

31 July 2014

**QUARTERLY REPORT FOR THE THREE MONTHS
ENDED 30 JUNE 2014****HIGHLIGHTS**

- In Principle Forest Area approval for BBM mine, haul road and port received on 1 July 2014
- In-Principal Forestry Permit approval confirms BBM mine, haul road and port as per the Definitive Feasibility Study. The In-Principal Forestry Permit is subject to pegging the approved boundary and providing various undertakings regarding rehabilitation and other matters
- Cokal has fully drawn US\$3.5 Million bridging loan from Platinum Partners
- Cokal and Platinum Partners working towards finalising the BBM project funding facility – To start construction in December quarter

EXPLORATION**INDONESIA*****BBM Project***

BBM's Production IUP covers an area of 14,980 hectares (ha), immediately adjacent to BHP Billiton's Juloi tenement, straddling the Barito River and has multiple seams of high quality metallurgical coal..

Highlights

- Completed detail geological mapping of proposed open pits Pit-03 and Pit-04 at BBM east Block.
- Completed measurements of water table level in boreholes in BBM East Block.
- Coal sampled from J seam test pit at eastern end of BBM Pit-03.
- Detailed geological mapping of proposed open pits Pit-01 continuing
- Reclamation completed for most exploration drill and campsites.

During the Quarter further detailed geological survey mapping in and around proposed BBM open pits Pit-01, Pit-03, and Pit-04 (see Figure 1 and 2) was carried out. Survey results are described as follow:

- a. Detailed geological mapping in Pit-01 recorded a total of 76 coal outcrops with thickness ranging from 0.20 – 1.80 m. Outcrops of seam group A, B, C, and D indicated thickness ranging from 0.40 – 1.80 m.
- b. Detailed geological mapping in Pit-03 recorded a total of 85 coal outcrops with thickness ranging from 0.20 – 1.60 m. Outcrops of Seam J indicated thickness ranging from 1.25 -1.57 m. A rider seam located above J seam has also been mapped with thickness ranging from 0.20 – 0.56 m.
- c. Detailed geological mapping in Pit-04 recorded a total of 26 coal outcrops with thickness ranging from 0.20 – 1.60 m. Outcrops of Seam J indicated thickness ranging from 1.36 -1.60 m. A rider seam located above J seam has also been mapped with thickness ranging from 0.20 – 0.40 m.

