COKAL

ASX: CKA

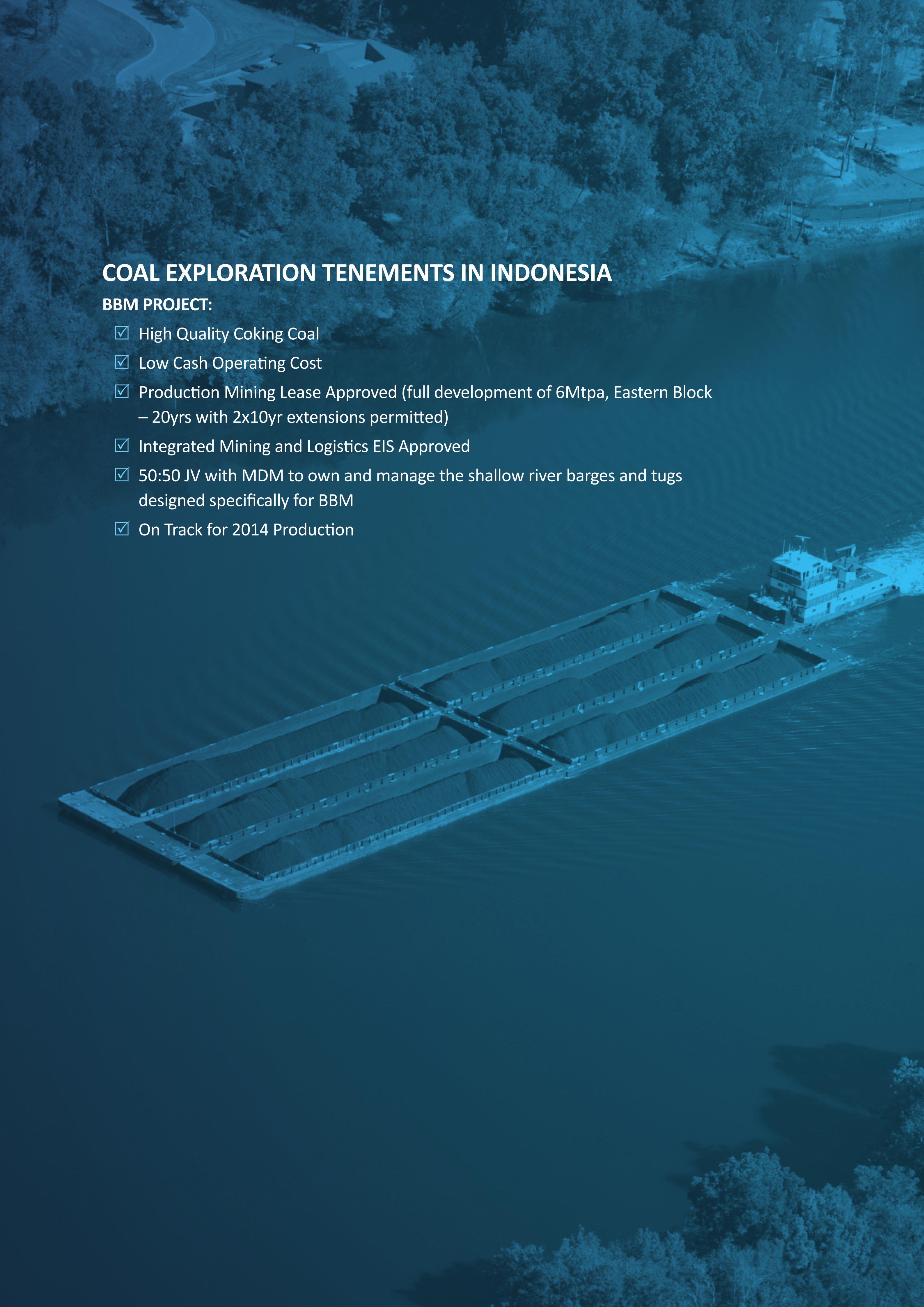
ANNUAL REPORT 2013

A global metallurgical coal group

COAL EXPLORATION TENEMENTS IN INDONESIA

BBM PROJECT:

- ☑ High Quality Coking Coal
- ☑ Low Cash Operating Cost
- ☑ Production Mining Lease Approved (full development of 6Mtpa, Eastern Block – 20yrs with 2x10yr extensions permitted)
- ☑ Integrated Mining and Logistics EIS Approved
- ☑ 50:50 JV with MDM to own and manage the shallow river barges and tugs designed specifically for BBM
- ☑ On Track for 2014 Production



Contents

Competent Person Statement

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 2004 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.

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

Mr Yoso is a qualified geologist and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking, to qualify as Competent Persons as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Yoso consents to the inclusion in the report of the matters based on the information, in the form and context in which it appears.

Corporate Information

DIRECTORS
Peter Lynch
Pat Hanna
Domenic Martino
Agus Widjojo

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Duncan Cornish
Victor Kuss

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AUSTRALIAN BUSINESS NUMBER
ABN 55 082 541 437

Chairman's Letter to Shareholders

Dear Shareholders

I take pride in presenting the Annual Report of Cokal on behalf of the Board of Directors and management of the company.

In our third year of the company's operation we have moved steadily and surely towards our goal of becoming a globally significant player in the metallurgical coal sector.

The strategy to achieve this has been increasingly focused on our great collection of assets in Kalimantan, Indonesia. From a geographic and cost structure perspective, the Indonesian coking coal sector is ideally placed to be become a long term competitive supplier to the global steel industry. The strongest growth in the global steel industry is occurring on Indonesia's doorstep, China, India, Korea and other South East Asian countries are where most of the this important production now operates.

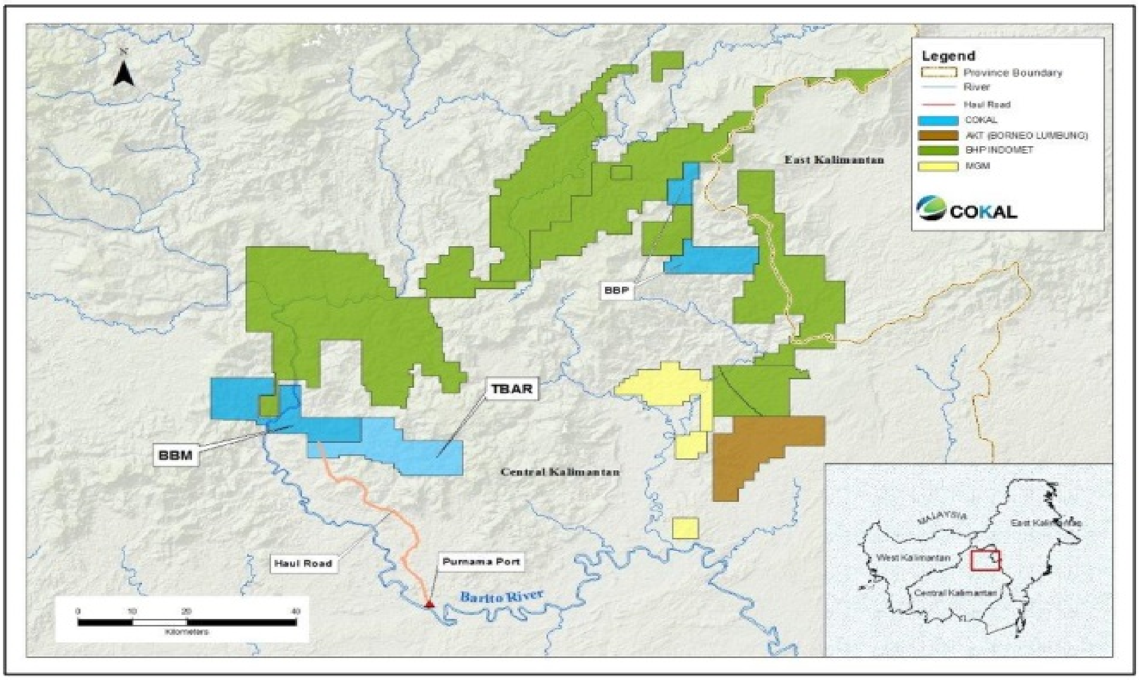
Prices for metallurgical coal fell to a low of US$133/t during the year but have since begun to steadily recover with prices now over US$145/t. While still way short of the incredible prices reached in 2008 of US$328/t, there is general consensus that they will continue to improve to around US$200/t in the medium term.

The supply side of the metallurgical coal market has seen significant changes, most of which place Cokal's Indonesian projects in a stronger competitive position. Australia is the largest single source of seaborne traded Metallurgical coal, however the strength of the Australian dollar and the dramatic increase in costs associated with Australia's mining boom has seen much of that production become unprofitable. There have been a number of production curtailments in Australia which are testament to this fact. Cokal strongly believes Indonesia's competitive edge will continue to show itself.

In this vein the company entered into an agreement to sell all of its Australian exploration licences to Chinese SOE Xuzhou Mining Group Corporation (XMC) in October 2012. The deal was completed in March 2013.

During the year Cokal increased the size of its Bumi Barito Mineral (BBM) project announcing 77 Million tonne (Mt) Total Resources (7Mt Indicated and 70Mt Inferred) being 70% coking and 30% PCI. In addition to these resources we announced an additional exploration target of 200 to 350Mt down to a depth of 200m.

In July this year the company announced it had discovered additional coking coal seams in the eastern portion of the BBM project, the KLM seams. Since that time a major drilling program has been underway to define the resources in the KLM seams as well as converting the Exploration Target into the various JORC resource categories.

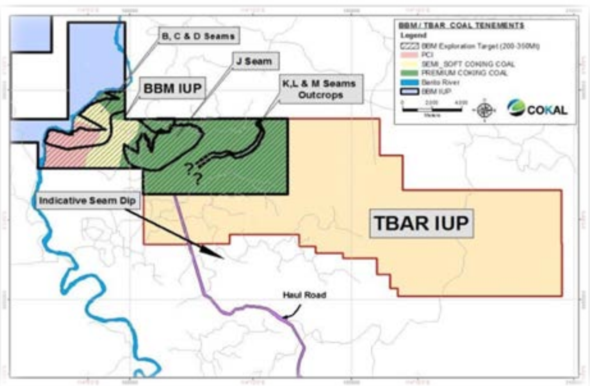


There have been significant events in the evolution of the BBM project as it transitions towards the ultimate goal of production. Firstly we received our exploration forestry permit in October 2012 which allowed us to implement large capacity drilling rigs. These rigs have been utilised to Increase the size of the overall BBM resource potential and the quality of the resources with infill drilling and definition of the new seams discovered in the eastern portion. The results of this program are due shortly and coincide with the Definitive Feasibility Study (DFS) which is scheduled for completion by fourth quarter this year.

The BBM Pre-feasibility study was completed in October 2012 and the results provided the company with confidence the BBM project is commercially attractive. The DFS was initiated earlier this year finalising all design and costing to the point where the project is fully understood and financing can be arranged.

The main focus is to complete the DFS, resource definition activity, mine planning and obtain all outstanding approvals required to advance the project into construction and then production.

In support of the main objective the company had the BBM integrated Mining and Logistics AMDAL EIS approved in April 2013. In May 2013, BBM was granted a Production IUP allowing the development of a project of up to 6 Mtpa output. The last remaining approval required for proceeding to production is the production forestry permit for which application was made in January 2013 and is well advanced.



To enhance the opportunity the company has created at BBM, we entered into a contract to purchase the adjoining Tambung Benua Alam Raya (TBAR) IUP to the South East. We recently confirmed coking coal of a similar quality to BBM occurs on TBAR with surface mapping pointing to a re-occurrence of the same seams. TBAR is shaping up to be an exciting project allowing Cokal to capitalise further on the infrastructure to be developed to service BBM.

A key part of the infrastructure solution for BBM is the development of shallow draft push barging, a first for Indonesia but widely used elsewhere in the world.

After a lengthy process the company executed a Joint Venture (JV) agreement with the highly respected Meratus Advance Maritim (MDM) who have extensive experience on the Barito River and have been in the business since 1957.

Our new Country Manager, Garry Kielenstyn, was appointed in May 2013. He has extensive experience in developing mining projects in Indonesia particularly where BBM is located. Garry has brought on-board additional proven performers with the requisite skills to deliver the project.

Left to right: **Garry Kielenstyn-Country Manager**, Mahesa Kristiawan-Geologist and Tri Yoso-Manager Geology Resources

We were also successful in securing funding for the company to see our needs out into 2014, covering all requirements to complete the BBM DFS targeted at October 2013. This was achieved through a tranched placement to the SGX listed Blumont Group. The company have now identified and significantly advanced a number of potential solutions to the funding requirements to take the BBM project into production. The intention is to select the optimum outcome once the project has reached a bankable position, post the DFS and all project approvals.

We look forward to what should be an exciting year and are well placed to move into production, which is expected to significantly enhance shareholder value.

Peter Lynch
Chairman

Review of Operations

Corporate

New Executive Team Structure

The continued focus of the development of the BBM project has led to the appointment of Garry Kielenstyn as the Indonesian Country Manager to manage and deliver the BBM Project in particular. Peter Lynch assumed the role of Chairman and Chief Executive Officer (CEO), with Jim Middleton stepping down from his role (as CEO and Managing Director) with Cokal.

Acquisition on 75% of PT Tambang Benua Alam Raya (TBAR)

On the 13th of February 2013, Cokal entered into an agreement to acquire 75% interest in an exploration tenement (IUP) immediately adjoining the south eastern boundary of the BBM project. The TBAR project is 18,850 hectares (ha) and is on the “Clean and Clear” list (CNC) meaning there are no overlapping IUP issues and the title is in good standing. The purchase price is for US$5 Million (M) via staged payment with US$1.75M having been paid to date.

Cokal applied for an exploration forestry permit in mid-February 2013. Initial surface mapping is underway with a drilling program to commence after the forestry permit is granted.

Sale of Australian Tenements

The sale of Cokal’s Australian tenements to XMC Australia Pty Ltd, a wholly owned subsidiary of Xuzhou Coal Mining Group Corporation, will enable Cokal to focus on the development of its Indonesian assets, particularly the BBM Project.

Additional Funding by Non-brokered Private Placements – Subsequent Event

Subsequent to year end, a private placement was made to a Singapore listed private equity group, Blumont Ltd, in July 2013. Under the arrangement Blumont will be issued 60,057,034 ordinary shares in Cokal at a price of A$0.16 raising A$9,609,125 before cost. This placement has provided resources to enable Cokal to deliver the planned exploration and development programs during the year.

Exploration - Indonesia

Six Indonesian Coal Exploration Projects

The Company has acquired a share of the following projects:

- 60% of the shares in companies which own the BBM and Borneo Bara Prima (BBP) projects located in Central Province, Kalimantan, Indonesia. The BBM project area comprises approximately 19,400ha and the BBP project comprises approximately 13,050ha.
- 75% of the shares in companies which own the Anugerah Alam Katingan (AAK) and Anugerah Alam Manuhing (AAM) projects are also located in Central Province, Kalimantan, Indonesia. The AAK project area comprises 5,000ha and the AAM project comprises 10,000ha.
- 75% of the shares in the company PT Silangkop Nusa Raya (SNR) which owns three exploration licences in West Kalimantan covering an area of approximately 13,000ha.

Furthermore the company has entered into an agreement to acquire 75% of the shares in the company PT Tambang Benua Alam Raya (TBAR) which own an exploration licence covering an area of approximately 18,850ha.

BBM, BBP, AAK, AAM and TBAR are within the highly prospective Central Kalimantan coking coal basin, with BBP, BBM and TBAR adjacent to BHP Billiton’s coking coal tenements. SNR is in a highly prospective coking coal area in West Kalimantan, near the Malaysian border.

BBM Project

BBM covers an area of 19,400ha, immediately adjacent to BHP Billiton’s Juloi tenement, straddling the Barito River and has numerous outcrops of bright coal. Another Cokal tenement, BBP, covering an area of 13,050ha, is located adjacent to BHP Billiton’s Maruwai tenement.

BBM covers an area of 19,400ha, immediately adjacent to BHPBilliton’s Juloi tenement, straddling the Barito River and has numerous outcrops of bright coal. The Eastern Block of BBM contains as Exploration Target[1] of 200 to 350Mt and ongoing drilling samples indicate the eventful conversion to premium coking coal with Crucible Swell Numbers (CSN) values generally 9 or more. The exploration result is in addition to the 77Mt total (7Mt Indicated and 70Mt Inferred) Resources.

Drilling continued to delineate the J Seam outcrop and coal quality throughout the Eastern Block of BBM. Seam J has been found to subcrop from the northern boundary where the seam continues to display excellent coking properties. Drilling is continuing towards the southern boundary to define additional shallow Seam J Resources. The average borehole spacing for coal core sampling is 500m, which will result in upgrading most of the shallow Coal Resources for Seam J to either Indicated or Measured. Drilling is expected to be completed in the September quarter together with an updated Resource Report.

Since receiving the exploration forestry permit Pinjam Pakai (IPPKH) for the BBM metallurgical Coal Project, deep boreholes completed in the Eastern Block has improved the delineation of Coal Resources for all seams from Seam A through to Seam J.

Board of Directors

Peter Lynch
Chairman and Chief Executive Officer,
Mining Engineer

Previous President, CEO and Director of Waratah Coal, also General Manager Oaky North coal mine.

Patrick Hanna
Executive Director, Geologist

Vast worldwide coal exploration experience.

Domenic Martino
Non-Executive Director

Experienced junior exploration company director and past CEO of Deloitte Touche Tohmatsu in Australia.

Lieutenant General (Retired) Agus Widjojo
Non-Executive Director
(Appointed 14 August 2013)

Well respected amongst Indonesia's leaders and is considered a key contributor in the development of Indonesia's international ties on various levels. Currently Chairman of the Centre for Policy Studies & Strategic Advocacy (CPSSA), a Jakarta based think tank.

Senior Management

Victor Kuss
Chief Financial Officer /
Joint Company Secretary

Financial commercial and corporate experience with major international and listed junior companies.

Duncan Cornish
Joint Company Secretary

Capital raising, financial, secretarial and corporate experience for principally exploration companies on ASX, TSX and AIM.

