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COCKATOO COAL LIMITED

A.B.N. 13 112 682 158

and its controlled entities

**INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2015**

COCKATOO COAL LIMITED
AND ITS CONTROLLED ENTITIES

Director's Report

Your Directors submit their report together with the consolidated interim financial report of the Group, being Cockatoo Coal Limited and its controlled entities, for the half year ended 31 December 2015 and the review report thereon.

DIRECTORS

The names of the Directors of the Company in office during or since the end of the half year are:

Peter Ian Richards – Independent Chairman

BCom

Director since 15 January 2014.

Peter Richards has over 35 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. In his time at Dyno Nobel, where he was Managing Director and CEO, Peter also held a number of senior executive positions in both North America and Asia Pacific.

Mr Richards currently serves as Chairman of Emeco Holdings Limited and NSL Consolidated Limited and as a Director of GrainCorp Limited. He has a Bachelor of Commerce, Accounting and Economics, from the University of WA.

Damon Gilbert Barber – Non-executive Director

BEng (Mining), MBA

Director since 11 March 2015.

Mr Barber is the Senior Managing Director of Liberty Metals & Mining Holdings, LLC. Mr Barber has over 23 years of experience in natural resources finance and operations. Mr Barber graduated from the University of Kentucky with a B.S. in Mining Engineering and began his career as a section foreman at CONSOL Energy Inc.'s Loveridge Mine. Mr Barber holds an MBA from the Wharton School of the University of Pennsylvania. Mr Barber is currently a director of Yara Dallol B.V., Atalaya Mining Plc and Ram River Coal Corp.

Mark Christopher Tomek – Non-executive Director

LL.B, MBA

Director since 11 March 2015.

Mr Mark Tomek is a senior member of Liberty Metals & Mining Holdings, LLC. Mark has over 12 years' experience in corporate finance, law and principal investing. Prior to joining Liberty Metals & Mining Holdings, LLC, Mr Tomek worked as an Investment Banker in Canada and England, focusing on mergers & acquisitions and mining, and practiced corporate and securities law in Toronto at a large Canadian law firm. Mark has an LL.B. from Dalhousie University and an MBA from the Ivey Business School.

Stephen James Motteram – Non-executive Director

MBA, B.Sc. (Ag), Grad Dip Econ

Director since 11 March 2015.

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.

Stephen graduated from the University of Melbourne with a Bachelor's degree in Agricultural Science and a Graduate Diploma in Economics. He is an Associate member of CPA Australia and also has an MBA from Melbourne Business School/University of Western Ontario.

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Timothy James Gazzard – Non-executive Director

BEng (Mining), Grad Dip App Fin, MBA

Director since 19 December 2013.

Tim Gazzard is an Executive Director with Noble International Pte Ltd and is Global Head of Noble Group's metallurgical coal business. Mr Gazzard joined Noble in 2009 working in roles across Europe, China and, more recently, Indonesia. Prior to this, he worked with Barclays Capital in Investment Banking and Thiess as a Mining Engineer in Australia, Indonesia and Peru.

Mr Gazzard has 15 years' experience in commodities across all aspects of the supply chain including mining, asset development, logistics, marketing, financing and M&A. Mr Gazzard graduated from the University of Queensland with a Bachelor in Mining Engineering and also holds a Graduate Diploma in Applied Finance and an MBA from London Business School.

Kenneth Scott Andrew Thompson - Non-executive Director

BEng (Mining) [Hons], MBA, MAusIMM

Director since 27 November 2009.

Scott Thompson is a Director of Harum Energy Australia Pty Limited and has 18 years of coal industry experience. Prior to joining the Tanito Coal Group in 2003, he worked with various international mining organisations including Anglo American and PT Adaro Indonesia. Mr Thompson holds a B.Eng (Hons) in Mining Engineering and an MBA from the University of Cape Town.

Neil Dhar, Alternate Director for Tim Gazzard

B.Sc (Ag), MSc

Alternate Director from 11 March 2015 to 30 November 2015.

Mr Dhar is Head of Carbon Steel Materials and a Management Committee member of Noble Group Limited. He has over 20 years experience in commodities production, M&A, and trading. Since joining Noble early in 2010, Neil has been the Co-Head of Hard Commodities, and prior to joining Noble, he has worked at Anglo American Plc as a Chief Commercial Officer.

Neil graduated from the University of Melbourne with a Bachelor's degree in Agricultural Science and also has a Sloan Fellowship and a Masters in Science from London Business School, UK.

Martin Lackner - Company Secretary

CPA, MBA, BBus Acc

Company Secretary since 15 June 2015.

Mr Lackner has held senior financial leadership positions for 10 years across multiple industries including mining, services, media and construction industries in both Australia and the UK. He has served in senior finance and commercial positions within Cockatoo Coal since 2012.

Martin is a member of the Certified Practising Accountants in Australia and holds an MBA from Deakin University in Melbourne with a Bachelor's degree in Business majoring in Accounting.

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REVIEW OF OPERATIONS

Overview

The half year ended 31 December 2015 for Cockatoo Coal Limited ('Cockatoo' or 'the Company') and its controlled entities (the 'Group') saw a significant decline in coal prices, ANZ bank terminate its credit facility and Cockatoo Coal Limited and three associated companies enter Voluntary Administration effective 16 November 2015. Subsequent to half year end, a Deed of Company Arrangement ('DOCA') was entered into and effectuated on 30 May 2016 resulting in the removal of the Administrators.

Operational Developments:

Baralaba Mine, Queensland:

- Construction of the new train load out facility and balloon loop almost finalised
- Commenced construction of the Dawson Highway Overpass
- Queensland Land Court recommended that the Company's Environmental Authority ('EA') amendment application to increase production at the Baralaba North Mine be approved
- The mine was placed into care and maintenance on 8 February 2016

Surat Basin, Queensland:

- Exploration potential remains open.

Divestment of EPC882

- On 20 October 2015 the Company announced the completion of the sale of the Kingaroy Tenement EPC 882 to Moreton Resources Group (ASX:MRV) for A\$300,000 (including transaction costs).
- The sale of this non-core asset aligned with Cockatoo's strategy of focusing on the expansion of its flagship LV PCI coal mine at Baralaba.

Galilee Basin, Queensland

- Exploration potential remains open.

Exploration

- The Company continued the care and maintenance position with regards to exploration, except for the Dingo West exploration program being managed with Japan Oil, Gas and Metals National Corporation ("JOGMEC").

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CORPORATE ACTIVITIES

Acquisition of Minority Interests in Baralaba from JFE Shoji Trade Corporation ("JFE")

During the period, JFE, who held a 37.5% interest in Baralaba Coal Pty Ltd, and a 20% interest in Wonbindi Coal Pty Ltd transferred their total minority shareholdings in Baralaba Coal Pty Ltd and Wonbindi Coal Pty Ltd to Noble Group and Liberty Metals & Mining Holdings, LLC, for a nominal amount.

Termination of ANZ LC Facility

On 9 October 2015 the Company announced that it had received a notice from Australia and New Zealand Banking Group Limited (ANZ) stating that the ANZ will be terminating the Company's A\$81m bank guarantee facility (LC Facility) on 15 January 2016.

Subsequent to half year end, the Company announced that ANZ has assigned the LC Facility, including all of its security interests held in the Company, Baralaba Coal Pty Ltd ACN 009 805 029, Wonbindi Coal Pty Ltd ACN 114 668 941 and Cockatiel Coal Pty Ltd ACN 096 909 634 to Liberty Metals & Mining Holdings, LLC, an existing shareholder.

Cockatoo Coal Limited and three associated companies entered Voluntary Administration effective 16 November 2015

Background

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 pursuant to section 436A of the Corporations Act 2001 (Cth).

