



16th October 2014

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

Dear Madam,

Exploration Joint Venture with JOGMEC

Highlights

- **Japan Oil, Gas and Metals National Corporation ('JOGMEC') to provide A\$3.5 million of exploration funding for Cockatoo's "Dingo West" project over 3 years with a right to earn up to a 35% project equity interest**
- **Allows exploration of greenfield PCI project to potentially discover new coal resources**
- **Agreement with Japanese Government owned Corporation to support exploration activities managed and undertaken by Cockatoo**

Cockatoo Coal Limited ('Cockatoo') and JOGMEC, a Japanese Government owned corporation, have entered into a Joint Exploration Agreement ('JEA') to undertake an extensive exploration program on Cockatoo's wholly owned Dingo West project.

Under the terms of the JEA, JOGMEC will provide up to \$3.5 million to Cockatoo over a three year period, for exploration expenditure on the Dingo West project. JOGMEC will earn up to a 35% economic interest in the Dingo West project, whilst also possessing the right to assign that interest to a Japanese nominee company in future, in order to progress the project to development. Commencement of the JEA is subject to Australian Foreign Investment Review Board ('FIRB') approval.

The Dingo West Project is a 76km² area consisting of Exploration Permits for Coal 1535 and 1562 located in the South-Eastern limb of the Bowen Basin, and is approximately 50 km north of Cockatoo's Baralaba mining complex, and is also adjacent to Cockatoo's 30% owned Dingo joint venture project with Whitehaven Coal. Cockatoo acquired the Dingo West project through the takeover of Blackwood Corporation in late 2013. Preliminary scout drilling completed in 2013 by Blackwood Corporation intercepted coal seams of PCI quality within the tenure. Apart from this scout exploration, the Dingo West project has had no additional field exploration undertaken.

PCI technology has been highly adopted by the Japanese steel making industry as a replacement fuel for Coke. Through the JEA, JOGMEC will establish rights to an ownership interest in the tightly held South-East Bowen Basin, allowing it to have an enhanced role in the development of new sources of high quality PCI coal, suitable for use in Japanese steel mills.

The JEA provides Cockatoo with funding for all planned exploration activities over three years, including drilling, coal quality analysis and feasibility studies within the Dingo West project area. Funding provided under the JEA will also allow Cockatoo to enhance its regional geological models. Exploration preparation activities have commenced, and first drilling activities are expected to commence this quarter. The initial drilling campaign will focus on shallow coal targets identified by 2D seismic which is also planned in the fourth Quarter of 2014.



Managing Director of Cockatoo, Mr Andrew Lawson, welcomed the partnership with JOGMEC on the Dingo West project.

“I am pleased to welcome JOGMEC as our exploration partner in the Dingo West project. I believe we have found a strong partner to assist our efforts in defining new PCI coal Resources close to our existing Baralaba operations, and the future role JOGMEC might take in promoting the further development of the project with a commercial partner. Furthermore, I am pleased that the project has attracted such significant interest, validating its value to Cockatoo following the acquisition of Dingo West as part of our recent takeover of Blackwood Corporation”, Mr Lawson said.

“Cockatoo has vast experience in exploring and mining the Baralaba coal measures, and we believe that PCI coal will become increasingly sought after in the next decade, particularly in East Asia. Accordingly, we see JOGMEC’s investment in the greenfield exploration of Dingo West coal as a vote of confidence in the future of PCI coal, as well as Cockatoo as a manager,” he said.

