

31 January 2017

ACTIVITIES REPORT FOR QUARTER ENDED 31 DECEMBER 2016

ACTIVITIES RELATED TO ENERGY PROJECTS:

Coal Projects

The company notes recent announcements by the Queensland Government^{1,2} relating to further progress in the potential development of the coal industry in the Galilee Basin.

Coalbank continues to monitor progress that may lead to the improvement of rail infrastructure closer to its Blackall Coal Project in Central Queensland.

The company is still finalising the surrender of EPC1418.

No new exploration drilling has been undertaken in the quarter. The company has undertaken only desktop activities on its Blackall Coal Project.

Surat Gas

As announced on 10 November 2016 Coalbank entered into a Memorandum of Understanding 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 Gas has granted EGHPL a right to earn a 50% interest in the tenements by carrying out initial exploration activities over the tenements.

Farm-in and Farm-out Arrangements

Beneficial percentage interests held in farm-in or farm-out agreements at end of the quarter – subject to satisfaction of earn-in obligations.

Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the quarter - subject to satisfaction of earn-in obligations.

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:-

¹ Minister for State Development and Minister for Natural Resources and Mines The Honourable Anthony Lynham - Monday, December 05, 2016: "Carmichael secures another major approval milestone"

² Premier and Minister for the Art, The Honourable Anastacia Palaszczuk, Minister for State Development and Minister for Natural Resources and Mines, The Honourable Anthony Lynham and Minister for Disability Services, Minister for Seniors and Minister Assisting the Premier on North Queensland The Honourable Coralee O'Rourke - Tuesday, December 06, 2016 "Premier secures Adani commitment on regional Queensland jobs"

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:

In July 2016 Coalbank took a 25% investment in Utilitas Group Pty Ltd, as an extension of its energy portfolio into the relatively under-developed but potentially significant biogas sector in Australia.

During the quarter Utilitas has secured commitments from key counterparties and commenced Bankable Feasibility Studies (BFSs) for the first two bioHub³ projects. It is intended that project finance be raised off the back of the two BFSs in 2017 to fund the design and construction of the bioHubs, both of which are located in regional Queensland. It is proposed that Utilitas will have an equity interest in the bioHubs following construction.

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 \$50,000 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:

Andrew Fogg – Chief Executive Officer

Bruce Patrick – Chief Operating Officer

³ A bioHub 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).