

TARGET'S STATEMENT

**COALBANK'S DIRECTORS
UNANIMOUSLY RECOMMEND
THAT YOU**

ACCEPT

**THE OFFER IN THE ABSENCE OF
A SUPERIOR PROPOSAL**

BY TREASURE WHEEL GLOBAL LIMITED

to acquire 3 of every 4 of your ordinary shares
in

COALBANK LIMITED ACN 075 877 075

**THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR
IMMEDIATE ATTENTION**

**If you are in any doubt as to how to deal with this document, you
should consult your legal, financial or other professional adviser as
soon as possible**

LEGAL ADVISERS
McCullough Robertson Lawyers

Table of contents

Letter from the Chairman	2
What should you do?	4
Why you should accept the Treasure Wheel Offer	5
Risks associated with the Treasure Wheel Offer	7
Frequently asked questions about the Treasure Wheel Offer	9
1 Directors' recommendation	13
2 Key terms of the Treasure Wheel Offer	14
3 Profile of Coalbank	20
4 Profile of Treasure Wheel	33
5 Your choices as a Coalbank Shareholder	35
6 Tax consequences	37
7 Directors' interests	39
8 Additional information	40
9 Approval of Target's Statement	43
10 Definitions and interpretation	44
Schedule	48
Coalbank announcements to the ASX since 1 July 2012	48

Important Notices

This document is a Target's Statement issued by COALBANK Limited ACN 075 877 075 (**Coalbank**) under part 6.5 division 3 Corporations Act in response to the Bidder's Statement issued by Treasure Wheel Global Limited (**Treasure Wheel**). This Target's Statement is dated 20 September 2013.

A copy of this Target's Statement was lodged with ASIC and sent to ASX on 20 September 2013. None of ASIC, ASX nor any of their officers take any responsibility for the content of this Target's Statement.

This Target's Statement and the Bidder's Statement contain important information. You should read both documents carefully and in their entirety.

Investment decision

This Target's Statement does not take into consideration your individual investment objectives, financial situation or particular needs. You may wish to seek independent financial and taxation advice before deciding whether or not to accept the Offer by Treasure Wheel to acquire 3 of every 4 of your Coalbank Shares.

Shareholder information

If you have any questions in relation to the Treasure Wheel Offer, please call the Coalbank Shareholder information line set up by Treasure Wheel on 1300 361 735 (or +61 1300 631 735 for overseas domiciled holders) on weekdays between 9.00am and 5.00pm (Sydney time), or visit our website at www.coalbank.com.

The Directors are committed to ensuring Coalbank Shareholders are kept informed of developments. Important developments under the control of Coalbank will be notified direct to Coalbank Shareholders.

Forward looking statements

This Target's Statement contains certain forward looking statements and statements of current intention. The forward looking statements in this Target's Statement reflect views held at the date of this Target's Statement.

You should be aware that such statements involve inherent risks and uncertainties. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and those deviations are both normal and to be expected.

None of Coalbank, its officers or any person named in this Target's Statement with their consent or involved in the preparation of this Target's Statement makes any representation or warranty as to the accuracy or likelihood of fulfilment of any forward looking statement. You should not place undue reliance on those statements.

Defined terms

A number of defined terms are used in this Target's Statement. These terms are explained in the definitions in section 10.

Privacy statement

Coalbank has collected your information from the register of Coalbank Shareholders. The Corporations Act permits that information to be made available to certain persons, including Treasure Wheel. Your information may also be disclosed on a confidential basis to Coalbank's related bodies corporate and external service providers and may be required to be disclosed to regulatory parties such as ASIC. You can contact us for details of information held by us about you.

Letter from the Chairman

20 September 2013

Dear Coalbank Shareholder

Your Directors unanimously recommend that you accept the Treasure Wheel Offer, in the absence of a Superior Proposal.

On 27 August 2012, Coalbank announced that a proportional off-market takeover bid would be made for 3 of every 4 (i.e. 75%) of your Coalbank Shares at 1 cent cash per Coalbank Share (**Treasure Wheel Offer**). This represents a premium of 11.11% over the last recorded sale price of Coalbank Shares on ASX before the announcement of the Treasure Wheel Offer.

You should have recently received a copy of the Bidder's Statement from Treasure Wheel setting out the terms of the Treasure Wheel Offer. This Target's Statement sets out your Directors' formal response to the Treasure Wheel Offer and contains their recommendation, reasons for that recommendation and other important information you should consider when deciding whether to accept the Treasure Wheel Offer. If you are in doubt as to whether to accept the Treasure Wheel Offer, you should seek your own independent professional advice.

At the date of this Target's Statement, all of your Directors have already accepted the Treasure Wheel Offer for the relevant proportion of the Coalbank Shares held by them.

There are certain advantages associated with the Treasure Wheel Offer, however there are also a number of disadvantages. Your Directors have considered these various factors in making their recommendation and, on balance, have determined that the advantages outweigh the disadvantages and therefore **unanimously recommend that you accept the Treasure Wheel Offer in the absence of a Superior Proposal.**

In making this recommendation, your Directors have considered the following matters:

- Coalbank's ability to refinance its liabilities arising from the Convertible Bonds maturing on 25 July 2014;
- Treasure Wheel's Offer will result in the formation of a strategic partnership which will improve Coalbank's capacity to continue exploration and develop its assets and projects;
- the premium and cash nature of the Treasure Wheel Offer to Coalbank Shareholders;
- the ability to receive value for 75% of your Coalbank Shares now;
- the ability to maintain exposure to Coalbank's assets and projects;
- the possibility that the Coalbank Share price may fall if the Treasure Wheel Offer is unsuccessful; and
- the fact that no Superior Proposal has been, or is likely to be, presented to the Board.

If you have any questions about the Treasure Wheel Offer, please call Coalbank's Shareholder information line on 1300 361 735 (or +61 1300 361 735 for overseas domiciled holders) on weekdays between 9.00am and 5.00pm (Sydney time).

Yours sincerely

A handwritten signature in dark ink, appearing to read 'R. Clarke', is written on a light-colored rectangular background.

Roger Clarke
Chairman

What should you do?

You should read the Bidder's Statement and this Target's Statement, which contains your Directors' recommendation to unanimously accept the Treasure Wheel Offer in the absence of a Superior Proposal and their reasons for this recommendation.

As a Coalbank Shareholder, you have the following choices in respect of the Treasure Wheel Offer:

- (a) **You may ACCEPT the Treasure Wheel Offer**, in which case you should complete the acceptance form in the Bidder's Statement and return it in the envelope provided.
- (b) **You may choose to REJECT the Treasure Wheel Offer**, in which case you do not need to take any action.
- (c) **You may sell your Coalbank Shares on market**, unless you have previously accepted the Treasure Wheel Offer and you have not validly withdrawn your acceptance.

If you have any questions, please call the Coalbank Shareholder information line set up by Treasure Wheel on 1300 361 735 (or +61 1300 361 735 for overseas domiciled holders) on weekdays between 9.00am and 5.00pm (Sydney time).

Key Dates

Announcement Date	Tuesday, 27 August 2013
Bidder's Statement lodged with ASIC	Thursday, 12 September 2013
Date of Offer	Thursday, 12 September 2013
Dispatch of notice of meeting (approval of Treasure Wheel Offer)	Monday, 16 September 2013
Date of Target's Statement	Friday, 20 September 2013
Coalbank Shareholder meeting (approval of Treasure Wheel Offer)	Wednesday, 16 October 2013
Close of Offer Period (unless extended)	Thursday, 31 October 2013

Why you should accept the Treasure Wheel Offer

The Board believes that Coalbank Shareholders should, in the absence of a Superior Proposal, accept Treasure Wheel's Offer for the reasons set out below.

Convertible Bond repayment/conversion risk

Pursuant to the terms of the Pre-Bid Agreement, Treasure Wheel has agreed to loan Coalbank \$2,000,000 to redeem the Convertible Bonds on issue when its bid becomes unconditional (**Loan**). The payment of \$2,000,000 by Coalbank to the bondholders amounts to full and final payment for the redemption of the Convertible Bonds. Where the Loan term extends beyond the first 12 months (**Initial Loan Term**), interest will accrue at a rate of 15% per annum (see section 2.11 for details on the Loan). 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 Coalbank Share, which conversion will be subject to Coalbank Shareholder approval (excluding Treasure Wheel and its associates). Except for a cash repayment in the circumstances set out in section 2.11(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, Coalbank will have up to 18 months to repay any portion of the Loan in cash, if cash repayment is sought by Treasure Wheel.

In the absence of the Loan, Coalbank 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. In accordance with the terms of the Convertible Bonds,¹ at the bondholder's discretion, the Convertible Bonds may be converted to Coalbank Shares at the lowest share price at which Coalbank raises equity during the term of the Convertible Bonds, which could result in significant dilution for existing Coalbank Shareholders, particularly if the ultimate conversion price for the Convertible Bonds is less than \$0.015 per Coalbank Share, being the conversion price for the Loan.

Given the terms and conditions of the Convertible Bonds and the current share price level for the Coalbank Shares, Coalbank 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 Treasure Wheel Offer.

Liquidity and premium to Coalbank Shareholders

The Treasure Wheel Offer provides the option for liquidity for the majority of each Coalbank Shareholder's holding in what has historically been a highly illiquid market for Coalbank Shares.

The Treasure Wheel Offer also offers Coalbank Shareholders the opportunity for liquidity for the majority of their holding at:

- a 25% premium to the closing price of \$0.008 per Coalbank Share on 11 September 2013, being the last trading day before the date of the Bidder's Statement;
- an 11.11% premium to the closing price of \$0.009 per Coalbank Share on 23 August 2013, being the last trading day before the announcement of the Treasure Wheel Offer; and

¹ See ASX announcement released on 25 July 2011 for a summary of the terms of the Convertible Bonds.

- a 66.66% premium to the closing price of \$0.006 per Coalbank Share on 23 July 2013, being the last trading day before the announcement of the restructure of the whole-of-company transaction with Loyal Strategic; and
- a 9.09% discount to the closing price of \$0.011 per Coalbank Share on 24 April 2013, being the last trading day before the announcement of the scheme of arrangement with Loyal Strategic.

Share price may fall

The Treasure Wheel Offer is for 75% of your Coalbank Shares at 1 cent cash per Coalbank Share. If the Treasure Wheel Offer is not successful, the Directors believe that the Coalbank Shares may trade at levels significantly less than the Offer Price. There is no guarantee that the Coalbank Share price will maintain current levels.

No Superior Proposal

During the past year, capital raising for all coal exploration companies has been extremely difficult and despite Coalbank's positive exploration results, the fundraising environment remains challenging. As announced to the market during 2012 and 2013, Coalbank 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 Coalbank resources and which has resulted in only the current Treasure Wheel Offer. At the date of this Target's Statement, no alternative proposals have been received by the Board. With the likelihood of ongoing funding difficulties, if the Treasure Wheel Offer and Loan do not proceed, Coalbank will be faced with the need to undertake significant relinquishments and abandonments within its tenement portfolio in order to manage the limited cash and will need to tightly focus its exploration efforts. The Board considers that it is unlikely that an alternative proposal, including a proposal superior to that of the Treasure Wheel's Offer, will be received during the Offer Period.

Maintain exposure to Coalbank projects

The Treasure Wheel Offer will allow Coalbank to retain its ASX listing and gives Coalbank Shareholders the ability to retain at least 25% of their holding in Coalbank which allows Coalbank Shareholders to participate in any upside from potential capital growth or share price increases associated with Treasure Wheel acquiring a majority shareholding in the Coalbank. Treasure Wheel's acquisition may offer potential future value for Shareholders' remaining holdings by improving Coalbank's capacity to continue exploration and develop its assets and projects.

Risks associated with the Treasure Wheel Offer

Although the Directors unanimously recommend that Coalbank Shareholders accept the Treasure Wheel Offer, there may be a number of risks and disadvantages in doing so. A summary of some of these risks and disadvantages is set out below.

