T +61 7 3001 4100
E info@cokal.com.au

Level 34, Riverside Centre, 123 Eagle Street, Brisbane QLD 4000
PO Box 7122, Brisbane QLD 4001

ABN 55 082 541 437 (ASX: CKA)
www.cokal.com.au

ASX ANNOUNCEMENT
29 January 2015

COKAL ANNOUNCES UPDATED JORC RESOURCE STATEMENT FOR BUMI BARITO MINERAL (BBM) PROJECT

HIGHLIGHTS

- **Total Coal Resource estimate of 266.6Mt at BBM.**
- **Comprised of 19.5Mt Measured (an 85% increase on previous estimate), and 23.1Mt Indicated Resources (a 70% increase on previous estimate).**
- **Measured and Indicated Resource increase attributed to the addition data from outcrop mapping and sampling of B, C and D Seams**
- **Measured and Indicated Resources encompass BBM's open pit 10 year schedule at 2mtpa**
- **B, C and D Seams Measured and Indicated Resources confirm <7% ash content for initial 18 months mine schedule without the need for beneficiation.**
- **Large portion of BBM Resource is amenable to underground mining due to very favourable ground conditions**
- **New Indonesian Laws allow Cokal to retain a maximum 70% ownership for life-of-mine on the basis of conducting underground mining of BBM.**

Global metallurgical coal group Cokal Ltd (ASX:CKA) announced today the release of an updated Coal Resource statement for the Eastern portion of the Bumi Barito Mineral (BBM) coal project, comprising of 19.5 Million tonnes (Mt) Measured, 23.1 Mt Indicated and 224 Mt Inferred Coal Resources in accordance with the JORC Code (2012). The Resource Report, which was compiled by Cokal's Competent Person, and is compliant with the 2012 version of the JORC Code.

The main exploration activities conducted to date include:

- Surface mapping of coal and non-coal outcrops, and channel sampling of coal outcrops
- Shallow drilling using HQ coring for sampling
- Deep drilling (average 400 metres (m) depth) for determining the continuity of the coal seams across the BBM East Block.

Based on the data collected from these activities and a minimum seam thickness cut-off of 0.3m, a total Coal Resource of 266.6Mt of B, C, D and J Seams (Tables 1 and 2) have been estimated in accordance with the JORC Code. Of that, 19.5Mt is deemed Measured Resources and 23.1Mt is Indicated Resources.

The upgrade of Resource to higher JORC categories is primarily due to the additional outcrop mapping and subsequent channel sampling of the coal for Seams B, C and D in the areas covering Pits 1 and 2 in BBM East. These channel samples gave a reliable representative sample of each coal seam. Although the coking coal properties of the samples had been affected by oxidation due to near surface exposure, the chemical properties of the coal, such as Ash, Sulphur and Volatile Matter have minimal affect from oxidation. These analytical results can be used to determine the potential coal

type. For example, if the Volatile Matter is greater than 14%, the coal is regarded as a Coking coal rather than a PCI coal. PCI coals in BBM have been found to have Volatile Matter ranges from 10% to 14% as this correlates consistently with CSN below 2. Above 14% Volatile Matter, CSN values are found to be above 5 until the Volatile Matter reaches above 17% when the CSN is consistently 9.

The BBM Coal Resource includes Resources which have the potential to be economically extracted using both open pit and underground mining methods.

The coal seams are generally thicker than 1m and the roof predominantly consists of very hard sandstone (up to 95Megapascals (MPa)) while the immediate 1m to 2m of roof consists generally of a competent siltstone. This combination is ideal for extraction of the deeper Coal Resources using underground methods such as thin-seam longwall mining.

Table 1: BBM Coal Resources by Category and Seam

Seam Name	Seam Thickness (m)	Measured Resources (Mt)	Indicated Resources (Mt)	Inferred Resources (Mt)	Total Resources (Mt)
J	1.33	10.50	13.5	31	55.00
D	1.34	3.53	3.5	70	77.03
C	1.23	2.62	3.1	66	71.72
B	1.10	2.85	3.0	57	62.85
Total		**19.50**	**23.1**	**224**	**266.6**

Table 2: BBM Coal Resources by Category and Depth of Cover

Depth Range (m)	Measured Resources (Mt)	Indicated Resources (Mt)	Inferred Resources (Mt)	Total Resources (Mt)
0-50	10.33	3.0	1	14.33
0-100	17.17	11.3	9	37.47
0-150	19.31	19.7	25	64.01
0-200	19.50	22.5	42	84.00
0-250	19.50	23.0	67	109.52
0-300	19.50	23.1	100	142.60
>300m	19.50	23.1	224	266.60

The Coal Resources for BBM have been estimated in accordance with the 2012 version of the JORC Code. The area covered by the current Coal Resource estimate is 30% of the total area of the BBM Production IUP tenement license.

The Coal Resource has been confirmed as a metallurgical coal from analyses conducted in an Australian laboratory, and is comprised of 90% coking coal and 10% PCI/semi-soft coking coal (Table 1-3, Table 1-4 and Table 1-5).

Table 1-3: Raw Coal Quality of B, C and D Seams

Seam	Inherent Moisture	Ash	Volatile Matter	Fixed Carbon	Total Sulphur	Calorific Value	CSN	Relative Density	Phos-phorus
D	1.7	3.5	14.3	80.7	0.38	8,213	4.0	1.33	0.002
C	1.8	5.3	14.5	78.7	0.39	8,025	5.0	1.33	0.001
B	1.7	4.7	14.3	79.5	0.40	8,084	2.0	1.38	0.003

Table 1-4: In-situ Average Coal Quality by Seam and Product Type (% adb)

Seam	Product	Inherent Moisture %	Ash %	Volatile Matter %	Fixed Carbon %	Total Sulphur %	Calorific Value (Kcal/kg)	Crucible Swell Number	Relative Density (g/cc)	Phos-phorus %
D	PCI	1.7	3.5	10.3	83.7	0.43	8,204	1.5	1.36	0.002
D	Coking	1.7	3.5	14.4	79.7	0.39	8,287	9.0	1.33	0.002
C	PCI	1.8	5.3	9.3	84.3	0.41	8,191	1.0	1.36	0.001
C	Coking	1.8	5.3	14.5	79.5	0.24	8,265	8.5	1.33	0.001
B	PCI	1.7	4.7	9.5	75.6	0.41	7,676	1.5	1.40	0.004
B	Coking	1.7	4.7	13.8	73.1	0.23	7,591	7.5	1.38	0.002

Table 1-5: Coal Quality of J Seam

Product	Yield	Inherent Moisture	Ash	Volatile Matter	Fixed Carbon	Total Sulphur	Calorific Value Kcal/kg	CSN	Relative Density	Phos-phorus
Raw Coal	100	0.9	6.5 – 23.2	15.6 – 18.9	58.4 – 74.8	0.31 – 0.55	6500 – 8100	9	1.39	0.009
Washed Coal	81	0.7	5.3	18.1	76.0	0.42	8,300	9	1.32	N/A

LOCATION AND TENEMENT DETAILS

The BBM project is located northwest from the township of Puruk Cahu, the capital city of Murung Raya Regency, Central Kalimantan (Figure 1).