Garry Kielenstyn
Country Manager, Indonesia

Project, Production, General and Area Manager experience. Veteran of the Indonesian mining and civil contracting industries, based in Kalimantan, living and working in Indonesian since 1990.

Highlights

- Resources Estimation for BBM Coal Project is 77Mt (7Mt Indicated and 70Mt Inferred Resources) with the inclusion of premium quality coking coal of the J Seam.
- Approval of the BBM exploration forestry permit (IPPKH).
- BBM EIS submitted.
- BBM Production IUP (Mining Licence) submitted.
- The prefeasibility study was completed and has pulled together all the work to date and includes additional studies to prove a succinct holistic approach to the project development options, costings and schedule.
- In-fill drilling of the J seam completed, increasing the confidence in resources allowing detailed mine planning.
- Laboratory results confirm the 'K' 'L' and 'M' seams as premium quality coking coal with CSN of 9.

Project Development

Furthermore, during the year Cokal has continued with the investigation and design of all the key focus areas at BBM in order to deliver the project in a timely and cost effective manner. The identified key focus components are:

- Loading Port at Purnama
- Mine Haul Road including Bridges
- Mine Development and infrastructure
- Supply Chain and Logistics
- Intermediate Stockpile and Transfer.

BBM Definitive Feasibility Study (DFS)

Currently the company's efforts on the key focus areas are well advanced, with positive results allowing the commencement of a formal DFS. The DFS will pull together all the design work to date and include additional studies and the pre-feasibility study to provide a clear and logical approach to the project development options, costings and schedule. The DFS is being undertaken by internationally recognised consultants and Indonesian providers and contractors with experience in the development of similar Indonesian coal export projects.

The target date for completion is during Q4 2013. Specific work underway includes:

<u>BBM Loading Port at Purnama</u>

A number of studies, assessments and design have been completed including hydrology which defines flood return periods and the resulting civil, structural and mechanical works to ensure that the port is operable in a large range of flood conditions. Geotechnical investigation and drilling has also been carried out in order to provide an efficient and economical design for earthworks, structure and conveyor foundations and barge loading facilities.

Detailed land mapping and a full survey of land ownership at the Purnama Port has been completed in conjunction with land owners and local government departments with a detailed agreed ownership map produced. The speed, accuracy of information and cooperation shown during the ownership mapping process is a good indication of the high level of support from the local community for the Purnama Port project.

<u>BBM Mine Haul Road and Bridges</u>

Following an extensive aerial topograhical survey (LIDAR) a detailed 58 kilometre (km) haul road alignment and design including drainage has been completed. This road alignment falls within the Area Permit (Izin Lokasi) which was previously approved by local and provincial government. This study work has also identified a number of potential sources for material for road construction and surfacing. Concurrently design and geotechnical investigations for two major bridges on the haul route has also been completed.

A further hydrological study and independent review has been carried out for the bridges to ensure safety and integrity in high water level events.

<u>BBM Mine Development and Infrastructure</u>

An extensive drilling programme in conjunction with field mapping, aerial topographical survey and other exploration work has contibuted to producing geological models for 'B', 'C', 'D' and 'J', 'K', 'L' seams. This modeling information has allowed work to proceed on pit and site designs.

Based on the pit and site designs, information from similar mining operations and data from consultants and mining contractors we have been able to prepare capital and operating costs for use in the DFS.

Information obtained during this work has identified the potential to direct ship some coal with the use of relatively simple benefication processes to remove any extraneous material.

BBM Supply Chain and Logistics

A number of studies have been carried out including Barging Scoping and Bathymetic Survey allowing for detailed design of the barge loading facilities and detailing of the shallow draft barging system. Consultants have specifically been retained to assist with barge and tug design. Final design is expected before the end of Q4 2013 and it is expected that based on barge and tug draft and beam dimension that there will be a significant number of operating days annually compared to conventional barging.

Key results from studies are:

- Barging from Purnama Port is highly effective.
- Shallow draft barging will provide an internationally competitive logistics solution.
- With minor future dredging and channel modification there will be a significant increase in barging capacity.

In May, Cokal entered in to a 50:50 JV with MDM to own and manage the shallow draft barges and tugs specifically for BBM.

BBM Intermediate Stockpile and Transfer

Designs for both a mid-stream transfer option that will see coal moved from shallow draft barges to large ocean-going barges at Kelanis, approximately 400km from the mouth of the Barito River and a shore based unloading and loading facility located in the same area are substantially complete and are included in the DFS capital and operating costs. It is intended to use the mid stream transfer option for a period of time while the on-shore facility is constructed.

The transfer equipment will be re-used on the land based facility.

BBP Ports

Cokal has completed initial land mapping for a barge loading facilities which could be utilised by the BBP project and other projects in that area. Government and community consultation in the area has indicated that the local community is highly supportive of the establishment of the facilities at Cokal's preferred location.

AAK and AAM Projects

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

Mapping and preliminary exploration work continued in AAM, during this financial year, to identify the coal potential within the tenement.

SNR Project

Cokal has a 75.2% share of SNR, which holds three exploration licences in West Kalimantan near the Malaysian border. The SNR Licences cover an area of approximately 13,000ha.

Recent exploratory work for metallurgical coal in the area has been limited, although surface samples of coal from surrounding areas had shown good coking coal properties and there is a possibility of opening up a new area.

The acquisition has received Indonesian regulatory approval and SNR has been converted to a PMA Company. Under Indonesian law a PMA Company is able to have up to 100% foreign ownership.

BBP Project

Initial results indicate some of the coal is suitable for the PCI and Anthracite markets.

The drilling to date has tested only the outcrops in the southern part of the BBP project.

In addition to the above projects, Cokal remains active in evaluating other opportunities in Kalimantan.

External Relations

BBM Production Approval Advances - Update

The ugrade of the Izin Usaha Pertambangaan Eksplorasi (Exploration Mining Permit) to Izin Usaha Pertambangan Eksploitasi (Production Mining Permit) was awarded in Q2 2013.

BBP Production Approval Advances – Update

The ugrade of the Izin Usaha Pertambangaan Eksplorasi (Exploration Mining Permit) to Izin Usaha Pertambangan Eksploitasi (Production Mining Permit) was submitted in Q2 2013 and expect to be awarded in Q4 2013.

SNR, AAK, AAM and TBAR Production Approval Advances – Update

We have commenced the forestry approval process for all the concession at the local and provincial level.

Safety and Health

Safety and Health are a very significant component of our strategy to become a global force in the metallurgical coal sector and to this end we have made a number of high impact and effective changes and improvements during the year. These have included:

- The appointment of our Exploration Manager, Yoga Suryanegara, as the Kepala Teknik Tambang (Mine Technical Manager) for BBM. This reflects the need to have extensive exploration experience aplied to the safety, health and environment issues which occur at the development stages of this project.
- The appointment of a Safety Manager, Adam Indra, initially for the development and implementation of health and safety systems at BBM and then transfering these system to other Cokal projects. Adam has extensive experience in increasing safety awareness on mining projects particularly in the area in which BBM is located.
- Reinvigorated and revitalised Employee Work Induction and Familiarisation programs specifically designed for workers who have very limited mining operation experience and exposure and limited education. The underlying intent is to build a strong safety culture and situational awareness.

- A number of training courses have been conducted during the year which have included Four Wheel Drive Defensive Driving, Basic and Advanced First Aid Courses, Job Safety Analyses and Incident Investigation. Currently over 40% of our workforce hold a Basic First Aid Certificate.

- Regular employee meetings and discussions including daily pre-work meetings and weekly safety, health and environment discussions.

- The formalising of a large number of work activities into written procedures which are then socialised to the employees.

Environmental

As with Safety and Health, Environment is a critical part of Cokal's strategy to become a global force in the metallurgical coal sector. In order to establish absolute compliance and develop very high level work practices a number of key steps have been undertaken during the year including:

- The appointment of an Environmemtal Superintendent specifically for our current BBM operation.

- The implementation of an environmental awareness programme aimed at "grass roots" level and presented in such a manner that it is easily comprehendable to employees with limited education. Topics include forest burning, gold sluicing and rubbish disposal which are critical issues in this area.

- Mandatory inclusion of environmental topics in daily and weekly employee discussions.

- Establishment of waste hydrocarbon facility at BBM which has been inspected and approved by the Mines Department.

- The formalising of a large number of work activities into written procedures which are then socialised to the employees.

Environmental Impact Reports

During this year, Environmental Impact Reports were presented to the Central Kalimantan Provincial Government for both BBM and BBP projects and were accepted and approved by the Provincial EIR Committee, at open public presentation forums, subject to minor changes and additional information. At both presentations BBM and BBP were commended on the comprehensiveness and quality of the submissions. To date all outstanding information has been supplied and both BBM and BBP have received formal approval of their EIR from the Central Kalimantan Government.

Feasibility Studies

Subsequent to the formal acceptance of BBM Environmental Impact Report the Murung Raya Kabupaten Government Mines department formally approved the Feasibilty Study for BBM. Currently the review of the Feasibilty Study for BBP is in progress following the receipt of the EIR approval and is expected before the end of 2013.

Infrastructure Development Agreements to Facilitate Production

Two Legal Memorandums of Agreement (MoA)

Extensions have been signed for:

(a) Development of River Ports for Coal Transport on the Barito River. This MoA allows for a JV with the local regency to develop coal barge loading facilities to service the BBM project and other future Cokal projects in Murung Raya.

(b) Study and Development of coal fired Power Stations in Murung Raya regency. This MoA is for the potential development of two small scale coal-fired power stations (5-10MW) in the regency. This could service the needs of proposed Cokal mines in the area, as well as providing benefits to the local community.

The MoUs and the corresponding Agreements, are part of expediting planned metallurgical coal production in this high quality coal basin, while providing significant benefits to the local community.

The Regency Government's Development Corporation would be a JV partner with Cokal, and is committed to provide assistance for this infrastructure development.

This co-operation and assistance will help us to quickly move into the production phase. The Regency Government is enthusiastic about the mine development as it brings jobs, education and prosperity to the region. Cokal has committed to a high level of community engagement through an effective community social responsibility program focused on education and training, employment and local infrastructure development.

Community Development

Cokal has commenced the implementation of its Corporate Social Responsibility (CSR) program. To date Cokal has undertaken the following programs:

- Sponsoring 4 teachers at Tumbang Tuan Junior High School. This school was previously closed and now has a student roll of 24.

- Annual eye clinic dealing principally with cataract which saw 177 patients and carried out 134 operations.

- Two day football clinics which coach over 300 children from local villages.

- University scholarships for 12 students across a range of faculties at including finance, law, agriculture and engineering.

Note 1: Exploration Target:

All statements as to Exploration Targets of Cokal Limited and statements as to potential quality and grade are conceptual in nature. There has been insufficient exploration undertaken to date to define a Coal Resource and identification of a Resource will be totally dependent on the outcome of further exploration. Any statement contained in this document as to exploration results or Exploration Targets has been made consistent with the requirements of the Australasian code for reporting of Exploration results, Mineral Resources and Ore Reserves (JORC Code).

Directors' Report

Your Directors present their report for the year ended 30 June 2013.

The following persons were Directors of Cokal Limited during the financial year and up to the date of this report, unless otherwise stated:

Peter Lynch, Chairman and Chief Executive Officer
(Appointed on 24 December 2010)
(Appointed Chief Executive Officer on 5 May 2013
B.Eng (Mining)

Since graduating with a Mining Engineering degree in 1988, Mr Lynch has held various positions, within the coal industry in Australia, as mining engineer, project manager, mine manager, general manager and managing director culminating most recently in the role, from January 2006 until January 2010, as the President, CEO and Director of Waratah Coal Inc., a TSX listed company which was taken over by the Mineralogy Group in December 2008, having reached a peak market capitalisation of CAD300 Million. Other highlights include:

- Mining Engineer, 49, over 26 years' experience mainly in coal.
- Proven track record in coal project evaluation, development and operation.
- Responsible for design and construction of one of Australia's best producing longwall projects, Oaky North.
- Ex-CEO of Waratah Coal responsible for putting the Galilee basin on the map, visionary development plan.
- Ex-MD APC, MacArthur Coal operating entity expanded to 6Mtpa.
- Strong following in Nth American Capital Markets, WCI.TSX-V.
- Currently a directors of WCB Resources Limited (TSX-V:WCB).

Peter is a member of the Audit Committee.

During the past three years Peter has not served as a director of an ASX listed company.

Pat Hanna, Executive Director
(Appointed on 24 December 2010)
B. Applied Science (Geology), CP, FAusIMM

Mr Hanna has over 31 years' experience as a coal geologist in the areas of exploration and evaluation including planning, budgeting and managing drilling programs in Australia and Indonesia, gained since graduating from the University of New South Wales in 1976. Mr Hanna has authored and co-authored numerous coal industry publications.

- Geologist, 60, over 31 years' experience all in coal.
- Extensive experience in Indonesian coal.
- Exploration Manager for Riversdale Mining, principal responsibility for discovery and documentation of new coking coal basin in Mozambique.
- Ex-member of JORC committee.
- Principal Geologist SRK Australia for 6 years.
- Author of 19 technical publications.
- Reviewed and consulted on over 40 coal projects globally.
- Highly experienced and respected.

Pat is a member of the Audit Committee.

During the past three years Pat has not served as a director of an ASX listed company.

Domenic Martino, Non-Executive Director
(Appointed on 24 December 2010)
B. Bus, FCPA

Mr Martino is a Chartered Accountant and an experienced director of ASX listed companies. Previously CEO of Deloitte Touch Tohmatsu in Australia, he has significant experience in the development of "micro-cap" companies.

- Former CEO Deloitte Touche Tohmatsu Australia.
- Key player in the re-birth of a broad grouping of ASX companies including Sydney Gas, Pan Asia, Clean Global Energy, NuEnergy Capital.
- Strong reputation in China.
- Lengthy track record of operating in Indonesia, successfully closed key energy and resources deals with key local players.
- Proven track record in capital raisings across a range of markets.

During the past three years Domenic has also served as a Director of the following ASX listed companies:

- Pan Asia Corporation Limited* (since 24 December 2010)
- Synergy Plus Limited* (since 7 July 2006)
- Australasian Resources Limited* (since 27 November 2003)
- ORH Limited (since 6 May 2009)
- NuEnergy Capital (Appointed March 2011, Resigned May 2011)
- Clean Global Energy Limited (appointed 9 October 2009, resigned September 2012)
- Coral Sea Petroleum Limited (appointed 3 August 2012)

* denotes current directorship

Domenic is the Chairman of the Audit Committee.

Lt. General (Ret.) Agus Widjojo, Non-Executive Director (Appointed on 14 August 2013)
Mr Widjojo graduated from the Indonesian Armed Force Academy in 1970. He holds a Master's Degree in Military Art and Science from the National Security Strategy of the US army Command and General Staff College, Leavenworth WA and a Master Degree of Public Administration from the George Washington University.

He is a well-respected amongst Indonesia's leaders and is considered a key contributor in the development of Indonesia international ties on various levels.

Highlights include:

- Served as a staff officer in the International Commissioner for Control and Supervision in Vietnam 1973 and with the Indonesian Battalion with UNED II in Sinai in 1975.
- Command of an airborne infantry battalion and bridged and Command of TNI Command and Staff College (SESKO TNI).
- Assistant for General Plans and Strategic Policies of TNI Command in 1998.
- Vice Chairman of the national Parliament and leading participant in deliberation leading the reform of Indonesian armed force in the post-Seoharto period and transition to democracy.
- Vice Chairperson of the Executive Board of Parties for Governance Reform, a Senior Fellow at CSIS Jakarta, a member of the advisory Board of the Institute of Peace and was a deputy of the President Policy implementation.
- Unit and the Indonesian representative on the Indonesia-Timor Commission of Truth and Friendship.
- Chairman of the Centre for Policy Studies and Strategic Advocacy (CPSSA).

During the past three years Agus has not served on any ASX Listed Boards as a Director.

Victor Kuss, Chief Financial Officer (CFO) and Joint Company Secretary (Appointed on 5 September 2011) BComm, CA
Victor Kuss is an experienced CFO with significant exposure to listed resources companies and has a strong track record in the successful growth and development of resources and resource related companies.

Mr Kuss has significant experience in M&A activities and capital raising. He has also worked extensively in a number of overseas mining and resources related operations. Mr Kuss is a Chartered Accountant and has a Masters in Economics.

Duncan Cornish, Joint Company Secretary (Appointed on 24 December 2010) B.Bus (Accounting), CA
Duncan is an accomplished and highly regarded corporate administrator and manager. He has many years' experience in pivotal management roles in capital raisings and stock exchange listings for numerous companies on the ASX, AIM Market of the London Stock Exchange and the Toronto Stock Exchange.

Highly skilled in the areas of company financial reporting, company regulatory, secretarial and governance areas, business acquisition and disposal due diligence, he has worked with Ernst & Young and PricewaterhouseCoopers both in Australia and the UK.

Duncan is currently Company Secretary and CFO of other listed companies on the ASX and TSX-V where he has assisted in their listing and capital raising. He is supported by a small experienced team of accountants and administrators.

Jim Middleton, Managing Director and Chief Executive Officer (Appointed on 24 December 2010, resigned on 3 May 2013)
Mr Middleton resigned from the company on 3 May 2013. Mr Middleton held no other directorships of listed entity in the last 3 years.

Interests in Shares and Options

As at the date of this report, the interests of the Directors in the shares of Cokal Limited are shown in the table below. No directors held options as at the date of this report.

	Ordinary Shares
Peter Lynch	55,697,00
Pat Hanna	25,800,00
Domenic Martino	37,120,001
Agus Widjojo	-

Principal Activities

The principal activities of the consolidated entity during the financial year were focused on the identification and development of coal within the highly prospective Central Kalimantan coking coal basin in Indonesia and to explore for coal in Tanzania with JV partner Tanzoz Resource Company Ltd (Tanzoz).

Operating Results

For the year ended 30 June 2013, the loss for the consolidated entity after providing for income tax was $6,721,739 (2012: $6,315,217).

