



# Cockatoo Coal Limited

General Meeting Presentation

9 April 2015

# Disclaimer



This document contains summary information about Cockatoo Coal Limited (the "Company") and its Projects ("Projects") as at 9th April 2015. The information in this document does not purport to summarise all information that an investor should consider when making an investment decision. It should be read in conjunction with the Company's other periodic and continuous disclosure announcements lodged with ASX Limited ("ASX"), which are available at [www.asx.com.au](http://www.asx.com.au)

The Company will not assume responsibility for losses occasioned to the recipients, or to any other party as a result of the circulation, reproduction, or use of this presentation.

This presentation is not a financial product or investment advice nor a recommendation to acquire an interest in any Project and has been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek legal, taxation and financial advice appropriate to their jurisdiction and circumstances.

This document contains certain "forward-looking statements". The words "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan", "consider", "foresee", "aim", "will" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future production, resources, reserves, sales, capital expenditure, earnings and financial position and performance are also forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of the Company.

All dollar values are in Australian dollars (A\$) and financial data is presented within the financial year ended 30 June unless otherwise stated.

A number of figures, amounts, percentages, estimates, calculations of value and fractions in this document are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this document.

The truth, accuracy and completeness of the information contained in this presentation has not been independently checked or verified by the Company and its shareholders or any of their respective officers, employees, advisers or agents. Therefore, to the maximum extent permitted by law and in addition to any other rights available to them, the Company expressly advises that it:

- makes no representation or warranty, express or implied, as to the accuracy, currency, reliability or completeness of the information in this document; and
- are not responsible or liable in any way whatsoever for any claim, loss, damage, cost or expense, whether direct, indirect, consequential or otherwise arising (whether in negligence or otherwise) out of or in connection with this document, its contents or any omissions from it.

# Summary

---



- **New funding secured in challenging coal market, creating greater certainty for Cockatoo as a business**
- **Re-optimised mining plan developed for Baralaba Mine expansion, responds to current market conditions and significantly reducing funding requirements to ~\$125 million via slower production ramp up profile and utilisation of mine cash flows**
- **Provided a fully funded<sup>(1)</sup> business plan for Cockatoo to achieve its long term ambitions**
- **Addition of Liberty Metals & Mining Holdings, LLC (a subsidiary of Boston-based Liberty Mutual Insurance) as a major shareholder alongside Noble Group Limited**
- **New off-take agreement with Noble for additional 28.5Mt over next 20 years**

(1) Fully financed business plan for period 1 January 2015 – 31 December 2016 assumes coal price based on equity research consensus, FX forecasts based on the forward curve and cost and capital assumptions as per current business plan. Refer to risk factors from the Investor Presentation dated 5 February 2015.

