

31 January 2014

**QUARTERLY REPORT FOR THE THREE MONTHS
ENDED 31 DECEMBER 2013****HIGHLIGHTS**

- **BBM drilling programme completed**
- **JORC Resource update completed stating 304% increase, comprised of 10.5Mt Measured, 13.5Mt Indicated and 240Mt Inferred Resources**
- **Definitive Feasibility Study nearing completion**
- **Forest Rent Use Permit (Operation / Production stage) for BBM continuing to progress well**
- **Annual General meeting held in October 2014**
- **Blumont Placement AU\$9.6M completed**
- **Received preliminary US\$150M funding offer for BBM**
- **Port Location Approval received from Transport Minister**

EXPLORATION**INDONESIA*****BBM Project***

BBM's Production IUP covers an area of 15,000 hectares (ha), immediately adjacent to BHP Billiton's Juloi tenement, straddling the Barito River and has numerous outcrops of bright coal. Coal core samples from ongoing exploration drilling in the Eastern Block of BBM indicate the eventual conversion to premium coking coal with Crucible Swell Numbers (CSN) values generally 9 or more.

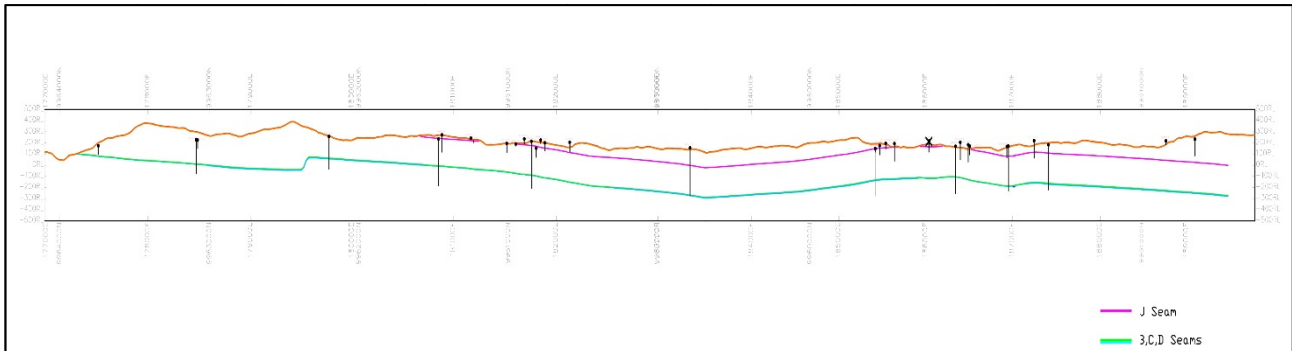
Highlights

- **Drilling in the KLM area is completed comprising of 33 boreholes**
- **Geological interpretation identifies the J Seam in KLM area due to gentle localised folding**
- **All laboratory results confirm the J Seam in the KLM area continues to be premium quality coking coal with CSN of 9**
- **Coal quality included low to medium ash, low sulphur, ultra-low phosphorous and low moisture**
- **Bulk sample of J Seam sent for coke oven testing.**

During the quarter up to five drill rigs have been active on the BBM project. Activities have focused on delineating Coal Resources in the KLM area at the eastern extremity of BBM tenement.

The KLM drilling program confirmed the geological interpretation showing the J Seam dominating the shallow coal outcrops as a result of gentle folding of the J Seam. A cross-section (see Figure 1) demonstrates the folded nature of the geology. The J Seam outcrop in the central part of the BBM Eastern Block forms a syncline until the J Seam outcrops to the east (in the KLM area) where it forms an anticline causing the seam to outcrop again further east and dipping away to the east.

Figure 1: West-East Cross-section showing J Seam folding and outcropping in KLM area in the East



An upgrading of the Coal Resources for BBM is being finalised, and an independent review of the draft report is being conducted. The report will be compiled in accordance with the latest JORC Code (2012) and will be due for release in the March quarter.

The KLM outcrop area which lies in the far eastern area of the BBM project was accessed via the construction of all-weather access road system allowing the utilisation of high capacity drill rigs capable of drilling up to 400 metres (m) deep boreholes with HQ core.

