

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is given that the Annual General Meeting of the shareholders of **COALBANK Limited ACN 075 877 075** ('Company' or 'COALBANK') will be held at 9.00 am (Brisbane time) on Monday 26 November 2012 at the Auditorium, McCullough Robertson Lawyers, Level 11, 66 Eagle Street, Brisbane, Queensland 4000.

Terms used in this Notice of Meeting are defined in the "Interpretation" section of the accompanying Explanatory Notes.

**AGENDA****ORDINARY BUSINESS****Financial Reports**

To receive and consider the Company's Annual Report comprising the Directors' Report, Auditors' Report, Directors' Declaration, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and Notes to and forming part of the Financial Statements for the Company for the financial year ended 30 June 2012.

**Resolution 1: Remuneration Report**

To consider and, if thought fit, pass the following advisory resolution, without amendment:

*"That the Remuneration Report for the year ended 30 June 2012 (as set out in the Directors' Report) be adopted."*

**Voting:**

The vote on this Resolution 1 is advisory only and does not bind the Directors of the Company.

**Voting Restriction pursuant to Section 250R(4) of the Corporations Act**

A vote on this Resolution 1 must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report;
- (b) a Closely Related Party of such a member.

However, the above persons may cast a vote on Resolution 1 if:

- (a) the person does so as a proxy; and
- (b) the vote is not cast on behalf of a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report or a Closely Related Party of such a member; and
- (c) either:
  - (i) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
  - (ii) the voter is the chair of the meeting and the appointment of the chair as proxy:
    - (1) does not specify the way the proxy is to vote on the resolution; and
    - (2) expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company.

**Resolution 2: Re-Election of Director – Mr Bill Stubbs**

To consider, and if thought fit, pass the following ordinary resolution:

*“That Mr Bill (W.R.) Stubbs, who retires by rotation in accordance with the Company’s constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company.”*

**Resolution 3: Re-Election of Director – Mr Lance Grimstone**

To consider, and if thought fit, pass the following ordinary resolution:

*“That Mr Lance Grimstone, who retires by rotation in accordance with the Company’s constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company.”*

**Resolution 4: Re-Election of Director – Mr Roger Clarke**

To consider, and if thought fit, pass the following ordinary resolution:

*“That Mr Roger Clarke, who retires by rotation in accordance with the Company’s constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company.”*

**SPECIAL BUSINESS**

**Resolution 5: Ratification of previous issue of shares**

To consider and, if thought fit, pass the following ordinary resolution:

*“That for the purposes of Listing Rule 7.4 and for all other purposes, the issue of 27,017,173 fully paid ordinary shares in the capital of the Company to sophisticated and professional investors at a price of 3.8 cents per share, for the purpose and otherwise on the terms described in the Explanatory Notes, be ratified.”*

Voting Exclusion Statement:

The Company will disregard any votes cast on resolution 5 by:

- any person who participated in the issue; and
- any of their associates.

However, the Company need not disregard a vote if:

- it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as their proxy decides.

GENERAL BUSINESS

To consider any other business as may be lawfully put forward in accordance with the constitution of the Company.

**By Order of the Board**

A handwritten signature in cursive script, appearing to read "Leni Stanley".

Leni Stanley  
Company Secretary  
22 October 2012

**EXPLANATORY NOTES**  
**COALBANK LIMITED**  
**A.C.N. 075 877 075**

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These Explanatory Notes have been prepared for the information of Shareholders in connection with the business to be conducted at the Annual General Meeting to be held on 26 November 2012.

These Explanatory Notes form part of and should be read in conjunction with the accompanying Notice. A number of words and terms used in these Explanatory Notes have defined meanings, which are set out at the end of these Explanatory Notes.

**Consider the Company's Annual Report**

The Company's Annual Report comprising the Directors' Report and Auditors' Report, Directors' Declaration, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to and forming part of the accounts for the Company and its controlled entities for the financial year ended 30 June 2012 was released to ASX on 18 September 2012. The Company's Annual Report is placed before Shareholders for discussion. No voting is required for this item.

**Resolution 1: Remuneration Report**

The Board has submitted its Remuneration Report to Shareholders for consideration and adoption by way of a non-binding advisory resolution.

