



QUARTERLY REPORT

December 2013 Quarterly Report

HIGHLIGHTS

Successful A\$156.9 million equity raising, cornerstoned by SK Networks, Noble Group and Harum Energy

Repayment of A\$95 million KEB Australia Loan Facility

Fully underwritten A\$255 million Project Finance Facility from ANZ secured for Baralaba Expansion

Board Restructured following equity raising

Commencement of Development at Baralaba North

Secured a A\$34.5 million Guarantee Facility from ANZ

Unconditional Takeover of Blackwood Corporation

Record Quarterly Coal Sales of 308,459 tonnes

Corporate

During the Quarter, Cockatoo Coal Limited (“Cockatoo” or “the Company”) successfully completed a suite of activities aimed at securing the future pathway to production at Baralaba North.

A\$156.9 Million Equity Raise

Throughout the Quarter, Cockatoo successfully completed a A\$153 million equity raising, comprising of three placements to:

- SK Networks Co., Ltd (‘SKN’) of 1,000 million Shares at A\$0.05 per Share to raise A\$50 million;
- Noble Group Limited (‘Noble’) of 866 million Shares at A\$0.05 per Share to raise A\$43.3 million; and
- Institutional and Sophisticated investors, including Harum Energy Australia Limited (‘Harum’) of 1,333.3 million Shares at \$0.045 per Share to raise A\$60 million.

Existing shareholders also participated in the equity raising by subscribing for 80.5 million Shares at A\$0.045 per Share to raise A\$3.6 million under a Share Purchase Plan.

The proceeds of the Equity Raising were used to repay debt and will be utilised in funding the development of the Baralaba North mine. Comprehensive details of the Equity Raising can be found on the Company’s website.

Repayment of KEBA Loan Facility

Cockatoo announced to the ASX on 19th December 2013 the successful repayment of the A\$95 million Korean Exchange Bank of Australia (‘KEBA’) loan facility.

Fully Underwritten A\$255 Million Project Finance Facility

Throughout the Quarter, the joint venture partners in the Baralaba Expansion, Cockatoo and JFE Shoji Trade Corporation (‘JFE’), through Baralaba Coal Pty Ltd and Wonbindi Coal Pty Limited, executed a credit approved commitment letter with Australia and New Zealand Banking Group Limited (‘ANZ’) for a fully underwritten A\$255 million senior secured project finance package (the ‘Facilities’), comprising of:

- A\$180 million Project Finance Facility;
- A\$20 million Cost Overrun Facility; and
- A\$55 million Letter of Credit/Environmental Bonding Facility.

The Facilities have a seven-year tenor and, in conjunction with the Equity Raising, provide funding for the Baralaba Expansion. The Facilities remain subject to the parties entering into definitive documentation, and drawdown is conditional upon:

- Cockatoo being granted regulatory approvals to increase production to 3.5 million tonnes per annum at the Baralaba Expansion;
- Cockatoo entering into off-take agreements for at least 75% of production from the Baralaba Expansion, subject to term and specification parameters;
- Cockatoo having sufficient financing to fund development of the Baralaba Expansion (in conjunction with the Facilities) to a P50 contingency;
- JFE's continued commitment to proceed with the Baralaba Expansion, or otherwise to the satisfaction of the lender; and
- other conditions precedent typical of a project financing of this nature.

Board Restructure

During, and subsequent to the end of the Quarter, Cockatoo restructured its Board of Directors. The Cockatoo Coal Limited Board now comprises the following Directors.

Peter Richards	Independent Non-Executive Chairman
Rod Ruston	Independent Non-Executive Director
Robert Yeates	Independent Non-Executive Director
Henry Cho	Non-Executive Director
Tim Gazzard	Non-Executive Director (Alternate Director for Tim is William Randall)
Scott Thompson	Non-Executive Director
Andrew Lawson	Managing Director

Individual profiles of Directors of the Company can be found on the Company's website.

Guarantee Facility from ANZ

On 19th December, Cockatoo announced the execution of a A\$34.5 million non-cash backed guarantee facility agreement, providing support the Queensland Government's environmental bonding requirement for the Company's 1.0 million tonne per annum coal mining operation at Baralaba. The Facility will be replaced with the ANZ project finance facility when the Company meets the drawdown conditions.



Takeover of Blackwood Corporation Limited

As previously announced to the ASX on 18th October 2013, Cockatoo has launched a friendly takeover offer for Blackwood Corporation Limited. Blackwood is a listed coal exploration company, with exploration assets throughout the major coal basins of Queensland.

As at 28th January 2014, acceptances from Blackwood shareholders for Cockatoo's offer reached approximately 84%. The Takeover Offer was extended on 30 January 2014 and is now set to close at 7:00pm (Eastern Daylight Savings Time) on the 28th of February 2014.

