Half Yearly Report

31 December 2012

Cokal Limited ACN 082 254 1437
Half Yearly Report for the period ended 31 December 2012

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.

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, Resources and Ore Reserves (JORC Code).

Corporate Information

DIRECTORS
Peter Lynch
Jim Middleton
Pat Hanna
Domenic Martino

COMPANY SECRETARY
Duncan Cornish
Victor Kuss

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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 2012.

The following persons were directors of the company during the whole of the half-year end and up to the date of this report, unless otherwise stated:
Peter Lynch - Executive Chairman (appointed 24 December 2010)
Pat Hanna - Executive Director (appointed 24 December 2010)
Jim Middleton – Managing Director and Chief Executive Officer (appointed 24 December 2010)
Domenic Martino – Non Executive Director (appointed 24 December 2010)

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. The consolidated entity also has a joint venture to explore for coal in Tanzania and a Co-operation Agreement in Mozambique.

OPERATING RESULTS
For the half-year ended 31 December 2012, the loss for the consolidated entity after providing for income tax was $4,233,966 (31 December 2011: $3,451,271).

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

CHANGE IN CAPITAL

Capital Raising
There was no capital raisings during the period.

Options Exercised
During the half-year ended 31 December 2012, no ordinary shares were issued on exercise of options.

CORPORATE

BBM land acquired for initial loading zone and camp construction
Cokal has acquired land at the initial Loading Zone, Laydown area and initial accommodation area for the BBM Project.

Directors' Report (Continued)

EXPLORATION
INDONESIA

BBM Project
BBM covers an area of 19,920 ha, immediately adjacent to BHP Billiton's Juloi tenement, straddling the Barito River and has numerous outcrops of bright coal.

Significant achievements during the period were:

- Resource Estimation for BBM total 77 Million tonnes (7Mt Indicated & 70Mt Inferred Resources) with the inclusion of premium quality coking coal of the J Seem.
- Approval of the BBM exploration forestry permit (IPPKH)
- BBM EIS submitted
- BBM Production IUP (Mining License) submitted
- The prefeasibility study was completed and has pulled together all the work to date and include additional studies to prove a succinct holistic approach to the project development options, costing's and schedule.

In August, Cokal ungraded its total Coal Resources to 77Mt (7Mt Indicated & 70Mt Inferred Resources) for the BBM Project with the inclusion of the Resource estimation for the J Seam. The 17Mt Resource estimate for the J Seam included 7Mt of Indicated Resources and a further 10Mt of Inferred Resources to the 60Mt of Inferred Resources for the B, C and Seams previously reported. The results are summarised in Tables 1 and 2 which illustrate the favourable economic potential of the coals found to date.

Table 1: J Seam Resources

Depth Range (m)	Resources (Mt)	Waste Volume (Mbcm)	Incremental Strip Ratio (bcm:t)	Accumulative Strip Ratio (bcm:t)
0-25	3.5	25.5	7.3	7.3
25-50	5.0	112.0	22.4	16.2
50-75	3.0	106.0	35.3	21.2
75-100	4.0	200.0	50.0	28.6

Table 2: B, C and D Seam Resources

Depth Range (m)	Resources (Mt)	Waste Volume (Mbcm)	Incremental Strip Ratio (bcm:t)	Accumulative Strip Ratio (bcm:t)
0-25	1.5	7.0	4.7	4.7
25-50	3.5	27.0	7.7	6.8
50-75	3.5	45.0	12.9	9.3
75-100	3.0	56.0	18.7	11.7

Note: Strip Ratios are in-situ vertical strip ratios not including opencut design parameters nor dilution.

The 'J' Seam is one of thirteen seams which have been mapped on surface outcrops at the BBM project. The discovery of the 'J' Seam is of particular significance since all samples have returned CSN of 9 or greater. A portion of the 'J' Seam Resource exhibits a very low in-situ ash content (around 5%) which means the coal is likely to be mined and direct shipped without the need for processing through a coal washery. This will save considerable capital and operating cost. The Ash content of the J Seam increased towards the East from the initial discovery point, due to the development of a thin stone parting within the coal seam. The Ash content gradually rose from 5% to about 12%. When the Ash content exceeded 9%, the coal was washed at Float 1.60gm/cc and the results consistently returned a greater than 85% yield (recovery) with ash levels around 5%.

