



# Half Yearly            31 December 2011 Report

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Cokal Limited ACN 082 254 1437  
Half Yearly Report for the period ended 31 December 2011

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### Competent Person Statement

The information in this report relating to exploration results and coal resources 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 Ltd.

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 he is undertaking, to qualify as Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

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

## Corporate Information

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### DIRECTORS

Peter Lynch  
Jim Middleton  
Pat Hanna  
Domenic Martino

### COMPANY SECRETARY

Duncan Cornish

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### COUNTRY OF INCORPORATION

Australia

### SOLICITORS

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### AUDITORS

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### STOCK EXCHANGE LISTING

Australian Securities Exchange Ltd  
ASX Code: CKA

### INTERNET ADDRESS

[www.cokal.com.au](http://www.cokal.com.au)

### AUSTRALIAN BUSINESS NUMBER

ABN 55 082 541 437

## Directors' Report

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The directors hereby present the following half-year report for the period ended 31 December 2011.

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)

Pat Hanna - Executive Director (appointed 24 December 2010)

Jim Middleton – Managing Director and Chief Executive Officer (appointed 24 December 2010)

Domenic Martino – Non Executive Director (appointed 24 December 2010)

### 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 2011, the loss for the consolidated entity after providing for income tax was \$3,451,271 (31 December 2010: \$461,625).

### DIVIDENDS PAID OR RECOMMENDED

There were no dividends paid or recommended during the financial period.

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

#### Capital Raising

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

Cokal made two non-brokered private placements during the period:

- **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 announced to 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 during the period;
  - Tranche 2 - representing 15.4M shares (A\$7.7M) was completed after shareholder approval at a meeting convened on 31 January 2012.

#### *Options Exercised*

During the half-year ended 31 December 2011, 2,853,967 ordinary shares were issued on exercise of options at prices varying between \$0.10 and \$0.30 each.

### CORPORATE

#### **Completed Purchase of Additional 10% of BBM and BBP Projects – Cokal now owns 60%.**

On 21 September 2011, the purchase of an additional 10% of both the Bumi Barito Mineral (BBM) and Borneo Bara Prima (BBP) Projects was completed. The purchase of the additional equity brings the Group's ownership of the two projects to 60%.

On completion date, US\$8,000,000 plus 1,000,000 ordinary shares in Cokal Limited was paid for the purchase of an additional 10% of the shares in the two PMA holding companies BBM and BBP, which were accounted for on the transaction date of 30 June 2011.

## Directors' Report (Continued)

### EXPLORATION

#### INDONESIA

##### 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.

Significant achievements during the period were:

- 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

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 (m)	Category	Inferred Resource (Mt)	Coal
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>	

**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.

## Directors' Report (Continued)

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### **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 on 30 September 2011 and this lead to the identification of a number of drilling targets.

During the December 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 commenced during the period.

### **AFRICA**

#### **Tanzania**

An initial drilling program has been completed in Tanzania, with seven boreholes drilled on the Manda Project (CKA earning 50%) and one borehole drilled on the adjoining Iwele lease (CKA earning 60%). 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. 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.

### **AUSTRALIA**

#### **Queensland**

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

### **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 2011**

In addition to the 15.4 million shares issued at \$0.50 each reported in the capital raising section in the report, subsequent to period end, 11,512,390 shares were issued on exercise of options at prices varying between \$0.20 and \$0.30 each.

There have been no other events since 31 December 2011 that impact upon the financial report as at 31 December 2011.

### **AUDITOR'S INDEPENDENCE DECLARATION**

The Auditor's Independence Declaration forms part of the Directors' Report and can be found on page 20.

This report is signed in accordance with a resolution of the directors.

