

31 July 2020

**QUARTERLY REPORT FOR THE THREE MONTHS
ENDING 30 JUNE 2020**

HIGHLIGHTS

- **5 Year Mining Plan updated**
- **Mining contract tenders for BBM in final stages of negotiation**
- **Access road reconstruction to start**
- **HSM on track to construct shallow draft self propelled barges**

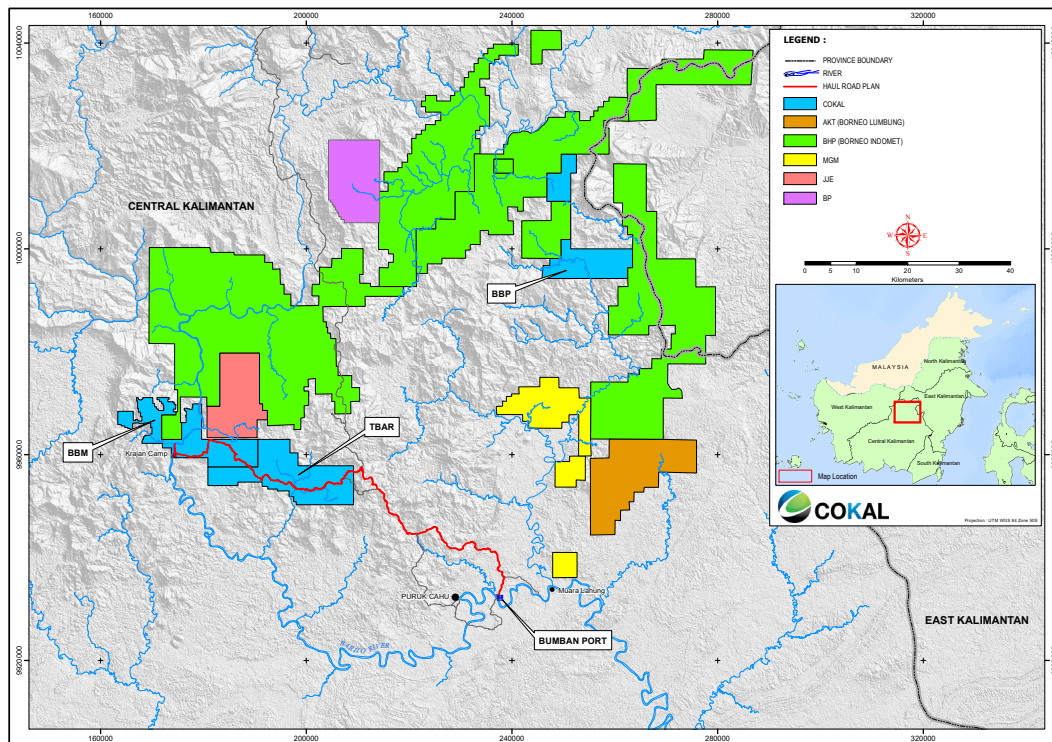
INDONESIAN COAL ASSETS

Cokal holds shares in the following Indonesian coal assets in Central Kalimantan, each with known resources of metallurgical coal:

- 60% of the Bumi Barito Mineral (BBM) project located in Central Province, Kalimantan, Indonesia. The BBM project area is 14,980ha;
- 75% of PT Tambang Benua Alam Raya (TBAR) which owns an exploration tenement covering an area of approximately 18,850ha in Central Province, Kalimantan, Indonesia. This tenement is located adjacent to and southeast of the BBM project;
- 60% of the Borneo Bara Prima (BBP) project located in Central Province, Kalimantan, Indonesia. The BBP project area is approximately 13,050ha;
- 75% of the Anugerah Alam Katingan (AAK) project. This project is also located in Central Province, Kalimantan, Indonesia and has an area of approximately 5,000ha. AAK is currently on 'on-hold' status by Provincial Police Department (Polda Kalteng). The Police have investigated a dispute over the ownership of AAK pre-dating Cokal's interest in the Project. Cokal is an aggrieved party and will await the outcome of the Police investigation.

There was no change in these shareholdings during the quarter.

BBM, TBAR, BBP and AAK are located adjacent to Indomet's extensive coking coal tenements. The Company is currently focussed on the development of the BBM Project.



