

29 January 2016

**QUARTERLY REPORT FOR THE THREE MONTHS
ENDED 31 DECEMBER 2015****HIGHLIGHTS**

- **Cakra bid for Cokal Lapsed on 15th November 2015**
- **Cakra stated a rebid would be forthcoming but this did not materialize**
- **When the Cakra bid lapsed, Cokal was free to pursue alternative transactions and is currently focused on two alternatives as well as remaining open to a re-bid by Cakra**
- **Cokal AGM held on 16th of November 2015, in Brisbane**

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.

GEOLOGICAL ACTIVITY

At the end of the last quarter all geological activities in East Block of BBM Area for the coal open pit exploration program had been completed and is up to date. Currently while waiting the Borrow and Use to be completed on BBM West Block Area, there has been no further geological work and expenditure has been kept to a minimum.

MINING ACTIVITY

The only activity during the current quarter included site visits by potential investors performing due diligence exercises.

ENVIRONMENTAL ACTIVITY

In order to keep expenditure to a minimum while waiting construction and mining to begin in BBM, revegetation of 90% of areas affected by exploration activity is now complete. Over 15,000 seedlings have been planted along access roads and on drill sites, comprising of some 5,000 trees and some 10,000 ground cover.

BBP Project

No exploration activity was conducted on BBP during this period.

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.

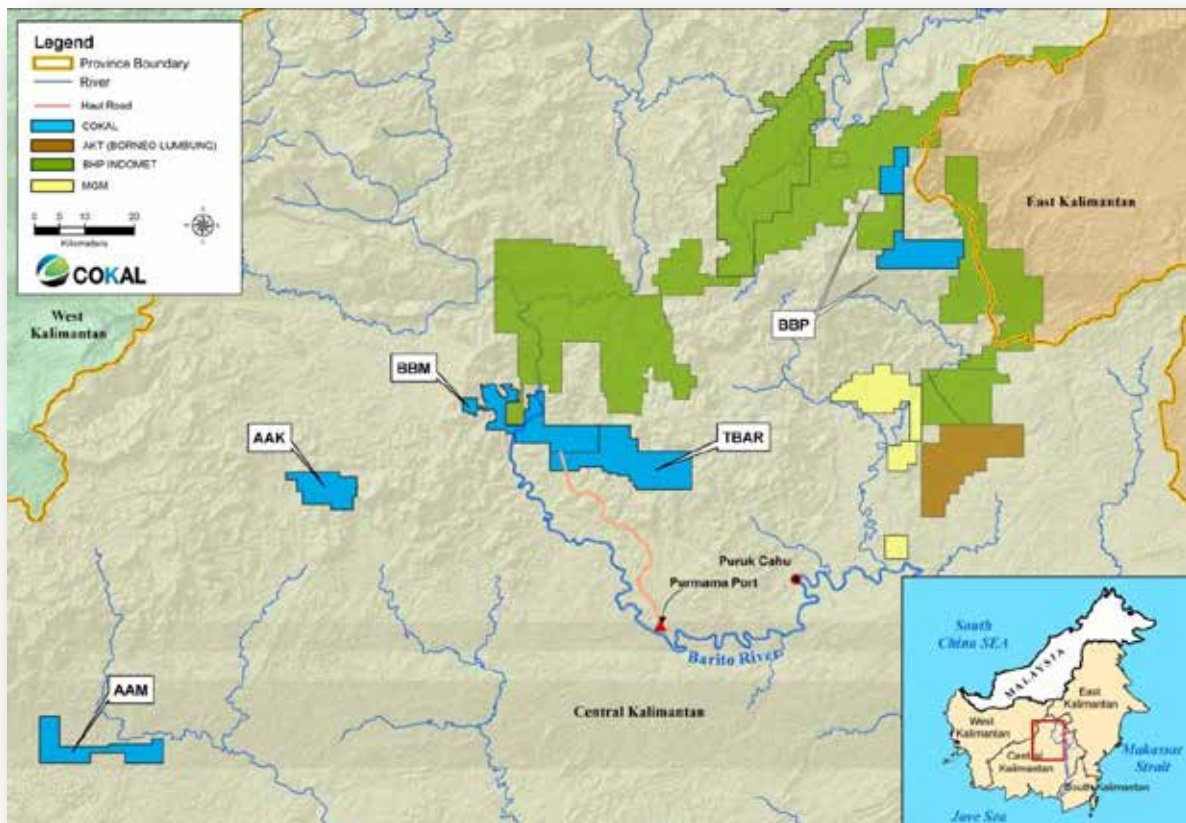
Applications for the Exploration Forestry Permit (IPPKH) and Clean and Clear Certificates continue to be processed.