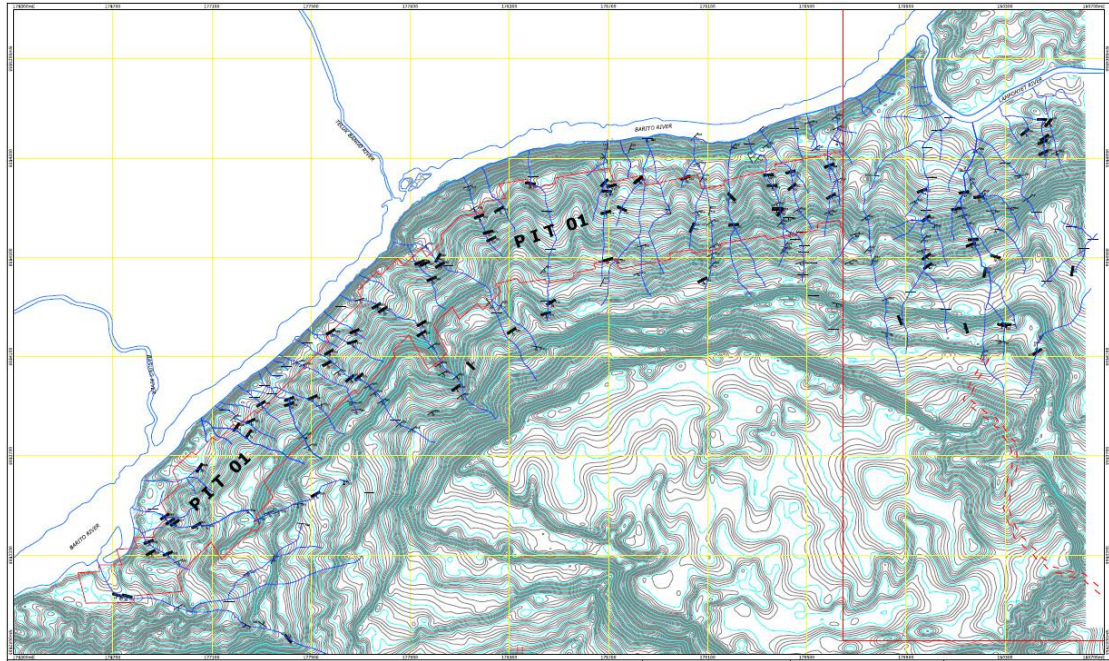


Figure 1: Detail Outcrop Mapping of the Initial Open Pit – 01 in BBM Block East

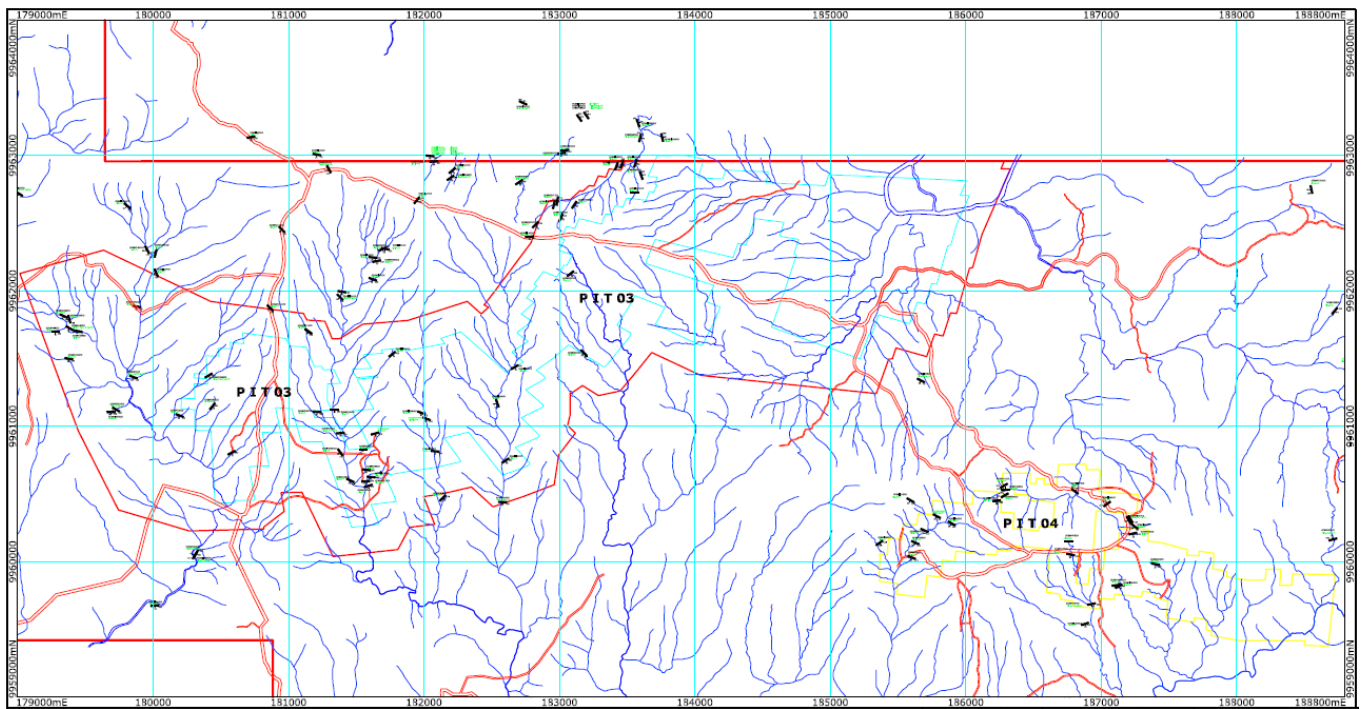


Figure 2: Detail Outcrop Mapping of the Proposed Mine Open Pit – 03 and 04 in BBM Block East

