

31 January 2018

**QUARTERLY REPORT FOR THE THREE MONTHS
ENDING 31 December 2017****HIGHLIGHTS**

- Preparation for Exploration of BBM West Block and TBAR
- BBM Anak Project Progress Report
- Convertible Note Issue
- Coal Offtake Agreement Negotiated – Subsequently Rejected
- Settlement of Outstanding Obligations to TBAR
- Initial Coal Sale
- Research Coverage by APP Securities
- Favourable Outcome from Annual General Meeting

PROJECT STATUS**INDONESIA*****BBM Project***

BBM's Production IUP (mining licence) covers an area of 14,980 hectares (ha), immediately adjacent to Indomet's Juloi tenement, straddling the Barito River and has multiple seams of high quality metallurgical coal. BBM has all regulatory approvals in place, including:

- Mining License – 20 years with two further extensions of 10 years each
- Environmental Approval for a total of 6 million tonnes per annum
- Port Construction Approval
- Forestry Permit to commence mining activity.

As a foreign investment company (PMA), the IUP-OP for BBM has been transferred by the Murung Raya Regency to the Central Government (ESDM Jakarta) as required by recent changes in the mining regulations. Its decree adjustment process has now been completed. The new decree of BBM as "IUP-OP PMA" has been issued and signed by Head of Investment Coordination Board (BKPM) Jakarta on behalf of ESDM Minister, dated 22 September 2017 and will be valid until 29 April 2033.

BBM WEST BLOCK Exploration IPPKH Extension

Since the issue of the Borrow to Use Permit – Exploitation (IPPKH-OP) for the Eastern Block of the BBM project, Cokal has proceeded with the application for a Borrow to Use Permit – Exploration for the Western Block of BBM. This area consists of PCI and Anthracite coals close to the Barito River. The application is currently with the Planology Dept. at the Ministry of Environment and Forestry.

TBAR Project

TBAR's Exploration IUP (No.188.45/204/2012) covers an area of 18,850 hectares (ha), immediately adjacent to the south of BBM's tenement. TBAR's IUP (tenement license) is on the Clean and Clear List (CNC) with over 80% of the lease assigned as either production or limited production forestry lease, that is, it is available for exploration activity subject to the issuance of an exploration forestry permit. The application of exploration forestry permit was submitted in 2014 and continues to be processed by the Environment and Forestry Ministry of Indonesia.

Following its transfer process from Murung Raya to Provincial Government, Cokal continues its efforts to acquire regulatory approval for the IUP (exploration license) upgrade process application to a Production and Operation IUP (equivalent to a mining license).

BBP Project

Cokal owns 60% share in Borneo Bara Prima (BBP) project which covers 13,050Ha in Murung Raya Regency, Central Kalimantan.

BBP has been granted an Exploration Forestry Permit (IPPKH), and has been confirmed on the Central Government's Clean and Clear list. The IUP was transferred to the Central Government where it now awaits approval to be upgraded to a mining license (Produksi IUP).

No exploration activity was conducted on BBP during this period.