Exploration License IUP 188.45/232/2012 was awarded by the Head of Murung Raya Regency Government of Central Kalimantan Province (Bupati) to PT BBM (Indonesia) on 18 July 2012 for a period of 2 years, covering an area of 19,400 hectares (ha) in the Seribu Riam and Sumber Barito District, Central Kalimantan Province.

On 30 May 2012, the BBM IUP was listed on the Central Government's Clean and Clear List. On 30 April 2013, BBM's IUP was converted to a Penetapan Izin Usaha Pertambangan Operasi Produksi (Operation/Production Mining Licence), which has been issued for a period of 20 years, with an additional two ten year extension. The BBM IUP Produksi now covers 14,980ha.

GEOLOGY AND GEOLOGICAL INTERPRETATION

Geologically, the BBM concession is located in the North Barito Basin.

The coking coal seams of BBM are found in the Late Eocene age Haloq Sandstone Formation (Teh) which outcrops predominantly throughout the concession area. The Haloq Sandstone Formation is described as consisting of "*quartz sandstone, minor conglomerate, and mudstone, rare limestone, with moderate to thick bedding*". This formation is found to continue to the north of BBM into the adjacent tenement of BHPBilliton's Juloi.

The Haloq Sandstone is believed to interfinger with the Batu Ayau Formation which is also renowned for its coking coal seams.

Cokal has been conducting the geological survey mapping of the BBM Coal Project since January 2011. A large number of occurrences of coal seams of variable thickness and composed of bright coal with minor dull bands, carbonaceous mudstones and shale partings were observed in outcrops along the Barito River, and in creeks and valleys throughout the BBM tenement. This indicates the continuity and consistency of the coal seams, which consist primarily of metallurgical grade coal, over large areas.

The structural setting of the area is characterized by E-W to NE-SW bedding, dipping between 5 and 15 degrees to the south and southeast respectively.

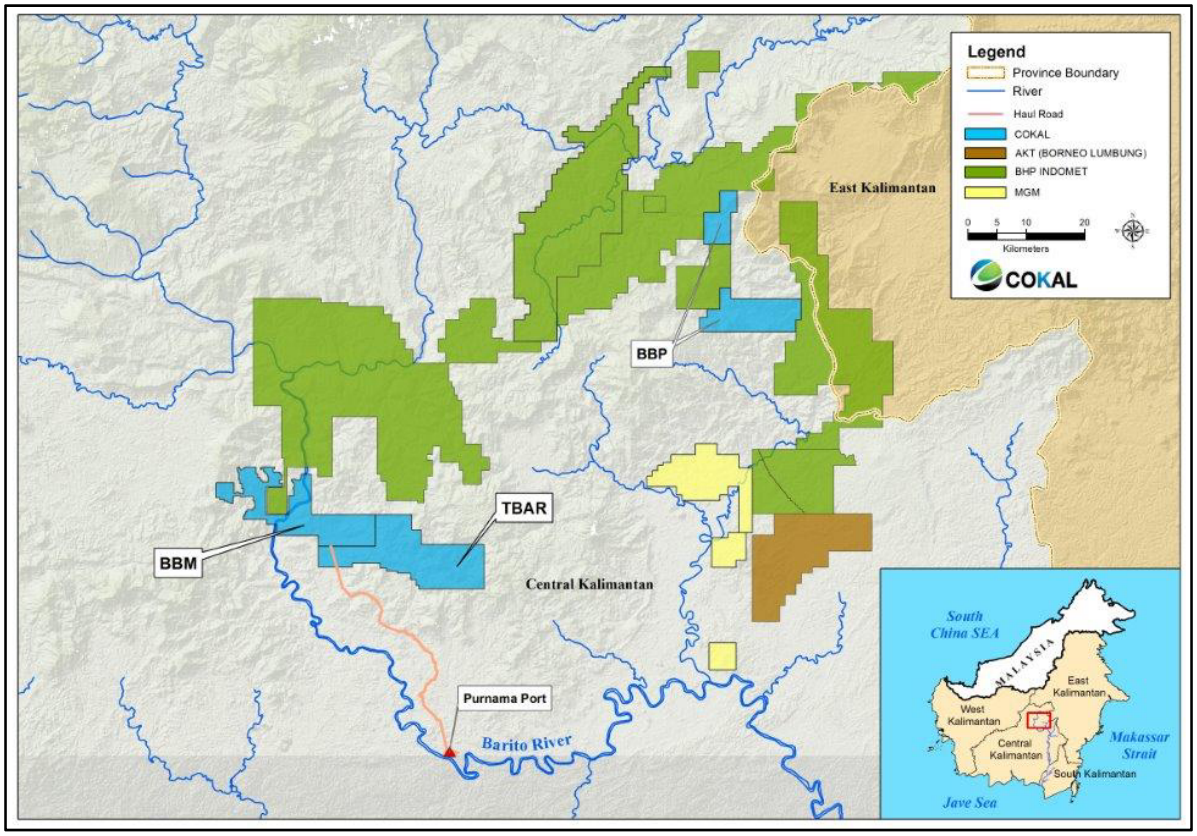
In the eastern part of BBM, the current borehole data, together with down-hole geophysical logs and seam outcrop mapping, indicates that there are at least 9 coal seams in the BBM project area. These seams are readily correlated from boreholes throughout the eastern part of project area and have been identified alphabetically starting from Seam A at the base of the stratigraphy, up to Seam J.

The seams range in thickness from 0.2 to 2.55m and typically consist of bright coal occasionally interlaminated with a carbonaceous mudstone parting. The coal itself is often described as “bright” or “bright with minor dull bands” due to its high vitrinite content. The coal is soft (generally with HGI >90) and easily broken. The interburden thicknesses between the coal seams in a single horizon generally vary from 1.5m to 18m.

Three seams in the lower part of the sequence, B, C and D, are grouped close together to form about 3.5m of coal in an 8m section. This section is considered to be particularly economically favourable for open pit mining.

Seam J is the uppermost seam of the stratigraphic sequence in the east portion of the BBM tenement. Seam J occurs about 260-280m stratigraphically above Seam D. While B, C and D seams comprise of PCI, semi-soft and coking coal products, the Seam J, which has the potential to provide a significant portion of open pit mineable coal, comprises of a potential premium coking coal product throughout its occurrence in the East Block of BBM.

Figure 1: Location of BBM Coal Tenement (IUP 188.45/232/2012)



GEOLOGICAL MAPPING

Cokal has been conducting the geological survey mapping of the BBM Coal Project since January 2011.

The objective of the surface mapping was to observe the dips and strikes of coal and non-coal outcrops of the Haloq Sandstone in order to delineate the regional structural setting and the existence of near-surface coal occurrences, to assist in the planning of drilling targets.

A large number of occurrences of coal seams of variable thickness and composed of bright coal with minor dull bands, carbonaceous mudstones and shale partings were observed in outcrops along the Barito River, and in creeks and valleys throughout the BBM tenement

The structural setting of the area is characterized by E-W to NE-SW bedding, dipping to the south and southeast respectively. The major joints are vertical and oriented NNW-SSE, followed by minor E-W and NE-SW joint directions.

More recently, Cokal has been conducting detail mapping of coal seam outcrops for all seams (Figure 2). The outcrops are found in most creeks and are close enough to clearly identify and correlate.