On completion of the delineation of the J Seam in the KLM area, the drilling rigs were demobilised to Cokal's base camp near the Barito River.

A bulk sample of the J Seam was acquired using an excavator. A 400 kilogram sample was taken from a depth of about 10m and the sample was sealed and shipped to Brisbane where they will be prepared for testing in a large pilot coke oven. The results will determine the coking properties which are required for marketing the coal to the Asian steel markets, including CSR (Coke Strength), and CRI (Coke Reactivity).

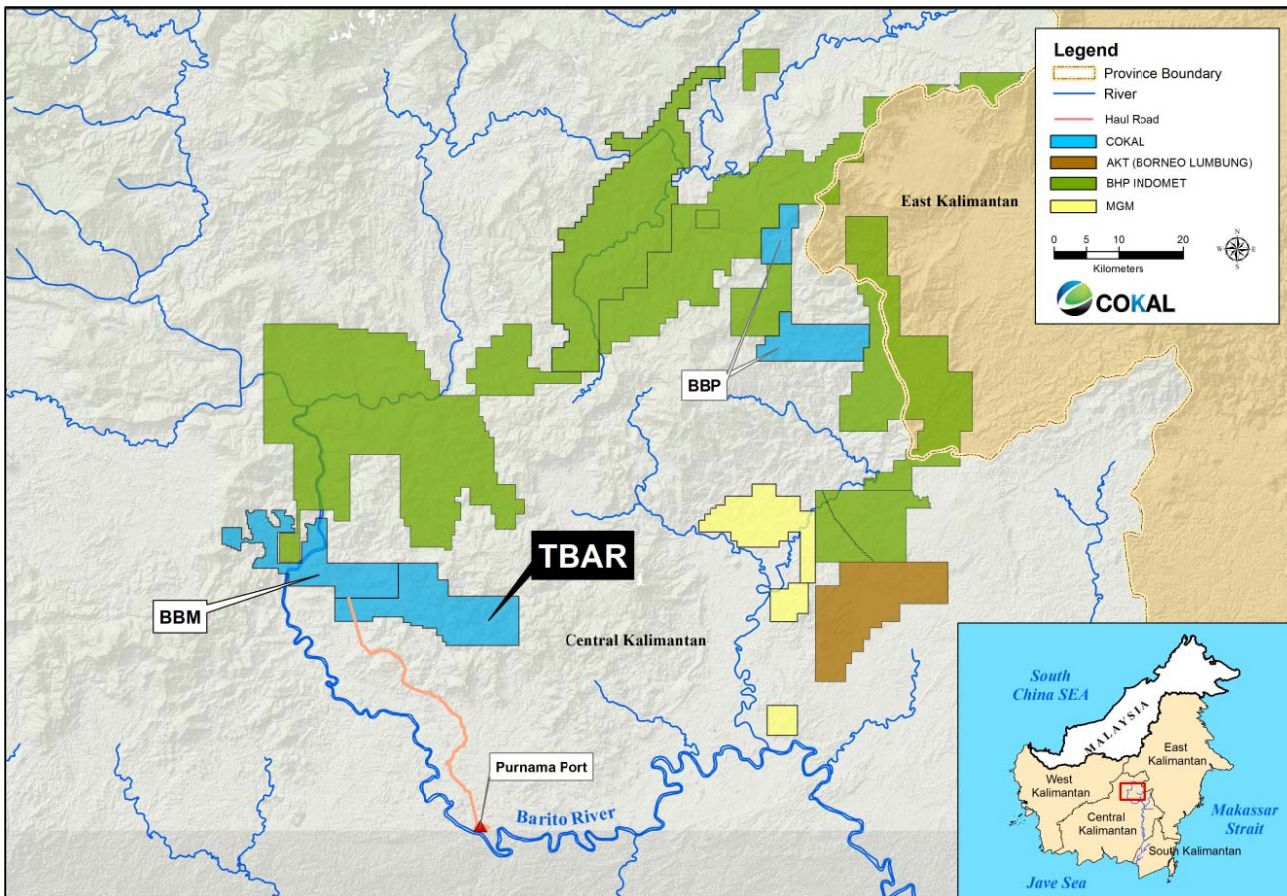
Tambang Benua Alam Raya (TBAR) Project

Cokal is acquiring 75% of the TBAR Exploration Licence which covers an area of 18,850ha, normal Government approvals are now being obtained for the acquisition. TBAR is listed on the Central Government's "Clean and Clear" (CNC) List. TBAR adjoins the southern and eastern boundaries of BBM, and consists of the same coal-bearing Haloq Sandstone Formation.

Geological mapping of TBAR continued, with about 75% of the area completed in detail. This work has delineated 70 coal outcrops to date indicating the potential to define a significant shallow opencut coal project.

The laboratory results of all coal outcrop channel samples continues to confirm a low ash, medium volatile matter, low sulphur, ultra-low phosphorus and a high swelling coke index, indicating a potential coking coal product of premium export quality.

Figure 2: Locality Plan of TBAR and BBM Projects



BBP Project

No exploration activity was conducted on BBP during this period as all drilling and exploration resources have been deployed to BBM to assist in the delineation of the coal seam in the KLM area.

