



# Cockatoo Coal Limited

## Presentation to GEA Conference

October 14

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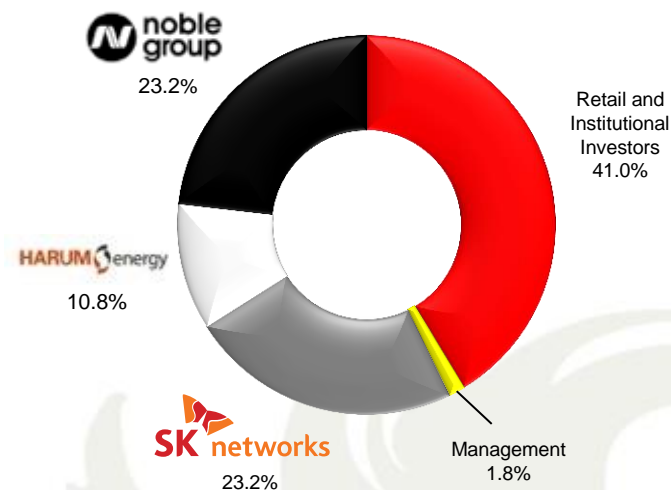
# Company Overview

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## ASX Listed Ultra-Low Volatile PCI Producer

- **Owner & Operator of Baralaba PCI Mine** in Queensland (1mtpa)
- Cockatoo now conducting the **Baralaba Expansion to 3.5mtpa**
- **Substantial growth pipeline** of real, high quality assets with significant potential
- **Strategic infrastructure position** in Queensland
- **Strong major shareholders** and JV Partners
- **Committed** to Baralaba community
- **Working** on funding plans to secure future





# Market Overview



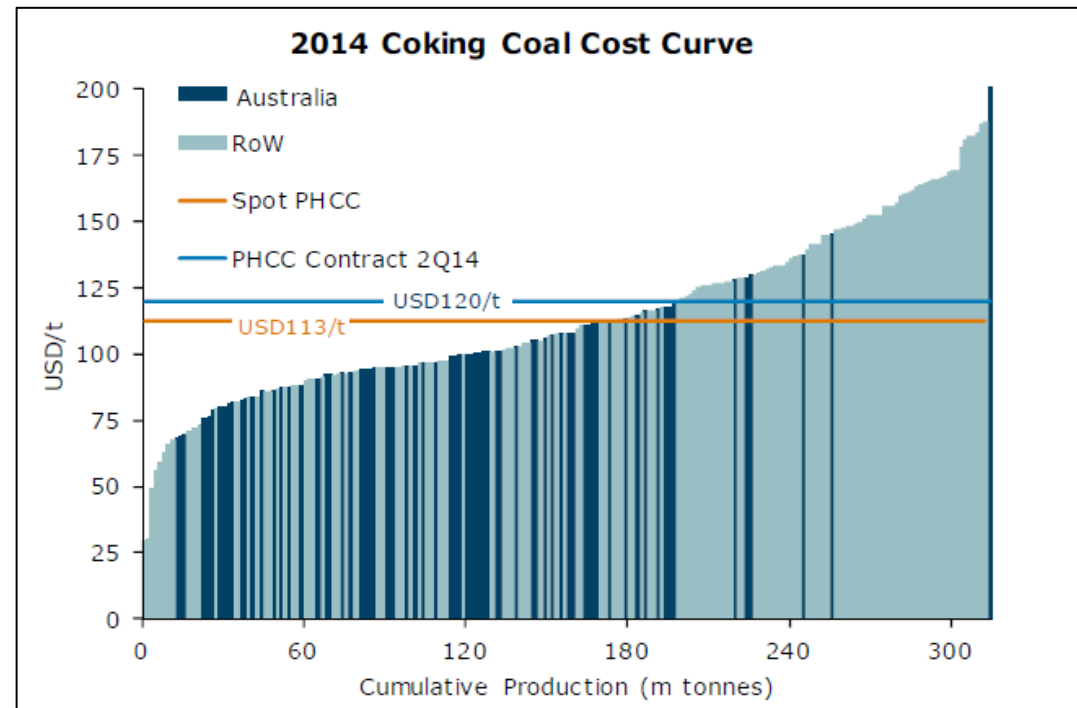
# Market Overview - Overall Review



Coal prices have decreased significantly over the past 2 years, but we have seen a supply side response this year, with approx 15% of the world's seaborne supply of metallurgical coal cut back in CY 2014\*