Proportional bid and minority ownership consequences

If Coalbank Shareholders accept the Treasure Wheel Offer, each Coalbank Shareholder will:

- retain 25% of their shareholding in Coalbank; and
- receive 1 cent cash for each of the Coalbank Shares accepted under the Offer.

As at the date of the Bidder's Statement, neither Treasure Wheel or Loyal Strategic (or any of their associates) held any Coalbank Shares. The maximum number of Coalbank Shares Treasure Wheel may acquire from you under the Offer is 75% of your Coalbank Shares. Accordingly, if the Offer is accepted in full, Treasure Wheel will hold 75% of the Coalbank Shares.

The Treasure Wheel 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 Target's Statement it has not yet indicated whether it will do so.

If Treasure Wheel acquires more than a 50% Coalbank Shareholding, assuming all other Defeating Conditions to the Treasure Wheel Offer are fulfilled or waived, Treasure Wheel will obtain control of Coalbank.

Accordingly, the current Coalbank Shareholders will no longer have control of Coalbank. This has a number of possible implications, including the following:

- Treasure Wheel will be able to cast the majority of votes at a general meeting of Coalbank enabling Treasure Wheel to control of the Board and senior management and determine Coalbank's strategic direction;
- Treasure Wheel's shareholding in Coalbank will be such that a third party would not be able to successfully make a takeover bid for Coalbank Shares without the support of Treasure Wheel. The Board notes that this is currently the case with Coalbank's existing majority Shareholder having voting power of about 49% in Coalbank. Accordingly, the Coalbank Share price may continue to not reflect a control premium;
- current Coalbank Shareholders will hold a reduced percentage of the Coalbank Shares, possibly as low as 25% if the Treasure Wheel Offer is fully taken up;
- Treasure Wheel's shareholding in Coalbank will be such that it will be able to control the strategic direction of the Company, which may differ from the Company's current strategic direction; and
- if Treasure Wheel acquires 75% or more of the Coalbank Shares on issue, it will be able to pass a special resolution of members. This will enable Treasure Wheel, for example, to amend the Constitution.

If the Treasure Wheel Offer lapses, or if Treasure Wheel acquires a Coalbank Shareholding of less than 50% of and waives the 50.1% minimum acceptance condition, the trading price of the Coalbank Shares

may be higher or lower than the Offer Price. If you remain a Coalbank Shareholder in this circumstance, you will continue to enjoy the rewards, and be subject to the risks, of being a Coalbank Shareholder.

Minority ownership, liquidity and Shareholder spread

If the Treasure Wheel Offer is successful, current Coalbank Shareholders will retain a minority shareholding in Coalbank and will no longer collectively control Coalbank. However, major Shareholder and executive Director, Mr Greg Baynton, currently has voting power of about 49%. Accordingly, the potential effect of the Treasure Wheel Offer is likely to result in the transfer of control from an existing Coalbank Shareholder to Treasure Wheel. The implications of Treasure Wheel being a majority shareholder of Coalbank are as set out above.

Liquidity in Coalbank shares has been relatively low for the past year or more. If Treasure Wheel achieves its target of a Shareholding of 50.1% or more of the Coalbank Shares, liquidity in Coalbank's share trading may reduce relative to its historical level of liquidity.

If the Treasure Wheel Offer is successful, and a high proportion of Coalbank Shareholders who hold unmarketable parcels accept the Offer for 100% of their Coalbank Shareholding, Coalbank faces the risk that insufficient Shareholder spread may remain to meet the listing requirements of the ASX. This may require efforts by Coalbank to re-establish the minimum required Shareholder spread otherwise Coalbank may face the prospect of suspension or de-listing from ASX.

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

The Treasure Wheel Offer is subject to the Defeating Conditions, as set out in Schedule 2 of the Bidder's Statement. All Defeating Conditions must be satisfied or waived by Treasure Wheel before Coalbank Shareholders who accept the Treasure Wheel Offer receive the Offer Price. If you accept the Treasure Wheel Offer and any Defeating Condition is not satisfied or waived at the end of the Offer Period, Treasure Wheel will not acquire Coalbank Shares and Coalbank Shareholders will not receive the Offer Price for their Coalbank Shares. In the meantime, Coalbank Shareholders who accept the Treasure Wheel Offer will be unable to trade those Coalbank shares accepted into the Offer or withdraw their acceptance (other than in accordance with their statutory rights).

Inability to accept higher offer if one were to emerge

Except in the limited circumstances provided for under the Corporations Act, accepting the Treasure Wheel Offer will preclude Coalbank Shareholders from accepting a Superior Proposal from a third party, should one emerge during the Offer Period. At the date of this Target's Statement, the Board is not aware of any Superior Proposal.

Accepting the Treasure Wheel Offer will also preclude a Coalbank Shareholder from selling their Coalbank Shares on market. Accepting the Treasure Wheel Offer will not, however, deny a Coalbank Shareholder the benefit of any higher price offered by Treasure Wheel, which under the Corporations Act is required to be extended to all Coalbank Shareholders, including those who have already accepted the Treasure Wheel Offer. As at the date of this Target's Statement, Treasure Wheel has given no indication that it intends to increase the Offer Price.

Proportional offer only

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

Frequently asked questions about the Treasure Wheel Offer

This section of the Target's Statement is designed to help you understand the Treasure Wheel Offer by answering some commonly asked questions. It is not intended to address all relevant issues for Coalbank Shareholders. This section should be read in conjunction with all other sections of this Target's Statement.

Question	Answer	Further information
Who is the bidder?	The Offer is made by Treasure Wheel Global Limited. Information about Treasure Wheel can be obtained from section 4 of the Bidder's Statement or section 4 of this Target's Statement.	Section 4
What is the Treasure Wheel Offer?	<p>Treasure Wheel has made an offer to acquire 3 out of every 4 (i.e. 75%) of your Coalbank Shares for 1 cent cash per Coalbank Share. If you accept the Treasure Wheel Offer, you will:</p> <ul style="list-style-type: none"> (a) receive 1 cent cash for each Coalbank Share making up 75% of your Coalbank Shareholding; and (b) where you accept the Treasure Wheel Offer in full, retain 25% of your Coalbank Shares. <p>You may only accept the Treasure Wheel Offer for 75% of the Coalbank Shares held by you and not a greater or lesser proportion unless by accepting the Treasure Wheel Offer, the 25% of your Coalbank Shareholding that you retain has a market value of less than \$500 based on the price of Coalbank Shares on the day that your acceptance is received (or the most recent Business Day if your acceptance is not received on a Business Day), in which case the Treasure Wheel Offer will extend to 100% of your Coalbank Shares. In this case, Coalbank Shareholders may elect to accept the Offer for either 75% or 100% of their Coalbank Shares.</p>	Section 2
What is a 'proportional' takeover bid?	A proportional takeover bid (such as the Treasure Wheel Offer) is a takeover bid for a specified proportion of the securities in a class of securities. Under the Corporations Act, the specified proportion must be the same for all holders of securities in that class. The specified proportion for the Treasure Wheel Offer is 75% of the Coalbank Shares held by you.	
What choices do I have as a Coalbank Shareholder?	<p>As a Coalbank Shareholder, you have the following choices:</p> <ul style="list-style-type: none"> (a) you can accept the Treasure Wheel Offer as recommended by the Directors in the absence of a Superior Proposal; (b) you can reject the Treasure Wheel Offer; or (c) you can sell your Coalbank Shares on market (unless you have previously accepted the Treasure Wheel Offer and you have not validly withdrawn your acceptance). <p>When deciding what to do, you should carefully consider the Director's recommendation and other important considerations</p>	Section 5

Question	Answer	Further information
	set out in this Target's Statement.	
What do your Directors recommend?	Your Directors unanimously recommend that you accept the Treasure Wheel Offer in the absence of a Superior Proposal. The reasons for this recommendation are set out in this Target's Statement.	Section titled 'Why you should accept the Treasure Wheel Offer'
How do I accept the Treasure Wheel Offer?	Details of how to accept the Treasure Wheel Offer are set out in section 3 of Treasure Wheel's Bidder's Statement and section 5.1 of this Target's Statement.	Section 5.1
How do I reject the Treasure Wheel Offer?	To reject the Treasure Wheel Offer, you do not need to do anything.	Section 5.3
Can Treasure Wheel vary the Offer?	Yes. Treasure Wheel can vary the Treasure Wheel Offer by waiving the Defeating Conditions, extending the Offer Period or increasing the Offer Price.	Sections 2.14
When does the Treasure Wheel Offer close?	The Treasure Wheel Offer will close at 7.00pm (Sydney time) on 31 October 2013, unless it is extended or withdrawn.	Section 2.3
What happens if Treasure Wheel increases the consideration payable under the Offer?	If Treasure Wheel increases the consideration payable under the Treasure Wheel Offer, you will receive the higher consideration even if you have already accepted the Treasure Wheel Offer.	Section 2.14
What are the Defeating Conditions of the Offer?	The Treasure Wheel Offer and any contracts resulting from acceptance of the Offer is subject to the following Defeating Conditions: <ul style="list-style-type: none"> (a) 50.1% minimum acceptance; (b) no Prescribed Occurrence; (c) no Material Adverse Change; (d) no Regulatory Action; (e) cancellation of all Options; and (f) no legal proceedings. <p>This is only a summary of the Defeating Conditions. See section 2.7 of this Target's Statement for further details about the Defeating Conditions and refer to Schedule 2 of Treasure Wheel's Bidder's Statement for full details of all the Defeating Conditions.</p>	Section 2.4
Why are Coalbank Shareholders required to approve the Treasure Wheel Offer?	Coalbank's Constitution (rule 16.4) prohibits the registration of transfers resulting from acceptances of the Treasure Wheel Offer unless and until such proportional bid has been approved by Coalbank Shareholders, which are those shareholders on the register at the end of the day the first offer under the Treasure Wheel Offer is made, being 5.00pm, 12 September 2013.	Section 2.10
What are the consequences of accepting the Offer now?	If you accept the Treasure Wheel Offer while it is still conditional, unless withdrawal rights are available (see the following question) you will not be able to sell your Coalbank Shares accepted under the Offer on the ASX or to any other bidder that may make a takeover offer, or otherwise deal with your Coalbank Shares accepted under the Offer while the Treasure Wheel Offer remains open.	Section titled 'Implications and risks associated with the Treasure Wheel Offer'

Question	Answer	Further information
	If the Defeating Conditions of the Offer are not satisfied or waived and the Offer lapses, you will be free to deal with your Coalbank Shares, even if you accepted the Offer.	
What if I want to sell my Coalbank Shares on market?	<p>During the Offer Period, you may sell your Coalbank Shares on ASX for cash (less brokerage), provided you have not accepted the Offer for those Coalbank Shares. You should contact your Broker for information on how to sell your Coalbank Shares on ASX and your tax adviser to determine your tax implications of such a sale.</p> <p>If you accept the Treasure Wheel Offer in respect of 75% of your Coalbank Shares, you are not entitled to accept the Offer for your remaining Coalbank Shares (Remaining Shares), nor can a transferee of your Remaining Shares. You may sell your Remaining Shares on an "ex-Offer" basis and a separate ASX code will be established for these ex-Offer Coalbank Shares.</p> <p>Ex-Offer Coalbank Shares cannot be accepted into the Offer and will trade separately to Coalbank Shares which can be accepted into the Offer during the Offer period. The market price of the ex-Offer Coalbank Shares may be lower than the market price of Coalbank Shares which may be accepted into the Offer. Settlement of trades of ex-Offer Shares will be deferred until after completion of the Offer.</p> <p>If you do not accept the Offer in respect of 75% of your Coalbank Shares, you may sell your Coalbank Shares on market and the transferee will then be entitled to accept the Offer in respect of 75% of the Coalbank Shares.</p>	Section 5.2
If I accept the Offer, can I withdraw my acceptance?	<p>You may only withdraw your acceptance of the Treasure Wheel Offer if:</p> <ul style="list-style-type: none"> (a) it is subject to a Defeating Condition; and (b) the Treasure Wheel Offer is varied in a way that postpones, for more than one month, the time when Treasure Wheel needs to meet its obligations under the Offer. 	Section 2.6
What happens if I do nothing?	<p>You will remain a Coalbank Shareholder.</p> <p>However, as a result of the Treasure Wheel Offer, Treasure Wheel may obtain a Coalbank Shareholding of more than 50% and effectively control Coalbank, resulting in other Coalbank Shareholders retaining only minority shareholdings. The maximum Coalbank Shareholding that Treasure Wheel can acquire under the Treasure Wheel Offer (i.e. if all Coalbank Shareholders accept the Treasure Wheel Offer) is approximately 75% of all the Coalbank Shares on issue.</p>	Section titled 'Implications and risks associated with the Treasure Wheel Offer' and section 5.3
Can I be forced to sell my Coalbank Shares?	You cannot be forced to sell your Coalbank Shares unless Treasure Wheel acquires a relevant interest of at least 90% of all Coalbank Shares. Due to the proportional nature of the Treasure Wheel Offer, it will not be possible for Treasure Wheel to become entitled to proceed to compulsory acquisition of the remaining Coalbank Shares under the Corporations Act as result of the Treasure Wheel Offer.	
What happens if the Defeating Conditions of	If the Defeating Conditions of the Treasure Wheel Offer are not satisfied or waived before the Treasure Wheel Offer closes, the	Section 2.8