  
Peter Lynch  
Chairman

Brisbane  
29 February 2012

## Cokal Limited

### Interim Consolidated Statement of Comprehensive Income

#### For the half-year ended 31 December 2011

	Note	31 December 2011 \$	31 December 2010 \$
<b>Revenue</b>			
Interest income	2	319,255	65,193
Other income		-	29,164
<b>Total Revenue</b>		<b>319,255</b>	<b>94,357</b>
<b>Expenses</b>			
Employee benefits expenses		(1,778,019)	(128,619)
Depreciation		(28,149)	(140)
Exploration expenditures written off		(596,209)	(101,835)
Finance costs		(25)	-
Legal expenses		(158,789)	(159,000)
Foreign currency exchange loss		(299,763)	-
Administration and consulting expenses		(909,572)	(166,388)
<b>Loss before income tax expense</b>		<b>(3,451,271)</b>	<b>(461,625)</b>
Income tax expense		-	-
<b>Net loss for the period</b>	3	<b>(3,451,271)</b>	<b>(461,625)</b>
Other comprehensive income		-	-
<b>Total comprehensive loss for the period</b>		<b>(3,451,271)</b>	<b>(461,625)</b>
<b>Loss per share for loss attributable to owners of Cokal Ltd</b>			
	Note	Cents	Cents
Basic Loss per Share	4	0.10	0.87
Diluted Loss per Share	4	0.10	0.87

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 2011

	Note	31 December 2011 \$	30 June 2011 \$
<b>Current Assets</b>			
Cash and cash equivalents	6	25,319,944	17,216,696
Accounts receivable		161,256	162,839
Other current assets		16,233	35,500
<b>Total Current Assets</b>		<b>25,497,433</b>	<b>17,415,035</b>
<b>Non-Current Assets</b>			
Plant and equipment	8	527,421	440,547
Exploration and evaluation assets	9	29,633,874	26,753,667
Other non-current assets		282,918	207,037
<b>Total Non-Current Assets</b>		<b>30,444,213</b>	<b>27,401,251</b>
<b>TOTAL ASSETS</b>		<b>55,941,646</b>	<b>44,816,286</b>
<b>Current Liabilities</b>			
Accounts payable		757,374	8,268,725
<b>Total Current Liabilities</b>		<b>757,374</b>	<b>8,268,725</b>
<b>Non-Current Liabilities</b>			
Deferred liability		292,125	322,875
<b>Total Non-Current Liabilities</b>		<b>292,125</b>	<b>322,875</b>
<b>TOTAL LIABILITIES</b>		<b>1,049,499</b>	<b>8,591,600</b>
<b>NET ASSETS</b>		<b>54,892,147</b>	<b>36,224,686</b>
<b>Equity</b>			
Issued capital	10	62,994,034	41,731,103
Reserves	11	1,583,520	727,719
Accumulated losses		(9,685,407)	(6,234,136)
<b>TOTAL EQUITY</b>		<b>54,892,147</b>	<b>36,224,686</b>

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 2011

	Issued Capital	Accumulated Losses	Reserves	Total
	\$	\$	\$	\$
<b>At 1 July 2011</b>	<b>41,731,103</b>	<b>(6,234,136)</b>	<b>727,719</b>	<b>36,224,686</b>
<b>Total comprehensive loss for the period</b>				
Loss for the period	-	(3,451,271)	-	(3,451,271)
Other comprehensive income	-	-	-	-
	-	(3,451,271)	-	(3,451,271)
<b>Transactions with owners in their capacity as owners</b>				
Issue of share capital	21,267,794	-	-	21,267,794
Costs associated with issue of share capital	(4,863)	-	-	(4,863)
Share based payments	-	-	855,801	855,801
	21,262,931	-	855,801	22,118,732
<b>At 31 December 2011</b>	<b>62,994,034</b>	<b>(9,685,407)</b>	<b>1,583,520</b>	<b>54,892,147</b>
<b>Balance at 1 July 2010</b>	<b>6,210,843</b>	<b>(3,590,223)</b>	<b>19,019</b>	<b>2,639,639</b>
<b>Total comprehensive loss for the period</b>				
Loss for the period	-	(461,625)	-	(461,625)
Other comprehensive income	-	-	-	-
	-	(461,625)	-	(461,625)
<b>Transactions with owners in their capacity as owners</b>				
Issue of share capital	22,983,704	-	-	22,983,704
Costs associated with issue of share capital	(925,286)	-	-	(925,286)
Share based payments	-	-	7,015	7,015
	22,058,418	-	7,015	22,065,433
<b>At 31 December 2010</b>	<b>28,269,261</b>	<b>(4,051,848)</b>	<b>26,034</b>	<b>24,243,447</b>

