



Half Yearly 31 December 2020 Report

Cokal Limited ACN 082 541 437

Half Yearly Report for the period ended 31 December 2020

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Corporate Information

DIRECTORS

Domenic Martino
Karan Bangur
David (Allen) Delbridge

COMPANY SECRETARY

Louisa Youens
Miranda Yuan

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STOCK EXCHANGE LISTING

Australian Securities Exchange Ltd
ASX Code: CKA

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AUSTRALIAN BUSINESS NUMBER

ABN 55 082 541 437

Directors' Report

The directors hereby present the following half-year report for the period ended 31 December 2020 for Cokal Limited ("Cokal" or the "Company") and its subsidiaries (the "Group").

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

- Domenic Martino – Non-Executive Director;
- Karan Bangur – Non-Executive Director;
- David (Allen) Delbridge – Non-Executive Director;
- Pat Hanna – Non-Executive Director (ceased 24 November 2020).

PRINCIPAL ACTIVITIES

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

OPERATING RESULTS

For the half-year ended 31 December 2020, the loss for the consolidated entity after providing for income tax was US\$1,646,566 (31 December 2019: US\$1,239,685).

DIVIDENDS PAID OR RECOMMENDED

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

CHANGES IN CAPITAL

There has been nil increase in share capital in the current financial period.

During the period 15,000,000 options were issued with an exercise price of \$0.05 with an expiry date of 17 August 2023 as part consideration for broker services to be provided over a 12-month service period.

At 31 December 2020 there were 923,382,313 shares on issue, and 105,000,000 unexpired options.

Directors' Report (Continued)

REVIEW OF OPERATIONS

Bumi Barito Mineral (BBM) Mine

BBM Mineral Resources Estimate

As at 30 June 2020, the BBM Project has a Mineral Resources Estimate as defined in the table below.

Commodity Type	Measured Resource (Mt)		Indicated Resource (Mt)		Inferred Resource (Mt)		Total Resource (Mt)		Geographical area
	2020	2019	2020	2019	2020	2019	2020	2019	
Coal (coking and PCI – minimum seam thickness 0.3m)	18.2	19.5	21.6	23.1	221.7	224.0	261.5	266.6	Kalimantan, Indonesia

BBM Mineral Resources Estimate

Refer ASX release 29 January 2015 and 29 April 2016. Notes for above Table:

- There was no additional exploration drilling for this period (2020 resource update) when compared to the previous reported resources;
- The geological model for this 2020 resource update has been revised and improved based on actual exposed coal at Pit 2 from the trial mining in 2017 and some re-interpretation of geological structure, all of which, although improving the model, has had minimal impact on this 2020 coal resources estimate.

BBM Mineral Reserves Estimate

As at 30 June 2020, the BBM Project has a Mineral Reserves Estimate as defined in the table below.

Commodity Type	Proved (Mt)		Probable (Mt)		Proved + Probable (Mt)		Geographical area
	2020	2019	2020	2019	2020	2019	
Coal (coking and PCI – minimum seam thickness 0.3m)	12.3	13.0	6.6	7.2	18.9	20.2	Kalimantan, Indonesia

BBM Mineral Reserves Estimate

Refer ASX release 1 August 2017. Notes for above Table:

- This 2020 update used a projected sale price for coking coal of USD 145 per product tonne. This compares directly against USD 150 per product tonne as the coking coal price used in the previous reported study and represents a USD 5 per tonne reduction in revenue and therefore translates to a reduction in economic coal reserves;
- This 2020 update used a projected sale price for PCI coal of USD 110 per product tonne. This compares directly against USD 112.50 per product tonne as the PCI coal price used previously;
- This 2020 update reports a breakdown of 10.1Mt coking coal and 8.8Mt PCI coal ROM reserves;
- This 2020 update resulted in a Marketable reserves figure of 17.3Mt which compares well with the previously reported study which resulted in 16.9Mt Marketable reserves; and
- This 2020 update result of 18.9Mt ROM reserves compares well with an external equivalent JORC standard study reserves report estimating 19.7Mt total mineable reserves.

Compliance Statement

This report contains information extracted from previous ASX market announcements dated 29 January 2015, 29 April 2016, 1 August 2017 and 29 December 2020. The Company confirms that in respect of these announcements it is not aware of any new information or data that materially affects the information included in any original ASX market announcement and all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

Directors' Report (Continued)