Directors' Report (Continued)

The focus of exploration efforts at BBM continues to be on the 'J' Seam to determine the full extent of the in-situ low ash. The drilling results also continue to convert the previously estimated Exploration Target[1] of 200 to 350 Million tonnes (Mt) into Coal Resources in accordance with the JORC Code.

BBP Project

BBP (Borneo Bara Prima) project north east of BBM cover 13,050ha and is adjacent to BHP Billiton's Maruwai tenement. Mapping of the northern portion of BBP has commenced and outcrops sample will be tested in the near future.

During the December quarter, the man-portable drilling in the south portion of BBP results confirmed the coal quality of the multiple outcrops to be suitable for the PCI and Anthracite markets. The exploration forestry permit was granted for BBP in early February 2013, access roads will now be developed to allow high impact drilling to delineate JORC resources.

AAM and AAK Projects

Cokal has a 75% share of Anugerah Alam Katingan (AAK) and Anugerah Alam Manuhing (AAM) projects also located in Central Province, Kalimantan, Indonesia. The AAK project area comprises 5,100 hectares and the AAM project comprises 10,000 hectares. Mapping and preliminary exploration work commenced during the period, the exploration forestry permit (IPPKH Explorasi) for AAK and AAM was applied for in January 2013.

SNR

Cokal has a 75.2% of Silangkop Nusa Raya (SNR), which holds the exploration licences in West Kalimantan near the Malaysia border covering an area of approximately 13,000 ha.

The geological team continue to conduct preliminary surface mapping to help plan an exploration drilling program. Drilling is planned to commence once the Forestry permit for exploration activity is issued.

AFRICA

Tanzania

Following the results of the first phase of drilling involving five of the most interesting targets, there was no significant coal intersections found in any of the boreholes. Consequently, both Cokal and Tanzoz Resources Company Limited (Tanzoz) have decided to relinquish the two Manda projects.

Cokal continued to work in conjunction with Tanzoz to gain access into other parts of Tanzania for the purpose of conducting a coal exploration program. The focus remains to identify the potential existence in Tanzania of the special stratigraphic sequence which hosts the Cokal coals found in Mozambique's Moatize Basin.

Mozambique

The "Co-operation Agreement" with Empresa Moçambicana de Exploração Mineira (EMEM – Mozambique Mining Exploration Company, a state owned Company) is to explore tenements in Mozambique for coal mining potential and jointly develop mines and associated facilities. Under the terms of this Agreement, EMEM will bring tenements to Cokal to review and if deemed suitable by Cokal, these tenements will be brought into the 80:20 (Cokal:EMEM) JV. Tenements are still to be submitted by EMEM to the JV.

AUSTRALIA

Queensland

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

The sale, valued at $1.7M ($1.53M net of costs), was conditional upon both Australia Foreign Investment Review Board approval, Chinese Government regulatory approval and Queensland Government approval of the permit transfer. All necessary approvals were obtained in February 2013, with the deal reached financial completion in early March 2013.

The sale enables Cokal to focus on developments of its Indonesian assets, in particular its BBM project.

Directors' Report (Continued)

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.

EVENTS SUBSEQUENT TO 31 DECEMBER 2012

Acquisition of 75% of PT Tambung Benua Alam Raya(TBAR)

On the 13th of February 2013, Cokal entered into an agreement to acquire a 75% interest in an exploration tenement (IUP) immediately adjoining the south eastern boundary of the BBM project. The TBAR project is 18,850 ha and is on the "Clean and Clear" (CNC) meaning there are no overlapping IUP issues and the title is in good standing. The purchase price of US$5M is via staged payments 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.

