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29 October 2020

QUARTERLY REPORT FOR THE THREE MONTHS ENDING 30 SEPTEMBER 2020

HIGHLIGHTS

- **Third mining contractor included in negotiations**
- **Infrastructure being finalised for road and mine construction**
- **Negotiations renewed with China Rail subsidiary**
- **BBM Vendor Payment Converted to Production Based Payment**

INDONESIAN COAL ASSETS

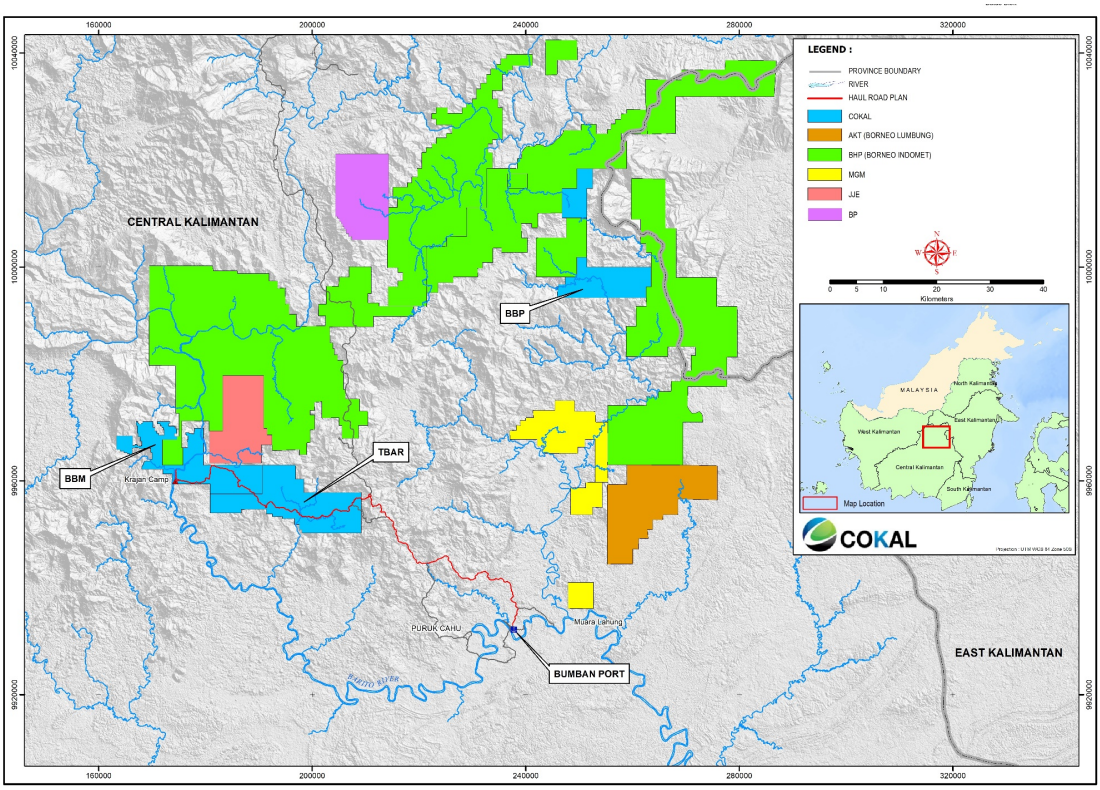
Cokal holds shares in the following Indonesian coal assets in Central Kalimantan, each with known resources of metallurgical coal:

- 60% of the Bumi Barito Mineral (BBM) project located in Central Province, Kalimantan, Indonesia. The BBM project area is 14,980ha;
- 75% of PT Tambang Benua Alam Raya (TBAR) which owns an exploration tenement covering an area of approximately 18,850ha in Central Province, Kalimantan, Indonesia. This tenement is located adjacent to and southeast of the BBM project;
- 60% of the Borneo Bara Prima (BBP) project located in Central Province, Kalimantan, Indonesia. The BBP project area is approximately 13,050ha;
- 75% of the Anugerah Alam Katingan (AAK) project. This project is also located in Central Province, Kalimantan, Indonesia and has an area of approximately 5,000ha. AAK is currently on 'on-hold' status by Provincial Police Department (Polda Kalteng). The Police have investigated a dispute over the ownership of AAK pre-dating Cokal's interest in the Project. Cokal is an aggrieved party and will await the outcome of the Police investigation.

