Half Yearly Report

31 December 2017

Cokal Limited ACN 082 254 1437
Half Yearly Report for the period ended 31 December 2017

Contents

Competent Person Statement:

The Total Coal Reserve estimate 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 the 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 Resources estimate was announced on 29 April 2016, titled "Updated JORC Resource Statement for BBM". The information in the report relating to Mineral Resources Is based on information compiled by Yoga Suryanegara who is a Member of the Australian 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 "Australian 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 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". Mr Hanna consents to the inclusion in the report of the matters based on the information, in the form and context in which it appears.

Corporate Information

DIRECTORS
Pat Hanna
Domenic Martino
Gerhardus Kielenstyn

COMPANY SECRETARIES
Louisa Youens
Teuku Juliansyah (CFO)

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ASX Code: CKA

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AUSTRALIAN BUSINESS NUMBER
ABN 55 082 541 437

Directors' Report

The directors hereby present the following half-year report for the period ended 31 December 2017.

The following persons were directors of the company during the whole of the half-year and up to the date of this report, unless otherwise stated:

- Domenic Martino – Non-Executive Director (appointed 24 December 2010) and Non-Executive Chairman (appointed 31 January 2017);
- Pat Hanna – Non-Executive Director (appointed 24 December 2010);
- Gerhardus (Garry) Kielenstyn – Executive Director (appointed 27 January 2017) and Chief Operating Officer (appointed 24 June 2016).

PRINCIPAL ACTIVITIES
The principal activities of the consolidated entity during the financial period were focused on the identification and development of coal projects within the highly prospective Central Kalimantan coking coal basin in Indonesia.

OPERATING RESULTS
For the half-year ended 31 December 2017, the loss for the consolidated entity after providing for income tax was US$4,433,086 (31 December 2016: US$ 10,138,455).

DIVIDENDS PAID OR RECOMMENDED
There were no dividends paid or recommended during the financial period.

CHANGES IN CAPITAL
There has been an increase in share capital in the current financial period as discussed below.

Share Placement
During July 2017, 19,444,445 shares were issued at AU$0.036 per share as part of the Company's capital raising strategy.

Convertible Notes
On 20 October 2017, the Company issued 1,577,234 Convertible Notes to MEF I, L.P. During the half-year, 1,280,000 Convertible Notes were converted to 41,792,086 shares.

Shares Issued on Conversion of Debt
During the half-year ended 31 December 2017, 875,000 shares were issued in payment of invoices.

Options Exercised and Shares Issued
During the half-year ended 31 December 2017, no ordinary shares were issued on exercise of options (31 December 2016: Nil).

At 31 December 2017, there were 655,204,235 shares on issue, and 56,000,000 unexpired options.

Directors' Report (Continued)

REVIEW OF OPERATIONS

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-Anak Project Progress

In October 2017 Cokal apointed 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 continued 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 sustanability of mining activity.

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

The half year to 31 December 2017 is regarded as the "wet season" in Kalimantan and since commencement of barging in August 2017, the Barito River height was abnormally higher than expected. However, from mid-December, there was very few days of rain and the river height was too low for barging.

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

Directors' Report (Continued)

BBM PCI Project

During the half-year Cokal 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 provided data to the contractor for their assessment of the project in terms of mining costs.

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.

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 the half-year.

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 submited 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).

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.

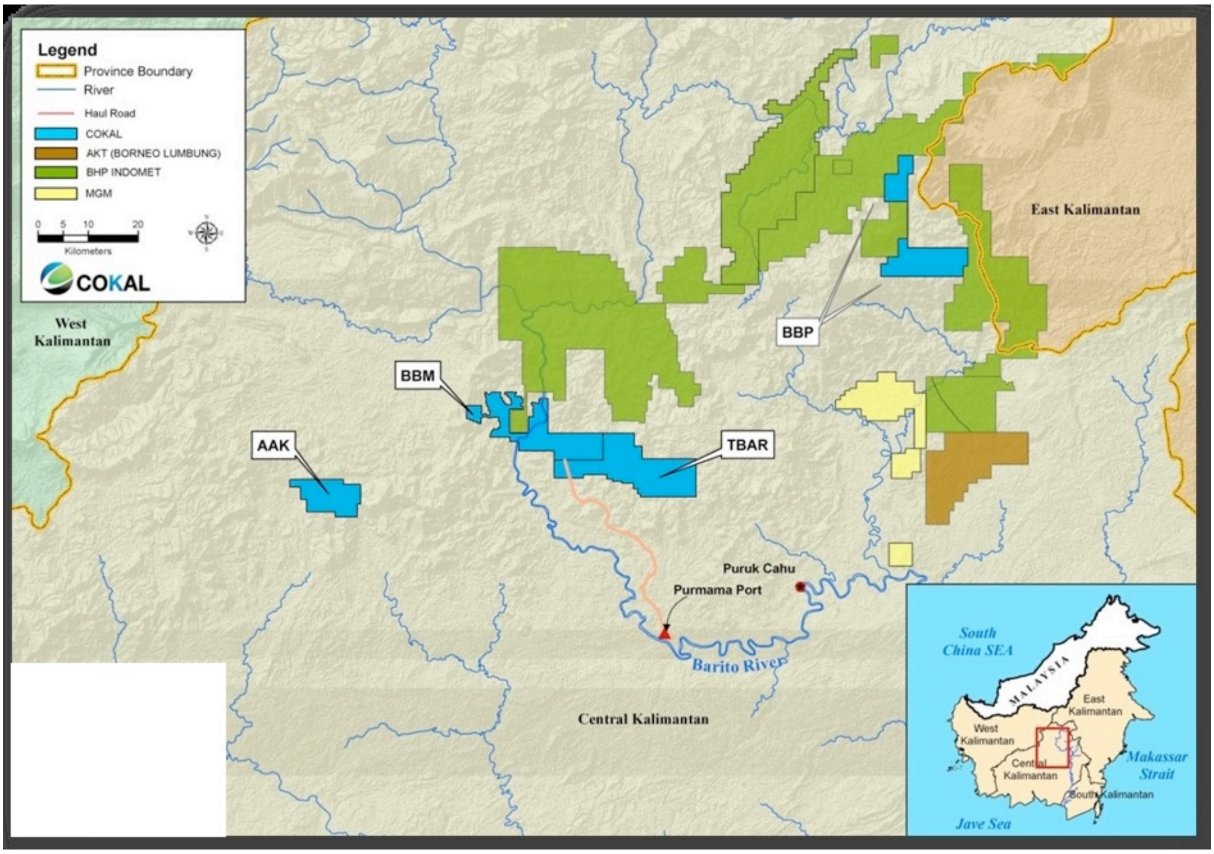
Applications for the Exploration Forestry Permit (IPPKH) and Clean and Clear Certificates continue to be processed.

