



Notice of Meeting and Explanatory Statement

Cockatoo Coal Limited

ACN 112 682 158

Date: 9 April 2015

Time: 10:00 AM

Place: Minter Ellison, Level 22 Waterfront Place,
1 Eagle Street, Brisbane, QLD, 4000

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. YOU ARE ADVISED TO READ THIS DOCUMENT IN ITS ENTIRETY AND TO SEEK INDEPENDENT ADVICE BEFORE DECIDING HOW TO VOTE ON THE RESOLUTION.

If you are in doubt as to how to deal with this document or how to vote on the Resolution, please consult your financial or other professional adviser.

The Independent Expert has concluded that the Offtake Agreement is fair and reasonable to shareholders whose votes are not to be disregarded (being Noble and its Associates).

YOUR INDEPENDENT DIRECTORS RECOMMEND THAT SHAREHOLDERS VOTE IN FAVOUR OF THE RESOLUTION TO APPROVE THE OFFTAKE AGREEMENT

Table of Contents

Important Notices	3
Key Dates	4
What you need to do	5
Notice of Meeting	7
Summary	8
Section 1 – Overview of the Offtake Agreement	9
1.1 Background	9
1.2 What is the Offtake Agreement?	9
1.3 Is the Offtake Agreement conditional?	9
1.4 Who is Noble?	9
1.5 What happens to my shares and what do I receive?	9
1.6 Effect of the Offtake Agreement on control of the Company	9
1.7 What approvals are required for the Offtake Agreement to proceed?	9
1.8 What happens if the Resolution is not passed?	10
Section 2 – Rationale for the Offtake Agreement and Directors' Recommendation	11
2.1 Directors' Recommendation	11
2.2 Independent Expert's Opinion	11
2.3 Why is the Company proposing the Offtake Agreement?	11
2.4 What are the key advantages?	11
2.5 What are the key disadvantages?	11
Section 3 – Terms of the Offtake Agreement	12
3.1 Term and Contract Quantity	12
3.2 Annual deliveries	12
3.3 Base price	12
3.4 Payment terms	12
3.5 Marketing Fees	13
3.6 Guarantee	13
3.7 First and last right of refusal - thermal coal	13
Section 4 – Independent Expert's Report in respect of the Offtake Agreement	14
Glossary	58

Important Notices

Nature of this document

This document seeks to:

- explain to Shareholders the terms and effect of the Offtake Agreement; and
- provide Shareholders information as required by the Corporations Act and the Listing Rules or as is known to Cockatoo Coal, and in Cockatoo Coal's opinion, is otherwise material to the decision of Shareholders on how to vote on the Resolution.

You should read this document in its entirety before making a decision on how to vote on the Resolution.

Defined terms

Capitalised terms used in this document are defined in the Glossary on page 58 of this document.

All amounts are in Australian dollars unless otherwise stated.

ASIC and ASX

A copy of this document has been lodged with ASX. Neither ASX, nor any of its officers takes any responsibility for the contents of this document.

Investment decisions

Nothing in this document constitutes investment, legal, tax or other advice. This document does not take into account the individual investment objectives, financial situation or particular needs of each Shareholder or any other person, and should not be relied on as the sole basis for any investment decision relating to Shares.

Shareholders should seek independent financial, legal and taxation advice before making a decision on how to vote on the Resolution.

Forward- looking statements

This document contains both historical and forward-looking statements in connection with Cockatoo Coal, including statements of current intention or expectation.

Any such forward-looking statements relate to future matters and are subject to various inherent risks and uncertainties. Actual events or results may differ materially from the events or results expressed or implied by any forward-looking statements.

None of Cockatoo Coal, its officers, any person named in this document or any person involved in the preparation of this document makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward-looking statement, or any events or results expressed or implied in any forward-looking statement, except to the extent required by law. The forward-looking statements in this document reflect views held only as at the date of this document.

Subject to any obligations under law or the Listing Rules, Cockatoo Coal does not give any undertaking to update or revise any forward-looking statements after the date of this document to reflect any change in expectations in relation to those statements or any change in events, conditions or circumstances on which any such statement is based.

Input from others

Grant Thornton has prepared the Independent Expert's Report in relation to the Offtake Agreement and takes responsibility for that Independent Expert's Report. Grant Thornton is not responsible for any other information contained within this document. Shareholders are urged to read the Independent Expert's Report carefully to understand the scope of the report, the methodology of the assessment, the sources of information and the assumptions made.

Other than in respect of the information identified above, the information contained in the remainder of this document has been prepared by Cockatoo Coal and is the responsibility of Cockatoo Coal. Cockatoo Coal does not assume responsibility for the accuracy or completeness of any part of this document other than the information identified above for which it is solely responsible.

Electronic document

This document may be viewed online at www.cockatoocoal.com.au.

Date

This Explanatory Statement is dated 9 March 2015.

The Notice of Meeting is dated 9 March 2015.

Key Dates

Event	Date
Date of this Explanatory Statement	9 March 2015
Latest date and time for receipt of proxy forms or powers of attorney	10.00am 7 April 2015
Date and time for determining eligibility to vote	7.00pm 7 April 2015
Date and time of the General Meeting	10.00am 9 April 2015

Please note that the above dates are indicative only and subject to change. Subject to the Corporations Act and Listing Rules, the above dates may be varied. Any changes to the above timetable will be announced to ASX. The Company reserves the right to the right to amend or withdraw the Offtake Agreement and/or the Resolution, subject to applicable legal requirements.

Unless otherwise stated all references to time in this document are references to Brisbane time.

What you need to do

1. Read this document

The Notice of Meeting and Explanatory Statement set out the details of the Resolution being put to Shareholders. This information is important. You should read this document carefully and if necessary seek your own independent advice on any aspects about which you are not certain.

2. Vote at the General Meeting or by proxy

Pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Directors of Cockatoo Coal have determined that for the purpose of the meeting, Shares shall be taken to be held by the persons who were registered as Shareholders at 7:00pm on Tuesday, 7 April 2015. Accordingly, if you are registered as a Shareholder on the Share Register at 7:00pm (Brisbane time) on 7 April 2015 you will be entitled to vote at the General Meeting, subject to the Voting Exclusions. Accordingly, registrable transmission applications or transfers registered after this time will be disregarded in determining entitlements to vote at the General Meeting.

In the case of Shares held by joint holders, only one of the joint shareholders is entitled to vote. If more than one Shareholder votes in respect of jointly held Shares, only the vote of the Shareholder whose name appears first in the Register will be counted.

Voting is not compulsory.

The key details of the General Meeting are:

- | | |
|----------------------------|---|
| Location: | The General Meeting will be held at Minter Ellison, Level 22 Waterfront Place, 1 Eagle Street, Brisbane, QLD, 4000 on 9 April 2015, commencing at 10:00 am (Brisbane time). |
| Voting in person: | <p>Shareholders (with the exception of those subject to a Voting Exclusion) wishing to vote in person (other than under a power of attorney) should attend the General Meeting in person and can cast their votes at that meeting. Please note that you should:</p> <ul style="list-style-type: none">• bring a suitable form of personal identification (such as your driver's licence); and• arrive (if possible) at the venue 20 minutes prior to the time designated for the commencement of the General Meeting (so that your Shareholding may be checked against the Share Register and attendance noted). |
| Voting by attorney: | If a Shareholder proposes that an attorney is to vote at the General Meeting the instrument conferring the power of attorney or a certified copy of it must be produced to the Share Registry by no later than 10:00 am (Brisbane time) on 7 April 2015 in the same way as a proxy. |
| Voting by proxy: | Shareholders (with the exception of those subject to a Voting Exclusion) wishing to vote by proxy at the General Meeting must complete and sign the personalised proxy form which is enclosed with this Explanatory Statement. A person appointed as a proxy may be an individual or a body corporate. Completed proxy forms must be delivered by no later than 10:00 am (Brisbane time) on 7 April 2015 and in any of the following ways: |

By post:

Computershare Investor Services Pty Limited

GPO Box 242 Melbourne

Victoria 3001 Australia

By facsimile to: (within Australia) 1800 783 447 or (outside Australia) +61 3 9473 2555

**Voting by
corporate
representative:**

A Shareholder that is a corporation may appoint an individual to act as its representative to vote at the General Meeting in accordance with section 250D of the Corporations Act. The appropriate 'Certificate of Appointment of Corporate Representative' should be produced prior to admission.

3. Seek further information if required

If you have any queries about any matter contained in this document please contact the Company Secretary on +617 3640 4700.

If you are in doubt as to how to deal with this document or how to vote on the Resolution, please consult your financial or other professional adviser.

Notice of Meeting

Notice is hereby given that a General Meeting of the Shareholders of Cockatoo Coal Limited ACN 112 682 158 will be held at Minter Ellison, Level 22 Waterfront Place, 1 Eagle Street, Brisbane at 10:00 am on 9 April 2015 for the purpose of considering and if thought fit passing the following proposed resolution as an ordinary resolution.

The Explanatory Statement which accompanies and which forms part of this Notice of Meeting should be considered by Shareholders prior to voting on the business to be considered at the General Meeting.

Terms used in this Notice of Meeting will, unless the context otherwise requires, have the meaning given to them in the Glossary in the Explanatory Statement.

Ordinary Business

Resolution – Approval of Offtake Agreement

To consider and, if thought fit, pass, with or without amendment, the following Resolution as an ordinary resolution:

"That, for the purposes of Listing Rule 10.1 and all other relevant purposes, the Shareholders approve the Company:

- (a) entering into; and***
- (b) performing its obligations under,***

the Offtake Agreement and such other agreements as are required under the Offtake Agreement."

In accordance with the Listing Rules, the Company will disregard any votes cast on the Resolution by Noble, and any Associates of Noble.

However, the Company need not disregard a vote cast on the Resolution if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Other business

To transact any other business which may legally be brought before the General Meeting.

BY ORDER OF THE BOARD



Lee O'Dwyer

Company Secretary

Date: 9 March 2015

Summary

		Further Information
Offtake Agreement		
What is the Offtake Agreement?	<p>In conjunction with the Entitlement Offer announced on 5 February 2015 Cockatoo Coal agreed to enter into a coal offtake agreement with Noble.</p> <p>Noble will be entitled to offtake on average approximately 1,900,000 metric tonnes of ULV PCI coal from the Baralaba Complex per annum (total contract quantity of 28,500,000 metric tonnes).</p>	Section 1.2
What approvals are required for the Offtake Agreement?	The Offtake Agreement is conditional upon approval by a simple majority of Shareholders at the General Meeting.	Section 1.7
What are the key advantages?	The Offtake Agreement will help secure the sale of Cockatoo's future production and provides greater certainty on the ability to sell the Company's scheduled production of 3.5Mtpa for the next 20 years.	Section 2.4
What are the key disadvantages?	The proposed offtake entitlement of 28,500,000 metric tonnes of ULV PCI coal reduces the amount of coal available for sale to other customers.	Section 2.5
Independent Expert's Opinion	<p>The Independent Expert has concluded that the Offtake Agreement is fair and reasonable to the Shareholders (excluding Noble and its Associates).</p> <p>Section 4 includes a complete copy of the Independent Expert's Report. Shareholders are urged to read the Independent Expert's Report in full.</p>	Section 2.2
Director's Recommendation	The Independent Directors each recommend that shareholders vote in favour of the Resolution to approve the Offtake Agreement.	Section 2.1

Section 1 – Overview of the Offtake Agreement

1.1 Background

On 5 February 2015, Cockatoo Coal announced a \$125 million equity raising via a fully underwritten accelerated renounceable pro-rata entitlement offer of new fully paid ordinary shares (**Entitlement Offer**). The Entitlement Offer will provide the funding solution to allow Cockatoo Coal to transition the Baralaba Expansion project from the current phase of construction to a fully funded project to produce 3.5 Mtpa of ultra low-volatile PCI coal. In conjunction with the Entitlement Offer, Cockatoo Coal agreed to enter into the Offtake Agreement with Noble.

The Entitlement Offer is fully underwritten by BBY and sub underwritten by Noble, Harum and Liberty Metals & Mining, as detailed in the Prospectus dated 13 February 2015.

1.2 What is the Offtake Agreement?

The Offtake Agreement provides that Noble will be entitled to offtake on average approximately 1,900,000 metric tonnes of ULV PCI coal from the Baralaba Complex per annum (total contract quantity of 28,500,000 metric tonnes).

The terms of the Offtake Agreement are described in more detail at Section 3.

The rationale and advantages and disadvantages of the Offtake Agreement are described in more detail at Section 2.

1.3 Is the Offtake Agreement conditional?

The Offtake Agreement will only become effective upon approval of the Resolution by Shareholders at the General Meeting.

1.4 Who is Noble?

Noble is a Singapore listed manager of a portfolio of global supply chains covering a range of agricultural and energy products, as well as metals, minerals and ores and has a market capitalisation of approximately A\$6.9 billion as at the date of this notice.

Noble facilitates the marketing, processing, financing and transportation of a multitude of products across a multitude of locations and for many customers. Noble reports across three different segments: agriculture (platform, sugar and softs), energy (oil, gas & power, energy coal & carbon) and metals, minerals & ores (iron ore, aluminium, special ores & alloys).

Noble is currently the approximate equal largest Shareholder with Liberty Metals & Mining, which each hold approximately 42.75% of all Shares in the Company as at the date of this notice.

1.5 What happens to my shares and what do I receive?

The Offtake Agreement will not cancel or otherwise deal with any Shares held by any Shareholders.

Shareholders will not receive (and will not be required to pay) any cash consideration in connection with the Offtake Agreement.

1.6 Effect of the Offtake Agreement on control of the Company

The Offtake Agreement will not give rise to any change in the control of the Company.

1.7 What approvals are required for the Offtake Agreement to proceed?

Listing Rule 10.1 requires that any disposal of a substantial asset to a substantial holder be approved by shareholders.

