Cockatoo Coal Limited

ABN 13 112 682 158

30 January 2012

The Manager Companies
ASX Limited
20 Bridge Street
SYDNEY NSW 2000 (4 pages by email)

Dear Madam,

JORC Marketable Reserves of 260.2 Mt at the Taroom and Collingwood Projects

Highlights

- JORC compliant Marketable Reserves of 260.2 million tonnes ('Mt') are reported for the Taroom and Collingwood projects (Cockatoo 51% and Mitsui 49%) comprising:
  - 161.7 Mt maiden JORC Marketable Reserve for the Taroom project, and
  - 98.5 Mt maiden JORC Marketable Reserve for the Collingwood project.
- Total North Surat Joint Venture Marketable Reserves now total 300.8 Mt.
- Total Cockatoo equity share of Surat Basin Marketable Reserves increased by 327% to 173.3 Mt.
- Key de-risking point in relation to Company's future Wiggins Island Stage 2a/b port and Surat Basin Rail allocations.
- Further drilling anticipated will elevate Taroom and Collingwood JORC Resources (662 Mt combined) within the current pit shell design to Measured or Indicated Resources to allow for inclusion in further Reserve estimations.
- All Reserves are in open-cut pit shell designs.
- Mining Lease Application (ML 55006) lodged for the Taroom project.
- Pre-feasibility studies have been completed and are under peer review by the North Surat Joint Venture partners.