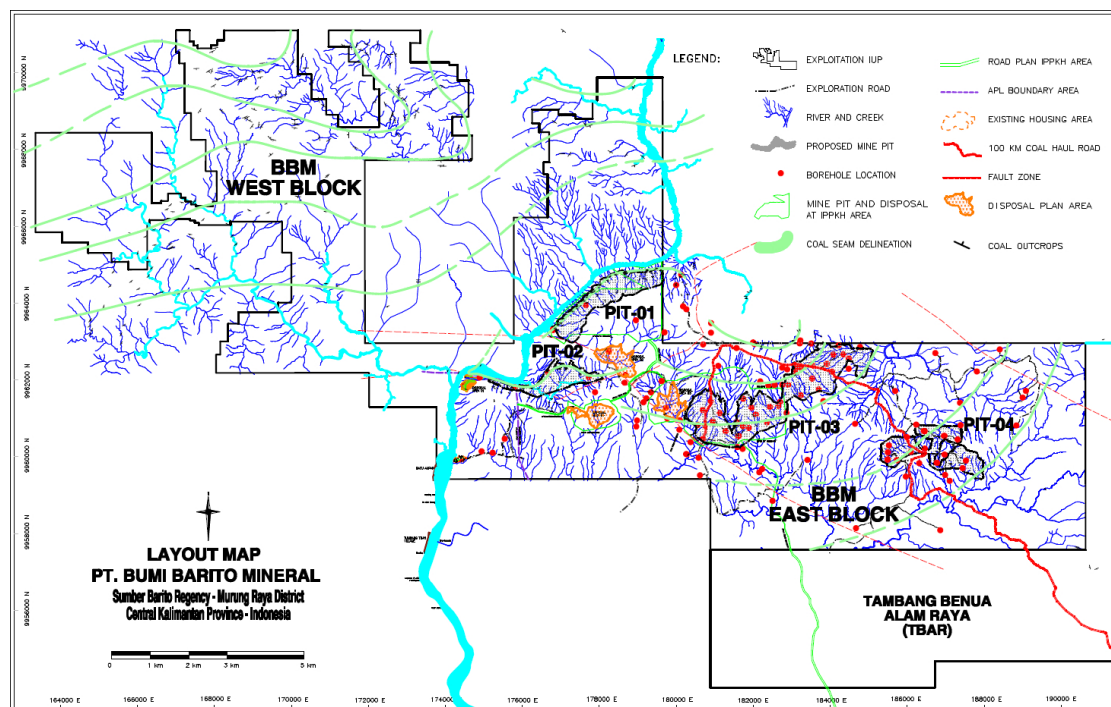
BBM Contracts

Substantial progress has been made in the suite of contracts required to bring BBM into production:

- Negotiations with PT Harmoni Panca Utama (HPU) were nearing completion for the overburden portion of the contract at the end of December. They have since concluded and the contract has been signed. The overburden mining method will incorporate significant dozer push. The coal mining and equipment hire portions of the contract will follow;
- Negotiations for drill and blast and explosive supply and storage contracts are nearing completion and being integrated into the mining contract arrangements;
- Fuel supply contracts are being evaluated together with fuel storage facilities at the port and mine;
- The long haul coal transportation contract to take coal from the mine 98km to the port at Bumban is in the final stages of negotiation.

Other

- A contract has been signed for the use of the Karia Delta Permai (KDP) Bumban logging port facility during road and mine development. This is also being considered as the initial barge loading site for coal product;
- Local equipment has been sourced to rebuild the access road and additional equipment will be brought in from other places. Labour sourcing is underway;
- Sites have been surveyed for the Intermediate Coal Stockpile (ISP) further down the river from Bumban where coal will be transhipped to load ocean-going vessels;
- The rehab of the first 200ha of the required 1500ha is being detailed as part of the BBM commitment.



Logging Road

The logging road identified to transport coal has been traversed, surveyed and Cokal has secured the appropriate authorisations for its use. The road will be reformed into an all weather road using the existing gravel and implementing careful drainage control. A significant laterite deposit is located at the mid point of the road to be constructed. Many culverts and bridges will be required. The second 52kms of the road is already in use by logging and mining companies but traffic is not heavy. Cokal will share the maintenance of this road with current users.

Directors' Report (Continued)