A holder of at least 10% of all Shares is a 'substantial holder' for the purposes of the Listing Rules. An asset is a 'substantial asset' for the purposes of the Listing Rules if its value is more than 5% of the equity interests of Cockatoo Coal as set out in its last Annual Report.

As Noble holds more than 10% of all Shares on issue (as at the date of this notice, Noble holds approximately 42.75% of all Shares on issue), Noble is a 'substantial holder'.

The coal that may be produced by the Cockatoo Coal Group and disposed of under the Noble Offtake Agreement has a value of more than 5% of the equity interests of Cockatoo Coal (which has a value of approximately \$10.9 million, based on the equity interests as disclosed in Cockatoo Coal's last Annual Report), meaning that it is a 'substantial asset'.

Accordingly, the Resolution seeks the approval of Shareholders (other than Noble and its Associates) for the entry into and performance of the Noble Offtake Agreement, as required under Listing Rule 10.1.

1.8 What happens if the Resolution is not passed?

If the Resolution is not passed on or before 17 April 2015 (or another date agreed between Cockatoo Coal and Noble), Noble may elect to terminate the Offtake Agreement by written notice to Cockatoo Coal and if Noble elects to do so, Cockatoo must pay on demand to Noble an amount equal to \$3.5 million.

Section 2 – Rationale for the Offtake Agreement and Directors' Recommendation

2.1 Directors' Recommendation

The Independent Directors, have considered the potential advantages, and the potential disadvantages, of the Offtake Agreement and the Independent Expert's conclusions.

The Independent Directors each recommend that Shareholders vote in favour of the Resolution to approve the Offtake Agreement.

Tim Gazzard is a Director and is a nominee of Noble. Accordingly, Mr Gazzard considers it inappropriate for him to make a recommendation to Shareholders in respect of the Offtake Agreement

Each of the Independent Directors intends to vote their Shares, if any, or open proxies they holds, in favour of the Resolution.

2.2 Independent Expert's Opinion

The Independent Directors commissioned the Independent Expert, Grant Thornton, to prepare a report on the Offtake Agreement to ascertain whether it is fair and reasonable to Shareholders (other than Noble and its Associates).

The Independent Expert has concluded that the Offtake Agreement is fair and reasonable to Shareholders (other than Noble and its Associates).

Section 4 contains a complete copy of the Independent Expert's Report. Shareholders are urged to read the Independent Expert's Report in full.

2.3 Why is the Company proposing the Offtake Agreement?

The Company is continuing development of the Baralaba Expansion project, and needs significant funding for this purpose, which the Entitlement Offer will provide. In conjunction with the Entitlement Offer, Cockatoo Coal agreed to enter into the Offtake Agreement with Noble. The Offtake Agreement helps secure the sale of Cockatoo's future production and provides greater certainty on the ability to sell the Company's scheduled production of 3.5Mtpa for the next 20 years.

Approval of the Resolution is required for the Offtake Agreement to become effective.

2.4 What are the key advantages?

The Offtake Agreement helps to secure the sale of Cockatoo's future production and provides greater certainty on the ability to sell the Company's scheduled production of 3.5Mtpa for the next 20 years.

2.5 What are the key disadvantages?

Approximately two-thirds of the Company's production will be committed to one counterparty under the terms of the Offtake Agreement. The Offtake Agreement reduces the amount of coal available for sale to other customers and it is possible that coal may be able to be sold to other customers at a higher price than will be received under the Offtake Agreement.

However, Noble is one of the largest supply chain management services companies in the world. By having Noble as counterparty, there is relatively less risk that the terms of the offtake agreement will be dishonoured compared to smaller alternative offtake parties, particularly if the Company attempts to enter into agreements directly with steel mills.

Section 3 – Terms of the Offtake Agreement

3.1 Term and Contract Quantity

The Offtake Agreement provides for the sale by Baralaba and Wonbindi (**Sellers**) of 28,500,000 metric tonnes of low volatile PCI coal produced at the Baralaba Central and Baralaba North Mines/the Baralaba Complex (**Contract Quantity**) to Noble.

The sale and purchase of coal under the agreement will commence on the agreement becoming unconditional (following the approval of the Resolution) and will continue until the Contract Quantity has been delivered to Noble.

3.2 Annual deliveries

Each year the Sellers will make available for delivery and sale to Noble the Base Tonnage of coal for that year on an evenly spread basis until the Contract Quantity has been delivered.

The annual Base Tonnages will ramp up from 100,000 metric tonnes in 2015 to 1,900,000 metric tonnes in 2020 until expiry as production at the expanded Baralaba Complex increases. The ramp up may escalate to 1,900,000 metric tonnes before 2020 if the expanded coal handling and preparation plant is commissioned before 2020.

If the Sellers do not deliver the Base Tonnage in a given year, the shortfall quantity must be delivered by the end of the next calendar year as well as the Base Tonnage for that calendar year, unless Noble gives notice that it does not require some or all of the shortfall amount (in which case it will be cancelled and the Seller has no obligation to supply and the Noble has no obligation to take the unrequired shortfall quantity for that calendar year).

Delivery is free on board spout trimmed at RG Tanna Coal Terminal Gladstone or Wiggins Island Coal Export Terminal, Gladstone.

3.3 Base price

The base price for coal sold under the Offtake Agreement will be negotiated on a quarterly basis and settled 30 days before the start of each calendar quarter. If the parties do not agree a price then the quantity of coal for the quarter is not required to be delivered or accepted for delivery and the Sellers may sell to a third person. That quantity of coal will not be a shortfall quantity required to be delivered in the following calendar year, but will be postponed and remain as part of the undelivered Contract Quantity.

The agreed base price may be adjusted if coal does not meet the prescribed specifications.

3.4 Payment terms

Payments will be made no later than 5 business days after receipt by Noble of the prescribed documents relating to each shipment of coal by telegraphic transfer. The Sellers and Noble may agree that certain shipments or quantities may be prepaid by Noble in advance. If the Sellers fail to deliver a prepaid tonnage of coal, Noble may demand repayment or exercise certain step-in rights to secure delivery of the prepaid tonnage of Coal. The Sellers and the Company have given Noble a power of attorney to execute certain documents on their behalf should Noble exercise its step-in rights.

3.5 Marketing Fees

Noble is entitled to receive any marketing fees due under any other contract between it and Seller or the Company in respect of any coal delivered under the Offtake Agreement. Noble may deliver or sell any coal it buys worldwide, including into Taiwan or Korea, but if it does deliver or sell coal into Taiwan or Korea, Noble must first consult with the Sellers and SK Networks (to the extent the marketing agreement between the Company and SK Networks has not been terminated) and the marketing fee Noble will be entitled to in respect of coal sold or delivered into Taiwan or Korea will be net of any marketing fees the Company pays to SK Networks.

3.6 Guarantee

The Company has guaranteed the Sellers' obligations under the Offtake Agreement.

3.7 First and last right of refusal - thermal coal

The Sellers have granted Noble a first and last right of refusal to purchase thermal coal produced at the Baralaba Complex at prices to be agreed at the time of exercise. This right is subject to the exercise of any prior rights of first refusal granted by the Company over thermal coal to other entities. Noble may receive marketing fees in respect of the sale and delivery of such coal on the terms described above.

Section 4 – Independent Expert's Report in respect of the Offtake Agreement



Grant Thornton

An instinct for growth™

Cockatoo Coal Limited

Independent Expert's Report and Financial Services Guide

24 February 2015

Independent Directors
 Cockatoo Coal Limited
 Level 4, 10 Eagle Street
 Brisbane QLD 4000

24 February 2015

Dear Sirs

Independent Expert's Report and Financial Services Guide

Introduction

Cockatoo Coal Limited ("COK" or "the Company") is a coal production and development company listed on the Australian Securities Exchange ("ASX"). Over the last few years, COK has been focused on ramping up its Baralaba North ultra-low volatile pulverised coal injection ("PCI") mine ("Baralaba North Expansion Project" or "Baralaba North Mine") and winding down its Baralaba Central PCI mine ("Baralaba Central Mine") located in Baralaba, Bowen Basin (collectively the "Baralaba Complex"). As at 24 February 2015, COK's market capitalisation was approximately A\$91.2 million.

Noble Group Limited ("Noble") is a global supply chain manager of agricultural and energy products, metals and minerals. Noble is listed in Singapore, with headquarters in Hong Kong and operates from over 140 locations. As at 24 February 2015, Noble's market capitalisation was approximately A\$6.9 billion. Noble holds a 23.14%¹ interest in COK and Mr. Timothy Gazzard is the Noble nominee director of COK.

On 5 February 2015, COK announced that it had agreed to a new offtake agreement with Noble (the "Proposed Offtake"). The Proposed Offtake has the following key terms (for further details refer to Section 1):

- *Contracted Quantity*: sale of 28.5 million metric tonnes ("Mt") of PCI coal to be produced from the Baralaba Complex over the next 20 years subject to the Company obtaining all relevant consents, mining leases and approvals for the Baralaba Complex prior to 31 December 2015².

Noble and COK have agreed pre-determined target annual base tonnage volumes to be supplied by COK from 100,000 t in 2015 to 1,900,000 t in 2020 until expiry as production from the Baralaba Complex increases. The ramp up may escalate to 1,900,000 metric tonnes before 2020 if an expanded coal handling and preparation plant is commissioned before 2020.

We note that if there is a shortfall in coal supplied, COK is not required to acquire additional mining equipment to increase production capacity, or acquire coal from third parties to make up

¹ As at 10 February 2015, prior to the completion of the A\$125 million accelerated renounceable pro-rata entitlement offer ("the Entitlement Offer").

² If such consents and approvals are not granted by the 31 December 2015, COK and Noble agree to negotiate in good faith a revised delivery schedule.



Grant Thornton

An instinct for growth™

the shortfall. The shortfall will be made up in subsequent years when production exceeds the relevant target annual base tonnage volume.

We also note that the expiry date is when the total aggregate off-take volume of PCI coal to be produced from the Baralaba Complex reaches 28.5Mt. However we note that for so long as the Contracted Quantity exceeds the remaining Marketable Coal Reserves (as defined in the JORC Code³), the Contracted Quantity will be reduced to an amount equal to the remaining Marketable Coal Reserves.

- *Contracted Price:* to be the same as the price (“Prevailing Price”) agreed between COK and Noble under the existing Noble offtake agreement executed in August 2014 (“2014 Noble Offtake Agreement”)⁴ whilst the contracted quantity of coal under the 2014 Noble Offtake Agreement remains outstanding. The 2014 Noble Offtake Agreement was approved by shareholders of COK not associated with Noble (“Non-Associated Shareholders”) in October 2014. The Prevailing Price is negotiated for each calendar quarter between COK and Noble and finalised 30 days prior to the commencement of each calendar quarter. Noble is not required to accept delivery and COK is not required to make delivery of any coal if the Contracted Price has not been agreed for the relevant calendar quarter. The undelivered quantity of coal will remain as part of the undelivered Contracted Quantity.
- *Compensation Payment:* if the Proposed Offtake is not approved by the Non-Associated Shareholder’s, COK will be required to compensate Noble an amount equal to A\$3.5 million.

The independent⁵ directors of COK (“Independent Directors”) unanimously recommend that the Non-Associated Shareholders vote in favour of the Proposed Offtake. Each Independent Director holding ordinary shares in COK (“COK Shares”) intends to vote in favour of the Proposed Offtake.

Purpose of the report

Given Noble holds in excess of 10% interest in COK, the future sale of coal under the Proposed Offtake is considered the disposition of material assets to a substantial shareholder. Accordingly, the Independent Directors have commissioned Grant Thornton Corporate Finance to prepare an independent expert’s report to assess whether the Proposed Offtake is fair and reasonable to the Non-Associated Shareholders for the purposes of Chapter 10 of the ASX Listing Rules.

³ The JORC (the “Joint Ore Reserves Committee”) Code is a standard used for the public disclosure of Mineral Resource as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore.

⁴ Refer to Section 4.2.2 for further details.

⁵ Mr. Timothy Gazzard, a director of COK nominated by Noble has considered it inappropriate to participate in recommendation/vote of the Proposed Offtake.

Summary of opinion

Grant Thornton Corporate Finance has concluded that the Proposed Offtake is FAIR AND REASONABLE to the Non-Associated Shareholders.

Fairness Assessment

In forming our opinion in accordance with the Regulatory Guide 111: *Content of expert reports* (“RG111”), Grant Thornton Corporate Finance notes that the Proposed Offtake does not provide for a fixed Contracted Price (i.e. negotiated quarterly) or Contracted Quantity (i.e. subject to various conditions). Accordingly, for the purpose of assessing the fairness of the Proposed Offtake, we have considered the likelihood that the key contract terms supporting the Contracted Price and Contracted Quantity will result in a market competitive and arm’s length price being obtained. (For further details on the selection of valuation methodologies refer to Section 6)

Given the limited availability of comparable offtake agreements, we have had regard to the Proposed Offtake mainly in relation to COK’s existing offtake agreements as summarised below:

- *2014 Noble and SK Offtake Agreements*⁶: existing offtake agreements executed with each of substantial shareholders, Noble and SK Networks Co., Ltd (“SK”) which expire when the total aggregate off-take volume of PCI coal to be produced from the Baralaba Complex reaches 11.7 Mt (5.85 Mt each).
- *JFE Offtake Agreement*⁷: existing offtake agreement for the sale of PCI Coal from the Baralaba Complex with unrelated party⁸, JFE Steel Corporation (“JFE”) first executed in October 2010 and subsequently amended in February 2015⁹. Whilst we have not disclosed the terms of the JFE Offtake Agreement to preserve commercial confidentiality, we confirm that we have reviewed the agreement in detail for the purposes of this report.