AAK Project

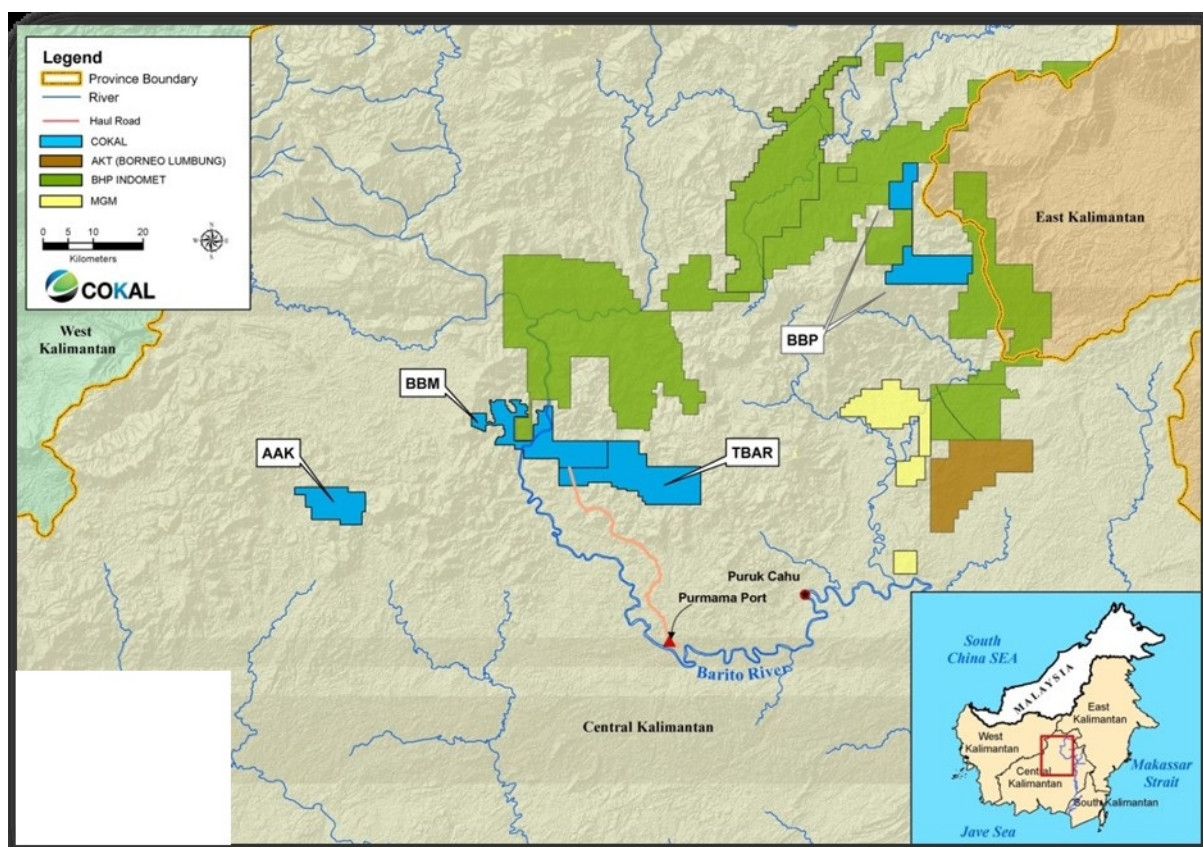
Cokal has a 75% share of Anugerah Alam Katingan (AAK) projects also located in Central, Kalimantan, Indonesia. The AAK project area comprises of 5,000ha.

Applications for the Exploration Forestry Permit (IPPKH) and Clean and Clear Certificates continue to be processed.

Cokal continues to monitor the progress of the regulatory upgrade approvals for AAK.

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

Tenement Name	Location	% Ownership
PT Bumi Barito Mineral (BBM)	Central Kalimantan, Indonesia	60%
PT Borneo Bara Prima (BBP)	Central Kalimantan, Indonesia	60%
PT Tambang Benua Alam Raya*	Central Kalimantan, Indonesia	75%
PT Anugerah Alam Katingan (AAK)	Central Kalimantan, Indonesia	75%



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

DISCLOSURES REQUIRED UNDER ASX LISTING RULE 5.3.3

GEOLOGICAL ACTIVITY

BBM Project

No exploration field activity was conducted during the last quarter period. Cokal's technical team continued detail mine planning and product quality control at the BBM Anak mining project.