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

Mining Tenements held at 31 December 2017 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 (TBAR)	Central Kalimantan, Indonesia	75%
PT Anugerah Alam Katingan (AAK)	Central Kalimantan, Indonesia	75%

Directors' Report (Continued)



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

Corporate Social Responsibility

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

CORPORATE

Notice of Annual General Meeting

The Annual General Meeting of Shareholders of Cokal Limited was held on 29 November 2017.

Debt Restructuring – Conversion of Loans to Platinum Partners to a Royalty Arrangement

On 22 July 2016, the Company announced that it had reached an agreement to convert certain loans outstanding into a production royalty, subject to the preparation of definitive agreements ("Debt Restructure Transaction").

The Company entered into a definitive royalty deed on 29 April 2017 under which the Company will be granted a discharge and release of its obligations in respect of the loans in exchange for a production royalty, subject to certain conditions being satisfied.

Shareholders approved the Debt Restructure Transaction at the Company's 2017 Annual General Meeting.

The Company is working through the conditions of the Debt Restructure Transaction required for the release and discharge of the loans.

Convertible Notes

In October 2017 the Company entered into a Convertible Note Agreement with MEF I, L.P. ("Magna"), whereby Cokal could raise up to AUD 4,000,000 through the issue of Convertible Notes in three tranches. The first tranche totaling 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 totaling AUD 2,000,000), which have now lapsed.

Directors' Report (Continued)

Coal Offtake Finance Letter of Intent
During the half-year 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 other parties who have engaged with the Company.

TBAR Project Settlement
During the half year, 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 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.

The Company has issued 25 million shares to the vendors of TBAR at an issue price of AUD$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 2017 the Company completed a sales contract in respect of 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 early January 2018 when the loading of barges was completed and the remaining 20% of the total sale value was received once the cargo was received by the customer at the end of January.

SUBSEQUENT EVENTS TO 31 DECEMBER 2017
On 2 January 2018, the Cokal issued 25 million ordinary shares to the vendors of TBAR in full and final satisfaction of all post-completion amounts, owing by the Company, is respect of its acquisition of TBAR. Coincident with the issue of share to the vendor, the liability of US$1,560,000 is transferred to share capital issue.

On 2 February 2018, Cokal successfully completed a capital raising totaling $1,507,300 (before issue costs) through the issue of 34,495,557 shares at an issue price of $0.045 per share, to sophisticated and professional investors.

AUDITOR'S INDEPENDENCE DECLARATION
The Auditor's Independence Declaration forms part of the Directors' Report and can be found on page 22.

Domenic Martino
Chairman

Sydney
16 March 2018

Cokal Limited
Interim Consolidated Statement of Comprehensive Income
For the half-year ended 31 December 2017

	Note	31 December 2017 US$	31 December 2016 US$
Other income	2	58	58,076
Employee benefits expenses		(576,353)	(532,924)
Depreciation		(16,031)	(39,648)
Arrangement fee	12	(996,198)	-
Production expenses		(1,595,391)	-
Finance costs	3	(583,583)	-
Legal expenses		(34,818)	(101,442)
Exploration expenditures derecognised		-	(9,177,568)
Administration and consulting expenses		(630,770)	(344,949)
Loss before income tax expense		**(4,433,086)**	**(10,138,455)**
Income tax expense		-	-
Loss for the period	3	**(4,433,086)**	**(10,138,455)**
Other comprehensive income		-	-
Total comprehensive loss for the period		**(4,433,086)**	**(10,138,455)**