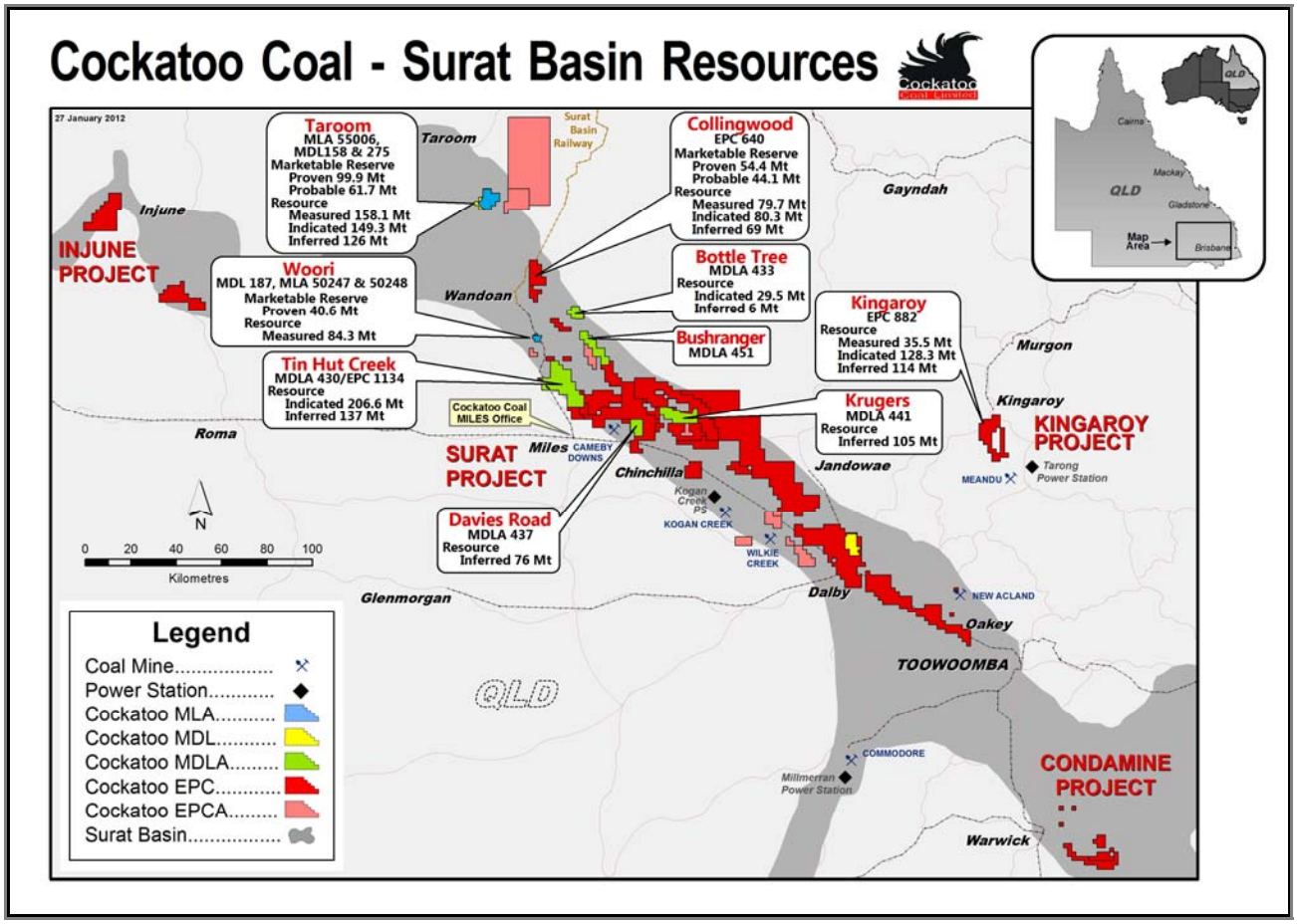
The Surat Basin Projects

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 Woori, Tin Hut Creek and Davies Road projects are located in the Juandah Coal Measures and the Taroom, Collingwood, Bottle Tree and Krugers projects are located within the Taroom Coal Measures.

The Company has reached an agreement with Mitsui Coal Holdings Pty Ltd and its subsidiaries MCH Surat Basin Investment Pty Ltd ('MSBI') and Mitsui Moura Investment Pty Ltd (collectively 'Mitsui') whereby MSBI will acquire a 49% participating interest in the Woori project from the Company's wholly owned subsidiary, Surat Coal Pty Ltd.

Mitsui currently own 49% of the Taroom and Collingwood projects and, together with the Woori project, will form the North Surat Joint Venture. The consolidation of the Taroom, Collingwood and Woori projects into one joint venture activity to be managed by Cockatoo will facilitate the orderly development of these projects.

The Company holds a 100% interest in all other Surat Basin projects.



Surat Basin project areas.

Since the acquisition of a 51% interest in Taroom and Collingwood projects in December 2010, the following significant achievements have been made under the Company's management:

- Increased geological knowledge of the project areas through significant drilling programs.
- Increased, both tonnes and quality, JORC compliant Resources from 435 Mt (36.0 Mt Measured, 154.0 Mt Indicated and 245 Mt Inferred) to 662 Mt (237.8 Mt Measured, 229.6 Mt Indicated and 195 Mt Inferred).
- Pre-feasibility studies have been completed and are under peer review by the North Surat Joint Venture partners.
- Commenced EIS study activities in the project areas.
- Commenced State and Federal approval processes for the projects, including lodgement of a mining lease application for the Taroom project.

We are pleased to announce maiden Marketable Reserve estimates for the Taroom and Collingwood projects which, together with the Woori project, total 300.8 Mt, with further potential to increase this following further definition drilling planned for the first half of 2012.

The Marketable Reserve estimates for the Taroom and Collingwood projects were compiled by the Minserve Group ('Minserve'), a specialist mining consultancy, as part of pre-feasibility studies for the project areas. Minserve undertook the mine planning, design, scheduling, and coal quality components of the pre-feasibility studies.