Further information about the Takeover Offer can be found within the Bidder Statement, located on Cockatoo's website.

Corporate Office Relocation

Subsequent to the Quarter, the Company consolidated its operations by closing its Head Office in Sydney. The Company's registered office is now Level 4, 10 Eagle St, Brisbane, QLD, 4000.

Significant Items in December 2013 Half-Year results

In conjunction with the A\$156.9 million equity raising described above, an independent valuation of Cockatoo and its assets was completed by Grant Thornton Corporate Finance ("Independent Expert") for the benefit of shareholders voting on the transaction. In the opinion of the Independent Expert, certain assets held by Cockatoo had a fair value less than the current book value. Following a review of the valuations and expected development plans for those assets, the Directors of Cockatoo have decided it is appropriate to write down the book value of those assets to the level determined by the Independent Expert. As a result of these write-downs the Company expects to report a net loss in the range of \$165 and \$180 million for the half-year ended 31 December 2013.

It should be noted that the Baralaba complex of assets were valued significantly in excess of book value however the accounting policies of Cockatoo preclude these assets from being revalued to a higher amount.

Operations

Safety and Environment

There was one Loss-Time injury at the Company's operations during the Quarter. The Company is committed towards achieving an accident free workplace and continues to review and update its safety management systems. There were no material environmental incidents reported at the Company's operations during the Quarter.

Baralaba Mine

Operations at the existing Baralaba mine continued throughout the Quarter, with record coal sales of 308,459 tonnes being made. Cockatoo achieved an average price of USD115.18 on PCI coal sales and USD84.00 on thermal (high ash PCI) coal sales. The Company does not hedge its coal sales from foreign exchange movements. Production was lower than previous Quarter due to a wall slip and the movement of a waste production fleet to begin development at the Baralaba North mine.

Baralaba Mine	Dec Quarter 2013	Previous Quarter
ROM coal production (tonnes)	138,685	198,897
Overburden (tonnes)	1,127,312	1,722,954
Strip ratio	8.1	8.7
Coal stocks at Quarter end (tonnes)	193,253	377,607
Shipments		
- PCI (tonnes)	231,459	59,755
- Thermal (tonnes)	77,000	75,308
Total coal sold	308,489	135,063

Table 1 – Baralaba Production and Shipment Figures



Figure 1 - Pre-stripping at Baralaba North

Baralaba North Development

During the Quarter the Company began development of the Baralaba North Mine which is located to the north of the Company's existing coal mining operations. This is a milestone event for the Company as it is a significant step in achieving mining at 3.5 million tonnes per annum at Baralaba. Approximately A\$50 million of development works have begun, which will support an initial mining rate of 1.0 million tonnes per annum.

Current development works include the building of the 1:1,000 year flood event levee, pre-stripping of overburden, the building of access roads and the expansion of the existing accommodation facilities. Several coal seams have already been exposed with coal scheduled to be extracted for sale by the middle of the calendar year. An additional mining fleet is currently being deployed and the construction of a new Liebherr 996 Excavator has begun on site.

In addition, the Company continues to progress its environmental approvals to expand the Baralaba mining operations to 3.5 million tonnes per annum. Submission of the Environmental Impact Statement is scheduled for April 2014.

A total of A\$9.8 million was spent on development during the Fourth Quarter.



Figure 2 - Liebherr 996 Excavator being constructed at Baralaba North



Exploration

Cockatoo continues to minimise expenditure on exploration as it focuses on the development of its core asset at Baralaba. A total of A\$0.8 million was spent on exploration during the December 2013 Quarter.

Managing Director Commentary

Managing Director of Cockatoo Coal, Andrew Lawson, commented that the Quarter was a significant milestone for the business. “I am delighted that we have been able to complete these funding transactions in an effective and efficient manner. It is a testament to the quality of our asset portfolio that we have attracted such significant support from SK Networks, Noble Group, Harum Energy and ANZ in an otherwise depressed coal and equity market. I am pleased to see the development of the Baralaba North mine continuing, and look forward to delivering value to our shareholders in 2014.”

About Cockatoo Coal Limited

Cockatoo Coal Limited (ASX: COK) is a rapidly growing ASX listed Australian metallurgical coal producer, operating the Baralaba ultra low-volatile PCI coal mine in central Queensland. Cockatoo intends to expand its mining operations at Baralaba to produce 3.5mtpa of product coal. The Company also possesses an outstanding portfolio of pipeline development assets located within the Bowen, Galilee and Surat Basins in Queensland.

Competent Persons Statement

The information in this report that relates to Exploration Results, Mineral Resources and Ore Reserves is based on information compiled by Dr Oliver Holm, geologist, who is a Member of the Australasian Institute of Mining and Metallurgy. Dr Holm is a full-time employee of the Company who has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Holm has consented to the inclusion in this report of the matters based on his information in the form and context in which they appear.

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