30 JUNE 2021 ANNUAL FINANCIAL REPORT

Cokal Limited ACN 082 541 437
Annual Financial Report for the year ended 30 June 2021

Contents

Corporate Information

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AUSTRALIAN BUSINESS NUMBER
ABN 55 082 541 437

Compliance Statement

This Annual Report contains information relating to a mineral resource and reserve extracted from ASX market announcements dated 29 January 2015, 29 April 2016, 1 August 2017, 29 December 2020 and 28 September 2021, reported in accordance with the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (**2012 JORC Code**) and available for viewing at www.cokal.com. CKA confirms that it is not aware of any new information or data that materially affects the information included in any original ASX market announcement. The Company is not aware of any new information or data that materially affects the information included in the relevant market announcement and, in the case of estimates of mineral resources, that all material assumptions and technical parameters underpinning the estimate in the relevant market announcement continue to apply and have not materially changed.

Chairman's Letter to Shareholders

Dear Shareholders,

These are exciting times for Cokal with the Group having recently secured funding for the near-term development of BBM – the Company's flagship, high quality metallurgical coal project. This last financial year has seen the development of preparations for the commencement of coal production at BBM. Predominantly the Group has focussed on managing mining tenders which are in the final stages of negotiation.

Achievements include:

- Identification of a 98km former logging road to bypass 190km of Barito River. Access road reconstruction is to commence shortly;
- Finalisation of a Coal Evacuation Strategy for BBM;
- Determination of the location of the Intermediate Stockpile (ISP) and barge loader which will be at Bumban (Batu Tuhup);
- 5 Year Mining Plan updated to reflect earlier mining of coking coal; and
- Negotiations and finalisation of contract with HSM Marine to construct and operate shallow draft self-propelled barges.

Post year end, the Group has called for tenders for resource delineation drilling at its Tambang Benua Alam Raya (TBAR) lease area in the Puruk Cahu Regency of Central Kalimantan. Due to the proximity of TBAR, next door to BBM and its prospectivity evidenced in earlier exploration, the possible delineation of a commercial resource at TBAR will increase the opportunity for early expansion of production well beyond the production profile that Cokal has planned for BBM. Future development of TBAR will be supported by the existing BBM infrastructure saving costs which will also assist in fast tracking its development. During the year the TBAR IUP for exploration licence was extended, and the Group is focussed on the development of the TBAR resource as a priority for this current financial year.

I would like to thank my fellow Board members and management as well as our in-country teams for their ongoing efforts and positive outcomes during the past year.

We thank you for your on going support.

Domenic Martino
Chairman

Review of Operations

Cokal Limited (ASX:CKA; **Cokal** or the **Company**) is an Australian listed company with the objective of becoming a metallurgical coal producer with a global presence. Cokal has interests in four projects in Central Kalimantan, Indonesia, each with known resources of metallurgical coal.

HIGHLIGHTS

Highlights for the year include:

- Coal Logistics Strategy revised for BBM
- 98km ex logging road to bypass the most difficult 190km of Barito River
- Bumban / Batu Tuhup site selected for ISP and barge loading
- Downriver ISP site selected at Buntok
- Mining contract signed
- Fuel and explosives contracts agreed

- Equipment mobilised to repair the access road to BBM
- Road repair progressing well
- Coal haulage contract close to final

- Platts provided an assessment of BBM coal value in use
- Cokal received US$2.0M for the appointment of PT Sumber Global Energy (SGE) as Exclusive Sales Agent for 0.6Mt domestic coal sales from BBM
- $20 million BBM funding in place
- International Coal Marketing Agreement entered into to enable BBM to market its coal to the international market and assist BBM in financing its coal stockpile at the river jetty

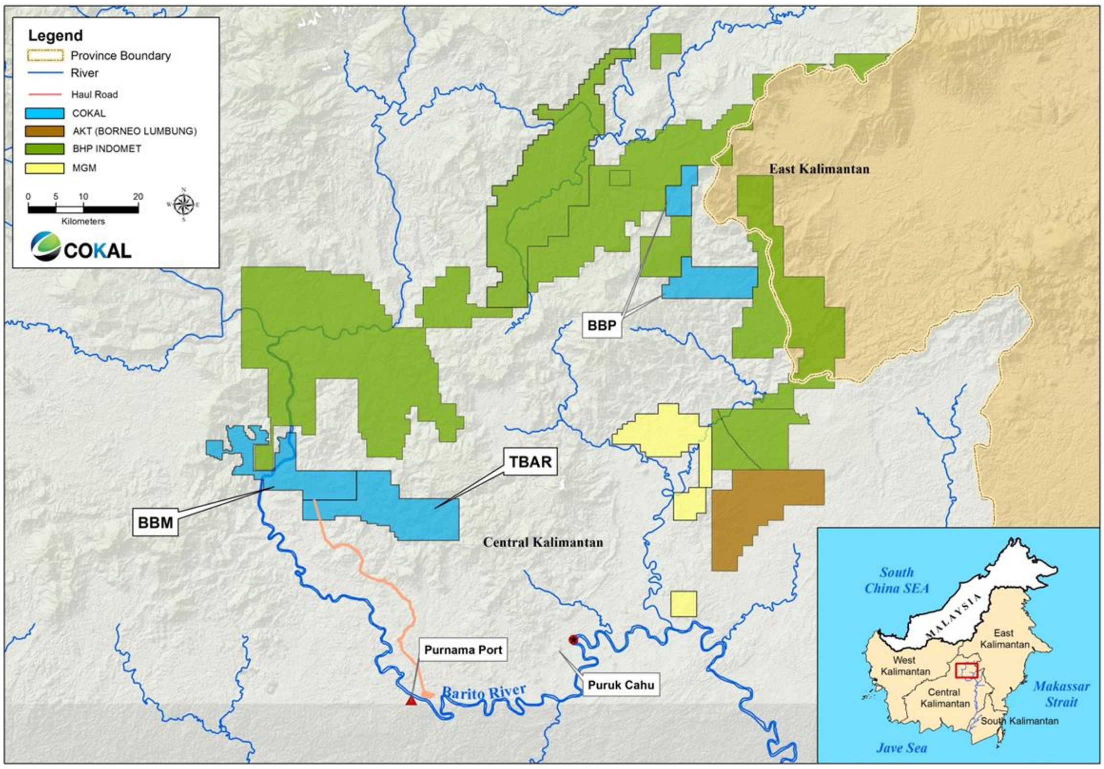
INDONESIAN COAL ASSETS

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

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

Review of Operations

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



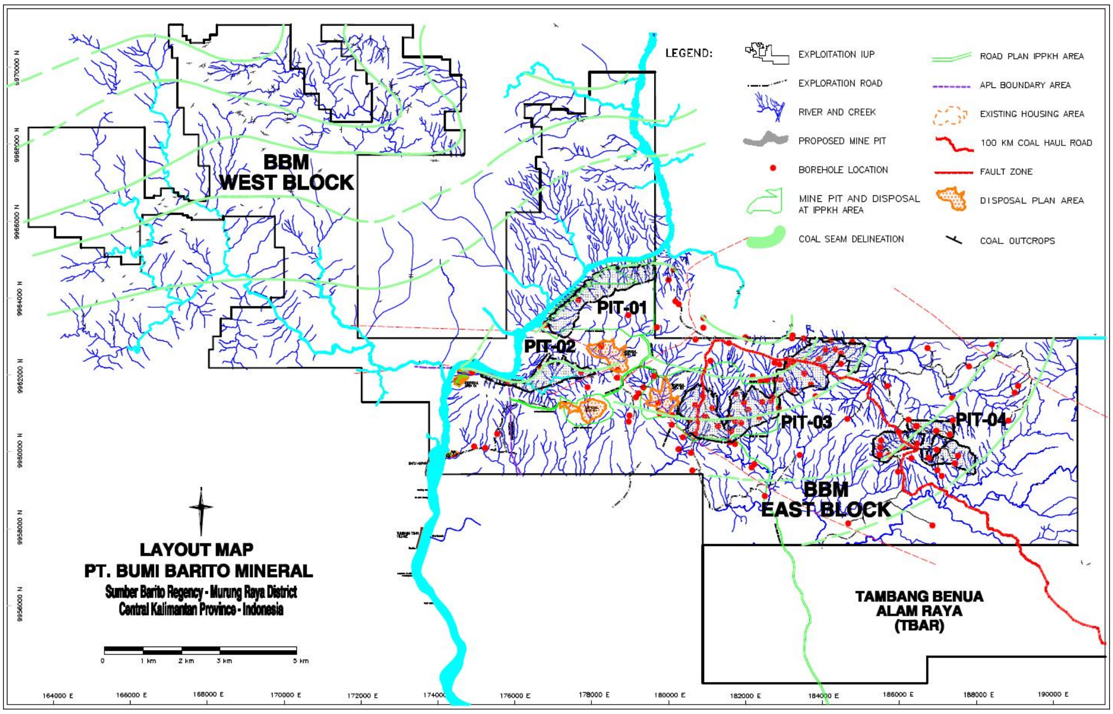
Indonesian Coal Assets

Bumi Barito Mineral (BBM) Project

BBM's permit covers an area of 14,980ha with multiple seams of high quality metallurgical coal. BBM has regulatory approvals in place including:

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

The BBM Permit Area is bisected by the Barito River which cuts through the tenement in a north-south trend. Almost the entire IUP contains coal-bearing sediments with open cut mineable areas controlled by the Barito River and three major fault systems. Only the East side of the river within the BBM permit area (East Block) has been drilled so far and contains 261.5Mt Resources and 18.9Mt Reserves (Revised June 2020). Coal analyses from more than 130 mapped outcrops on the west side of the Barito River (West Block) indicate it also contains premium quality anthracite and PCI coals. This coal does not currently form part of stated BBM coal Resources and provides potential for significant future expansion of BBM Resources.



BBM Project Area

BBM will be the first deposit developed by Cokal. In the East Block mine planning for Pits 1, 2, 3 and 4 has been completed as the basis for a five year mining contract. During survey of mining areas in Pit 3 a disused logging road was identified. This runs 98km to Bumban to bypass 190km of the most difficult parts of the Upper Barito River.

No exploration activity or mining production was conducted by Cokal during the year. Current mine development is discussed later in this report.

Tambang Benua Alam Raya (TBAR) Tenement

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

Extension of the IUP for exploration was received in February 2020. At Cokal's request the commitment by Cokal to assess and develop TBAR was deferred by a year while BBM is being developed.

Over 80% of the TBAR tenement area is available for exploration and mine development, with 20% protected forest. An exploration plan has been prepared to delineate TBAR Resources and Reserves under the JORC code. This will enable submission of an application for a Production and Operation IUP within two years, now planned for late 2022 The Production and Operation IUP will be equivalent to a mining licence.

No exploration activity or mining production was conducted at TBAR by Cokal during the year. However the access road from BBM Pit 3 to Bumban passes through the TBAR licence area and in surveying this road several coal outcrops were exposed which are thought to be the TBAR coking coal seams including J seam.

The road being repaired for BBM will be used by TBAR for access during delineation drilling and to haul coal after the mine is developed.

Borneo Bara Prima (BBP) Tenement

Cokal's BBP project covers 13,050ha in Murung Raya Regency, Central Kalimantan. BBP has been granted an Exploration Forestry Permit (IPPKH) and has been confirmed on the Central Government's Clean and Clear list. The IUP was transferred to the Central Government where it now awaits approval to be upgraded to a mining licence (Production and Operation IUP).

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

No exploration activity was conducted in BBP during the year.