There was no change in these shareholdings during the quarter.

BBM, TBAR, BBP and AAK are located adjacent to Indomet's extensive coking coal tenements. The Company is currently focussed on the development of the BBM Project.

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Cokal's Coking Coal Tenements

Bumi Barito Mineral (BBM) Tenement

BBM's permit covers an area of 14,980ha with multiple seams of high quality metallurgical coal. It is dissected by the Barito River, which cuts through the tenement in a north-south trend. Almost the entire IUP contains coal-bearing sediments with open cut mineable areas controlled by three major fault systems.

Coal analyses from more than 130 outcrops on the west side of the Barito River indicate that it contains premium quality anthracite and PCI coals. This coal does not currently form part of the stated BBM coal resources and therefore provides significant potential for future expansion of BBM resources.

Approval is being sought to extend the mining approved area into the eastern part of Pit 2.

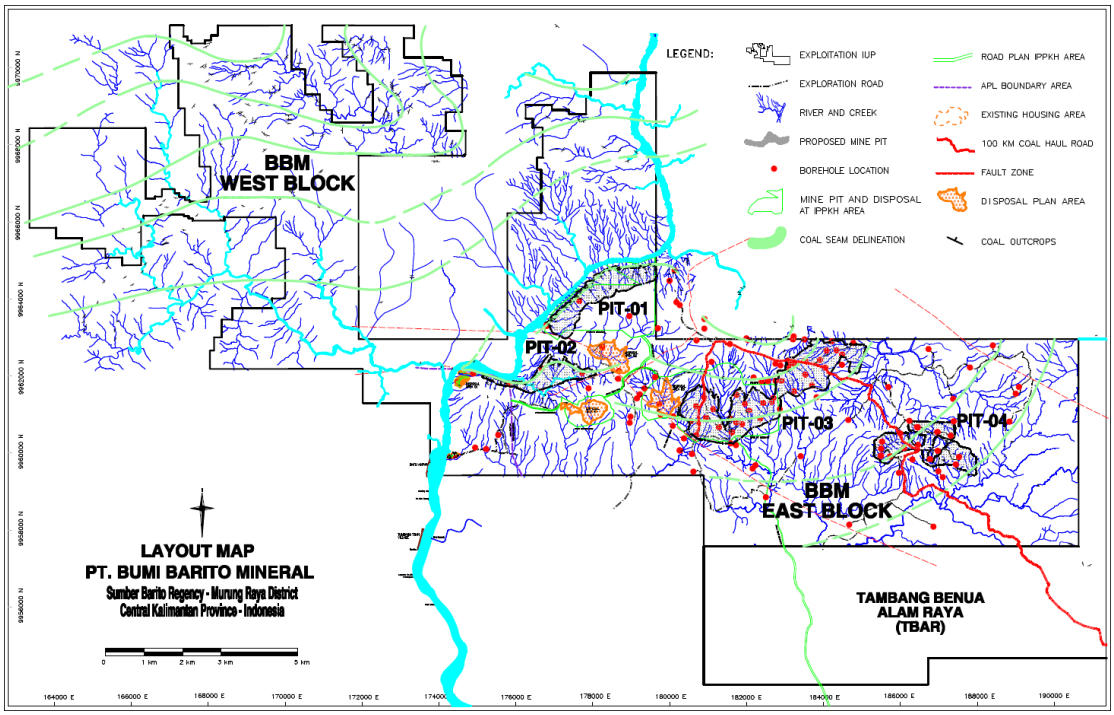
BBM has regulatory approvals in place including:

- Mining Licence for 20 years with two further extensions of 10 years each
- Environmental approval for a mining rate of 6Mt per annum
- Port construction approval
- Forestry Permit to commence mining activity
- RKAB approval of its annual plan.

BBM will be the first area to be mined by Cokal.

No exploration activity or mining production was conducted by Cokal at BBM during the quarter. The five year mine plan was detailed by month for the first two years to be integrated into the mining contract now being finalized.

