

16 July 2013

Ms Stephanie So Senior Adviser, Listings Compliance (Sydney) ASX Compliance Pty Limited 20 Bridge Street SYDNEY NSW 2000

(2 pages by email)

Dear Ms So

I refer to your letter dated 15 July 2013 querying the increase in Cockatoo Coal Limited's ('the Entity') share price from a close of \$0.034 on 5 July 2013 to a high of \$0.06 at the time of your letter together with an increase in the volume of securities traded and provide the following response:

1. Is the Entity aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?

No.

- 2. If the answer to question 1 is 'yes':
 - a) Is the Entity relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1?

Please note that the recent trading in the Entity's securities would suggest to ASX that such information may have ceased to be confidential and therefore the Entity may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is 'yes', you need to contact us immediately to discuss the situation.

b) Can an announcement be made immediately?

Please note, if the answer to this question is 'no', you need to contact us immediately to discuss requesting a trading halt (see below).

c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?

N/A.

3. If the answer to question 1 is 'no', is there any other explanation that the Entity may have for the recent trading in its securities?

The Entity's share price has been subjected to significant downward pressure over a number of months despite no equivalent deterioration in the Entity's underlying operations. The recent trading in the Entity's securities is possibly a correction towards a more realistic market valuation of the Entity reflecting matters which have been announced such as:

- a) Optimisation of the Baralaba 3.5 Mtpa Expansion Bankable Feasibility Study announced on 5 April 2013 which reports a net present valuation of the Baralaba Expansion project of A\$1,028 million.
- b) Agreement to Sell 30% Interest in Hume Coal announced on 30 May 2013 for \$9.74 million and the cancellation of 134.8 million shares, being an implied sale price of \$16.1 million representing more than 30% of the then market capitalisation of the Entity based on a share price of \$0.047.
- c) Extension of the SKN Guarantee of the KEBA Loan Facility and Extension of that Loan Facility as announced on 11 June 2013 and 21 June 2013 which confirms that funding discussions with a number of parties regarding the refinancing of the KEBA loan facility and the Baralaba Expansion are ongoing.
- 4. Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

The Entity confirms that it is, to the best of its knowledge and belief, in compliance with the Listing Rules and in particular, Listing Rule 3.1.

Yours sincerely

Lee J. O'Dwyer Company Secretary

pjn7296



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15 July 2013

Lee O'Dwyer Company Secretary Cockatoo Coal Limited Level 2 66 Hunter Street Sydney NSW 2000

By Email

Dear Lee

Cockatoo Coal Limited (the "Entity"): ASX price query

We have noted a change in the price of the Entity's securities from a close of \$0.034 on 5 July 2013 to a high of \$0.06 at the time of writing today. We have also noted an increase in the volume of trading in the Entity's securities over this period.

In light of the price change and increase in volume, ASX asks you to respond separately to each of the following questions:

- 1. Is the Entity aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?
- 2. If the answer to question 1 is "yes":
 - a) Is the Entity relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1?
 - Please note that the recent trading in the Entity's securities would suggest to ASX that such information may have ceased to be confidential and therefore the Entity may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is "yes", you need to contact us immediately to discuss the situation.
 - b) Can an announcement be made immediately?
 - Please note, if the answer to this question is "no", you need to contact us immediately to discuss requesting a trading halt (see below).
 - c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?
- 3. If the answer to question 1 is "no", is there any other explanation that the Entity may have for the recent trading in its securities?
- Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by **not later than 9.30 a.m. AEST Tuesday, 16 July 2013**. If we do not

have your response by then, ASX will have no choice but to consider suspending trading in the Entity's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Entity's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by a return e-mail or by facsimile to 02 9241 7620. It should <u>not</u> be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of the Entity to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to the Entity's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

Trading halt

If you are unable to respond to this letter by the time specified above, or if the answer to question 1 is "yes" and an announcement cannot be made immediately, you should discuss with us whether it is appropriate to request a trading halt in the Entity's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 Trading Halts & Voluntary Suspensions.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely,

[Sent electronically without signature]

Stephanie So
Senior Adviser, Listings Compliance (Sydney)