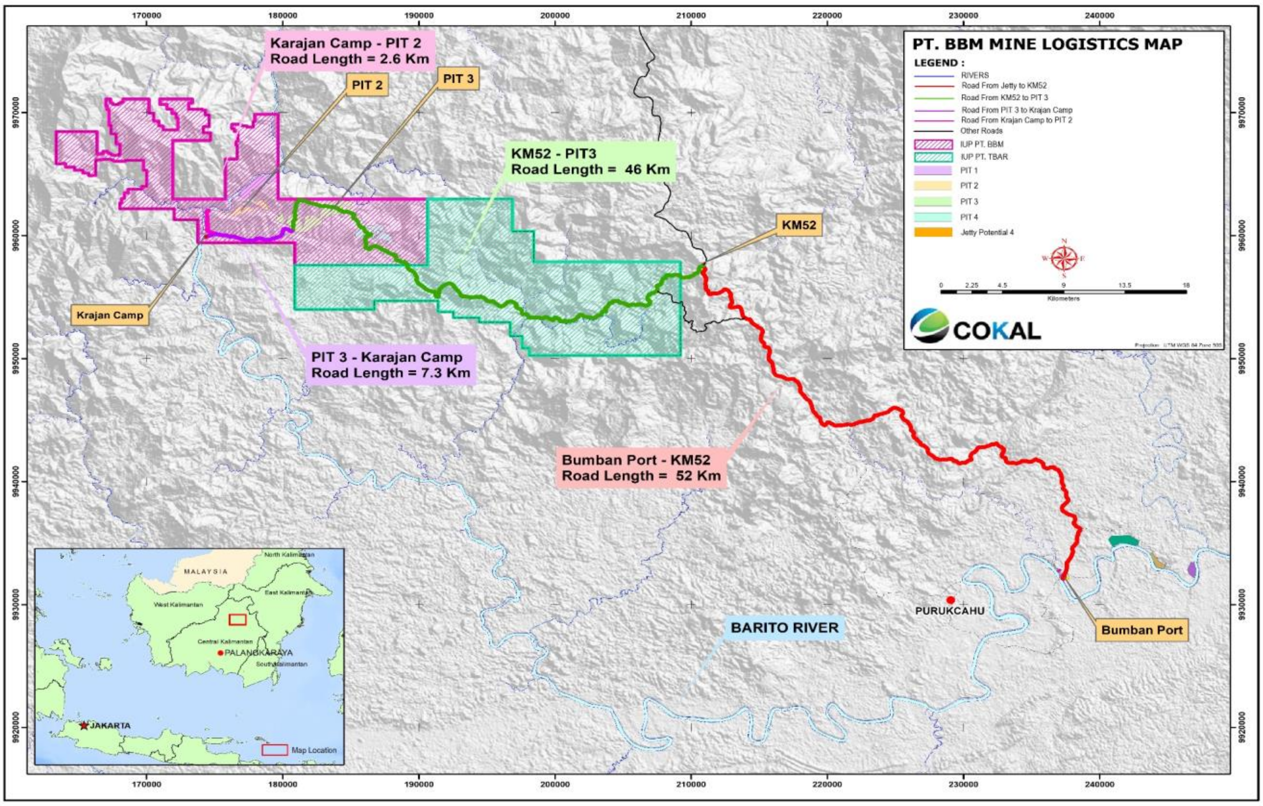
Anugerah Alam Katingan (AAK) Tenement

Cokal's AAK project covers 5,000ha in Central Kalimantan. Applications for the Exploration Forestry Permit (IPPKH) and Clean and Clear Certificates continue to be processed. Cokal continues to monitor the progress of the regulatory upgrade approvals for AAK.

No exploration activity was conducted in AAK during the year.

BBM DEVELOPMENT

BBM Mine Logistics Strategy



BBM Mine Logistics

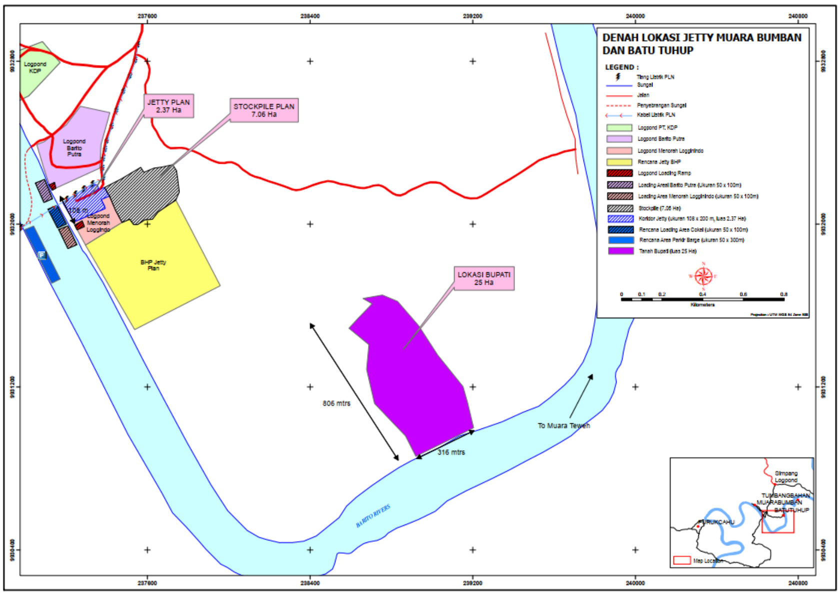
It was considered a risk to rely on a consistent water depth in the Upper Barito River as it may delay barging operations of product coal in the dry season. To minimise this operational risk it was decided to evacuate coal via a 98km all-weather road from BBM Pit 3 to an Intermediate Stockpile (ISP) and barge loader at Bumban (Batu Tuhup) where 2.5m water depth is available all year round. This bypasses the most difficult 190km of the Upper Barito River.

Review of Operations

This is a former logging road with 52km of the 98km still in regular use to haul road and 46km needing to be repaired. The main repair task is to replace bridges and culverts. Cokal has established its right to use these roads with exclusive use of the first 46km of the road which is currently disused. This has been adopted as the main logistics route to bring BBM and TBAR coal to market via a barge loader at Batu Tuhup. Road repair commenced in early 2021 and is progressing well with almost 20km of the 46km road now trafficable.

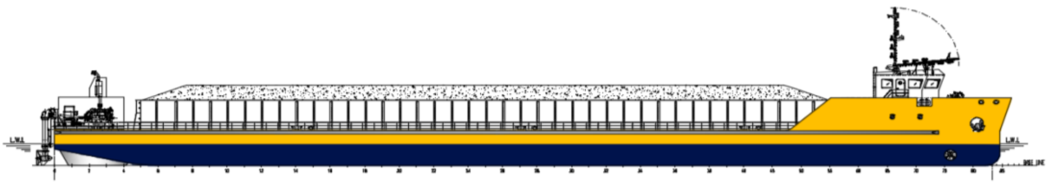
Reconstruction of this section of the road will be in two stages: first to gain road access to Pit 3 and then to upgrade the road to be suitable for coal haulage in 30t trucks. When road access has been achieved the mining equipment will be brought to site and mining commenced.

A barging company, HSM Marine, will be contracted to supply and operate 3,100t shallow draft, self propelled barges which can operate in 2.5m deep water to deliver coal from Batu Tuhup 133km to a point below Muara Teweh Bridge from where it will be transferred on river to 8,000t river barges for the 203km voyage down river to an ISP to be developed on shore at Buntok. From there coal will be barged 272km to Taboneo at the mouth of the Barito River to ships standing offshore.



Batu Tuhup ISP and Jetty

The jetty site at Batu Tuhup has more than 300m river frontage. While this site is being developed BBM has secured agreement to use an existing jetty 1.5km away for the first one to two years. The existing jetty will be used to mobilise mining equipment. A conceptual plan has been developed for the Batu Tuhup site and surveys contracted to obtain topographical data and bathymetric data.



Schematic of 3,100t Shallow Draft Self Propelled Barge

Barge specifications include:

- Forward controls for optimum visibility and control
- 100m long
- 20m wide
- Deck mounted azimuth thrusters which rotate 3600 to propel and steer the barge
- Bow thruster to assist directing the bow in the preferred navigation channel
- Can operate fully loaded in 2.5m water depth.

Barges will be very manoeuverable and able to rotate in little more than their own length. This will be valuable in negotiating passage under bridges and tight bends in the navigable river channel. The communications mast can be lowered to reduce air draft for passage under bridges when the Barito River is in flood.

Road Repair

Repair has commenced of the 98km road from Pit 3 to Batu Tuhup. The first 46km from BBM's Pit 3 will be reformed to 10m wide with 2% crossfall and 2m shoulders. Roadside drains will carry runoff water away from the road. Steep sections of the road will be cut and filled as required to achieve a maximum 8% gradient for uphill loaded hauls, 10% on downhill loaded sections. It is planned to haul coal in 30t trucks so relatively tight curves can still be accepted. Many parts of the surface of the old road are still intact and not severely rutted and the road can be reformed into an all weather road by using the existing gravel and implementing careful drainage control. Many new culverts and bridges will be required. Cokal will have exclusive use of this section of the road.

The second 52km of the road is already in use by logging and mining companies but traffic is not heavy. Cokal will share the upgrading and maintenance of this road with current users.

The logging company which built and previously used this road has been engaged to provide advice and facilitate social acceptance of the road reconstruction. They will also provide the timber and technology to rebuild culverts and bridges.

Sources of gravel have been identified which can be used to maintain the road all weather capability throughout the period of mining. An andesite deposit at the midpoint of the haul road has the potential to be a long term reliable source of gravel.

BBM has secured an exclusive permit to use the haul road from Pit 3 to the 52km intersection with shared use from that intersection to the jetty at Batu Tuhup.

Almost 20km of the 46km is now trafficable.

Mining Contracts

Cokal's 60% owned subsidiary and owner of the BBM Project, PT Bumi Barito Mineral ("**BBM**") awarded contracts to PT Harmoni Panca Utama (HSM), a major mining contractor with experience in Central Kalimantan, to:

- Remove overburden and interburden at BBM Pits 1, 2, 3 and 4;
- Mine coal at the BBM Pits; and
- Transport coal from the BBM Pits to the run of mine (ROM) facilities at Pit 3.

A separate contract is being negotiated with another company to haul coal from the Pit 3 ROM facilities to the jetty site at Batu Tuhup.

The mining and haulage contracts will incorporate explosives supply and fuel supply contracts which are now being finalised.

Coal Beneficiation

Seams B, C and D in Pits 1 and 2 will be mined to produce PCI coal only. This coal will be crushed to -50mm but not beneficiated.

J Seam in Pits 3 and 4 will be mined to produce premium coking coal. Most of the ash in run-of-mine (ROM) coal in the J seam occurs in two or three thin (50mm) mudstone bands which are much harder than the friable vitrinite which comprises 90 to 92% of the coal. It is expected that the average 13% ROM ash can be reduced to less than 7% ash by screening alone. Bearing in mind the BBM exploration experience of washing coal cores at 1.6sg provided 85% yield at 5 to 6% ash, this is not an unreasonable expectation.

Coal with 7% ash, combined with the high swelling index, low sulphur and ultra low phosphorus will be easily marketed compared with most coking coals in the market.

Review of Operations

The elimination of the need for water jig washing will be a significant simplification of the preparation of coking coal from BBM and will enable the beneficiation facility to be relocated as the mining operation advances to minimise ROM coal haul distances.

The coal processing plant will be constructed to enable the subsequent addition of a coal washing jig should it be determined that it will be more profitable to produce a lower (5 to 6%) ash product.

Platts Benchmarking of BBM Coal

S&P Global Platts ("**Platts**") reviewed BBM coal quality during the financial year and assessed its value in the international market. The positive aspects of BBM coal that were noted included its low ash, low volatiles, low sulfur, high vitrinite content and ultra-low phosphorus content. Platts assessed BBM coking coal to be premium low volatile hard coking coal (HCC) most likely used in a blend in blast furnaces and that it would be attractive in the Chinese market where the current spot price for premium low vol HCC is above US$300/t cif. Platts assessed BBM PCI coal as premium PCI and rated BBM PCI coal as justifying a 10% premium over top value PCI coal.

FINANCE FOR BBM DEVELOPMENT

Agreement with Sumber Global Energy (SGE)

BBM has entered into an agreement with PT Slumber Global Energy ("**SGE**") to monetise near-term coal production. SGE will advance BBM a total of US$2.0M as consideration for Cokal appointing SGE as Exclusive Sales Agent for domestic Indonesian coal sales whereby SGE will undertake the marketing and sales of 0.6Mt BBM coal sold into the Indonesian domestic market for a period of 2 years from the date of first delivery of coal to SGE. US$250,000 was received to 30 June 2021.

BBM will repay the US$2.0M to SGE through a reduction in the coal sales price over the term of the agreement. The repayment schedule to SGE will be calculated by apportioning the US$2.0M consideration over the total tonnage of coal allocated to SGE over the term of the Agreement, which will be deducted from the sales price (e.g. If BBM allocates 0.6Mt of coal to SGE, then the US$2.0M in consideration will result in a US$3.33/t reduction in coal sales price for that tonnage.) The reduction in coal sales price shall be adjusted in the final period of the Agreement to ensure full repayment of the US$2.0M consideration.

Coal Pricing

Coal sold under the Agreement shall be priced in US Dollars per metric tonne on an FOB basis, with the price calculated using the below methodology:

i. Appropriate prices (the "Index Prices") for seaborne traded Coking and PCI Coals will be obtained from a recognised market data provider (e.g. Platts); and

ii. The Index Prices will then be adjusted in order to calculate the prices to be used in the Agreement between BBM and SGE (the "Coal Sales Prices"), with the adjustments made to reflect:

    a. The quality and specifications of the coal produced by BBM, using the methodologies published by the provider of the Index Price; and

    b. Freight differentials.

SGE will also receive a small discount off the Coal Sales Prices. In the event SGE is able to sell the coal at a price higher than the Coal Sales Prices, the additional amount shall be shared equally between BBM and SGE. If BBM fails to deliver coal such that a maximum of 0.6MT is not reached within a period of two years from the first delivery to SGE, then BBM will be considered in default and the US$2M (less any amounts repaid) converts to debt, plus interest using SIBOR. In the event that SGE defaults on the payment schedule for the US$2.0M set out above, BBM has the right to adjust the coal allotment to SGE under the Agreement in line with the payment received and the right to sell directly into the domestic Indonesian market.

