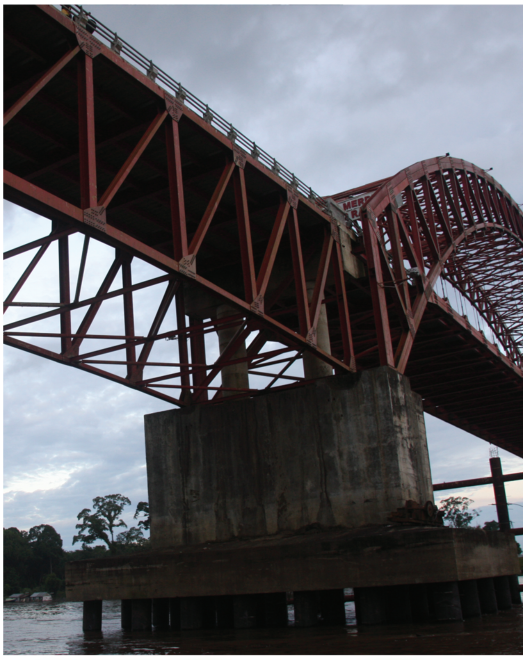
COKAL

ASX: CKA

ANNUAL REPORT



2015

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 ("consolidated entity", "Group", "Cokal" or "Company".

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

DIRECTORS
Peter Lynch
Patrick Hanna
Domenic Martino
Agus Widjojo

COMPANY SECRETARIES
Duncan Cornish
Victor Kuss

REGISTERED OFFICE AND PRINCIPAL BUSINESS OFFICE
Bowman House
Level 4, 276 Edward Street
Brisbane QLD 4000
Phone: + 61 7 3225 4574
Fax: +61 7 3012 8397

COUNTRY OF INCORPORATION
Australia

SOLICITORS
Thomsons Lawyers
Level 16, Waterfront Place
1 Eagle Street
Brisbane QLD 4000
Phone: + 61 7 3338 7500
Fax: +61 7 3338 7599

SHARE REGISTRY
Advanced Share Registry Services
150 Stirling Highway
Nedlands WA 6009
Phone: +61 8 9389 8033
Fax: +61 8 9389 7871

AUDITORS
Ernst & Young
111 Eagle Street
Brisbane QLD 4000
Phone: +61 7 3011 3333
Fax: +61 7 3011 3100

STOCK EXCHANGE LISTING
Australian Securities Exchange Ltd
ASX Code: CKA

INTERNET ADDRESS
www.cokal.com.au

AUSTRALIAN BUSINESS NUMBER
ABN 55 082 541 437

Chairman's Letter to Shareholders

Dear Shareholders,

I take pride in presenting Cokal's Annual Report for Financial Year 2015, on behalf of the Board of Directors and company management.

This marks Cokal's sixth year of operation since the reverse take-over of AEA in December 2010.

This has been a challenging year both in terms of commodity markets and the global equity markets. Cokal has managed to maintain its direction with a focus on delivering shareholder value via the development of its prime assets in Central Kalimantan, Indonesia.

In July 2014 the Ministry of Forestry granted the Izin Princip Ijin Pinjam Pakai Kawasan Hutan or "In-Principal Forestry Permit" for the Integrated Bumi Barito Mineral (BBM) project including the Purnama 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 were procedural in nature and the company expected this to occur in the fourth quarter of 2014. Unfortunately this did not occur, while the reasons for the delays were logical and sensible, they were largely outside of the control of Cokal and resulted in significant delay and frustration all the same.

With the election of the new president of Indonesia in October 2014, a new ministry was appointed. During the appointment of the new ministry the Forestry and Conservation ministries were combined into a single ministry with significant changes to the combined organisational structure and senior bureaucrats.

It wasn't long after these changes had been bedded down that the government on the 26th of January 2015, announced the appointment of the Indonesian Investment Coordinating Board (BKPM) as the responsible authority for the issuance of all major permits including most importantly the Borrow and Use of Forest Area Permit (IPPKH – Ijin Pinjam Pakai Kawasan Hutan).

Following the announcement of the new process under the control of the BKPM, it took some time for the establishment and communication of the new system. Our IPPKH application was resubmitted on the 30th of March, 2015, with the permit finally being granted on the 13th of August 2015. The BBM IPPKH permit was one of the very first to be issued under the new process testimony to the efforts and determination of our dedicated Indonesian staff obtaining this critical approval in the face of continued setbacks.

In August 2014 a fund managed by Platinum Partners extended further debt funding to Cokal allowing the continued advancement of the BBM project. Efforts focused on detailed engineering, final design work and completion of site preparation work to allow a prompt start to construction activity once it commences.

Additional geological work was conducted at BBM in the first six months of the financial year to improve resource definition in the early years of the planned production. An updated JORC resource statement was released on the 29th of January 2015. This comprised 19.5Mt Measured, 23.1Mt Indicated and 224Mt Inferred JORC resources.

At the same time as the bankability of the BMM project was delayed awaiting the IPPKH the seaborne coking coal market has continued to deteriorate.

The benchmark quarterly contract pricing for hard coking coal has fallen from US$112 in July 2014 to US$92 in July 2015. At the same time the $A has gone from US$0.93 to US$0.74 in the same time period. This has taken pressure off the largest producers of the commodity for Australian producers with the majority of their costs in Australian dollars.

Demand for coking coal in China has weakened in this last year as growth in the economy which drove the strong uplift in commodity prices previously has weakened. This effect has been compounded by the Chinese government's continued financial support of its own producers effectively delaying the exit of many tonnes of production from the overall market while prices remain weak.

The supply side of the seaborne coking coal market has reduced with significant production reducing from the USA. The majority of the producers in the USA are now subject to chapter eleven provisions with their debt obligations greatly exceeding their market capitalisations.

While the overall market appears to be bleak there are signs the market has bottomed with prices stabilising, although at a low base, and the four major mining companies beginning to exercise production cuts. Looking forward there is an expectation state assistance to the less profitable Chinese domestic producers will be reduced so imported coking coal will find more buyers in China. Elsewhere in Southeast Asia, the growth of the Indian economy is beginning to see higher demand for imported coking coal and steel.

While growth in the Indonesian economy has been less than was hoped, overall its domestic economy has shown continued resilience. The Jokowi government is still very focused on achieving high levels of growth with the attraction of significant foreign investment towards large projects a key driver.

As the Chinese economy has grown the underlying cost base has increased, making countries such as Indonesia become attractive for future manufacturing investment. The Indonesian economy has the added attraction of size being the fourth largest population in the world, providing a strong potential domestic market.

Indonesia currently consumes approximately 20Mt of steel per year of which only 5Mt is produced domestically. Steel consumption is predicted to reach 40Mt by 2020 and there are signs foreign entities are looking towards Indonesia for the establishment of hot metal production facilities. In December 2014 a 3Mtpa integrated steel works was opened at Cilegon east of Jakarta in a 70/30 joint venture between Posco and Indonesian Government owned PT Krakatau Steel.

In March 2015, Cokal received an unsolicited takeover proposal from Indonesian listed Cakra Minerals (IDX:CKRA) for all of the Shares in Cokal. Cokal signed a bid implementation agreement with Cakra on the 29th of April, 2015. Cakra's bid is supported by Sinarmas Securities in the form of an Underwriting for a rights issue to raise Circa. US$110M. The underwriting was provided to Cakra on the 1st of June 2015. Cakra lodged their Part A document for Cokal's shareholders on 14th of August with Cokal responding with a part B document on 28th of August. The detail can be viewed in the respective documents and releases available on the Cokal website and ASX platform and will not be repeated here.

The takeover proposal from Cakra has become the principal focus for the company at this point in the absence of a superior proposal and it will be put to the Cokal shareholders for their consideration and ultimate decision.

The Indonesian stock exchange has recently changed its rules to provide better access for mining companies with development stage assets to access the local public markets for raising capital. Previously local companies had to pursue a Singapore listing or other foreign exchanges such as the ASX, TSX and AIM for these projects.

In the meantime we thank you for your ongoing support

Peter Lynch
Chairman

Review of Operations

Corporate

Strengthening of Platinum Partners Funding Offer

On 9 February 2015 Cokal announced that Cedrus International Limited (Cedrus) has joined with Platinum Partners (Platinum) to provide a non-binding term sheet to Cokal in relation to a US$110 million project finance facility (Facility). The facility will initially be used to fund Cokal's 2Mtpa BBM Project. Platinum and Cedrus will fund the project equally.

In addition to the above financing, Cokal as part of the 50:50 river Barging Joint Venture with a local Indonesian shipping company, Meritus Advance Maritime (MDM) which will be funded by equity from the joint venture participants and senior debt, Cokal plans to raise bank financing for its 50% share of the barging fleet senior debt (approximately US$15M). The facility will provide the equity funding for Cokal's share of the Barging Joint Venture.

Takeover Proposal made by PT Cakra Mineral Tbk (CKRA)

As announced on 3 March 2015, Cokal Limited received an unsolicited non-binding and incomplete proposal in relation to a conditional off market takeover bid by PT Cakra Mineral Tbk (CKRA) for all of the ordinary shares of Cokal. CKRA is an Indonesian Company listed on the Indonesia Stock Exchange (IDX: CKRA). On 27 April 2015 Cakra and Cokal entered into a Bid Implementation Agreement under which Cakra would make a conditional off market takeover bid for all the shares in Cokal (Offer).

On 17 August 2015, it was announced that the Group received a Bidder's Statement from Cakra in relation to its offer to acquire all of the shares in Cokal. The offer however is subject to Indonesian regulatory approval and to Cakra raising approximately US$113 million by way of a rights issue. On 28 August 2015, Cokal issued a Target Statement in response to Cakra's off market takeover bid. Cokal directors consider that Cakra offer is fair and reasonable in the absence of a Superior Proposal or material Adverse Change, for the reasons set out in the Target's Statement. The Target's Statement explains however that Cokal Directors are unable to form a final view at this stage as to whether the Cakra Share Consideration represents fair value. Directors will have more information when the Cakra Rights Issue has been finally approved, priced and completed.

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 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. This detailed mapping survey allowed the Resource categorization of the B, C and D Seams to be upgraded form Inferred to Measured Resources in the shallow, low strip ratio areas near the Barito River.

The approvals received for BBM are discussed under “External Relations” in this report.

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 released an updated Coal Resource statement for the Eastern portion of the Bumi Barito Mineral (BBM) coal project, comprising of 19.5 Million tonnes (Mt) Measured, 23.1 Mt Indicated and 224 Mt Inferred Coal Resources in accordance with the JORC Code (2012). The Resource Report, which was compiled by Cokal's Competent Person, and is compliant with the 2012 version of the JORC Code.
The main exploration activities conducted to date include:

- Surface mapping of coal and non-coal outcrops, and channel sampling of 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 0.3m, a total Coal Resource of 266.6Mt of B, C, D and J Seams (Tables 1 and 2) have been estimated in accordance with the JORC Code. Of that, 19.5Mt is deemed Measured Resources and 23.1Mt is Indicated Resources.

The upgrade of Resource to higher JORC categories is primarily due to the additional outcrop mapping and subsequent channel sampling of the coal for Seams B, C and D in the areas covering Pits 1 and 2 in BBM East. These channel samples gave a reliable representative sample of each coal seam. Although the coking coal properties of the samples had been affected by oxidation due to near surface exposure, the chemical properties of the coal, such as Ash, Sulphur and Volatile Matter have minimal affect from oxidation. These analytical results can be used to determine the potential coal type. For example, if the Volatile Matter is greater than 14%, the coal is regarded as a Coking coal rather than a PCI coal. PCI coals in BBM have been found to have Volatile Matter ranges from 10% to 14% as this correlates consistently with CSN below 2. Above 14% Volatile Matter, CSN values are found to be above 5 until the Volatile Matter reaches above 17% when the CSN is consistently 9.

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 95Megapascals (MPa)) while the immediate 1m to 2m of roof consists generally of a competent siltstone. This combination is ideal for extraction of the deeper Coal Resources using underground methods such as thin-seam longwall mining.