Question	Answer	Further information
the Treasure Wheel Offer are not satisfied or waived?	<p>Treasure Wheel Offer will lapse, your Coalbank Shares will not be transferred to Treasure Wheel and you will not receive the consideration under the Treasure Wheel Offer.</p> <p>This means that you will continue to be a Coalbank Shareholder, free to deal with your Coalbank Shares.</p>	
When will I receive my consideration if I accept the Offer?	<p>If you accept the Treasure Wheel Offer, you will receive your consideration by the earlier of:</p> <p>(a) one month of the later of:</p> <ul style="list-style-type: none"> (i) the date you accept the Treasure Wheel Offer; and (ii) the date the Treasure Wheel Offer becomes unconditional; and <p>(b) 21 days after the end of the Offer Period.</p>	Section 2.12
What are the tax implications of accepting the Treasure Wheel Offer?	<p>A general outline of the tax implications of accepting the Treasure Wheel Offer is set out in section 6 of this Target's Statement.</p> <p>You should consult your financial or taxation adviser for advice on the taxation implications applicable to your individual circumstances.</p>	Section 6
What if I accept Treasure Wheel's Offer and I am left with an unmarketable parcel of Coalbank Shares?	<p>If you accept into the Treasure Wheel Offer and the Coalbank Shares that you are left holding are worth less than \$500, then the Treasure Wheel Offer will extend to all of your Coalbank Shares. In this case, Coalbank Shareholders may elect to accept the Offer for either 75% or 100% of their Coalbank Shares.</p> <p>If you are not sure whether you would be left with a Coalbank Shareholding that is worth less than \$500, please contact your Broker or financial adviser.</p>	
Why haven't the Directors obtained an independent expert report	<p>The Directors have outlined in the section titled 'Why you should accept the Treasure Wheel Offer' and section 1 of this Target's Statement the reasons why they believe that Coalbank Shareholders should accept the Offer. The Directors do not consider that obtaining a valuation of the Coalbank Shares for the purpose of Treasure Wheel is in the best interests of the Coalbank Shareholders as the cost of obtaining an independent expert's valuation would be substantial and the Directors do not think that is appropriate that Coalbank bear this cost in addition to other advisory fees. In addition, the Board considers itself appropriately qualified and experienced to make a recommendation in relation to the Treasure Wheel Offer.</p> <p>There is no legal requirement for an independent expert's report to be obtained and provided to Coalbank Shareholders.</p>	Section titled 'Why you should accept the Treasure Wheel Offer'
What if I have other questions about the Offer?	<p>If you have any questions, please call the Coalbank Shareholder information line set up by Treasure Wheel on 1300 361 735 (or +61 1300 361 735 for overseas domiciled holders) between 9.00am and 5.00pm (Sydney time) Monday to Friday.</p> <p>Announcements made to the ASX by Coalbank and other information relating to the Treasure Wheel Offer can be obtained from Coalbank's website at www.coalbank.com.</p>	

1 Directors' recommendation

1.1 Summary of the Treasure Wheel Offer

Treasure Wheel is offering to acquire 3 of every 4 (i.e. 75%) of your Coalbank Shares for 1 cent cash for each Coalbank Share held. The Treasure Wheel Offer is subject to a number of Defeating Conditions. Those Defeating Conditions are set out in Schedule 2 of the Bidder's Statement and are summarised in section 2.7 of this Target's Statement.

1.2 Directors' recommendation

After taking into account the terms of the Treasure Wheel Offer and the matters in this Target's Statement, each Director unanimously recommends that you accept the Treasure Wheel Offer in the absence of a Superior Proposal.

The reasons for the Directors' recommendation are set out in the section titled 'Why you should accept the Treasure Wheel Offer'.

1.3 Directors' acceptance of the Treasure Wheel Offer

At the date of this Target's Statement, all of your Directors have already accepted the Treasure Wheel Offer for the relevant portion of the Coalbank Shares held or controlled by them.

Details of the relevant interests of each Director in Coalbank Shares are set out in section 7.

At the date of this Target's Statement, it is your Directors' intention to accept the Treasure Wheel Offer for the Coalbank Shares held or controlled by them within five Business Days of the beginning of the Offer Period, unless there is a Superior Proposal.

2 Key terms of the Treasure Wheel Offer

2.1 Background

On 27 August 2013, Treasure Wheel announced its intention to make an off-market proportional takeover bid for 75% of the issued Coalbank Shares. On 12 September 2013, Treasure Wheel lodged its Bidder's Statement with ASIC and gave a copy to Coalbank.

The Bidder's Statement contains the Treasure Wheel Offer.

2.2 Summary of the Treasure Wheel Offer

The Treasure Wheel Offer is a proportional offer whereby Treasure Wheel has made offers to purchase a percentage of each Shareholding in Coalbank.

The Treasure Wheel Offer is to acquire 3 out of every 4 (i.e. 75%) of your Coalbank Shares and any rights attaching to the Coalbank Shares for 1 cent cash per Coalbank Share.

This means if you accept the Treasure Wheel Offer, you will retain 25% of your Coalbank Shares and receive 1 cent cash per Coalbank Share for the 75% of your Coalbank Shares accepted into the Treasure Wheel Offer. This Offer extends to all Coalbank Shares on issue on or before the end of the Offer Period.

2.3 Offer Period

The Treasure Wheel Offer will remain open for acceptance until 7.00pm (Sydney time), 31 October 2013, unless extended or withdrawn under the Corporations Act.

Treasure Wheel may extend the Offer Period before the end of the Offer Period in accordance with the Corporations Act. To extend the Offer Period, Treasure Wheel must lodge a notice of variation with ASIC and give a notice to Coalbank and to each Coalbank Shareholder to whom an offer was made under the Treasure Wheel Offer.

In addition, there will be an automatic extension of the Offer Period, if within the last seven days of the Offer Period:

- (a) Treasure Wheel improves the consideration under its Offer; or
- (b) Treasure Wheel's voting power in Coalbank increases to more than 50%.

If either of these events occurs, the Offer Period is automatically extended so that it ends 14 days after the relevant event occurs.

2.4 Withdrawal of Treasure Wheel's Offer

Treasure Wheel may not withdraw its Offer if you have already accepted it. Before you accept Treasure Wheel's Offer, Treasure Wheel may withdraw its Offer with the written consent of ASIC and subject to the conditions (if any) specified in that consent.

2.5 Effect of acceptance

If you accept the Treasure Wheel Offer, subject to the withdrawal rights set out in section 2.6 below, you will give up your right to sell the 75% of your Coalbank Shares that you have accepted into the Offer on ASX or to any competing bidder or to deal with them in any other

manner. The agreement that results from acceptance of the Offer is set out in detail in Schedule 1 of the Bidder's Statement. That section describes the rights attached to your shares that you will be giving up, the representations and warranties that you will be making and the irrevocable authorities and appointments that you will be giving Treasure Wheel if you accept the Offer. Please note that the Directors do not take any responsibility for the contents of the Bidder's Statement and are not endorsing any of the statements contained in it.

The remaining 25% of your Coalbank Shares that are not able to be accepted into the Offer can be dealt with in any manner. However, if you sell these Coalbank Shares, they will trade on ASX on an 'ex-Offer' basis meaning that purchasers of those Coalbank Shares will not be entitled to accept the Offer and settlement of these shares will be deferred until after the end of the Offer Period.

2.6 Limited rights to withdraw your acceptance

You have only limited rights to withdraw your acceptance of the Treasure Wheel Offer. You may withdraw your acceptance of the Offer only if:

- (a) it is still subject to a Defeating Condition; and
- (b) the Offer is varied in a way that postpones, for more than one month, the time when Treasure Wheel needs to meet its obligations under the Offer. This may occur if Treasure Wheel extends the Offer Period by more than one month and the Offer is still subject to a Defeating Condition.

If you have accepted Treasure Wheel's Offer and the Defeating Conditions are not satisfied or waived by the end of the Offer Period (which may be extended), the Offer will lapse, your acceptance will be void and you will be free to deal with your Coalbank Shares.

2.7 Defeating Conditions of the Treasure Wheel Offer

The Treasure Wheel Offer is subject to those Defeating Conditions set out in full in Schedule 2 of the Bidder's Statement, which are summarised below:

- (a) before the end of the Offer Period, Treasure Wheel has acquired voting power of not less than 50.1% (by number) of the Coalbank Shares then on issue;
- (b) during the Offer Period there is no Prescribed Occurrence;
- (c) during the Offer Period there is no Material Adverse Change;
- (d) during the Offer Period there is no Regulatory Action;
- (e) during the Offer Period, Coalbank procures the cancellation of all Options which have been granted on the date of the Pre-Bid Agreement; and
- (f) during the Offer Period, no litigation or arbitration proceedings or other legal proceedings against Coalbank or any of its Subsidiaries are commenced, instituted or threatened to be commenced which is likely to have a material adverse effect on the Group.

Coalbank Shareholders should also be aware that the Treasure Wheel Offer is also subject to Coalbank Shareholder approval as detailed in section 2.10.

At the date of this Target's Statement, the Directors are not aware that any Prescribed Occurrence or Material Adverse Change has occurred in respect of Coalbank.

Treasure Wheel may waive any of these Defeating Conditions under the Corporations Act.

2.8 Consequences if Defeating Conditions not satisfied

If the Defeating Conditions are not satisfied or waived before the Treasure Wheel Offer closes, the Offer will lapse. This means that:

- (a) if you have accepted the Treasure Wheel Offer, your acceptance is void and you will continue to be a Coalbank Shareholder, free to deal with your Coalbank Shares; or
- (b) if you have not accepted the Treasure Wheel Offer, you continue to be a Coalbank Shareholder and are free to deal with your Coalbank Shares.

2.9 Notice of Status of Conditions

The Bidder's Statement states that Treasure Wheel will give its Notice of Status of Conditions to ASX and Coalbank seven days before the end of the Offer Period. If the Offer Period is extended by a period before the time by which the Notice of Status of Conditions is to be given, the date for giving the Notice of Status of Conditions will be taken to be postponed for the same period. If there is such an extension, Treasure Wheel is required, as soon as possible after the extension, to give a notice to ASX and Coalbank that states the new date for the giving of the Notice of Status of Conditions.

Treasure Wheel is required to set out in its Notice of Status of Conditions:

- (a) whether the Offer is free of any or all Defeating Conditions;
- (b) whether, so far as Treasure Wheel knows, any of the Defeating Conditions have been fulfilled; and
- (c) Treasure Wheel's voting power in Coalbank.