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BBM Tenement Areas

Tambang Benua Alam Raya (TBAR) Tenement

TBAR's exploration authority covers an area of 18,850ha immediately adjacent to and south of Cokal's BBM tenement. Outcrop mapping of four seams over 17km strike length indicates a substantial resource of high grade coking coal in this deposit. It is believed these seams correlate to the B, C, D and J seams in the adjacent BBM deposit.

Extension of the IUP for exploration was received in February 2020. An exploration plan has been prepared to evaluate the tenement's resource and to delineate Resources and Reserves under the JORC code. This will enable submission of an application for a Production and Operation IUP within two years. The Government deadline for this application has been extended by one year while the BBM mine is being started. The Production and Operation IUP will be equivalent to a mining licence.

The haul road from BBM to the jetty at Bumban passes through the TBAR tenement and provides a notional 75km access road to port when the mine is developed.

No exploration activity or mining production was conducted at TBAR by Cokal during the quarter.

Borneo Bara Prima (BBP) Tenement

Cokal's BBP project 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 licence (Production and Operation IUP).

A business licence decree for operation foreign mining production (IUP OP PMA) from the Capital Investment Coordination Board Centre (BKPM) was received in Q1 2019. Work plans and the budget (RKAB) 2019 have been submitted to the government (Directorate General Minerals and Coal).

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No exploration activity was conducted in BBP during the quarter.

Anugerah Alam Katingan (AAK) Tenement

Cokal's AAK project covers 5,000ha in Central Kalimantan. 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 the quarter.

BBM PROJECT ACTIVITIES

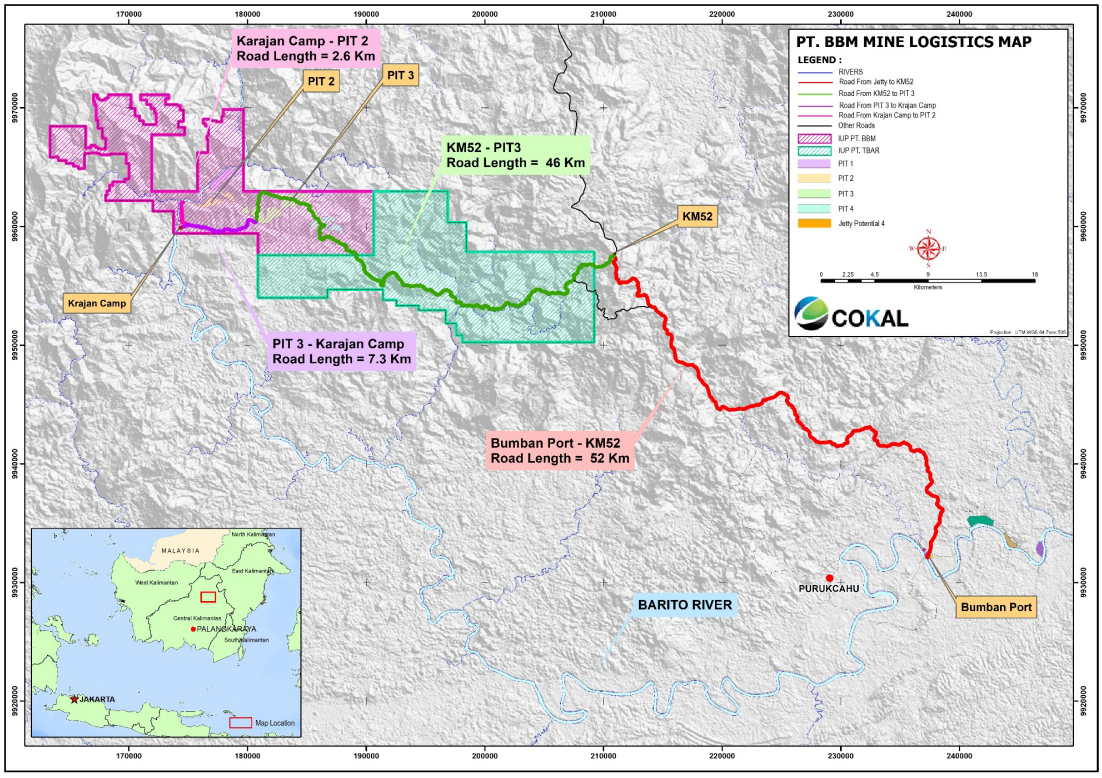
An additional experienced mining contractor has been included in negotiations to ensure the most economical outcome can be obtained. This is progressing well and is close to completion. The Five Year Mine Plan has been detailed by month for the first two years to be incorporated in the mining contract.

