

31st October 2012

QUARTERLY REPORT FOR THE THREE MONTHS ENDED 30TH SEPTEMBER, 2012

HIGHLIGHTS

- Resource Estimation for Bumi Barito Mineral Coal Project (“BBM” or “the Project”) totals 77 Million tonnes (“Mt”) with the inclusion of premium quality coking coal of the J Seam.
- J Seam Resource Estimation comprises 7Mt Indicated and 10Mt Inferred Resources.
- Portion of the J Seam Resource consists of 5% raw ash in-situ, suitable for direct shipping.
- Drilling in the Eastern Block continues to convert Exploration Target¹ into Coal Resources in accordance with the JORC Code.
- Drilling results in BBP continue to delineate Premium PCI quality coal seams.
- BBM Pre-feasibility Study on track for release.

EXPLORATION

INDONESIA

BBM Project

BBM covers an area of 19,920 hectares (“ha”), immediately adjacent to BHPBilliton’s Juloi tenement, straddling the Barito River and has numerous outcrops of bright coal. The Eastern Block of BBM contains an Exploration Target¹ of 200Mt to 350Mt and ongoing drilling samples indicate the eventual conversion to premium coking Coal Resources with Crucible Swell Numbers (“CSN”) values generally 9 or more.

Highlights

- 17Mt Coal Resource estimated for J Seam in BBM eastern block.
- J Seam Resources comprise 7Mt Indicated and 10Mt Inferred JORC Code categories.
- Drilling continues to define further coal in areas of low strip ratio and with higher percentages of coking coal.

In August, Cokal upgraded its total Coal Resources to 77Mt for the BBM Project with the inclusion of the Resource estimation for the J Seam. The 17Mt Resource estimate for the J Seam included 7Mt of Indicated Resources and a further 10Mt of Inferred Resources to the 60Mt of Inferred Resources for the B, C and Seams previously reported. The results are summarised in Tables 1 and 2 which illustrate the favourable economic potential of the coals found to date.

Table 1: J Seam Resources

Depth Range (m)	Resources (Mt)	Waste Volume (Mbcm)	Incremental Strip Ratio (bcm:t)	Accumulative Strip Ratio (bcm:t)
0-25	3.5	25.5	7.3	7.3
25-50	5.0	112.0	22.4	16.2
50-75	3.0	106.0	35.3	21.2
75-100	4.0	200.0	50.0	28.6

Table 2: B, C and D Seam Resources

Depth Range (m)	Resources (Mt)	Waste Volume (Mbcm)	Incremental Strip Ratio (bcm:t)	Accumulative Strip Ratio (bcm:t)
0-25	1.5	7.0	4.7	4.7
25-50	3.5	27.0	7.7	6.8
50-75	3.5	45.0	12.9	9.3
75-100	3.0	56.0	18.7	11.7

Note: Strip Ratios are in-situ vertical strip ratios not including opencut design parameters nor dilution.

The 'J' Seam is one of thirteen seams which have been mapped on surface outcrops at the BBM project. The discovery of the 'J' Seam is of particular significance since all samples have returned CSN of 9 or greater. A portion of the 'J' Seam Resource exhibits a very low in-situ ash content (around 5%) which means the coal is likely to be mined and direct shipped without the need for processing through a coal washery. This will save considerable capital and operating cost.

The Ash content of the J Seam increased towards the East from the initial discovery point, due to the development of a thin stone parting within the coal seam. The Ash content gradually rose from 5% to about 12%. When the Ash content exceeded 9%, the coal was washed at Float 1.60gm/cc and the results consistently returned a greater than 85% yield (recovery) with ash levels around 5%.

The focus of exploration efforts at BBM continues to be on the 'J' Seam to determine the full extent of the in-situ low ash. The drilling results also continue to convert the previously estimated Exploration Target¹ into Coal Resources in accordance with the JORC Code.

