

31 January 2012

**QUARTERLY REPORT FOR THE THREE MONTHS  
ENDED 31<sup>ST</sup> DECEMBER 2011**

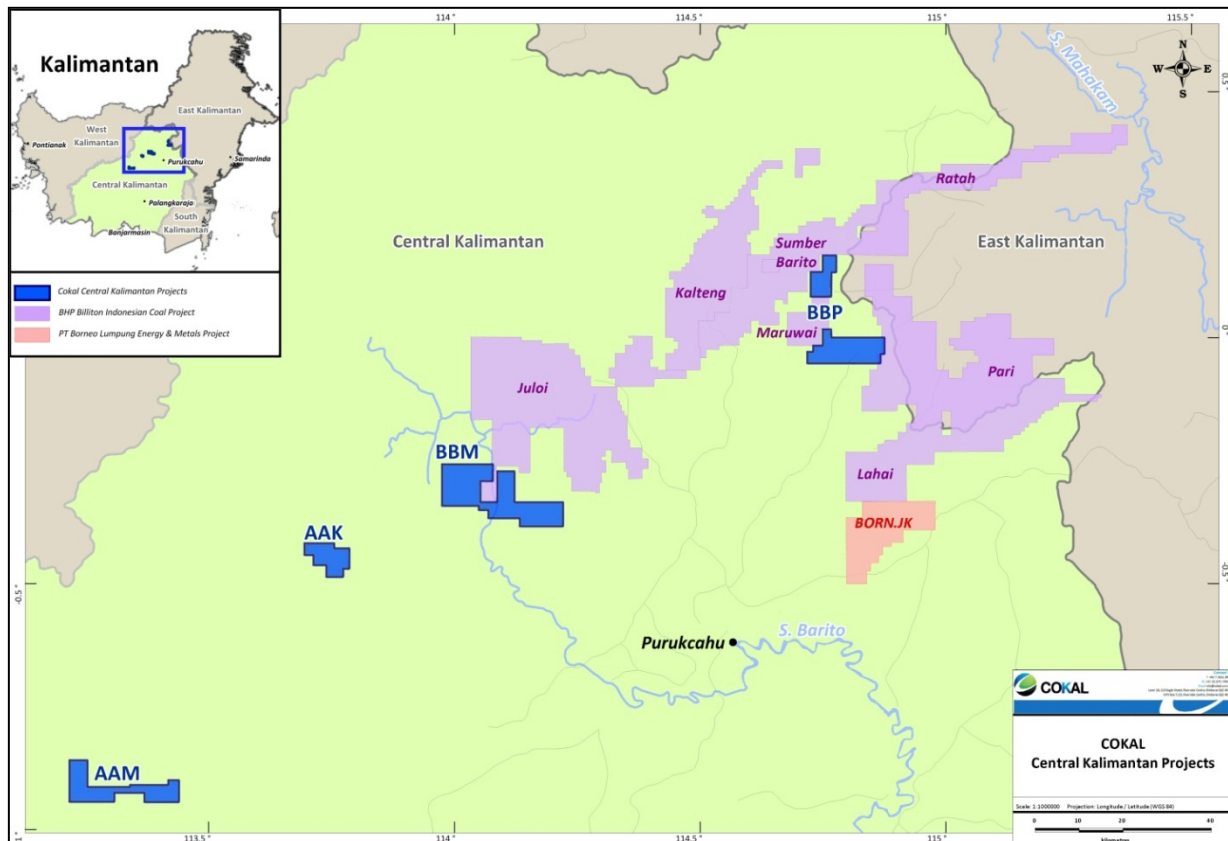
**HIGHLIGHTS**

- Cokal Limited (Cokal) maiden resource estimate 60 million tonnes inferred coal resource at Bumi Barito Mineral (BBM) project.
- Cokal well placed to deliver on exploration and development programme – non-brokered private placements raise \$28.5M (\$7.7M subject to shareholder approval).
- Borneo Bara Prima (BBP) drilling programme commenced in December 2011.

**EXPLORATION**

*(a) Indonesia*

**Figure 1:** Locality plan of the Central Kalimantan Coal Projects on the island of Kalimantan - Coal concession areas are shown in blue.



## ***BBM Project***

BBM covers an area of 19,920 ha, immediately adjacent to BHPBilliton's Juloi tenement, straddling the Barito River and has numerous outcrops of bright coal. Another Cokal tenement, BBP, covering an area of 13,050 ha, is located adjacent to BHPBilliton's Maruwai tenement.

### **Highlights**

- ***Maiden resource estimate of 60 million tonnes Inferred Coal Resource***
- ***Product split 60% Coking Coal and 40% PCI***
- ***Maiden resource covers only 8% of BBM lease area, significant upside***
- ***Drilling continuing to define further coal resource in areas of low strip ratio and with higher percentages of coking coal***

Cokal has previously confirmed high quality premium metallurgical coal at its BBM project and the latest results continue to support this.

The details of the Inferred Resources, in accordance with JORC, have been reported in terms of various parameters in the following tables:

**Table 1: JORC Compliant Resources by Category, Seam and Thickness**

Seam Name	Seam Thickness (m)	Inferred Resources (Mt)
D	1.30	25.0
C	1.06	20.0
B	0.87	15.0
<b>TOTAL</b>		<b>60.0</b>

Drilling has utilised conventional triple-tube HQ coring, providing 63mm diameter core. All samples have been packaged and transported by air courier to ALS's laboratory in Brisbane, Queensland, within 5 to 6 days of core recovery. This ensures the Total Moisture results reflect the in-situ coal moisture and that the metallurgical properties have suffered minimal degradation due to oxidation.