## The Met Coal Supply Side is adjusting

- Integra Open Cut & UG (NSW)
- Norwich Park (QLD)
- Ravensworth North UG (NSW)
- Issac Plains (QLD)
- Several majors scaling back met production forecasts (QLD)
- Wolverine & Brule (Canada)
- Grand Cache (Canada)
- Peace River (Canada)
- USA met exports down 8Mt in first half CY 2014

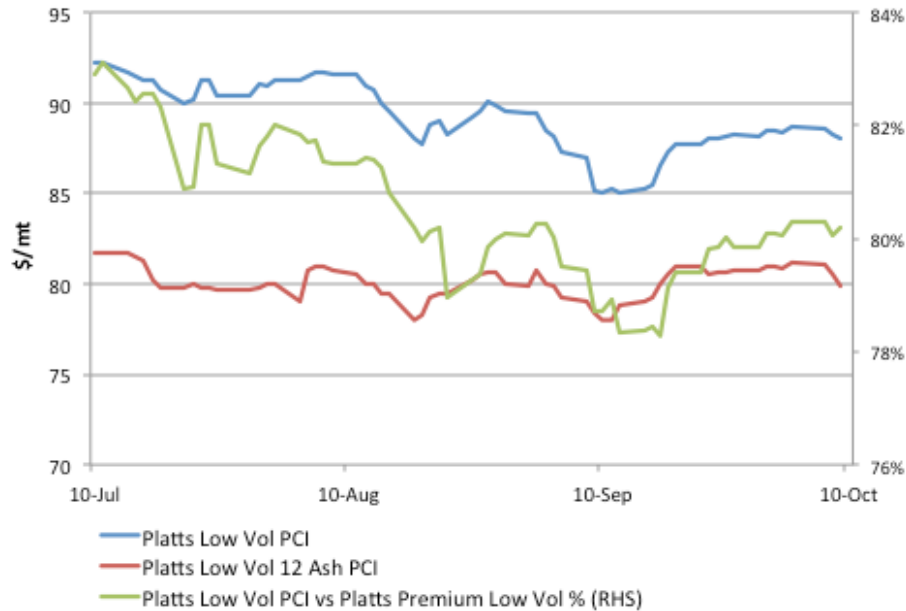


\* Source: Wood McKenzie

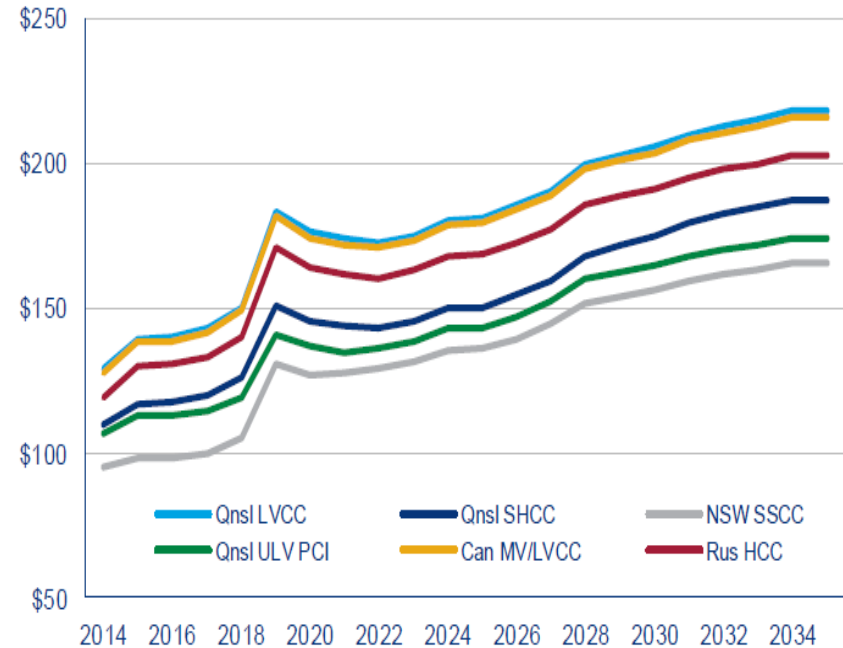
# Market Overview – Met Coal Future



PCI Price Indices



PCI Price Indices – July to Oct 2014\*



Met Coal Forward Curve – 2014 to 2034\*

The Met coal market is struggling, with USA and Canadian high cost supply bearing the brunt of the pain, and idling mines as a result. Higher cost Australian supply is also being cut.