Reasons for voluntary administration

The directors believed it was likely that the Company would at some point in the future not be able to meet all financial commitments as and when they fell due. The key factors which lead to the appointment of voluntary administrators are summarised as follows:

- The declining price of coal
- The contingent liabilities arising from agreements with Wiggins Island Coal Export Terminal (WICET), Aurizon and Gladstone Port Corporation (GPC)
- The lack of permits to expand production
- The withdrawal of ANZ's facility
- Difficulty raising additional capital with the Companies' existing capital structure and cost base

Care and maintenance

The Administrators placed Baralaba mine into Care and Maintenance on 8 February 2016.

Voting of creditors at the second meeting of creditors

Subsequent to half year end, on 1 March 2016, creditors for each of the Companies resolved that the Companies execute the Deed of Company Arrangement (DOCA) and Creditors' Trust Deed substantially in the form of the DOCA and Creditors' Trust Deed. The DOCA with Liberty Metals & Mining Holdings, LLC, was executed on 15 March 2016.

Deed of Company Arrangement (DOCA)

The key features of the DOCA were:

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- The extinguishment of the major liabilities of Cockatoo Coal Limited and the three associated companies, including the 'take or pay' agreements in place with WICET Holdings Pty Ltd and Aurizon.
- A \$100m debt facility provided by Liberty Metals & Mining Holdings, LLC which enabled the Companies to repay all first and second lien lenders in full, fully cash backed financial assurance guarantees given for the benefit of the Group to the state of Queensland, pay other certain creditor claims and provide \$27m of additional cash for working capital purposes.
- The issuance of 6 billion new ordinary shares to Liberty Metals & Mining Holdings, LLC at \$0.001 per share for gross proceeds of \$6 million. Additionally 4 billion of new ordinary shares were issued to JS Baralaba Wonbindi Pty Ltd as part of the DOCA.

The DOCA was effectuated on 30 May 2016 at which point the Companies were handed back to the control of the Directors.

Company Strategy

On return of control of the Company to the Directors on 30 May 2016, the Company has started the process to restart the mine, which includes developing a new mine plan given the change in its circumstances following the Voluntary Administration and effectuation of the DOCA. Until the mine planning is complete and the Company's plans updated, the mining activities will remain in care and maintenance and the Company will remain focussed on minimising and controlling costs.

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OPERATING ACTIVITIES

Cockatoo Coal is a coal mining, exploration and development company with projects in the Bowen, Galilee and Surat Basins in Queensland, Australia. The Company has a significant tenement portfolio with an interest in projects which have reported a total of 68 million tonnes of JORC compliant Marketable Reserves and 1,876 million tonnes of JORC compliant Resources.

The Company's flagship project is the Baralaba North ULV PCI mine in the Bowen Basin. The Company has extensive tenement holdings in the Bowen Basin and also has an extensive thermal coal tenement portfolio across the Surat and Galilee Basins.

The Company's Bowen Basin projects extend from the Dingo project in the north to the Baralaba South project in the south and have contiguous target areas covering an area of approximately 56,320 hectares with Permian age, Rangal Coal Measures sub-cropping over a strike length of approximately 92 kilometres. Production at the Baralaba mine has demonstrated that the seams of the Rangal Coal Measures in this area have PCI and thermal coal properties. The seams mined at the Baralaba mine have been intersected in the Baralaba South and Lochinvar target areas. The Company also possesses a suite of exploration projects throughout the Southern Bowen Basin, primarily around the Rolleston area.

The Company's Surat Basin projects cover an area of approximately 4,000 km². The Juandah and Taroom Coal Measures of the Walloon Sub-Group both sub-crop within the Surat project area. The Tin Hut Creek and Davies Road projects are located in the Juandah Coal Measures and the Bottle Tree, Bushranger and Krugers projects are located within the Taroom Coal Measures.

The Company's Galilee Basin projects cover an area in excess of 960 km² located approximately 150km SW of Charters Towers. The Galilee Basin in central Queensland contains resources of high volatile, thermal coal, found within the seams of the Permian Age, Betts Creek Beds coal measures.

A summary of the Company's currently defined and reported coal reserves and resources, by project on a 100% basis, based on drilling for which details of drill hole co-ordinates and cumulative thickness of coal have been reported by the Company and are included on the Company's website is as follows:

Project	Tenement	Depth of Resource (m)	JORC Classification				
			Reserves	Resources			
			Marketable (Mt)	Measured (Mt)	Indicated (Mt)	Inferred (Mt)	Total (Mt)
Baralaba North	MLs 80169, 80170 & 80200, MDLs 184 and 416, EPC 1047 and MLA 80201	<200	31	35	34	23	92
Baralaba Central (closed)	MLs 5605, 5580, 5581, 5590 & 80157	<200	0	4	8	4	16
Baralaba South	MDL 352 and EPC 1047 (MLA 80193)	<200	37	36	17	139	192
Lochinvar	EPC 1047	<200	0	0	4	60	64
Bowen Basin Total			68	75	63	226	364
Tin Hut Creek	MDL 430	<150	0	0	207	137	344
Bottle Tree	MDL 433	<125	0	0	30	6	36
Krugers	MDL 441	<150	0	0	33	130	163
Davies Road	MDL 437	<150	0	0	14	35	49
Bushranger	MDL 451	<150	0	0	19	126	145
Broadmere	EPC1465	<150	0	0	0	52	52

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D i r e c t o r ' s R e p o r t

	Surat Basin Total		0	0	303	486	789
South Pentland	EPC 1486	200-650	0	0	94	351	445
	Galilee Basin Total		0	0	94	351	445
	Group Total		68	75	460	1,063	1,598

Note: - Includes depletion of resource and reserve at the Baralaba North mine to the half year ended 31 December 2015.

- Data is rounded and this may cause some apparent discrepancies in totals.
- The Company owns less than a 100% interest in the companies that own the Baralaba North, Baralaba Central, Baralaba South and Lochinvar projects.
- The Company consolidates 100% of the assets and liabilities of these companies in its financial statements.

Safety

Cockatoo Coal's strong performance in the areas of Health & Safety continued during the half year to December 2015. The Company had recorded one medical treatment injury 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.

INFRASTRUCTURE

The Company continued development of Stage 2 works for the Baralaba Expansion project during the half year with construction of the new train load out facility more than 98% complete at the end of December 2015.

Work also commenced from September 2015 on the Dawson Highway re-alignment adjacent to the train load out site. Works were suspended from 16 November 2015 and currently remain in care and maintenance.