AUDITOR'S INDEPENDENCE DECLARATION

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

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

Peter Lynch
Chairman

Brisbane
8 March 2013

Cokal Limited
Interim Consolidated Statement of Comprehensive Income
For the half-year ended 31 December 2012

	Note	31 December 2012 $	31 December 2011 $
Revenue			
Revenue and other income	2	455,506	319,255
Total Revenue		**455,506**	**319,255**
Expenses			
Employee benefits expenses		(1,765,622)	(1,778,019)
Depreciation		(86,095)	(28,149)
Pre-tenure exploration expenses		(138,417)	(596,209)
Finance costs		(86)	(25)
Legal expenses		(73,596)	(158,789)
Foreign currency exchange loss		(61,850)	(299,763)
Administration and consulting expenses		(2,563,806)	(909,572)
Loss before income tax expense		**(4,233,966)**	**(3,451,271)**
Income tax expense		-	-
Loss for the period	3	**(4,233,966)**	**(3,451,271)**
Other comprehensive income		-	-
Total comprehensive loss for the period		**(4,233,966)**	**(3,451,271)**
Basic Loss per Share	4	(1.03)	(1.00)
Diluted Loss per Share	4	(1.03)	(1.00)

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

Cokal Limited
Interim Consolidated Statement of Financial Position
as at 31 December 2012

	Note	31 December 2012	30 June 2012
		$	$
Current Assets			
Cash and cash equivalents	6	15,502,773	29,628,099
Accounts receivable		339,211	562,397
Other current assets		179,486	181,162
		16,021,470	**30,371,658**
Assets held for sale	10	195,764	-
Total Current Assets		**16,217,234**	**30,371,658**
Non-Current Assets			
Plant and equipment	8	945,476	808,770
Exploration and evaluation assets	9	43,549,041	33,306,527
Other non-current assets		265,206	218,796
Total Non-Current Assets		**44,759,723**	**34,334,093**
TOTAL ASSETS		**60,976,957**	**64,705,751**
Current Liabilities			
Accounts payable		1,276,994	1,426,885
Total Current Liabilities		**1,276,994**	**1,426,885**
Non-Current Liabilities			
Deferred liability		230,625	276,750
Total Non-Current Liabilities		**230,625**	**276,750**
TOTAL LIABILITIES		**1,507,619**	**1,703,635**
NET ASSETS		**59,469,338**	**63,002,116**
Equity			
Issued capital	11	73,003,471	73,003,471
Reserves	12	3,249,186	2,547,998
Accumulated losses		(16,783,319)	(12,549,353)
TOTAL EQUITY		**59,469,338**	**63,002,116**

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 2012

	Issued Capital	Accumulated Losses	Reserves	Total
	$	$	$	$
At 1 July 2012	**73,003,471**	**(12,549,353)**	**2,547,998**	**63,002,116**
Total comprehensive loss for the period				
Loss for the period	-	(4,233,966)	-	(4,233,966)
Other comprehensive income	-	-	-	-
	-	(4,233,966)	-	(4,233,966)
Transactions with owners in their capacity as owners				
Issue of share capital	-	-	-	-
Costs associated with issue of share capital	-	-	-	-
Share based payments	-	-	701,188	701,188
	-	-	701,188	701,188
At 31 December 2012	**73,003,471**	**(16,783,319)**	**3,249,186**	**54,469,338**
Balance at 1 July 2011	**41,731,103**	**(6,234,136)**	**727,719**	**36,224,686**
Total comprehensive loss for the period				
Loss for the period	-	(3,451,271)	-	(3,451,271)
Other comprehensive income	-	-	-	-
	-	(3,451,271)	-	(3,451,271)
Transactions with owners in their capacity as owners				
Issue of share capital	21,267,794	-	-	21,267,794
Costs associated with issue of share capital	(4,863)	-	-	(4,863)
Share based payments	-	-	855,801	855,801
	21,262,931	-	855,801	22,118,732
At 31 December 2011	**62,994,034**	**(9,685,407)**	**1,583,520**	**54,892,147**