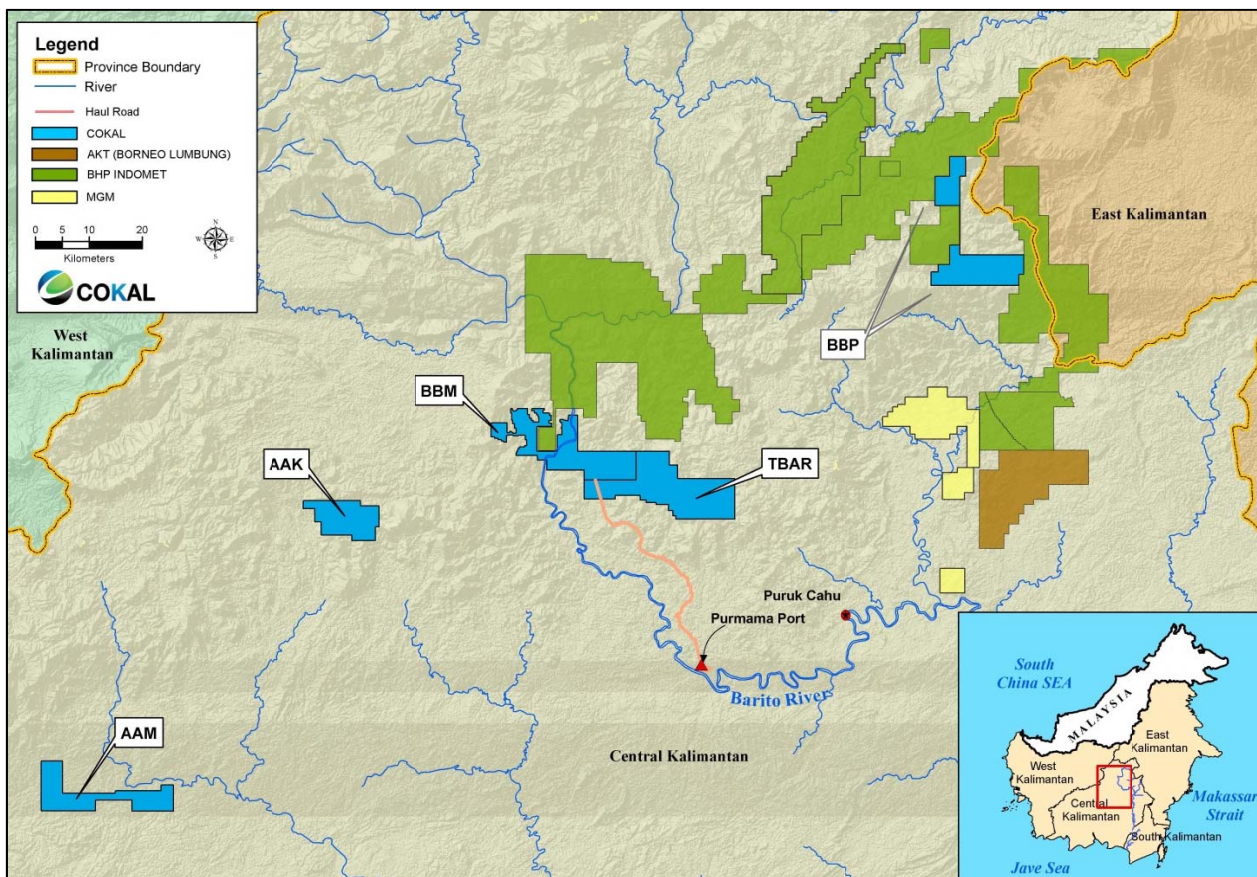
AAM and AAK Projects

Cokal has a 75% share of Anugerah Alam Katingan (AAK) and Anugerah Alam Manuhing (AAM) projects also located in Central, Kalimantan, Indonesia. The AAK project area comprises of 5,000ha and the AAM project comprises of 10,000ha. Applications for the Forestry permit (IPPKH) continue to be processed. Drilling is planned to commence once the Forestry permit for exploration activity is issued.

SNR Project

Applications for the Forestry permit (IPPKH) continue to be processed. Drilling is planned to commence once the Forestry permit for exploration activity is issued.

Figure 3: Locality Plan of the Central Kalimantan Coal Projects on the Island of Kalimantan
 - Cokal's Coal concession areas are shown in blue



AFRICA

Tanzania

Cokal has negotiated access into a prospective area in Tanzania containing outcropping Karoo sediments. Initially Cokal plans to map the geology of the Karoo sediments to determine the evidence of carbonaceous material, and pending the results, will plan a wildcat drilling program to determine the occurrence of coal seams below younger alluvial sediments at surface.

No further work was conducted in Tanzania this quarter as Cokal's resources were focused on bringing the BBM coking coal project to production at the earliest time.

Mozambique

Cokal continues to pursue opportunities in Mozambique and watches carefully the events of current producers and explorers as they unfold.

PROJECT DEVELOPMENT

BBM DEFINITIVE FEASIBILITY STUDY PROGRESSING

The BBM Project Definitive Feasibility Study (DFS) progressed well during the quarter; the aim is to deliver a fully designed and costed project to a high level of confidence. It is expected to be released shortly. The DFS is focused on the initial 2 Million tonnes per annum (Mtpa) start-up phase. All approvals and government processes have been submitted to allow development of an operation of up to 6Mtpa capacity.