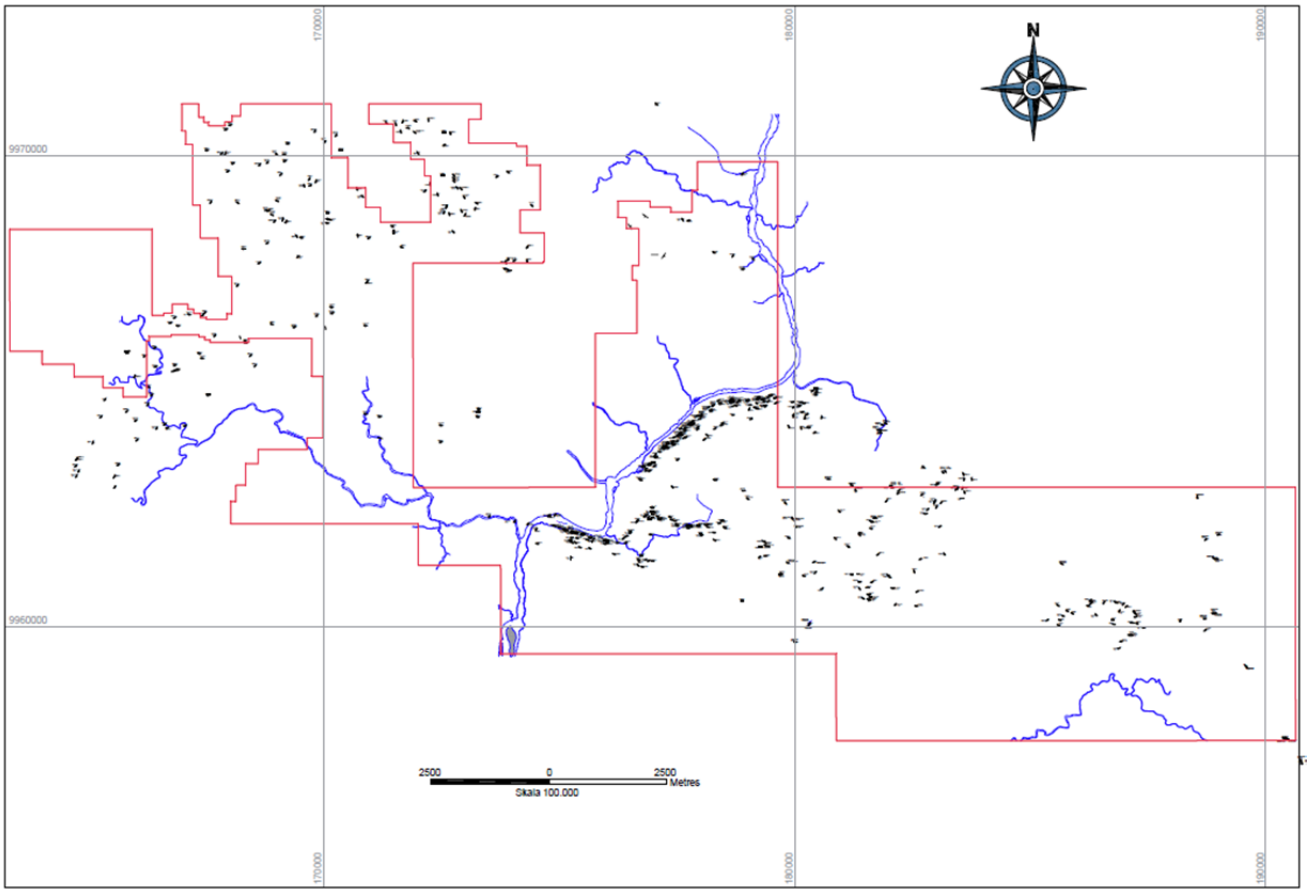
The seam outcrops are cleared and prepared for channel sampling (Photos 1 and 2) for analytical testing. The channel samples include all material from the seam roof and down to the seam floor, and a square channel is cut into the outcrop to ensure an even and fair vertical representative of the coal seam is sampled.

These channel samples are deemed to be reliable points of geological data due to the representative nature of the channel. Although some of the coking properties of the coal are affected by near surface oxidation, the chemical properties, such as Ash, Sulphur, Volatile Matter and Calorific Value are generally not affected and can be used in the determination of Resource quality.

Photo 1: Coal Outcrop Channel Sampling near Barito River, Pit-01 BBM Project Area

Photo 2: Coal Outcrop Channel Sampling near Barito River, Pit-02 BBM Project

Figure 2: Coal Outcrops of BBM from Surface Mapping by Cokal



DRILLING

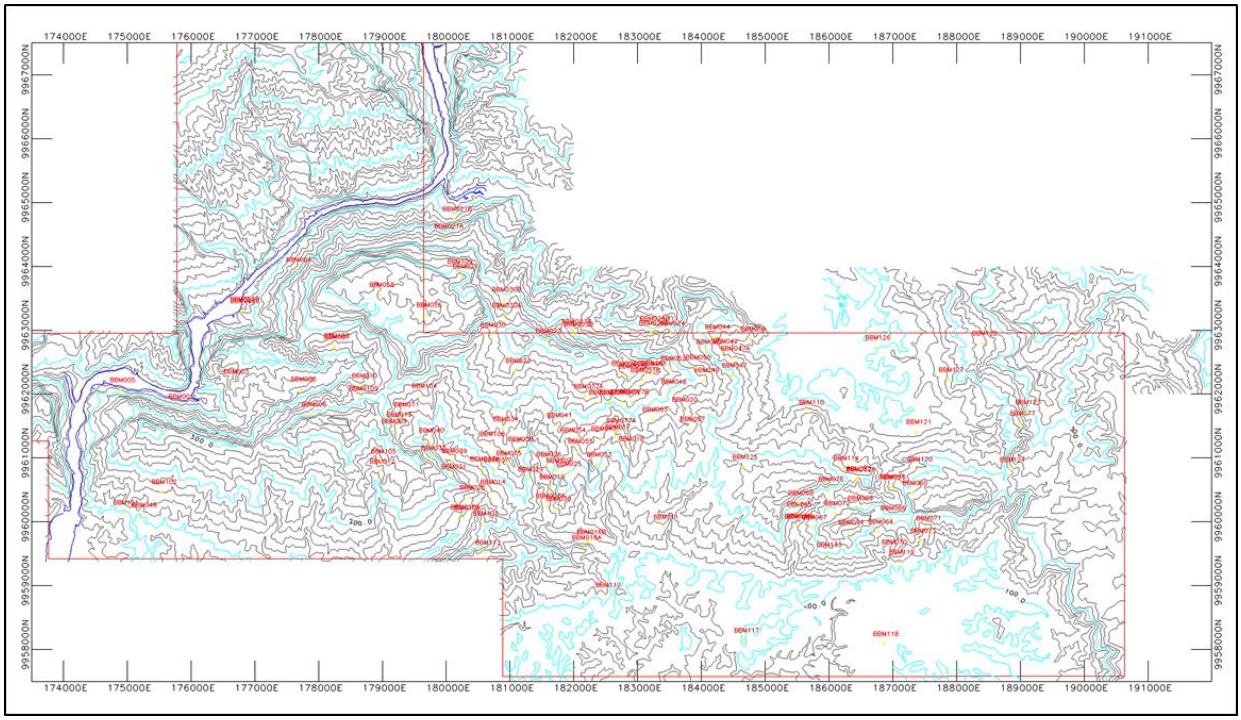
Since 2011, Cokal conducted an exploration drilling programme focusing on the Eastern portion of BBM, east of the Barito River. The exploration program comprised of 3 fully cored boreholes, 120 non-cored boreholes and 173 partially cored boreholes (including 86 redrilled partially cored boreholes). Generally the core size was 63mm diameter (HQ core barrels) while a few boreholes were drilled to provide Large diameter core size (160mm) for the purpose of coke analyses and ash liberation testing. The total metreage drilled to date is 28,181.03m, comprising of 812.45m of core drilling and 27,368.58m of non-core drilling.