Table 1-1 BBM Coal Resources by JORC Category

Seam Name	Seam Thickness (m)	Measured Resources (Mt)	Indicated Resources (Mt)	Inferred Resources (Mt)	Total Resources (Mt)
J	1.33	10.50	13.5	31	55.00
D	1.34	3.53	3.5	70	77.03
C	1.23	2.62	3.1	66	71.72
B	1.10	2.85	3.0	57	62.85
Total		**19.50**	**23.1**	**224**	**266.6**

Table 1-2: BBM Coal Resources by Category and Depth of Cover

Depth Range (m)	Measured Resources (Mt)	Indicated Resources (Mt)	Inferred Resources (Mt)	Total Resources (Mt)
0-50	10.33	3.0	1	14.33
0-100	17.17	11.3	9	37.47
0-150	19.31	19.7	25	64.01
0-200	19.50	22.5	42	84.00
0-250	19.50	23.0	67	109.52
0-300	19.50	23.1	100	142.60

The Coal Resources for BBM have been estimated in accordance with the 2012 version of the JORC Code. 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 (Table 1-3, Table 1-4 and Table 1-5).

Table 1-3: Raw Coal Quality of B, C and D Seams

Seam	Inherent Moisture	Ash	Volatile Matter	Fixed Carbon	Total Sulphur	Calorific Value	CSN	Relative Density	Phos-phorus
D	1.7	3.5	14.3	80.7	0.38	8,213	4.0	1.33	0.002
C	1.8	5.3	14.5	78.7	0.39	8,025	5.0	1.33	0.001
B	1.7	4.7	14.3	79.5	0.40	8,084	2.0	1.38	0.003

Table 1-4: In –situ Average Coal Quality By Seam and Product Type (% adb)

Seam	Product	Inherent Moisture %	Ash %	Volatile Matter %	Fixed Carbon %	Total Sulphur %	Calorific Value (Kcal/kg)	Crucible Swell Number	Relative Density (g/cc)	Phos-phorus %
D	PCI	1.7	3.5	10.3	83.7	0.43	8,204	1.5	1.36	0.002
D	Coking	1.7	3.5	14.4	79.7	0.39	8,287	9.0	1.33	0.002
C	PCI	1.8	5.3	9.3	84.3	0.41	8,191	1.0	1.36	0.001
C	Coking	1.8	5.3	14.5	79.5	0.24	8,265	8.5	1.33	0.001
B	PCI	1.7	4.7	9.5	75.6	0.41	7,676	1.5	1.40	0.004
B	Coking	1.7	4.7	13.8	73.1	0.23	7,591	7.5	1.38	0.002

Table 1-5 Coal Quality of J Seam

Product	Yield	Inherent Moisture	Ash	Volatile Matter	Fixed Carbon	Total Sulphur	Calorific Value Kcal/kg	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

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
Manage and Implement Corporate Restructure (effective 1 September 2015)

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

Moosa Fense
Chief Financial Officer (effective 1 September 2015)

Professional experience in big 4 and corporate experience in large organisations and listed 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

BBM Definitive Feasibility Study Outcomes

The BBM Project definitive feasibility study (DFS) was completed in February 2014. During the year further pricing and delivery enquiries were made to ensure that physical delivery and construction would comply with DFS Schedule. 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.

The additional pricing enquiry work carried out 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 cognizant of the seasonal conditions, productivity effects and logistics requirements of working in Central Kalimantan.

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 handleability 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.

Further geotechnical 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 previously 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 Forestry Permit – Update

Since Cokal received the In-Principal Forestry Permit from the National Forestry Department for an initial area 1,242 ha the pegging of the approved Forestry Permit area was completed (approx. 1,600 pegs installed). After the pegging was concluded, and the additional administrative documents were finalised and presented the full Forestry Permit was issued on 13 August 2015. This allows for the construction and operation of the port, haul road and initial mine development. Cokal was one of the first companies to receive the Forestry Permit under the new Jokowi administration which allows foreign companies to acquire their permits from the BKPM (Investment Coordinating Board).

BBM Port Construction and Operation Approval

The approval of the PT BBM Port Construction and Operation was received from the National Transportation Minister on 24 February 2015. Now that the approval has been secured, commencement of construction and operation of the port can commence.

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 2015.

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 Kepala Teknik Tambang (Mine Technical Manager). Yoga Suryanegara who was previously the Kepala Teknik Tambang (Mine Technical Manager) at BBM has now taking over this role for all our exploration activities in other areas. This gives us very strong Safety and Health coverage during exploration, construction and mining activities.
- Again received a formal commendation for both the standard and compliance of our reporting with our BBM reporting achieving the highest compiance score of the more than 60 IUP's operating in the Regency.

- In preparation for construction and mining works we have upgraded our 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.
- Completed upgrading site facility fire prevention and alert systems and electrical compliance to the relevant Indonesian standard.
- Continued with previously established 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.
- Finalised a formal 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.
- Continued 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 continued to establish a number of procedures and processes including formalised Health and Safety policies, objectives and targets, Health and Safety responsibility and accountability matrices.
- The Hazard identification and Risk Assessment Register previously established for both current and future activities associated both with exploration, construction and mining was continued and refined.
- 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 550 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 introduction 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 continuation 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 on-going operation 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 continuation of the school based environmental awareness and tree planting program 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 is providing 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 establishment of an authorised waste storage area. The drums, batteries 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 so that we comply with the maximum on site storage time of 3 months. A Register of Hazardous materials has been established in order to ensure that no hazardous material is disposed of incorrectly

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 2015.

Community Development

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

- Cokal continues to assist members of the local community with an established a micro-business that makes cement blocks that have been used during the construction and operation of the PT BBM Project including bunding walls for fuel storage facilities and waste storage areas. PT BBM continues to provide the local business owners with training in business administration. It is expected that the business will evolve into other concrete based products that can be purchased and used by PT BBM.
- Cokal is continuing a fish farm project at the PT BBM mine site. Given the success of the three pond trial previously, a second micro-business focused on fish farming was established with local community ownership and management in Q3 2014. This business supplies a variety of fresh fish to the Project.
- Transport and Establishment of temporary accommodation at the BBM Krajan site for Orang Utans in conjunction with the Borneo Orang Utan Society (BOS) prior to their release in protected forest areas approximately 150 kilometres north east of the BBM mine site.
- 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 number of short health and safety training programs for the operators of the local airport as part of maintaining a high safety standard at a critical public facility. 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.
- Continuation 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 2015.

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, 51, over 28 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 another listed company.

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

Mr Hanna has over 33 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, 62, over 33 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.

Patrick is a member of the Audit Committee.

During the past three years Patrick has not served as a director of another 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)
- South Pacific Resources Limited (formally 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 another 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 and resigned on 1 September 2015) 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 2015, 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
Patrick Hanna	25,800,000
Domenic Martino	31,920,001
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 2015, the loss for the consolidated entity after providing for income tax was US$13,044,047 (2014: US$5,898,888).

The operating results have been heavily driven by a US$5.25m (2014: nil) de-recognition of pre-tenure exploration expenditures. In addition the other main driver was finance costs of US$2.9m (2014: US$0.6m).

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

- During the year, Cokal issued total shares of 384,000 at a total value of AU$96,000 (US$84,363) to a consultant as payment for professional services.
- During the year, Cokal issued total shares of 77,000 at a total value of AU$10,010 (US$7,910) to an employee as part of a termination package.
- During the year, Cokal issued total shares of 27,777,778 at a total value of AU$2,500,000 (US$1,935,100) to Cedrus Investments LTD (Cedrus).

At 30 June 2015, the consolidated entity had 499,342,704 ordinary shares and 66,150,000 unlisted options on issue.

Financial Position

The net assets of the consolidated entity have decreased by US$9,623,980 from US$59,796,592 at 30 June 2014 to US$50,172,612 at 30 June 2015. This decrease has largely resulted from the increase in loans and a net decrease in exploration expenditure.

The consolidated entity's working capital, being current assets less current liabilities has decreased from US$383,226 in 2014 to (US$7,341,869) in 2015. The decrease is primarily driven a by an increase in current loans.

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 (AU 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

During the year, the functional currency of Cokal Limited and all controlled entities, changed to United States (US) dollars from Australia (AU) dollars effective from 1 July 2014. Consistent with the change, the presentation currency of the Group also changed to US dollars. The change in functional currency to US dollars was undertaken because the directors believed this currency most faithfully represented the primary economic environment and underlying transactions, events and conditions that were relevant to the Group.

On 9 February 2015 Cokal announced that Cedrus International Limited (Cedrus) has joined with Platinum Partners (Platinum) to provide a non-binding term sheet to Cokal in relation to a US$110 million project finance facility (Facility). The facility will initially be used to fund Cokal's 2Mtpa BBM Project. Platinum and Cedrus will fund the project equally.

As announced on 3 March 2015, Cokal Limited received an unsolicited non-binding and incomplete proposal in relation to a conditional off market takeover bid by PT Cakra Mineral Tbk (CKRA) for all of the ordinary shares of Cokal. CKRA is an Indonesian Company listed on the Indonesia Stock Exchange (IDX: CKRA). On 27 April 2015 Cakra and Cokal entered into a Bid Implementation Agreement under which CAKRA would make a conditional off market takeover bid for all the shares in Cokal (Offer).

During the year, Cokal announced the total fund managed by Platinum has extended the term of its bridging loan facility to 6 August 2015. Upon extension the total loan for the project development to date totalled US$10,065,000 including additional non-refundable working fee for the extension of US$915,000. The present intention is that the loan will be refinanced by the BBM project financing facility. The full amount of Platinum loan was repayable on 6 August 2015. The extension is still being negotiated and no demand for repayment has been received. Until finalisation of Cakar's transaction, no external funding can be sought. Also Cakra's transaction agreement states "It is also a priority for Cakra to pay down Cokal's existing loans subject to available cash, to increase its flexibility in developing and getting BBM into operation."

Under the extension agreement, Cokal granted the following options to Platinum during the year:

- On 27 August 2014, 15,000,000 options at US$0.186 expiring on 27 August 2018; and
- On 6 February 2015, 25,000,000 options at US$0.101 expiring on 6 February 2019.

Significant Events after the Reporting Date

(a) On 13 August 2015, it was announced that the Group received the Borrow and Use of Forest Area Permit IPPKH (Ijin Pinjam Pakai Kawasan Hutan) for an initial operational area of 1,242 ha in BBM (Bumi Barito Mineral) Coal Project. The IPPKH (Forestry Permit) allows for the construction and operation of the port, haul road and initial mine development areas for Cokal's initial mine plan of 2 Mtpa of premium coking coal from BBM.

(b) On 17 August 2015, it was announced that the Group received a Bidder's Statement from Cakra in relation to its offer to acquire all of the shares in Cokal. The offer however is subject to Indonesian regulatory approval and to Cakra raising approximately US$113m by way of a rights issue. On 28 August 2015, Cokal issued a Target Statement in response to Cakra's off market takeover bid. Cokal directors consider that Cakra offer is fair and reasonable in the absence of a Superior Proposal or material Adverse Change, for the reasons set out in the Target's Statement. The Target's Statement explains however that Cokal Directors are unable to form a final view at this stage as to whether the Cakra Share Consideration represents fair value. Directors will have more information when the Cakra Rights Issue has been finally approved, priced and completed.

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:

	2015 $	2014 $
Assurance related agreed upon services	-	-
Tax compliance services	-	-
	-	-

Remuneration Report (Audited)

This remuneration report for the year ended 30 June 2015 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 FY14 AGM

The FY14 remuneration report received positive shareholder support at the FY14 AGM with proxy votes of 99% 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 AU$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 non-executive directors for the year ending 30 June 2015 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 2015 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)	2015 US$	2014 AU$	2013 AU$	2012 AU$
Share price	0.10	0.14	0.16	0.21
Basic loss per share	(2.76)	(1.40)	(1.64)	(1.68)

There were no dividends paid during the year ended 30 June 2015.

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 AU$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 Patrick 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, Patrick 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 AU$240,000 per annum (exclusive of GST) for a minimum of ten days service per month. Additional fees of AU$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 Patrick Hanna.

Senior Management

<u>CFO / Joint Company Secretary</u>

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 AU$265,000, exclusive of compulsory superannuation contributions.

Mr Kuss is eligible for an annual performance bonus of up to AU$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 AU$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.

Indonesian Country Manager

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 US$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.