Loss per share for loss attributable to owners of Cokal Ltd	**Note**	**Cents**	**Cents**
Basic Loss per Share	4	(0.72)	(1.75)
Diluted Loss per Share	4	(0.72)	(1.75)

The above Interim Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Cokal Limited
Interim Consolidated Statement of Financial Position
as at 31 December 2017

	Note	31 December 2017 US$	30 June 2017 US$
Current Assets			
Cash and cash equivalents		78,094	28,264
Short term deposits		138,916	138,916
Inventory		652,074	-
Accounts receivable		27,011	163,878
Other current assets		6,849	6,849
Total Current Assets		**902,944**	**337,907**
Non-Current Assets			
Property, plant and equipment	6	1,434,864	1,450,895
Exploration and evaluation assets	7	25,020,617	23,460,617
Other non-current assets		35,362	35,362
Total Non-Current Assets		**26,490,843**	**24,946,874**
TOTAL ASSETS		**27,393,787**	**25,284,781**
Current Liabilities			
Accounts payable and others		3,856,782	1,937,079
Revenue in advance		478,093	
Shares committed but not issued		1,560,000	-
Convertible notes	8	364,109	-
Interest bearing loans	9	13,892,302	13,892,302
Total Current Liabilities		**20,151,286**	**15,829,381**
TOTAL LIABILITIES		**20,151,286**	**15,829,381**
NET ASSETS		**7,242,501**	**9,455,400**
Equity			
Issued capital	10	86,928,201	84,752,154
Reserves	11	4,951,554	4,907,414
Accumulated losses		(84,637,254)	(80,204,168)
TOTAL EQUITY		**7,242,501**	**9,455,400**

The above Interim Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Cokal Limited
Interim Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2017

	Issued capital US$	Reserves US$	Accumulated losses US$	Total US$
At 1 July 2017	**84,752,154**	**4,907,414**	**(80,204,168)**	**9,455,400**
Total comprehensive loss for the period				
Loss for the period	-	-	(4,433,086)	(4,433,086)
Other comprehensive income	-	-	-	-
	-	-	(4,433,086)	(4,433,086)
Transactions with owners in their capacity as owners				
Issue of share capital	2,176,047	-	-	2,176,047
Share based payments	-	44,140	-	44,140
	2,176,047	44,140	-	2,220,187
At 31 December 2017	**86,928,201**	**4,951,554**	**(84,637,254)**	**7,242,501**
At 1 July 2016	**83,622,140**	**4,851,794**	**(68,350,423)**	**20,123,511**
Total comprehensive loss for the period				
Loss for the period	-	-	(10,138,455)	(10,138,455)
Other comprehensive income	-	-	-	-
	-	-	(10,138,455)	(10,138,455)
Transactions with owners in their capacity as owners				
Issue of share capital	1,130,014	-	-	1,130,014
Costs associated with issue of share capital	-	42,879	-	42,879
	1,130,014	42,879	-	1,172,893
At 31 December 2016	**84,752,154**	**4,894,673**	**(78,488,878)**	**11,157,949**

The above Interim Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Cokal Limited
Interim Consolidated Statement of Cash Flows
For the half-year ended 31 December 2017

	Note	31 December 2017 US$	31 December 2016 US$
Cash Flows from Operating Activities			
Receipts from customers		478,093	-
Payments to suppliers and employees		(2,007,072)	(1,236,423)
Interest and other income received		58	203
Finance costs paid		(181,304)	-
Payment of arrangement fee	12	(496,198)	-
Net cash outflow from operating activities		**(2,206,423)**	**(1,236,220)**
Cash Flows from Investing Activities			
Withdrawal in deposits maturing after three months		-	4,039
Proceeds from lease deposit		136,868	-
Net cash (outflow)/inflow from investing activities		**136,868**	**4,039**
Cash Flows from Financing Activities			
Proceeds from convertible notes issued		1,567,177	-
Proceeds from the issue of shares		552,208	1,130,014
Net cash inflow from financing activities		**2,119,385**	**1,130,014**
Net (decrease)/increase in cash and cash equivalents		49,830	(102,167)
Cash and cash equivalents at beginning of period		28,264	462,770
Net foreign exchange differences		-	18,572
Cash and cash equivalents at end of period		**78,094**	**379,175**

The above Interim Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Cokal Limited
Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2017

NOTE 1 GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) General Information
The consolidated financial statements of Cokal Limited for the half-year ended 31 December 2017 were authorised for issue in accordance with a resolution of the directors on 16 March 2018 and cover the consolidated entity (the "Group", "Cokal" or "Company") consisting of Cokal Limited and its subsidiaries.

Cokal Limited (the parent and ultimate parent of the Group) is a company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are described in the director's report.

b) Basis of preparation
This interim financial report for the half-year ended 31 December 2017 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001.*

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual report for the year ended 30 June 2017 together with any public announcements made by the Group during the half-year ended 31 December 2017 in accordance with the continuous disclosure obligations of the ASX listing rules. In addition, results for the half-year ended 31 December 2017 are not necessarily indicative of the results that may be expected for the financial year ending 30 June 2018.