We are of the opinion that the terms of the Proposed Offtake are conducive to the realisation of a Contracted Price and Contracted Quantity that is commercial and on arm’s length based on the following key considerations:

Contracted Price

- The periodic negotiation of a price between offtake parties (i.e. not based on a fixed or indexed price) is not uncommon in our experience¹⁰.
- The Contracted Price is to be equal to the Prevailing Price under the 2014 Noble Offtake Agreement which adopts a price determination method consistent with the JFE Offtake Agreement. Whilst no PCI coal have yet been transacted under the 2014 Noble Offtake Agreement, there are no terms under the Proposed Offtake which suggest that the sales price agreed with Noble will be materially different from those agreed with JFE for similar coal

⁶ For further details in relation to the 2015 Noble and SK Offtake Agreements refer to Section 4.2.2.

⁷ For further details in relation to the JFE Offtake Agreement refer to Section 4.2.1.

⁸ JFE is not a substantial shareholder of COK, though we note that COK owes approximately A\$65 million in loans to JFE as at the date of this Report. For further details refer to Section 4.3.2.

⁹ The JFE Agreement amendment was initially agreed in July 2014, however was not binding until formal documentation in February 2015.

¹⁰ Our experience includes offtake agreements for companies operating in coal and other commodity industries.



Grant Thornton

An instinct for growth™

qualities. Based on discussions with Management, we understand the PCI coal price under the JFE Offtake Agreement is negotiated with reference to the PCI coal price set by other key operators in the PCI coal market.

- Under the 2014 SK Offtake Agreement, SK has the right to be supplied coal by COK on a priority or equal basis to Noble (includes both tonnage and quality of coal) under the 2014 Noble Offtake Agreement. Accordingly, it is unlikely the negotiated Prevailing Price (and hence the Contracted Price) will be materially different from the price determined under the 2014 SK Offtake Agreement which is calculated at a fixed discount to a PCI price benchmark¹¹.
- The 2014 Noble and SK Offtake Agreements were only recently approved by Non-Associated Shareholders in October 2014. The terms of the Proposed Offtake are substantially similar to those under the 2014 Noble Offtake Agreement, particularly the Contracted Price as discussed above.
- The Board of COK consists of nominees from substantial shareholders, including SK, Noble and Harum Energy Australia Limited (“Harum”) ¹² which are all large operators in the commodities and/or coal markets. As a result, it is unlikely an uncompetitive sales price will be negotiated and agreed with Noble under the Proposed Offtake.
- COK is not required to make delivery of any coal if the Contracted Price has not been agreed to for the relevant calendar quarter. As a result, COK will not be under any undue pressure to negotiate an uncommercial Contracted Price. In addition, Noble has the following incentives to ensure a Prevailing Price is agreed and PCI volumes delivered under the Proposed Offtake:
 - Noble receives a 2.5% marketing fee on all coal sold under the Proposed Offtake based on the terms of a marketing agreement entered into in October 2013 (for further details refer to Section 4.2.3).
 - If the Contracted Price cannot be agreed, COK may require Noble to provide additional marketing services to assist COK in selling the undelivered coal as agreed under the Noble Marketing Agreement.
 - Noble is a substantial shareholder of COK. A delay in the sale of coal may result in cash flow restraint which could limit COK’s ability to pursue the development and/or operations of the Baralaba Complex¹³. In turn, this will adversely impact the value of Noble’s investment in COK. The Contracted Quantity is expected to increase from approximately 11% in 2015 to 60% in 2020 of coal produced from the Baralaba Complex, and will accordingly be a major source of cash flow.
- The quality adjustment terms under the Proposed Offtake are consistent with the existing 2014 Noble and SK Offtake Agreements, and the JFE Agreement. The standard quality requirements (before quality adjustments are applied) are also not considered unreasonable in comparison to the expected average quality of future coal to be produced from the Baralaba Complex.

¹¹ Not disclosed due to confidentiality and commercially sensitive information.

¹² Harum currently holds 491,465,372 COK Shares representing approximately 10.78% interest in COK

¹³ For further information on the capital expenditure requirements of the Baralaba Complex refer to Section 4.1.1.



An instinct for growth™

Based on the above, we are of the opinion that the terms of the Proposed Offtake are conducive to the realisation of a Contracted Price that is commercial and on arm's length.

Contracted Quantity

- The Proposed Offtake has been granted priority over all other future offtake agreements except for existing offtake agreements with SK and JFE. This is consistent with our expectations of the priority rights that would have been granted to an alternative third party.
- We are not aware of any terms under the Proposed Offtake which impose material penalties or provide material favourable treatment to Noble for the delivery of the Contracted Quantity in comparison to COK's existing offtake agreements. In particular, we highlight that:
 - COK's ability to deliver coal according to the pre-determined target annual base tonnage volumes is subject to the Company obtaining all relevant consents, mining leases and approvals for the Baralaba Complex prior to 31 December 2015¹⁴. There are no penalties for not achieving such milestones which may otherwise be potentially required by an alternative third party.
 - We note that if there is a shortfall in coal supplied, COK is not required to acquire additional mining equipment to increase production capacity, or acquire coal from third parties to make up the shortfall. This is consistent with the 2014 Noble and SK Offtake Agreements.

In our opinion, the terms relating to the Contracted Quantity under the Proposed Offtake do not appear unfavourable for COK (in comparison to a potential offtake agreement with an alternative third party) and are conducive to the delivery of coal in a commercial and arm's length manner.

Reasonableness Assessment

ASIC RG111 establishes that an offer is reasonable if it is fair. Given that our assessment of the Proposed Offtake is fair it is also reasonable. However, we have also considered the following advantages, disadvantages and other factors.

Advantages

Major shareholder support

As at the date of our Report, Noble has participated in a recent recapitalisation of COK in 2013¹⁵, has an existing coal marketing agreement and offtake agreement with COK, and is supporting the underwriting of a A\$125 million Entitlement Offer¹⁶. The Proposed Offtake will further increase Noble's involvement in the Company, which is likely to strengthen major shareholder support in the future.

¹⁴ If such consents and approvals are not granted by the 31 December 2015, COK and Noble agree to negotiate in good faith a revised delivery schedule.

¹⁵ COK Recapitalisation contributing circa A\$43 million in equity funding and acquiring approximately 1,055.4 million shares in COK.

¹⁶ For details on the Entitlement Offer, refer to Section 1.1.



Grant Thornton

An instinct for growth™

Secured offtake for the Company's coal products

The Offtake Agreement provides increased certainty for the Company's mining operations, particularly given the current subdued conditions in the coal market.

Furthermore, we note that COK has an existing material take-or-pay agreement with the Wiggins Island Coal Export Terminal ("WICET") for 3.5 Mtpa ("WICET Agreement"). The sale of coal under the Proposed Offtake will assist COK in meeting its obligations under the WICET Agreement.

Disadvantages

Increased concentration of counterparty risk

If the Offtake Agreement is approved, a material proportion of the Company's production will be committed to the one counterparty, potentially exposing COK to risks including circumstances where the counterparty is unable to take delivery of, or make payment for, the Contracted Coal.

However, we note that Noble is one of the largest supply chain management services companies in the world with a market capitalisation of A\$6.9 billion as at the date of this Report. By having Noble as counterparty, there is relatively less risk that the terms of the offtake agreement will be dishonoured compared to smaller alternative offtake parties, particularly if COK attempts to enter into agreements directly with steel mills.

Other factors

The implications if the Proposed Offtake is not approved

If the Proposed Offtake is not approved, it would be the current Directors' intention to continue operating the Company in line with its objectives. Shareholders of COK would continue to share in any benefits and risks in relation to COK's ongoing business. COK will be required to pay the Compensation Payment.

Compensation Payment

We note that if shareholder approval is not obtained for the Proposed Offtake, Noble will be entitled to demand the Compensation Payment of A\$3.5 million from COK. Give the large capital outlay required to complete the Baralaba North Mine expansion to 3.5 Mtpa, the Compensation Payment would represent not an immaterial cost for the Company.

Independent Directors' recommendations and intentions

As a condition¹⁷ to the Proposed Offtake, the Independent Directors unanimously recommend that all Non-Associated Shareholders vote in favour of the Proposed Offtake without qualification.

¹⁷ If this condition is not fulfilled or waived, Noble will be entitled to terminate the Proposed Offtake and demand the Break Fee of A\$3.5 million from COK.

Based on the qualitative factors identified above, it is our opinion that the Proposed Offtake is reasonable to the Non-Associated Shareholders.

Overall conclusion

After considering the abovementioned quantitative and qualitative factors, Grant Thornton Corporate Finance has concluded that the Proposed Offtake is FAIR and REASONABLE to the Non-Associated Shareholders.

Other matters

Grant Thornton Corporate Finance has prepared a Financial Services Guide in accordance with the Corporations Act. The Financial Services Guide is set out in the following section.


The decision of whether or not to accept the Proposed Offtake is a matter for each Non-Associated Shareholder to decide based on their own views of value of COK and expectations about future market conditions, COK's performance, risk profile and investment strategy. If Non-Associated Shareholders are in doubt about the action they should take in relation to the Proposed Offtake, they should seek their own professional advice.

Yours faithfully

GRANT THORNTON CORPORATE FINANCE PTY LTD



ANDREA DE CIAN
Director



PHILLIP RUNDLE
Director

Financial Services Guide

1 Grant Thornton Corporate Finance Pty Ltd

Grant Thornton Corporate Finance Pty Ltd (“Grant Thornton Corporate Finance”) carries on a business, and has a registered office, at Level 17, 383 Kent Street, Sydney NSW 2000. Grant Thornton Corporate Finance holds Australian Financial Services Licence No 247140 authorising it to provide financial product advice in relation to securities and superannuation funds to wholesale and retail clients.

Grant Thornton Corporate Finance has been engaged by COK to provide general financial product advice in the form of an independent expert’s report in relation to the Proposed Offtake. This report is included in the Company’s Notice of Meeting and Explanatory Memorandum.

2 Financial Services Guide

This Financial Services Guide (“FSG”) has been prepared in accordance with the Corporations Act, 2001 and provides important information to help retail clients make a decision as to their use of general financial product advice in a report, the services we offer, information about us, our dispute resolution process and how we are remunerated.

3 General financial product advice

In our report we provide general financial product advice. The advice in a report does not take into account your personal objectives, financial situation or needs.

Grant Thornton Corporate Finance does not accept instructions from retail clients. Grant Thornton Corporate Finance provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Thornton Corporate Finance does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice directly to retail investors.

4 Remuneration

When providing the Report, Grant Thornton Corporate Finance’s client is the Company. Grant Thornton Corporate Finance receives its remuneration from the Company. In respect of the Report, Grant Thornton Corporate Finance will receive from COK a fixed fee of approximately \$35,000 plus GST, which is based on commercial rate plus reimbursement of out-of-pocket expenses for the preparation of the report. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority.

Except for the fees referred to above, no related body corporate of Grant Thornton Corporate Finance, or any of the directors or employees of Grant Thornton Corporate Finance or any of those related bodies or any associate receives any other remuneration or other benefit attributable to the preparation of and provision of this report.

5 Independence

Grant Thornton Corporate Finance is required to be independent of COK in order to provide this report. The guidelines for independence in the preparation of independent expert's reports are set out in Regulatory Guide 112 *Independence of expert* issued by the Australian Securities and Investments Commission ("ASIC"). The following information in relation to the independence of Grant Thornton Corporate Finance is stated below.

"Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with COK (and associated entities) that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation the Proposed Recapitalisation.

Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the transaction, other than the preparation of this report.

Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the transaction. Grant Thornton Corporate Finance's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report.

Grant Thornton Corporate Finance considers itself to be independent in terms of Regulatory Guide 112 "Independence of expert" issued by the ASIC."

We note that Grant Thornton Corporate Finance was engaged as an independent expert by COK in relation to the following:

- Approval of bank guarantees and offtake agreements with Noble and SK for the release of restricted cash in September 2014.
- Valuation of tenements held by BCPL and WCPL for taxation purposes in August 2014.
- Equity raising to recapitalise COK in order to extinguish existing debt obligations and fund the Baralaba North Expansion Project in November 2013.
- To form an opinion whether or not Noble will receive a net benefit as a result of the above transaction in November 2013.
- Off-market takeover of Blackwood Corporation Ltd ("BWD") by COK in November 2013.

In our opinion, the above engagements do not impact on our ability to provide an independent and unbiased opinion in the context of the Proposed Offtake. Accordingly, we consider Grant Thornton Corporate Finance to be independent of COK, its Directors and all other parties involved in the Proposed Offtake.

6 Complaints process

Grant Thornton Corporate Finance has an internal complaint handling mechanism and is a member of the Financial Ombudsman Service (membership no. 11800). All complaints must be in writing and addressed to the Chief Executive Officer at Grant Thornton Corporate Finance. We will endeavour to resolve all complaints within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service who can be contacted at:

PO Box 579 – Collins Street West
Melbourne, VIC 8007
Telephone: 1800 335 405

Grant Thornton Corporate Finance is only responsible for this report and FSG. Complaints or questions about the General Meeting should not be directed to Grant Thornton Corporate Finance. Grant Thornton Corporate Finance will not respond in any way that might involve any provision of financial product advice to any retail investor.

Compensation arrangements

Grant Thornton Corporate Finance has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of section 912B of the Corporations Act, 2001.

Contents

Page

1	Background of the Proposed Offtake	12
2	Purpose and scope of the report	14
3	Profile of the industry	17
4	Profile of COK	22
5	Valuation methodologies	34
6	Sources of information, disclaimer and consents	36
	Appendix A – Valuation methodologies	39
	Appendix B – Glossary	41

1 Background of the Proposed Offtake

1.1 Introductions

On 5 February 2015, COK announced the cancellation of its A\$255 million senior secured project finance loan and guarantee facility package with the Australia and New Zealand Banking Group Limited (“ANZ”) (“the ANZ Financing Package”). The ANZ Financing Package was terminated by COK mainly as a result of declining coal prices and various contractual restrictions limiting COK’s flexibility to re-optimize the Baralaba North Expansion Project.

