

31 July 2018

**QUARTERLY REPORT FOR THE THREE MONTHS
ENDING 30 JUNE 2018****HIGHLIGHTS**

- **Cokal Signs Term Sheet for \$67m Development of BBM Coking Coal Project**

PROJECT STATUS***BBM Project***

BBM's Production IUP (mining licence) covers an area of 14,980 hectares (ha), immediately adjacent to Indomet's Juloi tenement, straddling the Barito River and has multiple seams of high quality metallurgical coal. BBM has all regulatory approvals in place, including:

- Mining License – 20 years with two further extensions of 10 years each
- Environmental Approval for a total of 6 million tonnes per annum
- Port Construction Approval
- Forestry Permit to commence mining activity.

As a foreign investment company (PMA), the IUP-OP for BBM has been transferred by the Murung Raya Regency to the Central Government (ESDM Jakarta) as required by recent changes in the mining regulations. Its decree adjustment process has now been completed. The new decree of BBM as "IUP-OP PMA" has been issued and signed by Head of Investment Coordination Board (BKPM) Jakarta on behalf of ESDM Minister, dated 22 September 2017 and will be valid until 29 April 2033.

No further exploration activity was conducted by Cokal's exploration team during the quarter.

BBM WEST BLOCK Exploration IPPKH Extension

BBM is dissected by the Barito River which cuts through the tenement in a northerly-southerly trend. The metallurgical coals in BBM indicate a heating volcanic source probably located further to the south-west of the BBM tenement, which has resulted in the reduction of Volatile Matter (VM) content of the coal. Consequently, coal on the West side of the Barito River indicates VM in the order of 4% to 6% (anthracitic and semi-anthracitic) and 6% to 10% (ultra-low PCI). Together with low Ash (3% to 10%), Low Sulphur (0.3% to 0.7%) and ultra-low phosphorus (0.003%). These analytical results taken from over 130 outcrops indicate that the Western block of BBM contains premium quality anthracite and PCI coals. Due to the continued global reduced availability of these types of coal, BBM western block coals are in high demand in the nearby Asian steel markets.

Since the issue of the Borrow to Use Permit – Exploitation (IPPKH-OP) for the Eastern Block of the BBM project, Cokal has proceeded with the application for a Borrow to Use Permit – Exploration for the Western Block of BBM. This area consists of PCI and Anthracite coals close to the Barito River.

TBAR Project

TBAR's Exploration IUP (No.188.45/204/2012) covers an area of 18,850 hectares (ha), immediately adjacent to the south of BBM's tenement. TBAR's IUP (tenement license) is on the Clean and Clear List (CNC) with over 80% of the lease assigned as either production or limited production forestry lease, that is, it is available for exploration activity subject to the issuance of an exploration forestry permit. The application of exploration forestry permit was submitted in 2014 and continues to be processed by the Environment and Forestry Ministry of Indonesia.

Following its transfer process from Murung Raya to Provincial Government, Cokal continues its efforts to acquire regulatory approval for the IUP (exploration license) upgrade process application to a Production and Operation IUP (equivalent to a mining license).

No further exploration activity was conducted by Cokal's exploration team during the quarter.

BBP Project

Cokal owns 60% share in Borneo Bara Prima (BBP) project which covers 13,050Ha in Murung Raya Regency, Central Kalimantan.

BBP has been granted an Exploration Forestry Permit (IPPKH), and has been confirmed on the Central Government's Clean and Clear list. The IUP was transferred to the Central Government where it now awaits approval to be upgraded to a mining license (Production and Operation IUP).

No exploration activity was conducted on BBP during this period.

AAK Project

Cokal has a 75% share of Anugerah Alam Katingan (AAK) projects also located in Central, Kalimantan, Indonesia. The AAK project area comprises of 5,000ha.

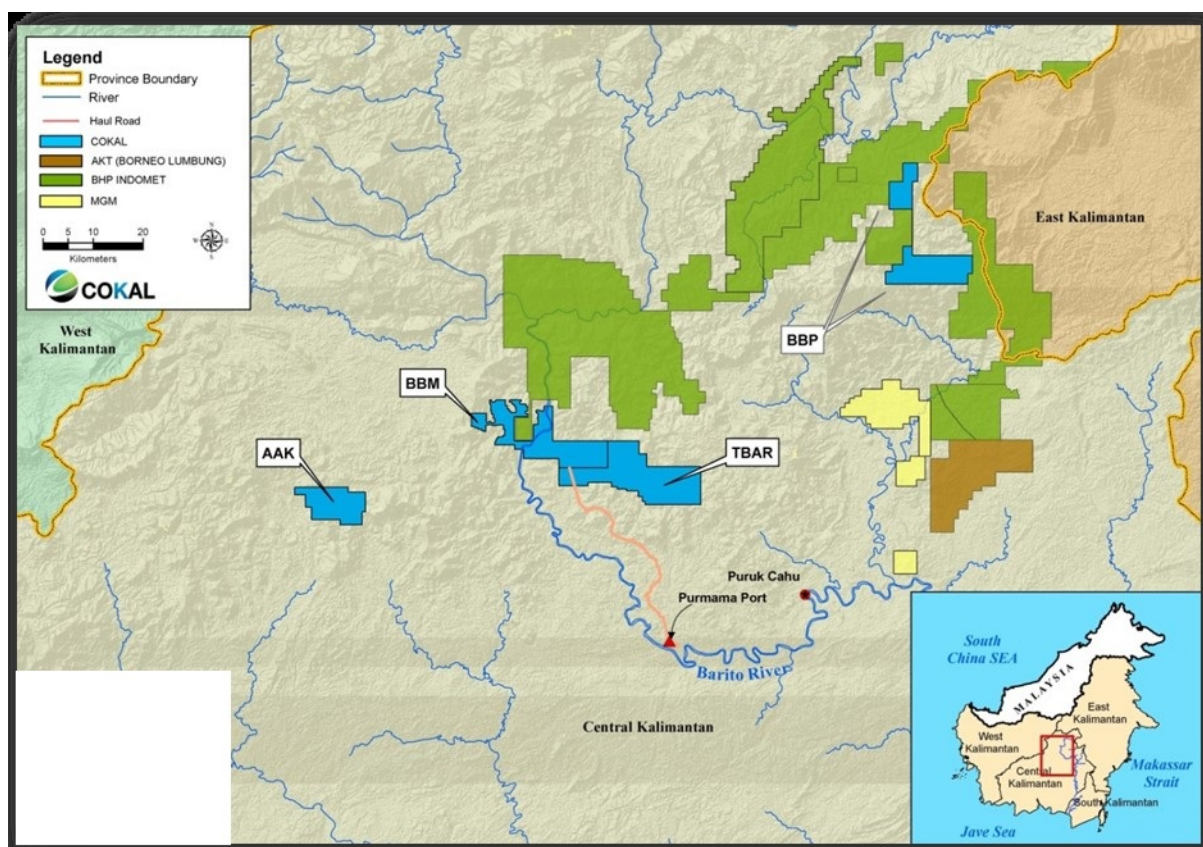
Applications for the Exploration Forestry Permit (IPPKH) and Clean and Clear Certificates continue to be processed.

