



QUARTERLY REPORT

June 2016 Quarterly Report

Summary

- **Effectuation of Deed of Company Arrangement (DOCA)**
- **Mining Lease Application 80201 granted**
- **Mine Plan Development**
- **Operations update**
- **Development update**

Corporate strategy and operating environment

During the June Quarter Cockatoo Coal's operations continued under care and maintenance mode. The Deed of Company Arrangement executed on 15 March 2016 was effectuated on 30 May 2016 and the deed administration of the Companies was consequently terminated in accordance with the DOCA terms. Day to day management and control of the Companies reverted to its Directors.

Brian Wyatt was appointed Interim Chief Executive Officer (CEO) following the departure of CEO Peter Kane.

Mining Lease 80201 was granted to Wonbindi Coal Pty Ltd on 16 June 2016. The effectuation date for this lease was 1 July 2016 and was granted for 25 years.

Entry into New Debt Facility

Pursuant to the DOCA, Cockatoo entered into a new loan agreement. The amount drawn-down was equal to \$100million, plus capitalised amounts equal to approximately \$8.7million.

Approximately \$73.1million of the proceeds were used to meet amounts payable to creditors under the DOCA (including an amount sufficient to ensure that Cockatoo Coal Ltd and its subsidiaries have a total of approximately \$35.5million on deposit with ANZ to fully cash back all outstanding bank guarantees remaining on issue for the benefit of Cockatoo Coal Ltd and its subsidiaries). The remaining proceeds of approximately \$26.9million will be used by Cockatoo Coal Ltd for working capital and capital expenditures towards the restart of the Baralaba North mine.

Mine Plan Development

The Company commenced detailed mine planning works in preparation for the re-start of the Baralaba North operations.

A new Plan of Operation was commenced in conjunction with the mine redevelopment.

Operations

Safety

The Company recorded zero Lost Time Injuries and zero Medical Treatment Injury in the quarter. Despite continuing care and maintenance activities, the Company continues to prioritise the health and safety of its workforce. Cockatoo's 12 month rolling TRIFR is 4.86, compared to the March 2016 Queensland Open Cut Coal Mines average of 13.75.

Baralaba Mine

Mine operations continued in "care and maintenance" mode for the quarter with a focus being placed on the demobilisation of contractor fleets, pit dewatering and the maintenance of the mine area bund integrity. Routine environmental monitoring activities continued throughout the period on the mine site and on properties adjacent to the operations as well as at the Moura Train Load Out facility.

Table 1 – Baralaba Production Statistics

Total Baralaba Complex	June 2016 Qtr	Prev Qtr
ROM coal production (tonnes)	526	58,857
Overburden Removed (bcm)	0	1,246,284
Coal stocks at Quarter end (tonnes)	67,430	73,347
Total coal sales (tonnes)	6,433	93,127

Approvals Update

The Queensland Department of Natural Resources and Mines (DNRM) granted the new Mining Lease for Baralaba Mine, allowing the expansion of operations from 1 Mtpa to 3.5 Mtpa approved by the Environmental Authority (EA) amendment issued earlier this year. Approvals processes continue for associated infrastructure, such as road and bridge upgrades and telecommunications facilities.

Development Update

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 including;

- 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.

Tendering works continued for the construction of the Banana Creek Bridge replacement and works commenced subsequent to quarter end.

Exploration

Cockatoo Coal Limited representatives met with JOGMEC and all parties agreed to postpone recommencement of the Dingo West exploration project until after the wet season.

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