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 2012

	Note	31 December 2012 $	31 December 2011 $
Cash Flows from Operating Activities			
Payments to suppliers and employees		(4,213,054)	(2,542,226)
Interest received		605,589	207,903
Interest paid		(86)	(25)
Net cash outflow from operating activities		**(3,607,551)**	**(2,334,348)**
Cash Flows from Investing Activities			
Deposits maturing after three months		13,110,455	(14,500,000)
Payments for plant and equipment		(185,577)	(115,163)
Payments for exploration and evaluation assets		(10,333,294)	(10,634,291)
Net payments for other non-current assets		1,096	(75,881)
Net cash (outflow)/inflow from investing activities		**2,592,680**	**(25,325,335)**
Cash Flows from Financing Activities			
Proceeds from issue of shares and options		-	21,267,794
Transaction costs on share issue		-	(4,863)
Net cash inflow from financing activities		**-**	**21,262,931**
Net (decrease)/increase in cash and cash equivalents		(1,014,871)	(6,396,752)
Cash and cash equivalents at beginning of period		15,341,001	17,216,696
Cash and cash equivalents at end of period	**6**	**14,326,130**	**10,819,944**

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 2012

NOTE 1 GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Information
The consolidated financial statements of Cokal Limited for the half-year ended 31 December 2012 were authorised for issue in accordance with a resolution of the directors on 08 March 2013 and covers the consolidated entity (the "Group") 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.

Basis of preparation
This general purpose interim financial report for the half-year ended 31 December 2012 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001.*

The interim condensed 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 2012 together with any public announcements made by the Group during the half-year ended 31 December 2012 in accordance with the continuous disclosure obligations of the ASX listing rules. In addition, results for the half-year ended 31 December 2012 are not necessarily indicative of the results that may be expected for the financial year ending 30 June 2012.

The financial statements are presented in the Australian currency.

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.

Going concern
The interim condensed consolidated financial statements have 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 allow the Group to continue as a going concern and 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 or managing its existing funds to enable it to realise its assets in the ordinary course of business

Changes in Accounting Policies
AASB 101 Presentation of Financial Statements: AASB 101 established a new requirement for 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. The adoption of ASSB 101 had no effect on the financial position or performance of the Group.

There are a number of new and amended Accounting Standards issued by the Australian Accounting Standards Board, which are applicable for reporting periods beginning on or before 1 July 2012 as detailed in the annual financial report as of 30 June 2012. The Group has adopted all the mandatory new and amended Accounting Standards issued that are relevant to its operations and effective for the current reporting period.

There was no material impact on the half-year financial report as a result of the mandatory new and amended Accounting Standards adopted.

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

Cokal Limited
Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2012 (Continued)

NOTE 2 REVENUE AND OTHER INCOME

	31 December 2012 $	31 December 2011 $
Revenue		
Interest income		
- other persons	455,506	319,255
Total interest income	455,506	319,255
Total revenue	455,506	319,255
Other Income		
Profit on sale of tenements	-	-
Total other income	-	-
Total revenue and other income from continuing operations	**455,506**	**319,255**

NOTE 3 LOSS FOR THE PERIOD

	31 December 2012 $	31 December 2011 $
Loss before income tax includes the following specific expenses:		
Depreciation on plant and equipment	86,095	28,149
Exploration expenditures written off	138,417	596,209
Salaries and wages	927,315	885,140
Superannuation	33,418	37,078
Share-based payments (options)	701,188	855,801
Operating lease expense – minimum lease payment	230,638	102,015
Interest paid	86	25
Loss on sale of plant and equipment	-	140

Cokal Limited
Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2012 (Continued)

NOTE 4 LOSS PER SHARE

	31 December 2012	31 December 2011
Loss attributable to owners of Cokal Limited used to calculate basic and diluted loss per share	(4,233,966)	(3,451,271)
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	411,046,892	346,838,738
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	346,838,738
Basic loss per share (cents per share)	**(1.03)**	**(1.00)**
Diluted loss per share (cents per share)	**(1.03)**	**(1.00)**

* 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 2012, there were 29,825,000 (30 June 2012: 50,055,000) 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 2012 (30 June 2012: Nil). There were no franking credits available to the shareholders of the Group.