(c) 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)

Patrick 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)

(d) Remuneration Details

The following table of benefits and payments details, in respect to the financial years ended 30 June 2015 and 2014, the component of remuneration for each key management person of the consolidated entity:

2015	Short-Term Benefits			Post-Employment	Termination Benefits	Share-based payments		Total US$	% Remuneration as options
	Salary & Fees	Cash Bonus	Other short -term benefits	Superannuation		Equity-settled (options)	Cash-settled		
	US$	US$	US$	US$	US$	US$	US$		
Directors									
Peter Lynch #	253,982	-	-	-	-	-	-	253,982	0%
Patrick Hanna #	164,146	-	-	-	-	-	-	164,146	0%
Domenic Martino	117,786	-	-	-	-	-	-	117,786	0%
Agus Widjojo ●	54,416	-	-	-	-	-	-	54,416	0%
Total	**590,330**	**-**	**-**	**-**	**-**		**-**	**590,330**	
Senior Management									
Duncan Cornish	33,672	-	-	-	-	-	-	33,672	0%
Victor Kuss *	208,502	-	13,220	21,064	-	205,805	-	448,591	45.9%
Gerhardus Kielenstyn	455,530	-	-	-	-	103,670	-	559,200	18.5%
Total	**697,704**	**-**	**13,220**	**21,064**	**-**	**309,475**	**-**	**1,041,463**	

2014	Short-Term Benefits			Post-Employment	Termination Benefits	Share-based payments		Total US$	% Remuneration as options
	Salary & Fees US$	Cash Bonus US$	Other short-term benefits US$	Superannuation US$	US$	Equity-settled (options) US$	Cash-settled US$		
Directors									
Peter Lynch #	385,245	-	-	-	-	-	-	385,245	0%
Patrick Hanna #	264,969	-	-	-	-	-	-	264,969	0%
Domenic Martino	234,812	-	-	-	-	-	-	234,812	0%
Agus Widjojo ●	54,486	-	-	-	-	-	-	54,486	0%
Total	**939,512**	**-**	**-**	**-**	**-**	**-**	**-**	**939,512**	
Senior Management									
Duncan Cornish	36,713	-	-	-	-	-	-	36,713	0%
Victor Kuss *	228,361	-	14,865	22,946	-	330,715	-	596,887	55.4%
Gerhardus Kielenstyn	395,727	-	-	-	-	251,798	-	647,525	38.9%
Total	**660,801**	**-**	**14,865**	**22,946**	**-**	**582,513**	**-**	**1,281,125**	

Fees based on current status of project
● appointed 14 August 2013
* Resigned 1 September 2015

	Remun-eration type	Grant date	Vesting date	Number	Exercise Price US$	Grant value (per option) US$	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	1.15	0.34	-	-	-	5/09/2015
Victor Kuss	Options	24/08/2011	05/09/2013	2,000,000	1.57	0.30	-	-	-	5/09/2015
Victor Kuss	Options	11/07/2013	11/07/2015	5,000,000	0.23	0.09	-	-	100%	11/07/2017
Victor Kuss	Options	24/02/2015	24/02/2016	2,500,000	0.10	0.03	-	-	100%	24/02/2019
Victor Kuss	Options	24/02/2015	24/02/2017	2,500,000	0.10	0.03	-	-	100%	24/02/2019
Gerhardus Kielenstyn	Options	11/07/2013	11/07/2014	2,000,000	0.20	0.09	100%	-	-	11/07/2017
Gerhardus Kielenstyn	Options	11/07/2013	11/07/2015	2,000,000	0.20	0.09	-	-	100%	11/07/2017
Gerhardus Kielenstyn	Options	24/02/2015	24/02/2016	2,000,000	0.10	0.03	-	-	100%	24/02/2019
Gerhardus Kielenstyn	Options	24/02/2015	24/02/2017	2,000,000	0.10	0.03	-	-	100%	24/02/2019

Advances to KMP

Advances to KMP at 30 June 2015 have been included in other receivables. The details of these advances are:

	2015 US$	2014 US$
Peter Lynch	2,844	8,005
	2,844	**8,005**

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.

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

KMP and other executives may be 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 2015.

Options holdings

Details of share-based payments to KMP and other executives awarded and vested/unvested during the year ended 30 June 2015 and 30 June 2014 are detailed in the table below:

	Balance 1 July 2014	Granted as Remuneration	Exercise of Options	Net Change Other	Balance 30 June 2015	Total vested at 30 June 2015	Total vested and exercisable at 30 June 2015	Total vested and unexercisable at 30 June 2015
Directors								
Peter Lynch	-	-	-	-	-	-	-	-
Patrick Hanna	-	-	-	-	-	-	-	-
Domenic Martino	-	-	-	-	-	-	-	-
Agus Widjojo ●	-	-	-	-	-	-	-	-
Senior Management								
Duncan Cornish	-	-	-	-	-	-	-	-
Gerhardus Kielenstyn	4,000,000	4,000,000	-	-	8,000,000	-	4,000,000	-
Victor Kuss *	10,000,000	5,000,000	-	-	15,000,000	2,000,000	3,000,000	-
Total	**14,000,000**	**9,000,000**	**-**	**-**	**23,000,000**	**2,000,000**	**7,000,000**	

	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)	-	-	-	-
Patrick Hanna	-	-	-	-	-	-	-	-
Domenic Martino	-	-	-	-	-	-	-	-
Senior Management								
Duncan Cornish	-	-	-	-	-	-	-	-
Gerhardus Kielenstyn	-	4,000,000	-	-	4.000,000	-	-	-
Victor Kuss*	5,000,000	5,000,000	-	-	10,000,000	5,000,000	5,000,000	
Total	**15,000,000**	**9,000,000**	**-**	**(10,000,000)**	**14,000,000**	**5,000,000**	**5,000,000**	**-**

● appointed 14 August 2013
~ Resigned 3 May 2013
* Resigned 1 September 2015

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 2014	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance 30 June 2015
Directors					
Peter Lynch	56,052,000	-	-	-	56,052,000
Patrick Hanna	25,800,000	-	-	-	25,800,000
Domenic Martino	31,520,001	-	-	-	31,520,001
Agus Widjojo	-	-	-	-	-
Senior Management					
Duncan Cornish	2,401,215	-	-	-	2,401,215
Garry Kielenstyn	32,000	-	-	-	32,000
Victor Kuss *	675,000	-	-	-	675,000
Total	**116,480,216**	**-**	**-**	**-**	**116,480,216**

	Balance 1 July 2013	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance30 June 2014
Directors					
Peter Lynch	55,697,000	-	-	355,000	56,052,000
Jim Middleton ~	10,017,000	-	-	(10,017,000)	-
Patrick Hanna	25,800,000	-	-		25,800,000
Domenic Martino	37,120,001	-	-	(5,600,000)	31,520,001
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	**131,941,001**	**-**	**-**	**(15,460,785)**	**116,480,216**

~ Resigned 3 May 2013
* Resigned 1 September 2015

Transactions with KMP and their related entities

- During the financial year ended 30 June 2015, 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 US$164,146 (2014: US$264,969) for these services during the financial year. The services were based on normal commercial terms and conditions.
- During the financial year ended 30 June 2015, Petla Trust (of which Peter Lynch is a director) provided to the Group consulting services. Petla Trust received US$253,982 (2014: US$361,479) for these services during the financial year. The services were based on normal commercial terms and conditions.
- During the year ended 30 June 2015, the Group paid consulting fees of US$44,476 (2014: US$129,372) 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	12	12	2	2
Pat Hanna	12	12	2	2
Domenic Martino	12	12	2	2
Agus Widjojo	12	12	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 2015, there were 66,150,000 unissued ordinary shares under options as follows:

- 3,000,000 unlisted options exercisable at US$1.15 on or before 5 September 2015
- 2,000,000 unlisted options exercisable at US$1.57 on or before 5 September 2015
- 350,000 unlisted options exercisable at US$0.77 on or before 12 October 2016
- 4,000,000 unlisted options exercisable at US$0.20 on or before 11 July 2017
- 6,800,000 unlisted options exercisable at US$0.23 on or before 11 July 2017
- 15,000,000 unlisted options exercisable at US$0.19 on or before 27 August 2018
- 25,000,000 unlisted options exercisable at US$0.10 on or before 6 February 2019
- 10,000,000 unlisted options exercisable at US$0.10 on or before 24 February 2019

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 2015, 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 23.

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 has been made publicly available on the Company's website at: www.cokal.com.au.

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

Cokal Limited

Peter Lynch
Chairman and Chief Executive Officer

Brisbane
14 September 2015

Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
ey.com/au

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 2015, 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

Bradley Tozer

Brad Tozer
Partner
14 September 2015

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 2 September 2015

(a) Distribution of Ordinary Shares and Options

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

	Ordinary shares	
	Number of holders	Number of shares
1 – 1,000	317	275,526
1,001 – 5,000	147	452,175
5,001 – 10,000	270	2,479,132
10,001 – 100,000	558	23,028,412
100,001 and over	267	473,107,459
Total	1,559	499,342,704

	Unlisted options ($1.15 @ 05/09/15)		Unlisted options ($1.57 @ 05/09/15)		Unlisted options ($0.77 @ 12/10/16)		Unlisted options ($0.20 @ 11/07/17)	
	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	3,000,000	1	2,000,000	2	350,000	1	4,000,000
Total	1	3,000,000	1	2,000,000	2	350,000	1	4,000,000

	Unlisted options ($0.23 @ 11/07/17)		Unlisted options ($0.10 @ 24/02/2019)		Unlisted options ($0.19 @ 27/08/2018)		Unlisted options ($0.10 @ 06/02/2019)	
	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	3	6,800,000	5	10,000,000	1	15,000,000	1	25,000,000
Total	3	6,800,000	5	10,000,000	1	15,000,000	1	25,000,000

The number of shareholders holding less than a marketable parcel (529,286 ordinary shares) is 432 on a share price of AU$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	HSBC CUSTODY NOMINEES (AUSTRALIA)	70,290,673	14.08
2	HOLDEX NOMINEES PTY LTD <NO 431 A/C>	60,057,034	12.03
3	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD	47,389,469	9.49
4	GEBRUN PTY LTD <PETLA A/C>	35,000,000	7.01
5	PATRICK JOSEPH HANNA	25,000,000	5.01
6	UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	23,844,497	4.78
7	MR PETER ANTHONY LYNCH + MRS LAURA ANNE LYNCH <SEBAL SUPER FUND A/C>	21,052,000	4.22
8	CITICORP NOMINEES PTY LIMITED	13,030,551	2.61
9	TJ SMOCK & CO PTY LTD <MIDDLETON FAMILY A/C>	10,000,000	2.00
10	LAGUNA BAY CAPITAL PTY LTD	8,500,000	1.70
11	INKESE PTY LTD	7,500,000	1.50
12	MONAL PTY LIMITED	7,000,000	1.40
13	BRISPOT NOMINEE PTY LTD	6,091,113	1.22
14	SPINITE PTY LTD	5,850,000	1.17
15	BNP PARIBAS NOMINEES PTY LTD	4,474,104	0.90
16	MR HARUN ABIDIN	4,161,000	0.83
17	MR SHANE DOHERTY	4,000,000	0.80
18	NATIONAL NOMINEES PTY LIMITED	3,619,133	0.72
19	MR ANDREW LLOYD WHITE	3,243,000	0.65
20	JP MORGAN NOMINEES AUSTRALIA LIMITED	3,219,508	0.64
	Top 20	**363,322,082**	72.76%
	Total Remaining	136,020,622	27.24%

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	83,009,034
Blumont Group Ltd	60,057,034
Peter Anthony Lynch & Lara Anne Lynch	56,052,000
Domenic Vincent Martino & Sandra Gae Martino	37,120,001
Patrick Joseph Hanna	25,000,000

The Company notes that, as at 2 September 2015, the following shareholders own substantial shareholdings (>= 5.0%) in Cokal:

Name of Shareholder:	Ordinary Shares:	% of total shares:
HSBC CUSTODY NOMINEES (AUSTRALIA)	70,290,673	14.08
HOLDEX NOMINEES PTY LTD <NO 431 A/C>	60,057,034	12.03
ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD	47,389,469	9.49
GEBRUN PTY LTD <PETLA A/C>	35,000,000	7.01
PATRICK JOSEPH HANNA	25,000,000	5.01

(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 2015:

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%

Consolidated Statement of Comprehensive Income for the year ended 30 June 2015

	Note	2015 US$	(Restated)* 2014 US$
Revenue and other income	2	69,300	73,253
Employee benefits expenses		(1,718,508)	(3,038,733)
Depreciation expenses		(200,940)	(235,706)
Finance costs		(2,863,531)	(581,045)
Legal expenses		(415,353)	(97,648)
Administration and consulting expenses		(1,983,786)	(1,688,433)
Pre-tenure exploration expenditure de-recognised		(5,250,000)	-
Other expenses		(681,229)	(330,576)
Loss before income tax expense		**(13,044,047)**	**(5,898,888)**
Income tax expense	5	-	-
Net loss for the period		**(13,044,047)**	**(5,898,888)**
Other comprehensive income *Items may be reclassified to profit or loss in subsequent periods (net of tax):*			
Exchange translation differences		-	4,037,815
Total comprehensive loss for the period		**(13,044,047)**	**(1,861,073)**

Loss per share for the loss attributable to owners of Cokal Limited:		**Cents**	**Cents**
Loss per share (cents per share)	7	(2.76)	(1.28)
Diluted loss per share (cents per share)	7	(2.76)	(1.28)

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

* The financial information including related notes has been restated as a result of change in presentation currency as explained in note 1(d).