# Market conditions

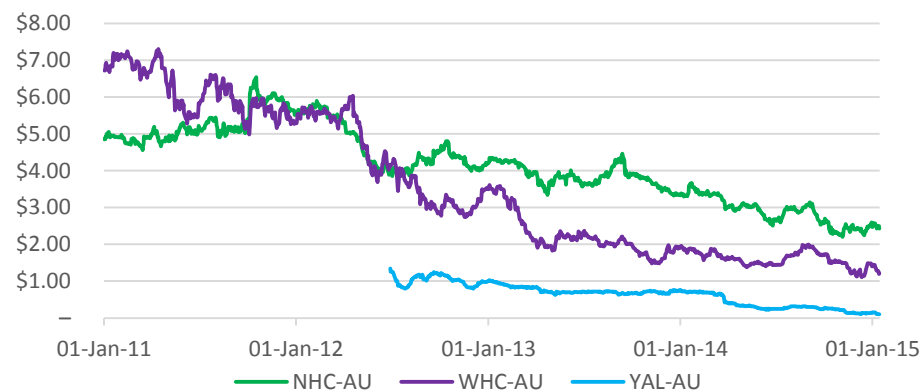


## Challenging market conditions within the Australian coal sector

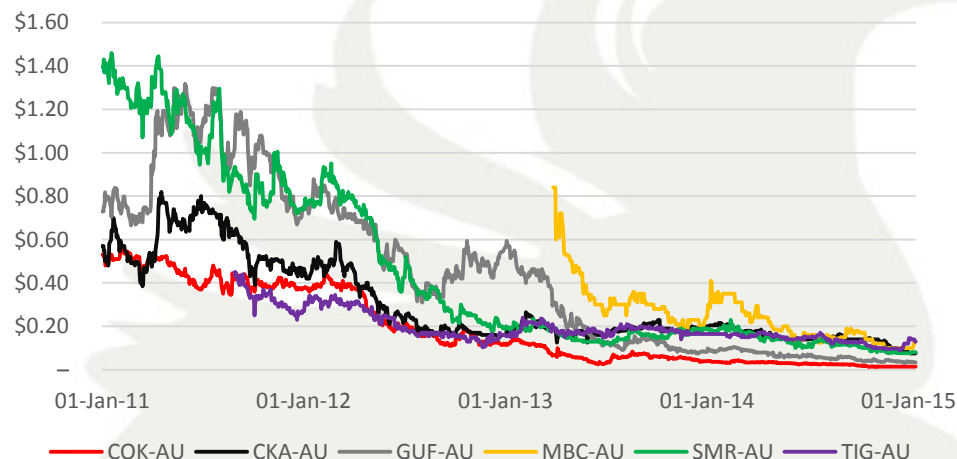
- Coal prices<sup>(1)</sup> declined approximately 64% since 2011
- Mid-tier coal sector declined up to 82% since 2011<sup>(2)</sup>
- Junior coal sector declined up to 95% since 2011<sup>(2)</sup>
- Several coal focused companies have entered administration
  - Bandanna Energy Limited
  - ZYL Limited
  - OGL Resources Limited
  - Beacon Hill Resources Plc
  - Tiaro Coal Limited

<sup>(1)</sup> Coal prices in USD; Source: Wood Mackenzie – QLD HCC/ULV Indices  
<sup>(2)</sup> Market data as at 15 Jan 2015

### Mid-tier ASX Coal Stocks<sup>(2)</sup>



### Junior ASX Coal Stocks<sup>(2)</sup>



# Market conditions (continued)

---



## **Market conditions made previously announced ANZ Project Financing Facility untenable and made it necessary for Cockatoo to cancel the facility**

- Covenant ratios linked to forecast coal prices materially impacted likely facility debt size and availability
- Forecast coal prices were unlikely to recover sufficiently to allow Cockatoo to meaningfully access the facility within desired timeframes
- The facility required Cockatoo to adhere to approval, construction & ramp up milestones for Baralaba, which did not allow Cockatoo flexibility regarding the mine plan and capital expenditure timetable
- Cancellation of facility resulted in Cockatoo saving \$5.625 million in fees

# Financing Alternatives

---



## **Multiple alternatives were investigated including:**

- Amendments to senior debt funding conditions
- Various build/own/operate models with third parties for associated infrastructure
- Mezzanine financing
- Asset sales (including Baralaba)

**With the objective of avoiding cessation of the Baralaba expansion and any resulting consequences (including voluntary administration) – but all offered uncertain outcomes**

# Cockatoo's Response

---



- Without the ANZ facility funding condition restrictions, a 'whole of business' review generated an option for a significantly revised Cockatoo business plan
- New, scaled back and re-optimised mine plan forecast to reduce overburden removed in advance and focus the next 3 years of production on more efficient mining areas
- Significant deferral of capital expenditure spread across 5 years, combined with realisation of revenue from recent non-core asset sales, materially reduced Cockatoo's funding requirements for Baralaba to ~\$125m
- Forecast mine cashflows to cover deferred expansion costs
- Some take or pay penalties to be incurred, and were accounted for as part of the revised business plan
- Revised business plan created a reduction in required employees by approximately 25%, allowing further cost savings

**The re-optimised plan enabled Cockatoo to better match its capital expenditure with forecast mine revenues, allowing a more appropriate platform to achieve its long-term ambitions**

# Equity Raising Rationale



## **Provided Cockatoo with a fully financed<sup>(1)</sup> business plan for the Baralaba expansion**

- Cockatoo completed a A\$125 million equity raising via a fully underwritten accelerated renounceable pro-rata entitlement offer of new fully paid ordinary shares (Equity Raising)
- Proceeds from the Equity Raising will be used to fund the Baralaba expansion, with revenues from operations expected to cover remaining requirements

## **Equity driven capital structure is more appropriate and achievable in the current market**

- Removal of project or mezzanine financing decreased financing costs
- Removal of financing undertakings allowed mine plan flexibility to respond to PCI pricing
- New structure allows Baralaba's forecast cashflows to fund future required capital expenditure<sup>(1)</sup>
- Longer term outlook for PCI prices is positive
- Independent review of forecast capex completed by Behre Dolbear Australia on 4 February 2015 confirmed Cockatoo's forecast estimates

(1) Fully financed business plan for period 1 January 2015 – 31 December 2016 assumes coal price based on equity research consensus, FX forecasts based on the forward curve and cost and capital assumptions as per current business plan. Refer to risk factors from the Investor Presentation dated 5 February 2015.