If a Defeating Condition is fulfilled (so that the Treasure Wheel Offer becomes free of the Condition) before the date on which the Notice of Status of Conditions is required to be given, Treasure Wheel must, as soon as possible, give ASX and Coalbank a notice that states that the particular Defeating Condition has been fulfilled.

2.10 Coalbank Shareholder approval

In addition to the Defeating Conditions set out section 2.7, the Treasure Wheel Offer is also conditional on Coalbank Shareholders approving a proportional takeover pursuant to rule 16.4 of the Constitution.

Last year, Coalbank Shareholders adopted a new constitution which contains a proportional takeover provision in the form of rule 16.4 of the Constitution.

Rule 16.4 of the Constitution prohibits the registration of transfers resulting from acceptances of the Offers unless and until the Treasure Wheel Offer has been approved by those persons who hold Coalbank Shares at the end of the day the first offer under the Treasure Wheel Offer is made. This proportional takeover provision is effective for three years after its adoption unless renewed by a special resolution of Shareholders.

As rule 16.4 of the Constitution continues to be effective, Coalbank has convened a meeting of Shareholders who hold Coalbank Shares as at 5.00pm (Sydney time) on 12 September 2013 (**Voting Shareholders**) on 16 October 2013 to approve the Treasure Wheel Offer in accordance with rule 16.4 of the Constitution. The notice of meeting was dispatched to Voting Shareholders prior to the date of this Target's Statement. Treasure Wheel and its associates are excluded from voting on the resolution.

The resolution will be passed if more than 50% of votes cast by Voting Shareholders are in favour of the resolution.

If this resolution is passed then:

- (a) Shareholder acceptances that have already been made under the Treasure Wheel Offer will not be rendered ineffective; and
- (b) Shareholders who have not already accepted the Treasure Wheel Offer may accept or reject the Offer on their terms.

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 Coalbank Shareholder.

If the resolution to approve the Treasure Wheel Offer has not been voted on by 16 October 2013 (assuming that the Offer is not extended), then the resolution is taken to have been passed.

2.11 Loan

Pursuant to the terms of the Pre-Bid Agreement, Treasure Wheel has agreed to loan Coalbank \$2,000,000 to make redemption payments to holders of Convertible Bonds on Treasure Wheel declaring the Offer unconditional with a relevant interest of more than 50% (**Advance Date**). The payment of \$2,000,000 by Coalbank to the bondholders amounts to full and final payment for the redemption of the Convertible Bonds. Coalbank is required to provide Treasure Wheel with security for the Loan comparable to that which was provided to the holders of the Convertible Bonds.

The 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.

No less than 30 days before the end of the Initial Loan Term, Treasure Wheel must give written notice (**Repayment Notice**) to Coalbank 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 Coalbank Share, which conversion will be subject to Coalbank Shareholder approval (excluding Treasure Wheel and its associates). Should Coalbank Shareholder approval not be obtained within a reasonable time of the Repayment Notice being given, Treasure Wheel may give a further notice to Coalbank 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 Coalbank 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.

If Treasure Wheel fails to give Coalbank a Redemption Notice, the outstanding amount of the Loan must be repaid by Coalbank in cash no later than 18 months from the Advance Date.

The table below sets out Treasure Wheel's shareholding in Coalbank in the event Treasure Wheel elects to convert the Loan into Coalbank Shares:

	Treasure Wheel's relevant interest in Coalbank Shares ²		Total no. of Coalbank Shares on issue
	If Treasure Wheel receives 50.1% of Coalbank Shares under the Offer	If Treasure Wheel receives 75% of Coalbank Shares under the Offer	
12% Loan Conversion	439,699,715 (51%)	650,281,011 (75.5%)	861,708,015
50% Loan Conversion	490,366,381 (53.7%)	700,947,677 (76.85%)	912,374,681
100% Loan Conversion	557,033,048 (56.9%)	767,614,344 (78.4%)	979,041,348

2.12 Effect of acceptance

The effect of acceptance of the Treasure Wheel Offer is set out in Schedule 1 of the Bidder's Statement.

Read that section in full to understand the effect that acceptance will have on your ability to exercise the rights attaching to your Coalbank Shares and the representations and warranties which you give by accepting the Treasure Wheel Offer. In particular, if you accept the Treasure Wheel Offer, you may forfeit the opportunity to benefit from any superior offer made by another bidder for your Coalbank Shares, if that offer were to eventuate. If you accept the Treasure Wheel Offer you will not be able to sell Coalbank Shares the subject of the acceptance on ASX.

² Includes shares issued to Treasure Wheel on conversion of the Loan. Figures are rounded down to the nearest whole number.

2.13 Payment of consideration

Treasure Wheel has set out in Schedule 1 of the Bidder's Statement, the timing of the payment of the consideration to holders of Coalbank Shares who accept the Treasure Wheel Offer. In general terms, you will receive the consideration to which you are entitled under the Treasure Wheel Offer by the earlier of:

- (a) one month of the later of:
 - (i) the date you accept the Treasure Wheel Offer; and
 - (ii) the date the Treasure Wheel Offer becomes unconditional; and
- (b) 21 days after the end of the Offer Period.

2.14 Changes to the Treasure Wheel Offer

Treasure Wheel can vary the Treasure Wheel Offer by:

- (a) waiving the Defeating Conditions to the Treasure Wheel Offer;
- (b) extending the Offer Period; or
- (c) increasing the consideration offered under the Treasure Wheel Offer.

If you accept the Treasure Wheel Offer and Treasure Wheel subsequently increases its Offer Price, you are entitled to receive the higher price.

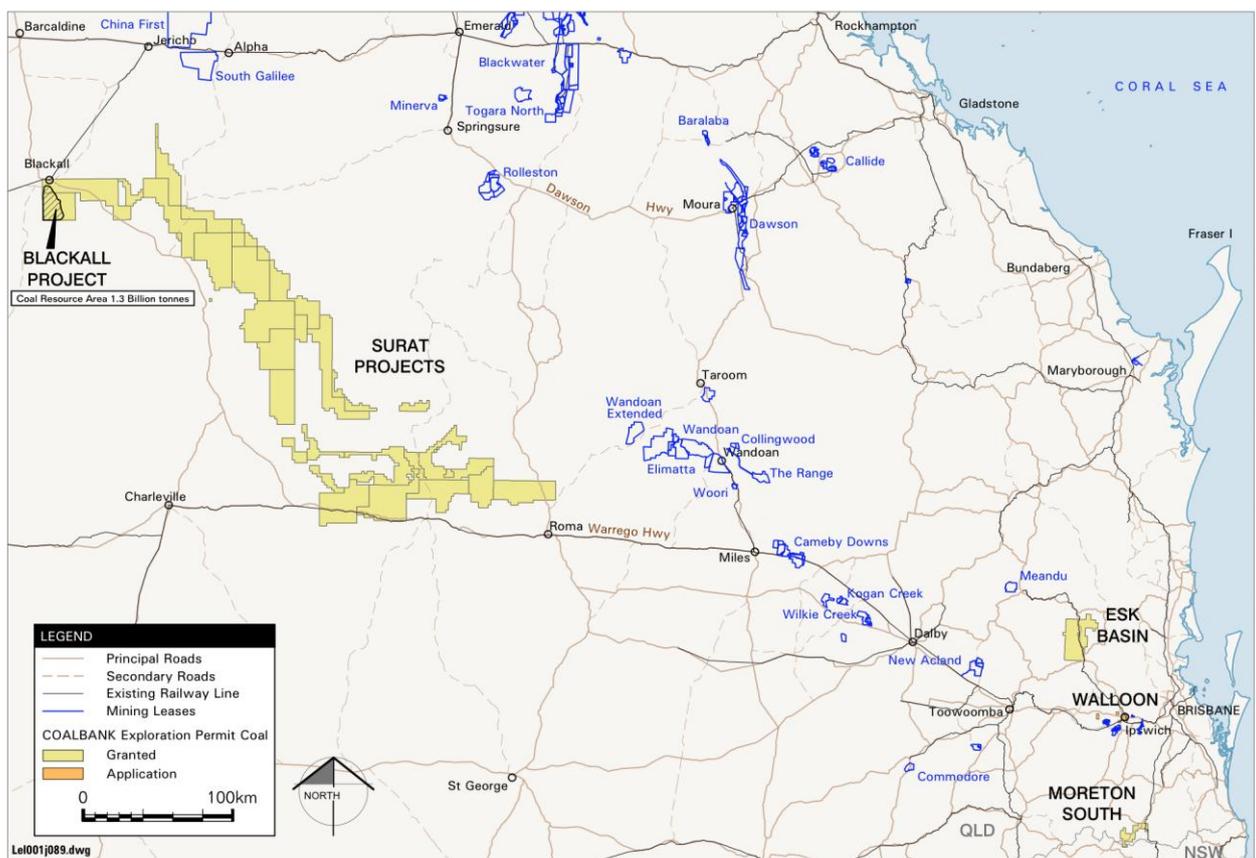
3 Profile of Coalbank

This section contains more detailed information on Coalbank’s businesses, financial outlook and the management of Coalbank.

3.1 Overview

Coalbank has been listed on ASX since 2003 and was originally named Lodestone Exploration Limited at the time of listing on ASX. Coalbank currently explores early stage coal exploration projects, with a portfolio of EPCs in Queensland.

Coalbank’s tenements are located in the Eromanga, Surat, Moreton, and Esk Basins (see diagram below).



Following the ASX release detailing Coalbank’s maiden JORC-compliant inferred sub-bituminous thermal coal resource of 1.3 billion tonnes at its Blackall Coal Project on 20 June 2012, Coalbank has been focused on attracting strategic investors and joint venture partners to help fund future exploration and unlock value for Coalbank Shareholders.

3.2 Background to Treasure Wheel Offer

Over the last 18 months, Coalbank has been in number of discussions with various international parties about potential strategic investment in Coalbank or a whole-of-company transaction.

On 26 April 2013, Coalbank announced that it had entered into a scheme implementation agreement with Loyal Strategic, a company based in Hong Kong (**Scheme Implementation Agreement**). Under the Scheme Implementation Agreement, Loyal Strategic paid \$1,000,000 as a deposit to Coalbank, which amount was to be applied as consideration (or part consideration) for the acquisition of certain non-core assets of the Coalbank Group in the event that certain of the conditions precedent to the scheme were not satisfied.

On 24 July 2013, Coalbank provided an update in respect of the Loyal Strategic transaction and advised that the parties had agreed to restructure the change-of-control transaction with the aim of retaining Coalbank's ASX listing. Loyal Strategic also paid Coalbank \$500,000 as consideration for the extension of the exclusivity period under the Scheme Implementation Agreement.

On 27 August 2013, Coalbank announced that it had entered into an agreement with Loyal Strategic to make a proportional takeover offer for 75% of the Coalbank Shares on issue and to sell certain of its non-core assets to Loyal Strategic. Following the announcement, Loyal Strategic nominated its wholly owned subsidiary, Treasure Wheel, to make the proportional takeover offer the subject of the Bidder's Statement (see section 8.1).

3.3 Coalbank's projects

Blackall Coal Project

On 20 June 2012, Coalbank announced its maiden resource statement for its Blackall Coal Project. This confirmed a total inferred resource of 1.3Bt of sub-bituminous thermal coal for the 'Inverness Deposit', located immediately south of Blackall in Queensland (refer to announcement made to ASX on 20 June 2012 titled '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.

The resource statement for the Blackall Project followed a comprehensive exploration effort during the June quarter of 2012 including a three-rigs drilling program, geological interpretation, geological modelling and laboratory work that delineated the large scale Inverness Deposit.

The resource statement for the Blackall Project confirmed that the Inverness Deposit is shallow and flat-lying with inferred resources of 825Mt of lower-rank, sub-bituminous coal estimated at less than 50 metres depth, with a further 425Mt between 50 and 100 metres depth.

Infrastructure – Blackall Region

On 30 July 2013, Coalbank released an activities report for the quarter ended 30 June 2013 which contained the following information.

