



QUARTERLY REPORT

June 2014 Quarterly Report

HIGHLIGHTS

Record Monthly Production at Baralaba Complex in June

First Coal extracted from Baralaba North

**Mining Lease and Environmental Impact Statements
submitted and response periods closed**

Acquisition of minority interests in Baralaba Joint Venture

Operations

Safety and Environment

Cockatoo experienced one Lost Time Injury (LTI) at its Baralaba operations during the Quarter and the 3 month rolling Total Recordable Injury Frequency Rate (TRIFR) was 5.89 for the 3 months ending 30 June 2014 compared to a TRIFR of between 10 and 15 for the industry. Cockatoo had no Environmental breaches throughout the Quarter.



Operations at Baralaba North "Outrigger Pit"

Baralaba Mine

Cockatoo Coal's Baralaba operations achieved a record monthly production in June 2014, with a total of 97,558 tonnes of coal being produced across Baralaba Central and Baralaba North. This output as well as the quarterly production of 231,384 tonnes of coal is in line with the current 1 million tonne per annum production target. The improved strip ratio at Baralaba Central, combined with the commencement of operations utilising new equipment at Baralaba North, assisted with the scheduled increase in production.

The northern end of the Baralaba Central Pit has now been completed to final design depth and mining is now continuing in the Southern end of the Central Pit. A scale down of operations within Baralaba Central continues to be on track as the initial 1 million tonne per annum production ramp-up is completed at Baralaba North.

Baralaba Central Mine	June 2014 Qtr	Previous Quarter
ROM coal production (tonnes)	149,703	119,906
Overburden (tonnes)	765,978	901,528
Strip ratio	5.1	7.5
Baralaba North Mine		
ROM coal production (tonnes)	81,240	-
Overburden (tonnes)	3,138,503	1,326,150
Effective strip ratio	38.4	N/A
Total Baralaba Complex		
Coal stocks at Quarter end (tonnes)	237,525	153,550
Total coal sales (tonnes)	146,206	158,610

Table 1 – Baralaba Production and Shipment Figures

The high strip ratio at Baralaba North is due to initial pre-stripping of the Outrigger Pit. The inherent strip ratio of the Outrigger Pit is 8.79 but the forecast strip ratio for the next quarter will remain high at 14.95. The strip ratio at Baralaba Central is forecast to remain below 7.5 as operations scale down.

Baralaba Expansion Project

Baralaba North Development

Mining operations commenced at the Baralaba North mine following the completion of the northern flood levee. The opening of Baralaba North mine provides immediate access to 100% PCI coal for the next 2 years, which provides sufficient time for the completion of the coal handling and processing plant in 2016.

First production at the Baralaba North expansion was marked at an official opening on 9 May 2014, with Deputy Premier, Minister for State Development, Infrastructure & Planning and Local Member for Callide, the Honourable Jeff Seeney MP performing a ceremonial 'first dig' with Cockatoo Coal Managing Director Mr Andrew Lawson.

Approximately 100 people attended the official opening, which included speeches from the Deputy Premier and Mr Lawson. The event also provided a social platform for the community to engage with Company representatives. Major shareholder of Cockatoo Coal, Noble Group, also simultaneously announced a \$375,000 community fund for Baralaba, aimed at improving education, health and infrastructure resources within the town.



Deputy Premier and Member for Callide The Hon. Jeff Seeney MP with Cockatoo Coal Managing Director Mr Andrew Lawson, performing first dig of coal at Baralaba North

In addition to the extraction of first coal from the operation early in May 2014, Cockatoo progressed a number of other significant elements of the Baralaba North mine site including haul road construction and anabranch crossing, water storage dams, a ROM coal handling area and mine infrastructure area.

The train load-out, stockyard and balloon loop civil/structural/mechanical/electrical construction packages have been released to contractors for competitive tender. Tender submissions received to date reinforce management's opinion that the Baralaba Expansion Project can be delivered at a cost below that originally included in the Supplementary Bankable Feasibility Study. The award of these packages is expected to occur soon to enable the delivery of up to 3.5 million tonnes of coal per annum to the RG Tanna and soon to be completed Wiggins Island Coal Export Terminals at the Port of Gladstone.

