

31 January 2018

ACTIVITIES REPORT FOR QUARTER ENDED 31 DECEMBER 2017

ACTIVITIES RELATED TO ENERGY PROJECTS:

Coal Projects

No new field activities have been undertaken at the Blackall Coal Project in the quarter with only desktop activities and management of the permits being undertaken.

The company continues to monitor progress in the potential development of the coal industry in the Galilee Basin that may lead to the improvement of rail infrastructure closer to its Blackall Coal Project in Central Queensland.

Surat Gas

The culmination of a series of regional technical studies, laboratory analysis and preliminary modelling by our Joint Venture Partner Eastern Gas Holdings Pty Ltd (Eastern Gas) has concluded the region exhibits the potential for generation of gas and other hydrocarbons.

As operator for the joint venture, Eastern Gas has engaged with independent consultants and field service providers to determine the most cost-efficient scope and sequencing of ground exploration for 2018.

Farm-in and Farm-out Arrangements

Beneficial percentage interests held in farm-in or farm-out agreements at end of the quarter – the Department of Natural Resources and Mines has formally approved the transfers of 50% interests in ATPs 1072, 1095 and 1098 to Eastern Gas Holdings Pty Limited.

Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the quarter – the Department of Natural Resources and Mines has formally approved the transfers of 50% interests in ATPs 1072, 1095 and 1098 to Eastern Gas Holdings Pty Limited.

Tenement Portfolio Update

No tenements were relinquished during the quarter. No new tenements were 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 1625	Alpha SW 2	100%	ATP 1072	Charleville South	50%
EPC 1719	Barcoo River/Blackall	100%	ATP 1095	Augathella East	50%
EPC 1993	Blackall Sth Corner	100%	ATP 1098	Morven South	50%

CORPORATE ACTIVITIES:

AustChina continues to explore new opportunities in the energy and resources sectors.

AustChina's 25.72%-owned Utilitas Group's Casino bioHub is progressing towards financial close. Its Bundaberg bioHub is being advanced with the assistance of funding from the Queensland Government Biofutures Acceleration Program (BAP). Utilitas will be relocating its laboratory to Bundaberg in February establishing its physical presence in regional Queensland.

Demand for new regional infrastructure such as Utilitas bioHubs that convert organic waste to energy, jobs and value is building as industry and communities experience increased pressure from electricity and gas prices and supply risks.

Policy settings are also becoming more favourable for the dispatchable, flexible power that Utilitas can produce.

The Annual General Meeting of the company was held on 28 November 2017

During the quarter ended 30 December 2017, 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.

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Yours faithfully,

Anthony Chan – Chairman

Further information:

Andrew Fogg – Chief Executive Officer

Bruce Patrick – Chief Operating Officer