Consolidated Statement of Financial Position as at 30 June 2015

		2015	(Restated)* 2014	(Restated) 2013
		US$	US$	US$
Current Assets				
Cash and cash equivalents	8	1,753,213	2,593,011	837,048
Short term deposits	8	1,538,595	1,841,658	1,696,911
Accounts receivable	9	138,402	192,016	146,037
Other current assets	14	232,742	57,177	91,437
Total Current Assets		**3,662,952**	**4,683,862**	**2,771,433**
Non-Current Assets				
Property, plant and equipment	12	1,628,081	893,393	871,851
Exploration and evaluation assets	13	59,424,333	61,519,643	50,897,378
Other non-current assets	14	191,312	218,542	243,634
Total Non-Current Assets		**61,243,726**	**62,631,578**	**52,012,863**
TOTAL ASSETS		**64,906,678**	**67,315,440**	**54,784,296**
Current Liabilities				
Accounts payable and others	15	939,821	800,636	1,965,028
Interest bearing loans	16	10,065,000	3,500,000	-
Total Current Liabilities		**11,004,821**	**4,300,636**	**1,965,028**
Non-Current Liabilities				
Deferred liability	15	72,409	130,335	210,630
Interest bearing loans	16	3,656,836	3,087,877	-
Total Non-Current Liabilities		**3,729,245**	**3,218,212**	**210,630**
TOTAL LIABILITIES		**14,734,066**	**7,518,848**	**2,175,658**
NET ASSETS		**50,172,612**	**59,796,592**	**52,608,638**
Equity				
Issued capital	17	83,622,140	81,710,873	73,453,465
Reserves	18	4,571,178	3,062,378	(1,767,056)
Accumulated losses	19	(38,020,706)	(24,976,659)	(19,077,771)
TOTAL EQUITY		**50,172,612**	**59,796,592**	**52,608,638**

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

* The financial information including related notes has been restated as a result of change in presentation currency as explained in note 1(d).

Consolidated Statement of Changes in Equity for the year ended 30 June 2015

	Issued capital US$	Reserves US$	Accumulated losses US$	Total US$
At 1 July 2014 (Restated)*	**81,710,873**	**3,062,378**	**(24,976,659)**	**59,796,592**
Total comprehensive loss for the year				
Loss for the year	-	-	(13,044,047)	(13,044,047)
	-	-	(13,044,047)	(13,044,047)
Transactions with owners in their capacity as owners				
Issue of share capital	2,027,373	-	-	2,027,373
Costs associated with issue of share capital	(116,106)	-	-	(116,106)
Share based payments	-	1,508,800	-	1,508,800
	1,911,267	1,508,800	-	3,420,067
At 30 June 2015	**83,622,140**	**4,571,178**	**(38,020,706)**	**50,172,612**
At 1 July 2013 (Restated)	**73,453,465**	**(1,767,056)**	**(19,077,771)**	**52,608,638**
Total comprehensive loss for the year				
Loss for the year	-	-	(5,898,888)	(5,898,888)
Other comprehensive income	-	4,037,815	-	4,037,815
	-	4,037,815	(5,898,888)	(1,861,073)
Transactions with owners in their capacity as owners				
Issue of share capital	8,875,993	-	-	8,875,993
Costs associated with issue of share capital	(618,585)	-	-	(618,585)
Share based payments	-	791,619	-	791,619
	8,257,408	791,619	-	9,049,027
			-	
At 30 June 2014 (Restated)*	**81,710,873**	**3,062,378**	**(24,976,659)**	**59,796,592**

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

* The financial information including related notes has been restated as a result of change in presentation currency as explained in note 1(d).

Consolidated Statement of Cash Flows for the year ended 30 June 2015

	Note	2015 US$	(Restated)* 2014 US$
Cash Flows from Operating Activities			
Payments to suppliers and employees		(3,795,296)	(6,182,663)
Interest received		69,300	73,253
Finance costs paid		(1,815,000)	(492,664)
Net cash outflow from operating activities	24	**(5,540,996)**	**(6,602,074)**
Cash Flows from Investing Activities			
Payments for plant and equipment		(935,628)	(257,248)
Decrease/(increase) in deposits maturing after three months and restricted deposits		(42,793)	(91,608)
Payments for exploration and evaluation assets		(3,154,690)	(6,671,071)
Security deposit receipts / (payments)		27,230	25,092
Net cash outflow from investing activities		**(4,105,881)**	**(6,994,835)**
Cash Flows from Financing Activities			
Proceeds from issue of shares and options		2,027,373	8,875,993
Transaction costs on share issue		(116,106)	(618,585)
Proceeds from borrowings		6,965,000	6,499,496
Net cash inflow from financing activities		**8,876,267**	**14,756,904**
Net (decrease)/increase in cash and cash equivalents		(770,610)	1,159,995
Cash and cash equivalents at beginning of period		2,593,011	837,048
Net foreign exchange differences		(69,188)	595,968
Cash and cash equivalents at end of period		**1,753,213**	**2,593,011**

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

* The financial information including related notes has been restated as a result of change in presentation currency as explained in note 1(d).

Notes to the Consolidated Financial Statements for the year ended 30 June 2015

Note 1: Summary of Significant Accounting Policies

(a) General information

The consolidated financial statements of Cokal Limited for the year ended 30 June 2015 were authorised for issue in accordance with a resolution of the Directors dated 11 September 2015 and covers the consolidated entity (the "Group" or "Cokal") consisting of Cokal Limited (the "Company") and its subsidiaries.

The financial statements are presented in United States Dollars ("USD" or "US$").

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 principal activities of the Group during the year were focused on the identification and development of coal within the highly prospective Central Kalimantan coking coal basin in Indonesia.

(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:

a) The successful raising, in the future, of the necessary funding, either through debt, equity and/or farm-out to complete the BBM project to operational status;
b) Management of short term interest bearing liabilities through the use of the BBM project financing, additional debt or equity raising or modified repayment terms with lenders; and
c) The successful exploration and subsequent exploitation of the Group's tenements.

Should these avenues be delayed or fail to materialise, the Group has the ability to scale back its activities to enable the Group to meet its debts as and when they fall due in the short term. However, this may require the Group to have to renegotiate or satisfy current borrowings of US$10.065m, through further loan extensions (which require lender consent) and/or through the use of funding from other sources. In the event that sufficient funds are not available or loans cannot be re-negotiated before the amounts become due, the Group may enter default on this facility which would allow the lender to call the amount immediately.

The Directors are confident given the current permitting and financing processes undertaken and/or currently in progress and announced to the market, that the Group will be successful in its endeavours.

Given this, 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 or managing its existing funds to enable it to realise its assets in the ordinary course of business.

Notes to the Consolidated Financial Statements for the year ended 30 June 2015

(d) New accounting standards and interpretations

(i) Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous annual year ended 30 June 2014, except as listed below (none of the other new standards or interpretations effective for annual periods commencing on or after 1 January 2014 had any impact on the Group):

Reference	Title	Application date of standard	Impact on the Group financial report	Application date for Group
AASB Interpretation 21 Levies	AASB Interpretation 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for AASB Interpretation 21.	1 January 2014	This has not had any impact on the Group	1 July 2014

Effective 1 July 2014, Cokal Limited, and its subsidiaries, changed their functional and presentation currencies to USD. In making this change in functional and presentation currency, the Group followed the requirements of AASB 121: *The effects of changes in foreign exchange rates*.

The change in functional currency to USD was undertaken because the directors believed this currency most faithfully represented the primary economic environment and underlying transactions, events and conditions that were relevant to the Group. AASB 121 required such a change in functional currency to be accounted for prospectively from the date of change, being 1 July 2014.

The change in presentation currency was made to coincide with the change in functional currency as management felt the USD better reflected the economics of its business. Prior to 1 July 2014, the Group reported its annual and half yearly consolidated statement of financial position and the related consolidated statements of operations and cash flows in the Australian dollar ("AUD" or "AU$"). In accordance with AASB 121, the financial statements for all years and periods previously presented have been translated into the new presentation currency. As a result, the statements of comprehensive income and cash flow statement items for each prior year and period have been translated into the presentation currency using the average exchange rates prevailing during each reporting period. All assets and liabilities have been translated using the exchange rate prevailing at each of the reporting dates. Shareholders' equity transactions have been translated using the rates of exchange in effect as of the dates of the various capital transactions. The following exchange rates were used for comparative financial information translation:

Assets and liabilities at 30 June 2014	- AU$1: US$0.9419
Assets and liabilities at 30 June 2013	- AUD1: US$0.9133
Revenue, expenses and cash flows for the year ended 30 June 2014	- AUD1: US$0.9178
Equity balances at 30 June 2014 and 30 June 2013	- Applicable historical rates

The above stated procedures resulted in a foreign currency translation reserve of US$1.55m at 30 June 2014. Earnings per share for 2014 has also been restated in USD to reflect the change in presentation currency (refer to Note 7).

All resulting exchange differences arising from the translation that occurred due to this change are included as a separate component of other comprehensive income in a reserve entitled "translation reserve" (refer Note 18). All comparative financial information has been restated to reflect the Group's results as if they had been historically reported in USD. From 1 July 2014 forward, there will be no amounts taken to the foreign currency translation reserve (FCTR), as that from this point, the functional currency equals the presentation currency so no translation differences will arise from consolidating the foreign operations.

(d) New accounting standards and interpretations (cont'd)

(ii) Accounting Standards and Interpretations issued but not yet effective

A number of Australian Accounting Standards and Interpretations have recently been issued but are not yet effective. The directors have not early adopted any of these new or amended Standards and Interpretations for the year ended 30 June 2015. The directors have not yet fully assessed the impact of these new or amended Standards or Interpretations (to the extent relevant to the Group). The new standards and interpretations that could potentially impact the Group include the following:

- AASB 9: *Financial Instruments* (effective annual reporting periods commencing on or after 1 January 2018);
- AASB 15: *Revenue from Contracts with Customers* (effective annual reporting periods commencing on or after 1 January 2017 (the effective date may be deferred to 1 January 2018); and
- Amendments to AASB 11 *Joint Arrangements:* Accounting for Acquisitions of Interests (effective annual reporting periods commencing on or after 1 January 2016).

(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 arrangements with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- 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 period 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:

- 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; and
- 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.

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 standards. 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 received. 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 recognition criteria described below must also be met before revenue is recognised:

Interest

For all financial instruments measured at amortised cost and interest bearing financial assets classified as loans and receivables, 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 other income.

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.

Consultation fees

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

Notes to the Consolidated Financial Statements for the year ended 30 June 2015

(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 in Australia. Cokal Limited will be the head entity in the tax consolidated Group. Once the tax consolidation is executed, these entities will be taxed as a single entity and deferred tax assets and liabilities will be offset in these consolidated financial statements.