A comprehensive measurement of the water table levels of a total 133 borehole locations was carried out (see Figure 3 and 4). A model of the water table level provides information of ground water conditions in relation to the position of the coal seams and the planned open pits.



Figure 3: Water Table Measurements in Exploration Boreholes at BBM Block East

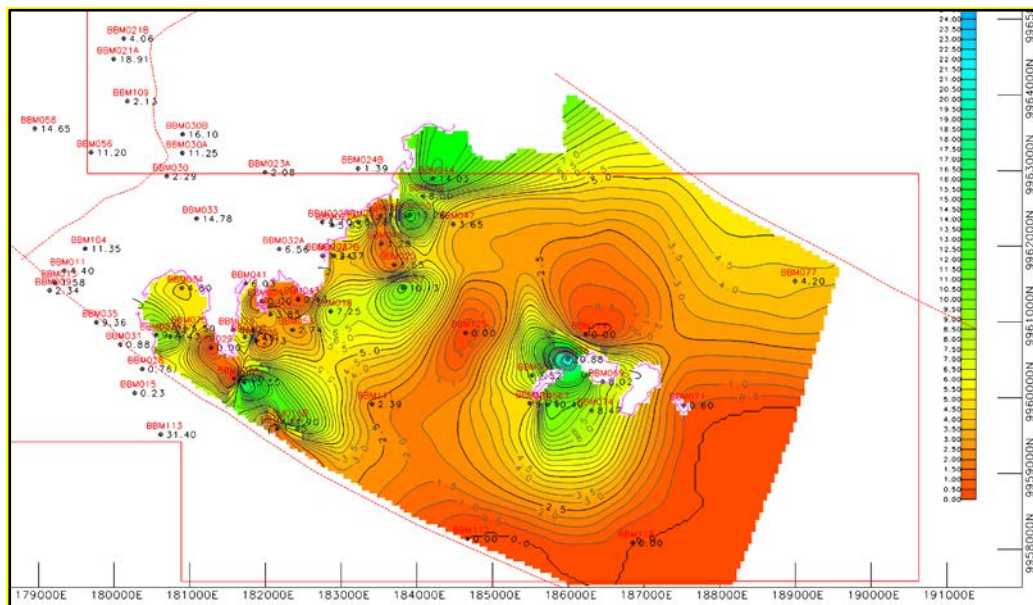


Figure 4: Depth Contour to Water Table Level of J Seam at BBM Block East Area

A test pit was developed at the eastern part of Mine Pit-03 (see figure 5 and 6) for the purpose of taking bulk samples of Seam J coking coal. The bulk samples were sent to a number of potential customers for assessment.

A total of 881kg of coal samples was collected and sent to ALS Lab in Brisbane for sample preparation before sending the samples to the potential customers. A total of about 230kg each of rock from immediate roof and floor has also been sampled and tested for detail dilution test material and detailed coal process design.



Figure 5: Coal Test Pit Sampling Process.

- A. Description of coal seam section
- B. Trenching sample
- C. Packing sample into drum
- D. Checking sample in drum
- E. Sample in drum
- F. Covered sample in drum by thick plastic

During this period the geology team have also been involved in reclamation works on exploration affected areas, including flying camps, drill sites, road access and on other areas disturbed by exploration activities.