During May of this year, 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 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 help advance the transport infrastructure options for Coalbank's Blackall Coal Project.

Copies of Coalbank's announcements from which the Blackall Project information was extracted can be found on Coalbank's website at www.coalbank.com. If you would like to receive a copy of any of these documents, please contact Coalbank's company secretary on (07) 3229 6606 during normal business hours and you will be sent copies of the documents free of charge and within 2 business days of Coalbank receiving your request.

Tenement portfolio

Since entering the Scheme Implementation Agreement with Loyal Strategic in April 2013, Coalbank's EPCs for 2239 and 2359 have been granted by the Queensland Department of Natural Resources and Mines. In addition, Coalbank's EPC 2241 has been renewed for a period of three years. In August 2013, Coalbank also entered into an agreement to acquire a five sub-block EPC that is contiguous with its EPC 1524.

Pursuant to the Pre-Bid Agreement, Coalbank has agreed to sell certain non-core EPCs and its Harvest Metals Pty Ltd subsidiary to Treasure Wheel, as announced on ASX in recent months (see section 8.1).

Following the sale of those tenements, Coalbank will hold rights to a portfolio of 30 granted EPCs.

Set out below is Coalbank's tenement schedule as at 19 September 2013.

Tenement schedule

Tenement	Project name	Date granted	Expiry date
EPC 1484	Augathella North East	06.07.2009	05.07.2013
EPC 1621	Tambo South East Gap	07.07.2009	06.07.2014
EPC 1784	Waroonga	20.07.2010	19.07.2015
EPC 1800	Maranoa River	20.07.2010	19.07.2015
EPC 1719	Barcoo River-Blackall Rail	28.07.2010	27.07.2015
EPC 1482	Augathella East 2	05.08.2009	04.08.2014
EPC 1697	Alpha Rail	22.10.2010	21.10.2015
EPC 1624	Morven North East	29.10.2010	28.10.2015
EPC 1632	Tambo	29.10.2010	28.10.2015
EPC 1633	Augathella South East 1	29.10.2010	28.10.2015
EPC 1776	Upper Surat East 1	29.10.2010	28.10.2015
EPC 1777	Upper Surat East 2	29.10.2010	28.10.2015
EPC 1794	Morven North	02.11.2010	01.11.2015
EPC 1644	Augathella South East 2	25.11.2009	24.11.2014
EPC 2056	Chinchilla East #	26.11.2009	25.11.2015
EPC 1789	Muckadilla North East	23.12.2009	22.12.2014
EPC 1795	Roma North West	23.12.2009	22.12.2014
EPC 1788	Muckadilla North	19.02.2010	18.02.2015
EPC 1786	Dulbydilla	17.03.2010	16.03.2015
EPC 1993	Blackall South Corner	17.03.2010	16.03.2015
EPC 1623	Bymount West	27.04.2009	26.04.2014
EPC 1481	Augathella East 1	29.04.2010	28.04.2015
EPC 1625	Alpha South West 2	28.04.2010	27.04.2015
EPC 2240*	Coalbank South #	19.04.2011	18.04.2013
EPC 2241	Biloela South #	19.04.2011	18.04.2016
EPC 1414	Maranoa River	10.05.2010	09.05.2015
EPC 1415	Warrego	21.05.2010	20.05.2015
EPC 1418	Tambo East 2	21.05.2010	20.05.2015
EPC 1417	Tambo East 1	24.05.2010	23.05.2015
EPC 1622	Alpha South West 1	25.05.2010	24.05.2015
EPC 1524	Moreton South	30.06.2009	20.05.2015
EPC 2239	Coal Creek	01.05.2013	30.04.2015
EPC 2359	Coalbank South #	21.05.2013	20.05.2018
EPC 1249*	Barney View **	08.10.2009	07.10.2011
EPM11980*	Limestone Creek #	03.06.2010	02.06.2013
EPM18325	Bald Hills #	30.07.2010	29.07.2015
EPM17850*	Mt Morgan Consolidated #	16.04.2010	15.04.2013
EPC 2376	Walloon West	Application	
EPM19537	Mitchell River South #	Application	

* Renewal in progress

In process of sale to Treasure Wheel – subject to settlement in October 2013

** In process of sale to Coalbank – subject to settlement

General update

During the course of this year, Coalbank has conducted further research into historical records, which, along with other evidence, has identified additional coal intersections in certain of Coalbank's South East Queensland EPCs and further validated Coalbank'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 have been on hold since it announced Loyal Strategic's whole-of-company transaction 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* (Qld) as required.

Assuming the proportional takeover by Treasure Wheel is successful, Coalbank expects the remainder of the calendar year to focus on completion of the transaction, a review of Coalbank's remaining coal projects and planning for the next phase of exploration and growth.

3.4 Directors

The Directors of Coalbank as at the date of this Target's Statement are set out below.

Roger Brian Clarke – chairman and non-executive Director

Mr Clarke has over 30 years commercial experience in the investment banking industry, with responsibilities in fund management, banking and corporate finance. He has been involved in a large number of initial public offerings, capital raisings, advisory roles and corporate transactions.

Mr Clarke is the Chairman of the RBS Morgans Limited Board of Advice and the former Chairman of ABN AMRO Morgans Limited.

Mr Clarke's other current directorships include non-executive Chairman of Tissue Therapies Limited (since 2003), non-executive Director of NEXTDC Limited (since 2010), and non-executive director of Maverick Drilling and Exploration Limited (since 2007).

Mr Clarke is a member of the audit committee.

Grahame Lyle Baker – non-executive Director

Mr Baker is a chemical engineer by profession. He is an independent consultant in the energy industry with particular expertise in upstream petroleum, particularly in coal seam gas.

Mr Baker is a member of the audit committee.

Gregory AJ Baynton – executive Director

Mr Baynton is the founder and Managing Director of Orbit Capital, an investment and advisory company and holder of a financial services licence. He has been a board member of Australian exploration companies since 1997 and has experience in identifying new opportunities, establishing new companies, IPO's and other capital raisings and mergers and acquisitions.

Mr Baynton's other current directorships include non-executive director of NEXTDC Limited (since 2010) and Asia Pacific Data Centre Limited (since 2012).

Mr Baynton is a member of the audit committee.

William (Bill) Robert Stubbs – non-executive Director

Mr Stubbs practiced as a lawyer for 30 years. He is the co-founder of the legal firm Stubbs Barbeler. He practiced in the area of commercial law including stock exchange listings and all areas of mining law. He has held the position of director of various public companies over the past 25 years in the mineral exploration and biotech fields. He is also the former chairman of Alchemica Limited, Bemax Resources N.L and Arrow Energy Limited.

Mr Stubbs' other current directorships include non-executive director of Lakes Oil N.L. (since 2012), non-executive chairman of DGR Global Limited (since 2009) and non-executive director of Armour Energy Limited (since 2009).

Mr Stubbs is the Chairman of the audit committee.

Lance Ronald Grimstone – non-executive Director

Mr Grimstone is a geologist with over 35 years of experience in the exploration, mining and civil engineering industries. For the last 25 years he has operated his own consultancy practice based principally upon his expertise in Eastern Australian coal operations.

Mr Grimstone is a member of the audit committee.

Staffan Ever – non-executive Director

Mr Ever is a highly experienced executive in the energy sector. His previous roles include former chief executive officer of Q Coal, 12 years with AMCI, former general manager of AMCI Australia, founder and former managing partner of Triangle Resource Fund and founder of Square Resources.

Mr Ever has strong experience in managing and financing coal projects from greenfields to production and marketing. He has undertaken and overseen equity investments in Gunnedah, Glennies Creek, Coppabella and Moorvale mines.

3.5 Senior management

The members of senior management of Coalbank are set out below.

Leni Pia Stanley – company secretary

The company secretary is Ms Leni Stanley CA, B.Com. Ms Stanley was appointed to the position of company secretary in 2002. Ms Stanley is a partner with a Chartered Accounting firm and holds the office of company secretary with other companies.

Bruce Patrick – chief executive officer

Coalbank's CEO is Bruce Patrick B.Sc, (Hons), Grad Dip Mgt, Cert. in Mining, MAusIMM. Mr Patrick spent his early career as a geologist for Coal and Allied Industries and Thiess Mining Division where he assisted in further defining the stratigraphy of the Surat Basin. At Callide Mine in Central Queensland, he moved to mining engineering and mine operational management roles. Prior to joining Coalbank, Mr Patrick was Project Manager for Anglo Coal's \$800m Lake Lindsay Project, managing the project from initial exploration, through feasibility and approvals, to construction. Mr Patrick also held open-cut mining project management roles in Anglo Coal's Operations and Projects and Engineering Group.

3.6 Summary historical financial information

The summary historical financial information below has been extracted from Coalbank's audited financial statements for the half year ended 31 December 2012 and the full year ended 30 June 2012 and does not take into account the effects of the Treasure Wheel Offer.

The Board expects to release its audited financial statements for the financial year ended 30 June 2013 before 30 September 2013. To comply with the relevant accounting standards, the Board is of the view that the Company may need to recognise an impairment of its exploration and evaluation assets as a result of the Treasure Wheel Offer and the Directors' recommendation of the Treasure Wheel Offer. The expected impairment would arise from the difference between the carrying value of Coalbank's exploration and evaluation assets and Coalbank's overall valuation implied from the terms of the Treasure Wheel Offer. Although the Board's deliberations in that regard are not yet complete, the Board expects to show an impairment on this basis in the range of \$21 million to \$23 million.

Copies of Coalbank's annual reports from which the financial information contained in this Target's Statement was extracted can be found on Coalbank's website at www.coalbank.com. These reports also contain details of Coalbank's accounting policies. If you would like to receive a copy of any of these documents, please contact Coalbank's company secretary on (07) 3229 6606 during normal business hours and you will be sent copies of the documents free of charge and within 2 business days of Coalbank receiving your request.

Consolidated statement of comprehensive income

	6 months to 31-Dec-2012	Year ended 30-Jun-2012
	\$	\$
Revenue	13,590	110,146
Professional services expenses	(110,949)	(777,778)
Loss on disposal of subsidiary	(918,197)	-
Tenement expenditure written off	(11,624)	(1,717,405)
Finance costs	(302,035)	(667,621)
Revaluation of financial liabilities at fair value through profit or loss	999,987	-
Corporate overhead expenses	(319,413)	(389,848)
Depreciation expenses	(8,679)	(8,104)
Directors' remuneration	(209,900)	(412,533)
Share based payments expense	(154,893)	(504,043)
	<hr/>	<hr/>
Loss before income tax	(1,022,113)	(4,367,186)
Income tax expense	-	-
	<hr/>	<hr/>
Net loss for the half-year	(1,022,113)	(4,367,186)
<i>Other comprehensive income</i>		
Other comprehensive income for the period, net of tax	-	-
	<hr/>	<hr/>
Total comprehensive income / (loss) attributable to the owners of Coalbank	(1,022,113)	(4,367,186)
	=====	=====

Consolidated balance sheet

	31 December 2012	30 June 2012
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	1,033,337	996,414
Receivables	165,596	51,831
	<hr/>	<hr/>
Total current assets	1,198,933	1,048,245
	<hr/>	<hr/>
Non-current assets		
Plant and equipment	47,413	60,590
Available-for-sale financial assets	450,000	-
Exploration and evaluation assets	41,264,834	43,733,957
Other assets	108,200	241,797
	<hr/>	<hr/>
Total non-current assets	41,870,447	44,036,344
	<hr/>	<hr/>
Total assets	43,069,380	45,084,589
	=====	=====
LIABILITIES		
Current liabilities		
Trade and other payables	321,305	433,959
	<hr/>	<hr/>
Total current liabilities	321,305	433,959
	<hr/>	<hr/>
Non-current liabilities		
Other financial liabilities	1,500,000	3,000,000
Borrowings	1,572,395	1,272,501
Derivative liability	168,758	1,168,745
	<hr/>	<hr/>
Total non-current liabilities	3,241,153	5,441,246
	<hr/>	<hr/>
Total liabilities	3,562,458	5,875,205
	=====	=====
Net assets	39,506,922	39,209,384
	=====	=====
EQUITY		
Issued capital	60,792,142	59,627,384
Reserves	3,515,012	3,360,119
Accumulated losses	(24,800,232)	(23,778,119)
	<hr/>	<hr/>
Total equity	39,506,922	39,209,384
	=====	=====