The operating results have been heavily driven by the exploration and development programs at BBM project. This has been and will continue to be the group's major area of focus and expenditure.

The exploration on BBM project will continue in the next financial year but the focus will expand into completing the DFS and arranging financing for construction to commence. More detail on the program is included separately in the Annual Report particularly in the 'Review of Operations' and 'Chairman's Letter to Shareholders' sections.

Dividends Paid or Recommended

There were no dividends paid or recommended during the financial year.

Review of Operations

Detailed comments on operations and exploration programs up to the date of this report are included separately in the Annual Report under Review of Operations.

Review of Financial Condition

Capital Structure

During the year ended 30 June 2013, 1,600,000 unlisted options were issued exercisable at $0.20 on or before 12 April 2015.

At 30 June 2013, the consolidated entity had 411,046,892 ordinary shares and 20,825,000 unlisted options on issue.

Subsequent to the year end, a private placement was made to Singapore listed private equity group Blumont Ltd in July 2013. Under the arrangement Blumont will be issued 60,057,034 ordinary shares in Cokal at a price of A$0.16 raising A$9,609,125 before costs.

Financial Position

The net assets of the consolidated entity have decreased by $5,399,316 from $63,002,116 at 30 June 2012 to $57,602,800 at 30 June 2013. This decrease has largely resulted from the following operating losses as the consolidated entity is still in the exploration stage.

The consolidated entity's working capital, being current assets less current liabilities has decreased from $28,944,773 in 2012 to $882,957 in 2013. The decrease is primarily on account of increase in exploration activities.

Treasury Policy

The consolidated entity does not have a formally established treasury function. The Board is responsible for managing the consolidated entity's finance facilities.

Some goods and services purchased by the consolidated entity, along with the payments made to the vendors of the Kalimantan coal projects, are in foreign currencies (US dollars or Indonesian Rupiah).

The consolidated entity does not currently undertake hedging of any kind.

Liquidity and Funding

The consolidated entity has sufficient funds to finance its operations and exploration activities, and to allow the consolidated entity to take advantage of favourable business opportunities, not specifically budgeted for, or to fund unforeseen expenditure.

Significant Changes in the State of Affairs

In February 2013, Cokal announced it has entered into an agreement to acquire a 75% interest in the tenement adjoining BBM.

In October 2012, Cokal entered into an agreement with XMC Australia Pty Ltd, a wholly owned subsidiary of Zuzhou Coal Mining Group Corporation (XMC) for the sale of its 100% interest in its Queensland tenements.

The sale was successfully completed in March 2013 for a profit of $1.32M.

Significant Events after the Reporting Date

On 8 July 2013 announced it will issue a private placement to institutional investors of 60,057,034 ordinary shares at a price of $0.16. The place will be issued in five tranches.

On 15 July 2013, the first tranche of 16,250,000 fully paid ordinary shares at a price of A$0.16 was completed.

On 16 August 2013 the second tranche of 14,062,500 fully paid ordinary shares at a price of A$0.16 was completed.

On 11 July 2013, 4,000,000 options were issued to employees at A$0.214 and 7,300,000 options at A$0.25 expiring on 11 July 2017.

Future Developments, Prospects and Business Strategies

Likely developments in the operations of the consolidated entity and the expected results of those operations in subsequent financial years have been discussed where appropriate in the Annual Report under Review of Operations.

There are no further developments of which the Directors are aware which could be expected to affect the results of the consolidated entity's operations in subsequent financial years.

Business Results

The prospects of the Group in developing their properties in Indonesia may be affected by a number of factors. These factors are similar to most exploration companies moving through exploration phase and attempting to get projects into production. Some of these factors include:

- Exploration - the results of the exploration activities at the BBM project and the tenements in Central Kalimantan may be such that the estimated resources are insufficient to justify the financial viability of the projects.
- Regulatory and Sovereign - the company operates in Indonesia and deals with local regulatory authorities in relation to the operation and development of its properties. The company may not achieve the required local regulatory approvals or they may be significantly delayed to enable it to commence production.
- Funding - the company will require additional funding to move from the exploration phase to the production phase of the BBM project and the tenements in Central Kalimantan. There is no certainty that the company will have access to available financial resources sufficient to fund its capital costs and/or operating costs at that time.

- Development - the company is involved in developing greenfield projects in Indonesia which could result in capital costs and/or operating costs at levels which do not justify the economic development of the project.
- Market - there are numerous factors involved with early stage development of its properties such as the BBM project, including variance in commodity price and labour costs which can result in projects being uneconomical.

Environmental Issues

The consolidated entity is subject to environmental regulation in relation to its exploration activities. There are no matters that have arisen in relation to environmental issues up to the date of this report.

Non-Audit Services

The following non-audit services were provided by the Cokal's auditor, Ernst & Young. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Ernst & Young received the following amounts for the provision of non-audit services:

	2013 $	2012 $
Assurance related agreed upon services	-	7,500
Tax compliance services	-	-
	-	**7,500**

Remuneration Report (Audited)

This remuneration report for the year ended 30 June 2013 outlines the remuneration arrangements of the Group in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the consolidated entity.

For the purposes of this report, the term "executive" includes the Executive Chairman, Chief Executive Officer, directors and other senior management executives of the Group included in this report.

Remuneration Policy

The performance of the consolidated entity depends upon the quality of its directors and executives. To prosper, the consolidated entity must attract, motivate and retain highly skilled directors and executives.

The Board does not presently have Remuneration and Nomination Committees. The directors consider that the consolidated entity is not of a size, nor are its affairs of such complexity, as to justify the formation of any other special or separate committees at this time. All matters which might be dealt with by such committees are reviewed by the directors meeting as a Board.

The Board, in carrying out the functions of the Remuneration and Nomination Committees, is responsible for reviewing and negotiating the compensation arrangements of senior executives and consultants.

The Board, in carrying out the functions of the Remuneration and Nomination Committees, assess the appropriateness of the nature and amount of remuneration of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team. Such officers are given the opportunity to receive their base remuneration in a variety of forms including cash and fringe benefits. It is intended that the manner of payments chosen will be optimal for the recipient without creating undue cost for the consolidated entity.

The consolidated entity aims to reward the Executive Directors and senior management with a level and mix of remuneration commensurate with their position and responsibilities within the consolidated entity. The Board's policy is to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering short and/or long-term incentives as appropriate.

In accordance with best practice corporate governance, the structure of non-executive directors, Executive Directors and senior management remuneration is separate and distinct.

Non-executive Director Remuneration

The Board seeks to set aggregate remuneration at a level which provides the consolidated entity with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

The Constitution of Cokal Limited and the ASX Listing Rules specify that the non-executive directors are entitled to remuneration as determined by the consolidated entity in a general meeting to be apportioned among them in such manner as the Directors agree and, in default of agreement, equally. The aggregate remuneration currently determined by Cokal Limited is $500,000 per annum. Additionally, non-executive directors will be entitled to be reimbursed for properly incurred expenses.

If a non-executive director performs extra services, which in the opinion of the directors are outside the scope of the ordinary duties of the director, the consolidated entity may remunerate that director by payment of a fixed sum determined by the directors in addition to or instead of the remuneration referred to above.

However, no payment can be made if the effect would be to exceed the maximum aggregate amount payable to non-executive directors. A non-executive director is entitled to be paid travel and other expenses properly incurred by them in attending directors' or general meetings of Cokal Limited or otherwise in connection with the business of the consolidated entity.

The remuneration of the sole non-executive director for the year ending 30 June 2013 is detailed in this Remuneration Report.

Executive Director and Senior Management Remuneration

The consolidated entity aims to reward the Executive Directors and senior management with a level and mix of remuneration commensurate with their position and responsibilities within the consolidated entity so as to:

- reward Executives for consolidated entity and individual performance
- align the interests of executives with those of shareholders
- link reward with the strategic goals and performance of the consolidated entity, and
- ensure total remuneration is competitive by market standards.

The remuneration of the Executive Directors and senior management may from time to time be fixed by the Board. As noted above, the Board's policy is to align the Executive Directors and senior management objectives with shareholder and business objectives by providing a fixed remuneration component and offering short and/or long-term incentives as appropriate.

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Short-term incentives may be provided in the form of performance bonuses. Fixed remuneration and short-term incentives are reviewed annually by the Board, in carrying out the functions of the Remuneration Committee, and the process consists of a review of Company-wide and individual performance, relevant comparative remuneration in the market and internal, and where appropriate, external advice on policies and practices.

Senior management are given the opportunity to receive their fixed remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the consolidated entity.

Long-term incentives are provided in the form of options and/or the issue of shares following the completion of satisfactory time periods of service. The consolidated entity uses employee continuity of service and the future share price to align comparative shareholder return and reward for executives.

The remuneration of the Executive Directors and senior management for the year ending 30 June 2013 is detailed in this Remuneration Report.

Relationship between Remuneration and Consolidated Entity Performance

During the financial year, the consolidated entity has generated losses as its principal activity was exploration for coal within the Central Kalimantan coking coal basin in Indonesia and in Tanzania via a JV with Tanzoz.

The following table shows the performances of the consolidated entity for the last five years:

Year-end (30 June)	2013 $	2012 $	2011 $	2010 $	2009 $
Share price	0.16	0.21	0.75	0.18	0.04
Basic loss per share	(1.64)	(1.68)	(1.39)	(2.67)	(3.25)

There were no dividends paid during the year ended 30 June 2013.

As the consolidated entity is still in the exploration and development stage, the link between remuneration, consolidated entity performance and shareholder wealth is tenuous. Share prices are subject to the influence of coal prices and market sentiment toward the sector, and as such increases or decreases may occur quite independent of executive performance or remuneration.

Employment and Services Agreements

It is the Board's policy that employment and/or services agreements are entered into with all Executive Directors, Executives and employees.

Agreements do not provide for pre-determining compensation values or method of payment. Rather the amount of compensation is determined by the Board in accordance with the remuneration policy set out above.

KMP are entitled to their statutory entitlements of accrued annual leave and long service leave together with any superannuation on termination. No other termination payments are payable.

Chairman and Chief Executive Officer

Cokal Limited has a services agreement with Petla Trust and Peter Lynch, the Executive Chairman. The Agreement commenced on 24 December 2010. Under the terms and conditions of the agreement, Petla Trust has agreed to provide certain corporate management and other services to the consolidated entity. Additionally on the 5th of May 2013, Peter Lynch has agreed to act as the Chairman and Chief Executive Officer of Cokal Limited. The agreement with Petla Trust was amended to allow Peter Lynch to act as Chief Executive officer and the base fee for provision of the service was adjusted to $520,000 per annum (exclusive of GST) on the basis of a minimum of 80% of Peter's time. The consolidated entity is also obliged to reimburse Petla Trust for all reasonable and necessary expenses incurred by Petla Trust in providing services pursuant to the agreement.

Both Cokal Limited and Petla Trust are entitled to terminate the agreement upon giving not less than three month's written notice. In the event that Petla Trust is in breach of the agreement, Cokal Limited may terminate the agreement immediately on written notice. In addition, Cokal Limited is entitled to terminate the agreement upon the happening of various events in respect of Petla Trust's solvency or other conduct of Petla Trust or Peter Lynch.

Managing Director / Chief Executive Officer Resigned 3 May 2013

Cokal Limited had an employment agreement with Jim Middleton, for the position of Managing Director and Chief Executive Officer which commenced on 24 December 2010. Mr Middleton resigned on 3 May 2013. Mr Middleton received an annual base salary of $400,000, exclusive of compulsory superannuation contributions.

Mr Middleton was eligible for an annual performance bonus of up to 50% of his annual base salary, based on the discretion of the Board based on the stage of exploration activities. A $70,000 discretionary cash bonus was paid during 2013 (2012: $140,000).

Mr Middleton provided three months' notice. No further payments were made or payable to Mr Middleton as a result of his resignation.

Executive Director

Cokal Limited has a services agreement with Hanna Consulting Services Pty Ltd and Pat Hanna, Executive Director. The Agreement commenced on 24 December 2010. Under the terms and conditions of the agreement, Hanna Consulting Services Pty Ltd has agreed to provide certain executive and geological management and other services to the consolidated entity. Additionally, Pat Hanna has agreed to act as the Executive Director of Cokal Limited.

Hanna Consulting Services Pty Ltd will receive a base fee for provision of the services of $240,000 per annum (exclusive of GST) for a minimum of ten days service per month. Additional fees of $2,000 per day will be paid for additional services performed greater than ten days per month. The consolidated entity is also obliged to reimburse Hanna Consulting Services Pty Ltd for all reasonable and necessary expenses incurred by Hanna Consulting Services Pty Ltd in providing services pursuant to the agreement.

Both Cokal Limited and Hanna Consulting Services Pty Ltd are entitled to terminate the agreement upon giving not less than three month's written notice. In the event that Hanna Consulting Services Pty Ltd is in breach of the agreement, Cokal Limited may terminate the agreement immediately on written notice. In addition, Cokal Limited is entitled to terminate the agreement upon the happening of various events in respect of Hanna Consulting Services Pty Ltd's solvency or other conduct of Hanna Consulting Services Pty Ltd or Pat Hanna.

Senior Management

<u>CFO / Joint Company Secretary</u>

Cokal Limited has an employment agreement with Victor Kuss, for the position of Chief Financial Officer commenced on 5th September 2011. He was further made Joint Company Secretary on the 14th May 2012. Mr Kuss receives an annual base salary of $265,000, exclusive of compulsory superannuation contributions.

Mr Kuss is eligible for an annual performance bonus of up to $100,000, based on the discretion of the CEO, as the Company is an early stage exploration entity.

The employment agreement may be terminated at any time by the Company for Cause, being serious misconduct or the happening of various events in respect of Mr Kuss's conduct.

The Company may terminate the employment agreement without Cause or for permanent disability by giving three months' notice to Mr Kuss. In these circumstances Mr Kuss will receive three months annual base salary.

Mr Kuss may terminate the employment agreement by providing the Company with three months' notice.

<u>Joint Company Secretary</u>

Cokal Limited has a services agreement with Corporate Administration Services Pty Ltd (CAS) and Duncan Cornish, the Joint Company Secretary. The agreement commenced on 1 December 2011. Under the terms and conditions of the agreement, CAS has agreed to provide certain corporate secretarial, administration and other services to Cokal Limited. Additionally, Mr Cornish has agreed to act as the secretary of Cokal Limited.

CAS receives a base fee for provision of the services of $40,000 (exclusive of GST). If at the request of the consolidated entity, CAS or Mr Cornish provides additional services to the consolidated entity, CAS shall be paid additional remuneration at an hourly rate. The additional services means the provision of other such services as may be required by the Company to be performed from time to time and being within the scope of CAS's expertise, including but not limited to corporate actions, capital raisings, prospectus management, extended (>3 days) Company-related corporate travel not associated with Company Secretarial or administrative duties (eg. conferences, road shows, site visits etc).The consolidated entity is also obliged to reimburse CAS for all reasonable and necessary expenses incurred by CAS in providing services pursuant to the Agreement.

Both Cokal Limited and CAS are entitled to terminate the agreement upon giving not less than one month's written notice. In the event that a party is in breach of the agreement either party may terminate the Agreement immediately on written notice. In addition, Cokal Limited is entitled to terminate the agreement upon the happening of various events in respect of CAS' solvency or other conduct of CAS or Mr Cornish. CAS is also entitled to terminate the agreement upon the happening of various events in respect of Cokal Limited's solvency.

<u>Exploration and Resource Manager</u>

Cokal Limited has an employment agreement with Chris Turvey, for the position of Exploration & Resource Manager which commenced on 24 December 2010. Mr Turvey receives an annual base salary of $250,000, exclusive of compulsory superannuation contributions.

Mr Turvey is eligible for an annual performance bonus of up to 50% of his annual base salary, based on performance milestones to be agreed annually by the CEO.

The employment agreement may be terminated at any time by the Company for Cause, being serious misconduct or the happening of various events in respect of Mr Turvey's conduct.

The Company may terminate the employment agreement without Cause or for permanent disability by giving six months' notice to Mr Turvey. In these circumstances Mr Turvey will receive six months annual base salary.

Mr Turvey may terminate the employment agreement by providing the Company with three months' notice.

If, within six months of a change of control event, Mr Turvey terminates the employment agreement, he will receive 12 months annual base salary.

Indonesian Country Manager
Cokal Limited has an employment agreement with Gerhardus Kielenstyn for the position of Indonesian Country Manager which commenced on 1 May 2013. Mr Kielenstyn receives an annual base salary of $480,000, exclusive of benefits.

Mr Kielenstyn is eligible for an annual performance bonus of up to 50% of his annual base salary, based on performance milestones to be agreed annually by the CEO.

The employment agreement may be terminated at any time by the Company for Cause, being serious misconduct or the happening of various events in respect of Mr Kielenstyn's conduct.