Figure 6: Reclamation Activities in Exploration Area

- A. Plant Seeds in BBM's Nursery Area
- B. Pioneer Tree Planting at the Flying Camp Site
 - 1) Pioneer Tree
 - 2) Land Cover Crop (LCC)

BBP Project

No exploration activity was conducted on BBP during this period as all drilling and exploration resources have been deployed to BBM to assist in the delineation of the coal seam in the KLM area.

AAM and AAK Projects

Cokal has a 75% share of Anugerah Alam Katingan (AAK) and Anugerah Alam Manuhing (AAM) projects also located in Central, Kalimantan, Indonesia. The AAK project area comprises of 5,000ha and the AAM project comprises of 10,000ha.

Applications for the Exploration Forestry Permit (IPPKH) and Clean and Clear Certificates continue to be processed. Drilling is planned to commence once the Forestry permit for exploration activity is issued.

SNR Project

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Drilling is planned to commence once the Forestry permit for exploration activity is issued.

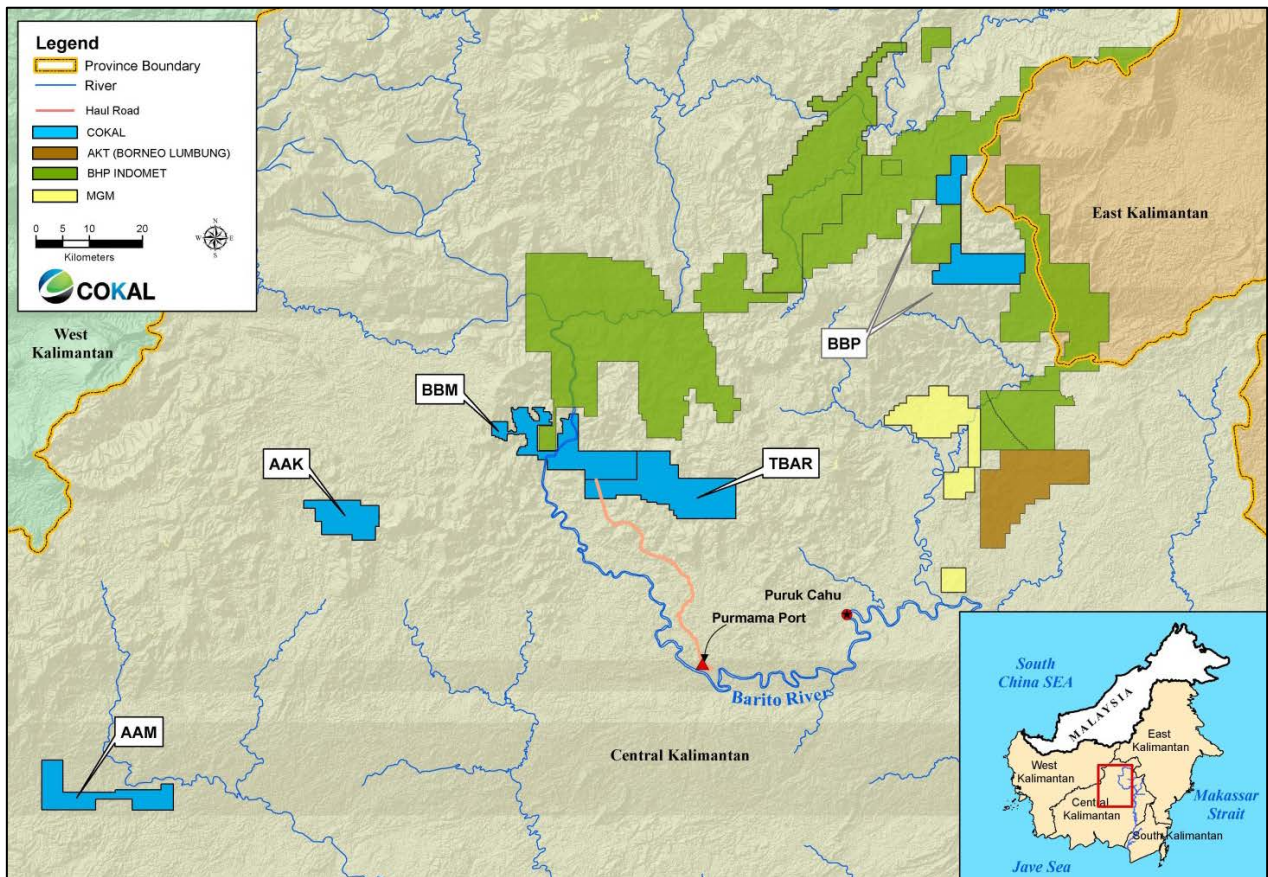


Figure 7: Locality Plan of the Central Kalimantan Coal Projects on the Island of Kalimantan
 - Cokal's Coal concession areas are shown in blue

AFRICA

Tanzania

No further work was conducted in Tanzania this quarter as Cokal's resources were focused on bringing the BBM coking coal project to production at the earliest time.

Mozambique

Cokal continues to focus on the development of the BBM project, but is maintaining a watching brief on Mozambique and watches carefully the events of current producers and explorers as they unfold.

DISCLOSURES REQUIRED UNDER ASX LISTING RULE 5.3.3

Mining tenements held at the end of the quarter and their location

Tenement Name	Location	% Ownership
PT Anugerah Alam Katingan (AAK)	Kalimantan, Indonesia	75%
PT Anugerah Alam Manuhing (AAM)	Kalimantan, Indonesia	75%
PT Bumi Barito Mineral (BBM)	Kalimantan, Indonesia	60%
PT Borneo Bara Prima (BBP)	Kalimantan, Indonesia	60%
PT Silangkop Nusa Raya (SNR)	Kalimantan, Indonesia	75.2%
PL6281	Tanzania	50%
PL5395	Tanzania	60%

Mining tenements acquired and disposed of during the quarter and their location

Not applicable this quarter

Beneficial percentage interests held in farm-in or farm-out agreements at end of the quarter and beneficial percentage interests in in farm-in or farm-out agreements acquired or disposed of during the quarter

The Company is not party to any farm-in or farm-out agreements.

PROJECT DEVELOPMENT

BBM DEFINITIVE FEASIBILITY