The DFS is being optimised to ensure the delivery of a low capital and low operating cost, high quality coking coal project at BBM.

MINE DESIGN

Detailed mine design and costing which was commenced in late Q3 2013 is substantially complete to coincide with the DFS completion. This work focused on a detail mine plan based on the J Seam outcrop area, the KLM area and the BCD seams near the Barito River.

Detailed discussions are currently underway with several reputable mining contractors for the initial 2Mtpa direct shipping operation. Responses and interest has been strong and at present all groups seem to be able to meet the company's time frame for production as most mining contractors have spare capacity due to the softness of the thermal coal market.

HAUL ROAD

Detailed design and costing of the entire haul road route from the BBM mine site to the Purnama Barge loading jetty on the Barito River is completed. This included the final bridge design and geotechnical investigations for both the bridges at Osom and Babuat rivers. An hydrological review has also been undertaken to confirm bridge design parameters. The full design covers all cut and fill quantities and identification of certain selected naturally occurring building materials along the optimum route.

A land usage and ownership survey for the approximate 57 kilometres (km) of haul road has been completed successfully with positive contributions from the local government and local land owners.

BARGE LOADING FACILITY

Land acquisition arrangements for the Purnama Port are underway with the majority of the 150ha site being identified as available and appropriate for acquisition. Very significant contributions were made by the local community, land owners and local government to ensure this result. The loading facility is based on successfully operating facilities tailored for shallow draft hopper barging systems.

