



3 November 2014

The Manager Companies
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Madam

QUARTERLY REPORT

I attach the Company's Quarterly Report for the period ended 30 September 2014 with amended disclosure regarding JORC Resources in accordance with ASX LR 5.23. The remainder of the report remains unchanged from the report lodged on 31 October 2014.

Yours sincerely

Lee J. O'Dwyer
Company Secretary



QUARTERLY REPORT

September 2014 Quarterly Report

HIGHLIGHTS

Production of 209,165 tonnes at Baralaba Complex

Agreement to Release \$37.0m of restricted cash through agreements with Cockatoo's major shareholders

Baralaba Expansion project stage 1 complete, stage 2 underway

Baralaba Expansion project EIS deemed adequate by DEHP

Resource upgrades at Baralaba North and South Pentland

Exploration Joint Venture agreed over Dingo West project with JOGMEC

Operations

Safety and Environment

Cockatoo reported zero Lost Time Injuries or Medical Treatment Injuries during the quarter and therefore the 3 month rolling Total Recordable Injury Frequency Rate ('TRIFR') as at 30 September 2014 is zero. Cockatoo's 12 month rolling TRIFR is 7.18, compared to an industry standard TRIFR of between 10 and 15. Cockatoo also had no significant environmental breaches during the quarter.

Baralaba Mine

Cockatoo Coal's Baralaba mining operations produced a total of 209,165 tonnes of Ultra-low Volatile PCI coal from the Baralaba Central and Baralaba North mines during the quarter, and expects to produce close to the current 1 million tonne per annum approvals limit for the full financial year. As scheduled, production significantly decreased at Baralaba Central, and subsequent to the end of the quarter all operations were transferred to the Baralaba North mine. Final thermal coal sales totalling 36,779 tonnes were made during the quarter and all future coal sales are now expected to be Ultra-low Volatile PCI coal.

Baralaba Central Mine	September 2014 Qtr	Previous Qtr
ROM coal production (tonnes)	22,052	149,703
Overburden (tonnes)	195,104	765,978
Strip ratio	8.8	5.1
Baralaba North Mine		
ROM coal production (tonnes)	187,113	81,240
Overburden (tonnes)	3,990,877	3,138,503
Strip ratio	21.3	38.4
Total Baralaba Complex		
Coal stocks at Quarter end (tonnes)	249,997	237,525
Total coal sales (tonnes)	196,693	146,206

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 of the Outrigger Pit is 8.79 and the forecast strip ratio for the next quarter is 14.74.

Baralaba Expansion Project

Stage 1 complete, Stage 2 underway

Cockatoo completed stage 1 of the Baralaba Expansion project during the quarter. Stage 1 involved the construction of the related infrastructure to establish production at the Baralaba North mine to 1 million tonnes per annum. Stage 1 was delivered on time and approximately 6% under the base-line budget. Stage 2 works also began late in the quarter and will see the further development of the Baralaba North mine and construction of the transportation infrastructure to sell 3.5 million tonnes per annum of Ultra-low Volatile PCI coal from the Port of Gladstone. A total of \$12.2 million was spent on development during the September 2014 quarter.

Baralaba Expansion Project EIS deemed adequate by DEHP

Cockatoo received correspondence from the Department of Environment and Heritage Protection (DEHP) during the quarter of a Section 56A (*Environmental Protection Act 1994*) decision notice to proceed with the Baralaba North Continued Operations Project ('BNCOP') Environmental Impact Statement ('EIS'). Cockatoo had previously submitted the EIS on 15th of April 2014, having prepared the document under the Queensland Government's Greentape Reduction measures. This notice was received within 5 months of Cockatoo's EIS submission.

The notice received from DEHP confirms that the EIS lodged by Cockatoo has been deemed adequate. As a result of this notice, DEHP has confirmed the commencement of their EIS Assessment Report, and importantly, Cockatoo will not have to submit a Supplementary EIS regarding the BNCOP.

Other key approvals

Cockatoo also announced during the quarter that it executed a Coal Haulage & Road Infrastructure Agreement with Banana Shire Council. This Agreement will see Cockatoo significantly upgrade council controlled roads, improving the safety, access and amenity of the road corridor for all users, whilst also allowing for the scheduled increase in road haulage activities by Cockatoo to its Train Load Out Facility ('TLO'). Additionally, Cockatoo has received final construction approvals for the TLO, in the form of an approved Material Change of Use Application and an Operational Works Permit being granted for the TLO site. Work on the TLO site commenced in October 2014 and is progressing.

JORC Resource Upgrades

Baralaba North

Cockatoo announced on the 9th October 2014 a significant increase of JORC Resources at the Baralaba North mine to 92.3 million tonnes of Ultra-low Volatile PCI coal. This represented a 41% and 44% increase in Measured and Indicated Resources respectively, underpinning a further JORC Reserve upgrade at Baralaba North. Cockatoo achieved the upgraded results at a reduced cost compared to previous drilling campaigns, with an approximate saving of 35%, predominantly due to a reduction in the number of holes required to appropriately define JORC Resources.

South Pentland

On 10th September 2014, Cockatoo announced the upgrade of JORC Resources as its South Pentland project to 445 million tonnes, comprising 351 million tonnes of Inferred and 94 million tonnes of Indicated JORC Resources. Cockatoo acquired a 100% interest in South Pentland, following the recent takeover of Blackwood Corporation. Most of the work to achieve the JORC Resource upgrade occurred prior to the takeover with Cockatoo updating the geological model, in particular the Lauderdale deposit, incorporating data acquired from the 2012 and 2013 drilling campaigns. Coal quality data from the project indicates the presence of an export quality thermal coal, with low sulphur content, moderate ash and energy characteristics. The Resource upgrades allow Cockatoo to progress applications within Government, aimed at safeguarding and securing the project.