*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 2011

	Note	31 December 2011 \$	31 December 2010 \$
<b>Cash Flows from Operating Activities</b>			
Payments to suppliers and employees		(2,542,226)	(332,752)
Interest received		207,903	66,204
Interest paid		(25)	-
<b>Net cash outflow from operating activities</b>		<b>(2,334,348)</b>	<b>(266,548)</b>
<b>Cash Flows from Investing Activities</b>			
Cash acquired on acquisition of subsidiary		-	56,477
Proceeds from sale of plant and equipment		-	8,000
Deposits maturing after three months		(14,500,000)	-
Payments for plant and equipment		(115,163)	(40,836)
Proceeds from sale of exploration tenements		-	70,000
Payments for exploration and evaluation assets		(10,634,291)	-
Net payments for other non-current assets		(75,881)	-
<b>Net cash (outflow)/inflow from investing activities</b>		<b>(25,325,335)</b>	<b>93,641</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from issue of shares and options		21,267,794	20,004,971
Transaction costs on share issue		(4,863)	(925,286)
<b>Net cash inflow from financing activities</b>		<b>21,262,931</b>	<b>19,079,685</b>
Net (decrease)/increase in cash and cash equivalents		(6,396,752)	18,906,778
Cash and cash equivalents at beginning of period		17,216,696	2,651,054
<b>Cash and cash equivalents at end of period</b>	<b>6</b>	<b>10,819,944</b>	<b>21,557,832</b>

*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 2011

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### 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 2011 were authorised for issue in accordance with a resolution of the directors on 29 February 2012 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 2011 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 2011 together with any public announcements made by the Group during the half-year ended 31 December 2011 in accordance with the continuous disclosure obligations of the ASX listing rules. In addition, results for the half-year ended 31 December 2011 are not necessarily indicative of the results that may be expected for the financial year ending 30 June 2012.

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.

#### 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 2011 as more detailed in the annual financial report as of 30 June 2011. 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.

## Cokal Limited

### Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2011 (Continued)

#### NOTE 2 REVENUE AND OTHER INCOME

	31 December 2011	31 December 2010
	\$	\$
Revenue		
Interest income		
- other persons	319,255	65,193
Total interest income	319,255	65,193
Total revenue	319,255	65,193
Other Income		
Profit on sale of tenements	-	29,164
Total other income	-	29,164
Total revenue and other income from continuing operations	<b>319,225</b>	<b>94,357</b>

#### NOTE 3 LOSS FOR THE PERIOD

	31 December 2011	31 December 2010
	\$	\$
Loss before income tax includes the following specific expenses:		
Depreciation on plant and equipment	28,149	140
Exploration expenditures written off	596,209	101,835
Salaries and wages	885,140	110,218
Superannuation	37,078	11,386
Share-based payments (options)	855,801	7,015
Operating lease expense – minimum lease payment	102,015	-
Interest paid	25	-
Loss on sale of plant and equipment	140	6,772

## Cokal Limited

### Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2011 (Continued)

#### NOTE 4 LOSS PER SHARE

	31 December 2011	31 December 2010
	Number	Number
Loss attributable to owners of Cokal Limited used to calculate basic and diluted loss per share	(3,451,271)	(461,625)
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	346,838,738	53,315,557
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	346,838,738	53,315,557
Basic loss per share (cents per share)	<b>(0.10)</b>	<b>(0.87)</b>
Diluted loss per share (cents per share)	<b>(0.10)</b>	<b>(0.87)</b>

\* Options are considered anti-dilutive as the Group is loss making. Options could potentially dilute earnings per share in the future.