Consolidated statement of cash flows

	6 months ended 31-Dec-2012	Year ended 30-Jun-2012
	\$	\$
Cash flows from operating activities		
Receipts in the course of operations (inclusive of goods and services tax)105,041	592,390	
Payments to suppliers and employees (inclusive of goods and services tax)(616,083)	(2,129,122)	
Interest received	13,590	110,146
	<hr/>	<hr/>
Net cash outflow from operating activities	(497,452)	(1,426,586)
	<hr/>	<hr/>
Cash flows from investing activities		
Payments for exploration and evaluation assets	(889,433)	(6,545,184)
Proceeds on sale of plant and equipment	3,750	-
Payments for plant and equipment	-	(61,596)
Payment for security deposit	-	(64,000)
Refund of security deposit	5,300	-
Proceeds on sale of subsidiary	250,000	-
	<hr/>	<hr/>
Net cash outflow from investing activities	(630,383)	(6,670,780)
	<hr/>	<hr/>
Cash flows from financing activities		
Proceeds from share issue	1,245,524	6,900,000
Payment of share issue costs and costs of issuing convertible bonds(80,766)	(510,848)	
Proceeds from financial liabilities	-	1,900,000
	<hr/>	<hr/>
Net cash inflow from financing activities	1,164,758	8,289,152
	<hr/>	<hr/>
Net increase / (decrease) in cash and cash equivalents	36,923	191,786
Cash and cash equivalents at the beginning of the half-year	996,414	804,628
	<hr/>	<hr/>
Cash and cash equivalents at the end of the half-year	1,033,337	996,414
	=====	=====

3.7 Material changes in Coalbank's financial position

Other than payments from Loyal Strategic of \$1,500,000 from under the Pre-Bid Agreement (see sections 3.2 and 8.1), there have been no material changes to Coalbank's financial position since 31 December 2012.

3.8 Recent Share price performance

Coalbank Shares are quoted on the ASX under the code CBQ. The graph below shows the price at which Coalbank Shares have traded since 17 September 2012.



Source: *Datanalysis*

The closing price of Coalbank Shares on ASX on 24 April 2013, being the last trading day before the announcement of the scheme of arrangement with Loyal Strategic, was \$0.011.

The closing price of Coalbank Shares on ASX on 23 July 2014, being the last trading day before the announcement of the restructure of the scheme of arrangement, was \$0.006.

The closing price of Coalbank Shares on ASX on 19 September 2013, being the last trading day before the date of this Target's Statement, was \$0.008.

Since the announcement of the Treasure Wheel Offer to the ASX on 27 August 2013, Coalbank Shares have traded on ASX within the range of \$0.007 to \$0.009.

3.9 Publicly available information

Coalbank is a company listed on the ASX and is subject to periodic and continuous disclosure requirements of the ASX Listing Rules and the Corporations Act. A substantial amount of information on Coalbank is publicly available and may be accessed by referring to Coalbank on www.asx.com.au.

A list of announcements made by Coalbank to the ASX between 1 July 2012 and the date of this Target's Statement is set out in the Schedule. This information may be relevant to your assessment of the Treasure Wheel Offer. Copies of the announcements are available from the ASX.

Further announcements regarding developments in relation to the Treasure Wheel Offer will continue to be made available on Coalbank's website at www.coalbank.com after the date of this Target's Statement.

3.10 Further information

Further information about Coalbank can be found on Coalbank's website at www.coalbank.com.

3.11 Issued capital

Shares

As at 19 September 2013, Coalbank had 845,708,015 fully paid ordinary shares on issue and quoted on ASX.

Options

As at 19 September 2013, Coalbank had 40,000,000 unquoted conditional Options on issue each with an exercise price of 25 cents and an expiry date of 2 June 2014. These Options are held by Allegro Capital Nominees Pty Ltd <Allegro Capital A/C>, an entity associated with Coalbank Director Gregory Baynton.

In accordance with the Defeating Condition, Coalbank will procure the cancellation (or transfer to Treasure Wheel) of all the Options on issue during the Offer Period. The Options will be cancelled (or transferred) for nil consideration.

Performance Rights

As at 19 September 2013, Coalbank had a total of 8,250,000 unquoted Performance Rights of which 1,000,000 Performance Rights had vested and the remaining 7,250,000 still subject to vesting conditions.

These Performance Rights are held by certain current and former Directors and executives of Coalbank. According to the terms under which the Performance Rights were issued, all Performance Rights will vest if a person (together with his or her associates) acquires more than 50% of Coalbank's Shares and declares the Offer unconditional and Coalbank notifies the holder of the Performance Rights that their Performance Rights may be exercised. Once the Performance Rights have vested, holders may exercise their Performance Rights in accordance with the terms of issue. On exercise, holders will receive one Coalbank Share for each Performance Right exercised.

The Treasure Wheel Offer extends to all Coalbank Shares on issue on or before the end of the Offer Period (see Schedule 1 of the Bidder's Statement).

Convertible Bonds

As at 19 September 2013, Coalbank had 380 unquoted Convertible Bonds on issue which mature on 25 July 2014. Under the terms of the Pre-Bid Agreement, Treasure Wheel has agreed to provide the Loan to Coalbank for the purpose of making payments to bondholders on the redemption of their Convertible Bonds (see section 2.11). The Convertible Bonds are held by the Sculptor Finance Entities, each being investment funds management by OZ Management LP, an operating company of Och-Ziff Capital Management Group LLC. The terms of the Convertible Bonds are detailed in Coalbank announcement made to ASX on 25 July 2011.

3.12 Substantial holders

Substantial holder notices lodged with the ASX before the date of this Target's Statement indicated that the following individuals or entities (together with any of their associates) have relevant interests in 5% or more of Coalbank's Shares:

Name	Coalbank Shares*	Relevant interest (%)
Greg Baynton	416,534,979	49.25
Och-Ziff Entities	96,416,882	11.04

*Based on the most recent substantial shareholder notices lodged with ASX.

4 Profile of Treasure Wheel

4.1 Disclaimer

The following information about Treasure Wheel has been prepared by Coalbank using publicly available information, including information in the Bidder's Statement, and has not been independently verified. Accordingly, Coalbank does not, subject to the Corporations Act, make any representation or warranty, express or implied as to the accuracy or completeness of this information.

The information on Treasure Wheel in this Target's Statement should not be considered comprehensive.

4.2 Overview of Treasure Wheel and its principal activities

Treasure Wheel is a company newly incorporated in the British Virgin Islands and is a wholly owned subsidiary of Loyal Strategic. Treasure Wheel was nominated by Loyal Strategic to carry out the transactions contemplated under the Pre-Bid Agreement including making a proportional takeover offer for Coalbank Shares (see section 8.1).

Loyal Strategic is a company based in Hong Kong. Loyal Strategic's association with the Australian coal industry began in 2009 when it purchased its first coal shipment. Since then, it has imported more than 1,000,000 tonnes of Australian coal to China.

The sole director of Treasure Wheel is Mr Chan Wai Lun, Anthony. He is also the chairman of its parent company, Loyal Strategic.

Mr Chan is also chairman and an executive director of Ruifeng Petroleum Chemical Holdings Limited and managing director of STDM China Holding Limited and STDM Management (China) Limited. He is also the chairman of Alright International Investment Limited, New Energy (China) Holdings Limited, Byte (HK) Investments Limited, Guangdong Sun Fai Tour Development Company Limited and China Finance Resources Management Company Limited. He is also the deputy chairman of 123 China Education Development Limited. During the period between 1991 and 2009, Mr Chan served as executive director of Shun Tak Holdings Limited (stock code: 242), a company listed on the Stock Exchange of Hong Kong Limited, and responsible for its property development and investment activities.

In the area of public services, Mr Chan was elected as a member of the 800-member Election Committee of the Hong Kong Special Administrative Region Government responsible for electing the Chief Executive of Hong Kong on 10 December 2006. He is also serving as a member of the Political Consultative Conference of the Guangdong Province of the People's Republic of China.

Mr Chan is a fellow member of The Property Consultant Society U.K. and President of The Hong Kong Real Estate Association, a board member of Shanghai Chinese Overseas Friendship Association and a Vice President of Guangzhou Association of Enterprises with Foreign Investment, PRC.

Additionally, Mr Chan holds the positions of President of the Hong Kong Canoe Union, Chairman of the Hong Kong Life Saving Society, Honorary President of the University Sports Federations of Hong Kong and Vice President of the Happy Valley Athletic Association. In 2008, he was awarded the Medal of Honour by the Hong Kong Special Administrative Region Government in recognition of his contributions.

The directors of Loyal Strategic are:

- (a) Mr Chan Wai Lun, Anthony;
- (b) Mr Tang Yui; and
- (c) Mr Chan Kin Wah, Daniel.

As at the date of this Target's Statement, none of the directors of Treasure Wheel or Loyal Strategic hold an interest in Coalbank securities.

5 Your choices as a Coalbank Shareholder

Your Directors unanimously recommend that you accept the Treasure Wheel Offer in the absence of a Superior Proposal.

As a Coalbank Shareholder, you can respond to the Treasure Wheel Offer in three ways.

5.1 Accept the Offer

To accept the Treasure Wheel Offer, follow the instructions in section 3 of the Bidder's Statement and on the acceptance form accompanying the Bidder's Statement.

Section 2 of Treasure Wheel's Bidder's Statement states that to accept the Treasure Wheel Offer you should:

- (a) **read** Treasure Wheel's Bidder's Statement in full;
- (b) **consider** the information given on Treasure Wheel and Coalbank in the Bidder's Statement, including the risk factors set out in section 7 of the Bidder's Statement; and
- (c) **consult** your broker, financial or other professional adviser if you are in any doubt as to what action to take or how to accept the Treasure Wheel Offer.

If you have any queries about the Treasure Wheel Offer you may also call the Coalbank Shareholder information line set up by Treasure Wheel on 1300 361 735 (from inside Australia) (toll-free) or +61 1300 361 735 (from outside Australia).

The Treasure Wheel Offer may only be accepted for 75% of your Coalbank Shares.

How you accept the Treasure Wheel Offer depends on whether your Coalbank Shares are in an issuer sponsored holding or a CHESS holding.

- (a) **If you hold your Coalbank Shares in an Issuer Sponsored Holding**, you will need to complete, sign and return the acceptance form accompanying the Bidder's Statement in accordance with the instructions on that form. Deliver it or send it by post together with all other documents required by those instructions to the address indicated on the form so that they are received by Treasure Wheel's share registry before the end of the Offer Period. A reply paid envelope (for use within Australia only) was enclosed with the Bidder's Statement.
- (b) **If you hold your Coalbank Shares in a CHESS Holding**, before the end of the Offer Period either:
 - (i) instruct your Controlling Participant (for example, your broker) to initiate acceptance of the Treasure Wheel Offer on your behalf under rule 14.14 ASX Settlement Rules;
 - (ii) complete, sign and send the acceptance form accompanying the Bidder's Statement directly to your Broker or Controlling Participant; or
 - (iii) complete and sign the acceptance form accompanying the Bidder's Statement in accordance with the instructions on that acceptance form and deliver it or send it by post to the address indicated on the acceptance form, which authorises

Treasure Wheel to instruct your Controlling Participant to initiate acceptance of the Treasure Wheel Offer on your behalf.

- (c) **If you are a Broker or a Non-Broker Participant**, initiate acceptance of the Treasure Wheel Offer in accordance with the requirements of the ASX Settlement Rules before the end of the Offer Period.

