10th September 2014

The Manager Companies
ASX Limited
20 Bridge Street
Sydney, NSW, 2000

Dear Madam

JORC Upgrades at South Pentland Project to 445Mt

Cockatoo Coal Limited ("Cockatoo") is pleased to announce the upgrade of JORC Resources at its South Pentland project to 445 million tonnes, including a maiden JORC Indicated Resource of 94 million tonnes.

The South Pentland project ("Project") is strategically located in the Northern Galilee Basin, 270km from the Port of Townsville. The Project is adjacent to the Mt Isa to Townsville heavy haulage rail system, transporting metals and concentrates for export through the Port of Townsville.

Cockatoo recently acquired a 100% interest in the Project, following the acquisition of Blackwood Corporation Limited. Most of the work to achieve the JORC Resource upgrade occurred prior to this acquisition. Cockatoo has updated the geological model of the South Pentland project, in particular the Lauderdale deposit, incorporating data acquired from the 2012 and 2013 drilling programs.

The Lauderdale deposit, within EPC 1486, has been explored since 2011 and has the following characteristics:

- The deposit contains an underground JORC Resource, potentially suitable for longwall style mining;
- The target mineralisation is the Late Permian thermal coal within the Galilee Basin;
- The coal is interpreted to be held within correlatives of Betts Creek Beds (the coal measures);
- The coal is found in 6 principal seam groups of the Betts Creek Beds, A, B, C, D, E and F;
- As the coal deposit is likely only suitable for underground mining extraction, Resources are only reported for the A working section, B working section and C working section;
- Coal quality data indicates that the CW working section thermal coal is of export quality with low-sulphur content, washed ash of 12.2% (air dried basis) and 6,058Kcal energy (air dried basis);
- Resource classification was developed from the confidence levels of key criteria including drilling methods, geological understanding and interpretation, 2D seismic interpretation, coal sampling, data density and location, grade estimation and quality. This classification was completed in accordance with the guidelines as set out in the JORC Code (2012).

Table 1: Lauderdale Deposit – Resource Classification in Accordance with JORC Code (2012)

Resource Category	Value	Galilee Basin (Working Sections)			Total Tonnes (Mt)
		AW	BW	CW	
Indicated	Volume (Mm^3)	20.9	17.7	20.3	
	Thickness (m)	2.23	1.8	2.44	
	Insitu Density (t/m^3)	1.61	1.66	1.54	
	Sub-total Tonnes	34	29	31	94
Inferred	Volume (Mm^3)	83.8	75.5	65.4	
	Thickness (m)	1.92	2.46	2.31	
	Insitu Density (t/m^3)	1.61	1.55	1.52	
	Sub-total Tonnes	135	117	99	351
Grand Total Tonnes (Mt)		169	146	130	445

Managing Director Commentary

Managing Director of Cockatoo, Andrew Lawson, commented that the resource upgrades at the South Pentland project further enhance the quality of Cockatoo's portfolio of pipeline projects.

"The resource upgrades are the finalisation of the body of work completed prior to the acquisition of Blackwood Corporation, and has come at a very minor cost to Cockatoo" he said

"Indicated tonnes allow us to progress mining applications to Government, further safeguarding and securing the Project, whilst the Inferred category upgrade places further confidence in the size and scalability of the Project. We will continue to diligently pursue low cost internal studies aimed at progressing the South Pentland project. Furthermore, we continue to investigate the adjacent and natural infrastructure advantages that the Project possesses over comparative Galilee Basin projects, including dialogue with Queensland Rail and the Port of Townsville" he said.

For more information, please contact

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Competent Persons Statement

The information in this Report that relates to Cockatoo's Exploration Results, Mineral Resources and Ore Reserves is based on information compiled by Mr Richard Punt and Mr Lyon Barrett, who are both members of the Australasian Institute of Mining and Metallurgy (AusIMM).

Mr Punt is a full time employee of Cockatoo Coal Limited and holds the position of General Manager - Geology. Other than salaried remuneration from Cockatoo, Mr Punt does not have any financial interests in the Project or the outcome of the Report.

Mr Punt has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Punt consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Mr Punt signed off as competent person for the validity of field data for the South Pentland Project.

Mr Barrett is engaged as Principal Resource Geologist/Managing Director of Measured Group Pty Ltd 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Barrett consented to the inclusion in the report of the matters based on the information in the form and context in which it appears. Mr Barrett signed off as competent person for the resource estimate for Blackwood's South Pentland project.

