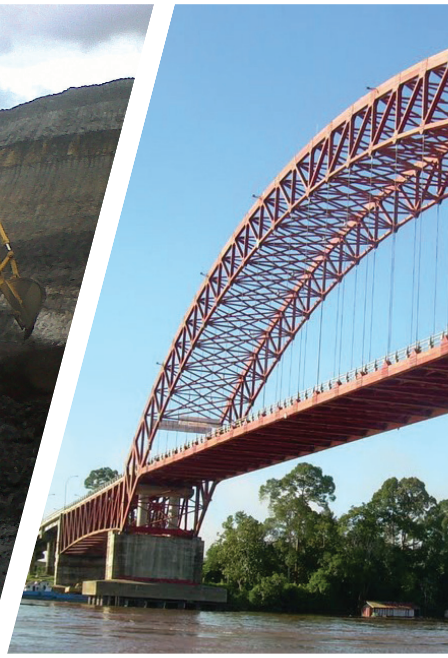
COKAL

ASX: CKA

ANNUAL REPORT



2014

A global metallurgical coal group

COAL EXPLORATION TENEMENTS IN INDONESIA

BBM PROJECT:

- ☑ High Quality Coking Coal
- ☑ Low Cash Operating Cost
- ☑ Production Mining Lease Approved (full development of 6Mtpa, Eastern Block – 20yrs with 2x10yr extensions permitted)
- ☑ Integrated Mining and Logistics EIS Approved
- ☑ 50:50 JV with MDM to own and manage the shallow river barges and tugs designed specifically for BBM

Contents

Competent Person Statement

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 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".
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.

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". 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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Domenic Martino
Agus Widjojo

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Chairman's Letter to Shareholders

Dear Shareholders,

Once again it has been a busy year and I am excited to be presenting Cokal's Annual Report on behalf of the Board of Directors and company management.

This has been our company's fourth year of operation since the reverse take-over of AEA in December 2010. This year marks a major achievement for the company as we steadily progress towards our goal of becoming a globally significant player in the metallurgical coal market.

Cokal has been focused on the development of our premier project, the Bumi Barito Mineral (BBM) project in the Murung Raya Regency of Central Kalimantan. During the year the company has concentrated its resources and capital on progressing this project towards production. While we have other attractive projects in the same region, the strategy is to first achieve production at BBM and to then establish a broader production base for the progression of the surrounding projects. The ability to leverage the BBM project's infrastructure will mean quicker development and lower capital intensity for these other projects to follow.

It has been a tough year for Coal Markets, and this was characterised by both the oversupply of product and the decreasing demand for metallurgical coal. The combination of increased supply from new projects coming online, and the slowdown in steel demand was reflected in deteriorating prices throughout this financial year. The most significant influence on the steel market was the reduction in demand caused by a slowdown in the growth of the Chinese domestic economy.

As with all commodities, metallurgical coal prices go up and down in cycles. At current prices, around 50% of Australian producers are losing money on a cash cost basis. This cannot be maintained and further production cuts from the higher cost end of the production curve will likely bring the market back into balance. Most market observers are in agreement that the market in April was over supplied, and needed about 30Mt of annual capacity to come off line to allow prices to recover to levels ensuring healthy margins for most producers. As of early September 2014, approximately 20Mt of annual metallurgical coal production has been idled or taken out of the market. It is expected further reductions in supply will occur, but in Australia the four majors are holding out to retain their market share.

While Chinese steel production remains the dominant driver of the seaborne metallurgical coal market, the broader South East Asian market is still demonstrating its potential to influence demand. New government policies in India are expected to have a positive impact on the market looking forward, as economic growth is pursued in combination with the Indian Steel industry's higher dependence on imported coking coal.

The Indonesian economy may yet prove to be the stand out economy of South East Asia. The completion of an orderly national election calendar saw a new congress with a five year term elected, shortly followed by the Presidential election. While at the time of writing the President elect, Mr Joko Wijojo, had yet to be inaugurated, he and his team have moved quickly to ensure a smooth transition of power with the encouragement of the outgoing President SBY. There have been early moves to address a widening current account deficit and to finalise some lingering disputes between the national government and major foreign mining companies. These moves indicate a much desired pragmatic approach to ensuring the treasury is funded to implement the social agenda of the government. It is believed the incoming government will encourage foreign investment, and that the economic benefits from mining will be sought via organic growth, rather than introducing higher & uncompetitive mining taxes.

Despite Indonesia being a new and small entrant into the seaborne coking coal market, exporting approximately 5 Mtpa, it has an established knowledge base and a competitive position as the world's biggest coal exporting nation. The Coking coal potential of Indonesia is significant and yet to be properly developed. Integral to this development is the creation of an efficient and reliable transportation chain, and Cokal believes Shallow Draft Barging will be the key to achieving this outcome.

Indonesia not only has the opportunity to become a significant player in the Metallurgical market as a supplier but also as an emerging consumer. Indonesia currently consumes around 20Mt of steel per annum while at the same time only producing about 5Mtpa locally. Major steel producers recently announced plans to further develop hot metal and rolling capacity in Indonesia. This reflects the growing confidence in investment sentiment as the potential of Indonesia's competitive manufacturing base and potentially large growth economy is realised. The population of 250 million makes it the fourth largest in the world, with a fast growing middle class and a highly aspirational young demographic.

As stated above, the company has been focused on progressing the BBM project towards production. Following the Pre-Feasibility Study which was completed in October 2012, a major exploration program was undertaken to further define coal resources discovered in the western KLM area of the BBM lease. Recently completed, this program resulted in a major upgrade of the BBM resources. In October 2013 an upgraded Total Coal Resource of 261Mt was announced, including 10.5Mt of Measured, 13.5Mt Indicated and 237Mt Inferred resources. In parallel with the completion of the drilling program, a Definitive Feasibility Study (DFS) was undertaken based on the 2Mtpa Open cut project identified in the Pre-Feasibility Study.

The DFS was completed in February 2014, indicating the 2Mtpa open cut operation with a ten year mine life, generates significant value for a relatively low capital cost. Importantly, the early years of operation when strip ratios are lower have highly competitive low cash cost resulting in strong margins available to pay down debt early in the project's life. The operating cost structure is such that even at today's cyclically low price, when over half of the metallurgical coal production is cash negative, the BBM project will have strong cash margins.

Since the completion of the DFS the company has worked to finalise financing and gain the last remaining approvals needed for commencement of construction.

The approval of the Indonesian Transport Minister was received in December 2013 for the proposed Punarma Port on the Barito River. The dedicated barge loading terminal has been designed to integrate with Cokal's specialised Shallow Draft Push Barging System, connecting the project to a fit for purpose intermediate stockpile to be constructed in the Kalanis area. From Kalanis, large ocean going barges equivalent in size to a hatch on the most used Coal bulk Carriers are then towed to the transhipment location at Taboneo offshore from Banjarmasin.

The most significant approval was obtained in July 2014 when the Ministry of Forestry granted the Izin Princip Ijin Pinjam Pakai Kawasan Hutan or "In-Principal Forestry Permit" for the Integrated BBM project including the Punarma Port, 55 Km of haul road, and BBM Mine area. The In-Principal Forestry Permit was the last major approval needed prior to the issuance of the "Borrow and Use of Forestry Area Permit" which allows the company to commence construction. The requirements for the issuance of this last permit are procedural in nature and the company expects this to occur early in the fourth quarter of 2014.

Financing arrangements of a conditional proposal for a US$150M debt financing from an international consortium headed up by Platinum Partners was signed in December 2013. Since that time, the parties have been working through the detail and documentation with the intention of having the facility in place at the commencement of project construction. Platinum have shown their commitment to the project with the provision of a Bridging loan facility of US$3.5 million in April 2014 followed with a further US$5.65 million facility in August 2014.

Based around our experienced Country Manager, Mr Garry Kielenstyn, Cokal has assembled a team of some of Indonesia's best mining talent. This team of technical professionals have been busy preparing the project for the start of construction by putting in place necessary management systems to ensure safe, reliable and environmentally sustainable performance. The team is complimented by a core of engineering and project management professionals from respected Indonesian engineering consultancy, Resindo. Resindo oversaw the preparation of the DFS and they, along with Cokal's core operations team, will be responsible for delivering the BBM project on time and budget with ownership over the process of construction.

I look forward to the year ahead and seeing BBM through its construction phase and the company becoming a metallurgical producer centred in the exciting growth economy that is Indonesia.

Peter Lynch
Chairman

Review of Operations

Corporate

Completion of the Definitive Feasibility Study.

On the 13th of February 2014, Cokal announced the completion of a Definitive Feasibility Study for its 60% owned Bumi Barito Mineral Coal Project, located in Central Kalimantan, Indonesia. The Study has been prepared by Resindo Resources & Energy Indonesia ("Resindo") an Indonesian company, experienced in all aspects of successful project design and development for the Minerals, Mining, Oil and Gas, Power Generation sectors

The study confirmed that the BBM coal mine and associated transport system can be developed as a low capital cost operation (US$75M) with moderate to medium range operating cost (First 5 years average US$82/product tonne excluding 7% royalty). The Project has a Net Present Value after tax of US$366M under the DCF financial model delivered by Cokal using the independent study (based on a consensus of brokers forward prices at the time). The start of production from BBM is scheduled for 2H 2015.

Platinum Partners Funding Offer

Cokal has received a conditional proposal for a debt financing facility of up to US$150M from an international consortium led by Platinum Partners. The facility will initially be used to fund Cokal's 2Mtpa BBM Project.

Cokal has been involved in detailed negotiations on the proposal which is in the form of a non-binding Memorandum of Understanding and is subject to various terms and conditions including the completion of Technical and Legal Due Diligence and obtaining the necessary regulatory approvals for the project to proceed.

Discussions with Platinum Partners and their potential consortium members have been proceeding positively and are focussed on finalising the necessary funding to start construction on the BBM project. Platinum Partners has an exclusivity agreement with Cokal for these discussions and has shown on on-going commitment to the project and company by extending bridging loan facilities to minimise delay to project timing.

Shareholders should note that there is no certainty that any agreement will be reached or that any transaction will eventuate from any current or future discussions or diligence enquiries.

Blumont Placement and US$4M Loan Facility

As announced on 8 July 2013, the Blumont Group Placement raised AU$9.6M. As part of that arrangement Blumont made available a loan facility of up to US$4M to continue the development work. A further US$4M can be drawn by mutual agreement. Of the initial US$4M facility a total of US$3.0M had been drawn as of 30 June 2014. The loan is repayable within 3 years, interest is 5% per annum payable quarterly in arrears and can be capitalised and repaid at maturity.

Exploration

Six Indonesian Coal Exploration Projects

The Company has acquired a share of the following projects:

- 60% of the shares in companies which own the BBM and Borneo Bara Prima (BBP) projects located in Central Province, Kalimantan, Indonesia. The BBM project area comprises approximately 15,000ha and the BBP project comprises approximately 13,050ha.
- 75% of the shares in companies which own the Anugerah Alam Katingan (AAK) and Anugerah Alam Manuhing (AAM) projects are also located in Central Province, Kalimantan, Indonesia. The AAK project area comprises 5,000ha and the AAM project comprises 10,000ha.
- 75% of the shares in the company PT Silangkop Nusa Raya (SNR) which owns three exploration licences in West Kalimantan covering an area of approximately 13,000ha.

Furthermore the company has entered into an agreement to acquire 75% of the shares in the company PT Tambang Benua Alam Raya (TBAR) which own an exploration licence covering an area of approximately 18,850ha. This licence is adjacent to the company's BBM project

BBM, BBP, AAK, AAM and TBAR are within the highly prospective Central Kalimantan coking coal basin, with BBP, BBM and TBAR adjacent to BHP Billiton's coking coal tenements. SNR is in a highly prospective coking coal area in West Kalimantan, near the Malaysian border.

BBM Project
BBM covers an area of 14,980 hectares (ha), immediately adjacent to BHP Billiton's Juloi tenement, straddling the Barito River and has numerous outcrops of bright coal. Ongoing drilling in the Eastern Block of BBM indicates premium coking coal with Crucible Swell Numbers (CSN) values generally 9 or more.

A major drilling program was completed with most of the attention focused on the eastern KLM area of the BBM lease. The program provided the company with significant results and intersections which formed the basis of the data set used to develop a reliable geological model for the coal occurrences in the eastern block of the BBM project.

The main focus of the drilling was the 'J' seam which is characterised by consistent quality and continuity. The 'J' seam overlies the B. C & D seams by roughly 150 to 200m of undulating sedimentary units. The seam gently folds gently dipping to the south east. The folding causes the seam to outcrop in two areas of the lease which provide opportunity for open cut extraction where the strip ratios are low enough to provide economic returns.

While the majority of the drilling program targeted the 'J' seam a pattern of more widely spaced holes were deep holes which intersected the lower B, C & D, seams. The understanding of the potential underground resources of these seams has improved the overall understanding of the complete geological economic potential and the longer term possibility of underground mining in the future.

Seam J thickness reached 1.8m towards the northern boundary where the seam continues to display excellent coking properties. Drilling results indicate the J Seam potential for both open-cut and underground extraction, with competent sandstone strata covering the coal seam throughout the resource area. The sandstone strength is generally in excess of 60 Mega Pascals (MPa), similar to the sandstone strata in Australia's coking coal Bowen Basin, with some hard bands reach 95 MPa in the BBM tenement. This material is ideal for designing steep open pit walls, as well as for establishing 200m to 300m wide longwall panels for underground extraction.

A detail mapping survey of coal outcrops commenced in March 2014. The mapping survey found numerous outcrops of Seams B, C and D close to the Barito River. Channel samples of these coal seams were analysed and confirmed the continuity and consistency of low ash levels in these seams as indicated by the widely spaced boreholes. It is planned to continue this detail mapping survey such that the Resource categorization of the B, C and D Seams will be upgraded form Inferred to Measured Resources in the shallow, low strip ratio areas near the Barito River.

As a result of the drilling program, an update of the JORC Resource statement was announced on the 25 October 2013. In December 2013, Cokal converted their JORC Resource statement to be fully compliant with the 2012 version of the JORC Code, with the resulting estimates of 10.5 mt of Measured, 13.5 mt of Indicated and 237 mt of Inferred Resources.

In January 2014, SRK Consultants completed an independent audit of Cokal's Resource statement. SRK confirmed the report is fully compliant with the 2012 version of the JORC Code and that the geological model used as the basis of the estimation is a fair and accurate interpretation of the outcrop and reliable borehole data acquired by Cokal's exploration team.

Africa

No major work was conducted in Tanzania or Mozambique during the year. The Company is maintaining a watching brief on development in the region.

JORC Code Statements

Cokal has primarily conducted exploration activity in the past 12 months and therefore considers itself a mining exploration entity in accordance with the ASX listing rules. Cokal has not conducted any mining activity in the past 12 months.

In December 2013, Cokal released a Resource Statement for PT Bumi Bartio Minerial (BBM) project which was compliant with the 2012 version of the JORC Code. The report was independently audited by SRK Consulting and was deemed to be fully compliant with the 2012 JORC Code. The purpose of the Resource statement was to comply with the requirements to comply with the new version (2012) of the JORC Code.

The previous BBM Resource Statement had been released in October 2013 and since there had been no additional geological information, there was minimal differences (~1%) due to rounding of Inferred Resources.

The Resource Statement for BBM released in December 2013 is current at 30 June and at the time of this annual report.

Table 1: BBM Coal Resource

Seam Name	Seam Thickness (m)	Measured Resources (Mt)	Indicated Resources (Mt)	Inferred Resources (Mt)	Total Resources (Mt)
J	1.33	10.5	13.5	31	55.0
D	1.35	-	-	75	75.0
C	1.18	-	-	70	70.0
B	1.01	-	-	61	61.0
Total		**10.5**	**13.5**	**237**	**261.0**

Cokal prepared an updated report of the Coal Resources in the BBM East Block. The evaluation of B, C, D and J seams provides an objective assessment of the Coal Resources in accordance with the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves* (JORC Code), 2012, which is used for the reporting of Mineral (Coal) Resource estimations to the ASX.

The main exploration activities conducted to date include:

- Surface mapping of coal and non-coal outcrops
- Shallow drilling using HQ coring for sampling
- Deep drilling (average 400 metres (m) depth) for determining the continuity of the coal seams across the BBM East Block.

Based on the data collected from these activities and a minimum seam thickness cut-off of 0.6m, a total Coal Resource of 261Mt of B, C, D and J seams (Table 1) have been estimated in accordance with the 2012 JORC Code. Of that, 10.5Mt is deemed Measured Resources and 13.5Mt is Indicated Resources. Both Measured and Indicated Resources have been estimated for the J seam only which has been confirmed as a coking coal from analyses conducted in an Australian laboratory (Table 3).

The BBM Coal Resource includes Resources which have the potential to be economically extracted using both open pit and underground mining methods.

The coal seams are generally thicker than 1m and the roof predominantly consists of very hard sandstone (up to 95 Megapascals (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 longwall mining.

The area covered by the current Coal Resource estimate is 30% of the total area of the BBM Production IUP tenement license.

The Coal Resource has been confirmed as a metallurgical coal from analyses conducted in an Australian laboratory, and is comprised of 90% coking coal and 10% PCI/semi-soft coking coal (Tables 2 and 3). Coal quality data in this report is derived from laboratory analyses of HQ coal cores with a minimum of 90% recovery.

Table 2: Coal Quality of B, C and D Seams in BBM

Seam	Product	Inherent Moisture	Ash	Volatile Matter	Fixed Carbon	Total Sulphur	Calorific Value	CSN	Relative Density	Phos-phorus
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

Table 3: Coal Quality of J Seam in BBM

Product	Yield	Inherent Moisture	Ash	Volatile Matter	Fixed Carbon	Total Sulphur	Calorific Value	CSN	Relative Density	Phos-phorus
Raw Coal	100	0.9	6.5 – 23.2	15.6 – 18.9	58.4 – 74.8	0.31 – 0.55	6500 – 8100	9	1.39	0.009
Washed Coal	81	0.7	5.3	18.1	76.0	0.42	8,300	9	1.32	N/A

In addition PT Bumi Bartio Mineral (BBM), Cokal has interests in the following coal tenements (Exploration IUP licenses) in Indonesia:

- PT Borneo Bara Prima **(BBP)**
- PT Anugerah Alam Manuhing **(AAK)**
- PT Anugerah Alam Katingan **(AAM)**
- PT Silangkop Nusa Raya **(SNR)**
- PT Tambang Benua Alam Raya **(TBAR)**

Exploration activities in these projects has not been of a sufficient level in order to determine Coal Resources in accordance with the 2012 JORC Code.

Material Differences from Estimations in the Previous Annual Report

The previous Coal Resource reported in Cokal's 2013 annual report stated a total Resource of 77Mt, comprising 7Mt of Indicated Resources in the J Seam, and the remainder attributed to Inferred Resources. The current Resource estimate of 264Mt is largely attributed the exploration drilling across the Eastern Block of BBM project area, which demonstrated the continuity of the major coal seams (B, C, D and J) in BBM. Additional Inferred Resources were accumulated using drilling rigs capable of reaching depths of 300m to 400m.

As well, the increase in Measured and Indicated Resources is attributed to close space drilling around the subcrops of the J Seam across the Eastern Block of BBM. The synclinal and anticlinal nature of the coal seams produced multiple subcrops/outcrops of the J Seam and subsequently an abundance of shallow coking coal.

