

Quarter Highlights

- Endocoal Shareholders approve the Scheme of arrangement at a Shareholder Meeting on 28 February 2013.
- The Scheme expected to remain on track to be completed and fully implemented by 7 May 2013.
- Ground gravity geophysical surveys and geological field mapping completed on interpreted sub basins at Stockyard Creek and Cedars tenements.
- Rockwood (EPC1514) tenement renewal has been granted for a further 5-year term.
- A new tenement, Cooper Creek (EPC2306), north of the Rockwood Project, has been granted.

1. Scheme Update

In the previous quarter, Endocoal announced to the Australian Stock Exchange (**ASX**) that it had entered into a Scheme Implementation Agreement (**SIA**) with U&D Mining (Australia) Pty Ltd (**U&D**), under which U&D would acquire all of the ordinary shares in Endocoal by way of a Scheme of Arrangement (**The Scheme**), subject to shareholder and Chinese regulatory approval. Under the terms of the Scheme, Endocoal Shareholders would receive cash consideration of A\$0.38 per Endocoal share.

In the previous quarter Endocoal had also advised the market that it had received confirmation from the Foreign Investment Review Board (**FIRB**) that there were no objections to the acquisition of Endocoal by U&D.

On 21 January 2013, Endocoal announced to the market that it had met a condition precedent by obtaining executed option cancellation deeds from all holders of Options and Rights.

On 25 January 2013, the Federal Court of Australia approved the holding of a Scheme Meeting to consider and vote on the implementation of the proposed Scheme.

On 29 January 2013, Endocoal sent out the Scheme Booklet, plus a voting proxy form for a Scheme Meeting to be held

on 28 February 2013 that would provide shareholders with an opportunity to vote on the Scheme.

The Scheme Booklet contained material information about the proposed Scheme, including the benefits and the potential disadvantages of the proposed Scheme, plus an Independent Expert report provided by Ernst & Young Transaction Advisory Services Limited, as well as information on how Shareholders could vote at the Scheme Meeting. A copy of the Scheme Booklet is available from the ASX and from the Endocoal website www.endocoal.com.au.

On 28 February 2013, Endocoal held an EGM at 11:00 am AEST at the offices of Gilbert + Tobin in Sydney, to vote on the Scheme. At that Shareholder meeting Shareholders approved the Scheme.

During March 2013, Endocoal updated the market with Indicative Timetables for the Scheme through to completion. Significant further announcements relating to the Scheme were announced subsequent to the quarter ended 31 March 2013. These are covered under Subsequent Events.

2. Exploration

During the quarter, activity centred on first principles exploration methodology, involving ground based geological mapping and sampling, desk top studies and research activities involving various Endocoal greenfield tenements. A ground gravity geophysical survey was also completed at the Stockyard Creek and Cedars tenements, along with planning for future resource delineation and scout drilling programs.

2.1 Stockyard Creek, Cedars and Barfield Tenements /

EPC 2339, EPC 1516 and EPC 1620

On the 08th April 2013 the Company announced, through an ASX Release, the identification of new potential exploration zones within the broader Stockyard Creek/ Cedars/ Barfield project areas. In March 2013, ground gravity geophysical surveys were completed over the coal discovery area at Stockyard Creek (EPC2339), as well as further south within the Cedars (EPC 1516) tenement.

The ground gravity method was utilised to first test the initial Stockyard Creek location, where drilling intersected two coal seams, each approximately 3m thick. This was used to determine the coal-related geophysical signature present. The second survey, on an undrilled area, located within the adjacent Cedars tenement, targeted a separate interpreted sub-basin considered prospective for coal seams.

Results from these surveys have been compared, with preliminary assessment supporting the selection of the Cedars area as another potential area for future drilling. It is expected this approach should continue to be useful in identifying other locations exhibiting a similar geophysical signature to that of the original Stockyard Creek coal discovery location.

In addition, geological mapping across the Stockyard Creek/Cedars/Barfield area has been greatly enhanced as a result of on-the-ground reconnaissance carried out by Endocoal geologists. This has provided better information



on the likely tracking of the zone of intersection between the underlying volcanic (andesite) basement and the overlying sedimentary strata expected to host coal seams. This has identified other locations where the geological environment is expected to be similar to that of the Stockyard Creek discovery area. Geological mapping will be further enhanced based on outcomes from final analysis of ground gravity survey results. Additional on-the-ground inspections of other areas considered to be prospective will take place to 'ground-truth' geophysical interpretations and to confirm the geological conclusions reached.