Resource summary

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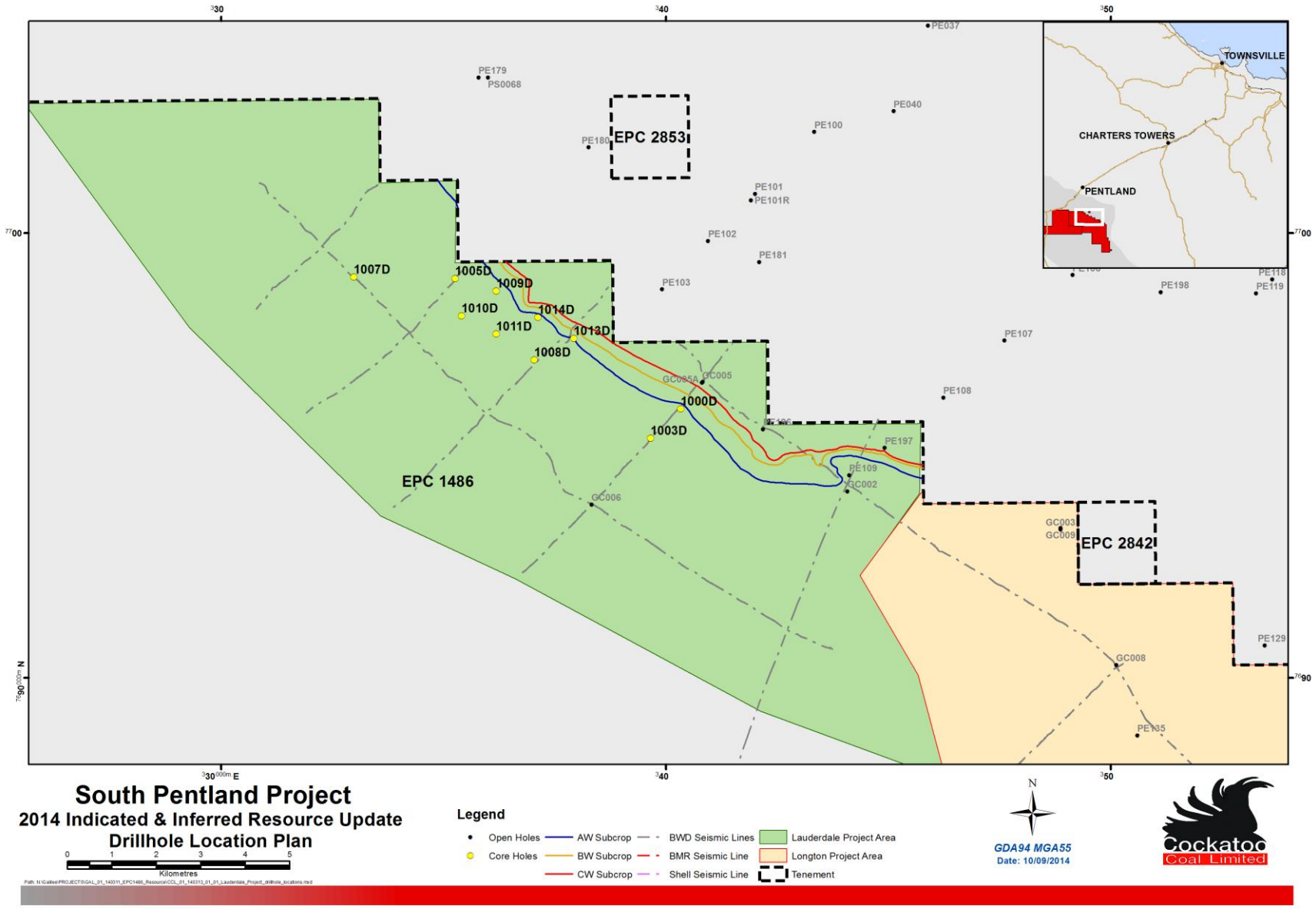
Table 2: Lauderdale Deposit – Average Raw Quality by Working Section from Core Holes

Working Section	Inherent Moisture % (ad)	Ash % (ad)	Volatile Matter % (ad)	Calorific Value Kcal/kg (ad)	Total Sulphur % (ad)	Relative Density gm/cc (ad)
AW	8.1	36.8	22.1	3955	0.35	1.67
BW	8.2	31.0	22.3	4467	0.27	1.63
CW	8.7	25.0	23.8	4888	0.27	1.57

Table 3: Lauderdale Deposit Washed Coal Quality

Working Section	Yield (%)	Inherent Moisture % (ad)	Ash % (ad)	Calorific Value Kcal//kg (ad)	Total Sulphur % (ad)
AW	50.6	8.2	18.0	5480	0.40
BW	54.2	7.9	14.4	5799	0.30
CW	66.8	7.6	12.2	6058	0.31