Review of Operations

Agreements with International Commodity Trade Pte Ltd (ICT)

In June 2021 BBM negotiated a binding commitment for a US$20m debt financing facility for development of the BBM Project. A Coal Sales Rights Agreement was also negotiated, assisting with the company's working capital. This attractive financing structure avoids any dilution for Cokal shareholders. Drawdown of the financing facility has commenced.

In view of the above corporate financing facility, Cokal advised CRCC subsidiary CR-BFJV it will not proceed with the facility previously discussed with them.

ICT is a company incorporated in Singapore whose main business is investment and trading in coal. ICT is controlled by a party that also controls Aahana Mineral Resources Sdn Bhd, a substantial shareholder of Cokal holding 19.97% of the Company's shares, who has one representative on the Company's Board of Directors. The largest shareholder of ICT is Eddie Chin Wai Fong, an ex-CEO and a founding member of PT Bayan Resources Tbk, listed on the Jakarta stock exchange (BYAN.JK). Mr Chin, who has over 30 years of experience in the coal industry in Indonesia, has the contacts, experience and financial capability to complete the funding transaction and marketing of the coal.

BBM executed two binding agreements with ICT to fund the development of mining in its BBM Project: a Capital Participation Agreement and an International Coal Marketing Agreement. The binding Capital Participation Agreement with ICT is for the provision of US$20m to fund BBM mine development. The binding International Coal Marketing Agreement also entered into with ICT will enable BBM to market its coal to the international market and will also assist BBM in financing its coal stockpile at the river jetty. In return, BBM agrees to provide international coal marketing rights to ICT for the marketing of BBM coal for its overseas markets.

The ICT funding facility and coal marketing agreement provide an attractive and strategic funding solution for Cokal to enable the transformation of BBM into a major international coal producer. Cokal has chosen to obtain the funding from ICT as it is available immediately and on similar terms to the previous funding arrangement that was to be provided by China Rail and Beijing Fidick. The funding from ICT is attractive and fair for Cokal shareholders as it allows for the funding of the BBM project without dilution of ownership. The debt will be repaid from project operations with no recourse to Cokal other than pursuant to a Corporate Guarantee provided by Cokal Limited.

Details of the terms of the Capital Participation Agreement and International Coal Marketing Agreement are contained in the Company's announcement dated 14 July 2021

MINE OPERATIONS STAFF

Cokal/BBM has assembled an expert team in preparation for the imminent commencement of mining operations at its BBM mine in Central Kalimantan. This team will direct and manage Cokal's BBM and other mines which will be operated mainly by contractors.

Cokal Limited's Board and management of the Group is as follows:

Domenic Martino
Non-Executive Chairman

- Founding Director of Cokal and a Chartered Accountant with many years of experience as a director of ASX listed companies
- Previously CEO Deloitte Touche Tohmatsu, Australia
- Key player in the creation of shareholder value in a number of ASX companies including Sydney Gas, Pan Asia, Clean Global Energy, NuEnergy Capital
- Lengthy track record of operating in Indonesia, successfully closing a number of energy and resources deals with key local players

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Allen Delbridge
Director

- Mining engineer with over 30 years experience in the mining industry including Indonesia
- A member of PERHAPI and AusIMM and a recognized competent person under the KCMI and JORC codes
- Deep experience at all levels of operations and mine planning, including:
  - Pit shell optimizations
  - LOM (and stage push back) pit design
  - Ore Reserve reporting
  - Start-up mine schedules/plans
  - Tenders
  - Developing Systems
  - Business improvement projects and Financial evaluations

Karan Bangur
Director

- Over a decade of experience in operating mining and logistics projects in South East Asia, including projects in Indonesia
- Significant experience with Indonesian mining laws
- Director of Aahana Mineral Resources Sdn Bhd, the largest shareholder in Cokal
- Owner/operator of HME coal fleet in Nth Kalimantan
- Evaluation of Iron Ore, Bauxite and Graphite concentrate recovery projects in Indonesia
- Logistics & port dvlpmnt in Indonesia and other parts of SE Asia; and developing & operating Iron Ore tenements in Malaysia

Eddie Chin
President Commissioner of BBM

- BSc (Hons) Civil Engineering (University of Glasgow)
- President Commissioner of BBM since June 2019
- Significant shareholder of Aahana Mineral Resources Sdn Bhd, largest shareholder in Cokal
- Founding member of major Indonesian coal miner PT Bayan Resources tbk
- CEO of the Bayan Group between 2005 and Jan 2018
- Key person in the development of the Bayan Group into a globally significant coal producer
- Managing Director of the Desaria Group of Companies

Pak Sukardi
President Director of BBM

- 40 years of mining and plantation industry experience in Indonesia
- Includes operational roles and Board / Senior management positions

Jim Coleman
CEO Cokal

- Mining engineer and Fellow of AusIMM
- 50 years experience in all aspects of open cut and underground mining including the application of in-pit crushing and conveying systems
- 20 years in corporate management of operations for major international companies including Utah Development Company, Rio Tinto and BHP
- Owned and managed a highly successful mining consultancy business, employing 40 people and managing operations throughout Australia and the SE Asia region

Masruri Yahya
General Manager Mines Cokal

- 31 years of mining experience, including 17 years of Snr Management
- Expert in Indonesian mine engineering, operations and permitting
- Previously Chief Operating Officer for PT Darma Henwa Tbk
- Held senior positions at PT Arutmin Indonesia (PT Bumi Resources), initially as Regional Mine Manager and Head of Engineering (over construction & operations of all mine/port infrastructure facilities) and subsequently as Chief Operating Officer
- Previously with PT BHP Coal Indonesia

Luki Wilianto
Geology Manager Cokal

- Geological Engineer with 15 years Indonesian coal mining experience
- Member of MAusIMM and an Indonesian Competent Person of "Ikatan Ahli Geologi" (CPI-IAGI)
- Previous positions with PT Thiess Contractors Indonesia, PT Britmindo (Mining Consultant) and PT Wahana Baratama Mining (Bayan Resources)
- Experience leading due diligence, exploration programs and mining studies, comprising geological modelling, resource estimation, mine planning and reporting in accordance with the JORC Code and KCMI

Muhamad Arie Cahyono
Mine Planning Manager Cokal

- 15 years mining experience, with particular expertise in coal geological modelling, mine planning and management of contractors
- Previously positions with PT Thiess Contractors Indonesia, PT Britmindo (Mining Consultant) and PT Bayan Resources Tbk.
- Member of PERHAPI and also registered as Competent Person Indonesia (CPI).

Loke Cherng Huei
Director BBM

- BE (Civil) with 35 years mining, marine and construction industry experience in Malaysia and Indonesia
- Previously Director and General Manger roles in the Desaria group of companies in Malaysia

Review of Operations

CORPORATE ACTIVITY

Krakatau Steel

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

BBM Vendor Payment Converted to Production Based Payment

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

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

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

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

Aahana Mineral Resources Loan Facility

During the year the loan facility provided by Aahana Minerals Resources SDN BHD was terminated and replaced by a new loan facility with an increased facility amount of US$800,000. The facility interest rate is 12% per annum, compounded monthly and payable on the funds drawn down. US$700,000 has been drawn under the facility with an accrued interest of US$45,323 as at 30 June 2021. The loan is repayable within 30 days of receipt of a written demand for repayment by the Lender. Cokal Limited has provided a corporate guarantee for payment the Loan.

Alpine Invest Holding Ltd Loan Facility

During the year a loan facility was provided by Alpine Invest Holding Ltd totalling US$750,000. The facility interest rate is 12% per annum, compounded monthly and payable on the funds drawn down. US$750,000 has been drawn under the facility with an accrued interest of US$10,743 as at 30 June 2021.

Staff Appointments

Staff have been employed to manage activities in BBM relating to the repair of the access road and in preparation for mining.

This includes:

- Chief Security officer;
- Human Resource officer;
- Accounts clerk;
- Earthworks supervisor;
- Equipment operators;
- Paramedic:
- HSE officer.

Review of Operations

BBM Jakarta Office Relocation

It has been decided to relocate the Cokal/BBM Jakarta office to be more suitable for the current situation.

The BBM and Cokal office in Jakarta is now at:

THE BELLEZZA OFFICE TOWER
21 Floor, Unit 3 & 5
ARTERI PERMATA HIJAU
JALAN MAYJEN SOEPENO KAV 34
PERMATA HIJAU, KEBAYORAN LAMA
JAKARTA SELATAN 10210
TEL : **021-30027133 & 021-30027166**

INDONESIA

COVID-19

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

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

Directors' Report

Your Directors present their report for the year ended 30 June 2021.

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:

Domenic Martino, Non-Executive Chairman
(Appointed Director on 24 December 2010 and Chairman on 27 January 2017)
B. Bus, FCPA
Mr. Martino, 64 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:

- PYX Resources Limited (appointed 3 August 2012, resigned 31 January 2020)

Patrick Hanna, Non-Executive Director
(Appointed on 24 December 2010, Resigned 24 November 2020)
B. Applied Science (Geology), CPI, FAusIMM
Mr Hanna has over 40 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, 67, over 40 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.

During the past three years Patrick has not served as a director of another listed company.

Karan Bangur, Non-Executive Director
(Appointed on 10 April 2019)
BCom
Mr Bangur, 35 has over a decade of experience in operating mining and logistics projects in South East Asia. He is well experienced and familiar with Indonesian mining and general laws relating to on ground operations due to his experience in several projects in Indonesia.

Current ongoing and previous projects include:

- Operations of thermal coal mine in Tanah Grogot, East Kalimantan in capacity of financier.
- Operating fleet of HEMM (Heavy Earth Moving Equipment) in thermal coal mine project in Tarakan, North Kalimantan in capacity of owner.
- He currently serves as Managing Director of Aahana Global Resources & Investment Pte Ltd, which is primarily an investment and holding Co incorporated in Singapore 2008- Present.
- He serves as Director in Aahana Mineral Resources Sdn Bhd, which is the single majority shareholder in Cokal Ltd. 2019 - Present.
- Previous assignments involve evaluation and planning of Iron Ore, Bauxite Ore and Graphite concentrate recovery projects in Indonesia.
- Previous projects include logistics and port development in Indonesia and other parts of SE Asia.
- Development and operating Iron Ore tenement in Malaysia including HEMM fleet management and rental services.

David (Allen) Delbridge, Non-Executive Director
(Appointed on 17 March 2020)
B.Mining Engineering, PERHAPI, AusIMM
Mr Delbridge has over 30 years' experience in the mining industry. He is a recognised competent person under the KCMI code as well as for JORC reserve statement for open cut coal. He has international experience, working for over 7 years as an expatriate in Indonesia. He has significant on-site operations experience, interactively providing practical and technical direction and team leadership for maintaining and improving mining operations at a senior leadership level.

Current ongoing and previous projects include:

- Worked at Citic Pacific Mining on its Sino Iron Ore project in Western Australia
- Worked at Jiujiang Mining Australia Pty Ltd on its Cairn Hill project in South Australia
- Worked at Bayan Resources Group as Manager – Mine Planning and Development in Jakarta with operational sites in Kalimantan

Directors' Report

The following person was Chief Operating Officer of Cokal Limited ("Group", "consolidated entity" or "Cokal") during the financial year and up to the date of this report, unless otherwise stated:

Mr James (Jim) Coleman is Chief executive Officer whose details are below.

James (Jim) Coleman, Chief Executive Officer (Appointed on 27 July 2018)
B. Eng (Hons, Mining), FAusIMM
Mr Coleman, 74 has a proven 51-year track record in corporate management of operations for large successful companies including Riversdale Mining, The Griffin Group, The Electricity Trust of South Australia, Utah Development Company and Rio Tinto.

He has led multi-faceted teams and consortia for large coal projects in developing countries and also specialised in deep mines in soft saturated strata. Mr Coleman was responsible for the development of Thailand's 14 million tonnes per annum coal mine which feeds directly into EGAT's on-site power station in northern Thailand.

As a mining engineer, he has over 50 years' experience in open cut and underground mining specialising in mine management, project development and operation using a variety of equipment including extensive application of in-pit crushing and conveying systems. He designed strategic mine planning to optimise economic returns for various coal operations. He was also responsible for the development of integrated projects in Australia, Mozambique, Thailand, The Philippines, India and throughout SE Asia. Mr Coleman has specific expertise in application of selective mining systems for low ash high quality coals to minimise dilution.