Cokal uses man-portable rigs comprising of five (5) small rigs (capacity of HQ from 80m to 150m) and three (3) larger rigs (capacity of HQ from 300m to 400m), supplied and operated by CV Kasam. They are dismantled and carried by both hand and a small dozer along narrow tracks, thus minimising impact to vegetation. With consistent rainfall in BBM, rig moves can be slow at times to ensure the safety of Cokal's exploration team.

Cokal adopted international best practice exploration procedures including:

- a Cokal geologist is present at the drill rig at all times
- boreholes drilled with the aim of maximising coal core recovery (a minimum of 90% is required) and to date, the average coal core recovery sent to the laboratory is 95%
- Core recovery is measured by a Cokal geologist whilst the core lies in the core barrel splits in its original condition. The core recovery is then compared to the seam thickness derived from the downhole geophysical logs
- Bore cores are logged in the inner split tube of the core barrel at the drill rig by a geologist before it is removed. This ensures the core is logged in its original state with minimal disturbance to the core
- The coal seam cores are photographed in the core barrel splits
- Coal core samples are wrapped, sealed and immediately transferred to a refrigerated container for cold storage to preserve coking properties
- All boreholes are geophysically logged and to determine seam thickness, roof and floor depth and to assist with correlation
- Consistent sampling of coal seams is ensured by using the downhole geophysical logs to determine ply sample intervals
- Timely despatch of samples for analysis by internationally accredited coal laboratories in Australia ensures delivery of samples within 5 to 6 days of being drilled
- Inspection of internationally recognised and accredited Australian analytical laboratories has been conducted
- Geological and analytical data is entered into the MINEX borehole database for further validation checking.

Figure 3: Borehole Locations and Topography, BBM Coal Project



SAMPLING AND ANALYTICAL METHODS

All cores of the coal seams were recovered using HQ (63mm diameter) core barrels. Core recovery was above 90% and on average was 95% for all boreholes completed to date. This is considered to be within the limits expected by international standards.

All samples were transported by air courier such that they arrived in ALS's laboratory in Brisbane, Queensland, within 5 to 6 days of core recovery. This ensures the Total Moisture results reflect the in-situ coal moisture and that the metallurgical properties have suffered minimal degradation due to oxidation.

A summary of the in-situ 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.

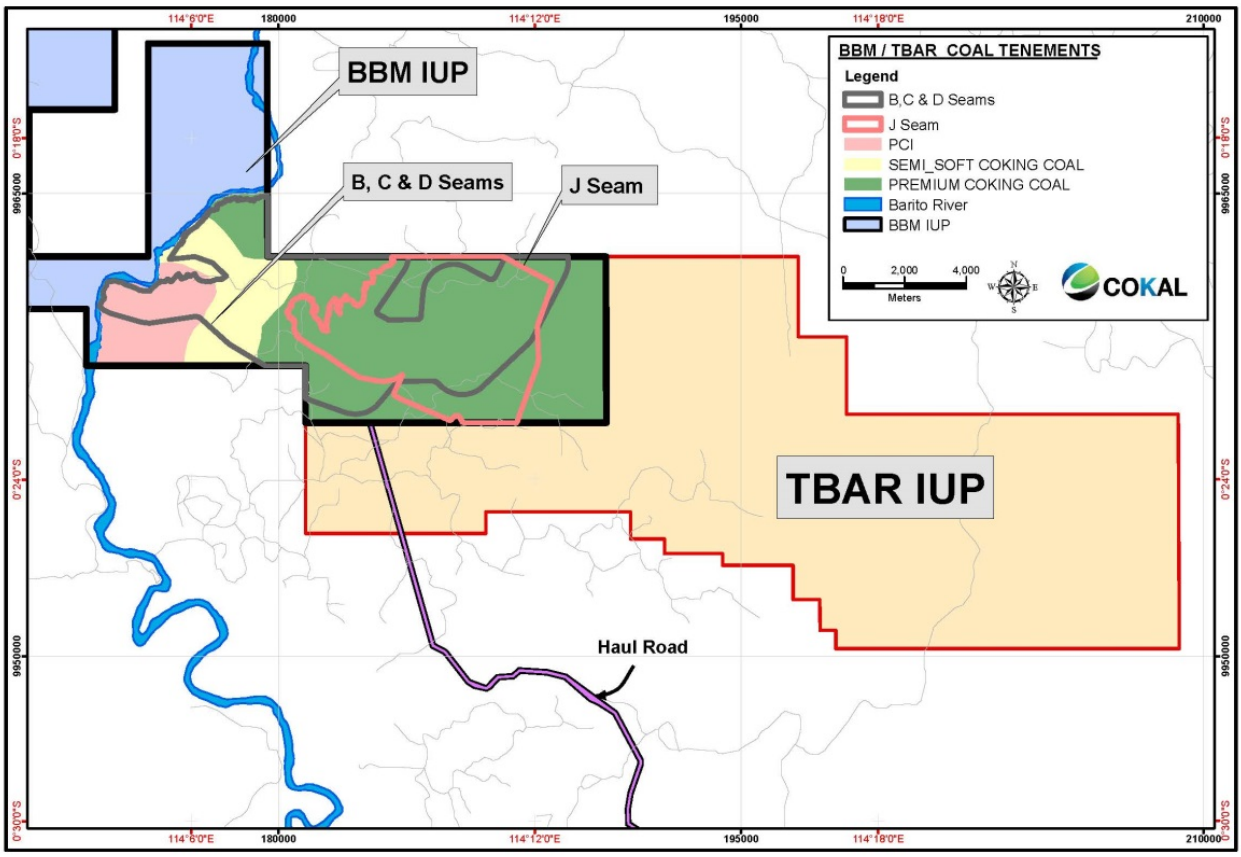
Seams B, C and D display very low in-situ ash content (generally between 2% to 6%) near the shallow outcrop zone. This clearly indicates there is an opportunity that a direct ship style operation can be developed, avoiding the need to construct a coal beneficiation plant in the initial stages of open pit mining.

The Coal Resource has been confirmed as a metallurgical coal from analyses conducted in an Australian laboratory, and is comprised of 90% coking coal and 10% PCI/semi-soft coking coal.

The PCI/semi-soft coking coal is defined geographically due to a "heating source" believed to be located to the west of the BBM lease. This is evidenced by the fact that coal drilled in proximity of the Barito River displays PCI quality with CSN<1 and VM about 10%, and boreholes drilled towards the eastern portion of BBM from the river have CSN between 3 and 7, and VM about 15%, thus considered as a semi-soft coking coal. This trend is limited in extent as the coals quickly become coking products with CSN >9 and VM about 19% (Figure 4).