Following the release of the BBM Project Definitive Feasibility Study (DFS) during the previous quarter further costing, delivery confirmation and price enquiries have been carried out confirming the accuracy and robustness of the DFS

Previously the Study had confirmed that the BBM coal mine and associated transport system can be developed as a low capital cost operation with moderate to medium range operating cost. The DFS has identified that BBM's relatively low ash, low volatile, low sulphur, low phosphorus coking coal would command a high value as a blending feed in the premium coking coal market.

MINING

Discussions are continuing with several reputable mining contractors for the initial 2Mtpa direct shipping operation with positive responses from all groups reflecting contractors' spare capacity due to the softness of the thermal coal market.

HAUL ROAD

Based on the detailed design of the entire haul road route from the BBM mine site to the Purnama Barge loading jetty including the final bridge designs, all cut and fill quantities and identification of certain selected naturally occurring building materials along the route a Request For Quotation (RFQ) was issued to three respected contractors. Responses to our (RFQ) for the Haul Road Construction were received and are in agreement with the rates and pricing used in the Definitive Feasibility Study (DFS).

Further technical and commercial clarification meetings were held with the three respected civil construction contractors allowing contractual arrangements to be finalised expeditiously at the appropriate time.

BARGE LOADING FACILITY

We have received earthworks pricing for the Purnama Barge Loading Facility, which was part of the Haul Road Construction Request For Quotation submitted to prospective road construction contractors during this Quarter. The estimates were in line with the costing in the Definitive feasibility Study

RIVER BARGING

Our barging joint venture partner MDM Meratus in conjunction with Cokal has confirmed a "short list" of suitable shipyards for the construction of both the tugs and barges in China and Indonesia. Final detailed design is being completed and preparations are currently underway to place construction orders with the shortlisted shipyards once funding has been finalised

Since obtaining the Port location approval, work has commenced on obtaining design and construction approval of the facilities. The design and construction approval application will be submitted to the Department of Transport in Q3 2014.

