



QUARTERLY REPORT

December 2015 Quarterly Report

Salient Points

- Baralaba Mine achieved record quarterly sales of 463kt.
- Queensland Land Court recommended that the EA amendment application be approved, with the EA amendment allowing Cockatoo Coal Limited to increase production at Baralaba Mine from 1Mtpa to 3.5Mtpa.
- Cockatoo Coal Limited and three associated companies, Baralaba Coal Pty Ltd, Cockatiel Coal Pty Ltd and Wonbindi Coal Pty Ltd appointed Grant Sparks, Martin Ford and Stephen Longley of PPB Advisory as Administrators effective 16 November 2015.
- Administrators intention that the Baralaba North Mine will continue to operate in order to generate ongoing revenue and preserve its value.

Appointment of PPB Advisory as Administrators

Grant Sparks, Martin Ford and Stephen Longley of PPB Advisory were appointed on 16 November 2015, pursuant to section 436A *Corporations Act 2001* (Cth), as Administrators of Cockatoo Coal Limited (Cockatoo Coal) Baralaba Coal Pty Ltd, Cockatiel Coal Pty Ltd and Wonbindi Coal Pty Ltd.

It is the Administrators' intention the Baralaba North Mine will continue to operate in order to generate ongoing revenue and preserve its value.

The Administrators are investigating available options, including a restructure proposal from existing shareholder/s or sale of the mine and its associated assets. A marketing campaign has commenced and a major shareholder advised they are conducting further due diligence with the view to submitting a restructure proposal. Expressions of interest and the restructure proposal are to be submitted by 29 January 2016.

Negotiations for either the restructure or sale will be substantially progressed prior to the next meeting of creditors that is due to be held on or before 8 March 2016.

Operations

Safety

Cockatoo Coal's strong performance in the areas of Health & Safety continued during the Quarter.

The Company had recorded one MTI in October, however the Company's priority continues on developing an extremely safe and efficient operation. Cockatoo Coal's twelve month rolling TRIFR is 3.09 compared to the 2014 financial year Queensland Open Cut Mines average of 13.3.

Baralaba Mine

During the Quarter, approximately 1.47Mbcm of inpit dumping occurred in the Baralaba North Pit and backfilling of the Baralaba Central Void began with 132kbcm dumped there. In addition the Baralaba Mine achieved record sales for the Quarter of 463kt which was almost double the previous record. Operations continued to ramp up with the introduction of the second large excavator fleet during November to enable increasing coal sales to be met during 2016.

Key mining initiatives deployed in the last Quarter:

- Re-focused mine plan on the highest quality, LV PCI coal
- Commencement of productivity and utilisation improvement initiatives
- Continued cost cutting
- Backfilling of Central Void to reduce Financial Assurance commitment

Table 1 – Baralaba Production Statistics

Total Baralaba Complex	December 2015 Qtr	Previous Qtr
ROM coal production (tonnes)	191,528	219,547
Overburden Removed (bcm)	3,221,815	2,431,028
Coal stocks at Quarter end (tonnes)	107,585	378,771
Total coal sales (tonnes)	462,681	112,491

Approvals Update

The approvals timeline for the Baralaba Expansion Project remains on target for the scheduled increase in production from 1Mtpa to 3.5Mtpa. On 15 December 2015 Cockatoo Coal announced that the Queensland Land Court (Land Court) had handed down its recommendation in relation to Cockatoo's Environmental Authority (EA) amendment application. The Land Court recommended that the EA amendment application be approved by the Queensland Department of Environment and Heritage Protection (DEHP) on the basis of the draft EA for the application.

The EA amendment application is to allow Cockatoo to increase production at Baralaba to 3.5Mtpa and undertake mining activities on MLA80201.

Development Update

The Company continued development of Stage 2 works for the Baralaba Expansion project during the Quarter. Construction of the new train load out facility is more than 98% complete at the end of the Quarter.

Work also commenced during the Quarter on the Dawson Highway re-alignment adjacent to the TLO site. Works were suspended from 16 November 2015 and currently remain in care and maintenance



Exploration

The company continued the care and maintenance position with regards to exploration, except for the Dingo West exploration program being managed with JOGMEC. Farm-In 2 commenced in August 2015 and suspended on the 22nd November 2015 at JOGMEC's request due to the Administration process commencing.

For further information, contact Peter Kane on +61 (7) 3640 4700.

Subsequent Events

Notice of termination of bank guarantee facility

On 12 January Cockatoo Coal Limited (Administrators Appointed) ACN 112 682 158 (Company) made an announcement in relation refers to its A\$81m bank guarantee facility (LC Facility) with Australia and New Zealand Banking Group Limited (ANZ) and its announcement dated 9 October 2015 that the Company received a notice from ANZ pursuant to which the LC Facility would be terminated on 15 January 2016. The LC Facility was subsequently terminated by ANZ following the appointment of the voluntary administrators to the Company.

The Company announced that ANZ had assigned the LC Facility, including all of its security interests held in the Company, Baralaba Coal Pty Ltd (Administrators Appointed) ACN 009 805 029, Wonbindi Coal Pty Ltd (Administrators Appointed) ACN 114 668 941 and Cockatiel Coal Pty Ltd (Administrators Appointed) ACN 096 909 634 to Liberty Metals & Mining Holdings, LLC, a subsidiary of Boston based Liberty Mutual Insurance.