Explosive supply negotiations and explosive storage facilities design are in progress. Drill and blast contractors are being evaluated and site visits arranged.

Fuel suppliers have been assessed in terms of price, quality and reliability for the road construction phase and mine operations. This is being married in with the mining contract arrangements.

A contract has been signed for the use of the KDP Bumban logging port facility during road and mine development. KDP will build all culverts and bridges on the mine access road and BBM will gain considerable benefit from the previous KDP socialisation of communities along the access road which was originally constructed by them. Appropriate local equipment hire and labour sourcing are in progress.

The road from Pit 3 to Pit 1 has been surveyed to enable Pit 1 development to proceed while approval is secured to mine the Eastern areas of Pit 2.



BBM Mine Logistics

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The rehab of the first 200ha of the required 1500ha is being detailed as part of the BBM commitment on BBM development.

Communications facilities have been upgraded in the region from Bumban to the areas of road construction.

The Government was approached regarding future passage of HSM's 100m long self propelled barges under the Muara Teweh Bridge. They were told that HSM's barges can rotate in a little more than their length and should be able to transit the bridge at any time of the day without tug assistance.

The Government indicated it would allow this during the hours 6am to 5pm daily but would still require us to use the Government provided assist tugs. It is hoped this situation can be relaxed in terms of hours of operation and the need for assistance once our highly maneuverable barges can be demonstrated in real life.

CORPORATE ACTIVITY

China Rail

Contact resumed during the quarter between Cokal and a subsidiary of China Railway Construction Corporation Limited ("CRCC"), a major Chinese State-owned Enterprise and one of the largest construction and engineering companies in the world. As announced on 14 October 2020, this has led to a binding commitment for the provision of a US$20m debt finance facility to be used for the development of Cokal's BBM mine.

Krakatoa Steel

Liaison has been maintained with Krakatoa Steel regarding the future sale of BBM PCI coal to its new PCI capable blast furnace. It is believed Krakatoa retains its interest in obtaining this local supply from BBM to replace imported supply from Australia.

BBM Vendor Payment Converted to Production Based Payment

During the quarter the Company entered into a Settlement Agreement with BBM Vendor Mr Hery Gianto relating to the US$10M contingent liability in respect of the acquisition of 60% of PT Bumi Barito.

Previously this final BBM Vendor payment was due on commencement of production. It has now been agreed that an amount of US$10.5 million will be paid via:

1. US$200,000 within 30 days of signing the agreement;
2. During the first and second year of coal sales to a third party, monthly at a rate of US$2 per tonne of coal sold;
3. From the third year of coal sales to a third party, monthly at a rate of US$3 per tonne of coal sold.

Payments under items 2 and 3 are to total US$10.3 million.

Aahana Mineral Resources Loan Facility

During the quarter the loan facility provided by Aahana Minerals Resources SDN BHD (Lender) was terminated and replaced by a new loan facility with an increased facility amount of US$800,000. The facility interest rate is 12% per annum, compounded monthly and payable on the funds drawn down. Post-quarter end, US$100,000 has been drawn under the facility. The loan is repayable within 30 days of receipt of a written demand for repayment by the Lender.

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General

The Company had US$110k in cash at the end of the quarter. During the quarter the aggregate amount of payments made to related parties and their associates for director fees, consulting fees, company secretarial fees and Sydney office rental fees totalled US$48k.

During the quarter US$57k was spent on development and production expenditure. Details of the activities carried out during the quarter are set out in this report.