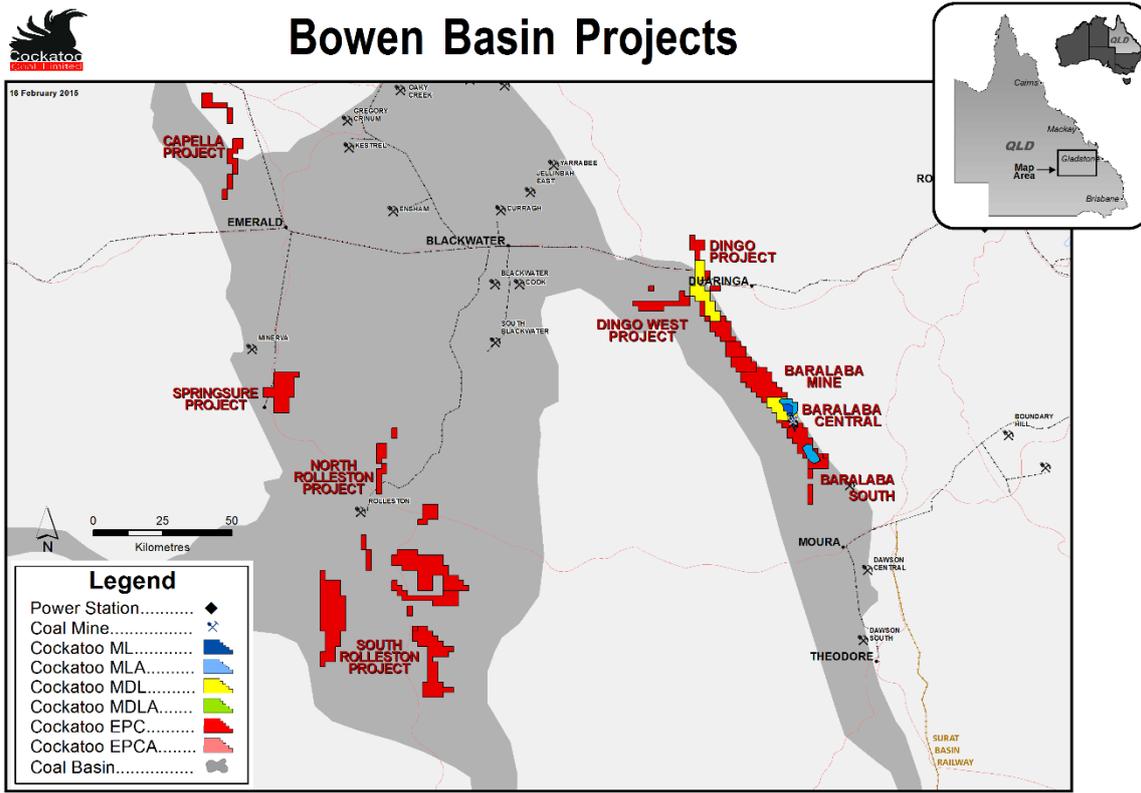
BOWEN BASIN PROJECTS

The Company's Bowen Basin Projects comprise:

- MLs 5580, 5581, 5590, 5605, 80157 and 80169 and MDL 184 (Baralaba mine project), which are held by the Company's 62.5% owned subsidiary, Baralaba Coal Pty Limited
- ML 80170, MDL 416 and EPC 1047 to the north of the Baralaba mine (Baralaba North project) and MDL 352, EPCs 1047, 2107 and 2143 and MLA 80193 to the south of Baralaba Township (Baralaba South project) which are held by the Company's 80% owned subsidiary, Wonbindi Coal Pty Limited
- The Dingo project comprising MDL 512 and EPCs 862, 863 and 1063 which are currently 30% owned by the Company's 100% owned subsidiary, Independent Coal Pty Limited.
- Cockatoo also controls an additional 16 EPCs in the Bowen Basin including the Dingo West, Rolleston and Springsure projects.

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Bowen Basin Projects

The Company has continued exploration and drilling activities carrying out open hole drilling and coal quality coring for raw coal. The main focus of exploration activities was shifted to the company's Dingo West Project. The Dingo West Project is an exploration joint venture with JOGMEC targeting the Baralaba Coal Measures to the north of the Baralaba Complex.

Baralaba Complex

The Baralaba Complex is located near the town of Baralaba in the south eastern limb of the Bowen Basin, Queensland, which comprises the Baralaba Coal Measures. The Baralaba Complex consists of Baralaba North (operational), Baralaba Central (closed), and Baralaba South (exploration and pre-feasibility). The Baralaba mine is an open-pit operation, managed and operated by the Company with certain key services, including drill and blast and haulage, provided by contractors. Predominantly ULV PCI coal for steel making and some thermal coal are produced from multiple seams forming the well-known Baralaba Coal Measures, the eastern basin equivalent of the Rangal Coal Measures. All the coal sold is currently exported from the Port of Gladstone.

During the half year, operations transitioned from the Outrigger pit towards the Fairway pit within the Baralaba North mine. Coal production at the Baralaba North mine began in May 2014.

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Baralaba Mine Production

Coal production for the half year ended 31 December 2015 was as follows:

	September 2015 Quarter	December 2015 Quarter	Half Year Ended 31 December 2015
ROM coal (tonnes)	219,547	191,528	411,075
Overburden (bcm)	2,431,028	3,221,815	5,652,843

Coal sales and marketing for the half year ended 31 December 2015 was as follows:

Shipments	September 2015 Quarter	December 2015 Quarter	Half Year Ended 31 December 2015
Coal Sales (tonnes)	112,491	462,681	575,172

Bowen Basin Exploration

During the half year, the Company maintained its portfolio of interests in the Bowen Basin, as its focus was on mining activities pertaining to Baralaba North. Minimal exploration work was carried out.

SURAT BASIN PROJECTS

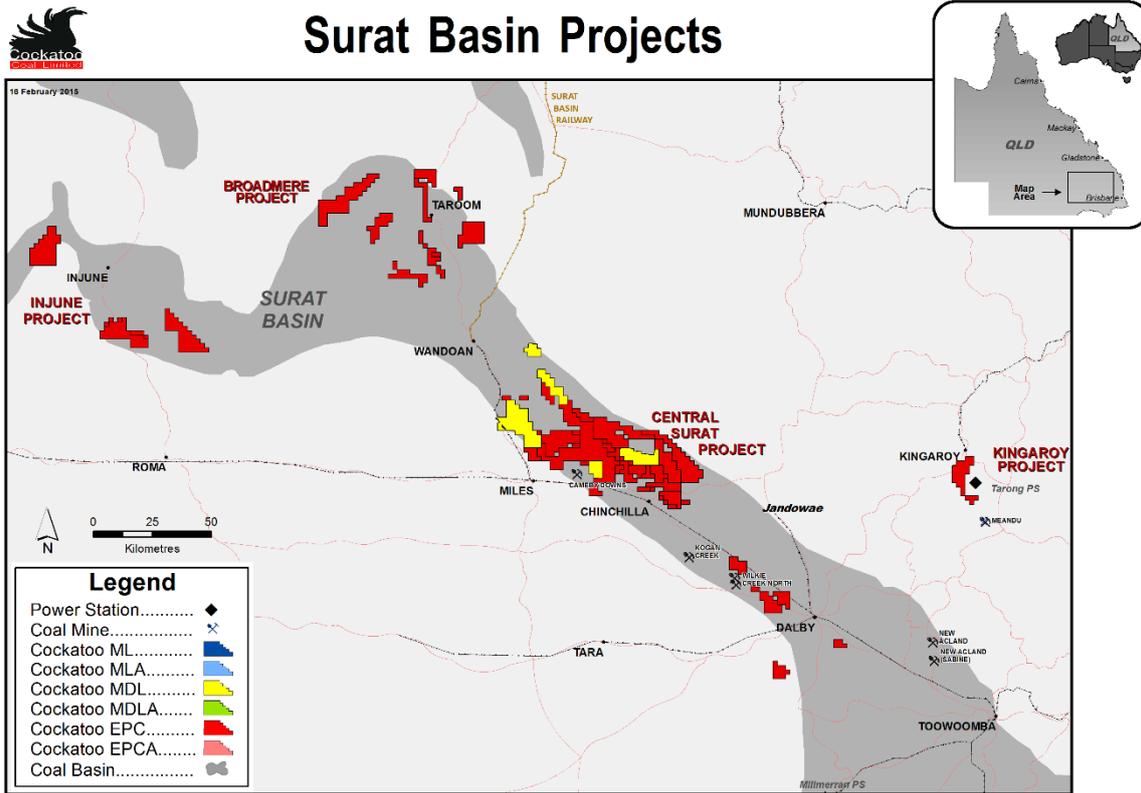
The Company's Surat Basin projects cover an area of approximately 4,000 km². The Juandah and Taroom Coal Measures of the Walloon Sub-Group both sub-crop within the Surat project area. The Tin Hut Creek and Davies Road projects are located in the Juandah Coal Measures and the Bottle Tree, Bushranger and Krugers projects are located within the Taroom Coal Measures.

