

Date: 10 November 2016
To: Australian Securities Exchange
Companies Announcement Office
Electronic Lodgment System

Dear Sir

COALBANK SIGNS MOU WITH EASTERN GAS HOLDINGS PTY LTD

Coalbank Limited (**ASX: CBQ**) is pleased to announce that it has today entered into a Memorandum of Understanding (MOU) with Eastern Gas Holdings Pty Ltd (EGHPL) with regard to Coalbank's Petroleum and Gas Permits held by its 100% subsidiary Surat Gas Pty Ltd (Surat).

The key points of the MOU are:

- Surat will grant EGHPL a right to earn 50% interest in the tenements by carrying out initial exploration activities over the tenements.
- EGHPL will be required to spend no less than \$30,000 over 3 months following execution to earn its 50% interest. This will be principally a detailed review of the available geological and geophysical data on the tenements at EGHPL cost.
- Surat will have a free carry on all capital and operational expenditure up to \$650,000 in this Joint Venture.
- EGHPL is to be appointed as first Joint Venture Operator. It will be the day to day manager of the JV, but subject to a JV Operating Committee with equal membership from EGHPL and Surat.

Surat currently holds ATPs 1072, 1085 and 1098 in south central Queensland

EGHPL is a wholly owned subsidiary of Ranger Resources Pty Ltd. Director of EGHPL Mr Paul McKenna has worked extensively in the energy and resources industry for over 30 years including senior roles with Enertrade Pty Ltd, Arrow Energy Pty Ltd, Territory Gas Pty Ltd, Queensland Coal Corporation and Integas Pty Ltd.

Commentary

Mr Anthony Chan stated that *"We see this opportunity as a way to realise value in these underexplored tenements held by its subsidiary Surat Gas Pty Ltd at minimal cost to Coalbank"*.

Yours faithfully,

Anthony Chan – Chairman

Further information:

Andrew Fogg - Chief Executive Officer

Bruce Patrick - Chief Operating Officer

COALBANK LIMITED

ABN 20 075 877 075

Level 6 344 Queen 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