Table 4: Difference in Current and Previous Coal Resource Estimates

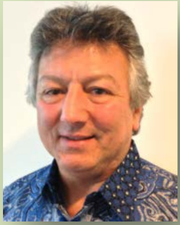
	2013			**2014**			
Seam Name	Measured Resources (Mt)	Indicated Resources (Mt)	Inferred Resources (Mt)	Measured Resources (Mt)	Indicated Resources (Mt)	Inferred Resources (Mt)	Difference
J	-	7	10	10.5	13.5	31	+21
D	-	-	25	-	-	75	+50
C	-	-	20	-	-	70	+50
B	-	-	15	-	-	61	+46
Total	**-**	**7**	**70**	**10.5**	**13.5**	**237**	**+7**

Board of Directors

Peter Lynch
Chairman and Chief Executive Officer,
Mining Engineer

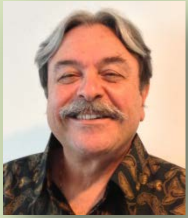
Previous President, CEO and Director of Waratah Coal, also General Manager Oaky North coal mine.

Patrick Hanna
Executive Director, Geologist



Vast worldwide coal exploration experience.

Domenic Martino
Non-Executive Director



Experienced junior exploration company director and past CEO of Deloitte Touche Tohmatsu in Australia.

Lieutenant General (Retired) Agus Widjojo
Non-Executive Director
(Appointed 14 August 2013)

Well respected amongst Indonesia's leaders and is considered a key contributor in the development of Indonesia's international ties on various levels. Currently Chairman of the Centre for Policy Studies & Strategic Advocacy (CPSSA), a Jakarta based think tank.

Senior Management

Victor Kuss
Chief Financial Officer /
Joint Company Secretary

Financial commercial and corporate experience with major international and listed junior companies.

Garry Kielenstyn
Country Manager, Indonesia

Project, Production, General and Area Manager experience. Veteran of the Indonesian mining and civil contracting industries, based in Kalimantan, living and working in Indonesian since 1990.

Bumi Barito Mineral Project

One of the most significant achievement during the year was the completion of a definitive feasibility study (DFS) on the Bumi Barito Mineral (BBM) Project. The DFS focused on a 2 Mtpa direct ship open cut operation which was identified in the Pre-feasibility study released in October 2014 as the optimum project for the development of resources contained in BBM.

The DFS was prepared by Resindo Resources and Energy Indonesia (Resindo) an Indonesian company, experienced in all aspects of successful project design and development for the Minerals, Mining, Oil and Gas, Power Generation sectors (certified to ISO 9001 Quality Management).

The Study has confirmed that the BBM Mine and associated facilities and transport systems can be developed as a low capital cost operation with moderate to mid-range operating costs. The formal risk analysis identified no issues which could not be managed by reasonable controls that would prevent the effective construction and operations of the mine, supporting facilities and transport chain for exporting the coal.

The key concern in this area is traditionally the river access for barging, whereupon BBM utilised an expert Barging consultant and barging contractor to design and manage a solution which is widely used in other regions facing similar environmental conditions. This coupled with the planned export volumes that do not require a high annual utilisation of river access to reach target coal levels, together with the development of a deep water river port near Kelanis to serve as an intermediate stockpile port and buffer for off-shore vessel loading during the Phase 2 expansion, will help reduce any effects of seasonal variances such as river heights.

Further the study has reviewed and determined the technical solutions and costs are generally consistent with and found throughout other developed and operating coal mines in Indonesia and no particular concerns ranked highly, including regulatory or political areas that may affect the development, with the current progress and status of the BBM permits supporting this position.

The Study also confirmed the availability and experience of a pool of key contractors, fabricators and service providers with demonstrable capability to undertake the works at the BBM site and who are fully cognisant of the seasonal conditions, productivity effects and logistics requirements of working in Central Kalimantan.

The marketing study has identified that BBM's hard coking coal properties would command a high value as a blending feed with significant potential upside based on the final Coal Preparation Plant or Washplant’s configuration which will be further refined as additional seam material becomes available to tailor the products to the preferred market.

The only significant outstanding item at the time of the Study being issued that affects BBM proceeding to construction was the final Forestry Department approval. This document received ministerial sign off in July 2014 with the issuance of the In-Principal forestry permit. The full borrow and use Forestry permit is expected to be issued in the Fourth Quarter 2014 after Cokal completes a number of pre-requisite activities which are considered procedural in nature.

BBM Definitive Feasibility Study Outcomes

The BBM Project definitive feasibility study (DFS) was completed in February 2014 but was substantially completed during the period. The aim of the study was to deliver a fully designed and costed project to a high level of confidence. The DFS is focused on the initial 2 Million tonnes per annum (Mtpa) with a direct ship start-up phase. All approvals and government processes have been submitted to allow development of an operation of up to 6Mtpa capacity.

Mine Design

The DFS mining study was completed by Aseamco a consultancy with extensive Indonesian and Australian experience working from the geological model comprising the October 2013 JORC update. The mining study was developed by first using a pit optimiser to rank coal resources in order of their relative cash margins. Overlaying this criteria was to develop a mining schedule which targeted low in-situ ash resources in the early part of the mine life. This approach resulted in a schedule which generated product coal early in the project life which not only had the lowest cash cost but also delayed any capital requirements associated with coal processing to reduce product ash below the target product specification of 8%.

The mine plan sees early production coming from a single pit extracting the low ash B, C D seams followed by the opening of three additional pits accessing the J seam and later on the PCI resources of the B, C and D seams. While the Geological model identified significant potential for underground mining potential the initial project will focus on a purely low capital cost Open cut operation with a life of ten years. The underground potential would have the effect of increasing the annual production potential and extending the project life.

Haul Road

A key part of the study was the 55 km haul road linking the BBM Mine site with the dedicated Barge loading facility to be constructed at Punarma. The haul road has been designed to provide the trucks with a grade optimised route which allows the coal trucks to maintain high travel speeds, operate efficiently and thereby achieve the lowest unit cost per tonne kilometre. This includes the final bridge design and geotechnical investigations for both the bridges at Osom and Babuat rivers. An hydrological review has also been undertaken to confirm bridge design parameters. The full design covers all cut and fill quantities and identification of certain selected naturally occurring building materials along the optimum route.

A land usage and ownership survey for the approximate 55 kilometres (km) of haul road has been completed successfully with positive contributions from the local government and local land owners.

Barge Loading Facility

The Barge loading facility to be located at Punarma has been designed to suit the shallow draft push barging system. The design is based on proven and successful facilities operating currently in the USA which are characterised by simple low manning operations with minimal double handling of the coal product. Coal handling was paramount in the engineering efforts to minimise product depredation and potential hand ability issues. Land acquisition arrangements for the Purnama Port are underway with the majority of the 150ha site being identified as available and appropriate for acquisition. Very significant contributions were made by the local community, land owners and local government to ensure this result.

Goetechnical investigations have been undertaken for both the on-shore and off-shore components.

River Barging

Detailed studies of the river have been completed confirming the practicality of using a river based shallow draft barging system. A detailed specific push tug and barge combination design to suit the identified navigable channel has been produced. The shallow draft barging system increases the calendar utilisation of the Barito River which has proven to be the main impediment for reliable logistics for the existing operators. While this system is an innovation for Indonesia it forms the basis of bulk material movement for many countries around the world.

A barging Joint Venture (JV) agreement has been executed with a well-respected and experienced Indonesian barging company, MDM Meratus Line. MDM has been instrumental in applying their practical knowledge from many years of experience of commercial operation on the Barito servicing some of the most prestigious coal operation. Their relationships with well some the world's best shipyards means the final design and contract outcome will translate to worlds best practice.

The Local Government has approved the location of the barge loading facility, with the Environmental Approval allowing 6Mtpa throughput.

River Trans-loading Station and Intermediate stockpile

The study also included a detailed design and costing for the river based trans-loading station to transfer coal from the river barging system for the upper Barito, to ocean going barges for delivery to offshore customer vessels via floating crane transhipping systems. The river based trans-loading system has been designed to serve the dual function of performing the in-loading system of the Intermediate stockpile facility when it is built. This allows the majority of the capital cost of the intermediate stockpile facility to be delayed enough to be funded out of project cashflows rather than in advance.

Final selection of the site of the trans-loading stockpile facility is currently being carried out and near completion with a number of potential sites available

External Relations

BBM Mining Licence Boundary Pegging

After receipt of the Izin Usaha Pertambangan Eksploitasi (Production Mining Permit), Cokal completed the mandatory requirements to commence installation of permanent boundary pegs at its PT BBM site. The program was presented to the Regency Mines Department and Cokal was recognised by the Department as the first mining licence holder in the Regency to fully complete this statutory requirement.

BBM Forestry Permit – Update

During the year PT BBM worked with the National Forestry Government to progress its application to upgrade the Forestry Permit from Exploration to Exploitation. Cokal received the In-Principal Forestry Permit from the National Forestry Department for an initial area 1,242 ha. The receipt of the In-Principal approval enabled work to commence with the pegging of the approved Forestry Permit area (approx. 1,600 pegs to be installed). The boundary pegging is expected to conclude in Q3 2014. After the pegging has concluded, and the additional administrative documents have been finalised, Cokal will advise the National Forestry Minister in writing that the requirements of the In-Principal approval are completed and the full Forestry Permit will be issued. The full Forestry Permit is expected to be awarded in Q4 2014.

BBM Port Location Approval - Update

The approval of the PT BBM Barge Loading Facility was received from the National Transportation Minister. Now that the port location has been secured, Cokal has commenced work on obtaining the Port Design Approval permit. The Port design Approval is required prior to the commencement of construction.

BBM Fuel Farm and Magazine Location and Design Approvals

The PT BBM fuel farm and magazine locations were approved by the Regency Government in Q2 2013. After securing the location approvals Cokal submitted the design applications for both facilities. The applications were assessed by the Regency Government and design approval for both facilities was obtained in Q1 2014.

BBP Production Approval Advances – Update

The ugrade of the Izin Usaha Pertambangaan Eksplorasi (Exploration Mining Permit) to Izin Usaha Pertambangan Eksploitasi (Production Mining Permit) was submitted in Q2 2013. Cokal has worked closely with the Regency Government during the final year to address addition requirements associated with the finalisation and granting of the Izin Usaha Pertambangan Eksploitasi (Production Mining Permit) which is expected to be awarded in Q4 2014.

KNR, SNR, AAK, AAM and TBAR Production Approval Advances – Update

During the financial year Cokal continued to work on progressing the Forestry Permits and having these projects listed on the National Clean and Clear Register. In doing so Cokal has continued to work closely with the Regency and Provincial Governments to progress the Forestry Permit requirements and with the National Mines Department to fulfil the clean and Clear list requirements.

Safety and Health

As Safety & Health are both a key and integral part of our strategy to become a leading force in the metallurgical coal sector we have taken a number of significant steps during the year including

- Mines Department accreditation of Adam Indra, our Safety and Health Manager, as a Wakil Kepala Teknik Tambang (Deputy Mine Technical Manager) alongside Yoga Suryanegara who was previously appointed Kepala Teknik Tambang (Mine Technical Manager). This gives us very strong Safety and Health coverage during exploration, construction and mining activities.
- received a formal commendation for both the standard and compliance of our reporting and been nominated for Best Mine Safety Implementation at IUP Level nationally
- In preparation for construction and mining works we have established an emergencies response management plan in conjunction with ISOS, an international medical and emergency management company. This includes the establishment of a medical clinic at Krajan and medical evacuation procedures
- Upgraded site facility fire prevention and alert systems and electrical compliance to the relevant Indonesian standard
- Established a Safety Training system and carried out mine based defensive driving courses, first aid courses at various levels and specific training courses for all employees on safety health and environment compliance and safety preparations prior to carrying out activities
- Conducted Fire Fighting, Airport Rescue & First Aid training at the local airport in conjunction with the local government transportation department. We are continuing with regular refresher courses and also provision of additional safety equipment
- Instituted a formalised mobile and heavy equipment mine licence process which tests both theoretical and practical ability prior to equipment operation on site. Similarly a process which reviews equipment suitability and standard prior to operatioon on site
- Ensured compliance with all government reporting requirements for which we have received a formal commendation regarding to both standard and compliance of our reporting and been nominated for Best Mine Safety Implementation at IUP Level nationally
- Instituted a regular inspection protocol of equipment and facilities on a regular basis including all water transport, light vehicles, tools and equipment and mining and construction equipment
- Administratively we established a number of procedures and processes including formalised Health and Safety policies, objectives and targets, Health and Safety responsibility and accountability matrices.
- A Hazard identification and Risk Assessment Register was established for both current and future activities associated both with exploration, construction and mining
- Complete Health, safety and Environmental Induction process for all employees, contractors and visitors including specific inductions for water transport and site flora and fauna protection. Currently over 450 persons have been inducted
- Health and Safety awareness campaigns carried out on a regular basis including daily and weekly meetings and the production of an internal safety bulletin

Environmental

Sound management of the environment is a critical part of Cokal's strategy to become a global force in the metallurgical coal sector. In order to establish absolute compliance and develop very high level work practices a number of key steps have been undertaken during the year including:

- The updating of the Environment and Sustainability Policy to reflect the company's transition from exploration into production.
- The commencement of developing the PT BBM Project's Environmental Management System and the finalisation and implementation of the Project's Environmental Management Strategy
- The commencement of baseline water and environmental monitoring at the BBM project area.
- The continuation of the environmental awareness programme aimed at "grass roots" level and presented in such a manner that it is easily comprehendable to employees with limited education. Topics include forest burning, gold sluicing and rubbish disposal which are critical issues in this area.
- The establishment of the BBM site nursery, where local provenance tree species and suitable ground cover species as grown to supply plant stock for the site rehabilitation program. The nursery is currently maintaining a stocking rate of approx. 5,000 plants.

- The commencement of the school based environmental awareness and tree planting program. The program commenced on World Environment Day and will provide environmental awareness training each month to different local schools. In addition, the students at each of the schools will identify an area for rehabilitation and PT BBM will provide plants and materials from the on-site nursery to support the school tree planting program. This program will continue throughout the life of the PT BBM project and it is hoped that over 5,000 plants will be planted on an annual basis outside the mining lease boundary through this program.
- The removal from the PT BBM site of approx. 200 empty fuel drums and approximately 500 l of waste oil. The drums and waste oil were taken by a licenced hazardous materials contractor and taken to an approved and registered disposal facility in Banjarmasin. In addition, an ongoing contract has been established with the licenced operator to remove drums and waste oil from the PT BBM site on a regular basis to ensure the number of waste drums and volume of waste oil on site do not reach similar levels again.

Feasibility Studies

The Feasibility Study for the BBP project was submitted to the Regency Mines Department for review. At the completion of the review Cokal worked closely with the Regency Government to modify some areas of the Report. The Feasibility Study update was completed during the financial year and was re-submitted to the Regency Government for final consideration and approval. Cokal has been advised that no additional work is required on the Feasibility Study and approval of the study by the Regency Government is expected in Q4 2014.

__Community Development__

Cokal has continued with the implementation of its Corporate Social Responsibility (CSR) program. To date Cokal has undertaken the following programs:

- Cokal has assisted members of the local community in establishing a micro-business that makes cement blocks to be used during the construction and operation of the PT BBM Project. PT BBM has provided the local business owners with training in block making and business administration as well as providing some initial materials to enable the micro-business to become operational. The blocks will be used for a variety of uses on site and it is expected that the business will evolve into other concrete based products that can be purchased and used by PT BBM.

- Cokal has successfully trialed a fish farm project at the PT BBM mine site. Given the success of the three pond trial, a second micro-business focused on fish farming will be established with local community ownership and management in Q2 2014. Once up and running the business will be able to supply a variety of fresh fish to the Project and also to local villages.

- Continuation of the sponsorship of the four teachers at Tumbang Tuan Junior High School. This school was previously closed and the continuation of the sponsorship allows the school to remain open.

- Cokal lead a five day health and safety training program for the operators of the local airport. This training covered theoretical and practical training across a wide range of potential scenarios including emergency response, injury management, firefighting, safety and risk identification as well as lectures regarding general airport operational safety.

- Continuation of the University scholarships program for 12 students across a range of faculties at including finance, law, agriculture and engineering. The next cohort of students will start in Q3 2014 and this will bring to total number of scholarships to 24.

- Commencement of the University of Palangkaraya mining faculty partnership. This program includes Cokal providing monthly lectures to the Mining faculty undergraduate program and Cokal providing training and equipment to support teams from the University in competing in the national Mining Students competition.

- Providing support to various cultural, religious and community based activities.

- Providing support to the Central Kalimantan Scout Association through the provision of logistics support and health and safety training.

- Continuation with provision of medical and paramedic support to local villages in the vicinity of the PT BBM Project.

Directors' Report

Your Directors present their report for the year ended 30 June 2014.

The following persons were Directors of Cokal Limited ("Group", "consolidated entity" or "Cokal") during the financial year and up to the date of this report, unless otherwise stated:

Peter Lynch, Chairman and Chief Executive Officer
(Appointed on 24 December 2010)
(Appointed Chief Executive Officer on 5 May 2013
B.Eng (Mining)

Since graduating with a Mining Engineering degree in 1988, Mr Lynch has held various positions, within the coal industry in Australia, as mining engineer, project manager, mine manager, general manager and managing director culminating most recently in the role, from January 2006 until January 2010, as the President, CEO and Director of Waratah Coal Inc., a TSX listed company which was taken over by the Mineralogy Group in December 2008, having reached a peak market capitalisation of CAD300 Million. Other highlights include:

- Mining Engineer, 50, over 27 years' experience mainly in coal.
- Proven track record in coal project evaluation, development and operation.
- Responsible for design and construction of one of Australia's best producing longwall projects, Oaky North.
- Ex-CEO of Waratah Coal responsible for putting the Galilee basin on the map, visionary development plan.
- Ex-MD APC, MacArthur Coal operating entity expanded to 6Mtpa.
- Strong following in Nth American Capital Markets, WCI.TSX-V.
- Currently a director of WCB Resources Limited (TSX-V:WCB).

Peter is a member of the Audit Committee.

During the past three years Peter has not served as a director of an ASX listed company.

Pat Hanna, Executive Director
(Appointed on 24 December 2010)
B. Applied Science (Geology), CP, FAusIMM

Mr Hanna has over 32 years' experience as a coal geologist in the areas of exploration and evaluation including planning, budgeting and managing drilling programs in Australia and Indonesia, gained since graduating from the University of New South Wales in 1976. Mr Hanna has authored and co-authored numerous coal industry publications.

- Geologist, 61, over 32 years' experience all in coal.
- Extensive experience in Indonesian coal.
- Exploration Manager for Riversdale Mining, principal responsibility for discovery and documentation of new coking coal basin in Mozambique.
- Ex-member of JORC committee.
- Principal Geologist SRK Australia for 6 years.
- Author of 19 technical publications.
- Reviewed and consulted on over 40 coal projects globally.
- Highly experienced and respected.

Pat is a member of the Audit Committee.

During the past three years Pat has not served as a director of an ASX listed company.

Domenic Martino, Non-Executive Director
(Appointed on 24 December 2010)
B. Bus, FCPA

Mr Martino is a Chartered Accountant and an experienced director of ASX listed companies. Previously CEO of Deloitte Touch Tohmatsu in Australia, he has significant experience in the development of "micro-cap" companies.

- Former CEO Deloitte Touche Tohmatsu Australia.
- Key player in the re-birth of a broad grouping of ASX companies including Sydney Gas, Pan Asia, Clean Global Energy, NuEnergy Capital.
- Strong reputation in China.
- Lengthy track record of operating in Indonesia, successfully closed key energy and resources deals with key local players.
- Proven track record in capital raisings across a range of markets.

