COALBANK

ABN 20 075 877 075

ANNUAL REPORT
FOR YEAR ENDED 30 JUNE 2014

COALBANK

CORPORATE DIRECTORY

Directors	Anthony Chan (Chairman) Nick Bolkus (Deputy Chairman) George Lam Daniel Chan Ronald Marks
Executives	Andrew Fogg (Chief Executive Officer) Bruce Patrick (Chief Operating Officer)
Company Secretary	Leni Stanley
Principal registered office in Australia	Level 6, 344 Queen Street Brisbane QLD 4000 (07) 3229 6606
Share register	Link Market Services Limited Level 19, 324 Queen Street Brisbane QLD 4000 (02) 8280 7454
Auditor	BDO Audit Pty Ltd Level 10, 12 Creek Street Brisbane QLD 4000 (07) 3237 5999
Bankers	Westpac Banking Corporation 388 Queen Eagle Street Brisbane QLD 4000
Stock exchange listing	COALBANK Limited shares are listed on the Australian Securities Exchange – using the stock code 'CBQ'.
Website address	www.coalbank.com

COMPETENT PERSON'S STATEMENT

The information in this Annual Report that relates to the Resources Statement for COALBANK'S Blackall Coal Project has been based on information compiled by Mr. Rowan Johnson who is a member of the Australasian Institute of Mining and Metallurgy and is a senior geologist employed by McElroy Bryan Geological Services Pty Ltd (MBGS).

Mr. Johnson has more than 30 years' experience as a geologist in the resources industry and more than 15 years in the estimation of coal resources for coal projects and coal mines in Australia and overseas. This expertise has been acquired principally through exploration and evaluation assignments at operating coal mines and for exploration areas in Australia's major coal basins and in other coal basins overseas. This experience is more than adequate to qualify him as a Competent Person for the purpose of Resource Reporting as defined in the 2004 edition of the JORC Code. Mr. Johnson consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

Operational Review

The Chairman's Report

On behalf of the COALBANK Board I am pleased to introduce the Company's 2014 Annual Report.

During the first half of the year in review, the Board and Executive team focused on finalising the proportional takeover by Treasure Wheel Global Limited (Treasure Wheel) resulting in a smooth handover to the new Board on 22nd November 2013. Treasure Wheel is a 100%-owned subsidiary of Loyal Strategic Investment Limited (Loyal Strategic) of Hong Kong.

The proportional takeover was the outcome of corporate dealings beginning on 26 April 2013, when the Board was pleased to announce a corporate transaction with Loyal Strategic. In this regard, the Company executed a Scheme Implementation Deed with Loyal Strategic for a whole-of-company transaction.

On 27 July 2013, following feedback from COALBANK shareholders and further discussions with Loyal Strategic, COALBANK advised that it was in the process of restructuring the change-of-control transaction with Loyal Strategic.

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.

Treasure Wheel submitted its Bidder's Statement on 12th September 2013 and COALBANK's Target's Statement was lodged on 20 September 2013.

The proportional bid was approved by COALBANK's shareholders on 16 October 2013. At the close of the offer period on 31 October 2013, acceptances totaled 62.29% of the shares in the Company and Treasure Wheel became the company's largest shareholder.

The Company also finalised the sale of its non-core EPCs - Biloela South, Coalbank South, Chinchilla East EPCs, and Harvest Metals Pty Ltd for $2,000,000. All proceeds of the sale have been received.

Over recent years, junior coal exploration companies, including COALBANK have been affected by the continual decline in worldwide thermal coal prices. This has impacted on share prices and has affected the ability to raise funds for projects and corporate overheads.

The board is encouraged to see continued progress with regard to approvals for planned mine and infrastructure developments in the Galilee Basin. These developments will provide opportunity for the Company to progress its 1.3 Bt thermal coal Inferred Coal Resource at the Blackall Coal Project by expanding rail infrastructure in the region. The Company continues to review its other current tenement holdings.

During the year, the company commenced exploration in its Esk Basin tenement, EPC 2239. This tenement is close to existing infrastructure. Further drilling is planned in the coming year.

With the global downturn of coal prices, the Company announced at last year's Annual General Meeting that to enhance its operating position it would introduce commodity trading to help improve cashflow to the business without diluting equity, whilst maintaining a focus on reviewing existing tenements and seeking new projects and opportunities.

The company has begun establishing links buyers in Asia. In the current market gradual progress is being made in establishing relationships with suppliers.

On behalf of the Board, I welcome new shareholders to the Company who joined during the year, and again thank existing shareholders for your continued support.

I also take this opportunity to thank the previous Board of Directors for their past contribution to the company and welcome the current Board of Directors and personnel whose goal it is to move the company forward in these challenging times.

Anthony Chan
Chairman

CEO'S REPORT AND OPERATIONAL REVIEW

In the current economic and investment climate (particularly in relation to the coal industry) operational expenditure was contained to preserve capital.

The corporate focus during the first half of the year in review was on completion of the proportional takeover of Coalbank.

In the second half of the year exploration commenced with a scout drilling programme at EPC 2239.

EPC2239 (Coal Creek) Exploration

The Company commenced its scout drilling programme in mid-February 2014 with drilling completed at 5 sites (Figure 1).

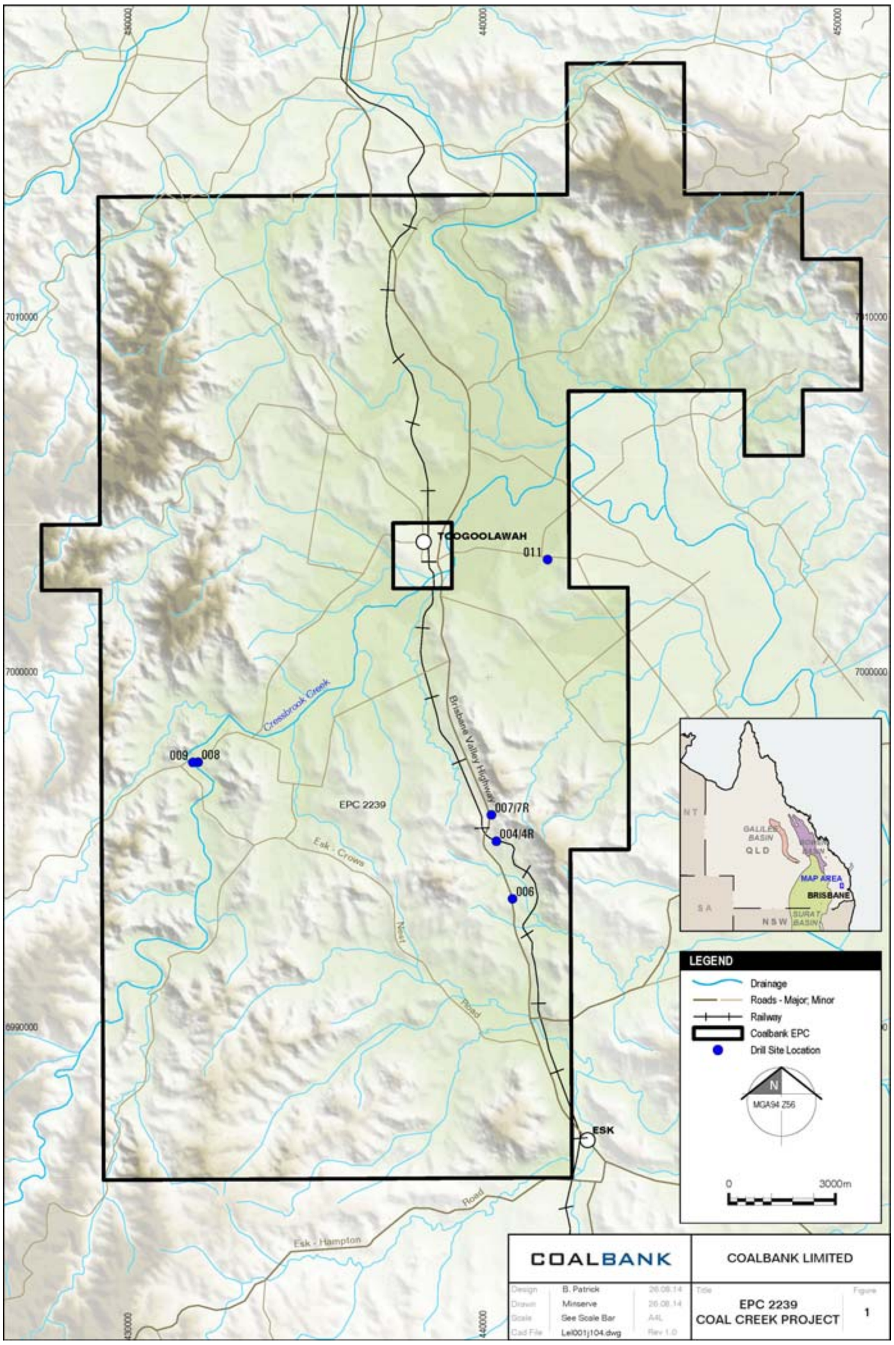

Figure 1: Location Map EPC 2239 Drill Sites

Figure 2: Drill Rig on Site EPC 2239.

Some coal seams were identified at several of these sites and two chip samples of coal sent for analysis to establish the rank of the coal. Results of that analysis indicated that the Mean Maximum Reflectance (%) of vitrinite (a measure of coal rank) were 0.73 and 0.90 for these samples. Further work including cored samples from the permit will be required to support these initial coal rank results.

The Company is undertaking planning for further exploration in EPC 2239 in the 2014-2015 year.

The Blackall Project

COALBANK'S Blackall Coal Project is located approximately 130 kilometres south west of Waratah Coal's China First Project and GVK-Hancock's Alpha Project, and 112 kilometres from Jericho on the Blackall – Jericho rail corridor.

The Blackall Coal Project contains an extensive, shallow coal resource suitable for a low cost, low stripping ratio open cut mining operation. The Inverness Deposit is situated within a broad synclinal structure trending north-northwest throughout the 25-kilometre length of the deposit. The coal seams are relatively flat-lying and the upper seams sub-crop locally, controlled by the gentle structure.

The project contains an Inferred Coal Resource of 1.3 Billion Tonnes of thermal coal reported in compliance with the JORC Code 2004 (Table 1 below). No material change has occurred requiring an update on the resource statement since Coalbank Limited's announcement to the ASX in June 2012 ("Maiden Resource Statement Confirms 1.3 billion Tonnes JORC Resource at Blackall Coal Project"). At report date the Blackall Coal Project resource is the only coal resource reported by the company.

COALBANK reviews its mineral resource statements each 6 months. It currently utilizes external persons deemed competent under the JORC Code to generate its coal reserve statements.

TABLE 1: BLACKALL COAL RESOURCE – INVERNESS DEPOSIT

Total Inferred Coal Resource	1.3 Bt
< 50 metres depth	825 Mt
50 - 100 metres depth	425 Mt

Source: Competent Person Report, Blackall Coal Project, Inverness Deposit, McElroy Bryan Geological Services, June 2012

No new field exploration was completed during the 2013-2014 year.

The Company's Blackall Project is relatively close to several major coal mine and infrastructure development projects planned for the Galilee Basin (Figure 3).

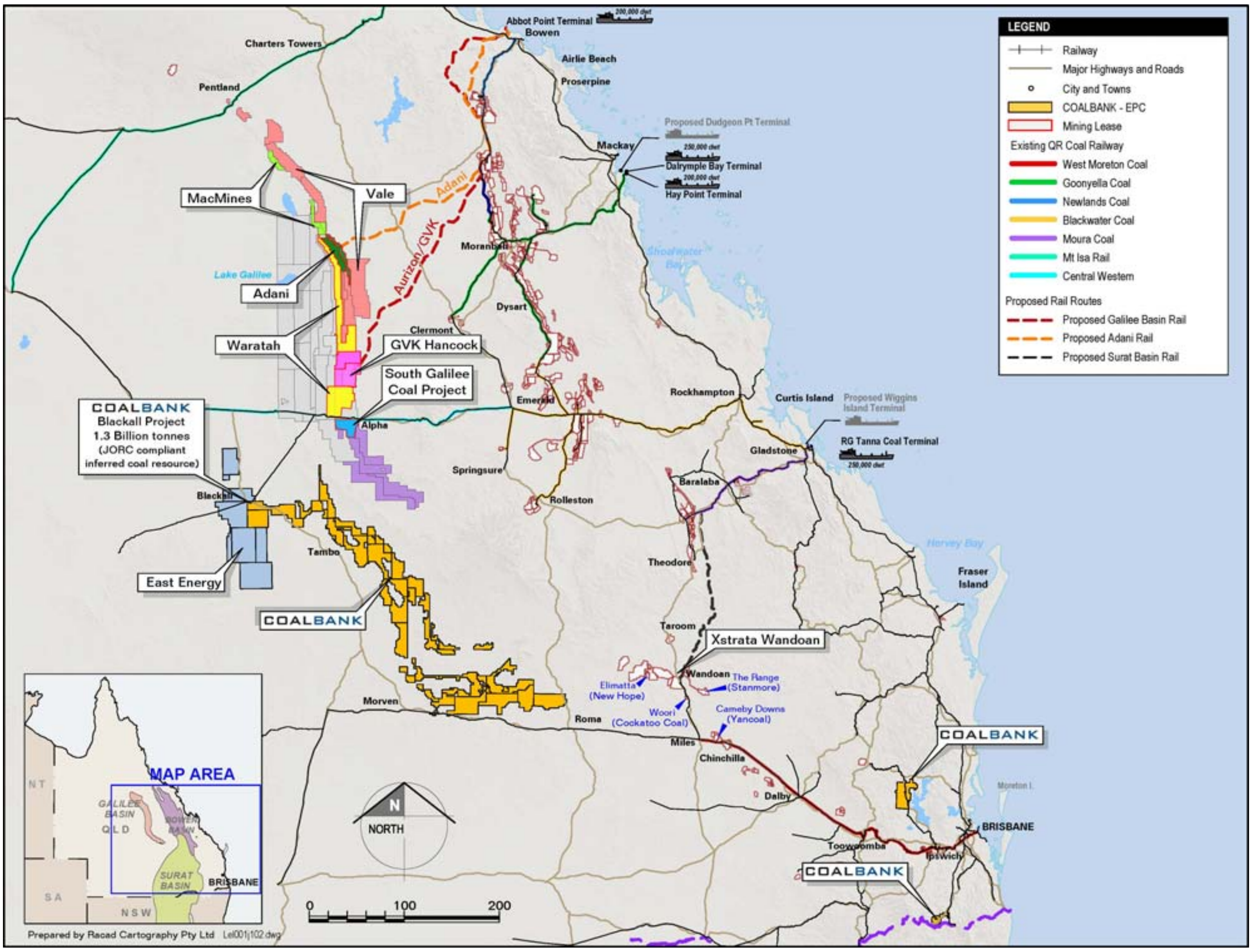

Figure 3: Project Location & Emerging Coal & Infrastructure Projects in Qld

Coalbank's Blackall Project coal resource is prominently located in the eastern Eromanga Basin coal province.