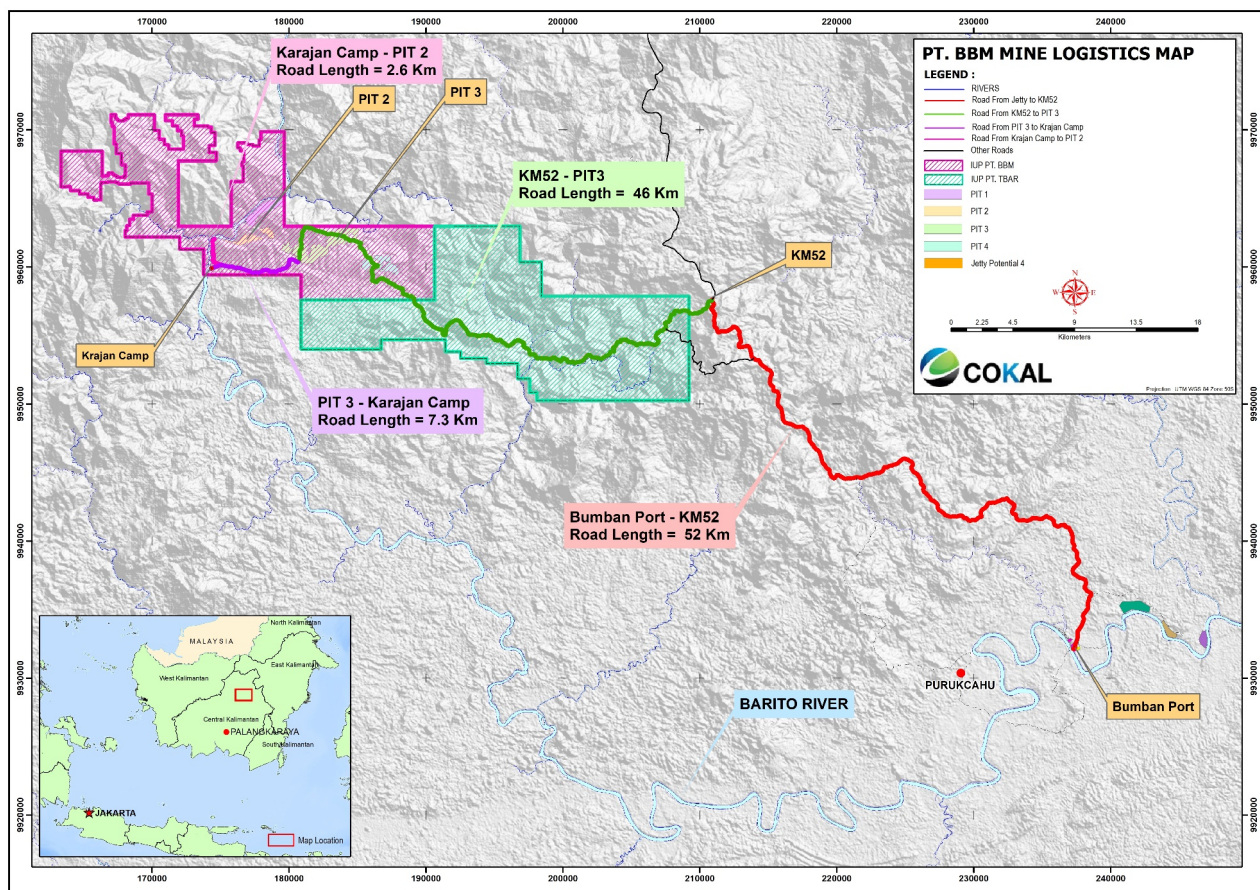
Intermediate Stockpile and Barge Loader

At the end of the 98km coal haul road from Pit 3 BBM to Muara Lahung, Cokal is surveying prospective sites to develop an intermediate stockpile (ISP) and barge loader. This loader will have a capacity of 1,000t/h. Coal handling at the ISP will be designed to minimise coal degradation. The stockpiles at the ISP will have a capacity of one month of coal production. It is important that coking coal quality is not allowed to deteriorate in product stockpiles either by handling or extended storage. Initially BBM will load coal through the KDP facility at Bumban under a rental agreement.

Coal Evacuation to Market

Cokal will haul product coal 98km from the mine to an ISP and barge loader at Bumban (Muara Lahung) to bypass the most difficult parts of the Upper Barito River. A barging company, HSM Marine, is being contracted to use shallow draft, self propelled 3,100t barges which can operate in 2.5m deep water to deliver coal to a point below Muara Teweh bridge from where it will be transferred to larger (8,000 to 10,000t) river barges for the voyage down river to Kelanis. From Kelanis to ships standing offshore coal will be transported using conventional barges.

The road and ISP will be suitable for both BBM and TBAR developments.



98 km Road Pit 3 to Bumban Port

Tambang Benua Alam Raya (TBAR) Project

Cokal has secured regulatory approval for the IUP (exploration licence) upgrade process application to a Production and Operation IUP, equivalent to a mining licence. This requires Cokal to assess the deposit and prepare a plan to develop it within a two year timeframe. On 26 June 2020 Cokal secured a one year delay in commencement of that two year period while it develops the BBM deposit.

Outcrop mapping of four seams over 17km strike length indicates potential for a substantial resource of high grade coking coal in this deposit. No exploration activity was conducted by Cokal during the half-year. An exploration drilling program for TBAR is being formulated to be undertaken as soon as BBM mine development is underway.

Directors' Report (Continued)

CORPORATE ACTIVITY

BBM Vendor Payment Converted to Production Based Payment

During the period the Company entered into a Settlement Agreement with BBM Vendor Mr Hery Gianto relating to the US\$10M contingent liability in respect of the acquisition of 60% of PT Bumi Barito. Previously this final BBM Vendor payment was due on commencement of production. It has now been agreed that an amount of US\$10.5 million will be paid via:

1. US\$200,000 within 30 days of signing the agreement;
2. During the first and second year of coal sales to a third party, monthly at a rate of US\$2 per tonne of coal sold;
3. From the third year of coal sales to a third party, monthly at a rate of US\$3 per tonne of coal sold.

Payments under items 2 and 3 are capped at a total of US\$10.3 million.

Agreement with Sumber Global Energy (SGE)

Cokal has entered into an agreement with SGE to monetise near-term coal production from BBM. SGE will advance BBM a total of US\$2.0M as consideration for Cokal appointing SGE as Exclusive Sales Agent for domestic Indonesian coal sales whereby SGE will undertake the marketing and sales of 0.6Mt BBM coal sold into the Indonesian domestic market for a period of 2 years from the date of first delivery of coal to SGE.

SGE will pay BBM according to the following schedule:

- US\$1,000,000 on or before the 30th December 2020;
- US\$500,000 on or before the 31st January 2021; and
- US\$500,000 on or before 31st March 2021.

BBM will repay the US\$2.0M to SGE through a reduction in the coal sales price over the term of the agreement. The repayment schedule to SGE will be calculated by apportioning the US\$2.0M consideration over the total tonnage of coal allocated to SGE over the term of the Agreement, which will be deducted from the sales price (e.g. If BBM allocates 0.6Mt of coal to SGE, then the US\$2.0M in consideration will result in a US\$3.33/t reduction in coal sales price for that tonnage.) The reduction in coal sales price shall be adjusted in the final period of the Agreement to ensure full repayment of the US\$2.0M consideration.

