

Date: 15 July 2016

To: Australian Securities Exchange
Companies Announcement Office
Electronic Lodgment System

Dear Sir

COALBANK INVESTS IN UTILITAS PTY LTD

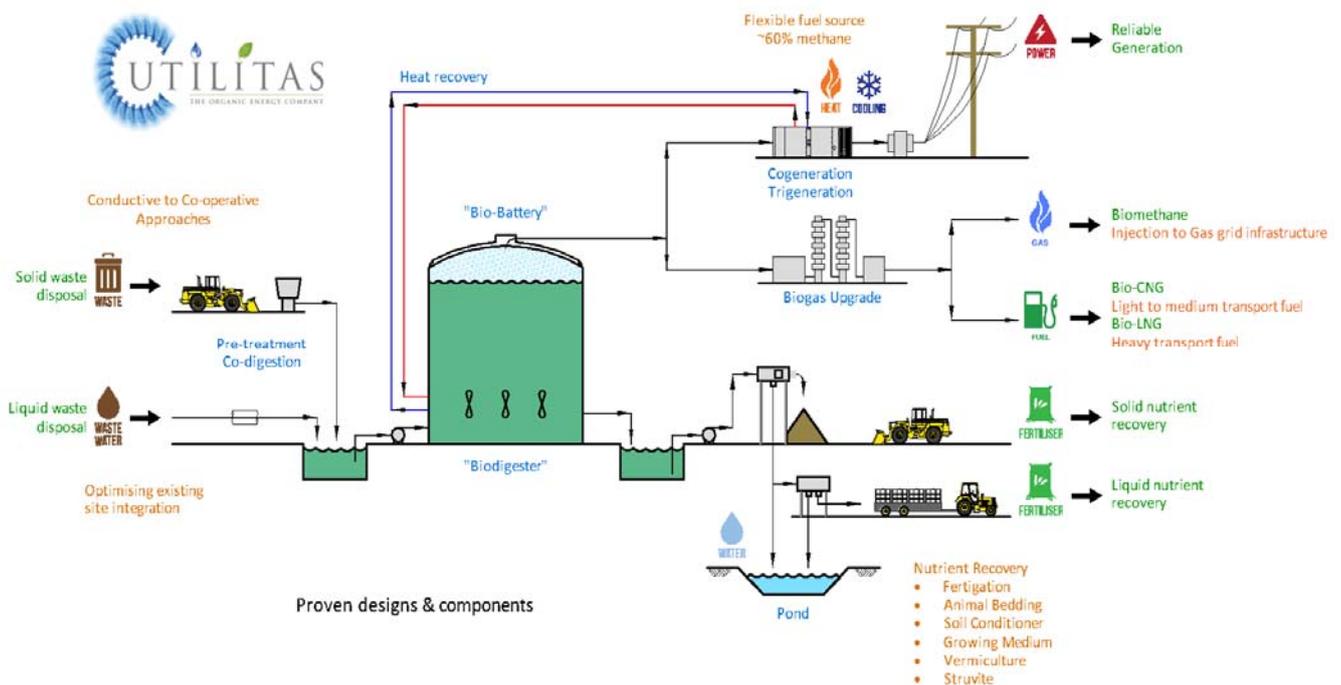
Coalbank Limited (**ASX: CBQ**) is pleased to announce that it has today entered into an Agreement to subscribe for shares representing a 25% shareholding in Utilitas Pty Ltd (Utilitas) for \$1 million.

Utilitas is a privately owned company focussed on the emerging biogas industry in Australasia and represents a unique opportunity for Coalbank as it provides an additional investment in the energy and resources sector to diversify its existing portfolio.

Utilitas

Brisbane based Utilitas is a specialist biogas energy developer working to become a next generation utility. The company scopes, designs and delivers process plants for both solid organic wastes and wastewater. The company was established in 2010 by Ms Fiona Waterhouse, founding shareholder and director. Ms Waterhouse remains a major shareholder in Utilitas and continues as its Chief Executive Officer.

Utilitas has its own Biomethane Potential (BMP) Testing Facility (co-located in conjunction with Griffith University). The equipment, method statements, training, research data base and template reports allow Utilitas to determine the energy potential of organic substrates to assess project feasibility, inform design and equipment specifications, to assist the commissioning process, manage ongoing plant health and to trouble shoot digestion issues.



Biogas Energy Model

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The Opportunity

The Federal Government's Clean Energy Finance Corporation (CEFC) puts the investment opportunity in this sector to be between \$3.5 billion to \$5 billion by 2020¹. With only 0.9 per cent of Australia's electricity output currently being deployed from this sector compared to that of 2.4 percent average by OECD countries, the opportunity exists for Utilitas to further develop this market.

Australia's bioenergy and energy from waste market is currently under-developed but has considerable potential: which makes the investment very attractive to Coalbank.

Opportunities in the bioenergy and energy from waste sectors vary in scale from small scale anaerobic digesters to large bio-mass fired power plants. With over 8,000 biogas plants established in Germany producing 4 GW of installed capacity and supplying more than 8 million households with clean, renewable "organic" energy each year², Utilitas sees the opportunity to develop Australia's market which has currently upwards of 50 biogas plants³.

Biogas (mostly methane) is produced from organic waste including effluents, agricultural and processing residuals to produce an odourless, carbon neutral, renewable methane-rich gas that can be used to generate electricity and heat.

Biogas can also be directly used to displace other fuels in boilers and burners or "upgraded" for natural gas grid injection (Biomethane); liquefied at low temperatures (BioLNG) or compressed at high temperatures (Bio-CNG) for transport fuels.

Utilitas' biogas plants safely and reliably capture and utilise energy and nutrient from this organic waste that would otherwise typically be disposed of to the environment at a cost.

Key Terms

Under the Subscription Agreement, Coalbank will subscribe for 7,072,365 shares in Utilitas at a total cost of \$1,000,032 which represents 25% of the capital on issue post settlement. The investment is governed by a Shareholder Agreement which entitles Coalbank to have representation on the board of Utilitas and provides for pre-emptive rights in respect of future capital raisings in Utilitas.

Settlement will occur as soon as legal due diligence is completed, which is anticipated to be within the next 5 days.

Funding

Treasure Wheel Limited, a major shareholder in Coalbank and a company associated with Mr Anthony Chan, has provided \$1m funding for the investment. The funds have been advanced as an unsecured loan which will be converted to a Convertible Note, subject to shareholder approval.

Commentary

Mr Anthony Chan stated that *“This investment in the biogas industry through Utilitas is a great opportunity for Coalbank to participate in a renewable energy industry that is well advanced in Britain and Europe but is in its infancy in Australasia”*.

Fiona Waterhouse (CEO Utilitas) says *“We welcome the investment by Coalbank in our company. The investment will allow Utilitas to bring forward a pipeline of projects in the food, waste, water and energy sectors”*.

Yours faithfully,

Anthony Chan – Chairman

Further information:

Andrew Fogg - Chief Executive Officer

Bruce Patrick - Chief Operating Officer

¹**“The Australian bioenergy and energy from waste market” - Clean Energy Finance Corporation, November 2015**

²**“Trends from the use of biogas technology in Germany” Lucas Wagner VIV Asia Biogas Conference Bangkok 2015**

³**“Biogas: Smells like a solution to our energy and waste problems” Bernadette McCabe (Associate Professor and Vice Chancellor’s Senior Research Fellow, University of Southern Queensland) in The Conversation January 2015**