Cokal's Coking Coal Tenements

Bumi Barito Mineral (BBM) Tenement

BBM's permit covers an area of 14,980ha with multiple seams of high quality metallurgical coal. BBM has regulatory approvals in place including:

- Mining Licence for 20 years with two further extensions of 10 years each
- Environmental approval for a mining rate of 6Mt per annum
- Port construction approval
- Forestry Permit to commence mining activity
- RKAB approval of its annual plan.

BBM will be the first area to be mined by Cokal commencing in 2020.

BBM is dissected by the Barito River, which cuts through the tenement in a north-south trend. Almost the entire IUP contains coal-bearing sediments with open cut mineable areas controlled by three major fault systems. Coal analyses from more than 130 outcrops on the west side of the Barito River indicate that it contains premium quality anthracite and PCI coals. This coal does not currently form part of the stated BBM coal resources and therefore provides significant potential for future expansion of BBM resources.

Approval is being sought to extend the mining approved area into the eastern part of Pit 2.

No exploration activity or mining production was conducted by Cokal at BBM during the quarter. However the five year mine plan was updated to form the basis for a mining contract. This coal will be hauled over a 98km road to a barge loading jetty at Bumban on the Barito River.

Tambang Benua Alam Raya (TBAR) Tenement

TBAR's exploration authority covers an area of 18,850ha immediately adjacent to and south of Cokal's BBM tenement. Outcrop mapping of four seams over 17km strike length indicates a substantial resource of high grade coking coal in this deposit. It is believed these seams correlate to the B, C, D and J seams in the adjacent BBM deposit.

Extension of the IUP for exploration was received on 28 February 2020. Over 80% of the tenement area is available for exploration (20% being forestry area). An exploration plan has been prepared to evaluate the tenement's resource and to delineate Resources and Reserves under the JORC code. This will enable submission of an application for a Production and Operation IUP within two years. The Production and Operation IUP will be equivalent to a mining licence.

No exploration activity or mining production was conducted at TBAR by Cokal during the quarter.

The haul road from BBM to the jetty at Bumban passes through the TBAR tenement and provides a notional 75km access road to port when the mine is developed.

Borneo Bara Prima (BBP) Tenement

Cokal's BBP project 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 licence (Production and Operation IUP).

A business licence decree for operation foreign mining production (IUP OP PMA) from the Capital Investment Coordination Board Centre (BKPM) was received in Q1 2019. Work plans and the budget (RKAB) 2019 have been submitted to the government (Directorate General Minerals and Coal).

No exploration activity was conducted in BBP during the quarter.

Anugerah Alam Katingan (AAK) Tenement

Cokal's AAK project covers 5,000ha in Central Kalimantan. 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.

No exploration activity was conducted on AAK during the quarter.