The financial statements are presented in the US Dollars.

Apart from the changes in accounting policies noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

c) Going concern
At 31 December 2017, the Group's current liabilities exceed the current assets by US$19,248,342 (30 June 2017: US$ 15,491,474). This position is in large part due to the classification of the Group's debt with Platinum Partners (refer note 9) of US$13,892,302 and the Group's shares committed but not issued of US$1,560,000 at 31 December 2017 as current liabilities.

On 22 July 2016, Cokal announced it had reached an agreement with Platinum Partners for the conversion of all outstanding loans owing to them to production royalties. The royalties will be payable on 1% of the realised selling price of coal (FOB) from the Bumi Barito Mineral Project (BBM) and PT Tambang Benua Alam Raya (TBAR) projects up to a maximum of US$40 million. Under the arrangement, no minimum royalty is payable and the royalty is only payable as and when coal is mined and sold. On 29 April 2017, the Group entered into a Royalty Deed with Platinum Partners (refer note 9) to convert of all outstanding loans owing to them to production royalties (this formalised the agreement on 22 July 2016). The Royalty Deed is subject to a number of substantive conditions precedent which were not satisfied at 31 December 2017 or at the date of this report. As a consequence, the Platinum Partners debt is still due and payable at 31 December 2017.

On 2 January 2018, Cokal issued 25 million ordinary shares to the vendors of PT Tambung Benua Alam Raya ("TBAR") in full and final satisfaction of all post-completion amounts, owing by the Company, is respect of its acquisition of TBAR. Coincident with the issue of share to the vendor, the liability of US$1,560,000 is transferred to share capital issue.

On 2 February 2018, Cokal successfully completed a capital raising totaling $1,507,300 (before issue costs) through the issue of 34,495,557 shares at an issue price of $0.045 per share, to sophisticated and professional investors.

The financial report has been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. The ability of the Group to continue to adopt the going concern assumption will depend upon a number of matters including:

- Satisfaction of all conditions precedent and completion of the Royalty Deed with Platinum Partners and the conversion of all associated debt to a royalty on coal sold;
- The successful completion of additional capital raising (through debt or equity) prior to June 2018 to fund the Group's working capital requirements associated with the continuation of production at BBM Anak project (being a start-up operation at the larger BBM project);
- Continued production at the BBM Anak project and receipt of the associated cash inflows;

Cokal Limited
Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2017 (Continued)

NOTE 1 GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- The continued financial support of management and directors who have provided short term loans to the Group and continued willingness of creditors to extend payment terms to the Group until such time as cash flow are generated by the BBM Anak project; and
- The successful raising of sufficient funding, through debt, equity or other arrangements (or a combination of transactions) to progress the development of the larger BBM project, including meeting capital expenditure, tenement purchase commitments (refer note 12) and working capital requirements, until such time as the project's is in production and its revenues from coal sales are sufficient to meet its cash outflows.

Should these avenues be delayed or fail to materialise, the Group has the ability to scale back its activities to help the Group to manage to meet its debts as and when they fall due in the short term. However, this may result in the Group not satisfying the condition precedent contained in the Royalty Deed, which may require further re-negotiation of the arrangements with Platinum Partners. The Directors are confident given the current permitting and financing processes undertaken and announced to the market that the Group will be successful in its endeavours and will satisfy the conditions precedent in the Platinum Partners Royalty Deed.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities should the Group be unsuccessful in raising funds to enable it to realise its assets and discharge its liabilities in the ordinary course of business.

d) Changes in Accounting Policies
There are a number of new and amended Accounting Standards issued by the Australian Accounting Standards Board, which are applicable for reporting periods beginning on or before 1 July 2017 as detailed in the annual financial report as of 30 June 2017. The Group has adopted all the mandatory new and amended Accounting Standards issued that are relevant to its operations and effective for the current reporting period. There was no material impact on the half-year financial report as a result of the mandatory new and amended Accounting Standards adopted.

The Group has not adopted early any other standard, interpretation, or amendment that has been issued, but is not yet effective.

NOTE 2 OTHER INCOME

	31 December 2017 US$	31 December 2016 US$
Interest income	58	203
Gain on disposal of non-current assets	-	57,873
Total other income	58	58,076

Cokal Limited

Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2017 (Continued)

NOTE 3 LOSS FOR THE PERIOD

	31 December 2017 US$	31 December 2016 US$
Loss before income tax includes the following specific expenses:		
Depreciation on plant and equipment	16,031	39,648
Salaries and wages	408,187	307,721
Share-based payments (options) – to employees	2,416	42,879
Operating lease expense – minimum lease payment	46,097	116,859
Exploration expenditure de-recognised	-	9,177,568
Finance costs		
Interest on borrowings	43,961	-
Capital raising and Convertible Note costs	497,897	-
Expense relating to options issued	41,725	-

NOTE 4 LOSS PER SHARE

	31 December 2017	31 December 2016
Loss attributable to owners of Cokal Limited used to calculate basic and diluted loss per share (US$)	(4,433,086)	(10,138,455)
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	616,001,530	580,592,704
Adjustments for calculation of diluted earnings per share:		
- Options *	-	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted loss per share	616,001,530	580,592,704
Basic loss per share (cents per share) (US$)	**(0.72)**	**(1.75)**
Diluted loss per share (cents per share) (US$)	**(0.72)**	**(1.75)**

* Options are considered anti-dilutive as the Group is loss making. Options could potentially dilute earnings per share in the future. As at 31 December 2017, there were 56,000,000 (30 June 2017: 59,800,000) unlisted options on issue.