Coal Pricing

Coal sold under the Agreement shall be priced in US Dollars per metric tonne on an FOB basis, with the price calculated using the below methodology:

- i. Appropriate prices (the "Index Prices") for seaborne traded Coking and PCI Coals will be obtained from a recognised market data provider (e.g. Platts); and
- ii. The Index Prices will then be adjusted in order to calculate the prices to be used in the Agreement between BBM and SGE (the "Coal Sales Prices"), with the adjustments made to reflect:
 - a. The quality and specifications of the coal produced by BBM, using the methodologies published by the provider of the Index Price; and
 - b. Freight differentials.

SGE will also receive a small discount off the Coal Sales Prices. In the event SGE is able to sell the coal at a price higher than the Coal Sales Prices, the additional amount shall be shared equally between BBM and SGE. If BBM fails to deliver coal such that a maximum of 0.6MT is not reached within a period of two years from the first delivery to SGE, then BBM will be considered in default and the US\$2M (less any amounts repaid) converts to debt, plus interest using SIBOR. In the event that SGE defaults on the payment schedule for the US\$2.0M set out above, BBM has the right to adjust the coal allotment to SGE under the Agreement in line with the payment received and the right to sell directly into the domestic Indonesian market.

Directors' Report (Continued)

Binding Funding from China Railway Corporation Limited (CRCC)

On 14 October China Railway 21st Bureau Group International Engineering Co Ltd (CR) and Beijing Fidick International Trading Co Ltd (CR-BF JV) offered to participate in funding the development of infrastructure for the development of mining at BBM. CR is a subsidiary of China Railway Construction Corporation Limited (CRCC), a major state-owned enterprise.

CR-BF JV provided Cokal a draft financing agreement for the provision of \$US20 million to be used for this purpose. The agreement was reviewed by Cokal. CR-BFJV needs to be in Jakarta with Cokal to finalise and sign the agreement. To date COVID 19 travel restrictions have prevented this. It is anticipated that the agreement can be finalised as soon as travel is permitted and enable the drawdown of funds soon thereafter.

Aahana Global Resources (AGR)

AGR provided a loan of US\$800,000 of which approx. US\$500,000 was drawn by 31 December 2020. The facility interest rate is 12% per annum, compounded monthly and payable on the funds drawn down. The loan is repayable within 30 days of receipt of a written demand for repayment by the Lender.

Annual General Meeting

The Annual General Meeting of Shareholders of Cokal Limited was held on 24 November 2020 with all resolutions passed by a show of hands without amendment with the exception that Patrick Hanna was not re-elected to the Board. Mr Hanna was a founding member of the Board of Cokal. The Board thanks Pat for his ten years of faithful service.

COVID-19

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

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

SUBSEQUENT EVENTS TO 31 DECEMBER 2020

There have been no significant events after reporting date except for the execution of a contract mining services agreement with PT. Harmoni Panca Utama ("HPU") was executed to provide contract mining services for the development and mining of Cokal's Bumi Barito mineral ("BBM") coal development project. The contract is for the provision of contract mining of overburden and associated services, including project management, mine planning, surveying, supervision, site security, materials, equipment, equipment maintenance, labour, transportation, medical services, consumables and site infrastructure. The ongoing operational costs payable by Cokal are variable, depending on the mine production volume, the operational performance of HPU, and various external input costs. Overburden removal costs charged to Cokal by HPU are linked to international coking coal prices.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration forms part of the Directors' Report and can be found on page 21.



Domenic Martino
Chairman
Sydney, 16 March 2021

Cokal Limited

Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2020

	Note	31 December 2020 US\$	31 December 2019 US\$
Other income	2	-	77,212
Employee benefits expenses		(413,525)	(419,888)
Depreciation and amortisation		(95,913)	(57,795)
Production expenses		(233,197)	(165,554)
Finance costs	3	(12,243)	(7,445)
Legal expenses		(12,291)	(4,529)
Pre-tenure exploration expenditure		(411,747)	(406,581)
Administration and consulting expenses		(160,246)	(255,105)
Share based payments		(307,404)	-
Loss before income tax expense		(1,646,566)	(1,239,685)
Income tax expense		-	-
Loss for the period		(1,646,566)	(1,239,685)
Other comprehensive income		-	-
Total comprehensive loss for the period		(1,646,566)	(1,239,685)

Loss per share for loss attributable to owners of Cokal Ltd	Note	Cents	Cents
Basic Loss per Share	4	(0.17)	(0.14)
Diluted Loss per Share	4	(0.17)	(0.14)

The above Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Cokal Limited

Interim Consolidated Statement of Financial Position

as at 31 December 2020

	Note	31 December 2020 US\$	30 June 2020 US\$
Current Assets			
Cash and cash equivalents		170,104	779,717
Short term deposits		136,392	138,916
Other current assets		99,128	104,875
Total Current Assets		405,624	1,023,508
Non-Current Assets			
Property, plant and equipment	6	109,624	112,341
Exploration and evaluation assets	7	25,266,768	25,232,849
Right of use assets		112,232	141,725
Other non-current assets		25,552	25,280
Total Non-Current Assets		25,514,176	25,512,195
TOTAL ASSETS		25,919,800	26,535,703
Current Liabilities			
Trade and other payables	8	15,706,443	15,492,256
Lease liabilities	9	73,781	102,479
Borrowings	10	2,591,789	2,078,448
Total Current Liabilities		18,372,013	17,673,183
Non-Current Liabilities			
Lease liabilities	9	32,079	7,650
Total Non-Current Liabilities		32,079	7,650
TOTAL LIABILITIES		18,404,092	17,680,833
NET ASSETS		7,515,708	8,854,870
Equity			
Issued capital	11	95,095,642	95,095,642
Reserves	12	6,503,601	6,196,197
Accumulated losses		(94,083,535)	(92,436,969)
TOTAL EQUITY		7,515,708	8,854,870