The Company's Surat Basin projects, comprise:

- The Surat project, incorporating Tin Hut Creek, Bottle Tree, Davies Road, Krugers and Bushranger (MDLs 430, 433, 437, 441 and 451, EPCs 796, 813, 1041, 1134, 1170, 1278, 1464, 1593, 1596, 2092, 2199 and 2200)
- Broadmere project incorporating EPC's 1436, 1465, 1557, 1556 and 1558
- Tipton project incorporating EPC 1733

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Surat Basin Projects

The Surat Basin is a well established energy province, with existing power developments, regional centres, service industries and existing infrastructure. The potential for development of a significant export coal industry from the Surat will be enhanced by the planned development of the Surat Basin Railway, connecting the region to the port of Gladstone by developing a new rail freight corridor from Wandoan northwards to the existing Moura-Gladstone rail line, joining at the township of Banana.

The Company's Surat Basin projects have now been advanced to a stage where no further substantial field activities are planned for these projects until there is further clarity regarding the development progress of the proposed Surat Basin railway and other major coal mine developments in the region. Given the uncertainty in the timing of development of the rail and port infrastructure, impairments have previously been recorded against the Group's investments and other assets that relate to the Surat Basin projects.

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COMPETENT PERSONS STATEMENT

The information in this Document relating 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.

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LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The lead auditor's independence declaration is set out on page 34 and forms part of the directors' report for the half year ended 31 December 2015.

Rounding

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued, by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' report. Amounts in the Directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Signed at Brisbane this 29th day of July 2016
in accordance with a resolution of the Board of Directors:



Peter Richards
Chairman

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Condensed interim statement of financial position
as at 31 December 2015

	Notes	Consolidated	
		31 December 2015 \$'000	30 June 2015 \$'000
Current assets			
Cash and cash equivalents		17,982	24,738
Term deposits		-	40,000
Trade and other receivables		8,249	4,949
Inventories	8	5,201	24,501
Other	9	843	789
Total current assets		32,275	94,977
Non-current assets			
Term deposits	10	55,668	6,635
Exploration and evaluation expenditure	11	56,617	54,807
Property, plant and equipment	12	293,497	270,222
Intangible assets		199	234
Other	9	658	662
Total non-current assets		406,639	332,560
Total assets		438,914	427,537
Current liabilities			
Trade and other payables	13	60,966	33,210
Borrowings	14	108,976	815
Employee benefits		710	986
Provisions	15	51,883	4,791
Other	16	6,540	-
Total current liabilities		229,075	39,802
Non-current liabilities			
Borrowings	14	-	68,512
Employee benefits		55	52
Provisions	15	6,101	5,921
Other	16	-	3,839
Total non-current liabilities		6,156	78,324
Total liabilities		235,231	118,126
Net assets		203,683	309,411
Equity			
Share capital	7	611,466	611,466
Option premium reserve		-	-
Accumulated losses		(349,394)	(269,091)
Total equity attributable to equity holders of the Company		262,072	342,375
Non-controlling interest		(58,389)	(32,964)
Total equity		203,683	309,411

The condensed interim statement of financial position should be read in conjunction with the accompanying notes

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Condensed interim statement of profit or loss and
other comprehensive income
for the half year ended 31 December 2015

	Notes	Consolidated	
		31 December 2015	31 December 2014
		\$'000	\$'000
Coal sales revenue		52,147	43,986
Cost of sales		(77,062)	(44,424)
Gross profit/(loss)		(24,915)	(438)
Other income		71	2,545
Gain on disposal of assets		4	-
Foreign exchange gain/(loss)		238	69
Administration expenses		(2,515)	(8,721)
Operating lease termination fees	13	(26,550)	-
Reversal of impairment	6	290	13,259
Provision expense – infrastructure guarantees	15	(45,969)	-
Other expenses		(432)	(286)
Results from operating activities		(99,778)	6,428
Financial income		386	401
Financial expense		(6,336)	(3,294)
Net finance expense		(5,950)	(2,893)
Profit/(Loss) before income tax		(105,728)	3,535
Income tax expense		-	-
Profit/(Loss) for the period		(105,728)	3,535
Other comprehensive income			
Total items that will not be reclassified to profit or loss		-	-
Total items that may be reclassified subsequently to profit or loss:		-	-
Other comprehensive income for the period		-	-
Total comprehensive profit/(loss) for the period		(105,728)	3,535

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Condensed interim statement of profit or loss and
other comprehensive income
for the half year ended 31 December 2015

	Notes	Consolidated	
		31 December 2015 \$'000	31 December 2014 \$'000
Profit/(Loss) for the period attributable to:			
- Equity holders of the parent		(80,303)	6,663
- Non-controlling interest		(25,425)	(3,128)
Profit/(Loss) for the period		<u>(105,728)</u>	<u>3,535</u>
Total comprehensive profit/(loss) for the period attributable to:			
- Equity holders of the parent		(80,303)	6,663
- Non-controlling interest		(25,425)	(3,128)
Total comprehensive profit/(loss) for the period		<u>(105,728)</u>	<u>3,535</u>
Basic profit/(loss) per share attributable to ordinary equity holders	5	<u>(0.12) cents</u>	<u>0.15 cents</u>
Diluted profit/(loss) per share attributable to ordinary equity holders	5	<u>(0.12) cents</u>	<u>0.14 cents</u>

The condensed interim statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

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**COCKATOO COAL LIMITED
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Condensed interim statement of changes in equity
for the half year ended 31 December 2015

Attributable to equity holders of the Company

Note	Share capital \$'000	Option premium reserve \$'000	Retained losses \$'000	Total \$'000	Non- controlling interest \$'000	Total equity \$'000
For the half year ended 31 December 2015						
Balance at 1 July 2015	611,466	-	(269,091)	342,375	(32,964)	309,411
Total comprehensive income for the period						
Loss	-	-	(80,303)	(80,303)	(25,425)	(105,728)
Transactions with owners, recorded directly in equity						
<i>Contributions by and distributions to owners</i>						
Expiry of options	7	-	-	-	-	-
Balance at 31 December 2015	611,466	-	(349,394)	262,072	(58,389)	203,683
For the half year ended 31 December 2014						
Balance at 1 July 2014	495,917	7,589	(262,140)	241,366	(22,441)	218,925
Total comprehensive income for the period						
Loss	-	-	6,663	6,663	(3,128)	3,535
Transactions with owners, recorded directly in equity						
<i>Contributions by and distributions to owners</i>						
Expiry of options	7	-	(5,528)	5,528	-	-
Balance at 31 December 2014	495,917	2,061	(249,949)	248,029	(25,569)	222,460

The condensed interim statement of changes in equity should be read in conjunction with the accompanying notes.

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Condensed interim statement of cash flows
for the half year ended 31 December 2015

	Notes	Consolidated	
		31 December 2015	31 December 2014
		\$'000	\$'000
Cash flows from operating activities			
Cash receipts from customers		49,473	33,750
Payments for production		(42,161)	(58,428)
Net cash flow from/(used in) production activities		7,312	(24,678)
Other cash payments in the course of operations		(2,894)	(8,654)
Cash receipts from customers in advance of coal sales		-	6,498
Proceeds from joint venture partner		-	39
Proceeds from other income		75	2,545
Cash from/(used in) operations		4,493	(24,250)
Borrowing costs paid		(872)	(610)
Interest received		835	444
Net cash from/(used in) operating activities		4,456	(24,416)
Cash flows from investing activities			
Payments for exploration and evaluation	11	(1,833)	(1,704)
Payments for mining development	12	(37,324)	(21,549)
Payments for property, plant and equipment	12	(490)	(157)
Net proceeds from the sale of exploration projects		382	25,446
Payments for security deposits	10	(49,033)	(161)
Refund of security deposits		-	37,253
Movement in loans from other entities		-	123
Net cash from/(used in) investing activities		(88,298)	39,251
Cash flows from financing activities			
Repayment of borrowings	14	(152)	(549)
Proceeds from borrowings		-	-
Proceeds from Parent Company Guarantees called	14	37,000	-
Net cash from/(used in) financing activities		36,848	(549)
Net increase/(decrease) in cash and cash equivalents		(46,994)	14,286
Cash and cash equivalents and term deposits at 1 July		64,738	1,407
Effect of exchange rate adjustments on cash held		238	64
Cash and cash equivalents at 31 December		17,982	15,757

The condensed interim statement of cash flows should be read in conjunction with the accompanying notes.