(a) Details of Management Personnel

(i) Directors

Peter Lynch, Chairman and CEO (appointed Chairman 24 December 2010 and appointed CEO on the 3 May 2013)

Jim Middleton, Ex Managing Director & Chief Executive Officer (appointed 24 December 2010 and resigned 3 May 2013)

Pat Hanna, Executive Director (appointed 24 December 2010)

Domenic Martino, Non-Executive Director (appointed 24 December 2010)

Lt. Gen. (Ret.) Widjojo, Non-Executive Director (appointed 14 August 2013)

(ii) Senior Management

Vic Kuss, CFO (appointed 5 September 2011) & Joint Company Secretary (appointed 14 May 2012)

Duncan Cornish, CFO (appointed 24 December 2010, resigned 4 September 2011) & Company Secretary (appointed 24 December 2010)

Gerhardus Kielenstyn, Indonesia Country Manager (appointed 1 May 2013)

Chris Turvey, Exploration and Resource Manager (appointed 24 December 2010)

(b) Remuneration Details

The following table of benefits and payments details, in respect to the financial years ended 30 June 2013 and 2012, the component of remuneration for each key management person of the consolidated entity:

2013	Short-Term Benefits			Post-Employment	Termination Benefits	Share-based payments		Total	% Remuneration as options
	Salary & Fees	Cash Bonus	Other short-term benefits	Superannuation		Equity-settled (options)	Cash-settled	Total	
	$	$	$	$	$	$	$	$	
Directors									
Peter Lynch #@	419,200	-	-	-	-	-	-	419,200	0%
Jim Middleton # ~	539,013	70,000	-	17,843	-	115,773	-	742,629	15.6%
Pat Hanna #	420,130	-	-	-	-	-	-	420,130	0%
Domenic Martino #	55,000	-	-	-	-	-	-	55,000	0%
Total	**1,433,343**	**70,000**	**-**	**17,843**	**-**	**115,773**	**-**	**1,636,959**	
Senior Management									
Chris Turvey#	250,000	-	-	-	-	23,155	-	273,155	8.5%
Duncan Cornish#	40,000	-	-	-	-	-	-	40,000	0%
Victor Kuss^	241,334	-	23,666	25,000	-	793,310	-	1,083,310	73.2%
Gerhardus Kielenstyn*	76,428	-	3,820	-	-	-	-	80,248	0%
Total	**607,762**	**-**	**27,486**	**25,000**	**-**	**816,465**	**-**	**1,476,713**	

appointed 24 December 2010
^ appointed 5 September 2011
*appointed 1 May 2013
~ Resigned 3 May 2013.
@ During the year ended 30 June 2013, Peter has spent more than 80% of his time for Cokal related matters. Peter was appointed CEO on 4 May 2013.

2012	Short-Term Benefits			Post-Employment	Termination Benefits	Share-based payments		Total $	% Remuneration as options
	Salary & Fees	Cash Bonus	Other short -term benefits	Superannuation		Equity-settled (options)	Cash-settled		
	$	$	$	$	$	$	$		
Directors									
Peter Lynch #@	294,250	-	-	-	-	-	-	294,250	0%
Jim Middleton #	400,000	140,000	4,328	15,775	-	663,529	-	1,223,632	54.2%
Pat Hanna #	429,000	-	-	-	-	-	-	429,000	0%
Domenic Martino #	55,000	-	-	-	-	-	-	55,000	0%
Total	**1,178,250**	**140,000**	**4,328**	**15,775**	**-**	**663,529**	**-**	**2,001,882**	
Senior Management									
Chris Turvey#	250,000	-	-	-	-	132,706	-	382,706	34.68%
Duncan Cornish#	80,667	-	-	-	-	-	-	80,667	0%
Victor Kuss^	196,115	50,000	15,751	13,015	-	675,944	-	950,825	71.09%
Total	**526,782**	**50,000**	**15,751**	**13,015**	**-**	**808,650**	**-**	**1,414,198**	

appointed 24 December 2010
^ appointed 5 September 2011
@ During the year ended 30 June 2012, Peter has spent more than 80% of his time for Cokal related matters and has received a fee greater than the minimum base fee.

Cash Bonuses, Performance-related Bonuses and Share-based Payments

KMP and other executives are paid cash bonuses or performance-related bonuses. During the year ended 30 June 2013 only Jim Middleton has been paid cash bonus based on the progress of exploration activities.

Details of share-based payments to KMP and other executives awarded and vested/unvested during the year ended 30 June 2013 are detailed in the table below.

	Remun-eration type	Grant date	Vesting date	Number	Exercise Price	Grant value (per option) $ #	Percentage vested / paid during year %	Percentage forfeited/ cancelled during year %	Percentage remaining as unvested %	Expiry date
Consolidated entity KMP										
Victor Kuss	Options	24/08/2011	05/09/2013	3,000,000	$1.10	$0.34	-	-	100%	5/09/2015
Victor Kuss	Options	24/08/2011	05/09/2013	2,000,000	$1.50	$0.30	-	-	100%	5/09/2015
Jim Middleton	Options*	29/12/2010	29/12/2011	5,000,000	$0.50	$0.17	-	-	-	03/08/2013
Jim Middleton	Options	29/12/2010	29/12/2012	5,000,000	$0.75	$0.17	100%	-	-	03/08/2013
Chris Turvey	Options	29/12/2010	29/12/2011	1,000,000	$0.50	$0.17	-	-	-	29/12/2014
Chris Turvey	Options	29/12/2010	29/12/2012	1,000,000	$0.75	$0.17	100%	-	-	29/12/2014

Calculation of value of options granted using the Black-Scholes option pricing model, which takes into account factors such as the option exercise price, the market price at the date of issue and volatility of the underlying share price and the time to maturity of the option.

*Jim Middleton resigned 3 May 2013 and hence his options expire 3 August 2013 per agreement.

Details of share-based payments to KMP and other executives awarded and vested/unvested during the year ended 30 June 2012 are detailed in the table below.

	Remun-eration type	Grant date	Vesting date	Number	Exercise Price	Grant value (per option) $ #	Percentage vested / paid during year %	Percentage forfeited during year %	Percentage remaining as unvested %	Expiry date
		Consolidated entity KMP								
Victor Kuss	Options	24/08/2011	05/09/2013	3,000,000	$1.10	$0.34	-	-	100%	5/09/2015
Victor Kuss	Options	24/08/2011	05/09/2013	2,000,000	$1.50	$0.30	-	-	100%	5/09/2015
Jim Middleton	Options	29/12/2010	29/12/2011	5,000,000	$0.50	$0.17	100%	-	-	29/12/2014
Jim Middleton	Options	29/12/2010	29/12/2012	5,000,000	$0.75	$0.17	-	-	100%	29/12/2014
Chris Turvey	Options	29/12/2010	29/12/2011	1,000,000	$0.50	$0.17	100%	-	-	29/12/2014
Chris Turvey	Options	29/12/2010	29/12/2012	1,000,000	$0.75	$0.17	-	-	100%	29/12/2014

Calculation of value of options granted using the Black-Scholes option pricing model, which takes into account factors such as the option exercise price, the market price at the date of issue and volatility of the underlying share price and the time to maturity of the option.

These options were not issued based on performance criteria as the Board does not consider this appropriate for a junior exploration company. The options were issued to the director and senior management of Cokal Limited to align comparative shareholder return and reward for director and senior management.

All options were issued by Cokal Limited and entitle the holder to one ordinary share in Cokal Limited for each option exercised.

All options granted as part of remuneration for the year ended 30 June 2012 were granted for nil consideration. Once vested, options can be exercised at any time up to the expiry date.

(c) Hedging of Director's share based payments

The consolidated entity does not currently have a policy prohibiting directors and executives from entering into arrangements to protect the value of unvested options. No directors or executives have entered into contracts to hedge their exposure to options awarded as part of their remuneration package.

Directors' Meetings

The number of meetings of Directors (including meetings of committees of directors) held during the year and the number of meetings attended by each Director was as follows:

	Board		Audit Committee	
	Number of meetings held while in office	Meetings attended	Number of meetings held while in office	Meetings attended
Peter Lynch	12	12	2	2
Jim Middleton	10	10	n/a	n/a
Pat Hanna	12	11	2	2
Domenic Martino	12	12	2	2

Indemnification and Insurance of Directors, Officers and Auditor

Each of the current Directors and Secretaries of Cokal Limited have entered into a Deed with Cokal Limited whereby Cokal Limited has provided certain contractual rights of access to books and records of Cokal Limited to those Directors and Secretaries.

Cokal Limited has insured all of the Directors of the consolidated entity. The contract of insurance prohibits the disclosure of the nature of the liabilities covered and amount of the premium paid. The Corporations Act does not require disclosure of the information in these circumstances.

Cokal Limited has not indemnified or insured its auditor.

Options

At 30 June 2013, there were 20,825,000 unissued ordinary shares under options as follows:

- 6,000,000 unlisted options exercisable at $0.50, on or before 29 December 2014
- 6,000,000 unlisted options exercisable at $0.75, on or before 29 December 2014
- 1,600,000 unlisted options exercisable at $0.20 on or before 12 April 2015
- 1,225,000 unlisted options exercisable at $0.75, on or before 12 April 2015
- 550,000 unlisted options exercisable at $1.00 on or before 29 June 2015
- 3,000,000 unlisted options exercisable at $1.10 on or before 5 September 2015
- 2,000,000 unlisted options exercisable at $1.50 on or before 5 September 2015
- 450,000 unlisted options exercisable at $0.75 on or before 12 October 2016

No option holder has any right under the options to participate in any other share issue of Cokal Limited or any other entity.

During the year ended 30 June 2013, no ordinary shares in Cokal Limited were issued as a result of the exercise of options.

Subsequent to year end, no ordinary shares in Cokal Limited were issued as a result of the exercise of options.

Proceedings on Behalf of the Consolidated Entity

No person has applied for leave of Court to bring proceedings on behalf of the consolidated entity or intervene in any proceedings to which the consolidated entity is a party for the purposes of taking responsibility on behalf of the consolidated entity for all or any part of those proceedings.

The consolidated entity was not a party to any such proceedings during the year.

Auditor's Independence Declaration

The Auditor's Independence Declaration forms part of the Directors' Report and can be found on page 19.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Cokal Limited support and have adhered to the principles of corporate governance. Cokal Limited's Corporate Governance Statement can be found on page 23.

This report is signed in accordance with a resolution of the directors.

Cokal Limited

Peter Lynch
Chairman and Chief Executive Officer

Brisbane
13 September 2013

Ernst & Young
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Auditor's Independence Declaration to the Directors of Cokal Limited

In relation to our audit of the financial report of Cokal Limited for the year ended 30 June 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable Code of Professional Conduct.

Ernst & Young

Brad Tozer
Partner
Brisbane
13 September 2013

Shareholder Information

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 12 September 2013.

(a) Distribution of Ordinary Shares and Options

The number of holders, by size of holding, in each class of security is:

	Ordinary shares		Unlisted options ($0.50 @ 29/12/14)		Unlisted options ($0.75 @ 29/12/14)		Unlisted options ($0.75 @ 12/4/15	
	Number of holders	Number of shares	Number of holders	Number of options	Number of holders	Number of options	Number of holders	Number of options
1 – 1,000	333	292,293	-	-	-	-	-	-
1,001 – 5,000	181	563,137	-	-	-	-	-	-
5,001 – 10,000	292	2,678,746	-	-	-	-	-	-
10,001 – 100,000	614	24,422,490	-	-	-	-	4	325,000
100,001 and over	223	413,402,726	1	1,000,000	1	1,000,000	2	900,000
Total	1,643	441,359,392	1	1,000,000	1	1,000,000	6	1,225,000

	Unlisted options ($1.00 @ 29/6/15)		Unlisted options ($1.10 @ 05/09/15)		Unlisted options ($1.50 @ 05/09/15)		Unlisted options ($0.75 @ 12/10/16)	
	Number of holders	Number of options	Number of holders	Number of options	Number of holders	Number of options	Number of holders	Number of options
1 – 1,000	-	-	-	-	-	-	-	-
1,001 – 5,000	-	-	-	-	-	-	-	-
5,001 – 10,000	-	-	-	-	-	-	-	-
10,001 – 100,000	1	50,000	-	-	-	-	-	-
100,001 and over	1	500,000	1	3,000,000	1	2,000,000	3	450,000
Total	2	550,000	1	3,000,000	1	2,000,000	3	450,000

	Unlisted options ($0.20 @ 12/4/15)		Unlisted options ($0.214 @ 11/7/17)		Unlisted options ($0.25 @ 11/7/17)	
	Number of holders	Number of options	Number of holders	Number of options	Number of holders	Number of options
1 – 1,000	-	-	-	-	-	-
1,001 – 5,000	-	-	-	-	-	-
5,001 – 10,000	-	-	-	-	-	-
10,001 – 100,000	-	-	-	-	-	-
100,001 and over	1	1,600,000	1	4,000,000	4	7,300,000
Total	1	1,600,000	1	4,000,000	4	7,300,000

The number of shareholders holding less than a marketable parcel (2,381 ordinary shares) is 399 on a share price of $0.210.

(b) Twenty Largest Holders

The names of the twenty largest holders, in each class of quoted security (ordinary shares) are:

		Number of shares	% of total shares
1	JP MORGAN NOMINEES AUSTRALIA LIMITED*	52,056,956	11.79
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED*	50,144,339	11.36
3	NATIONAL NOMINEES LIMITED	46,870,338	10.62
4	GEBRUN PTY LTD <PETLA A/C>	35,000,000	7.93
5	BLUMONT GROUP LTD	30,312,500	6.86
6	PATRICK JOSEPH HANNA	25,000,000	5.66
7	MR PETER ANTHONY LYNCH + MRS LAURA ANNE LYNCH <SEBAL SUPER FUND A/C>	20,697,000	4.68
8	USB WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD*	16,165,000	3.66
9	CS FOURTH NOMINEES PTY LTD	15,988,530	3.62
10	DOMENAL ENTERPRISES PTY LTD <DVM SUPER FUND A/C>	10,550,001	2.39
11	TJ SMOCK & CO PTY LTD <MIDDLETON FAMILY A/C>	10,000,000	2.26
12	CITICORP NOMINEES PTY LIMITED	8,622,264	1.95
13	MR THOMAS CLEMENT BAHEN	6,300,000	1.42
14	SHANE DOHERTY <RESOURCES INVESTMENT A/C> <CILENTS A/C>	4,000,000	0.90
15	UOB KAY HIAN (HONG KONG) LIMITED ACCOUNT>	3,015,500	0.68
16	PERSHING AUSTRALIA NOMINESS PTY LTD <ARGONAUT <PANTHEON FAMILY A/C>	2,699,968	0.61
17	ALBIANO HOLDINGS PTY LTD <PANTHEON FAMILY A/C>	2,451,215	0.55
18	MR JOHN LANGLEY HANCOCK	2,200,000	0.49
19	LQ SUPER PTY LTD <LQ SUPER FUND A/C>	1,666,667	0.37
20	TOPSFIELD PTY LTD	1,633,334	0.37
	Top 20	345,373,612	78.17
	Total	441,359,392	100.00%

* merged

(c) Voting rights

All ordinary shares carry one vote per share without restriction.

(d) Business objectives

The consolidated entity has used its cash and assets that are readily convertible to cash in a way consistent with its business objectives.

Interests in Tenements and Projects

Cokal Limited had the following interests in projects as at 5 September 2013:

Indonesia

Project	Location	% Interest
PT Anugerah Alam Katingan (AAK)	Kalimantan	75%
PT Anugerah Alam Manuhing (AAM)	Kalimantan	75%
PT Bumi Barito Mineral (BBM)	Kalimantan	60%
PT Borneo Bara Prima (BBP)	Kalimantan	60%
PT Silangkop Nusa Raya (SNR)	Kalimantan	75.2%

Tanzania

Project	Location	% Interest
Joint Venture with Tanzoz (JV1 or Manda) over tenement number PL 6281	Tanzania	50%
Joint Venture with Tanzoz (JV2) over tenement number PL 5395 plus additional tenements identified by the parties	Tanzania	60%

Corporate Governance Statement

The board of directors of Cokal Limited is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of Cokal Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

Cokal Limited's Corporate Governance Statement is structured with reference to the Australian Securities Exchange (ASX) Corporate Governance Council's (the Council) "Corporate Governance Principles and Recommendations, 2nd Edition", which are as follows:

Principle 1	Lay solid foundations for management and oversight
Principle 2	Structure the board to add value
Principle 3	Promote ethical and responsible decision making
Principle 4	Safeguard integrity in financial reporting
Principle 5	Make timely and balanced disclosure
Principle 6	Respect the rights of shareholders
Principle 7	Recognise and manage risk
Principle 8	Remunerate fairly and responsibly

A copy of the eight Corporate Governance Principles and Recommendations can be found on ASX's website.

The Board is of the view that with the exception of the departures from the ASX Guidelines as set out below, it otherwise complies with all of the ASX Guidelines.

ASX Principles and Recommendations	Summary of the Consolidated Entity's Position
Principle 2 – Structure the Board to Add Value	
Recommendation 2.1 – A majority of the Board should be independent directors	While the consolidated entity does not presently comply with this recommendation, the consolidated entity may consider appointing further independent directors in the future. The consolidated entity believes that given the size and scale of its operations, non-compliance by the consolidated entity with this recommendation will not be detrimental to the consolidated entity.
Recommendation 2.2 – The chair should be an independent director	Mr Peter Lynch is the Chairman and was appointed Chief Executive Officer on the 4th of June 2013. The consolidated entity does not consider Mr Lynch to be an independent director as defined in the ASX Guidelines on the basis that he is employed by the Company in an executive capacity and is a substantial (greater than 5%) shareholder in the Company. The consolidated entity believes that given the size and scale of its operations, non-compliance by the consolidated entity with this recommendation will not be detrimental to the consolidated entity. It is the Board's view that the Company's corporate governance principles, the quality, stature and substantive business knowledge of the members of the Board of Directors, as well as the Board's culture of open communication with the CEO and senior management are conducive to Board effectiveness with a combined Chairman and CEO position.
Recommendation 2.4 – The board should establish a nomination committee	The Board's view is that the consolidated entity is not currently of the size to justify the formation of a separate nomination committee. The Board currently performs the functions of a nomination committee and where necessary will seek advice of external advisors in relation to this role. The Board shall, upon the consolidated entity reaching the requisite corporate and commercial maturity, form a nomination committee to assist the Board in relation to the appointment of Directors and senior management.