#### NOTE 5 DIVIDENDS AND FRANKING CREDITS

There were no dividends paid or recommended during the half-year period ended 31 December 2011 (30 June 2011: Nil). There were no franking credits available to the shareholders of the Group.

#### NOTE 6 CASH AND CASH EQUIVALENTS

	31 December 2011	30 June 2011
	\$	\$
Cash at bank and in hand	<b>25,319,944</b>	<b>17,216,696</b>

Cash at bank bear floating and fixed interest rates between 1% and 5.94% (30 June 2011: 1% and 5.21%).

Included in the condensed interim consolidated statement of cash flows as follows:

	31 December 2011	31 December 2010
	\$	\$
Cash and cash equivalents*	25,319,944	21,557,832
Less: Deposits maturing after three months classified as investing activities	(14,500,000)	-
	<b>10,819,944</b>	<b>21,557,832</b>

\*Included in cash and cash equivalents at 31 December 2011 is an amount of \$2,955,296 paid as refundable deposit on potential future acquisition targets. The amount is refundable to the Group of its providing 7 days notice as such has been recorded as cash equivalents. If the potential acquisition proceeds, it is anticipated at that date the amount will be reclassified as exploration and evaluation assets.

## Cokal Limited

### Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2011 (Continued)

#### NOTE 7 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 (%) <sup>*</sup>	
			31 December 2011	30 June 2011
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%	-
Cokal Resources Limited ***	Tanzania	Ordinary	100%	-
PT Cokal	Indonesia	Ordinary	100%	100%
PT Anugerah Alam Katingan	Indonesia	Ordinary	75%	75%
PT Anugerah Alam Manuhing	Indonesia	Ordinary	75%	75%
PT Silangkop Nusa Raya**	Indonesia	Ordinary	75.2%	-
PT Bumi Barito Mineral #	Indonesia	Ordinary	60%	50%
PT Borneo Bara Prima #	Indonesia	Ordinary	60%	50%

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

\*\* During the period, the Group incorporated Cokal-West Kalimantan Pte Ltd to hold 75.2% of ownership interest on the existing tenement "PT Silangkop Nusa Raya"

\*\*\*During the period, the Group incorporated Cokal Resources Limited to hold 60% of ownership interest on the existing joint venture tenements "Cokal Karoo Limited" and "Cokal Manda Limited"

# On 30 June 2011 Cokal Limited entered into an agreement to purchase an additional 10% of both the Bumi Barito Mineral (BBM) and Borneo Bara Prima (BBP) projects.

Under the terms of the agreement Cokal Limited was required to purchase an additional 10% of the shares in the two Indonesian PMA holding companies PT Bumi Barito Mineral and PT Borneo Bara Prima. The transaction was subjected to the normal regulatory approvals. Upon the satisfactory completion of certain corporate and regulatory approvals, Cokal Limited paid the vendors total consideration of \$7,549,160 (US\$8,000,000) plus 1,000,000 ordinary shares in Cokal Limited at \$0.75, which were included in accounts payable and equity respectively on 30 June 2011. On 21 September 2011, the transactions were completed and the purchase of additional equity brings the Group ownership of the companies to 60%.

##### Joint Ventures

Name of entity	Country of Incorporation	Class of Shares	Percentage Owned (%) <sup>*</sup>	
			31 December 2011	30 June 2011
Cokal Karoo Limited	Tanzania	Ordinary	60%	50%
Cokal Manda Limited	Tanzania	Ordinary	50%	50%

## Cokal Limited

### Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2011 (Continued)

#### NOTE 7 RELATED PARTY DISCLOSURE (CONTINUED)

##### Key Management Personnel

	31 December 2011	31 December 2010
<b>Transactions</b>	\$	\$
Short term employment benefits	297,263	85,851
Share based payments	571,854	7,015
Consulting fees and others	387,727	28,738
	<b>1,256,844</b>	<b>121,604</b>