Accordingly, on 5 February 2015 COK also revealed an updated funding and development plan for the Baralaba North Expansion Project, consisting of the following key components:

- *Entitlement Offer* – COK to undertake an accelerated renounceable pro-rata entitlement offer of 13.7 new shares for every existing COK Share at an offer price of A\$0.002 per share to raise approximately A\$125 million. The Entitlement Offer will be fully underwritten and supported by cornerstone investors, including Noble. The funds raised under the Entitlement Offer will be utilised for the development of the Baralaba North Expansion Project based on a re-optimised mine plan (for further details refer to Section 4.1). As at the date of this Report, the institutional component of the Entitlement Offer has been completed, raising gross proceeds of approximately A\$83.5 million.
- *Noble Acquisition* – Noble will acquire a non-funding 5% equity interest in COK’s subsidiaries, Baralaba Coal Pty Ltd (“BCPL”) and Wonbindi Coal Pty Limited (“WCPL”) for a nominal amount¹⁸. BCPL and WCPL together hold the tenements to the Baralaba Complex.
- *Proposed Offtake* – new offtake agreement with Noble for the sale of 28.5 Mt of ULV PCI coal to be produced from the Baralaba Complex over the next 20 years.

We understand that the Proposed Offtake is not dependent on the successful completion of any of the other above transactions, and vice versa. Accordingly, we have considered the other transactions as context to the Proposed Offtake in our assessment of reasonableness whilst assessing the fairness of the Proposed Offtake on a standalone basis.

1.2 Terms of the Proposed Offtake

The key terms of the Proposed Offtake are summarised below:

- Terms in relation to the Contracted Price and Contracted Quantity as set out in the Executive Summary to this Report.
- Noble will have a first right of refusal and a last right of refusal to purchase any thermal coal produced at the Baralaba Complex (“Thermal Coal Rights”). The Thermal Coal Rights will be subject to the exercise of any prior valid rights of first refusal granted by COK to KEPCO Australia Pty Ltd (“KEPCO”) and Korea East West Power CO Ltd (“KEWP”). Any thermal coal purchased under the Thermal Coal Rights will be at market price with prior approval of

¹⁸ The current value in BCPL and WCPL is held via existing shareholder loans which Noble will not participate in.

COK's technical committee. Based on discussions with Management, we understand that a limited proportion of future coals sales are expected to be in the form of thermal coal. Accordingly, we have not considered this term in our assessment of fairness for the Proposed Offtake.

- Sale of PCI coal under the Proposed Offtake will have priority over all other offtake agreements with exception to COK's existing offtake agreements including:
 - 2014 Noble and SK Offtake Agreements – for delivery of an aggregate total of 11.7 Mt of coal (5.85 Mt each) over the life of the agreement to Noble and SK. For further details refer to Section 4.2.2.
 - JFE Offtake Agreement – for term of the agreement.
- Noble will be entitled to receive any marketing fees (equal to 2.5% of the final invoiced sales price per tonne) under existing coal marketing agreements with COK on the coal to be sold under the Proposed Offtake. For further details on existing marketing agreements refer to Section 4.2.3.
- Noble is restricted from selling the coal purchased under the Proposed Offtake in Taiwan or South Korea without the prior consultation with SK.

1.3 Conditions of the Proposed Offtake

The Proposed Offtake is not effective unless COK obtains the Non-Associated Shareholders' approval in accordance with the requirements of ASX Listing Rule 10.1 by no later than 17 April 2015.

We note that if the above condition is not met or waived, COK will be required to compensate Noble an amount equal to A\$3.5 million (i.e. the Compensation Payment). COK and Noble acknowledge that the Compensation Payment is a pre-estimate of the anticipated losses or damages which will be incurred by Noble as a result of COK failing meet the above conditions and is not intended as a penalty.

2 Purpose and scope of the report

2.1 Purpose

Chapter 10 of the ASX Listing Rules

Chapter 10 of the ASX Listing Rules requires the approval from the non-associated shareholders of a company if the company proposes to acquire or dispose a substantial asset from a related party or a substantial holder.

ASX Listing Rule 10.2 states that an asset is substantial if its value, or the value of the consideration, is 5% or more of the equity interest of the entity as set out in the latest financial statement provided to the ASX (“Substantial Asset”). Based on ASX Listing Rule 10.1.3, a substantial holder is a person who has a relevant interest, or had a relevant interest at any time in the six months before the transaction, in at least 10% of the voting power of the company.

ASX Listing Rule 10.10.2 requires that the Notice of Meeting and Explanatory Memorandum be accompanied by a report from an independent expert stating whether the transaction is fair and reasonable to the non-associated shareholders.

Given that Noble is a substantial shareholder of COK (holds 23.14%¹⁹ interest in COK), the sale of coal under the Proposed Offtake to Noble is considered the sale of a Substantial Asset to a substantial shareholder.

Accordingly, the Independent Directors have requested Grant Thornton Corporate Finance to prepare an independent expert’s report stating, whether in its opinion the Proposed Offtake is fair and reasonable to the Non-Associated Shareholders.

2.2 Basis of assessment

Grant Thornton Corporate Finance has had regard to RG 111 in relation to the content of independent expert’s report and RG76 in relation to related party transactions. RG76 largely refers to RG111 in relation to the approach to related party transactions.

RG 111 establishes certain guidelines in respect of independent expert’s reports prepared for the purposes of the Corporations Act. RG 111 is framed largely in relation to reports prepared pursuant to Section 640 of the Corporations Act and comments on the meaning of “fair and reasonable” in the context of a takeover offer. RG 111 also regulates independent expert’s reports prepared for related party transactions in clauses 52 to 63. RG 111 notes that an expert should focus on the substance of the related party transaction, rather than the legal mechanism and, in particular where a related party transaction is one component of a broader transaction, the expert should consider what level of analysis of the related party aspect is required.

We note that RG111 clause 56 states the following:

¹⁹ As at 10 February 2015, prior to the completion of the A\$125 million accelerated renounceable pro-rata entitlement offer (“the Entitlement Offer”).

RG 111.56 Where an expert assesses whether a related party transaction is 'fair and reasonable' (whether for the purposes of Chapter 2E or ASX Listing Rule 10.1), this should not be applied as a composite test—that is, there should be a separate assessment of whether the transaction is 'fair' and 'reasonable', as in a control transaction. An expert should not assess whether the transaction is 'fair and reasonable' based simply on a consideration of the advantages and disadvantages of the proposal, as we do not consider this provides members with sufficient valuation information (See Regulatory Guide 76 Related party transactions (RG 76) at RG 76.106–RG 76.111 for further details).

Accordingly, in the consideration of the Proposed Offtake, the expert should undertake a separate test of the fairness and then analyse the advantages and disadvantages for the Non-Associated Shareholders.

RG 111 notes that a related party transaction is:

- Fair, when the value of the financial benefit being offered by the entity to the related party is equal to or less than the value of the assets being acquired.
- Reasonable, if it is fair, or, despite not being fair, after considering other significant factors, shareholders should vote in favour of the transaction.

In considering the fairness of the Proposed Offtake, we have analysed the key terms of the Offtake Agreement against historical terms achieved by COK to ensure they are fair to the Non-Associated Shareholders and no net financial benefits are accrued to Noble.

In considering whether the Proposed Offtake is reasonable to the Non-Associated Shareholders, we have considered a number of factors, including:

- Whether the Proposed Offtake is fair.
- The implications to COK and the Non-Associated Shareholders if the Proposed Offtake is not approved.
- Other likely advantages and disadvantages associated with the Proposed Offtake as required by RG111.
- Other costs and risks associated with the Proposed Offtake that could potentially affect the Non-Associated Shareholders.

2.3 Independence

Prior to accepting this engagement, Grant Thornton Corporate Finance considered its independence with respect to the Proposed Offtake with reference to the ASIC Regulatory Guide 112 “Independence of Expert’s Reports” (“RG 112”).

Grant Thornton Corporate Finance has no involvement with, or interest in, the outcome of the approval of the Proposed Offtake other than that of an independent expert. Grant Thornton Corporate Finance is entitled to receive a fee based on commercial rates and including reimbursement of out-of-pocket expenses for the preparation of this report.

Except for these fees, Grant Thornton Corporate Finance will not be entitled to any other pecuniary or other benefit, whether direct or indirect, in connection with the issuing of this report. The payment of this fee is in no way contingent upon the success or failure of the Proposed Offtake.

We note that Grant Thornton Corporate Finance was previously engaged as an independent expert by COK in relation to the following:

- Approval of bank guarantees and the 2014 Noble and SK Offtake Agreements for the release of restricted cash in September 2014.
- Valuation of tenements held by BCPL and WCPL for taxation purposes in August 2014.
- Equity raising to recapitalise COK in order to extinguish existing debt obligations and fund the Baralaba North Expansion Project in November 2013.
- To form an opinion whether or not Noble will receive a net benefit as a result of the above transaction in November 2013.
- Off-market takeover of Blackwood Corporation Ltd (“BWD”) by COK in November 2013.

In our opinion, the above engagements do not impact on our ability to provide an independent and unbiased opinion in the context of the Proposed Offtake. Accordingly, we consider Grant Thornton Corporate Finance to be independent of COK, its Directors and all other parties involved in the Proposed Offtake.

2.4 Consent and other matters

Our report is to be read in conjunction with the Notice of Meeting and Explanatory Memorandum dated on or around insert in which this report is included, and is prepared for the exclusive purpose of assisting the Non-Associated Shareholders in their consideration of the Proposed Offtake. This report should not be used for any other purpose.

Grant Thornton Corporate Finance consents to the issue of this report in its form and context and consents to its inclusion in the Notice of Meeting and Explanatory Memorandum.

This report constitutes general financial product advice only and in undertaking our assessment, we have considered the likely impact of the Proposed Offtake to Non-Associated Shareholders as a whole. We have not considered the potential impact of the Proposed Offtake on individual Non-Associated Shareholders. Individual shareholders have different financial circumstances and it is neither practicable nor possible to consider the implications of the Proposed Offtake on individual shareholders.

The decision of whether or not to approve the Proposed Offtake is a matter for each Non-Associated Shareholder based on their own views of value of COK and expectations about future market conditions, COK’s performance, risk profile and investment strategy. If Non-Associated Shareholders are in doubt about the action they should take in relation to the Proposed Offtake, they should seek their own professional advice.

3 Profile of the industry

3.1 Introduction

COK is mainly engaged in the production, development and exploration of PCI coal (a form of metallurgical coal) in the Bowen Basin of Queensland, Australia. Accordingly, in the section below we have provided an overview of the coal sector in Australia with a focus on metallurgical coal (“the Coal Industry”).

Australia is the leading exporter of black coal globally, with black coal being Australia’s second-highest export commodity. There are two main types of black coal: metallurgical coal and thermal coal.

Metallurgical coal

Metallurgical coal is a high carbon content coal used mostly for the manufacturing of coke which is a key ingredient in the production of iron and steel. Metallurgical coal is further categorised broadly into hard coking coal, semi-hard coking coal, semi-soft coking coal and PCI coal in order of carbon content.

Metallurgical coal with higher levels of carbon content, i.e. hard coking coal is more favoured in the production of coke and therefore trades at a premium to lower grade metallurgical coal i.e. semi-soft coking coal. PCI coal is used to reduce the amount of coke consumed in the steel production process.

PCI coal with low ash and low sulfur, high carbon content, and low volatiles are generally more preferred. COK currently produces a premium ultra-low volatile PCI coal with a relatively low volatile content of approximately 12%.

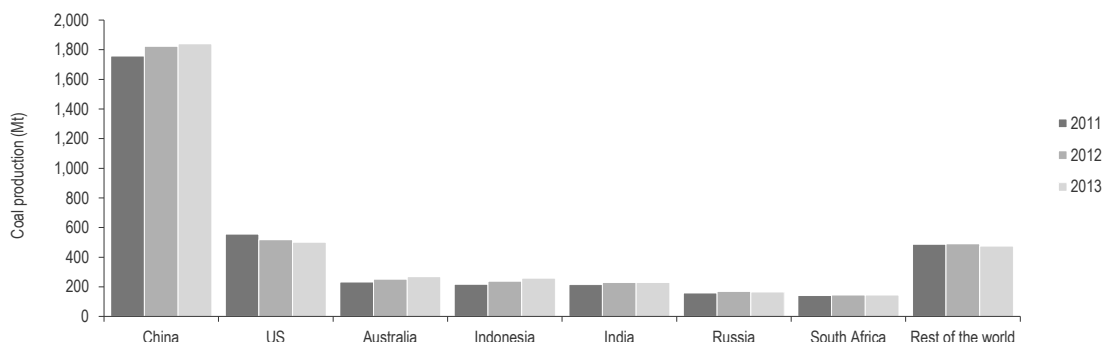
Thermal coal

Thermal coal is a relatively lower carbon content coal and is predominately used in the generation of electricity at power stations.

3.2 Coal production

The following graph shows the top coal producing countries in the world. In 2013, Australia was the third largest producer globally. Coal produced in the United States (“US”) and China is mainly used for domestic consumption. As a result, Australia is the world’s largest exporter of black coal.

World annual coal production



Source: BP, (June 2014) Statistical Review

Australia's coal industry is expected to derive 76.4% of revenue through exports in 2014-15. Metallurgical coal exports are expected to fall to 45.9% of industry revenue, while thermal coal is expected to increase to 30.5% of industry revenue.²⁰

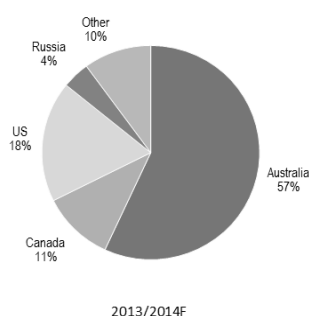
We note that Australia's ability to increase coal exports in the future is largely limited by the availability of port and rail capacity and therefore is dependent on the timing of development of infrastructure projects.