Geotechnical investigations have been completed for both the on-shore and off-shore components. The final earthworks design and costing have been completed.

RIVER BARGING

Detailed studies of the river have been completed confirming the practicality of using a river based shallow draft barging system. A detailed specific push tug and barge combination design to suit the identified navigable channel has been produced. Detailed design is completed on beam, draft and propulsion components of the barging system and also suitable experienced and capable ship yards have been identified both in Indonesia and offshore. Preliminary work has commenced on producing an GPS river navigation system.

A barging Joint Venture (JV) agreement has been executed with a well-respected and experienced Indonesian barging company, MDM Meratus Line.

An operating draft of 2m has been confirmed for this project at approximately 3,000 tonne (t) loads. The barges can be loaded so that at deeper river depths approximately 7,000t loads can be transported.

The Local Government has approved the location of the barge loading facility, with the Environmental Approval allowing 6Mtpa throughput.

RIVER TRANSLOADING STATION

Detailed design and costing are completed on the river based transloading station to transfer coal from the river barging system for the upper Barito, to ocean going barges for delivery to offshore customer vessels via floating crane transshipping systems.

Final selection of the site of the transloading stockpile facility is currently being carried out and near completion with a number of potential sites available.

ENVIRONMENTAL REHABILITATION

Rehabilitation of sites disturbed by geological investigation and drilling has been commenced and is expected to be completed within the March Quarter 2014 including the establishment of a riverside buffer zone.

CONCESSION BOUNDARY PEGGING

The installation and survey of permanent concession boundary pegs has been completed and presented to the local Mines Department. They have commended BBM as the first concession holder to complete this mandatory process.

TENEMENT INTERESTS

Mining tenements held at the end of the quarter and their location

Tenement Name	Location	% Ownership
PT Anugerah Alam Katingan (AAK)	Kalimantan, Indonesia	75%
PT Anugerah Alam Manuhing (AAM)	Kalimantan, Indonesia	75%
PT Bumi Barito Mineral (BBM)	Kalimantan, Indonesia	60%
PT Borneo Bara Prima (BBP)	Kalimantan, Indonesia	60%
PT Silangkop Nusa Raya (SNR)	Kalimantan, Indonesia	75.2%
PT Tambang Benua Alam Raya (TBAR)*	Kalimantan, Indonesia	75%
PL6281	Tanzania	50%
PL5395	Tanzania	60%

* In the process of acquiring

Mining tenements acquired and disposed of during the quarter and their location

Not applicable this quarter

Beneficial percentage interests held in farm-in or farm-out agreements at end of the quarter and beneficial percentage interests in in farm-in or farm-out agreements acquired or disposed of during the quarter

The Company is not party to any farm-in or farm-out agreements.

APPROVALS & EXTERNAL RELATIONS

BBM PRODUCTION APPROVAL ADVANCES – UPDATE

Cokal has applied to the National Forestry Department to upgrade the BBM Forest Utilisation Approval permit (exploration stage) (Ijin Pinjam Pakai Kawasan Hutan or IPPKH) to Forest Rent Use Permit (Operation / Production stage) for its BBM Coal Project. During the last quarter Cokal received full written approval from the Governor of the Central Kalimantan Government and the National Mines Department. Written advice has been received from the Forestry Department that the necessary technical requirements have been met for the IPPKH to be granted. It is expected that the IPPKH will be granted by the Minister for Forestry in the March quarter 2014.

Once granted, the upgraded forestry permit will enable construction of the BBM coking coal project to commence. In line with the integrated development of the BBM project, the application to upgrade the forestry permit includes the forestry areas associated with the development of the BBM mine, haul road and river barging terminal.

Approval has been obtained from the Regency government mines inspector for the location of both the explosives magazine and fuel storage facilities. Applications for the final design approval for the explosives magazine and fuel storage facilities have been submitted with formal approval expected in the 2014 during the March Quarter.

Cokal has received full approval for the BBM river barge loading facility location from the National Transport Minister. Approval of the facility design has commenced.

Cokal has received a CNC Certificate Production / Operation from the Director General of the National Mines Department formalising the previous award of CNC status.