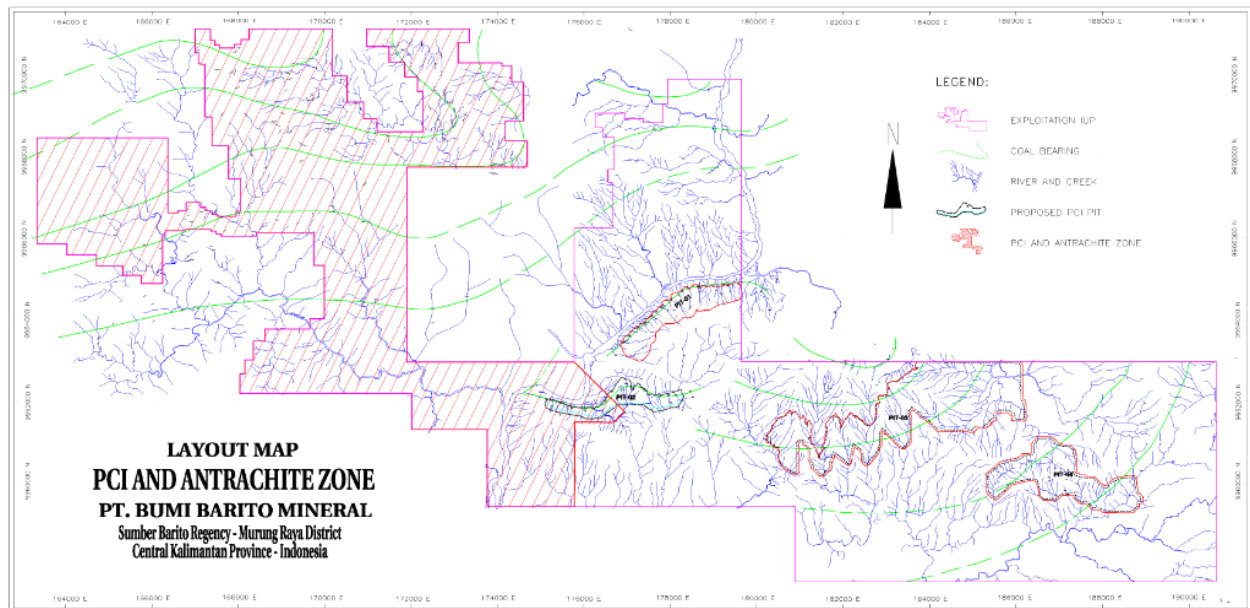
The Cokal technical team have also begun reconciliation studies for mining conducted to date at the BBM Anak operation. The studies include a comparison between the coal geological model (ie. thickness, dip, continuity, parting, roof and floor, interburden thickness, etc) and coal quality model (density, bulk density, total moisture, ash, volatile matter, and sulphur) with actual production records. The results from these studies will be incorporated in an updated geological model.

Cokal has also begun preparation work on a plan and budget for an exploration program on the western portion of BBM lease. Based on results from previous outcrop mapping at BBM West Block, some 130 coal outcrops were located and from analytical tests of the channel samples taken, both a premium PCI and Anthracitic coal types have been defined.

