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29 April 2016

QUARTERLY REPORT FOR THE THREE MONTHS ENDED 31 MARCH 2016

HIGHLIGHTS

- **AAM Sale and Consultancy Arrangement**
- **BBP Production / Operation (Mining Lease) licence advances**
- **Borneo Orangutan Survival Foundation Assistance**
- **Project Funding Discussions On going**

EXPLORATION

INDONESIA

BBM Project

BBM's Production IUP covers an area of 14,980 hectares (ha), immediately adjacent to BHP Billiton's Juloi tenement, straddling the Barito River and has multiple seams of high quality metallurgical coal.

GEOLOGICAL ACTIVITY

As there has been no further drilling or outcrop mapping since the previous Coal Resource report of January 2015, the tonnage estimation and categorisation of the Coal Resources remain unchanged. However, differences in analytical results between earlier borehole samples and more recent outcrop channel samples have been under review. It was observed that with respect to Seams B, C and D, the outcrop samples consistently recorded very low Ash content, which was in difference to the higher Ash contents recorded in the nearby borehole samples. This is now considered to be most likely highly contaminated by the use of drill muds and non-coal material which collapsed in the borehole from above the seams. It is believed that this contamination resulted in the anomalously high ash results for the core samples. Consequently, the review is defining a better quality (lower ash content) of coal than previously defined.

A 2016 updated report of the BBM Underground Mining Project Central Kalimantan Indonesia Scoping Study in the BBM East Block is also substantially completed. This Scoping Study report outlines the concept and rationalization of a proposed underground mine plan for the East Block of BBM. The remainder Inferred Coal Resources in East BBM for Seams D and J are considered amenable to modern underground mining extraction methods. The coal seams are generally thicker than 1m and the roof predominantly consists of very hard sandstone (up to 95Megapascals (MPa)) while the immediate 1m to 2m of roof consists generally of a competent siltstone. This combination is ideal for extraction of the deeper Coal Resources using underground methods such as thin-seam long-wall mining. The Scoping Study has identified the potential for four (4) large underground mining blocks utilising the longwall method of extraction of both the 'D' and 'J' seams.

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MINING ACTIVITY

No mining activities were carried out during this Quarter. A review of the Definitive Feasibility Study (DFS) was conducted with regard to current fuel and steel prices in order to maintain pertinence.

ENVIRONMENTAL ACTIVITY

In order to maintain minimum expenditure while waiting construction and mining to commence in BBM, revegetation of 90% of areas affected by exploration activity is now complete. Over 15,000 seedlings have been planted along access roads and on drill sites, comprising of some 5,000 trees and some 10,000 ground cover. Approximately 2,000 trees have been distributed to local schools during this period to coincide with Earth Day Tree Planting pprogrammes on 20 April 2016.

Storage of waste material on site is at a very low level and complies with the maximum statutory holding period on site at all times.

Preparations are well progressed for the transit and release of 12 orangutans by Borneo Orangutan Survival Foundation approximately 150 kilometres north west of the BBM minesite. This release of orangutans who are victims of forest fires and land clearing by agricultural companies is timed to coincide with Earth Day. Cokal provides logistic support, accommodation and messing for BOSF staff and holding enclosures at its BBM mine site for 12 orangutan. The actual releases are scheduled for 11 – 25 April 2016. It should be noted that the orangutans were not found within the BBM tenement area, and that Cokal is conducting this work as part of their commitment to community service and support.