Based on the positive indications delivered from the ground gravity surveys, plus the outcomes from on-the-ground reconnaissance activities completed, the Exploration team has commenced planning for future drilling programs. These will be scoped to deliver drilling programs and related activities for:

- Coal resource definition around the initial Stockyard Creek discovery area; and
- Scout drilling at the nearby Cedars tenement, to test a second projected sub-basin, identified through a desk-top study and reinforced by outcomes from the recent ground gravity survey.

2.2 Rockwood Project / EPC 1514

During the quarter advice was received from the Department of Natural Resources (DNRM) that the Exploration Permit for Coal (EPC) Rockwood (EPC 1514) has been renewed for a further 5-year period, with no requirement for partial relinquishment of area within the tenement. The supportive approach of DNRM in renewing EPC 1514 is appreciated by Endocoal, with the outcome recognising the significant expenditure and results achieved to date for the project which has delivered a JORC resource of 447.1 Mt of anthracite coal.

2.3 Cooper Creek / EPC 2306

Endocoal announced in an ASX Release during the quarter that EPC 2306 Cooper Creek had been formally granted to the Company by the DNRM. Representing a large area comprising 292 sub blocks (approximately 817.6 km²), granting of EPC2036 represents a significant boost to the greenfield exploration area available to Endocoal. Coopers Creek has been interpreted as being prospective for two distinct exploration target areas, those being:

- In the western portion of the tenement, coal seams within a similar geological setting to those intersected at the Rockwood Project; and
- In the eastern portion of the tenement, coal seams of the Back Creek Group.

An initial desk top study, along with field reconnaissance work is now underway for the Coopers Creek tenement.

2.4 Orion Downs and Surrounding Tenure Exploration Activities

Field exploration work during the quarter was finalised with the geological mapping and interpretation project completed for the south western corner of Orion Downs and the adjacent Overlander (EPC 2025) tenement.

The intent of the field work was to characterise and map the geological stratigraphy in the respective tenements, targeting in particular the discovery of outcrops and near surface coal within the Bandanna Formation and other coal bearing formations. Results from the field geological mapping project and related activities are currently being assessed and applied to the existing exploration target interpretations for the area.

2.5 Mt Inglis Project / EPC 2253

Field work is also in the final stages for the Mt Inglis project, where previously Endocoal announced the discovery of a coal seam outcropping at the surface within the project area. More extensive geological reconnaissance has been completed across the tenement culminating with a targeted search for further coal seam outcrops in selected areas.

Results from the field work and related activities of the project are currently being assessed and built into the geological understanding of the area. Subject to the final interpretation and assessment, planning for a scout drilling program in the area may be considered.

2.6 Meteor Downs South Project

Work continued on finalising the Environmental Management Plan (EMP), addressing late arising requirements that extended the scope of the original EMP.

A pre-lodgement meeting was held with the Department of Environment and Heritage Protection (DEHP) in March 2013 to discuss the lodgement of the EMP, the general issues identified in the EMP and to build an open line of communication into the DEHP during the review / approval process.

It is expected that the final draft of the EMP will be completed in late April and enabling the EMP to be submitted in early May 2013.