	31 December 2011	30 June 2011
<b>Balances</b>	\$	\$
Payables to senior executives and directors	<b>200,000</b>	<b>222,200</b>

#### NOTE 8 PLANT AND EQUIPMENT

31 December 2011	Computer equipment	Furniture and office equipment	Total
	\$	\$	\$
Balance at the beginning of the period	39,171	401,376	440,547
Additions	114,023	1,140	115,163
Disposals/write-off	-	(140)	(140)
Depreciation expense	(17,148)	(11,001)	(28,149)
Carrying amount at the end of the period	<b>136,046</b>	<b>391,375</b>	<b>527,421</b>

30 June 2011	Computer equipment	Furniture and office equipment	Total
	\$	\$	\$
Balance at the beginning of the year	-	14,832	14,832
Additions	43,094	401,737	444,831
Disposals	-	(14,772)	(14,772)
Depreciation expense	(3,923)	(421)	(4,344)
Carrying amount at the end of the year	<b>39,171</b>	<b>401,376</b>	<b>440,547</b>

## Cokal Limited

### Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2011 (Continued)

#### NOTE 9 EXPLORATION AND EVALUATION ASSETS

	31 December 2011	30 June 2011
	\$	\$
Balance at the beginning of the period/year	26,753,667	-
Addition on acquisition of subsidiary	-	10,186,576
Other additions	3,476,416	16,567,091
Unsuccessful exploration expenses de-recognised	(596,209)	-
Carrying amount at the end of the period/year	<b>29,633,874</b>	<b>26,753,667</b>

#### NOTE 10 ISSUED CAPITAL

	31 December 2011	30 June 2011
	\$	\$
384,039,702 authorised and fully paid ordinary shares (30 June 2011: 338,585,735)	<b>62,994,034</b>	<b>41,731,103</b>

	31 December 2011		30 June 2011	
	Number	\$	Number	\$
At the beginning of the period/year	338,585,735	41,731,103	42,730,134	6,210,843
Shares issued during the period/ year	42,600,000	20,800,000	292,666,669	36,217,359
Conversion of options to shares	2,853,967	467,794	3,188,932	585,286
Costs associated with issue of share capital	-	(4,863)	-	(1,282,385)
At the end of the period/year	<b>384,039,702</b>	<b>62,994,034</b>	<b>338,585,735</b>	<b>41,731,103</b>

## Cokal Limited

### Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2011 (Continued)

#### NOTE 11 RESERVES

	31 December 2011	30 June 2011
	\$	\$
Share based payments Option Reserve		
– director, executive and employee options	1,583,520	727,719

In August 2011, 5,000,000 share options were granted to a senior executive in two tranches of 3,000,000 and 2,000,000 at the exercise price of \$1.10 and \$1.50 respectively. The fair value of the options granted is estimated at the date of grant using a Binomial Options pricing model, taking into account the terms and conditions upon which options were granted. The contractual life of each option granted is four years. The fair value of options granted during the half-year ended 31 December 2011 was estimated on the date of grant using the following assumptions:

Dividend Yield (%) :	-
Expected Volatility (%) :	86.9
Risk-free interest rate (%) :	3.87
Expected life(years):	4.04
Weighted average share price (\$) :	1.26

For the half-year ended 31 December 2011, the Group has recognised \$855,801 of share-based payment transactions expense in the income statement (31 December 2010: \$7,015).

#### NOTE 12 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

##### *Native Title Claims – Queensland, Australia*

It is possible that native title, as defined in the Native Title Act 1993, might exist over land in which the Group has an interest in Queensland, Australia. It is impossible at this stage to quantify any impact the existence of native title may have on the operations of the Group. However, at the date of this report, the directors are aware that applications for native title claims have been accepted by the Native Title Tribunal over Queensland tenements held by the Group.

