

Date: 30 October 2013

To: Australian Securities Exchange
Companies Announcement Office
Electronic Lodgment System

Dear Sir

ACTIVITIES REPORT FOR QUARTER ENDED 30 SEPTEMBER 2013

CORPORATE ACTIVITIES:

Proportional Takeover

As previously announced on 27th August 2013 by COALBANK LIMITED (ASX: CBQ, COALBANK or the Company) and Loyal Strategic Investment Ltd (Loyal Strategic), Loyal Strategic via its 100%-owned subsidiary, Treasure Wheel Global Limited (Treasure Wheel), has made a proportional takeover offer for 75% of each COALBANK shareholder's shares in COALBANK at 1 cent per share (Offer).

Giving notice to COALBANK Limited and the Australian Stock Exchange Limited, Treasure Wheel declared the Offer free from defeating conditions on 24th October 2013.

As previously announced, following feedback from shareholders, the parties restructured the whole-of-company transaction announced on 26 April 2013 from a scheme of arrangement to a proportional takeover in order to retain the Company's ASX listing. This will enable the Company to pursue existing projects and other growth and income-generation opportunities.

Treasure Wheel Global Limited (**Bidder**) lodged its Bidder's Statement with ASIC on 12th September 2013 regarding its proportional takeover offer for 75% of each COALBANK shareholder's ordinary shares in COALBANK at 1 cent per share (**Offer**).

COALBANK responded by lodging its Target Statement on 20th September 2013 and the Bidder lodged its First Supplementary Bidder's Statement on 30th September 2013.

The COALBANK Board supported the Offer and unanimously recommended the Offer to shareholders, in the absence of a superior proposal.

The COALBANK Directors have accepted the Offer in respect of all COALBANK shares which they held or controlled.

On 16th October 2013 shareholders in COALBANK voted in favour of the proportional takeover by Treasure Wheel for the purposes of rule 16.4 of the Company's constitution and for all other purposes.

At the time of release of the Quarterly Activities Report, the Bidder had secured acceptances exceeding 60% of the shares of the Company.

As previously announced, the parties have also entered into a further deed of variation concerning the terms for the repayment and/or conversion of the loan provided by the Bidder to redeem the convertible bonds currently on issue (**Loan**). To facilitate the repayment of

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the Loan at the end of the term of the Loan, the Bidder may elect to convert all or part of the Loan (and any accrued interest) into equity at \$0.015 per COALBANK share, which conversion will be subject to shareholder approval.

To assist COALBANK with planning for repayment or conversion of the Loan, the Bidder must also provide at least 30 days notice prior to the end of the term of the Loan if all or part of the Loan (and any accrued interest) is to be converted to COALBANK ordinary shares or repaid in cash. The terms of the Loan have been previously announced to ASX in the Target's Statement on 20th September 2013.

Under the revised arrangements, subject to Ministerial approval (where required), Loyal Strategic will separately acquire COALBANK's Biloela South, Coalbank South, Chinchilla East EPCs, and Harvest Metals Pty Ltd for \$2,000,000 (of which \$1,500,000 has already been received) (Sale Interest), which is not subject to the Offer becoming unconditional. The completion date was extended by agreement (announced 16th October 2013) and will occur by 15th November 2013. Completion will require Treasure Wheel to pay COALBANK the remaining consideration of A\$500,000 plus interest on that amount at the rate of 15% per annum. The Sale Interest encompasses a group of COALBANK's non-core EPCs (Biloela South, Coalbank South, and Chinchilla East) and its shareholding in Harvest Metals Pty Ltd.

Timing of Offer Close and Settlement

The updated expected timetable for the close of the Offer and settlement is as follows:

Key Event	Date
Last Date of Offer	31 October 2013
Last Date for payment by the Bidder for shares accepted	23 November 2013.

ACTIVITIES RELATED TO ENERGY PROJECTS:

Coal Projects - Tenement Portfolio Update

Coalbank has completed the purchase of a small 5 sub-block permit (EPC1249) adjacent to its EPC1524 in the Moreton Basin. Documentation to formalise the transfer is being lodged with the Department of Natural Resources and Mines.

COALBANK will hold a portfolio of 30 granted EPCs on completion of the sale to Treasure Wheel of COALBANK's EPC's in its Biloela South, Coalbank South and Chinchilla East projects.

Coal Projects – General

Field activities in the quarter included rehabilitation and maintenance work on earlier drill sites.

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

COALBANK 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.

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

Annual General Meeting

As previously announced, the Annual General Meeting of the Company will be held at 9.00am 29th November 2013. A Notice of Meeting and Explanatory Memorandum has been released to ASX and despatched to Shareholders.

Yours faithfully,

Roger Clarke
Chairman

Further information:

Bruce Patrick Chief Executive Officer 07-3229-6606	Greg Baynton Deputy Chairman 07-3229-6606
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