The Remuneration Report is set out in the Directors' Report section of the Annual Report. The Report:

- explains the Board's policy for determining the nature and amount of remuneration of executive directors and senior executives of the Company;
- explains the relationship between the Board's remuneration policy and the Company's performance;
- sets out remuneration details for each Director and the most highly remunerated senior executives of the Company; and
- details and explains any performance conditions applicable to the remuneration of executive directors and senior executives of the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Meeting.

Members of the Key Management Personnel and their proxies and Closely Related Parties are restricted from voting on a resolution put to Shareholders that the Remuneration Report of the Company be adopted. Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

The Voting Restriction does not apply where:

- (a) the chairperson or any other member of the Key Management Personnel is appointed in writing (by a Shareholder who is not a member of Key Management Personnel or a Closely Related Party of Key Management Personnel) as a proxy with specific instructions on how to vote on a resolution to adopt the remuneration report of the Company; or
- (b) the chairperson is appointed in writing (by a Shareholder who is not a member of Key Management Personnel or a Closely Related Party of Key Management Personnel) as a proxy with no specific instructions on how to vote on a non-binding vote on remuneration, where the shareholder provides express authorisation for the chairperson to do so

Shareholders should be aware that any undirected proxies given to the Chairperson will be cast by the Chairperson and counted in favour of the resolutions the subject of this Meeting, including this resolution 1, subject to compliance with the Corporations Act.

The Board unanimously recommends that Shareholders vote in favour of adopting the Remuneration Report. A vote on this resolution is advisory only and does not bind the Directors of the Company.

### **Resolution 2: Re-Election of Director – Mr Bill (W.R.) Stubbs**

In accordance with the Company's constitution, Mr Stubbs will retire by rotation at the Annual General Meeting and being eligible, offers himself for re-election.

#### **2.1 Biography**

Mr Stubbs practiced as a lawyer for 30 years and is the co-founder of the legal firm, Stubbs Barbeler. He practiced in the area of commercial law including Stock Exchange listings and all areas of mining law. He has held the position of director of various public companies over the past 25 years in the mineral exploration and biotech fields. He is a current non-executive director of Lakes Oil N.L. and Armour Energy Limited and non-executive Chairman of DGR Global Limited. He is also the former Chairman of Alchemica Limited, Bemax Resources N.L. and Arrow Energy Limited.

Mr Stubbs is Chairman of the Audit Committee.

#### **2.2 Directors' recommendation**

Mr Stubbs does not make any recommendation in respect of this resolution. All other Directors support Mr Stubbs' re-election as a Director and recommend that Shareholders vote in favour of this resolution.

### **Resolution 3: Re-Election of Director – Mr Lance Grimstone**

In accordance with the Company's constitution, Mr Grimstone will retire by rotation at the Annual General Meeting and being eligible, offers himself for re-election.

#### **3.1 Biography**

Mr Grimstone B.Sc.(Hons) Geol. Grad.Dipl.Mangt., F.AusIMM, CPGeo.M.MICA is a geologist with over 35 years of experience in the exploration, mining and civil engineering industries. For

the last 25 years Mr Grimstone has operated his own consultancy practice based principally upon his expertise in Eastern Australian coal operations.

Mr Grimstone is a member of the Audit Committee.

### **3.2 Directors' recommendation**

Mr Grimstone does not make any recommendation in respect of this resolution. All other Directors support Mr Grimstone's re-election as a Director and recommend that Shareholders vote in favour of this resolution.

## **Resolution 4: Election of Director – Mr Roger Clarke**

In accordance with the Company's constitution, Mr Clarke will retire by rotation at the Annual General Meeting and being eligible, offers himself for re-election.

### **4.1 Biography**

Mr Clarke has over 30 years commercial experience in the investment banking industry, with responsibilities in fund management, banking and corporate finance. He has been involved in a large number of initial public offerings, capital raisings, advisory roles and corporate transactions.

Mr Clarke is Chairman of the RBS Morgans Limited Board of Advice and the former Chairman of ABN AMRO Morgans Limited. In addition, Mr Clarke is the Chairman of Tissue Therapies Limited, NextDC Limited and MTA Insurance Ltd, and Deputy Chairman of Maverick Drilling & Exploration Limited. Mr Clarke is also Director of Trojan Equity Limited.

### **4.2 Directors' recommendation**

Mr Clarke does not make any recommendation in respect of this resolution. All other Directors support Mr Clarke's election as a Director and recommend that Shareholders vote in favour of this resolution.