NOTE 5 DIVIDENDS AND FRANKING CREDITS

There were no dividends paid or recommended during the half-year period ended 31 December 2017 (30 June 2017: Nil). There were no franking credits available to the shareholders of the Group.

Cokal Limited
Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2017 (Continued)

NOTE 6 PROPERTY, PLANT AND EQUIPMENT

31 December 2017	Land US$	Computer equipment US$	Furniture and office equipment US$	Motor vehicles US$	Capital WIP US$	Total US$
Balance at 1 July 2017	31,526	1,816	258,542	-	1,159,011	1,450,895
Additions	-	-	-	-	-	-
Disposals/write-off	-	-	-	-	-	-
Depreciation expense	-	(498)	(15,533)	-	-	(16,031)
Carrying amount at 31 December 2017	**31,526**	**1,318**	**243,009**	**-**	**1,159,011**	**1,434,864**
30 June 2017						
Balance at 1 July 2016	31,526	3,277	297,463	1,499	1,168,254	1,502,019
Additions	-	-	-	-	-	-
Disposals/write-off	-	-	-	-	-	-
Depreciation expense	-	(1,461)	(38,921)	(1,499)	(9,243)	(51,124)
Carrying amount at 30 June 2017	**31,526**	**1,816**	**258,542**	**-**	**1,159,011**	**1,450,895**

NOTE 7 EXPLORATION AND EVALUATION ASSETS

	31 December 2017 US$	30 June 2017 US$
Non-Current		
Exploration and evaluation expenditure capitalised - exploration and evaluation phases	25,020,617	23,460,617
Movements in carrying amounts		
Balance at the beginning of the year	23,460,617	32,740,312
Additions / (disposals)^	1,560,000	(102,127)
Exploration expenditures derecognised *	-	(9,177,568)
Carrying amount at the end of the year	**25,020,617**	**23,460,617**

^Disposal during the year ended 30 June 2017 represents the sale of PT Silangkop Nusa Raya (SNR) project and PT Kenungau Nusa Raya (KNR) project. A gain of USD57,873 is recognised in the statement of comprehensive income in that period. The additions for the half-year ended 31 December 2017 represent liabilities associated with the agreed issuance of 25 million ordinary shares to the vendors of TBAR in full and final satisfaction of all post-completion amounts, owing by the Company, in respect of its acquisition of TBAR. The shares were issued to the vendors subsequent to 31 December 2017.

**The carrying amount of exploration and evaluation (E&E) assets at 31 December 2017 and 30 June 2017 represents only PT Bumi Burito Mineral (BBM). The Group determined recoverable amount of the BBM project using the Fair Value Less Cost of Disposal (FVLCD) methodology considering the entity as a single cash generating unit (consistent with the Group's primary focus on the BBM project and this being the only asset in respect of which E&E is carried forward). The FVLCD was determined using Enterprise Value (EV). EV is implied by Cokal's market capitalisation plus a control premium. At 31 December 2017, the Group assessed the BBM project's recoverable amount and determined no further impairment or impairment reversal was required. At 30 June 2017, the excess of recoverable value than the carrying value of E&E was de-recognised in the income statement for that period.*

Cokal Limited
Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2017 (Continued)

NOTE 8 CONVERTIBLE NOTES

	31 December 2017 US$	30 June 2017 US$
Current		
Fair Value of Convertible Notes on issue	1,927,730	-
Convertible Notes converted to shares	(1,563,622)	-
	364,109	**-**

During October 2017 the Company issued 1,577,234 Convertible Notes upon the receipt of US$1,567,177 (AUD$2,000,000) in cash from MEF I, L.P. ("Magna"). The face value of each Convertible Note is US$1.10. The notes are convertible to a variable number of ordinary shares at the option of the holder of the notes any time after issue. If not converted the notes mature and are repayable twelve (12) months after the issue date. The conversion price for each convertible note is the lower of a fixed price (being AUS$0.10 per share) or a share price each to 90% of the the four (4) lowest day VWAPs over the ten (10) day trading period immediately prior to the conversion. At the time of issuance, the difference between the fair value of the Convertible Notes being US$1,927,740 and the proceeds received of US$1,567,177 was recorded as a finance cost in the statement of comprehensive income. As at 31 December 2017, Magna had converted 1,280,000 Convertible Notes to shares, with 297,234 Convertible Notes remaining.