ASX Principles and Recommendations	Summary of the Consolidated Entity's Position
Principle 3 – Promote Ethical and Responsible Decision-making	
Recommendation 3.2 – Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them. Recommendation 3.3 – Companies should disclose in each annual report the measurable the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	The Company is committed to workplace diversity and ensuring a diverse mix of skills amongst its directors, officers and employees. Due to its size and nature of operations, the Company does not currently have a Diversity Policy. The Company strives to attract the best person for the position regardless of gender, age, ethnicity or cultural background. While the Company does not presently comply with Recommendations 3.2 and 3.3, the Company may consider adopting a Diversity Policy in the future as it grows in size and complexity. The Company believes that given the size and nature of its operations, non-compliance with these recommendations will not be detrimental to the consolidated entity.
Principle 4 – Safeguard Integrity in Financial Reporting	
Recommendation 4.2 – The Audit Committee should be structured so that it: - Consists only of non-executive directors - Consists of a majority of independent directors - Is chaired by an independent chair, who is not chair of the board - Has at least 3 members	The members of the Audit and Risk Management Committee are Domenic Martino (Chairman), Peter Lynch and Pat Hanna. Mr Domenic Martino is a non-executive director and the current Chairman of the Audit and Risk Management Committee. The consolidated entity does not consider Mr Martino to be an independent director as defined in the ASX Guidelines on the basis that he, together with his associated entities, are in aggregate a substantial (greater than 5%) shareholder in the consolidated entity. Mr Peter Lynch is the Chairman and Chief Executive Officer. The consolidated entity does not consider Mr Lynch to be an independent director as defined in the ASX Guidelines on the basis that he is employed by the Company in an executive capacity and is a substantial (greater than 5%) shareholder in the Company. Mr Pat Hanna is the Executive Director. The consolidated entity does not consider Mr Hanna to be an independent director as defined in the ASX Guidelines on the basis that he is employed by the Company in an executive capacity and is a substantial (greater than 5%) shareholder in the Company. On the basis of above information, the consolidated entity is of the view that the current Committee does not consist of a majority of independent directors. While the consolidated entity does not presently comply with this Recommendation 4.2, the consolidated entity may consider appointing further independent Directors in the future. The consolidated entity believes that given the size and scale of its operations, non-compliance by the consolidated entity with this Recommendation 4.2 will not be detrimental to the consolidated entity.
Principle 7 - Recognise and Manage Risk	
Recommendation 7.2 – The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	The Board has adopted a Risk Management Policy, which sets out the Company's risk profile. Under the policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control. Under the policy, the Board delegates day-to-day management of risk to the Management**,** is responsible for identifying, assessing, monitoring and managing risks. Management is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board.

ASX Principles and Recommendations	Summary of the Consolidated Entity's Position
Principle 8 – Remunerate Fairly and Responsibly	
Recommendation 8.1 – The board should establish a remuneration committee	The Board has not established a remuneration committee. The Board considers that given its size, no efficiencies or other benefits would be gained by the establishing of such committee. The role of the remuneration committee is carried out by the full Board. The Board shall, upon the consolidated entity reaching the requisite corporate and commercial maturity, form a nomination committee to assist the Board in relation to the appointment of Directors and senior management.

Board

The Board has adopted a formal Board Charter that outlines the roles and responsibilities of directors and senior executives. The Board Charter has been made publicly available on Cokal Limited's website (Corporate Governance Policy).

The skills, experience and expertise relevant to the position of Director held by each Director on office at the date of the Annual Report is included in the Director's Report. Corporate Governance Council Recommendation 2.1 requires a majority of the Board should be independent Directors. The Corporate Governance Council defines an independent director as a non-executive director who is not a member of management and who is free of any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the independent exercise of their judgement.

In the context of Director independence, "materiality" is considered from both the Company and the individual Director perspective.

The determination of materiality requires consideration of both quantitative and qualitative elements.

An item is presumed to be quantitatively immaterial if it is equal or less than 10% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount. Qualitative factors considered included whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors which point to the actual ability of the Director in question to shape the direction of the Company's loyalty.

Factors that may impact on a director's independence are considered each time the Board meets.

At the date of this report:
In accordance with the Council's definition of independence above, and the materiality thresholds set none of the Directors are considered to be independent.

In accordance with the Council's definition of independence above, and the materiality thresholds set, the following Directors are not considered to be independent:

Name	Position	Reason for Non-compliance
Peter Lynch	Executive Chairman & Chief Executive Officer	Peter Lynch is employed by the Company in an executive capacity and is a substantial (greater than 5%) shareholder in the Company.
Pat Hanna	Executive Director	Pat Hanna is employed by the Company in an executive capacity and is a substantial (greater than 5%) shareholder in the Company.
Domenic Martino	Non-Executive Director	Domenic Martino is a substantial (greater than 5%) shareholder in the Company.

Cokal Limited considers industry experience and specific expertise, as well as general corporate experience, to be important attributes of its Board members. The Directors noted above have been appointed to the Board of Cokal Limited due to their considerable industry and corporate experience.

There are procedures in place, agreed by the Board, to enable Directors, in furtherance of their duties, to seek independent professional advice at the Company's expense.

The term in office held by each Director in office at the date of this report is as follows:

Name	Term in Office
Peter Lynch	2 year 9 months
Pat Hanna	2 year 9 months
Domenic Martino	2 year 9 months

Diversity

The Company is committed to workplace diversity and ensuring a diverse mix of skills amongst its directors, officers and employees. The Company strives to attract the best person for the position regardless of gender, age, ethnicity or cultural background

Due to its size and nature of operations, the Company does not currently have a Diversity Policy, however may consider adopting a Diversity Policy in the future as it grows in size and complexity.

As at 30 June 2013, the proportion of women in the whole organisation is a follows:

	Male	Female
Board Members	100%	0%
Officers	100%	0%
Other	83%	17%

Trading Policy

The Board has adopted a policy and procedure on dealing in the Company's securities by Directors, officers and employees which prohibits dealing in the Company's securities when those persons possess inside information until it has been released to the market and adequate time has passed for this to be reflected in the security's prices, and during certain pre-determined windows.

The Company's policy regarding dealings by directors in the Company's shares is that directors should never engage in short term trading and should not enter into transactions when they are in possession of price sensitive information not yet released by the Company to the market; or for a period of fourteen (14) days prior to the scheduled (per ASX Listing Rules) release by the Company of ASX Quarterly Operations and Cash Flow Reports or such shorter period as may be approved of by the Chairman after receipt of notice of intention to buy or sell by a director to other members of the Board.

Directors will generally be permitted to engage in trading (subject to due notification being given to the Chairperson and Secretary) for a period commencing one (1) business day after the release of ASX Quarterly Operations and Cash Flow Reports to the market and for a period commencing one (1) business day following the release of price sensitive information to the market which allows a reasonable period of time for the information to be disseminated among members of the public.

Remuneration and Nomination Committees

Due to the size and scale of operations, Cokal Limited does not have separately established Remuneration or Nomination Committees. The full Board carries out the functions of Remuneration and Nomination Committees.

Audit Committee

The Board has established an Audit Committee. It is the Board's responsibility to ensure that an effective internal control framework exists within the Company. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators. The Board has delegated the responsibility for the establishment and maintenance of a framework of internal control and ethical standards for the management of the Company to the Audit Committee.

The Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports.

The members of the Audit Committee at the date of this report are:

- Domenic Martino (Chairman)
- Peter Lynch
- Pat Hanna

For additional details of directors' attendance at Audit Committee meetings and to review the qualifications of the members of the Audit Committee, please refer to the Directors' Report.

The Audit Committee Charter has been made publicly available on the Company's website.

Risk Management

Material business risks are considered informally as the Company's business evolves, since it commenced exploration in January 2011, plus formally at each Board meeting.

The Company has adopted a formal framework for risk management and internal compliance and control systems which cover organisational, financial and operational aspects of the Company's affairs as the Company's activities expand. The Board believes the current approach to risk management is appropriate given the size and scale of its operations. Further detail of the Company Risk Management Policies can be found within the Corporate Governance Policy available on the Company website (**www.cokal.com.au**).

Recommendation 7.2 requires that the Board disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks. Business risks are considered regularly by the Board and management. A formal report to the Board as to the effectiveness of the management of the Company's material business risks has not been provided since the new Board and managements' appointment (on 24 December 2010). As noted, these formal procedures are being developed.

As required by Recommendation 7.3, the Board has received written assurances from the CEO and CFO that to the best of their knowledge and belief, the declaration provided by them in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Performance Evaluation

The full Board, in carrying out the functions of the Remuneration and Nomination Committees, considers remuneration and nomination issues annually and otherwise as required in conjunction with the regular meetings of the Board.

During the Reporting Period a CEO performance evaluation took place. The evaluations were conducted by the Board on an informal basis.

Remuneration

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and Executive team by remunerating directors and key executives fairly and appropriately with reference to relevant and employment market conditions. To assist in achieving this objective, the Remuneration Committee and the Board links the nature and amount of Executive Director's and Officer's emoluments to the consolidated entity's financial and operations performance. The expected outcomes of the remuneration structure are:

- retention and motivation of key Executives
- attraction of quality management to the consolidated entity
- performance incentives which allow Executives to share the rewards of the success of Cokal Limited.

For details on the amount of remuneration and all monetary and non-monetary components for each of the five highest paid (Non-Director) Executives during the period, and for all Directors, please refer to the Remuneration Report within the Directors' Report. In relation to the payment of bonuses, options and other incentive payments, discretion is exercised by the Board, having regard to the overall performance of Cokal Limited and the performance of the individual during the period.

There is no scheme to provide retirement benefits, other than statutory superannuation, to Non-Executive Directors.

The Board is responsible for determining and reviewing compensation arrangements for the Directors themselves, subject to Cokal Limited's constitution and prior shareholder approvals, and the Executive team.

The consolidated entity does not currently have a policy of implementing a ban on hedging economic risk of options.

Continuous Disclosure Policy

Detailed compliance procedures for ASX Listing Rule disclosure requirements have been adopted by the consolidated entity. Cokal Limited's Continuous Disclosure Policy can be found within Cokal Limited's Corporate Governance Charter on the Cokal Limited website (**www.cokal.com.au**) in the Corporate Governance section.

Communications

The consolidated entity has designed a disclosure system to ensure it complies with the ASX's continuous disclosure rules and that information is made available to all investors equally, promoting effective communications with shareholders and encouraging shareholder participation at general shareholder meetings.

In addition to corporate and project information generally available on the Company's website, in the Investor Relations section of the Company's website the following information is made available:

- ASX Releases
- Corporate Presentations
- Quarterly Reports
- Half-yearly and Annual Reports
- Capital Structure

Other Information

Further information relating to the Company's corporate governance practices and policies has been made publicly available on the Company's web site at: **www.cokal.com.au**.

Consolidated Statement of Comprehensive Income for the year ended 30 June 2013

		2013 $	2012 $
Revenue and other income	2	2,175,773	1,078,240
Pre-tenure exploration expenses		(138,417)	(596,209)
Employee benefits expenses		(3,622,621)	(3,730,884)
Depreciation expenses		(184,125)	(84,900)
Finance costs		(86)	(25)
Legal expenses		(152,520)	(266,087)
Administration and consulting expenses		(3,714,495)	(1,600,204)
Other expenses		(1,085,248)	(1,115,148)
Loss before income tax expense		**(6,721,739)**	**(6,315,217)**
Income tax expense	4	-	-
Net loss for the year		**(6,721,739)**	**(6,315,217)**
Other comprehensive income		-	-
Total comprehensive loss for the year		**(6,721,739)**	**(6,315,217)**

Loss per share for the loss attributable to owners of Cokal Limited:		**Cents**	**Cents**
Loss per share (cents per share)	8	(1.64)	(1.68)
Diluted loss per share (cents per share)	8	(1.64)	(1.68)

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

Consolidated Statement of Financial Position as at 30 June 2013

		2013 $	2012 $
Current Assets			
Cash and cash equivalents	9	916,509	15,341,001
Short term deposits	9	1,858,000	14,287,098
Accounts receivable	10	159,900	562,397
Other current assets	15	100,117	181,162
Total Current Assets		**3,034,526**	**30,371,658**
Non-Current Assets			
Property, Plant and equipment	13	954,616	808,770
Exploration and evaluation assets	14	55,729,090	33,306,527
Other non-current assets	15	266,762	218,796
Total Non-Current Assets		**56,950,468**	**34,334,093**
TOTAL ASSETS		**59,984,994**	**64,705,751**
Current Liabilities			
Accounts payable	16	2,151,569	1,426,885
Total Current Liabilities		**2,151,569**	**1,426,885**
Non-Current Liabilities			
Deferred liability	16	230,625	276,750
Total Non-Current Liabilities		**230,625**	**276,750**
TOTAL LIABILITIES		**2,382,194**	**1,703,635**
NET ASSETS		**57,602,800**	**63,002,116**
Equity			
Issued capital	17	73,003,471	73,003,471
Reserves	18	3,870,421	2,547,998
Accumulated losses	19	(19,271,092)	(12,549,353)
TOTAL EQUITY		**57,602,800**	**63,002,116**

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

Consolidated Statement of Changes in Equity
For the year ended 30 June 2013

	Issued capital $	Accumulated losses $	Reserves $	Total $
At 1 July 2011	**41,731,103**	**(6,234,136)**	**727,719**	**36,224,686**
Total comprehensive loss for the financial year				
Loss for the year	-	(6,315,217)	-	(6,315,217)
	-	(6,315,217)	-	(6,315,217)
Transactions with owners in their capacity as owners				
Issue of share capital	31,277,231	-	-	31,277,231
Costs associated with issue of share capital	(4,863)	-	-	(4,863)
Share based payments	-	-	1,820,279	1,820,279
	31,272,368	-	1,820,279	33,092,647
At 30 June 2012	**73,003,471**	**(12,549,353)**	**2,547,998**	**63,002,116**
Total comprehensive loss for the financial year				
Loss for the year	-	(6,721,739)	-	(6,721,739)
	-	(6,721,739)	-	(6,721,739)
Transactions with owners in their capacity as owners				
Issue of share capital	-	-	-	-
Costs associated with issue of share capital	-	-	-	-
Share based payments	-	-	1,322,423	1,322,423
	-	-	1,322,423	1,322,423
		-		
At 30 June 2013	**73,003,471**	**(19,271,092)**	**3,870,421**	**57,602,800**

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

Consolidated Statement of Cash Flows
For the year ended 30 June 2013

		2013 $	2012 $
Cash Flows from Operating Activities			
Payments to suppliers and employees		(5,833,288)	(4,662,549)
Interest received		591,402	813,785
Interest paid		(86)	(25)
Net cash outflow from operating activities	24	**(5,241,972)**	**(3,848,789)**
Cash Flows from Investing Activities			
Payments for plant and equipment		(329,971)	(373,819)
Deposits maturing after three months	9	12,429,097	(14,287,098)
Proceeds from sale of tenements		1,620,000	-
Payments for exploration and evaluation assets		(22,853,680)	(14,626,598)
Security deposit payments		(47,966)	(11,759)
Net cash outflow from investing activities		**(9,182,520)**	**(29,299,274)**
Cash Flows from Financing Activities			
Proceeds from issue of shares and options		-	31,277,231
Transaction costs on share issue		-	(4,863)
Net cash inflow from financing activities		**-**	**31,272,368**
Net (decrease)/increase in cash and cash equivalents		(14,424,492)	(1,875,695)
Cash and cash equivalents at beginning of year		15,341,001	17,216,696
Cash and cash equivalents at end of year *	9	**916,509**	**15,341,001**

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

*Total cash and cash equivalents (including amounts on deposit) at 30 June 2013 was $2,774,509 (2012: $29,628,099)

Notes to the Financial Statements for the year ended 30 June 2013

Note 1: Summary of Significant Accounting Policies

General Information

The consolidated financial statements of Cokal Limited for the year ended 30 June 2013 were authorised for issue in accordance with a resolution of the Directors and covers the consolidated entity (the "Group") consisting of Cokal Limited and its subsidiaries.

The financial statements are presented in Australian currency.

Cokal Limited (the parent) 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.

Basis of Preparation

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and the *Corporations Act 2001*.

The financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on a historical cost basis.

Going Concern

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 the successful raising in the future of necessary funding, through debt, equity or farm-out, or the successful exploration and subsequent exploitation of the Group's tenements. Should these avenues be delayed or fail to materialize, 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. However, 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 on managing its existing funds to enable it to realise its assets in the ordinary course of business.

Changes in Accounting Policies

The accounting policies and methods of computation are the same as those in the prior year except as disclosed below.

From 1 July 2012 the Group has adopted the following new and amended Accounting Standards and Interpretations. Adoption of these standards and Interpretations did not have any material effect on the financial position or performance of the Group.