Following official handover letter (dated 12 January 2016), AAK IUP is currently on 'on-hold' status by Provincial Police Department (Polda Kalteng). It is being decided by police following their investigations re 'AAK ownership dispute' issues. Cokal is an aggrieved party and will await the outcome of the Police investigation into a period predating Cokal's interest in the Project.

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)	Central Kalimantan, Indonesia	75%
PT Anugerah Alam Manuhing (AAM)	Central Kalimantan, Indonesia	75%
PT Bumi Barito Mineral (BBM)	Central Kalimantan, Indonesia	60%
PT Borneo Bara Prima (BBP)	Central Kalimantan, Indonesia	60%
PT Silangkop Nusa Raya (SNR)	West Kalimantan, Indonesia	75.2%
PT Tambang Benua Alam Raya*	Central Kalimantan, Indonesia	75%

**In the process of acquiring*

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

Following official handover letter (dated 12 January 2016), AAK IUP is currently on 'on-hold' status by Provincial Police Department (Polda Kalteng). It is being decided by police following their investigations re 'AAK ownership dispute' issues. Cokal is an aggrieved party and will await the outcome of the Police investigation into a period predating Cokal's interest in the Project.

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

MANNING

A significant reduction in staff and employee numbers have been made to limit expenditure. All redundancy and reduction requirements have been carried in accordance with Indonesian labour regulations and Cokal has been assisted in this process with substantial help from both local and provincial labour departments

ENVIRONMENTAL REHABILITATION

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

Rehabilitation activities have been substantially completed throughout the previously disturbed exploration areas. Both ground cover and trees are becoming "distressed" but still highly viable due to the extended dry season currently being experienced.

Effort is now being expended into increasing nursery stocks both for the school planting programme and mine infrastructure replanting in the future.

APPROVALS & EXTERNAL RELATIONS

BBM PRODUCTION APPROVAL ADVANCES – UPDATE

On August 12, 2015 Cokal received the “Ijin Pinjam Pakai Kawasan Hutan – Operasi” or “Borrow To Use Forestry Permit - Operation” for its BBM Project. This Forestry Permit is the last stage which will allow the Company to start construction and mining.

The 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.

We must thank both BKPM (Investment Coordinating Board) and the Ministry of Environment and Forestry for their assistance and help in providing this Permit as this was one of the first permits issued under the new investment regulation and therefore had some “teething” problems due to the significant change in process from that previously used.

BBM WEST BLOCK EXPLORATION IPPKH EXTENSION

Since the issue of the Borrow To Use Permit – Exploitation (IPPKH-OP) Cokal has proceeded with the application for a Borrow To Use Permit – Exploration for the Western Block of BBM and this application is currently with Planology Dept. at the Ministry of Environment and Forestry

BBP PRODUCTION APPROVAL ADVANCES – UPDATE

The IUP production / operation (Mining Lease) licence is still with the Murung Raya Bupati for signing. Whilst expected to be issued during this quarter it is now expected to be issued in Quarter 1 2016.

Cokal has submitted its application for the Clean and Clear Certificate Exploration from the Director General of the National Mines & Energy Department formalising the previous award of Clean and Clear status.

TBAR EXPLORATION FORESTRY PERMIT

Cokal continued during the last quarter to progress the Exploration Forestry Permit for TBAR with the Central Kalimantan Provincial Government. 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 2016.

CORPORATE SOCIAL RESPONSIBILITY

Cokal has continued with the implementation of its Community Development programmes. Cokal has undertaken the following programmes, which covered health, education, environmental awareness, and community empowerment aspects.

