

27 October 2016

ACTIVITIES REPORT FOR QUARTER ENDED 30 SEPTEMBER 2016

ACTIVITIES RELATED TO ENERGY PROJECTS:

Coal Projects

The company notes the recent announcement by the Queensland Minister for State Development and Minister for Natural Resources and Mines the Honourable Anthony Lynham¹ supporting the development of Mining in the Galilee Basin.

“The Palaszczuk Government has invoked special powers to progress the \$21.7 billion Carmichael coal and rail project.

The combined mine, rail and associated water infrastructure have all been declared critical infrastructure – the first time this has happened in seven years.

As well, the project’s special “prescribed project” status has been renewed and expanded to include its water infrastructure.

State Development Minister Dr Anthony Lynham said his decision would mean less red tape for the proposed project and the jobs and business opportunities it offered.”

Coalbank welcomes this decision which supports the improvement of rail infrastructure closer to its Blackall Coal Project in Central Queensland.

A site inspection of EPCs 1719 and 1993 was carried out by officers of the Department of Environment and Heritage Protection during August 2016. No non-compliances with the Environmental Authority conditions of the EPCs were identified.

The company is progressing the surrender of EPC1418 which is now expected in the December quarter.

The company has undertaken only desktop activities with no drilling in its permits in the quarter.

Surat Gas

Coalbank continues to seek opportunities with potential partners to advance exploration of its three petroleum and gas permits in central Queensland. Negotiations are well advanced with a potential Joint Venture partner to further explore the value in these tenements.

¹ *Queensland Government steps up to progress Adani mine project. Media Statement from Minister for State Development and Minister for Natural Resources and Mines the Honourable Anthony Lynham Sunday, October 09, 2016*

Farm-in and Farm-out Arrangements

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

Coalbank Projects - Tenement Portfolio Update

No mining tenements were relinquished or acquired during the quarter.

Mining tenements held at the end of the quarter and their locations are as follows:-

TENEMENT	PROJECT	INTEREST	TENEMENT	PROJECT	INTEREST
EPC 1418	Tambo East 2	100%	ATP 1072	Charleville South	100%
EPC 1625	Alpha SW 2	100%	ATP 1095	Augathella East	100%
EPC 1632	Tambo	100%	ATP 1098	Morven South	100%
EPC 1719	Barcoo River/Blackall	100%			
EPC 1993	Blackall Sth Corner	100%			

CORPORATE ACTIVITIES:

With its investment in Utilitas Group Pty Ltd in July this year, the company aims to expand its energy portfolio by gaining a foothold into the relatively under-developed but potentially significant biogas sector in Australia.

Closing the Coalbank investment in September has enabled Utilitas to add two key sales people to the team. Both are based in NSW reflecting the growing importance of executing sales contracts around their opportunities in both NSW and QLD. The investment has enabled the Utilitas team to maintain a focus toward securing commitments from key counterparties for bioHub* projects.

**A bio hub is a system where Councils and private businesses cooperate to recover the highest value from regional waste streams, offering new industry opportunities, revenue generation and bioenergy opportunities. (Definition by Regional Development Australia).*

Biogas is produced from a range of feedstock materials and the result is a combination of gases such as methane, carbon dioxide and hydrogen which all have commercial uses for energy use. The by-products of the biogas process provide products such as fertilisers which can be used for a variety of commercial purposes.

Coalbank continues to look for additional opportunities through acquisitions and joint ventures on current projects which would allow the company to improve its cash flow and provide further funds for development of projects.

Following the end of the quarter the Company received \$200,000 as an unsecured loan from Treasure Wheel Global Limited (Treasure Wheel), a company associated with Mr Anthony Chan, Chairman of Coalbank.

Yours faithfully,

Anthony Chan – Chairman

Further information:

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