Jim possesses a high awareness in the application of shallow river barging systems to transport coal from inland projects over long distances. He participated in the successful evaluation of 500 km shallow water barging on the Zambezi River in Mozambique for the transportation of coking coal from Riversdale's Benga project to off-shore mother vessels. This experience is in line with Cokal's plans to use shallow-river barging on the Barito River to deliver the coking coal in good condition to the nearby Asian market place.

Through the 1980s and 1990s, he owned and managed a highly successful mining consulting business (Coleman and Associates) employing some 40 mining professionals and managing operations concurrently throughout Australia and in five countries including Australian Government aid funded projects in SE Asia.

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:

Louisa Martino (Youens), Joint Company Secretary (Appointed on 9 August 2017)
BCom, CA
Ms Martino provides company secretarial and accounting services to a number of listed entities through Indian Ocean Capital.

Previously Ms Martino worked for a corporate finance company, assisting with company compliance (ASIC and ASX) and capital raisings. She also has experience working for a government organisation in its Business Development division where she performed reviews of business opportunities and prepared business case analysis for those seeking Government funding.

Prior to that, Ms Martino worked for a major accounting firm in Perth, London and Sydney where she provided corporate advisory services, predominantly on IPOs and also performed due diligence reviews.

She has a Bachelor of Commerce from the University of Western Australia, is a member of Chartered Accountants Australia and New Zealand, a member of the Financial Services Institute of Australasia (FINSIA) and a Fellow of the Governance Institute of Australia (FGIA).

Miranda Yuan, Joint Company Secretary (Appointed 1 July 2020)
MFin, MCom, CPA

Ms Yuan provides comprehensive accounting services and auditing assistance to a number of public and listed companies through Indian Ocean Corporate. She has experience in company secretarial work in a broad range of ASX listed companies. She also has experience working as a Finance Analyst to provide corporate advisory services for cross-border M&A, capital raisings, IPOs/RTOs and to as a Finance perform due diligence reviews.

Ms Yuan is an honours graduate in Finance from Aberdeen University, she holds a Master degree of Commerce in Finance from the University of New South of Wales and Master degree of Professional Accounting from Charles Sturt University. Ms Yuan is an Associate member of Certified Practicing Accountant (CPA) Australia.

Directors' Report

Interests in Shares and Options

At the date of this report, the interests of the Directors in the shares of Cokal Limited are shown in the table below.

	Ordinary Shares	Options
Domenic Martino	41,688,512	-
Patrick Hanna [1]	27,000,000	-
Karan Bangur	184,641,719	37,500,000
David Delbridge	-	-

[1] As at resignation

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.

Operating Results

For the year ended 30 June 2021, the loss for the consolidated entity after providing for income tax was US$ 2,696,826 (2020: US$2,573,822).

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
At 30 June 2021, the consolidated entity had 924,582,313 ordinary shares and 105,000,000 unlisted options on issue.

Financial Position
The net assets of the consolidated entity have decreased by US$2,343,579 from US$8,854,870 at 30 June 2020 to US$6,511,291 at 30 June 2021.

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 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

There have been no significant changes in the Group's state of affairs during the year ended 30 June 2021.

Significant Events after the Reporting Date

Subsequent to year end, the group concluded a binding commitment for a US$20m debt financing facility for development of the Bumi Barito Mineral (BBM) Coking Coal Project with International Commodity Trade Ptd Ltd ("ICT") on 14 July 2021.

The first drawdown for US$2 million of the debt facility from ICT has been received by Cokal Limited on 20 July 2021.

In addition on 14 July 2021, the group completed a binding International Coal Marketing Agreement, also entered into with ICT, enabling BBM to market its coal to the international market and assisting BBM in financing its coal stockpile at the river jetty. In return, BBM agrees to provide international coal marketing rights to ICT for the marketing of BBM coal for its overseas markets.

On 18 August 2021, 12,500,000 ordinary shares in Cokal Limited were issued as a result of the exercise of options.

Other than the above there have been no other significant events after reporting date.

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.

Directors' Report

Business Results

The prospects of the Group in developing its properties in Indonesia may be affected by a number of factors. These factors are similar to most exploration companies moving through the 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 enabling it to commence production.
- Funding - the Group may 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. Indonesia where the Group's main project is located in 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

No non-audit services were provided by Cokal's auditor, Hall Chadwick during the financial year ended 30 June 2021 (2020: Nil).

Remuneration Report (Audited)

This remuneration report for the year ended 30 June 2021 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 Chief Executive Officer, directors and other senior management executives of the Group.

Remuneration report approval at FY20 AGM

The remuneration report for the 2020 financial year received positive shareholder support with proxy votes of 89.59% 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 a Remuneration and Nomination Committee. 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 committee at this time. All matters which might be dealt with by such a committee are reviewed by the directors meeting as a Board.

The Board, in carrying out the functions of the Remuneration and Nomination Committee, 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 Committee, 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 2021 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 ended 30 June 2021 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 and development 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)	2021	2020	2019	2018	2017
Share price (US$)	0.04	0.04	0.03	0.03	0.04
Basic (loss) per share (US cents)	(0.29)	(0.28)	(0.26)	(1.18)	(1.96)

There were no dividends paid during the year.

As the consolidated entity was still in the exploration and development stage during the financial year, 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.

Directors' Report

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

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

Senior Management

Chief Executive Officer

Mr James Coleman was appointed Chief Executive Officer on 27th of July 2018. The Company has entered into an agreement with Mr Coleman.

The agreement may be terminated with 4 months' notice or at any time with cause.

Details of Key Management Personnel (KMP)

(i) *Directors*

Domenic Martino, Chairman and Non-Executive Director (appointed Non-Executive Director 24 December 2010, appointed Chairman on 27 January 2017)

Patrick Hanna, Non-Executive Director (resigned 24 November 2020)

Gerhardus Kielenstyn, Executive Director - Indonesia Country Manager (resigned 21 August 2019)

Karan Bangur, Non-Executive Director (appointed 10 April 2019)

David Delbridge, Non-Executive Director (appointed 17 March 2020)

(ii) *Senior Management*

James Coleman, Chief Executive Officer (appointed 27 July 2018)

Remuneration Details

The following table of benefits and payments details, in respect to the financial years ended 30 June 2021 and 2020, the component of remuneration for each key management person of the consolidated entity:

2021	Short-Term Benefits			Post-Employment	Termination Benefits	Share-based payments		Total	% Remuneration as equity
	Salary & Fees	Cash Bonus	Other short-term benefits	Superannuation		Equity-settled (options)	Cash-settled		
	US$	US$	US$	US$	US$	US$	US$	US$	
Directors									
Domenic Martino	59,143	-	-	-	-	-	-	59,143	-
Patrick Hanna**	11,201	-	-	-	-	-	-	11,201	-
Karan Bangur*	144,476	-	2,368	4,809	-	-	-	151,653	-
David Delbridge*^	33,604	-	-	-	-	-	-	33,604	-
Total	**248,424**	**-**	**2,368**	**4,809**	**-**	**-**	**-**	**255,601**	**-**
Senior Management									
James Coleman	84,832	-	-	-	-	-	-	84,832	-
Total	**333,256**	**-**	**2,368**	**4,809**	**-**	**-**	**-**	**340,433**	**-**

* In addition to director fees, Mr Bangur and Mr Delbridge receive fees for services provided to BBM which are included in the schedule
^ Appointed 17 March 2020
** Resigned on 24 November 2020

Directors' Report

2020	Short-Term Benefits			Post-Employment	Termination Benefits	Share-based payments		Total	% Remuneration as equity
	Salary & Fees	Cash Bonus	Other short -term benefits	Superannuation		Equity-settled (options)	Cash-settled		
	US$	US$	US$	US$	US$	US$	US$	US$	
Directors									
Domenic Martino	53,171	-	-	-	-	-	-	53,171	-
Patrick Hanna	24,169	-	-	-	-	-	-	24,169	-
Karan Bangur*	113,814	-	-	4,768	-	-	-	118,583	-
David Delbridge*^	26,854	-	-	-	-	-	-	26,854	-
Gerhardus Kielenstyn#	-	-	-	-	-	-	-	-	-
Total	**218,008**	**-**	**-**	**4,768**	**-**	**-**	**-**	**222,776**	**-**
Senior Management									
James Coleman	131,473	-	-	-	-	55,700	-	187,173	-
Total	**349,481**	**-**	**-**	**4,768**	**-**	**55,700**	**-**	**409,949**	**-**

* In addition to director fees, Mr Bangur and Mr Delbridge receive fees for services provided to BBM which are included in the schedule
^ Appointed 17 March 2020
# Resigned on 21 August 2019

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

KMP and other executives may be paid cash bonuses or performance-related bonuses. Remuneration options on issue during the 2021 financial year to KMP were as follows:

	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										
James Coleman	Options	20/12/2018	Note 1	3,000,000	0.03	0.01	-	-	100%	22/12/2021
James Coleman	Options	20/12/2018	Note 2	3,000,000	0.04	0.01	-	-	100%	22/12/2021
James Coleman	Options	20/12/2018	Note 3	3,000,000	0.05	0.01	-	-	100%	22/12/2021
James Coleman	Options	20/12/2018	Note 4	5,000,000	0.07	0.01	-	-	100%	22/12/2021

Note 1: vesting on achieving a consistent production rate for three months of 20,000 tonnes of coal per month
Note 2: vesting on achieving a consistent production rate for three months of 40,000 tonnes of coal per month
Note 3: vesting upon commencement of shallow river barging
Note 4: vesting upon first shipment of coking coal from BBM

Directors' Report

Options holdings

Details of option held and share-based payments to KMP and other executives awarded and vested/unvested during the year ended 30 June 2021 and 30 June 2020 are detailed in the table below:

	Balance 1 July 2020	Granted as Remuneration	Exercise of Options	Net Change Other	Balance 30 June 2021	Total vested at 30 June 2021	Total vested and exercisable at 30 June 2021	Total vested and unexercisable at 30 June 2020
Directors								
Domenic Martino	-	-	-	-	-	-	-	-
Karan Bangur	37,500,000	-	-	-	37,500,000	37,500,000	37,500,000	-
Patrick Hanna^	-	-	-	-	-	-	-	-
David Delbridge#	-	-	-	-	-	-	-	-
Senior Management								
James Coleman	14,000,000	-	-	-	14,000,000	-	-	-
Total	**51,500,000**	**-**	**-**	**-**	**51,500,000**	**37,500,000**	**37,500,000**	**-**

	Balance 1 July 2019	Granted as Remuneration	Exercise of Options	Net Change Other	Balance 30 June 2020	Total vested at 30 June 2020	Total vested and exercisable at 30 June 2020	Total vested and unexercisable at 30 June 2020
Directors								
Domenic Martino	-	-	-	-	-	-	-	-
Karan Bangur	37,500,000	-	-	-	37,500,000	37,500,000	37,500,000	-
Patrick Hanna^	-	-	-	-	-	-	-	-
David Delbridge#	-	-	-	-	-	-	-	-
Gerhardus Kielenstyn*	5,000,000	-	-	-	5,000,000	-	-	-
Senior Management								
James Coleman	14,000,000	-	-	-	14,000,000	-	-	-
Total	**56,500,000**	**-**	**-**	**-**	**56,500,000**	**37,500,000**	**37,500,000**	**-**

Appointed 17 March 2020
^ Resigned on 24 November 2020
* Resigned on 21 August 2019

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

All options granted as part of remuneration 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 2020	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance 30 June 2021 ●
Directors					
Domenic Martino	41,688,512	-	-	-	41,688,512
Patrick Hanna^	27,900,000	-	-	(900,000)	27,000,000
Karan Bangur	184,641,719	-	-	-	184,641,719
David Delbridge #	-	-	-	-	-
Senior Management					
James Coleman	4,518,845	-	-	-	4,518,845
Total	**258,749,076**	**-**	**-**	**(900,000)**	**257,849,076**

	Balance 1 July 2019	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance 30 June 2020 ●
Directors					
Domenic Martino	37,120,001	-	-	4,568,511	41,688,512
Patrick Hanna^	25,800,000	-	-	2,100,000	27,900,000
Karan Bangur	148,125,000	-	-	36,516,719	184,641,719
David Delbridge #	-	-	-	-	-
Gerhardus Kielenstyn*	-	-	-	-	-
Senior Management					
James Coleman	1,245,031	-	-	3,273,814	4,518,845
Total	**212,290,032**	**-**	**-**	**46,459,044**	**258,749,076**

Appointed 17 March 2020
^ Resigned on 24 November 2020
* Resigned on 21 August 2019

● If position vacated during the year, as at resignation date

Transactions with KMP and their related entities

Mr Domenic Martino

- As at 30 June 2021 director fees totaling US$110,041 (2020: US$72,338) remain outstanding to Mr Martino.
- On 9 August 2017 the Company entered into an agreement with Indian Ocean Corporate Pty Ltd, a company of which Mr Martino is a director, for company secretarial services at a cost of AU$4,000 (excl GST) per month. The services are based on normal commercial terms and conditions. During the 2021 financial year, Indian Ocean Corporate Pty Ltd has provided company secretarial services totaling US$39,429 (2020: US$35,447) and a management consulting service totaling US$ 7,144 (2020: US$ 55,000). Indian Ocean Consulting Group Pty Ltd has provided company taxation services totaling US$ 34,650 (2020:US$22,000). As at 30 June 2021, company secretarial fees of US$Nil (2020: US$Nil) and management consulting services of US$7,144 and company taxation services of US$Nil (2020:US$12,650) remain outstanding. In addition, during the 2021 financial year, Indian Ocean Corporate Pty Ltd assisted with the preparation of reports, for an amount totaling US$33,535 (2020: US$25,847). An amount of US$11,292 (2020: US$8,493) was outstanding as at 30 June 2021.