3.3 Metallurgical Coal

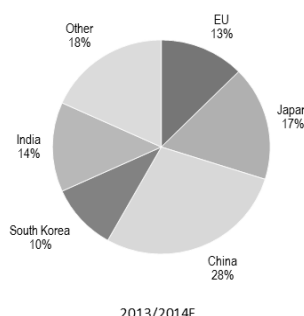
Demand for metallurgical coal (including both coking coal and PCI coal) is dependent on levels of steel production. Trends in the demand for and output of pig iron and steel are prime determinants of global demand for coke, and hence for metallurgical coal. Shifts in steel production methods also influence demand. Changes in the relative prices of electricity and coking coal, and the availability of steel scrap influence the switching between blast furnaces and electric arc furnaces. The latter are primarily scrap recycling operations, and require only minimal amounts of coke.

The charts below show the world metallurgical coal imports and export in 2013/2014F.

World Metallurgical Coal Exports



World Metallurgical Coal Imports



Source: BREE, Resources and Energy Quarterly – September 2014

China and Japan are two of the largest importers of metallurgical coal, together importing a forecast 46% of the world's metallurgical coal for 2014F. Australia is the largest exporter of metallurgical coal. Australia's proximity with the emerging Asian countries provides a competitive advantage.

²⁰ IBIS world, Black Coal Mining in Australia – Industry Report – November 2014

However, the increase of coal exports in the medium term is constrained by the availability of port and rail infrastructure. The production of metallurgical coal in Australia is forecast to increase at 1.2% per year to 198 million tonnes in 2018-19²¹.

PCI coal

PCI coal is used to reduce the consumption of coke. As a result, the demand for PCI coal is affected both by the demand for steel production and the relative price of coking coals (i.e. hard coking coal, semi hard coking coal and semi-soft coking coals). In periods of rising coking coal price, the PCI coal price tends to trade at a lower discount to hard coking coal.

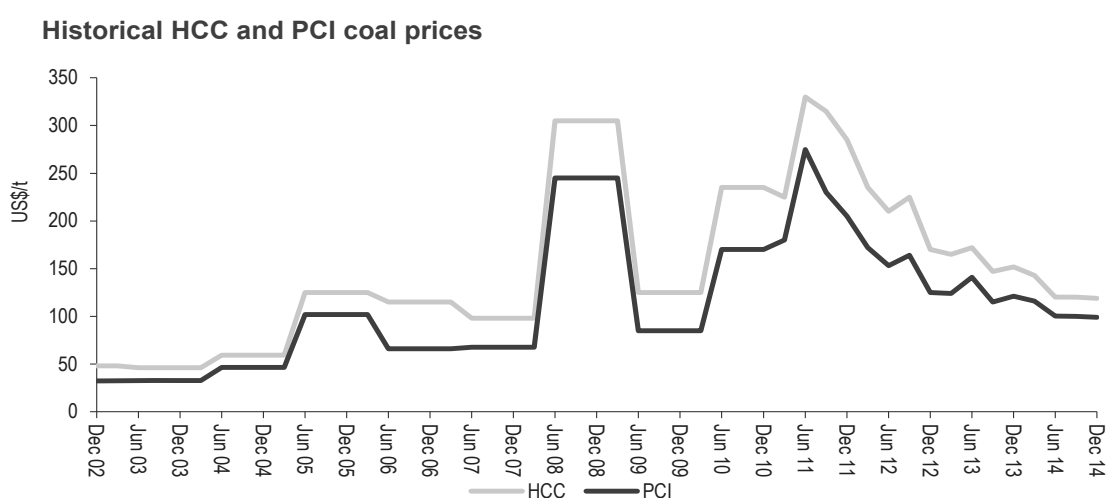
Currently, the bulk of global seaborne ULV PCI coal²² is produced and exported from Queensland, Australia. There are expectations that future demand of PCI coal will continue to be satisfied mainly out of Australia.

We understand that the level of volatile content in the coal produced at the Baralaba Mine is the second lowest in Australia, and that the Baralaba North Expansion Project is the only large scale ULV PCI expansion in stage 1 of the new proposed WICET. The PCI coals exported from Newcastle are typically of lower quality.

Coal prices

The hard coking coal price benchmark is usually set by Australia's largest suppliers such as the BHP Billiton Mitsubishi Alliance ("BMA Alliance")²³. Other hard coking coal, including PCI coal and semi-soft coking coal are then sold at a discount to the benchmark price. Since 1 April 2010, hard coking coal contract prices are settled on a quarterly basis.

The graph below shows historical quarterly metallurgical coal prices (nominal).



Source: Credit Suisse, Wood Mackenzie and Metals Morning Note

²¹ BREE, Resources and Energy Quarterly – September 2014

²² Volatile matter content below 14 % and which is the most favoured type of PCI coal for steel production

²³ The BHP Billiton Mitsubishi Alliance is Australia's largest metallurgical coal producer and accounts for more than 28% of the world's seaborne trade in metallurgical coal

As set out in the graph above, metallurgical coal prices spiked before the global financial crisis (“GFC”) and then sharply decreased as the reduced demand for steel reverberated through the supply chain, decreasing demand for coking coal.

The increased demand for hard coking coal from Asian countries on the back of government stimulus implemented during the global financial crisis pushed demand and prices up to US\$235/t for hard coking coal by the end of 2010. In addition, Queensland experienced significant flooding in early 2011, causing further supply constraint. As a result, the price of hard coking coal spiked in 2011 to about US\$330/t. In 2012, the supply constraint eased, causing the price of hard coking coal to decrease during the year.

Prices have fallen in excess of 35% over the last 2 years mainly in reflection of declining demand from China’s steel industry. We note that in response, more than 30 Mt of production cuts have been announced in 2014 (circa 10% of global seaborne supply)²⁴.

Historically, PCI coal has traded at 70% - 80% of hard coking coal prices. PCI demand is forecast to increase at a faster rate than HCC due to PCI technology adopted. Prices are expected to widen for ULV PCI coal compared to lower quality PCI coal.

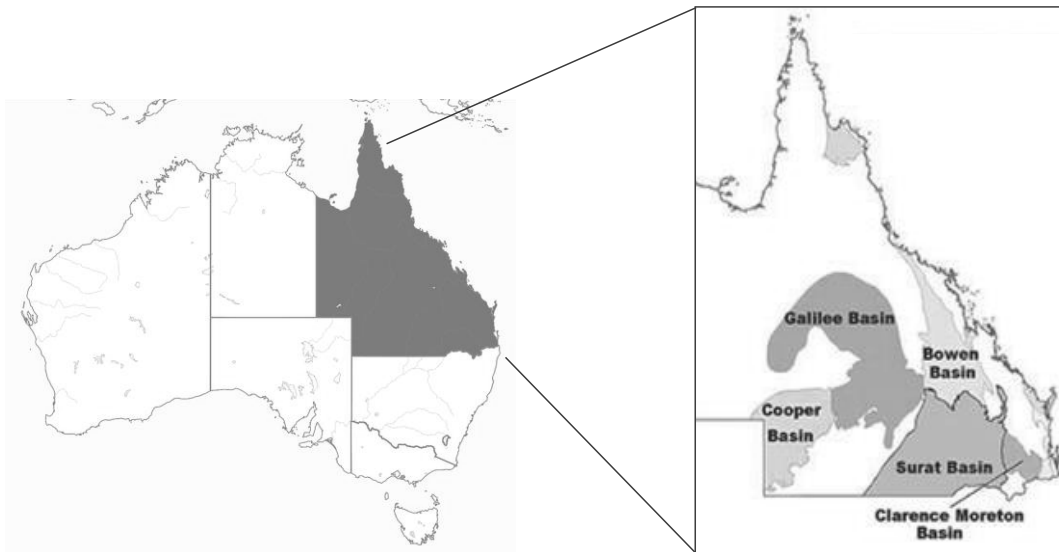
Although thermal coal and coking coal have separate markets, some product substitution does occur. This substitution is largely confined to low quality coking coal and high quality thermal coal. This is the reason why, historically, high volatile PCI and semi-soft coal prices have been related to thermal coal prices. Producers tend to switch between high-volatile coal, low-volatile coal and thermal depending on the relative attractiveness of the end market, i.e. steel demand and power generation.

3.4 Queensland Coal Basins

Queensland has a rich endowment of high-quality coal resources, with more than 34 billion tonnes (raw coal in-situ) having been identified by drilling operations. Queensland accounts for approximately one eighth of global metallurgical coal production. Identified resources of coking coal amount to approximately 8.7 billion tonnes, of which about 4 billion tonnes are suitable for open-cut mining²⁵. The map below shows the major Queensland coal basins.

²⁴ Bloomberg, *Metallurgical Coal at 6-year low as Chinese demand slows*, 26 Sep 2014

²⁵ Queensland Government, *Queensland Coal Fact Sheet* July 2012.



Source: Queensland Government

The Bowen Basin, which contains virtually all of the state's hard coking coal, is the most important source of export coal in Queensland. Coal deposits in the Bowen Basin of central Queensland include extensive resources of low and medium volatile semi-soft coking, hard coking coals and PCI coal. The Callide, Clarence-Moreton, Tarong and Surat basins are important sources of thermal coal suitable for export and for domestic power generation.

The Surat Basin, with its large resources of potentially open-cut thermal coal, continues to attract interest both nationally and internationally and is set to emerge as a major source of high quality thermal coal for export in the future. Large scale open-cut mining is expected to commence in the Surat Basin in the region around Chinchilla and north-west to Wandoan and Taroom in the medium term, subject to establishment of new rail and port infrastructure.

4 Profile of COK

4.1 Mineral Assets

COK is an ASX listed company mainly engaged in the production, development and exploration of coal assets located in the Bowen, Surat and Galilee Basins of Queensland as summarised below:

Resource Summary				Reserves ²	Resources ²			
Project	Location	Coal type	Ownership (%)	Marketable (Mt)	Inferred (Mt)	Indicated (Mt)	Measured (Mt)	Total (Mt)
Baralaba North Mine	Bowen Basin	PCI/T	95% ¹	32	23	34	36	93
Baralaba Central	Bowen Basin	PCI/T	95% ¹	-	4	8	4	17
Baralaba South	Bowen Basin	PCI/T	95% ¹	37	139	17	36	192
Lochinvar Project	Bowen Basin	PCI/T	95% ¹	-	60	4	-	64
Total Bowen Basin projects				69	226	63	76	365
Surat Basin assets	Surat Basin	T	100%	-	601	431	36	1,067
Total Surat Basin projects				-	601	431	36	1,067
South Pentland	Galilee Basin	T	100%	-	351	94	-	445
Total Galilee Basin projects				-	351	94	-	445
Total COK				69	1,178	588	111	1,877

Note (1): In February 2015, Noble agreed to acquire a non-funding 5% equity stake in BCPL and WCPL (which together hold the tenements to the Baralaba Complex, Baralaba South and Lochinvar Projects). For further details refer to Section 4.1.1.

Note (2): COK have advised that the Resources and Reserves set out above are reported in compliance with either the 2004 or 2012 edition of the Australasian Code for Reporting of Mineral Resources and Ore Reserves published by the Joint Ore Reserves Committee (the "JORC Code").

Note (3): Number may not add due to rounding

Source: ASX announcements

Given the Proposed Offtake involves the sale of coal from the Baralaba Complex, we have focused our attention on this project in the remainder of this report.

4.1.1 Baralaba Complex

Introduction

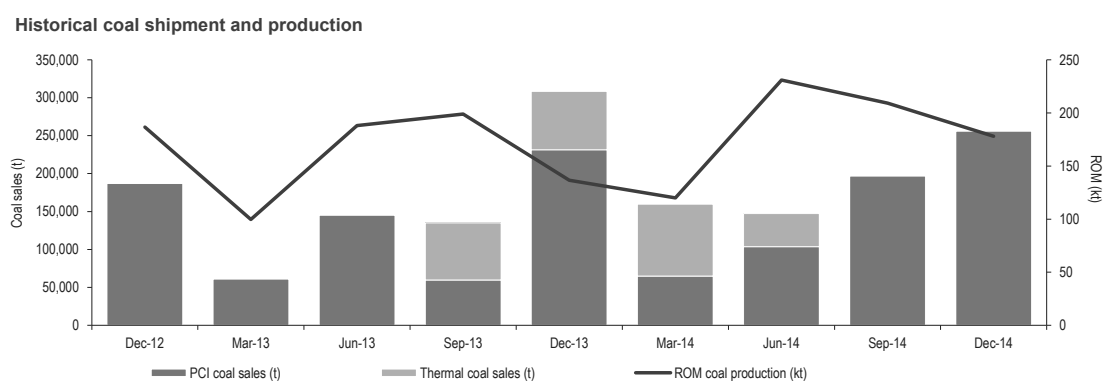
The Baralaba Complex is located in the south east of the Bowen Basin, near the town of Baralaba. It consists of the Baralaba North Mine and Baralaba Central Mine from which COK predominantly produces high quality, ULV PCI coal. We have provided a brief description of each project below:

- *Baralaba Central Mine* – a small-scale, open-cut mine located approximately 150km west of Rockhampton and 210km west of the Port of Gladstone. COK initially acquired the Baralaba Central Mine in December 2008 from a subsidiary of Peabody Energy Corporation. At the time of acquisition, the Baralaba Central Mine had already been in operation for 3-years. In October 2014, COK ceased all mining operations at the Baralaba Central Mine and have completed the transition of all equipment and personnel to the Baralaba North Mine.
- *Baralaba North Mine/ Baralaba North Expansion Project* – The tenements to the Baralaba North Mine are mainly held by COK's 95% owned subsidiary, WCPL with the balance held by BCPL. The first phase of the Baralaba North Expansion Project was recently completed with the

commencement of production at the Baralaba North Mine at an annualised rate of 1 Mtpa (“Baralaba North Expansion Project Phase 1”). The Company’s focus is now on expanding operations at the Baralaba North Mine from the current annualised production rate of 1 Mtpa to 3.5 Mtpa by 2018 (“Baralaba North Expansion Project Phase 2”).

