

QUARTERLY REPORT

March 2016 Quarterly Report

Summary

- **Termination of bank guarantee facility and entry into new guarantee facility**
- **Baralaba Mine placed into care and maintenance**
- **Deed of Company Arrangement (DOCA) executed**
- **Operations update**
- **Development update**

Voluntary Administration

During the March Quarter, the Administrators continued operations at the Baralaba Mine until 8 February 2016 when the Administrators placed the mine under care and maintenance.

Deed of Company Arrangement (“DOCA”) Executed

A Deed of Company Arrangement (“DOCA”) with Liberty Metal & Mining Holdings, LLC (LMM) was approved by creditors at the second meeting of creditors held on 1 March 2016 and subsequently was executed on 15 March 2016.

DOCA Effectuated

The conditions precedent that were outlined in the Administrator’s Report to Creditors and the ASX Announcement dated 22 February 2016, were satisfied subsequently to quarter end and the Deed of Company Arrangement was wholly effectuated on 30 May 2016 in respect of each of Cockatoo Coal Limited, Cockatiel Coal Pty Ltd, Baralaba Coal Pty Limited, Wonbindi Coal Pty Ltd and LMM. The deed administration of the Companies was consequently terminated in accordance with the DOCA terms and day-to-day management and control of the Companies was reverted to its directors.

Termination of bank guarantee facility and entry into new guarantee facility

On 12 January 2016, the Company made an announcement in relation to its \$81m bank guarantee facility (LC Facility) with Australia and New Zealand Banking Group Limited (ANZ) effectively terminating the facility. The Company has subsequently entered into a new cash backed guarantee facility in conjunction with the effectuation of the DOCA.

Operations

Safety

Cockatoo Coal's positive performance in the areas of Health & Safety continued during the Quarter. The Company recorded zero Lost Time Injuries and with one Medical Treatment Injury in the Quarter. Nonetheless, the Company's priority continues to be the development of an effective, safe and efficient operation. Cockatoo's 12 month rolling TRIFR is 3.06, compared to the 2015 calendar year Queensland Open Cut Mines average of 7.09.

Baralaba Mine

Coal mining operations yielded 58,857 tonnes of coal for the quarter. Overburden removed totalled 1,246,284bcm. Mining was impacted both by pre-strip in advance of turning the corner into the fairway pit and the mine closure which saw the ceasing of operations on 8th February when the Baralaba Mine was placed into "care and maintenance" mode. As at the end of the quarter, the Baralaba Coal Mine remained in "care and maintenance".

Table 1 – Baralaba Production Statistics

Total Baralaba Complex	Mar 2016 Qtr	Prev Qtr
ROM coal production (tonnes)	58,857	191,528
Overburden Removed (bcm)	1,246,284	3,221,815
Coal stocks at Quarter end (tonnes)	73,347	107,585
Total coal sales (tonnes)	93,127	462,681

Approvals Update

The approvals process for the Baralaba Expansion Project continues to progress. Following the Land Court's recommendation to approve Cockatoo's Environmental Authority (EA) amendment application, the Department of Environment and Heritage Protection (DEHP) issued the amended EA and conditions for 3.5Mtpa production. Subsequent to quarter end, the Department of Natural Resources and Mines (DNRM) granted Cockatoo Mining Lease (ML)80201 in June 2016.

Development Update

Works on the construction of the new Moura Train Load Out facility is almost complete after successful dry commissioning trials completed late last year. The Dawson Highway re-alignment project was suspended during the Voluntary Administration process, both projects remain in "care and maintenance" mode.

During the Quarter the Company has been focussed on optimising cost efficiencies and preparing for the commencement of the following projects upon recommencement of works:

- the construction of the Dawson Highway overpass and private haul road;
- replacing the bridge over Banana Creek;
- widening certain parts and sealing 13km of unsealed section of Theodore-Baralaba Road; and
- key intersection upgrades and curve reconstructions on the haul route.



Exploration

Exploration works on the Dingo West joint venture project between Cockatoo Coal Limited and JOGMEC was also put into care and maintenance mode during the Quarter. Both JOGMEC and Cockatoo Coal are committed to exploration in the future when the DOCA is completed.

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