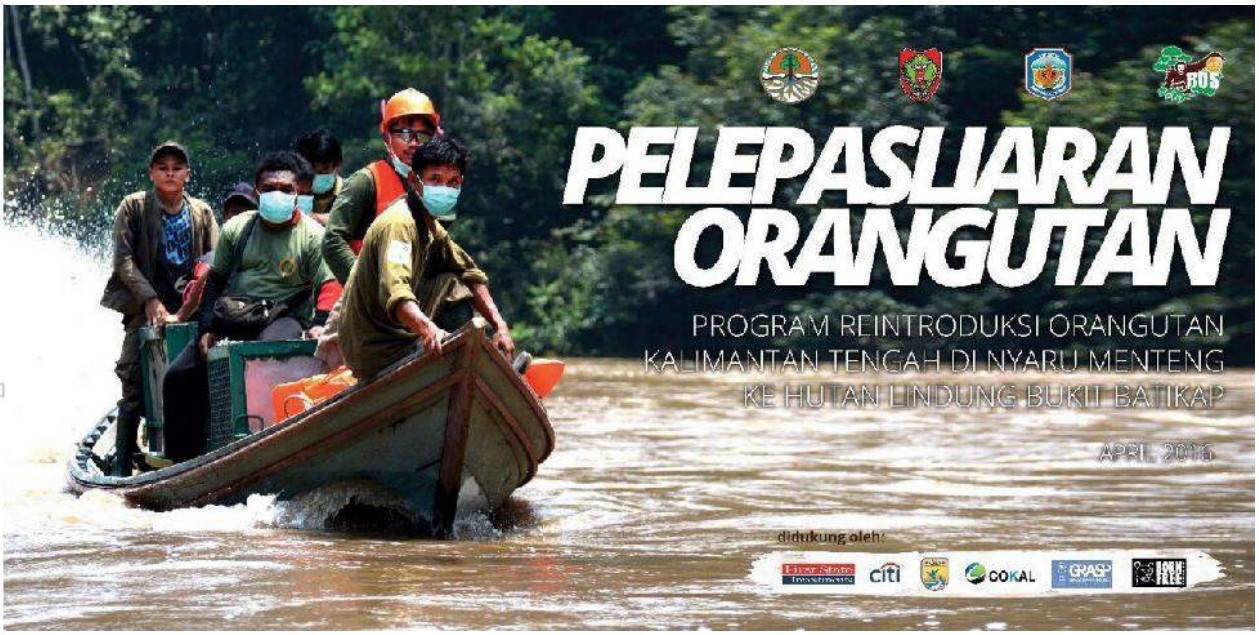


Figure 1: Promotional Banner from BOSF advising of the proposed release of 12 orangutan

BBP Project

No exploration activity was conducted on BBP during this period.

AAM and AAK Projects

AAM Project

Cokal completed the sale of its 75% interest in of PT Anugerah Alam Manuhing (the" AMM") for US$150,000 to PT. Jinantra Karya Raya, an Indonesian company which owns the tenements adjacent to AMM. Cokal considered AMM a non-core tenement located a considerable distance west of BBM and in different geological formation.

While it is believed PT AAM contains high Calorific Value (CV) thermal coal, there is less confidence of any discovery of metallurgical coal, the core focus for Cokal. It was therefore considered appropriate in the current climate to realize the value of AAM, reduce ongoing liabilities and to use the funds for working capital while the Board pursue the funding options previously announced for BBM.

Cokal is considered by many as having extensive experience, built up over past five years, in working within the Indonesian mining regulatory process. This is evident as Cokal's Bumi Barito Mineral Coal Project ("BBM") is the only mining project to be issued a new Production Forestry Borrow and Use Permit (IPPKH) approval since the new process was announced by the Indonesian Government on the 26th of January 2015. Consequently, PT. Jinantra Karya Raya has employed Cokal to provide non–exclusive consulting services on a retainer basis. The retainer is for US$400,000 and expires on 12 June 2016.

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.

Following official handover letter (dated 12 January 2016), AAK IUP is currently on 'on-hold' status by Provincial Police Department (Polda Kalteng). It is being decided by police following their investigations re 'AAK ownership dispute' issues. Cokal is an aggrieved party and will await the outcome of the Police investigation into a period predating Cokal's interest in the Project.

SNR Project

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

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Figure 1: Locality Plan of the Central Kalimantan Coal Projects on the Island of Kalimantan - Cokal's Coal concession areas are shown in blue

DISCLOSURES REQUIRED UNDER ASX LISTING RULE 5.3.3

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

Tenement Name	Location	% Ownership
PT Anugerah Alam Katingan (AAK)	Central Kalimantan, Indonesia	75%
PT Anugerah Alam Manuhing (AAM)	Central Kalimantan, Indonesia	75%[#]
PT Bumi Barito Mineral (BBM)	Central Kalimantan, Indonesia	60%
PT Borneo Bara Prima (BBP)	Central Kalimantan, Indonesia	60%
PT Silangkop Nusa Raya (SNR)	West Kalimantan, Indonesia	75.2%
PT Tambang Benua Alam Raya*	Central Kalimantan, Indonesia	75%

[#]Divestment Sale was completed in April 2016
**In the process of acquiring*

Mining tenements acquired and disposed of during the quarter and their location

The Provincial Police Department, Kalimantan Tengah is continuing their investigation into the AAK IUP which is currently on an 'on-hold' status following their investigations into AAK ownership dispute issues. Cokal is an aggrieved party and will await the outcome of the Police investigation into a period predating Cokal's interest in the Project.