BBP Project

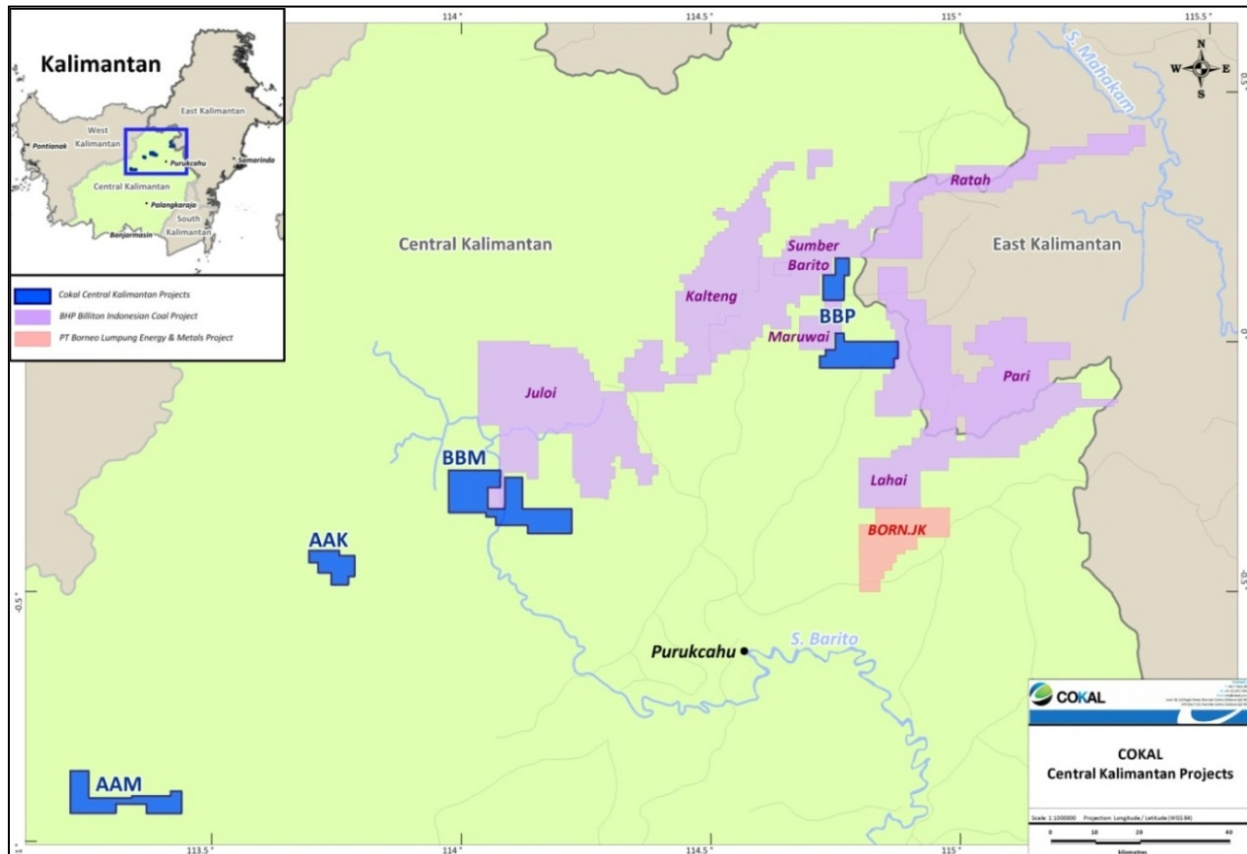
Continuing exploration drilling has confirmed the coal quality of the outcropping coal seams to be suitable for the PCI and Anthracite markets. The area covered by the drilling to date is less than one quarter of the Borneo Bara Prima ("BBP") tenement and further coal seam outcrops are being drilled and tested to determine the presence of coking coal.

As well, mapping of the northern portion of BBP is planned it be conducted in the next quarter to help plan a drilling program which is expected to uncover additional coking coal results.

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 5,000 ha and the AAM project comprises 10,000 ha. Drilling is planned to commence once the Forestry permit for exploration activity is issued.