During the past three years Domenic has also served as a Director of the following ASX listed companies:

- Pan Asia Corporation Limited* (since 24 December 2010)
- Synergy Plus Limited* (since 7 July 2006)
- Australasian Resources Limited* (since 27 November 2003)
- ORH Limited* (since 6 May 2009)
- Clean Global Energy Limited (appointed 9 October 2009, resigned September 2012)
- Coral Sea Petroleum Limited* (appointed 3 August 2012)
- MUI Corporation Limited (MUI) (appointed 19 December 2013)*

* denotes current directorship

Domenic is the Chairman of the Audit Committee.

Lt. General (Ret.) Agus Widjojo, Non-Executive Director (Appointed on 14 August 2013)

Mr Widjojo graduated from the Indonesian Armed Force Academy in 1970. He holds a Master's Degree in Military Art and Science from the National Security Strategy of the US army Command and General Staff College, Leavenworth WA and a Master Degree of Public Administration from the George Washington University.

He is a well-respected amongst Indonesia's leaders and is considered a key contributor in the development of Indonesia international ties on various levels.

Highlights include:

- Served as a staff officer in the International Commissioner for Control and Supervision in Vietnam 1973 and with the Indonesian Battalion with UNED II in Sinai in 1975.
- Command of an airborne infantry battalion and bridged and Command of TNI Command and Staff College (SESKO TNI).
- Assistant for General Plans and Strategic Policies of TNI Command in 1998.
- Vice Chairman of the national Parliament and leading participant in deliberation leading the reform of Indonesian armed force in the post-Suharto year and transition to democracy.
- Vice Chairperson of the Executive Board of Parties for Governance Reform, a Senior Fellow at CSIS Jakarta, a member of the advisory Board of the Institute of Peace and was a deputy of the President Policy implementation.
- Unit and the Indonesian representative on the Indonesia-Timor Commission of Truth and Friendship.
- Chairman of the Centre for Policy Studies and Strategic Advocacy (CPSSA).

During the past three years Agus has not served as a director of an ASX listed company.

The following persons were Company Secretaries of Cokal Limited ("Group", "consolidated entity" or "Cokal") during the financial year and up to the date of this report, unless otherwise stated:

Victor Kuss, Chief Financial Officer (CFO) and Joint Company Secretary (Appointed on 5 September 2011) BComm, CA

Victor Kuss is an experienced CFO with significant exposure to listed resources companies and has a strong track record in the successful growth and development of resources and resource related companies.

Mr Kuss has significant experience in M&A activities and capital raising. He has also worked extensively in a number of overseas mining and resources related operations. Mr Kuss is a Chartered Accountant and has a Masters in Economics.

Duncan Cornish, Joint Company Secretary (Appointed on 24 December 2010) B.Bus (Accounting), CA

Duncan is an accomplished and highly regarded corporate administrator and manager. He has many years' experience in pivotal management roles in capital raisings and stock exchange listings for numerous companies on the ASX, AIM Market of the London Stock Exchange and the Toronto Stock Exchange.

Highly skilled in the areas of Group financial reporting, Group regulatory, secretarial and governance areas, business acquisition and disposal due diligence, he has worked with Ernst & Young and PricewaterhouseCoopers both in Australia and the UK.

Duncan is currently Company Secretary and CFO of other listed companies on the ASX and TSX-V where he has assisted in their listing and capital raising. He is supported by a small experienced team of accountants and administrators.

Interests in Shares and Options

At 30 June 2014, the interests of the Directors in the shares of Cokal Limited are shown in the table below. No directors held options as at the date of this report.

	Ordinary Shares
Peter Lynch	56,052,000
Pat Hanna	25,800,000
Domenic Martino	37,120,001
Agus Widjojo	-

Principal Activities

The principal activities of the consolidated entity during the financial year were focused on the identification and development of coal within the highly prospective Central Kalimantan coking coal basin in Indonesia and to explore for coal in Tanzania with JV partner Tanzoz Resource Company Ltd (Tanzoz).

Operating Results

For the year ended 30 June 2014, the loss for the consolidated entity after providing for income tax was $6,464,173 (2013: $6,721,739).

The operating results have been heavily driven by the exploration and development programs at BBM project. This will cease as the project moves into the construction phase.

The current focus is on finalising the funding facility and commencing construction. More detail on the program is included separately in the Annual Report particularly in the 'Review of Operations' and 'Chairman's Letter to Shareholders' sections.

Dividends Paid or Recommended

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

Review of Operations

Detailed comments on operations and exploration programs up to the date of this report are included separately in the Annual Report under Review of Operations.

Review of Financial Condition

Capital Structure

On 8 July 2013 Cokal announced it would issue a private placement to Singapore listed private equity group Blumont Ltd. Under the arrangement Blumont Ltd was issued 60,057,034 ordinary shares in Cokal at a price of A$0.16 raising A$9,609,125 before costs. This placement wascompleted during the year.

On 11 July 2013, 4,000,000 options were issued to employees at A$0.214 and 7,300,000 options at A$0.25 expiring on 11 July 2017.

At 30 June 2014, the consolidated entity had 471,103,926 ordinary shares and 22,125,000 unlisted options on issue.

Financial Position

The net assets of the consolidated entity have increased by $3,305,316 from $57,602,800 at 30 June 2013 to $60,908,116 at 30 June 2014. This increase has largely resulted from the issue of share capital.

The consolidated entity's working capital, being current assets less current liabilities has decreased from $882,957 in 2013 to $366,284 in 2014. The decrease is primarily driven a new loan classified as current liability.

Treasury Policy

The consolidated entity does not have a formally established treasury function. The Board is responsible for managing the consolidated entity's finance facilities.

Some goods and services purchased by the consolidated entity, along with the payments made to the vendors of the Kalimantan coal projects, are in foreign currencies (US dollars or Indonesian Rupiah).

The consolidated entity does not currently undertake hedging of any kind.

Liquidity and Funding

The consolidated entity believes it has sufficient access to funds(see below) to finance its operations and exploration/development activities, and to allow the consolidated entity to take advantage of favourable business opportunities, not specifically budgeted for, or to fund unforeseen expenditure.

Significant Changes in the State of Affairs

In November 2013, the Group entered into an US$8million loan facility with the Blumont Group Limited of which US$4million could be drawn immediately and the remaining balance of the facility is subject to mutual agreement. US$3million of the facility was drawn during the year. US$1million remains undrawn and is planned to be drawn over the financial year ending 30 June 2015.

On 4 December 2013, Cokal received a conditional proposal for a debt financing facility of US$150million from an international consortium including Platinum Partners. The facility will be used to fund Cokal's 2Mtpa BBM Project. Cokal Limited subsequently accepted the proposal. Closing is conditional on satisfaction of various conditions including diligence, there being no material adverse changes, execution of definitive legal agreements reflecting the commercial terms, all project approvals being in place and other usual and customary terms for major project financing in Indonesia.

On 29 March 2014, the Group entered into a short term loan agreement for USD$3.5 million with Platinum Partners for working capital. At 30 June 2014 Cokal had fully drawn down US$3,500,000 (AU$3,757,381) of the bridging loan provided from Platinum Partners. Subsequent to 30 June 2014 Platinum Partners increased the Bridging Loan Facility from US$3,500,000 to US$9,150,000.

Cokal announced on 14 August 2013 the appointment of Lieutenant General (retired) Agus Widjojo as Non-executive Director. His appointment provided Coal with a depth of knowledge and experience in Indonesia to help Cokal to achieve its targets and goals in creating a successful and progressive coking coal mining business in Central Kalimantan.

On 13 February 2014, Cokal announced the completion of a Definitive Feasibility Study for its 60% owned Bumi Barito Mineral Coal Project, located in Central Kalimantan, Indonesia. The study has been prepared by Resindo Resources & Energy ("Resindo"), an Indonesian company, experienced in all aspects of successful project design and development for the Minerals, Mining, Oil and Gas, Power Generation sectors.

The study confirmed that the BBM coal mine and associated transport system can be developed as a low capital cost operation (US$75M) with moderate to medium range operating cost (First 5 years average US$82/product tonne).

Significant Events after the Reporting Date

On 14 July 2014, the Group advised that the functional currency of Cokal Limited is expected to be United States (US) dollars from Australian dollars effective from 1 July 2014. Consistent with the change, the presentation currency of the Group will also be expected to be changed to US dollars. This change means that the financial information in the Group quarterly reports to ASX, as well as its half year and annual accounts will be presented in US dollars.

On 11 August 2014, the Group secured further additional loan funds of US$5.650 million from a fund managed by Platinum Partners (Platinum) bringing the total loan for the project development to date to US$9.150 million. The additional loan is subject to withhold at the date of utilisation the aggregate amount of:

a. US$750,000, as a non-refundable work fee payable to the lender in respect of the facility; and
b. US$150,000, as the borrower's contribution for costs and expenses as stipulated in the agreement, the

balance of which amount is refundable on the repayment date to the extent not utilised by the lender.

Repayment of the first loan has been extended with the total loan of US$9.150 million now repayable within 6 months of receiving the additional loan funds. The total loan can also be rolled over into the BBM project financing facility once it is in place. The loan the facility is secured 950 ordinary shares and 46,608,900 preference shares of Cokal Holdings Pte. Ltd. and for all shares of Cokal-BBM Pte. Ltd.

On 27 August 2014, 15,000,000 options were issued to Platinum Partners at A$0.20 expiring on the 27 August 2018 (expiry date can be extended to 27 August 2022 in certain circumstances). The options are granted as part consideration for the BBM funding package announced on 11 August 2014.

Future Developments, Prospects and Business Strategies

Likely developments in the operations of the consolidated entity and the expected results of those operations in subsequent financial years have been discussed where appropriate in the Annual Report under Review of Operations.

There are no further developments of which the Directors are aware which could be expected to affect the results of the consolidated entity's operations in subsequent financial years.

Business Results

The prospects of the Group in developing their properties in Indonesia may be affected by a number of factors. These factors are similar to most exploration companies moving through exploration phase and attempting to get projects into production. Some of these factors include:

- Exploration - the results of the exploration activities at the BBM project and the tenements in Central Kalimantan may be such that the estimated resources are insufficient to justify the financial viability of the projects.
- Regulatory and Sovereign - the Group operates in Indonesia and deals with local regulatory authorities in relation to the operation and development of its properties. The Group may not achieve the required local regulatory approvals or they may be significantly delayed to enable it to commence production.
- Funding - the Group will require additional funding to move from the exploration/development phase to the production phase of the BBM project and the tenements in Central Kalimantan. There is no certainty that the Group will have access to available financial resources sufficient to fund its capital costs and/or operating costs at that time.
- Development - the Group is involved in developing greenfield projects in Indonesia which could result in capital costs and/or operating costs at levels which do not justify the economic development of the project.
- Market - there are numerous factors involved with early stage development of its properties such as the BBM project, including variance in commodity price and labour costs which can result in projects being uneconomical.

Environmental Issues

The consolidated entity is subject to environmental regulation in relation to its exploration activities in respective countries. Indonesia where the company's main project is located the principal laws are Act No.41 of 1999 regarding Forestry (the Forestry Law), Act No.4 of 2009 regarding Minerals and Coal Mining (the Mining Law) and Act No. 32 of 2009 regarding Environmental Protection and Management (the Environment Law). There are no matters that have arisen in relation to environmental issues up to the date of this report.

Non-Audit Services

The following non-audit services were provided by the Cokal's auditor, Ernst & Young. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Ernst & Young received the following amounts for the provision of non-audit services:

	2014 $	2013 $
Assurance related agreed upon services	-	-
Tax compliance services	-	-
	-	-

Remuneration Report (Audited)

This remuneration report for the year ended 30 June 2014 outlines the remuneration arrangements of the Group in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the consolidated entity.

For the purposes of this report, the term "executive" includes the Executive Chairman, Chief Executive Officer, directors and other senior management executives of the Group included in this report.

Remuneration report approval at FY13 AGM

The FY13 remuneration report received positive shareholder support at the FY13 AGM with proxy votes of 92% in favour (of shares voted).

Remuneration Policy

The performance of the consolidated entity depends upon the quality of its directors and executives. To prosper, the consolidated entity must attract, motivate and retain highly skilled directors and executives.

The Board does not presently have Remuneration and Nomination Committees. The directors consider that the consolidated entity is not of a size, nor are its affairs of such complexity, as to justify the formation of any other special or separate committees at this time. All matters which might be dealt with by such committees are reviewed by the directors meeting as a Board.

The Board, in carrying out the functions of the Remuneration and Nomination Committees, is responsible for reviewing and negotiating the compensation arrangements of senior executives and consultants.

The Board, in carrying out the functions of the Remuneration and Nomination Committees, assess the appropriateness of the nature and amount of remuneration of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team. Such officers are given the opportunity to receive their base remuneration in a variety of forms including cash and fringe benefits. It is intended that the manner of payments chosen will be optimal for the recipient without creating undue cost for the consolidated entity.

The consolidated entity aims to reward the Executive Directors and senior management with a level and mix of remuneration commensurate with their position and responsibilities within the consolidated entity. The Board's policy is to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering short and/or long-term incentives as appropriate.

In accordance with best practice corporate governance, the structure of non-executive directors, Executive Directors and senior management remuneration is separate and distinct.

Non-executive Director Remuneration

The Board seeks to set aggregate remuneration at a level which provides the consolidated entity with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

The Constitution of Cokal Limited and the ASX Listing Rules specify that the non-executive directors are entitled to remuneration as determined by the consolidated entity in a general meeting to be apportioned among them in such manner as the Directors agree and, in default of agreement, equally. The aggregate remuneration currently determined by Cokal Limited is $500,000 per annum. Additionally, non-executive directors will be entitled to be reimbursed for properly incurred expenses.

If a non-executive director performs extra services, which in the opinion of the directors are outside the scope of the ordinary duties of the director, the consolidated entity may remunerate that director by payment of a fixed sum determined by the directors in addition to or instead of the remuneration referred to above.

However, no payment can be made if the effect would be to exceed the maximum aggregate amount payable to non-executive directors. A non-executive director is entitled to be paid travel and other expenses properly incurred by them in attending directors' or general meetings of Cokal Limited or otherwise in connection with the business of the consolidated entity.

The remuneration of the sole non-executive director for the year ending 30 June 2014 is detailed in this Remuneration Report.

Executive Directors and Senior Management Remuneration

The consolidated entity aims to reward the Executive Directors and senior management with a level and mix of remuneration commensurate with their position and responsibilities within the consolidated entity so as to:

- reward Executives for consolidated entity and individual performance;
- align the interests of executives with those of shareholders;
- link reward with the strategic goals and performance of the consolidated entity; and
- ensure total remuneration is competitive by market standards.

The remuneration of the Executive Directors and senior management may from time to time be fixed by the Board. As noted above, the Board's policy is to align the Executive Directors and senior management objectives with shareholder and business objectives by providing a fixed remuneration component and offering short and/or long-term incentives as appropriate.

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Short-term incentives may be provided in the form of performance bonuses. Fixed remuneration and short-term incentives are reviewed annually by the Board, in carrying out the functions of the Remuneration Committee, and the process consists of a review of Company-wide and individual performance, relevant comparative remuneration in the market and internal, and where appropriate, external advice on policies and practices.

Senior management are given the opportunity to receive their fixed remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the consolidated entity.

Long-term incentives may be provided in the form of options and/or the issue of shares following the completion of satisfactory time periods of service. The consolidated entity uses employee continuity of service and the future share price to align comparative shareholder return and reward for executives.

The remuneration of the Executive Directors and senior management for the year ending 30 June 2014 is detailed in this Remuneration Report.

Relationship between Remuneration and Consolidated Entity Performance

During the financial year, the consolidated entity has generated losses as its principal activity was exploration for coal within the Central Kalimantan coking coal basin in Indonesia.

The following table shows the performances of the consolidated entity for the last five years:

Year-end (30 June)	2014 $	2013 $	2012 $	2011 $	2010 $
Share price	0.14	0.16	0.21	0.75	0.18
Basic loss per share	(1.40)	(1.64)	(1.68)	(1.39)	(2.67)

There were no dividends paid during the year ended 30 June 2014.

As the consolidated entity is still in the exploration and development stage, the link between remuneration, consolidated entity performance and shareholder wealth is tenuous. Share prices are subject to the influence of coal prices and market sentiment toward the sector, and as such increases or decreases may occur quite independent of executive performance or remuneration.

Employment and Services Agreements

It is the Board's policy that employment and/or services agreements are entered into with all Executive Directors, senior management and employees.

Agreements do not provide for pre-determining compensation values or method of payment. Rather the amount of compensation is determined by the Board in accordance with the remuneration policy set out above.

KMP are entitled to their statutory entitlements of accrued annual leave and long service leave together with any superannuation on termination. No other termination payments are payable.

Chairman and Chief Executive Officer

Cokal Limited has a services agreement with Petla Trust and Peter Lynch, the Executive Chairman and CEO. The Agreement commenced on 24 December 2010. Under the terms and conditions of the agreement, Petla Trust has agreed to provide certain corporate management and other services to the consolidated entity. Additionally on the 5th of May 2013, Peter Lynch has agreed to act as the Chairman and Chief Executive Officer of Cokal Limited. The agreement with Petla Trust was amended to allow Peter Lynch to act as Chief Executive officer and the base fee for provision of the service was adjusted to $520,000 per annum (exclusive of GST) on the basis of a minimum of 80% of Peter's time. The consolidated entity is also obliged to reimburse Petla Trust for all reasonable and necessary expenses incurred by Petla Trust in providing services pursuant to the agreement.

Both Cokal Limited and Petla Trust are entitled to terminate the agreement upon giving not less than three month's written notice. In the event that Petla Trust is in breach of the agreement, Cokal Limited may terminate the agreement immediately on written notice. In addition, Cokal Limited is entitled to terminate the agreement upon the happening of various events in respect of Petla Trust's solvency or other conduct of Petla Trust or Peter Lynch.

Executive Director

Cokal Limited has a services agreement with Hanna Consulting Services Pty Ltd and Pat Hanna, Executive Director. The Agreement commenced on 24 December 2010. Under the terms and conditions of the agreement, Hanna Consulting Services Pty Ltd has agreed to provide certain executive and geological management and other services to the consolidated entity. Additionally, Pat Hanna has agreed to act as the Executive Director of Cokal Limited.

Hanna Consulting Services Pty Ltd will receive a base fee for provision of the services of $240,000 per annum (exclusive of GST) for a minimum of ten days service per month. Additional fees of $2,000 per day will be paid for additional services performed greater than ten days per month. The consolidated entity is also obliged to reimburse Hanna Consulting Services Pty Ltd for all reasonable and necessary expenses incurred by Hanna Consulting Services Pty Ltd in providing services pursuant to the agreement.

Both Cokal Limited and Hanna Consulting Services Pty Ltd are entitled to terminate the agreement upon giving not less than three month's written notice. In the event that Hanna Consulting Services Pty Ltd is in breach of the agreement, Cokal Limited may terminate the agreement immediately on written notice. In addition, Cokal Limited is entitled to terminate the agreement upon the happening of various events in respect of Hanna Consulting Services Pty Ltd's solvency or other conduct of Hanna Consulting Services Pty Ltd or Pat Hanna.