Potential uses for coal from COALBANK's Blackall Project include export thermal coal, blending, domestic power generation, and coal-to-liquids applications.

Blackall Project Infrastructure

Options for rail and port infrastructure for Coalbank's Blackall Project include the potential to link in to new rail infrastructure to Abbot Point when planned developments in the Galilee Basis proceed. This would require a spur line from the GVK-Hancock Alpha Coal Project to Blackall using the existing Blackall-Jericho rail corridor.

An alternative option for the Blackall Coal Project is to connect via the Central West line to the Blackwater rail network to the Wiggins Island Coal Export Terminal in Gladstone.

Major Galilee Basin mine development proponents are continuing to progress their proposals and have received further key approvals from State and Federal governments.

Tenement Update

In November 2013 COALBANK completed the sale of non-core EPCs (Biloela South, Coalbank South, and Chinchilla East) and its 100% shareholding in Harvest Metals Pty Ltd to Treasure Wheel Global Limited.

Figure 4 shows Coalbank's current coal exploration permit portfolio. At the end of June 2014 the company held 31 EPCs (Table 2) covering approximately 11,312 square kilometres.

COALBANK received the grant in November 2013 of EPC2376 in the West Moreton coalfield.

Holding costs for tenements have reduced through compliance with statutory relinquishment conditions for its permit portfolio where required during the year.

Rationalization of the Company's coal portfolio in the Moreton area is progressing with EPC1313 now relinquished and relinquishment of EPC 1302 in progress.

Further steps will be considered towards rationalizing the Company's exploration portfolio taking into account holding costs and the development status of the infrastructure for Galilee Basin mining projects.

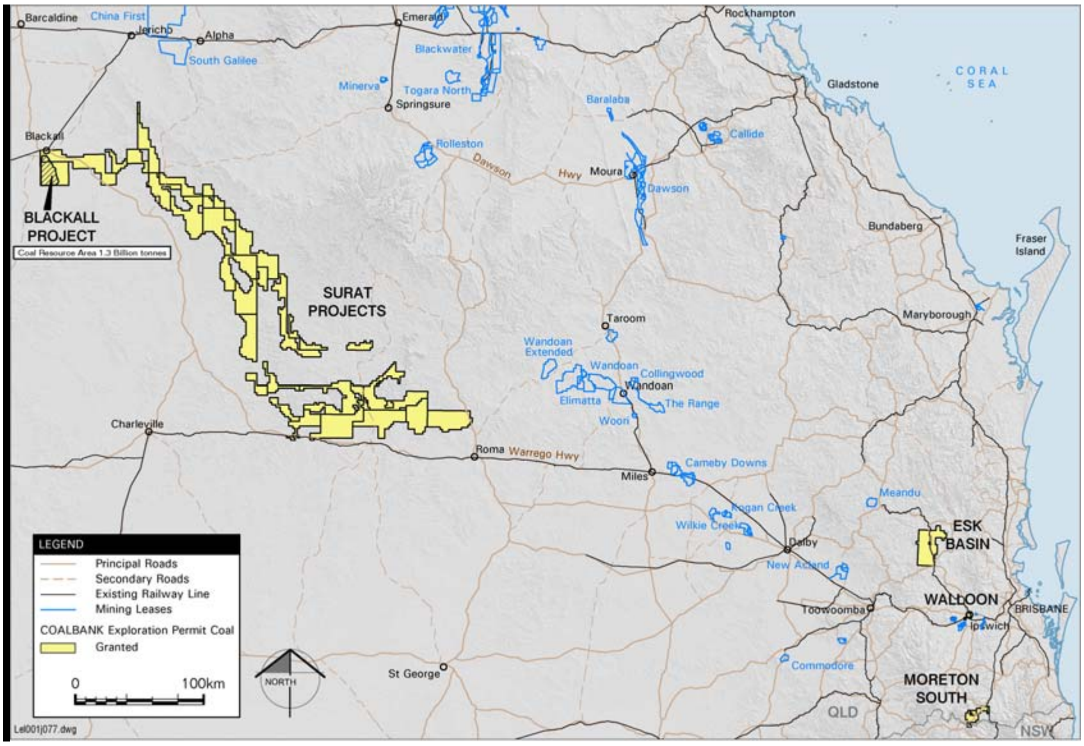

Figure 4: COALBANK Coal Exploration Portfolio in Queensland.

TABLE 2: COALBANK LIMITED: TENEMENT SCHEDULE				
TENEMENT	PROJECT NAME	OWNERSHIP %	DATE GRANTED	EXPIRY DATE
EPC 1249	BARNEY VIEW	100	8/10/2009	7/10/2015
EPC 1414	MARANOA RIVER	100	10/05/2010	9/05/2015
EPC 1415	WARREGO	100	21/05/2010	20/05/2015
EPC 1417	TAMBO EAST1	100	24/05/2010	23/05/2015
EPC 1418	TAMBO EAST 2	100	21/05/2010	20/05/2015
EPC 1481	AUGATHELLA EAST 1	100	28/04/2010	27/04/2015
EPC 1482	AUGATHELLA EAST 2	100	5/08/2009	4/08/2016
EPC 1484	AUGATHELLA NORTH EAST	100	6/07/2009	5/07/2016
EPC 1524	MORETON SOUTH	100	30/06/2009	29/06/2015
EPC 1621	TAMBO SOUTH EAST GAP	100	7/07/2009	6/07/2019
EPC 1622	ALPHA SOUTH WEST 1	100	25/05/2010	24/05/2015
EPC 1623	BYMOUNT WEST	100	27/04/2009	26/04/2016
EPC 1624	MORVEN NORTH EAST	100	29/10/2010	28/10/2015
EPC 1625	ALPHA SOUTH WEST 2	100	29/04/2010	29804/2015
EPC 1632	TAMBO	100	29/10/2010	28/10/2015
EPC 1633	AUGATHELLA SOUTH EAST 1	100	29/10/2010	28/10/2015
EPC 1644	AUGATHELLA SOUTH EAST 2	100	25/11/2009	24/11/2014
EPC 1697	ALPHA RAIL	100	22/10/2010	21/10/2015
EPC 1719	BARCOO RIVER-BLACKALL RAIL	100	28/07/2010	27/07/2015
EPC 1776	UPPER SURAT EAST 1	100	29/10/2010	28/10/2015
EPC 1777	UPPER SURAT EAST 2	100	29/10/2010	28/10/2015
EPC 1784	WAROONGA	100	20/07/2010	19/07/2015
EPC 1786	DUBYDILLA	100	17/03/2010	16/03/2015
EPC 1788	MUCKADILLA NORTH	100	19/02/2010	18/02/2015
EPC 1789	MUCKADILLA NORTH EAST	100	23/12/2009	22/12/2014
EPC 1794	MORVEN NORTH	100	2/11/2010	1/11/2015
EPC 1795	ROMA NORTH WEST	100	23/12/2009	22/12/2014
EPC 1800	MARANOA RIVER	100	20/07/2010	19/07/2015
EPC 1993	BLACKALL SOUTH CORNER	100	17/03/2010	16/03/2019
EPC 2239	COAL CREEK	100	1/05/2013	30/04/2015
EPC 2376	WALLOON WEST	100	28/11/2013	27/11/2018

Operations Outlook

Coalbank plans to continue its exploration programme in the Esk Basin (EPC 2239) in the coming year with a further scout drilling programme.

Assessment of market conditions will determine the level of field activity in the Blackall Project, the Surat Basin and other EPCs during the year. Containment of holding costs will be a consideration.

The company will review opportunities that may arise for investment in assets at or near production stage both in Australia and overseas.

SUMMARY

In the 2013-2014 year Coalbank undertook limited exploration whilst a significant corporate transaction occurred. The sale of non-core EPCs and its metals exploration tenements through the sale of Harvest Metals Pty Ltd assisted to provide a level of funding towards the company's activities.

Market conditions continue to impinge on the level of activities undertaken. It is expected those conditions will continue in the short-term. The Company is continuing to review its current tenement holdings with a view to improving the utilisation of its capital, whilst also reviewing other projects and opportunities. Developing the commodity trading activity will continue.

Exploration in the Esk Basin area commenced with a further programme planned to occur in the coming year.

Andrew Fogg
Chief Executive Officer

DIRECTORS' REPORT

Your directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of COALBANK Limited ("the company") and the entities it controlled at the end of, or during, the year ended 30 June 2014. Throughout this report the consolidated entity is referred to as the group.

Directors
Following the completion of the proportional takeover by Treasure Wheel Global Limited in which Treasure Wheel Global Limited attained a 62.3% interest in the company, there were a number of changes to the board of directors as detailed below.

R B Clarke, G A J Baynton, G L Baker, S Ever, L R Grimstone and W R Stubbs were directors from the beginning of the financial year until their resignation on 22 November 2013.

A Chan and D Chan were appointed as non-executive directors on 22 November 2013 and continue in office at the date of this report.

N Bolkus and G Lam were appointed as independent non-executive directors on 22 November 2013 and continue in office at the date of this report.

R Marks was appointed an independent non-executive director on 25 November 2013 and continues in office at the date of this report.

Principal Activities
During the year the principal continuing activity of the Group consisted of resource exploration. The Group explores for coal.

Review of Operations
The operating loss after income tax of the Group for the year was $609,917 (2013: loss $23,742,177). The loss includes non-cash expense items (including share based payments, exploration assets written off, depreciation, finance costs and impairment of assets) of $541,902 (2013: $21,518,364).

Information on the operations of COALBANK Limited and its business strategies and prospects is set out in the CEO's Report and Review of Operations on pages 3 to 7 of this annual report.

Dividend
The directors do not recommend the payment of a dividend. No dividend was paid during the year.

Significant Changes in the State of Affairs

Significant changes in the state of affairs of the group during the financial year were as follows.

Contributed equity increased by $260,870 (from $60,792,142 to $61,053,012) being the value of the conversion rights on the convertible note issued. Details of the changes in contributed equity are disclosed in note 19 to the financial statements.

On 27th August 2013 Treasure Wheel Global Limited (Treasure Wheel) made a proportional takeover offer for 75% of each COALBANK shareholder's shares at 1 cent per share. On 16th October 2013 shareholders in COALBANK voted in favour of the proportional takeover. The company completed the proportional takeover in which Treasure Wheel attained an interest of 62.3% in Coalbank on 12 November 2013.

The parties also entered into a further deed of variation concerning the terms for the repayment and/or conversion of the loan provided by Treasure Wheel to redeem the convertible bonds that were on issue (Loan). To facilitate the repayment of the Loan at the end of the loan term, Treasure Wheel 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. Treasure Wheel must provide at least 30 days' notice prior to end of the term of the loan should it wish to convert to Coalbank ordinary shares or be repaid in cash.

The partial asset sale announced on 27th August 2013 has been completed. Treasure Wheel acquired COALBANK's Biloela South, Coalbank South, and Chinchilla East EPCs, and Harvest Metals Pty Ltd for $2,000,000 independently of the proportional takeover of Coalbank Limited.

On 25 October 2013 the company cancelled by agreement 40 million unlisted options exercisable at 25 cents each. This cancellation satisfied the conditions of the Treasure Wheel Offer outlined in the Target Statement lodged with ASX on 20 September 2013.

The Company also issued 8,250,000 fully paid ordinary shares upon exercise of Performance Rights as a consequence of the change of control in the company.

Matters Subsequent to the End of the Financial Year

Since 30 June 2014 Coalbank Limited has raised $1,921,405.50 from placement of 128,093,700 fully paid ordinary shares.

Since 30 June 2014 Coalbank Limited has been advanced loan funds of $100,000 from Treasure Wheel Global Limited. The loan is unsecured and for an initial period of 12 month. The loan accrues interest at a rate of 7% pa with the interest being payable at the expiry of the loan.

No other matter or circumstance has arisen since 30 June 2014 that has significantly affected the group's operations, results or state of affairs, or may do so in future years.

Likely Developments and Expected Results from Operations
Comments on expected results of certain operations of the group are included in this annual report under the CEO's report and review of operations on pages 3 to 7.

Environmental Regulation
The Group is subject to significant environmental regulation in respect of its exploration activities in Australia and is committed to undertaking all its operations in an environmentally responsible manner.

To the best of the directors' knowledge, the Group has adequate systems in place to ensure compliance with the requirements of all environmental legislation and are not aware of any breach of those requirements during the financial year and up to the date of the directors' report.