Mr Patrick Hanna

- As at 30 June 2021 director fees totaling US$90,171 (2020: US$86,436) remain outstanding to Mr Hanna.
- As at 30 June 2021 a loan of USD$74,065 (AUD$108,500) (2020: US$72,842/AUD$108,500) was owing to Mr Hanna by the Company. This loan was for working capital purposes, is repayable on demand and does not accrue interest.

Mr Karan Bangur

- As at 30 June 2021 director fees totaling US$28,700 (2020: US$13,427) remain outstanding to Mr Bangur.
- During the year the loan facility provided by Aahana Minerals Resources SDN BHD (Lender), a related party to Mr Karan Bangur, was terminated and replaced by a new loan facility with an increased facility amount of US$800,000. The facility interest rate is 12% per annum, compounded monthly and payable on the funds drawn down. US$700,000 has been drawn under the facility with accrued interest of US$45,323 owing as at 30 June 2021. The loan is repayable within 30 days of receipt of a written demand for repayment by the Lender.

Mr David Delbridge

- As at 30 June 2021 director fees totaling US$5,941 (2020: US$6,714) remain outstanding to Mr Delbridge.
- The Company's Singaporean subsidiary has entered into a consulting agreement with a company that is a related party of Mr Delbridge. PT TEDD Jasa Konsultasi. During the financial year consulting services totaling AU$100,000 (US$74,676) (2020:Nil) were paid to PT TEDD Jasa Konsultasi, with US$5,260 owing as at 30 June 2021 (30 June 2020: Nil).

Mr James Coleman

- As at 30 June 2021 remuneration totaling US$128,774 (2020: US$75,527) remains outstanding to Mr Coleman.

END OF REMUNERATION REPORT

Directors' Report

Directors' Meetings

The number of meetings of Directors held during the year and the number of meetings attended by each Director was as follows:

	Board	
	Number of meetings held while in office	Meetings attended
Domenic Martino	3	3
Pat Hanna	2	2
Karan Bangur	3	3
David Delbridge	3	3

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, Hall Chadwick Pty Ltd, 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 Hall Chadwick Pty Ltd during or since the financial year.

Options

At 30 June 2021, there were 105,000,000 unissued ordinary shares under options as follows:

- 75,000,000 unlisted options exercisable at AU$0.016 on or before 16 February 2023. As part of the Company's debt restructure, it was agreed that 37.5 million of these options will not be exercised
- 1,000,000 unlisted options exercisable at AU$0.045 on or before 20 December 2021
- 3,000,000 unlisted options exercisable at AU$0.045 on or before 20 December 2021 (vesting upon production of 20,000 tonnes per month of coal (including PCI) for three consecutive months)
- 3,000,000 unlisted options exercisable at AU$0.055 on or before 20 December 2021 (vesting upon production of 40,000 tonnes per month of coal (including PCI) for three consecutive months)
- 3,000,000 unlisted options exercisable at AU$0.07 on or before 20 December 2021 (vesting upon commencement of shallow river barging)
- 5,000,000 unlisted options exercisable at AU$0.10 on or before 20 December 2021 (vesting upon first shipment of coking coal from BBM)
- 15,000,000 unlisted options exercisable at AU$0.05 on or before 17 August 2023

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

Subsequent to year end, 12,500,000 ordinary shares in Cokal Limited were issued as a result of the exercise of options.

Directors' Report

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 25.

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.

Annual Resource and Reserve Statement

The Company released its Annual Resource and Reserve Statement on the ASX platform on 28 September 2021. The Statement can also be found on the Company's website at www.cokal.com.au.

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

Cokal Limited
Domenic Martino
Chairman

Sydney, 29 September 2021

SYDNEY
Level 40
2 Park Street
Sydney NSW 2000
Australia
Ph: (612) 9263 2600
Fx: (612) 9263 2800

COKAL LIMITED
ABN 55 082 541 437
AND CONTROLLED ENTITIES

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF COKAL LIMITED

In accordance with section 307C of the *Corporations Act 2001,* I am pleased to provide the following declaration of independence to the directors of Cokal Limited. As the lead audit partner for the audit of the financial report of Cokal Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Hall Chadwick

HALL CHADWICK (NSW)
Level 40, 2 Park Street
Sydney NSW 2000

DREW TOWNSEND
Partner
Dated: 29 September 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2021

	Note	2021 US$	2020 US$
Revenue and other income	2	3,394	9,345,803
Employee benefits expense		(867,376)	(934,733)
Depreciation and amortisation expense		(162,273)	(255,901)
Production expenses		(466,262)	(356,086)
Finance costs		(56,314)	(23,756)
Legal expenses		(21,274)	(26,535)
Administration and consulting expenses		(346,407)	(308,969)
Licence fees		(465,368)	(582,262)
Commission expense	12	-	(9,261,535)
Share based payment	22(b)	(307,407)	(50,700)
Other expenses		(7,539)	(119,148)
Loss before income tax expense		**(2,696,826)**	**(2,573,822)**
Income tax expense	4	-	-
Loss for the period		**(2,696,826)**	**(2,573,822)**
Other comprehensive income			
Items may be reclassified to profit or loss in subsequent periods (net of tax):			
Exchange translation differences		-	28,810
Total comprehensive loss for the period		**(2,696,826)**	**(2,545,012)**

Earnings/(Loss) per share for the loss attributable to owners of Cokal Limited:		**Cents**	**Cents**
Loss per share (cents per share)	6	(0.29)	(0.28)
Diluted loss per share (cents per share)	6	(0.29)	(0.28)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position as at 30 June 2021

	Note	2021 US$	2020 US$
Current Assets			
Cash and cash equivalents	7	169,543	779,717
Short term deposits	7	141,610	138,916
Other current assets	11	180,682	104,875
Total Current Assets		**491,835**	**1,023,508**
Non-Current Assets			
Property, plant and equipment	9	389,802	112,341
Exploration and evaluation assets	10	25,332,305	25,232,849
Right of use assets	13(a)	166,799	141,725
Other non-current assets	11	25,724	25,280
Total Non-Current Assets		**25,914,630**	**25,512,195**
TOTAL ASSETS		**26,406,465**	**26,535,703**
Current Liabilities			
Accounts payable and others	12	15,938,811	15,492,256
Lease liabilities	13(b)	61,857	102,479
Borrowings	14	3,856,550	2,078,448
Total Current Liabilities		**19,857,218**	**17,673,183**
Non-Current Liabilities			
Lease liabilities	13(b)	37,956	7,650
Total Non-Current Liabilities		**37,956**	**7,650**
TOTAL LIABILITIES		**19,895,174**	**17,680,833**
NET ASSETS		**6,511,291**	**8,854,870**
Equity			
Issued capital	15	95,141,482	95,095,642
Reserves	16	6,503,604	6,196,197
Accumulated losses		(95,133,795)	(92,436,969)
TOTAL EQUITY		**6,511,291**	**8,854,870**

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

Consolidated Statement of Changes in Equity for the year ended 30 June 2021

	Issued capital US$	Reserves US$	Accumulated losses US$	Total US$
At 1 July 2020	**95,095,642**	**6,196,197**	**(92,436,969)**	**8,854,870**
Total comprehensive loss for the year				
Loss for the year	-	-	(2,696,826)	(2,696,826)
Other comprehensive income	-	-	-	-
	-	-	(2,696,826)	(2,696,826)
Transactions with owners in their capacity as owners				
Issue of share capital, net of costs	45,840	-	-	45,840
Share based payments	-	307,407	-	307,407
	45,840	307,407	-	353,247
At 30 June 2021	**95,141,482**	**6,503,604**	**(95,133,795)**	**6,511,291**
At 1 July 2019	**91,686,061**	**6,116,687**	**(89,856,028)**	**7,946,720**
Cumulative adjustments upon adoption of new accounting standard – AASB 16	**-**	**-**	(7,119)	**(7,119)**
Balance at 1 July 2019 (restated)	**91,686,061**	**6,116,687**	**(89,863,147)**	**7,939,601**
Total comprehensive loss for the year				
Loss for the year	-	-	(2,573,822)	(2,573,822)
Other comprehensive income	-	-	-	-
	-	-	(2,573,822)	(2,573,822)
Transactions with owners in their capacity as owners				
Issue of share capital, net of costs	3,409,581	-	-	3,409,581
Share based payments	-	50,700	-	50,700
Foreign Exchange	-	28,810	-	28,810
	3,409,581	79,510	-	3,489,091
At 30 June 2020	**95,095,642**	**6,196,197**	**(92,436,969)**	**8,854,870**

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

Consolidated Statement of Cash Flows for the year ended 30 June 2021

	Note	2021 US$	2020 US$
Cash Flows from Operating Activities			
Receipts from customers		250,000	-
Payments to suppliers and employees		(2,007,626)	(1,890,439)
Interest received		-	10,246
Finance costs paid		-	-
Net cash outflow from operating activities	21	**(1,757,626)**	**(1,880,193)**
Cash Flows from Investing Activities			
Payments for property, plant and equipment		(307,081)	(53,145)
Payments for exploration and evaluation expenditure		(99,456)	(165,647)
Net cash outflow from investing activities		**(406,537)**	**(218,792)**
Cash Flows from Financing Activities			
Proceeds from issue of shares	15	-	3,158,255
Payment of capital raising costs		-	(239,933)
Repayment of leases		(168,047)	(166,983)
Proceeds from borrowings		1,722,036	-
Net cash inflow from financing activities		**1,553,989**	**2,751,339**
Net decrease in cash and cash equivalents		(610,174)	652,356
Cash and cash equivalents at beginning of year	7	779,717	127,361
Cash and cash equivalents at end of year		**169,543**	**779,717**

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

Notes to the Consolidated Financial Statements for the year ended 30 June 2021

Note 1: About this Report

(a) General information

The consolidated financial statements of Cokal Limited for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the Directors dated 29 September 2021 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 ("US$" or "US$").

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.

For the year ended 30 June 2021 the Group recorded a loss of US$2,696,826 (30 June 2020: loss of US$2,573,822) and a net cash outflow US$1,757,626 (30 June 2020: US$1,880,193).

As at 30 June, the Group's arrears of trade and other payables means it's ability to continue as a going concern is dependent on creditors, including management and the directors, extending payment terms, providing informal financial support and not demanding payment of amounts owed to them in excess of the Group's available funds at the time. At the date of this report, no creditor or lender of the Group have made demands for payment.

Should these avenues be delayed or fail to materialize, the Group has some ability to scale back its activities to help the Group to manage to meet its debts as and when they fall due in the short term. However, should the above matters not be successfully resolved, the Group may not be able to continue as a going concern.

A portion of the current liabilities are payable over time and from production. The Group has a commission payable of US$9,261,535 based on an agreement with Alpine Invest Holdings Ltd. This amount is re-payable at the greater of US$10,000 per month and US$2.00 per tonne of coal sold by BBM and TBAR on a monthly basis. An amount of US$2 million payable to BMA is also included in current liabilities and is to be repaid based on US$ 10 per tonne, if the coal price is greater than US$ 110 per tonne, or 10 % of the coal price if less than US$ 110 per tonne.

Subsequent to year end, the Group concluded a binding commitment for a US$20m debt financing facility for development of the Bumi Barito Mineral (BBM) Coking Coal Project with International Commodity Trade Ptd Ltd ("ICT") on 14 July 2021. The Group has received the first tranches totalling US$2 million of the debt facility from ICT on 20 July 2021. In addition, the group completed a binding International Coal Marketing Agreement, also entered into with ICT, enabling BBM to market its coal to the international market and assisting BBM in financing its coal stockpile at the river jetty. Under this arrangement, financing of 80% of the coal value is received upon completion of the loading of coal to barges from the BBM Intermediate Stockpile jetty (ISP).

The Directors are confident given the current progress towards mining at BBM that the Group will be successful in its endeavours to develop the larger BBM project. The directors believe that the commencement of operations at the BBM project (and the forecast generating of operating cash inflows) will enable it to satisfy its working capital requirements (including its arrears of trade and other payables). This being the case, the directors have a reasonable expectation that the Group's creditors will continue to extend payment terms, provide informal financial support and not demand payment of amounts owed to them in excess of the Group's available funds. As a result, the financial report has been prepared on a going concern basis.