Treasure Wheel has stated that the Offer remains open until 7.00pm (Sydney time), 31 October 2013. Treasure Wheel may choose to extend the Offer Period.

Your Directors unanimously recommend that you accept the Treasure Wheel Offer in the absence of a Superior Proposal.

5.2 Sell your Coalbank Shares on market

During the Offer Period, you can still sell your Coalbank Shares on market for cash, provided you have not already accepted the Treasure Wheel Offer for those Coalbank Shares. The price you will receive will depend on the prevailing market price of the Coalbank Shares at the time of sale. You should be aware that the market price of the Coalbank Shares may rise or fall during the Offer Period.

The latest price for Coalbank Shares may be obtained from the ASX website www.asx.com.au.

If you sell your Coalbank Shares on market, you:

- (a) will lose the ability to accept the Treasure Wheel Offer and any higher offer for your Shares (which may or may not eventuate);
- (b) will lose the opportunity to receive future returns from Coalbank;
- (c) may be liable for capital gains tax on the sale (refer to section 6 for further details); and
- (d) may incur a brokerage charge.

5.3 Reject the Offer and do not sell your Shares on market

The Directors unanimously recommend that you accept the Treasure Wheel Offer in the absence of a Superior Proposal. However, if you wish to reject the Treasure Wheel Offer and do not wish to sell your Shares on market you should do nothing.

6 Tax consequences

6.1 Introduction

The following is a general summary of the potential Australian income tax consequences generally applicable to a Shareholder who disposes of Coalbank Shares under the Treasure Wheel Offer. This summary is based on the law and practice in effect on the date of this Target's Statement.

The following summary is not intended to be an authoritative or complete statement of the tax law applicable to the specific circumstances of every Shareholder.

In particular the summary is only applicable to Shareholders that are Australian residents for income tax purposes and hold their Coalbank Shares on capital account for income tax purposes. This summary does not apply to Shareholders that hold their Coalbank Shares in the course of a business of trading or dealing in securities.

All Shareholders are advised to seek independent professional advice about their particular circumstances and non-resident Shareholders should seek their own advice on the Australian and foreign taxation consequences associated with any sale of Coalbank Shares.

6.2 CGT consequences on the disposal of Coalbank Shares

A Shareholder that accepts the Treasure Wheel Offer and whose Shares are subsequently transferred to Treasure Wheel, is taken to have disposed of their Coalbank Shares for Australian capital gains tax (**CGT**) purposes. Shareholders make a capital gain equal to the amount by which the Treasure Wheel Offer consideration exceeds the cost base that the Shareholder has for the Coalbank Shares. Subject to the availability of the CGT discount (see below) and any losses available to be offset against the capital gain, this amount is included in the Shareholder's taxable income.

A Shareholder will alternatively make a capital loss equal to the amount by which the reduced cost base of the Coalbank Shares exceeds the consideration. A capital loss may be used to offset a capital gain made in the same income year or be carried forward to offset a capital gain made in a future income year, subject to the satisfaction of certain loss recoupment tests applicable to companies and trusts.

6.3 Cost base of Coalbank Shares generally

The cost base of Coalbank Shares would generally be equal to the amount the relevant Shareholder paid to acquire the Coalbank Shares which includes certain incidental costs (such as brokerage) associated with the acquisition.

6.4 Coalbank Shares acquired before 21 September 1999

Any Shareholder who acquired their Coalbank Shares before 11.45am (legal time in the Australian Capital Territory) on 21 September 1999 and held them for at least 12 months before the transfer to Treasure Wheel under the Treasure Wheel Offer may index the cost base of their Coalbank Shares to take account of inflation between the calendar quarter in which the Coalbank Shares were acquired and the calendar quarter ended 30 September 1999.

If a Shareholder who is an individual, the trustee of a trust or a complying superannuation entity chooses to index the cost base of their Coalbank Shares, then the CGT discount will not be

available to them (see below). Note that the cost base of Coalbank Shares cannot be indexed in working out the amount of any capital loss.

6.5 CGT discount

Any Shareholder who is an individual, the trustee of a trust or a complying superannuation entity may be entitled to claim the CGT discount in calculating any capital gain provided that:

- (a) the Coalbank Shares were acquired at least 12 months before disposal to Treasure Wheel;
- (b) the Shareholder did not choose to index the cost base of their Coalbank Shares (see above); and
- (c) the CGT discount is applied to the capital gain after any available capital losses are first offset against that capital gain.

A Shareholder who is an individual or the trustee of a trust may discount the capital gain by 50% and include 50% of the capital gain in the taxable income of that individual or trust.

A Shareholder that is a complying superannuation entity may discount the capital gain by 33 $\frac{1}{3}$ % and include 66 $\frac{2}{3}$ % of the capital gain in the taxable income of that complying superannuation entity.

The CGT discount is not available to a Shareholder that is a company.

6.6 Stamp duty and GST

Shareholders who dispose of their Coalbank Shares under the Offer are not expected to incur any Australian stamp duty or be subject to GST on that disposal.

6.7 Obtain your own taxation advice

Do not rely on the comments or the statements contained in this Target's Statement or the Bidder's Statement as advice about your own affairs. The taxation laws are complex and there could be implications in addition to those generally described in this Target's Statement and the Bidder's Statement.

Accordingly, consult your own tax advisers for advice applicable to your individual needs and circumstances. To the extent permitted by law, Coalbank does not accept any responsibility for tax implications for individual Shareholders.

7 Directors' interests

7.1 Directors' interests in Coalbank Shares

As at the date of this Target's Statement, the Directors of Coalbank have direct and indirect interests (as relevant) in the following securities in Coalbank:

Director	Coalbank Shares	Options*	Performance Rights
Roger Clarke	1,500,000	-	-
Grahame Baker	1,205,264		1,000,000
Greg Baynton	413,462,097	40,000,000	1,000,000
Lance Grimstone	9,704,407		2,000,000
Bill Stubbs	3,116,667	-	1,000,000
Staffan Ever	25,027,400	-	-
Total	454,015,835	4,000,000	5,000,000

*Options are to be cancelled or transferred to Treasure Wheel under the terms of the Pre-Bid Agreement.

Each Director has accepted the Treasure Wheel Offer for the Shares they hold or control thereby giving Treasure Wheel acceptances of approximately 40%.

7.2 Directors' recent dealings in Coalbank Shares

Except as disclosed below, no Director has acquired or disposed of a relevant interest in any Coalbank Shares in the four month period immediately preceding the date of this Target's Statement.

7.3 Directors' interests in Treasure Wheel securities

At the date of this Target's Statement, no Director has a relevant interest in any securities of Treasure Wheel.

7.4 Directors' recent dealings in Treasure Wheel securities

No Director has, in the four month period immediately preceding the date of this Target's Statement, acquired or disposed of a relevant interest in any securities in Treasure Wheel.

7.5 Benefits and agreements

Other than as set out in this section, as a result of the Treasure Wheel Offer no person has been or will be given any benefit (other than a benefit which can be given without member approval under the Corporations Act) in connection with the retirement of that person, or someone else, from the board of directors of Coalbank or a related body corporate of Coalbank.

There are no agreements made between a Director and another person in connection with, or conditional upon, the outcome of the Treasure Wheel Offer, other than in the Director's capacity as a holder of Coalbank Shares.

No Director has an interest in any contract entered into by Treasure Wheel.

8 Additional information

8.1 Pre-Bid Agreement

As announced on 27 August 2013, Loyal Strategic, Coalbank and others entered into an agreement for the proposed takeover bid by Loyal Strategic of 75% of all the Coalbank Shares for 1 cent cash per Coalbank Share (**Variation Deed**). This Variation Deed amended the Scheme Implementation Agreement to restructure the whole-of-company transaction from a scheme of arrangement to a proportional takeover bid. Since this date, the parties have entered into a deed to novate the rights and obligations of Loyal Strategic under the Variation Deed to Treasure Wheel (**Novation Deed**). Together, the Variation Deed and the Novation Deed are referred to in the Target's Statement as the **Pre-Bid Agreement**.

Under the Pre-Bid Agreement, Loyal Strategic and Coalbank agree to cooperate with each other in relation to the Treasure Wheel Offer. Key terms of the Pre-Bid Agreement include the following:

- (a) Coalbank Directors recommending that Coalbank Shareholders accept the Treasure Wheel Offer;
- (b) the Defeating Conditions of the Offer (see section 2.7);
- (c) the sale by Coalbank of certain non-core assets in the Coalbank Group to Treasure Wheel;
- (d) the provision of the Loan by Treasure Wheel to Coalbank for the purpose of paying bondholders for the redemption of the Convertible Bonds (see section 2.11);
- (e) Coalbank appointing Treasure Wheel nominated directors and attending to any relevant retirements as notified by Treasure Wheel on the Offer becoming unconditional;
- (f) termination of the Pre-Bid Agreement; and
- (g) standard exclusivity arrangements in respect of the Treasure Wheel Offer.

A summary of the terms of the Pre-Bid Agreement is also set out in the announcement made by Coalbank on ASX on 27 August 2013 and is available at www.asx.com.au.

Sale of non-core assets of the Coalbank Group

Under the Pre-Bid Agreement, Treasure Wheel has agreed to acquire Coalbank Qld Pty Ltd's interest in Biloela South and Coalbank South, Coalbank's interest in Chinchilla East (**Sale Tenements**) and all of Coalbank's shares held in Harvest Metals Pty Ltd for \$2,000,000 (of which \$1,500,000 has already been received by Coalbank as detailed in section 3.2). Completion of the Sale Interest is scheduled to occur in October and will require Treasure Wheel to pay Coalbank the remaining consideration of \$500,000. In the event that the Sale Tenements are not registered in the name of Treasure Wheel within 24 months from the date of the Variation Deed, Treasure Wheel must assign its interest in the Sale Tenements back to Coalbank and Coalbank must repay \$1,500,000 to Treasure Wheel. The sale of Coalbank's non-core assets to Treasure Wheel will occur in October 2013 regardless of whether the Treasure Wheel Offer is successful.

Exclusivity

The Pre-Bid Agreement contains certain clauses which provide that Coalbank must not, and must ensure that no member of the Coalbank Group during the three month period from the date of the Variation Deed:

- (a) **(no talk)** participate in any negotiations or discussions in respect of any Competing Proposal other than in the case of a Superior Proposal;
- (b) **(no shop)** solicit or encourage any enquiries, negotiations or discussions with a view to obtaining any approach, expression of interest, offer or proposal from any person in relation to a Competing Proposal; or
- (c) **(matching right)** recommend a Competing Proposal or enter into an agreement to pursue a Competing Proposal unless Coalbank notifies Treasure Wheel of the Competing Proposal and gives Treasure Wheel five Business Days to provide a matching or superior deal to the Competing Proposal.

Termination

The Pre-Bid Agreement may be terminated by either Coalbank or Treasure Wheel if:

- (a) a Superior Proposal is made by a third party and is recommended by the majority of the Coalbank Board, which is not matched by Treasure Wheel;
- (b) the other party is in material breach of the Pre-Bid Agreement;
- (c) Treasure Wheel withdraws its Offer;
- (d) a court or any Government Agency takes action to prohibit the Treasure Wheel Offer; or
- (e) an Insolvency Event occurs in relation to Treasure Wheel or Coalbank.

8.2 Consents

McCullough Robertson has given and has not before the date of this Target's Statement withdrawn its consent to be named in this Target's Statement as Coalbank's legal adviser in the form and context in which it is named.

Link Market Services Limited has given and has not before the date of this Target's Statement withdrawn its consent to be named in this Target's Statement as Coalbank's share registry in the form and context in which it is named.

Neither McCullough Robertson nor Link Market Services Limited has:

- (a) authorised or caused the issue of this Target's Statement; or
- (b) made, or purported to make, any statement in this Target's Statement nor is any statement in this Target's Statement based on any statement by any of those parties, other than as specified in this section.

McCullough Robertson and Link Market Services Limited, to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Target's Statement other than a reference to its name, and a statement included in this Target's Statement with the consent of that party as specified in this section.