Information on Directors

A Chan MH, JP. *Non-executive director*	
Experience and expertise	Mr Chan has extensive experience in managing both listed and unlisted entities, engaged in the resource industry commercial and residential development and early childhood education. Mr Chan is also actively involved in community services and organisations.
Other current directorships	Chairman and Director of Loyal Strategic Investment Limited and its wholly-owned subsidiary, Treasure Wheel Global Limited, Ruifeng Petroleum Chemical Holding Ltd and Black Sea Horizon Investment Holdings Ltd.
Former directorships in last 3 years	Nil
Special responsibilities	Chairman
Interests in shares and options	Indirect interest in 531,906,361 Ordinary Shares

The Honourable N Bolkus Llb. *Independent Non-executive director*	
Experience and expertise	Mr Bolkus has a long and distinguished career in the Australian Parliament as a Senator for 24 years and having served as the Minister for Consumer Affairs, Minister for Administrative Services, Minister for Immigration, Minister Assisting The Treasurer (FIRB) and Minister for Multicultural Cultural Affairs. Since leaving politics Mr Bolkus is a partner in a Corporate Consultancy having consulted to a number of companies both within Australia and overseas.
Other current directorships	Nil
Former directorships in last 3 years	Nil
Special responsibilities	Deputy Chairman
Interests in shares and options	Nil

G Lam BSc, MSc, MBA, DPA, MPA, LLB (Hons), LLM, PCLL, PhD, FHKIoD, FHKIArb *Independent non-executive director*	
Experience and expertise	Mr Lam has over 30 years of international experience in general management, management consulting, corporate governance, direct investment, investment banking and fund management across the telecommunications/media/technology, consumer/healthcare, infrastructure/real estate and financial services sectors.
Other current directorships	Nil
Former directorships in last 3 years	Nil
Special responsibilities	Chairman of the Audit and Risk Management Committee and Chairman of the Remuneration Committee
Interests in shares and options	Nil

D Chan CFA, MRICS. *Non-executive director*	
Experience and expertise	Mr Chan has extensive experience in the financial and investment arena and holds a Master's Degree in Finance from the Imperial College London and Chartered Financial Analyst (CFA) and is a member of the Royal Institute of Chartered Surveyors (MRICS). Mr Chan has over 10 years experience in China real estate investment.
Other current directorships	Director of Loyal Strategic Investment Limited
Former directorships in last 3 years	Nil
Special responsibilities	Member of the Audit and Risk Management Committee and Member of the Remuneration Committee
Interests in shares and options	Indirect interest in 531,906,361 Ordinary Shares

R Marks. *Independent non-executive director*	
Experience and expertise	Mr Marks is the founder and Managing Director of Dynamic Products Corporation with head office in Sydney, Australia together with affiliated companies located in New Zealand, South Africa and China. He has had extensive experience over four decades with the establishment and 'hands on' control of productions facilities in Australia, Thailand and China. He had led the development of export sales for the company's products to 63 countries throughout the world and is well respected in the specific fields of international marketing. Mr Marks and his company are proud winners of the coveted 'Export Award' presented by the Federal Government in recognition of outstanding Export Sales achievement.
Other current directorships	Nil
Former directorships in last 3 years	Nil
Special responsibilities	Nil
Interests in shares and options	Nil

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.

Meetings of Directors
The numbers of meetings of the company's board of directors and of each board committee held during the year ended 30 June 2014, and the numbers of meetings attended by each director were:

	Full Meetings of Directors		**Meetings of Audit Committee**	
	A	**B**	**A**	**B**
A Chan	3	3	1	1
N Bolkus	2	3	1	1
G Lam	2	3	1	1
D Chan	3	3	1	1
R Marks	1	2	1	1
G L Baker	6	6	1	1
G A J Baynton	6	6	1	1
R Clarke	6	6	1	1
L R Grimstone	4	6	1	1
W R Stubbs	4	6	1	1
S Ever	3	6	1	1

A = Number of meetings attended
B = Number of meetings held during the time the director held office or was a member of the committee during the year.

There were no meetings of the Remuneration Committee during the year.

Remuneration Report (AUDITED)
The directors are pleased to present Coalbank Limited's 2014 remuneration report which sets out remuneration information for COALBANK Limited's non-executive directors, executive directors, and other key management personnel.

The report contains the following sections:

(a) Key management personnel disclosed in this report
(b) Remuneration governance
(c) Use of remuneration consultants
(d) Executive remuneration policy and framework
(e) Relationship between remuneration and COALBANK Limited's performance
(f) Non-executive director remuneration policy
(g) Voting and comments made at the company's 2013 Annual General Meeting
(h) Details of remuneration
(i) Service agreements
(j) Details of share-based compensation and bonuses
(k) Equity instruments held by key management personnel
(l) Loans to key management personnel
(m) Other transactions with key management personnel

(a) Key management personnel disclosed in this report

Non-executive and executive directors (see pages 9 to 10 for details about each director)	
Name	**Position**
R B Clarke (until 22 November 2013)	Independent non-executive Chairman
G A J Baynton (until 22 November 2013)	Executive Deputy Chairman
G L Baker (until 22 November 2013)	Independent non-executive director
S Ever (until 22 November 2013)	Non-executive director
L R Grimstone (until 22 November 2013)	Independent non-executive director
W R Stubbs (until 22 November 2013)	Independent non-executive director
A Chan (from 22 November 2013)	Non-executive Chairman
N Bolkus (from 22 November 2013)	Independent non-executive director
G Lam (from 22 November 2013)	Independent non-executive director
D Chan (from 22 November 2013)	Non-executive director
R Marks (from 23 November 2013)	Independent non-executive director

Other key management personnel

Name	**Position**
Andrew Fogg	Chief Executive Officer (Appointed 2 December 2013)
Bruce Patrick	Chief Executive Officer until 1 December 2013 then appointed Chief Operating Officer.

There have been no changes in key management personnel since the end of the financial year.

(b) Remuneration governance

The board is responsible for:
- the over-arching executive remuneration framework
- operation of the incentive plans which apply to the executive team, including key performance indicators and performance hurdles
- remuneration levels of executive directors and other key management personnel, and
- non-executive directors' fees.

The objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Group.

(c) Use of remuneration consultants

The Group has not engaged the services of any remuneration consultants during the current or prior financial years.

(d) Executive remuneration policy and framework

The combination of base pay and superannuation make up the executives' fixed remuneration. Base pay for the executives is reviewed annually to ensure the executive's pay is competitive with the market. Executive pay is linked to the performance of the company through the issue of performance rights and share options. The board ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness
- acceptability to shareholders
- transparency
- capital management.

Long-term incentives
Refer to section (j) of the Remuneration Report below for details regarding the Group's long-term incentives.

Remuneration Report (continued)

(e) Relationship between remuneration and COALBANK Limited's performance

During the year, the Company has generated losses from its principal activity of exploration for coal. As the Company is still in the exploration and development stage, the link between remuneration, company performance and shareholder wealth is tenuous. Share prices are subject to the influence of coal prices and market sentiment towards the sector, and as such increases or decreases may occur quite independent of Executive performance or remuneration.

During the current and previous financial years the group has generated losses from its exploration and evaluation activities. Given the nature of the group's activities and the consequential operating results, no dividends have been paid. There have been no returns of capital in the current or previous financial periods. The details of market price movements are as follows:

	Share price
Year end 30 June 2014	\$0.002
Year end 30 June 2013	\$0.010
Year end 30 June 2012	\$0.050
Year end 30 June 2011	\$0.040
Year end 30 June 2010	\$0.090

(f) Non-executive director remuneration policy

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. Non-executive directors do not receive performance based pay.

Share options are issued to non-executive directors at the discretion of the board and following shareholder approval.

The current base fees were last reviewed with effect from 22 November 2013.

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at $400,000 in aggregate and was approved by shareholders at the annual general meeting on 9 November 2009.

The following fees have applied:

Base fees	$
Chair	30,000
Other non-executive directors	20,000

(g) Voting and comments made at the company's 2013 Annual General Meeting

COALBANK Limited received more than 95% of "yes" votes on its remuneration report for the 2013 financial year. The company did not receive any feedback at the AGM or throughout the year on its remuneration practices.

Remuneration Report (continued)

(h) Details of remuneration

Amounts of remuneration

Details of the remuneration of the directors and the key management personnel (as defined in AASB 124 *Related Party Disclosures)* of COALBANK Limited are set out in the following tables.

Key management personnel of COALBANK Limited

2014	**Short-term benefits**	**Post-employment benefits**	**Share-based payments**			
Name	**Cash salary and fees $**	**Superannuation $**	**Options $**	**Total $**	**A %**	**B %**
Non-executive directors						
A Chan, Chairman (from 22/11/13)	18,082	-	-	18,082	100%	-
D Chan (from 22/11/13)	12,055	-	-	12,055	100%	-
S Ever (to 22/11/13)	(5,000)	(338)	-	(5,338)	100%	-
Independent non-executive directors						
N Bolkus (from 22/11/13)	12,055	1,145	-	13,200	100%	-
G Lam (from 22/11/13)	12,055	-	-	12,055	100%	-
R Marks (from 23/11/13)	12,000	-	-	12,000	100%	-
W R Stubbs (to 22/11/13)	(5,000)	(338)	-	(5,338)	100%	-
R Clarke, Chairman (to 22/11/13)	(7,500)	(506)	-	(8,006)	100%	-
L R Grimstone (to 22/11/13)	(5,000)	(338)	-	(5,338)	100%	-
G L Baker (to 22/11/13)	(5,338)	-	-	(5,338)	100%	-
Sub-total non-executive directors	38,409	(375)	-	38,034	100%	-
Executive director						
G A J Baynton (to 22/11/13)	48,750	-	-	48,750	100%	-
Other key management personnel						
A Fogg – Chief Executive Officer (from 2/12/13)	110,831	-	-	110,831	100%	-
B Patrick– Chief Operating Officer^	198,231	-	-	198,231	100%	-
Total key management personnel compensation	396,221	(375)	-	395,846	100%	-

A Proportion of remuneration that is fixed remuneration

B Percentage of remuneration that is share-based payment

^ B Patrick was Chief Executive Officer from the beginning of the financial year until 2 December 2013 at which time he became Chief Operating Officer.

Amounts shown above as remuneration for non-executive directors A Chan, D Chan and Independent non-executive directors N Bolkus, G Lam and R Marks have not been paid during the financial year and are included in trade and other payables at 30 June 2014.

Fees for non-executive directors R Clarke, W R Stubbs, L R Grimstone, G L Baker and S Ever had not been paid for the period 1 April 2012 through to 30 September 2013. Amounts owing had been carried forward in trade and other payables. During the year these amounts were settled in full by paying out 75% of the balance to the outgoing directors, resulting in the negative earnings for the year ended 30 June 2014 shown above.

Remuneration Report (continued)

Key management personnel of COALBANK Limited

2013	Short-term benefits	Post-employment benefits	Share-based payment				
Name	**Cash salary and fees $**	**Superannuation $**	**Options $**	**Performance rights $**	**Total $**	**A %**	**B %**
Non-executive directors							
R Clarke, Chairman	60,000	5,400	-	-	65,400	100%	-
W R Stubbs	40,000	3,600	-	12,739	56,339	77%	23%
L R Grimstone	40,000	3,600	-	25,478	69,078	63%	37%
G L Baker	40,000	3,600	-	12,739	56,339	77%	23%
S Ever	40,000	3,600	-	-	43,600	100%	-
Sub-total non-executive directors	220,000	19,800	-	50,956	290,756		
Executive director							
G A J Baynton	180,000	-	-	12,739	192,739	93%	7%
Other key management personnel							
B Patrick– Chief Executive Officer	251,896	-	69,923	8,829	330,648	76%	24%
Total key management personnel compensation	651,896	19,800	69,923	72,524	814,143		

A Proportion of remuneration that is fixed remuneration
B Percentage of remuneration that is share-based payment

Amounts shown above as remuneration for non-executive directors were not paid during the financial year and were included in trade and other payables at 30 June 2013. Of the remuneration disclosed above for Mr G Baynton $36,000 had not been paid during the financial year and was included in trade and other payables at 30 June 2013.

(i) Service agreements

The Company has a service agreement with NABJA Consulting Services Pty Ltd for the services of Mr Andrew Fogg, Chief Executive Officer. The service agreement is for a period of 5 years and commenced on 1 December 2013. The base fees are $15,833 per month. The contract includes a change of control clause which is triggered if Treasure Wheel Global Limited ceases to hold 25% or more of Coalbank Limited. Under the change of control clause a compensation amount equal to one year remuneration is payable.

The Company has a service agreement with Geomine Project Management Pty Ltd for the services of Mr Bruce Patrick, Chief Operational Officer. The service agreement is ongoing and commenced on 1 December 2013. The base fees are $13,333 per month. There are no termination benefits under the agreement.

(j) Details of share based compensation and bonuses

Long-term incentives are provided to directors and key management personnel via the issue of performance rights and options.

The COALBANK Limited Employee Share Option Plan is designed to provide long-term incentives for directors and executives to deliver long-term shareholder returns. Under the plan, participants are granted options and/or performance rights which only vest if certain performance standards are met and the employees are still employed by the group at the end of the vesting period. Participation in the plan is at the board's discretion.

Remuneration Report (continued)

Options
There were no options over ordinary shares in the company provided as remuneration during the financial year.

Shares provided on exercise of remuneration options
There were no ordinary shares in the company issued on the exercise of remuneration options during the financial year.

Performance rights
There were no performance rights over ordinary shares in the company provided as remuneration during the financial year.

Shares provided on exercise of performance rights
There were 5,250,000 ordinary shares in the company issued to key management personnel during the financial year from the exercise of performance rights. There were no amounts paid per share on exercise of performance rights. The value of performance rights exercised during the year was $0.009 per right.

(k) Equity instruments held by key management personnel

The tables below show the number of:
(i) options over ordinary shares in the company
(ii) performance rights granted, and
(iii) shares in the company
that were held during the financial year by key management personnel of the group, including their close family members and entities related to them.

There were no shares granted during the reporting period as compensation.