(i) Impairment of non-financial assets other than goodwill

At the end of each reporting period 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 FVLCD and VIU. For the purpose of assessing VIU, 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 the 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 have previously been impaired are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

(j) Joint venture and joint operations

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries. A joint arrangement can be classified as a joint venture or a joint operation. The classification of a joint arrangement as a joint venture or a joint operation depends upon the rights and obligations of the parties to the arrangement.

(j) Joint venture and joint operations (cont'd)
A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

Joint ventures are accounted for using the equity method. The Group does not currently have any joint ventures.

The Group recognises its interest in joint operations as follow:

- Assets, including its share of any assets held jointly;
- Liabilities, including its share of any liabilities incurred jointly;
- Revenue from the sale of its share of the output arising from the joint operation;
- Share of the revenue from the sale of the output by the joint operation; and
- Expenses, including its share of any expenses incurred jointly.

Details of the Group's joint 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.

(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. The Group currently only has receivables.

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 and generally applies to trade and other receivables. 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 profit or loss in the statement of comprehensive income. The losses arising from impairment are recognised in profit or loss in the statement of comprehensive income in finance costs for loans and in cost of sales or other operating expenses for 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.

Notes to the Consolidated Financial Statements for the year ended 30 June 2015

(i) Financial assets (cont'd)

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.

Subsequent measurement

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

Accounts payable

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and employees. The accounts payable are subsequently measured at amortised cost using the effective interest method (EIR). Due to their short term nature, the fair value approximates their carrying value.

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 profit or loss in the statement of comprehensive income. 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 profit or loss in the statement of comprehensive income.

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 at cost 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 period 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 period.

An item of property, plant and equipment is de-recognised 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. The exploration and evaluation expenditure is only carried forward as exploration or evaluation assets 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 technical feasibility and commercial viability of extracting a Coal Resource have been demonstrated then any capitalised exploration and evaluation expenditure is reclassified as capitalised mine development. Prior to reclassification, capitalised exploration and evaluation expense is assessed for impairment.

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/de-recognised in full against profit in the period 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 over burden removal) incurred before production commences (development stripping) are capitalised as part of mine development expenditure and subsequently amortised.

The stripping costs incurred subsequent to commencement of production are referred to as production stripping. Production stripping is generally considered to create two benefits, being either the production of inventory or improved access to the coal to be mined in the future. Where the benefits are realised in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories. Where the benefits are realised in the form of improved access to ore to be mined in the future, the costs are recognised as a non-current asset, referred to as a 'stripping activity asset', if the following criteria are met:

a) Future economic benefits (being improved access to the ore body) are probable;
b) The component of the ore body for which access will be improved can be accurately identified; and
c) The costs associated with the improved access can be reliably measured.

Notes to the Consolidated Financial Statements for the year ended 30 June 2015

(n) Exploration, evaluation and development expenditure (cont'd)

If all of the criteria are not met, the production stripping costs are charged to profit or loss as operating costs as they are incurred. When production commences, the accumulated costs for the relevant area of interest (mine development and acquired properties) will be amortised over the life of the area according to the rate of depletion of the economically recoverable reserves using a units of production method.

Mine rehabilitation costs will be incurred by the Group either while operating, or at the end of the operating life of, the Group's facilities and mine properties. The Group assesses its mine rehabilitation provision at each reporting date. The Group recognises a rehabilitation provision where it has a legal and constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. The nature of these restoration activities includes: dismantling and removing structures; rehabilitating mines and tailings dams; dismantling operating facilities; closing plant and waste sites; and restoring, reclaiming and revegetating affected areas.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the mining operation's location. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related mining assets to the extent that it was incurred as a result of the development/construction of the mine. Any rehabilitation obligations that arise through the production of inventory are recognised as part of the related inventory item. Additional disturbances which arise due to further development /construction at the mine are recognised as additions or charges to the corresponding assets and rehabilitation liability when they occur. Costs related to restoration of site damage (subsequent to start of commercial production) that is created on an ongoing basis during production are provided for at their net present values and recognised in profit or loss as extraction progresses.

Changes in the estimated timing of rehabilitation or changes to the estimated future costs are dealt with prospectively by recognising an adjustment to the rehabilitation liability and a corresponding adjustment to the asset to which it relates, if the initial estimate was originally recognised as part of an asset measured in accordance with AASB 116.

Any reduction in the rehabilitation liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to the statement of profit or loss and other comprehensive income.

If the change in estimate results in an increase in the rehabilitation liability and, therefore, an addition to the carrying value of the asset, the Group considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment. If, for mature mines, the estimate for the revised mine assets net of rehabilitation provisions exceeds the recoverable value, that portion of the increase is charged directly to expense.

Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in the statement of profit or loss and other comprehensive income as part of finance costs. For closed sites, changes to estimated costs are recognised immediately in the statement of profit or loss and other comprehensive income.

The Group recognises neither the deferred tax asset in respect of the temporary difference on the decommissioning liability nor the corresponding deferred tax liability in respect of the temporary difference on a decommissioning asset.

(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 period are recognised in respect of employees' services rendered up to the end of the reporting period 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.

Notes to the Consolidated Financial Statements for the year ended 30 June 2015

(p) Provisions

Provisions for legal claims 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) and suppliers (including financiers and consultants) in the form of share-based payment transactions, whereby employees or suppliers render/provide 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 (share-based payment option reserve). The fair value of options granted to financiers is recognised as finance cost with a corresponding increase in equity (share-based payment option reserve). Fair value of shares issued to employees and consultants are recognised as employee benefits and consultancy expenses respectively with a corresponding increase in share capital. The fair value is measured at grant date and recognised over the period during which the employees/suppliers 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. There are no conditions associated with the options issued to the financiers. 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.

The charge to the statement of comprehensive income for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. 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 dilution effect, if any, of outstanding options is reflected as additional share dilutions in the computation 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 period, adjusted for bonus elements in ordinary shares during the period.

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

AASB 8 *Operating segments* requires a management approach under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are reported in a manner that is consistent with the internal reporting to the chief operating decision maker (CODM), which has been identified as 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 qualification 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 did not have any financial assets and liabilities measured at fair value at reporting 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.

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 period.

Notes to the Consolidated Financial Statements for the year ended 30 June 2015

(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 (refer note 1(d)). 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 in 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.

(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 lease 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.

(y) 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 investments in subsidiaries and joint venture operations are accounted for at cost, less provision for impairment.

(z) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is either:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within 12 months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is current when either:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Group classifies all other liabilities as non-current.
Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(aa) Critical accounting estimates and judgments

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

(i) Impairment of non-financial assets

The Group assesses each reporting period to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimates of the recoverable amount is made, which is considered to be the higher of the fair value less costs of disposal (FVLCD) and value in use (VIU). The assessments require the use of estimates and assumptions such as long term coal prices (considering current and historical prices, price trends and related factors), discount rates, operating costs, future capital requirements and decommissioning operating performance (which includes production and sales volumes). These estimates and assumptions are subject to risks and uncertainty. Therefore, there is a possibility that changes in circumstances will impact this project, which may impact the recoverable amount of the asset.

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 Group considers any third party offers when forming a view on fair value.

(aa) Critical accounting estimates and judgments (cont'd)

(ii) Exploration and evaluation assets

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement to determine whether future economic benefits are likely, from either exploration or sale, or whether activities have not yet reached a stage which permits a reasonable assessment of the existence of technically feasible and commercially viable reserves. The determination of reserves and resources is itself and estimation process that requires varying degrees of uncertainty depending on how the resources are classified. These estimates directly impact when the Group defers exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about future events and circumstances, in particular, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of the expenditure is unlikely, the relevant capitalised amount is written off in profit or loss in the statement of comprehensive income in the period when the new information becomes available.

At reporting date, certain tenements have reached a renewal date or will reach a renewal date in the next 12 months. These tenements remain current until an official government expiry notice is issued. The directors are of the opinion that while they are due for renewal, as no expiry notice has been received they remain current. If renewal is not forthcoming, the amounts capitalised will likely be de-recognised.

(iii) 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.

(iv) 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. These align with the economic life of the assets for accounting purposes. 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 and accounted for prospectively.

(v) Share-based payments

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

(vi) Joint arrangements

Judgement is required to determine when the Group has joint control over an arrangement, which requires an assessment of the relevant activities and when the decisions in relation to those activities require unanimous consent. The Group has determined that the relevant activities for its joint arrangements are those relating to the operating and capital decisions of the arrangement such as approval of the capital expenditure program for each year or terminating the service providers of the arrangement. The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

Judgement is also required to classify a joint arrangement. Classifying the arrangement requires the Group to assess its rights and obligations arising from the arrangement. Specifically, the Group considers:

- The structure of the joint arrangement – whether its structured through a separate vehicle
- When the arrangement is structure through a separate vehicle, the Group also considers the rights and obligations arising from:
  - The legal form of the separate vehicle;
  - The terms of the contractual arrangement; and
  - Other facts and circumstances (when relevant).

Notes to the Consolidated Financial Statements for the year ended 30 June 2015

(aa) Critical accounting estimates and judgments (cont'd)

This assessment often requires significant judgement, and a different conclusion on joint control and also whether the arrangement is a joint operation or a joint venture, may materially impact the accounting.

Per agreement with subsidiary shareholders, the relevant activities including financing of certain entities' are managed and controlled by Cokal until the completion of Initial Work Program (refer note 10). The rights of other shareholders to receive returns and obligations for expenditure are only established when they contribute their share of capital upon completion of the Initial Work Program by Cokal. Given this, to date it has been determined that Cokal controls these entities and hence currently consolidates them as subsidiaries. In future periods, however, the accounting treatment of these entities will be required to be reassessed upon completion of Initial Work Program. This may lead to a change in accounting if it is then determined that instead of controlling these entities, Cokal now only jointly controls these and they are joint arrangements. Depending on whether these joint arrangements are classified as joint ventures or joint operations, this may require either equity accounting (for a joint venture) or recognition of Cokal's share of the assets, liabilities, income and expenses of the arrangement (for a joint operation). Directors have not reassessed the impact at reporting date as the Initial Work Program has not been completed at this date.

Note 2: Revenue and Other Income

	2015 US$	2014 US$
Revenue	-	-
Other income		
- Interest income from external parties	69,300	73,253
Total revenue and other income from continuing operations	69,300	73,253

Note 3: Loss for the Period

	2015 US$	2014 US$
Loss before income tax includes the following specific expenses:		
Depreciation on plant and equipment	200,940	235,706
Salaries and wages	653,449	1,255,360
Superannuation	29,331	43,299
Share-based payments (employee options)	417,579	791,619
Exploration expenditure de-recognised	5,250,000	-
Operating lease expense – minimum lease payment	440,750	416,319
Finance costs		
Interest on borrowings	168,959	88,381
Facility fees and other borrowing costs	1,634,921	492,664
Expense relating to options issued for extension of loan repayment	1,059,651	-

Note 4: Dividends and Franking Credits

There were no dividends paid or recommended during the financial year (30 June 2014: Nil).

There were no franking credits available to the shareholders of the Group (30 June 2014: Nil).

Notes to the Consolidated Financial Statements for the year ended 30 June 2015

Note 5: Income Tax

	2015 US$	2014 US$
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	(3,913,214)	(1,769,666)
Add tax effect of:		
- Not deductible expenses and impact of tax rate differences	2,380,253	576,939
- Deferred tax asset not recognised	1,532,961	1,192,727
Income tax expense	-	-
Deferred tax assets		
Deductible temporary differences	-	442,512
Carry forward tax losses	6,293,467	4,872,001
	6,293,467	5,314,513
Deferred tax liabilities		
Assessable temporary differences	-	(793)
Net deferred tax assets not recognised	6,293,467	5,313,720

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 2015 were US$20,978,223 (30 June 2014: US$16,240,003) and US$nil (30 June 2014: US$441,719) respectively.