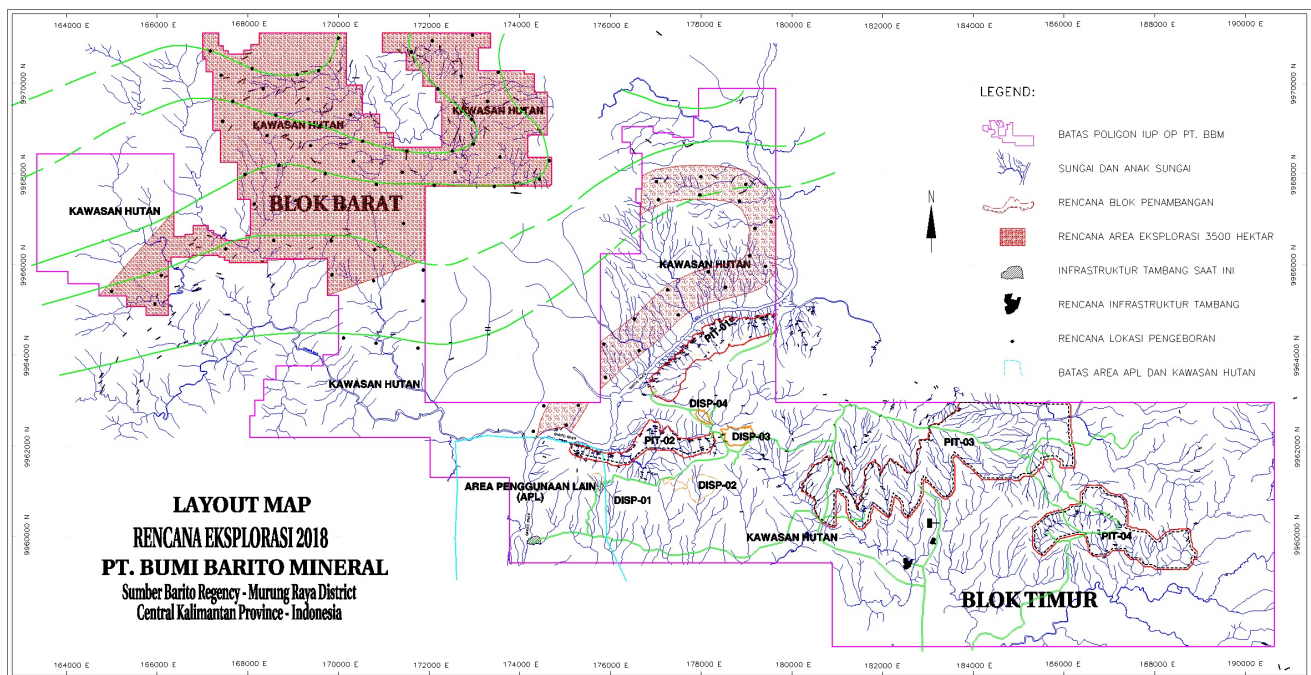
The exploration program consists of a detail outcrop mapping survey across the 3,500 hectares of target area and total of 50 drill sites comprising of both shallow and deep boreholes to provide geological and geotechnical information within BBM West Block. The program aims to delineate a potential coal resource specifically for open pit mining.

The exploration plans for BBM West and BBM East have also been documented in the Annual Work and Budget Plan for 2018 which was submitted and presented to the Indonesian Central Government's Energy, Mineral and Coal Department in Jakarta.

PCI and Antrachite Zone Area in BBM West Block



Exploration Target Area of 3,500 hectares in BBM West Block



TBAR Project

Cokal's exploration mapping program to date on TBAR Project has defined significant coal potential across the central, northern, western and southern blocks of the concession area. Mapping is yet to be completed in the eastern portion of the lease.