BBM PROJECT ACTIVITIES

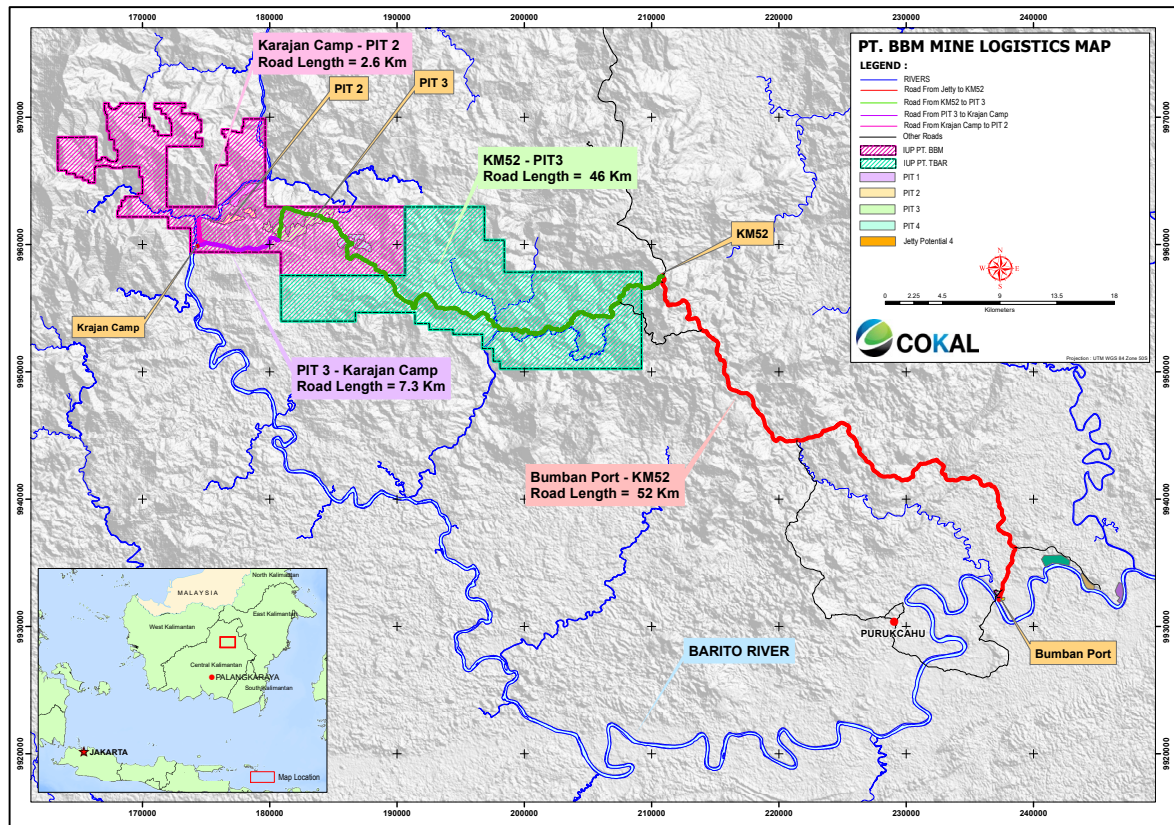
The Bathymetric Survey completed jointly by Cokal and HSM Marine indicated the site furthest downstream was preferred when viewed from the water side only. However this site will be subject to flooding, an important parameter to consider in the Upper Barito River. A fourth site not included in the bathymetric survey looks favourable from the land side. This is now being assessed. The bathymetric survey identified an acceptable navigation channel for shallow draft self propelled barges from the jetty sites being considered to below the Muara Teweh bridge, at which point the coal will be transferred into conventional 8,000t towed barges for the remainder of the voyage.

Cokal called for tenders from Tier 1 contractors to:

- remove overburden and interburden at its BBM mine
- mine coal at BBM
- transport coal from BBM mine to the Intermediate Stockpile (ISP) and barge loader at Bumban (Muara Lahung).

A shortlist of two was selected and negotiations are nearing conclusion.

The 98km road from BBM Pit 3 to Bumban jetty has been assessed in detail, including a drone survey over half its length, and a plan developed to gain road access to the BBM site to enable contractors to mobilise. Following this the road will be upgraded to be a suitable all weather haul road to the jetty at Bumban.



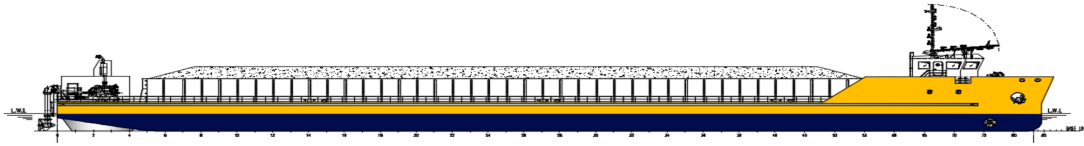
BBM Mine Logistics

The key aspect for the reconstruction of the 46km road from Pit 3 to the 52km road junction is the 52 culverts and bridges to be repaired. The logging company who built and used the road previously has been engaged to assist Cokal to construct these culverts and bridges and to resolve any social issues along the route. The access road has some steep sections which need to be corrected by cut and fill. Sources of gravel have been identified to enable the final road to be usable in all weather. An andesite deposit at the mid point of the haul road has the potential to be a long term reliable source of gravel.

BBM has secured an exclusive permit to use the haul road from Pit 3 to the 52km intersection.

Where the road crosses the outcrop of the J seam a comprehensive screening test will be undertaken to determine the extent to which the ash can be liberated by screening only, instead of screening and water washing. Most of the ash in the run of mine (ROM) coal is attributable to three thin mudstone bands (partings) in the coal seam. These partings are much harder in contrast with the soft coal and therefore is expected to be readily liberated using the screens. It is expected that the average 13% ROM ash can be reduced to less than 7% ash which, combined with the low sulphur and ultra low phosphorus, will be easily marketed compared with most coking coals on the market.