In order to recoup carried forward losses in future periods, either the Continuity of Ownership Test (COT) or Same Business Test must be passed. The majority of losses are carried forward at 30 June 2015 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 6: Auditors Remuneration

	2015 US$	2014 US$
Audit services		
Amounts paid/payable to Ernst & Young for audit or review of the financial statements for the Group		
Ernst & Young - Australia	109,647	101,329
Ernst & Young - Indonesia	36,564	29,235
Ernst & Young - Singapore	36,522	31,211
	182,733	161,775

Notes to the Consolidated Financial Statements for the year ended 30 June 2015

Note 7: Loss per Share

Loss attributable to owners of Cokal Limited used to calculate basic and diluted loss per share	(13,044,047)	(5,898,888)
	2015 Number	**2014 Number**
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	472,413,235	460,526,243
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	472,413,235	460,526,243
Basic loss per share (cents per share)	(2.76)	(1.28)
Diluted loss per share (cents per share)	(2.76)	(1.28)

* 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 2015.

Note 8: Cash and Cash Equivalents

	2015 US$	2014 US$
Cash and bank balances	3,291,808	4,434,669

Cash at bank bear floating and fixed interest rates between 0.10% and 3.06% (2014: between 0.10% and 4.31%).

Included in the consolidated statement of cash flows as follows:

Cash and bank balances *	3,291,808	4,434,669
Less: Short term deposits maturing after three months and restricted bank balance classified as investing activities**	(1,538,595)	(1,841,658)
Cash and cash equivalents	**1,753,213**	**2,593,011**

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

**Include restricted deposit of US$ 138,600 (2014: nil) can be used only after TBAR production commences.

Note 9: Accounts Receivable

	2015 US$	2014 US$
Current		
Other receivables*	138,402	192,016
	138,402	**192,016**

*No receivable balances are past due or impaired at reporting date.

Notes to the Consolidated Financial Statements for the year ended 30 June 2015

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 (%)*	
			2015	2014
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 (BKL)	Indonesia	Ordinary	100%	100%
PT Anugerah Alam Katingan^ (AAK)	Indonesia	Ordinary	75%	75%
PT Anugerah Alam Manuhing^(AAM)	Indonesia	Ordinary	75%	75%
PT Bumi Barito Mineral^ (BBM)	Indonesia	Ordinary	60%	60%
PT Borneo Bara Prima ^ (BBP)	Indonesia	Ordinary	60%	60%
PT Silangkop Nusa Raya^ (SNR)	Indonesia	Ordinary	75.2%	75.2%
PT Tambang Benua Alam Raya# (TBAR)	Indonesia	Ordinary	75%	75%

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

^ at reporting date, the capital of these 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 the Initial Work Programs for each of the projects by Cokal. At reporting date, the Initial Work Programs for these projects have not yet been completed and therefore 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 2015 and 30 June 2014.

Proportion of equity interest held by non-controlling interests:

Name of entity	Country of incorporation and operation	2015	2014
PT Bumi Barito Mineral (BBM)	Indonesia	40%	40%
PT Borneo Bara Prima (BBP)	Indonesia	40%	40%

Accumulated balances of material non-controlling interest	2015 US$ ^	2014 US$ ^
BBM	-	-
BBP	-	-
Profit/(loss) allocated to material non-controlling interest:		
BBM	-	-
BBP	-	-

^at reporting date, the capital of these 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 the Initial Work Programs for each of the projects by Cokal. At reporting date, the Initial Work Programs for these projects have not yet been completed and therefore no capital has been contributed by the non-controlling shareholders.

Notes to the Consolidated Financial Statements for the year ended 30 June 2015

Note 10: Subsidiaries (cont'd)

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

Summarised statement of comprehensive income for the year ended 30 June 2015	**US$ BBM**	**US$ BBP**
Other operating expenses	(1,511,921)	(86,541)
Loss before tax	(1,511,921)	(86,541)
Income tax expense	-	-
Profit/(Loss) for the period from continuing operations	(1,511,921)	(86,541)
Total comprehensive income	(1,511,921)	(86,541)
Attributable to non-controlling interests	-	-
Dividends paid to non-controlling interests	-	-

Summarised statement of comprehensive income for the year ended 30 June 2014	**US$ BBM**	**US$ BBP**
Other operating expenses	(1,975,083)	(73,325)
Loss before tax	(1,975,083)	(73,325)
Income tax expense	-	-
Profit/(Loss) for the period from continuing operations	(1,975,083)	(73,325)
Total comprehensive income	(2,133,570)	(79,606)
Attributable to non-controlling interests	-	-
Dividends paid to non-controlling interests	-	-

Summarised statement of financial position as at 30 June 2015	**US$ BBM**	**US$ BBP**
Property, plant and equipment and exploration and evaluation assets	25,254,874	3,727,502
Cash and other receivables	12,085	-
Trade and other payables	(368,725)	(20,334)
Loan from immediate holding company (non-current)	(31,955,399)	(4,013,145)
Total Equity	(7,057,166)	(305,977)
Attributable to:		
Equity holders of parent	(7,057,166)	(305,977)
Non-controlling interest	-	-

Summarised statement of financial position as at 30 June 2014	**US$ BBM**	**US$ BBP**
Property, plant and equipment and exploration and evaluation assets	20,590,091	3,489,393
Cash and other receivables	11,086	-
Trade and other payables	(313,271)	(18,996)
Loan from immediate holding company (non-current)	(25,833,151)	(3,689,833)
Total Equity	(5,545,245)	(219,436)
Attributable to:		
Equity holders of parent	(5,545,245)	(219,436)
Non-controlling interest	-	-

Summarised statement of cash flow for 2015	**US$ BBM**	**US$ BBP**
Cash flow from operating activities	(1,457,466)	(85,203)
Cash flow from investment activities	(4,664,782)	(238,109)
Cash flow from financing activities	6,122,248	323,312
Net increase/(decrease)	-	-

Summarised statement of cash flow for 2014	**US$ BBM**	**US$ BBP**
Cash flow from operating activities	(2,316,133)	(137,684)
Cash flow from investment activities	(6,622,822)	(361,804)
Cash flow from financing activities	9,097,442	505,769
Net increase/(decrease)	(158,487)	(6,281)

Notes to the Consolidated Financial Statements for the year ended 30 June 2015

Note 11: Joint Operations

Tanzania

Cokal has joint operations to explore for coal in Tanzania. The joint operations are with a 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 (%)*	
			2015	2014
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 Group has not undertaken any activities. The expenditures incurred have been fully written down in previous years as they are no longer recoverable.

Indonesia

The Group has executed a joint operation 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 company will have the operations should Cokal commence production and other conditions precedent are satisfied. At 30 June 2015, no activities to establish this company had been carried out.

Note 12: Property, Plant and Equipment

	2015 US$	2014 US$
Land		
At cost	31,526	31,526
	31,526	31,526
Computer equipment		
At cost	552,886	551,267
Accumulated depreciation	(477,615)	(343,055)
	75,271	208,212
Furniture and office equipment		
At cost	569,392	569,392
Accumulated depreciation	(214,856)	(151,830)
	354,536	417,562
Motor Vehicles		
At cost	9,974	9,974
Accumulated depreciation	(6,480)	(4,488)
	3,494	5,486
Capital WIP		
At cost	1,163,254	230,607
Total property, plant and equipment	**1,628,081**	**893,393**

Notes to the Consolidated Financial Statements for the year ended 30 June 2015

Note 12: Property, Plant and Equipment (cont'd)

(a) Movements in carrying amounts

2015	Land US$	Computer equipment US$	Furniture and office equipment US$	Motor Vehicles US$	Capital WIP US$	Total US$
Balance at the beginning of the year	31,526	208,212	417,562	5,486	230,607	893,393
Additions	-	2,981	-	-	932,647	935,628
Disposals	-	-	-	-	-	-
Depreciation expense	-	(135,922)	(63,026)	(1,992)	-	(200,940)
Carrying amount at the end of the year	31,526	75,271	354,536	3,494	1,163,254	1,628,081

2014	Land US$	Computer equipment US$	Furniture and office equipment US$	Motor Vehicles US$	Capital WIP US$	Total US$
Balance at the beginning of the year	30,568	370,275	463,230	7,255	523	871,851
Additions	-	6,057	-	-	230,067	236,124
Disposals	-	-	-	-	-	-
Depreciation expense	-	(175,125)	(58,637)	(1,945)	-	(235,707)
Exchange Adjustment	958	7,005	12,969	176	17	21,125
Carrying amount at the end of the year	31,526	208,212	417,562	5,486	230,607	893,393

Note 13: Exploration and Evaluation Assets

	2015 US$	2014 US$
Non-Current		
Exploration and evaluation expenditure capitalised		
- exploration and evaluation phases	59,424,333	61,519,643

Recoverability of the carrying amount of exploration and evaluation 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		
Balance at the beginning of the period	61,519,643	50,897,378
Additions	3,154,690	6,671,071
Disposals	-	-
Exploration expenditure de-recognised*	(5,250,000)	-
Exchange adjustment	-	3,951,194
Carrying amount at the end of the period	59,424,333	61,519,643

* Based on the assessment under AASB 6, Cokal has de-recognised a portion of carrying amount of the exploration and evaluation asset, as no future economic benefits are expected to flow to the Group as it is unlikely these activities are to be recovered in full from successful development or by sale. Exploration expenditure de-recognised primarily relate to the deposits made for PT Faja Raya, PT Lara Bara Khatulistiwa, PT DharmaBintang Nusantara, Silangkop Project, PT Tunggal Putra and PT Duta Sakti. Also the remaining carrying value at reporting date represents projects in Indonesia, which is considered one Cash Generating Unit for impairment testing purposes. Based on the recent take-over bid from CKRA, the fair value offered exceeds the carrying value of net assets. However, given minimum headroom any decline in the offer used to evaluate FVLCD would cause impairment by the amount of the decline in the offer.

Note 14: Other Assets

	2015 US$	2014 US$
Current		
Prepayments	232,742	57,177
Non-Current		
Security deposits	191,312	218,542

Notes to the Consolidated Financial Statements for the year ended 30 June 2015

Note 15: Accounts Payable and Others

	2015 US$	2014 US$
Current		
Sundry payables and accrued expenses	696,551	504,344
Employee benefits	185,343	238,365
Deferred liability *	57,927	57,927
	939,821	800,636
Non-Current		
Deferred liability *	72,409	130,335

* Deferred liability represents the unamortised deferred benefit relating to operating lease incentives which have not yet been credited to profit or loss. This amount will be credited to the profit or loss over the period of the lease term.

Note 16: Interest Bearing Loans

	2015 US$	2014 US$
Current		
Platinum Partners facility	10,065,000	3,500,000
Non-Current		
Blumont Group facility	3,656,836	3,087,877
Total Interest bearing loans	**13,721,836**	**6,587,877**

Blumont Group Facility

On 5 November 2013, the Group entered into a loan facility agreement with Blumont Group Limited, a shareholder. Under this facility the Group has drawn down US$3.4 million (30 June 2014: US$3m) and no further drawdown is expected under this facility in the future periods.

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.

Platinum Partners Facility

On 29 March 2014, the Group entered into a short term loan agreement for US$3.5m with Platinum Partners (Platinum) for working capital. The loan is subject to withhold (prepaid interest) at the date of utilisation the aggregate amount of:

- US$600,000, as a non-refundable work fee payable to the lender in respect of the facility; and
- 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.

On 6 August 2014, the Group entered into an additional short term loan agreement for US$5.65m with Platinum for working capital. The loan is subject to withhold (prepaid interest) at the date of utilisation the aggregate amount of:

- US$500,000, as a non-refundable work fee payable to the lender in respect of the facility; and
- 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.

During the year, Cokal announced the total fund managed by Platinum has extended the term of its bridging loan facility to 6 August 2015. Upon extension the total loan for the project development to date totalled US$10,065,000 including additional non-refundable working fee for the extension of US$ 915,000. The present intention is that the loan will be refinanced by the BBM project financing facility once it is in place upon receipt of forestry permit (refer Note 28).

Under the extension agreement, Cokal granted the following options to Platinum:

- On 27 August 2014, 15,000,000 options at US$ 0.186 expiring on 27 August 2018; and
- On 6 February 2015, 25,000,000 options at US$ 0.101 expiring on 6 February 2019.

Note 16: Interest Bearing Loans (cont'd)

The options will be exercisable at any time before expiry. Payment of the exercise price may be satisfied by the holder paying the exercise price in cash or causing the provider of the bridge loan or project finance to reduce the principal owing by the amount of the exercise price. Shares issued on exercise of an option rank equally with all other ordinary shares then on issue.