Current Mining Tenure

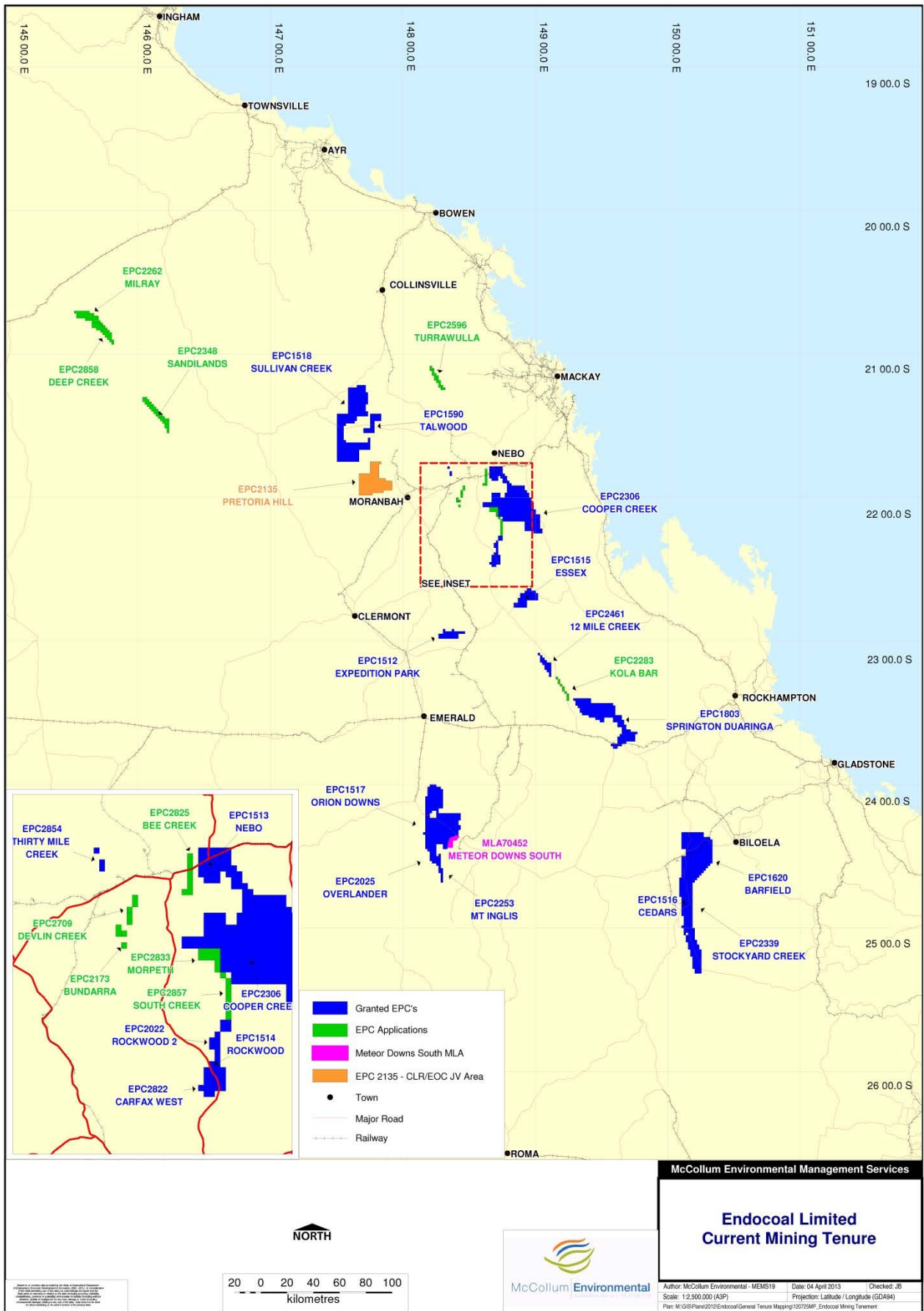


Figure 1: Endocoal's Current Mining Tenure.

3. Significant events subsequent to the Quarter

On 15 April 2013, Endocoal announced that U&D Mining (Australia) Pty Ltd (U&D) had received an Approval from the State-Owned Assets Supervision and Administration Commission (SASAC) to proceed with the proposed acquisition of Endocoal via the Scheme of Arrangement in line with regulatory approvals required by the People's Republic of China (PRC).

On 17 April 2013, Endocoal announced that U&D had waived other conditions precedent relating to PRC regulatory approvals involving the proposed acquisition. The PRC approvals waived were in relation to the National Development and Reform Commission of China, The Ministry of Commerce of the PRC and the State Administration of Foreign Exchange of China.

On 19 April 2013, the Federal Court of Australia made an Order approving the scheme of arrangement under which U&D will acquire all of the issued shares of Endocoal. The order of the Court was lodged with the Australian Securities & Investment Commission on 22 April 2013, making the Scheme Effective. Endocoal shares were suspended from trading from market close on that date. Shares in Endocoal can no longer be traded.

Future Events

Endocoal has issued a timetable to Shareholders showing 30 April 2013 as the Scheme Record Date. Shareholders recorded on the register of Endocoal Shareholders at 7:00pm (AEST) on this day will be eligible to receive the Scheme Consideration of A\$0.38 cents per share.

It has also been advised that 7 May 2013 is the expected Scheme Implementation Date. On this day the Scheme Consideration of A\$0.38 cents per share will be dispatched to shareholders. All payments will be made in Australian Dollars. Shareholders have been given an option of being paid the Scheme Consideration by Electronic Funds Transfer (EFT), or alternatively, by cheque. Shareholders opting for EFT have until 5pm on 3 May 2013 to provide a completed form to Boardroom. An EFT form has been available on the Endocoal website at www.endocoal.com.au.

Endocoal is expected to be de-listed from the ASX at some stage after the Implementation Date.