Forward curves are positive, with an aggressive spike in the tail end of decade

\* Source: Wood McKenzie, M Resources



# What is PCI?



# What is PCI Coal?

Replacement fuel for Hard Coking Coals in blast furnaces



Utilisation of ULV PCI Coals within Blast Furnaces can result in dramatic savings for end users

## No PCI

Coking Coal \* 700kg/tHM @ US138/t

Yields 500kg/tHM coke

70:30 HCC:SSCC

Coal Cost = US\$97/tHM  
**US\$386m pa**



## High Vol PCI

Coking Coal \* 543kg/tHM @ US143/t

Yields 388kg/tHM coke

80:20 HCC:SSCC

PCI 150kg/tHM  
RR 0.75 & \$110/t

Coal Cost = US\$94/tHM  
**US\$376m pa**

Savings of \$US10m per annum



## Low Vol PCI

Coking Coal \* 511kg/tHM @ US143/t

Yields 365kg/tHM coke

80:20 HCC:SSCC

PCI 150kg/tHM  
RR 0.90 & 120.50/t

Coal Cost = US\$91/tHM  
**US\$365m pa**

**Savings of \$US21m per annum**



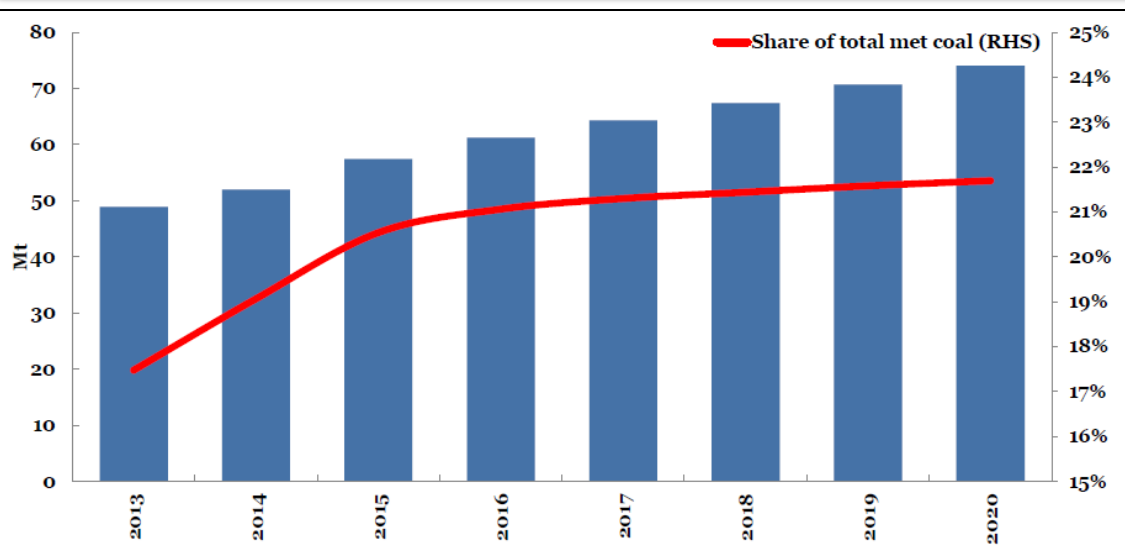
**Baralaba PCI Coal**

Note: All coal prices basis FOB – Coke Blend of HCC & SSCC coals  
Excludes value of by-products, coke oven gas and coke breeze  
Prices: HCC \$152, SSCC \$105.50, HV PCI 106.50, LV PCI 120.50 (all FOB)  
Values rounded. Fuel rate 500kt/t  
Source: M Resources – PCI Coal In a Changing Market; Presentation to World Anthracite, Coke Coking Coal & PCI Summit, September 2012. Coal prices amended.