(i) Options and rights holdings

2014 Name	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Expired during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Directors of COALBANK Limited						
A Chan	-	-	-	-	-	-
N Bolkus	-	-	-	-	-	-
G Lam	-	-	-	-	-	-
D Chan	-	-	-	-	-	-
R Marks	-	-	-	-	-	-
R Clarke	-	-	-	-	-	-
G L Baker	1,000,000	-	(1,000,000)	-	-	-
G A J Baynton	41,000,000	-	(1,000,000)	(40,000,000)	-	-
L R Grimstone	2,000,000	-	(2,000,000)	-	-	-
W R Stubbs	1,000,000	-	(1,000,000)	-	-	-
S Ever	-	-	-	-	-	-
Total	45,000,000	-	(5,000,000)	(40,000,000)	-	-
Other key management personnel						
A Fogg	-	-	-	-	-	-
B Patrick	7,250,000	-	(250,000)	(7,000,000)	-	-
Total	7,250,000	-	(250,000)	(7,000,000)	-	-

All vested options are exercisable at the end of the year.

Remuneration Report (continued)

(ii) *Shareholdings*

2014 Name	Balance at the start of the year	Received during the year on the exercise of performance rights	Other changes during the year	Balance at the end of the year
Ordinary shares				
A Chan	-	-	531,906,361#	531,906,361
N Bolkus	-	-	-	-
G Lam	-	-	-	-
D Chan	-	-	531,906,361^	531,906,361
R Marks	-	-	-	-
R Clarke	1,500,000	-	(1,500,000)*	-
G L Baker	1,205,264	1,000,000	(2,205,264)*	-
G A J Baynton	413,462,097	1,000,000	(414,462,097)*	-
L R Grimstone	9,704,407	2,000,000	(11,704,407)*	-
W R Stubbs	3,116,667	1,000,000	(4,116,667)*	-
S Ever	25,027,400	-	(25,027,400)*	-
A Fogg	-	-	2,009,004	2,009,004
B Patrick	822,853	250,000	-	1,072,853

A Chan is a director and shareholder of Loyal Strategic Investment Ltd, the holding company of Treasure Wheel Global Limited, which is the registered holder of the shares.

^ D Chan is a director of Loyal Strategic Investment Ltd, the holding company of Treasure Wheel Global Limited, which is the registered holder of the shares.

* Shares held on resignation

(l) Loans to key management personnel

There were no loans to key management personnel during the financial period.

(m) Other transactions with key management personnel

A former director, Mr Lance Grimstone, is a director and owner of Lance Grimstone & Associates (Consulting) Pty Ltd which has provided consulting services to COALBANK Limited and its subsidiaries on normal commercial terms and conditions. The total amount charged to exploration and evaluation for services was $nil (2013: $3,943).

A director, Mr Greg Baynton, is a director and majority shareholder of Orbit Capital Pty Limited. Orbit Capital Pty Limited has provided consulting services to COALBANK Limited and its subsidiaries on normal commercial terms and conditions. The total amount charged to the income statement for the financial year was $48,750 (2013: $180,000)

This is the end of the remuneration report (audited).

Shares under Option
There are no unissued ordinary shares of COALBANK Limited under option or performance rights at the date of this report.

Shares Issued on the Exercise of Options
There were no ordinary shares of COALBANK Limited issued during or since the end of the year ended 30 June 2014 on the exercise of options.

Shares Issued on the Exercise of Performance Rights
There were 8,250,000 ordinary shares of COALBANK Limited issued during the end of the year ended 30 June 2014 on the exercise of performance rights.

Insurance of Officers
During the financial year COALBANK Limited paid a premium of $38,339 to insure the directors and officers of the company.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the entity, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a willful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company.

Agreement to Indemnify Officers
COALBANK Limited is party to an agreement to indemnify the directors of the company.

The indemnity relates to any liability:
(a) incurred in connection with or as a consequence of the directors acting in the capacity including, without limiting the foregoing, representing the company on any body corporate, and
(b) for legal costs incurred in defending an action in connection with or as a consequence of the director acting in the capacity.

No liability has arisen under these indemnities as at the date of this report.

Indemnity of auditors
The company has not agreed to indemnify the auditor under any circumstances.

Proceedings on Behalf of Company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

Non-audit services
The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company are important.

No fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms.

The board of directors has considered the position and, in accordance with the advice received from the Audit and Risk Management Committee is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit and Risk Management Committee to ensure they do not impact the impartiality and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

Auditors' independence declaration
A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 19.

Auditor
BDO Audit Pty Ltd was appointed auditor on 9 November 2009 and continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of the directors.

A Chan
Chairman
Brisbane, 11 September 2014

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DECLARATION OF INDEPENDENCE BY C J SKELTON TO THE DIRECTORS OF COALBANK LIMITED

As lead auditor of COALBANK Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of COALBANK Limited and the entities it controlled during the period.

C J Skelton

Director

BDO Audit Pty Ltd

Brisbane, 11 September 2014

CORPORATE GOVERNANCE STATEMENT

The directors and management of COALBANK Limited (COALBANK) are committed to following the Principles issued by ASX underpinning corporate governance best practice.

In responding to the Principles and associated Best Practice Recommendations, COALBANK has given due and careful regard to its particular circumstances and the best interests of its shareholders.

ASX Listing Rules require listed companies to disclose in their Annual Report the extent to which ASX Best Practice Recommendations have been followed; identify which Recommendations have not been followed; and provide reasons for their decisions.

As detailed in this corporate governance statement, COALBANK considers its current governance practices comply with 22 of the 27 ASX Recommendations. Where arrangements differ from the Recommendations, the directors and management believe this is appropriate to the Company's individual circumstances and represents good practice.

Current practices do not comply in the following areas:

R2.2 The chairperson should be an independent director.
R2.4 The board should establish a nomination committee.
R2.5 The board should disclose the process for evaluating the performance of its committees.
R4.2 Structure the Audit Committee so that is has an independent chairperson.
R8.1 The board should establish a remuneration committee.

The Company will keep the Recommendations in continuous review and as Company circumstances change we expect to move towards full compliance. Decisions will be based on what is in the best interest of shareholders.

The remainder of this statement sets out each Principle, associated Best Practice Recommendations, and the Company's response.

Principle 1: Lay solid foundations for management and oversight
Principle 2: Structure the board to add value
Principle 3: Promote ethical and responsible decision-making
Principle 4: Safeguard integrity in financial reporting
Principle 5: Make timely and balanced disclosure
Principle 6: Respect the rights of shareholders
Principle 7: Recognise and manage risk
Principle 8: Remunerate fairly and responsibly.

Principle 1 – Lay solid foundations for management and oversight

Companies should establish and disclose the respective roles and responsibilities of the board and management.

Recommendations and response:

R1.1 Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.

The board has defined the specific functions reserved for the board and its committees and those matters delegated to management.

The board is accountable to shareholders for COALBANK's performance. It oversees and guides management in protecting and enhancing the interests of shareholders and other stakeholders. It sets the strategic direction of the Company, establishes goals for management and monitors progress towards those goals.

R1.2 Companies should disclose the process for evaluating the performance of senior executives.

The board is accountable for the proper oversight of executive directors and senior management.

A process is in place for reviewing senior management performance and continuously improving the contributions executives make to the Company.

R1.3 Companies should provide the information indicated in the Guide to reporting on Principle 1.

The Chairman undertakes an informal assessment of executive management from time to time. The Board's principal benchmark is the Company's achievements of its goal as formulated by the Board. For the Chief Executive Officer, performance objectives are discussed in conjunction with successes and failures rather than taking place at a specified assessment time.

Principle 2 – Structure the board to add value

Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.

Recommendations and response:

R2.1 A majority of the board should be independent directors.

COALBANK recognises the importance of having a board of the appropriate composition, size and commitment for it to discharge its responsibilities and duties and believes that its board has a balance of skills, experience and independent thinking appropriate to the nature and scope of the Company's operations.

A majority of the directors on the board do meet the ASX definition of independence.

For the period from 1 July 2013 until the date of their resignations on 22 November 2013, four of the then six board members, Mr Clarke, Mr Stubbs, Mr Grimstone and Mr Baker, met the definition.

For the period from 22 November until the date of this report, three of the five board members, Mr Bolkus, Dr Lam and Mr Marks, meet the definition.

The board has determined the independence status of each current director as follows:

Director	Position	Independent	Reason
A Chan	Chairman	No	The board considers that Mr Chan is not independent due to his substantial shareholding in the company.
N Bolkus	Non-executive director	Yes	The board considers that Mr Bolkus is free of any relationship that could, or could be seen to, materially interfere with the independent exercise of judgement
G Lam	Non-executive director	Yes	The board considers that Mr Lam is free of any relationship that could, or could be seen to, materially interfere with the independent exercise of judgement
D Chan	Non-executive director and Chairman of the Audit Committee	No	The board considers that Mr Chan is not independent due to his substantial shareholding in the company.
R Marks	Non-executive director	Yes	The board considers that Mr Marks is free of any relationship that could, or could be seen to, materially interfere with the independent exercise of judgement

R2.2 The chairperson should be an independent director.

The chairperson, A Chan, is not considered to be an independent director. The board considers that, at the present time, the company's interests are best served by having Mr A Chan as its chairman. Mr Chan has a substantial interest in the company's shares but is not an executive of the Company.

R2.3 The roles of chairperson and chief executive officer should not be exercised by the same individual.

The company complies with this recommendation. Mr A Chan is the chairperson and Mr A Fogg is the chief executive officer.

R2.4 The board should establish a nomination committee.

The board itself acts as the Nomination Committee rather than having a separate committee constituted for that purpose.

R2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.

The board does not have a formal process for evaluating the performance of the board, its committees and individual directors.

However, there is a process for continuously improving the board's systems, procedures and quality of decision-making. This process encompasses continuous attention to all matters that provide an opportunity to improve the creation of value to the company's shareholders via actions of the board, its committees and individuals in developing strategy, decision-making and monitoring the company's performance. The chairman is accountable for ensuring this improvement process is effective and works closely with the company secretary and chief executive officer in implementing the improvements.

R2.6 Companies should provide the information indicated in the Guide to reporting on Principle 2.

Departures from Recommendations R2.2, R2.4 and R2.5 are explained above.

Principle 3 – Act ethically and responsibly

A listed entity should act ethically and responsibly.

Recommendations and response:

R3.1 Companies should establish a code of conduct and disclose the code or a summary of the code as to:
- **the practices necessary to maintain confidence in the Company's integrity**
- **the practices necessary to take into account their legal obligations and the expectations of their stakeholders**
- **the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.**

The board and management are committed to establishing and maintaining a high degree of integrity among those who set or influence the Company's strategy and financial performance, together with responsible and ethical decision-making that take into account legal obligations as well as significant stakeholders' interests.

Each director, senior executive and each employee is individually accountable for bringing potential matters of unethical behavior to the attention of the organisation at an appropriate level. An individual whose attention is so drawn is accountable for using the powers of their office/role to deal appropriately with such matters.

R3.2 Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.

The company values diversity and recognizes the benefits it can bring to the organisation's ability to achieve its goals. Accordingly the company has developed a diversity policy, a copy of which can be found on the company website. This policy outlines the company's diversity objectives in relation to gender, age, cultural background and ethnicity. It includes requirements for the board to establish measurable objectives for achieving diversity, and for the board to assess annually both the objectives, and the company's progress in achieving them.

R3.3 Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.

The Board has established the following objectives in relation to gender diversity. The aim is to achieve these objectives over the coming 2 to 3 years as director and senior executive positions become vacant and appropriately skilled candidates are available.

	Objective		**Actual**	
	Number	%	Number	%
Number of women employees in the whole organisation	#		0	0
Number of women in senior executive positions	#		0	0
Number of women on the board	1	17%	0	0

COALBANK currently has no employees. Until such time as the company expands its employee base, it is not able to set an objective regarding the number of female employees.

Responsibility for diversity has been included in the board charter.

R3.4 Companies should disclose in each annual report the proportion of women employees in the whole organization, women in senior executive positions and women on the board.

Refer to R3.3 above.

R3.5 Companies should provide the information indicated in the Guide to reporting on Principle 3.

Information related to principle 3 is presented above.

Principle 4 – Safeguard integrity in financial reporting

Have a structure to independently verify and safeguard the integrity of the Company's financial reporting.

Recommendations and response:

R4.1 The board should establish an audit committee.

The board has established an Audit and Risk Management Committee. The ultimate responsibility for the integrity of the Company's financial reporting rests with the full board.

R4.2 Structure the audit committee so that it consists of:

- **only non-executive directors**
- **a majority of independent directors**
- **an independent chair, who is not chair of the board**
- **has at least three members.**

The Audit and Risk Management Committee comprises five non-executive directors, namely, Mr G Lam who is chair of the committee, Mr D Chan, Mr N Bolkus, Mr A Chan and Mr R Marks. The majority of members are independent with Mr G Lam, Mr N Bolkus and Mr Marks being independent. Mr A Chan and Mr D Chan are considered not to be independent.

R4.3 The audit committee should have a formal charter.

The Audit and Risk Management Committee works within a formal charter.

R4.4 Companies should provide the information indicated in the Guide to reporting on Principle 4.

Departures from Recommendation R4.2 is explained above.

Principle 5 – Make timely and balanced disclosure

Promote timely and balanced disclosure of all material matters concerning the Company.

Recommendations and response:

R5.1 Companies should establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

COALBANK has a Continuous Disclosure Policy which aims to provide a timely and balanced picture of all material matters and which requires disclosure of any information concerning COALBANK that a reasonable person would expect to have a material effect on the price or value of the Company's securities.

R5.2 Provide the information indicated in Guide to reporting on Principle 5.

Information related to Principle 5 is presented above.

Principle 6 – Respect the rights of shareholders

Respect the rights of shareholders and facilitate the effective exercise of those rights.

Recommendations and response:

R6.1 Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

COALBANK's shareholder communications strategy seeks to enable shareholders to be well informed about the performance and affairs of the Company. The Chief Executive Officer is accountable for implementing the communications strategy approved by the board.