(c) Going concern (Cont'd)

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 to enable it to realise its assets and discharge its liabilities in the ordinary course of business.

(d) New accounting standards and interpretations

i. Changes in accounting policy and disclosures

The Group has not early adopted other standard, interpretation or amendment that has been issued but is not yet effective.

ii. Accounting Standards and Interpretations issued but not yet effective

The Group has adopted all the mandatory new and amended Accounting Standards issued that are relevant to its operations and effective for the current reporting period. There was no material impact on the financial report as a result of the mandatory new and amended Accounting Standards adopted.

(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) 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 estimate 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, or Enterprise Value (EV) that the market participants willing to pay for acquisition of the Group's shares.

(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) 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 22.

(f) Critical accounting estimates and judgments (Cont'd)

(v) Joint arrangement

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).

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. 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.

(g) 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.

(h) 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.

(i) 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.

(j) 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.

(k) 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.

(l) Other accounting policies

Oher accounting policies applied by the Group are disclosed in the following notes:

Note 2 Revenue and Other Income
Note 4 Income Tax
Note 6 Loss per Share
Note 7 Cash and Cash Equivalent
Note 9 Property, Plant and Equipment
Note 10 Exploration and Evaluation Assets
Note 12 Accounts Payable and Others
Note 13 Leases
Note 15 Issued Capital
Note 16 Reserves
Note 17 Parent Entity Information
Note 20 Operating Segments
Note 22 Share-based Payments
Note 24 Financial Risk Management

Notes to the Consolidated Financial Statements for the year ended 30 June 2021

Note 2: Revenue and Other Income

	2021 US$	2020 US$
Other income		
- Interest income from external parties	3,394	10,246
- Gain on discharge and release of trade payables	-	74,022
- Gain on discharge and release of loan	-	9,261,535
Total other income	3,394	9,345,803

On 29 April 2017, the Group entered into a Royalty Deed with Platinum Partners to convert all outstanding loans owing to them to production royalties (this formalised the agreement on 22 July 2016) subject to certain conditions precedent. In November 2018, the Company entered into a further agreement with Platinum Partners, the effect of which confirmed Cokal's satisfaction with a number of the conditions precedent to the Royalty Deed and extended the date for meeting all of the remaining conditions precedent (the "Subsequent Conditions") under the Royalty Deed for conversion of two-thirds of the Platinum Loans (being $9,261,535). In addition, under the agreement when Cokal cancels and reissues 37.5 million options to Platinum Partners, one-third of the Group's debt with Platinum Partners, being $4,630,767, is discharged and released. The cancellation and reissue of the 37.5 million options occurred on 10 January 2019, at which time one-third of the debt was discharged and released and a corresponding gain recognised in the Group's statement of profit or loss and other comprehensive income. During May 2020 the Company consented to the assignment of the Platinum Partners loan to Alpine Invest Holdings Ltd (Alpine). It was agreed as a term of the consent to the assignment that immediately upon transfer of the Platinum Partners loans to Alpine, that the loans are deemed released and Alpine discharges and releases Cokal and each Cokal Group Company from their liability to make payment of the Platinum Partners loans totalling $9,261,535 on the following terms:

- each of the Subsequent Conditions is irrevocably satisfied or otherwise waived;
- the royalty payable to Alpine under the Royalty Deed will be the greater of:
    1. USD 10,000 per month; and
    2. USD 2.00 per tonne of coal sold by BBM and TBAR on a monthly basis;
- the maximum royalty payment of USD 40million payable under the Royalty Deed remains the same and will be payable through the first 20 million tonnes of coal produced and sold by both BBM and TBAR; and
- all other conditions stated in the Royalty Deed remain the same.

The Group previously recognised a share based payment expense for fair value (at grant date) of the 75 million options granted to Platinum Partners as part consideration for the execution of the Royalty Deed. The Group recorded a further share based payment expense of $1,003,561 in respect of the incremental fair value of the 37.5 million new options granted to Platinum Partners as part of the November 2018 amendment to the Royalty Deed. This expense is reported separately in the statement of profit or loss and other comprehensive income for the year ended June 2019.

Accounting Policy: Revenue Recognition

Interest income

Interest revenue is recognised as interest accrues using the effective interest rate method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Notes to the Consolidated Financial Statements for the year ended 30 June 2021

Note 3: Dividends and Franking Credits

There were no dividends paid or recommended during the financial year (30 June 2020: Nil).
There were no franking credits available to the shareholders of the Group (30 June 2020: Nil).

Note 4: Income Tax

	2021 US$	2020 US$
The prima facie income tax on the loss is reconciled to the income tax expense as follows:		
Prima facie tax benefit at 26% (2020: 27.5%) on loss before income tax	(701,175)	(707,801)
Add tax effect of:		
- Not deductible expenses and impact of tax rate differences	(414,090)	(707,801)
- Deferred tax asset not recognised	(287,085)	-
Income tax expense	-	-
Deferred tax assets		
Deductible temporary differences	-	-
Carry forward tax losses	12,723,487	12,436,402
Deferred tax liabilities		
Assessable temporary differences	-	-
Net deferred tax assets not recognised	12,723,487	12,436,402

The carried forward tax losses and temporary differences not recognised as deferred tax assets as at 30 June 2021 were U$48,936,488 (30 June 2020: US$45,223,281) and US$Nil (30 June 2020:US$Nil) 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 2021 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

Accounting Policy: 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.

Note 4: Income tax (cont'd)

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 Australian subsidiaries have formed a tax consolidated group. Cokal Limited is the head entity in the tax consolidated Group. The entities in the tax consolidated group will be taxed as a single entity and deferred tax assets and liabilities will be offset in these consolidated financial statements.

Note 5: Auditor's Remuneration

	2021 US$	2020 US$
Audit services		
Amounts paid/payable for audit or review of the financial statements for the Group		
Hall Chadwick	102,700	100,000
	102,700	**100,000**

Note 6: Loss per Share

	2021 US$	2020 US$
Loss attributable to owners of Cokal Limited used to calculate basic and diluted loss per share (USD)	(2,696,826)	(2,573,822)
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	924,582,313	911,138,073
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	924,582,313	911,138,073
Basic loss per share (US cents per share)	(0.29)	(0.28)
Diluted loss per share (US cents per share)	(0.29)	(0.28)

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

Options could potentially dilute earnings per share in the future. Refer to Note 15 for details of option granted as at 30 June 2021.

Accounting Policy: 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.

Notes to the Consolidated Financial Statements for the year ended 30 June 2021

Note 7: Cash and Cash Equivalents

	2021 US$	2020 US$
Cash and bank balances	311,153	918,633
Less: Short term deposits maturing after three months and restricted bank balance classified as investing activities**	(141,610)	(138,916)
Cash and cash equivalents	**169,543**	**779,717**

**Includes restricted deposits of US$141,610 (2020: US$138,916) which can be used only after TBAR production commences.

Accounting Policy: 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.

Note 8: 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 (%)*	
			2020	2019
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 Bumi Barito Mineral^ (BBM)	Indonesia	Ordinary	60%	60%
PT Borneo Bara Prima ^ (BBP)	Indonesia	Ordinary	60%	60%
PT Tambang Benua Alam Raya# (TBAR)	Indonesia	Ordinary	75%	75%
Cokal Karoo Limited#	Tanzania	Ordinary	100%	100%
Cokal Manda Limited#	Tanzania	Ordinary	100%	100%

* 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 a return is established only when they contribute their share of capital upon completion of the Initial Work Programs for each of the projects. At reporting date, the Initial Work Programs for these projects have not yet been completed and therefore there is no right to a return for non-controlling interests.

These entities are dormant entities. All capitalised expenditures for these entities has been impaired to $nil in prior periods. The fair value of the underlying assets, liabilities and contingent liabilities at the acquisition date and 30 June 2021 are $nil.

Notes to the Consolidated Financial Statements for the year ended 30 June 2021

Note 8: Subsidiaries (cont'd)

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 currently material at 30 June 2021 and 30 June 2020 as the right of non-controlling shareholders' receiving a return is established only when they contribute their share of capital upon completion of the Initial Work Programs for each of the projects. At reporting date, the Initial Work Programs for these projects have not yet been completed and therefore there is no right to a return for non-controlling interests.

Note 9: Property, Plant and Equipment

	2021 US$	2020 US$
Land		
At cost	189,139	63,493
	189,139	63,493
Computer equipment		
At cost	593,350	563,363
Accumulated depreciation	(561,887)	(553,851)
	31,463	9,512
Furniture and office equipment		
At cost	569,192	561,442
Accumulated depreciation	(547,126)	(526,263)
	22,066	35,179
Motor Vehicles		
At cost	19,351	15,034
Accumulated depreciation	(11,597)	(10,877)
	7,754	4,157
Capital Works in Progress		
At cost	139,380	-
Accumulated depreciation	-	-
	139,380	-
Total property, plant and equipment	**389,802**	**112,341**

(a) Movements in carrying amounts

2021	**Land US$**	**Computer equipment US$**	**Furniture and office equipment US$**	**Motor Vehicles US$**	**Capital Works in Progress US$**	**Total US$**
Balance at 1 July 2020	63,493	9,512	35,179	4,157	-	112,341
Additions	125,646	29,987	7,750	4,318	139,380	307,081
Disposals	-	-	-	-	-	-
Depreciation expense	-	(8,036)	(20,863)	(721)	-	(29,620)
Amount written off	-	-	-	-	-	-
Carrying amount at the end year	189,139	31,463	22,066	7,754	139,380	389,802
2020	**Land US$**	**Computer equipment US$**	**Furniture and office equipment US$**	**Motor Vehicles US$**	**Capital Works in Progress US$**	**Total US$**
Balance at 1 July 2019	31,526	3,826	151,479	-	-	186,831
Additions	31,967	7,634	8,484	5,060	-	53,145
Disposals	-	-	-	-	-	-
Depreciation expense	-	(1,948)	(124,785)	(900)	-	(127,633)
Amount written off	-	-	-	-	-	-
Carrying amount at the end year	63,493	9,512	35,179	4,157	-	112,341

Notes to the Consolidated Financial Statements for the year ended 30 June 2021

Note 9: Property, Plant and Equipment (cont'd)

Accounting Policy: 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.

Note 10: Exploration and Evaluation Assets

	2021 US$	2020 US$
Non-Current		
Exploration and evaluation expenditure capitalised		
- exploration and evaluation phases	25,332,305	25,232,849
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 year	25,232,849	25,067,202
Site related expenses during the year	99,456	165,647
Carrying amount at the end of the year	**25,332,305**	**25,232,849**

Historically, the Group has determined the recoverable amount of the BBM project using the Fair Value Less Cost of Disposal (FVLCD) methodology considering the Group as a single cash generating unit (consistent with the Group's primary focus on the BBM project and this being the only asset in respect of which E&E is carried forward). The FVLCD was determined using Enterprise Value (EV). EV is implied by Cokal's market capitalisation plus a control premium. The fair value measurement is categorised under Level 3 of the fair value hierarchy (refer note 1 (j)).

At 30 June 2021, the Fair Value less Cost of Disposal (FVCLD) of the Group's two areas of interest was measured with respect to the Group's market capitalisation. At that time, the Group's market capitalisation exceeded the carrying amount of its net asset.

Given the presence of the two areas of interest, the FVLCD implied by the Group's Enterprise Value did not provide a precise evaluation of the FVLCD of the distinct areas of interest. This being the case, the Group also had reference to an Independent Study of all of Cokal's tenement interests prepared in accordance with the Valmin Code as at 30 June 2017 (released on 23 August 2017). The Independent Study provided an estimate of value (in accordance with the Valmin Code) of BBM and TBAR. The Independent Study estimated the value of BBM using a discounted cash flow method and assessed the value of TBAR with reference to a resource

Note 10: Exploration and Evaluation Assets (cont'd)

multiple ($ per tonne of in-situ resource tonnes). The Valmin Code valuation is a proxy for FVLCD under AASB 136 and would be categorised under Level 3 of the fair value hierarchy (refer note 1 (j)). Based on the combined impact of the EV assessment and Independent Study the Group is satisfied no further impairment was required at 30 June 2021.

In addition, given the AASB 6 impairment indicator identified by the Group was associated with its intention and ability to spend substantial amounts on the continued exploration and evaluation of the areas of interest, the Group's continued funding issues (refer accounting policy below) means there is no current indication previously recorded impairments in respect of both BBM and TBAR should be reversed.

Accounting Policy: 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.

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

Note 10: Exploration and Evaluation Assets (cont'd)

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, then 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.

