Half Yearly Report

31 December 2013

Cokal Limited ACN 082 254 1437
Half Yearly Report for the period ended 31 December 2013

Contents

Corporate Information	1
Directors' Report	2
Interim Consolidated Statement of Comprehensive Income	7
Interim Consolidated Statement of Financial Position	8
Interim Consolidated Statement of Changes in Equity	9
Interim Consolidated Statement of Cash Flows	10
Notes to the Condensed Interim Consolidated Financial Statements	11
Declaration by Directors	22
Auditor's Independence Declaration	23
Independent Auditor's Review Report	24

Competent Person Statement

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 he is undertaking, to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

Mr Yoso consents to the inclusion in the report of the matters based on the information, in the form and context in which it appears.

Corporate Information

DIRECTORS
Peter Lynch
Pat Hanna
Domenic Martino
Agus Widjojo

COMPANY SECRETARY
Duncan Cornish
Victor Kuss

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Australian Securities Exchange Ltd
ASX Code: CKA

INTERNET ADDRESS
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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 2013.

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) Chief Executive Officer (appointed 5 May 2010)
Pat Hanna - Executive Director (appointed 24 December 2010)
Domenic Martino – Non Executive Director (appointed 24 December 2010)
Lt General (Ret.) Agus Widjojo, Non-Executive Director (Appointed on 14 August 2013)

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 2013, the loss for the consolidated entity after providing for income tax was $3,065,104 (31 December 2012: $4,233,966).

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

CHANGE IN CAPITAL
On 8 July 2013 Cokal announced it will issue a private placement to institutional investors. This placement has been completed during the period.

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

On 4 December 2013, Cokal received a conditional proposal for a debt financing facility of US$150M from an international consortium including Platinum Partners. The facility will be used to fund Cokal' 2Mtpa BBM Project.

Options Exercised
During the half-year ended 31 December 2013, no ordinary shares were issued on exercise of options.

CORPORATE
Blumont Loan
In November 2013, the company entered into an US$8,000,000 Loan Facility with the Blumont Group Limited of which US$4,000,000 could be drawn immediately and remaining balance is of the facility is subject to mutual agreement.

US$ 2,500,000 of the facility was drawn during the period and US$500,000 was drawn subsequent to the end of the period. US$1,000,000 remains undrawn.

The loan is repayable within 3 years, interest is 5% per annum, payable quarterly in arrears and can be capitalised and repaid at maturity. The facility is secured by up to 5% of Cokal's shares in Cokal Holdings Pte Ltd. If a future placement is made to Blumont and should the subscription agreement require, the placement funds received from Blumont will be used to repay the loan. The loan is otherwise on customary terms and conditions for a loan of this nature, size and type. The loan does contain terms that require that in the event of a capital subscription by Blumont, any subscription monies would be required to be immediately applied to the repayment of any loan monies and interest outstanding, but only to the extent of principal and interest outstanding.

Appointment of Director
Cokal announced on 14 August 2013 the appointment of Lieutenant General (retired) Agus Widjojo as Non-executive Director. His appointment provided Coal with a depth of knowledge and experience in Indonesia to help Cokal to achieve its targets and goals in creating a successful and progressive coking coal mining business in Central Kalimantan.

Directors' Report (Continued)

Notice of Annual General Meeting
The Annual General Meeting of Shareholders of Cokal Limited was held on 18 October 2013.

BBM land acquired for initial loading zone and camp construction
Cokal has acquired land at the initial Loading Zone (24 Ha), Laydown area and initial accommodation area for the BBM Project.

EXPLORATION INDONESIA

BBM Project
BBM covers an area of 14,980 hectares (ha), immediately adjacent to BHP Billiton's Juloi tenement, straddling the Barito River and has numerous outcrops of bright coal. Ongoing drilling in the Eastern Block of BBM indicates premium coking coal with Crucible Swell Numbers (CSN) values generally 9 or more.

Drilling continued to delineate the J Seam outcrop and coal quality throughout the Eastern Block of BBM. Seam J thickness reached 1.8m towards the northern boundary where the seam continues to display excellent coking properties. Drilling results indicate the J Seam potential for both opencut and underground extraction, with competent sandstone strata covering the coal seam throughout the resource area. The sandstone strength is generally in excess of 60 Mega Pascals (MPa), similar to the sandstone strata in Australia's coking coal Bowen Basin, with some hard bands reach 95 MPa in the BBM tenement. This material is ideal for designing steep open pit walls, as well as for establishing 200m to 300m wide longwall panels for underground extraction.