**Table 2: JORC Compliant Resources by Category and Depth of Cover**

Depth Category (m)	Inferred Coal Resource (Mt)
0 – 50	5.0
50 – 100	10.0
100 – 150	10.0
150 – 200	10.0
200 – 300	25.0
<b>TOTAL</b>	<b>60.0</b>

Mr Jim Middleton, Cokal's Managing Director, said one the most remarkable features of the results was the in-situ coal quality. The coal has very attractive attributes being very low in impurities while containing the right metallurgical attributes which steel makers are seeking.

**Table 3: In-situ Average Coal Quality by Seam and Product Type (% adb)**

Seam	Product	Inherent Moisture	Ash	Volatile Matter	Fixed Carbon	Total Sulphur	Calorific Value Kcal/kg	CSN	Relative Density	Phosphorus
D	PCI	0.9	5.1	10.3	83.7	0.43	8,204	1.5	1.36	0.002
D	Coking	0.9	5.1	14.4	79.7	0.39	8,287	9.0	1.33	0.002
C	PCI	1.0	5.5	9.3	84.3	0.41	8,191	1.0	1.36	0.001
C	Coking	0.5	5.5	14.5	79.5	0.24	8,265	8.5	1.33	0.001
B	PCI	0.9	14.0	9.5	75.6	0.41	7,676	1.5	1.40	0.004
B	Coking	0.5	12.6	13.8	73.1	0.23	7,591	7.5	1.38	0.002

“The low in-situ ash content indicates there is a reasonable opportunity that a direct ship style operation can be developed, avoiding the need to construct a coal washing plant which would involve significant time and capital, this is indeed a distinct advantage” he said

“While the drilling program continues we will focus on advancing the necessary engineering studies to understand some of the more critical issues involved in taking the project into production.” Mr Middleton said.

### ***BBP Project***

BBP (Borneo Bara Prima) project north east of BBM cover 13,050ha and is adjacent to BHP Billiton’s Maruwai tenement. Geological mapping was completed last quarter and this lead to the identification of a number of drilling targets.

During the quarter, drilling camps were established and manning and infrastructure requirements were completed. An additional two drilling rigs were secured for use on the BBP project. These rigs commenced drilling during the month of December, 2011.

### ***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 5,000m hectares and the AAM project comprises 10,000 hectares. Mapping and preliminary exploration work continued during the quarter.

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In addition to the above projects, the company remains active in evaluating other possible opportunities in Kalimantan.

### ***(b) Africa***

#### ***Tanzania***

As previously reported mapping has commenced in other parts of Tanzania. The focus remains to identify the potential existence in Tanzania of the specific stratigraphic sequence which hosts the coking coals found in Mozambique’s Moatize Basin.

#### ***Mozambique***

The “Co-operation Agreement” with Empresa Moçambicana de Exploração Mineira (EMEM – Mozambique Mining Exploration Company, a state owned Company) is to explore tenements in Mozambique for coal mining potential and jointly develop mines and associated facilities.

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Under the terms of this Agreement, EMEM will bring tenements to Cokal to review and if deemed suitable by Cokal, these tenements will be brought into the 80:20 (Cokal:EMEM) JV. Tenements are still to be submitted by EMEM to the JV.

***(c) Australia, Queensland***

Dragon Energy Ltd (Dragon) have withdrawn from the Farm-in Joint Venture ("Inglewood Coal JV"). The JV comprised Exploration Permits for Coal (EPCs) in the Surat/Clarence-Moreton and Bowen Basins in Queensland. Dragon did not complete their earning requirements and therefore have no on-going right or interest in the tenements. Cokal retains a 100% ownership of these tenements.

## **CORPORATE**

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### ***Non-brokered Private Placements***

Cokal made two non-brokered private placements in the Company to:

- **Passport Capital LLC and associated entities (Passport).** The Company issued Passport with 17,000,000 fully paid ordinary shares in Cokal Limited at a price of A\$0.50 per share (and 8,500,000 unlisted options exercisable at \$1.00 each within eighteen (18) months), raising A\$8.5 million.
- **Blackrock Global Funds Management, UK and associated entities (Blackrock).** The Company will issue Blackrock with 40,000,000 fully paid ordinary shares in Cokal Limited at a price of A\$0.50 per share, raising A\$20 million. The placement is being completed in two tranches:
  - Tranche 1 - representing 24.6M shares (A\$12.3M) was completed within Cokal's 15% placement capacity;
  - Tranche 2 - representing 15.4M shares (A\$7.7M) will be completed subject to shareholder approval at a meeting convened for 31 January 2012.

Cokal Executive Chairman Peter Lynch said the Company was very pleased to have the support of shareholders with a track record of success such as Blackrock and Passport Capital, and a reputation for long term growth orientated investments.

These placements provide significant cash resources to enable Cokal to deliver the planned exploration and development programmes for the next eighteen months to two years.

### ***Annual General Meeting***

The Annual General Meeting of Shareholders was held on 24 November 2011. All resolutions were passed in the affirmative resulting in:

- Directors, Mr Peter Lynch, Mr Pat Hanna and Mr Domenic Martino being re-elected.
- 16,000,000 shares previously issued were ratified.
- Accounts and remuneration reports were accepted and approved.

## **ENDS**

### **Further enquiries:**

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