

**Date:** 31 January 2014

**To:** Australian Securities Exchange  
Companies Announcement Office  
Electronic Lodgment System

Dear Sir

## **ACTIVITIES REPORT FOR QUARTER ENDED 31 DECEMBER 2013**

### **CORPORATE ACTIVITIES:**

#### **Proportional Takeover Transaction**

**COALBANK LIMITED (ASX: CBQ)**, completed the proportional takeover by Treasure Wheel Global Limited (Treasure Wheel) in which Treasure Wheel attained an interest of 62.29% in Coalbank.

As a consequence of the change of control the Coalbank Limited Board now comprises:

Mr Anthony Chan as Non-Executive Chairman,  
Mr Nick Bolkus as a Non-Executive Director,  
Dr George Lam as a Non-Executive Director,  
Mr Daniel Chan as a Non-Executive Director and  
Mr Ron Marks as a Non-Executive Director.

#### **Partial Asset Sale**

The partial asset sale announced on 27<sup>th</sup> August 2013 has been completed.

Under the sale arrangements, subject to Ministerial approval (where required), Treasure Wheel agreed to acquire 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.

#### **Issue of New Shares and Unlisted Options Cancelled**

As announced on 25 October 2013 the company cancelled by agreement, between the Company and the Option Holder, 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.

## Strategic Direction

On 13 November 2013 COALBANK provided an update on the Company's strategic direction following the announcement of the successful proportional takeover offer by Treasure Wheel. As previously announced, this change-of-control provides shareholders and new investors with the opportunity to participate in the Company's future.

Treasure Wheel's parent company, Loyal Strategic Investment Limited has experience of successfully sourcing and trading Australian coal into China. The principals of Loyal Strategic also have significant business networks within China, Hong Kong and Macau, together with well-established relationships with trade and investment financiers and coal users. With this valuable combination of experience in coal trading and business and finance networks in China, the new controlling shareholder of COALBANK has advised its intention to pursue a dual strategy for COALBANK focusing on:

1. **Coal procurement and trading** to pursue short-to-medium term revenue opportunities; and
2. **Exploration and development** of existing and new coal projects for the creation of longer-term shareholder value.

This dual strategy provides a long-term solution for building shareholder wealth by introducing new revenue opportunities. A more detailed strategic approach is expected to be refined over coming months as the Company's exploration portfolio is reviewed and as the Company explores new opportunities for coal trading and long term off-take with third-party producers.

In this regard, COALBANK welcomes expressions of interest from both thermal and metallurgical coal producers to discuss possible future business.

## Executive Appointments

On 2 December 2013 the Company announced the appointment of a new Chief Executive Officer, Mr Andrew Fogg.

With his accounting and tax background and wealth of managerial experience, he is looking forward to managing the day to day affairs of the business to enable it to move forward and grow.

Mr Fogg's remuneration package has now been finalized and will consist of a base salary of \$190,000 p.a. plus proposed incentives consisting of 5 million Performance Rights, the issue of which will be subject to shareholder approval.

Mr Bruce Patrick, who has been Chief Executive Officer of Coalbank since 30 August 2011, continues to provide his services to the company in the role of Chief Operating Officer.

**ACTIVITIES RELATED TO ENERGY PROJECTS:**

**Coal Projects - Tenement Portfolio Update**

**Mining tenements held at the end of the quarter and their location**

With the completion of the sale of COALBANK's Biloela South, Coalbank South, and Chinchilla East EPCs, and Harvest Metals Pty Ltd to Treasure Wheel COALBANK now holds a portfolio of 31 granted EPCs.