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

Cokal Limited

Interim Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2020

	Issued capital	Translation Reserve	Share Based Payment Reserve	Accumulated losses	Total
	US\$	US\$		US\$	US\$
At 1 July 2020	95,095,642	(1,426,645)	7,622,842	(92,436,969)	8,854,870
Total comprehensive loss for the period					
Loss for the period	-	-	-	(1,646,566)	(1,646,566)
Other comprehensive income	-	-	-	-	-
	-	-	-	(1,646,566)	(1,646,566)
Transactions with owners in their capacity as owners					
Share based payments	-	-	307,404	-	307,404
	-	-	307,404	-	307,404
At 31 December 2020	95,095,642	(1,426,645)	7,930,246	(94,083,535)	7,515,708
At 1 July 2019	91,686,061	(1,426,645)	7,543,332	(89,856,028)	7,946,720
Cumulative adjustments upon adoption of new accounting standard – AASB 16	-	-	-	(7,119)	(7,119)
Balance at 1 July 2019 (restated)	91,686,061	(1,426,645)	7,543,332	(89,863,147)	7,939,601
Total comprehensive loss for the period					
Loss for the period	-	-	-	(1,239,685)	(1,239,685)
Other comprehensive income	-	-	-	-	-
	-	-	-	(1,239,685)	(1,239,685)
Transactions with owners in their capacity as owners					
Issue of share capital, net of capital raising costs	3,409,581	-	-	-	3,409,581
Share based payments	-	-	50,697	-	50,697
	3,409,581	-	50,697	-	3,460,278
At 31 December 2019	95,095,642	(1,426,645)	7,594,029	(91,102,832)	10,160,194

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

Cokal Limited

Interim Consolidated Statement of Cash Flows

For the half-year ended 31 December 2020

	Note	31 December 2020 US\$	31 December 2019 US\$
Cash Flows from Operating Activities			
Payments to suppliers and employees		(1,080,714)	(1,080,744)
Interest and other income received		-	7,968
Finance costs paid		(6,854)	-
Net cash outflow from operating activities		(1,087,568)	(1,072,776)
Cash Flows from Investing Activities			
Payment for property, plant and equipment		(28,780)	(9,616)
Net cash outflow from investing activities		(28,780)	(9,616)
Cash Flows from Financing Activities			
Proceeds from the issue of shares, net of capital raising costs		-	3,004,445
Repayment of borrowings and lease liabilities		-	(59,596)
Proceeds from borrowings	10	506,735	-
Net cash inflow from financing activities		506,735	2,944,849
Net (decrease)/increase in cash and cash equivalents		(609,613)	1,862,457
Cash and cash equivalents at beginning of period		779,717	127,361
Cash and cash equivalents at end of period		170,104	1,989,818

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

Cokal Limited

Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2020

NOTE 1 GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) General Information

The consolidated financial statements of Cokal Limited for the half-year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on 16 March 2021 and cover the consolidated entity (the "Group", "Cokal" or "Company") consisting of Cokal Limited and its subsidiaries.

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

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

b) Basis of preparation

This interim financial report for the half-year ended 31 December 2020 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual report for the year ended 30 June 2020 together with any public announcements made by the Group during the half-year ended 31 December 2020 in accordance with the continuous disclosure obligations of the ASX listing rules. In addition, results for the half-year ended 31 December 2020 are not necessarily indicative of the results that may be expected for the financial year ending 30 June 2021.

The financial statements are presented in the US Dollars.

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

c) Going concern

At 31 December 2020, the Group incurred a net loss of \$1,646,566 and the Group's current liabilities exceeded its current assets by US\$17,966,389 (30 June 2020: US\$16,649,675). This position is in large part due to:

- Commission payable (refer note 8) of US\$9,261,535 being a current liability;
- The classification of the Group's liability with PT Bara Mineral Asri (BMA Group) (refer note 10) of US\$2,000,000 as a current liability; and
- The Group's arrears of trade and other payables. A significant number of the Group's creditors, including the directors, are providing informal financial support to the entity.

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 as a going concern is impacted by a number of matters including:

- The continued financial support of management and directors who have provided short term loans to the Group and/or have agreed to not require the Group to pay amounts owing to them until such time as cash flows are generated by the BBM project or have otherwise agreed to have the amounts payable to them satisfied by way of a share issue (subject to shareholder approval);
- The continued willingness of creditors to extend payment terms to the Group until such time as cash flow is generated by the BBM project; and
- The successful raising of sufficient funding, through debt, equity or other arrangements (or a combination of transactions) to progress the development of the larger BBM project, including meeting capital expenditure and working capital requirements, until such time as the project is in production and its revenues from coal sales are sufficient to meet its cash outflows.