In health aspect, Cokal has continued to provide medical support to local villages around BBM through providing access to onsite medical staff. During the current smoke / haze occurrence which has been extreme in Central Kalimantan during August – November 2015 period, Cokal has provided appropriate masks (N95 type) to Murung Raya Government for distribution for the locals particularly “at risk” persons such as children, elderly and pregnant mothers.



Figure 2: Visibility due to smoke/haze on consecutive days at Murung Raya regency

In education issues, Cokal continued its support for Tumbang Tuan Junior High School (nearest school to BBM site) through the sponsorship of 3 local teachers. This programme is being implemented in conjunction with the local Education Department.

Cokal has also continued its scholarship program with the selection of the new cohort of scholarship holders, Cokal has awarded scholarships to 16 local students from Murung Raya Regency to continue their next level of education at University of Palangka Raya at various faculties.

As well, in association with the Mining Faculty of the University of Palangkaraya, Cokal has continued its support and contribution that covered regular lecture programmes, donation of mining magazines, and other support needed to improve the quality and enthusiasm of mining students.

In relation to environmental awareness, Cokal continued its support and coordination with Borneo Orang Utan Survival (BOS) Foundation on its related "Orangutan Release Programme" plans. A "staging point" for the accommodation of 8–10 orangutans has been jointly constructed by Cokal and BOS personnel at BBM site, near to its Nursery area. A substantial amount of material used for the construction was recovered and reused from a recently abandoned gold mine that had previously been used as the "staging point". These facilities will be used prior to their release at the nearest favourable area for orangutan habitation at Bukit Betikap Protection Forest, approximately 150 kilometres northeast of the BBM site. Both parties will continue to work together in the future to ensure the success of this programme.

It is to be noted that there is no evidence of orangutan habitat within the BBM tenement area, and this includes the surrounding areas of BBM. This is believed to be due to insufficient feed which has been a problem since humans moved into the region, hundreds of years ago.



Figure 3: Unloading holding cages with BOS Foundation



Figure 4: Completed holding cages compound at Krajan (BBM Mine site) approximately 150km from the released area



Figure 5: Orang Utan in transit cages prior to release

Cokal also continued the School Tree-Planting Programme during the quarter. This programme 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, and continuing through the life of the project.

Following obligations of BBM Forestry Permit (IPPKH-OP) obtained in August 2015, replanting programmes were continued by Cokal, in relation with 'critical land rehabilitation project' at an appointed area in Barito Riverbanks Area, nearest the BBM project. These programmes will be conducted with community involvement, planting 'productive trees' suggested by locals, and will be supervised and monitored by the relevant Forestry Offices from regency, provincial, and central level. Cokal has committed to fulfill both of IPPKH obligations and also sharing benefits from these programmes with its local neighbours.

In the following months, Cokal will also initiate new approaches in relation with 'community empowerment' programmes, which will start to motivate and support local groups to become Self-Help Groups (SHGs). These SHGs will be focused both on micro-economic activities (savings), and also conducting its productive business. Initiatives on preparing relevant activities, including Social Mapping, Motivation Sessions, and series of community trainings will be arranged. This programme aims to build community self-reliance for communities surrounding the mine.

CORPORATE RELATED ISSUES

ANNUAL GENERAL MEETING

The Annual General Meeting of Shareholders of Cokal Limited was held at the Endeavour Room, Christie Centre, Level 1, 320 Adelaide Street, Brisbane, Queensland, on 16 November 2015 at 11:00am (Brisbane time).

CAKRA'S BID FOR COKAL FORMALLY LAPSED ON 15TH NOVEMBER

The Company's securities were suspended in November 2015 pending clarification by Cakra of its intention to make a fresh takeover offer to acquire all of the shares of the Company. Cakra's recent offer closed on 15 November 2015.

Based on various meetings and discussions with Cakra, Cakra's earlier offer lapsed due to internal commercial issues which emerged during the offer period. Cakra advised that these issues could be resolved in a timely manner, it was actively taking steps to secure a resolution and that, following resolution, Cakra intended to make a fresh bid.

To date, however, Cakra has not provided any further firm guidance as to timing for resolution of its commercial issues or any fresh bid. The ASX suspension of the Company's securities was lifted on 15 January 2015.