Table 5 outlines the comprehensive coal analyses conducted on the BBM coal cores. These analytical procedures are considered as international standard testing for metallurgical coals, and were conducted at a NATA approved laboratory.

Figure 4: Geographical Distribution of Coal Resources, BBM Coal Project



OUTCROP SAMPLE ANALYSES

Coal seam outcrops were sampled using the channel sampling technique. These samples were sealed in plastic sample bags and sent to the CCIC laboratory in Banjarbaru, South Kalimantan. These samples were analysed for Proximate Analysis, Total Sulphur, CSN and Calorific Value.

Duplicate samples were sent to ALS in Brisbane, Australia and the results compared very closely with the CCIC results. CCIC has Indonesian Accreditation and the laboratory was deemed to be reliable in determining these basic analyses for BBM's coking coal taken from channel samples of seam outcrops.

Recent detail sampling of the B, C and D seam outcrops have indicated that some of the borehole ash analyses are anomalous. Outcrop samples have been displaying consistent ash contents of between 2% and 7% with the average around 4%. However, in nearby boreholes which were drilled in the initial stages of exploration in 2011, some of the core samples of B, C and D seams were found to be in excess of 20%. Upon further investigation, it is now believed that these early core samples were significantly contaminated with drill mud and non-coal material which collapsed in the borehole from above the seams.

Consequently, any core sample of B, C or D Seam with an ash analysis over 20% has been excluded from the ash model. For these anomalous core samples, Calorific Value, Relative Density and Fixed Carbon have also been excluded from the coal quality model.

Table 5: Laboratory Analysis Program for BBM Coal Cores

Test	Whole Fraction	Coking Coal Fraction
Washability tests (float/sink)	✓	
Crushing & screening	✓	
Swelling Index	✓	✓
Proximate analysis	✓	✓
Total Sulphur	✓	✓
Calorific value	✓	✓
Phosphorus	✓	
Roga index		✓
Gray Kind index		✓
Dilatation		✓
Gieseler fluidity		✓
Hardgrove index		✓
Petrography		✓
Ash fusion tests		✓
Ash composition		✓

RESOURCE ESTIMATION METHODOLOGY AND CUT-OFFS

The process for the estimation of the Coal Resources for BBM was undertaken by Mr Yoga Suryanegara of Cokal and reviewed by Mr Pat Hanna of Hanna Consulting Services (and Executive Director of Cokal). The Coal Resources were classified in accordance with the 2012 JORC Code.

The process comprised the following steps:

- Check the borehole logs, wireline logs and analytical data, and validate the data files used for developing the geological and coal quality models in the MINEX Software system.
- Develop a structural interpretation derived from the available data sets including the Government geological map, the outcrop data derived from surface mapping and the Cokal borehole seam intersections.
- Determine the appropriate distance criteria for the classification of the JORC Resource categories based on the consistency and continuity of the coal seams.

- Generate resource polygons for each seam based on the distance criteria above, the borehole locations and the coal outcrop data.

- Estimate the Resources for each JORC category based on the geological model compiled in the MINEX system.

With the recent borehole and outcrop data, the detail correlation of coal seams across the eastern part of BBM tenement has demonstrated a consistency and continuity of coal attributes on a seam basis. Based on this consistency of coal seam geology, the categorisation of the Resources is based upon the following observations:

- Measured Coal Resources are based on boreholes spaced up to 500m apart

- Indicated Coal Resources are based on boreholes spaced up to 1,000m apart

- Inferred Coal Resources are based on boreholes spaced up to 4,000m apart.

The BBM project area consists of all categories of resources, with Measured, Indicated and Inferred Resources attributed to the B, C, D and J Seams. The Inferred Resources have been estimated to extend up to 1 kilometre (km) from the outermost boreholes. This extension beyond the borehole data is supported by the extensive continuation of coal outcrops observed in the surface mapping of the BBM project area.

For Measured and Indicated Resources, the definition of reliable data normally refers to borehole data that includes down-hole geophysical log data to confirm the seam thickness and correlation, together with analysed coal cores derived from boreholes with coal core recoveries in excess of 90%.

For Inferred Resources, a reliable observation point is considered to include either:

- cored boreholes which have coal core recoveries greater than 90% and analytical data derived from a qualified laboratory, as well as down-hole geophysical logs, or

- open boreholes with down-hole geophysical log data confirming the seam thickness and correlation, but without coal quality data.

In line with the accuracy of Inferred Resources, detail coal quality data for B, C and D Seams has not been acquired across the deposit. However, because every borehole has geophysical logs, not only is there evidence that prove the coal seams actually exist, but also the consistency of the geophysical profile itself for each coal seam is considered suffice to indicate that coal quality attributes (especially ash, RD and to some extent CV) are similar to that of cored boreholes with analytical results.

This is demonstrated in a cross-section compiled from boreholes in the west, where the B, C and D Seams outcrop near the Barito River, and continues towards the east within the Resource area of BBM. The unique geophysical profile for each seam (B, C and D) is consistent across the BBM Resource area indicating an accuracy of coal thickness and consistency in coal quality within the accuracy of Inferred Resources.

Based a minimum seam thickness cut-off of 0.3m, a total Resource of **266.62Mt** for B, C, D and J seams (Tables 5-1 and 5-2) has been estimated in accordance with the 2012 JORC Code. Of that, **19.52Mt** is deemed Measured Resources and **23.1Mt** is Indicated Resources.

The Resources of Seams B, C, D and J were updated on 26 January 2015 using the recently completed LIDAR topographic data.

The area covered by the current Coal Resource estimate is 30% of the total area of the BBM Production IUP tenement licence.

The Coal Resource has been confirmed as a metallurgical coal from analyses conducted in an Australian laboratory, and is comprised of 90% coking coal and 10% PCI/semi-soft coking coal (Table 5-3, Table 5-4 and Table 5-5).

REASONABLE PROSPECTS FOR EVENTUAL ECONOMIC EXTRACTION

Coal Resources were reported to depths up to 500m below topography.

The BBM Coal Resource includes Resources which have the potential to be economically extracted using both open pit and underground mining methods. Open pit mining methods will be used initially where the economics prove favourable. The cost of coal mining in Indonesia is substantially less than most other countries and there is no restriction on the transport of coal using very cost effective river barges throughout the country. Commonly in Indonesian open pit coal mines, coal seams as thin as 0.3m can be mined economically.

The coal seams are generally thicker than 1m and the roof predominantly consists of very hard sandstone (up to 95MPa) while the immediate 1m to 2m of roof consists generally of a competent siltstone. This combination is ideal for extraction of the deeper Coal Resources using underground methods such as thin-seam longwall mining. Underground coal mining in Borneo of similar coal seams in similar geological conditions can be found at depths of 500m using longwall mining methods.

The seam thickness cut-off of 0.6m is based on current underground mining technology in Europe and USA where mines operate ploughs that can cut coal seams underground as thin as 50cm.

Although this thickness cut-off was applied across the entire Resource area, it does not affect Resources within the open-pit envelope as the four coal seams are found to be in excess of 60cm thickness. It is only on a few boreholes in the underground area where seldom a seam maybe absent in a borehole possibly due to a wash-out or a normal fault. These absent seams were set to zero thickness and extrapolated back to full seam thickness in the adjacent boreholes.