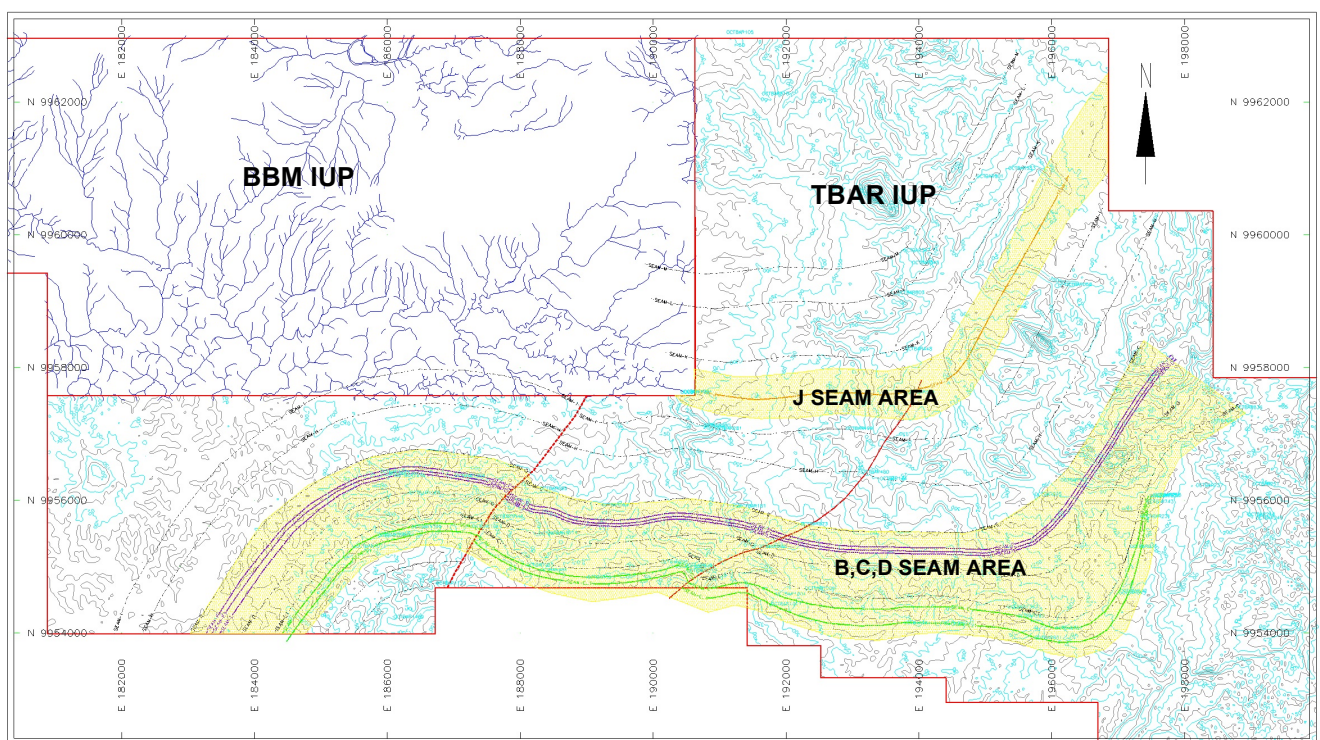
Based on the data collected from previous outcrop mapping activities, 69 coal outcrops ranging from 0.15m to 1.90m have been identified and sampled. According to the coal stratigraphic interpretation and the structure analysis across the area mapped, it is interpreted that coal seam strata in TBAR

Project is similar with the coal strata formed within BBM East Block Area (immediately adjacent to the north of TBAR). Interpretation of B,C, and D Seams have been interpreted to outcrop along 16km of strike whilst the J Seam was identified along 13kms of strike length. The outcrop strike lengths are interpreted to be more extensive than at BBM and indicate potential for a much greater resource of shallow open cut coal tonnages than delineated at BBM to date.

Based on the results of analytical testing of the coal samples, the coal quality results indicate generally the coal has minimum impurities including low-medium ash, low sulphur and ultra-low phosphorus as well as possessing very favourable metallurgical attributes sort after by steel makers in many countries.

From outcrop analysis to date, it is expected that all coal found in the TBAR project area will be Coking Coal.

Conceptual main seam target and exploration target area in TBAR Lease



MINING EVALUATION ACTIVITY

Cokal has initiated discussions with a major mining contractor in preparation for the construction and operation of the next stage of mining, the BBM PCI project. Cokal's technical team has provided data to the contractor for their assessment of the project in terms of mining costs.

BBM-Anak Project Progress

In October 2017 Cokal appointed a Mine Operation Manager, Reynold Immanuel. As Mine Operation Manager, Mr Immanuel will implement the mine plan and ensure BBM Anak operates efficiently and with a high level of safety meeting international standards.

Mr Immanuel has a strong background in managing mining operations in Kalimantan, including Project Manager, Putra Borneo Mandiri Sejahtera coal mine (South Kalimantan), Engineering

Manager, Kalimantan Prima Energy Group coal mining project in East Kalimantan, and Mine Operation Manager, Indomuro Kencana gold mine (Central Kalimantan).

The company continues to improve the facilities at the mine site such as drainage, sediment pits, haul road, stockpile areas and loading facilities. On going improvement of the infrastructures is one of the company's key priorities to ensure operational efficiencies and sustainability of mining activity.

In December company has established a local sale for the 10,000 tonnes of coal at the ISP.