RIVER TRANSLOADING STATION

Design and costing are completed on the river based transloading station to transfer coal from the river barging system for the upper Barito, to ocean going barges for delivery to offshore customer vessels via floating crane transshipping systems.

Final selection of the site of the transloading stockpile facility is currently being carried out and near completion with a number of potential sites available.

ENVIRONMENTAL REHABILITATION

Cokal continued last quarter to undertake environmental monitoring on site as part of ongoing baseline studies.

As part of the sustainability program Cokal established a service agreement with appropriately licenced contractors to collect and remove hazardous materials from site to be taken to appropriately licenced recycling or disposal facilities. Last quarter approximately 200 excess fuel and oil drums associated with exploration and development activities were collected from the on-site hazardous materials storage and taken to facilities located Banjarmasin for recycling.

Rehabilitation activities have continued over the last quarter with activities concentrating on finalising the rehabilitation of the exploration drill pads and access tracks, the riverside buffer area and the site access road.

The on-site nursery was expanded during the quarter to cater for the increase in progressive rehabilitation activities. At present there are approximately 5,000 plants in the on-site nursery to be used as part of the rehabilitation activities programmed for next quarter.



Figure 8 BBM onsite nursery inspected by Mines Department staff

APPROVALS & EXTERNAL RELATIONS

BBM PRODUCTION APPROVAL ADVANCES – UPDATE

Cokal received the Izin Princip Ijin Pinjam Pakai Kawasan Hutan or “In-Principal Forestry Permit” for its BBM Project. The In-Principle Forestry Permit is the last stage prior to the issuance of the “Borrow and Use of Forest Area Permit (Ijin Pinjam Pakai Kawasan Hutan (“IPPKH”)) which allows the Company to start construction and mining.

The In-Principal Forestry Permit has been issued for an area covering 1,242 ha which enables the development of the port, haul road and the initial development of the mine site once the conditions of the In-Principal Forestry Permit are met.

Cokal has now commenced finalizing the administrative processes, including the pegging of the In-Principal Forestry Permit boundary area. In addition to providing written undertakings regarding the payment of relevant taxes and rehabilitation, Cokal will spend the next Quarter completing the pegging of the Borrow and Use Forest Area. The timing on this will mainly be driven by the boundary pegging which requires approximately 2,000 concrete boundary pegs to be put in place at the boundary of the 1,242 ha operational area; however, it is expected that the pegging process will be completed in Quarter 3 2014.

Detailed land owner and land use mapping continued last quarter at the port and along the haul road corridor. Mapping of the port area and preparation of the necessary purchase documents has been completed. Approximately 25 kilometers in the northern half of the haul road corridor has no land owners identified and no domestic land uses present as the area is within forestry use areas. As such Cokal does not anticipate having to purchase land in this area. Of the remaining 25 kilometers where domestic land use and land ownership is present, approximately 10 kilometers of the corridor was mapped last quarter. Mapping of the remaining area within the haul road corridor will continue next quarter and mapping of the first development areas within the mine area will commence.

