeting.
Offer	means each offer to acquire 75% of the Ordinary Shares of each shareholder for 1 cent cash per Ordinary Share.
Offer Period	means the period commencing on 12 September 2013 and ending at 7.00pm (Sydney time) on 31 October 2013, or such later date to which the Offer has been extended.
Offer Price	means 1 cent cash per Ordinary Share.
Options	means options over unissued Ordinary Shares.
Ordinary Share	means an Ordinary Share in the capital of the Company.
Performance Rights	means rights to acquire Ordinary Shares, the exercise of which is subject to performance conditions.
Prescribed Occurrence	has the meaning set out in the Schedule.
Proportional Takeover Bid	has the meaning set out in paragraph 1 of the Explanatory Memorandum.
Repayment Notice	has the meaning set out in paragraph 7 of the Explanatory Memorandum.
Subsidiary	has the meaning given to it in the Corporations Act.
Treasure Wheel	means Treasure Wheel Global Limited, a company registered in the British Virgin Islands, company number 1773613.
Voting Shareholder	has the meaning set out in paragraph 19 of the Explanatory Memorandum.

Schedule

Prescribed Occurrence

Prescribed Occurrence means:

- (a) **(conversion)** the Company converts all or any of its shares into a larger or smaller number of shares;
- (b) **(reduction of share capital)** the Company resolves to reduce its share capital in any way;
- (c) **(buy-back)** the Company:
 - (i) enters into a buy-back agreement; or
 - (ii) resolves to approve the terms of a buy-back agreement under the Corporations Act;
- (d) **(distribution)** the Company makes or declares, or announces an intention to make or declare, any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie);
- (e) **(issuing or granting shares or options)** a member of the Group:
 - (i) issues shares;
 - (ii) grants an option over its shares; or
 - (iii) agrees to make such an issue or grant such an option,
 in each case to a person outside the Group, other than due to the exercise of the Options or the Performance Rights or conversion of Convertible Bonds;
- (f) **(securities or other instruments)** a member of the Group:
 - (i) issues securities or other instruments convertible into shares or debt securities; or
 - (ii) agrees to issue securities or other instruments convertible into shares or debt securities,
 in each case to a person outside the Group;
- (g) **(constitution)** a member of the Group adopts a new constitution or modifies or repeals its constitution or a provision of it;
- (h) **(disposals)** a member of the Group disposes, or agrees to dispose, or is mandated by a Government Agency to dispose of, a part of its business or property where the value of such business, or property exceeds \$50,000 (either individually or, in the case of related businesses or classes of property, collectively) other than a partial relinquishment in the area of an EPC in accordance with the terms and conditions of the EPC documents or the relinquishment of EPC 1313 or EPC 1524;
- (i) **(acquisitions, disposals or tenders)** a member of the Group:
 - (i) acquires or disposes of;
 - (ii) agrees to acquire or dispose of; or
 - (iii) offers, proposes, announces a bid or tenders for,
 any business, asset, interest in a joint venture, entity or undertaking where the value of such business, asset, interest, entity or undertaking exceeds \$50,000 (either individually or, in the case of related businesses or classes of assets, collectively) other than a partial relinquishment in the area of an EPC in accordance with the terms and conditions of the EPC documents;
- (j) **(Encumbrances)** a member of the Group creates any Encumbrance over the whole or a part of its business or property (other than a lien which arises by operation of law or legislation securing an obligation not yet due and consistent with past practice) which secures a liability greater than \$20,000;
- (k) **(employment arrangements)** a member of the Group:
 - (i) increases the remuneration of, or otherwise varies the employment arrangements with, any of its directors or employees;

- (ii) accelerates the rights of any of its directors or employees to compensation or benefits of any kind; or
- (iii) pays any of its directors or employees a termination or retention payment (otherwise than in accordance with an existing contract which, at the date of the Implementation Agreement, is in place and has been disclosed to Treasure Wheel),
other than as a result of contracted arrangements at the date of the Implementation Agreement;
- (l) **(commitments and settlements)** a member of the Group:
 - (i) enters into any contract or commitment involving revenue or expenditure by the Group of more than \$50,000 over the term of the contract or commitment;
 - (ii) waives any material third party default where the financial impact on the Group will be in excess of \$50,000;
 - (iii) accepts as a settlement or compromise of a material matter (relating to an amount in excess of \$50,000) less than the full compensation due to the Company or a Subsidiary of the Company;
 - (iv) is joined in any capacity in any legal, arbitral, administrative or other proceedings which may result in a fine, penalty, award, judgment, determination, loss, damages, expense or other liability in excess of \$150,000 in aggregate; or
 - (v) is required to pay or discharge a fine, penalty or liability or liabilities to a Government Agency in excess of \$50,000 in aggregate,
other than contracts or commitments entered into or expenses incurred in connection with the Implementation Agreement and the Proportional Takeover Bid;
- (m) **(capital expenditure)** a member of the Group undertakes or agrees to undertake capital expenditure in excess of \$50,000 in aggregate;
- (n) **(insolvency)** an Insolvency Event occurs in relation to any member of the Group;
- (o) **(financial indebtedness)** a member of the Group provides financial accommodation (irrespective of what form of Financial Indebtedness that accommodation takes) in excess of \$50,000; or
- (p) **(breach of law)** a member of the Group takes or omits to take action which results in a breach of law material to a member of the Group,
provided that a Prescribed Occurrence does not include:
 - (q) any issue of equity in the Company pursuant to the exercise of rights under the Performance Rights and Options described in Schedule 2 of the Implementation Agreement;
 - (r) any matter required to be done or procured by a member of the Group pursuant to the Implementation Agreement; or
 - (s) any other matter, the undertaking of which Treasure Wheel has approved in writing.



By mail:
Coalbank Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



By fax: +61 2 9287 0309



All enquiries to: Telephone: 1300 554 474



X99999999999

SHAREHOLDER PROXY FORM

I/We being a member(s) of Coalbank Limited and entitled to attend and vote hereby appoint:

STEP 1

APPOINT A PROXY

the Chairman
of the Meeting
(mark box)

OR if you are NOT appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy

or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our proxy and to vote for me/us on my/our behalf at the General Meeting of the Company to be held at 4:00pm on Wednesday, 16 October 2013, at McCullough Robertson, Level 11, Central Plaza Two, 66 Eagle Street, Brisbane, Australia and at any adjournment or postponement of the meeting.

The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.

Voting exclusion statement

The Company will disregard any votes cast on the Resolution by Treasure Wheel Global Limited and any of its associates. However, the Company need not disregard a vote if:

- it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the Chairman of the Meeting for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting. Please read the voting instructions overleaf before marking any boxes with an

STEP 2

VOTING DIRECTIONS

Resolution 1

Approval of proportional takeover bid by Treasure Wheel Global Limited

For Against Abstain*

* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3

SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).



HOW TO COMPLETE THIS PROXY FORM

Your Name and Address

This is your name and address as it appears on the company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the company. A proxy may be an individual or a body corporate.

Votes on Items of Business - Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together.

Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

Corporate Representatives

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the company's share registry.

Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **4:00pm on Monday, 14 October 2013**, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the proxy form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).



by mail:

Coalbank Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



by fax:

+61 2 9287 0309



by hand:

delivering it to Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138 or Level 12, 680 George Street, Sydney NSW 2000.

If you would like to attend and vote at the General Meeting, please bring this form with you.
This will assist in registering your attendance.