An additional JORC Resources was announced on the 25 October 2013, and a 2012 JORC compliant resource on 11 February 2014:

Highlights:

- Additional JORC Resources which brought the Total Coal Resource to 261 Million tonnes (Mt) at BBM, a 340% increase were announced.
- Comprised of 10.5Mt Measured,13.5Mt Indicated and 237Mt Inferred Resources
- Resources increase is attributable to the J Seam and KLM area which is 100% Coking Coal
- Product Split of total BBM Coal Resource is now 90% Coking Coal and 10% PCI
- Resources include both open cut and underground potential

Geological mapping of the western half of the BBM tenement has delineated a large number of coal seam outcrops. Sample analyses of the outcrops indicate the majority of the potential resource to produce a PCI product, and in some locations, the coal displays properties consistent with that of anthracite. These coals are suitable for steel production, mineral processing and urea production.

BBM Definitive Feasibility Study Progressing
The BBM Project definitive feasibility study (DFS) was completed in February 2014 but was substantially completed during the period. The aim of the study was to deliver a fully designed and costed project to a high level of confidence. The DFS is focused on the initial 2 Million tonnes per annum (Mtpa) with a direct ship start-up phase. All approvals and government processes have been submitted to allow development of an operation of up to 6Mtpa capacity.

Mine Design
Detailed mine design and costing commenced in the late September Quarter. 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 mining contractors for the initial 2Mtpa 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.

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 was part of the study. This includes 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.

Goetechnical investigations have been completed for both the on-shore and off-shore components.

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 and is in the final stages

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

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

River Transloading Station

The study also included a detailed design and costing for 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 transhipping 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.

Directors' Report (Continued)

Tambang Benua Alam Raya (TBAR) Project

Cokal is acquiring 75% of the TBAR Exploration Licence which covers an area of 18,850ha which is subject to the normal administrative approvals. 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 has commenced, with about 50% of the area completed in detail. This work has delineated 69 coal outcrops to date indicating the potential to define a significant shallow opencut coal project. Samples analyses indicates favourable conditions to coking coal which has low ash, low sulphur and a high swelling coke index. The laboratory results also confirms the coal to be metallurgical coal, and more likely to be coking coal.

The largely positive mapping results to date reinforce Cokal's view that the coal seams in the BBM project are likely to extend into the TBAR project. TBAR has the potential to add additional size to Cokal's coking coal inventory in the region. There is a reasonable opportunity to exploit the TBAR project using the infrastructure planned to be developed for the BBM project.

BBP Project

BBP (Borneo Bara Prima) project north east of BBM cover 13,050ha and is adjacent to BHP Billiton's Maruwai tenement. 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 Province, Kalimantan, Indonesia. The AAK project area comprises 5,100 hectares and the AAM project comprises 10,000 hectares. 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

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.

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

AFRICA

Tanzania & Mozambique

No further work was conducted in Africa this half as Cokal resources were focused on brining the BBM coking coal project to production at the earliest time.

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 2013

BBM Definitive Feasibility Study confirms Viability

On the 13th of February 2014, Cokal announced the completion of a Definitive Feasibility Study for its 60% owned Bumi Barito Mineral Coal Project, located in Central Kalimantan, Indonesia. The Study has been prepared by Resindo Resources & Energy Indonesia ("Resindo") an Indonesian company, experienced in all aspects of successful project design and development for the Minerals, Mining, Oil and Gas, Power Generation sectors

The study confirmed that the BBM coal mine and associated transport system can be developed as a low capital cost operation (US$75M) with moderate to medium range operating cost (First 5 years average US$82/product tonne). The Project has a Net Present Value after tax of US$366M under the DCF financial model delivered by Cokal using the independent study. The start of production from BBM is scheduled for Q1 2015.

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/ CEO

Brisbane
14 March 2014

Cokal Limited
Interim Consolidated Statement of Comprehensive Income
For the half-year ended 31 December 2013

	Note	31 December 2013 $	31 December 2012 $
Revenue			
Revenue and other income	2	46,722	455,506
Total Revenue		**46,722**	**455,506**
Expenses			
Employee benefits expenses		(1,720,381)	(1,765,622)
Depreciation		(132,085)	(86,095)
Pre-tenure exploration expenses		-	(138,417)
Finance costs		(19,184)	(86)
Legal expenses		(74,401)	(73,596)
Administration and consulting expenses		(1,165,775)	(2,625,656)
Loss before income tax expense		**(3,065,104)**	**(4,233,966)**
Income tax expense		-	-
Loss for the period	3	**(3,065,104)**	**(4,233,966)**
Other comprehensive income		-	-
Total comprehensive loss for the period		**(3,065,104)**	**(4,233,966)**

