

31 October 2014

**QUARTERLY REPORT FOR THE THREE MONTHS
ENDED 30 SEPTEMBER 2014****HIGHLIGHTS**

- **Cokal receives the In-Principal Forest Area approval confirming the development of BBM mine, haul road and port as per the Definitive Feasibility Study previously announced.**
- **The In-Principal Forest Area approval states that subject to**
 - **survey and pegging the approved boundary and operational area,**
 - **providing various undertaking regarding rehabilitation, and**
 - **payment of applicable taxes,****the Borrow and Use of Forest Area Permit will be issued.**
- **The Borrow and Use of Forest Area Permit is the final approval to allow site works to commence**
- **BBM on schedule with further funding from Platinum Partners**
- **Further detail mapping of coal outcrops in areas planned for initial mining have confirmed sufficient low ash (<7%) coking coal for at least the first 2 years of mining as per Feasibility Study.**
- **Change in functional and presentation currency to US\$ for financial reporting**
- **Annual General Meeting to be held on 17 November 2014**

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

BBM's Production IUP covers an area of 14,980 hectares (ha), immediately adjacent to BHP Billiton's Juloi tenement, straddling the Barito River and has multiple seams of high quality metallurgical coal.

Highlights

- **Detail geological mapping of proposed open pits Pit 1 nearing completion at BBM East Block.**
- **Detailed geological mapping of proposed open pits Pit 2 continuing**
- **Detailed and updated geological model evaluation of B, C and D seam group in proposed open pits Pit 1 and Pit 2 underway.**
- **Reclamation substantially completed for exploration drill and campsites.**

DETAIL SURFACE MAPPING

During the Quarter further detailed geological survey mapping in and around proposed BBM open pits Pit 1 and Pit 2 (see Photo 1 and Figure 1) was conducted by Cokal's team of geologists. Analytical results of the outcrop samples have confirmed sufficient quantities of a low ash (<7%) coking coal for the initial 2 years of mining as scheduled in BBM's Definitive Feasibility Study.

Detailed geological mapping in Pit 1 (with total length of 3,600m) recorded a total of 147 coal outcrops with thickness ranging from 0.12 – 1.98 m.

Detailed geological mapping in Pit 2 (with total length of 3,900m) recorded a total of 42 coal outcrops with thickness ranging from 0.08 – 1.88m. Mapping of outcrops in Pit 2 is still in progress.

Detail outcrop mapping of Pit 2 is continuing into the 4th Quarter 2014.



Photo 1: Detail Outcrop Mapping of the Proposed Mine Open Pit –1 in BBM East Block

RESOURCE UPGRADE

As a result of the additional geological data from the surface mapping, Cokal is in the process of updating its Resource report.

REHABILITATION OF EXPLORATION SITES

During this period the geology team have also been involved in reclamation works on exploration affected areas, including flying camps, drill sites, road access and on other areas disturbed by exploration activities. Young trees of native species have been taken from Cokal's nursery of over 5,000 seedlings and planted across BBM East Block (see Photo 2) which had been disturbed by exploration activity over the past 3 years. The Forestry Department of the Provincial Government of Central Kalimantan has expressed their appreciation and support for Cokal's efforts in forestry restoration at such an early stage of the development of the mine.



Photo 2 : Reclamation Activities in BBM Exploration Areas

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 Exploration Forestry Permit (IPPKH) and Clean and Clear Certificates continue to be processed.

SNR Project

Applications for the Exploration Forestry Permit (IPPKH) and Clean and Clear Certificate continue to be processed.