# Offtake Agreement

---



## **New 28.5Mt off-take agreement with Noble (up to 1.9mtpa)**

- Provides greater certainty on the ability to sell the Company's increased production following ramp up to 3.5mtpa
- Similar terms to the Noble & SK Networks off-take agreements approved by shareholders on 13 October 2014
- Off-take agreement subject to shareholder approval today
- If new off-take agreement is not approved by shareholders, Cockatoo is required to pay Noble \$3.5 million
- To provide visibility at the Project level, Noble to acquire a non-funding 5% equity stake in Baralaba Coal and Wonbindi Coal for a nominal amount. The current value in Baralaba Coal and Wonbindi Coal is in loans owing to shareholders, in which Noble will not participate

**The Independent Expert has concluded that the Offtake Agreement is fair and reasonable to Shareholders**

# Baralaba Mine Plan Re-Optimisation



- Focus upon existing “Outrigger” pit terraces for next 2 years, with redesign of pit depth to 150m - increasing to 200m in 2019 with new terraces
- Mining from first 2 years is forecast to be over 95% PCI, with some thermal coal being mined and exported throughout remaining 3 years
- Coal Handling & Preparation Plant (CHPP) online in 2020, with option to bring forward depending on PCI market
- Selective mining to maximise PCI mined throughout program, in absence of CHPP
- ~15% total reduction in overburden removed in advance over next 5 years
- Deferral in waste fleet deployment
- Gradual production ramp up, with full 3.5Mtpa achieved in H2 CY2018 (previously to be achieved in 2017)



# Strategic Change of Mine Plan



- Cockatoo has spread Baralaba capital expenditure across the next 5 years
- Enables forecast mine revenues to contribute significantly to capital requirements
- Reduces reliance on external funding
- Adjusted deployment of mining fleet and CHPP facilities
- Re-optimised pit design to achieve maximum PCI recovery in absence of CHPP for early part of plan
- Revised plan reduces time pressure to obtain statutory approvals

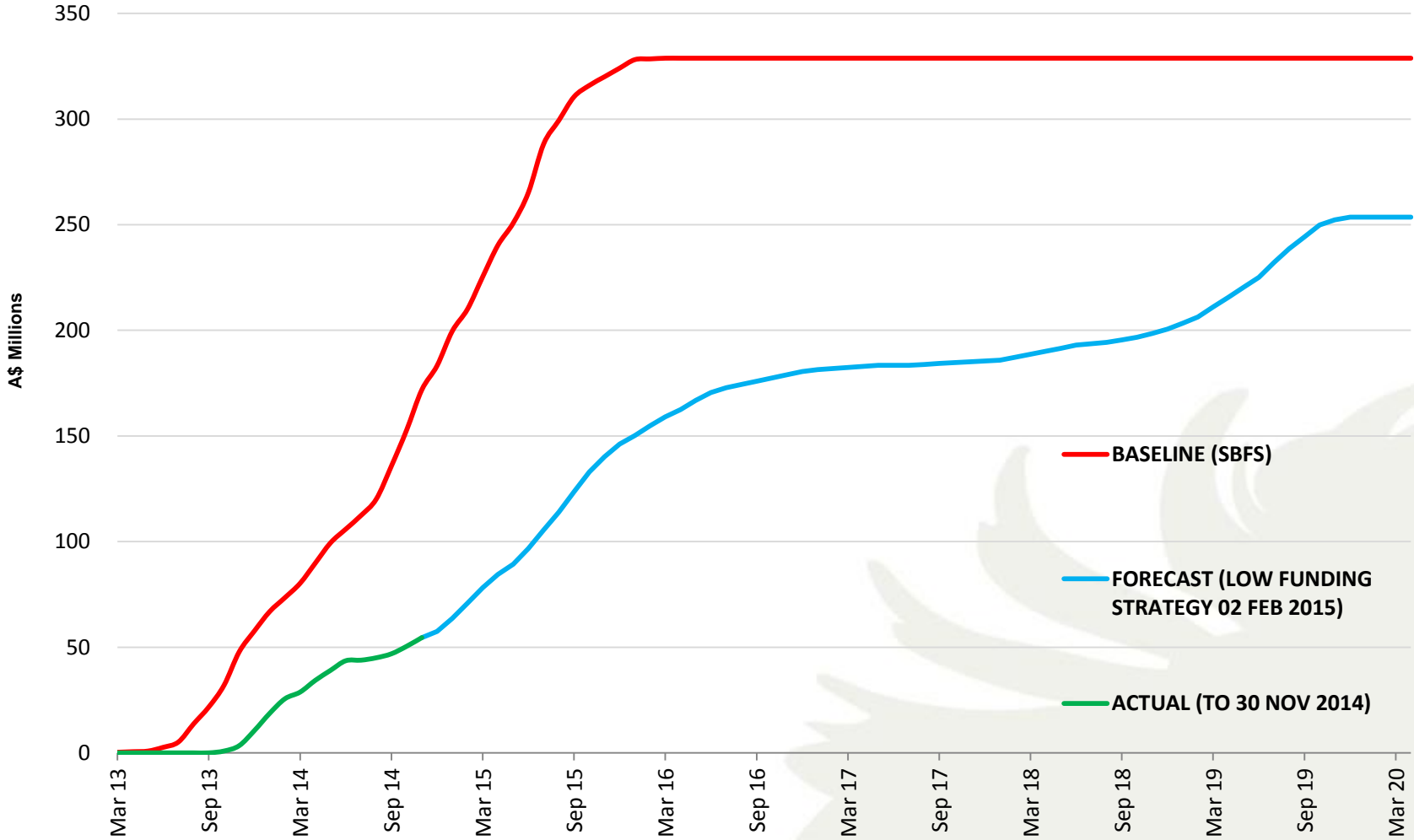
Capex	A\$ Millions
Original SBFS <sup>(1)</sup>	328
Spent to Dec 2014	-57
Savings identified to date	-76
Capex to spend	195
Capex deferred	-89
<b>Capex spend 2015-2016</b>	<b>106</b>