NOTE 6 CASH AND CASH EQUIVALENTS

	31 December 2012	30 June 2012
	$	$
Cash at bank and in hand	**15,502,773**	**29,628,099**

Cash at bank bear floating and fixed interest rates between 1% and 4.98% (30 June 2012: 1% and 5.9%).

Included in the condensed interim consolidated statement of cash flows as follows:

	31 December 2012	31 December 2011
	$	$
Cash and cash equivalents*	15,502,773	25,319,944
Less: Deposits maturing after three months classified as investing activities	(1,176,643)	(14,500,000)
	14,326,130	**10,819,944**

*Included in cash and cash equivalents at 31 December 2012 is an amount of $4,854,030 paid as refundable deposit on potential future acquisition targets. The amount is refundable to the Group of its providing 7 days notice as such has been recorded as cash equivalents. If the potential acquisition proceeds, it is anticipated at that date the amount will be reclassified as exploration and evaluation assets. The final consideration for these assets should they proceed is yet to be determined.

Cokal Limited
Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2012 (Continued)

NOTE 7 RELATED PARTY DISCLOSURE

Subsidiaries

The condensed interim consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries.

Name of entity	Country of Incorporation	Class of Shares	Percentage Owned (%)* 31 December 2012	Percentage Owned (%)* 30 June 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%
Mining Logistics Pte Ltd**	Singapore	Ordinary	100%	-
Cokal Resources Limited	Tanzania	Ordinary	100%	100%
PT Cokal	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%

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

**During the period the group incorporated Mining Logistics Pte Ltd to hold interest in future acquisition prospects.

^at reporting date, the capital of the 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 capital.

Joint Ventures

Name of entity	Country of Incorporation	Class of Shares	Percentage Owned (%)* 31 December 2012	Percentage Owned (%)* 30 June 2012
Cokal Karoo Limited	Tanzania	Ordinary	60%	60%
Cokal Manda Limited	Tanzania	Ordinary	50%	50%

Cokal Limited
Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2012 (Continued)

NOTE 7 RELATED PARTY DISCLOSURE (CONTINUED)

Key Management Personnel

Transactions	31 December 2012 $	31 December 2011 $
Short term employee benefits	894,252	669,621
Post-employment benefits	21,446	15,369
Share based payments	466,119	571,854
	1,381,817	**1,256,844**

Balances	31 December 2012 $	30 June 2012 $
Payables to senior executives and directors	**36,000**	**18,348**

NOTE 8 PLANT AND EQUIPMENT

31 December 2012	Computer equipment $	Furniture and office equipment $	Motor vehicles $	Total $
Balance at the beginning of the period	**259,020**	**539,624**	**10,126**	**808,770**
Additions	194,836	27,965	-	222,801
Disposals/write-off	-	-		-
Depreciation expense	(53,677)	(31,359)	(1,059)	(86,095)
Carrying amount at the end of the period	**400,179**	**536,230**	**9,067**	**945,476**

30 June 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**

Cokal Limited
Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2012 (Continued)

NOTE 9 EXPLORATION AND EVALUATION ASSETS

	31 December 2012 $	30 June 2012 $
Balance at the beginning of the period/year	33,306,527	26,753,667
Contractual payments for interest in subsidiary	5,043,060	-
Assets held for sale	(195,764)	-
Other additions	5,533,635	7,149,069
Unsuccessful exploration expenses de-recognised	(138,417)	(596,209)
Carrying amount at the end of the period/year	**43,549,041**	**33,306,527**

NOTE 10 ASSETS HELD FOR SALE

Sale of Australian Tenements

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

The sale, valued at $1.7M ($1.53M net of costs), was conditional upon both Australia Foreign Investment Review Board approval, Chinese Government regulatory approval and Queensland Government approval of the permit transfer. All necessary approvals were obtained in February 2013, with the deal reached financial completion in early March 2013.