# Market Overview – PCI



*Future demand expected to continually increase, which should position Cockatoo well*



PCI Market Expected Growth – 2014 to 2020\*

**PCI Market expected to grow by approximately 25-30mt by 2020**

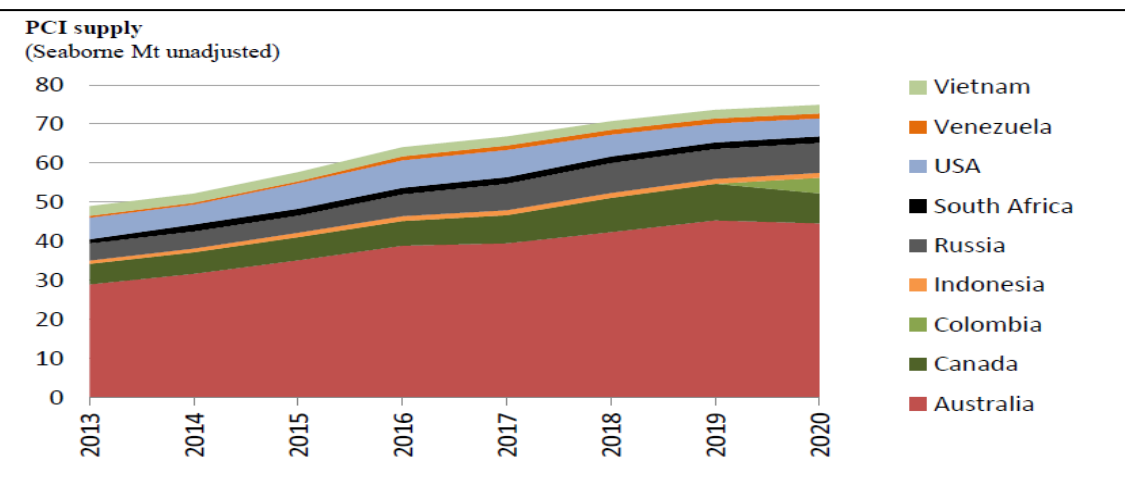
**Global steel demand is expected to increase year on year at approximately 3.3% to 1.523 billion tonnes\* (or circa 50 million tonnes per annum)**