Cokal remains in continuing discussions of a confidential and incomplete nature with Cakra in relation to its capacity and intentions. Cokal remains open to a transaction involving scrip consideration in an Indonesian listed entity either with Cakra or other parties

OTHER PROPOSALS RECEIVED

In August 2015 when Cokal obtained its final Indonesian government approval for the BBM mine to proceed, this significantly de-risked Cokal and the BBM project and drew positive interest from a number of potential strategic partners. However because of the Cakra exclusive negotiation period Cokal was unable to pursue any of these until the offer expired.

The Company is engaged in active discussions of a confidential and incomplete nature in relation to two potential alternative transactions.

MERGER PROPOSAL WITH ASX LISTED COMPANY

The first is a potential merger with an established ASX listed entity. The entity has an experienced Board and management and it has conducted technical due diligence investigations of Cokal including site visits and advised Cokal that its diligence enquiries have substantially been completed.

The entity has advised Cokal that there is a key bid pre-condition (which is not within Cokal's control) and that subject to satisfaction of that condition, it is willing to quickly progress the proposal to finality.

It has been indicated to Cokal that this could occur as early as within 4 weeks.

FINANCING / IPO CHINA

Cokal has engaged with BM Intelligence in Guangzhou, China. BM Intelligence is a very successful Hong Kong and China based financial services provider, servicing over 800 listed company clients and has a very strong and accomplished IPO consultancy arm, particularly in China. They have assisted over 80 companies with successfully listings.

The Interest from BM Intelligence has arisen particularly now that Indonesia has recently become a prime country for Chinese foreign investment.

The preferred structure that has been proposed to Cokal involves Cokal floating its immediate Singapore subsidiary, Cokal Holdings Pte-Ltd through a Cokal owned Chinese subsidiary, on the Shanghai exchange to raise US\$50M- US\$100M.

BM Intelligence have a strong track record of IPO's with in the target range of US\$50M - \$100M. BM Investments has substantial experience with resource and mining related companies but in addition they have strong relationships with several of the larger Chinese companies and provincial authorities in related downstream industries.

Cokal Holdings Pte Ltd ultimately holds all Cokal interests in Indonesia. The percentage ownership retained by Cokal will depend on the final pricing but it is Cokal's aim to retain a majority percentage of Cokal Holdings Pte-Ltd

The Board is open to other proposals and will actively evaluate and assess them as they arise including a combination of the above funding strategies to provide the best result for shareholders.

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 five projects in Central Kalimantan and one project (which holds three exploration licences) in West Kalimantan, Indonesia considered prospective for metallurgical coal. Cokal has also signed a joint venture with Tanzoz Resource Company Limited to explore for coal in Tanzania and a co-operation agreement with Mozambique Government Mining Corporation, EMEM, to explore for coking coal in the emerging coal province of Mozambique.

Forward Looking Statements

This release includes forward looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "continue", and "guidance", or other similar words and may include, without limitation statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs. Forward looking statements in this release include, but are not limited to, the capital and operating cost estimates and economic analyses from the Study.

Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the company's actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licences and permits and diminishing quantities or grades of resources or reserves, political and social risks, changes to the regulatory framework within which the company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

Forward looking statements are based on the company and its management's good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the company's business and operations in the future. The company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the company's business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the company or management or beyond the company's control.

Although the company attempts to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be anticipated, estimated or intended, and many events are beyond the reasonable control of the company. Accordingly, readers are cautioned not to place undue reliance on forward looking statements.

Forward looking statements in this release are given as at the date of issue only. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information the company does not undertake any obligation to publicly update or revise any of the forward looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.

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.

The Total Coal Resource estimate was announced on 11 February 2014, titled "Cokal announces release of JORC Resource Statement compliant with the 2012 JORC Code for Bumi Barito Mineral (BBM) Metallurgical Coal Project in Central Kalimantan, Indonesia". Mr Yoso was a full time employee of Cokal Limited at the time of preparing the report and consented to its publication. The Company confirms that it is not aware of any new information or data that materially affects the information included in the announcement made on 11 February 2014 and that all material assumptions and technical parameters underpinning the estimates in the announcement made on 11 February 2014 continue to apply and have not materially changed.