NOTE 9 INTEREST BEARING LOANS

	31 December 2017 US$	30 June 2017 US$
Current		
Platinum Partners facility	10,063,000	10,063,000
Blumont Group facility	3,827,302	3,827,302
Total Interest bearing loans	**13,892,302**	**13,892,302**

Blumont Group Facility

On 5 November 2013, the Group entered into a loan facility agreement with Blumont Group Limited (Blumont). Under this facility, the Group has drawn down US$3.4 million (30 June 2017: US$3.4m). The loan was repayable on demand on the third (3rd) anniversary of the loan drawdown date, being 5 November 2016. On 7 April 2016, Wintercrest Advisors LLC ("Wintercrest"), a subsidiary of Platinum Partners, agreed a Settlement Agreement with Blumont, pursuant to which the Blumont loan was assigned in full to Wintercrest. As a result, Wintercrest replaced Blumont as the lender under its facility agreement.

Platinum Partner/ Northrock Facility

Under the terms of various short-term loan facility agreements and a bridging loan facility agreement dated August 2015, the Group has borrowed a total of US$10,065,000 from various subsidiaries of Platinum Partners. At 31 December 2017, the full amount of the loan is due and payable to Northrock Financial LLC ("Northrock"), being subsidiary of Platinum Partners.

Conversion of loans from Northrock and Wintercrest to royalties

On 22 July 2016, Cokal announced it had reached an agreement with Platinum Partners for the conversion of all outstanding loans owing under the Wintercrest and Norfolk facilities to production royalties. The royalties will be payable on 1% of the realised selling price of coal (FOB) from the Bumi Barito Mineral Project (BBM) and PT Tambang Benua Alam Raya (TBAR) projects up to a maximum of US$40 million. Under the arrangement, no minimum royalty is payable and the royalty is only payable as and when coal is mined and sold. On 29 April 2017, the Group entered into a Royalty Deed with Wintercrest and Northrock (collectively the "Lenders") to convert of all outstanding loans owing to them to production royalties. The Royalty Deed is subject to a number of substantive conditions precedent. The conditions precedent include:

a) The completion of legal and commercial due diligence by the Lenders';

b) Approval by Cokal's shareholders;

c) The Lenders being provided security in the form of encumbering the the original mining tenements lodged with the Indonesian Authorities with the royalty and providing a charge over all of Cokal's interest in the BBM and TBAR projects;

d) Cokal evidencing to the satisfaction of the Lenders (in their sole discretion) it has completed a capital raising (debt, equity or a combination) to support the production of at least 100 ktpa of coal;

Cokal Limited
Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2017 (Continued)

NOTE 9 INTEREST BEARING LOANS (Continued)

e) Cokal evidencing to the satisfaction of the Lenders (in their sole discretion) that:

i. Cokal's production is not less than 8500 tonnes per month for a period of six (6) consecutive months;
ii. Cokal's production for three (3) months from the date of first production is not less than the monthly equivalent of 100ktpa;

provided the above three and six month period occur with 18 months of the Group satisfying the condition in (d) above; and

f) The Lenders have received and approved all financial budgets anticipated to meet the production targets in (d) and (e) above.

At 31 December 2017, the Lenders had completed due diligence and on 29 November 2017 Cokal's shareholders approved the transaction. As such conditions (a) and (b) were satisfied, but all of the other conditions precedent were outstanding. Consequently, the loans remain in force and repayable on demand at 31 December 2017.

During the half-year to 31 December 2017, the Group has successfully raised US$2,119,385 to fund the commencement of production at BBM (being BBM Anak project). As the Group agreed in principal to the conversion of the Wintercrest and Northrock debt to a royalty in July 2016, no interest expense has been recorded for the half-year ended 31 December 2017 or the year ended 30 June 2017. In the event, the Group is not able to satisfy the conditions precedent in the Royalty Deed, the Lenders may seek to retrospectively charge interest on amounts owing to them for the period. As such, the Group has determined it appropriate to disclose the debts as interest-bearing liabilities at 31 December 2017.

NOTE 10 ISSUED CAPITAL

	31 December 2017 US$	30 June 2017 US$
655,204,235 authorised and fully paid ordinary shares (30 June 2017: 593,092,704)	**85,304,362**	**84,752,154**

	31 December 2017		30 June 2017	
	Number	US$	Number	US$
At the beginning of the period/year	593,092,704	84,752,154	499,342,704	83,622,140
Share issue from capital raising (*net of capital raising costs*)	19,444,445	552,208	93,750,000	1,130,014
Shares issued to consultants**	875,000	60,217	-	-
Shares issued on conversion of convertible notes	41,792,086	1,563,622	-	-
At the end of the period/year	**655,204,235**	**86,928,201**	**593,092,704**	**84,752,154**

*** The share were issued in full satisfaction of trade payables incurred by the Group. The issue price of the shares was consistent with the market price at the time of issue.*

NOTE 11 RESERVES

	31 December 2017 US$	30 June 2017 US$
Share Based Payments Option Reserve	6,407,009	6,362,869
Translation Reserve	(1,455,455)	(1,455,455)
	4,951,554	**4,907,414**

Option Reserve

The option reserve records the value of options issued as part of capital raisings, and consultant services as well as expenses relating to director, executive and employee share options.