NOTE 11 ISSUED CAPITAL

	31 December 2012 $	30 June 2012 $
411,046,892 authorised and fully paid ordinary shares (30 June 2012: 411,046,892)	**73,003,471**	**73,003,471**

	31 December 2012		30 June 2012	
	Number	$	Number	$
At the beginning of the period/year	411,046,892	73,003,471	338,585,735	41,731,103
Shares issue on acquisition	-	-	1,000,000	-
Share issue from capital raising	-	-	57,000,000	28,500,000
Conversion of options to shares	-	-	14,301,157	2,777,231
Share issue for consultancy fees	-	-	160,000	-
Costs associated with issue of share capital	-	-	-	(4,863)
At the end of the period/year	**411,046,892**	**73,003,471**	**411,046,892**	**73,003,471**

Cokal Limited
Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2012 (Continued)

NOTE 12 RESERVES

	31 December 2012 $	30 June 2012 $
Share based payments Option Reserve – director, executive and employee options	**3,249,186**	**2,547,998**

In October 2012, 550,000 share options were granted to employees at the exercise price of $0.75. The fair value of the options granted is estimated at the date of grant using a Binomial Options pricing model, taking into account the terms and conditions upon which options were granted. The contractual life of each option granted is four years. The fair value of options granted during the half-year ended 31 December 2012 was estimated on the date of grant using the following assumptions:

Dividend Yield (%): -

Expected Volatility (%) : 78.13

Risk-free interest rate (%) : 2.56

Expected life(years): 4.00

Weighted average share price ($) : 0.21

For the half-year ended 31 December 2012, the Group has recognised $621,188 of employee share-based payment transaction expense in the income statement (31 December 2011: $855,801) relating to share options. An additional expense of $80,000 was also recorded for the fair value of shares paid for services received from a supplier.

NOTE 13 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

JDC Contracts – Kalimantan, Indonesia

The contingent liabilities in relation to the acquisition of Jack Doolan Capital Pty Ltd (JDC). A decision to proceed with the Coal Projects was made by JDC who has since acquired the interests in the entities that hold the Coal Projects under the JDC Contracts, and establish joint venture arrangements. JDC has further obligations to make contingent payments of up to US$18.0 million (30 June 2012: US$23.0 million) on the achievement of certain milestones, including the establishment of certain JORC Inferred Coal Resources, and on the BBP project (total US$3.0 million), and the issuance of production operation IUPs (licences) on the BBM and BBP projects (total US$15.0 million).

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

Cokal Limited
Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2012 (Continued)

NOTE 14 COMMITMENTS

	31 December 2012 $	30 June 2012 $
(a) Operating lease commitments		
Future minimum rentals payable under non-cancellable operating leases are as follows:		
Payable		
- not later than 12 months	444,800	440,155
- between 12 months and 5 years	1,505,815	1,659,309
- greater than 5 years	-	97,421
	1,950,615	**2,196,885**

(b) Future exploration capital expenditure commitments

The Group has signed an agreement in October 2012 for the sale of the Australian tenements. As a result of the sale, there are no ongoing obligations on the exploration tenements in Queensland.

	31 December 2012 $	30 June 2012 $
The commitments to be undertaken are as follows:		
Payable		
- not later than 12 months	-	1,070,932
- between 12 months and 5 years	-	1,735,917
- greater than 5 years	-	-
	-	**2,806,849**

Cokal Limited
Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2012 (Continued)

NOTE 15 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.