South Pentland Project

2014 Indicated & Inferred Resource Update

Drillhole Location Plan

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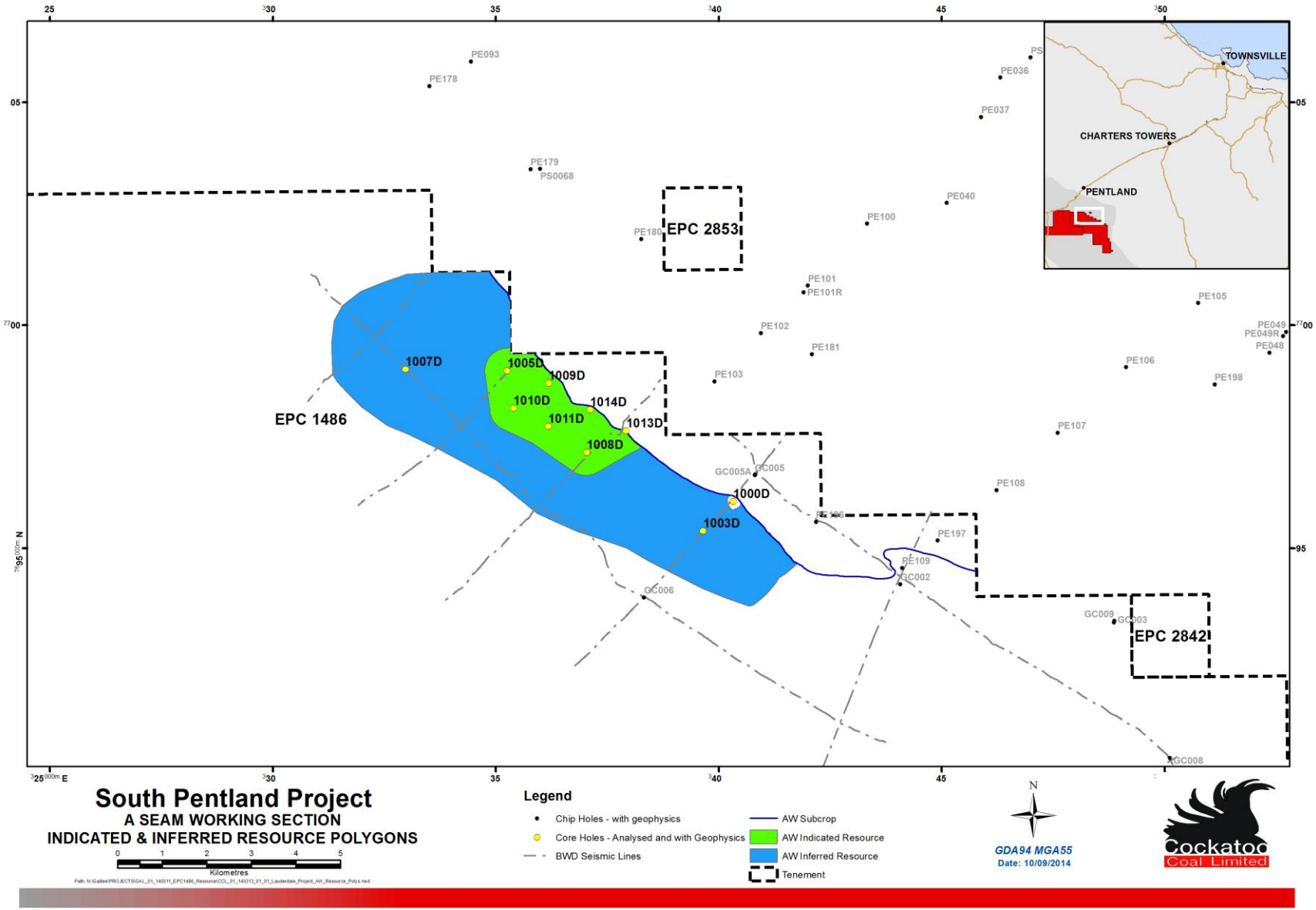

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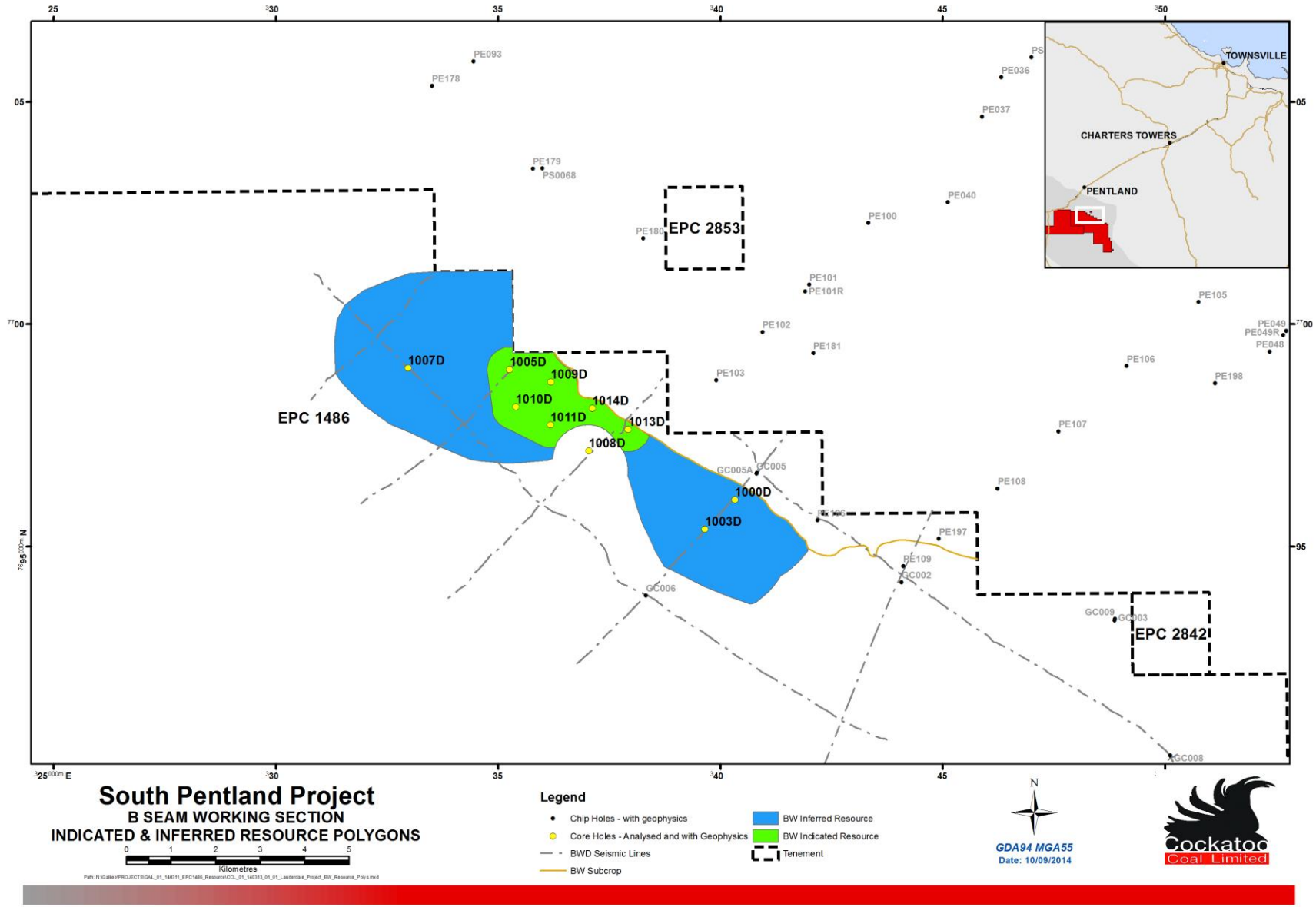