Corporate

Release of \$37.0m of Restricted Cash

During the quarter, Cockatoo advised that it had finalised agreements with two of its major shareholders, Noble Group Limited ('Noble'), SK Networks Co., Ltd ('SKN') and its principal bank, Australia and New Zealand Banking Group Limited ('ANZ') to release \$37.0m of restricted cash. Under the arrangements, Noble and SKN each procured bank guarantees in favour of ANZ, as replacement security for cash backed guarantees supporting infrastructure entitlements, including the 3.0 million tonne per annum 'take or pay' agreement with the new Wiggins Island Coal Export Terminal. The arrangements have a term of 3 years and guarantee fees charged at 12.5% per annum plus expenses (capped at 1% per annum) will be capitalised and repaid on termination of the facility.

In addition to the provision of guarantees, both Noble and SKN have agreed to each offtake 5.85 million tonnes of Ultra-low Volatile PCI coal from the Baralaba Complex (approximately 390,000 tonnes each per annum for 15 years). Securing these offtake tonnages contributes towards satisfying a key condition precedent of the \$255 million ANZ project finance facility. As part of the arrangements, Noble and SKN have each been granted second ranking security over the Baralaba Complex assets. ANZ has also granted an option to both Noble and SKN to replace the existing guarantee facility provided by ANZ which has first ranking security.

The arrangements were approved by shareholders at a General Meeting on 13 October 2014.

Funding

The Company has received \$37.0 million of restricted cash which is being used for working capital and development purposes. The Company continues to manage its cashflow and is also in discussions with various parties regarding the provision of mezzanine finance, the sale of a stake in the Baralaba project, non-core asset divestments, and other innovative infrastructure funding arrangements. The Company is also engaging with its major shareholders, Noble, SKN and Harum Energy, as well as its principal bank, ANZ, regarding current funding and ongoing support for the Baralaba project and the timing and availability of cash to achieve the project timeline. The Company will update shareholders on the status of these discussions as they progress.

Exploration Joint Venture with JOGMEC

Subsequent to the quarter, Cockatoo announced the execution of a Joint Exploration Agreement with the Japan Oil, Gas and Metals National Corporation ('JOGMEC'), with JOGMEC providing up to \$3.5 million to Cockatoo over a three year period for exploration expenditure on the Company's wholly owned Dingo West project. JOGMEC will earn up to a 35% economic interest in the Dingo West project, whilst also possessing the right to assign that interest to a Japanese nominee company in future, in order to progress the project to development. The Dingo West project (EPC's 1535 and 1562) is approximately 50km north of Cockatoo's Baralaba mining complex, and is also adjacent to Cockatoo's 30% owned Dingo joint venture project with Whitehaven Coal. Cockatoo acquired its interest in the Dingo West project through the takeover of Blackwood Corporation Limited. Blackwood Corporation intercepted coal seams of PCI quality within the tenure during a scout drilling campaign in 2013, but apart from this single program, no additional field exploration has been undertaken on the project. The Joint Exploration Agreement provides funding for all planned exploration activities over three years, including drilling, coal quality analysis and feasibility studies within the Dingo West project. First drilling activities are expected to commence this quarter.

Exploration

Cockatoo continues to minimise expenditure on exploration as it focuses on the development of its core asset at Baralaba. A total of \$0.6m was spent on exploration and evaluation activities not relating to Baralaba North during the September 2014 quarter.

Managing Director Commentary

Managing Director of Cockatoo Coal, Andrew Lawson said the quarter was one of significant progress for the Company.

“We have successfully transitioned operations from Baralaba Central to Baralaba North throughout the period and I am confident that we will continue to maintain a production rate of close to 1 million tonnes per annum for the current financial year. I am also pleased that stage 1 of the expansion has been completed on time, and more importantly under budget.

“We continue to move swiftly through the approvals process to allow for the increase to 3.5 million tonnes per annum. The receipt of the Section 56A notice within 5 months clearly shows a marked improvement in Government processing times, but with the same levels of rigour and detail applied.”

“We have successfully delivered on yet another milestone, with the release of the restricted cash with the support from our major shareholders. Although we have suffered under the poor coal price environment that has existed this calendar year, and this has impacted our funding situation, we continue to progress the project while also judiciously managing our cashflow with the support of our major shareholders.”

“Finally, I am pleased that we have been able to find a strong partner in JOGMEC to assist in our efforts in defining new PCI coal Resources close to our existing Baralaba operations, as well as the future role JOGMEC might take in promoting the further development of the project with a commercial partner. I am also pleased that Dingo West’s value was validated following its acquisition through the takeover of Blackwood Corporation.”

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.

Information relating to ML 80169 & 80170, MDL 184 & 416 and EPC 1047 (collectively known as the Baralaba North Mine) was prepared and first disclosed under the JORC Code 2012 on the 9th October 2014 in the Company’s ASX announcement titled “Baralaba North JORC Resource Upgrade”. Information relating to EPC 1486 (South Pentland Project) was prepared and first disclosed under the JORC Code 2012 on the 10th September 2014 in the Company’s ASX announcement titled “South Pentland Project Resource Upgrade”.

The company confirms that is not aware of any new information or data that materially affects the information included in the two announcements and that all the material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

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