## **Resolution 5: Ratification of previous issue of shares**

### **5.1 Introduction**

As announced to ASX on 7 August 2012, the Company has issued 27,017,173 Ordinary Fully Paid Shares (**Placement Shares**) to sophisticated and professional investors at 3.8 cents per share.

The issue of the Placement Shares raised \$1.03 million to fund the Company's working capital requirements.

### **5.2 Why is shareholder approval required?**

Listing Rule 7.1 imposes a limit on the number of equity securities (including Shares) that a company can issue without shareholder approval. In general terms, the Company may not without Shareholder approval issue equity securities representing more than 15% of its share capital within a 12 month period.

Securities that are issued with shareholder approval do not reduce the number of equity securities that may be issued by the Company under Listing Rule 7.1.

Under Listing Rule 7.4, shareholder approval for the purposes of Listing Rule 7.1 can be obtained after the securities are issued if the issue did not breach the 15% limit in Listing Rule 7.1 when made. The issue of the Placement Shares did not breach the 15% limit.

Under resolution 5 the Company seeks ratification by Shareholders of the issue of the Placement Shares to provide the Company with greater flexibility to make future issues of equity securities during the next 12 months without first having to obtain the prior approval of Shareholders under Listing Rule 7.1.

### 5.3 Details of Placement Shares and Convertible Bonds

The Placement Shares were issued on the same terms and conditions as other Shares in the capital of the Company.

### 5.4 Other information

For the purpose of Listing Rule 7.5, and for all other purposes, the following information is provided to Shareholders in connection with resolution 7:

- the Company issued 27,017,173 Placement Shares to the sophisticated and professional investors;
- the Placement Shares were issued at a price of \$0.038 each to raise a total of \$1.03 million.
- following the placement the Company has the following equity capital on issue:

Class of security	Number of Securities	Terms (if any)
<i>Listed Securities</i>		
Shares	845,708,015	
<i>Unlisted Securities</i>		
Options	40,000,000	Exercisable at 25 cents expiring on 2 June 2014 – subject to vesting conditions
Options	3,000,000	Exercisable at 10.33 cents expiring 2 June 2013
Options	3,000,000	Exercisable at 8.25 cents each expiring 8 August 2013 – subject to vesting conditions
Options	4,000,000	Exercisable at 10 cents each expiring 8 August 2013 – subject to vesting conditions
Performance Rights	8,250,000	Subject to Share price vesting conditions
Convertible Bonds	380	Each bond has a face value of \$5,000 and is currently convertible into 131,579 shares at 3.8 cents each.(1)

(1) The conversion price of the Convertible Bonds is currently a maximum price of 3.8c, but the conversion is subject to adjustment in certain circumstances (please refer the Terms and conditions included in the Notice of AGM lodged with ASX on 12 October 2011).

### 5.5 Directors' interests and recommendations

None of the Directors has an interest in resolution 5. The Directors unanimously recommend that you vote in favour of resolution 5.

## **VOTING ENTITLEMENT**

For the purposes of determining voting entitlements at the Meeting, Shares will be taken to be held by the persons who are registered as holding the Shares at 7.00pm (Sydney time) on Saturday 24 November 2012. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

## **PROXIES**

A proxy form is attached to this Notice. If you are entitled to attend and vote at this Annual General Meeting, you may appoint:

- a person (“person” can be an individual or a body corporate); or
- if the shareholder is entitled to cast two or more votes at the meeting, two persons, as your proxy or proxies to attend and vote for you at the meeting. A proxy need not be a Shareholder.

Any undirected proxies on a given item may be voted by the appointed proxies as they choose, subject to the restrictions set out in the voting exclusion statements in this Notice.

The Company must receive at least 48 hours (ie by 9.00 am (Brisbane time) on Saturday 24 November 2012) before the meeting:

- your completed proxy form; and
- if you sign under power of attorney or corporate representative, that power of attorney or corporate representative appointment or a certified copy of it.

Any proxy form received after this deadline (including at the Annual General Meeting) will be invalid. The proxy form (and any authority appointing an attorney or corporate representative) must be:

- lodged on-line at [www.investorcentre.linkmarketservices.com.au](http://www.investorcentre.linkmarketservices.com.au) (login to the Link website using the details as shown on the proxy form, select 'Voting' and follow the prompts to lodge your vote. To use the online voting facility, Shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form)); or
- sent by post to COALBANK Limited c-/ Link Market Services Limited, Locked Bag A14, Sydney South, NSW 1235; or
- sent by fax to Link Market Services Limited on +61 2 9287 0309; or
- sent by email to [vote@linkmarketservices.com.au](mailto:vote@linkmarketservices.com.au); or
- by hand delivering it to Link Market Services Limited at Level 12, 680 George Street, Sydney NSW 2000.