(1) SBFS refers to Supplementary Bankable Feasibility Study released 5<sup>th</sup> April 2013. Nominal SBFS capital estimate of 311 million + 17 million in escalation

# Baralaba – Capex Optimisation



Baralaba expansion S-Curve (excluding contingency)



# WICET & Approvals Update



## WICET Progress

- Overall Project more than 99% complete
- Commissioning significantly progressed
- Stockpile bedding coal received and in place
- First product coal has been unloaded and delivered to stockpile
- First ship expected to be loaded this month
- Cockatoo expected to deliver coal to WICET this quarter



## Approvals Progress

- Baralaba Expansion project now in final stages of approval to expand from the current 1mtpa approval up to 3.5mtpa
- The Environmental Authority amendment application has one objection which is required to be heard by the Queensland Land Court
- Process to continue to the end of 2015 (subject to court processes), consistent with the re-optimised mine plans that have underpinned the recent equity raising

# Project Pipeline

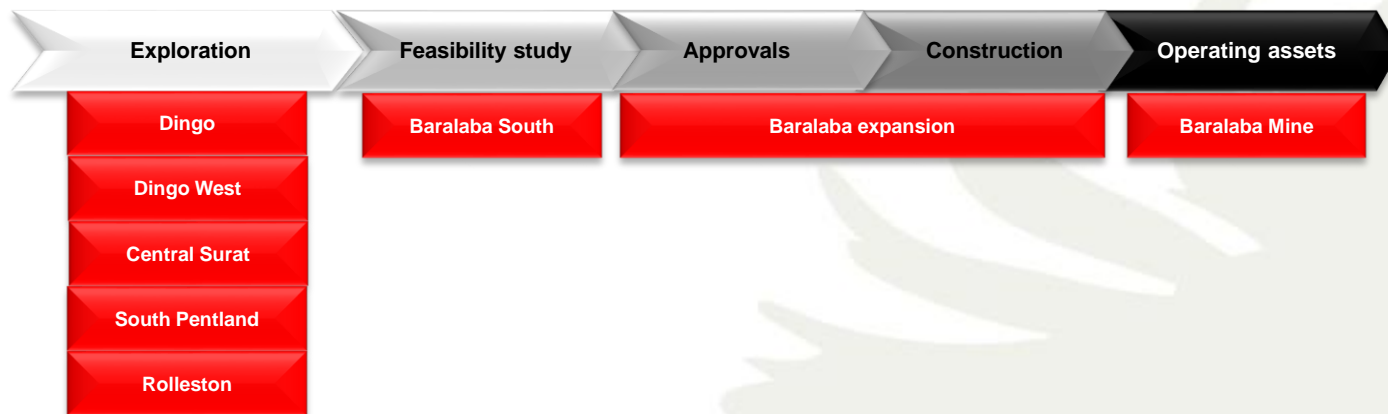


Future PCI project at Baralaba South, with potential ability to utilise Baralaba infrastructure

