

16 February 2017

Mr Joshua Strutt
Adviser, Listings Compliance
Australian Securities Exchange Limited
20 Bridge Street
Sydney NSW 2000

Dear Mr Strutt,

Coalbank Limited (the “Company”): ASX Appendix 5B Query

I refer to your letter of 14 February 2017 seeking the Company’s response to a number of questions in respect of the Appendix 5B Quarterly Cash Flow Report for the period ended 31 December 2016.

The Company responds to each of the questions as follows:

1. The Company does expect to continue to have negative operating cash flows in the foreseeable future as it is still in exploration mode, although it is continuing efforts to review suitable opportunities aimed at providing positive cash flows to fund its activities. As is normal for junior exploration companies, the Company will continue to raise additional capital either from placements or from its shareholders until such time as it is in a positive operating cash flow position.
2. The Company currently is being funded by unsecured non-interest bearing loans from its major shareholder, Treasure Wheel Global Limited, until such time as a placement or raising from existing shareholders is undertaken. As in prior years, Treasure Wheel Global Limited has provided a letter of support undertaking to provide financial support, to enable the Company to continue operations and the review of opportunities for at least twelve months from 14 February 2017. Since the lodgement of the Appendix 5B, the Company has received a further unsecured loan of \$80,000, with a further \$120,000 having been remitted today.
3. The Company expects to be able to continue its operations and to meet its business objectives of expanding its portfolio of energy assets, both in traditional resources and in renewable energy.
 - (a) In the past 6 months the Company has expanded its energy focus via an investment in renewable energy. It secured a 25% interest in Utilitas Group Pty Ltd by subscribing for new capital and remains very optimistic in respect of the future of Utilitas and the biogas industry.
 - (b) In addition, the Company secured a farm-out arrangement in respect of its oil and gas assets.
 - (c) The Company is actively reviewing other opportunities in the energy sector to expand its portfolio and provide additional assets for future growth and cash flow generation.
4. The Company is of the opinion that it is in compliance with Listing Rule 12.2 which requires the Company’s financial condition to be adequate to warrant the continued quotation of its securities and its continued listing. Funding of the Company’s activities is currently secured for the next 12 months. It is the aim of the Company to secure new assets and growth in its current assets to enable it to undertake future placements and introduction of new shareholders to the Company’s share register, in addition to equity raisings from existing shareholders.

5. The Company can confirm that it is in compliance Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that Rule that has not already been released to the market.
6. The Company confirms that the above responses have been authorised and approved by the Board in accordance with the Company's continuous disclosure policy.

Yours sincerely



Leni Stanley
Company Secretary