Loss per share for loss attributable to owners of Cokal Ltd	Note	Cents	Cents
Basic Loss per Share	4	(0.71)	(1.03)
Diluted Loss per Share	4	(0.71)	(1.03)

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 2013

	Note	31 December 2013 $	30 June 2013 $
Current Assets			
Cash and bank balances		4,279,812	916,509
Short Term Deposits		1,926,130	1,858,000
Accounts receivable		167,372	159,900
Other current assets		23,677	100,117
Total Current Assets		**6,396,991**	**3,034,526**
Non-Current Assets			
Plant and equipment	7	828,963	954,616
Exploration and evaluation assets	8	60,435,042	55,729,090
Other non-current assets		231,336	266,762
Total Non-Current Assets		**61,495,341**	**56,950,468**
TOTAL ASSETS		**67,892,332**	**59,984,994**
Current Liabilities			
Accounts payable		961,163	2,151,569
Total Current Liabilities		**961,163**	**2,151,569**
Non-Current Liabilities			
Deferred liability		169,125	230,625
Interest bearing loan	9	2,836,912	-
Total Non-Current Liabilities		**3,006,037**	**230,625**
TOTAL LIABILITIES		**3,967,200**	**2,382,194**
NET ASSETS		**63,925,132**	**57,602,800**
Equity			
Issued capital	10	81,937,141	73,003,471
Reserves	11	4,324,187	3,870,421
Accumulated losses		(22,336,196)	(19,271,092)
TOTAL EQUITY		**63,925,132**	**57,602,800**

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 2013

	Issued Capital $	Reserves $	Accumulated Losses $	Total $
At 1 July 2013	**73,003,471**	**3,870,421**	**(19,271,092)**	**57,602,800**
Total comprehensive loss for the period				
Loss for the period	-	-	(3,065,104)	(3,065,104)
Other comprehensive income	-	-	-	-
	-	-	(3,065,104)	(3,065,104)
Transactions with owners in their capacity as owners				
Issue of share capital	9,609,125	-	-	9,609,125
Costs associated with issue of share capital	(675,455)	-	-	(675,455)
Share based payments	-	453,766	-	453,766
	8,933,670	453,766	-	9,387,436
At 31 December 2013	**81,937,141**	**4,324,187**	**(22,336,196)**	**63,925,132**
At 1 July 2012	**73,003,471**	**2,547,998**	**(12,549,353)**	**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**	**3,249,186**	**(16,783,319)**	**59,469,338**

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 2013

	Note	31 December 2013 $	31 December 2012 $
Cash Flows from Operating Activities			
Payments to suppliers and employees		(3,998,438)	(4,213,054)
Interest received		46,722	605,589
Interest paid		(19,184)	(86)
Net cash outflow from operating activities		**(3,970,900)**	**(3,607,551)**
Cash Flows from Investing Activities			
Deposits maturing after three months		(68,130)	13,110,455
Payments for plant and equipment		(6,432)	(185,577)
Payments for exploration and evaluation assets		(4,397,243)	(10,333,294)
Net payments for other non-current assets		35,426	1,096
Net cash (outflow)/inflow from investing activities		**(4,436,379)**	**2,592,680**
Cash Flows from Financing Activities			
Proceeds from issue of shares and options		9,609,125	-
Transaction costs on share issue		(675,455)	-
Proceeds from borrowings		2,836,912	-
Net cash inflow from financing activities		**11,770,582**	**-**
Net (decrease)/increase in cash and cash equivalents		3,363,303	(1,014,871)
Cash and cash equivalents at beginning of period		916,509	15,341,001
Cash and cash equivalents at end of period		**4,279,812**	**14,326,130**

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 2013

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 2013 were authorised for issue in accordance with a resolution of the directors on 14 March 2014 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 2013 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 2013 together with any public announcements made by the Group during the half-year ended 31 December 2013 in accordance with the continuous disclosure obligations of the ASX listing rules. In addition, results for the half-year ended 31 December 2013 are not necessarily indicative of the results that may be expected for the financial year ending 30 June 2014.

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
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 2013 as detailed in the annual financial report as of 30 June 2013. 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. Based on the assessment, the directors believe that the new or amended Standards and Interpretations do not have any material financial effect on the financial statements presented.

