

Date: 30 April 2013

To: Australian Securities Exchange
Companies Announcement Office
Electronic Lodgment System

Dear Sir

ACTIVITIES REPORT FOR QUARTER ENDED 31 March 2013

CORPORATE ACTIVITIES:

Whole-of-Company Transaction

On 26th April 2013 **COALBANK LIMITED (ASX: CBQ, COALBANK or the Company)** the Company entered into a binding Scheme Implementation Agreement with Hong Kong-based company, Loyal Strategic Investment Ltd. (Loyal Strategic) in relation to a whole-of-company transaction.

The Scheme Implementation Agreement sets out the terms on which COALBANK will propose a scheme of arrangement with its shareholders for the acquisition of 100% of the Company's ordinary shares by Loyal Strategic (Scheme) at A\$0.0175 per COALBANK ordinary share.

The scheme of arrangement is subject to conditions which must be satisfied (or waived) in order for the Scheme to proceed. In particular, Loyal Strategic has a three month due diligence and finance period under the Scheme Implementation Agreement. The Scheme is also subject to COALBANK shareholder approval and other regulatory approvals.

The acquisition is not expected to require the approval of The Foreign Investment Review Board (FIRB) if undertaken by Loyal Strategic (and not a nominee) as Loyal Strategic is a private company and the total consideration does not meet the relevant monetary threshold to be subject to FIRB approval.

Loyal Strategic and its directors have significant experience in funding and delivery of new development projects and have been engaged in international coal trading with Australia since 2009. Loyal Strategic advises that, subject to the conditions precedent being satisfied, it has the expertise and resources to complete the acquisition. As a sign of Loyal Strategic's commitment to the Scheme, it has agreed to pay a deposit of A\$1 million, which amount will be paid as consideration (or part consideration) for the acquisition of certain non-core assets of COALBANK in the event that certain of the conditions precedent are not satisfied.

The Board of COALBANK is fully supportive of the Scheme. The Board has agreed that it will unanimously recommend that COALBANK shareholders vote in favour of the Scheme at the Scheme meeting, in the absence of a superior proposal. COALBANK's Executive Deputy-Chairman and major shareholder (representing approximately 49%), Mr Greg Baynton, has advised that he will support the proposed Scheme.

The Loyal Strategic control transaction follows previous announcements made by COALBANK in relation to its discussions with various international parties about potential strategic investments or a whole-of-company transaction.

COALBANK LIMITED

ABN 20 075 877 075

Level 1 101 Edward Street Brisbane Queensland 4000 • GPO Box 762 Brisbane Queensland 4001 Australia
T +61 7 3229 6606 • F +61 7 3221 6625 • info@coalbank.com • www.coalbank.com

During the March Quarter, the Company held discussions and negotiations with a number of parties in relation to potential transactions, resulting in the final execution of the transaction with Loyal Strategic on the evening of 26 April.

Further details of the transaction can be found in COALBANK ASX Release 26 April 2013: "COALBANK Whole-of-Company Transaction".

ACTIVITIES RELATED TO ENERGY PROJECTS:**Blackall – Tambo Project**

Remaining laboratory analysis data from coal samples from the 2012 drilling program at the Company's Blackall Coal Project have been received.

Confirmation of plans for further exploration during 2013 will be dependent on the outcome of the Whole-of-Company Transaction announced on 26th April 2013.

Coal Projects - General

Statutory 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.

Following an approach from the Minister in 2011 relating to foreshadowed Urban Restriction Zones EPC1302 (in the Beaudesert township area) was surrendered during the March Quarter. 86% of the permit was affected by the planned Urban Restriction Zone.

Infrastructure

During the quarter Aurizon and GVK Coal Infrastructure (Singapore) Pte Ltd (GVK Hancock) signed a non-binding term sheet to jointly progress the development of rail and port infrastructure to unlock Galilee Basin coal reserves including GVK Hancock's Alpha, Kevin's Corner and Alpha West coal mines to the north-east of the Blackall Coal Project. The proposed new rail solution is intended to align with Government policy on shared infrastructure and open access and a process to support the next phase of coal growth in Queensland. (For further information see the Media Release "Aurizon and GVK Hancock Proposed Development" 11 March 2013).

The announcement of the proposed Aurizon-GVK rail and port project advances the transport infrastructure options for the Blackall Coal Project.

Yours faithfully,

Roger Clarke
Chairman

Further information:

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