Cokal continues to monitor the progress of the regulatory upgrade approvals for AAK.

No exploration activity was conducted on AAK during this period.

Mining tenements held at the end of the quarter and their location

Tenement Name	Location	% Ownership
PT Bumi Barito Mineral (BBM)	Central Kalimantan, Indonesia	60%
PT Borneo Bara Prima (BBP)	Central Kalimantan, Indonesia	60%
PT Tambang Benua Alam Raya (TBAR)	Central Kalimantan, Indonesia	75%
PT Anugerah Alam Katingan (AAK)	Central Kalimantan, Indonesia	75%



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

CORPORATE SOCIAL RESPONSIBILITY

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

Cokal has also continued its scholarship program. For this period of reporting, three students have graduated, two medical students are still continuing the 'assistant MD' programme (with completion target in Q1-2019), and others are still finalising their final workpaper (with graduation target in Q3-2018).

Related to the environmental aspect, Cokal has continued Planting Programmes at site which involve local villagers as daily workers.

CORPORATE RELATED MATTERS

Coal Signs Term Sheet for \$67million

In May, Cokal Limited announced the signing of a Term Sheet for a financing package of no less than A\$67 million for the development of its BBM Coking Coal Project with Domain International Holdings Limited.

Domain is a major Asian minerals development company. Domain has been in discussion with Cokal for the past 12 months and has conducted detailed Due Diligence on the BBM Coking Coal Project's feasibility documentation. In addition, Domain has sent its technical team to inspect Cokal's BBM Anak PCI coal mining operation. Domain is more than satisfied with its findings and is intent on its

involvement in the BBM Coking Coal Project mining opportunity. Under the Agreement, Domain is to provide Cokal with a debt and equity financing package sufficient to fully fund development of the BBM Coking Coal Project to a capacity of 2 Mtpa production of coking coal. Full details of the transaction terms are contained in the Company's ASX Announcement dated 11 May 2018.

Funding Update

In June, Cokal's Non-Executive Chairman, Mr. Domenic Martino engaged in meetings with Domain International Holdings Ltd in Xiamen, China, regarding Domain's commitment to fully-fund development of the BBM Coking Coal Project, as announced 11 May 2018.

Domain has re-affirmed its commitment to Cokal, and its participation in the funding and development of the BBM Coking Coal Project. As such, Domain is arranging the necessary resources and team to travel to Jakarta in July, to meet with the Cokal team and commence development planning for the BBM Coking Coal Project.

Cokal notes that the initial subscription for A\$2m of Cokal shares by Domain has been delayed but is still proceeding. The Company is in discussions with Domain on the immediate timing of these payments and will update shareholders as soon as this is finalised.

Further capital raising is being assessed to provide funding for advancement of the TBAR project, which is 75% owned by Cokal, and can take advantage of the infrastructure being built for the BBM Coking Coal Project.

ENDS

Further enquiries:

Garry Kielenstyn
Director and Chief Operating Officer
Work: +62 57903265
Mobile: +62 8111838511

About Cokal Limited

Cokal Limited (ASX:CKA) is an Australian listed company with the objective of becoming a metallurgical coal producer with a global presence. Cokal has interests in four projects in Central Kalimantan, Indonesia, which are considered prospective for metallurgical coal.

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 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 Total Coal Reserve estimate announced on 1st August 2017 is based on information compiled by Robert de Jongh who is a Member of the Australasian Institute of Mining and Metallurgy and an employee of ASEAMCO Pty Ltd. Mr de Jongh is a qualified mining engineer 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 a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

The Total Coal Resource estimate was announced on 29 April 2016, titled "Cokal announces updated JORC Resource Statement for Bumi Barito Mineral (BBM) Project". The information in the report relating to Mineral Resources is based on information compiled by Yoga Suryanegara who is a Member of the Australasian Institute of Mining and Metallurgy and a full time employee of Cokal Limited. Mr Suryanegara 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 a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

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 29 April 2016 and that all material assumptions and technical parameters underpinning the estimates in the announcement made on 29 April 2016 continue to apply and have not materially changed.