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

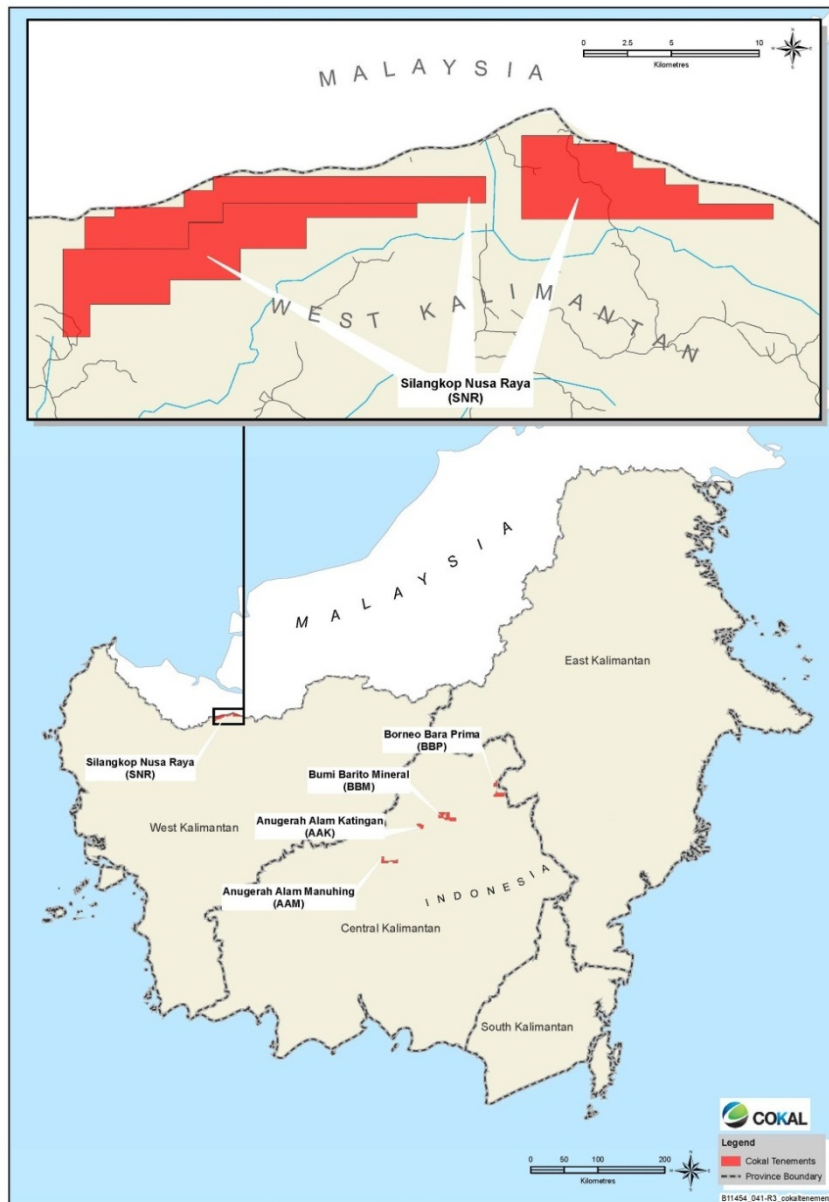


SNR Project

Cokal's geological team continues to conduct preliminary surface mapping to help plan an exploration drilling program. Drilling is planned to commence once the Forestry permit for exploration activity is issued.

In addition to the above projects, Cokal's geological team remains active in evaluating other opportunities in Kalimantan.

Figure 2: Locality plan of the West Kalimantan Coal Projects
 - Coal concession areas are shown in red



AFRICA

Tanzania

Following the results from the structural geological interpretation of the airborne geophysical survey conducted recently, a number of targets of interest were recommended for further investigation. Subsequently, Cokal and its joint venture partner, Tanzoz Resource Company Ltd ("Tanzoz"), planned and budgeted a two phase exploration program. The first phase involved drilling five of the most interesting targets. Depending of the results of these boreholes, a second five targets would also be drilled to determine the presence of either uranium, coal or both.

Cokal also investigated nine tenements which were being offered for sale and said to contain coal seams in commercial quantities. After Cokal's Principal Geologist, Chris Turvey, conducted a technical Due Diligence of the tenements which involved on site investigations. The conclusion of the investigations was that the tenements were unlikely to contain sufficient quantities of coal to produce a commercially viable operation.

Cokal continues to work in conjunction with Tanzoz to gain access into other parts of Tanzania for the purpose of conducting a coal exploration program. 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

Chris Turvey, Cokal's Principal Geologist, met with EMEM management in Tete in August and concluded from the discussions that the organisation is unlikely to be granted any coal tenements in the short term, but that they are still working hard to achieve their goal of securing valuable coal assets to be co-developed with Cokal.

Cokal continues to pursue other opportunities in Mozambique with the intent to acquire coal tenements for exploration and development, and to produce export quality coking coal products in the future.