With respect to the thin interburden (generally <3m) between Seams B, C and D, the Competent Person for Coal Resource estimation cannot predict which combination of these seams may potentially be mined underground – one seam only, two top seams or two basal seams together, or all three seams.

It is possible that in the future, it may be economic to extract all three seams using techniques such as top caving. Even though this will generate a significant portion of stone, some underground coal mines in China currently extract large portions of stone in their top caving extraction but are still able to make a profit due to the cheap methods of separating the stone and the high value of the coking coal product. This form of extraction is likely to be achieved economically in the future, especially in Indonesia where labour costs are generally a fraction of the costs in countries like Australia and Canada.

Cokal Executive Director, Mr Pat Hanna, said “this Coal Resource upgrade confirms that with further in-fill drilling and outcrop mapping, most of the Inferred Coal Resources can be converted to Measured and Indicated Resources.”

NEW DIVESTMENT REGULATION FOR FOREIGN OWNERSHIP IN INDONESIA

Chairman and CEO Peter Lynch said “These results confirm the mine planning of BBM as outlined in Cokal’s Definitive Feasibility Study. The coal products and economics of the project are very favourable and the DFS clearly demonstrates a generous cashflow can be generated in this early stage of production”.

Lynch said “The sizeable Resources which are amenable to underground mining extraction due to favourable ground conditions is remarkable news for Cokal given the recent changes in foreign ownership regulations announced by the Indonesia Government under GR77/2014. The regulation provides that a Production Operation involving underground mining now requires the foreign company to divest a maximum of 30% to local (Indonesian) ownership.

Cokal currently owns 60% of BBM and consequently will not be required to divest any of its share in the BBM coking coal project for the entire term of the mining license (IUP) which is for 20 years with two 10 year extensions permitted (total 40 years)

ENDS

Further enquiries:

Peter Lynch
Chairman and Chief Executive Officer
Mobile (Aus) +61 419 764 747; (Ind) +62 821 1001 0009

About Cokal Limited

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

Forward Looking Statements

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

Competent Person Statement

The information in this report relating to Mineral Resources is based on information compiled by 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". Mr Suryanegara consents to the inclusion in the report of the matters based on the information, in the form and context in which it appears.

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.

SECTION 1: SAMPLING TECHNIQUES AND DATA	
CRITERIA	**EXPLANATION**
Sampling techniques	Core samples of the coal seams were drilled using standard triple tube diamond core barrels of HQ (62mm) size. The cores were logged by a geologist whilst they remained in the core barrel splits, so that there was minimal disturbance to the core. After the geological logging, a photograph of the core in the core barrel splits was taken to provide a permanent record of the condition of the core. Subsequently the core is wrapped and sealed in plastic to retain the moisture of the coal for the determination of Total Moisture content. It takes on average about 30 minutes for the geologist to log and photograph the core before sealing it in plastic wrap. The core is placed in the core boxes until the borehole is completed and a geophysical log of the borehole has been recorded. Once the core recovery has been confirmed as acceptable to the JORC Code requirements, the coal cores are placed into thick sample bags together with the plastic wrapping to ensure all moisture is captured and measured to determine Total Moisture content. A sample identification tag is placed inside the sample bag and the sample bag is sealed by either tie-wire of masking tape, again to ensure no moisture loss. Once the sample is sealed, it is immediately transported to Australian laboratories for analytical testing. It takes about 4 to 5 days for the core samples to be transported from the drill site to the Australian laboratory. The laboratory has commented that the core samples arrive in peak condition for testing, especially for testing coking properties.
Drilling techniques	Because BBM is a green-field project, and to ensure satisfactory core recovery, Cokal drilled a Pilot Borehole on each site which was open-holed to the target coal seams. A PCD drill bit was used to drill the open-hole using water circulation to remove the chips from the borehole. These Pilot Boreholes were subsequently logged using geophysical sondes to determine the depth, thickness and correlation of the coal seams. This information was used to plan a cored borehole on the same drill site. The drill rig would open-hole down to a few metres above each coal seam, then proceed to core the roof, coal seam and floor using a triple-tube HQ core barrel. A suite of geophysical logs would be recorded for the partially cored borehole to ensure an accurate seam thickness is determined for core recovery estimation.
Drill sample recovery	All boreholes were geophysically logged with a suite of sondes including Gamma-Gamma, Long Spaced Density, Short Spaced Density, Caliper, and Sonic. These logs provided an accurate delineation of each coal seam in terms of depth and thickness, as well as providing a vital tool to determine the correct seam correlation from borehole to borehole. Upon removal from the triple-tubed core barrel, the core remains in the core barrel inner split tube which is handed over to the site geologist. The geologist removes the upper split and proceeds to measure, marked up and photograph the core with a photo board signage. The measurement of the coal core is recorded for subsequent reconciliation with the geophysical log estimate of seam thickness. The core was generally recovered as complete sticks of core. However, if the core was broken, it was compressed in the core splits so as to form a close resemblance to a solid stick of core. The core recovery measurement would be conducted on the solid sticks and compressed broken core pieces to determine a true core recovery result. All core samples were measured to ensure they achieved a minimum recovery of 90% or greater. Failure to do so would invoke the redrill clause in the drill contract whereby the driller would re-drill the partially cored borehole at their expense until they achieved a recovery of 90% or greater. The overall average core recovery achieved was 95%.
Logging	Core samples have been geologically (full lithological description) and geotechnically (visual defect) logged to a standard appropriate for mineral resource estimation and mining studies. Cokal's rig supervising geologists conducted the logging and adopted the new Australasian CoalLog standard as supplied by AusIMM. For openhole sections of the boreholes, 1m chip samples were recorded and sampled. The lithological description of the chips was conducted at the appropriate level for this type of sample. During openhole drilling, chip samples were collected at 1m intervals and core samples were collected in 1.5m core barrels. All chip and non-coal core samples are held in storage and all core samples have been photographed. Coal core samples have been dispatched for analysis. The geological logs were recorded over the entire borehole including both openhole and cored sections of the boreholes.
Sub-sampling techniques and sample preparation	Where non-coal partings within a coal seam exceed 0.3m in thickness, the coal seam is sampled into separate plies Each ply (whether it is coal or non-coal) is sampled in individual sample bags and analysed separately. The core is wrapped and sealed in plastic to retain the moisture of the coal for the determination of Total Moisture content. It takes on average about 30 minutes for the geologist to log and photograph the core before sealing it in plastic wrap. The core is placed in the core boxes until the borehole is completed and a geophysical log of the borehole has been recorded. Once the core recovery has been confirmed as acceptable to the JORC Code requirements, the coal cores are placed into thick sample bags together with the plastic wrapping to ensure all moisture is captured and measured to determine Total Moisture content. A sample identification tag is placed inside the sample bag and the sample bag is sealed by either tie-