Historical performance

The graphs below illustrate the quarterly historical production and coal shipments from the Baralaba Complex over the last quarter of 2012 to the last quarter of 2014:



Source: COK quarterly activities updates and COK annual reports

In relation to the graphs above we note the following:

- The run of mine/ raw (“ROM”) coal is screened and crushed to produce ULV PCI coal and thermal coal. We understand the coal is sold unwashed.
- COK commenced the winding-down of operations at the Baralaba Central Mine at the beginning of 2014 and completed the transition from Baralaba Central Mine to the Baralaba North Mine in December 2014.
- In May 2014, the first phase of the Baralaba North Expansion Project was completed and coal production to 1 Mtpa at the Baralaba North Mine commenced.

Feasibility studies and mine plans

In September 2012, COK completed a Bankable Feasibility Study (“Initial BFS”) which confirmed the economics of a simple open-cut brownfield expansion of mining operations at Baralaba Central Mine to both the south and north (i.e. develop the Baralaba South and Baralaba North projects) from 0.75Mtpa to 3.5Mtpa annualised production, supporting a project life of in excess of 20 years.

However, in response to falling coal prices, delay of key infrastructure capacity developments and a difficult funding environment, COK re-evaluated the Initial BFS and released a supplementary BFS in April 2013 (the “SBFS”). The SBFS mainly involved the reconfiguration of the mine plan to focus solely on the Baralaba North Expansion Project (i.e. the Baralaba North Mine), and re-negotiations with suppliers and contractors over operating costs.

Subsequently in February 2015, with further deterioration of market conditions, COK announced a new scaled-back, re-optimised mine plan for the Baralaba Complex (“Re-Optimised Plan”) with the following key changes to the SBFS:

- Deferred upfront capital expenditure schedule across the next 5 years which will allow COK to utilise project revenues to provide some internal funding. Though this will result in a more gradual production ramp-up (3.5 Mtpa production target expected to be achieved in the second-half of 2018 instead of first-half of 2014 under the SBFS) and some take-or-pay penalties under the WICET Agreement.
- Re-configured pit design to improve recovery rates.
- Refocus of production over the next three years on more efficient mining areas and reducing the amount of overburden removed in advance.

We note that the Re-Optimised Plan was developed in line with Management’s decision to cancel its untenable A\$255 ANZ Financing Package and pursue equity funding via the A\$125 million Entitlement Offer. We have been advised by Management that under the Re-Optimised Mine Plan, the Baralaba North Expansion Project will be fully funded over the next five years with completion of the Entitlement Offer.

The table below provides a comparison of the key elements of the Initial BFS, SBFS and Re-Optimised Plan:

Key elements	Initial BFS	SBFS	Re-Optimised Plan
Expansion	North and South	North only	North only
Saleable production (Mtpa)	3.5	3.5	3.5
Life of mine (LOM) (years)	20	20	
LOM strip ratio (bcm/ ROM t)	10.5	9.7	
Product yield (%)	85%	90%	
Average LOM cash cost (excluding royalties) (A\$ FOB/t)	105	96	
Development capital expenditure (A\$m)	413 ¹	311 ¹	113

Source: COK ASX announcements and GTCF calculations

Note (1): Based on discussions with Management, we understand that approximately A\$57 million has already been expensed for the Baralaba North Expansion Project Phase 1 (i.e. production to 1Mtpa). The Re-Optimised Plan only includes the development capital expenditure still required for the Baralaba North Expansion Project 2.

Infrastructure

Infrastructure capacities are a key component of the successful development of the Baralaba North Expansion Project. Currently, COK has secured the following infrastructure entitlements for the Baralaba North Expansion Project:

Infrastructure	COK's entitlement	Description
Moura Rail system	0.5 Mtpa	The Moura Rail system and RG Tanna coal export terminal are currently being used for the transport and export of coal from the operating Baralaba North Mine.
RG Tanna coal export terminal		
WICET	3.0 Mtpa	<p>The WICET is a privately funded coal export terminal currently under construction, located to the west of the existing RG Tanna coal export terminal at the Port of Gladstone. The WICET is scheduled to be constructed and expanded in stages, and once fully commissioned, the WICET is expected to provide over 827 Mtpa of export coal capacity. Based on discussions with Management, we understand that the construction of WICET is more than 98.5% completed and the first coal shipment is expected in the first half of 2015.</p> <p>In October 2011, COK entered into a Take or Pay Agreement for the securing of a 3 Mtpa allocation of stage 1 of the WICET expansion (WICET Stage 1) ("WICET Agreement") with seven other users.</p> <p>We note that the ramp up of the Baralaba North Expansion Project to 3.5 Mtpa is expected to be completed in the second half of 2018, after completion of the WICET Stage 1. Accordingly, some penalties under the WICET Agreement is expected to be incurred.</p> <p>The Company has also made an application for a further 1.5 Mtpa allocation for WICET stage 2 expansion ("WEXP2") for further expansion of the Baralaba Complex in the future.</p>
WIRP	3.0 Mtpa	<p>In September 2011, COK as part of a consortium of coal companies entered into an 10 year agreement with QRN for the construction and utilisation of stage 1 of the A\$900 million Wiggins Island Rail Project (WIRP). The WIRP includes the construction of an additional 13 km rail loop near Gladstone and upgrades to the Moura Rail system to support the expected increase in coal to be transported as a result of increase in port capacity with the completion of WEXP1.</p> <p>Construction for the WIRP is currently underway and completion is targeted for March 2015, in line with completion of the WEXP1.</p>

Source: COK ASX announcements

4.2 Key Agreements

4.2.1 JFE Offtake Agreement

In October 2010, JFE and COK entered into an offtake agreement for the sale of PCI Coal from the Baralaba Complex ("Initial JFE Offtake Agreement").

Subsequently in July 2014, an amendment to the initial JFE Agreement was agreed and later executed in February 2015 ("Amended JFE Agreement"). Under the Amended JFE Agreement, the offtake coal quantity was increased and term extended.

Given the offtake agreement with JFE is confidential and commercially sensitive, we have not disclosed any further terms in this report, although for the purpose of our fairness and reasonableness assessment we have reviewed the Initial and Amended JFE Agreements in detail.

4.2.2 2014 Noble and SK Offtake Agreements

In August 2014, COK entered into offtake agreements with its substantial shareholders, Noble and SK (i.e. the 2014 Noble and SK Offtake Agreements) as a part of a broader transaction to procure bank guarantees for the release of A\$37.5 million in restricted cash.

The key terms of the 2014 Noble and SK Offtake Agreements are summarised below:

- The 2014 Noble and SK Offtake Agreements have substantially equivalent and consistent terms in all material aspects except for the determination of the base price as summarised below:
 - *SK Price*: determined by reference to a quoted index price with adjustments for differences between Baralaba Complex coal and the standard index specification, or as negotiated from time to time.
 - *Noble Base Price (or Prevailing Price)*: to be negotiated for each calendar quarter. Noble is not required to accept delivery of any coal if the price has not been agreed for the relevant calendar quarter.
- The base price is based on pre-determined quality specifications which reflect the typical quality of coal expected to be supplied from the Baralaba Complex. The base price (including the SK Price) is subject to adjustments if the quality of the actual coal supplied exceeds certain thresholds.
- The expiry date is when the total aggregate off-take volume of PCI coal to be produced from the Baralaba Complex reaches 11.7 Mt (5.85 Mt each).
- Noble and SK have agreed pre-determined target annual base tonnage volumes to be supplied by COK. We note that if there is a shortfall in coal supplied by COK, the Company is not required to acquire additional mining equipment to increase production capacity, or acquire coal from third parties to make up the shortfall. The shortfall will be made up in subsequent years when production exceeds the relevant target annual base tonnage volume.
- The 2014 Noble and SK Offtake Agreements will have priority over all other offtake agreements (including the Proposed Offtake) with exception to the Initial JFE Offtake Agreement. For the avoidance of doubt, the 2014 Noble and SK Offtake Agreement have priority over the additional volume agreed under the Amended JFE Offtake Amendment.
- The right of SK (or Noble) to be supplied coal on a priority or equal basis to Noble (or SK).
- SK and Noble will each be entitled to receive any marketing fees (equal to 2.5% of the final invoiced sales price per tonne) under existing coal marketing agreements with COK on the coal to be sold to each party under the 2014 Noble and SK Offtake Agreements. For further details on existing marketing agreements with SK and Noble refer to Section 4.2.3.
- SK will be limited to sell the coal in South Korea and Taiwan, and Noble to the rest of the world.

4.2.3 Noble and SK Marketing Agreements

In October 2013, COK announced a proposed equity raising (i.e. the COK Recapitalisation) to recapitalise the Company in order to extinguish existing A\$95 million in debt obligations to KEB Australia Limited (“KEBA Loan”) and fund the development of the Baralaba North Expansion Project. The COK Recapitalisation comprised a share placement of A\$50.0 million to SK, A\$43.3 million to Noble, A\$60.0 million to institutional investors, and a share purchase plan of A\$3.6

million. In conjunction with the COK Recapitalisation which completed in April 2014, COK granted exclusive worldwide (excluding South Korea and Taiwan) coal marketing rights to Noble (“Noble Marketing Agreement”) and exclusive coal marketing rights to SK for South Korea and Taiwan (“SK Marketing Agreement”).

The terms of the Noble Marketing Agreement and SK Marketing Agreement are substantially on the same and equivalent terms except for area of exclusivity. The key terms of the marketing agreements are summarised below:

- *Marketing fee* – marketing fee equal to 2.5% of the final invoiced sales price per tonne (this will be reduced to take into account marketing fees payable by COK to third parties under certain existing agency agreements) (i.e. the Marketing Fee). However, no marketing fee will be payable for coal acquired by Noble/SK as principal or any coal supplied under the Initial JFE Offtake Agreement. For avoidance of doubt, the Marketing Fee will be payable on all coal sold under the Proposed Offtake.
- *Marketing services* – Noble/SK is required to provide certain on-going marketing services including assisting with procuring and executing offtake agreements.
- *First and last right of refusal* – If COK enters into a long-term off-take agreement in relation to the supply of coal to end-users, COK must provide Noble/SK with a first right of refusal and a last right of refusal to acquire the coal that is subject of the long-term off-take agreement.
- *Sale of coal* – Noble/SK is not authorised to enter into any contracts for the sale of coal without prior approval of COK.
- Other terms and conditions customary for an agreement of this type.

4.3 Financial information

4.3.1 Financial performance

The following table summarises the audited consolidated statement of comprehensive income of COK for financial years ended 30 June 2014 (“FY14”) and half year ended 31 December 2014 (“HY15”).

Consolidated Statement of Comprehensive Income	FY14 A\$'000	HY15 A\$'000
Coal Sales Revenues	81,532	43,986
Cost of Sales	(92,175)	(44,424)
Gross Profit	(10,643)	(438)
Other income	5,877	2,545
Gain on sale of associate	1,043	-
Gain on sale of assets	5	-
Administration and consultant expenses	(19,275)	(8,721)
Reversal of impairment	-	13,259
Impairment losses	(152,042)	-
Termination fee – marketing rights	(3,072)	-
Other expenses	(5,170)	(217)
Results from operating activities	(183,278)	6,428
Financial income	1,522	401
Financial expense	(9,564)	(3,295)
Income tax expense	(363)	-
NPAT	(191,683)	3,535

Source: Financial Reports and Management

We note the following in relation to COK’s income statements:

FY14

- Revenue for FY14 totalled \$81.5 million, an increase of 23.3% on FY13 mainly due to record annual coal sales of 748,368 t (460,006 t PCI and 290,532 t thermal coal).
- Impairment loss of A\$152.0 million were in relation to:
 - Impairment of circa A\$137.8 million on certain non-core exploration and evaluation assets, and land located in the Surat Basin following review by the directors of COK on the assets’ estimated fair value and expected development plan.
 - Full impairment of COK’s investment interests in non-listed companies, Ambre Energy Limited and ATEC Rail Group Pty Ltd of circa A\$5.5 million due to uncertainty in the recoverability of the investments.
 - Capitalised refundable infrastructure expenditure of circa A\$8.7 million as a result of uncertainty in the timing of the development of the WICET stage 2 or WEXP2 and COK’s ability to receive the infrastructure refund.
- Gain on sale of associate of circa A\$1.0 million relates to COK’s sale of its 30% interest in Hume Coal Pty Limited (“Hume Coal”) for A\$9.72 million cash and cancellation of 134,807,307 shares in COK to POSCO Australia Pty Limited (“POSCO”)

- Termination fee of marketing rights of circa A\$3.1 million is the present value of the deferred cash consideration COK paid for the acquisition of the remaining interest in Cockatoo Coal Marketing Company Pty Ltd (“CCMC”) which COK did not already own (i.e. 50%) in March 2014. CCMC held coal marketing rights which were terminated on acquisition to enable COK to enter into marketing arrangements with SK and Noble.
- Other expenses of approximately A\$5.2 million are mainly due to the recognition of a current provision relating to a restricted term deposit security provided by COK to support certain infrastructure studies.