	Australia $	Indonesia $	Singapore $	Tanzania $	Total $
Segment performance for the half-year ended 31 December 2012					
Revenue					
Other revenue	-	-	-	-	-
Interest revenue	455,318	188	-	-	455,506
Intersegment income	-	-	-	-	-
Total segment income	**455,318**	**188**	**-**	**-**	**455,506**
Depreciation	(56,799)	(29,296)	-	-	(86,095)
Exploration expenditures written off	-	-	-	(138,417)	(138,417)
Other expenses	(2,643,088)	(1,761,154)	(60,718)	-	(4,464,960)
Total segment expenses	**(2,699,887)**	**(1,790,450)**	**(60,718)**	**(138,417)**	**(4,689,472)**
Segment net loss before tax	**(2,244,569)**	**(1,790,262)**	**(60,718)**	**(138,417)**	**(4,233,966)**
Segment assets and liabilities as at 31 December 2012					
Plant and equipment	647,811	297,665	-	-	945,476
Exploration and evaluation assets	-	43,549,041	-	-	43,549,041
Assets held for sale	195,764	-	-	-	195,764
Other segment assets	11,024,340	408,306	4,854,030	-	16,286,676
Total segment assets	**11,867,915**	**44,255,012**	**4,854,030**	**-**	**60,976,957**
Total segment liabilities	**911,284**	**596,335**	**-**	**-**	**1,507,619**
Capital expenditure for the half-year ended 31 December 2012					
Plant and equipment	156,255	66,546	-	-	222,801
Exploration and evaluation assets	-	10,438,278	-	138,417	10,576,695

Cokal Limited
Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2012 (Continued)

NOTE 15 OPERATING SEGMENTS (CONTINUED)

	Australia	Indonesia	Singapore	Tanzania	Total
	$	$	$	$	$
Segment performance for the half-year ended 31 December 2011					
Revenue					
Other revenue	319,255	-	-	-	319,255
Interest revenue	-	-		-	-
Intersegment income	**319,255**	**-**	**-**	**-**	**319,255**
Total segment income	319,255	-	-	-	319,255
Depreciation	(28,149)	-	-	-	(28,149)
Exploration expenditures written off	-	-	-	(596,209)	(596,209)
Other expenses	(2,796,306)	(349,862)	-	-	(3,146,168)
Total segment expenses	**(2,824,455)**	**(349,862)**	**-**	**(596,209)**	**(3,770,526)**
Segment net loss before tax	**(2,505,200)**	**(349,862)**	**-**	**(596,209)**	**(3,451,271)**
Segment assets and liabilities as at 30 June 2012					
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					
Plant and equipment	185,641	267,482	-	-	453,123
Exploration and evaluation assets	36,636	6,941,182	-	171,251	7,149,069

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 2012 (Continued)

NOTE 16 EVENTS AFTER THE REPORTING PERIOD

Sale of Australian Tenements

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

The sale, valued at $1.7M ($1.53M net of costs), was conditional upon both Australia Foreign Investment Review Board approval, Chinese Government regulatory approval and Queensland Government approval of the permit transfer. All necessary approvals were obtained in February 2013, with the deal reaching financial completion in early March 2013.

Acquisition of 75% of PT Tambung Benua Alam Raya(TBAR)

On the 13th of February 2013, Cokal entered into an agreement to acquire a 75% interest in an exploration tenement (IUP) immediately adjoining the south eastern boundary of the BBM project. The TBAR project is 18,850 ha and is on the "Clean and Clear" (CNC) meaning there are no overlapping IUP issues and the title is in good standing. The purchase price of US$5M is via staged payments 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.

There have been no other events since 31 December 2012 that require disclosure in the interim condensed financial statements as of 31 December 2012.

Declaration by Directors

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

In the opinion of the directors:

(a) the financial statements and notes of the Group are in accordance with the Corporations Act 2001, including:

(i) give a true and fair view of the financial position as at 31 December 2012 and by the performance for the half-year ended on that date of the Group; and

(ii) comply with Accounting Standard AASB 134: "Interim Financial Reporting" and the Corporations Regulations 2001; and

(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

Peter Lynch
Executive Chairman

Brisbane
8 March 2013

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Auditor's Independence Declaration to the Directors of Cokal Limited

In relation to our review of the financial report of Cokal Limited for the half-year ended 31 December 2012, 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

Ernst & Young

Bradley Tozer

Brad Tozer
Partner
Brisbane
8 March 2013

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To the members of Cokal Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Cokal Limited, which comprises the interim consolidated statement of financial position as at 31 December 2012, the interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Cokal Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

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 Cokal Limited is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated entity's financial position as at half-year and of its performance for the half-year ended on that date; and

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

Ernst & Young

Ernst & Young

Brad Tozer

Brad Tozer
Partner
Brisbane
8 March 2013