Beneficial percentage interests held in farm-in or farm-out agreements at end of the quarter and beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the quarter

The Company is not party to any farm-in or farm-out agreements.

PROJECT DEVELOPMENT

MANNING

Further reduction in staff and employee numbers have been made to limit expenditure. All redundancy and reduction requirements have been conducted in accordance with Indonesian labour regulations and Cokal has been assisted in this process with substantial help from both local and provincial labour departments in order to ensure total compliance.

ENVIRONMENTAL REHABILITATION

Cokal continued last quarter to undertake environmental monitoring on site as part of ongoing baseline studies.

Rehabilitation activities have been substantially completed throughout the previously disturbed exploration areas. Areas of ground cover and trees that were peviously described as becoming "distressed" due to the extended dry season are flourishing and highly viable due to a normal high rainfall wet season experienced fom late 2015 to the present

Effort is now being expended into increasing nursery stocks both for the school planting programme and mine infrastructure replanting in the future.

APPROVALS & EXTERNAL RELATIONS

BBM PRODUCTION APPROVAL ADVANCES – UPDATE

Following the issue of the "Ijin Pinjam Pakai Kawasan Hutan – Operasi" or "Borrow To Use Forestry Permit - Operation" which allows BBM to start construction and mining BBM has commenced activities associated with the compulsory rehabilitation of an area of damaged forest near the BBM minesite. These activities include community review and discussion with regard to rehabilitation and formulation of a rehabilitation budget and programme.This activity is a pre-requirement for the issue of the "Borrow to Use Permit"

BBM WEST BLOCK EXPLORATION IPPKH EXTENSION

Since the issue of the Borrow to Use Permit – Exploitation (IPPKH-OP) Cokal has proceeded with the application for a Borrow to Use Permit – Exploration for the Western Block of BBM and this application is currently with Planology Dept. at the Ministry of Environment and Forestry

BBP PRODUCTION APPROVAL ADVANCES – UPDATE

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The IUP production / operation (Mining Lease) licence has been signed by the Murung Raya Bupati and forwarded to the Provincial Mines Department for issue. This is part of the process whereby IUP's throughout Indonesia are being centralised to the Provincial Mines Departments. We are expecting the issue of the IUP Operation in Q2 2016

Cokal has submitted its application for the Clean and Clear Certificate Exploration from the Director General of the National Mines & Energy Department formalising the previous award of Clean and Clear status.

TBAR EXPLORATION FORESTRY PERMIT

Cokal continued during the last quarter to progress the Exploration Forestry Permit for TBAR with the Central Kalimantan Provincial Government.

CORPORATE SOCIAL RESPONSIBILITY

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

Regarding the health aspect, Cokal has continued to provide medical support to local villages around BBM through providing access to onsite medical staff.

In regard to education issues, Cokal continued its support for Tumbang Tuan Junior High School (nearest school to BBM site) through the sponsorship of 3 local teachers. This programme is being implemented in conjunction with the local Education Department.

Cokal has also continued its scholarship program with the selection of the new cohort of scholarship holders, Cokal has awarded scholarships to 15 local students from Murung Raya Regency to continue their next level of education at University of Palangkaraya at various faculties.

As well, in association with the Mining Faculty of the University of Palangkaraya, Cokal has continued its support and contribution that covered regular lecture programs, donation of mining magazines, and other support needed to improve the quality and enthusiasm of mining students.

As previously stated Cokal continued its support and coordination with Borneo Orangutan Survival Foundation (BOSF) on its related "Orangutan Release Program" plans. A "staging point" for the accommodation of 12 orangutans has been jointly constructed by Cokal and BOS personnel at BBM site, near to its Nursery area. A substantial amount of material used for the construction was recovered and reused from a recently abandoned gold mine that had previously been used as the "staging point". These facilities will be used prior to their release at the nearest favourable area for orangutan habitation at Bukit Betikap Protection Forest, approximately 150 kilometres northwest of the BBM site. Both parties will continue to work together in the future to ensure the success of this program. It should be noted that the orangutans were not found within the BBM tenement area, and that Cokal is conducting this work as part of their commitment to community service and support.