SECTION 1: SAMPLING TECHNIQUES AND DATA	
CRITERIA	**EXPLANATION**
	wire of masking tape, again to ensure no moisture loss. Once the sample is sealed, it is immediately transported to Australian laboratories for analytical testing. It takes about 4 to 5 days for the core samples to be transported from the drill site to the Australian laboratory. The laboratory has commented that the core samples arrive in peak condition for testing, especially for testing coking properties. Sample preparation is conducted by ALS Laboratory in Richlands, Queensland. Splitting and reserving of samples is conducted in accordance with the procedure sheet, enabling retesting/duplication of results if required. Reserved sample material is kept in refrigerated storage for at least 4 months.
Quality of assay data and laboratory tests	The coal quality analysis procedures were devised by Pat Hanna, an experienced consultant, in conjunction with A&B Mylec, specialist in managing coking coal analytical testing and interpretation of the results. These procedures were presented to the ALS coal laboratory at Richland where the coking coal analyses were conducted. ALS conducted the analytical testing in accordance with the Australian standards and the laboratory is NATA accredited ensuring a high quality of analysis and data management. The laboratory and its accreditation documentation were inspected by Pat Hanna prior to sending samples to ALS.
Verification of sampling and assaying	Each borehole is geophysically logged with a suit of sondes appropriate for the coal industry. These geophysical logs are used to determine the appropriate ply sampling of coal seam cores. These ply sample intervals are correlated using geophysical logs of nearby boreholes to ensure continuity of ply sampling throughout the tenement. The geophysical logs are also used to correct the seam/ply depth intervals including any core loss intervals. These corrected intervals from the geophysical logs are used to correct the geologist's lithological logs as well as the sampling seam/ply intervals. Upon receiving the samples, the laboratory sends a verification notice of the date received to Cokal and the sample weight and identification number is verified by Cokal.
Location of Data Points	Shallow boreholes are positioned near coal seam outcrops to verify the seam correlation and to take a fresh sample for analysis of coking properties. Deep stratigraphic boreholes are generally spaced 2km apart in order to determine the sequence of the coal seams. Seam outcrops and borehole collar coordinates were surveyed using a Handheld GPS system with an X,Y coordinate accuracy of ±5m. The accuracy of elevation of these data points was found to be ±50m and were subsequently adjusted to the topographic model derived from the LIDAR survey data which has an elevation accuracy of ±0.15m in clear areas and ±1m in heavily vegetated areas.
Data spacing and distribution	Borehole spacing was planned to provide confidence to facilitate Coal Resource estimation in accordance with the JORC Code. Shallow boreholes are positioned near coal seam outcrops to verify the seam correlation and to take a fresh sample for analysis of coking properties. Deep stratigraphic boreholes are generally spaced 2km apart in order to determine the sequence of the coal seams. With the recent borehole data, the detail correlation of seam across the eastern part of BBM tenement has demonstrated a consistency and continuity of coal attributes on a seam basis. Based on this consistency of coal seam geology, the categorisation of the Resources is based upon the following observations: • Measured Coal Resources are based on boreholes spaced up to 500m apart • Indicated Coal Resources are based on boreholes spaced up to 1,000m apart • Inferred Coal Resources are based on boreholes spaced up to 4,000m apart. The BBM project area consists of all categories of resources, with Measured, Indicated and Inferred Resources attributed to the B, C, D and J Seams. The Inferred Resources have been estimated to extend up to 1km from the outermost boreholes. This extension beyond the borehole data is supported by the extensive continuation of coal outcrops observed in the surface mapping of the BBM project area.
Orientation of data in relation to geological structure	In accordance with coal industry best practices for shallow dipping coal seams, all boreholes were orientated and levelled to produce vertical (90 degree) holes. The seams are known to dip at shallow angles between 5 and 20 degrees. A few major structural discontinuities (vertical displacement >50m) have been delineated by the current drilling results. However, further drilling is required to determine the position of these features more accurately. Smaller structural features have not been detected in outcrop mapping or from drilling results to date. Further close spaced drilling is required to confirm whether or not they exist in BBM.
Sample security	All non-coal samples are stored on Cokal premises. All coal core samples are packaged in two thick plastic sample bags and labelled both externally and with a sample label tag placed inside the bags before sealing. Samples are dispatched to the Balikpapan by a courier on contract to Cokal. The samples are presented to international courier, DHL, with the appropriate documentation required to be verified and permitted to cross international borders in order to deliver the samples to ALS Laboratories in Brisbane, Australia. Any sample material remaining after analytical testing is preserved by ALS in sealed bags and stored in refrigerated containers until analyses have been finalised to Cokal's satisfaction.
Audits or reviews	The processes and procedures followed by the laboratory are reviewed by both Pat Hanna as well as independent coal quality consultants, A&B Mylec. All analytical results are also reviewed and validated by both Pat Hanna and A&B Mylec.

SECTION 2: REPORTING OF EXPLORATION RESULTS	
CRITERIA	**EXPLANATION**
Mineral tenement and land tenure status	Exploration License IUP 188.45/232/2012 was awarded by the Head of the Murung Raya Regency Government of Central Kalimantan Province (Bupati) to PT BBM (Indonesia) on 18 July 2012 for a period of 2 years, covering an area of 19,400ha in the Seribu Riam and Sumber Barito District, Central Kalimantan Province. This exploration licence is an extension of the previous licence IUP 188.45/273/2010 which was awarded on 1 September 2010. On 30 May 2012, the BBM IUP was listed on the Central Government's Clean and Clear List. On 30 April 2013, BBM's IUP was converted to Produksi status 188.45/149/2013, equivalent to a mining license, for a period of 20 years, with an option to extend for two 10-year periods subsequently.
Exploration done by other parties	Until Cokal started exploration activities on BBM in January 2011, no other exploration had ever been conducted within the BBM tenement. Cokal is currently responsible for all exploration activities on BBM and no other party has been involved in exploring BBM.
Geology	The geology of BBM is typical for coal geology deposits comprising sedimentary strata dipping 5 to 20 degrees and minimal structural disturbance, The dominant formation is the Haloq Sandstone Formation (of Late Eocene age) which consists of 9 coal seams. Four of these seams are the primary target of the exploration activities and this JORC Resource report. Government geological maps are believed to have been compiled from aerial photography without any on-the-ground verification. Based on the recent drilling program and an extensive field geological mapping survey, Cokal has proven some of the information on the Government maps to be incorrect and misleading. To date, there has no evidence of igneous intrusions intersecting the coal seams.
Drill Hole Information	A summary of the borehole collar surveys and seam intersections are listed in the Appendices. Further information is provided throughout the report including core size, drilling methods etc. All boreholes have been logged using a suite of downhole geophysical sondes typical for coal exploration. This information is essential in determining the corrected coal seam intersections and correlations, and thus the borehole data used in determining the Coal Resources in this report is considered to be reliable information.
Data aggregation methods	Coal seam cores were sampled and analysed in plies (sub-samples). The coal quality data is subsequently reported on a seam basis in Minex (i.e. where multiple ply samples from within a seam are composited together) and weighted by default using thickness and density of each ply (except for the variable Relative Density itself). Where a sample does not have an associated density a value of 1.35 was applied within the Minex borehole database.
Relationship between mineralisation widths and intercept lengths	The coal seams were deposited horizontally, and due to minimal post depositional tectonic activity, these seams dip between 5 and 20 degrees and subcrop on or near the surface. The thickness of these seams is also directly related to the depositional environment. All seam intercepts reported in boreholes are reported on a 'down-hole basis', and given the slight dips of the seams, it is considered appropriate to do so. Down-hole geophysical logs are used to confirm the true thickness of the coal seams. The roof and floor contacts of each seam are in general quite sharp with the immediate lithology either siltstone or fine sandstone.
Diagrams	Geological plans and sections are generated from the geological model generated in the MINEX system. These reflect both the raw and modelled borehole data. Sections and maps have been included in the Resource Report, particularly in the Appendices.
Balanced reporting	The nature of the coal deposit in BBM is typical of a Marawai Basin coal deposit in Central Kalimantan, Indonesia. The seams are continuous over tens of kilometres with minimal structural deformation, enabling the economic extraction of coal by both open pit and underground coal mining methods. Consequently, a drilling program has been designed to achieve two objects: • The delineation of Measured and indicated Coal Resources over the immediate area of initial open pit mining to enable early cashflow for the project. • The delineation of the continuity and potential (Inferred Coal Resource) of vast tonnages of coal which will be the target of infill drilling programs to increase the Measured and Indicated coal tonnages for future mining. It is therefore deemed by Cokal that a balance report has been produced which demonstrates the initial economic viability of the coal project and the future sustainability of the deposit to provide a significant return for Cokal's shareholders and investors.
Other substantive exploration data	There is no other substantive exploration data available for BBM at this stage.
Further work	Further exploration work is planned for the following purposes: • To increase the categorisation of Inferred Coal Resources to Measured and Indicated Resources. • To more accurately delineate and assess the nature of the structural features and assess their impact (if any) on the mining methods to be adopted at BBM. • Further analytical work focussing on coking coal attributes, in particular coke strength index, and ash liberation.