Note 11: Other Assets

	2021 US$	2020 US$
Current		
Other receivable	10,117	10,117
Prepayments	170,565	94,758
	180,682	104,875
Non-Current		
Security deposits	25,724	25,280

Notes to the Consolidated Financial Statements for the year ended 30 June 2021

Note 12: Accounts Payable and Others

	2021 US$	2020 US$
Current		
Sundry payables and accrued expenses	6,379,293	6,196,151
Revenue in advance	250,000	-
Commission payable	9,261,535	9,261,535
Employee benefit	47,983	34,570
	15,938,811	**15,492,256**

Revenue in advance

BBM has entered into an agreement with PT Slumber Global Energy ("**SGE**") to monetise near-term coal production. SGE will advance BBM a total of US$2.0M as consideration for Cokal appointing SGE as Exclusive Sales Agent for domestic Indonesian coal sales whereby SGE will undertake the marketing and sales of 0.6Mt BBM coal sold into the Indonesian domestic market for a period of 2 years from the date of first delivery of coal to SGE. US$250,000 was received to 30 June 2021.

BBM will repay the US$2.0M to SGE through a reduction in the coal sales price over the term of the agreement. The repayment schedule to SGE will be calculated by apportioning the US$2.0M consideration over the total tonnage of coal allocated to SGE over the term of the Agreement, which will be deducted from the sales price (e.g. If BBM allocates 0.6Mt of coal to SGE, then the US$2.0M in consideration will result in a US$3.33/t reduction in coal sales price for that tonnage.) The reduction in coal sales price shall be adjusted in the final period of the Agreement to ensure full repayment of the US$2.0M consideration.

Commission payable

Conversion of loans from Northrock and Wintercrest to royalties / commission payable

On July 2016, Cokal announced it had reached an agreement with Platinum Partners for the conversion of all outstanding loans owing under the Wintercrest and Norfolk facilities to production royalties. The royalties will be payable on 1% of the realised selling price of coal (FOB) from the Bumi Barito Mineral Project (BBM) and PT Tambang Benua Alam Raya (TBAR) projects up to a maximum of US$40 million. Under the arrangement, no minimum royalty is payable and the royalty is only payable as and when coal is mined and sold.

On 29 April 2017, the Group entered into a Royalty Deed with Wintercrest and Northrock (collectively the "Lenders") to convert all outstanding loans owing to them to production royalties. The Royalty Deed is subject to a number of substantive conditions precedent. The conditions precedent include:

a) The completion of legal and commercial due diligence by the Lenders';

b) Approval by Cokal's shareholders;

c) The Lenders being provided security in the form of a first legal charge under a deed of charge, over all of Cokal's interest in the BBM and TBAR projects, in a form reasonably satisfactory to the Lenders, to protect the interest of the Lenders in the royalties;

d) Cokal evidencing to the satisfaction of the Lenders (in their sole discretion) it has completed a capital raising (debt, equity or a combination) to support the production of at least 100 ktpa of coal;

e) Cokal evidencing to the satisfaction of the Lenders (in their sole discretion) that:

i. Cokal's production is not less than 8500 tonnes per month for a period of six (6) consecutive months;

ii. Cokal's production for three (3) months from the date of first production is not less than the monthly equivalent of 100ktpa;

provided the above three and six month period occur with 18 months of the Group satisfying the condition in (d) above; and

f) The Lenders have received and approved all financial budgets anticipated to meet the production targets in (d) and (e) above.

On 20 February 2018, the Company issued 75 million Options to the Platinum Entities with an expiry date of 20 February 2023 and an exercise price of 1.6 cents (Existing Platinum Options). Each Existing Platinum Option vested once all the Platinum Loans were released and discharged.

In November 2018, Cokal concluded and executed an amended agreement with Northrock Financial LLC and Wintercrest Advisors LLC (the Platinum Entities) in respect of loans outstanding totalling US$13.89 million (Platinum Loans). The agreement confirmed Cokal's satisfaction with or waiver of the conditions precedent (a) to (d) above and extended the date for meeting all of the remaining conditions precedent, being (e) and (f) (the "Subsequent Conditions") under the Royalty Deed for

Note 12: Accounts Payable and Others (cont'd)

conversion of two thirds of the Platinum Loans to 31 July 2020. In addition, the amended agreement provided that when Cokal cancels and reissues 37.5 million options to Platinum Partners, one third of the of the Group's debt with Platinum Partners is discharged and released. The cancellation and reissue of the 37.5 million options occurred on 10 January 2019, at which time one third of the debt was discharged and released.

During May 2020 the Company consented to the assignment of the Platinum Loans to Alpine Invest Holdings Ltd (Alpine). It was agreed as a term of the consent to the assignment that immediately upon transfer of the Platinum Loans to Alpine, that the loans are deemed released and Alpine discharges and releases Cokal and each Cokal Group Company from their liability to make payment of the Platinum Loans totalling $9,261,535 on the following terms:

- each of the Subsequent Conditions is irrevocably satisfied or otherwise waived;
- the royalty payable to Alpine under the Royalty Deed will be the greater of:
  1. USD 10,000 per month; and
  2. USD 2.00 per tonne of coal sold by BBM and TBAR on a monthly basis;
- the maximum royalty payment of USD 40million payable under the Royalty Deed remains the same and will be payable through the first 20 million tonnes of coal produced and sold by both BBM and TBAR; and
- all other conditions stated in the Royalty Deed shall remain the same.

The fair value of the commission payable to Alpine has been determined using the extinguished value of borrowings with Platinum Partners, taking into consideration the performance risk associated with future production levels.

Accounting Policy: 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.

Note 13: Leases

	30 June 2021 US$	30 June 2020 US$
a) Right of use assets – buildings and motor vehicles		
Balance at beginning of year	141,725	213,041
Additional leases during the year	157,727	56,952
Amortisation	(132,653)	(128,268)
Balance at end of year	**166,799**	**141,725**
b) Lease liabilities		
Current	61,857	102,479
Non current	37,956	7,650
	99,813	**110,129**

Notes to the Consolidated Financial Statements for the year ended 30 June 2021

Note 13: Leases (cont'd)

Accounting Policy: Leases

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (ie a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The

lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date, as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

Note 14: Borrowings

	2021 US$	2020 US$
Current		
BMA Group loan	2,000,000	2,000,000
Loans payable to directors #	74,065	78,448
Loans payable – non interest bearing	276,419	-
Loans payable – interest bearing	1,506,066	-
Total Borrowings	**3,856,550**	**2,078,448**

These loans payable to directors are non-interest bearing and repayable on demand.

BMA Group loan

On 21 September 2018, Cokal signed a Key Principles of Agreement with PT Bara Mineral Asri (BMA Group) to develop and operate PCI and Coking Coal operations at the BBM Project. Cokal received US$2.0 million loan from BMA Group to secure the transaction but the BMA Group failed to complete the other funding conditions set out in the Key Principles of Agreement and has also failed to document the loan arrangement with the Group. Therefore, the Group has assessed the loan is repayable on demand and has been disclosed at the face value of the amounts received. It has been agreed that the liability will be repaid based on US$ 10 per tonne, if the coal price is greater than US$ 110 per tonne, or 10 % of the coal price if less than US$ 110 per tonne.

Notes to the Consolidated Financial Statements for the year ended 30 June 2021

Note 14: Borrowings (cont'd)

Loans payable – interest bearing

Loan payable – interest bearing is comprised of Aahana Mineral Resources Loan Facility amount totalling US$745,323 (including accrued interest) and Alpine Invest Holding Ltd Loan Facility amount totalling US$760,743 (including accrued interest). These two loans total US$1,506,066.

Aahana Mineral Resources Loan Facility

During the year the loan facility provided by Aahana Minerals Resources SDN BHD was terminated and replaced by a new loan facility with an increased facility amount of US$800,000. The facility interest rate is 12% per annum, compounded monthly and payable on the funds drawn down. US$700,000 has been drawn under the facility with accrued interest of US$45,323 as at 30 June 2021. The loan is repayable within 30 days of receipt of a written demand for repayment by the Lender. Cokal Limited has provided a corporate guarantee for payment the Loan.

Alpine Invest Holding Ltd Loan Facility

During the year a loan facility was provided by Alpine Invest Holding Ltd totalling US$750,000. The facility interest rate is 12% per annum, compounded monthly and payable on the funds drawn down. US$750,000 has been drawn under the facility with accrued interest of US$10,743 as at 30 June 2021.

Note 15: Issued Capital

(a) Ordinary shares	**2021 US$**	**2020 US$**
924,582,313 fully paid ordinary shares (30 June 2020: 923,382,313)	95,141,482	95,095,642

Movement in Issued Capital	**2021 US$**	**2020 US$**
At the beginning of the year	95,095,642	91,686,061
Shares issued in lieu of consulting services during the year	45,840	-
Share issue from capital raising, net of costs	-	2,918,322
Share issue on payment of creditors	-	491,259
At reporting date	**95,141,482**	**95,095,642**

Movement in Issue Capital	**2021 Number**	**2020 Number**
(a) Ordinary shares		
At the beginning of the year	932,382,313	816,842,159
Shares issued during the year		
Share issue from capital raising	-	94,812,055
Shares issued in lieu of consulting services during the year	1,200,000	-
Share issue on payment of creditors	-	11,728,099
At reporting date	**924,582,313**	**923,382,313**

Notes to the Consolidated Financial Statements for the year ended 30 June 2021

Note 15: Issued Capital (cont'd)

(b) Options

All options on issue at 30 June 2021 were as follows:

Number of options	Exercise price US$	Expiry date
Employees*:		
3,000,000	0.03	20 December 2021
3,000,000	0.04	20 December 2021
3,000,000	0.05	20 December 2021
5,000,000	0.07	20 December 2021
Consultant		
1,000,000	0.03	20 December 2021
15,000,000	0.05	17 August 2023
Platinum / Northrock**		
37,500,000	0.01	20 February 2023
Aahana Mineral Resources SDN		
37,500,000	0.01	20 February 2023
105,000,000		

*As at 30 June 2021, these options have not vested

** As part of the Company's debt restructure, it was agreed that these 37.5 million options will not be exercised

Included in the above Option schedule are performance securities as follows:

	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										
James Coleman	Options	20/12/2018	Note 1	3,000,000	0.03	0.01	-	-	100%	22/12/2021
James Coleman	Options	20/12/2018	Note 2	3,000,000	0.04	0.01	-	-	100%	22/12/2021
James Coleman	Options	20/12/2018	Note 3	3,000,000	0.05	0.01	-	-	100%	22/12/2021
James Coleman	Options	20/12/2018	Note 4	5,000,000	0.07	0.01	-	-	100%	22/12/2021
Total				**14,000,000**						

Note 1: vesting on achieving a consistent production rate for three months of 20,000 tonnes of coal per month
Note 2: vesting on achieving a consistent production rate for three months of 40,000 tonnes of coal per month
Note 3: vesting upon commencement of shallow river barging
Note 4: vesting upon first shipment of coking coal from BBM

No performance securities were converted or cancelled during the year.

(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 15.

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 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.

Accounting Policy: 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.

Notes to the Consolidated Financial Statements for the year ended 30 June 2021

Note 16: Reserves

	2021 US$	2020 US$
Share based payments option reserve		
Opening balance	7,622,839	7,752,139
Movement	307,407	50,700
Closing balance	7,930,246	7,622,839
Translation reserve	(1,426,642)	(1,426,642)
	6,503,604	**6,196,197**

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

During the year ended 30 June 2021, $307,407 was recorded in respect of broker options issued during the year.

During the year ended 30 June 2020 proportional expensing of options issued to the CEO, Mr James Coleman in December 2018 was recorded, totalling US $50,700. These options are as follows:

- 3,000,000 options with an exercise price of US$0.03 and expiry date of 20 December 2021, vesting on production of 20,000 tonnes per month of coal (including PCI) for three consecutive months;
- 3,000,000 options with an exercise price of US $0.04 and expiry date of 20 December 2021, vesting on production of 40,000 tonnes per month of coal (including PCI) for three consecutive months;
- 3,000,000 options with an exercise price of US $0.05 and expiry date of 20 December 2021, vesting upon commencement of shallow river barging; and
- 5,000,000 options with an exercise price of US$0.07 and expiry date of 20 December 2021, vesting upon first shipment of coking coal from BBM.

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

Accounting Policy: Foreign currency translation

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

Notes to the Consolidated Financial Statements for the year ended 30 June 2021

Note 17: 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	2021 US$	2020 US$
Current assets	69,403	216,607
Non-current assets	14,513,135	20,086,511
Total assets	14,582,538	20,303,118
Current liabilities	6,228,824	11,440,451
Non-current liabilities	8,365	43,696
Total liabilities	6,237,189	11,484,147
Net assets	**8,345,349**	**8,818,971**
Issued capital	95,141,482	95,095,642
Share based payment reserves	7,930,246	7,622,839
Currency translation reserve	(3,517,011)	(3,537,489)
Accumulated losses	(91,209,368)	(90,362,021)
Total shareholder's equity	**8,345,349**	**8,818,971**
Loss for the year	**(847,347)**	**(2,240,710)**
Total comprehensive loss for the year	**(847,347)**	**(2,240,710)**

Guarantees

The parent entity has set up wholly owned special purpose entities (SPEs) in Singapore to hold ownership interests in Indonesia 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 2021 (2020 – nil).