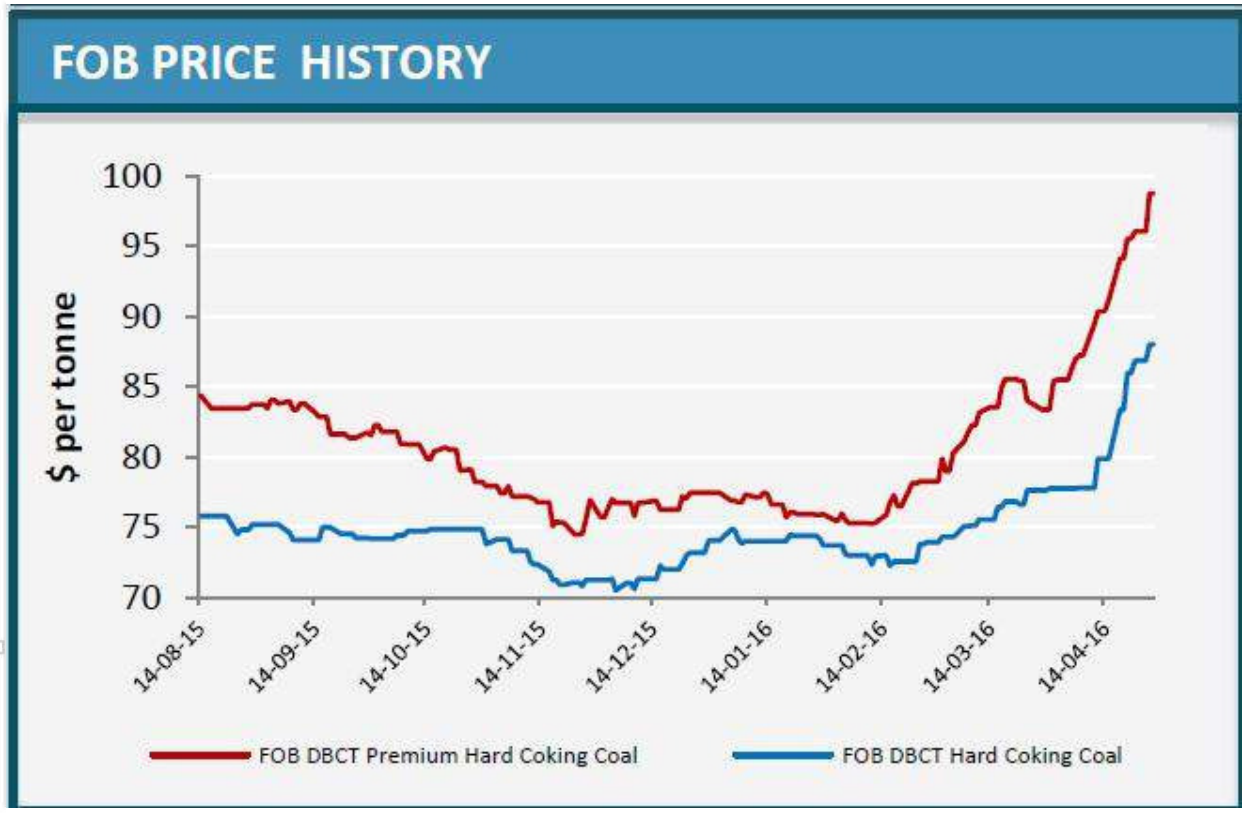
Cokal also continued the School Tree-Planting Program during the quarter. This program aims to provide the local schools in the Project area with plants from the on-site nursery to be planted in the local villages. Cokal aims to have a total of 5,000 plants established through this program, and continuing through the life of the project.

Following obligations of BBM Forestry Permit (IPPKH-OP) obtained in August 2015, replanting programs were continued by Cokal, in relation with 'critical land rehabilitation project' at an appointed area in Barito Riverbanks Area, nearest the BBM project. These programs will be conducted with community involvement, planting 'productive trees' suggested by locals, and will be supervised and monitored by the relevant Forestry Offices from regency, provincial, and central government levels. Cokal has committed to fulfill both of IPPKH obligations and also sharing benefits from these programs with its local neighbours.

CORPORATE RELATED MATTERS

UPWARD MOVEMENT IN COKING COAL PRICES PROVIDE FURTHER ENCOURAGEMENT

Spot prices for Premium Hard Coking Coal (PHCC) bottomed to around US$74 in December 2015, well below the March quarterly contract price of US$81/t. Since that time Spot PHCC prices have risen steadily to US$98.75/t on 27th April 2016. At the same time, the cost of producing coking coal from the world's largest supply source, Central Queensland, Australia, is becoming more expensive in US$ terms as the Australian dollar has strengthened from around US$0.70 to US$0.765.