**COCKATOO COAL LIMITED
AND ITS CONTROLLED ENTITIES**

Notes to the condensed interim financial statements

Note 1 - Reporting entity

Cockatoo Coal Limited (the 'Company') is a company domiciled in Australia. The condensed consolidated interim financial statements of the Company as at and for the half year ended 31 December 2015 comprises the Company and its subsidiaries (together referred to as the 'Group') and the Group's interest in associates.

The consolidated annual financial report of the Group as at and for the year ended 30 June 2015 is available upon request from the Company's registered office at Level 7, 10 Eagle Street, Brisbane, QLD, 4000 or at www.cockatoocoal.com.au.

The financial report was authorised for issue by the directors on 29 July 2016.

Note 2 – Basis of preparation

Statement of compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001, and with IAS 34 *Interim Financial Reporting*.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 30 June 2015.

Going concern

The consolidated interim financial statements have been prepared on a going concern basis which contemplates the realisation of assets and settlement of liabilities in the ordinary course of business.

The Group recorded a loss for the period of \$105,728k, generated \$4,456k of cash from operating activities, used \$88,298k in investing activities for the period, and had accumulated losses of \$349,394k as at 31 December 2015. The Group had cash on hand of \$17,982k, net assets of \$203,683k and net current liabilities of \$196,800k at 31 December 2015.

On 25 September 2015, ANZ indicated to the Group that it was not willing to continue to provide an existing \$81m bank guarantee facility under its current arrangements. On 16 November 2015, the Company and several subsidiary entities were placed into Voluntary Administration.

Subsequent to half year end, during February 2016, the mining activities of the Group were placed into care and maintenance by the Administrator, and the operating costs of the Group reduced accordingly.

Subsequent to half year end, on 15 March 2016, the Company and subsidiaries in administration entered into a Deed of Company Arrangement ('DOCA') which was effectuated on 30 May 2016. The key features of the DOCA are to extinguish the major liabilities of the Group, including significant take or pay agreements in place with WICET Holdings Pty Ltd, Gladstone Ports Corporation and Aurizon. In addition, and as part of the DOCA, the Company entered into a loan agreement with Liberty Metals and Mining Holdings LLC (LMM) for \$100m and an additional consideration deed under which the Company must pay LMM an amount equal to 3.75% of the aggregate gross revenue received by the Company and its subsidiaries quarterly in arrears. Refer to Note 21 for further details on the terms of the DOCA and use of LMM loan proceeds. This has resulted in approximately \$27m of additional cash being made available to the Group for working capital purposes.

The recent loan agreement and additional consideration deed entered into between the Company and LMM encompasses significant financial and non-financial covenants. The Company does not consider itself in breach of the loan agreement or additional consideration deed as at the date of this report, however a subsequent breach resulting in a default under either or both of those arrangements may cast significant doubt upon the Group's ability to continue as a going concern.

In addition, subsequent to half year end, the State of Queensland has indicated to the Company that a reassessment of the Group's environmental bonding requirements is necessary. Currently the company has total environmental bonds in place of \$34.4m, in the form of charges over term deposits. The Company is in discussions with the State regarding their information requirements and are in the process of reassessing the plan for rehabilitation of mining operations at Baralaba. As at the date of this report, the outcome of this assessment is unknown and there is significant uncertainty as to whether any additional bonding will be required by the State, and if so the quantum of the additional funding and whether the Group has the financial capacity to meet any additional funding requirements, or raise additional funding from shareholders or other parties.

These conditions give rise to material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern.

**COCKATOO COAL LIMITED
AND ITS CONTROLLED ENTITIES**

Notes to the condensed interim financial statements

Note 2 – Basis of preparation (Con't)

In the event the Group is required to pay significant additional environmental rehabilitation bonding or is in breach of the loan agreement or additional consideration deed, it may not be able to continue its operations as a going concern and therefore may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the interim financial report.

Note 3 - Significant accounting policies

The accounting policies applied by the Group in the consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30 June 2015.

Note 4 - Estimates

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Except as described below, in preparing this consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2015.

During the half year ended 31 December 2015 management reassessed its estimates in respect of:

- Note 2 – Going Concern
- Note 6 – Impairment
- Note 8 – Inventories
- Note 11 – Exploration and evaluation expenditure
- Note 12 – Property, plant and equipment
- Note 15 – Provisions
- Note 18 – Contingent liabilities

Note 5 - Earnings per share

Basic and diluted earnings per share have been calculated using:

Net profit/(loss) for the half year attributable to equity holders of the parent

	Consolidated	
	31 December 2015	31 December 2014
	\$'000	\$'000
	(80,303)	6,663
Weighted average number of shares used as the denominator:		
- Number for basic loss per share	67,034,894,841	4,560,196,928
- Number for diluted loss per share	67,034,894,841	4,701,609,971

**COCKATOO COAL LIMITED
AND ITS CONTROLLED ENTITIES**

Notes to the condensed interim financial statements

Note 6 – Impairment	Consolidated	
	31 December 2015	31 December 2014
	\$'000	\$'000
<i>Impairment Losses</i>		
Impairment loss on property, plant and equipment	-	-
Impairment loss on exploration and evaluation assets	-	-
	-	-
<i>Impairment Reversals</i>		
Impairment reversal on other assets	-	123
Impairment reversal on exploration and evaluation assets	290	13,136
	290	13,259

During the period the Company sold its interest in Kingaroy Tenement EPC 882 to Moreton Resources Group. This resulted in an impairment reversal of \$290k as it had been previously fully impaired.

In the prior period the Company sold its interest in the North Surat Joint Venture to North Surat Coal Pty Ltd, a subsidiary of New Hope Corporation Limited. As a result of the sale, the Company recognised a reversal of impairment on the North Surat Joint Venture exploration and evaluation assets.

Note 7 - Capital and reserves

Share capital	Number of shares	Number of shares
Ordinary shares on issue – fully paid	67,034,894,841	4,560,196,928
Issue of shares	-	-
Ordinary shares on issue closing balance – fully paid	67,034,894,841	4,560,196,928

During the half year ended 31 December 2015 no shares were issued by the Company.

Subsequent to 31 December 2015, on the effectuation of the Deed of Company Arrangement on 30 May 2016, the Company issued 6,000,000,000 ordinary shares to Liberty Metals & Mining Holdings, LLC and 4,000,000,000 ordinary shares to JS Baralaba Wonbindi Pty Ltd.

Options

There were no options on issue at 31 December 2015.

The following options were on issue at 31 December 2014, each exercisable to acquire one fully paid ordinary share:

Grant date	Expiry date	Exercise price \$	Balance at start of the half year Number	Granted during the half year Number	Exercised during the half year Number	Expired/Cancelled during the half year Number	Balance at end of the half year Number	Exercisable at end of the half year Number
3 Feb 2012	30 Sep 2015	\$0.70	5,000,000	-	-	-	5,000,000	5,000,000
16 Apr 2013	15 Oct 2014	\$0.125	150,000,000	-	-	150,000,000	-	-
17 Oct 2013	15 Apr 2015	\$0.0593	50,000,000	-	-	-	50,000,000	50,000,000
			205,000,000	-	-	150,000,000	55,000,000	55,000,000

Dividends

There were no dividends paid or declared during the half year ended 31 December 2015 or 31 December 2014.