Environmental Impact Statement and Mining Lease Applications

Cockatoo announced the official lodgement to the Queensland Department of Environment, Heritage and Protection ("DEHP") of its Voluntary Environmental Impact Statement ("EIS") for the Baralaba North expansion to 3.5 million tonnes per annum on the 16 April 2014.

The EIS has been prepared by the Cockatoo approvals team and was extensively peer reviewed to facilitate efficient DEHP review. The EIS has been prepared under the Greentape Reduction measures implemented by the Queensland Government, creating the possibility of additional statutory timeframe reductions. At present, Cockatoo is approximately 60 days ahead of the statutory timeframes, due primarily to excellent response times from DEHP.

Since the close of the Quarter, the public submission periods for both the EIS and the Mining Lease Application for Baralaba North (3.5mtpa application) have closed. Cockatoo continues to work through the submissions received to its EIS and no submissions were received regarding the Mining Lease Application.

A total of \$9.2m was spent on development during the June 2014 quarter.

Exploration

Cockatoo continues to minimise expenditure on exploration as it focuses on the development of its core asset at Baralaba. All field exploration occurred at Baralaba North and the exploration data has refined and confirmed the Cockatoo geological model within and to the north of the current Mining Leases. A total of \$0.5m was spent on exploration and evaluation activities not relating to Baralaba North during the June 2014 Quarter.

Corporate

Acquisition of Baralaba Minority Interests and Offtake Agreement

As announced on 11 July 2014, the Company has reached agreement to acquire the minority shareholdings in Baralaba Coal Pty Ltd and Wonbindi Coal Pty Limited (collectively the “Baralaba JV”). As part of the transaction, the Baralaba JV will benefit from an increase and extension of the current PCI coal offtake agreement.

Funding

As announced during the quarter, the Company, its two major shareholders (Noble Group and SK Networks) and its principal bank (ANZ) are in advanced negotiations in respect of the release of up to A\$37.0 million of restricted cash, that the Company has provided for infrastructure guarantees. The release of the restricted cash is a critical element of the Company’s funding plan, as previously announced in October 2013. The finalisation of the proposal is subject to the completion and signing of formal agreements and the approval of the Company’s shareholders in a General Meeting.

The Company is closely managing its cashflow while finalising the above arrangements. Actions being taken include deferring works which are not on the expansion project critical path and pre-sales of coal through facilities provided by its major shareholders.

Following release of the restricted cash, Cockatoo intends to progress with a potential mezzanine financing as previously announced in its funding plans.



Liebherr 996 Working at Baralaba North

Managing Director Commentary

Managing Director of Cockatoo Coal, Andrew Lawson, said the quarter's activities had the Company delivering on its strategy and ahead of its targets. "It is pleasing to announce a production record of 97,558 tonnes of coal at the Baralaba Complex, which is in line with the scheduled production ramp up to 1 million tonnes per annum. We will continue to diligently transition operations from Baralaba Central to Baralaba North over the next quarter, maximising the effectiveness of both pits."

Mr Lawson said that the progress on the approvals pathway continued to be encouraging. "The Cockatoo team has been working with Government on streamlining our approvals processes where possible and this has resulted in some significant time savings being experienced at present. It is encouraging to see this progress being made with Government on the path to obtaining an increased approval to mine at a rate of 3.5 million tonnes per annum" he said.



About Cockatoo Coal Limited

Cockatoo Coal Limited (ASX: COK) is a rapidly growing ASX listed Australian metallurgical coal producer, operating the Baralaba ultra-low volatile PCI coal mine in central Queensland. Cockatoo intends to expand its mining operations at Baralaba to produce 3.5mtpa of product coal. The Company also possesses an outstanding portfolio of pipeline development assets located within the Bowen, Galilee and Surat Basins in Queensland.

Competent Persons Statement

The information in this report that relates to Exploration Results, Mineral Resources and Ore Reserves is based on information compiled by Dr Oliver Holm, geologist, who is a Member of the Australasian Institute of Mining and Metallurgy. Dr Holm was a full-time employee of the Company at the time of these estimations, and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Holm has consented to the inclusion of the matters based on his information in the form and context in which they appear.

For further information, contact Andrew Lawson on +61 (7) 3640 4700.