8.3 Publicly available information

This Target's Statement contains statements which are made in, or based on statements made in, documents lodged with ASIC or given to the ASX by Treasure Wheel.

As permitted by ASIC class order 13/521, the consent of Treasure Wheel is not required for the inclusion of those statements in this Target's Statement. Any Coalbank Shareholder may obtain a copy of those documents free of charge during the Offer Period by contacting Coalbank's company secretary on (07) 3229 6606.

As permitted by ASIC class order 13/523, this Target's Statement may include or be accompanied by certain statements:

- (a) fairly representing a statement by an official person; or
 - (b) from a public official document or published book, journal or comparable publication,
- and the consent of the persons to whom those statements are attributed is not required to be included in this Target's Statement.

8.4 No material litigation

The Directors are not aware of any current material litigation involving Coalbank.

8.5 No other material information

This Target's Statement is required to include all of the information that Coalbank Shareholders and their professional advisers would reasonably require to make an informed assessment about whether to accept the Treasure Wheel Offer, but:

- (a) only to the extent to which it is reasonable for Coalbank Shareholders and their professional advisers to expect to find this information in this Target's Statement; and
- (b) only if the information is known to any Director.

The Directors of Coalbank are of the opinion that the information that Coalbank Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer is:

- (a) the Bidder's Statement (to the extent that the information is not inconsistent with or superseded by information in this Target's Statement);
- (b) Coalbank's annual reports and releases to the ASX, and documents lodged by Coalbank with ASIC before the date of this Target's Statement; and
- (c) this Target's Statement.

9 Approval of Target's Statement

This Target's Statement has been approved by a resolution passed by the Directors on 19 September 2013.

Dated 20 September 2013

A handwritten signature in dark ink, appearing to read 'R Clarke', is written over a light grey rectangular background.

Roger Clarke
Chairman

10 Definitions and interpretation

10.1 Definitions

In this Target's Statement:

Term	Definition
Advance Date	has the meaning given to that term in section 2.11.
ASIC	means the Australian Securities and Investments Commission.
ASX Settlement	means ASX Settlement Pty Limited ACN 008 504 532, the body which administers the CHESSE system in Australia.
ASX Settlement Rules	means the settlement rules of ASX Settlement.
ASX	means ASX Limited ACN 008 624 691 or the securities exchange operated by it (as the case requires).
Bidder's Statement	means the bidder's statement dated 12 September 2013 served on Coalbank about the off-market offer under section 633 Corporations Act and which contains the Treasure Wheel Offer.
Biloela South	means EPC 2241.
Broker	means a person who is a share broker and a participant in CHESSE.
CGT	means capital gains tax.
CHESSE	means the Clearing House Electronic Subregister System, which provides for electronic share transfer in Australia.
CHESSE Holding	means a holding of Coalbank Shares on the CHESSE subregister of Coalbank.
Chinchilla East	means EPC 2056.
Coalbank	means COALBANK Limited ACN 075 877 075.
Coalbank Group	means Coalbank and its Subsidiaries.
Coalbank South	means EPC 2240 and EPCA 2359.
Competing Proposal	means a transaction which, if completed, would mean a person other than Treasure Wheel or an associate of Treasure Wheel would: <ul style="list-style-type: none">(a) acquire a relevant interest in 20% or more of Coalbank Shares;(b) acquire control of Coalbank, within the meaning of section 50AA Corporations Act; or(c) acquire all or a substantial part of Coalbank's business, assets or undertaking.
Constitution	means the constitution of Coalbank.
Controlling Participant	means the Broker or Non-Broker Participant who is designated as the controlling participant for shares in a CHESSE Holding under the ASX Settlement Rules.
Convertible Bonds	means the bonds issued by Coalbank under the deed poll dated

Term	Definition
	21 July 2011 and referenced 'Coalbank limited Convertible Bonds – Bond Deed Poll'.
Corporations Act	means <i>Corporations Act 2001</i> (Cth).
Defeating Conditions	means the conditions precedent to the Treasure Wheel Offer set out in Schedule 2 of the Bidder's Statement.
Directors	means the directors of Coalbank.
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).
EPCA	means an application for an exploration permit for coal or an exploration permit for minerals, in each case to be issued under the <i>Mineral Resources Act 1989</i> (Qld).
Government Agency	has the meaning given to that term in section 12 of the Bidder's Statement.
Issuer Sponsored Holding	means a holding of Coalbank Shares on Coalbank's issuer sponsored subregister.
Initial Loan Term	has the meaning given to that term in the section titled 'Why you should accept the Treasure Wheel Offer'.
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 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 given to that term in the section titled 'Why you should accept the Treasure Wheel Offer'.
Loyal Strategic	means Loyal Strategic Investment Ltd, a company registered in the British Virgin Islands, company number 518055.
Material Adverse Change	has the meaning given to that term in section 12 of the Bidder's Statement.
Non-Broker Participant	means a non-broker participant under the ASX Settlement Rules.
Notice of Status of Conditions	means Treasure Wheel's notice disclosing the status of the Defeating Conditions of the Offer which is required to be given by section 630(3) Corporations Act.

Term	Definition
Och-Ziff Entities	means Och-Ziff Holdings Corporation and Och-Ziff Capital Management Group LLC, OZ Management LP, OZ Management LP, OZ Management II LP, Oz Asia Master Fund Ltd, Gordal Capital Ltd, OZ Master Fund Ltd, OZ ELS Master Fund Ltd, OZ Global Special Investments Master Fund LP, OZ Eureka Fund LP and Goldman Sachs Profit Sharing Master Trust.
Offer Period	means the period during which the Offer will remain open for acceptance under Schedule 1 of the Bidder's Statement.
Offer Price	means the consideration payable by Treasure Wheel under its Offer, being 1 cent cash per Coalbank Share.
Options	means options over unissued Coalbank Shares.
Performance Rights	means rights to acquire Coalbank Shares, the exercise of which is subject to performance conditions.
Pre-Bid Agreement	has the meaning given to that term in section 8.1.
Prescribed Occurrences	has the meaning given to that term in section 12 of the Bidder's Statement.
Regulatory Action	has the meaning given to that term in section 12 of the Bidder's Statement.
Repayment Notice	has the meaning given to that term in section 2.11.
Scheme Implementation Agreement	has the meaning given to that term in section 3.2.
Sculptor Finance Entities	means Sculptor Finance (MD) Ireland Ltd, Sculptor Finance (AS) Ireland Ltd and Sculptor Finance (SI) Ireland Ltd.
Shareholder or Coalbank Shareholder	means a holder of one or more Shares.
Shares or Coalbank Shares	means the fully paid ordinary shares in Coalbank.
Subsidiaries	has the meaning given to that term by section 9 Corporations Act.
Superior Proposal	means a publicly announced Competing Proposal that, taking into account all aspects of the Competing Proposal, including the likelihood of success of the Competing Proposal, is reasonably capable of being completed and more favourable to the Coalbank Shareholders than the Treasure Wheel Offer.
Target's Statement	means this document, being Coalbank's target's statement.
Treasure Wheel	means Treasure Wheel Global Limited, a company registered in the British Virgin Islands, company number 1773613.
Treasure Wheel Offer or Offer	means the offer by Treasure Wheel to acquire Coalbank Shares, set out in Schedule 1 of the Bidder's Statement.
Variation Deed	has the meaning given to the term in section 8.1.

10.2 Interpretation

In this Target's Statement, unless the context otherwise requires:

- (a) headings are for convenience and do not affect the interpretation;
- (b) words or phrases defined in the Corporations Act have the same meaning in this Target's Statement;
- (c) a reference to a section is a reference to a section of this Target's Statement;
- (d) a singular word includes the plural and vice versa;
- (e) if a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (f) a reference to a person includes a corporation, trust, partnership, unincorporated body, government and local authority or agency, or other entity whether or not it comprises a separate legal entity;
- (g) a reference to legislation or to a provision of legislation (including subordinate legislation) is to that legislation as amended, re-enacted or replaced, and includes any subordinate legislation issued under it; and
- (h) a reference to '\$' or 'dollar' is to Australian currency.

Schedule

Coalbank announcements to the ASX since 1 July 2012

Date	Announcement
04/07/2012	Unlisted Options Expire
04/07/2012	Change of Director's Interest Notice - Mr Ever
20/07/2012	Presentation to Noosa Mining and Exploration Conference
26/07/2012	BRR Media Webcast
30/07/2012	Corporate Update
30/07/2012	Quarterly Reports to 30 June 2012
31/07/2012	Trading Halt
02/08/2012	COALBANK completes Placement
07/08/2012	Appendix 3B - Placement
07/08/2012	Section 708A Notice - Placement Shares
08/08/2012	Share Purchase Plan Booklet
24/08/2012	SPP Extension & Approval of Galilee Infrastructure
18/09/2012	Annual Report to shareholders
20/09/2012	Share Purchase Plan Closes
20/09/2012	Appendix 3B
24/09/2012	Blackall Project Update
25/09/2012	Change of Director's Interest Notice - G Baker
22/10/2012	Notice of Annual General Meeting
24/10/2012	Appendix 5B Quarterly Cash Flow Report
24/10/2012	Quarterly Activities Report 30 September 2012
23/11/2012	ATN: FARM-IN MT MORGAN PROJECT, QLD
23/11/2012	Farm-out of Mount Morgan Project
26/11/2012	Chairman's Address to Annual General Meeting
26/11/2012	Presentation to Annual General Meeting
26/11/2012	Results of Resolutions of Annual General Meeting
18/12/2012	Update on Farm-Out of Mount Morgan Project
18/12/2012	ATN: Not Proceeding with Mt Morgan Farm-in
21/12/2012	Sale of Surat Gas
11/01/2013	Quarterly Cashflow Report
11/01/2013	Quarterly Activities Report
15/03/2013	Half Yearly Report and Accounts

Date	Announcement
24/04/2013	Trading Halt
26/04/2013	Whole of Company Transaction
30/04/2013	Quarterly Activities Report to 31 March 2013
30/04/2013	Quarterly Cash Flow Report to 31 March 2013
06/05/2013	Deposit Confirmed for Whole-Of-Company Transaction
11/06/2013	Unlisted Options have expired
11/06/2013	Appendix 3Y - R Clarke - Change of Director's Interest
17/06/2013	Amended Appendix 3Y - Change in Directors Interest Notice
18/06/2013	Update on Whole-Of-Company Transaction
10/07/2013	Change of Principal Place of Business and Registered Office
24/07/2013	Update on Whole-Of-Company Transaction
26/07/2013	Further deposit received from Loyal Strategic
30/07/2013	Quarterly Activities Report
30/07/2013	Quarterly Cashflow Report
08/08/2013	Unlisted Options Expire
26/08/2013	Trading Halt
27/08/2013	Proportional Takeover Offer
12/09/2013	Bidder's Statement
12/09/2013	Bidder's Statement Lodged
13/09/2013	ASX Circular: Proportional Takeover Bid by Treasure Wheel
16/09/2013	Notice of Extraordinary General Meeting
17/09/2013	Notice of initial substantial holder

Corporate Directory

COALBANK Limited

ACN 075 877 075

Address:
Level 6, 344 Queen Street
Brisbane, Qld, 4000

Telephone: (07) 3229 6606
Facsimile: (07) 3221 6625

www.coalbank.com

Directors

Roger Clarke
Greg Baynton
Bill Stubbs
Lance Grimstone
Grahame Baker
Staffan Ever

Executive management

Bruce Patrick (Chief Executive Officer)
Leni Stanley (Company Secretary)

Lawyers

McCullough Robertson

Level 11, Central Plaza Two
66 Eagle Street
BRISBANE QLD 4000

Telephone: 3233 8888
Facsimile: 3229 9949

www.mccullough.com.au

Share Registry

Link Market Services Limited

Rhodes Corporate Park
1A Homebush Bay Drive
RHODES NSW 2138

Telephone: 1300 554 474
Facsimile: (07) 3228 4999

www.linkmarketservices.com.au