##### *JDC Contracts – Kalimantan, Indonesia*

The contingent liabilities in relation to the acquisition of Jack Doolan Capital Pty Ltd (JDC). A decision to proceed with the Coal Projects was made by JDC who has since acquired the interests in the entities that hold the Coal Projects under the JDC Contracts, and establish joint venture arrangements. JDC has further obligations to make contingent payments of up to US\$23.0 million (30 June 2011: US\$23.0 million) on the achievement of certain milestones, including the establishment of certain JORC Inferred Coal Resources, and on the BBM and BBP projects (total US\$8.0 million), and the issuance of production operation IUPs (licences) on the BBM and BBP projects (total US\$15.0 million).

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 2011 (Continued)

#### NOTE 13 COMMITMENTS

	31 December 2011	30 June 2011
	\$	\$
<b>(a) Operating lease commitments</b>		
Future minimum rentals payable under non-cancellable operating leases are as follows:		
Payable		
- not later than 12 months	318,167	236,057
- between 12 months and 5 years	1,417,576	1,387,613
- greater than 5 years	292,265	483,024
	<b>2,028,008</b>	<b>2,106,694</b>

#### **(b) Future exploration capital expenditure commitments**

The Group has certain obligations to expend minimum amounts on exploration in tenement areas. These obligations may be varied from time to time and are expected to be fulfilled in the normal course of operations of the Group.

The commitments to be undertaken are as follows:

Payable		
- not later than 12 months	352,500	345,000
- between 12 months and 5 years	840,000	1,020,000
- greater than 5 years	-	-
	<b>1,192,500</b>	<b>1,365,000</b>

#### *Inglewood Coal Joint Venture Tenements (Australia)*

There are five Queensland EPC applications (1651, 1653, 1661, 1666 and 1667) within the Inglewood Coal Joint Venture that remain in the application stage as at 31 December 2011 and the date of this report. The Joint Venture came into effect on 1 July 2010 and under the terms of the Joint Venture it is Dragon Energy Ltd's responsibility to fulfil the statutory exploration commitments once the EPC's are granted. The terms of the JV require expenditure by Dragon of at least \$3.5 million over 3 years to earn a 100% interest.

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. The Group retains a 100% ownership of these tenements.

#### *Queensland Coal Tenements (Australia)*

Six Queensland granted EPC's (1649, 1650, 1652, 1660, 1664 & 1665) and two Queensland EPC applications (1648 and 1662) were removed from the Inglewood Coal JV during the previous financial year and the Group retains a 100% interest in them. A review of the coal potential within EPC's 1648 & 1660 undertaken by IMC Mining Group Pty Ltd (IMC) suggests that significant potential exists for coal deposits in the Evergreen formation. The annual statutory exploration expenditure commitments required to maintain the Group mineral exploration granted tenements are included above.

If the minimum expenditure requirements are not met, the Group has the option to negotiate new terms or relinquish the tenements. The Group also has the ability to meet expenditure requirements by joint venture or farm-in agreements.

## Cokal Limited

### Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2011 (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.

	Australia \$	Indonesia \$	Tanzania \$	Total \$
<b>Segment performance for the half-year ended 31 December 2011</b>				
<b>Revenue</b>				
Other revenue	-	-	-	-
Interest revenue	319,255	-	-	319,255
Intersegment income	-	-	-	-
<b>Total segment income</b>	<b>319,255</b>	<b>-</b>	<b>-</b>	<b>319,255</b>
Depreciation	(28,149)	-	-	(28,149)
Exploration expenditures written off	-	-	(596,209)	(596,209)
Other expenses	(2,796,306)	(349,862)	-	(3,146,168)
<b>Total segment expenses</b>	<b>(2,824,455)</b>	<b>(349,862)</b>	<b>(596,209)</b>	<b>(3,770,526)</b>
<b>Segment net loss before tax</b>	<b>(2,505,200)</b>	<b>(349,862)</b>	<b>(596,209)</b>	<b>(3,451,271)</b>
<b>Segment assets and liabilities as at 31 December 2011</b>				
Plant and equipment	526,654	767	-	527,421
Exploration and evaluation assets	142,087	29,491,787	-	29,633,874
Other segment assets	25,632,295	148,056	-	25,780,351
<b>Total segment assets</b>	<b>26,301,036</b>	<b>29,640,610</b>	<b>-</b>	<b>55,941,646</b>
<b>Total segment liabilities</b>	<b>459,781</b>	<b>589,718</b>	<b>-</b>	<b>1,049,499</b>
<b>Capital expenditure for the half-year ended 31 December 2011</b>				
Plant and equipment	115,163	-	-	115,163
Exploration and evaluation assets	182,989	3,293,427	-	3,476,416