**Weighted average injection rates for world expected to increase from 135kg/t to 140kg/t**

**Baralaba is the only large scale ULV PCI expansion in WICET Stage 1**

**Australia maintains 85% of Premium LV/ULV PCI Coal**

**Cockatoo's view is that increasing activism will curb the ability to develop new mines and ports in future**



PCI Market Expected Supply – 2014 to 2020\*

Source: Noble, Wood McKenzie

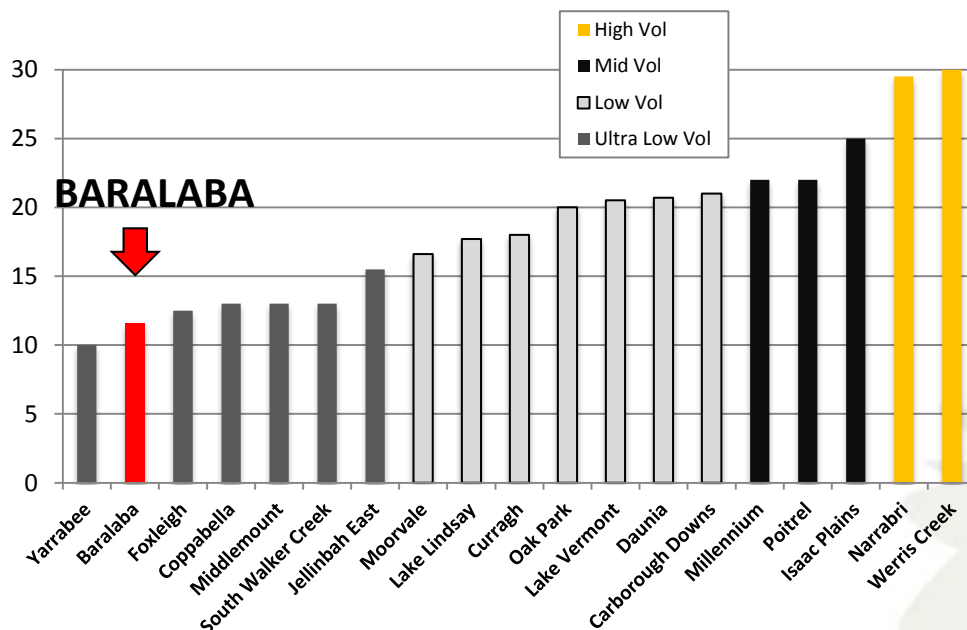
# Baralaba Coal Quality

Premium quality, ultra-low volatile PCI coal



- Amongst lowest Volatile Matter content of any PCI mine
- Replacement fuel for Hard Coking Coal in blast furnaces
- Significant cost advantages for steel mills in using ULV PCI over non-PCI and HV PCI
- Excellent replacement ratio characteristics
- Expansion at Baralaba will see 100% product ULV PCI produced

| Baralaba Typical Specification |           |            |            |           |           |     |
|--------------------------------|-----------|------------|------------|-----------|-----------|-----|
| TM (% ar)                      | IM (% ad) | Ash (% ad) | VM (% daf) | FC (% ad) | TS (% ad) | HGI |
| 8.00                           | 1.50      | 10.50      | 11.50      | 76.00     | 0.60      | 80  |



| Project            | VM (daf) | Mtpa                        |
|--------------------|----------|-----------------------------|
| Baralaba           | 11.5%    | 1.00 current<br>3.50 future |
| Coppabella         | 14%      | 2.67                        |
| Foxleigh           | 14%      | 2.36                        |
| Jellinbah          | 16%      | 4.43                        |
| Moorvale           | 17%      | 2.32                        |
| South Walker Creek | 14%      | 4.02                        |
| Yarrabee           | 11%      | 2.32                        |

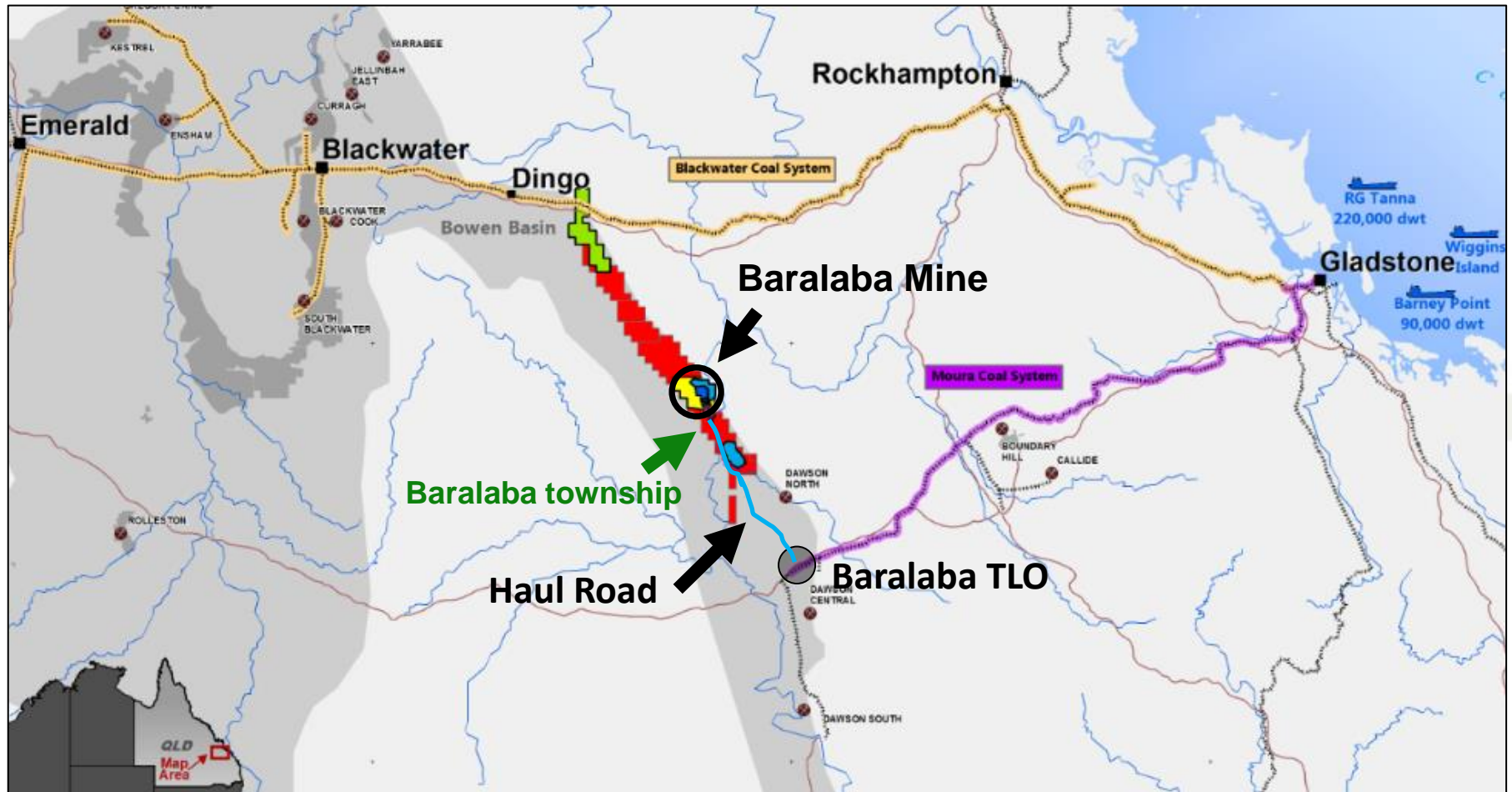
Source: Wood Mackenzie Coal Supply Service