This time of the year is regarded as the "wet season" in Kalimantan and since commencement of barging in August, the Barito River height has been abnormally higher than expected. However, since mid-December, there have been very few days of rain and the river height has been too low for barging. This unusual shallow event in the middle of the wet season is expected to be short-lived as heavy monsoonal rains are expected in the region as was evidenced by the recent cyclone nearby in the Philippines.

Meanwhile, all seven barges (approx. 2,200 tonnes in total) have been fully loaded ready for transportation to the ISP at Muara Teweh once the river height is adequate. The mining operation continues to build a stockpile of PCI coal at the mine port ready for barging.



Cokal's BBM Anak Coal Loaded onto 5,000-tonne Barge

CORPORATE SOCIAL RESPONSIBILITY

Cokal has continued with the implementation of its Community Development programs. Cokal has undertaken the following programs, which covered health, education, environmental awareness, and community empowerment aspects.

Regarding the health aspect, Cokal has continued to provide medical support to local villages around BBM through providing access to onsite medical staff.

Cokal has also continued its scholarship program with the selection of the new cohort of scholarship holders; Cokal has awarded scholarships to 13 local students from Murung Raya Regency to continue their next level of education at the University of Palangkaraya at in a variety of faculties.

During this quarterly period, Cokal has also initiated a Village Social Survey which involved 6 students who had received a University Scholarship from Cokal. The survey was conducted between 17 – 23 November 2017, and covered 7 of the nearest villages to the BBM project. As a result of this study and with the full assistance of the local students, Cokal has successfully identified important issues and needs of these village communities. The survey results will be valuable for designing and

implementing community development programmes in the future. Cokal will continue to conduct this survey for other nearby villages.



Villages' Social Survey by Cokal Scholarship Students, 17-23 November 2017

Following obligations of the BBM Forestry Permit (IPPKH-OP) obtained in August 2015, replanting programs are continuing in relation to the 'critical land rehabilitation project' at an appointed area along the Barito River banks near the BBM project area. These programs will be conducted with community involvement, planting 'productive trees' suggested by locals, and will be supervised and monitored by the relevant Forestry Offices from regency, provincial, and central government levels. Cokal has committed to fulfill both of IPPKH obligations and also sharing benefits from these programs with its local neighbors.

Cokal is still actively involved in a government program aimed at farmers and school children to stop large scale burning of forests which create at times serious problems with respiratory illnesses in young children and senior citizens. Also air travel is considerably disrupted including flight delays and airport closures in Indonesia, Singapore and Malaysia.

Cokal receives considerable support in our efforts from both local government officials, police and military. They consider our efforts to be extremely helpful due to the local governments' lack of resources in this remote region.



Inspection by local authorities with regard to Cokal's programme to reduce forest burning



CORPORATE RELATED MATTERS

Convertible Notes

In October 2017 the Company entered into a Convertible Note Agreement with MEF I, L.P. ("Magna"), whereby Cokal would raise up to AUD 4,000,000 through the issue of Convertible Notes in three tranches. The first tranche totalling AUD 2,000,000 was drawn in October 2017, with 1,577,234 Convertible Notes issued. As at 31 December 2017, Magna had converted 1,280,000 Convertible Notes to shares, with 297,234 Convertible Notes remaining.

Cokal decided not to draw down the second and third tranches under the Convertible Note Agreement (together totalling AUD 2,000,000), which have now lapsed.

Coal Offtake Finance Letter of Intent

During this quarter the Company was in negotiation with Renjian International Trading (Shanghai) Co Ltd ("Renjian") in respect of a coal offtake arrangement. As reported on 16 January 2018, as a consequence of intensive negotiations with Renjian, the outcome from extensive financial modeling demonstrated that the proposed discounts requested by Renjian to secure pre- funding proved to be unacceptable to Cokal.

While the proposed discounts discussed are workable in the current PCI market where the Platts LV PCI price is currently US\$151/tonne (FOB Australia), Cokal's Board was concerned that this unusually high price is most likely unsustainable. Consequently, Cokal believed that the extensive discounts would leave the Company exposed to losses over the 50 month period of the contract to supply coal to Renjian. With this in mind the Board was of the view that it is in the Company's and shareholders' best interests not to proceed with the terms discussed with Renjian, and to continue discussions with several parties who have engaged with the Company.