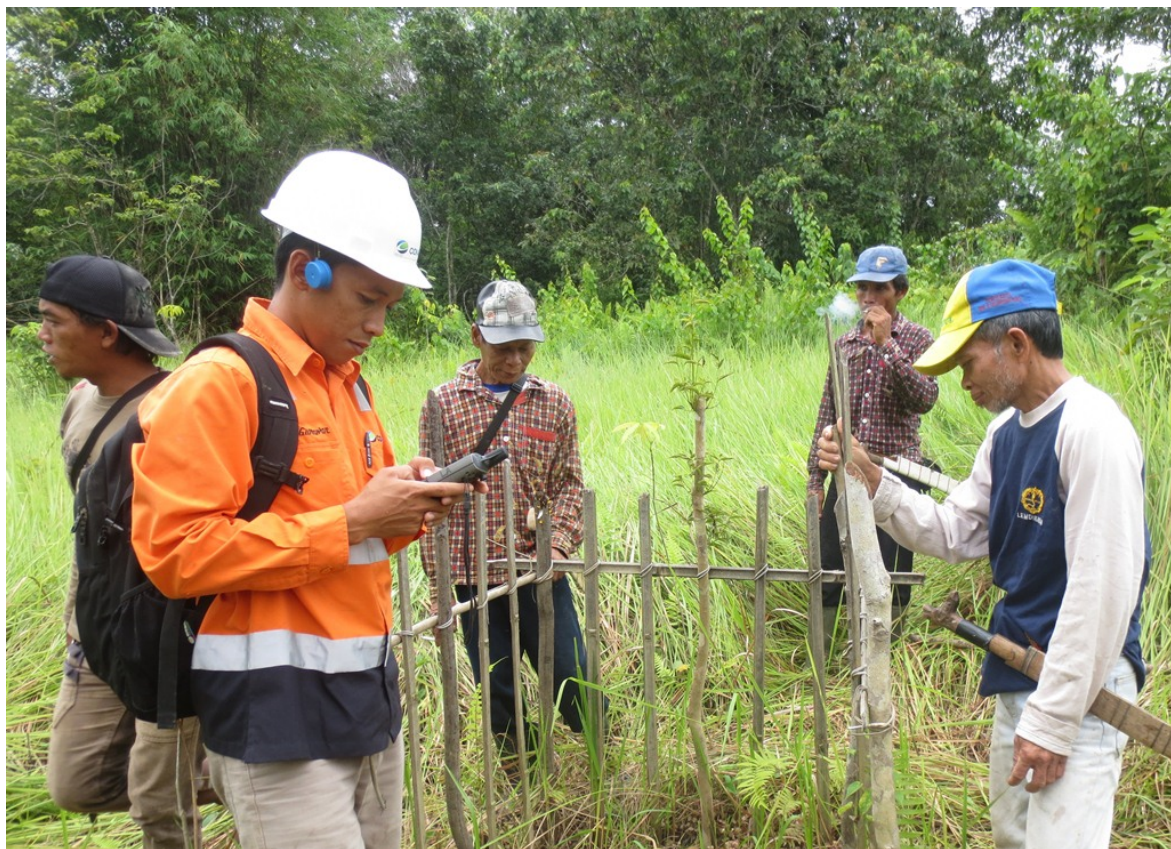


Figure 9 Land mapping for haul road



Figure 10 Cokal training program for first aid and emergency response

BBP PRODUCTION APPROVAL ADVANCES - UPDATE

The finalization of the upgrade of the IUP exploration to an IUP production / operation (Mining Lease), by the Murung Raya Regency Government, continued during the last Quarter. Some minor amendments were required in the application arising from discussions with the Murung Raya Mines Department. These amendments were completed and the administrative process and the issue of the IUP production / operation (Mining Lease) are now expected to be completed in Quarter 3.

Cokal has submitted its application for the Clean and Clear Certificate Exploration from the Director General of the National Mines Department formalising the previous award of Clean and Clear status. As reported previously award of the Clean and Clear certificate has been delayed due to workloads in the Mines Department. Cokal has had ongoing discussions with the Mines Department and it is now expected the granting of the certificate will occur in Quarter 3 2014.

TBAR EXPLORATION FORESTRY PERMIT

Whilst obtaining the In-Principal Forestry Permit for BBM has been the focus of Cokal activities over the last quarter, Cokal continued to progress the Exploration Forestry Permit for TBAR with the Central Kalimantan Provincial Government. Site visits by the Provincial Government are expected to occur during Quarter 3 2014 with the issue of the Provincial Government technical recommendation expected early Quarter 4 2014.