Reference	Title	Application date of standard	Application date for Group
AASB 2010-8	**Amendments to Australian Accounting Standards - Deferred Tax: *Recovery of Underlying Assets* [AASB 112]** These amendments address the determination of deferred tax on investment property measured at fair value and introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that the carrying amount will be recoverable through sale. The amendments also incorporate SIC-21 *Income Taxes - Recovery of Revalued Non-Depreciable Assets* into AASB 112.	1 Jan 2012	1 July 2012
AASB 2011-9	**Amendments to Australian Accounting Standards -Presentation of Other Comprehensive Income** **[AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]** This standard requires entities to group items presented in other comprehensive income on the basis of whether they might be reclassified subsequently to profit or loss and those that will not.	1 July 2012	1 July 2012

Accounting Standards Issued but not yet Effective

Reference	Title	Summary	Impact on Group financial report	Application date of standard	Application date for Group
AASB 10	*Consolidated Financial Statements*	AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 *Consolidated and Separate Financial Statements* dealing with the accounting for consolidated financial statements and UIG-112 *Consolidation - Special Purpose Entities.* The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. **Consequential amendments were also made to this and other standards via AASB 2011-7 and AASB 2012-10.**	Management considers the implication of this new standard and assessed this would not have material impact.	1 Jan 2013	1 July 2013
AASB 11	*Joint Arrangements*	AASB 11 replaces AASB 131 *Interests in Joint Ventures* and UIG-113 *Jointly- controlled Entities - Non-monetary Contributions by Ventures*. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method. **Consequential amendments were also made to this and other standards via AASB 2011-7, AASB 2010-10 and amendments to AASB 128.**	Management considers the implication of this new standard and assessed this would not have material impact.	1 Jan 2013	1 July 2013
AASB 12	*Disclosure of Interests in Other Entities*	AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates, structured entities and subsidiaries with non-controlling interests.	Management considers the implication of this new standard and assessed this would not have material impact.	1 Jan 2013	1 July 2013

Reference	Title	Summary	Impact on Group financial report	Application date of standard	Application date for Group
AASB 13	*Fair Value Measurement*	AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets. AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. **Consequential amendments were also made to other standards via AASB 2011-8.**	Management considers the implication of this new standard and assessed this would not have material impact.	1 January 2013	1 July 2013
AASB 119	*Employee Benefits*	The main change introduced by this standard is to revise the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognised in full with actuarial gains and losses being recognised in other comprehensive income. It also revised the method of calculating the return on plan assets. The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date. **Consequential amendments were also made to other standards via AASB 2011-10.**	Management considers the implication of this new standard and assessed this would not have material impact.	1 Jan 2013	1 July 2013
Interpretation 20	*Stripping Costs in the Production Phase of a Surface Mine*	This interpretation applies to stripping costs incurred during the production phase of a surface mine. Production stripping costs are to be capitalised as part of an asset, if an entity can demonstrate that it is probable future economic benefits will be realised, the costs can be reliably measured and the entity can identify the component of an ore body for which access has been improved. This asset is to be called the "stripping activity asset". The stripping activity asset shall be depreciated or amortised on a systematic basis, over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity. The units of production method shall be applied unless another method is more appropriate. **Consequential amendments were also made to other standards via AASB 2011-12.**	Management considers the implication of this new standard and assessed this would not have material impact.	1 Jan 2013	1 July 2013

Reference	Title	Summary	Impact on Group financial report	Application date of standard	Application date for Group
AASB 2012-2	Amendments to Australian Accounting Standards - *Disclosures - Offsetting Financial Assets and Financial Liabilities*	AASB 2012-2 principally amends AASB 7 *Financial Instruments: Disclosures* to require disclosure of the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position, when all the offsetting criteria of AASB 132 are not met.	Management considers the implication of this new standard and assessed this would not have material impact.	1 Jan2013	1 July 2013
AASB 2012-5	Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle	AASB 2012-5 makes amendments resulting from the 2009-2011 Annual Improvements Cycle. The standard addresses a range of improvements, including the following: ► Repeat application of AASB 1 is permitted (AASB 1) ► Clarification of the comparative information requirements when an entity provides a third balance sheet (AASB 101 *Presentation of Financial Statements*).	Management considers the implication of this new standard and assessed this would not have material impact.	1 Jan 2013	1 July 2013
AASB 2011-4	Amendments to Australian Accounting Standards to *Remove Individual Key Management Personnel Disclosure Requirements* [AASB 124]	This amendment deletes from AASB 124 individual KMP disclosure requirements for disclosing entities that are not companies. It also removes the individual KMP disclosure requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions.	Management considers the implication of this new standard and assessed this would not have material impact.	1 July 2013	1 July 2013
AASB 2012-3	Amendments to Australian Accounting Standards - *Offsetting Financial Assets and Financial Liabilities*	AASB 2012-3 adds application guidance to AASB 132 *Financial Instruments: Presentation* to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	Management considers the implication of this new standard and assessed this would not have material impact.	1 Jan 2014	1 July 2014
Interpretation 21	***Levies***	This Interpretation confirms that a liability to pay a levy is only recognised when the activity that triggers the payment occurs. Applying the going concern assumption does not create a constructive obligation.	Management considers the implication of this new standard and assessed this would not have material impact.	1 Jan 2014	1 July 2014
AASB 9	*Financial Instruments*	AASB 9 includes requirements for the classification and measurement of financial assets. It was **further amended by AASB 2010-7** to reflect amendments to the accounting for financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. (a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business	Management considers the implication of this new standard and assessed this would not have material impact.	1 Jan 2015	1 July 2015

Reference	Title	Summary	Impact on Group financial report	Application date of standard	Application date for Group
		model for managing the financial assets; (2) the characteristics of the contractual cash flows. (b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. (d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: ► The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ► The remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. **Further amendments were made by AASB 2012-6** which amends the mandatory effective date to annual reporting periods beginning on or after 1 January 2015. AASB 2012-6 also modifies the relief from restating prior periods by amending AASB 7 to require additional disclosures on transition to AASB 9 in some circumstances. **Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10.**			

Basis of Consolidation

The consolidated financial statements comprise the financial statements of Cokal Limited and its subsidiary (the Group) as at and for the period ended 30 June 2013.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

The financial statements of the subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Non-controlling interests are allocated their share of net profit/(loss) after tax in the statement of comprehensive income and are presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent.

Losses are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss, or retained earnings, as appropriate.

(a) Business Combinations

The acquisition method of accounting is used to account for all business combinations. Consideration is measured at the fair value of the assets transferred, liabilities incurred and equity interests issued by the Group and the amount of non-controlling interest is the acquiree on acquisition date. Consideration also includes the acquisition date fair values of any contingent consideration arrangements, any pre-existing equity interests in the acquiree and share-based payment awards of the acquiree that are required to be replaced in a business combination. The acquisition date is the date on which the group obtains control of the acquiree. Where equity instruments are issued as part of the consideration, the value of the equity instruments is their published market price at the acquisition date unless, in rare circumstances it can be demonstrated that the published price at acquisition date is not fair value and that other evidence and valuation methods provide a more reliable measure of fair value.

Identifiable assets acquired and liabilities and contingent liabilities assumed in business combinations are, with limited exceptions, initially measured at their fair values at acquisition date. Goodwill represents the excess of the consideration transferred and the amount of the non-controlling interest in the acquiree over fair value of the identifiable net assets acquired. If the consideration and non-controlling interest of the acquiree is less than the fair value of the net identifiable assets acquired, the difference is recognised in profit or loss as a bargain purchase price, but only after a reassessment of the identification and measurement of the net assets acquired.

For each business combination, the Group measures non-controlling interests at either fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed when incurred. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

If the business combinations is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest is the acquire is remeasured to fair value at the date of acquisition through profit and loss.

Where the Group obtains control of a subsidiary that was previously accounted for as an equity accounted investment in associate or jointly controlled entity, the Group remeasures its previously held equity interest in the acquiree at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss. Where the Group obtains control of a subsidiary that was previously accounted for as an available-for-sale investment, any balance on the available-for-sale reserve related to that investment is recognised in profit or loss as if the Group had disposed directly of the previously held interest.

Where settlement of any part of the cash consideration is deferred, the amounts payable in future are discounted to present value at the date of exchange using the Group's incremental borrowing rate as the discount rate.

Contingent consideration is classified as equity or financial liabilities. Amounts classified as financial liabilities are subsequently remeasured to fair value at the end of each reporting period, with changes in fair value recognised in profit or loss. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Assets and liabilities from business combinations involving entities or businesses under common control are accounted for at the carrying amounts recognised in the Group's controlling shareholder's consolidated financial statements.

Goodwill acquired in a business combination is subsequently measured at cost less any accumulated impairment losses. For the purpose of impairment testing goodwill acquired in a business combination is allocated to each of the cash generating Unit (CGU) or Group of CGU that are expected to benefit from the synergies of the combination. Impairment is determined by assessing the recoverable amount of the CGU to which it relates. Impairment assessment for goodwill is carried out each reporting period. Impairment losses recognised for goodwill are not subsequently reversed.

(a) Revenue Recognition

Revenue is measured at the fair value of consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. The following specific recognition criteria must also be met before revenue is recognised:

Interest

Revenue is recognised as interest accrues using the effective interest method.

(b) Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interests in joint ventures where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances relating to amounts recognised directly in other comprehensive income and equity are also recognised directly in other comprehensive income and equity, respectively.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer profitable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Cokal Limited and its wholly-owned subsidiaries are in the process of implementing the tax consolidation legislation. Cokal Limited will be the head entity in the tax consolidated group. These entities will be taxed as a single entity and deferred tax assets and liabilities have been offset in these consolidated financial statements.

(c) Impairment of Assets other than Goodwill

At the end of each reporting period the Group assesses whether there is any indication that individual assets other than goodwill, are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in profit or loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where it is not possible to estimate recoverable amount for an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Assets other than goodwill that suffered impairment are tested for possible reverse of the impairment and whenever events or changes in circumstances indicate that the impairment may have reversed.

(d) Joint Venture Operations
The proportionate share of the Group's interests in the assets, liabilities, income and expenses of joint venture operations have been incorporated in the financial statements under the appropriate headings. Details of joint venture operations are set out in Note 12.

(e) Cash and Cash Equivalents
For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and at bank, deposits held at call with financial institutions, other short term, highly liquid investments with maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

(f) Trade Receivables
Trade receivables are recognised at original invoice amounts less an allowance for uncollectible amounts and have repayment terms between 0 and 90 days. Collectability of trade receivables is assessed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance is made for doubtful debts where there is objective evidence that the Group will not be able to collect all amounts due according to the original terms. Objective evidence of impairment includes financial difficulties of the debtor, default payments or debts more than 180 days overdue. On confirmation that the trade receivable will not be collectible the gross carrying value of the asset is written off against the associated provision.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and are not, in the view of the directors, sufficient to require the derecognition of the original instrument.

(g) Fair Values
Fair values may be used for financial asset and liability measurement and well as for sundry disclosures.

Fair values for financial instruments traded in active markets are based on quoted market prices at the end of the reporting period. The quoted market price for financial assets is the current bid price and the quoted market price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(i) Property, Plant and Equipment
Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The cost of property, plant and equipment constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate portion of fixed and variable costs.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of property, plant and equipment is depreciated over their useful life to the Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of assets are:

Class of Fixed Assets	Depreciation Rate
Land	nil
Computer Equipment	33.3% straight line
Furniture and Office Equipment	10 – 33.3% straight line
Motor Vehicles	20% straight line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. The gains and losses are included in the statement of comprehensive income.

(j) Exploration, Evaluation and Development Expenditure
Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. Such expenditures comprise net direct costs and an appropriate portion of related overhead expenditure but do not include overheads or administration expenditure not having a specific nexus with a particular area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and active or significant operations in relation to the area are continuing.

When a technical feasibility and commercial viability of extracting a Coal Resource have been demonstrated then any capitalised exploration and evaluation expenditure is classified as capitalised mine development. Prior to reclassification, capitalised exploration and evaluation expense is assessed for impairment.

A regular review has been undertaken on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

Costs related to the acquisition of properties that contain Coal Resources are allocated separately to specific areas of interest. These costs are capitalised until the viability of the area of interest is determined.

The stripping costs (the process of mining over burden removal) incurred before production commences are included within mine development expenditure and subsequently amortised. The stripping costs subsequent to commencement of production are recorded as production costs.

When production commences, the accumulated costs for the relevant area of interest (mine development and acquired properties) are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structure, waste removal, and rehabilitation of the site in accordance with clauses of mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that restoration will be completed within one year of abandoning the site.

(k) Accounts payable
Accounts payable represent liabilities for goods and services provided to the Group prior to the year end and which are unpaid. These amounts are unsecured and have 7 - 30 day payment terms. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method due to short term nature.

(l) Employee Benefits
Wages and Salaries, Annual Leave and Sick Leave
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the end of the reporting period are recognised in respect of employees' services rendered up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when leave is taken and measured at the actual rates paid or payable. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements.

(m) Provisions
Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that that an outflow of economic resources will be required to settle the obligation and the amount can be reliably estimated.

(n) Issued Capital
Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit.

(o) Share-Based Payments
The Group provides benefits to employees (including directors) in the form of share-based payment transactions, whereby employees render services in exchange for shares or options over shares (equity-settled transactions).

The fair value of options granted to employees is recognised as an employee benefit expense with a corresponding increase in equity (option reserve). The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options. Fair value is determined by an independent valuer using a Black-Scholes option pricing model. In determining fair value, no account is taken of any performance conditions other than those related to the share price of Cokal Limited (market conditions).

The cumulative expense recognised between grant date and vesting date is adjusted to reflect the directors' best estimate of the number of options that will ultimately vest because of internal conditions of the options, such as the employees having to remain with the Group until vesting date, or such that employees are required to meet internal performance targets. No expense is recognised for options that do not ultimately vest because internal conditions were not met. An expense is still recognised for options that do not ultimately vest because a market condition was not met.

At each subsequent reporting date until vesting the cumulative charge to the statement of comprehensive income is the product of:

- The grant date fair value of the award
- The current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employees turnover during the vesting period and the likelihood of non-market performance conditions being met and
- The expired portion of the vesting period.

The charge to the statement of comprehensive income for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding entry to equity.

Where the terms of options are modified, the expense continues to be recognised from grant date to vesting date as if the terms had never been changed. In addition, at the date of the modification, a further expense is recognised for any increase in fair value of the transaction as a result of the change.

Where options are cancelled, they are treated as if vesting occurred on cancellation and any unrecognised expenses are taken immediately to profit or loss. However, if new options are substituted for the cancelled options and designated as a replacement on grant date, the combined impact of the cancellation and replacement options are treated as if they were a modification.

The dilutions effect, if any, of outstanding options is reflected as additional share dilutions in the compilations of diluted earnings per share.

(p) Earnings per Share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit/(loss) attributable to owners of Cokal Limited by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares during the year.

Diluted earnings per share

Earnings used to calculate diluted earnings per share are calculated by adjusting the amount used in determining basic earnings per share by the after-tax effect of dividends and interest associated with dilutive potential ordinary shares. The weighted average number of shares used is adjusted for the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(q) GST

Revenues, expenses and assets are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(r) Accounting Estimates and Judgments

Critical accounting estimates and judgements

Details of critical accounting estimates and judgements about the future made by management at the end of the reporting period are set out below:

(i) Key estimates – share-based payments

The Group uses estimates to determine the fair value of equity instruments issued to directors, executives and employees. Further detail of estimates used in determining the value of share-based payments is included in Note 25.

(ii) Key estimates – impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. No assets are considered impaired at year end.

(iii) Key judgements – exploration and evaluation assets

The Group performs regular reviews on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at the end of the reporting period at $55,729,090 (2012: 33,306,527).

(iv) Taxation

The Group's accounting policy for taxation requires management's judgement as to the types of arrangements considered to be a tax on income in contrast to an operating cost. Judgement is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the balance sheet.

Deferred tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or change to the income statement.

(v) Estimation of useful lives of plant and equipment

The estimation of the useful lives of assets has been based on estimated useful lives as published by the Australian Taxation Office. In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

(s) Determination and presentation of operating segments

The Group has applied AASB 8 Operating Segments from 1 July 2009. AASB 8 requires a management approach under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are now reported in a manner that is consistent with the internal reporting to the chief operating decision maker (CODM), which has been identified by the Group's CEO and other members of the Board of Directors.

Operating segments that meet the qualification criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the qualifications criteria is still reported separately when information about the segment would be useful to users of the financial statements.

(t) Derecognition of financial assets and liabilities

Financial assets are derecognised when the right to receive cash flows from the financials assets has expired or when the entity transfers substantially all the risks and rewards of the financial assets. If the entity neither remains nor transfers substantially all of the risks and rewards, it derecognises the asset if it has transferred control of the asset.

A financial liability is deregistered when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability is substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability and the difference is the respective carrying amounts is recognised as profit or loss.

(u) Foreign Currency translation

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. The resulted gain or loss on retranslation is included as profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The foreign operating results are translated at the average rate transaction and the assets and liabilities are translated at the exchange rates prevailing at reporting date. Exchange variations resulting from the translation are recognised in the equity.

(v) Operating leases

Operating lease payments are recognised as an operating expense in the statement of comprehensive income on a straight line basis over the leave term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

(w) Parent entity financial information

The financial information for the parent entity, Cokal Limited, included in Note 20, has been prepared on the same basis as the consolidated financial statements, except as follows:

- Investments in subsidiaries and joint venture operations are accounted for at cost, less provision for impairment.
- Tax consolidation.

Cokal Limited and its wholly-owned subsidiaries are in the process of implementing the tax consolidation legislation. Cokal Limited will be the head entity in the tax consolidated group. These entities will be taxed as a single entity. The stand-alone taxpayer/separate taxpayer within a group approach has been used to allocate current income tax expense and deferred tax expense to wholly-owned subsidiaries that form part of the tax consolidated group. Cokal Limited has assumed all the current tax liabilities and the deferred tax assets arising from unused tax losses for the tax consolidated group via intercompany receivables and payables because a tax funding arrangement has been in place for the whole financial year. The amounts receivable/payable under tax funding arrangements are due upon notification by the head entity, which is issued soon after the end of each financial year. Interim funding notices may also be issued by the head entity to its wholly-owned subsidiaries in order for the head entity to be able to pay tax instalments. These amounts are recognised as current intercompany receivables or payables (refer Note 20).

Note 2: Revenue and Other Income

	2013 $	2012 $
Revenue		
Interest received		
- other persons	591,402	1,078,240
Total interest revenue	591,402	1,078,240
Total revenue	591,402	1,078,240
Other Income		
Profit on sale of tenements	1,323,233	-
Consultation fees	261,138	-
	1,584,371	-
Total revenue and other income from continuing operations	2,175,773	1,078,240

Note 3: Loss for the Year

	2013 $	2012 $
Loss before income tax includes the following specific expenses:		
Depreciation on plant and equipment	184,125	84,900
Pre-tenure exploration expenses	138,417	596,209
Salaries and wages	1,158,987	1,235,887
Superannuation	63,014	57,490
Share-based payments (options)	1,322,423	1,820,279
Operating lease expense – minimum lease payment	214,473	243,090
Interest paid	86	25

Note 4: Income Tax Expenses

	2013 $	2012 $
The prima facie income tax on the loss is reconciled to the income tax expense as follows:		
Prima facie tax benefit (30%) on loss before income tax	(2,016,522)	(1,894,565)
Add tax effect of:		
- Not deductible expenses and impact of tax rate differences	703,904	569,144
- Deferred tax asset not recognised	1,312,617	1,325,421
Income tax expense	-	-
Deferred tax assets		
Deductible temporary differences	749,017	844,354
Carry forward tax losses	3,669,406	2,311,254
	4,418,423	3,155,608
Deferred tax liabilities		
Assessable temporary differences	(13,374)	(114,608)
Net deferred tax assets not recognised	4,405,049	3,041,000

There are no franking credits available to shareholders of Cokal Limited.

The carried forward tax losses and temporary differences not recognised as deferred tax assets as at 30 June 2013 were $12,231,353 (2012: $7,704,180) and $735,643 (2012: 729,746) respectively.