During the half-year ended 31 December 2017, Mr Gary Kielenstyn was issued 5,000,000 unlisted options on the following terms:

- 1,000,000 options with an exercise price of AUD0.12 and an expiry date of 22 December 2020, vesting when the Company has produced 100,000 tonnes of coal; and
- 4,000,000 options with an exercise price of AUD0.15 and an expiry date of 22 December 2020, vesting when the Company is consistently operating at a production rate for three months of 45,000 tonnes of coal per month.

Cokal Limited
Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2017 (Continued)

NOTE 11 RESERVES (Continued)
Translation Reserve
Translation reserve represents net exchange differences arising from the translation as a result of change in presentation currency to US Dollars from AUD effective 1 July 2014.

NOTE 12 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group has a number of contingent liabilities in respect of deferred purchase consideration for the acquisition its mining and exploration tenements. At 31 December 2017, the Group's contingent liabilities total US$18.0m (30 June 2017: US$20.70m) in respect of its BBM and PT Borneo Bara Prima (BBP) projects. The amounts are payable on the achievement of certain milestones, including but not limited to the establishment of certain JORC Inferred Coal Resources and the issuance of production operation IUPs (licences) and production forestry permit.

Payments which may be triggered by the commencement of development at BBM
Deferred purchase consideration
As part of the Group's acquisition of its interest in the BBM project, it was agreed an amount of US$10.0 million would be payable within 30 days of the issue of the Production/ Operations IUP (mining license granted under the Indonesian New Mining Law). On 1 May 2013, the Production/Operations IUP was granted but the payment to the vendor was deferred pending the issuance of the Forestry Production Permit (required to commence the construction and production). On 15 August 2015, Cokal received BBM's Forestry Production Permit.

On 3 March 2016, the Group executed a variation letter with the vendor whereby the parties agreed the obligation for $10.0 million payment would triggered when Cokal had sufficient funds to commencement of the construction/ development of the BBM project.

As part of the Directors' consideration of the ability of the Group to continue as a going concern (refer note 1 (c)), the Directors are aware some or all of the deferred consideration may be triggered by the commencement at the BBM Anak project. Uncertainty exists as to whether current activity at BBM Anak meets the condition of the funding of the development of the BBM project, as anticipated as part of the 3 March 2016 agreement between the parties. The Company remains of the view that the commencement of production at the BBM Anak project does not trigger the any requirement to pay the abovementioned US$10.0 million.

Given the potential uncertainty, the Company engaged with the vendors of the BBM project to clarify its interpretation of the agreement of 3 March 2016. As part of the negotiations and in good faith, the Company agreed to pay an arrangement fee of US$996,198 to the vendors for them agreeing to certain clarifications to the agreement of 3 March 2016. US$496,198 was paid at the time of executing the variation (this amount was paid during the half year ended 31 December 2017) and a further US$500,000 is payable, subject to certain conditions precedent including a capital raising. The full amount of the arrangement fee of US$996,198 has been recorded as an expense in the statement of comprehensive income during the half year ended 31 December 2017. The clarification to the 3 March 2016 agreement confirmed the Company's view no further payments, including the abovementioned US$10.0 million, are due or payable until the Company had entered into a substantial funding arrangement and/or commenced substantial production. No liability is recognised as at 31 December 2017 in respect this deferred purchase consideration as the Group had not secured funding to commence the construction/development of the BBM project.

At this time, the Group does not have sufficient funds to develop the larger BBM project or fund any portion of the US$10.0 million deferred consideration that may be payable. To the extent monies are required to be paid, the Group will need to raise capital to fund these payments.

Other commitments
In addition to the contingent liabilities for deferred purchase consideration detailed above, the Group has also executed a joint operating agreement with Meratus Advance Maritim (MAM), an Indonesian Group, to engage in the ownership of push tugs and barges for shallow river operations. The parties wish to establish a jointly owned company for this operation. The jointly owned company will manage the barging operation for the BBM project should production commence and other conditions precedent take place. Once the jointly owned company is incorporated, Cokal will hold 49% interest by contributing an estimated US$11 million (49% ordinary share capital of jointly owned company, Indonesian Rupiah 200 billion). No liability is recognised as at 31 December 2017 in respect the acquisition consideration for the jointly owned company. Given the conditions precedent, the Directors do not anticipate the estimated US$11 million will be payable in the coming 12 months. In the event the amount did become due and payable, the Group will need to raise capital to fund these payments.

The directors are not aware of any other significant contingent liabilities or contingent assets at the date of this report.

Cokal Limited
Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2017 (Continued)

NOTE 13 COMMITMENTS

	31 December 2017 US$	30 June 2017 US$
(a) Operating lease commitments		
Future minimum rentals payable under non-cancellable operating leases are as follows:		
Payable		
- not later than 12 months	46,097	188,927
- between 12 months and 5 years	-	-
- greater than 5 years	-	-
	46,097	**188,927**

NOTE 14 OPERATING SEGMENTS

AASB 8 requires operating segments to be identified on the basis of internal reports that are used by the chief operating decision makers (CODM) in order to allocate resources to the segment and to assess its performance. The CODM of the Group are the Board of Directors. For management purposes, the Group is organised into two main operating segments, which involves the exploration of coal in Indonesia and Australia. The Singapore operation was considered separately for corporate services.