**COCKATOO COAL LIMITED
AND ITS CONTROLLED ENTITIES**

Notes to the condensed interim financial statements

Note 8 - Inventories	Consolidated	
	31 December 2015	30 June 2015
	\$'000	\$'000
Work in progress – coal stock	970	2,457
Finished goods – cost stock	2,774	20,769
Other	1,457	1,275
	5,201	24,501
	5,201	24,501

Coal inventory is carried at the lower of cost or net realisable value.

Note 9 - Other assets

Current

Prepayments	843	789
	843	789

Non-current

Security deposits	658	662
Other receivables	-	-
	658	662
	658	662

Note 10 – Term deposits

Term deposits	55,668	6,635
	55,668	6,635
	55,668	6,635

Term deposits represent cash backed guarantees held by the ANZ Bank. The change from 30 June 2015 to 31 December 2015 is due to Parent Company Guarantees being called (note 14) and the Group providing additional cash.

Note 11 - Exploration and evaluation expenditure

Opening balance	54,807	71,066
Additions	1,902	2,084
Disposals	(382)	(23,929)
Impairment	-	(7,550)
Impairment reversal	290	13,136
Closing balance	56,617	54,807
	56,617	54,807

The Directors believe that indicators of impairment existed at 31 December 2015 given the Company was in Voluntary Administration. As such, the Directors have completed an impairment assessment over the carrying value of the Group's exploration and evaluation assets at 31 December 2015. The Director's have considered the carrying value of the exploration and evaluation assets by comparison to market data on sales of similar assets and the value per tonne of resources implied. The Directors are satisfied that no impairment is required.

During the period the Company sold its interest in Kingaroy Tenement EPC 882 to Moreton Resources Group. This resulted in a disposal of \$290k and impairment reversal of the same amount.

In the prior period the Company sold its interest in the North Surat Joint Venture to North Surat Coal Pty Ltd, a subsidiary of New Hope Corporation Limited. This resulted in a disposal of \$10,292k of exploration and evaluation expenditure. The Company also sold other exploration and evaluation assets at cost for \$500k. During the prior period impairment was reversed on certain non-core exploration and evaluation assets, see Note 6.

The ultimate recoupment of exploration and evaluation expenditure is dependent on the successful development and commercial exploitation, or alternatively sale of the respective areas of interest.

**COCKATOO COAL LIMITED
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Notes to the condensed interim financial statements

Note 12 – Property, Plant and Equipment	Consolidated	
	31 December 2015	30 June 2015
	\$'000	\$'000
Land and buildings – cost	14,970	14,347
Accumulated depreciation	(812)	(743)
Net book value	14,158	13,604
Office equipment – cost	812	811
Accumulated depreciation	(594)	(551)
Net book value	218	260
Motor vehicles – cost	1,644	1,665
Accumulated depreciation	(1,172)	(1,136)
Net book value	472	529
Plant and equipment – cost	6,924	6,774
Accumulated depreciation	(3,514)	(3,160)
Net book value	3,410	3,614
Deferred stripping asset – cost	44,399	40,504
Accumulated depreciation	(1,634)	(963)
Net book value	42,765	39,541
Mining properties and development assets - cost	255,173	233,166
Accumulated depreciation	(22,699)	(20,492)
Net book value	232,474	212,674
Total Property, Plant and Equipment	293,497	270,222

Reconciliations of the carrying amounts for each class of Property, Plant and Equipment are set out below:

Land and buildings

Carrying amount at beginning of year	13,604	15,416
Additions	619	66
Disposals	-	(1,632)
Depreciation	(65)	(246)
Net book value	14,158	13,604

Office equipment

Carrying amount at beginning of year	260	352
Additions	1	15
Disposals	-	(2)
Depreciation	(43)	(105)
Net book value	218	260

COCKATOO COAL LIMITED
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Notes to the condensed interim financial statements

Note 12- Property, Plant and Equipment (Con't)	Consolidated	
	31 December 2015 \$'000	30 June 2015 \$'000
Motor vehicles		
Carrying amount at beginning of year	529	705
Additions	-	3
Disposals	(21)	(3)
Depreciation	(36)	(176)
Net book value	472	529
Plant and equipment		
Carrying amount at beginning of year	3,614	4,061
Additions	150	418
Disposals	-	(1)
Depreciation	(354)	(864)
Net book value	3,410	3,614
Deferred stripping asset		
Carrying amount at beginning of year	39,541	15,050
Additions	3,895	25,454
Depreciation	(671)	(963)
Net book value	42,765	39,541
Mining properties and development assets		
Carrying amount at beginning of year	212,674	160,101
Additions	22,008	56,959
Transfer from land and buildings	-	-
Depreciation	(2,208)	(4,386)
Net book value	232,474	212,674

During the half year the deferred stripping costs incurred relate to the Baralaba North mine.

Impairment of Assets

The Directors believe that indicators of impairment existed at 31 December 2015 given the Company was in Voluntary Administration. As such, the Directors have completed an impairment assessment over the carrying value of the Group's property, plant and equipment assets at 31 December 2015.

In assessing the value of the assets relating to the Baralaba North Project, the Group has assessed the recoverable amount at 31 December 2015 based on its fair value less cost of disposal. This is considered to be the most appropriate measure of recoverable amount given the Company was in administration at 31 December 2015, rather than its value in use which was the previous measure used to determine recoverable amount.

The fair value less cost of disposal was determined by discounting the future cash flows to be generated from the project. The key assumptions to which the model is most sensitive include:

- Forecast commodity price of Pulverised Coal Injection coal
- Foreign exchange rates
- Mining, processing, administrative and capital costs
- Discount rate of 10%
- Remaining life of mine of approximately 20 years
- Forecast total saleable production of 76.25 million tonnes
- Certain infrastructure costs based on current market prices

**COCKATOO COAL LIMITED
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Notes to the condensed interim financial statements

Note 12- Property, Plant and Equipment (Con't)

The net present value projections have been based on the last mine plan produced by the Group before the Company entered Voluntary Administration, without consideration of the obligations that existed under the infrastructure agreements that were in place at the time of administration. The Directors consider it a reasonable assumption that any potential purchaser of the mine could look to utilise the mining assets in a manner aligned to the existing mine plan, without taking on the existing obligations under the infrastructure agreements which are currently above the market prices for the equivalent services.

Management had considered each key assumption and has used external sources of information and utilised external consultants where possible and personnel within the Group to determine key inputs.

Furthermore, the Group's cash flow forecasts are based on current estimates of future commodity prices and exchange rates. The Group has reviewed long term forecast data from externally verifiable sources when determining its forecasts.

Changes in the above assumptions and estimates may adversely impact the net present value of the project which may result in significant impairment being recorded in relation to the mining assets.

Production and capital costs are based on an estimate of future production levels. This information is obtained from external consultants, internally maintained budgets, life of mine models and project evaluations performed by the Group in its ordinary course of business.

The Group has applied a discount rate of 10% to the forecast future attributable post-tax cash flows. This discount rate represents an estimate of the rate the market would apply having regard to the time value of money and the risks specific to this project.

Based on the impairment review completed at 31 December 2015, the recoverable amount for the Baralaba North Project was considered sufficient to support the carrying value of the mine assets and therefore no impairment has been recorded for the half year ended 31 December 2015. This has been calculated based on the Group's existing resource statement and the pre-existing mine plan.