In order to recoup carried forward losses in future periods, either the Continuity of Ownership Test (COT) or Same Business Test must be passed. The majority of losses are carried forward at 30 June 2013 under COT.

Deferred tax assets which have not been recognised as an asset, will only be obtained if:

(i) the Group derives future assessable income of a nature and of an amount sufficient to enable the losses to be realised;
(ii) the Group continues to comply with the conditions for deductibility imposed by the law; and
(iii) no changes in tax legislation adversely affect the Group in realising the losses

Note 5: Key Management Personnel

(a) KMP compensation	2013 $	2012 $
Short-term employee benefits	2,138,591	1,915,111
Post-employment benefits	42,843	28,790
Share-based payments	932,238	1,472,179
	3,113,672	**3,416,080**

Further information regarding the identity of KMP personnel and their compensation can be found in the Audited Remuneration Report contained in the directors' report on pages 12 to 17 of this annual report.

(b) Equity instruments

Shareholdings

Details of ordinary shares held directly, indirectly or beneficially by KMP and their related parties are as follows:

	Balance 1 July 2012	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance 30 June 2013
Directors					
Peter Lynch	55,085,000	-	-	612,000	55,697,000
Jim Middleton *	10,017,000	-	-	-	10,017,000
Pat Hanna	25,000,000	-	-	800,000	25,800,000
Domenic Martino	37,120,001	-	-	-	37,120,001
Senior Management					
Chris Turvey	1,000,000	-	-	-	1,000,000
Duncan Cornish	3,000,000	-	-	(400,000)	2,600,000
Garry Kielenstyn #	-	-	-	32,000	32,000
Victor Kuss	275,000	-	-	400,000	675,000
Total	**131,497,001**	**-**		**(4,156,000)**	**127,341,001**

appointed 1 May 2013
*resigned 3 May 2013

Shares were held nominally at 30 June 2013

	Balance 1 July 2011	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance30 June 2012
Directors					
Peter Lynch	55,000,000	-	-	85,000	55,085,000
Jim Middleton	10,000,000	-	-	17,000	10,017,000
Pat Hanna	25,000,000	-	-	-	25,000,000
Domenic Martino	36,513,334	-	546,667	60,000	37,120,001
Senior Management					
Chris Turvey	1,000,000	-	-	-	1,000,000
Duncan Cornish	3,000,000	-	-	-	3,000,000
Victor Kuss	-	-	-	275,000	275,000
Total	**130,513,334**	**-**	**546,667**	**437,000**	**131,497,001**

There were shares held nominally at 30 June 2012.

Options holdings

	Balance 1 July 2012	Granted as Remuneration	Exercise of Options	Net Change Other	Balance 30 June 2013	Total vested at 30 June 2013	Total vested and exercisable at 30 June 2013	Total vested and unexercisable at 30 June 2013
Directors								
Peter Lynch	5,500,000	-	-	(5,500,000)	-			-
Jim Middleton*	11,000,000	-	-	(1,000,000)	10,000,000	10,000,000	10,000,000	-
Pat Hanna	2,500,000	-	-	(2,500,000)		-	-	-
Domenic Martino	3,500,000	-		(3,500,000)	-	-	-	-
Senior Management								
Chris Turvey	2,100,000	-	-	(100,000)	2,000,000	2,000,000	2,000,000	-
Duncan Cornish	100,000	-	-	(100,000)	-	-	-	-
Victor Kuss	5,000,000	-	-	-	5,000,000	5,000,000	5,000,000	-
Total	**29,700,000**	**-**	**-**	(12,700,000)	**17,000,000**	**17,000,000**	**17,000,000**	**-**

*resigned 3 May 2013 and his options has expired 3 August 2013

	Balance 1 July 2011	Granted as Remuneration	Exercise of Options	Net Change Other	Balance 30 June 2012	Total vested at 30 June 2012	Total vested and exercisable at 30 June 2012	Total vested and unexercisable at 30 June 2012
Directors								
Peter Lynch	5,500,000	-	-	-	5,500,000	5,500,000	5,500,000	-
Jim Middleton	11,000,000	-	-	-	11,000,000	6,000,000	6,000,000	-
Pat Hanna	2,500,000	-	-	-	2,500,000	2,500,000	2,500,000	-
Domenic Martino	4,246,667	-	746,667	-	3,500,000	3,500,000	3,500,000	-
Senior Management								
Chris Turvey	2,100,000	-	-	-	2,100,000	1,100,000	1,100,000	-
Duncan Cornish	100,000	-	-	-	100,000	100,000	100,000	-
Victor Kuss #	-	5,000,000	-	-	5,000,000	-	-	-
Total	**25,446,667**	**5,000,000**	**746,667**	**-**	**29,700,000**	**18,700,000**	**18,700,000**	**-**

appointed 5 September 2011

(c) Advances to KMP

Advances to KMP at 30 June 2013 have been included in other receivables. The details of these advances are:

	2013 $	2012 $
Jim Middleton	1,051	8,731
Peter Lynch	9,654	4,632
Pat Hanna	2,679	4,985
	13,384	**18,348**

Advances made relate to travel advances and are made in the ordinary course of business. These advances have been repaid in full at the date of adoption of the director's report.

(d) Other transactions and balances

Other transactions with KMP are set out in Note 26 (d). There were no other transactions or balances with KMP during the year.

Note 6: Dividends and Franking Credits

There were no dividends paid or recommended during the financial year (2012: Nil)

There were no franking credits available to the shareholders of the Group (2012: Nil)

Note 7: Auditors Remuneration

	2013 $	2012 $
Audit services		
Amounts paid/payable to Ernst & Young for audit or review of the financial statements for the Group		
Ernst & Young - Australia	85,100	72,730
Ernst & Young - Indonesia	30,000	-
Ernst & Young - Singapore	27,000	27,720
Accounting services		
Amounts paid/payable to Ernst & Young for non-audit services performed for the Group		
- Assurance related agreed upon procedures	-	7,500
- Tax compliance	-	-
	142,100	107,950

Note 8: Loss per Share

	2013 Number	2012 Number
Loss attributable to owners of Cokal Limited used to calculate basic and diluted loss per share	(6,721,739)	(6,315,217)
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	411,046,892	376,224,489
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	411,046,892	376,224,489
Basic loss per share (cents per share)	(1.64)	(1.68)
Diluted loss per share (cents per share)	(1.64)	(1.68)

* options are considered anti-dilutive as the Group is loss making.

Options could potentially dilute earnings per share in the future. Refer to Note 17 for details of option granted as at 30 June 2013.

Note 9: Cash and Cash Equivalents

	2013 $	2012 $
Cash and bank balances	2,774,509	29,628,099

Cash at bank bear floating and fixed interest rates between 0.80% and 5.90% (2012: between 1% and 5.90%).

Included in the consolidated statement of cash flows as follows:

	2013 $	2012 $
Cash and bank balances *	2,774,509	29,628,099
Less: Short term deposits maturing after three months classified as investing activities	(1,858,000)	(14,287,098)
Cash and cash equivalents	**916,509**	**15,341,001**

*Included in cash and cash equivalents at 30 June 2012 is an amount of $4,854,030 paid as refundable deposit on potential future acquisition targets. In 2013 the acquisition targets have been finalised and they have been reclassified as exploration and evaluation assets. All deposits in 2013 are short term investments held at commercial banks.

Note 10: Accounts Receivable

	2013 $	2012 $
Current		
GST receivable	-	84,382
Sundry receivables	159,900	478,015
	159,900	**562,397**

No receivables balances are past due or impaired at the end of the reporting period.

Note 11: Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1.

Name of entity	Country of Incorporation	Class of Shares	Percentage Owned (%)* 2013	Percentage Owned (%)* 2012
Jack Doolan Capital Pty Ltd	Australia	Ordinary	100%	100%
Cokal Mozambique Pty Ltd	Australia	Ordinary	100%	100%
Cokal Holdings Pte. Ltd	Singapore	Ordinary	100%	100%
Cokal-AAK Pte. Ltd	Singapore	Ordinary	100%	100%
Cokal-AAM Pte. Ltd	Singapore	Ordinary	100%	100%
Cokal-BBM Pte. Ltd	Singapore	Ordinary	100%	100%
Cokal-BBP Pte. Ltd	Singapore	Ordinary	100%	100%
Cokal Services Pte. Ltd	Singapore	Ordinary	100%	100%
Cokal Karoo Pte. Ltd	Singapore	Ordinary	100%	100%
Cokal Manda Pte. Ltd	Singapore	Ordinary	100%	100%
Cokal-West Kalimantan Pte. Ltd	Singapore	Ordinary	100%	100%
Cokal-BPR Pte. Ltd	Singapore	Ordinary	100%	100%
Cokal-TBAR Pte. Ltd#	Singapore	Ordinary	100%	-
Mining Logistics Pte. Ltd#	Singapore	Ordinary	100%	-
Cokal-KED Pte. Ltd#	Singapore	Ordinary	100%	-
Cokal Resources Limited	Tanzania	Ordinary	100%	100%
PT Cokal	Indonesia	Ordinary	100%	100%
PT Bumi Kalimantan Logistik	Indonesia	Ordinary	100%	100%
PT Anugerah Alam Katingan^	Indonesia	Ordinary	75%	75%
PT Anugerah Alam Manuhing^	Indonesia	Ordinary	75%	75%
PT Bumi Barito Mineral^	Indonesia	Ordinary	60%	60%
PT Borneo Bara Prima ^	Indonesia	Ordinary	60%	60%
PT Silangkop Nusa Raya^	Indonesia	Ordinary	75.2%	75.2%
PT Tambang Benua Alam Raya#	Indonesia	Ordinary	75%	-

* the proportion of ownership interest is equal to the proportion of voting power held.

^at reporting date, the capital of companies represents only the contributions from Cokal. Per agreement, the right of non-controlling shareholders' receiving return is established only when they contribute their share of capital.

Entities were incorporated in 2013 with an initial amount of insignificant capital, hence no business combination disclosures are made.

Note 12: Joint Venture Operations

Cokal has JV operations to explore for coal in Tanzania. The JV is with private company, Tanzoz Resource Company Ltd which has been active in Tanzania since 2007, and currently holds interests in Tanzania for uranium, gold and coal.

Name of entity	Country of Incorporation	Class of Shares	Percentage Owned (%)* 30 June 2013	Percentage Owned (%)* 30 June 2012
Cokal Karoo Limited	Tanzania	Ordinary	60%	60%
Cokal Manda Limited	Tanzania	Ordinary	50%	50%

* the proportion of ownership interest is equal to the proportion of voting power held.

During the year, Group has executed a JV agreement with Meratus Advance Maritim (MDM), an Indonesian company, to engage in the ownership of push tugs and barges for shallow river operations. The parties wish to establish a mutually owned limited company for this operation and the registration of this is in progress. The JV company will have the operations should Cokal commences production and other conditions precedent take place. Because of this, there has been no liability recognised as at 30 June 2013.

Note 13: Property, Plant and Equipment

	2013 $	2012 $
Land		
At cost	34,043	-
	34,043	-
Computer equipment		
At cost	578,836	313,727
Accumulated depreciation	(173,411)	(54,707)
	405,425	259,020
Furniture and office equipment		
At cost	604,515	573,697
Accumulated depreciation	(97,310)	(34,073)
	507,205	539,624
Motor Vehicles		
At cost	10,590	10,590
Accumulated depreciation	(2,647)	(464)
	7,943	10,126
Total plant and equipment	**954,616**	**808,770**

(a) Movements in carrying amounts

2013	Land	Computer equipment $	Furniture and office equipment $	Motor Vehicles $	Total $
Balance at the beginning of the year	-	259,020	539,624	10,126	808,770
Additions	34,043	265,110	30,818	-	329,971
Disposals	-	-	-	-	-
Depreciation expense	-	(118,705)	(63,237)	(2,183)	(184,125)
Carrying amount at the end of the year	34,043	405,425	507,205	7,943	954,616

2012	Computer equipment $	Furniture and office equipment $	Motor Vehicles $	Total $
Balance at the beginning of the year	39,171	401,376	-	440,547
Additions	270,633	171,900	10,590	453,123
Disposals	-	-	-	-
Depreciation expense	(50,784)	(33,652)	(464)	(84,900)
Carrying amount at the end of the year	259,020	539,624	10,126	808,770

Note 14: Exploration and Evaluation Assets

	2013 $	2012 $
Non-Current		
Exploration and evaluation expenditure capitalised		
- exploration and evaluation phases	55,729,090	33,306,527

Recoverability of the carrying amount of exploration assets is dependent on the successful development and commercial exploitation of coal, or alternatively, sale of the respective areas of interest.

(a) Movements in carrying amounts

	2013	2012
Balance at the beginning of the year	33,306,527	26,753,667
Additions	22,857,747	7,149,069
Disposals	(296,767)	-
Unsuccessful exploration expenses derecognised	(138,417)	(596,209)
Carrying amount at the end of the year	55,729,090	33,306,527

Commitments for exploration and evaluation expenditure are disclosed in Note 21.

Note 15: Other Assets

	2013 $	2012 $
Current		
Prepayments	100,117	181,162
Non-Current		
Security deposits	266,762	218,796

Note 16: Accounts Payable

	2013 $	2012 $
Current		
Sundry payables and accrued expenses	1,960,764	1,140,022
Employee benefits	129,305	240,738
Deferred liability *	61,500	46,125
	2,151,569	1,426,885
Non-Current		
Deferred liability *	230,625	276,750

* Deferred liability represents deferred benefit on operating lease incentives.

Note 17: Issued Capital

	2013 $	2012 $
411,046,892 authorised and fully paid ordinary shares (2012: 411,046,892)	73,003,471	73,003,471

The movement in Issued capital is as follows :

	2013 $	2012 $
At the beginning of the year	73,003,471	41,731,103
Amount received for issue of shares during the year		
Share issue from capital raising	-	28,500,000
Conversion of options to shares	-	2,777,231
Cost of share issue	-	(4,863)
At reporting date	**73,003,471**	**73,003,471**

	2013 Number	2012 Number
(a) Ordinary shares		
At the beginning of the year	411,046,892	338,585,735
Shares issued during the year		
Share issue on acquisition (1)	-	1,000,000
Share issue from capital raising (2)	-	17,000,000
Share issue from capital raising (3)	-	40,000,000
Conversion of options to shares (4)	-	14,301,157
Share issue for consultancy fees (5)	-	160,000
At reporting date	**411,046,892**	**411,046,892**

(1) On 20 September 2011, the Company issued 1,000,000 ordinary shares as partial consideration for the additional 10% acquisition of PT. Bumi Barito Mineral and PT. Borneo Bara Prima. This amount in $ terms was included in the share capital at 30 June 2011.

(2) On 23 November 2011 the Company made a non-brokered private placement of 17,000,000 shares at a price of $0.50 to Passport Capital LLC.

(3) The company made a non-brokered private placement of 40,000,000 at a price of $0.50 to Blackrock Global Funds Management. The placement was completed in two tranches. Tranche 1 representing 24,600,000 shares was completed on 15 December 2012 and Tranche 2 representing 15,400,000 shares was completed on 6 February 2012.

(4) During the year ended 30 June 2012 14,301,157 ordinary shares were issued on conversion of options at prices varying between $0.10 and $0.30 each.

(5) On 9 March 2012, the directors resolved to issue 160,000 fully paid ordinary shares in return for PR consulting services.

Ordinary shares participate in dividends and the proceeds on winding up of the Group in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

(b) Options

All options on issue at 30 June 2013 were as follows:

Number of options	Exercise price	Expiry date
6,000,000*	$0.50	29 December 2014
6,000,000*	$0.75	29 December 2014
1,225,000	$0.75	12 April 2015
550,000	$1.00	29 June 2015
3,000,000	$1.10	5 September 2015
2,000,000	$1.50	5 September 2015
450,000	$0.75	12 October 2015
1,600,000	$0.20	12 April 2015
20,825,000		

*Out of these options, 10 Million relates to Jim Middleton who has resigned 3 May 2013 and his options expire on 3 Aug 2013.

For information relating to the Cokal Limited employee option plan, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year-end refer to Note 25.

(c) Capital Risk Management

Management controls the capital of the Group in order to provide capital growth to shareholders and ensure the Group can fund its operations and continue as a going concern.

The Group capital comprises equity as shown in the Statement of Financial Position. There are no externally imposed capital requirements.

Management effectively manages the Group capital by assessing the Group financial risks and adjusting its capital structure in response to changes in these risks and the market. These responses include raising the sufficient equity capital when required.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

Note 18: Reserves

	2013 $	2012 $
Option Reserve – director, executive and employee options	3,870,421	2,547,998

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

Note 19: Accumulated Losses

	2013 $	2012 $
Accumulated losses attributable to members of Cokal Limited at beginning of the financial year	(12,549,353)	(6,234,136)
Loss for the year	(6,721,739)	(6,315,217)
Accumulated losses attributable to members of Cokal Limited at the end of the financial year	(19,271,092)	(12,549,353)

Note 20: Parent Entity Information

The Corporations Act requirement to prepare parent entity financial statements where consolidated financial statements are prepared has been removed and replaced by the new regulation 2M.3.01 which requires the following limited disclosure in regards to the parent entity (Cokal Limited). The consolidated financial statements incorporate the assets, liabilities and results of the parent entity in accordance with the accounting policy described in Note 1.

Parent Entity	**2013 $**	**2012 $**
Current assets	2,826,135	24,550,749
Non-current assets	64,666,929	43,895,557
Total assets	67,493,064	68,446,306
Current liabilities	923,044	657,877
Total liabilities	923,044	657,877
Net assets	**66,570,020**	**67,788,429**
Issued capital	73,003,471	73,003,471
Reserves	3,870,421	2,547,998
Accumulated losses	(10,323,873)	(7,763,040)
Total shareholder's equity	**66,550,019**	**67,788,429**
Loss for the year	**(2,560,833)**	**(2,460,408)**
Total comprehensive loss for the year	**(2,560,833)**	**(2,460,408)**

Guarantees

The parent entity has provided an undertaking to financially support the Group's Singapore subsidiary entities to meet their liabilities as and when they fall due.