South Pentland Project

B SEAM WORKING SECTION
INDICATED & INFERRED RESOURCE POLYGONS

0 1 2 3 4 5
Kilometres

Path: N:\Galilee\PROJECTS\GAL_01_140311_EPC1486_Resource\CGL_01_140313_01_01_Lauderdale_Project_BW_Resource_Polys.mxd

Legend

- Chip Holes - with geophysics
- Core Holes - Analysed and with Geophysics
- BWD Seismic Lines
- BW Subcrop
- BW Inferred Resource
- BW Indicated Resource
- Tenement

N

GDA94 MGA55
Date: 10/09/2014

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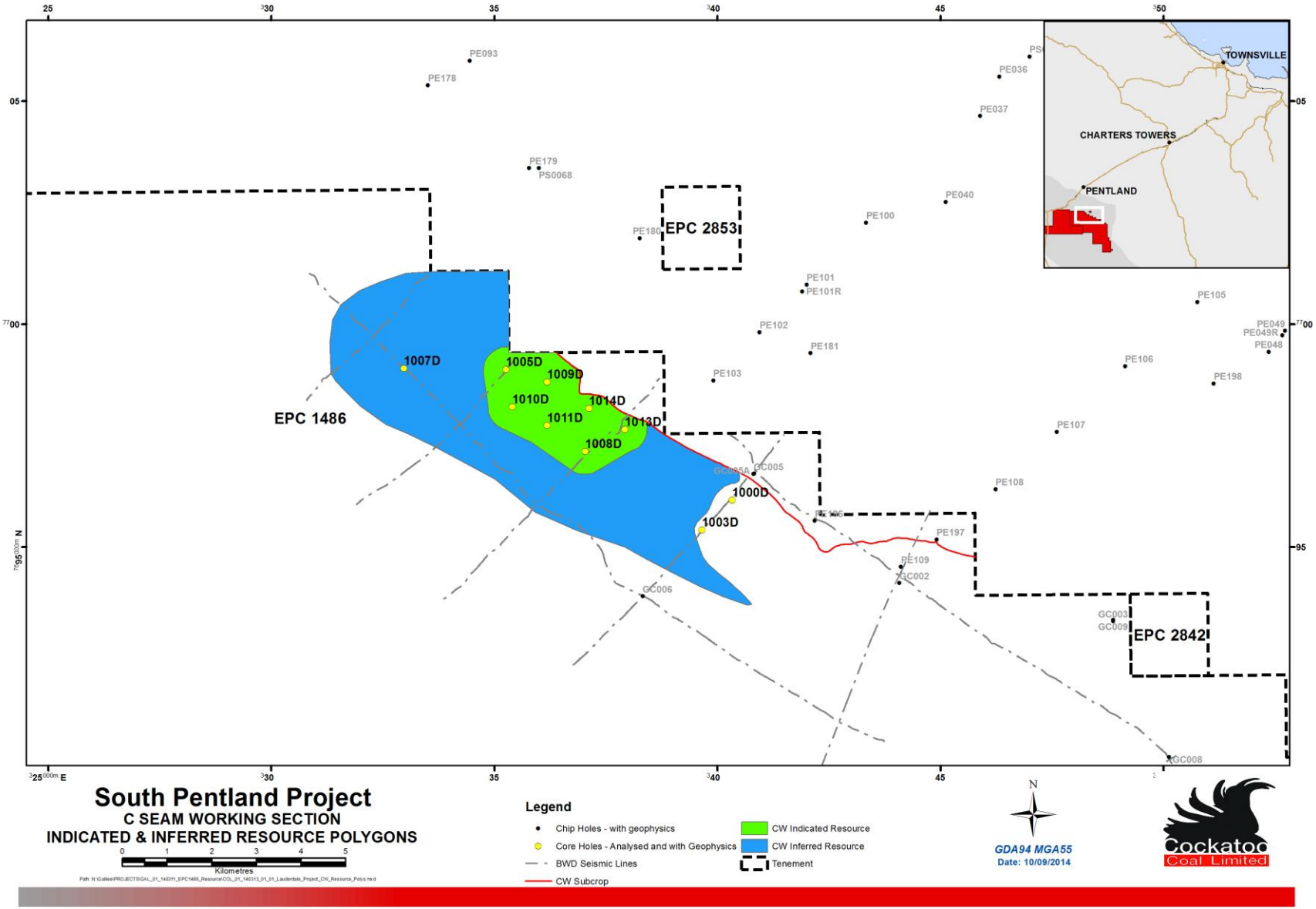