CR-BF JV provided Cokal a draft financing agreement for the provision of \$US20 million to be used for this purpose. The agreement was reviewed by Cokal. CR-BFJV needs to be in Jakarta with Cokal to finalise and sign the agreement. To date COVID 19 travel restrictions have prevented this. It is anticipated that the agreement can be finalised as soon as travel is permitted and enable the drawdown of funds soon thereafter. In addition, Cokal has signed an agreement with SGE to monetise near-term coal production whereby SGE will pay upfront \$US2 million.

Should these avenues be delayed or fail to materialize, the Group has some ability to scale back its activities to help the Group to manage to meet its debts as and when they fall due in the short term. However, should the above matters not be successfully resolved, the Group may not be able to continue as a going concern.

Cokal Limited

Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2020 (Continued)

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

Importantly, the Group's significant arrears of trade and other payables means its ability to continue as a going concern is dependent on creditors, including management and the directors, extending payment terms, providing informal financial support and not demanding payment of amounts owed to them in excess of the Group's available funds at the time. At the date of this report, no creditor or lender of the Group have made demands for payment.

The Directors are confident given the current permitting and financing processes being undertaken and announced to the market that the Group will be successful in its endeavours to develop the larger BBM project. The directors believe that the commencement of operations at the BBM project (and the forecast generating of operating cash inflows) in conjunction with planned capital raisings will enable it to satisfy its working capital requirements (including its arrears of trade and other payables). This being the case, the directors have a reasonable expectation that given the status of the current permitting and financing processes, the Group's creditors will continue to extend payment terms, provide informal financial support and not demand payment of amounts owed to them in excess of the Group's available funds. As a result, the financial report has been prepared on a going concern basis.

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

d) New Accounting Standards Implemented

In the half-year ended 31 December 2020, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2020.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group's accounting policies.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2020. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

e) Critical accounting estimates

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

Exploration and evaluation assets

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgment to determine whether future economic benefits are likely, from either exploration or sale, or whether activities have not yet reached a stage which permits a reasonable assessment of the existence of technically feasible and commercially viable reserves. The determination of reserves and resources in itself and estimation process that requires varying degrees of uncertainty depending on how the resources are classified. These estimates directly impact when the Group defers exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about future events and circumstances, in particular, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of the expenditure is unlikely, the relevant capitalised amount is written off in profit or loss in the statement of comprehensive income in the period when the new information becomes available.

As disclosed in Note 1(c), the financing agreement with CR-BFJV to commence the development and production of the BBM project has yet to be finalised. Accordingly, the directors have concluded that the group has not yet reached the stage to demonstrate commercial viability of extracting a mineral resource as at reporting date.

NOTE 2 OTHER INCOME

	31 December 2020 US\$	31 December 2019 US\$
Interest income	-	7,968
Gain on discharge and release of trade payables	-	69,244
Total other income	-	77,212

Cokal Limited

Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2020 (Continued)

NOTE 3 LOSS FOR THE PERIOD

	31 December 2020 US\$	31 December 2019 US\$
Loss before income tax includes the following specific expenses:		
Depreciation on plant and equipment	31,497	3,306
Depreciation on right of use assets	64,416	54,489
Salaries and wages	351,184	329,759
Share-based payments (options)	307,404	50,697
Finance costs		
Interest on borrowings	6,854	-
Interest on lease liabilities	5,389	7,445

NOTE 4 LOSS PER SHARE

	31 December 2020	31 December 2019
Loss attributable to owners of Cokal Limited used to calculate basic and diluted loss per share (US\$)	(1,646,566)	(1,239,685)
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	923,382,313	899,039,248
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted loss per share	923,382,313	899,039,248
Basic loss per share (cents per share)	(0.17)	(0.14)
Diluted loss per share (cents per share)	(0.17)	(0.14)

* Options are considered anti-dilutive as the Group is loss making. Options could potentially dilute earnings per share in the future. As at 31 December 2020, there were 105,000,000 (31 December 2019: 96,000,000) unlisted options on issue.

NOTE 5 DIVIDENDS AND FRANKING CREDITS

There were no dividends paid or recommended during the half-year period ended 31 December 2020 (31 December 2019: Nil). There were no franking credits available to the shareholders of the Group.

NOTE 6 PROPERTY, PLANT AND EQUIPMENT

31 December 2020	Land US\$	Computer equipment US\$	Furniture and office equipment US\$	Motor Vehicle US\$	Total US\$
Balance at 1 July 2020	63,493	9,512	35,179	4,157	112,341
Additions	-	26,201	2,579	-	28,780
Disposals/write-off	-	-	-	-	-
Depreciation expense	-	(3,685)	(27,500)	(312)	(31,497)
Carrying amount at 31 December 2020	63,493	32,028	10,258	3,845	109,624

Cokal Limited

Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2020 (Continued)

NOTE 7 EXPLORATION AND EVALUATION ASSETS

	31 December 2020 US\$	30 June 2020 US\$
Non-Current		
Exploration and evaluation expenditure capitalised		
- exploration and evaluation phases	25,232,849	25,232,849
Movements in carrying amounts		
Balance at the beginning of the period	25,232,849	25,067,202
Site related expenses during the period	33,919	165,647
Carrying amount at the end of the period	25,266,768	25,232,849

The carrying amount of exploration and evaluation (E&E) assets at 31 December 2020 and 30 June 2020 represents PT Bumi Burito Mineral (BBM) and TBAR.