Cokal Limited
Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2013 (Continued)

NOTE 2 REVENUE AND OTHER INCOME

	31 December 2013 $	31 December 2012 $
Revenue		
Interest income		
- other persons	46,722	455,506
Total interest income	46,722	455,506
Total revenue	46,722	455,506
Total revenue and other income from continuing operations	**46,722**	**455,506**

NOTE 3 LOSS FOR THE PERIOD

	31 December 2013 $	31 December 2012 $
Loss before income tax includes the following specific expenses:		
Depreciation on plant and equipment	132,085	86,095
Exploration expenses written off	-	138,417
Salaries and wages	630,797	927,315
Superannuation	25,913	33,418
Share-based payments (options)	453,766	701,188
Operating lease expense – minimum lease payment	181,884	230,638
Interest paid	19,184	86

Cokal Limited
Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2013 (Continued)

NOTE 4 LOSS PER SHARE

	31 December 2013	31 December 2012
Loss attributable to owners of Cokal Limited used to calculate basic and diluted loss per share	(3,065,104)	(4,233,966)
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	430,744,536	411,046,892
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	430,744,536	411,046,892
Basic loss per share (cents per share)	**(0.71)**	**(1.03)**
Diluted loss per share (cents per share)	**(0.71)**	**(1.03)**

* 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 2013, there were 32,225,000 (30 June 2013: 20,825,000) 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 2013 (30 June 2013: Nil). There were no franking credits available to the shareholders of the Group.

Cokal Limited
Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2013 (Continued)

NOTE 6 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 2013	30 June 2013
Jack Doolan Capital Pty Ltd	Australia	Ordinary	100%	100%
Cokal Mozambique Pty Ltd	Australia	Ordinary	100%	100%
Cokal Holdings Pte. Ltd	Singapore	Ordinary	100%	100%
Cokal-AAK Pte. Ltd	Singapore	Ordinary	100%	100%
Cokal-AAM Pte. Ltd	Singapore	Ordinary	100%	100%
Cokal-BBM Pte. Ltd	Singapore	Ordinary	100%	100%
Cokal-BBP Pte. Ltd	Singapore	Ordinary	100%	100%
Cokal Services Pte. Ltd	Singapore	Ordinary	100%	100%
Cokal Karoo Pte. Ltd	Singapore	Ordinary	100%	100%
Cokal Manda Pte. Ltd	Singapore	Ordinary	100%	100%
Cokal–West Kalimantan Pte Ltd	Singapore	Ordinary	100%	100%
Cokal–BPR Pte Ltd	Singapore	Ordinary	100%	100%
Cokal-TBAR Pte. Ltd#	Singapore	Ordinary	100%	100%
Mining Logistics Pte Ltd#	Singapore	Ordinary	100%	100%
Cokal-KED Pte. Ltd#	Singapore	Ordinary	100%	100%
Cokal Resources Limited	Tanzania	Ordinary	100%	100%
PT Cokal	Indonesia	Ordinary	100%	100%
PT Bumi Kalimantan Logistik	Indonesia	Ordinary	100%	100%
PT Anugerah Alam Katingan^	Indonesia	Ordinary	75%	75%
PT Anugerah Alam Manuhing^	Indonesia	Ordinary	75%	75%
PT Bumi Barito Mineral ^	Indonesia	Ordinary	60%	60%
PT Borneo Bara Prima^	Indonesia	Ordinary	60%	60%
PT Silangkop Nusa Raya^	Indonesia	Ordinary	75.2%	75.2%
PT Tambang Benua Alam Raya^	Indonesia	Ordinary	75%	75%

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

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

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

Jointly Controlled Entities

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

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

Cokal Limited
Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2013 (Continued)

NOTE 6 RELATED PARTY DISCLOSURE (CONTINUED)

Key Management Personnel

Employment benefits	31 December 2013 $	31 December 2012 $
Short term employee benefits	1,077,774	894,252
Post-employment benefits	12,500	21,446
Share based payments	311,873	466,119
	1,402,147	**1,381,817**

Related party balances	31 December 2013 $	30 June 2013 $
Payables to senior executives and directors	**100,733**	**36,000**

NOTE 7 PLANT AND EQUIPMENT

31 December 2013	Land $	Computer equipment $	Furniture and office equipment $	Motor vehicles $	Total $
Balance at the beginning of the period	**34,043**	**405,425**	**507,205**	**7,943**	**954,616**
Additions	-	6,432	-	-	6,432
Disposals/write-off	-	-	-		-
Depreciation expense	-	(97,461)	(33,565)	(1,059)	(132,085)
Carrying amount at the end of the period	**34,043**	**314,396**	**473,640**	**6,884**	**828,963**