R6.2 Companies should provide the information indicated in the Guide to reporting on Principle 6.

Information related to Principle 6 is presented above.

Principle 7 – Recognise and manage risk

Companies should establish a sound system of risk oversight and management and internal control.

Recommendations and response:

R7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

COALBANK recognises the importance of risk management; it manages risk through effective oversight and internal control involving board and management systems.

This function is assisted by the Audit and Risk Management Committee.

R7.2 The board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.

Business risk is a periodic agenda item for board meetings where the effectiveness of the Company's risk management systems and activities are reported on and assessed.

R7.3 The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

The board requires the Chief Executive Officer and Chief Financial Officer to confirm in writing that declarations provided in accordance with section 295A of the Corporations Act are founded on a sound system of risk management and internal control and that the system is operating effectively.

R7.4 Companies should provide the information indicated in the Guide to reporting on Principle 7.

Information related to Principle 7 is presented above.

Principle 8 – Remunerate fairly and responsibly

Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

Recommendations and response:

R8.1 The board should establish a remuneration committee.

COALBANK knows that recognition and reward are key factors in attracting and retaining the skills required to achieve the performance expected by the board, management and shareholders. The company has a Remuneration Committee consisting of 2 non-executive directors and has a Remuneration Committee Charter, however at this time the company does not have any employees.

R8.3 Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

Total remuneration paid to non-executive directors may not exceed the limit set by shareholders at the annual general meeting (currently $400,000). The remuneration of the non-executive directors is fixed rather than variable. In relation to executive remuneration, the board takes advice regarding the nature and direction for the Company's remuneration practices. The board ensures that a significant proportion of each senior manager's remuneration is linked to his or her performance and the Company's performance.

COALBANK executives participate in an option and performance rights schemes that are linked to COALBANK's share performance. Remuneration is also benchmarked against the Company's peers in the resources industry.

The remuneration structure for directors and senior executives is reported in the remuneration report on pages 12 to 16.

R8.3 Companies should provide the information indicated in the Guide to reporting on Principle 8.

Information related to Principle 8 is presented above.

DECLARATION BY DIRECTORS

In the directors' opinion:

(a) the attached financial statements and notes are in accordance with the *Corporations Act 2001, including:*
   (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
   (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the financial year ended on that date, and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable, for the reasons provided in note 3(iii).

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The remuneration disclosures contained in the Remuneration Report comply with s300A of the Corporations Act 2001.

The directors have been given the declarations by the chief executive officer and the chief financial officer required by section 295A of the *Corporations Act 2001.*

This declaration is made in accordance with a resolution of the directors.

A Chan
Chairman

Brisbane, 11 September 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

	Notes	Consolidated 2014 $	2013 $
Interest income		16,075	23,852
Exploration assets written off		(84,000)	(27,342)
Professional services expenses		(804,872)	(660,578)
Corporate overhead expenses		(233,142)	(245,521)
Depreciation expenses		(7,902)	(14,485)
Directors' remuneration		(86,788)	(419,800)
Impairment of exploration and evaluation assets		-	(21,881,753)
Impairment of available-for-sale financial assets		(450,000)	-
Net finance income / (expense)	6	(299,843)	569,571
Share based payments expense		-	(167,924)
Loss before income tax		(1,950,472)	(22,823,980)
Income tax expense	7	-	-
Loss from continuing operations		(1,950,472)	(22,823,980)
Profit from discontinued operations	5	1,340,555	(918,197)
Net loss for the period		(609,917)	(23,742,177)
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year		(609,917)	(23,742,177)

		Cents	Cents
Loss per share for loss from continuing operations attributable to the ordinary equity holders of the company:			
Basic loss per share	29	(0.2)	(2.7)
Diluted loss per share	29	(0.2)	(2.7)
Loss per share for loss attributable to the ordinary equity holders of the company:			
Basic loss per share	29	(0.0)	(2.8)
Diluted loss per share	29	(0.0)	(2.8)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

COALBANK

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2014

	Notes	Consolidated 2014 $	2013 $
ASSETS			
Current assets			
Cash and cash equivalents	8	142,424	907,773
Trade and other receivables	9	167,927	135,456
Total current assets		310,351	1,043,229
Non-current assets			
Plant and equipment	10	17,225	30,093
Available-for-sale financial assets	11	-	450,000
Exploration and evaluation assets	12	19,810,991	20,005,214
Other assets	13	73,000	108,500
Total non-current assets		19,901,216	20,593,807
Total assets		20,211,567	21,637,036
LIABILITIES			
Current liabilities			
Trade and other payables	14	157,212	469,041
Borrowings	15	2,103,513	-
Other	16	-	1,000,000
Total current liabilities		2,260,725	1,469,041
Non-current liabilities			
Other financial liabilities	17	1,500,000	1,500,000
Borrowings	18	-	1,867,400
Derivative liability	18	-	706
Total non-current liabilities		1,500,000	3,368,106
Total liabilities		3,760,725	4,837,147
Net assets		16,450,842	16,799,889
EQUITY			
Issued capital	19	61,053,012	60,792,142
Reserves	20	3,528,043	3,528,043
Accumulated losses	20	(48,130,213)	(47,520,296)
Total equity		16,450,842	16,799,889

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

COALBANK

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

	Notes	Issued Capital $	Share based payment reserve $	Accumulated Losses $	Total $
Balance at 1 July 2012		59,627,384	3,360,119	(23,778,119)	39,209,384
Loss for the year		-	-	(23,742,177)	(23,742,177)
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	(23,742,177)	(23,742,177)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	19	1,164,758	-	-	1,164,758
Share based payments expense	20	-	167,924	-	167,924
Balance at 30 June 2013		60,792,142	3,528,043	(47,520,296)	16,799,889
Loss for the year		-	-	(609,917)	(609,917)
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	(609,917)	(609,917)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	19	260,870	-	-	260,870
Share based payments expense	20	-	-	-	-
Balance at 30 June 2014		61,053,012	3,528,043	(48,130,213)	16,450,842

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014

	Notes	Consolidated 2014 $	2013 $
Cash flows from operating activities			
Receipts in the course of operations (inclusive of goods and services tax)		90,828	166,350
Payments to suppliers (inclusive of goods and services tax)		(1,564,438)	(1,150,197)
Interest received		16,075	23,852
Net cash outflows from operating activities	26	(1,457,535)	(959,995)
Cash flows from investing activities			
Payments for exploration and evaluation assets		(523,314)	(1,564,828)
Proceeds on sale of tenements		1,000,000	-
Proceeds from sale of plant and equipment		-	16,424
Proceeds from sale of subsidiary		-	250,000
Refunds (payments) for security deposits		15,500	5,000
Net cash outflows from investing activities		492,186	(1,293,404)
Cash flows from financing activities			
Proceeds from share issue		-	1,245,524
Proceeds from financial liabilities		200,000	-
Initial deposit for whole-of-company transaction		-	1,000,000
Payment of share issue costs		-	(80,766)
Net cash inflows from financing activities		200,000	2,164,758
Net increase / (decrease) in cash and cash equivalents		(765,349)	(88,641)
Cash and cash equivalents at the beginning of the financial year		907,773	996,414
Cash and cash equivalents at the end of the financial year	8	142,424	907,773

The above Consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 1 Summary of significant accounting policies

This note provides a list of all significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the group consisting of Coalbank Limited and its subsidiaries.

COALBANK Limited is a company limited by shares, incorporated and domiciled in Australia. COALBANK Limited's shares are listed on the Australian Securities Exchange.

The financial statements were authorized for issue by the directors on 11 September 2014. The directors have the power to amend and reissue the financial statements.

The financial statements are presented in Australian dollars which is the Company's and consolidated entity's functional and presentation currency.

New, revised or amending Accounting Standards and Interpretations adopted
The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 10 Consolidated Financial Statements
The consolidated entity has applied AASB 10 from 1 July 2013, which has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The consolidated entity not only has to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes.

AASB 11 Joint Arrangements
The consolidated entity has applied AASB 11 from 1 July 2013. The standard defines which entities qualify as joint arrangements and removes the option to account for joint ventures using proportional consolidation. Joint ventures, where the parties to the agreement have the rights to the net assets are accounted for using the equity method. Joint operations, where the parties to the agreements have the rights to the assets and obligations for the liabilities, will account for its share of the assets, liabilities, revenues and expenses separately under the appropriate classifications.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13
The consolidated entity has applied AASB 13 and its consequential amendments from 1 July 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach is used to measure non-financial assets whereas liabilities are based on transfer value. The standard requires increased disclosures where fair value is used.

AASB 127 Separate Financial Statements (Revised), AASB 128 Investments in Associates and Joint Ventures (Reissued) and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards
The consolidated entity has applied AASB 127, AASB 128 and AASB 2011-7 from 1 July 2013. AASB 127 and AASB 128 have been modified to remove specific guidance that is now contained in AASB 10, AASB 11 and AASB 12 and AASB 2011-7 makes numerous consequential changes to a range of Australian Accounting Standards and Interpretations. AASB 128 has also been amended to include the application of the equity method to investments in joint ventures.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 1 Summary of significant accounting policies (continued)

AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle
The consolidated entity has applied AASB 2012-5 from 1 July 2013. The amendments affect five Australian Accounting Standards as follows: Confirmation that repeat application of AASB 1 'First-time Adoption of Australian Accounting Standards' is permitted; Clarification of borrowing cost exemption in AASB 1; Clarification of the comparative information requirements when an entity provides an optional third column or is required to present a third statement of financial position in accordance with AASB 101 'Presentation of Financial Statements'; Clarification that servicing of equipment is covered by AASB 116 'Property, Plant and Equipment', if such equipment is used for more than one period; clarification that the tax effect of distributions to holders of equity instruments and equity transaction costs in AASB 132 'Financial Instruments: Presentation' should be accounted for in accordance with AASB 112 'Income Taxes'; and clarification of the financial reporting requirements in AASB 134 'Interim Financial Reporting' and the disclosure requirements of segment assets and liabilities.

AASB 2012-10 Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments
The consolidated entity has applied AASB 2012-10 amendments from 1 July 2013, which amends AASB 10 and related standards for the transition guidance relevant to the initial application of those standards. The amendments clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement
The consolidated entity has applied 2011-4 from 1 July 2013, which amends AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). Corporations and Related Legislation Amendment Regulations 2013 and Corporations and Australian Securities and Investments Commission Amendment Regulation 2013 (No.1) now specify the KMP disclosure requirements to be included within the directors' report.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001.* COALBANK Limited is a for-profit entity for the purposes of preparing the financial statements.

Compliance with IFRSs
The consolidated financial statement of the Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention
The financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

Critical accounting estimates
The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

(b) Principles of consolidation

Subsidiaries
Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement and statement of comprehensive income, statement of changes in equity and balance sheet respectively.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 1 Summary of significant accounting policies (continued)

(c) Income taxes

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the assets and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(d) Exploration and evaluation assets

Exploration and evaluation assets incurred by or on behalf of the Group is accumulated separately for each area of interest until such time as the area of interest moves into development phase, or is abandoned or sold. The realisation of the value of expenditure carried forward depends upon any commercial results that may be obtained through successful development and exploitation of the area of interest or alternatively by its sale. If an area of interest is abandoned or is considered to be of no further commercial interest the accumulated exploration costs relating to the area are written off against income in the year of abandonment.

(e) Acquisitions of assets

The purchase method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

(f) Impairment of non-current assets

At the end of each reporting period the Group assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognized in profit or loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where it is not possible to estimate recoverable amount for an individual asset, recoverable amount is determined for the cash-generating unit to which the asset belongs.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 1 Summary of significant accounting policies (continued)

(g) Property, plant and equipment

All property, plant and equipment is stated at historical cost, including costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, less depreciation, and any impairment.

Depreciation is calculated on a straight line basis to write off the net cost or revalued amount of each item of property, plant and equipment over its expected useful life to the entity. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The expected useful lives are as follows:

Plant and equipment	3 – 5 years
Motor vehicles	5 years
Field equipment	5 years

(h) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. These amounts are unsecured and usually have 30 day payment terms.

(i) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(j) Issued capital and share-based payments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Share-based compensation benefits are provided to directors and key management personnel. Information relating to these schemes is set out in note 31.

The fair value of share-based compensation is recognised as a share-based payment expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are satisfied.

(k) Revenue

Interest Income
Interest income is recognized on a time proportion basis using the effective interest method.

(l) Goods and Services Tax (“GST”)

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(m) Earnings per share

(i) *Basic earnings per share*
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) *Diluted earnings per share*
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 1 Summary of significant accounting policies (continued)

(n) Website costs

Costs in relation to web sites are charged as expenses in the period in which they are incurred. Costs in relation to the development of a web site, and ongoing costs of maintenance during the operating phase are considered to be expenses.

(o) Financial instruments

Initial recognition and measurement
Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement
Financial instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled between knowledgable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances valuation techniques are adopted.

Amortised cost is calculated as:

a. the amount at which the financial asset or financial liability is measured at initial recognition;
b. less principal repayments;
c. plus or minus the cumulative amortization of the difference, if any, between the amount initially recognized and the maturity amount calculated using the effective interest rate method; and
d. less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets).

(ii) Financial liabilities

Financial liabilities, after initial recognition, are measured at either amortised cost using the effective interest rate method, or at fair value. Where an instrument contains an embedded derivative that component is, where appropriate, separately identified and measured at fair value. If the embedded derivative is not capable of being measured separately at acquisition or at the end of a reporting period, the entire instrument is measured at fair value.

Note 1 Summary of significant accounting policies (continued)

(p) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the

- fair values of the assets transferred
- liabilities incurred
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognized directly in profit or loss as a bargain purchase.

(q) Parent entity financial information

The financial information for the parent entity, COALBANK Limited, disclosed in note 21 has been prepared on the same basis as the consolidated financial statements except in respect of tax consolidation legislation.