HY15

- Revenues for HY15 have been adversely impacted by the continued decline in PCI coal prices and planned wind-down of operations at the Baralaba Central Mine. However, this has been largely offset by increased production with the completion of the Baralaba North Expansion Project Phase 1 in May 2014.
- The impairment reversal of approximately A\$13.3 million mainly relates to previously impaired non-core mining projects located in the North Surat region of Queensland (“North Surat Joint Venture”), which were sold to North Surat Coal Pty Ltd²⁶ in November 2014 at a price above book value.

²⁶ Subsidiary of New Hope Corporation Limited.

4.3.2 Financial position

The audited consolidated statement of financial position of COK as at 30 June 2014 and 31 December 2014 are set out below:

Consolidated Statement of Financial Position COK	30-Jun-14 Audited A\$'000	31-Dec-14 Reviewed A\$'000
Current Assets		
Cash and Cash Equivalents	1,407	15,757
Trade and Other Receivables	10,733	5,021
Inventories	13,158	11,500
Other Assets	1,100	1,040
Total Current Assets	26,399	33,317
Non Current Assets		
Term deposits	45,741	8,652
Exploration and Evaluation Expenditure	71,066	61,916
Property, Plant and Equipment	195,686	230,166
Intangible Assets	409	360
Other Assets	10,397	10,457
Total Non Current Assets	323,298	311,552
Total Assets	349,697	345,870
Current Liabilities		
Trade and Other Payables	40,578	32,043
Revenue received in advance - coal sales	11,161	6,498
Employee Benefits	1,291	1,801
Borrowings	1,219	1,313
Provisions	3,700	3,700
Total Current Liabilities	57,948	45,354
Non Current Liabilities		
Borrowings	64,026	65,969
Employee Benefits	87	93
Deferred Tax Liabilities	400	400
Provisions	7,221	9,219
Other	1,090	1,375
Total Non-Current Liabilities	72,824	77,056
Total Liabilities	130,772	122,411
Net Assets	218,925	223,459

Source: Financial Reports and Management

We note the following in relation to COK's balance sheets as at 31 December 2014:

- Cash and cash equivalents increased to A\$15.8 million as at 31 December 2014 mainly as a result of the sale of the North Surat Joint Venture assets for A\$25 million in November 2014 (excluding transaction costs) and release of circa A\$37.0 million in security deposits (hence the decrease in non-current term deposits) offsetting operating and mining development expenses. Refer to Section 4.3.2.1 for further details in relation to term deposits.
- The decrease of capitalised exploration and evaluation expenditure by circa A\$9.2 million over HY15 reflects the sale of the North Surat Joint Venture.
- Property, plant and equipment increased circa A\$34.5 million over HY15 mainly due to additions of deferred stripping assets and mining property assets relating to the continued development of the Baralaba North Mine.

- Trade and other payables have decreased predominately due to timing of payment creditors. However, we note that subsequent to the reporting date, the cancellation of the ANZ Project, Financing Package which has become untenable, has resulted in a fee saving of approximately \$5.63 million²⁷ (i.e. reduction in payables).
- We note non-current borrowings of A\$65.0 million consists of mainly loans to JFE (“JFE Loan”). The JFE Loan has an interest rate of 8.0% pa.

4.3.2.1 Guarantees and security deposits

As at 30 December 2014, COK had A\$80.1 million in bank guarantees and A\$8.7 million in security deposits (cash backing) mainly consisting of:

Company	Description	ANZ Guarantee (A\$'000s)	ANZ Deposit Required (A\$'000s)
QR Network Pty Ltd (“QRN”)	Forms part of the underwriting cost of the upgrade of the Moura Rail	3,330	3,330
WICET Holdings Pty Ltd (“WICET Holdings”)	For the ‘Take or Pay’ agreement for WICET Stage 1	39,000	2,161
WICET Holdings Pty Ltd (“WICET Holdings”)	For WICET Stage 2 feasibility assessment and capacity deed	120	120
Gladstone Ports Corporation	Required for the provision of port services under WICET Stage 1	3,041	3,041
State of Queensland	Environmental bond to provide for the rehabilitation/ potential loss attributable to mining operations at the Baralaba Complex	34,586	
Total		80,076	8,652

Source: COK Half Year Financial Statements December 2014

4.4 Capital Structure

As at 10 February 2015, COK has on issue:

- 4,560,196,928 COK Shares.
- 55,000,000 options (“COK Options”).

4.4.1 COK share ownership

The top 10 shareholders of COK as at 10 February 2015 on an undiluted basis are set out below:

²⁷ COK Presentation to Investors 5 February 2015

Shareholder	Number of shares	% of issued shares
SK Networks Resources Australia Pty Ltd	1,055,410,765	23.14%
Maylion Pty Limited ¹	866,031,245	18.99%
Harum Energy Australia Pty Ltd	491,465,372	10.78%
HSBC Custody Nominees (Australia) Limited	203,353,401	4.46%
Maylion Pty Ltd ¹	189,379,520	4.15%
HSBC Custody Nominees (Australia) Limited - A/C 3	152,698,166	3.35%
Citicorp Nominees Pty Ltd	90,612,489	1.99%
Kores Australia Pty Ltd	41,381,423	0.91%
Korea East-West Power Co Ltd	29,881,423	0.66%
JP Morgan Nominees Australia Limited	25,139,290	0.55%
Top 10 shareholders	3,145,353,094	68.97%
Others	1,414,843,834	31.03%
Total number of outstanding COK Shares	4,560,196,928	100.00%

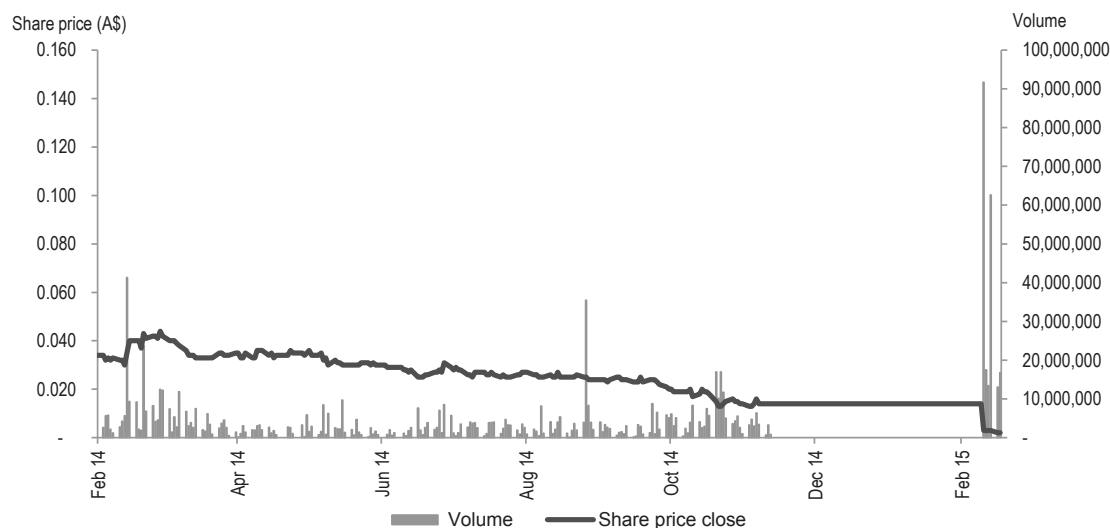
Source: ASX Announcements

Note (1): Wholly owned subsidiaries of Noble.

Based on the table above, we note that Noble currently holds approximately 23.14% interest in COK. However, upon completion of the Entitlement Offer, Noble's interest in COK may exceed its current percentage as it is supporting the underwriting of the Entitlement Offer.

4.4.2 COK Share price

The daily movements in COK's share price and trading volumes for the period from 1 February 2014 to 17 February 2015 are set out below:



Source: Capital IQ

We note the following with regard to the share price history shown above:

Date	Comments
10-Feb-15	COK announced the lifting of the suspension of trading. The share price closed at A\$0.003.
10-Feb-15	COK announced the completion of the institutional component of the Entitlement Offer. The Entitlement Offer raised gross proceeds of approximately A\$83.5 million at an issue price of A\$0.002 per share. The share price closed at A\$0.003.
5-Feb-15	COK announced the A\$125 million Entitlement Offer to provide funding for the development of the Baralaba North Expansion Project. COK also announced that the Re-Optimised Plan has been developed with a materially reduced upfront capital

Date	Comments
	expenditure requirement in line with the funding expected to be obtained via the Entitlement Offer. No shares were traded due to voluntary suspension.
21-Nov-14	COK announced that it had reached agreement for the sale of the North Surat Joint Venture assets for A\$25 million. The sale was subsequently completed on the 23 December 2014. COK Shares remained in voluntary suspension.
13-Nov-14 to 10-Feb-15	COK Shares were placed into voluntary suspension pending the release of an announcement in relation to the funding and financial position of the Company. The share price was suspended at A\$0.0028.
22-Oct-14	COK responded to an ASX price query, noting that recent material declines in COK Share price are likely due to negative news surrounding the coal sector including; sustained low coal market prices, the announcement of the imposition of coal tariffs on Chinese coal imports and the closure of a number of coal mines in Australia, Canada and the USA. The share price closed at A\$0.0026.
9-Oct-14	COK announced the upgrade of JORC Resources at the Baralaba North Mine to 92.3 Mt which involved a 41% increase in Measured Resources and 44% increase in Indicated Resources. The share price closed at A\$0.0040.
23-Sep-14	COK announced that the Environmental Impact Statement for the Baralaba North Expansion Project has been deemed adequate by the Department of Environment and Heritage Protection, the the Coal Haulage & Road Infrastructure Agreement with the Banana Shire Council has been executed, and that approval has been received for construction of the train load-out facility at the Baralaba North Mine. The share price closed at A\$0.0048.
10-Sep-14	COK announced the upgrade of JORC Resources at its South Pentland thermal coal project to 445 Mt (including 94 Mt maiden JORC Indicated Resources). The share price closed at A\$0.0048.
26-Aug-14	COK announced that it had finalised arrangements (including the execution of the 2014 Noble and SK Offtake Agreements) with Noble, SK and ANZ for the release of A\$37.0 million of restricted cash. The share price closed at A\$0.0050.
1-Aug-14	COK announced the completion of the initial 1 mtpa production ramp-up at Baralaba North (i.e. the Baralaba North Expansion Project Phase 1) and that work remains on track in regards to the mining lease application for increase of production levels to 3.5 Mtpa. The share price closed at A\$0.0054.

Source: ASX Announcements

4.4.3 COK Options

COK has 55 million existing Options on issue as summarised in the table below:

Options	No. of options	Issue Date	Expiry Date	Exercise price (A\$)	Description
Option 1	5,000,000	03-Feb-12	30-Sep-15	0.7000	If employment of option holder is terminated, any options yet to reach vesting date will lapse and any options which have reached vesting date may be exercised within 2 months from the date of termination.
Option 2	50,000,000	15-Oct-13	15-Apr-15	0.0593 ¹	Issued as consideration for the extension of a guarantee provided by SK on a loan.

Source: COK announcements

Note(1): 20 day VWAP prior to 15 October 2013

5 Valuation methodologies

5.1 Introduction

Grant Thornton Corporate Finance has assessed value of the Proposed Offtake using the concept of fair market value. Fair market value is commonly defined as:

“the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller acting at arm’s length.”

Fair market value excludes any special value. Special value is the value that may accrue to a particular purchaser. In a competitive bidding situation, potential purchasers may be prepared to pay part, or all, of the special value that they expect to realise from the acquisition to the seller.

5.2 Valuation methodologies

RG 111 outlines the appropriate methodologies that a valuer should generally consider when valuing assets or securities for the purposes of, amongst other things, approval of an issue of shares using item 7 of s611 of the Corporations Act, share buy-backs, selective capital reductions, schemes of arrangement, takeovers and prospectuses. These include:

- Discounted cash flow (“DCF”) method and the estimated realisable value of any surplus assets.
- Application of earnings multiples to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets.
- Amount available for distribution to security holders on an orderly realisation of assets.
- Quoted price for listed securities, when there is a liquid and active market.
- Any recent genuine offers received by the target for any business units or assets as a basis for valuation of those business units or assets.

Further details on these methodologies are set out in Appendix A to this report. Each of these methodologies is appropriate in certain circumstances.

RG111 does not prescribe the above methodologies as the method(s) that an expert should use in preparing their report. The decision as to which methodology to use lies with the expert based on the expert’s skill and judgement and after considering the unique circumstances of the entity or asset being valued. In general, an expert would have regard to valuation theory, the accepted and most common market practice in valuing the entity or asset in question and the availability of relevant information.

5.3 Selected valuation methods

In relation to the fairness of the Proposed Offtake, RG111 requires the expert to compare the value of the financial benefit to be provided by COK to Noble with the value of the consideration being provided to COK by Noble.

The value of the consideration provided to COK by Noble relates to the value of COK's coal to be sold to Noble under the Proposed Offtake as determined mainly by the Contracted Price and Contracted Quantity.

Grant Thornton Corporate Finance notes that the Proposed Offtake does not provide for a fixed Contracted Price (i.e. negotiated quarterly) or Contracted Quantity (i.e. subject to various conditions). Accordingly, for the purpose of assessing the fairness of the Proposed Offtake, we have considered the likelihood that the key contract terms supporting the Contracted Price and Contracted Quantity will result in a market competitive and arm's length price being obtained.

6 Sources of information, disclaimer and consents

6.1 Sources of information

In preparing this report Grant Thornton Corporate Finance has used various sources of information, including:

- Notice of Meeting and Explanatory Memorandum
- Proposed Offtake Agreement
- 2014 Noble and SK Offtake Agreements
- JFE Offtake Agreement and subsequent amendments
- Noble and SK Marketing Agreements
- Annual reports and half-year financial reports of COK
- Releases and announcements by COK on the ASX
- IBISWorld Industry Report
- Other information provided COK
- Capital IQ
- Consensus Economics Forecast
- Various broker reports and independent expert reports
- Other publicly available information
- Discussions with Management of COK and other relevant documentation

6.2 Qualifications and independence

Grant Thornton Corporate Finance Pty Ltd holds Australian Financial Service Licence number 247140 under the Corporations Act and its authorised representatives are qualified to provide this report.