HSM has finalised its design of shallow draft 3,000t self propelled barges to provide year round transport of coal to below the Muara Teweh Bridge at which point coal will be transferred to conventional towed 6,000t to 8,000t barges. HSM is designing a custom floating transfer vessel to be moored at this point in the river.



3,000t Self Propelled Shallow Draft Barge Schematic

The main design elements of these barges include:

- deck mounted azimuth thrusters which rotate 360 degrees to propel and steer the barge
- bow thruster to assist
- forward controls for optimum visibility and control
- operates fully loaded in 3m water depth.



100m long barges will be able to rotate in a little over their length to be highly maneuverable.

CORPORATE ACTIVITY

Conversion of Balance of Platinum Debt to Royalty

During the period the Company consented to the assignment of its Blumont Loan and Northrock Loan (together the “Platinum Loans”) to Alpine Invest Holdings Ltd. As part of Cokal’s consent to the assignment of the amounts payable, the conditions for the conversion of the debt to a royalty have been waived.

General

In May 2020 Cokal raised a short term debt facility from Aahana Minerals Resources SDN BHD. The facility is unsecured and interest is calculated as Singapore Interbank Offered Rate (SIBOR) + 3% per annum. The facility will be used to fund activities to commence initial road works preparations and for working capital.

The Company had US\$779k in cash at the end of the quarter. During the quarter the aggregate amount of payments made to related parties and their associates for director fees, consulting fees, company secretarial fees and Sydney office rental fees totalled US\$43k. In addition, a payment of US\$41k was made to a related party for a screening machine purchased during the quarter.

During the quarter US\$165k was spent on development and production expenditure. Details of the activities carried out during the quarter are set out in this report.

The Company appointed Ms Yuan Yuan (Miranda) as joint Company Secretary during the quarter.

COVID-19

Both Indonesian and Australian operations have responded to the COVID-19 virus pandemic. Staff and contractors have been minimally impacted and operations continue as planned. There have been some delays with finalising contracts due to travel restrictions, with analysis of contractor bids for mining operations and finalisation of the infrastructure agreement with China Rail delayed.

The Company has a focus on the well-being of its staff, contractors and the broader community and has implemented measures to ensure their well-being including; health screening and temperature monitoring, spatial distancing protocols, a high level of hygiene, change in flow of staff to and from the local community, and the minimisation of staff in the Jakarta and Sydney administrative offices.

ENDS

Further enquiries:

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Non-Executive Chairman

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This ASX announcement was authorised for release by the Board of Cokal Limited.

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 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.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Cokal Limited

ABN

55 082 541 437

Quarter ended ("current quarter")

30 June 2020

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (12 months) US\$'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	-	-
	(b) development	(150)	(616)
	(c) production	(15)	(108)
	(d) staff costs	(143)	(633)
	(e) administration and corporate costs	(126)	(808)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	11
1.5	Interest and other costs of finance paid	(1)	(4)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(434)	(2,158)
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(69)	(109)
	(d) exploration & evaluation (if capitalised)	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (12 months) US\$'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(69)	(109)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	3,186
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(244)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(4)	(4)
3.10	Net cash from / (used in) financing activities	(4)	2,938

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,182	127
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(434)	(2,158)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(69)	(109)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(4)	2,938

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (12 months) US\$'000
4.5	Effect of movement in exchange rates on cash held	104	(19)
4.6	Cash and cash equivalents at end of period	779	779

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter US\$'000	Previous quarter US\$'000
5.1	Bank balances	779	1,182
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	779	1,182

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter US\$'000
43
41

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end US\$'000	Amount drawn at quarter end US\$'000
7.1 Loan facilities		
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities		
7.5 Unused financing facilities available at quarter end		300
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
Loan facility of US\$300,000 provided by Aahana Minerals Resources SDN BHD. The facility is unsecured and interest is based on Singapore Interbank Offered Rate (SIBOR) + 3% per annum.		

8. Estimated cash available for future operating activities	US\$'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(434)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(434)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	779
8.5 Unused finance facilities available at quarter end (Item 7.5)	300
8.6 Total available funding (Item 8.4 + Item 8.5)	1,079
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	2.5 Quarters

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 July 2020

Authorised by: The Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.