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

Cokal Limited
Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2013 (Continued)

NOTE 8 EXPLORATION AND EVALUATION ASSETS

	31 December 2013 $	30 June 2013 $
Non-Current		
Exploration and evaluation expenditure capitalised		
- exploration and evaluation phases	60,435,042	55,729,090
Recoverability of the carrying amount of exploration assets is dependent on the successful development and commercial exploitation of coal, or alternatively, sale of the respective areas of interest.		
Movements in carrying amounts		
Balance at the beginning of the year	55,729,090	33,306,527
Additions (i)	4,705,952	22,857,747
Disposals	-	(296,767)
Unsuccessful exploration expenses derecognised	-	(138,417)
Carrying amount at the end of the year	60,435,042	55,729,090

(i) At 31 December 2013 an amount of $308,709 was included in accounts payable.

NOTE 9 INTEREST BEARING LOAN

The Group entered into a loan facility agreement with Blumont Group Limited, a shareholder, for US$ 8 million. Under this facility the Group has drawn down US$2.5 million at reporting date.

The loan is repayable within 3 years, interest is 5% per annum, payable quarterly in arrears and can be capitalised and repaid at maturity. The facility is secured by up to 5% of Cokal's shares in Cokal Holdings Pte Ltd. If a future placement is made to Blumont and should the subscription agreement require, the placement funds received from Blumont will be used to repay the loan. The loan is otherwise on customary terms and conditions for a loan of this nature, size and type.

The loan does contain terms that require that in the event of a capital subscription by Blumont, any subscription monies would be required to be immediately applied to the repayment of any loan monies and interest outstanding, but only to the extent of principal and interest outstanding.

NOTE 10 ISSUED CAPITAL

	31 December 2013 $	30 June 2013 $
471,103,926 authorised and fully paid ordinary shares (30 June 2013: 411,046,892)	**81,937,141**	**73,003,471**

	31 December 2013		30 June 2013	
	Number	$	Number	$
At the beginning of the period/year	411,046,892	73,003,471	411,046,892	73,003,471
Share issue from capital raising	60,057,034	9,609,125	-	-
Conversion of options to shares	-	-	-	-
Costs associated with issue of share capital	-	(675,455)	-	-
At the end of the period/year	**471,103,926**	**81,937,141**	**411,046,892**	**73,003,471**

Cokal Limited
Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2013 (Continued)

NOTE 11 RESERVES

	31 December 2013 $	30 June 2013 $
Share based payments Option Reserve – director, executive and employee options	**4,324,187**	**3,870,421**

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

On 11 July 2013, 4,000,000 options were issued to the employees at A$ 0.214 and 7,300,000 options at A$0.25 expiring on 11 July 2017, under the Employee and Officer Share Option Plan. The fair value of the options granted is estimated at the date of grant using a Black Sholes options pricing model, taking into consideration the terms and conditions upon which the options are granted. The grant date fair value of the options granted during the six month period was $0.091 (year ended 30 June 2013: $0.063).

The following inputs were used in determining the fair value at grant date:

	4,000,000 Options	7,300,000 Options
Weighted average exercise price	**$0.214**	**$0.25**
Weighted average life of the options	**4**	**4**
Underlying share price	**$0.17**	**$0.17**
Expected share price volatility	**80.187%**	**80.187%**
Risk free interest rate	**3.07%**	**3.07%**

NOTE 12 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The contingent liabilities are in relation to the acquisition of tenements. At 31 December 2013, the Group has further obligations to make contingent payments of up to US$24.95M (30 June 2013: US$25.25M) on the achievement of certain milestones, including the establishment of certain JORC Inferred Coal Resources and the issuance of production operation IUPs (licences) and production forestry permit. During the period ended 31 December 2013, the Group made payments of $0.3M out of contingent payments.