Senior Management

CFO / Joint Company Secretary

Cokal Limited has an employment agreement with Victor Kuss, for the position of Chief Financial Officer commenced on 5th September 2011. He was further made Joint Company Secretary on the 14th May 2012. Mr Kuss receives an annual base salary of $265,000, exclusive of compulsory superannuation contributions.

Mr Kuss is eligible for an annual performance bonus of up to $100,000, based on the discretion of the CEO, as the Group is an early stage exploration/development entity.

The employment agreement may be terminated at any time by the Company for Cause, being serious misconduct or the happening of various events in respect of Mr Kuss's conduct.

The Company may terminate the employment agreement without Cause or for permanent disability by giving three months' notice to Mr Kuss. In these circumstances Mr Kuss will receive three months annual base salary.

Mr Kuss may terminate the employment agreement by providing the Company with three months' notice.

Joint Company Secretary

Cokal Limited has a services agreement with Corporate Administration Services Pty Ltd (CAS) and Duncan Cornish, the Joint Company Secretary. The agreement commenced on 1 December 2011. Under the terms and conditions of the agreement, CAS has agreed to provide certain corporate secretarial, administration and other services to Cokal Limited. Additionally, Mr Cornish has agreed to act as the secretary of Cokal Limited.

CAS receives a base fee for provision of the services of $40,000 (exclusive of GST). If at the request of the consolidated entity, CAS or Mr Cornish provides additional services to the consolidated entity, CAS shall be paid additional remuneration at an hourly rate. The additional services means the provision of other such services as may be required by the Company to be performed from time to time and being within the scope of CAS's expertise, including but not limited to corporate actions, capital raisings, prospectus management, extended (>3 days) Company-related corporate travel not associated with Company Secretarial or administrative duties (eg. conferences, road shows, site visits etc).The consolidated entity is also obliged to reimburse CAS for all reasonable and necessary expenses incurred by CAS in providing services pursuant to the Agreement.

Both Cokal Limited and CAS are entitled to terminate the agreement upon giving not less than one month's written notice. In the event that a party is in breach of the agreement either party may terminate the Agreement immediately on written notice. In addition, Cokal Limited is entitled to terminate the agreement upon the happening of various events in respect of CAS' solvency or other conduct of CAS or Mr Cornish. CAS is also entitled to terminate the agreement upon the happening of various events in respect of Cokal Limited's solvency.

<u>Indonesian Country Manager</u>
Cokal Limited has an employment agreement with Gerhardus Kielenstyn for the position of Indonesian Country Manager which commenced on 1 May 2013. Mr Kielenstyn receives an annual base salary up to $480,000, inclusive of benefits.

Mr Kielenstyn is eligible for an annual performance bonus on the discretion of the CEO, as the Group is an early stage entity.

The employment agreement may be terminated at any time by the Company for Cause, being serious misconduct or the happening of various events in respect of Mr Kielenstyn's conduct.

(a) Details of Key Management Personnel (KMP)

(i) Directors

Peter Lynch, Chairman and CEO (appointed Chairman 24 December 2010 and appointed CEO on the 3 May 2013)

Pat Hanna, Executive Director (appointed 24 December 2010)

Domenic Martino, Non-Executive Director (appointed 24 December 2010)

Lt. Gen. (Ret.) Widjojo, Non-Executive Director (appointed 14 August 2013)

(ii) Senior Management

Vic Kuss, CFO (appointed 5 September 2011) & Joint Company Secretary (appointed 14 May 2012)

Duncan Cornish, CFO (appointed 24 December 2010, resigned 4 September 2011) & Company Secretary (appointed 24 December 2010)

Gerhardus Kielenstyn, Indonesia Country Manager (appointed 1 May 2013)

(b) Remuneration Details

The following table of benefits and payments details, in respect to the financial years ended 30 June 2014 and 2013, the component of remuneration for each key management person of the consolidated entity:

2014	Short-Term Benefits			Post-Employment	Termination Benefits	Share-based payments		Total $	% Remuneration as options
	Salary & Fees $	Cash Bonus $	Other short -term benefits $	Superannuation $	$	Equity-settled (options) $	Cash-settled $		
Directors									
Peter Lynch #	419,733	-	-	-	-	-	-	419,733	0%
Pat Hanna	288,690	-	-	-	-	-	-	288,690	0%
Domenic Martino	255,833	-	-	-	-	-	-	255,833	0%
Agus Widjojo ●	59,364	-	-	-	-	-	-	59,364	0%
Total	**1,023,620**	**-**	**-**	**-**	**-**		**-**	**1,023,620**	
Senior Management									
Duncan Cornish	40,000	-	-	-	-	-	-	40,000	0%
Victor Kuss	248,804	-	16,196	25,000	-	360,431	-	650,431	55.4%
Gerhardus Kielenstyn*	431,153	-	-	-	-	274,371	-	705,524	38.9%
Total	**719,957**	**-**	**16,196**	**25,000**	**-**	**634,802**	**-**	**1,395,955**	

2013	Short-Term Benefits			Post-Employment	Termination Benefits	Share-based payments		Total $	% Remuneration as options
	Salary & Fees $	Cash Bonus $	Other short -term benefits $	Superannuation $	$	Equity-settled (options) $	Cash-settled $		
Directors									
Peter Lynch #	419,200	-	-	-	-	-	-	419,200	0%
Jim Middleton ~	539,013	70,000	-	17,843	-	115,773	-	742,629	15.6%
Pat Hanna	420,130	-	-	-	-	-	-	420,130	0%
Domenic Martino	115,000	-	-	-	-	-	-	115,000	0%
Total	**1,493,343**	**70,000**	**-**	**17,843**	**-**	**115,773**	**-**	**1,696,959**	
Senior Management									
Duncan Cornish	40,000	-	-	-	-	-	-	40,000	0%
Victor Kuss	241,334	-	23,666	25,000	-	793,310	-	1,083,310	73.2%
Gerhardus Kielenstyn*	76,428	-	3,820	-	-	-	-	80,248	0%
Total (restated)^	**357,762**	**-**	**27,486**	**25,000**	**-**	**793,310**	**-**	**1,203,558**	

Fees based on current status of project
* appointed 1 May 2013
~ Resigned 3 May 2013
● appointed 14 August 2013
^ Chris Turvey was not consider as KMP and the comparative has been restated accordingly.

Cash Bonuses, Performance-related Bonuses and Share-based Payments

KMP and other executives maybe paid cash bonuses or performance-related bonuses. Options are subject to continuation of services until agreed expiry date. The Board resolved to extend the Period of expiry to six months after ceasing employment for all employee options holders that have been given notice of termination of employment between January to June 2014.

Options holdings

Details of share-based payments to KMP and other executives awarded and vested/unvested during the year ended 30 June 2014 and 30 June 2013 are detailed in the table below.

	Remun-eration type	Grant date	Vesting date	Number	Exercise Price	Grant value (per option) $ #	Percentage vested / paid during year %	Percentage forfeited/ cancelled during year %	Percentage remaining as unvested %	Expiry date
Consolidated entity KMP										
Victor Kuss	Options	24/08/2011	05/09/2013	3,000,000	$1.10	$0.34	100%	-	-	5/09/2015
Victor Kuss	Options	24/08/2011	05/09/2013	2,000,000	$1.50	$0.30	100%	-	-	5/09/2015
Victor Kuss	Options	11/07/2013	11/07/2015	5,000,000	$0.25	$0.09	-	-	100%	11/07/2017
Jim Middleton	Options*	29/12/2010	29/12/2011	5,000,000	$0.50	$0.17	-	100%	-	3/08/2013
Jim Middleton	Options*	29/12/2010	29/12/2011	5,000,000	$0.75	$0.17	-	100%	-	3/08/2013
Gerhardus Kielenstyn	Options	11/07/2013	11/07/2014	2,000,000	$0.214	$0.09	-	-	100%	11/07/2017
Gerhardus Kielenstyn	Options	11/07/2013	11/07/2015	2,000,000	$0.214	$0.09	-	-	100%	11/07/2017

Options holdings **(Cont'd)**

	Remun-eration type	Grant date	Vesting date	Number	Exercise Price	Grant value (per option) $ #	Percentage vested / paid during year %	Percentage forfeited/ cancelled during year %	Percentage remaining as unvested %	Expiry date
	Consolidated entity KMP									
Victor Kuss	Options	24/08/2011	05/09/2013	3,000,000	$1.10	$0.34	-	-	100%	5/09/2015
Victor Kuss	Options	24/08/2011	05/09/2013	2,000,000	$1.50	$0.30	-	-	100%	5/09/2015
Jim Middleton	Options*	29/12/2010	29/12/2011	5,000,000	$0.50	$0.17	-	-	-	03/08/2013
Jim Middleton	Options	29/12/2010	29/12/2012	5,000,000	$0.75	$0.17	100%	-	-	03/08/2013

Calculation of value of options granted using the Black-Scholes option pricing model, which takes into account factors such as the option exercise price, the market price at the date of issue and volatility of the underlying share price and the time to maturity of the option.

*Jim Middleton resigned 3 May 2013 and hence his options expire 3 August 2013 per agreement.

Options holdings of KMP at reporting date include:

	Balance 1 July 2013	Granted as Remuneration	Exercise of Options	Net Change Other	Balance 30 June 2014	Total vested at 30 June 2014	Total vested and exercisable at 30 June 2014	Total vested and unexercisable at 30 June 2014
Directors								
Peter Lynch	-	-	-	-	-	-	-	-
Jim Middleton*	10,000,000	-	-	(10,000,000)	-	-	-	-
Pat Hanna		-	-	-	-	-	-	-
Domenic Martino	-	-	-	-	-	-	-	-
Senior Management								
Duncan Cornish	-	-	-	-				-
Victor Kuss	5,000,000	5,000,000	-	-	10,000,000	5,000,000	5,000,000	-
Gerhardus Kielenstyn	-	4,000,000	-	-	4,000,000	-	4,000,000	-
Total	**15,000,000**	**9,000,000**	**-**	**(10,000,000)**	**14,000,000**	**5,000,000**	**9,000,000**	**-**

	Balance 1 July 2012	Granted as Remuneration	Exercise of Options	Net Change Other	Balance 30 June 2013	Total vested at 30 June 2013	Total vested and exercisable at 30 June 2013	Total vested and unexercisable at 30 June 2013
Directors								
Peter Lynch	5,500,000	-	-	(5,500,000)	-			-
Jim Middleton*	11,000,000	-	-	(1,000,000)	10,000,000	10,000,000	10,000,000	-
Pat Hanna	2,500,000	-	-	(2,500,000)		-	-	-
Domenic Martino	3,500,000	-		(3,500,000)	-	-	-	-
Senior Management								
Duncan Cornish	100,000	-	-	(100,000)	-	-	-	-
Victor Kuss	5,000,000	-	-	-	5,000,000	5,000,000	5,000,000	-
Total (restated)^	**27,600,000**	**-**	**-**	**(12,600,000)**	**15,000,000**	**15,000,000**	**15,000,000**	**-**

*resigned 3 May 2013 and his options has expired 3 August 2013
^ Chris Turvey was not considered as KMP and the comparative has been restated accordingly.

These options were not issued based on performance criteria as the Board does not consider this appropriate for a junior exploration Group. The options were issued to the director and senior management of Cokal Limited to align comparative shareholder return and reward for director and senior management.

All options were issued by Cokal Limited and entitle the holder to one ordinary share in Cokal Limited for each option exercised.

All options granted as part of remuneration for the year ended 30 June 2014 were granted for nil consideration. Once vested, options can be exercised at any time up to the expiry date.

The consolidated entity does not currently have a policy prohibiting directors and executives from entering into arrangements to protect the value of unvested options. No directors or executives have entered into contracts to hedge their exposure to options awarded as part of their remuneration package.

Shareholdings

Details of ordinary shares held directly, indirectly or beneficially by KMP and their related parties are as follows:

	Balance 1 July 2013	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance 30 June 2014
Directors					
Peter Lynch	55,697,000	-	-	355,000	56,052,000
Jim Middleton *	10,017,000	-	-	(10,017,000)	-
Pat Hanna	25,800,000	-	-		25,800,000
Domenic Martino	37,520,001	-	-	-	37,520,001
Agus Widjojo	-	-	-	-	-
Senior Management					
Duncan Cornish	2,600,000	-	-	(198,785)	2,401,215
Garry Kielenstyn	32,000	-	-	-	32,000
Victor Kuss	675,000	-	-	-	675,000
Total	**132,341,001**	**-**	**-**	**(9,860,785)**	**122,480,216**

	Balance 1 July 2012	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance30 June 2013
Directors					
Peter Lynch	55,085,000	-	-	612,000	55,697,000
Jim Middleton *	10,017,000	-	-	-	10,017,000
Pat Hanna	25,000,000	-	-	800,000	25,800,000
Domenic Martino	37,120,001	-	-	-	37,120,001
Senior Management					
Duncan Cornish	3,000,000	-	-	(400,000)	2,600,000
Garry Kielenstyn	-	-	-	32,000	32,000
Victor Kuss	275,000	-	-	400,000	675,000
Total (restated)^	**130,497,001**	**-**	-	**1,444,000**	**131,941,001**

*resigned 3 May 2013

^ Chris Turvey was not considered as KMP and the comparative has been restated accordingly.

Advances to KMP

Advances to KMP at 30 June 2014 have been included in other receivables. The details of these advances are:

	2014 $	2013 $
Jim Middleton	-	1,051*
Peter Lynch	8,499	9,654
Pat Hanna	-	2,679
	8,499	**13,384**

*resigned 3 May 2013

Advances made relate to travel advances and are made in the ordinary course of business. These advances have been repaid in full at the date of adoption of the director's report.

Transactions with KMP and their related entities

- During the financial year ended 30 June 2014, Hanna Consulting Services Pty Ltd (of which Pat Hanna is a director) provided to the Group geological consulting services for various exploration projects, Indonesia, including site management, geological staff recruitment, preparation of field base camp and geological mapping surveys. Hanna Consulting Services Pty Ltd received $288,690 (2013: $420,130) for these services during the financial year. The services were based on normal commercial terms and conditions.
- During the financial year ended 30 June 2014, Petla Trust (of which Peter Lynch is a director) provided to the Group consulting services. Petla Trust received $419,733 (2012: $419,200) for these services during the financial year. The services were based on normal commercial terms and conditions.
- During the year ended 30 June 2014, the Group paid consulting fees of $185,784 (2013: $322,432) to PT. Pandu Wira Sejahtera of which Harun Abidin is a director. Harun is also a director of PT. Anugerah Alam Manuhing, PT. Anugerah Alam Katingan and PT. Silangkop Nusa Raya. These companies are part of the Cokal group.

Directors' Meetings

The number of meetings of Directors (including meetings of committees of directors) held during the year and the number of meetings attended by each Director was as follows:

	Board		Audit Committee	
	Number of meetings held while in office	Meetings attended	Number of meetings held while in office	Meetings attended
Peter Lynch	14	14	2	2
Pat Hanna	14	14	2	2
Domenic Martino	14	14	2	2
Agus Widjojo	12	10	n/a	n/a

Indemnification and Insurance of Directors, Officers and Auditor

Each of the current Directors and Secretaries of Cokal Limited have entered into a Deed with Cokal Limited whereby Cokal Limited has provided certain contractual rights of access to books and records of Cokal Limited to those Directors and Secretaries.

Cokal Limited has insured all of the Directors of the consolidated entity. The contract of insurance prohibits the disclosure of the nature of the liabilities covered and amount of the premium paid. The Corporations Act does not require disclosure of the information in these circumstances.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Options

At 30 June 2014, there were 22,125,000 unissued ordinary shares under options as follows:

- 1,000,000 unlisted options exercisable at $0.50, on or before 29 December 2014
- 1,000,000 unlisted options exercisable at $0.75, on or before 29 December 2014
- 1,600,000 unlisted options exercisable at $0.20 on or before 12 April 2015
- 1,225,000 unlisted options exercisable at $0.75, on or before 12 April 2015
- 550,000 unlisted options exercisable at $1.00 on or before 29 June 2015
- 3,000,000 unlisted options exercisable at $1.10 on or before 5 September 2015
- 2,000,000 unlisted options exercisable at $1.50 on or before 5 September 2015
- 450,000 unlisted options exercisable at $0.75 on or before 12 October 2016
- 4,000,000 unlisted options exercisable at $0.214 on or before 11 July 2017
- 7,300,000 unlisted options exercisable at $0.25 on or before 11 July 2017

No option holder has any right under the options to participate in any other share issue of Cokal Limited or any other entity.

During the year ended 30 June 2014, no ordinary shares in Cokal Limited were issued as a result of the exercise of options.

Subsequent to year end, no ordinary shares in Cokal Limited were issued as a result of the exercise of options.

Proceedings on Behalf of the Consolidated Entity

No person has applied for leave of Court to bring proceedings on behalf of the consolidated entity or intervene in any proceedings to which the consolidated entity is a party for the purposes of taking responsibility on behalf of the consolidated entity for all or any part of those proceedings.

The consolidated entity was not a party to any such proceedings during the year.

Auditor's Independence Declaration

The Auditor's Independence Declaration forms part of the Directors' Report and can be found on page 26.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Cokal Limited support and have adhered to the principles of corporate governance. Cokal Limited's Corporate Governance Statement can be found on page 31.

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

Cokal Limited

Peter Lynch
Chairman and Chief Executive Officer

Brisbane
24 September 2014

Building a better working world

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Auditor's Independence Declaration to the Directors of Cokal Limited

In relation to our audit of the financial report of Cokal Limited for the financial year ended 30 June 2014, 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.