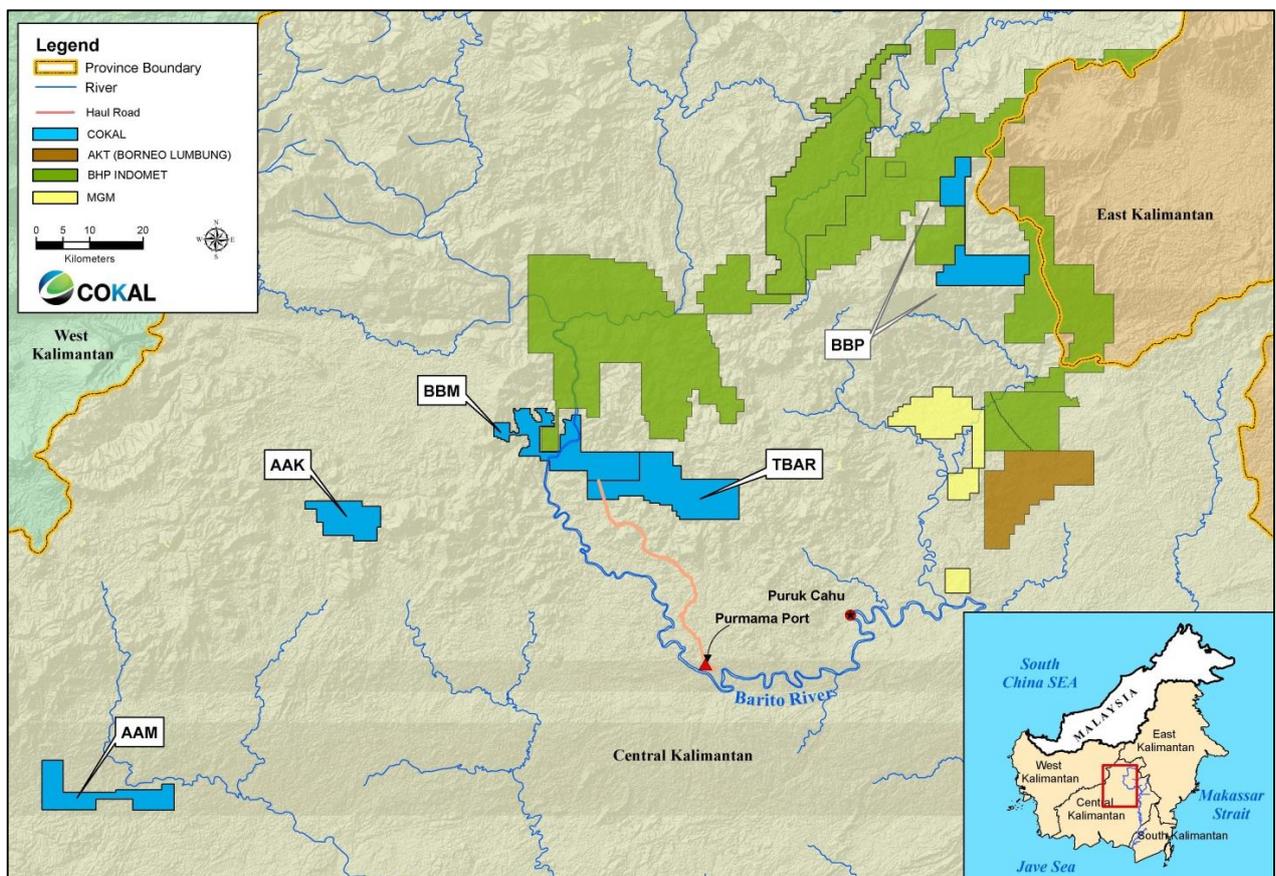


Figure 1: Locality Plan of the Central Kalimantan Coal Projects on the Island of Kalimantan
- Cokal's Coal concession areas are shown in blue

AFRICA

Tanzania

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 focus on the development of the BBM project, but is maintaining a watching brief on Mozambique and watches carefully the events of current producers and explorers as they unfold.

DISCLOSURES REQUIRED UNDER ASX LISTING RULE 5.3.3

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*	Kalimantan, Indonesia	75%
PL6281	Tanzania	50%

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.

PROJECT DEVELOPMENT

EARLY WORKS DETAILED ENGINEERING & CONTRACUAL DOCUMENTATION

To maintain the project schedule timeline a number of critical path construction items have been advanced through detail design and quotation. By making these items “shovel ready” the project construction can commence as soon as the full funding package is available.

These items include;

- Plotting and survey of road corridor from the Barito River to BBM being carried out, 100% complete. The centreline of the road corridor has been established and control survey marks established for earthworks cut and fill control
- Purnama Port land mapping complete
- Some minor engineering design optimised and finalised ready for re-quoting
- Detailed river bottom and channel survey work completed for the load out port at Purnama and surrounding areas

BBM DEFINITIVE FEASIBILITY

Further costing, delivery confirmation and price enquiries continued to be carried out during the Quarter

MINING

There has been a strong, continuous and positive interest shown by a number of reputable mining contractors for the initial 2 Mtpa direct shipping operation. This appears to reflect the current weakness in the global coal market

RIVER BARGING

Final detailed design is being completed and preparations are currently underway to place construction orders with shortlisted shipyards once funding has been finalised

Since obtaining the Port location approval, work has continued on obtaining design and construction approval of the facilities. The design and construction approval application will be submitted to the Department of Transport in Q4 2014.