For more information please contact

Andrew Lawson
Managing Director
Cockatoo Coal Limited

P +61 7 3640 4700
F +61 7 3640 4799
E info@cockatoocoal.com.au

About the Japan Oil, Gas, and Metals National Corporation (JOGMEC)

JOGMEC is a Japanese Government owned corporation which was established for the purpose of securing a stable supply of natural resources, including coal, to support Japan’s industrial activities. Further information on the Memorandum of Understanding between JOGMEC and the Queensland Government can be found at https://www.jogmec.go.jp/english/news/release/news_10_000006.html

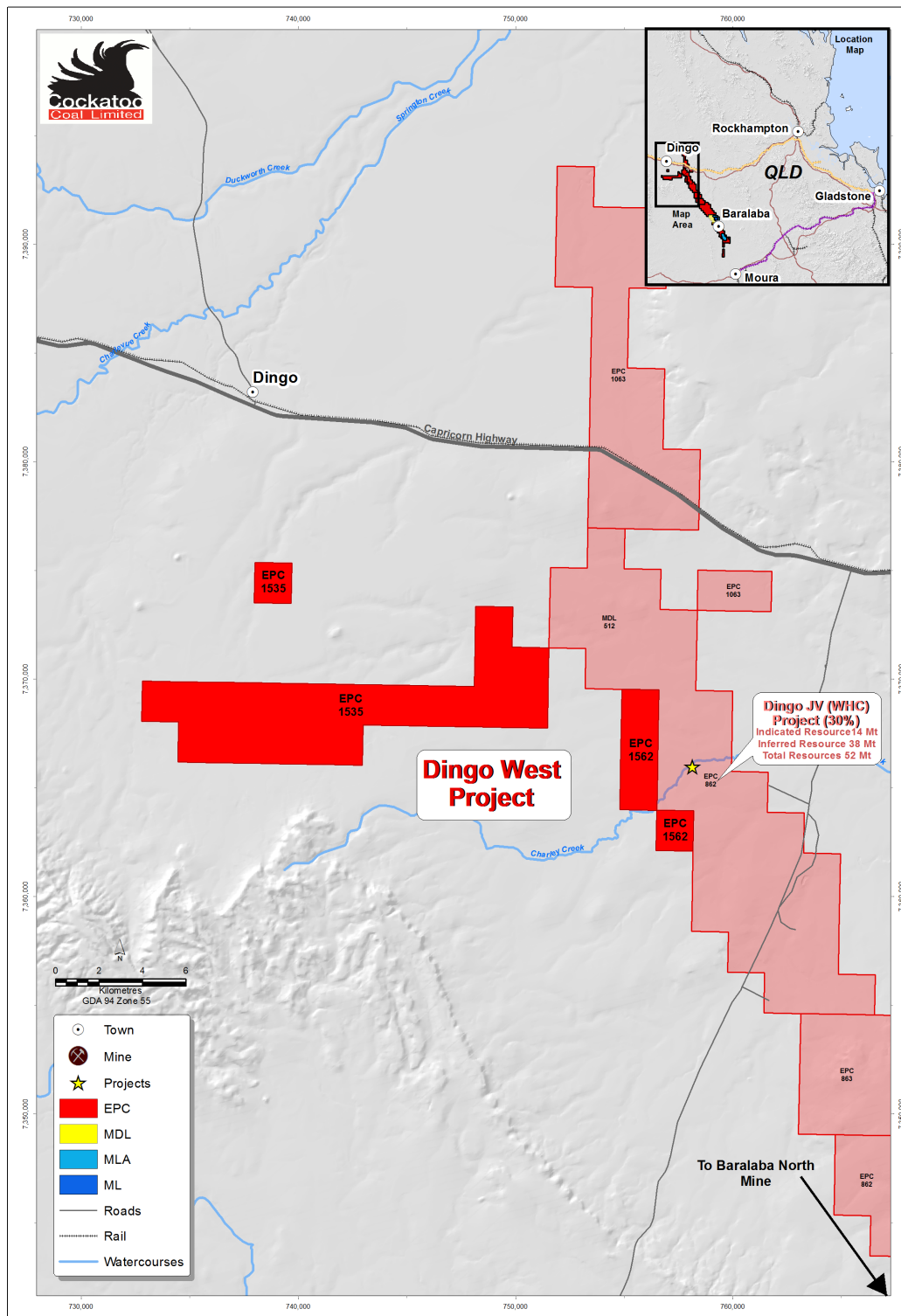


Figure 1 – Location of Dingo West Project (EPC's 1535 and 1562)