COALBANK Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, COALBANK Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, COALBANK Limited also recognizes the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate COALBANK Limited for any current tax payable assumed and are compensated by COALBANK Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to COALBANK Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognized in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognized as current amounts receivable from or payable to other entities in the group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognized as a contribution to (or distribution from) wholly-owned tax consolidated entities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 1 Summary of significant accounting policies (continued)

(r) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(s) New accounting standards and interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual report period ended 30 June 2014. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 *Financial Instruments and its consequential amendments*

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2017 and completed phases I and III of the IASB's project to replace IAS39 (AASB 139) 'Financial Instruments: Recognition and Measurement'. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or at fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The consolidated entity will adopt this standard from 1 July 2017 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets

These amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed. The adoption of these amendments from 1 July 2014 may increase the disclosures by the consolidated entity.

Note 1 Summary of significant accounting policies (continued)

Annual Improvements to IFRSs 2010-2012 Cycle

These amendments are applicable to annual reporting periods beginning on or after 1 July 2014 and affects several Accounting Standards as follows: Amends the definition of 'vesting conditions' and 'market condition' and adds definitions for 'performance condition' and 'service condition' in AASB 2 'Share-based Payment'; Amends AASB 3 'Business Combinations' to clarify that contingent consideration that is classified as an asset or liability shall be measured at fair value at each reporting date; Amends AASB 8 'Operating Segments' to require entities to disclose the judgements made by management in applying the aggregation criteria; Clarifies that AASB 8 only requires a reconciliation of the total reportable segments assets to the entity's assets, if the segment assets are reported regularly; Clarifies that the issuance of AASB 13 'Fair Value Measurement' and the amending of AASB 139 'Financial Instruments: Recognition and Measurement' and AASB 9 'Financial Instruments' did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amount, if the effect of discounting is immaterial; Clarifies that in AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets', when an asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount (i.e. proportional restatement of accumulated amortisation); and Amends AASB 124 'Related Party Disclosures' to clarify that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a 'related party' of the reporting entity. The adoption of these amendments from 1 July 2014 will not have a material impact on the consolidated entity.

Annual Improvements to IFRSs 2011-2013 Cycle

These amendments are applicable to annual reporting periods beginning on or after 1 July 2014 and affects four Accounting Standards as follows: Clarifies the 'meaning of effective IFRSs' in AASB 1 'First-time Adoption of Australian Accounting Standards'; Clarifies that AASB 3 'Business Combination' excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself; Clarifies that the scope of the portfolio exemption in AASB 13 'Fair Value Measurement' includes all contracts accounted for within the scope of AASB 139 'Financial Instruments: Recognition and Measurement' or AASB 9 'Financial Instruments', regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132 'Financial Instruments: Presentation'; and Clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in AASB 3 'Business Combinations' and investment property as defined in AASB 140 'Investment Property' requires the separate application of both standards independently of each other. The adoption of these amendments from 1 July 2014 will not have a material impact on the consolidated entity.

There are no other standards that are no yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Note 2. Financial instruments

The Group's activities expose it to a variety of financial risks; credit risk, liquidity risk and cash flow interest rate risk.

The Group holds the following financial instruments:

	Consolidated	
	2014	2013
	$	$
Financial assets		
Cash and cash equivalents	142,424	907,773
Trade and other receivables	167,927	135,456
Available-for-sale financial assets	-	450,000
Security deposits	73,000	108,500
	383,351	1,601,729
Financial liabilities		
Trade and other payables	157,212	469,041
Other financial liabilities (including borrowings and derivatives)	3,603,513	3,368,106
	3,760,725	3,837,147

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

There have been no substantive changes to the Group's exposure to financial instruments, its objectives, policies and processes for managing risks from previous periods.

Credit risk
Credit risk is managed on a Group basis. Credit risk arises primarily from cash and cash equivalents and deposits with banks and financial institutions. For bank and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available).

	Consolidated	
	2014	2013
	$	$
Cash at bank and short-term bank deposits		
AAA	140,331	905,467
A	2,093	2,306
	142,424	907,773

Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to meet obligations when due.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows. No finance facilities were available to the Group at the end of the reporting period.

Maturities of financial liabilities
The table below analyses the Group's financial liabilities into relevant maturity groupings.

Contractual maturities of financial liabilities	**Less then 6 months**	**6 – 12 months**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total contractual cash flows**	**Carrying amount**
At 30 June 2014	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Trade and other payables	157,212						157,212
Borrowings	2,103,513	-	-	-	-	-	2,103,513
	2,260,725	-	-	-	-	-	2,206,725
At 30 June 2013							
Trade and other payables	469,041	-	-	-	-	469,041	469,041
Borrowings	-	-	1,900,000	-	-	1,900,000	1,867,400
	469,041	-	1,900,000	-	-	2,369,041	2,336,441

During the prior year the Group had recognized a derivative liability of $706 arising on the option to convert the notes held as borrowings. There are no cash flows associated with this liability.

Other financial liabilities of $1,500,000 (2013: $1,500,000) relate to a royalty agreement as outlined in Note 17. At this stage there is no known cash outflow arising from this liability.

Note 2. Financial risk management (continued)

Cash flow and fair value interest rate risk
As the Group has interest-bearing cash assets, the company's income and operating cash flows are exposed to changes in market interest rates. The company manages its exposure to changes in interest rates by using fixed term deposits.

At 30 June 2014 if interest rates had changed by -/+ 100 basis points from the year-end rates with all other variables held constant, post-tax profit for the year would have been $1,424 lower/higher (2013 – change of 100 bps: $9,078 higher/lower), as a result of higher/lower interest income from cash and cash equivalents.

Fair Value
The carrying value of all other assets and liabilities approximate their fair value.

Note 3. Critical accounting estimates and judgements

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key judgements and estimates
(i) Carrying value of exploration and evaluation assets
The Group has capitalised exploration expenditure of $19,810,991 (2013: $20,005,214). This amount includes costs directly associated with exploration. These costs are capitalised as an intangible asset until assessment and/or drilling of the permit is complete and the results have been evaluated. These costs include employee remuneration, materials, rig costs, delay rentals and payments to contractors. The expenditure is carried forward until such a time as the area of interest moves into the development phase, is abandoned, sold or sub-blocks relinquished.

Given exploration activities have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of recoverable resources and the difficulty in forecasting cash flows to assess the fair value of exploration expenditure there is uncertainty as to the carrying value of exploration expenditure. The ultimate recovery of the carrying value of exploration expenditure is dependent upon the successful development and commercial exploitation or, alternatively, sale of the interests in the tenements. There are no factors or circumstances which suggest that the carrying amount of remaining exploration and evaluation assets may exceed recoverable amount.

(ii) Fair value of the financial liabilities
The Group has agreements with Oliver Lennox-King (Lennox-King), whereby Lennox-King has paid a net $1.5 million to the Group and in return the Group has agreed to pay Lennox-King a royalty equal to 1% of the gross value of coal sold from the tenements currently held by the Group, in the areas of the Moreton Energy Coal Project in the Clarence-Moreton Basin and the Tambo Coal & Gas Project in the Upper Surat Basin. The liability was initially recognised at fair value. Post initial recognition, the financial liability is accounted for in accordance with the Group policy for financial instruments set out in Note 1(o).

The royalty is only payable in the event of future production of coal.

The Group's exploration and evaluation activities have not progressed to a stage to allow more reliable measurement of any future royalty payment obligations. As such, the Board is of the view that the fair value at the time of the receipt of the funds remains the appropriate measure of fair value at reporting date.

(iii) Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realization of assets and settlement of liabilities in the normal course of business.

As disclosed in the financial statements, the Group recorded a loss of $609,917 (2013: $23,742,177) and had net cash outflows from operating activities of $1,457,535 (2013: $959,995) for the year ended 30 June 2014. Also, the Statement of Financial Position shows a working capital shortfall of $1,950,374. This is due to the convertible note now being a current liability and due for settlement within 12 months.

The Group also has expenditure commitments of $4,332,500 (2013: $9,341,389) as detailed in Note 28.

The continued ability of the Group to continue the exploration and development of the Group's exploration projects is dependent upon further capital raising. In the event that the Group is unable to raise future funding requirements, there exists a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern with the result that the Group may be required to realise its assets at amounts different to those currently recognized, settle liabilities other than in the ordinary course of business and make provisions for costs which may arise as a result of cessation or curtailment of normal business operations. Since 30 June 2014 Coalbank Limited has raised $1,921,405.50 from the placement of 128,093,700 fully paid ordinary shares.

Note 4 Segment information

For the year ended 30 June 2014 the Group operated in one segment being the exploration for coal in Australia. The disclosure below relates to the prior year.

Identification of reportable segments
The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources. The Board of Directors carries out the role and is therefore the Chief Operating Decision Maker.

The Group is managed primarily on the basis of product category having different risk profiles and performance assessment criteria. Operating segments are therefore determined on this basis.

Description of segments
The consolidated entity has idenitified its reportable operating segments based on its internal reports that are reviewed and used by the Board of Directors in assessing performance and in determining the location of resources. It's reporting on an operating basis into the following segments. There are no inter-segment transactions.

Coal - Exploration for coal.

Minerals - Exploration for base metals.

During the financial year the consolidated entity disposed of its mineral projects and now consists solely of one segment, being coal exploration.

The consolidated entity operates solely within Australia.

2013	Coal $	Minerals $	Consolidated $
Segment result			
Tenement expenditure written-off / impaired	21,900,135	8,960	21,909,095
Segment assets	19,565,988	547,726	20,113,714
Cash and cash equivalents			907,773
Trade and other receivables			135,456
Available-for-sale financial assets			450,000
Plant and equipment			30,093
Total assets			21,637,036
Segment liabilities	1,507,041	-	1,507,041
Borrowings			1,867,400
Derivative liability			706
Initial deposit for whole-of-company transaction			1,000,000
Unallocated liabilities – Other payables			462,000
Total liabilities			4,837,147

A reconciliation to loss before income tax is provided as follows:

	Consolidated 2013 $
Tenement expenditure written off / impaired	(21,909,095)
Corporate expenses / income	
Professional services expenses	(660,578)
Corporate overhead expenses	(245,521)
Depreciation expenses	(14,485)
Directors' remuneration	(419,800)
Finance costs	(598,468)
Revaluation of financial liabilities at fair value through profit or loss	1,168,039
Loss on disposal of subsidiary	(918,197)
Share based payments expense	(167,924)
Interest income	23,852
Loss before income tax	(23,742,177)

Note 5 Discontinued operation

(A) DISPOSAL OF HARVEST METALS PTY LTD AND EPC's

(i) Description

On 20 November 2013, the group disposed of its wholly owned subsidiary, Harvest Metals Pty Ltd, along with its Biloela South, Coalbank South and Chinchilla East EPC's to Treasure Wheel Global Limited for $2,000,000.

Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

(ii) Financial performance and cash flow information

The financial performance and cash flow information presented are for the period ended 20 November 2013.

	Period ended 20 November 2013 $	Year ended 2013 $
Revenue	-	-
Operating expenses	-	(8,959)
(Loss) /profit before income tax	-	(8,959)
Income tax expense/(credit)	-	-
(Loss) / profit after income tax of discontinued operation	-	(8,959)
Profit on disposal before income tax	1,340,555	-
Income tax expense	-	-
Profit on sale after income tax	1,340,555	-
Profit from discontinued operation	1,340,555	(8,959)

	Period ended 20 November 2013 $	Year ended 2013 $
Net cash inflow (outflow) from ordinary activities	-	-
Net cash inflow (outflow) from investing activities	18,501	(54,448)
Net cash inflow (outflow) from financing activities	-	-
Net increase in cash generated by the division	18,501	(54,448)

(iii) Carrying amounts of assets and liabilities

The carrying amounts of assets and liabilities as at 20 November 2013 were:

	20 November 2013 $
Exploration assets	634,445
Security deposits	25,000
Total assets	659,445
Other financial liabilities	-
Total liabilities	-
Net assets	659,445

Note 5 Discontinued operation (continued)

(iv) Details of the sale of the division

	2014 $	2013 $
Consideration received or receivable:		
Cash	2,000,000	-
Total disposal consideration	2,000,000	-
Carrying amount of net assets sold	659,445	-
Profit on sale before income tax	1,340,555	-
Income tax expense	-	-
Profit on sale after income tax	1,340,555	-

(B) DISPOSAL OF SURAT GAS PTY LTD

(i) Description

On 20 December 2012, the group disposed of Surat Gas Pty Ltd which held ATP's that are prospective for both unconventional and conventional oil and gas targets in the Surat/Eromanga/Galilee Basins. The total proceeds on disposal was $828,297. This consisted of $250,000 received in cash, $450,000 received in Gobi Lithium Limited shares and $128,297 of security deposits refundable.

Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

(ii) Financial performance and cash flow information

The financial performance and cash flow information presented are for the period ended 20 December 2012.