Ernst & Young

Ernst & Young

Brad Tozer

Brad Tozer
Partner
Brisbane
24 September 2014

Shareholder Information

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 23 September 2014

(a) Distribution of Ordinary Shares and Options

The number of holders, by size of holding, in each class of security is:

	Ordinary shares		Unlisted options ($0.50 @ 29/12/14)		Unlisted options ($0.75 @ 29/12/14)		Unlisted options ($0.75 @ 12/4/15)	
	Number of holders	Number of shares	Number of holders	Number of options	Number of holders	Number of options	Number of holders	Number of options
1 – 1,000	324	281,370	-	-	-	-	-	-
1,001 – 5,000	164	500,594	-	-	-	-	-	-
5,001 – 10,000	289	2,640,960	-	-	-	-	-	-
10,001 – 100,000	550	21,459,254	-	-	-	-	1	75,000
100,001 and over	219	446,221,748	1	1,000,000	1	1,000,000	2	900,000
Total	1,546	471,103,926	1	1,000,000	1	1,000,000	6	975,000

	Unlisted options ($1.00 @ 29/6/15)		Unlisted options ($1.10 @ 05/09/15)		Unlisted options ($1.50 @ 05/09/15)		Unlisted options ($0.75 @ 12/10/16)	
	Number of holders	Number of options	Number of holders	Number of options	Number of holders	Number of options	Number of holders	Number of options
1 – 1,000	-	-	-	-	-	-	-	-
1,001 – 5,000	-	-	-	-	-	-	-	-
5,001 – 10,000	-	-	-	-	-	-	-	-
10,001 – 100,000	1	50,000	-	-	-	-	-	-
100,001 and over	1	500,000	1	3,000,000	1	2,000,000	2	350,000
Total	2	550,000	1	3,000,000	1	2,000,000	2	350,000

	Unlisted options ($0.20 @ 12/04/15)		Unlisted options ($0.214 @ 11/07/17)		Unlisted options ($0.25 @ 11/07/17)		Unlisted options ($0.20 @ 27/08/2022)	
	Number of holders	Number of options	Number of holders	Number of options	Number of holders	Number of options	Number of holders	Number of options
1 – 1,000	-	-	-	-	-	-	-	-
1,001 – 5,000	-	-	-	-	-	-	-	-
5,001 – 10,000	-	-	-	-	-	-	-	-
10,001 – 100,000	-	-	-	-	-	-	-	-
100,001 and over	1	1,600,000	1	4,000,000	4	7,300,000		
Total	2	1,600,000	1	4,000,000	4	7,300,000	1	15,000,000

The number of shareholders holding less than a marketable parcel (529,286 ordinary shares) is 432 on a share price of $0.140

Twenty Largest Holders

The names of the twenty largest holders, in each class of quoted security (ordinary shares) are:

		Number of shares	% of total shares
1	HOLDEX NOMINEES PTY LTD <NO 431 A/C>	60,057,034	12.75
2	CITICORP NOMINEES PTY LIMITED	57,896,354	12.29
3	J P MORGAN NOMINEES AUSTRALIA LIMITED	49,416,808	10.49
4	NATIONAL NOMINEES LIMITED	39,364,623	8.36
5	GEBRUN PTY LTD <PETLA A/C>	35,000,000	7.43
6	PATRICK JOSEPH HANNA	25,000,000	5.31
7	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 3	21,910,228	4.65
8	MR PETER ANTHONY LYNCH + MRS LAURA ANNE LYNCH <SEBAL SUPER FUND A/C>	21,052,000	4.47
9	UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	18,965,000	4.03
10	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	18,479,391	3.92
11	TJ SMOCK & CO PTY LTD <MIDDLETON FAMILY A/C>	10,000,000	2.12
12	AUSTRALIAN TAILINGS GROUP PTY LIMITED <ATG A/C>	4,500,000	0.96
13	MR THOMAS CLEMENT BAHEN	4,100,000	0.87
14	MR SHANE DOHERTY <RESOURCES INVESTMENT A/C>	4,000,000	0.85
15	ALBIANO HOLDINGS PTY LTD <PANTHEON FAMILY A/C>	2,401,215	0.51
16	MR JOHN LANGLEY HANCOCK	2,180,000	0.46
17	HARMANIS HOLDINGS PTY LTD <HARMAN FAMILY A/C>	1,820,000	0.39
18	P GOURLEY & ASSOCIATES PTY LTD <THE GOURLEY SUPER FUND A/C>	1,676,726	0.36
19	MR HARUN ABIDIN	1,495,000	0.32
20	MR CHRISTOPHER WARWICK TURVEY + MRS ALISON LOUISE TURVEY <ACEL S/F A/C>	1,400,000	0.3
	Top 20	**380,714,3794**	80.81%
	Total Remaining	90,389,547	19.19%

Substantial shareholders

Substantial shareholders as shown in substantial shareholder notices received by Cokal are:

Name of Shareholder:	Ordinary Shares:
Platinum Partners Value Arbitrage Fund LP & Platinum Partners Liquid Opportunity	67,224,810
Blumont Group Ltd	56,875,000
Peter Anthony Lynch & Lara Anne Lynch	55,052,000
BlackRock Group	39,533,945
Domenic Vincent Martino & Sandra Gae Martino	37,120,001
Patrick Joseph Hanna	25,000,000

The Company notes that, as at 16 September 2014, the following shareholders own substantial shareholdings (>= 5.0%) in Cokal:

Name of Shareholder:	Ordinary Shares:	% of total shares:
HOLDEX NOMINEES PTY LTD <NO 431 A/C>	60,057,034	12.75
CITICORP NOMINEES PTY LIMITED	57,896,354	12.29
J P MORGAN NOMINEES AUSTRALIA LIMITED	49,416,808	10.49
NATIONAL NOMINEES LIMITED	39,364,623	8.36
GEBRUN PTY LTD <PETLA A/C>	35,000,000	7.43
PATRICK JOSEPH HANNA	25,000,000	5.31

(b) Voting rights

All ordinary shares carry one vote per share without restriction.

Options do not carry voting rights.

(c) Restricted securities

The Group currently has no restricted securities on issue.

(d) On-market buy-back

There is not a current on-market buy-back in place.

(e) Business Objectives

The consolidated entity has used its cash and assets that are readily convertible to cash in a way consistent with its business objectives.

Interests in Tenements and Projects

Cokal Limited had the following interests in projects as at 30 June 2014:

Indonesia

Project	Location	% Interest
PT Anugerah Alam Katingan (AAK)	Kalimantan	75%
PT Anugerah Alam Manuhing (AAM)	Kalimantan	75%
PT Bumi Barito Mineral (BBM)	Kalimantan	60%
PT Borneo Bara Prima (BBP)	Kalimantan	60%
PT Silangkop Nusa Raya (SNR)	Kalimantan	75.2%
PT Tambang Benua Alam Raya[#] (TBAR)	Kalimantan	75%

#in process of transferring the shares to the Group.

Tanzania

Project	Location	% Interest
Joint Venture with Tanzoz (JV1 or Manda) over tenement number PL 6281	Tanzania	50%
Joint Venture with Tanzoz (JV2) over tenement number PL 5395 plus additional tenements identified by the parties	Tanzania	60%

Corporate Governance Statement

The board of directors of Cokal Limited is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of Cokal Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

Cokal Limited's Corporate Governance Statement is structured with reference to the Australian Securities Exchange (ASX) Corporate Governance Council's (the Council) "Corporate Governance Principles and Recommendations, 2nd Edition", which are as follows:

Principle 1	Lay solid foundations for management and oversight
Principle 2	Structure the board to add value
Principle 3	Promote ethical and responsible decision making
Principle 4	Safeguard integrity in financial reporting
Principle 5	Make timely and balanced disclosure
Principle 6	Respect the rights of shareholders
Principle 7	Recognise and manage risk
Principle 8	Remunerate fairly and responsibly

A copy of the eight Corporate Governance Principles and Recommendations can be found on ASX's website.

The Board is of the view that with the exception of the departures from the ASX Guidelines as set out below, it otherwise complies with all of the ASX Guidelines.

ASX Principles and Recommendations	Summary of the Consolidated Entity's Position
Principle 2 – Structure the Board to Add Value	
Recommendation 2.1 – A majority of the Board should be independent directors	While the consolidated entity does not presently comply with this recommendation, the consolidated entity may consider appointing further independent directors in the future. The consolidated entity believes that given the size and scale of its operations, non-compliance by the consolidated entity with this recommendation will not be detrimental to the consolidated entity.
Recommendation 2.2 – The chair should be an independent director	Mr Peter Lynch is the Chairman and was appointed Chief Executive Officer on the 4th of June 2013. The consolidated entity does not consider Mr Lynch to be an independent director as defined in the ASX Guidelines on the basis that he is employed by the Company in an executive capacity and is a substantial (greater than 5%) shareholder in the Company. The consolidated entity believes that given the size and scale of its operations, non-compliance by the consolidated entity with this recommendation will not be detrimental to the consolidated entity. It is the Board's view that the Company's corporate governance principles, the quality, stature and substantive business knowledge of the members of the Board of Directors, as well as the Board's culture of open communication with the CEO and senior management are conducive to Board effectiveness with a combined Chairman and CEO position.
Recommendation 2.4 – The board should establish a nomination committee	The Board's view is that the consolidated entity is not currently of the size to justify the formation of a separate nomination committee. The Board currently performs the functions of a nomination committee and where necessary will seek advice of external advisors in relation to this role. The Board shall, upon the consolidated entity reaching the requisite corporate and commercial maturity, form a nomination committee to assist the Board in relation to the appointment of Directors and senior management.

ASX Principles and Recommendations	Summary of the Consolidated Entity's Position
Principle 3 – Promote Ethical and Responsible Decision-making	
Recommendation 3.2 – Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them. Recommendation 3.3 – Companies should disclose in each annual report the measurable the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	The Company is committed to workplace diversity and ensuring a diverse mix of skills amongst its directors, officers and employees. Due to its size and nature of operations, the Company does not currently have a Diversity Policy. The Company strives to attract the best person for the position regardless of gender, age, ethnicity or cultural background. While the Company does not presently comply with Recommendations 3.2 and 3.3, the Company may consider adopting a Diversity Policy in the future as it grows in size and complexity. The Company believes that given the size and nature of its operations, non-compliance with these recommendations will not be detrimental to the consolidated entity.
Principle 4 – Safeguard Integrity in Financial Reporting	
Recommendation 4.2 – The Audit Committee should be structured so that it: - Consists only of non-executive directors - Consists of a majority of independent directors - Is chaired by an independent chair, who is not chair of the board - Has at least 3 members	The members of the Audit and Risk Management Committee are Domenic Martino (Chairman), Peter Lynch and Pat Hanna. Mr Domenic Martino is a non-executive director and the current Chairman of the Audit and Risk Management Committee. The consolidated entity does not consider Mr Martino to be an independent director as defined in the ASX Guidelines on the basis that he, together with his associated entities, are in aggregate a substantial (greater than 5%) shareholder in the consolidated entity. Mr Peter Lynch is the Chairman and Chief Executive Officer. The consolidated entity does not consider Mr Lynch to be an independent director as defined in the ASX Guidelines on the basis that he is employed by the Company in an executive capacity and is a substantial (greater than 5%) shareholder in the Company. Mr Pat Hanna is the Executive Director. The consolidated entity does not consider Mr Hanna to be an independent director as defined in the ASX Guidelines on the basis that he is employed by the Company in an executive capacity and is a substantial (greater than 5%) shareholder in the Company. On the basis of above information, the consolidated entity is of the view that the current Committee does not consist of a majority of independent directors. While the consolidated entity does not presently comply with this Recommendation 4.2, the consolidated entity may consider appointing further independent Directors in the future. The consolidated entity believes that given the size and scale of its operations, non-compliance by the consolidated entity with this Recommendation 4.2 will not be detrimental to the consolidated entity.
Principle 7 - Recognise and Manage Risk	
Recommendation 7.2 – The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	The Board has adopted a Risk Management Policy, which sets out the Company's risk profile. Under the policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control. Under the policy, the Board delegates day-to-day management of risk to the Management, is responsible for identifying, assessing, monitoring and managing risks. Management is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board.

ASX Principles and Recommendations	Summary of the Consolidated Entity's Position
Principle 8 – Remunerate Fairly and Responsibly	
Recommendation 8.1 – The board should establish a remuneration committee	The Board has not established a remuneration committee. The Board considers that given its size, no efficiencies or other benefits would be gained by the establishing of such committee. The role of the remuneration committee is carried out by the full Board. The Board shall, upon the consolidated entity reaching the requisite corporate and commercial maturity, form a nomination committee to assist the Board in relation to the appointment of Directors and senior management.

Board

The Board has adopted a formal Board Charter that outlines the roles and responsibilities of directors and senior executives. The Board Charter has been made publicly available on Cokal Limited's website (Corporate Governance Policy).

The skills, experience and expertise relevant to the position of Director held by each Director on office at the date of the Annual Report is included in the Director's Report. Corporate Governance Council Recommendation 2.1 requires a majority of the Board should be independent Directors. The Corporate Governance Council defines an independent director as a non-executive director who is not a member of management and who is free of any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the independent exercise of their judgement.

In the context of Director independence, "materiality" is considered from both the Company and the individual Director perspective.

The determination of materiality requires consideration of both quantitative and qualitative elements.

An item is presumed to be quantitatively immaterial if it is equal or less than 10% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount. Qualitative factors considered included whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors which point to the actual ability of the Director in question to shape the direction of the Company's loyalty.

Factors that may impact on a director's independence are considered each time the Board meets.

At the date of this report:
In accordance with the Council's definition of independence above, and the materiality thresholds set none of the Directors are considered to be independent.

In accordance with the Council's definition of independence above, and the materiality thresholds set, the following Directors are not considered to be independent:

Name	Position	Reason for Non-compliance
Peter Lynch	Executive Chairman & Chief Executive Officer	Peter Lynch is employed by the Company in an executive capacity and is a substantial (greater than 5%) shareholder in the Company.
Pat Hanna	Executive Director	Pat Hanna is employed by the Company in an executive capacity and is a substantial (greater than 5%) shareholder in the Company.
Domenic Martino	Non-Executive Director	Domenic Martino is a substantial (greater than 5%) shareholder in the Company.

Cokal Limited considers industry experience and specific expertise, as well as general corporate experience, to be important attributes of its Board members. The Directors noted above have been appointed to the Board of Cokal Limited due to their considerable industry and corporate experience.

There are procedures in place, agreed by the Board, to enable Directors, in furtherance of their duties, to seek independent professional advice at the Company's expense.

The term in office held by each Director in office at the date of this report is as follows:

Name	Term in Office
Peter Lynch	3 year 9 months
Pat Hanna	3 year 9 months
Domenic Martino	3 year 9 months
Agus Widjojo	1 year 1 month

Diversity

The Company is committed to workplace diversity and ensuring a diverse mix of skills amongst its directors, officers and employees. The Company strives to attract the best person for the position regardless of gender, age, ethnicity or cultural background

Due to its size and nature of operations, the Company does not currently have a Diversity Policy, however may consider adopting a Diversity Policy in the future as it grows in size and complexity.

As at 30 June 2014, the proportion of women in the whole organisation is a follows:

	Male	Female
Board Members	100%	0%
Officers	100%	0%
Other	83%	17%

Trading Policy

The Board has adopted a policy and procedure on dealing in the Company's securities by Directors, officers and employees which prohibits dealing in the Company's securities when those persons possess inside information until it has been released to the market and adequate time has passed for this to be reflected in the security's prices, and during certain pre-determined windows.

The Company's policy regarding dealings by directors in the Company's shares is that directors should never engage in short term trading and should not enter into transactions when they are in possession of price sensitive information not yet released by the Company to the market; or for a period of fourteen (14) days prior to the scheduled (per ASX Listing Rules) release by the Company of ASX Quarterly Operations and Cash Flow Reports or such shorter period as may be approved of by the Chairman after receipt of notice of intention to buy or sell by a director to other members of the Board.

Directors will generally be permitted to engage in trading (subject to due notification being given to the Chairperson and Secretary) for a period commencing one (1) business day after the release of ASX Quarterly Operations and Cash Flow Reports to the market and for a period commencing one (1) business day following the release of price sensitive information to the market which allows a reasonable period of time for the information to be disseminated among members of the public.

Remuneration and Nomination Committees

Due to the size and scale of operations, Cokal Limited does not have separately established Remuneration or Nomination Committees. The full Board carries out the functions of Remuneration and Nomination Committees.

Audit Committee

The Board has established an Audit Committee. It is the Board's responsibility to ensure that an effective internal control framework exists within the Company. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators. The Board has delegated the responsibility for the establishment and maintenance of a framework of internal control and ethical standards for the management of the Company to the Audit Committee.

The Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports.

The members of the Audit Committee at the date of this report are:

- Domenic Martino (Chairman)
- Peter Lynch
- Pat Hanna

For additional details of directors' attendance at Audit Committee meetings and to review the qualifications of the members of the Audit Committee, please refer to the Directors' Report.

The Audit Committee Charter has been made publicly available on the Company's website.

Risk Management

Material business risks are considered informally as the Company's business evolves, since it commenced exploration in January 2011, plus formally at each Board meeting.

The Company has adopted a formal framework for risk management and internal compliance and control systems which cover organisational, financial and operational aspects of the Company's affairs as the Company's activities expand. The Board believes the current approach to risk management is appropriate given the size and scale of its operations. Further detail of the Company Risk Management Policies can be found within the Corporate Governance Policy available on the Company website (**www.cokal.com.au**).

Recommendation 7.2 requires that the Board disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks. Business risks are considered regularly by the Board and management. With the company about to commence a major new phase of activity- construction of the BBM project, the Board has requested that management revamp p the formal risk process to include a focus on construction risks. Therefore as the risk assessment process is being updated a formal report to the Board as to the effectiveness of the management of the Company's material business risks has not been provided.at the date of this report.

As required by Recommendation 7.3, the Board has received written assurances from the CEO and CFO that to the best of their knowledge and belief, the declaration provided by them in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Performance Evaluation

The full Board, in carrying out the functions of the Remuneration and Nomination Committees, considers remuneration and nomination issues annually and otherwise as required in conjunction with the regular meetings of the Board.

During the Reporting Period a CEO performance evaluation took place. The evaluations were conducted by the Board on an informal basis.

Remuneration

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and Executive team by remunerating directors and key executives fairly and appropriately with reference to relevant and employment market conditions. To assist in achieving this objective, the Remuneration Committee and the Board links the nature and amount of Executive Director's and Officer's emoluments to the consolidated entity's financial, operations and share price performance. The expected outcomes of the remuneration structure are:

- retention and motivation of key Executives
- attraction of quality management to the consolidated entity
- performance incentives which allow Executives to share the rewards of the success of Cokal Limited.

For details on the amount of remuneration and all monetary and non-monetary components for each of the five highest paid (Non-Director) Executives during the period, and for all Directors, please refer to the Remuneration Report within the Directors' Report. In relation to the payment of bonuses, options and other incentive payments, discretion is exercised by the Board, having regard to the overall performance of Cokal Limited and the performance of the individual during the period.

There is no scheme to provide retirement benefits, other than statutory superannuation, to Non-Executive Directors.

The Board is responsible for determining and reviewing compensation arrangements for the Directors themselves, subject to Cokal Limited's constitution and prior shareholder approvals, and the Executive team.

The consolidated entity does not currently have a policy of implementing a ban on hedging economic risk of options.

Continuous Disclosure Policy

Detailed compliance procedures for ASX Listing Rule disclosure requirements have been adopted by the consolidated entity. Cokal Limited's Continuous Disclosure Policy can be found within Cokal Limited's Corporate Governance Charter on the Cokal Limited website (**www.cokal.com.au**) in the Corporate Governance section.

Communications

The consolidated entity has designed a disclosure system to ensure it complies with the ASX's continuous disclosure rules and that information is made available to all investors equally, promoting effective communications with shareholders and encouraging shareholder participation at general shareholder meetings.

In addition to corporate and project information generally available on the Company's website, in the Investor Relations section of the Company's website the following information is made available:

- ASX Releases
- Corporate Presentations
- Quarterly Reports
- Half-yearly and Annual Reports
- Capital Structure

Other Information

Further information relating to the Company's corporate governance practices and policies has been made publicly available on the Company's web site at: **www.cokal.com.au**.