South Pentland Project

C SEAM WORKING SECTION
INDICATED & INFERRED RESOURCE POLYGONS

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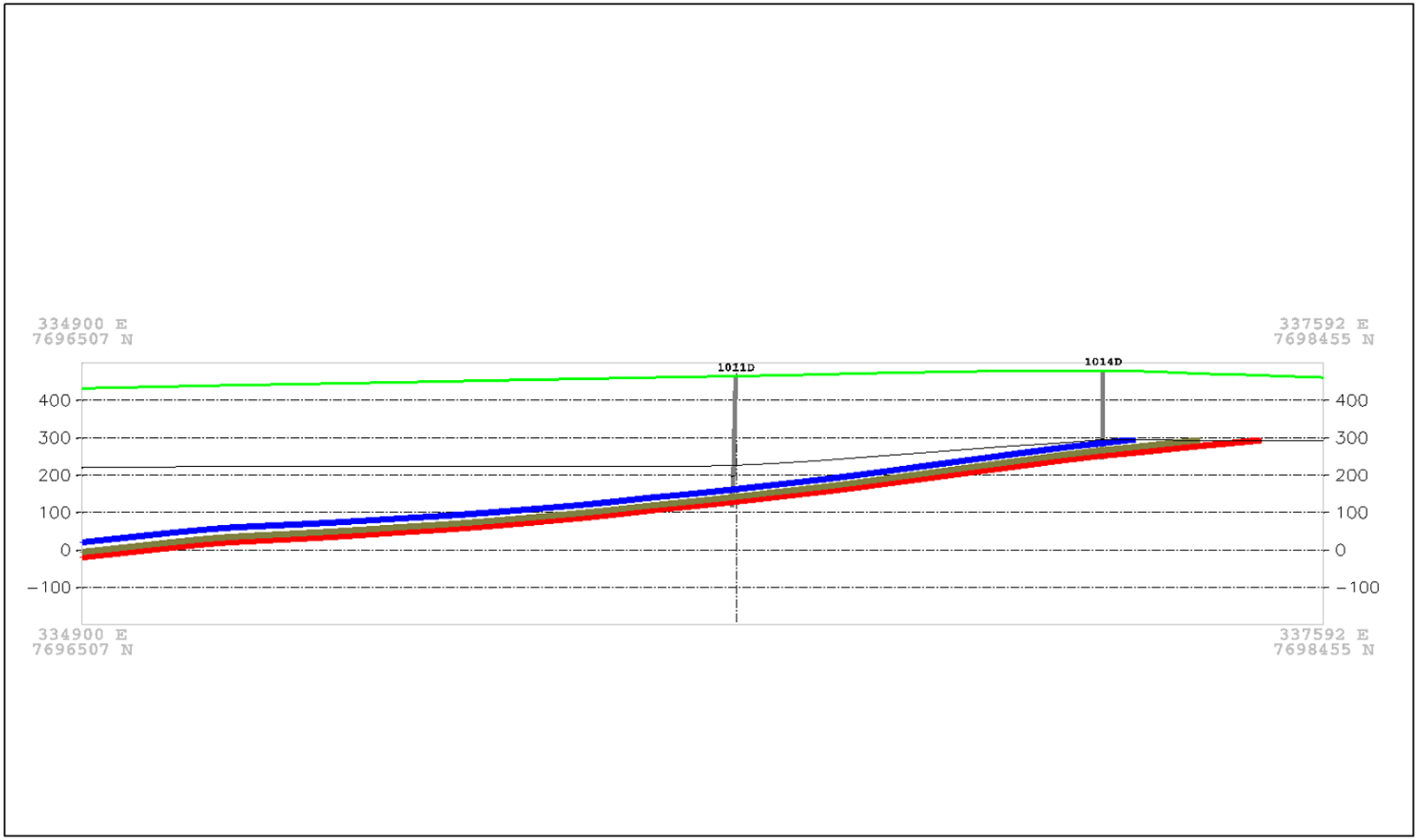

South Pentland Project

CROSS SECTION

Legend

Topograhy.....
Base of Weathering.....
AW Seam.....
BW Seam.....
CW Seam.....

N

GDA94 MGA55
Date: 14/03/2014

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Appendix 1 – JORC Code, 2012 Edition – Table 1

This appendix details sections 1, 2 & 3 of the JORC Code 2012 Edition Table 1. Section 4 'Estimation & Reporting of Ore Reserves' & Section 5 'Estimation & Reporting of Diamonds & other Gemstones' have been excluded as they are not applicable to this deposit and estimation.