	Year ended 2013 $
Revenue	-
Operating expenses	-
(Loss) /profit before income tax	-
Income tax expense/(credit)	-
(Loss) / profit after income tax of discontinued operation	-
Loss on disposal of Surat Gas Pty Ltd before income tax	(368,197)
Income tax expense	-
Loss on sale of Surat Gas Pty Ltd after income tax	(368,197)
Loss from discontinued operation	(368,197)

	Year ended 2013 $
Net cash inflow (outflow) from ordinary activities	-
Net cash inflow (outflow) from investing activities	(20,573)
Net cash inflow (outflow) from financing activities	-
Net increase in cash generated by the division	(20,573)

Note 5 Discontinued operation (continued)

(iii) Carrying amounts of assets and liabilities

The carrying amounts of assets and liabilities as at 20 December 2012 were:

	20 December 2012 $
Exploration assets	3,118,197
Security deposits	128,297
Total assets	3,246,494
Other financial liabilities	1,500,000
Total liabilities	1,500,000
Net assets	1,746,494

(iv) Details of the sale of the division

	2013 $
Consideration received or receivable:	
Cash	250,000
Shares in Gobi Lithium Limited	450,000
Security deposits refundable	128,297
Total disposal consideration	828,297
Carrying amount of net assets sold	1,746,494
Loss on sale before income tax	(918,197)
Income tax expense	-
Loss on sale after income tax	(918,197)

Note 6 Expenses

Loss before income tax includes the following specific expenses:

	Consolidated 2014 $	2013 $
Defined contribution superannuation expense	(375)	19,800
Depreciation		
Plant and equipment	7,902	14,485
Exploration assets written off	84,000	27,342
Finance costs		
Unwinding of issue costs financial liabilities not at fair value through profit or loss	296,944	594,899
Issue costs of financial liabilities at fair value through profit or loss	-	-
Interest paid		
Fair value (gains) losses on financial liabilities at fair value through profit or loss	(706)	(1,168,039)
Other interest charges	3,605	3,569
Finance costs expensed	299,843	(569,571)

Note 7 Income tax expense

(a) Income tax expense

Current tax expense	-	-
Deferred tax expense	-	-
Aggregate income tax expense	-	-

Note 7 Income tax expense (continued)

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	Consolidated 2014 $	2013 $
Loss from operations before income tax expense	(609,917)	(23,742,177)
Tax at the Australian tax rate of 30% (2013: 30%)	(182,975)	(7,122,653)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share based payments	-	50,377
Disposal of subsidiary	-	(61,053)
Other	271	364
	(182,704)	(7,132,965)
Deferred tax assets not recognised	182,704	7,132,965
Income tax expense	-	-

(c) Deferred Tax Liabilities

	2014 $	2013 $
The balance comprises temporary differences attributable to:		
Exploration expenditure	5,943,297	6,001,564
Borrowing costs	-	1,863
Convertible notes	28,946	-
Property, plant and equipment	2,310	5,044
Other	318	-
Total deferred tax liabilities	5,974,871	6,008,471
Set-off of deferred tax assets pursuant to set-off provisions	(5,974,871)	(6,008,471)
Net deferred tax liabilities	-	-

(d) Deferred Tax Assets

	2014 $	2013 $
The balance comprises temporary differences attributable to:		
Tax losses	19,163,759	19,254,487
Accruals	8,926	6,000
Borrowing costs	11,096	-
Business capital costs	164,587	137,431
Convertible bonds	-	5,613
Provisions	3,518	-
Other financial liabilities	450,000	450,000
Total deferred tax assets	19,801,886	19,853,531
Set-off of deferred tax assets pursuant to set-off provisions	(5,974,871)	(6,008,471)
Net adjustment to deferred tax assets not recognized	(13,827,015)	(13,845,060)
Net deferred tax assets	-	-

(e) Unrecognised net deferred tax assets

	2014 $	2013 $
Unused tax losses for which no deferred tax asset has been recognized	46,090,050	46,150,200
Potential tax effect at 30%	13,827,015	13,845,060

Following the proportional takeover by Treasure Wheel Global Limited, the Group failed the Continuity of Ownership Test (COT). Unused tax losses are therefore carried forward under the Same Business Test (SBT). Management and the Directors are satisfied that the Group passes SBT on the basis that coal exploration has always been, and continues to be, the core focus of the business.

Unused losses which have not been recognized as an asset, will only be obtained if:

(i) the group derives future assessable income of a nature and of an amount sufficient to enable the losses to be realized;
(ii) the group continues to comply with the conditions for deductibility imposed by the law; and
(iii) no changes in tax legislation adversely affect the group in realizing the losses.

(f) Tax consolidation legislation

Coalbank Limited and its wholly-owned Australian subsidiaries have implemented the income tax consolidation legislation from 1 August 2010. Coalbank Limited is the head entity of the tax consolidated group for the year ended 30 June 2014. The Australian Taxation Office has been notified of the formation of the Coalbank Limited tax consolidated group.

	Consolidated	
	2014	2013
	$	$

Note 8 Current assets – Cash and cash equivalents

	2014 $	2013 $
Cash at bank and on hand	8,736	55,825
Deposits at call	133,688	851,948
	142,424	907,773

(a) Risk exposure
The Group's exposure to interest rate risk is discussed in Note 2. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

(b) Deposits at call
All deposits are at call bearing an interest rate of between 0% and 2.4% (2013 – 0% to 3.5%).

Note 9 Current assets – Trade and other receivables

	2014 $	2013 $
Prepayments	12,145	117
Other debtors	155,782	135,339
	167,927	135,456

Note 10 Non-current assets – Plant and equipment

Consolidated	**Motor vehicles $**	**Plant & equipment $**	**Field plant & equipment $**	**Total $**
Year ended 30 June 2013				
Opening net book amount	-	3,556	57,034	60,590
Additions	-	-	-	-
Disposals	-	-	(16,012)	(16,012)
Depreciation charge	-	(2,800)	(11,685)	(14,485)
Closing net book amount	-	756	29,337	30,093
At 30 June 2013				
At Cost	27,259	36,462	32,177	95,898
Accumulated depreciation	(27,259)	(35,706)	(2,840)	(65,805)
Net book amount	-	756	29,337	30,093
Year ended 30 June 2014				
Opening net book amount	-	756	29,337	30,093
Additions	-	-	-	-
Disposals	-	-	(4,966)	(4,966)
Depreciation charge	-	(458)	(7,444)	(7,902)
Closing net book amount	-	298	16,927	17,225
At 30 June 2014				
At Cost	27,259	36,462	33,186	96,907
Accumulated depreciation	(27,259)	(36,164)	(16,259)	(79,682)
Net book amount	-	298	16,927	17,225

	Consolidated	
	2014	2013
	$	$

Note 11 Non-current assets – Available-for-sale financial assets

Unlisted equity securities – at cost	-	450,000

Unlisted securities are traded in inactive markets.

Balance at the beginning of the year	450,000	-
Additions during the year	-	450,000
Impairment charge for the year	(450,000)	-
Impairment reversed during the year	-	-
Balance at the end of the year	-	450,000

Note 12 Non-current assets – Exploration and evaluation assets

Exploration phase costs – at cost	19,810,991	20,005,214

The capitalised exploration assets carried forward above has been determined as follows:

Balance at the beginning of the year	20,005,214	43,733,957
Expenditure incurred during the year	524,222	1,298,549
Impairment charge	-	(21,881,753)
Disposal of subsidiary	(634,445)	(3,118,197)
Exploration abandoned	(84,000)	(27,342)
Balance at the end of the year	19,810,991	20,005,214

The ultimate recoupment of costs carried forward for exploration assets is dependent upon the successful development and commercial exploitation or alternatively sale of the interests in the tenements.

As a result of the Treasure Wheel Offer and the Directors' recommendation of the Offer required under the agreements with the Bidder, the Board recognized an impairment in the prior year of the Company's exploration and evaluation assets in order to comply with the relevant accounting standards. The impairment arose from the difference between the carrying value of COALBANK's exploration and evaluation assets and the valuation of COALBANK implied by the terms of the Treasure Wheel Offer.

	Consolidated	
	2014	2013
	$	$

Note 13 Non-current assets – Other assets

Security deposit	73,000	108,500

Security deposits represent amounts lodged with the Department of Employment, Economic Development and Innovation as security for tenements.

Note 14 Current liabilities – Trade and other payables

Unsecured		
Trade payables	157,212	469,041
	157,212	469,041

Note 15 Current liabilities – Borrowings

Borrowings	200,000	
Convertible note	1,903,513	-
	2,103,513	-

During the financial year the 380 convertible notes on issue for $1,900,000 were replaced with 1 convertible note with a face value of $2,000,000. The new note is convertible into 133,333,333 ordinary shares of the parent entity, at any time at the option of the holder, or repayable on 13 November 2014. No interest is payable on the loan save in the event that the term is greater than 12 months, in which case interest will accrue at the rate of 15% per annum on and from 13 November 2014.

	Consolidated	
	2014	2013
	$	$
Borrowings		
Face value of notes issued	2,000,000	-
Other equity securities – value of conversion rights (note 19(g))	(260,870)	-
	1,739,130	-
Interest expense	164,383	-
Current liability	1,903,513	-

The initial fair value of the liability portion of the note was determined using a market interest rate for an equivalent non-convertible note at the issue date. The liability is subsequently recognized on an amortised cost basis until extinguished on conversion or maturity of the notes. The remainder of the proceeds is allocated to the conversion option and recognized in shareholders' equity, net of income tax, and not subsequently remeasured.

During the financial year Treasure Wheel Global Limited also advanced the company $200,000 by way of an unsecured loan. The loan is for an initial term of 12 months and accrues interest at a rate of 7% p.a.

Note 16 Current liabilities – Other

Deposit for sale of non-core assets	-	1,000,000
	-	1,000,000

During the prior year $1,000,000 was received as a deposit relating to the sale of certain non-core assets. This was applied in the sale of asset disclosed in note 5(a).

Note 17 Non-current liabilities – Other financial liabilities

	Consolidated 2014 $	2013 $
Other financial liabilities	1,500,000	1,500,000

The Group has agreements with Oliver Lennox-King (Lennox-King), whereby Lennox-King has paid a net $1.5 million to the Group and in return the Group has agreed to pay Lennox-King a royalty equal to 1% of the gross value of coal sold from the tenements currently held by the Group, in the areas of the Moreton Energy Coal Project in the Clarence-Moreton Basin and the Tambo Coal & Gas Project in the Upper Surat Basin. The liability was initially recognised at fair value. Post initial recognition, the financial liability is accounted for in accordance with the Group policy for financial instruments set out in Note 1(o).

The royalty is only payable in the event of future production of coal.

The Group's exploration and evaluation activities have not progressed to a stage to allow more reliable measurement of any future royalty payment obligations. As such, the Board is of the view that the fair value at the time of the receipt of the funds remains the appropriate measure of fair value at reporting date.

Note 18 Non-current liabilities – Convertible bonds

The carrying value of Convertible Bonds are disclosed as:

	Consolidated 2014 $	2013 $
Derivative liability	-	706
Borrowings	-	1,867,400
	-	1,868,106

During the financial year the 380 convertible notes on issue for $1,900,000 were replaced with 1 convertible note with a face value of $2,000,000. Refer to note 15 for further details regarding the new note.

The previous convertible notes were convertible into ordinary shares in the parent entity, at the option of the holder, up until 25 July 2014. The number of shares to be converted was dependent on the Conversion Price, which is the lower of $0.038 and the price of any subsequent issue of ordinary shares. The convertible bonds had a zero coupon rate, were secured over all assets of the Group and were to mature in July 2014. The convertible bonds are presented in the statement of financial position as follows:

	Consolidated 2014 $	2013 $
Borrowings		
Face value of notes issued	-	1,900,000
Equity component	-	-
Derivative liability – fair value initially recognized	-	(1,139,198)
	-	760,802
Issue costs	-	(50,603)
Unwinding of discount	-	1,157,201
Non-current liability	-	1,867,400
Derivative liability		
Fair value initially recognized		1,139,198
Fair value movement to 30 June 2012		29,547
Fair value at 30 June 2012		1,168,745
Fair value movement to 30 June 2013		(1,168,039)
Fair value at 30 June 2013		706

Note 19 Issued capital

	Consolidated 2014 Shares	Consolidated 2013 Shares	Consolidated 2014 $	Consolidated 2013 $
(a) Share capital				
(i) Ordinary shares				
Fully paid	853,958,015	845,708,015	60,792,142	60,792,142
(ii) Other equity securities				
Value of conversion rights – convertible notes	-	-	260,870	-
	853,958,015	845,748,015	61,053,012	60,792,142

(b) Movements in ordinary share capital:

Date	Details	Note	Number of Shares	Issue Price	$
1 July 2012	Balance		812,931,073		59,627,384
7 August 2012	Placement	(e)	27,017,173	$0.038	1,026,653
20 September 2012	Share purchase plan	(e)	5,759,769	$0.038	218,871
	Share issue costs		-		(80,766)
30 June 2013	Balance		845,708,015		60,792,142
	Performance rights exercised	(f)	8,250,000		-
	Value of conversion rights – convertible notes	(g)	-		260,870
			853,958,015		61,053,012

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

(d) Options

At balance date there were no options over ordinary shares of COALBANK Limited on issue.

(e) Placements

The following placements were made to sophisticated investors:
1) On 7 August 2012 27,017,173 ordinary shares were issued at $0.038 each to raise $1,026,653.
2) On 20 September 2012 5,759,769 ordinary shares were issued at $0.038 each to raise $218,871.

(f) Performance rights

8,250,000 performance rights over ordinary shares of COALBANK Limited were exercised during the period.

(g) Other equity securities

The amount shown for other equity securities is the value of the conversion rights relating to the convertible notes, details of which are shown in note 15.

(h) Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group includes equity attributable to equity holders, comprising of issued capital, reserves and accumulated losses. In order to maintain or adjust the capital structure, the company may issue new shares, sell assets to reduce debt or adjust the level of activities undertaken by the company.

The Group monitors capital on the basis of cash flow requirements for operational, and exploration and evaluation expenditure. The Group will continue to use capital market issues and joint venture participant funding contributions to satisfy anticipated funding requirements.

The Group has no externally imposed capital requirements. The Group's strategy for capital risk management is unchanged from prior years.

Note 20 Reserves and accumulated losses

(a) Reserves

	Consolidated 2014 $	2013 $
Share-based payments reserve	3,528,043	3,528,043
Movements:		
Balance 1 July	3,528,043	3,360,119
Share based payments	-	167,924
Balance 30 June	3,528,043	3,528,043

(b) Accumulated losses

	Consolidated 2014 $	2013 $
Balance 1 July	(47,520,296)	(23,778,119)
Loss for the year	(609,917)	(23,742,177)
Balance 30 June	(48130,213)	(47,520,296)

Nature and purpose of reserves
Share based payments reserve
The share-based payments reserve is used to recognise:
(a) the grant date fair value of options issued to directors / contractors and vendors of assets
(b) the grant date fair value of performance rights issued to directors / contractors

Note 21 Parent entity information

The following information relates to the parent entity, COALBANK Limited. The information presented has been prepared using accounting policies that are consistent with those presented in Note 1 where applicable.