| <b>TENEMENT HOLDINGS 31 DECEMBER 2013</b> |                            |                 |                     |
|---|----------------------------|-----------------|---------------------|
| <b>TENEMENT</b>                           | <b>PROJECT NAME</b>        | <b>INTEREST</b> | <b>COMMENT</b>      |
| EPC 1484                                  | AUGATHELLA NORTH EAST      | 100%            | GRANTED             |
| EPC 1621                                  | TAMBO SOUTH EAST GAP       | 100%            | GRANTED             |
| EPC 1784                                  | WAROONGA                   | 100%            | GRANTED             |
| EPC 1800                                  | MARANOA RIVER              | 100%            | GRANTED             |
| EPC 1719                                  | BARCOO RIVER-BLACKALL RAIL | 100%            | GRANTED             |
| EPC 1482                                  | AUGATHELLA EAST 2          | 100%            | GRANTED             |
| EPC 1697                                  | ALPHA RAIL                 | 100%            | GRANTED             |
| EPC 1624                                  | MORVEN NORTH EAST          | 100%            | GRANTED             |
| EPC 1632                                  | TAMBO                      | 100%            | GRANTED             |
| EPC 1633                                  | AUGATHELLA SOUTH EAST 1    | 100%            | GRANTED             |
| EPC 1776                                  | UPPER SURAT EAST 1         | 100%            | GRANTED             |
| EPC 1777                                  | UPPER SURAT EAST 2         | 100%            | GRANTED             |
| EPC 1794                                  | MORVEN NORTH               | 100%            | GRANTED             |
| EPC 1644                                  | AUGATHELLA SOUTH EAST 2    | 100%            | GRANTED             |
| EPC 1789                                  | MUCKADILLA NORTH EAST      | 100%            | GRANTED             |
| EPC 1795                                  | ROMA NORTH WEST            | 100%            | GRANTED             |
| EPC 1788                                  | MUCKADILLA NORTH           | 100%            | GRANTED             |
| EPC 1786                                  | DUBYDILLA                  | 100%            | GRANTED             |
| EPC 1993                                  | BLACKALL SOUTH CORNER      | 100%            | GRANTED             |
| EPC 1623                                  | BYMOUNT WEST               | 100%            | GRANTED             |
| EPC 1481                                  | AUGATHELLA EAST 1          | 100%            | GRANTED             |
| EPC 1625                                  | ALPHA SOUTH WEST 2         | 100%            | GRANTED             |
| EPC1414                                   | MARANOA RIVER              | 100%            | GRANTED             |
| EPC1415                                   | WARREGO                    | 100%            | GRANTED             |
| EPC1418                                   | TAMBO EAST 2               | 100%            | GRANTED             |
| EPC1417                                   | TAMBO EAST1                | 100%            | GRANTED             |
| EPC1622                                   | ALPHA SOUTH WEST 1         | 100%            | GRANTED             |
| EPC1524                                   | MORETON SOUTH              | 100%            | GRANTED             |
| EPC 2239                                  | COAL CREEK                 | 100%            | GRANTED             |
| EPC1249                                   | RATHDOWNEY                 | 100%            | RENEWAL IN PROGRESS |
| EPC2376                                   | WALLOON WEST               | 100%            | GRANTED             |

**Mining tenements acquired and disposed of during the quarter and their location**

| TENEMENT   | PROJECT NAME         | INTEREST | COMMENT |
|------------|----------------------|----------|---------|
| EPC 2376   | WALLOON WEST         | 100%     | GRANTED |
| EPC 2056   | CHINCHILLA EAST      | 0%       | SOLD    |
| EPC 2240   | COALBANK SOUTH 1     | 0%       | SOLD    |
| EPC 2359   | COALBANK SOUTH 2     | 0%       | SOLD    |
| EPC 2241   | BILOELA SOUTH        | 0%       | SOLD    |
| EPM 11980  | LIMESTONE CREEK      | 0%       | SOLD    |
| EPM 18325  | BALD HILLS           | 0%       | SOLD    |
| EPM 17850  | MOUNT MORGAN         | 0%       | SOLD    |
| EPMA 19537 | MITCHELL RIVER SOUTH | 0%       | SOLD    |

**Beneficial percentage interests held in farm-in or farm-out agreements at end of the quarter**

Nil

**Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the quarter**

Nil

**Coal Projects – General**

The Company has identified additional coal intersections in COALBANK’s South East Queensland EPCs and further validated the Company’s existing data set. The additional data has enabled the refinement and prioritisation of the next phase of drilling targets for these EPCs. It is planned to undertake an initial drilling programme within EPC 2239 in the first quarter of 2014.

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

**Commodity Trading**

As previously announced in the Chairman’s address at the 2013 Annual General Meeting, Coalbank intends to introduce commodity trading, to allow the company to improve its cash flow and to provide further funding for the development of projects.

**Annual General Meeting**

The Annual General Meeting of the Company was held at 9.00am 29<sup>th</sup> November 2013.

Yours faithfully,

**Anthony Chan - Chairman**

Further information:

Andrew Fogg - Chief Executive Officer

Bruce Patrick - Chief Operating Officer