RIVER TRANSLOADING STATION

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

Cokal continued last quarter to undertake environmental monitoring on site as part of ongoing baseline studies.

Rehabilitation activities have continued over the last quarter with activities concentrating on finalising the rehabilitation of the exploration drill pads and access tracks, the riverside buffer area and the site access road. Last Quarter approximately 10 hectares had been rehabilitated.

APPROVALS & EXTERNAL RELATIONS

BBM PRODUCTION APPROVAL ADVANCES – UPDATE

As reported last quarter Cokal received the Izin Princip Ijin Pinjam Pakai Kawasan Hutan or “In-Principal Forestry Permit” for its BBM Project. The In-Principle Forestry Permit is the last stage prior to the issuance of the “Borrow and Use of Forest Area Permit (Ijin Pinjam Pakai Kawasan Hutan (“IPPKH”)) which allows the Company to start construction and mining.

The In-Principal Forestry Permit has been issued for an area covering 1,242 ha which enables the development of the port, haul road and the initial development of the mine site once the conditions of the In-Principal Forestry Permit are met.

Cokal has continued preparation of the administrative processes necessary to obtain the full IPPKH. This quarter Cokal completed the written undertakings regarding the payment of relevant taxes and rehabilitation, finalized the baseline disturbance area report and finalized the Rehabilitation Plan. Cokal progressed the designation of the external restoration area and has received in-principal approval from the Regency and Provincial Forestry Department. At meeting will be held in Jakarta in late October to finalise the designation process. Cokal has advanced the pegging of the Borrow and Use Forest Area with the majority of pegs having been installed. The final number of pegs to be installed is in the vicinity of 1,600 and it is expected that the installation of the pegs will be completed late October 2014 and final approval of the pegging activity from the Forestry Department in early November 2014. Cokal will submit the documents to the National Forestry Department in November 2014 and expects the issue of the full IPPKH in Q4 2014.

Detailed landowner and land use mapping is now substantially complete for the Purnama Port and the haul road corridor. Mapping of the first development areas within the mine area is scheduled to commence in Q4 2014

BBM PORT DESIGN APPROVAL

BBM has received its technical recommendation from the Harbour Master supporting the design of the Port Facilities and the barging channel. This recommendation now allows BBM to submit its full application to the Transport Department to have the design of the Purnama Port facilities approved for construction. The full application will be submitted in October 2014 with approval from the Transport Department expected in Q4 2014.

BBM FOREST INVENTORY SURVEYS

BBM has commenced the forest inventory surveys for the IPPKH area during the last quarter. Typically these surveys are conducted after the issue of the full IPPKH; however, Cokal has brought this task forward in order to reduce the time between issue of the full IPPKH and the commencement of construction activities. The inventory surveys have been completed for the Purnama Port area and are approximately 40% complete for the haul road. The surveys are expected to be completed for the haul road and the initial mine development area in Q4 2014 in line with the issue of the full IPPKH. The data collected during the forest inventory surveys will be used to establish the various Government taxes payable by Cokal for activities in Production Forest areas.

BBM WEST BLOCK EXPLORATION IPPKH EXTENSION

During this quarter the application to extend the Exploration IPPKH for the BBM West Block was submitted to the National Forestry Department. The West Block has had very little exploration work completed to date. The application is currently under evaluation by the Forestry Department. Once the extension is issued, BBM can commence exploration in the BBM West Block.

BBP PRODUCTION APPROVAL ADVANCES - UPDATE

The finalization of the upgrade of the IUP exploration to an IUP production / operation (Mining Lease), by the Murung Raya Regency Government, continued during the last Quarter. The application to upgrade the IUP to production / operation status has been accepted by the Murung Raya Mines Department. The issue of the IUP production / operation (Mining Lease) is expected to be completed in Quarter 4 2014.

Cokal has submitted its application for the Clean and Clear Certificate Exploration from the Director General of the National Mines Department formalising the previous award of Clean and Clear status. As reported previously award of the Clean and Clear certificate has been delayed due to workloads in the Mines Department and this continued last quarter. Cokal has continued with discussions with the Mines Department and it is now expected the granting of the certificate will occur in Quarter 4 2014 in parallel to the issue of the IUP production / operation.