Section 1 Sampling Techniques and Data
(Criteria in this section apply to all succeeding sections)

Criteria	Commentary
Sampling techniques	• Drill cuttings (chips) obtained from open hole drilling were collected at 1 m intervals and placed in piles for detailed logging. A representative sample from each pile from selected holes was preserved in sample chip trays. • For the 2012 and 2013 exploration programmes, all coal seams intersected in core with a thickness greater than 0.10m were sampled, with a maximum sample length of 0.50m for coal core. Coal plies were sampled discretely on the basis of lithological characteristics and inferred coal quality. Non-coal partings less than 0.10m that formed a ply boundary were included in the upper coal ply and noted in the lithological description. Non-coal interburden material greater than 0.10m and up to a maximum of 0.30m was sampled separately. • Core was placed in core trays and appropriately marked up with the drill hole number, tray number and drilling depth. Samples from the immediate 1m, 3m, 5m, 7m roof and floor have been sampled and retained in core boxes for future geotechnical testing. • All coal and seam roof and floor dilution samples were double bagged at the drill site and marked with sample number, hole number, project identification and transported to the laboratory via courier. • All coal quality samples were prepared and analysed using Australian Standard testing methodologies at NATA accredited Bureau Veritas (Brendale, QLD).
Drilling techniques	• All coal quality holes were cored (partially or fully) using HQ size coring equipment producing a nominal 61mm diameter core. • Non-cored holes were generally drilled using 150mm sized bit type. • A full list of drill holes used in the model and are available in the appendices at the end of Table 1.
Drill sample recovery	• Core recovery was reconciled based on driller records and geologist measurements to determine core losses. The core recovery details were recorded for further reconciliation against geophysical logs. • A final check of core recovery was completed by comparing the recovered thickness measured during geological logging and thicknesses of coal seams interpreted from geophysical logs • If core recovery was less than 95%, the sample was not used for analysis of coal quality and the hole was redrilled.

Logging	• A rigorous protocol was adhered to on site regarding drilling supervision, core recovery measurements and core logging and sampling. • All core was geologically logged, marked and photographed before sampling. Geological and geotechnical features were identified and logged. • All chip holes were geologically logged. • All drill holes have been geophysically logged with a minimum of density, caliper, gamma and verticality unless operational difficulties prevented full or partial logging of the drill hole. A full list of the suite of geophysical logs that have been run on each drill hole can found in Appendix B – Drill Hole data • The calibration of the geophysical tools was conducted by the geophysical logging company.
Sub-sampling techniques and sample preparation	• All core samples were double bagged on site and transported to the Laboratory for testing. Bureau Veritas Laboratories comply with Australian Standards for sample preparation and sub sampling. • Raw Analysis procedure keeps ¾ of the sample as a reserve
Quality of assay data and laboratory tests	• Raw coal samples from the 2012/2013 drilling program were analysed at Bureau Veritas coal laboratory in Brisbane, Queensland. Bureau Veritas is accredited by the National Association of Testing Authorities, Australia (NATA), to analyse for proximate analysis, relative density, specific energy and total sulphur. • Results have been reported on an air dried moisture basis (adb). • Bureau Vertias is a NATA certified coal testing laboratory, who undergo rigorous testing, including external and internal round robin testing, technical and quality audits. Bureau Veritas follow Australian Standard AS4264.1-2009 for coal and coke sample preparation. This standard provides a guideline for QC processes at each sub-sampling stage. • Geophysical tools are calibrated by the logging company (Evolution Exploration) and where possible, validated using a calibration hole.
Verification of sampling and assaying	• Bureau Veritas Laboratories comply with the Australian Standards for coal quality testing and as such conduct the verifications for coal quality analysis outlined in the standards. • Coal quality results were verified by Blackwood Corporation personnel before inclusion into the geological model and resource estimate. • Verification included cross plots of various parameters to ensure all data was internally consistent • No adjustments have been made to the coal quality data, other than the correction of Relative Density to insitu moisture basis using the Preston-Sanders moisture adjustment equation.
Location of data points	• The topographic surface used in the geological model is based on an ALOS PRISM satellite image stereo triple-set carried out in 2012. • All holes have been accurately surveyed by Wilson Survey Group of Emerald. • Elevation has been cross-checked to the ALOS topographic surface. • The horizontal coordinates are surveyed in MGA 94 (UTM) Zone 55 datum, and the vertical coordinates were surveyed in AHD.
Data spacing and distribution	• Indicated and Inferred resources have been reported in this resource estimate, which reflects the spacing of data that supports this estimate. • The inclusion of boreholes from neighbouring areas has given the model a reasonable amount of lateral continuity in all directions. • In addition to drill hole information, the estimate is also supported by 62km of good quality 2D seismic data. • The applied drill hole spacing is 4000m between points of observation, with an extrapolation distance of no more than 1000m from the last Point of Observation.

Orientation of data in relation to geological structure	• The coal deposit is considered to dip at approximately 4 – 8 degrees to the southwest • Faults have been intersected in the 2D seismic, none so far have been intersected in the boreholes. The current drill hole and 2D seismic spacing is insufficient to resolve structure between drill holes and or seismic lines • All drill holes are vertical to provide the best intercept angle to achieve an unbiased sample
Sample security	• Each core sample was placed into a plastic geological sample bag with the date, location depth of interval, and seam name written on the bag. This bag was placed within another plastic geological sample bag together with a sample number ticket. The bags were tied to preserve the coal and eliminate moisture loss, and placed into sample drums. The bags were allocated an identification number, and a sample register was compiled with samples contained in each bag prior to dispatching to Bureau Veritas coal laboratory in Brendale, Brisbane, for analysis. • Sample security was ensured under a chain of custody between Blackwood Corporation personnel on site and Bureau Veritas laboratory
Audits or reviews	• The sample data has been extensively QA/QC reviewed internally.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section)