PROJECT DEVELOPMENT – PRE-FEASIBILITY STUDY UNDERWAY

Formal Pre-Feasibility Study Commenced

Since exploration activity begun on the project in March 2011 the company has employed efforts on the future development of the project. These efforts have primarily focused on the areas considered to represent the biggest hurdles or risk to that goal being achieved. The location of the project means that its timely development will depend on the obtaining the necessary approvals and defining a suitably efficient and cost effective logistics chain.

The company's efforts on the key focus areas of logistics and approvals is well advanced, with positive results allowing the commencement of a formal pre-feasibility study. The pre-feasibility study will pull together all the work to date and include additional studies to provide a succinct holistic approach to the project development options, costings and schedule. The pre-feasibility study is being undertaken by internationally recognised consultants and Indonesian providers with experience in the development of similar Indonesian coal export projects.

A draft report has been received and is currently being reviewed and due for release in the December quarter.

Specific areas of Study include:

a) Logistics Studies

Barge Studies continue to support:

- Barging has high potential from the Upper Barito River to shiploading
- Barging able to provide internationally competitive logistics solution
- System identified to improve tonnages, reliability and safety of barging from Upper Barito
- Further detailed studies to finalise the preferred option and detailed costings.

As a direct result of the Barging Scoping Study, a Bathymetric Survey of the Barito River was commissioned and identification of ideal barge loading positions has commenced. The bathymetric survey has been completed and analysis of the data has been finalised with a detailed Navigability Study completed. This Study has:

- Defined the river bottom profile
- Analysed river flows and heights to detail river system capacity at average, high and low flow years based on daily data over a decade of readings
- Provide a basis for a full analysis of the Upper Barito River system and potential systems to maximise capacity, safety and reliability as well as minimising capital and operating expense
- To allow for detailed analysis of the design of equipment, river capacity at various points and the effect of seasonal variations on the logistics chain.

The Pre-Feasibility Study on the barging has continued, as well as preliminary discussions with relevant barging companies. This Study is due for completion in the December quarter and includes:

- Analysis of design of equipment including barges and tugs boats
- Review of the Upper Barito Navigation channel to optimise equipment design and identify further options to improve system capacity, reliability and cost
- Preliminary shipyard costings on designs undertaken to match Upper Barito river channel
- Operational matrix to match barging system to mine options and other systems in the logistics chain
- Recommendations for Detailed Study ready for investment.

Road Haulage Study

Additionally, study work has continued on potential road routes to connect the BBM Project to identified Barge Loading Sites. The initial information has been used to narrow down options and more detailed study work has been undertaken.

Specialist consultants have been used to review the path using satellite data and site visits both on the ground and via helicopter. The objective of the 2nd stage of study work is to pursue route/s that have acceptable design parameters for efficient truck haulage, reasonable capital and operating costs as well as all weather characteristics. Primarily, the specific issues to be addressed are:

- Grade to allow flexibility for truck tonnages and speed
- Surface to maintain all weather capability
- Bend radius for safety and efficiency
- Watercourse crossings to maintain appropriate costs and all weather capability.

b) Mining Studies

Having completed a number of studies design to gather key data on the mining and logistics environment for BBM over the last few months such as:

- Bathymetric Survey as discussed above
- Initial work on potential road routes and barge loading sites
- Extensive Aerial topographical survey ("LIDAR") work which when combined with field mapping, drilling and other exploration work will enable preliminary work to begin on potential pit and site design options
- Preliminary information has been gathered from similar mining operations, consultants and mining contractors in order to progress capital and operating cost estimates for mine planning
- The Company has commenced the prefeasibility work on BBM.

The company's concept plan and objectives for BBM have been discussed with a number of relevant independent consultants as a basis for a Pre-Feasibility Studies. To this extent the company has already engaged several consultants and appointed lead consultants for the Pre-feasibility. The study work commenced in late July 2012 is on target for finalisation in the December quarter 2012.

The 'J' seam information has enabled assessment of the potential to direct ship this coal, and use relatively simple beneficiation processes to remove any extraneous material in the future. This has been investigated further as part of the prefeasibility study.

Ports / Access

Cokal has identified the initial Loading Zone, laydown area and initial accommodation area for the BBM Project.

Agreements with land owners in this area have been completed following a survey of land ownership. In conjunction with the recently received Forest Permit, road access is being developed to the Exploration Licence area. Construction of the laydown and accommodation area is on schedule to start in the December quarter.