The boundary marking of the BBM concession has been completed and formally presented to the Murung Raya Mines Department. This boundary marking is a condition of the concession and a prerequisite for the issue of the Forest Rent Use Permit (Operation / Production stage).

BBP PRODUCTION APPROVAL ADVANCES - UPDATE

After receipt of the approval of its Environmental Impact Study (EIS) by the Central Kalimantan Provincial Government Environmental Agency (Badan Pengelolaan Lingkungan Hidup (BPLH)) for its BBP Project, the finalization of the upgrade of the IUP exploration to an IUP production / operation (Mining Lease), by the Murung Raya Regency Government, has commenced.

Cokal expects to have the upgraded IUP for BBP from the Regency Government in the March 2014.

Cokal has submitted its application for the CNC Certificate Exploration from the Director General of the National Mines Department formalising the previous award of CNC status. Granting of the certificate is expected in the March 2014.

TBAR EXPLORATION FORESTRY PERMIT

Cokal has commenced the process of obtaining the exploration forestry permit, and written approval from the Murung Raya Regency Government has been obtained. Significant progress has been made by the Central Kalimantan Provincial Government in assessing the application with a provincial site inspection due during the early part of 2014.

CORPORATE SOCIAL RESPONSIBILITY

Cokal has continued with the implementation of its Corporate Social Responsibility program. To date Cokal has undertaken the following programs:

- Continued to provide support for Tumbang Tuan village (local village to BBM) Junior High School through the sponsorship of four teachers. This program is being implemented in conjunction with the local Education Department.
- Provided medical support to local villages around the landing area at BBM through providing access to onsite medical staff.

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- Cokal has continued with the implementation of its Palangkaraya University scholarship program and twelve scholarships have been awarded to Murung Raya Regency students commencing in September 2013. This program will then be rolled out to include trade based scholarships and internships for university graduates.
 - In association with the mining and civil engineering faculties of the University of Palangkaraya Cokal has instituted a regular monthly series of lectures with guest lecturers covering aspects of mining and mining infrastructure. The inaugural lecture had over 500 students attending including some from local vocational schools.
 - Support and training of a mining student practical skills team from the University of Palangkaraya to enter a national student competition in February 2014.
 - Commenced with a secondary and tertiary level design competition for a Mining Centre to be established in Puruk Cahu in the future. Competitors will come from the local technical high school and the provincial university.

CORPORATE

US\$150M FUNDING OFFER

Cokal has received a conditional proposal for a debt financing facility of US\$150M from an international consortium including Platinum Partners. The facility will initially be used to fund Cokal's 2Mtpa BBM Project.

Cokal entered into detailed negotiations on the proposal which is in the form of a non-binding Memorandum of Understanding and is subject to various terms and conditions including the completion of Technical and Legal Due Diligence and obtaining the necessary regulatory approvals for the project to proceed.

Cokal is still in discussions with a number of parties including this consortium and is focussed on finalising the necessary funding to start construction on the BBM project.

The outcome of all financing discussions, whether with the Platinum Partners consortium or others is speculative. Shareholders should note that there is no certainty that any agreement will be reached or that any transaction will eventuate from any current or future discussions or diligence enquiries.

US\$4M LOAN FACILITY

As announced on 8 July 2013, the Blumont Group Placement would raise AU\$9.6M by November 2013, AU\$7.1M was received during the September Quarter and AU\$2.5M was received during the December Quarter.

On 8 October 2013, Blumont made available a loan facility of up to US\$4M to continue the development work. A further US\$4M can be drawn by mutual agreement. US\$2.5M was drawn in Q4 2013 and the balance of US\$1.5M is planned to be drawn in Q1 2014. The loan is repayable within 3 years, interest is 5% per annum payable quarterly in arrears and can be capitalised and repaid at maturity.

ANNUAL GENERAL MEETING

The Cokal Annual General Meeting was held on 18 October 2013

ENDS

Further enquiries:

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About Cokal Limited

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

Forward Looking Statements

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

Competent Person Statement

The information in this report relating to 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.