Criteria	Commentary
Mineral tenement and land tenure status	• Resources are contained within EPC 1486. EPC 1486 is wholly owned by Matilda Coal Pty Ltd a wholly owned subsidiary of Blackwood Corporation. There is one (1) native title claim over the area by the Iman People 2 (QC 97/55). There are very small areas of environmentally sensitive areas, outside of the targeted drilling area and resource area. • There are no known impediments to obtaining a licence to operate in the Lauderdale Project. • The tenure is good standing, all work and expenditure commitments are in compliance.
Exploration done by other parties	• Historical exploration has occurred in the area since the early 1970's. All open source company data has been sourced from QDEX and has been entered and validated into the database. Historic holes have been used in the resource for structural controls.
Geology	• The Lauderdale Project area lies within the Galilee Basin. The Galilee Basin is a large intracratonic basin which covers an area over 250,000 km2 in central Queensland. The Galilee Basin comprises Late Carboniferous, Early and Late Permian, and Early and Middle Triassic sediments which are obscured beneath Jurassic and Cretaceous Deposits of the Eromanga Basin. • The stratigraphy of the project area includes; o Tertiary Cover consists of unconsolidated sands and clays usually highly weathered o Triassic aged Warang Sandstone is found across the deposit, the formation is predominantly poorly sorted with thin interbeds of red siltstone o Permian aged Betts Creek Beds coal measures underlie the Triassic aged Warang. The Betts Creek Beds coal measures are the stratigraphic equivalent of the Bandanna/Colinlea Formations • Coal seams occur within the Betts Creek Bed Coal Measures which are Permian in age and dips gently at approximately 2-6 degrees to the south east. The coal seams found within the Betts Creek Bed Coal Measures are as follows o A Seam o B Seam o C Seam o D Seam o E Seam o F Seam
Drill hole Information	• A list of the drill holes used to define the resource in the Lauderdale Project can be found in Appendix B • All drill holes have been modelled from vertical and hole deviation (from vertical) has been recorded and used in the model. • Information is contained in the appendicies at the end of table 1.
Data aggregation methods	• All seams where multiple coal quality samples were taken were given a composite coal quality value. The composite value was generated within the Ventyx Minescape Software and was weighted on thickness and insitu RD. • Insitu RD was only weighted against thickness.
Relationship between mineralisation widths and intercept lengths	• All drilling is conducted in vertical holes, with verticality tools run to confirm. Thus all coal intersections and down-hole geophysics are vertical thickness, as the seam dips are sub-5 degrees this thickness is considered true thickness. • Lateral coal seam continuity is demonstrated by 62Km of multiple 2D seismic traverses. • Point of observation spacing has been extrapolated in a maximum of a 2000 m radius from the drill hole. This distance has been reduced to approximately 1,000m beyond the last line of drilling.
Diagrams	• Appropriate Maps and diagrams are included in the Resource Report and ASX announcement presented.

Balanced reporting	• All available exploration data for the Lauderdale Project area has been collated and reported. All data from all holes has been reported.
Other substantive exploration data	• Blackwood Corporation has run 2D seismic lines in 2011 and 2012 as part of its exploration program. • An existing BMR seismic line and two CANSO Shell Seismic lines have been reprocessed. This data has been used to control the model in areas where borehole data is not available.
Further work	• Further work in the future, will likely target the extensions of this deposit to the North West -following the seam thickening trend.

Section 3 Estimate and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply in this section).

Criteria	Commentary
Database integrity	• Sampling and logging data from the field is directly entered into logcheck. Constrained look-ups lists, depth and interval validation are inbuilt and ensure that the data collected is correct at source. Data is imported into Mincom's GDB relational geological database where additional validation checks are carried out, including depth checks, interval validation, out of range data and coding. • Data is validated by visual checks undertaken in the Mincom - Minescape Software
Site visits	• Mark Winsley has been to site numerous times to help with drilling supervision and programme management. Mr Winsley is signing off as competent person for validity of field data • Lyon Barrett has not been to site, he is however familiar with the geology of the Galilee Basin and has had access to all available data and persons directly involved with the acquisition of the data used to build the model and generate the estimate. Mr Barrett is signing off as competent person for the resource estimate.
Geological interpretation	• 2D seismic lines have identified both possible and probable medium scale faulting in the project area. • At this stage however, no faults have been included in the geological model for the Lauderdale project, as it is felt that insufficient data is available to model the continuity of faults. • 2D seismic has also identified a number of sedimentary features such as increased interburdens and "stone lenses". These features have been confirmed to some extent by drilling and are represented in the model. • AW seam roof interpreted from 2D seismic has been used to help control the model trend in areas where drillhole data is not available.
Dimensions	• The seams within the resource area strike in an approximate NW-SE direction and dip towards the South West at between 4 and 8 degrees. • All seams are currently interpreted to partially subcrop within the project area, but at a very deep base of weathering depth (approximately 200m). • The deepest part of the resource area is approximately 650m to the base of the CW seam. • The strike length of the current resource area is approximately 13km with a maximum width of approximately 3km. • The limits of the deposit along strike and down dip have not yet been determined, and the estimate of the resource is only limited by the amount of drilling data currently available.
Estimation and modelling techniques	• Modelling of seam structure was undertaken on the following basis: • The base of weathering surface has been applied as the uppermost limit parameter for the coal resource calculations. • Schema; Laudws_032014 • Thickness Interpolator; Finite Element method (FEM) • Trend Interpolator; FEM • Surface Interpolator; FEM (First Order) • Minimum Interval thickness; 1.8m • Seams Modelled; AW, BW, CW (A, B and C seam working sections) ○ Working sections have been chosen on a hole by hole basis, with the aim of minimising ash and maximising thickness over a practical underground working section. • Seam Relationship; Conformable • Seam Continuity; Pinch • Additional Survey – AW seam Roof data from seismic lines • Faults Modelled – none • A previous estimation of resources exist for the Lauderdale Project was announced in September 2013, this is an upgrade of the resource following the receipt of coal quality results • Modelling of Working Section quality was undertaken on an inverse distance squared basis, with a search radius of 20km. This has the effect of honouring data points, and trending to the median in areas away from known data points. This is considered to be a conservative and appropriate method at this stage of the project. • Validation of working section thickness and quality was done visually on a hole by hole basis, by comparing input sample values against output composite values. Visual validation was also carried out by comparing seam thickness, depth and quality contours vs drillhole values.
Moisture	• Tonnages are estimated on a insitu moisture basis • Insitu moisture (ISM) content was derived using the following formula. ISM = 0.348 + 1.1431 x MHC (ACARP report C10041) using the average of available moisture holding capacity values from historic drilling on neighbouring leases. • A value of 13.5% ISM has been used to determine the in-situ density via the Preston Sanders equation. Insitu density has been used to calculate tonnages.