Greenfield potential future PCI projects at Dingo and Dingo West

Galilee Basin JORC compliant Resource of 445Mt at South Pentland, adjacent to existing heavy haul rail system

Large Surat Basin exposure, with over 780Mt of JORC compliant coal resources



# Investment Attributes



## Fully financed business plan backed by cornerstone investors<sup>(1)</sup>

- Significant equity investment limits finance costs, enabling Cockatoo to maintain financial flexibility
- Re-optimised mine plan and significant overhead reduction

## Only ASX investment opportunity primarily driven by ULV PCI market

- 69Mt JORC Marketable Reserves across Baralaba & Baralaba South
- 348Mt JORC Resources across Baralaba Complex
- High quality Ultra-Low Volatile (ULV) metallurgical product; steel making ingredient with limited supply
- Cockatoo highly leveraged to recovery in met coal prices

## Attractive opportunity to invest in Cockatoo

- Market capitalisation of \$134m on 8 April 2015 less net offer proceeds of \$115m implies an enterprise value of only \$19m

## Track record of operational expertise

- Cockatoo has owned its interest in the Baralaba mine since 2008
- Continued increase of production profile at Baralaba throughout ownership
- Expansion to date at Baralaba delivered on time and ~14% under budget
- EIS for 3.5Mtpa delivered in 13 months - one of the fastest under the QLD EP Act
- Remaining approvals underway

(1) Fully financed business plan for period 1 January 2015 – 31 December 2016 assumes coal price based on equity research consensus, FX forecasts based on the forward curve and cost and capital assumptions as per current business plan. Refer to risk factors from the Investor Presentation dated 5 February 2015.



# Appendix

New Board Composition  
Competent Persons Information  
Table of JORC Resources & Reserves



# New Board Composition



## Independent Non-Executive Chairman

**Mr Peter Richards**  
BCom

Mr Richards has over 30 years of experience in the mining services and industrial sectors with global companies including BP plc, Wesfarmers, Dyno Nobel Limited and, most recently, Norfolk Group Limited where he served as Managing Director.

## Independent Non-Executive Director

**Mr Robert Yeates**  
BE  
(Mining)(Hons),  
PhD, MBA

Mr Yeates is the former CEO of Newcastle Coal Infrastructure Group, and has extensive executive management, marketing, operating, business development and infrastructure experience as former MD of Oakbridge Pty Ltd, a director of Port Waratah Coal Services, Port Kembla Coal Terminal and Great Northern Mining Corporation NL.

## Non-Executive Director

**Mr Timothy Gazzard**  
BE  
(Mining)(Hons),  
Grad Dip App  
Fin, MBA

Mr Gazzard is an Executive Director with Noble International Pte Ltd and is Global Head of Noble Group's Iron Ore and Special Ore's business. Mr Gazzard has 15 years' global experience in commodities across all aspects of the supply chain including mining, asset development, logistics, marketing, financing and M&A.

## Non-Executive Director

**Mr Stephen Motteram**  
BSc, MBA

Mr Motteram is the Global Head of Asset Development for Carbon Steel Materials at Noble Group. He has over 20 years experience in commodities trading and financing. Since joining Noble in 2011, he has worked on transactions in Australia, Indonesia, Africa, India, Brazil and China. Prior to this he worked at National Australia Bank and Louis Dreyfus.

## Non-Executive Director

**Mr Scott Thompson**  
BEng (Mining)  
[Hons], MBA,  
MAusIMM

Mr Thompson is a Director of PT Harum Energy TBK and has close to 25 years of coal industry experience. Prior to joining the Tanito Coal Group in 2003, he worked with various international mining organizations including Anglo American and PT Adaro Indonesia.

## Non-Executive Director

**Mr Damon Barber**  
BS (Mining Eng),  
MBA

Mr Barber is the Senior Managing Director of Liberty Metals and Mining, having over 23 years experience in natural resource financing and operations. Mr Barber has held various senior management roles, including as CEO of a development stage potash company, CEO of a producing copper company, Managing Director at Deutsche Bank, serving as head of their Metals & Mining practice in Asia-Pacific and an 11 year stint at Credit Suisse.