# Baralaba Update

# Where is Baralaba?



# Baralaba - Operations



- Reduction in TRIF Rate from 14.4 to 7.44 (including Ops/Expansion on ML activities)
- Establishment of 1mtpa greenfield mine in Baralaba North, in conjunction with supporting infrastructure and existing operations ensuring continuous flow of coal
- Commissioning of new mining fleet (996 Excavator and 5 x 793 trucks)
- Transition to Owner/Operator model
- Record ROM coal production of 97,558 tonnes from Baralaba Complex in June (annualised rate of 1mtpa)
- Transition of operations to Northern Pit complete, with closure of Central Pit on 4 October 2014





# Baralaba - Expansion



- **On time and under budget delivery of \$50m Baralaba North infrastructure to support 1mtpa production, including**
  - Levee (1.2 million m<sup>3</sup> of material)
  - Anabranh Crossing, Mine Access & Haul Roads
  - Mine Water and sediment control dams
  - Temporary MIA and Raw/Product Coal ROM
- **Design, tendering, contracting and commencement of TLO construction and associated works (~\$115m) including:**
  - TLO, stockyard and balloon loop civil works
  - TLO and stockyard structural/mechanical/electrical work
  - High Voltage power infrastructure
  - Haul Route Upgrades
- **Commencement of design and tendering for 3.5mtpa infrastructure:**
  - Mt Ramsey Substation and High Voltage power infrastructure, including powerlines
  - Permanent Mine Infrastructure Area
  - Coal Handling and Processing Plant (CHPP)



# Baralaba - Approvals

Cockatoo swiftly navigating approvals pathway to achieve 3.5mtpa



## EIS Process



## Current (1mtpa)

- Mining Operations approved to continue at 1mtpa
- First coal produced from Baralaba North 9<sup>th</sup> May 2014

## Ramp Up (3.5mtpa)

- EIS lodged 16<sup>th</sup> April 2014; public submission period closed 7<sup>th</sup> July 2014
- Currently **60 days ahead** of statutory timeframes
- EIS deemed adequate on 23<sup>rd</sup> September – no requirement for supplementary EIS



First Coal Ceremony – 9<sup>th</sup> May 2014, with Deputy Premier and Member for Callide The Hon. Jeff Seeney MP & Cockatoo Coal Managing Director Andrew Lawson

# Baralaba - Infrastructure

Secure infrastructure arrangements across entire supply chain



## Pit to Port Arrangements

- Coal hauled from mine to dedicated Train Load Out (TLO) on Moura Rail Network (60km)
- Rail arrangements in place with Aurizon for above and below rail usage for 3.5mtpa (185km to Gladstone)
- Port arrangements in place with RG Tanna Terminal (0.5mtpa) and WICET (3mtpa)
- Baralaba expansion aligns with WICET timelines