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

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

Cokal Limited
Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2013 (Continued)

NOTE 13 COMMITMENTS

	31 December 2013 $	30 June 2013 $
(a) Operating lease commitments		
Future minimum rentals payable under non-cancellable operating leases are as follows:		
Payable		
- not later than 12 months	462,850	455,531
- between 12 months and 5 years	1,065,941	1,299,717
- greater than 5 years	-	-
	1,528,791	**1,755,248**

(b) Future exploration capital expenditure commitments		
The commitments to be undertaken are as follows:		
Payable		
- not later than 12 months	242,083	264,382
- between 12 months and 5 years	-	-
- greater than 5 years	-	-
	242,083	**264,382**

Cokal Limited
Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2013 (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 three main operating segments, which involves the exploration of coal in Indonesia, Tanzania and Australia. The Singapore operation was considered separately for corporate services. Discrete financial information is reported to the Board (Chief Operating Decision Maker) as three segments since acquisition of Jack Doolan Capital Pty Ltd.

	Australia	Indonesia	Singapore	Tanzania	Total
	$	$	$	$	$
Segment performance for the half-year ended 31 December 2013					
Revenue					
Other revenue	-	-	-	-	-
Interest revenue	46,556	166	-	-	46,722
Intersegment income	-	-	-	-	-
Total segment income	**46,556**	**166**	**-**	**-**	**46,722**
Depreciation	(95,638)	(36,447)	-	-	(132,085)
Exploration expenditures written off	-	-	-	-	-
Other expenses	(2,078,284)	(818,425)	(83,032)	-	(2,979,741)
Total segment expenses	**(2,173,922)**	**(854,872)**	**(83,032)**	**-**	**(3,111,826)**
Segment net loss before tax	**(2,127,366)**	**(854,706)**	**(83,032)**	**-**	**(3,065,104)**
Segment assets and liabilities as at 31 December 2013					
Plant and equipment	547,065	281,898	-	-	828,963
Exploration and evaluation assets	-	60,435,042	-	-	60,435,042
Other segment assets	6,245,383	382,944	-	-	6,628,327
Total segment assets	**6,792,448**	**61,099,884**	**-**	**-**	**67,892,332**
Total segment liabilities	**3,407,449**	**555,377**	**4,374**	**-**	**3,967,200**
Capital expenditure for the half-year ended 31 December 2013					
Plant and equipment	3,422	3,010	-	-	6,432
Exploration and evaluation assets	-	4,705,952	-	-	4,705,952

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

NOTE 14 OPERATING SEGMENTS (CONTINUED)

	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)	-	-	(86,096)
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 30 June 2013					
Plant and equipment	639,280	315,336	-	-	954,616
Exploration and evaluation assets	-	55,729,090	-	-	55,729,090
Other segment assets	3,021,102	280,186	-	-	30,590,454
Total segment assets	**3,660,382**	**56,324,612**	**-**	**-**	**59,984,994**
Total segment liabilities	1,254,995	1,127,199	-	-	2,382,194
Capital expenditure for the year ended 30 June 2013					
Plant and equipment	212,345	117,626	-	-	329,971
Exploration and evaluation assets	-	22,719,330	-	138,417	22,857,747

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 2013 (Continued)

Note 15 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

At 31 December 2013, the financial assets and liabilities include bank balances, accounts receivables, accounts payable and interest bearing loan, whose fair values approximate their carrying value.

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

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

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

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

At 31 December 2013, there are no financial instruments whose fair value was determined using the above valuation technique.

NOTE 16 EVENTS AFTER THE REPORTING PERIOD

On the 13th of February 2014, Cokal announced the completion of a Definitive Feasibility Study for its 60% owned Bumi Barito Mineral Coal Project, located in Central Kalimantan, Indonesia. The Study has been prepared by Resindo Resources & Energy Indonesia ("Resindo") an Indonesian company, experienced in all aspects of successful project design and development for the Minerals, Mining, Oil and Gas, Power Generation sectors.

The study confirmed that the BBM coal mine and associated transport system can be developed as a low capital cost operation (US$75M) with moderate to medium range operating cost (First 5 years average US$82/product tonne). The Project has a Net Present Value after tax of US$366M under the DCF financial model delivered by Cokal using the independent study. The start of production from BBM is scheduled for Q1 2015.

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 2013 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
Chairman/CEO

Brisbane
14 March 2014

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Auditor's Independence Declaration to the Directors of Cokal Limited

In relation to our review of the interim financial report of Cokal Limited for the half-year ended 31 December 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Brad Tozer

Brad Tozer
Partner
14 March 2014

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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 condensed statement of financial position as at 31 December 2013, the interim Condensed statement of comprehensive income, interim condensed statement of changes in equity and interim condensed 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 comprising 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 2013 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 31 December 2013 and of its performance for the half-year ended on that date; and

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

Ernst & Young

Ernst & Young

Brad Tozer

Brad Tozer
Partner
Brisbane
14 March 2014