Note 13 – Trade and other payables	Consolidated	
	31 December 2015	30 June 2015
	\$'000	\$'000
Current	60,966	33,210

With the Company entering Voluntary Administration, claims were made against it with respect to certain operating leases the Company had entered into. As at 31 December 2015 the Company had Liabilities in respect of these agreements totalling \$26.55m (30 June 2015 - \$nil). These operating lease agreements were not Excluded Contracts under the Deed of Company Arrangement (DOCA) which was effectuated on 30 May 2016. As such, they are not Liabilities after 30 May 2016.

Note 14 - Borrowings

Current

Parent Company Guarantee loans	37,000	-
Finance lease	886	815
Subsidiary Shareholder Loan	71,090	-
	108,976	815

Non-current

Finance lease	-	223
Subsidiary shareholder loan	-	68,289
	-	68,512

During the period, after the Group entered Voluntary Administration, the Parent Company Guarantees provided by Noble Resources International Pte Ltd (Noble) and SK Networks Company Ltd (SKN) on behalf of the Group to ANZ bank, were called. As a result Noble and SKN provided a short term loan to the Group of \$37m to fund payments by the Group to guarantee holders. Interest on these loans was at 13.5% per annum with the loans repayable on demand, the loans had second ranking security over the assets of the Group. The short term Parent Company Guarantee loans were repaid on the effectuation of the Deed of Company Arrangement on 30 May 2016 (Note 21).

**COCKATOO COAL LIMITED
AND ITS CONTROLLED ENTITIES**

Notes to the condensed interim financial statements

Note 14 - Borrowings (Con't)

During the prior financial year ended 30 June 2015, Cockatoo announced that it had reached agreement with JS Baralaba Wonbindi Pty Ltd ("JSBW"), a subsidiary of JFE Shoji Trade Corporation, to acquire its minority shareholdings in Baralaba Coal Pty Ltd and Wonbindi Coal Pty Ltd for A\$1, with existing loans from JSBW to remain in place following completion of the sale.

During the period, before the Group entered Voluntary Administration, JS Baralaba Wonbindi Pty Ltd, who held a 37.5% interest in Baralaba Coal Pty Ltd, and a 20% interest in Wonbindi Coal Pty Ltd, transferred their total minority shareholdings in Baralaba Coal Pty Ltd and Wonbindi Coal Pty Ltd to Noble Group and Liberty Metals & Mining Holdings, LLC, for a nominal amount.

After the period, the subsidiary shareholder loan was repaid under the terms of the Deed of Company Arrangement which was effectuated on 30 May 2016. Repayment consisted of \$2m cash and 4 billion shares issued to JS Baralaba Wonbindi Pty Ltd. (Note 21).

Note 15 - Provisions	Consolidated	
	31 December 2015	30 June 2015
	\$'000	\$'000
Current		
Maintenance provision	5,914	4,791
Infrastructure guarantees	45,969	-
	51,883	4,791
Non-current		
Rehabilitation provision	6,101	5,921
	6,101	5,921
Maintenance provision reconciliation		
Opening balance	4,791	1,045
Addition - current	2,239	4,388
Reversal - current	(1,116)	(642)
Closing balance	5,914	4,791
Rehabilitation provision reconciliation		
Opening balance	5,921	6,176
Addition/(reversal)	-	(457)
Interest expense on unwind of discount	180	202
Closing balance	6,101	5,921

The rehabilitation provision relates to the Baralaba Central mine and Baralaba North mine areas. It is a non-current provision due to the rehabilitation work being planned for the end of the mine life and the Group continuing as a going concern.

**COCKATOO COAL LIMITED
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Notes to the condensed interim financial statements

Note 16 – Other Liabilities

Current	6,540	-
Non-current	-	3,839

The movement from Non-current to Current liabilities is due to the Voluntary Administration making the interest payable on Parent Company Guarantees payable in the short term.

Note 17 - Segment reporting

The Group has three reportable segments, as described below.

- Mining – development, production and sale of coal.
- Exploration and evaluation – exploration and evaluation activities of the Group.
- Other – corporate activities (including gains/losses from hedging, project management and foreign exchange).

Operating segments have been determined based on the analysis provided in the reports reviewed by the senior management team in assessing performance and determining strategy. The Group derives its revenue from the production and sale of coal and management fees.

Operating Segments	Mining	Exploration and evaluation	Other	Total
	\$'000	\$'000	\$'000	\$'000
31 December 2015				
Segment revenue				
Revenues – external	52,147	-	75	52,222
Intersegment revenue	-	-	19,260	19,260
Finance income	33	2	351	386
	52,180	2	19,686	71,868
Segment expenses	(173,640)	279	(4,235)	(177,596)
Segment result	(121,460)	281	15,451	(105,728)
Segment assets	323,338	53,800	61,776	438,914
Segment liabilities	145,806	313	89,112	235,231
Other material items in 2015				
Depreciation	3,225	-	60	3,285
Impairment reversal	-	290	-	290
Finance expense	6,291	-	45	6,336

COCKATOO COAL LIMITED
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Notes to the condensed interim financial statements

Note 17 - Segment Reporting (Con't)

Operating Segments	Mining \$'000	Exploration and evaluation \$'000	Other \$'000	Total \$'000
31 December 2014				
Segment revenue				
Revenues - external	43,986	114	2,431	46,531
Intersegment revenue	-	-	12,297	12,297
Finance income	15	5	381	401
	<u>44,001</u>	<u>119</u>	<u>15,109</u>	<u>59,229</u>
Segment expenses	<u>60,456</u>	<u>(13,035)</u>	<u>8,273</u>	<u>55,694</u>
Segment result	<u>(16,455)</u>	<u>13,154</u>	<u>6,836</u>	<u>3,535</u>
Segment assets	<u>281,856</u>	<u>38,778</u>	<u>24,236</u>	<u>344,870</u>
Segment liabilities	<u>110,195</u>	<u>539</u>	<u>11,677</u>	<u>122,411</u>
Other material items in 2014				
Depreciation	3,504	-	164	3,668
Impairment reversal	-	13,136	123	13,259
Finance expense	8,136	-	112	8,248

An intercompany management fee and finance charge has been included in mining segment expenses and intersegment revenue.

**COCKATOO COAL LIMITED
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Notes to the condensed interim financial statements

Note 18 – Contingent Liabilities

Guarantees

During the period the Company received notice from Australia and New Zealand Banking Group Limited (ANZ) that the ANZ would terminate the Company's \$81m bank guarantee facility (LC facility) on 15 January 2016. Liberty Metals & Mining Holdings LLC (LMM) entered into a Deed of Assignment with ANZ on 3 December 2015 whereby ANZ assigned LMM all the rights and obligations of the LC facility.

With the Company entering Voluntary Administration certain Guarantees were called and paid after 31 December 2015 totalling \$45,969k. The Company has recorded a provision of \$45,969k (30 June 2015 – nil) in relation to these guarantees as detailed in Note 15.

The other guarantees at 31 December 2015 are:

- \$34,425k as an environmental bond to the State of Queensland against rehabilitation and any potential loss attributable to mining operations at Baralaba;
- \$161k as an environmental bond to the State of Queensland against environmental offsets at the new train load out facility currently under construction.

As at 31 December 2015 the Company has recorded a provision of \$nil (30 June 2015 - \$nil) in relation to these other guarantees.

Infrastructure agreements

The Group had entered into agreements for port and rail services (Infrastructure Agreements) that enable the Group to export coal from its existing 1 million tonne per annum mining operation. The Infrastructure Agreements included increasing take or pay usage commitments (rail and port charges) up to 3.5 million tonnes per annum.

As at 31 December 2015 the Company has contingent liabilities in respect of these agreements totalling \$791.5m (30 June 2015 - \$nil) which reflects claims made against the Company under these agreements due to entering into Voluntary Administration. The contingent liabilities relate to costs claimed by these suppliers for future commitments over the period of each agreement.