Competent Person's Statement

In accordance with the Australian Securities Exchange requirements, the technical information contained in today's announcement titled "**Quarterly Explorer – 31 March 2013**" (**Quarterly Activities and Cash Flow Report**) has been reviewed by Darren Walker, B.Sc. (Hons) in Geology employed by Endocoal Limited. Mr Walker is a member of the Australian Institute of Geoscientists and the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "*Australasian Code for reporting of Exploration Results, Minerals Resources and Ore reserves*". Mr Walker consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

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Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

Endocoal Limited

ACN

132 183 281

Quarter ended ("current quarter")

31 March 2013

Consolidated statement of cash flows

Cash flows related to operating activities *	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	0	0
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(239) - - (1,656)	(4,003) - - (3,876)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	13	73
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other- gst	(34)	243
Net Operating Cash Flows	(1,916)	(7,563)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	- - (4)	- - (14)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	- - -	- - -
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(4)	(14)
1.13 Total operating and investing cash flows (carried forward)	(1,920)	(7,577)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

	Current quarter \$A'000	Year to date (6 months) \$A'000
1.13 Total operating and investing cash flows (brought forward)	(1,920)	(7,577)
Cash flows related to financing activities		
1.14 Proceeds from issues of shares, options, etc.	-	-
1.15 Proceeds from sale of forfeited shares	-	-
1.16 Proceeds from borrowings	1,500	2,500
1.17 Repayment of borrowings	-	-
1.18 Dividends paid	-	-
1.19 Other-Share issue costs	-	-
Net financing cash flows	1,500	2,500
Net (increase) /decrease in cash held	(420)	(5,077)
1.20 Cash at beginning of quarter/year to date	1,143	5,800
1.21 Exchange rate adjustments to item 1.20	-	-
1.22 Cash at end of quarter	723	723

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

	Current quarter \$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2	167
1.24 Aggregate amount of loans to the parties included in item 1.10	Nil
1.25 Explanation necessary for an understanding of the transactions	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Not applicable

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Not applicable

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	4,000	2,500
3.2 Credit standby arrangements	-	-

The Company formally entered into a 12 month loan facility agreement with U&D Mining Industry (Australia) Pty Ltd on 26 October 2012, to provide interim debt funding of \$4,000,000. The loan agreement was executed simultaneously with a Scheme Implementation Agreement (**SIA**). Further information about the SIA is available on the company website www.endocoal.com.au.

As part of the SIA process, the Company announced to the market, on 19 April 2013, that the Federal Court of Australia made court orders approving the scheme of arrangement (the **Scheme**) under which U&D Mining Industry (Australia) Pty Ltd will acquire all of the issued shares in the Company. The Court Order were lodged with the Australian Securities and Investments Commission on 22 April 2013, at which time the Scheme became legally effective, and Endocoal Shares were suspended and ceased trading from market close. The Shares will remain suspended until Endocoal requests to be removed from the official stock exchange list under listing rule 17.11 on or after the 7 May 2013 completion date for the Scheme.

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	500
4.2 Development	-
4.3 Production	-
4.4 Administration	1,200
Total	1,700

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	386	827
5.2	Deposits at call	337	315
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)		723	1,142

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	N/A	N/A	N/A
6.2	Interests in mining tenements acquired or increased	Cooper Creek	-	100%

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (cents)	Amount paid up per security (cents)
7.1 Preference *securities <i>(description)</i>	NIL	NIL	-	Fully Paid
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 *Ordinary securities	186,929,401	186,929,401	Various	Fully paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	NIL	NIL	NIL	NIL
7.5 *Convertible debt securities <i>(description)</i>	N/A	N/A	N/A	N/A
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	N/A	N/A	N/A	N/A
7.7 Options <i>(description and conversion factor)</i>	20,450,000	-	<i>Exercise price</i> Various	<i>Expiry date</i> Various between 2012 and 2015.
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	-	-	-	-
7.11 Debentures <i>(totals only)</i>	-	-		
7.12 Unsecured notes <i>(totals only)</i>	-	-		

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed. The numbers provided are unaudited numbers as the annual financial report is yet to be finalised.

Sign here: _____

(CFO & Company Secretary)

Date: 30 April 2013

Print name: Peter Edwards

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 Issued and quoted securities: The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 Accounting Standards ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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Corporate Directory

Endocoal Limited

ACN: 132 183 281

ASX: EOC

Corporate Directory

Mr Phillip McCarthy

Non-executive Chairman

Mr Tim Hedley

CEO & Managing Director

Mr Gavin Solomon

Non-executive Director

Mr Lex Hansen

Non-executive Director

Mr Ray Miller

Non-executive Director

Mr Darren Walker

Exploration Manager

Mr Peter Edwards

Chief Financial Officer

Company Secretary

Registered Office

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Email : enquiries@boardroomlimited.com.au

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Auditors

PricewaterhouseCoopers Chartered Accountants

Bankers

ANZ Bank

Solicitors

Gilbert + Tobin

Norton Rose

Clayton Utz



QUARTERLY **EXPLORER**

www.endocoal.com.au