The ultimate recoupment of expenditure above relating to the exploration and evaluation phase is dependant upon successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

NOTE 8 TRADE AND OTHER PAYABLES

	31 December 2020 US\$	30 June 2020 US\$
Current		
Trade and other payables	6,444,908	6,230,721
Commission payable	9,261,535	9,261,535
	15,706,443	15,492,256

Commission payable

The fair value of the commission payable to Alpine Invest Holdings Ltd has been determined using the extinguished value of borrowings with Platinum Partners taking into consideration the performance risk associated with future production levels.

Alpine Invest Holdings Ltd Commitment

During May 2020 the Company consented to the assignment of the Platinum Loans to Alpine Invest Holdings Ltd (Alpine). It was agreed as a term of the consent to the assignment that immediately upon transfer of the Platinum Loans to Alpine, that the loans are deemed released and Alpine discharges and releases Cokal and each Cokal Group Company from their liability to make payment of the Platinum Loans totalling \$9,261,535 on the following terms:

- each of the Subsequent Conditions is irrevocably satisfied or otherwise waived;
- the royalty payable to Alpine under the Royalty Deed will be the greater of:
 1. USD 10,000 per month; and
 2. USD 2.00 per tonne of coal sold by BBM and TBAR on a monthly basis;
- the maximum royalty payment of USD 40million payable under the Royalty Deed remains the same and will be payable through the first 20 million tonnes of coal produced and sold by both BBM and TBAR; and all other conditions stated in the Royalty Deed shall remain the same.

Cokal Limited

Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2020 (Continued)

NOTE 9 LEASES

	31 December 2020 US\$	30 June 2020 US\$
a) Right of use assets – office and motor vehicles		
Opening balance	141,725	213,041
Additions	-	56,955
Amortisation	(29,493)	(128,268)
Closing balance	112,232	141,725
b) Lease liabilities		
Current	73,781	102,479
Non current	32,079	7,650
	105,860	110,129

NOTE 10 BORROWINGS

	31 December 2020 US\$	30 June 2020 US\$
Current		
Short term loans	591,789	78,448
BMA Group loan	2,000,000	2,000,000
Total Borrowings	2,591,789	2,078,448

Short Term Loan

A US\$800,000 short term loan facility provided by Aahana Minerals Resources SDN BHD was executed in September 2020 with US\$506,735 drawn to 31 December 2020. The facility interest rate is 12% per annum, compounded monthly and payable on the funds drawn down. The loan is repayable within 30 days of receipt of a written demand for repayment by the Lender. Cokal Limited has provided a corporate guarantee for payment of the Loan.

BMA Group Loan

On 21 September 2018, Cokal signed a Key Principles of Agreement with PT Bara Mineral Asri (BMA Group) to develop and operate PCI and Coking Coal operations at the BBM Project. Cokal received US\$2.0 million loan from BMA Group to secure the transaction but the BMA Group failed to complete the other funding conditions set out in the Key Principles of Agreement and has also failed to document the loan arrangement with the Group. Therefore, the Group has assessed the loan is repayable on demand and has been disclosed at the face value of the amounts received.

The Group has agreed an arrangement with the BMA Group in respect of the \$2.0 million of funding received. The US\$2 million provided to Cokal is to be repaid from the sale of coal when mining commences. This will be paid at \$10/t for coal sales at \$100/t or greater and 10%/t for coal sold at less than \$100/t.

Cokal Limited

Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2020 (Continued)

NOTE 11 ISSUED CAPITAL

	31 December 2020 US\$	30 June 2020 US\$
923,382,313 authorised and fully paid ordinary shares (30 June 2020: 923,382,313)	95,095,642	95,095,642

	31 December 2020 Number	US\$
At the beginning of the period	923,382,313	95,095,642
At the end of the period	923,382,313	95,095,642

NOTE 12 RESERVES

	31 December 2020 US\$	30 June 2020 US\$
Share Based Payments Option Reserve	7,930,246	7,622,842
Foreign Currency Translation Reserve	(1,426,645)	(1,426,645)
	6,503,601	6,196,197

Share Based Payment Option Reserve

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

During the half-year ended 31 December 2020, expensing of options issued as part of the broker agreement was recorded. 15,000,000 options were issued with an exercise price of \$0.05 and expiry date of 17 August 2023 as part consideration for broker services.

Foreign Currency Translation Reserve

The foreign currency translation reserve represents net exchange differences arising from the translation as a result of foreign operations.

NOTE 13 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

BBP Vendor Payment

At 31 December 2020, the Group's contingent liabilities include US\$7.95m (30 June 2020: US\$7.95m) in respect of its PT Borneo Bara Prima (BBP) tenement. The amount is payable on the achievement of certain milestones, including but not limited to the establishment of certain JORC Inferred Coal Resources and the issuance of production operation IUPs (licences) and production forestry permits.

BBM Vendor Payment

As part of the Group's acquisition of its interest in the BBM project, it was agreed an amount of US\$10.0 million would be payable within 30 days of the issue of the Production/ Operations IUP (mining license granted under the Indonesian New Mining Law). The Company has subsequently entered into an agreement with the vendor of BBM for these vendor payments to be due on commencement of production. It has now been agreed that an amount of US\$10.5 million (which includes the US\$10m deferred consideration) will be paid via:

1. US\$200,000 within 30 days of signing the agreement (completed);
2. During the first and second year of coal sales to a third party, monthly at a rate of US\$2 per tonne of coal sold;
3. From the third year of coal sales to a third party, monthly at a rate of US\$3 per tonne of coal sold.