SECTION 3: ESTIMATION AND REPORTING OF MINERAL RESOURCES	
CRITERIA	**EXPLANATION**
Database integrity	Data collected in the field is checked and validated by Senior Geologists before it is reviewed again by Yoga Suryanegara (Competent Person). All data is then uploaded into the Minex borehole database where further validation is conducted utilising geophysical logs and other in-built validation processes (geostatistical, etc) included in the MINEX borehole database system.
Site Visits	Yoga Suryanegara (Competent Person) and Pat Hanna (Peer Reviewer) have conducted various site visits to BBM tenement, usually once every two months since January 2011. These visits included the verification of exploration field procedures including geological logging and sampling, geophysical logging, the condition of the core recovery and the inspection of coal seam outcrops. Discussions with the site exploration team included borehole location planning and field supervision.
Geological Interpretation	Mr Yoga Suryanegara has extensive experience conducting exploration in Indonesia and is considered proficient at interpreting coal seam geophysical signatures in determining core recovery, seam interpretations, and correlation of coal seams from borehole to borehole. Mr Yoga Suryanegara has extensive experience (10 years) in modelling geological data using the MINEX system. The MINEX system allows experienced geologists like Yoga Suryanegara to determine the most appropriate geological interpretation of the borehole data at hand. This includes the coal seam correlation (splitting and coalescing) and structural lineaments such as faults.
Dimensions	The dimensions of the Coal Resource have been determined in MINEX based on the extents of the borehole data, the topographical data and extrapolation beyond the data (1km) incorporating coal outcrop data within the BBM Coal Project. This area is in the order of 4,500ha representing about 30% of the entire BBM tenement.
Estimation and modelling techniques	The process for the estimation of the Coal Resources for BBM was undertaken by Mr Yoga Suryanegara of Cokal and reviewed by Mr Pat Hanna of Hanna Consulting Services (HCS). The modelling algorithm used for generating the geological model is the MINEX Growth Technique, a proprietary 2D-gridding algorithm which calculates the most fitting surfaces for coal deposits, taking into account the regional trends together with the ability to honour the borehole data given the appropriate gridding parameters. The Resources were estimated using the Detail Report Generator in the MINEX system. This tool has been used extensively and proven to be accurate when compared to manual estimations of Resources. The Detail Report Generator has the ability to sub-mesh the gridded model to one fifth ($2m^2$) of the grid model mesh ($10m^2$) to give more accurate volumetrics when using polygonal boundaries to define Resources based on specific areas.
Moisture	Moisture has been recorded in the coal quality analyses of the composite samples for “Total Moisture” as well as for “Air Dried Moisture”. Resource estimates were conducted and reported using Air Dried Relative Density.
Cut-off parameters	The minimum coal seam thickness used for Coal Resource estimation is 0.60m.The seams have been constrained by the base of weathering. Coal within the weathering zone is excluded from the Resource estimates. No coal quality variables were used for excluding any Coal Resources.
Mining factors or assumptions	No evaluation of mining methods was conducted in this Coal Resource report. However, Coal Resources were reported to depths up to 500m below topography. Open pit mining methods will be used initially where the economics prove favourable. The cost of coal mining in Indonesia is substantially less than most other countries and there is no restriction on the transport of coal using very cost effective river barges throughout the country. Coal seams as thin as 0.3m can be mined economically as this is the common minimal mining thickness for open pit mining in Indonesian coal mines. The coal seams are generally thicker than 1m and the roof predominantly consists of very hard sandstone (up to 95MPa) while the immediate 1m to 2m of roof consists generally of a competent siltstone. This combination is ideal for extraction of the deeper Coal Resources using underground methods such as thin-seam longwall mining. Underground coal mining in Borneo of similar coal seams in similar geological conditions can be found at depths of 500m using longwall mining methods. A cut-off of 0.6m for Coal Resources amenable to underground mining extraction is based on current underground mining technology in Europe where mines operate ploughs that can cut coal seams underground as thin as 50cm. More details of this technology are provided in Appendix 7 of this report.
Environmental factors or assumptions	BBM received its AMDAL permit (environment assessment and planning approval) April 2013, granted by the Governor of the Province of Central Kalimantan in accordance with the laws of Indonesia. This permit allows Cokal to conduct open pit and underground coal mining as well as the construction of and coal haulage along a 52km haul road.
Bulk density	No bulk density data has been collected at this time. The density used for the Resource estimates is the modelled RD for each coal seam as determined from the Laboratory coal quality analyses of the HQ core samples. Where the RD model did not cover the entire Coal Resource, a default density of 1.35 was used in the estimation of the resources.

SECTION 3: ESTIMATION AND REPORTING OF MINERAL RESOURCES	
CRITERIA	**EXPLANATION**
Classification	With the recent borehole data, the detail correlation of seam across the eastern part of BBM tenement has demonstrated a consistency and continuity of coal attributes on a seam basis. Based on this consistency of coal seam geology, the categorisation of the Resources is based upon the following observations: • Measured Coal Resources are based on boreholes spaced up to 500m apart • Indicated Coal Resources are based on boreholes spaced up to 1,000m apart • Inferred Coal Resources are based on boreholes spaced up to 4,000m apart. The BBM project area consists of all categories of resources, with Measured, Indicated and Inferred Resources attributed to the B, C, D and J Seams. The Inferred Resources have been estimated to extend up to 1km from the outermost boreholes. This extension beyond the borehole data is supported by the extensive continuation of coal outcrops observed in the surface mapping of the BBM project area.
Audits or reviews	The borehole database and geological model has been audited by Mr Pat Hanna of HCS who has also peer reviewed this report including the coal quality analyses. Pat Hanna is a member of the Cokal Board of Directors.
Discussion of relative accuracy/confidence	The borehole data is considered to be reliable for the purpose of reporting Coal Resources in accordance with the JORC Code. The current topographic data has been determined to be accurate to 1m in elevation. This level of accuracy in the topographic surface and borehole data is considered to be within the accuracy of all Coal Resource categories reported.