Grant Thornton Corporate Finance provides a full range of corporate finance services and has advised on numerous Proposed Takeovers, corporate valuations, acquisitions, and restructures. Prior to accepting this engagement, Grant Thornton Corporate Finance considered its independence with respect to COK and all other parties involved in the Proposed Offtake with reference to the ASIC Regulatory Guide 112 “Independence of experts” and APES 110 “Code of Ethics for Professional Accountants” issued by the Accounting Professional and Ethical Standard Board. We have concluded that there are no conflicts of interest with respect to COK, its shareholders and all other parties involved in the Proposed Offtake.

Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the Proposed Offtake, other than the preparation of this report.

Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the Proposed Offtake. Grant Thornton Corporate Finance’s out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report.

We note that Grant Thornton Corporate Finance was previously engaged as an independent expert by COK in relation to the following:

- Approval of bank guarantees and the 2014 Noble and SK Offtake Agreements for the release of restricted cash in September 2014.
- Valuation of tenements held by BCPL and WCPL for taxation purposes in August 2014.
- Equity raising to recapitalise COK in order to extinguish existing debt obligations and fund the Baralaba North Expansion Project in November 2013.
- To form an opinion whether or not Noble will receive a net benefit as a result of the above transaction in November 2013.
- Off-market takeover of Blackwood Corporation Ltd (“BWD”) by COK in November 2013.

In our opinion, the above engagements do not impact on our ability to provide an independent and unbiased opinion in the context of the Proposed Offtake. Accordingly, we consider Grant Thornton Corporate Finance to be independent of COK, its Directors and all other parties involved in the Proposed Offtake.

6.3 Limitations and reliance on information

This report and opinion is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

Grant Thornton Corporate Finance has prepared this report on the basis of financial and other information provided by COK and publicly available information. Grant Thornton Corporate Finance has considered and relied upon this information. Grant Thornton Corporate Finance has no reason to believe that any information supplied was false or that any material information has been withheld. Grant Thornton Corporate Finance has evaluated the information provided by COK through inquiry, analysis and review, and nothing has come to our attention to indicate the information provided was materially misstated or would not afford reasonable grounds upon which to base our report. Nothing in this report should be taken to imply that Grant Thornton Corporate Finance has audited any information supplied to us, or has in any way carried out an audit on the books of accounts or other records of COK.

This report has been prepared to assist the Independent Directors in advising the Non-Associated Shareholders in relation to the Proposed Offtake. This report should not be used for any other purpose. In particular, it is not intended that this report should be used for any purpose other than as an expression of Grant Thornton Corporate Finance’s opinion as to whether the Proposed Offtake is fair and reasonable of the Non-Associated Shareholders.

COK has indemnified Grant Thornton Corporate Finance, its affiliated companies and their respective officers and employees, who may be involved in or in any way associated with the performance of services contemplated by our engagement letter, against any and all losses, claims, damages and liabilities arising out of or related to the performance of those services whether by reason of their negligence or otherwise, excepting gross negligence and wilful misconduct, and

which arise from reliance on information provided by COK, which COK knew or should have known to be false and/or reliance on information, which was material information COK had in its possession and which COK knew or should have known to be material and which COK did not provide to Grant Thornton Corporate Finance. COK will reimburse any indemnified party for all expenses (including without limitation, legal expenses) on a full indemnity basis as they are incurred.

6.4 Consents

Grant Thornton Corporate Finance consents to the issuing of this report in the form and context in which it is included in the Notice of Meeting to be sent to COK Shareholders. Neither the whole nor part of this report nor any reference thereto may be included in or with or attached to any other document, resolution, letter or statement without the prior written consent of Grant Thornton Corporate Finance as to the form and content in which it appears.

Appendix A – Valuation methodologies

Capitalisation of future maintainable earnings

The capitalisation of future maintainable earnings multiplied by appropriate earnings multiple is a suitable valuation method for businesses that are expected to trade profitably into the foreseeable future. Maintainable earnings are the assessed sustainable profits that can be derived by a company's business and excludes any abnormal or "one off" profits or losses.

This approach involves a review of the multiples at which shares in listed companies in the same industry sector trade on the share market. These multiples give an indication of the price payable by portfolio investors for the acquisition of a parcel shareholding in the company.

Discounted future cash flows

An analysis of the net present value of forecast cash flows or DCF is a valuation technique based on the premise that the value of the business is the present value of its future cash flows. This technique is particularly suited to a business with a finite life. In applying this method, the expected level of future cash flows are discounted by an appropriate discount rate based on the weighted average cost of capital. The cost of equity capital, being a component of the WACC, is estimated using the Capital Asset Pricing Model.

Predicting future cash flows is a complex exercise requiring assumptions as to the future direction of the company, growth rates, operating and capital expenditure and numerous other factors. An application of this method generally requires cash flow forecasts for a minimum of five years.

Orderly realisation of assets

The amount that would be distributed to shareholders on an orderly realisation of assets is based on the assumption that a company is liquidated with the funds realised from the sale of its assets, after payment of all liabilities, including realisation costs and taxation charges that arise, being distributed to shareholders.

Market value of quoted securities

Market value is the price per issued share as quoted on the ASX or other recognised securities exchange. The share market price would, prima facie, constitute the market value of the shares of a publicly traded company, although such market price usually reflects the price paid for a minority holding or small parcel of shares, and does not reflect the market value offering control to the acquirer.

Comparable market transactions

The comparable transactions method is the value of similar assets established through comparative transactions to which is added the realisable value of surplus assets. The comparable transactions method uses similar or comparative transactions to establish a value for the current transaction.

Comparable transactions methodology involves applying multiples extracted from the market transaction price of similar assets to the equivalent assets and earnings of the company.

The risk attached to this valuation methodology is that in many cases, the relevant transactions contain features that are unique to that transaction and it is often difficult to establish sufficient detail of all the material factors that contributed to the transaction price.

Appendix B – Glossary

A\$ or \$	Australian dollar
ANZ	Australia and New Zealand Banking Group Limited
ANZ Financing Package	A\$255 million project finance loan and guarantee facility from ANZ for the Baralaba North Expansion Project
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
Baralaba Central Mine	Small scale PCI mine located in Baralaba, Bowen Basin which has recently been wound down by COK
Baralaba Complex	The Baralaba Central Mine and the Baralaba North Mine/Expansion Project
Baralaba North Mine/Expansion Project	Currently operating PCI mine located to the north of the Baralaba Central Mine and which is undergoing expansion to increase annual target production rate from 1.0 Mtpa to 3.5Mtpa
ANZ	Australia and New Zealand Banking Group Limited
BCPL	Baralaba Coal Pty Ltd
BWD	Blackwood Corporation Limited
COK	Cockatoo Coal Limited
COK Board	Board of COK
COK Options	Existing 55 million options in COK
Coal Industry	Coal industry in Australia
CCMC	Cockatoo Coal Marketing Company Pty Ltd
COK Recapitalisation	Recent recapitalisation of COK completed in 2013
COK Shares	Fully paid ordinary share in COK
Company	Cockatoo Coal Limited
DCF	Discounted cash flow
FOB	Free on board
FSG	Financial Services Guide
FYXX or FY20XX	Financial year ended 30 June 20XX
Grant Thornton Corporate Finance or GTCF	Grant Thornton Corporate Finance Pty Ltd
Independent Directors	Directors of COK not associated with Noble (i.e. excluding Timonthy Gizzard)
Initial BFS	Initial Bankable Feasibility Study
JFE	JFE Holdings Inc. and all wholly owned subsidiaries including, JFE Steel Corporation and JFE Shoji Trade Corporation
Initial JFE Offtake Agreement	COK's agreement with JFE dating October 2010
JFE Loan	Existing shareholder loan from JFE of circa A\$64 million as at 31 December 2014
Amended JFE Agreement	Amended COK agreement with JFE dating August 2014
JFE Offtake Agreement	COK's existing PCI coal offtake agreement with JFE (including the Initial and Amended JFE Offtake Agreements)
Proposed Offtake	COK's offtake agreement with Noble
PCI	Ultra-low volatile pulverised coal injection
Marketing Fee	Marketing fee equal to 2.5% of the final invoiced sales price per tonne under the 2014 SK and Noble Marketing Agreements
Mt	Million metric tonnes
Noble	Noble Group Limited
Noble Marketing Agreement	Exclusive COK coal marketing rights to Noble for the world excluding Korea and Taiwan
Non-Associated Shareholders	Shareholders of COK not associated with Noble
pa	per annum
Prevailing price	Price for the sale of PCI coal agreed under the 2014 Noble Offtake Agreement
Proposed Offtake	Offtake agreement for the sale of 28.5 million Mt of PCI coal to be produced from the Baralaba Complex over the next 20 years to Noble
Re-Optimised Plan	re-optimised mining plan announced by COK in February 2015
RG 111	Regulatory Guide 111 "Content of expert reports"

RG 112	ASIC Regulatory Guide 112 "Independence of Expert's Reports"
ROM	Run of mine
SBFS	Supplementary Bankable Feasibility Study
SK Marketing Agreement	Exclusive COK coal marketing rights to SK for Korea and Taiwan
SK	SK Networks Co., Ltd
tpa	Metric tonnes per annum
WCPL	Wonbindi Coal Pty Limited
WICET	Wiggins Island Coal Export Terminal
WEXP2	WICET stage 2 expansion
WEXP1	WICET stage 1 expansion
WICET Agreement	COK's Take or Pay Agreement for securing a 3 Mtpa allocation of WICET Stage 1

Glossary

The following terms used in this Explanatory Statement (including the Notice of Meeting) have the meaning given to them below, unless the context otherwise requires.

Definition	Meaning
ASIC	the Australian Securities and Investments Commission
Associate	has the meaning given to that term in Division 2 of Part 1.2 of the Corporations Act, as the context requires
ASX	ASX Limited ACN 008 624 691 or, as the context requires, the financial market operated by it
Baralaba	Baralaba Coal Pty Limited ACN 009 805 029
Baralaba Complex	the Cockatoo Coal Group's Baralaba Central, Baralaba North and Baralaba South mine projects
Baralaba Expansion project	the development project at the Baralaba Complex and nearby infrastructure corridors, to enable the Baralaba Complex to produce and sell 3.5 million tonnes per annum of ULV PCI coal.
Board	the board of directors of Cockatoo Coal
Cockatoo Coal or Company or Cockatoo Coal Group	Cockatoo Coal Limited ACN 112 682 158, itself or with its subsidiaries
Corporations Act	<i>Corporations Act 2001</i> (Cth)
Director	a director of Cockatoo Coal
Entitlement Offer	A \$125 million equity raising via a fully underwritten accelerated renounceable pro-rata entitlement offer of new fully paid ordinary shares as announced to the ASX on 5 February 2015
Explanatory Statement	this explanatory statement
General Meeting	the meeting of Shareholders to be convened in respect of the Resolution proposed to be held on or around 9 April 2015, and any adjournment of that meeting. The notice convening the General Meeting is set out on page 7
Harum	Harum Energy Australia Limited
Independent Directors	the Directors of the Company other than Tim Gazzard (being the nominee of Noble)
Independent Expert or Grant Thornton	Grant Thornton Australia Pty Ltd (ACN 127 556 389)

Definition	Meaning
Independent Expert's Report	the report of the Independent Expert expressing an opinion as to whether the Offtake Agreement is fair and reasonable for Shareholders (other than Noble and its Associates). The Independent Expert's Report is set out in Section 4 of the Explanatory Statement
Liberty Metals & Mining	Liberty Metals & Mining Holdings, LLC (a subsidiary of Boston-based Liberty Mutual Insurance)
Listing Rules	the listing rules of ASX
Notice of Meeting	the notice convening the General Meeting dated 9 March 2015, as set out on page 7
Noble or Noble Group	Noble Group Limited, incorporated in Bermuda and listed on the Singapore Stock Exchange, and its subsidiaries
Offtake Agreement	the offtake agreement dated 5 February 2015 between Wonbindi, Baralaba, Cockatoo Coal and Noble, the terms of which are summarised in Section 3
Option	an option over an unissued Share
Resolution	means the proposed resolution set out in the Notice of Meeting
Section	a section of this document
Share	a fully paid ordinary share in Cockatoo Coal
Shareholder	the holder of one or more Shares, being a person registered in the Share Register as a member of Cockatoo Coal
Share Register	the register of members of Cockatoo Coal maintained by or on behalf of Cockatoo Coal
Share Registry	Computershare Investor Services Pty Limited
SK Networks	SK Networks, Co., Ltd
ULV PCI coal	ultra low volatile pulverized coal injection coal
Voting Exclusion	the exclusion of particular Shareholders from voting on a particular Resolution, as specified under that Resolution in the Notice of Meeting
Wonbindi	Wonbindi Coal Pty Limited ACN 114 668 941



Lodge your vote:



Online:

www.investorvote.com.au



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

└ 000001 000 COK
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Proxy Form



Vote and view the notice of meeting online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I9999999999

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



 **For your vote to be effective it must be received by 10:00am (Brisbane time) Tuesday 7 April 2015**

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form →**

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030



Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Cockatoo Coal Limited hereby appoint



the Chairman
of the Meeting **OR**



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of Cockatoo Coal Limited to be held at Minter Ellison, Level 22 Waterfront Place, 1 Eagle Street, Brisbane, QLD, 4000 on Thursday, 9 April 2015 at 10:00am (Brisbane time) and at any adjournment or postponement of that meeting.

STEP 2 Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

1 Approval of Offtake Agreement

For

Against

Abstain

☐☐☐

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date / /

COK

1 9 6 4 6 3 A

Computershare +