Consolidated statement of comprehensive income for the year ended 30 June 2014

		2014 $	2013 $
Revenue and other income	2	79,811	2,175,773
Pre-tenure exploration expenses		-	(138,417)
Employee benefits expenses		(3,310,768)	(3,622,621)
Depreciation expenses		(256,807)	(184,125)
Finance costs		(633,062)	(86)
Legal expenses		(106,390)	(152,520)
Administration and consulting expenses		(1,843,556)	(3,714,495)
Other expenses		(393,401)	(1,085,248)
Loss before income tax expense		**(6,464,173)**	**(6,721,739)**
Income tax expense	4	-	-
Net loss for the year		**(6,464,173)**	**(6,721,739)**
Other comprehensive income		-	-
Total comprehensive loss for the year		**(6,464,173)**	**(6,721,739)**

Loss per share for the loss attributable to owners of Cokal Limited:		**Cents**	**Cents**
Loss per share (cents per share)	7	(1.40)	(1.64)
Diluted loss per share (cents per share)	7	(1.40)	(1.64)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position as at 30 June 2014

		2014 $	2013 $
Current Assets			
Cash and cash equivalents	8	2,752,958	916,509
Short term deposits	8	1,955,259	1,858,000
Accounts receivable	9	203,860	159,900
Other current assets	14	60,704	100,117
Total Current Assets		**4,972,781**	**3,034,526**
Non-Current Assets			
Property, plant and equipment	12	948,498	954,616
Exploration and evaluation assets	13	62,811,658	55,729,090
Other non-current assets	14	232,023	266,762
Total Non-Current Assets		**63,992,179**	**56,950,468**
TOTAL ASSETS		**68,964,960**	**59,984,994**
Current Liabilities			
Accounts payable	15	849,116	2,151,569
Interest bearing loans	16	3,757,381	-
Total Current Liabilities		**4,606,497**	**2,151,569**
Non-Current Liabilities			
Deferred liability	15	138,375	230,625
Interest bearing loans	16	3,311,972	-
Total Non-Current Liabilities		**3,450,347**	**230,625**
TOTAL LIABILITIES		**8,056,844**	**2,382,194**
NET ASSETS		**60,908,116**	**57,602,800**
Equity			
Issued capital	17	81,937,141	73,003,471
Reserves	18	4,706,240	3,870,421
Accumulated losses	19	(25,735,265)	(19,271,092)
TOTAL EQUITY		**60,908,116**	**57,602,800**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity
For the year ended 30 June 2014

	Issued capital $	Reserves $	Accumulated losses $	Total $
At 1 July 2012	**73,003,471**	**2,547,998**	**(12,549,353)**	**63,002,116**
Total comprehensive loss for the financial year				
Loss for the year	-	-	(6,721,739)	(6,721,739)
	-	-	(6,721,739)	(6,721,739)
Transactions with owners in their capacity as owners				
Issue of share capital	-	-	-	-
Costs associated with issue of share capital	-	-	-	-
Share based payments	-	1,322,423	-	1,322,423
	-	1,322,423	-	1,322,423
At 30 June 2013	**73,003,471**	**3,870,421**	**(19,271,092)**	**57,602,800**
Total comprehensive loss for the financial year				
Loss for the year	-	-	(6,464,173)	(6,464,173)
	-	-	(6,464,173)	(6,464,173)
Transactions with owners in their capacity as owners				
Issue of share capital	9,609,127	-	-	9,609,127
Costs associated with issue of share capital	(675,457)	-	-	(675,457)
Share based payments	-	835,819	-	835,819
	8,933,670	835,819	-	9,769,489
			-	
At 30 June 2014	**81,937,141**	**4,706,240**	**(25,735,265)**	**60,908,116**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows
For the year ended 30 June 2014

		2014 $	2013 $
Cash Flows from Operating Activities			
Payments to suppliers and employees		(6,217,546)	(5,833,288)
Interest received		79,811	591,402
Interest paid		(536,769)	(86)
Net cash outflow from operating activities	24	**(6,674,504)**	**(5,241,972)**
Cash Flows from Investing Activities			
Payments for plant and equipment		(250,689)	(329,971)
Deposits maturing after three months		(97,259)	12,429,097
Proceeds from sale of tenements		-	1,620,000
Payments for exploration and evaluation assets		(7,082,568)	(22,853,680)
Security deposit receipts / (payments)		34,739	(47,966)
Net cash outflow from investing activities		**(7,395,777)**	**(9,182,520)**
Cash Flows from Financing Activities			
Proceeds from issue of shares and options		9,609,127	-
Transaction costs on share issue		(675,457)	-
Proceeds from borrowings		6,973,060	-
Net cash inflow from financing activities		**15,906,730**	**-**
Net (decrease)/increase in cash and cash equivalents		1,836,449	(14,424,492)
Cash and cash equivalents at beginning of year		916,509	15,341,001
Cash and cash equivalents at end of year *	**8**	**2,752,958**	**916,509**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

*Total cash and cash equivalents (including amounts on deposit) at 30 June 2014 was $4,708,217 (2013: $2,774,509)

Notes to the Financial Statements for the year ended 30 June 2014

Note 1: Summary of Significant Accounting Policies

(a) General information

The consolidated financial statements of Cokal Limited for the year ended 30 June 2014 were authorised for issue in accordance with a resolution of the Directors dated 24 September 2014 and covers the consolidated entity (the "Group" or "Cokal") consisting of Cokal Limited (the "Company") and its subsidiaries.

The financial statements are presented in Australian currency.

Cokal Limited (the parent) 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.

(b) Basis of preparation

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and the *Corporations Act 2001*.

The financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on a historical cost basis.

(c) Going concern

The financial report has 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 help the Group to manage to meet its debts as and when they fall due. Specifically this may require the Group to re-negotiate or satisfy current borrowings of $3.8 million, through loan extensions (which require lender consent) or funding from other sources respectively.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities should the Group be unsuccessful in raising funds on managing its existing funds to enable it to realise its assets in the ordinary course of business.

(d) New accounting standards and interpretations

(i) Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year, except as follows

Reference	Title	Application date of standard	Impact on the Group financial report	Application date for Group
AASB 10	**Consolidated Financial Statements:** AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 *Consolidated and Separate Financial Statements* dealing with the accounting for consolidated financial statements and UIG-112 *Consolidation - Special Purpose Entities.*	1 January 2013	The adoption has not had a material impact on the Group	1 July 2013
AASB 11	**Joint Arrangements:** AASB 11 replaces AASB 131 *Interests in Joint Ventures* and UIG-113 *Jointly- controlled Entities - Non-monetary Contributions by Ventures*.	1 January 2013	The adoption has not had a material impact on the Group	1 July 2013
AASB 12	**Disclosure of Interests in Other Entities:** AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities.	1 January 2013	The adoption has not had a material impact on the Group except some additional disclosure	1 July 2013

Reference	Title	Application date of standard	Impact on the Group financial report	Application date for Group
			(Refer note 10)	
AASB 13	**Fair Value Measurement:** AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities.	1 January 2013	The adoption has not had a material impact on the Group	1 July 2013
AASB 119	**Employee Benefits:** The main change introduced by this standard is to revise the accounting for defined benefit plans.	1 January 2013	The adoption has not had a material impact on the Group	1 July 2013
AASB 2012-2	**Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities**	1 January 2013	The adoption has not had a material impact on the Group	1 July 2013
AASB 2012-5	**Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle**	1 January 2013	The adoption has not had a material impact on the Group	1 July 2013
AASB 2012-9	**Amendment to AASB 1048 arising from the withdrawal of Australian Interpretation 1039**	1 January 2013	The adoption has not had a material impact on the Group	1 July 2013
AASB 1053	**Application of Tiers of Australian Accounting Standards:** This standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.	1 July 2013	The adoption has not had a material impact on the Group	1 July 2013
AASB 2011-4	**Amendments to Australian Accounting Standards to *Remove Individual Key Management Personnel Disclosure Requirements* [AASB 124]:** This amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies. It also removes the individual KMP disclosure requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions.	1 July 2013	The adoption has not had a material impact on the Group (Refer note 26).	1 July 2013

(ii) Accounting standards and interpretations issued but not yet effective

Australian accounting standards and interpretations that have recently been issued but not yet effective and had not been adopted by the Group for the annual reporting year ending 30 June 2014, are outlined in the table below:

Reference	Summary	Application date of standard	Impact on the Group financial report	Application date for Group
AASB 9	**Financial Instruments:** AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities.	1 January 2018	We do not expect material impact to performance and position of the Group.	1 July 2018
AASB 2012-3	**Amendments to Australian Accounting Standards - *Offsetting Financial Assets and Financial Liabilities* AASB 2012-3** adds application guidance to AASB 132 *Financial Instruments: Presentation* to address inconsistencies identified in applying some of the offsetting criteria of AASB 132.	1 January 2014	We do not expect material impact to performance and position of the Group.	1 July 2014
AASB 2013-3	**Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets:** AASB 2013-3 amends the disclosure requirements in AASB 136 *Impairment of Assets*. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.	1 January 2014	We do not expect material impact to performance and position of the Group.	1 July 2014
Annual Improvements 2010–2012 Cycle	**Annual Improvements to IFRSs 2010–2012 Cycle:** This standard sets out amendments to International Financial Reporting Standards (IFRS) and the related bases for conclusions and guidance made during the International Accounting Standards	1 July 2014	We do not expect material impact to performance and position of the Group.	1 July 2014

Reference	Summary	Application date of standard	Impact on the Group financial report	Application date for Group
	Board's Annual Improvements process.			
Annual Improvements 2011–2013 Cycle	**Annual Improvements to IFRSs 2011–2013 Cycle:** This standard sets out amendments to International Financial Reporting.	1 July 2014	We do not expect material impact to performance and position of the Group.	1 July 2014
AASB 1031	***Materiality***: The revised AASB 1031 is an interim standard that cross-references to other Standards and the F*ramework (*issued December 2013) that contain guidance on materiality.	1 January 2014	We do not expect material impact to performance and position of the Group.	1 July 2014
AASB 2013-9	***Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments***: The Standard contains three main parts and makes amendments to a number Standards and Interpretations.	1 January 2014	We do not expect material impact to performance and position of the Group.	1 July 2014
Amendments to IAS 16 and IAS 38	**Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38):** IAS 16 and IAS 38 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset.	1 January 2016	We do not expect material impact to performance and position of the Group.	1 July 2016
IFRS 15	**Revenue from Contracts with Customers: IFRS 15 establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.**	1 January 2017	We are currently evaluating the impact of new standard as the Group is still at exploration stage. However we do not expect material impact to performance and position of the Group.	1 July 2017

(e) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries at reporting date . Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Rights arising from other contractual arrangements
- De-recognises the assets (including goodwill) and liabilities of the subsidiary
- De-recognises the carrying amount of any non-controlling interests
- De-recognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

(f) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of AASB 139 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in either profit or loss or as a change to OCI. If the contingent consideration is not within the scope of AASB 139, it is measured in accordance with the appropriate AASB. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained

(g) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group has concluded that it is acting as a principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to inventory and credit risks. The specific ecognition criteria described below must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Interest

For all financial instruments measured at amortised cost and interest-bearing financial assets classified as available-for-sale, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter year, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the statement of profit or loss.

Consultation fee

Consultation fee is recognised when the service is rendered and revenue can be measured reliably.

(h) Income tax

The income tax expense for the year is the tax payable on the current year's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interests in joint ventures where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances relating to amounts recognised directly in other comprehensive income and equity are also recognised directly in other comprehensive income and equity, respectively.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer profitable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Cokal Limited and its wholly-owned subsidiaries are in the process of implementing the tax consolidation legislation. Cokal Limited will be the head entity in the tax consolidated Group. These entities will be taxed as a single entity and deferred tax assets and liabilities have been offset in these consolidated financial statements.

(i) Impairment of assets other than goodwill

At the end of each reporting year the Group assesses whether there is any indication that individual assets other than goodwill, are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in profit or loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where it is not possible to estimate recoverable amount for an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Assets other than goodwill that suffered impairment are tested for possible reverse of the impairment and whenever events or changes in circumstances indicate that the impairment may have reversed.

(j) Joint venture operations

The proportionate share of the Group's interests in the assets, liabilities, income and expenses of joint venture operations have been incorporated in the financial statements under the appropriate headings. Details of joint venture operations are set out in Note 11.

(k) Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and at bank, deposits held at call with financial institutions, other short term, highly liquid investments with maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

(l) Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

Loans and receivables

This category is the most relevant to the Group. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables. This category generally applies to trade and other receivables.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily de-recognised (i.e. removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a Group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') has an impact on the estimated future cash flows of the financial asset or the Group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a Group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings, including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(ii) Financial liabilities

Accounts payable

They are subsequently measured at amortised cost using the effective interest method (EIR) due to short term nature.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement or profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(m) Property, plant and equipment

Property, plant and equipment are measured on the cost basis less depreciation and impairment losses.

The cost of property, plant and equipment constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate portion of fixed and variable costs.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Depreciation

The depreciable amount of property, plant and equipment is depreciated over their useful life to the Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of assets are:

Class of Fixed Assets	Depreciation Rate
Land	nil
Computer Equipment	33.3% straight line
Furniture and Office Equipment	10 – 33.3% straight line
Motor Vehicles	20% straight line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year.

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. The gains and losses are included in the statement of comprehensive income.

(n) Exploration, evaluation and development expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. Such expenditures comprise net direct costs and an appropriate portion of related overhead expenditure but do not include overheads or administration expenditure not having a specific nexus with a particular area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and active or significant operations in relation to the area are continuing.

When a technical feasibility and commercial viability of extracting a Coal Resource have been demonstrated then any capitalised exploration and evaluation expenditure is classified as capitalised mine development. Prior to reclassification, capitalised exploration and evaluation expense is assessed for impairment.

(o) Exploration, evaluation and development expenditure

A regular review has been undertaken on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

Costs related to the acquisition of properties that contain Coal Resources are allocated separately to specific areas of interest. These costs are capitalised until the viability of the area of interest is determined.

The stripping costs (the process of mining over burden removal) incurred before production commences are included within mine development expenditure and subsequently amortised. The stripping costs subsequent to commencement of production are recorded as production costs.

When production commences, the accumulated costs for the relevant area of interest (mine development and acquired properties) are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structure, waste removal, and rehabilitation of the site in accordance with clauses of mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that restoration will be completed within one year of abandoning the site.

Upon disposal, gains and losses on disposal are determined by comparing proceeds with the carrying amount. The gains and losses are included in the statement of comprehensive income.

(o) Employee benefits

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the end of the reporting year are recognised in respect of employees' services rendered up to the end of the reporting year and are measured at amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when leave is taken and measured at the actual rates paid or payable. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements.

(p) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that that an outflow of economic resources will be required to settle the obligation and the amount can be reliably estimated.

(q) Issued capital

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit.

(r) Share-based payments

The Group provides benefits to employees (including directors) in the form of share-based payment transactions, whereby employees render services in exchange for shares or options over shares (equity-settled transactions).

The fair value of options granted to employees is recognised as an employee benefit expense with a corresponding increase in equity (option reserve). The fair value is measured at grant date and recognised over the year during which the employees become unconditionally entitled to the options. Fair value is determined by an independent valuer using a Black-Scholes option pricing model. In determining fair value, no account is taken of any performance conditions other than those related to the share price of Cokal Limited (market conditions).

The cumulative expense recognised between grant date and vesting date is adjusted to reflect the directors' best estimate of the number of options that will ultimately vest because of internal conditions of the options, such as the employees having to remain with the Group until vesting date, or such that employees are required to meet internal performance targets. No expense is recognised for options that do not ultimately vest because internal conditions were not met. An expense is still recognised for options that do not ultimately vest because a market condition was not met.

At each subsequent reporting date until vesting the cumulative charge to the statement of comprehensive income is the product of:

- The grant date fair value of the award

- The current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employees turnover during the vesting period and the likelihood of non-market performance conditions being met and
- The expired portion of the vesting period.

(s) Share-based payments

The charge to the statement of comprehensive income for the year is the cumulative amount as calculated above less the amounts already charged in previous years. There is a corresponding entry to equity.

Where the terms of options are modified, the expense continues to be recognised from grant date to vesting date as if the terms had never been changed. In addition, at the date of the modification, a further expense is recognised for any increase in fair value of the transaction as a result of the change.

Where options are cancelled, they are treated as if vesting occurred on cancellation and any unrecognised expenses are taken immediately to profit or loss. However, if new options are substituted for the cancelled options and designated as a replacement on grant date, the combined impact of the cancellation and replacement options are treated as if they were a modification.

The dilutions effect, if any, of outstanding options is reflected as additional share dilutions in the compilations of diluted earnings per share.

(s) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit/(loss) attributable to owners of Cokal Limited by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares during the year.

Diluted earnings per share

Earnings used to calculate diluted earnings per share are calculated by adjusting the amount used in determining basic earnings per share by the after-tax effect of dividends and interest associated with dilutive potential ordinary shares. The weighted average number of shares used is adjusted for the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(t) GST

Revenues, expenses and assets are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(u) Determination and presentation of operating segments

The Group has applied AASB 8 Operating Segments from 1 July 2009. AASB 8 requires a management approach under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are now reported in a manner that is consistent with the internal reporting to the chief operating decision maker (CODM), which has been identified by the Group's CEO and other members of the Board of Directors.

Operating segments that meet the qualification criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the qualifications criteria is still reported separately when information about the segment would be useful to users of the financial statements.

(v) Fair value measurement

The Group measures financial instruments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

(w) Fair value measurement (cont'd)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year.

(w) Foreign currency translation

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. The resulted gain or loss on retranslation is included as profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The foreign operating results are translated at the average rate transaction and the assets and liabilities are translated at the exchange rates prevailing at reporting date. Exchange variations resulting from the translation are recognised in the equity.

(x) Operating leases

Operating lease payments are recognised as an operating expense in the statement of comprehensive income on a straight line basis over the leave term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

(z) Parent entity financial information

The financial information for the parent entity, Cokal Limited, included in Note 20, has been prepared on the same basis as the consolidated financial statements, except as follows:

- Investments in subsidiaries and joint venture operations are accounted for at cost, less provision for impairment.
- Tax consolidation.

Cokal Limited and its wholly-owned subsidiaries are in the process of implementing the tax consolidation legislation. Cokal Limited will be the head entity in the tax consolidated Group. These entities will be taxed as a single entity. The stand-alone taxpayer/separate taxpayer within a Group approach has been used to allocate current income tax expense and deferred tax expense to wholly-owned subsidiaries that form part of the tax consolidated Group. Cokal Limited has assumed all the current tax liabilities and the deferred tax assets arising from unused tax losses for the tax consolidated Group via intercompany receivables and payables because a tax funding arrangement has been in place for the whole financial year. The amounts receivable/payable under tax funding arrangements are due upon notification by the head entity, which is issued soon after the end of each financial year. Interim funding notices may also be issued by the head entity to its wholly-owned subsidiaries in order for the head entity to be able to pay tax instalments. These amounts are recognised as current intercompany receivables or payables (refer Note 20).

(aa) Accounting estimates and judgments

Critical accounting estimates and judgements

Details of critical accounting estimates and judgements about the future made by management at the end of the reporting year are set out below:

(i) Key estimates – share-based payments

The Group uses estimates to determine the fair value of equity instruments issued to directors, executives and employees. Further detail of estimates used in determining the value of share-based payments is included in Note 25.

(ii) Key estimates – impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. No assets are considered impaired at year end.

(aa) Accounting estimates and judgments

Critical accounting estimates and judgements (cont'd)

(iii) Key judgements – exploration and evaluation assets

The Group performs regular reviews on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at the end of the reporting year at $62,811,658 (2013: $55,729,090).

(iv) Taxation

The Group's accounting policy for taxation requires management's judgement as to the types of arrangements considered to be a tax on income in contrast to an operating cost. Judgement is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the balance sheet.

Deferred tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or change to the income statement.