A summary of the Company's Surat Basin projects' currently defined and reported coal Resources and Reserves, by project on a 100% basis, is as follows:

Project	Ownership (%)	Tenement	Depth of Resource (m)	JORC Classification			
				Resources			
				Measured (Mt)	Indicated (Mt)	Inferred (Mt)	**Total (Mt)**
Woori	100.0	MDL 187 MLAs 50247/50248	<110	84.3	0	0	**84**
Taroom	51.0	MDLs 158/275 MLA 55006	<150	158.1	149.3	126	**433**
Collingwood	51.0	EPC 640	<150	79.7	80.3	69	**229**
Tin Hut Creek	100.0	EPCs 1134/813 MDLA 430	<150	0	206.6	137	**344**
Bottle Tree	100.0	EPC 813 MDLA 433	<125	0	29.5	6	**35**
Krugers	100.0	EPCs 796/1041 MDLA 441	<150	0	0	105	**105**
Davies Road	100.0	EPCs 1041/813 MDLA 437	<150	0	0	76	**76**
Kingaroy	100.0	EPC 882	<150	35.5	87.4	85	**208**
		EPC 882	150-300	0	40.9	29	**70**
		Surat Basin Total		**357.6**	**594.0**	**633**	**1,584**

Project	Ownership (%)	Tenement	JORC Classification						Quality (Marketable)	
			Reserves (In-situ)			Marketable Reserves (As-received)			Energy kcal/kg (ad)	Ash % (ad)
			Proven (Mt)	Probable (Mt)	**Total (Mt)**	Proven (Mt)	Probable (Mt)	**Total (Mt)**		
Woori	100.0	MDL 187 MLAs 50247/50248	67.8	0	**67.8**	40.6	0	**40.6**	6,727	9.4
Taroom	51.0	MDLs 158/275 MLA 55006	124.0	78.5	**202.5**	99.9	61.7	**161.7**	6,232	13.1
Collingwood	51.0	EPC 640	69.4	55.8	**125.2**	54.4	44.1	**98.5**	6,147	11.1
		Total	**261.2**	**134.3**	**395.5**	**194.9**	**105.8**	**300.8**		

The Taroom and Collingwood JORC compliant Marketable Reserve estimate, which is entirely within pit shells designed for open-cut mining, is capable of being increased through:

- further drilling to increase Resource classification of Inferred Resources to Measured and Indicated, to allow for inclusion in Marketable Reserve estimates; and
- potential for highwall mining of coal seams which are not mined by open-cut methods over the full extent of the pit shells.

The Woori JORC compliant Marketable Reserve estimate represents the entire Reserve within economic pit limits.

Product coal is expected to be a bituminous thermal coal and benefit from a number of advantages including low sulphur and nitrogen content, which will make them attractive to many customers. Expected energy content is 5,900 kcal/kg Gross As-Received (6,200 kcal/kg Air Dried) which is similar to Blair Athol or Rolleston energy levels. We expect that Taroom, Collingwood and Woori coals will largely be combined into a single brand, 'North Surat Thermal', with the following approximate properties:

Energy As-received (kcal/kg gar)	5,800 - 5,900
Ash (% ad)	11.0 - 12.5
Total Moisture (% gar)	12.5 - 13.0
Nitrogen (% daf)	1.1 - 1.2
Sulphur (% ad)	0.35 - 0.38
Phosphorous (% ad)	0.005 - 0.007

During the course of completing a definitive feasibility study, the Company will promote North Surat Thermal coal to potential customers. It is expected that the coal will be of interest to a wide variety of customers throughout North and Southern Asia. Typical customers are expected to be UMPP/IPP proponents in India and South-East Asia, in addition to traditional markets of Japan, Korea, and Taiwan.

Statement of Compliance

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Dr Oliver Holm, geologist, who is a Member of the Australasian Institute of Mining and Metallurgy. Oliver Holm is a full-time employee of the Company who has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Oliver Holm has consented to the inclusion in this report of the matters based on his information in the form and context in which they appear.

The information in this report that relates to Ore Reserves is based on information compiled by Richard Hoskings, engineer, who is a Member of the Australasian Institute of Mining and Metallurgy. Richard Hoskings is a member of the Minserve Group and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Richard Hoskings has consented to the inclusion in this report of the matters based on his information in the form and context in which they appear.

For further information, contact Mark Lochtenberg or Peter Nightingale on (61-2) 9300 3333

Yours faithfully

Peter J. Nightingale
Director

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