Daily Coking Coal Prices US$/t FOB Dalrymple Bay Coal Terminal (DBCT) Central Queensland. 27th April 2016
Source : Steel First Coking Coal Index – Daily Market Report, see www.steelfirst.com

Supply has already tightened as more coal mines have chosen to use this period to undertake major maintenance activities on key items of production machinery. Meanwhile demand from buyers such as China has firmed on the back of the government's desire to provide further stimulus while at the same time reducing loss making domestic coal production to reduce the growing debt required to support uncompetitive mines.

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It has become apparent in recent weeks that this shift in the Coking Coal market has created stronger interest from not only the parties Cokal is already engaged with, but also from new enquiries. The Board remains open to other proposals and will actively evaluate and assess them as they arise including a combination of the above funding strategies to provide the best result for shareholders.

FUNDING UPDATE: 3 TRANSACTIONS BEING PURSUED BY THE BOARD

The improvement in the coking coal price over recent months has provided a more positive environment in which to pursue funding for the company. This has result in several new parties entering into preliminary discussions and while this is encouraging these discussions have not yet moved beyond this initial stage. Cokal is still pursing the following transactions

1. **Transaction resulting in Indonesian Listing**
2. **Merger proposal with ASX listed company**
3. **Financing IPO China**

This update should be read in conjunction with the funding update announced on 15 January 2016

INDONESIAN FUNDING

The Cakra bid expired on the 15th of November 2015 and to date. There have been no discussions and meetings held with Cakra relating to a re-bid for Cokal while an open dialogue does exist discussions have been limited to process activities relating to Cokal's efforts to dispose of non-core assets

Cokal remains open to a transaction involving scrip consideration in an Indonesian listed entity either with Cakra or other parties and has now started discussions with other interested Indonesian parties. Discussions with various Indonesian Brokers and investment banks are continuing with the key hurdle to progressing being the support of a cornerstone Investor.

The discussions with one such group have progressed through to high level financial and technical analysis. The two parties are yet to agree the specific details and terms of the transaction and as such no further information can be provided at this stage.

MERGER PROPOSAL with ASX LISTED COMPANY

The potential merger with an established ASX listed entity. These discussions have continued but unfortunately the key bid pre-condition (which is not within Cokal's control) has still not been satisfied. In the meantime the parties remain in discussions and are keen to progress discussions as soon as the bid pre-condition can be completed. While it has still been indicated to Cokal that the bid condition is expected to be positively resolved shortly it remains difficult to predict the exact timing or outcome.

FINANCING / IPO CHINA

The work with BM Intelligence has continued with several positive meetings being held which have indicated that the proposal of Cokal floating its immediate Singapore subsidiary, Cokal Holdings Pte-Ltd through a Cokal owned Chinese subsidiary, on the Shanghai exchange to raise US$50M- US$100M remains a good possibility. Chinese SOEs appear keen to gain access to the growing Indonesian economy in view of the Jokowi government's push for strong foreign investment in Infrastructure.

There are a number of large Chinese SOE steel companies in the early planning stage for the establishment of hot metal production in Indonesia which would provide them greater access to the rapidly growing domestic steel market. Currently Indonesia consumes nearly 25Mtpa of steel while producing less than 6Mtpa. The consumer middle class of Indonesia is projected to grow by a further 90 million people to the year 2030. In 2012 the steel consumption of Indonesia per capita was 49kg which is still substantially lower when compared to 477kg in China at the same time.

So far early seed capital investors have been briefed as well as large strategic investors such as mainland Chinese steel industry operators. Meetings have continued with several potential strategic

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investors who could cornerstone either a Shanghai listing or even a listing in Indonesia. At this point in time no specific agreement has been reached. It is hoped that it may be possible to develop this opportunity into a firm proposal.

The Board is open to other proposals and will actively evaluate and assess them as they arise including a combination of the above funding strategies to provide the best result for shareholders.

ENDS

Further enquiries:
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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 and one project (which holds three exploration licences) in West Kalimantan, Indonesia 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 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 Total Coal Resource estimate was announced on 29 January 2015, 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 January 2015 and that all material assumptions and technical parameters underpinning the estimates in the announcement made on 29 January 2015 continue to apply and have not materially changed.

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 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".