CORPORATE SOCIAL RESPONSIBILITY

Cokal has continued with the implementation of its Corporate Social Responsibility program. To date Cokal has undertaken the following programs:

- Continued to provide support for Tumbang Tuan village (local village to BBM) Junior High School through the sponsorship of four teachers. This program is being implemented in conjunction with the local Education Department.
- Provided medical support to local villages around the landing area at BBM through providing access to onsite medical staff.
- Cokal has continued with the implementation of its Palangkaraya University scholarship program. Work has commenced on a finalising a second cohort of scholarships. Once selected a total of 24 scholarships will have been awarded to Murung Raya Regency students since the inception of the program.
- In association with the mining and civil engineering faculties of the University of Palangkaraya Cokal has continued with its regular monthly series of lectures covering aspects of mining and mining infrastructure.

- Continued with a secondary and tertiary level design competition for a Mining Centre to be established in Puruk Cahu in the future. Competitors will come from the local technical high school and the provincial university.
- Cokal provided ARFF, ERT and Medical Response Training for the Murung Raya Communication Department staff associated with the ongoing management and operation of the Puruk Cahu airport. This training was lead by the Cokal HSDE team and was provided over a five day period. The focus of the training was theoretical and practical and included realistic training across a wide range of safety and / or emergency scenarios that may arise at the airport.
- Cokal celebrated World Environment Day 2014 by commencing in school tree planting program at the Tumbang Tuan Village. This annual tree planting program aims to provide the local schools in the Project area with plants from the on-site nursery to be planted in the local villages. Cokal aims to have a total of 5,000 plants established through this program by the end of 2015, and then continuing through the life of the project.
- Cokal is continuing with providing assistance to the Provincial scout association in the organisation and running of its annual provincial Jamboree.
- Cokal has identified a number of micro-businesses opportunities suitable for the nearby Tumbang Tuan village. These opportunities are associated with the provision of building materials for the project, and seed collection activities to assist with the ongoing rehabilitation activities. It is expected that this micro-business opportunities will be established and running in Quarter 3 2014.
- A fish farming trial has been established on-site using a number of local edible species. Should the trial be successful, the establishment of similar fish farms will offered to local villages as micro-business opportunities.



Figure 11 BBM staff at Safety and Health meeting



Figure 12 Workplace skills training at local technical high school



Figure 13 Students competing in the National Mining Student Competition



Figure 14 Centrosema Pubescens used as rehabilitation “cover crop” in bloom at BBM

ENDS

Further enquiries:

Peter Lynch
Chairman and Chief Executive Officer
Mobile: 0419 764 747

Andrew Crook
Media Enquiries
Mobile: 0419 788 431

About Cokal Limited

Cokal Limited (ASX:CKA) is an Australian listed company with the objective of becoming a metallurgical coal producer with a global presence. Cokal has interests in four projects in Central Kalimantan, Indonesia considered prospective for metallurgical coal. Cokal has also signed a joint venture to explore for coal in Tanzania with Tanzoz Resource Company Limited.

Forward Looking Statements

Statements regarding plans with respect to the Company's exploration properties are forward-looking statements. There can be no assurance that the Company's plans for development of its properties will proceed as currently expected. There can also be no assurance that the Company will be able to confirm the presence of additional deposits, that any mineralisation will prove to be economic or that a mine will successfully be developed on any of the Company's exploration properties.

Competent Person Statement

The information in this report relating to Mineral Resources is based on information compiled by Tri Yoso who is a Member of the Australasian Institute of Mining and Metallurgy and a full time employee of Cokal Limited.

Mr Yoso is a qualified geologist 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 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”.

Mr Yoso consents to the inclusion in the report of the matters based on the information, in the form and context in which it appears.