The full amount of Platinum loan was repayable on 6 August 2015. The extension is still being negotiated and no demand for repayment has been received. Until finalisation of Cakar's transaction, no external funding can be sought. Also Cakra's transaction agreement states "It is also a priority for Cakra to pay down Cokal's existing loans subject to available cash, to increase its flexibility in developing and getting BBM into operation."

The loans are secured by 950 ordinary shares and 46,608,900 preference shares of Cokal Holdings Pte. Ltd. and for all shares of Cokal-BBM Pte. Ltd.

Note 17: Issued Capital

	2015 US$	2014 US$
499,342,704 authorised and fully paid ordinary shares (30 June 2014: 471,103,926)	83,622,140	81,710,873

The movement in Issued capital is as follows :

	2015 US$	2014 US$
At the beginning of the year	81,710,873	73,453,465
Amount received for issue of shares during the year		
Share issue from capital raising	1,935,100	8,875,993
Conversion of options to shares	-	-
Share issue to consultant and employee	92,273	-
Cost of share issue	(116,106)	(618,585)
At reporting date	**83,622,140**	**81,710,873**

	2015 Number	2014 Number
(a) Ordinary shares		
At the beginning of the year	471,103,926	411,046,892
Shares issued during the year		
Share issue from capital raising	27,777,778	60,057,034
Ordinary share issue	461,000	-
At reporting date	**499,342,704**	**471,103,926**

- During the year:
  - The Group issued Cedrus Investments LTD (Cedrus) with 27,777,778 fully paid ordinary shares in Cokal at a price of AU$0.09 (US$0.07) per share, raising AU$2.5 million (US$1.9 million) before costs. The placement was issued in 2 tranches for general corporate purposes on 11 June 2015 and 23 June 2015.
  - The Group issued total shares of 384,000 at a total price of AU$96,000 (US$84,363) to a consultant as payment for professional services.
  - The Group issued total shares of 77,000 at a total price of AU$10,010 (US$7,910) to an employee as part of a termination package.
- In the year ended 30 June 2014, the Group made private placements of total shares of 60,057,034 at a total price of AU$9,609,125 (US$8,875,993) 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.

Note 17: Issued Capital (cont'd)

(b) Options

All options on issue at 30 June 2015 were as follows:

Number of options	Exercise price US$	Expiry date
Employees:		
3,000,000	1.15	5 September 2015
2,000,000	1.57	5 September 2015
350,000	0.77	12 October 2016
4,000,000	0.20	11 July 2017
6,800,000	0.23	11 July 2017
10,000,000	0.10	24 February 2019
Platinum:		
15,000,000	0.19	27 August 2018
25,000,000	0.10	6 February 2019
66,150,000		

For information relating to the Cokal Limited employee option plan, including details of options issued, exercised and lapsed during the 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 other than shown in note 16.

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

	2015 US$	2014 US$
Share based payments option reserve	6,121,762	4,612,962
Translation reserve	(1,550,584)	(1,550,584)
	4,571,178	**3,062,378**

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

Translation reserve represents the net exchange differences arising from the translation as a result of change in presentation currency to USD from AUD.

Note 19: Accumulated Losses

	2015 US$	2014 US$
Accumulated losses attributable to members of Cokal Limited at beginning of the year	(24,976,659)	(19,077,771)
Loss for the year	(13,044,047)	(5,898,888)
Accumulated losses attributable to members of Cokal Limited at the end of the year	(38,020,706)	(24,976,659)

Notes to the Consolidated Financial Statements for the year ended 30 June 2015

Note 20: Parent Entity Information

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	2015 US$	2014 US$
Current assets	3,444,683	4,654,448
Non-current assets	78,304,888	72,170,607
Total assets	81,749,571	76,825,055
Current liabilities	10,491,488	3,809,613
Non-current liabilities	3,656,836	3,087,877
Total liabilities	14,148,324	6,897,490
Net assets	**67,601,247**	**69,927,565**
Issued capital	83,622,140	81,710,873
Reserves	6,121,763	4,612,961
Revaluation reserve	(3,565,142)	(3,565,142)
Accumulated losses	(18,577,514)	(12,831,127)
Total shareholder's equity	**67,601,247**	**69,927,565**
Loss for the year	**(5,746,387)**	**(2,907,471)**
Total comprehensive loss for the year	**(5,746,387)**	**(2,907,471)**

Guarantees

The parent entity has set up wholly owned special purpose entities (SPEs) in Singapore to hold ownership interests in Indonesia and Tanzania entities and provided an undertaking to financially support SPEs 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 2015 (2014 – nil).

Contingent liabilities

The parent entity has no contingent liabilities.

Capital commitments

The parent entity has no capital commitments.

Impairment assessment

At 30 June 2015 the parent entity Cokal Limited recorded its investment and loan in controlled entities at USD78.2 million. Cokal Limited also reported above, net assets of USD67.6 million (USD$0.135 per share/AUD0.177 per share). An independent assessment associated with the current bid for all shares and options in Cokal Limited by Cakra placed a value on Cokal shares between AUD0.14 and AUD0.24. The takeover bid by Cakra can be taken for cash at AUD0.16 a Cokal share or 10.327 Cakra shares for one Cokal Share or a combination. In addition option holders have been offered a cash price for their options. This applied to the total shares and options on issue allows for an implied value of AUD83.6 million (499.3 million shares @16 cents and AUD $3.7million for the options) or USD 63.98 million at 30 June 2015. The directors have determined this cash offer to be fair and reasonable in the absence of a superior offer. The Directors however also noted that they cannot form a view whether the Cakra share consideration represents a fair and reasonable offer. On this basis the directors have not made any adjustment to the carrying values included in the statement of financial position of Cokal Limited as they believe the cash consideration offer, while fair and reasonable, does not represent the highest value which could be achieved for the investments held by Cokal Limited as an individual entity.

Notes to the Consolidated Financial Statements for the year ended 30 June 2015

Note 21: Commitments

	2015 US$	2014 US$
(a) Operating lease commitments		
Future minimum rentals payable under non-cancellable operating leases as at 30 June 2015 are as follows:		
Payable		
- not later than 12 months	347,977	421,266
- between 12 months and 5 years	454,960	802,937
- greater than 5 years	-	-
	802,937	**1,224,203**

Note 22: Contingent Liabilities

The contingent liabilities are in relation to the acquisition of tenements. At 30 June 2015, the Group has further obligations to make contingent payments of up to US$24.70m (30 June 2014: US$24.86m) 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.

Cokal received the BBM's forestry permit in August 2015 (refer note 28). Per agreement, US$10m final payment for BBM is required to be paid upon receipt of Forestry Permit (milestone achieved) and other conditions precedent. However, due to Cakra's transaction, Directors believe obligation for payment of this liability effective 13 August 2015 is not satisfied until the completion of Cakra's transaction and commencement of BBM development activities.

The Group executed a joint operating 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 jointly owned company for this operation and the registration of this is in progress. The jointly owned company will manage the barging operation for the BBM project should production commence and other conditions precedent take place primarily when BBM obtains the forestry permit (refer Note 28). Once the jointly owned company is incorporated, Cokal will hold 49% interest by contributing an estimated US$11 million (49% ordinary share capital of jointly owned company, Indonesian Rupiah 200 billion). This amount is therefore considered contingent on this company being incorporated.

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

Notes to the Consolidated Financial Statements for the year ended 30 June 2015

23: Operating Segments

AASB 8 requires operating segments to be identified on the basis of internal reports that are used by the CODM in order to allocate resources to the segment and to assess its performance. As noted earlier, 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 for coal in Indonesia, Tanzania and Australia. The Singapore entity was considered separately for corporate services for Cokal's projects in Indonesia and Tanzania. Discrete financial information has been reported to the CODM for each of the three segments since acquisition of Jack Doolan Capital Pty Ltd.

	Australia US$	Indonesia US$	Singapore US$	Tanzania US$	Total US$
Segment performance for the year ended 30 June 2015					
Revenue					
Other revenue					
Interest revenue	48,354	20,946	1,264,657	-	1,333,957
Intersegment income*	-	-	(1,264,657)	-	(1,264,657)
Total segment income	48,354	20,946	-	-	69,300
Depreciation expenses	137,242	63,698	-	-	200,940
Finance costs	2,863,531	-	-	-	2,863,531
Exploration expenditure de-recognised	-	5,250,000	-	-	5,250,000
Other expenses	3,395,199	1,280,001	123,676	-	4,798,876
Total segment expenses	6,395,972	6,593,699	123,676	-	13,113,347
Segment net loss before tax	(6,347,618)	(6,572,753)	(123,676)	-	(13,044,047)
Segment assets and liabilities as at 30 June 2015					
Property, plant and equipment	297,078	1,331,003	-	-	1,628,081
Exploration and evaluation assets	-	59,424,333	-	-	59,424,333
Other segment assets	3,557,604	296,660	-	-	3,854,264
Total segment assets	3,854,682	61,051,996	-	-	64,906,678
Total segment liabilities	14,236,898	447,593	49,575	-	14,734,066
Capital expenditure for the year ended 30 June 2015					
Property, plant and equipment	-	935,628	-	-	935,628
Exploration and evaluation assets	-	3,154,690	-	-	3,154,690

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

Notes to the Consolidated Financial Statements for the year ended 30 June 2015

23: Operating Segments (cont'd)

	Australia US$	Indonesia US$	Singapore US$	Tanzania US$	Total US$
Segment performance for year ended 30 June 2014					
Revenue					
Other revenue	-	-	-	-	-
Interest revenue	72,756	497	892,839	-	966,092
Intersegment income*	-	-	(892,839)	-	(892,839)
Total segment income	72,756	497	-	-	73,253
Depreciation expenses	168,626	67,080	-	-	235,706
Finance costs	581,045	-	-	-	581,045
Exploration expenditure de-recognised	-	-	-	-	-
Other expenses	3,504,079	1,510,941	132,458	7,912	5,155,390
Total segment expenses	4,253,750	1,578,021	132,458	7,912	5,972,141
Segment net loss before tax	(4,180,994)	(1,577,524)	(132,458)	(7,912)	(5,898,888)
Segment assets and liabilities as at 30 June 2014					
Property, plant and equipment	432,314	461,079	-	-	893,393
Exploration and evaluation assets	-	61,519,643	-	-	61,519,643
Other segment assets	4,842,567	59,837	-	-	4,902,404
Total segment assets	5,274,881	62,040,559	-	-	67,315,440
Total segment liabilities	7,093,892	392,931	32,025	-	7,518,848
Capital expenditure for the year ended 30 June 2014					
Property, plant and equipment	3,224	232,900	-	-	236, 124
Exploration and evaluation assets	-	6,671,071	-	-	6,671,071

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

Note 24: Cashflow Information

	2015 US$	2014 US$
(a) Reconciliation of loss after income tax to net cash flow used in operating activities		
Loss for the year	(13,044,047)	(5,898,888)
Depreciation	200,940	235,706
Exploration expenditure de-recognised	5,250,000	-
Share options and shares expensed	417,579	373,879
Accrued Interest and finance costs	1,048,531	90,698
Unrealised exchange loss/(gain)	395,694	(31,886)
Change in operating assets and liabilities:		
- (Increase)/Decrease in accounts receivables	47,938	(36,810)
- Increase/(Decrease) in accounts payables	142,369	(1,334,773)
Net cash flow used in operating activities	(5,540,996)	(6,602,074)

Note 25: Share-based Payments

The following share-based payment arrangements existed at 30 June 2015.

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

During the period ended 30 June 2015, the following options were issued to directors, executives, employees and suppliers of the Group:

Employees

- On 24 February 2015, Cokal announced the issue of 10,000,000 unlisted options exercisable at US$0.10 each on or before 24 February 2019. These options have been issued as incentives to employees and senior management.

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.

	30 June 2015		30 June 2014	
	No. of options	Weighted average exercise price $	No. of options	Weighted average exercise price * $
Outstanding at beginning of period	20,525,000	0.59	19,225,000	0.84
Granted	10,000,000	0.10	11,300,000	0.23
Forfeited/Cancelled	(4,375,000)	(0.69)	(10,000,000)	(0.63)
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding at period-end	26,150,000	0.28	20,525,000	0.59
Exercisable at period-end	7,350,000	0.99	8,775,000	1.07

The options outstanding at 30 June 2015 had a weighted average exercise price of US$0.39 (2014: US$0.59) and weighted average remaining contractual life of 2.29 years (30 June 2014: 2.13 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.