## Cokal Limited

### Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2011 (Continued)

#### NOTE 14 OPERATING SEGMENTS (CONTINUED)

	Australia \$	Indonesia \$	Tanzania \$	Total \$
<b>Segment performance for the half-year ended 31 December 2010</b>				
Revenue				
Other revenue	29,164	-	-	29,164
Interest revenue	65,193	-	-	65,193
Intersegment income	-	-	-	-
<b>Total segment income</b>	<b>94,357</b>	<b>-</b>	<b>-</b>	<b>94,357</b>
Depreciation	(140)	-	-	(140)
Exploration expenditures written off	(101,835)	-	-	(101,835)
Other expenses	(454,007)	-	-	(454,007)
<b>Total segment expenses</b>	<b>(555,982)</b>	<b>-</b>	<b>-</b>	<b>(555,982)</b>
<b>Segment net loss before tax</b>	<b>(461,625)</b>	<b>-</b>	<b>-</b>	<b>(461,625)</b>
<b>Segment assets and liabilities as at 30 June 2011</b>				
Plant and equipment	439,662	885	-	440,547
Exploration and evaluation assets	78,151	26,199,878	475,638	26,753,667
Other segment assets	16,250,551	1,371,521	-	17,622,072
<b>Total segment assets</b>	<b>16,768,364</b>	<b>27,572,284</b>	<b>475,638</b>	<b>44,816,286</b>
<b>Total segment liabilities</b>	<b>748,828</b>	<b>7,689,560</b>	<b>153,212</b>	<b>8,591,600</b>
<b>Capital expenditure for the year ended 30 June 2011</b>				
Plant and equipment	443,946	885	-	444,831
Exploration and evaluation assets	78,151	26,199,878	475,638	26,753,667

The accounting policies applied for internal reporting purposes are consistent with those applied in the preparation of these financial statements.

#### NOTE 15 EVENTS AFTER THE REPORTING PERIOD

Subsequent to period end, 15.4 million shares issued at \$0.50 each for capital raising and 11,512,390 shares were issued on exercise of options at prices varying between \$0.20 and \$0.30 each.

There have been no other events since 31 December 2011 that require disclosure in the interim condensed financial statements as of 31 December 2011.

## Declaration by Directors

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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 2011 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

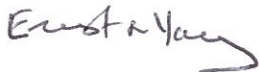


Peter Lynch  
Chairman

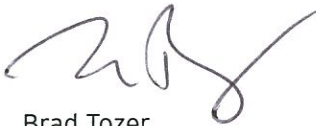
Brisbane  
29 February 2012

## Auditor's Independence Declaration to the Directors of Cokal Limited

In relation to our review of the financial report of Cokal Limited for the half-year ended 31 December 2011, 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.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script that reads 'Brad Tozer'.

Brad Tozer  
Partner  
Brisbane  
29 February 2012

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 statement of financial position as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and 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. The consolidated entity comprises 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 2011 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.

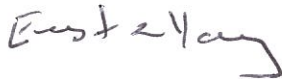
### Independence

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 half-year and of its performance for the half-year ended on that date; and
- b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script, appearing to read 'Brad Tozer'.

Brad Tozer  
Partner  
Brisbane  
29 February 2011