*Wiggins Island  
Coal Export  
Terminal in  
September 14*





# Baralaba – Human Resources

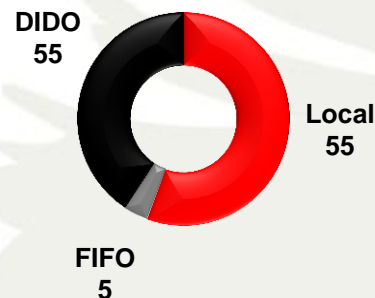
*A commitment to Baralaba and the region*



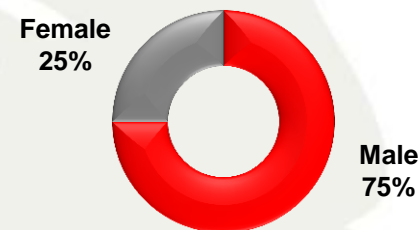
- Cockatoo currently employs 135 people at the Baralaba Mine
- Expected to rise to ~400 by full ramp up in 2016
- Cockatoo intends to locally source as many of these future employees as possible
- Recent change from mining contractor to owner/operator of mine has brought forward synergies and commitment to employees
- Current market conditions are allowing Cockatoo to attract high calibre employees
- Cockatoo is an equal opportunity employer, with a focus on workplace diversity



**Total Current Mine Employees (135)**



**Employee Gender Split**



# Baralaba - Community



**TOTAL CONTRIBUTION TO THE COMMUNITY > \$12.5 MILLION SINCE 2008**

- **Dawson River Bridge upgrade**

- \$16m bridge jointly funded by Cockatoo and Queensland Government
- Reduced flooding in wet season, allowing critical access for Baralaba community

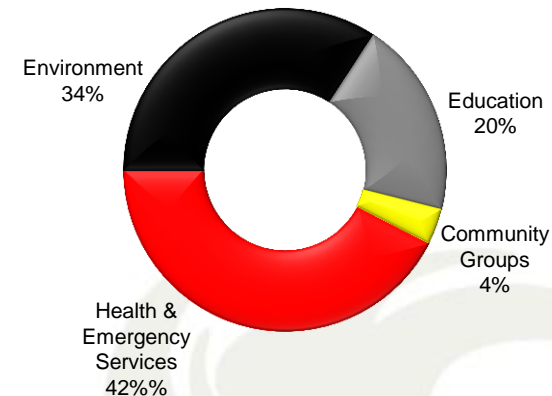
- **Road Upgrades**

- New Banana Creek Bridge
- Upgrade of 13km unsealed section of Baralaba-Theodore Road to 10m wide sealed road (from 8-10m unsealed route)

- **Noble Community Program**

- \$375,000 committed for Community Funding in Baralaba over next three years
- Targeting education, health and amenity for Baralaba township

## Cockatoo Community Contributions



# How Can I or My Business Get Involved?

All information can be found at [www.cockatoocoal.com.au](http://www.cockatoocoal.com.au)



## SUPPLIERS



- Cockatoo invites local suppliers and contractors to tender for business at Baralaba
- Registration of Interest email address has been set up – [roi@cockatoocoal.com.au](mailto:roi@cockatoocoal.com.au)
- Cockatoo's Projects team will send a ROI form for your business to fill out
- Supplier details will be recorded by company for future tender invitations
- Packages at tender currently include  
Baralaba Train Load Out – High Voltage Installation  
Baralaba Train Load Out – 22kV Switchroom, Switchgear, Transformers Supply & Delivery

## INDIVIDUALS



- Cockatoo has a dedicated “Careers” section on its website, advertising current vacancies at Baralaba
- <http://www.cockatoocoal.com.au/>
- Cockatoo is aiming to employ locally, with the next round of recruiting scheduled to occur in 2015
- Registrations of interest for future employment are welcome through the Cockatoo website; registrations are retained for six months
- Additional enquiries are welcome through [info@cockatoocoal.com.au](mailto:info@cockatoocoal.com.au)