Cokal has completed initial land mapping for two barge loading facilities, a river port near BBM and another area which could be utilised by the BBP project and other projects in that area. Detailed land mapping is in progress at the river port near BBM is now due for completion in Q4 2012. Government and community consultation in the area has indicated that the local community is highly supportive of the establishment of the facilities at Cokal's preferred location.

APPROVALS & EXTERNAL RELATIONS

BBM Production Approval Advances - Update

Cokal is on track to obtain the mining approval for BBM with the AMDAL (Environmental Impact Statement), set to be submitted for approval in Q4 2012. To assist with the preparation of the AMDAL, Cokal has engaged global Engineering and Environmental Company CDM Smith, together with local Indonesian companies PT Karsa Buana Lestari and PT Ciriajasa Rancangbangun Mandiri to provide engineering and environmental impact assessment support. Cokal has also continued to utilise the services of the University of Palangkaraya to provide local support to CDM Smith.

Cokal has completed the community consultation aspects of the AMDAL, having held public meetings that were well represented by local and provincial Government Departments, cultural leaders and the general public. The project is receiving widespread support from within the Government and community. The fieldwork started in 2011 as part of the AMDAL submission has progressed without delay and is on track to be completed in Q4 2012.

Subject to AMDAL Approval, Cokal expects to submit its application in Q4 2012 to have the *Izin Usaha Pertambangan Eksplorasi* (Exploration IUP) upgraded to *Izin Usaha Pertambangan Operasi / Produksi* (Operation / Production IUP). This is scheduled for the first half of 2013.

Corporate Social Responsibility

Cokal has commenced the implementation of its Corporate Social Responsibility program. To date Cokal has undertaken the following programmes:

- Assisted the Tumbang Tuan primary school with the provision of materials and labour to make repairs to the local school
- Provided medical support to the community through arranging an ophthalmologist to run a free clinic for the local community. The clinic was well attended with an estimated 140 local visiting to have their eyes screened
- Helped organise a village Co-operative business (the first of its kind in this area) which is employing local people to assist Cokal with logistics for food, general supplies and field work
- Provided an emergency generator as part of a project to ensure reliable electricity for the local school.

In the latest quarter, Cokal has worked with the local village at Tumbang Tuan and with the Regency Education Department to provide assistance to commence a Junior High School in this village. This commenced with the new school year starting in September. First enrolments of 21 students indicates the demand with this support being well received by the local people.

Cokal has now commenced assessment of further community projects in line with a company guidance matrix.

BBM receives Exploration Forestry Permit

During October, 2012, BBM received its Exploration Forestry Permit ("Pinjin Pakai"). This follows on from the receipt last quarter of both BBM and BBP on the Department of Energy & Mineral Resources 'Clean & Clear' List.

This Forestry Permit allows BBM team to move heavy equipment and large drills into the area and complete the Resource definition for the project, as well as set up transport infrastructure for the future.

Executive Director, Pat Hanna commented, "The Forestry Permit not only allows us to increase our rate of Project Development, but also is a step closer to our production licences and demonstrates our ability to continue progress in this Project within the Indonesian mining regime."

CORPORATE

Cokal has commenced the transition to an efficient Finance System that will allow the company to have all the systems ready for Project commencement, increased employment and the envisaged company structure.

Additional staff have been employed in Exploration and Project Development in order to increase the exploration effort in BBM and civil engineering capability in the area as well. Extra employees have also commenced for Land Acquisition and in Administration to support the development work.

ENDS

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About Cokal Limited

Cokal (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 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 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.

The information in this report relating to Mineral Resources is based on information compiled by Tri Yoso who is a member of the Australasian Institute of Mining and Metallurgy and a full time employee of Cokal Limited.

Mr Yoso is a qualified geologist and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking, to qualify as Competent Persons as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

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

Note 1: Exploration Target

All statements as to Exploration Targets of Cokal Limited and statements as to potential quality and grade are conceptual in nature. There has been insufficient exploration undertaken to date to define a Coal Resource and identification of a Resource will be totally dependent on the outcome of further exploration. Any statement contained in this document as to exploration results or Exploration Targets has been made consistent with the requirements of the Australasian Code for Reporting of Exploration Results, Resources and Ore Reserves (JORC Code).