	2014	2013
	$	$
Current assets	309,650	1,042,837
Non-current assets	7,669,370	18,209,780
Total assets	7,979,020	19,252,617
Current liabilities	2,254,277	462,000
Non-current liabilities	2,151,020	4,368,106
Total liabilities	4,405,297	4,830,106
Issued capital	61,052,995	60,792,142
Accumulated losses	(61,007,315)	(49,897,674)
Share based payment reserve	3,528,043	3,528,043
Total equity	3,573,723	14,422,511
Profit or loss for the year	(11,024,496)	(25,837,350)
Total comprehensive income	(11,024,496)	(25,837,350)

Contingent liabilities
COALBANK Limited does not have any contingent liabilities at 30 June 2014.

Capital commitments
COALBANK Limited has the following exploration commitments, which are included in the Group's exploration commitments as detailed in note 27:

	Consolidated	
	2014	2013
	$	$
Exploration commitments		
Commitments for payments under exploration permits for coal in existence at the reporting date but not recognized as liabilities payable is as follows:	2,901,111	3,099,444

Guarantees
COALBANK Limited has not guaranteed any debts of its subsidiaries.

Note 22 Key management personnel disclosures

Key management personnel compensation

	Consolidated	
	2014	2013
	$	$
Short-term employee benefits	396,221	651,896
Post-employment benefits	(375)	19,800
Share-based payments	-	142,447
	395,846	814,143

Note 23 Remuneration of auditors

	Consolidated	
	2014	2013
	$	$
During the year the following fees were paid or payable for services provided by the auditor or, its related practices and non-related audit firms:		
BDO Audit Pty Ltd		
Audit services		
Audit and review of financial reports	30,140	37,500
Total remuneration for audit and other assurance services	30,140	37,500
Other services		
Accounting advice	-	-
Total remuneration for other services	-	-
Total auditor remuneration	30,140	37,500

Note 24 Related parties

(a) Parent entities

The parent entity and ultimate Australian parent entity within the group is COALBANK Limited. The ultimate parent entity is Treasure Wheel Global Limited which at 30 June 2014 owned 62.29% (2013: 0%).

(b) Subsidiaries

Interests in subsidiaries are set out in note 28.

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 22.

(d) Amounts payable to related parties

During the financial year Treasure Wheel Global Limited advanced Coalbank Limited loan funds of $200,000. The loan is unsecured and for an initial period of 12 month. The loan accrues interest at a rate of 7% pa with the interest being payable at the expiry of the loan.

Included in trade payables is an amount of $67,392 which represents amounts payable to directors for unpaid directors' fees.

On 20 November 2013, the group disposed of its wholly owned subsidiary, Harvest Metals Pty Ltd, along with its Biloela South, Coalbank South and Chinchilla East EPC's to Treasure Wheel Global Limited for $2,000,000. Refer to Note 5 for details.

Note 25 Events occurring after reporting date

Since 30 June 2014 Coalbank Limited has raised $1,921,405.50 from placement of 128,093,700 fully paid ordinary shares.

Since 30 June 2014 Coalbank Limited has been advanced loan funds of $100,000 from Treasure Wheel Global Limited. The loan is unsecured and for an initial period of 12 month. The loan accrues interest at a rate of 7% pa with the interest being payable at the expiry of the loan.

At the date of this report there are no other matters or circumstances which have arisen since 30 June 2014 that have significantly affected, or may significantly affect:

(a) the Group's operations in future financial years, or
(b) the results of those operations in future financial years, or
(c) the Group's state of affairs in future financial years.

Note 26 Reconciliation of loss after income tax to net cash outflow from operating activities

	Consolidated	
	2014	2013
	$	$
Loss after income tax	(609,917)	(23,742,177)
Exploration abandoned	-	27,342
Impairment of exploration and evaluation assets	84,000	21,881,753
Impairment of available-for-sale financial assets	450,000	-
Depreciation	7,902	14,485
Share based payments	-	167,924
Profit on sale of fixed assets	(1,534)	(412)
(Profit) Loss on sale of subsidiary	(1,340,555)	918,197
Finance costs:		
Unwinding of issue costs financial liabilities not at fair value through profit or loss	296,944	594,899
Fair value (gains) losses on financial liabilities at fair value through profit or loss	(706)	(1,168,039)
Other	-	3,569
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(32,471)	44,672
Increase/(decrease) in trade and other payables	(311,198)	297,792
Net cash outflow from operating activities	(1,457,535)	(959,995)

Note 27 Commitments for expenditure

	Consolidated	
	2014	2013
	$	$
Exploration commitments		
Commitments for payments under exploration permits for minerals in existence at the reporting date but not recognized as liabilities payable is as follows:	4,332,500	9,341,389

So as to maintain current rights to tenure of various exploration tenements, the Group will be required to outlay amounts in respect of tenement exploration expenditure commitments. These outlays, which arise in relation to granted tenements are noted above. The outlays may be varied from time to time, subject to approval of the relevant government departments, and may be relieved if a tenement is relinquished.

Exploration commitments are calculated on the assumption that each of these tenements will be held for its full term. But, in fact, commitments will decrease materially as exploration advances and ground that is shown to be unprospective is progressively surrendered. Expenditure commitments on prospective ground will be met out of existing funds, joint ventures, farm-outs, and new capital raisings.

Note 28 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1(b):

Name of entity	Principal Activities	Country of incorporation	Class of shares	Equity holding 2014 %	Equity holding 2013 %
Lodestone Coal Pty Limited	Coal exploration	Australia	Ordinary	100	100
Lodestone CSG Pty Limited	Gas exploration	Australia	Ordinary	100	100
Lodestone Minerals Pty Limited	Mineral exploration	Australia	Ordinary	100	100
Tambo Coal & Gas Pty Limited	Coal exploration	Australia	Ordinary	100	100
Moreton Energy Pty Ltd	Coal exploration	Australia	Ordinary	100	100
Coalbank Qld Pty ltd	Coal exploration	Australia	Ordinary	100	100
Surat Mining Pty Ltd	Coal exploration	Australia	Ordinary	100	100
Harvest Metals Pty Ltd	Mineral exploration	Australia	Ordinary	-	100

Note 29 Earnings per share

	2014 Cents	**2013 Cents**
(a) Basic earnings per share		
From continuing operations attributable to ordinary equity holders of the company	(0.2)	(2.7)
From discontinued operation	0.2	(0.1)
Total basic earnings per share attributable to the ordinary equity holders of the company	(0.0)	(2.8)
(b) Diluted earnings per share		
From continuing operations attributable to ordinary equity holders of the company	(0.2)	(2.7)
From discontinued operation	0.2	(0.1)
Total diluted earnings per share attributable to the ordinary equity holders of the company	(0.0)	(2.8)

(c) Reconciliation of earnings used in calculating earnings per share

Basic and diluted earnings per share

Loss attributable to the ordinary equity holders of the company used in calculating basic and diluted earnings per share:		
From continuing operations	(1,950,472)	(22,823,980)
From discontinued operation	1,340,555	(918,197)
	(609,917)	(23,742,177)

(d) Weighted average number of shares used as the denominator

	2014 Number	**2013 Number**
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	851,336,097	841,691,093
Adjustments for calculation of diluted earnings per share:		
Options	-	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	851,336,097	841,691,093

(e) Information concerning the classification of securities

Options and rights

There are no options or rights on issue at 30 June 2014. Options and rights on issue during the year are not included in the calculation of diluted earnings per share because they are antidilutive for the year ended 30 June 2014. These options and rights could potentially dilute basic earnings per share in the future. Details relating to options and rights are set out in note 30.

Note 30 Share-based payments

Options

During the financial year COALBANK Limited did not grant any options.

Options granted carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share.

The exercise price of options is based on the weighted average price at which the company's shares are traded on the Australian Securities Exchange during the five trading days immediately before the options are granted.

Set out below are summaries of options granted:

2014

Grant date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
17/11/2011	08/08/2013	$0.0825	3,000,000	-	-	(3,000,000)	-	-
17/11/2011	08/08/2013	$0.10	4,000,000	-	-	(4,000,000)	-	-
02/06/2011	02/09/2014	$0.25	40,000,000	-	-	(40,000,000)	-	-
Total			47,000,000	-	-	(47,000,000)	-	-
Weighted average exercise price			***$0.23***	***-***	***-***	***$0.23***		

2013

Grant date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
17/11/2011	08/08/2013	$0.0825	3,000,000	-	-	-	3,000,000	3,000,000
17/11/2011	08/08/2013	$0.10	4,000,000	-	-	-	4,000,000	4,000,000
02/06/2011	02/09/2014	$0.25	40,000,000	-	-	-	40,000,000	-
02/06/2011	02/06/2013	$0.1033	3,000,000	-	-	(3,000,000)	-	-
Total			50,000,000	-	-	(3,000,000)	47,000,000	7,000,000
Weighted average exercise price			***$0.22***	***-***	***-***	***$0.10***	***$0.23***	***$0.09***

The weighted average share price at the date of exercise of options exercised during the year ended 30 June 2014 was $nil (2013 - $nil).

The weighted average remaining contractual life of share options outstanding at the end of the period was nil (2013 – 1.0 years)

Performance Rights
During the financial year there were no performance rights granted and there were no performance rights on issue at the end of the financial year.

Performance rights granted carry no dividend or voting rights.

When exercisable, each performance right is convertible into one ordinary share.

Note 30 Share-based payments (continued)

Set out below are summaries of performance rights on issue:

2014

Grant date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
26/06/2009	25/06/2019	$0.00	8,000,000	-	(8,000,000)	-	-	-
03/03/2010	03/03/2020	$0.00	250,000	-	(250,000)	-	-	-
Total			8,250,000	-	(8,250,000)	-	-	-

2013

Grant date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
26/06/2009	25/06/2019	$0.00	8,000,000	-	-	-	8,000,000	1,000,000
03/03/2010	03/03/2020	$0.00	250,000	-	-	-	250,000	-
Total			8,250,000	-	-	-	8,250,000	1,000,000

The weighted average share price at the date of exercise of performance rights exercised during the year ended 30 June 2014 was $0.009 (2013 - $nil).

The weighted average remaining contractual life of performance rights outstanding at the end of the period was nil years (2013 – 6 years)

Shares issued on the taking up of performance rights are issued for no consideration and therefore do not have a weighted average exercise price.

Fair value of performance rights granted
The assessed fair value at grant date of performance rights granted to the individuals is allocated equally over the period from grant date to estimated vesting date. Fair values at grant date are independently determined using the Monte Carlo Simulation method that takes into account the exercise price, the term of the performance right, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the performance right.

Expense arising from share-based payment transactions
Total expense arising from share-based payment transactions recognised during the period were as follows:

	Consolidated	
	2014	**2013**
	$	$
Performance rights issued	-	98,001
Options issued	-	69,923
	-	167,924

Note 31 Contingent liabilities

The Group does not have any contingent liabilities at 30 June 2014.

Note 32 Entity details

The registered office and principal place of business of the company is:

Level 6, 344 Queen Street
Brisbane QLD 4000
Ph (07) 3229 6606

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of COALBANK Limited

Report on the Financial Report

We have audited the accompanying financial report of COALBANK Limited, which comprises the consolidated balance sheet as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of COALBANK Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of COALBANK Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 3 (iii) in the financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through equity. These conditions, along with other matters as set out in Note 3 (iii), indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 16 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of COALBANK Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

BDO Audit Pty Ltd

BDO

C J Skelton

Director

Brisbane, 11 September 2014

COALBANK

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 3 September 2014.

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

	Class of equity security
	Ordinary Shares
1 – 1,000	53
1,001 – 5,000	27
5,001 – 10,000	141
10,001 – 100,000	343
100,001 and over	272
	836

There were 474 holders of less than a marketable parcel of ordinary shares.

B. Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

	Ordinary shares	
Name	**Number Held**	**Percentage (%) of issued shares**
Treasure Wheel Global Limited	531,906,361	54.16
KAMS Brother Holdings Limited	128,093,700	13.04
Allegro Capital Nominees Pty Ltd	100,499,321	10.23
Rocket Science Pty Ltd	20,000,000	2.04
Leejames Nominees Pty Ltd	11,500,000	1.17
Trevor Robert Learey	10,585,126	1.08
Mr Nicholas Playford Forgan	9,264,917	0.94
Wealford Investments Limited	8,704,654	0.89
Square Resources Pty Ltd	5,937,500	0.60
Campbell Marine Pty Ltd	4,918,346	0.50
Alister John Forsyth	4,494,079	0.46
Mrs Fiona Mary Learey Bowles	4,104,073	0.42
Oliver Lennox-King	3,750,000	0.38
Armarda Trading Pty Ltd	3,125,000	0.32
Ms Jessica Jane Green	3,122,000	0.32
The Purple Onion Pty Ltd	3,000,000	0.31
Tre Pty Ltd	2,797,200	0.28
Gleneagle Securities (Aust) Pty Ltd	2,713,333	0.28
Orbit Capital Pty Ltd	2,602,867	0.27
Humber Hawke Pty Ltd	2,435,947	0.25
	863,554,424	87.94

C. Substantial holders

Substantial holders in the company are set out below:

	Number held	Percentage
Ordinary shares		
Gregory Alexander John Baynton	101,584,899	10.34%
Kam's Brother Holdings Limited	128,093,700	13.04%
Treasure Wheel Global Limited	531,906,361	54.16%

D. Voting rights

The voting rights attaching to each class of equity securities are set out below:

(a) Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(b) Options
No voting rights.