# Summary

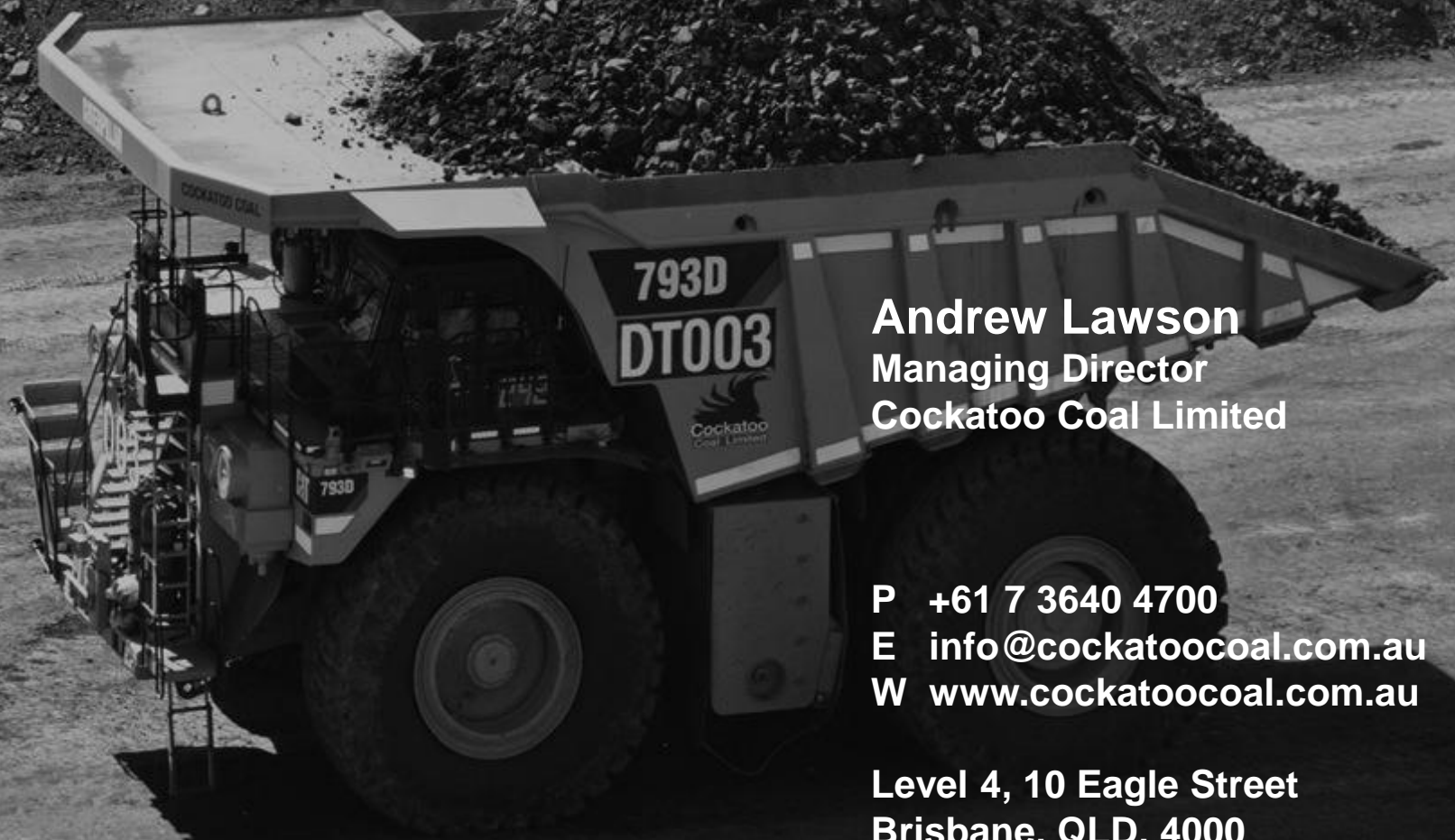


## ASX listed junior with a key difference – an operating asset

- Proven performing mine with **attractive PCI product**
- Focused and **Committed**
- **1mtpa mine operational** in Baralaba North expansion
- Clear approvals **pathway to achieve 3.5mtpa**
- **Perfectly positioned to fill gap** in Australia's mid-tier
- **Experienced** management team in place to deliver
- **Working** on funding plans to secure future



# Contact



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