TBAR EXPLORATION FORESTRY PERMIT

Cokal continued during the last quarter to progress the Exploration Forestry Permit for TBAR with the Central Kalimantan Provincial Government. Site visits by the Provincial Government were expected to occur during Quarter 3 2014 and the issue of the Provincial Government technical recommendation expected early Quarter 4 2014. Due to Cokal's focus on fulfilling the administrative requirements to obtaining the IPPKH for BBM, together with workloads within the Provincial Forestry Department the site visit to the TBAR concession has been delayed until Q1 2015.

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.
- Continued to provide medical support to local villages around the landing area at BBM through providing access to onsite medical staff.
- Cokal has continued with the implementation of its Palangkaraya University scholarship program. With the selection of the new cohort of scholarship holders, Cokal has awarded scholarships to 24 Murung Raya Regency students since the inception of the program.
- In association with the mining and civil engineering faculties of the University of Palangkaraya Cokal has continued with its regular monthly series of lectures covering aspects of mining and mining infrastructure.
- Cokal continued the school tree planting program during the quarter. This tree planting program aims to provide the local schools in the Project area with plants from the on-site nursery to be planted in the local

villages. Cokal aims to have a total of 5,000 plants established through this program by the end of 2015, and then continuing through the life of the project.

- Cokal has successfully established the first of several micro-business opportunities suitable for the nearby Tumbang Tuan village. The micro-business has been successfully established and provides concrete blocks that will be used during the construction and ongoing development of the mine infrastructure. The business is already seeking to expand its operations and produce other concrete products such as variously sized culverts for road construction and site drainage. Further micro-business opportunities include the ongoing operation and expansion of the site fish farms and seed collection / nursery activities to assist with the ongoing rehabilitation activities.

Cokal has finalised the Community Investment and Development Strategy for 2015-19. This Strategy has been prepared in manner that is consistent with the World Bank's Indigenous Peoples policy. The objectives of the Strategy are to avoid adverse impacts on Indigenous Peoples and to provide them with culturally appropriate benefits.

Roll-out of the Strategy will commence Quarter 1 2015 focussing on the following four key directions:

- health
- education
- employment
- agricultural activity.

The intended outcomes from the Strategy include:

- empowered individuals and groups
- enhanced skills, awareness and confidence
- increased social cohesion and positive relationships
- empowered community voices
- enhanced community ownership of projects or services
- increased community participation and contribution.

BBM ON SCHEDULE WITH FURTHER FUNDING

On 11 August 2014 it was announced that development of the BBM Project continues on schedule having secured further additional loan funds of US\$5.650Million(M) from a fund managed by Platinum Partners (Platinum) bringing the total loan for the project development to date to US\$9.150M.

These funds will enable work to progress on the detailed engineering and final design to progress and complete the preparation work necessary to enable site based construction to start promptly once the BBM project financing is finalised.

Repayment of the first loan has been extended with the total loan of US\$9.150M now repayable within 6 months of receiving the additional loan funds. The total loan can also be rolled over into the BBM project financing facility once it is in place.

As previously announced on 31 March 2014, the proposed BBM funding package included the proposed grant of 100M warrants (options) with an exercise price of A\$0.20 and an exercise period of 4 years from the date of grant.

Cokal will grant 15M of these options following drawdown of the additional loan. The intention is that the balance 85M options will, subject to shareholder approval, be granted once the BBM project finance is finalised. For further details see ASX Announcement dated 11 August 2014

CHANGE IN FUNCTIONAL AND PRESENTATION CURRENCY FOR FINANCIAL REPORTING

The functional currency of Cokal Limited changed to United States (US) dollars from Australian dollars effective from 1 July 2014. Consistent with the change, the presentation currency of the Group will also change to US dollars.

This change means that the financial information in the Company quarterly report to ASX, as well as its half-year and annual accounts will be presented in US dollars.

Given that Cokal's net assets will be denominated in US dollars, the Board believes that this change will provide shareholders with a more accurate reflection of the Group's underlying position.

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 17 November 2014 at 11.00 am at The Coro, 28 McDougall St Milton, QLD 2064

ENDS

Further enquiries:

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About Cokal Limited

Cokal Limited (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 2012 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.