(v) Estimation of useful lives of plant and equipment

The estimation of the useful lives of assets has been based on estimated useful lives as published by the Australian Taxation Office. In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Note 2: Revenue and Other Income

	2014 $	2013 $
Revenue		
Interest income		
- External parties	79,811	591,402
Total interest income	79,811	591,402
Other Income		
- Profit on sale of tenements	-	1,323,233
- Consultation fees	-	261,138
Total other income	-	1,584,371
Total revenue and other income from continuing operations	79,811	2,175,773

Note 3: Loss for the Year

	2014 $	2013 $
Loss before income tax includes the following specific expenses:		
Depreciation on plant and equipment	256,807	184,125
Pre-tenure exploration expenses	-	138,417
Salaries and wages	1,367,742	1,158,987
Superannuation	47,175	63,014
Share-based payments (options)	835,819	1,322,423
Operating lease expense – minimum lease payment	453,589	382,249
Interest expense	633,062	86

Note 4: Income Tax Expenses

	2014 $	2013 $
The prima facie income tax on the loss is reconciled to the income tax expense as follows:		
Prima facie tax benefit (30%) on loss before income tax	(1,939,252)	(2,016,522)
Add tax effect of:		
- Not deductible expenses and impact of tax rate differences	629,743	703,904
- Deferred tax asset not recognised	1,309,509	1,312,618
Income tax expense	-	-
Deferred tax assets		
Deductible temporary differences	475,410	749,017
Carry forward tax losses	5,234,745	3,669,406
	5,710,155	4,418,423
Deferred tax liabilities		
Assessable temporary differences	(852)	(13,374)
Net deferred tax assets not recognised	5,709,303	4,405,049

There are no franking credits available to shareholders of Cokal Limited.

The carried forward tax losses and temporary differences not recognised as deferred tax assets as at 30 June 2014 were $17,446,309 (2013: $12,231,353) and $474,558 (2013: $735,643) respectively.

In order to recoup carried forward losses in future years, either the Continuity of Ownership Test (COT) or Same Business Test must be passed. The majority of losses are carried forward at 30 June 2014 under COT.

Deferred tax assets which have not been recognised as an asset, will only be obtained if:

(i) the Group derives future assessable income of a nature and of an amount sufficient to enable the losses to be realised;
(ii) the Group continues to comply with the conditions for deductibility imposed by the law; and
(iii) no changes in tax legislation adversely affect the Group in realising the losses

Note 5: Dividends and Franking Credits

There were no dividends paid or recommended during the financial year (2013: Nil)

There were no franking credits available to the shareholders of the Group (2013: Nil)

Note 6: Auditors Remuneration

	2014 $	2013 $
Audit services		
Amounts paid/payable to Ernst & Young for audit or review of the financial statements for the Group		
Ernst & Young - Australia	110,400	85,100
Ernst & Young - Indonesia	31,852	30,000
Ernst & Young - Singapore	34,005	27,000
	176,257	142,100

Note 7: Loss per Share

	2014 Number	2013 Number
Loss attributable to owners of Cokal Limited used to calculate basic and diluted loss per share	(6,464,173)	(6,721,739)
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	460,526,243	411,046,892
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	460,526,243	411,046,892
Basic loss per share (cents per share)	(1.40)	(1.64)
Diluted loss per share (cents per share)	(1.40)	(1.64)

* options are considered anti-dilutive as the Group is loss making.

Options could potentially dilute earnings per share in the future. Refer to Note 17 for details of option granted as at 30 June 2014.

Note 8: Cash and Cash Equivalents

	2014 $	2013 $
Cash and bank balances	4,708,217	2,774,509

Cash at bank bear floating and fixed interest rates between 0.10% and 4.31% (2013: between 0.80% and 5.90%).

Included in the consolidated statement of cash flows as follows:

	2014 $	2013 $
Cash and bank balances *	4,708,217	2,774,509
Less: Short term deposits maturing after three months classified as investing activities	(1,955,259)	(1,858,000)
Cash and cash equivalents	**2,752,958**	**916,509**

* All deposits are short term investments held at commercial banks.

Note 9: Accounts Receivable

	2014 $	2013 $
Current		
Other receivables*	203,860	159,900
	203,860	**159,900**

*No receivables balances are past due or impaired at the end of the reporting year.

Note 10: Subsidiaries

a) Interest in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1.

Name of entity	Country of Incorporation	Class of Shares	Percentage Owned (%)*	
			2014	2013
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%	100%
Cokal-BPR Pte. Ltd	Singapore	Ordinary	100%	100%
Cokal-TBAR Pte. Ltd	Singapore	Ordinary	100%	100%
Mining Logistics Pte. Ltd	Singapore	Ordinary	100%	100%
Cokal-KED Pte. Ltd	Singapore	Ordinary	100%	100%
Cokal Resources Limited	Tanzania	Ordinary	100%	100%
PT Cokal	Indonesia	Ordinary	100%	100%
PT Bumi Kalimantan Logistik	Indonesia	Ordinary	100%	100%
PT Anugerah Alam Katingan^	Indonesia	Ordinary	75%	75%
PT Anugerah Alam Manuhing^	Indonesia	Ordinary	75%	75%
PT Bumi Barito Mineral^	Indonesia	Ordinary	60%	60%
PT Borneo Bara Prima ^	Indonesia	Ordinary	60%	60%
PT Silangkop Nusa Raya^	Indonesia	Ordinary	75.2%	75.2%
PT Tambang Benua Alam Raya#	Indonesia	Ordinary	75%	75%

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

^at reporting date, the capital of companies represents only the contributions from Cokal. Per agreement, the right of non-controlling shareholders' receiving return is established only when they contribute their share of capital upon completion of Initial Work Program of the projects by Cokal. At reporting date, the projects are at Initial Work Program and no capital has been contributed by the non-controlling shareholders.

#in process of transferring the shares to the Group.

b) Financial information of subsidiaries

Financial information of subsidiaries that will have material non-controlling interests are provided below. The balances of non-controlling interests are not material at 30 June 2014.

Proportion of equity interest held by non-controlling interests:

Name of entity	Country of incorporation and operation	2014	2013
PT Bumi Barito Mineral (BBM)	Indonesia	40%	40%
PT Borneo Bara Prima (BBP)	Indonesia	40%	40%

Accumulated balances of material non-controlling interest	2014	2013
BBM	-	-
BBP	-	-
Profit/(loss) allocated to material non-controlling interest:		
BBM	-	-
BBP	-	-

Note 10: Subsidiaries (cont'd)

The summarised financial information of these subsidiaries are provided below. This information is based on amounts before inter-company eliminations.

Summarised statement of profit or loss for 2014	BBM	BBP
Other operating expenses	(2,151,897)	(79,889)
Loss before tax	(2,151,897)	(79,889)
Income tax expense	-	-
Profit/(Loss) for the year from continuing operations	(2,151,897)	(79,889)
Total comprehensive income	(2,151,897)	(79,889)
Attributable to non-controlling interests	-	-
Dividends paid to non-controlling interests	-	-

Summarised statement of profit or loss for 2013	BBM	BBP
Other operating expenses	(2,809,898)	(341,329)
Loss before tax	(2,809,898)	(341,329)
Income tax expense	-	-
Profit/(Loss) for the year from continuing operations	(2,809,898)	(341,329)
Total comprehensive income	(2,809,898)	(341,329)
Attributable to non-controlling interests	-	-
Dividends paid to non-controlling interests	-	-

Summarised statement of financial position as at 30 June 2014	BBM	BBP
Property, plant and equipment and exploration and evaluation assets	21,860,166	3,704,632
Cash and other receivables	11,772	-
Trade and other payables	(332,607)	(20,184)
Loan from immediate holding company (non-current)	(27,426,639)	(3,917,436)
Total Equity	5,887,308	232,988
Attributable to:		
Equity holders of parent	5,887,308	232,988
Non-controlling interest	-	-

Summarised statement of financial position as at 30 June 2013	BBM	BBP
Property, plant and equipment and exploration and evaluation assets	15,317,117	3,447,946
Cash and other receivables	40,550	-
Trade and other payables	(751,992)	(141,265)
Loan from immediate holding company (non-current)	(18,341,085)	(3,459,780)
Total Equity	3,735,410	153,099
Attributable to:		
Equity holders of parent	3,735,410	153,099
Non-controlling interest	-	-

Summarised statement of cash flow for 2014	BBM	BBP
Cash flow from operating activities	(2,535,602)	(150,923)
Cash flow from investment activities	(6,567,946)	(289,370
Cash flow from financing activities	9,103,548	440,293
Net increase/(decrease)*	-	-

Summarised statement of cash flow for 2013	BBM	BBP
Cash flow from operating activities	(3,035,453)	(633,950)
Cash flow from investment activities	(12,398,409)	(2,008,345
Cash flow from financing activities	15,433,862	2,642,295
Net increase/(decrease)*	-	-

* Parent entity provides financing for operations.

Note 11: Joint Venture Operations

Cokal has JV operations to explore for coal in Tanzania. The JV is with private company, Tanzoz Resource Company Ltd which has been active in Tanzania since 2007, and currently holds interests in Tanzania for uranium, gold and coal.

Name of entity	Country of Incorporation	Class of Shares	Percentage Owned (%)*	
			30 June 2014	30 June 2013
Cokal Karoo Limited^	Tanzania	Ordinary	60%	60%
Cokal Manda Limited^	Tanzania	Ordinary	50%	50%

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

^ the companies have not commenced operation

The Group has executed a JV agreement with Meratus Advance Maritim (MDM), an Indonesian company, to engage in the ownership of push tugs and barges for shallow river operations. The parties wish to establish a mutually owned limited company for this operation and the registration of this is in progress. The JV company will have the operations should Cokal commences production and other conditions precedent take place. Because of this, there has been no liability recognised as at 30 June 2014.

Note 12: Property, Plant and Equipment

	2014 $	2013 $
Land		
At cost	33,470	33,470
	33,470	33,470
Computer equipment		
At cost	585,272	578,836
Accumulated depreciation	(364,219)	(173,411)
	221,053	405,425
Furniture and office equipment		
At cost	604,515	604,515
Accumulated depreciation	(161,195)	(97,310)
	443,319	507,205
Motor Vehicles		
At cost	10,590	10,590
Accumulated depreciation	(4,765)	(2,647)
	5,825	7,943
Capital WIP		
At cost	244,831	573
Total plant and equipment	**948,498**	**954,616**

(a) Movements in carrying amounts

2014	Land	Computer equipment $	Furniture and office equipment $	Motor Vehicles $	Capital WIP	Total $
Balance at the beginning of the year	33,470	405,425	507,205	7,943	573	954,616
Additions	-	6,431	-	-	244,258	250,689
Disposals	-	-	-	-		-
Depreciation expense	-	(190,803)	(63,886)	(2,118)		(256,807)
Carrying amount at the end of the year	33,470	221,053	443,319	5,825	244,831	948,498
2013	**Land**	**Computer equipment $**	**Furniture and office equipment $**	**Motor Vehicles $**		**Total $**
Balance at the beginning of the year	-	259,020	539,624	10,126	-	808,770
Additions	33,470	265,110	30,818	-	573	329,971
Disposals	-	-	-	-	-	-
Depreciation expense	-	(118,705)	(63,237)	(2,183)	-	(184,125)
Carrying amount at the end of the year	33,470	405,425	507,205	7,943	573	954,616

Note 13: Exploration and Evaluation Assets

	2014 $	2013 $
Non-Current		
Exploration and evaluation expenditure capitalised		
- exploration and evaluation phases	62,811,658	55,729,090

Recoverability of the carrying amount of exploration assets is dependent on the successful development and commercial exploitation of coal, or alternatively, sale of the respective areas of interest.

(a) Movements in carrying amounts

	2014	2013
Balance at the beginning of the year	55,729,090	33,306,527
Additions	7,082,568	22,857,747
Disposals	-	(296,767)
Unsuccessful exploration expenses derecognised	-	(138,417)
Carrying amount at the end of the year	62,811,658	55,729,090

Commitments for exploration and evaluation expenditure are disclosed in Note 21.

Note 14: Other Assets

	2014 $	2013 $
Current		
Prepayments	60,704	100,117
Non-Current		
Security deposits	232,023	266,762

Note 15: Accounts Payable

	2014 $	2013 $
Current		
Sundry payables and accrued expenses	534,551	1,960,764
Employee benefits	253,065	129,305
Deferred liability *	61,500	61,500
	849,116	2,151,569
Non-Current		
Deferred liability *	138,375	230,625

* Deferred liability represents deferred benefit on operating lease incentives.

Note 16: Interest Bearing Loans

	2014 $	2013 $
Current		
Platinum Partners facility	3,757,381	-
Non-Current		
Blumont Group facility	3,311,972	-
Total Interest bearing loans	7,069,353	-

Blumont Group Facility

The Group entered into a loan facility agreement with Blumont Group Limited, a shareholder, for US$ 8 million. Under this facility the Group has drawn down US$3.0 million (AUD 3,311,972) at reporting date.

The loan is repayable within 3 years, interest is 5% per annum, payable quarterly in arrears and can be capitalised and repaid at maturity. The facility is secured by up to 5% of Cokal's shares in Cokal Holdings Pte Ltd. If a future placement is made to Blumont and should the subscription agreement require, the placement funds received from Blumont will be used to repay the loan. The loan is otherwise on customary terms and conditions for a loan of this nature, size and type.

The loan does contain terms that require that in the event of a capital subscription by Blumont, any subscription monies would be required to be immediately applied to the repayment of any loan monies and interest outstanding, but only to the extent of principal and interest outstanding.

Platinum Partners Facility

On 29 March 2014, the Group entered into a short term loan agreement for USD$3.5 million (AUD 3,757,972) with Platinum Partners for working capital. The loan is subject to withhold at the date of utilisation the aggregate amount of:

a. US$350,000, as a non-refundable work fee payable to the lender in respect of the facility; and
b. US$150,000, as the borrower's contribution for costs and expenses as stipulated in the agreement, the balance of which amount is refundable on the repayment date to the extent not utilised by the lender.

The loan is repayable in 6 months from the date of the agreement. The loan the facility is secured 950 ordinary shares and 46,608,900 preference shares of Cokal Holdings Pte. Ltd. and for all shares of Cokal-BBM Pte. Ltd.

Interest bearing loans are classified in level 2 of the fair value hierarchy.

Note 17: Issued Capital

	2014 $	2013 $
471,103,926 authorised and fully paid ordinary shares (2013: 411,046,892)	81,937,141	73,003,471

The movement in Issued capital is as follows :

	2014 $	2013 $
At the beginning of the year	73,003,471	73,003,471
Amount received for issue of shares during the year		
Share issue from capital raising	9,609,127	-
Conversion of options to shares	-	-
Cost of share issue	(675,457)	-
At reporting date	**81,937,141**	**73,003,471**

	2014 Number	2013 Number
(a) Ordinary shares		
At the beginning of the year	411,046,892	411,046,892
Shares issued during the year		
Share issue from capital raising	60,057,034	-
At reporting date	**471,103,926**	**411,046,892**

The Group made private placements of total shares of 60,057,034 at a total price of $9,609,125 to Blumont Group Limited. The placement was completed in five tranches.

Ordinary shares participate in dividends and the proceeds on winding up of the Group in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

(b) Options

All options on issue at 30 June 2014 were as follows:

Number of options	Exercise price	Expiry date
1,000,000	$0.50	29 December 2014
1,000,000	$0.75	29 December 2014
1,225,000	$0.75	12 April 2015
550,000	$1.00	29 June 2015
3,000,000	$1.10	5 September 2015
2,000,000	$1.50	5 September 2015
450,000	$0.75	12 October 2015
1,600,000	$0.20	12 April 2015
4,000,000	$0.21	11 July 2017
7,300,000	$0.25	11 July 2017
22,125,000		

For information relating to the Cokal Limited employee option plan, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year-end refer to Note 25.

(c) Capital Risk Management

Management controls the capital of the Group in order to provide capital growth to shareholders and ensure the Group can fund its operations and continue as a going concern.

The Group capital comprises equity as shown in the Statement of Financial Position. There are no externally imposed capital requirements.

Management effectively manages the Group capital by assessing the Group financial risks and adjusting its capital structure in response to changes in these risks and the market. These responses include raising the sufficient equity capital when required.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

Note 18: Reserves

	2014 $	2013 $
Option Reserve – director, executive and employee options	4,706,240	3,870,421

The option reserve records the value of options issued as part of capital raisings, as well as expenses relating to director, executive and employee share options.

Note 19: Accumulated Losses

	2014 $	2013 $
Accumulated losses attributable to members of Cokal Limited at beginning of the financial year	(19,271,092)	(12,549,353)
Loss for the year	(6,464,173)	(6,721,739)
Accumulated losses attributable to members of Cokal Limited at the end of the financial year	(25,735,265)	(19,271,092)

Note 20: Parent Entity Information

The Corporations Act requirement to prepare parent entity financial statements where consolidated financial statements are prepared has been removed and replaced by the new regulation 2M.3.01 which requires the following limited disclosure in regards to the parent entity (Cokal Limited). The consolidated financial statements incorporate the assets, liabilities and results of the parent entity in accordance with the accounting policy described in Note 1.

Parent Entity	2014 $	2013 $
Current assets	4,941,552	2,826,135
Non-current assets	75,575,034	64,666,929
Total assets	80,516,586	67,493,064
Current liabilities	4,086,090	903,044
Non-current liabilities	3,311,972	-
Total liabilities	7,398,062	903,044
Net assets	**73,118,524**	**66,550,020**
Issued capital	81,937,141	73,003,471
Reserves	4,706,240	3,870,422
Accumulated losses	(13,524,857)	(10,323,873)
Total shareholder's equity	**73,118,524**	**66,550,020**
Loss for the year	**(3,220,985)**	**(2,560,833)**
Total comprehensive loss for the year	**(3,220,985)**	**(2,560,833)**

Guarantees

The parent entity has provided an undertaking to financially support the Group's Singapore subsidiary entities to meet their liabilities as and when they fall due.

Contractual Commitments

There were no contractual commitments for the acquisition of property, plant and equipment entered into by the parent entity at 30 June 2014 (2013 – nil).

Contingent liabilities

The parent entity has no contingent liabilities.

Capital commitments

The parent entity has no capital commitments.

Note 21: Commitments

	2014 $	2013 $
(a) Operating lease commitments		
Future minimum rentals payable under non-cancellable operating leases as at 30 June 2013 are as follows:		
Payable		
- not later than 12 months	447,251	455,531
- between 12 months and 5 years	852,466	1,299,717
- greater than 5 years	-	-
	1,299,717	**1,755,248**
(b) Future capital expenditure commitments		
The Group has certain obligations to expend minimum amounts on capital expenditures including exploration tenements. 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	-	264,382
- between 12 months and 5 years	-	-
- greater than 5 years	-	-
	-	**264,382**

Note 22: Contingent Liabilities and Contingent Assets

The contingent liabilities are in relation to the acquisition of tenements. At 30 June 2014, the Group has further obligations to make contingent payments of up to US$24.86 million (2013: US$25.25 million) on the achievement of certain milestones, including the establishment of certain JORC Inferred Coal Resources and the issuance of production operation IUPs (licences) and production forestry permit.

The Group executed a JV agreement with MDM, an Indonesian Group, to engage in the ownership of push tugs and barges for shallow river operations. The parties wish to establish a mutually owned company for this operation and the registration of this is in progress. The JV company will manage the barging operation for the BBM project should production commence and other conditions precedent take place. Once the JV company is incorporated, Cokal will hold 49% interest by contributing an estimated $11 million (49% ordinary share capital of JV company, Indonesian Rupiah 200 billion).

The directors are not aware of any other significant contingent liabilities or contingent assets at the date of this report.

23: 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. The Singapore was considered separately for corporate services. Discrete financial information is reported to the Board (Chief Operating Decision Maker) as three segments since acquisition of Jack Doolan Capital Pty Ltd.