## **BODY CORPORATE REPRESENTATIVES**

Any corporation wishing to appoint a person to act as representative at the Annual General Meeting may do so by providing that person with a certificate authorising the person to act as the corporation's representative in accordance with the corporation's constitution. Where a person has previously been appointed to act as a representative of a body corporate, the certificate appointing that person is not required to be produced to the Company prior to the meeting where:

- the certificate appointing the representative has been previously produced to the Company;
- the representative is entitled to attend the meeting on the basis of the same certificate (without amendment or extension); and
- the certificate is otherwise valid.

## **Definitions**

In these Explanatory Notes:

**ASX** means ASX Limited or the stock market operated by it, as the context requires.

**Board** means the board of Directors of the Company.

**Closely Related Party** (as defined in the Corporations Act) of a member of the Key Management Personnel for an entity means:

- (a) a spouse or child of the member; or
- (b) a child of the member's spouse; or
- (c) a dependant of the member or the member's spouse; or
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity; or
- (e) a company the member controls; or
- (f) a person prescribed by the regulations made under the Corporations Act.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Company** means COALBANK Limited ACN 075 877 075.

**Directors** means the directors of the Company.

**Key Management Personnel** has the definition given in the accounting standards as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of that entity.

**Listing Rule** means the listing rules of ASX Limited.

**Notice** means the notice of meeting of the Company dated XX October 2012.

**Meeting** means the annual general meeting convened pursuant to the Notice.

**Proxy Form** means a proxy form accompanying the Notice.

**Shareholder** means a holder of Shares.

**Shares** means ordinary fully paid shares in the issued capital of the Company.



**By mail:**  
Coalbank Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia



**By fax:** +61 2 9287 0309



All enquiries to: Telephone: 1300 554 474



**X99999999999**

## SHAREHOLDER VOTING FORM

I/We being a member(s) of Coalbank Limited and entitled to attend and vote hereby appoint:

### STEP 1

### APPOINT A PROXY

**the Chairman of the Meeting (mark box)**

OR if you are NOT appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy. I/we appoint the Chairman of the Meeting as an alternate proxy to the person named.

If no person/body corporate is named, the Chairman of the Meeting, is appointed as my/our proxy and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 9:00am on Monday, 26 November 2012, at The Auditorium, McCullough Robertson Lawyers, Level 11, 66 Eagle Street, Brisbane, Queensland 4000 and at any adjournment or postponement of the meeting. I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.

The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting.

Please read the voting instructions overleaf before marking any boxes with an .

### STEP 2

### VOTING DIRECTIONS

	For	Against	Abstain*		For	Against	Abstain*
<b>Resolution 1</b> Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Resolution 4</b> Re-election of Director - Mr Roger Clarke	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 2</b> Re-Election of Director - Mr Bill (W.R.) Stubbs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Resolution 5</b> Ratification of previous issue of shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 3</b> Re-Election of Director - Mr Lance Grimstone	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

**i** \* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

### STEP 3

### SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).

**CBQ PRX201R**



## HOW TO COMPLETE THIS PROXY FORM

### Your Name and Address

This is your name and address as it appears on the company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

### Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you appoint someone other than the Chairman of the Meeting as your proxy, you will also be appointing the Chairman of the Meeting as your alternate proxy to act as your proxy in the event the named proxy does not attend the meeting.

### Votes on Items of Business - Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form and return them both together. The appointment of the Chairman of the Meeting as your alternate proxy also applies to the appointment of the second proxy.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- return both forms together.

### Signing Instructions

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either shareholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

### Corporate Representatives

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the company's share registry.

## Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **9:00am on Saturday, 24 November 2012**, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy Forms may be lodged using the reply paid envelope or:



**ONLINE**  [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the holding details as shown on the proxy form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).



**by mail:**

Coalbank Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia



**by fax:**

+61 2 9287 0309



**by hand:**

delivering it to Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138 or Level 12, 680 George Street, Sydney NSW 2000.

**If you would like to attend and vote at the Annual General Meeting, please bring this form with you.  
This will assist in registering your attendance.**