Contractual Commitments

There were no contractual commitments for the acquisition of property, plant and equipment entered into by the parent entity at 30 June 2013 (2012 – nil).

Contingent liabilities

The parent entity has no contingent liabilities.

Capital commitments

The parent entity has no capital commitments.

Note 21: Commitments

	2013 $	**2012 $**
(a) Operating lease commitments		
Future minimum rentals payable under non-cancellable operating leases as at 30 June 2013 are as follows:		
Payable		
- not later than 12 months	455,531	440,155
- between 12 months and 5 years	1,299,717	1,659,309
- greater than 5 years	-	97,421
	1,755,248	**2,196,885**
(b) Future capital expenditure commitments		
The Group has certain obligations to expend minimum amounts on capital expenditures including exploration tenements. These obligations may be varied from time to time and are expected to be fulfilled in the normal course of operations of the Group.		
The commitments to be undertaken are as follows:		
Payable		
- not later than 12 months	264,382	1,070,932
- between 12 months and 5 years	-	1,735,917
- greater than 5 years	-	-
	264,382	**2,806,849**

Note 22: Contingent Liabilities and Contingent Assets

The contingent liabilities are in relation to the acquisition of tenements. At 30 June 2013, the Group has further obligations to make contingent payments of up to US$25.25M (2012: US$23.0M) on the achievement of certain milestones, including the establishment of certain JORC Inferred Coal Resources and the issuance of production operation IUPs (licences) and production forestry permit.

During the year, the Group executed a JV agreement with MDM, an Indonesian company, to engage in the ownership of push tugs and barges for shallow river operations. The parties wish to establish a mutually owned company limited company for this operation and the registration of this is in progress. The JV company will manage the barging operation for the BBM project should production commence and other conditions precedent take place. Once the JV company is incorporated, Cokal will hold 49% interest by contributing and estimation of $11M (49% ordinary share capital of JV company, Indonesian Rupiah 200 billion).

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

Note 23: 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 three main operating segments, which involves the exploration of coal in Indonesia, Tanzania and Australia. The Singapore was considered separately for corporate services. Discrete financial information is reported to the Board (Chief Operating Decision Maker) as three segments since acquisition of Jack Doolan Capital Pty Ltd.

	Australia $	Indonesia $	Singapore $	Tanzania $	Total $
Segment performance for year ended 30 June 2013					
Revenue					
Other revenue	1,584,371	-	-	-	1,584,371
Interest revenue	590,878	524	511,184	-	1,102,586
Intersegment income*	-	-	(511,184)	-	(511,184)
Total segment income	2,175,249	524	-	-	2,175,773
Depreciation expenses	121,419	62,706	-	-	184,125
Pre-tenure exploration expenses	-	-	-	138,417	138,417
Other expenses	7,411,428	1,059,539	91,887	12,116	8,574,970
Total segment expenses	7,532,847	1,222,245	91,887	150,533	8,897,512
Segment net loss before tax	(5,357,598)	(1,121,721)	(91,887)	(150,533)	(6,721,739)
Segment assets and liabilities as at 30 June 2013					
Property, plant and equipment	639,280	315,336	-	-	954,616
Exploration and evaluation assets	-	55,729,090	-	-	55,729,090
Other segment assets	3,021,102	280,186	-	-	3,301,288
Total segment assets	3,660,382	56,324,612	-	-	59,984,994
Total segment liabilities	1,254,995	1,127,199	-	-	2,382,194
Capital expenditure for the year ended 30 June 2013					
Property, plant and equipment	212,345	117,626	-	-	329,971
Exploration and evaluation assets	-	22,719,330	-	138,417	22,857,747

*Inter segment expense relating to the income is eliminated in Indonesia's exploration and evaluation assets.

	Australia $	Indonesia $	Singapore $	Tanzania $	Total $
Segment performance for year ended 30 June 2012					
Revenue					
Other revenue	-	-	-	-	-
Interest revenue	1,078,200	40	137,809	-	1,216,049
Intersegment income*	-	-	(137,809)	-	(137,809)
Total segment income	1,078,200	40	-	-	1,078,240
Depreciation expenses	77,832	7,068	-	-	84,900
Pre-tenure exploration expenses	3,357	-	-	592,852	596,209
Other expenses	3,748,808	2,606,749	197,577	159,214	6,712,348
Total segment expenses	3,829,997	2,613,817	197,577	752,066	7,393,457
Segment net loss before tax	(2,751,797)	(2,613,777)	(197,577)	(752,066)	(6,315,217)
Segment assets and liabilities as at 30 June 2012					
Property, plant and equipment	548,355	260,415	-	-	808,770
Exploration and evaluation assets	114,786	33,139,522	-	52,219	33,306,527
Other segment assets	25,379,920	356,504	4,854,030	-	30,590,454
Total segment assets	26,043,061	33,756,441	4,854,030	52,219	64,705,751
Total segment liabilities	1,230,487	473,148	-	-	1,703,635
Capital expenditure for the year ended 30 June 2012					
Property, plant and equipment	197,937	255,186	-	-	453,123
Exploration and evaluation assets	36,636	6,941,182	-	171,251	7,149,069

*Inter segment expense relating to the income is eliminated in Indonesia's exploration and evaluation assets.

Note 24: Cashflow Information

	2013 $	2012 $
(a) Reconciliation of loss after income tax to net cash flow used in operating activities		
Loss for the year	(6,721,739)	(6,315,217)
Depreciation	184,125	84,900
Derecognition of capitalised exploration assets	138,417	596,209
Gain on sale of tenements	(1,323,233)	-
Unrealised foreign exchange loss/(gain)	102,058	340,490
Share options expensed	1,322,423	1,820,279
Change in operating assets and liabilities:		
- (Increase)/Decrease in accounts receivables	435,575	(545,220)
- Increase/(Decrease) in accounts payables	620,402	169,770
Net cash flow used in operating activities	(5,241,972)	(3,848,789)

Note 25: Share-based Payments

The following share based payment arrangements existed at 30 June 2013.

(a) Share-based payments to directors, executives and employees

During the year ended 30 June 2013 the following options were issued to directors, executives and employees of the Group:

Employees

- 550,000 unlisted options exercisable at $0.75, on or before 12 October 2016 of which 100,000 forfeited on resignation of an employee.

All of these options were issued by Cokal Limited and entitle the holder to one ordinary share in Cokal Limited for each option exercised. The options were granted for nil consideration. Once vested, options can be exercised at any time up to the expiry date.

	2013		2012	
	No. of options	Weighted average exercise price	No. of options	Weighted average exercise price *
		$		$
Outstanding at beginning of year	29,700,000	0.75	25,750,000	0.56
Granted	550,000	0.75	5,000,000	1.26
Forfeited/Cancelled	(1,100,000)	0.62	-	-
Exercised	-	-	(1,050,000)	0.10
Expired	(9,925,000)	0.30	-	-
Outstanding at year-end	19,225,000	1.23	29,700,000	0.75
Exercisable at year-end	7,000,000	0.75	8,000,000	0.75

The options outstanding at 30 June 2013 had a weighted average exercise price of $1.23 (2013: $1.23) and weighted average remaining contractual life of 4 Years (2012: 3.29 years).

Pursuant to the Group's Incentive Option Scheme, if an employee ceases to be employed by the Group then options will expire three months from the date employment ceases.

The weighted average fair value of the options granted during the year ended 30 June 2013 was $0.75. This price was calculated by using a Black Scholes options pricing model applying the following inputs:

	2013	2012
Weighted average exercise price	$0.75	$1.26
Weighted average life of the option	4 years	4 years
Underlying share price	$0.205	$0.63
Expected share price volatility	78.125%	86.89%
Risk free interest rate	2.56%	3.87%

The expected life of the options has been taken to be the full period of time from grant date to expiry date. The options pricing model assumes that options will be exercised on or immediately before the expiry date.

The settlement method for the above options is on a 1:1 basis. During the year ended 30 June 2013, no ordinary shares in Cokal Limited were issued as a result of the exercise of employee options.

The amount included under Employee Benefits Expense in the Statement of Comprehensive Income for the year ended 30 June 2013 is $1,262,423 (2012: $1,820,279).

(b) Other share-based payments

During the year ended 30 June 2013, the Group issued 1,600,000 unlisted options at $0.20 expiring 12 April 2015 as part of Investor Relations Services.

The amount included under administration and consulting expenses in the Statement of Comprehensive Income for the year ended 30 June 2013 is $60,000 (2012: Nil).

During the year ended 30 June 2012, the Group issued 8,500,000 unlisted options at $1.00 expiring 15 May 2013 as part of a non-brokered private placement to Passport Capital LLC.

Note 26: Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

(a) Parent entity

The parent entity and ultimate controlling entity is Cokal Limited, which is incorporated in Australia.

(b) Subsidiaries

Interests in subsidiaries are disclosed in Note 11.

(c) Key management personnel

Disclosures relating to KMP are set out in the Remuneration Report contained in the Directors' Report and in Note 5 of the Financial Statements.

(d) Transactions with directors, director-related entities and key management personnel

During the financial year ended 30 June 2013, Hanna Consulting Services Pty Ltd (of which Pat Hanna is a director) provided to the Group geological consulting services for various exploration projects, Indonesia, including site management, geological staff recruitment, preparation of field base camp and geological mapping surveys. Hanna Consulting Services Pty Ltd received $420,130 (2012: $429,000) for these services during the financial year. The services were based on normal commercial terms and conditions.

During the financial year ended 30 June 2013, Petla Trust (of which Peter Lynch is a director) provided to the Group consulting services. Petla Trust received $419,200 (2012: $294,250) for these services during the financial year. The services were based on normal commercial terms and conditions.

During the year ended 30 June 2013, the Company paid consulting fees of $322,432 (2012: $48,244) to PT. Pandu Wira Sejahtera of which Harun Abidin is a director. Harun is also a director of PT. Anugerah Alam Manuhing, PT. Anugerah Alam Katingan and PT. Silangkop Nusa Raya.

Share and option transactions of directors and director-related entities are shown in Note 5 of the Financial Statements.

Note 27: Financial Risk Management

(a) General objectives, policies and processes

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Group's financial instruments consist mainly of deposits with banks, accounts receivable, security deposits and accounts payable.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Group's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of the Group where such impacts may be material.

The overall objective of the Board is to set polices that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

(b) Credit risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Group incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Group. The Group's objective is to minimise the risk of loss from credit risk exposure.

The Group's maximum exposure to credit risk at the end of the reporting period, without taking into account the value of any collateral or other security, in the event other parties fail to perform their obligations under financial instruments in relation to each class of recognised financial asset at reporting date, is as follows:

	Note	2013 $	2012 $
Cash and bank balances	9	2,774,509	29,628,099
Receivables	10	159,900	562,397
Security deposits	15	266,762	218,796
		3,201,171	30,409,292

Credit risk is reviewed regularly by the Board and the Audit Committee.

The Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Group. No receivables balances were past due or impaired at year end. The credit quality of receivables that are neither past due nor impaired is good. Bank deposits are held with Macquarie Bank Limited, National Australia Bank Limited and Australia and New Zealand Banking Corporation Limited.

(c) Liquidity Risk

Liquidity risk is the risk that the Group may encounter difficulties raising funds to meet financial obligations as they fall due. The object of managing liquidity risk is to ensure, as far as possible, that the Group will always have sufficient liquidity to meets its liabilities when they fall due, under both normal and stressed conditions.

Liquidity risk is reviewed regularly by the Board and the Audit Committee.

The Group manages liquidity risk by monitoring forecast cash flows and liquidity ratios such as working capital. The Group's working capital, being current assets less current liabilities has decreased from $28,944,773 in 2012 to $882,956 in 2013.

	Carrying Amount $	Contractual Cash flows $	<6 months $	6 – 12 months $	1 – 3 years $	>3 years $
MATURITY ANALYSIS– 2013						
Financial Liabilities						
Accounts payable	2,090,069	2,090,069	1,960,762	129,307	-	-

	Carrying Amount $	Contractual Cash flows $	<6 months $	6 – 12 months $	1 – 3 years $	>3 years $
MATURITY ANALYSIS– 2012						
Financial Liabilities						
Accounts payable	1,380,760	1,380,760	1,380,760	-	-	-

Further information regarding commitments is included in Note 21.

(d) Market Risk

Market risk arises from the use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk). The entity does not have any material exposure to market risk other than as set out below.

(i) Interest rate risk

Interest rate risk arises principally from cash and cash equivalents. The objective of interest rate risk management is to manage and control interest rate risk exposures within acceptable parameters while optimising the return.

Interest rate risk is managed with a mixture of fixed and floating rate debt. For further details on interest rate risk refer to the tables below:

	Floating interest rate 2013 $	Fixed interest rate 2013 $	Non-interest bearing 2013 $	Total carrying amount as per the statements of financial position 2013 $	Weighted average effective interest rate 2013 %
Financial assets					
Cash and bank balances	912,473	1,641,377	220,659	2,774,509	5.02
Receivables	-	-	526,779	526,779	-
Security deposits	-	-	266,762	266,762	-
Total financial assets	912,473	1,641,377	1,014,200	3,568,050	
Financial liabilities					
Accounts payable	-	-	2,382,194	2,382,194	
Total financial liabilities	-	-	2,382,194	2,382,194	

	Floating interest rate	Fixed interest rate	Non-interest bearing	Total carrying amount as per the statements of financial position	Weighted average effective interest rate
	2012	2012	2012	2012	2012
	$	$	$	$	%
Financial assets					
Cash and cash equivalents	2,151,753	22,622,019	4,854,327	29,628,099	5.39
Receivables	-	-	562,397	562,397	-
Security deposits	-	-	218,796	218,796	-
Total financial assets	2,151,753	22,622,019	5,635,520	30,409,292	
Financial liabilities					
Accounts payable	-	-	1,703,635	1,703,635	-
Total financial liabilities	-	-	1,703,635	1,703,635	-

The Group has performed a sensitivity analysis relating to its exposure to interest rate risk. This sensitivity demonstrates the effect on the current year results and equity which could result from a change in these risks.

At 30 June 2013 the effect on post tax profit and equity as a result of changes in the interest rate, with all other variables held constant, would be as follows:

	Carrying Amount (interest bearing)	Increase in interest rate by 0.5%	Decrease in interest rate by 0.5%
	$	$	$
2013			
Cash and cash equivalents	2,770,474	13,852	(13,852)
Total effect on post tax profit		13,852	(13,852)
2012			
Cash and cash equivalents	24,773,772	123,869	(123,869)
Security deposits	175,851	879	(879)
Total effect on post tax profit		124,748	(124,748)

(ii) Currency risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group hold financial instruments which are other than the AUD functional currency of the Group.

The Group is exposed to currency risk on its cash and cash equivalents held (in US dollars and Indonesian Rupiah) in Indonesia as well as on purchases made from suppliers in Indonesia and Tanzania.

The Group's exposure to foreign currency risk and the effect on post tax profit as a result of changes in foreign currency rates, with all other variables held constant, are as follows:

	US Dollars	Indonesian Rupiah	Total
	$A	$A	$A
2013			
Cash and cash equivalents	61,203	151,211	212,414
Accounts payable	(523,593)	(341,479)	(865,072)
Net exposure	(462,390)	(190,268)	(652,658)
Effect on post profit:			
Increase by 10%	46,239	19,027	65,266
Decrease by 10%	(46,239)	(19,027)	(65,266)
2012			
Cash and cash equivalents	4,888,094	43,790	4,931,884
Accounts payable	(13,153)	(17,001)	(30,154)
Net exposure	4,874,941	26,789	4,901,730
Effect on post tax profit:			
Increase by 10%	487,494	2679	490,173
Decrease by 10%	(487,494)	(2,679)	(490,173)

(e) Fair values of financial assets and liabilities

At 30 June 2013, the fair value of all financial assets and financial liabilities approximate their fair values.

AASB 7 Financial Instruments: Disclosures requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

At 30 June 2013, there are no financial instruments whose fair value was determined using the above valuation technique.

Note 28: Significant Events after the Reporting Date

On 8 July 2013 announced it will issue a private placement to institutional investors of 60,057,034 ordinary shares at a price of $0.16. The place will be issued in 5 tranches.

On 15 July 2013, the first tranche of 16,250,000 fully paid ordinary shares at a price of A$0.16 was completed.

On 16 August 2013 the second tranche of 14,062,500 fully paid ordinary shares at a price of A$0.16 was completed.

On 11 July 2013, 4,000,000 options were issued to employees at A$0.214 and 7,300,000 options at A$0.25 expiring on the 11 July 2017.

Declaration by Directors

The directors of the Group declare that:

1. The financial statements, comprising the statements of comprehensive income, statements of financial position, statements of cash flows, statements of changes in equity, and accompanying notes, are in accordance with the Corporations Act 2001 and:

   (a) comply with Australian Accounting Standards and the Corporations Regulations 2001; and

   (b) give a true and fair view of the Group's financial position as at 30 June 2013 and of its performance for the year ended on that date.

2. The Group has included in the note 1 to the financial statements and explicit and unreserved statement of compliance with International Financial Reporting Standards.

3. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

4. The remuneration disclosures included in pages 12 to 17 of the directors' report (as part of audited Remuneration Report) for the year ended 30 June 2012, comply with section 300A of the *Corporations Act 2001.*

5. The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001.

This declaration is signed in accordance with a resolution of the directors.

Cokal Limited

Peter Lynch
Chairman and Chief Executive Officer

Brisbane
13 September 2013

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To the members of Cokal Limited

Independent auditor's report to the members of Cokal Limited

We have audited the accompanying financial report of Cokal Limited, which comprises the consolidated statement of financial position as at 30 June 2013, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 "Presentation of Financial Statements", that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independent Declaration, a copy of which is included in the director's report.

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Auditor's Opinion

In our opinion:

(a) The financial report of Cokal Limited is in accordance with the Corporations Act 2001, including:
   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
   (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) The financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the pages 12 to 17 of the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Cokal Limited for the year ended 30 June 2013, complies with section 300A of the Corporations Act 2001.

Ernst & Young

Brad Tozer
Partner
Brisbane,
13 September 2013

COKAL
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