No provisions have been recorded at 31 December 2015 in relation to these agreements as management were not able to reliably estimate the amount that would ultimately be payable to settle these claims. The claims have therefore been disclosed as a contingent liability at 31 December 2015.

The agreements were subsequently considered not to be Excluded Contracts under the Deed of Company Arrangement (DOCA) which was effectuated on 30 May 2016. As such, they do not continue as agreements and are not contingent liabilities after 30 May 2016.

**COCKATOO COAL LIMITED
AND ITS CONTROLLED ENTITIES**

Notes to the condensed interim financial statements

Note 19 – Controlled Entities

Particulars in relation to controlled entities:

	Ordinary shares – Company interest	
	2015	2014
	%	%
<i>Parent Entity</i>		
Cockatoo Coal Limited		
<i>Controlled entities</i>		
Baralaba Coal Management Company Pty Ltd	80	80
Baralaba Coal Pty Ltd	62.5	62.5
Blackwood Corporation Pty Limited	100	100
Cacatua Pastoral Pty Limited	80	80
Cockatiel Coal Pty Limited	100	100
Cockatoo Coal Marketing Company Pty Ltd	100	100
Cockatoo Coal (Taroom) Pty Limited	100	100
Corella Coal Pty Limited	100	100
Dingo Coal Pty Ltd	100	100
Drill Down Resources Pty Ltd	100	100
Independent Coal Pty Limited	100	100
Injune Coal Pty Limited	100	100
Matilda Coal Pty Ltd	100	100
SE QLD Coal Pty Ltd	100	100
SE QLD Energy Pty Ltd	100	100
Surat Coal Pty Limited	100	100
Wonbindi Coal Pty Limited	80	80
Wonbindi TLO Holdings Pty Limited	80	-

All entities are incorporated in Australia

- Blackwood Corporation Pty Limited, Cockatiel Coal Pty Limited, Cockatoo Coal Marketing Company Pty Ltd, Cockatoo Coal (Taroom) Pty Limited, Corella Coal Pty Limited, Independent Coal Pty Limited, Injune Coal Pty Limited, SE QLD Coal Pty Ltd, SE QLD Energy Pty Ltd and Surat Coal Pty Limited, are wholly owned controlled entities.
- Independent Coal Pty Limited holds a 98% interest in Dingo Coal Pty Ltd and the remaining 2% interest is held by the Company.
- Cockatiel Coal Pty Limited holds a 62.5% interest in Baralaba Coal Pty Ltd and an 80% interest in Wonbindi Coal Pty Limited.
- Wonbindi Coal Pty Limited holds a 100% interest in Cacatua Pastoral Pty Limited, a 100% interest in Baralaba Coal Management Company Pty Ltd and a 100% interest in Wonbindi TLO Holdings Pty Limited.
- Blackwood Corporation Pty Limited holds a 100% interest in Matilda Coal Pty Ltd and Drill Down Resources Pty Ltd.

**COCKATOO COAL LIMITED
AND ITS CONTROLLED ENTITIES**

Notes to the condensed interim financial statements

Note 20 – Voluntary Administration

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. The appointment was made by the directors pursuant to section 436A of the Corporations Act.

Note 21 - Events subsequent to the half year end

Operations

The Baralaba mine was placed in care and maintenance on 8 February 2016.

Deed of Company Arrangement

On 15 March 2016 Stephen Longley, Grant Sparks and Martin Ford in their capacity as joint and several administrators of the Deed Companies (Administrators), Cockatoo Coal Limited (Administrators Appointed), Cockatiel Coal Pty Limited (Administrators Appointed), Baralaba Coal Pty Limited (Administrators Appointed), Wonbindi Coal Pty Limited (Administrators Appointed) and Liberty Metal & Mining Holdings, LLC (LMM), entered into a Deed of Company Arrangement (DOCA).

On 30 May 2016 the DOCA was wholly effectuated and responsibilities reverted to the Directors of the Companies. A copy of the DOCA is available at PPB Advisory's website www.ppbadvisory.com

Under the DOCA, \$100 million of net proceeds was provided by LMM via a debt facility and share purchase. Funds were applied as per the following table:

	\$ million
LMM provided funds	100
Applied to:	
First ranking creditor paid to ANZ (re. ANZ's LC facility that LMM was assigned – Note 14)	26.3
Second ranking creditor (LMM re. SKN's Parent Company Guarantee position taken over – Note 14)	18.5
Second ranking creditor (Noble's Parent Company Guarantee and interest – Note 14)	23.1
JS Baralaba Wonbindi Pty Ltd (and issued 4 billion ordinary shares for debt forgiveness – Note 14)	2.0
Trustees of the Cockatoo Creditors' Trust (for distribution to creditors)	3.2
The Company for working capital	26.9
Total	100

LMM debt facility and additional consideration deed

The key terms of the LMM debt facility are:

- Interest of 12.5% per annum, (with a default interest rate of 16.5%)
- Interest accrues and is capitalised and added to the loan until 31 December 2017
- Cash repayments of interest due every quarter from 31 March 2018 onwards
- Amortisation of principal and capitalised interest start 30 June 2019
- Term of the loan is to 31 December 2021 when the loan is repayable in full

The key terms of the LMM additional consideration deed are:

- 3.75% of gross revenue of the Company and its subsidiaries payable to LMM quarterly in arrears

Compromised contracts under the DOCA

Certain key agreements did not continue with the Company past the effectuation of the DOCA on 30 May 2016

- SK Networks offtake and marketing agreements
- Noble Resources marketing agreement
- Infrastructure related 'Take or Pay' agreements (note 18)
- Operating lease agreements (note 13)

Mine plan

The Company is preparing a new mine plan following the Voluntary Administration and DOCA process. (Note 12).

COCKATOO COAL LIMITED
AND ITS CONTROLLED ENTITIES

D i r e c t o r s ' D e c l a r a t i o n

In the opinion of the directors of Cockatoo Coal Limited ('the Company'):

1. The financial statements and notes, set out on pages 14 to 31, are in accordance with the Corporations Act 2001, including:
 - (a) giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the half year ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. Subject to the proviso detailed in the accounts, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed at Brisbane this 29 day of July 2016

in accordance with a resolution of the Board of Directors:



Peter Richards
Chairman



Independent Auditor's Review Report to the
Members of Cockatoo Coal Limited

We have reviewed the accompanying interim financial report of Cockatoo Coal Limited, which comprises the interim condensed statement of financial position as at 31 December 2015, condensed interim statement of profit or loss and other comprehensive income, interim condensed statement of changes in equity and interim condensed statement of cash flows for the period ended on that date, notes 1 to 21 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Company and the entities it controlled at the half-year's end or from time to time during the interim period.

Directors' responsibility for the interim financial report

The directors of the Company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Group's financial position as at 31 December 2015 and its performance for the interim period ended on that date; and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As auditor of Cockatoo Coal Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Cockatoo Coal Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material uncertainties regarding continuation as a going concern

Without modifying our conclusion, we draw attention to note 2, "Going Concern" in the interim financial report. The conditions disclosed in note 2 indicate the existence of material uncertainties that may cast significant doubt about the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the interim financial report.

KPMG

KPMG
Brisbane
29 July 2016

Adam Twemlow
Partner



Lead Auditor's Independence Declaration under
Section 307C of the Corporations Act 2001 to the
Directors of Cockatoo Coal Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half year ended 31 December 2015 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Adam Twemlow
Partner
Brisbane
29 July 2016

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COCKATOO COAL LIMITED
AND ITS CONTROLLED ENTITIES

Corporate Directory

Directors:

Peter Richards (Independent Chairman)
Damon Barber
Mark Tomek
Stephen Motteram
Tim Gazzard
K. Scott A. Thompson

Company Secretary:

Martin Lackner

Registered Office and Administration:

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