Cut-off parameters	• Working sections have been chosen on a hole by hole basis, with the aim of minimising raw ash, and maximising thickness. In some cases it has been necessary to include internal bands of non-coal material (ie > 50% raw ash) in order to achieve a practical underground working section. Inclusion of this material is reflected in the downgraded coal quality and product yields quoted with the resource.
Mining factors or assumptions	• It is Blackwood Corporation's opinion that at this stage of the project there are no limiting mining factors. • The potential mining method currently being considered is Underground Longwall • A maximum depth of resource of 650m from topography has been applied • A minimum thickness of 1.8m was used across the resource to account for the potential underground mining method.
Metallurgical factors or assumptions	• At this stage of the project Blackwood Corporation have not identified any limiting metallurgical factors.
Environmental factors or assumptions	• At this stage of the project Blackwood Corporation have not identified any limiting environmental factors.
Bulk density	• Preston Sanders Insitu Relative Density Estimation – The insitu density of the coal seams has been estimated using the Preston Saunders insitu relative density estimation equation. • Samples were assigned an Insitu Moisture value of 13.5% • Insitu moisture values were derived from the equation ISM = 0.348 + 1.1431 x MHC using the available moisture holding capacity values from historic drilling on neighbouring leases.
Classification	• Points of observation have only been considered where intersections of working sections have been cored and analysed for a minimum of Raw ash, inherent moisture and relative density. These are considered to be the minimum requirements to prove the insitu quantity and quality of coal at that point. • Additional interpretive data, supporting the structural (but not quality) continuity of seams includes, open holes with geophysics and 2D seismic surveys. • A maximum spacing of 1,000m between points of observation has been used to determine an indicated resource Category. A maximum spacing of 4,000m between points of observation has been used to determine an inferred resource category for this estimation. • Extrapolation of the resource classification beyond known data points has been limited to approximately 1,000m. • An indicated and inferred resource has been identified in the Lauderdale Project area reflecting the competent person's level of confidence in the seam structure and quality continuity, based on the data currently available.
Audits or reviews	• No independent audits or reviews have taken place, however both the input data and resource estimate has been reviewed internally by Blackwood Corporation and Measured Resources Pty Ltd.
Discussion of relative accuracy/ confidence	• Measured Resources Pty Ltd have assigned an indicated and inferred resource category to the Coal Resource Estimate, reflecting the level of confidence in the seam structure and quality continuity. This category is considered to be appropriate, given the current amount of data available. • No meaningful geostatistical modelling has been completed, as there is insufficient data currently available to produce a meaningful result. In the absence of a more sophisticated geostatistical method a simple process has been used which considers the impact of excluding each drillhole intersection of the model. The model is run excluding the drillhole, and a prediction of seam thickness is made at the location of the drillhole. The percentage change in thickness is then examined spatially. It can be seen that removing one of the holes in the central where drillhole spacing is less than 1000m, generally results in a change of not greater than 25% of thickness. • Factors that could affect accuracy include unknown structures between completed boreholes, seam washouts in roof or inseam stone bands developing. Insufficient evidence exists at this point in time for such structures. • The B seam working section appears to have degraded in hole 1008D. This has been accounted for in the model and resource estimate by pinching the seam to zero thickness at this hole, along with the minimum thickness cutoff of 1.8m applied to the entire resource.

Appendix 2: Borehole Collar Listing As Used for Resource Estimate – March 2014

Borehole Name	Easting (MGA 94 Zone 55)	Northing (MGA 94 Zone 55)	Collar RL (m) AHD	Total Depth (m)	Geophysical Logs
1000D	340327	7696047	488	217.98	Gamma, Density, Caliper
1003D	339651	7695381	495	313.18	Gamma, Density, Caliper
1005D	335256	7698977	452	343	Gamma, Density, Caliper
1007D	332973	7699006	422	520	Gamma, Density, Caliper
1008D	337036	7697145	477	314.37	Gamma, Density, Caliper
1009D	336182	7698697	467	270.13	Gamma, Density, Caliper
1010D	335396	7698139	452	378.09	Gamma, Density, Caliper
1011D	336177	7697726	465	350.94	Gamma, Density, Caliper
1013D	337923	7697631	483	212.96	Gamma, Density, Caliper
1014D	337117	7698104	480	238.92	Gamma, Density, Caliper