COVID-19

Both Indonesian and Australian operations have responded to the COVID-19 virus pandemic. Staff and contractors have been minimally impacted and operations continue as planned. There have been some delays with site visits and finalising contracts due to travel restrictions, with analysis of contractor bids for mining operations and finalisation of the infrastructure agreement with China Rail delayed.

The Company has a focus on the well-being of its staff, contractors and the broader community and has implemented measures to ensure their well-being including; health screening and temperature monitoring, spatial distancing protocols, a high level of hygiene, change in flow of staff to and from the local community, and the minimisation of staff in the Jakarta and Sydney administrative offices.

ENDS

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Non-Executive Chairman
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This ASX announcement was authorised for release by the Board of Cokal Limited.

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**.**

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Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Cokal Limited

ABN	Quarter ended ("current quarter")
55 082 541 437	30 September 2020

Consolidated statement of cash flows		Current quarter US$'000	Year to date (3 months) US$'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	(31)	(31)
	(c) production	(26)	(26)
	(d) staff costs	(223)	(223)
	(e) administration and corporate costs	(179)	(179)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	(1)	(1)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**460**	**460**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	(197)	(197)
	(c) property, plant and equipment	(28)	(28)
	(d) exploration & evaluation	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-

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Consolidated statement of cash flows		Current quarter US$'000	Year to date (3 months) US$'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(225)**	**(225)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(11)	(11)
3.10	**Net cash from / (used in) financing activities**	**(11)**	**(11)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	779	779
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(460)	(460)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(225)	(225)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(11)	(11)

Consolidated statement of cash flows		Current quarter US$'000	Year to date (3 months) US$'000
4.5	Effect of movement in exchange rates on cash held	27	27
4.6	**Cash and cash equivalents at end of period**	**110**	**110**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter US$'000	Previous quarter US$'000
5.1	Bank balances	110	779
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**110**	**779**

6.	Payments to related parties of the entity and their associates	Current quarter US$'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	48
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

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7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end US$'000**	**Amount drawn at quarter end US$'000**
7.1	Loan facilities	800	-
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	**Total financing facilities**	800	-

7.5	**Unused financing facilities available at quarter end**	800

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

During the quarter the loan facility provided by Aahana Minerals Resources SDN BHD (Lender) was terminated and replaced by a new loan facility with an increased facility amount of US$800,000. The facility interest rate is 12% per annum, compounded monthly and payable on the funds drawn down. Post-quarter end, US$100,000 has been drawn under the facility. The loan is repayable within 30 days of receipt of a written demand for repayment by the Lender

On 14 October 2020, Cokal Limited announced that it had received a binding commitment for a US$20m debt financing facility for development of the BBM Coking Coal Project. The Binding commitment has been provided by China Railway 21st Bureau Group International Engineering Co., Ltd ("CR") and Beijing Fidick International Trade Co. Ltd. (together the "CR-BFJV"). CR is a subsidiary of China Railway Construction Corporation Limited ("CRCC"), a major Chinese State-owned Enterprise and one of the largest construction and engineering companies in the world. The commitment to provide financing is binding on the funders, subject to the satisfaction of certain conditions which are customary for a transaction of this nature. Terms of the facility are as follows:

- Debt finance of US$20m to fund the development of BBM;
- Able to be drawn-down in multiple tranches, as required and elected by BBM;
- Each tranche is repayable within 5 years from the date of draw-down;
- The debt will be repaid from project operations with no recourse to Cokal;
- In addition to the debt repayment, the fee for the debt finance is linked to BBM mining operations and is calculated as follows:
  - US$0.20 per BCM of overburden removal at BBM;
  - Fee capped at 200 million BCM, equivalent to US$40m;
  - Fee payable on a monthly basis, based on actual overburden removal; and
  - The payment is due within 45 days of the end of the month;
- Funding available for draw down upon execution of the Definitive Agreement, which is to occur within 60 days.

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8.	Estimated cash available for future operating activities	US$'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(460)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(460)
8.4	Cash and cash equivalents at quarter end (item 4.6)	110
8.5	Unused finance facilities available at quarter end (item 7.5)	800
8.6	Total available funding (item 8.4 + item 8.5)	910
8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)**	2 quarters

Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.

8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:

8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 29 October 2020

Authorised by: The Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An

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entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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