	Australia US$	Indonesia US$	Singapore US$	Total US$
Segment performance for the half-year ended 31 December 2017				
Revenue				
Interest revenue	-	58	-	58
Total segment income	**-**	**58**	**-**	**58**
Production expenses	(29,024)	(1,566,367)	-	(1,595,391)
Arrangement fee	(996,198)	-		(996,198)
Depreciation expenses	(6,816)	(9,215)	-	(16,031)
Finance costs	(539,622)	(43,961)	-	(583,583)
Other expenses	(418,468)	(822,976)	(497)	(1,241,941)
Total segment expenses	**(1,990,128)**	**(2,442,519)**	**(497)**	**(4,433,144)**
Segment net loss before tax	**(1,990,128)**	**(2,442,461)**	**(497)**	**(4,433,086)**
Segment assets and liabilities as at 31 December 2017				
Inventory	-	652,074	-	652,074
Property, plant and equipment	168,888	1,265,976	-	1,434,864
Exploration and evaluation assets	-	25,020,617	-	25,020,617
Other segment assets	17,407	268,825	-	286,232
Total segment assets	**186,295**	**27,207,492**	**-**	**27,393,787**
Total segment liabilities	**15,312,927**	**4,772,585**	**65,774**	**20,151,286**

Cokal Limited
Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2017 (Continued)

NOTE 14 OPERATING SEGMENTS (CONTINUED)

	Australia US$	Indonesia US$	Singapore US$	Total US$
Capital expenditure for the half-year ended 31 December 2017				
Property, plant and equipment	-	-	-	-
Exploration and evaluation assets	-	-	-	-

	Australia US$	Indonesia US$	Singapore US$	Total US$
Segment performance for the half-year ended 31 December 2016				
Revenue				
Interest revenue	11	192	-	203
Other income	-	57,873	-	57,873
Total segment income	**11**	**58,065**	**-**	**58,076**
Depreciation	(18,764)	(20,884)	-	(39,648)
Exploration expenditures derecognised	-	(9,177,568)	-	(9,177,568)
Other expenses	(434,182)	(502,997)	(42,136)	(979,315)
Total segment expenses	**(452,946)**	**(9,643,384)**	**(42,136)**	**(10,196,531)**
Segment net loss before tax	**(452,935)**	**(9,643,384))**	**(42,136)**	**(10,138,455)**
Segment assets and liabilities as at 30 June 2017				
Property, plant and equipment	175,704	1,275,191	-	1,450,895
Exploration and evaluation assets	-	23,460,617	-	23,460,617
Other segment assets	127,632	245,637	-	373,269
Total segment assets	**303,336**	**24,981,445**	**-**	**25,284,781**
Total segment liabilities	**14,334,345**	**1,422,188**	**72,848**	**15,829,381**
Capital expenditure for the year ended 31 December 2016				
Property, plant and equipment	-	-	-	-
Exploration and evaluation assets	-	-	-	-

The accounting policies applied for internal reporting purposes are consistent with those applied in the preparation of these financial statements.

Cokal Limited
Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2017 (Continued)

NOTE 15 EVENTS AFTER THE REPORTING PERIOD

On 2 January 2018, the Cokal issued 25 million ordinary shares to the vendors of TBAR in full and final satisfaction of all post-completion amounts, owing by the Company, is respect of its acquisition of TBAR. Coincident with the issue of share to the vendor, the liability of US$1,560,000 at is transferred to share capital issue.

On 2 February 2018, Cokal successfully completed a capital raising totaling AU$1,507,300 (before issue costs) through the issue of 34,495,557 shares at an issue price of $0.045 per share, to sophisticated and professional investors.

Declaration by Directors

In accordance with a resolution of the directors of the Cokal Limited, I state that:

In the opinion of the directors:

a) The financial statements and notes of the Group for the half-year ended 31 December 2017 are in accordance with the Corporations Act 2001, including:
   i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
   ii. complying with accounting standards and the Corporations Regulations 2001
b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the board

Domenic Martino
Chairman

Sydney
16 March 2018

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Auditor's Independence Declaration to the Directors of Cokal Limited

As lead auditor for the review of Cokal Limited for the half-year ended 31 December 2017, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review*;* and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Cokal Limited and the entities it controlled during the financial period.

Ernst & Young

Andrew Carrick
Partner
16 March 2018

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Independent Auditor's Review Report to the Members of Cokal Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Cokal Limited (the "Company") and its subsidiaries (collectively the "Group"), which comprises the statement of financial position as at 31 December 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of description of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2017 and of its consolidated financial performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to Note 1 (c) in the half-year financial report, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on 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 half-year financial report. The half-year financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the entity not continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year 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 half-year 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, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2017 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year 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*.

Ernst + Young

Ernst & Young

Andrew Carrick
Partner
Brisbane
16 March 2018