Suppliers

- On 27 August 2014, 15,000,000 options were issued to Platinum Partners at US$ 0.186 expiring on 27 August 2018, under the extension agreement.
- On 6 February 2015, 25,000,000 options were issued to Platinum Partners at US$ 0.101 expiring on 6 February 2019, under the extension agreement.

The options will be exercisable at any time before expiry. Payment of the exercise price may be satisfied by the holder paying the exercise price in cash or causing the provider of the bridge loan or project finance to reduce the principal owing by the amount of the exercise price. Shares issued on exercise of an option rank equally with all other ordinary shares then on issue.

Note 25: Share-based Payments (cont'd)

The weighted average fair value of the options granted during the year ended 30 June 2015 was US$0.03 (30 June 2014: US$0.08). This price was calculated by using a Black Scholes options pricing model applying the following inputs:

	2015	**2014**
Weighted average exercise price	US$0.13	US$0.218
Weighted average life of the option	4 years	4 years
Weighted average share price	US$0.07	US$0.16
Weighted average volatility	61.75%	80.187%
Weighted average Risk free interest rate	2.29%	3.07%

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 period ended 30 June 2015, no ordinary shares in Cokal Limited were issued as a result of the exercise of employee options. The shares issued to a consultant and employees are disclosed in Note 17.

Notes to the Consolidated Financial Statements for the year ended 30 June 2015

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 (KMP) compensation

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

	2015 US$	2014 US$
Short-term employee benefits*	1,301,254	1,615,178
Post-employment benefits	21,064	22,946
Share-based payments	309,475	582,513
	1,631,793	**2,220,637**

* Directors are not salary paid, but their fees are included in the short-term employee benefits. The terms of directors' services are described below.

Options holdings of KMP for the year ended are:

	Balance 1 July 2014	Granted as Remuneration	Exercise of Options	Net Change Other	Balance 30 June 2015	Total vested at 30 June 2015	Total vested and exercisable at 30 June 2015	Total vested and unexercisable at 30 June 2015
Directors	-	-	-	-	-	-	-	-
Senior Management	14,000,000	9,000,000	-	-	23,000,000	2,000,000	7,000,000	-
Total	**14,000,000**	**9,000,000**	**-**	**-**	**23,000,000**	**2,000,000**	**7,000,000**	**-**

	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	5,000,000	
Total	**15,000,000**	**9,000,000**	**-**	**(10,000,000)**	**14,000,000**	**5,000,000**	**5,000,000**	

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

2015 Number of options outstanding	2014 Number of options outstanding	Exercise price US$	Issued date	Vesting date	Expiry date
3,000,000	3,000,000	1.15	24 August 2011	5 September 2013	5 September 2015
2,000,000	2,000,000	1.57	24 August 2011	5 September 2013	5 September 2015
2,000,000	2,000,000	0.23	11 July 2013	11 July 2014	11 July 2017
2,000,000	2,000,000	0.23	11 July 2013	11 July 2015	11 July 2017
5,000,000	5,000,000	0.23	11 July 2013	11 July 2015	11 July 2017
4,500,000	-	0.10	24 February 2015	24 February 2016	24 February 2019
4,500,000	-	0.10	24 February 2015	24 February 2017	24 February 2019
23,000,000	**14,000,000**				

Note 26: Related Party Disclosure (Cont'd)

Shareholdings of KMP for the year ended are:

	Balance 1 July 2014	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance 30 June 2015
Directors	113,372,001	-	-	-	113,372,001
Senior Management	3,108,215	-	-	-	3,108,215
Total	**116,480,216**	**-**	**-**	**-**	**116,480,216**

	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**

Advances to KMP at 30 June 2015 have been included in other receivables. The details of these advances are:

	2015 US$	2014 US$
Peter Lynch	2,844	8,005
	2,844	**8,005**

Advances made relate to travel advances and are made in the ordinary course of business under the Group's normal travel policies.

Terms of directors' services:

- During the year ended 30 June 2015, Hanna Consulting Services Pty Ltd (of which Pat Hanna is a director) provided to the Group geological consulting services for various exploration projects in Indonesia including site management, geological staff recruitment, preparation of field base camp and geological mapping surveys. Hanna Consulting Services Pty Ltd received US$164,146 (2014: US$264,969) for these services during the year. The services were based on normal commercial terms and conditions.
- During the year ended 30 June 2015, Petla Trust (of which Peter Lynch is a director) provided to the Group consulting services. Petla Trust received US$253,982 (2014: US$385,245) for these services during the year. The services were based on normal commercial terms and conditions.
- During the year ended 30 June 2015, the Group paid consulting fees of US$44,476 (2014: US$170,518) 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. The services were based on normal commercial terms and conditions.

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 periods unless otherwise stated in this note. The Group's financial instruments consist mainly of deposits with banks, accounts receivable, security deposits, interest bearing loans and accounts payable.

The Board has overall responsibility for the determination of the Group's financial 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 financial 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 policies that seek to reduce financial risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below.

Notes to the Consolidated Financial Statements for the year ended 30 June 2015

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 period, 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	2015 US$	2014 US$
Cash and bank balances	8	3,291,808	4,434,669
Receivables	9	138,402	192,016
Security deposits	14	191,312	218,542
Total		3,621,522	4,845,227

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 period 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 objective 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 table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	Carrying Amount US$	Contractual Cash flows US$	<6 months US$	6 – 12 months US$	1 – 3 years US$	>3 years US$
MATURITY ANALYSIS– 30 June 2015						
Financial Liabilities						
Accounts payable	923,653	923,653	853,628	70,025	-	-
Interest bearing loans	13,721,836	13,952,384	10,065,000	-	3,887,384	-
Total	14,645,489	14,876,037	10,918,628	70,025	3,887,384	-

	Carrying Amount US$	Contractual Cash flows US$	<6 months US$	6 – 12 months US$	1 – 3 years US$	>3 years US$
MATURITY ANALYSIS– 30 June 2014						
Financial Liabilities						
Accounts payable	742,709	742,709	672,163	70,546	-	-
Interest bearing loans	6,587,877	7,031,833	3,500,000	-	3,531,833	-
Total	7,330,586	7,774,542	4,172,163	70,546	3,531,833	-

Further information regarding commitments is included in Note 21.

Notes to the Consolidated Financial Statements for the year ended 30 June 2015

Note 27: Financial Risk Management (cont'd)

(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.

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

2015	Floating interest rate	Fixed interest rate	Non-interest bearing	Total carrying amount	Weighted average effective interest rate
	US$	US$	US$	US$	%
Financial assets					
Cash and bank balances	1,752,570	1,538,596	642	3,291,808	1.02
Receivables	-	-	180,162	180,162	-
Security deposits	-	-	191,312	191,312	-
Total financial assets	1,752,570	1,538,596	372,116	3,663,282	
Financial liabilities					
Accounts payable	-	-	1,053,990	1,053,990	-
Interest bearing loans	-	13,721,836	-	13,721,836	11.99
Total financial liabilities	-	13,721,836	1,053,990	14,775,826	

2014	Floating interest rate	Fixed interest rate	Non-interest bearing	Total carrying amount	Weighted average effective interest rate
	US$	US$	US$	US$	%
Financial assets					
Cash and bank balances	2,592,283	1,841,658	728	4,434,669	1.56
Receivables	-	-	192,016	192,016	-
Security deposits	-	-	218,542	218,542	-
Total financial assets	2,592,283	1,841,658	411,286	4,845,227	
Financial liabilities					
Accounts payable	-	-	742,709	742,709	-
Interest bearing loans	-	6,587,877	-	6,587,877	8.96
Total financial liabilities	-	6,587,877	742,709	7,330,586	

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

Note 27: Financial Risk Management (cont'd)

(i) Interest rate risk (cont'd)

At 30 June 2015 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) US$	Increase in interest rate by 0.5% US$	Decrease in interest rate by 0.5% US$
2015			
Cash and cash equivalents	1,752,570	8,763	(8,763)
Total effect on post tax profit		8,763	(8,763)
2014			
Cash and cash equivalents	2,592,283	12,961	(12,961)
Total effect on post tax profit		12,961	(12,961)

(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 US$ functional currency of the Group.

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

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:

	AUD US$	Indonesian Rupiah US$	Total US$
2015			
Cash and cash equivalents	1,641,265	108,450	1,749,715
Accounts payable	(341,433)	(154,308)	(495,741)
Net exposure	1,299,832	(45,858)	1,253,974
Effect on post profit:			
Increase by 10%	129,983	(4,586)	125,397
Decrease by 10%	(129,983)	4,586	(125,397)
2014			
Cash and cash equivalents	1,967,059	14,340	1,981,399
Accounts payable	(233,882)	(225,795)	(459,677)
Net exposure	1,733,177	(211,455)	1,521,722
Effect on post tax profit:			
Increase by 10%	173,318	(21,146)	152,172
Decrease by 10%	(173,318)	21,146	(152,172)

Notes to the Consolidated Financial Statements for the year ended 30 June 2015

Note 28: Significant Events after the Reporting Date

a) On 13 August 2015, it was announced that the Group received the Borrow and Use of Forest Area Permit IPPKH (Ijin Pinjam Pakai Kawasan Hutan) for an initial operational area of 1,242 ha in BBM (Bumi Barito Mineral) Coal Project. The IPPKH (Forestry Permit) allows for the construction and operation of the port, haul road and initial mine development areas for Cokal's initial mine plan of 2 Mtpa of premium coking coal from BBM.

b) On 17 August 2015, it was announced that the Group received a Bidder's Statement from Cakra in relation to its offer to acquire all of the shares in Cokal. The offer however is subject to Indonesian regulatory approval and to Cakra raising approximately US$113m by way of a rights issue. On 28 August 2015, Cokal issued a Target Statement in response to Cakra's off market takeover bid. Cokal directors consider that Cakra offer is fair and reasonable in the absence of a Superior Proposal or material Adverse Change, for the reasons set out in the Target's Statement. The Target's Statement explains however that Cokal Directors are unable to form a final view at this stage as to whether the Cakra Share Consideration represents fair value. Directors will have more information when the Cakra Rights Issue has been finally approved, priced and completed.

Declaration by Directors

The directors of the Group declare that:

1. The financial statements, comprising the statement of comprehensive income, statement of financial position, statement of cash flows, statement 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 2015 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 15 to 21 of the directors' report (as part of audited Remuneration Report) for the year ended 30 June 2015, 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
14 September 2015

Building a better working world

Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
ey.com/au

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 2015, 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.

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 2015 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).

Emphasis of Matter - Going Concern

Without qualifying our opinion, we draw attention to Note 1(c) in the financial report which describes a number of matters which need to be executed by the consolidated entity (individually or cumulatively) in order meet its on-going obligations and continue as a going concern. These conditions indicate the existence of an uncertainty that may cast doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business. 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 that might be necessary should the consolidated entity not continue as a going concern. The Directors describe in Note 1(c) their considerations in determining that the consolidated entity is a going concern.

Report on the remuneration report

We have audited the Remuneration Report included in pages 15 to 21 of the directors' report for the year ended 30 June 20X15. 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 2015, complies with section 300A of the Corporations Act 2001.

Ernst & Young

Ernst & Young

Bradly Tozer

Brad Tozer
Partner
Brisbane
14 September 2015

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ASX: CKA

BRISBANE OFFICE - AUSTRALIA

Level 4, Bowman House
276 Edward Street
Brisbane
(PO Box 7122, Brisbane Q 4001)

T +61 7 3225 4574 F +61 3012 8397 E info@cokal.com.au

JAKARTA OFFICE - INDONESIA

Wisma GKBI 12th Floor Suite 1202
Jl. Jend. Sudirman No. 28
Jakarta 10210 Indonesia

T +62 21 5790 3264 F +62 21 5790 3269

PURUK CAHU OFFICE - INDONESIA

RUKO H. Sampurna IIil
Jl. Jendral Sudirman RT 005 RW III, Kelurahan Beriwit,
Kecamatan Murung
Murung Raya, Central Kalimantan, Indonesia

T +62 528 31066 F +62 528 31067

www.cokal.com.au