## Non-Executive Director

**Mr Mark Tomek**  
LLB, MBA

Mr Tomek is a senior member of the Liberty Metals & mining investment team. Mr Tomek has over 12 years experience in corporate finance, law and principal investing. Mr Tomek has worked as an investment banker in Canada and England, focusing on mergers & acquisitions in mining, whilst also practicing corporate and securities law.

# Competent Persons Information



The information in this Investor Presentation that relates to Cockatoo's Exploration Results, Mineral Resources and Ore Reserves is based on information extracted from the reports detailed below, which are available to view at Cockatoo's website <http://www.cockatoocoal.com.au> and on Cockatoo's company announcement platform at <http://www.asx.com.au>.

- 'Baralaba North JORC Resource Upgrade', released to ASX on 9 October 2014;
- 'Bowen Basin Projects Resource and Reserve Updated', released to ASX on 5 April 2013; and
- 'Surat Basin Projects Drilling and Resource Update', released to ASX on 16 January 2013; and
- 'South Pentland Project Resource Upgrade', released to ASX on 10 September 2014; and
- 'Maiden JORC Resource at the Taroom Project', released to the ASX by Blackwood Corporation on 12 September 2013.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of the estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

The estimates pertaining to Reserves for Baralaba North Mine, Baralaba South and Baralaba Central Mine were prepared under the 2004 edition of the Australasian Code for Reporting of Mineral Resources and Ore Reserves. As such, these statements are not reported in accordance with the current 2012 edition of the Australasian Code for Reporting of Mineral Resources and Ore Reserves (2012 JORC Code), and are considered to be historical estimates. A competent person has not done sufficient work to classify these historical estimates in accordance with the 2012 JORC Code, and it is uncertain that following evaluation and/or further exploration work that the estimates will be able to be reported as Reserves in accordance with the 2012 JORC Code.

The estimates pertaining to Resources for Baralaba South, Baralaba Central Mine, Lochinvar, Tin Hut Creek, Kingaroy, Bottle Tree, Krugers, Davies Road and Bushranger were prepared under the 2004 edition of the Australasian Code for Reporting of Mineral Resources and Ore Reserves. As such, these statements are not reported in accordance with the current 2012 edition of the Australasian Code for Reporting of Mineral Resources and Ore Reserves (2012 JORC Code), and are considered to be historical estimates. A competent person has not done sufficient work to classify these historical estimates in accordance with the 2012 JORC Code, and it is uncertain that following evaluation and/or further exploration work that the historical estimates will be able to be reported as Resources in accordance with the 2012 JORC Code.

# JORC Resource & Reserves



Project	Cockatoo Equity (%)	Tenements	Depth of Resource	Coal Type	JORC Classification				
					Reserves	Resources			Total
					Marketable (Mt)	Measured (Mt)	Indicated (Mt)	Inferred (Mt)	Total (Mt)
<b>Baralaba Projects</b>									
Baralaba Mine	100	MLs 80169 and 80170, MDLs 184 and 416, EPC 1047 & MLA 80201	<200	PCI / Thermal	32.0	35.8	33.8	23	92
Baralaba (Central)	100	MLs 5605 and 80157	<200	PCI / Thermal	0	4.3	8.4	4	17
Baralaba South	100	MDL 352 and EPC 1047 (MLA 80193)	<200	PCI / Thermal	37.0	35.5	17.2	114	167
	100	EPC 1047	<200	PCI /Thermal	0	0	0	25	25
Lochinvar	100	EPC 1047	<200	PCI / Thermal	0	0	4.0	60	64
<b>Other Projects</b>									
Tin Hut Creek	100	MDL 430	<150	Thermal	0	0	206.6	137	344
Bottle Tree	100	MDL 433	<125	Thermal	0	0	29.5	6	36
Krugers	100	EPCs 796 and 1041 (MDLA 441)	<150	Thermal	0	0	33.2	130	163
Davies Road	100	EPCs 813 and 1041 (MDLA 437)	<150	Thermal	0	0	14.4	35	49
Bushranger	100	EPC813 (MDLA 451)	<150	Thermal	0	0	18.8	126	145
Broadmere	100	EPC 1465	<150	Thermal	0	0	0	52	52
Kingaroy	100	EPC882	<300	Thermal	0	35.5	128.3	115	278
South Pentland	100	EPC 1762 & 1486	200-600	Thermal	0	0	94	351	445
<b>Group TOTAL</b>					<b>69.0</b>	<b>111.1</b>	<b>588.2</b>	<b>1,178</b>	<b>1,877</b>