Cokal Limited

Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2020 (Continued)

NOTE 14 OPERATING SEGMENTS

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

	Australia US\$	Indonesia US\$	Singapore US\$	Total US\$
Segment performance for the half-year ended 31 December 2020				
Revenue				
Other revenue	-	-	-	-
Interest revenue	-	-	-	-
Total segment income	-	-	-	-
Production expenses	(68,607)	(120,339)	(44,251)	(233,197)
Depreciation and amortisation expenses	(40,693)	(55,220)	-	(95,913)
Finance costs	(248)	(11,995)	-	(12,243)
Other expenses	(192,297)	(1,076,762)	(36,154)	(1,305,213)
Total segment expenses	(301,845)	(1,264,316)	(80,405)	(1,646,566)
Segment net loss before tax	(301,845)	(1,264,316)	(80,405)	(1,646,566)
Segment assets and liabilities as at 31 December 2020				
Property, plant and equipment	-	109,624	-	109,624
Exploration and evaluation assets	-	25,266,768	-	25,266,768
Other assets	56,257	472,089	15,062	543,408
Total segment assets	56,257	25,848,481	15,062	25,919,800
Total segment liabilities	9,888,827	7,995,843	519,422	18,404,092

Cokal Limited

Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2020 (Continued)

	Australia US\$	Indonesia US\$	Singapore US\$	Total US\$
Segment performance for the half-year ended 31 December 2019				
Revenue				
Interest revenue	8	43	7,917	7,968
Gain on discharge and release of trade payables	69,244	-	-	69,244
Total segment income	69,252	43	7,917	77,212
Production expenses	(70,645)	(75,547)	(19,362)	(165,554)
Depreciation expense	-	(57,795)	-	(57,795)
Finance costs	-	(7,445)	-	(7,445)
Fees forgiven	-	-	91,917	91,917
Other expenses	(369,299)	(778,146)	(30,575)	(1,178,020)
Total segment expenses	(439,944)	(918,933)	41,980	(1,316,896)
Segment net loss before tax	(370,692)	(918,890)	49,897	(1,239,685)

	Australia US\$	Indonesia US\$	Singapore US\$	Total US\$
Segment assets and liabilities as at 30 June 2020				
Property, plant and equipment	-	112,341	-	112,341
Exploration and evaluation assets	-	25,232,849	-	25,232,849
Other assets	47,066	525,987	617,460	1,190,513
Total segment assets	47,066	25,871,177	617,460	26,535,703
Total segment liabilities	10,358,624	7,300,174	22,035	17,680,833

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

Cokal Limited**Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2020 (Continued)**

NOTE 16 EVENTS AFTER THE REPORTING PERIOD

There have been no significant events after reporting date except for the execution of a contract mining services agreement with PT. Harmoni Panca Utama ("HPU") was executed to provide contract mining services for the development and mining of Cokal's Bumi Barito mineral ("BBM") coal development project. The contract is for the provision of contract mining of overburden and associated services, including project management, mine planning, surveying, supervision, site security, materials, equipment, equipment maintenance, labour, transportation, medical services, consumables and site infrastructure. The ongoing operational costs payable by Cokal are variable, depending on the mine production volume, the operational performance of HPU, and various external input costs. Overburden removal costs charged to Cokal by HPU are linked to international coking coal prices.

Declaration by Directors

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

In the opinion of the directors:

- a) The financial statements and notes of the Group for the half-year ended 31 December 2020 are in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
 - ii. complying with accounting standards and the Corporations Regulations 2001
- b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the board



Domenic Martino
Chairman

Sydney
16 March 2021

COKAL LIMITED
ABN 55 082 541 437
AND CONTROLLED ENTITIES

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF COKAL LIMITED

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia
Ph: (612) 9263 2600
Fx: (612) 9263 2800

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Cokal Limited. As the lead audit partner for the review of the financial report of Cokal Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.



HALL CHADWICK (NSW)
Level 40, 2 Park Street
Sydney NSW 2000



DREW TOWNSEND
Partner
Dated: 16 March 2021

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COKAL LIMITED
ABN 55 082 541 437
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF COKAL LIMITED

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia
Ph: (612) 9263 2600
Fx: (612) 9263 2800

Report on the Half-year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Cokal Limited (the company) and its controlled entities (the group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes to the financial statements including a summary of significant accounting policies, other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the group does not comply with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(c) in the financial report, which indicates that the group incurred a net loss as of US\$1,646,566 during the half-year ended 31 December 2020 and, as of that date, the group's current liabilities exceeded its current assets by US\$17,966,389. As stated in Note 1(c), these events or conditions, along with other matters as set forth in Note 1(c) indicate the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' Responsibility for the Half-Year Financial Report

The directors of the group are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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COKAL LIMITED
ABN 55 082 541 437
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
COKAL LIMITED

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



HALL CHADWICK (NSW)
Level 40, 2 Park Street
Sydney NSW 2000



DREW TOWNSEND

Partner

Dated: 16 March 2021