TBAR Project Settlement

During the quarter, Cokal reached a commercial settlement with the vendors of PT Tambung Benua Alam Raya (TBAR) in respect of the Company's 75% ownership in TBAR. TBAR is the owner of Exploration License IUP 188.45/204/2012 (the TBAR Project), which covers an area of approximately 18,850ha and is located adjacent to the southeast of the Cokal's BBM Project.

Consequently, Cokal has now cleared all outstanding vendor matters pertaining to its 75% interest in TBAR. Cokal owed USD\$2,750,000 (approximately AUD\$3,500,000) in vendor payments. The payments were subject to a number of post-completion requirements. Cokal and the vendors could not agree on the execution of the respective post-completion requirements and have therefore agreed on a substantially discounted settlement to remove all of these vendor liabilities from Cokal's 75% interest in TBAR. Cokal is now in a position to take control of these requirements and progress the administrative approvals in a more timely manner.

During the quarter the Company issued 25 million shares to the vendors of TBAR at an issue price of \$0.10 per share in full and final satisfaction of all post-completion amounts outstanding in respect of the acquisition. The settlement provides the vendors with the ability to participate in the successful development of the TBAR Project through their shareholding in Cokal.

Initial Coal Sales

In December the Company completed its maiden sale of 10,000 tonnes of coal to local buyers, with 50% of the total sale value received in December 2017. A further 30% of the total sale value was received in January 2018 when the loading of barges was completed and the remaining 20% of the total sale value will be received once the cargo is received by the customer.

APP Securities Company Research

During the quarter, APP Securities provided research coverage on the Company. A copy of the report can be accessed via the Company's website (www.cokal.com.au).

Annual General Meeting

Cokal's Annual General Meeting was held on Wednesday 29 November 2017 with all resolutions put to shareholders passed without amendment on a show of hands.

ENDS

Further enquiries:

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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, which are considered prospective for metallurgical coal.

Forward Looking Statements

This release includes forward looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "continue", and "guidance", or other similar words and may include, without limitation statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs. Forward looking statements in this release include, but are not limited to, the capital and operating cost estimates and economic analyses from the Study.

Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the company's actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licences and permits and diminishing quantities or grades of resources or reserves, political and social risks, changes to the regulatory framework within which the company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

Forward looking statements are based on the company and its management's good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the company's business and operations in the future. The company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the company's business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the company or management or beyond the company's control.

Although the company attempts to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be anticipated, estimated or intended, and many events are beyond the reasonable control of the company. Accordingly, readers are cautioned not to place undue reliance on forward looking statements.

Forward looking statements in this release are given as at the date of issue only. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information the company does not undertake any obligation to publicly update or revise any of the forward looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.

Competent Person Statement

The Total Coal Reserve estimate announced on 1st August 2017 is based on information compiled by Robert de Jongh who is a Member of the Australasian Institute of Mining and Metallurgy and an employee of ASEAMCO Pty Ltd. Mr de Jongh is a qualified mining engineer 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".

The Total Coal Resource estimate was announced on 29 April 2016, titled "Cokal announces updated JORC Resource Statement for Bumi Barito Mineral (BBM) Project". The information in the report relating to Mineral Resources is based on information compiled by Yoga Suryanegara who is a Member of the Australasian Institute of Mining and Metallurgy and a full time employee of Cokal Limited. Mr Suryanegara 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".

The Company confirms that it is not aware of any new information or data that materially affects the information included in the announcement made on 29 April 2016 and that all material assumptions and technical parameters underpinning the estimates in the announcement made on 29 April 2016 continue to apply and have not materially changed.

The information in this report relating to exploration results is based on information compiled by Patrick Hanna who is a fellow of the Australasian Institute of Mining and Metallurgy and is a consultant (through Hanna Consulting Services) to Cokal Limited. Mr Hanna 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 they are undertaking, to qualify as Competent Persons as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".