	Australia $	Indonesia $	Singapore $	Tanzania $	Total $
Segment performance for year ended 30 June 2014					
Revenue					
Other revenue					
Interest revenue	79,270	541	972,768	-	1,052,579
Intersegment income*	-	-	(972,768)	-	(972,768)
Total segment income	79,270	541	-	-	79,811
Depreciation expenses	183,721	73,086	-	-	256,807
Pre-tenure exploration expenses	-	-	-	-	-
Other expenses	4,484,065	1,650,173	144,315	8,624	6,287,177
Total segment expenses	4,667,786	1,723,259	144,315	8,624	6,543,984
Segment net loss before tax	(4,588,516)	(1,722,718)	(144,315)	(8,624)	(6,464,173)
Segment assets and liabilities as at 30 June 2014					
Property, plant and equipment	458,980	489,518	-	-	948,498
Exploration and evaluation assets	-	62,811,658	-	-	62,811,658
Other segment assets	5,141,276	63,528	-	-	5,204,804
Total segment assets	5,600,256	63,364,704	-	-	68,964,960
Total segment liabilities	7,606,577	416,267	34,000	-	8,056,844
Capital expenditure for the year ended 30 June 2014					
Property, plant and equipment	3,423	247,268	-	-	250,691
Exploration and evaluation assets	-	7,082,568	-	-	7,082,568

*Inter segment expense relating to the income is eliminated in Indonesia's exploration and evaluation assets.

23: Operating Segments (cont'd)

	Australia $	Indonesia $	Singapore $	Tanzania $	Total $
Segment performance for year ended 30 June 2013					
Revenue					
Other revenue	1,584,371	-	-	-	1,584,371
Interest revenue	590,878	524	511,184	-	1,102,586
Intersegment income*	-	-	(511,184)	-	(511,184)
Total segment income	2,175,249	524	-	-	2,175,773
Depreciation expenses	121,419	62,706	-	-	184,125
Pre-tenure exploration expenses	-	-	-	138,417	138,417
Other expenses	7,411,428	1,059,539	91,887	12,116	8,574,970
Total segment expenses	7,532,847	1,222,245	91,887	150,533	8,897,512
Segment net loss before tax	(5,357,598)	(1,121,721)	(91,887)	(150,533)	(6,721,739)
Segment assets and liabilities as at 30 June 2013					
Property, plant and equipment	639,280	315,336	-	-	954,616
Exploration and evaluation assets	-	55,729,090	-	-	55,729,090
Other segment assets	3,021,102	280,186	-	-	3,301,288
Total segment assets	3,660,382	56,324,612	-	-	59,984,994
Total segment liabilities	1,254,995	1,127,199	-	-	2,382,194
Capital expenditure for the year ended 30 June 2013					
Property, plant and equipment	212,345	117,626	-	-	329,971
Exploration and evaluation assets	-	22,719,330	-	138,417	22,857,747

*Inter segment expense relating to the income is eliminated in Indonesia's exploration and evaluation assets.

Note 24: Cashflow Information

	2014 $	2013 $
(a) Reconciliation of loss after income tax to net cash flow used in operating activities		
Loss for the year	(6,464,173)	(6,721,739)
Depreciation	256,807	184,125
Derecognition of capitalised exploration assets	-	138,417
Gain on sale of tenements	-	(1,323,233)
Unrealised foreign exchange loss/(gain)	(34,740)	102,058
Accrued Interest	96,293	-
Share options expensed	835,819	1,322,423
Change in operating assets and liabilities:		
- (Increase)/Decrease in accounts receivables	30,192	435,575
- Increase/(Decrease) in accounts payables	(1,394,702)	620,402
Net cash flow used in operating activities	(6,674,504)	(5,241,972)

Note 25: Share-based Payments

The following share based payment arrangements existed at 30 June 2014.

(a) Share-based payments to directors, executives and employees

During the year ended 30 June 2014 the following options were issued to directors, executives and employees of the Group:

Employees

- On 11 July 2013, 4,000,000 options were issued to employees at A$0.214 and 7,300,000 options at A$0.25 expiring on 11 July 2017.

All of these options were issued by Cokal Limited and entitle the holder to one ordinary share in Cokal Limited for each option exercised. The options were granted for nil consideration. Once vested, options can be exercised at any time up to the expiry date.

	2014		2013	
	No. of options	Weighted average exercise price	No. of options	Weighted average exercise price *
		$		$
Outstanding at beginning of year	19,225,000	0.81	29,700,000	0.75
Granted	11,300,000	0.24	550,000	0.75
Forfeited/Cancelled	(10,000,000)	(0.63)	(1,100,000)	(0.62)
Exercised	-	-	-	-
Expired	-	-	(9,925,000)	(0.30)
Outstanding at year-end	20,525,000	0.59	19,225,000	0.81
Exercisable at year-end	8,775,000	1.03	7,000,000	0.75

The options outstanding at 30 June 2014 had a weighted average exercise price of $0.59 (2013: $0.81) and weighted average remaining contractual life of 2.13 years (2013: 2.02 years).

Pursuant to the Group's Incentive Option Scheme, if an employee ceases to be employed by the Group then options will expire three months from the date employment ceases.

The weighted average fair value of the options granted during the year ended 30 June 2014 was $0.09 (2013: $0.06). This price was calculated by using a Black Scholes options pricing model applying the following inputs:

	2014	2013
Weighted average exercise price	$0.237	$0.75
Weighted average life of the option	4 years	4 years
Underlying share price	$0.17	$0.205
Expected share price volatility	80.187%	78.125%
Risk free interest rate	3.07%	2.56%

The expected life of the options has been taken to be the full year of time from grant date to expiry date. The options pricing model assumes that options will be exercised on or immediately before the expiry date.

The settlement method for the above options is on a 1:1 basis. During the year ended 30 June 2014, no ordinary shares in Cokal Limited were issued as a result of the exercise of employee options.

The amount included under Employee Benefits Expense in the Statement of Comprehensive Income for the year ended 30 June 2014 is $835,819 (2013: $1,262,423).

(b) Other share-based payments

During the year ended 30 June 2013, the Group issued 1,600,000 unlisted options at $0.20 expiring 12 April 2015 as part of Investor Relations Services. The grant date fair value of options amounting to $60,000 included under administration and consulting expenses.

Note 26: Related Party Disclosure

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

(a) Parent entity

The parent entity and ultimate controlling entity is Cokal Limited, which is incorporated in Australia.

(b) Subsidiaries

Interests and transactions in subsidiaries are disclosed in Note 10.

(c) Key management personnel compensation

The KMP compensation for the year ended are set out below:

	2014 $	2013 (restated)^ $
Short-term employee benefits	1,759,773	1,948,591
Post-employment benefits	25,000	42,843
Share-based payments	634,802	909,083
	2,419,575	**2,900,517**

^ Chris Turvey was not consider as KMP and the comparative has been restated accordingly.

Options holdings of KMP for the year ended are:

	Balance 1 July 2013	Granted as Remuneration	Exercise of Options	Net Change Other	Balance 30 June 2014	Total vested at 30 June 2014	Total vested and exercisable at 30 June 2014	Total vested and unexercisable at 30 June 2014
Directors	10,000,000	-	-	(10,000,000)	-	-	-	-
Senior Management	5,000,000	9,000,000	-	-	14,000,000	5,000,000	9,000,000	-
Total	**15,000,000**	**9,000,000**	**-**	**(10,000,000)**	**14,000,000**	**5,000,000**	**9,000,000**	**-**

	Balance 1 July 2012	Granted as Remuneration	Exercise of Options	Net Change Other	Balance 30 June 2013	Total vested at 30 June 2013	Total vested and exercisable at 30 June 2013	Total vested and unexercisable at 30 June 2013
Directors	22,500,000	-	-	(12,500,000)	10,000,000	10,000,000	10,000,000	-
Senior Management	5,100,000	-	-	(100,000)	5,000,000	5,000,000	5,000,000	
Total (restated)^	**27,600,000**	**-**	**-**	(12,600,000)	**15,000,000**	**15,000,000**	**15,000,000**	**-**

^ Chris Turvey was not consider as KMP and the comparative has been restated accordingly.

Share options held by KMP under the Senior Executive Plan to purchase ordinary shares have the following expiry dates and exercise prices:

2014 Number of options outstanding	2013 Number of options outstanding	Exercise price	Issued date	Expiry date
-	5,000,000	$0.50	29 December 2010	03 August 2013
-	5,000,000	$0.75	29 December 2010	03 August 2013
3,000,000	3,000,000	$0.10	24 August 2011	5 September 2015
2,000,000	2,000,000	$1.50	24 August 2011	5 September 2015
4,000,000	-	$0.21	11 July 2013	11 July 2017
5,000,000	-	$0.25	11 July 2013	11 July 2017
14,000,000	**15,000,000**			

Note 26: Related Party Disclosure (Cont'd)

Shareholdings of KMP for the year ended are:

	Balance 1 July 2013	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance 30 June 2014
Directors	128,634,001	-	-	(15,262,000)	113,372,001
Senior Management	3,307,000	-	-	**(198,785)**	3,108,215
Total	**131,941,001**	-	-	**(15,460,785)**	**116,480,216**

	Balance 1 July 2012	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance 30 June 2013
Directors	127,222,001	-	-	1,412,000	128,634,001
Senior Management	3,275,000	-	-	32,000	3,307,000
Total (restated)^	**130,497,001**	-	-	**1,444,000**	**131,941,001**

^ Chris Turvey was not consider as KMP and the comparative has been restated accordingly.

Advances to KMP at 30 June 2014 have been included in other receivables. The details of these advances are:

	2014 $	2013 $
Jim Middleton	-	1,051
Peter Lynch	8,499	9,654
Pat Hanna	-	2,679
	8,499	**13,384**

Advances made relate to travel advances and are made in the ordinary course of business. These advances have been repaid in full at the date of adoption of the director's report.

Transactions with KMP and their related entities for the year ended are:

- During the financial year ended 30 June 2014, Hanna Consulting Services Pty Ltd (of which Pat Hanna is a director) provided to the Group geological consulting services for various exploration projects, Indonesia, including site management, geological staff recruitment, preparation of field base camp and geological mapping surveys. Hanna Consulting Services Pty Ltd received $288,690 (2013: $420,130) for these services during the financial year. The services were based on normal commercial terms and conditions.
- During the financial year ended 30 June 2014, Petla Trust (of which Peter Lynch is a director) provided to the Group consulting services. Petla Trust received $419,733 (2013: $419,200) for these services during the financial year. The services were based on normal commercial terms and conditions.
- During the year ended 30 June 2014, the Group paid consulting fees of $185,784 (2013: $322,432) to PT. Pandu Wira Sejahtera of which Harun Abidin is a director. Harun is also a director of PT. Anugerah Alam Manuhing, PT. Anugerah Alam Katingan and PT. Silangkop Nusa Raya.

Note 27: Financial Risk Management

(a) General objectives, policies and processes

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in this note.

The Group's financial instruments consist mainly of deposits with banks, accounts receivable, security deposits and accounts payable.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Group's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of the Group where such impacts may be material.

The overall objective of the Board is to set polices that seek to reduce risk as far as possible without unduly affecting the

Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Note 27: Financial Risk Management (Cont'd)

(b) Credit risk
Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Group incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Group. The Group's objective is to minimise the risk of loss from credit risk exposure.

The Group's maximum exposure to credit risk at the end of the reporting year, without taking into account the value of any collateral or other security, in the event other parties fail to perform their obligations under financial instruments in relation to each class of recognised financial asset at reporting date, is as follows:

	Note	2014 $	2013 $
Cash and bank balances	8	4,708,217	2,774,509
Receivables	9	203,860	159,900
Security deposits	14	232,023	266,762
		5,144,100	3,201,171

Credit risk is reviewed regularly by the Board and the Audit Committee.

The Group does not have any material credit risk exposure to any single debtor or Group of debtors under financial instruments entered into by the Group. No receivables balances were past due or impaired at year end. The credit quality of receivables that are neither past due nor impaired is good. Bank deposits are held with Macquarie Bank Limited, National Australia Bank Limited and Australia and New Zealand Banking Corporation Limited.

(c) Liquidity Risk
Liquidity risk is the risk that the Group may encounter difficulties raising funds to meet financial obligations as they fall due. The object of managing liquidity risk is to ensure, as far as possible, that the Group will always have sufficient liquidity to meets its liabilities when they fall due, under both normal and stressed conditions.

Liquidity risk is reviewed regularly by the Board and the Audit Committee.

The Group manages liquidity risk by monitoring forecast cash flows and liquidity ratios such as working capital. The Group's working capital, being current assets less current liabilities has decreased from $882,957 in 2013 to $366,284 in 2014.

	Carrying Amount $	Contractual Cash flows $	<6 months $	6 – 12 months $	1 – 3 years $	>3 years $
MATURITY ANALYSIS– 2014						
Financial Liabilities						
Accounts payable	787,616	787,616	712,718	74,898	-	-
Interest bearing loans	7,069,353	7,469,549	3,757,381	-	3,712,168	-
Total	7,856,969	8,257,167	4,470,099	74,898	3,712,168	-

	Carrying Amount $	Contractual Cash flows $	<6 months $	6 – 12 months $	1 – 3 years $	>3 years $
MATURITY ANALYSIS– 2013						
Financial Liabilities						
Accounts payable	2,090,069	2,090,069	1,960,762	129,307	-	-

Further information regarding commitments is included in Note 21.

(d) Market Risk
Market risk arises from the use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk). The entity does not have any material exposure to market risk other than as set out below.

(i) Interest rate risk
Interest rate risk arises principally from cash and cash equivalents. The objective of interest rate risk management is to manage and control interest rate risk exposures within acceptable parameters while optimising the return.

Note 27: Financial Risk Management (cont'd)

Interest rate risk is managed with a mixture of fixed and floating rate debt. For further details on interest rate risk refer to the tables below:

	Floating interest rate 2014 $	Fixed interest rate 2014 $	Non-interest bearing 2014 $	Total carrying amount 2014 $	Weighted average effective interest rate 2014 %
Financial assets					
Cash and bank balances	2,752,185	1,955,259	773	4,708,217	1.56
Receivables	-	-	203,860	203,860	-
Security deposits	-	-	232,023	232,023	-
Total financial assets	2,752,185	1,955,259	436,656	5,144,100	
Financial liabilities					
Accounts payable	-	-	987,491	987,491	-
Interest bearing loans	-	7,069,353	-	7,069,353	8.96
Total financial liabilities	-	7,069,353	987,491	8,056,844	

	Floating interest rate 2013 $	Fixed interest rate 2013 $	Non-interest bearing 2013 $	Total carrying amount 2013 $	Weighted average effective interest rate 2013 %
Financial assets					
Cash and bank balances	912,473	1,641,377	220,659	2,774,509	5.02
Receivables	-	-	159,900	159,900	-
Security deposits	-	-	266,762	266,762	-
Total financial assets	912,473	1,641,377	647,321	3,204,171	
Financial liabilities					
Accounts payable	-	-	2,382,194	2,382,194	-
Total financial liabilities	-	-	2,382,194	2,382,194	

The Group has performed a sensitivity analysis relating to its exposure to interest rate risk. This sensitivity demonstrates the effect on the current year results and equity which could result from a change in these risks.

At 30 June 2014 the effect on post tax profit and equity as a result of changes in the interest rate for floating interest rate instruments, with all other variables held constant, would be as follows:

	Carrying Amount (interest bearing) $	Increase in interest rate by 0.5% $	Decrease in interest rate by 0.5% $
2014			
Cash and cash equivalents	2,752,185	13,761	(13,761)
Total effect on post tax profit		13,761	(13,761)
2013			
Cash and cash equivalents	912,473	4,562	(4,562)
Total effect on post tax profit		4,562	(4,562)

Note 27: Financial Risk Management (cont'd)

(ii) Currency risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group hold financial instruments which are other than the AUD functional currency of the Group.

The Group is exposed to currency risk on its cash and cash equivalents held (in US dollars and Indonesian Rupiah) in Indonesia as well as on purchases made from suppliers in Indonesia and Tanzania.

The Group's exposure to foreign currency risk and the effect on post tax profit as a result of changes in foreign currency rates, with all other variables held constant, are as follows:

Consider this for PY as well.	US Dollars $A	Indonesian Rupiah $A	Total $A
2014			
Cash and cash equivalents	2,604,597	14,568	2,619,165
Accounts payable	(46,705)	(225,795)	(272,500)
Net exposure	2,557,892	(211,227)	2,346,665
Effect on post profit:			
Increase by 10%	232,536	(19,202)	213,334
Decrease by 10%	(284,210)	23,470	(260,740)
2013			
Cash and cash equivalents	61,203	151,211	212,414
Accounts payable	(523,593)	(341,479)	(865,072)
Net exposure	(462,390)	(190,268)	(652,658)
Effect on post tax profit:			
Increase by 10%	42,035	17,297	59,332
Decrease by 10%	(51,377)	(21,141)	(72,518)

Note 28: Significant Events after the Reporting Date

On 14 July 2014, the Group advised that the functional currency of Cokal Limited is expected to be United States (US) dollars from Australian dollars effective from 1 July 2014. Consistent with the change, the presentation currency of the Group will also be expected to be changed to US dollars. This change means that the financial information in the Group quarterly reports to ASX, as well as its half year and annual accounts will be presented in US dollars.

On 11 August 2014, the Group secured further additional loan funds of US$5.650 million from a fund managed by Platinum Partners (Platinum) bringing the total loan for the project development to date to US$9.150 million. The additional loan is subject to withhold at the date of utilisation the aggregate amount of:

a. US$750,000, as a non-refundable work fee payable to the lender in respect of the facility; and

b. US$150,000, as the borrower's contribution for costs and expenses as stipulated in the agreement, the balance of which amount is refundable on the repayment date to the extent not utilised by the lender.

Repayment of the first loan has been extended with the total loan of US$9.150 million now repayable within 6 months of receiving the additional loan funds. The total loan can also be rolled over into the BBM project financing facility once it is in place. The loan the facility is secured 950 ordinary shares and 46,608,900 preference shares of Cokal Holdings Pte. Ltd. and for all shares of Cokal-BBM Pte. Ltd.

On 27 August 2014, 15,000,000 options were issued to Platinum Partners at A$0.20 expiring on the 27 August 2018 (expiry date can be extended to 27 August 2022 in certain circumstances). The options are granted as part consideration for the BBM funding package announced on 11 August 2014.

Declaration by Directors

The directors of the Group declare that:

1. The financial statements, comprising the statements of comprehensive income, statements of financial position, statements of cash flows, statements of changes in equity, and accompanying notes, are in accordance with the Corporations Act 2001 and:

   (a) comply with Australian Accounting Standards and the Corporations Regulations 2001; and

   (b) give a true and fair view of the Group's financial position as at 30 June 2014 and of its performance for the year ended on that date.

2. The Group has included in the note 1 to the financial statements and explicit and unreserved statement of compliance with International Financial Reporting Standards.

3. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

4. The remuneration disclosures included in pages 18 to 24 of the directors' report (as part of audited Remuneration Report) for the year ended 30 June 2014, comply with section 300A of the *Corporations Act 2001.*

5. The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001.

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

Cokal Limited

Peter Lynch
Chairman and Chief Executive Officer

Brisbane
24 September 2014

Building a better working world

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Independent auditor's report to the members of Cokal Limited

Report on the financial report

We have audited the accompanying financial report of Cokal Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the 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 financial report that is free from material misstatement, whether due to fraud or error. In Note 1(b), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit 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.

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Opinion

In our opinion:

a. the financial report of Cokal Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1(b).

Report on the remuneration report

We have audited the Remuneration Report included in pages 18 to 24 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Cokal Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Brad Tozer

Brad Tozer
Partner
Brisbane
24 September 2014

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