Contingent liabilities

The parent entity has no contingent liabilities.

Capital commitments

The parent entity has no capital commitments.

Impairment assessment

At 30 June 2021, Cokal Limited, the parent entity, performed an impairment assessment of its investments in subsidiaries and non-current receivables from subsidiaries. As a result of this assessment, the carrying amount of these assets was impaired by US$Nil (2020: US$1,500,000).

Accounting Policy: Parent entity financial information

The financial information for the parent entity, Cokal Limited, included in this Note 17, 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.

Notes to the Consolidated Financial Statements for the year ended 30 June 2021

Note 18: Commitments

There are no commitments for the financial year of 2021 and 2020.

Note 19: Contingent Liabilities

The Group has a number of contingent liabilities in respect of deferred purchase consideration for the acquisition of its mining and exploration tenements.

BBP Vendor Payment

At 30 June 2020, the Group's contingent liabilities include US$7.95m (30 June 2019: US$7.95m) in respect of its PT Borneo Bara Prima (BBP) tenement. The amount is payable on the achievement of certain milestones, including but not limited to the establishment of certain JORC Inferred Coal Resources and the issuance of production operation IUPs (licences) and production forestry permits.

BBM Vendor Payment

As part of the Group's acquisition of its interest in the BBM project, it was agreed an amount of US$10.0 million would be payable within 30 days of the issue of the Production/ Operations IUP (mining license granted under the Indonesian New Mining Law). During the year the Company entered into an agreement with the vendor of BBM for these vendor payments due on commencement of production. It has now been agreed that an amount of US$10.5 million will be paid via:

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

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

BMA Group loan

On 21 September 2018, Cokal signed a Key Principles of Agreement with PT Bara Mineral Asri (BMA Group) to develop and operate PCI and Coking Coal operations at the BBM Project. Cokal received US$2.0 million loan from BMA Group to secure the transaction but the BMA Group failed to complete the other funding conditions set out in the Key Principles of Agreement and has also failed to document the loan arrangement with the Group. Therefore, the Group has assessed the loan is repayable on demand and has been disclosed at the face value of the amounts received. It has been agreed that the liability will be repaid based on US$ 10 per tonne, if the coal price is greater than US$ 110 per tonne, or 10 % of the coal price if less than US$ 110 per tonne.

Alpine Invest Holdings Ltd Commitment

During May 2020 the Company consented to the assignment of the Platinum Loans to Alpine Invest Holdings Ltd (Alpine). It was agreed as a term of the consent to the assignment that immediately upon transfer of the Platinum Loans to Alpine, that the loans are deemed released and Alpine discharges and releases Cokal and each Cokal Group Company from their liability to make payment of the Platinum Loans totalling $9,261,535 on the following terms:

- each of the Subsequent Conditions is irrevocably satisfied or otherwise waived;
- the royalty payable to Alpine under the Royalty Deed will be the greater of:
    1. USD 10,000 per month; and
    2. USD 2.00 per tonne of coal sold by BBM and TBAR on a monthly basis;
- the maximum royalty payment of USD 40million payable under the Royalty Deed remains the same and will be payable through the first 20 million tonnes of coal produced and sold by both BBM and TBAR; and
- all other conditions stated in the Royalty Deed shall remain the same.

Aahana Mineral Resources Loan Facility

Cokal Limited has provided a corporate guarantee for payment the loan facility. The balance of the loan is US$745,323 including interest as at 30 June 2021.

Notes to the Consolidated Financial Statements for the year ended 30 June 2021

Note 20: Operating Segments

	Australia US$	Indonesia US$	Singapore US$	Total US$
Segment performance for the year ended 30 June 2021				
Other income	-	3,346	48	3,394
Total segment income	-	3,346	48	3,394
Depreciation expenses	5,198	24,422	-	29,620
Amortisation expenses	42,669	89,984	-	132,653
Finance costs	248	-	56,066	56,314
Share based payments	307,407	-	-	307,407
Other expenses	424,559	1,612,566	137,101	2,174,226
Total segment expenses	780,081	1,726,972	193,167	2,700,220
Segment net profit /(loss) before tax	(780,081)	(1,723,626)	(193,119)	(2,696,826)
Segment assets and liabilities as at 30 June 2021				
Property, plant and equipment	12,531	377,271	-	389,802
Exploration and evaluation assets	-	25,332,305	-	25,332,305
Other segment assets	40,785	587,071	56,502	684,358
Total segment assets	53,316	26,296,647	56,502	26,406,465
Total segment liabilities	10,178,937	8,214,047	1,502,190	19,895,174
Capital expenditure for the year ended 30 June 2021				
Property, plant and equipment	29,987	277,094	-	307,081
Exploration and evaluation assets	-	99,456	-	99,456

Notes to the Consolidated Financial Statements for the year ended 30 June 2021

Note 20: Operating Segments (cont'd)

	Australia US$	Indonesia US$	Singapore US$	Total US$
Segment performance for the year ended 30 June 2020				
Other income	9,335,557	-	-	9,335,557
Interest revenue	7	49	10,190	10,246
Total segment income	9,335,564	49	10,190	9,345,803
Depreciation expenses	36,855	90,778	-	127,633
Amortisation expenses	9,240	119,028	-	128,268
Finance costs	46,276	(22,520)	-	23,756
Share based payments	50,700	-	-	50,700
Other expenses	7,633,007	1,956,261	-	9,589,268
Total segment expenses	7,776,076	2,143,547	-	9,919,625
Segment net profit /(loss) before tax	(440,514)	(2,143,498)	10,190	(2,573,822)
Segment assets and liabilities as at 30 June 2020				
Property, plant and equipment	-	112,341	-	112,341
Exploration and evaluation assets	-	25,232,849	-	25,232,849
Other segment assets	47,066	525,987	617,460	1,190,513
Total segment assets	47,066	25,871,177	617,460	26,535,703
Total segment liabilities	10,358,624	7,300,174	22,035	17,680,833
Capital expenditure for the year ended 30 June 2020				
Property, plant and equipment	-	53,143	-	53,143
Exploration and evaluation assets	-	165,647	-	165,647

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

Accounting Policy: 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.

Notes to the Consolidated Financial Statements for the year ended 30 June 2021

Note 21: Cashflow Information

	Note	2021 US$	2020 US$
(a) Reconciliation of loss after income tax to net cash flow used in operating activities			
Loss for the year		(2,696,826)	(2,573,822)
Non-cash items:			
- Depreciation	9	29,620	127,633
- Amortisation	13	132,653	128,268
- Share options expensed **	22(b)	307,407	50,700
- Share issues in lieu of payment of expenses **	15	45,840	-
- Gain on loan forgiveness	2 & 12	-	(9,261,535)
- Foreign exchange movement		(2,692)	28,810
Change in operating assets and liabilities:			
- (Increase)/Decrease in accounts receivables		-	(8,015)
- Increase in other current assets		(75,808)	(77,288)
- Decrease in other non-current assets		(444)	12,868
- Increase in revenue in advance		250,000	-
- Increase in accounts payables		196,554	9,692,188
- Increase in accrued interest on borrowings		56,070	-
Net cash flow used in operating activities		**(1,757,626)**	**(1,880,193)**

** The Company issued shares and options in payment of the following (refer notes 15 and 22):

Share options expensed:
- Options issued to Consultant US$307,407 (2020:US$Nil);
- Options issued as a bonus to the CEO US$NIL (2020: US$ 50,700); and

Share issues in payment of expenses:
- Shares issued in payment of corporate advisory fee: US$45,840 (2020: US$Nil);

Note 22: Share-based Payments

The following share-based payment arrangements existed at 30 June 2021.

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

During the year ended 30 June 2021, Nil options were issued to directors and Nil options were issued to executives and employees of the Group.

During the year ended 30 June 2021, 15,000,000 options were issued to consultants of the Group.

At 30 June 2021, there were 105,000,000 unissued ordinary shares under options as follows:

- 75,000,000 unlisted options exercisable at AU$0.016 on or before 16 February 2023 (vesting on all Platinum Loans being released and discharged under the Debt Restructure Transaction). As part of the debt restructure, it was agreed that 37.5 million of these options will not be exercised
- 1,000,000 unlisted options exercisable at AU$0.045 on or before 20 December 2021
- 3,000,000 unlisted options exercisable at AU$0.045 on or before 20 December 2021 (vesting upon production of 20,000 tonnes per month of coal (including PCI) for three consecutive months)
- 3,000,000 unlisted options exercisable at AU$0.055 on or before 20 December 2021 (vesting upon production of 40,000 tonnes per month of coal (including PCI) for three consecutive months)
- 3,000,000 unlisted options exercisable at AU$0.07 on or before 20 December 2021 (vesting upon commencement of shallow river barging)
- 5,000,000 unlisted options exercisable at AU$0.10 on or before 20 December 2021 (vesting upon first shipment of coking coal from BBM)
- 15,000,000 unlisted options exercisable at AU$0.05 on or before 17 August 2023

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

Subsequent to year end, 12,500,000 ordinary shares in Cokal Limited were issued as a result of the exercise of options.

All options issued by Cokal Limited 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.

The range of exercise prices for options outstanding at 30 June 2021 was US$0.01 to US$0.07 (2020: US$0.01 to US$0.10) and weighted average remaining contractual life of 2.39 years (30 June 2020: 2.31 years).

	30 June 2021		30 June 2020	
	No. of options	Weighted average exercise price	No. of options	Weighted average exercise price
		US$		US$
Outstanding at beginning of period	96,000,000	0.02	96,000,000	0.02
Granted	15,000,000	0.05	-	-
Forfeited/Cancelled	-	-	-	-
Exercised	-	-	-	-
Expired	6,000,000	0.09	-	-
Outstanding at period-end	105,000,000	0.02	96,000,000	0.02
Exercisable at period-end	53,500,000	0.02	39,500,000	0.01

Shares issued on exercise of an option rank equally with all other ordinary shares then on issue. The value of the 15,000,000 options granted during the year recorded in the accounts was $307,407 as set out below.

Notes to the Consolidated Financial Statements for the year ended 30 June 2021

Note 22: Share-based Payments (cont'd)

(b) Recognised share based payment expenses

	2021 US$		2020 US$	
	Effect on Option Reserve	Effect on Statement of Comprehensive Income	Effect on Option Reserve	Effect on Statement of Comprehensive Income
Expense arising from options issued in payment of consulting fees	307,407	307,407	-	-
Expense recognised over vesting period for options issued as bonus	-	-	50,700	50,700
	307,407	**307,407**	**50,700**	**50,700**

Accounting Policy: Share-based payment

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.

Notes to the Consolidated Financial Statements for the year ended 30 June 2021

Note 23: 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 8.

(c) Key management personnel (KMP) compensation

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

	2021 US$	2020 US$
Short-term employee benefits*	335,624	349,481
Post-employment benefits	4,809	4,768
Termination benefits	-	-
Share-based payments	-	55,700
	340,433	**409,949**

Note 24: 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.

(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	2021 US$	2020 US$
Cash and bank balances	7	169,543	779,717
Receivables	11	10,117	10,117
Security deposits	7	141,610	138,916
Total		**321,270**	**928,750**

Notes to the Consolidated Financial Statements for the year ended 30 June 2021

Note 24: Financial Risk Management (cont'd)

(b) Credit Risk (cont'd)

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.

(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. Regular financial updates are received by the Board, including financial forecasts of expenditure. The Board maintains a standing item in its Board meetings relating to the Group's funding with discussion and updates of various options and progression of funding provided regularly.

	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 2021						
Financial Liabilities						
Accounts payable	15,688,811	15,688,811	6,427,276	9,261,535	-	-
Leases	99,813	99,813	39,015	22,842	37,956	-
Borrowings	3,856,550	3,856,550	1,818,550	2,038,000	-	-
Revenue in advance	250,000	250,000	-	250,000	-	-
Total	19,895,174	19,895,874	8,284,841	11,572,377	37,956	-

	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 2020						
Financial Liabilities						
Accounts payable	15,492,256	15,492,256	6,230,721	9,261,535	-	-
Leases	110,129	110,129	59,036	43,443	7,650	-
Borrowings	2,078,448	2,078,448	78,448	2,000,000	-	-
Total	**17,680,833**	**17,680,833**	**6,368,205**	**11,304,978**	**7,650**	- -

(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:

Notes to the Consolidated Financial Statements for the year ended 30 June 2021

Note 24: Financial Risk Management (cont'd)

(i) Interest rate risk (cont'd)

2021	Interest bearing - floating interest rate	Interest bearing - fixed interest rate	Non-interest bearing	Total carrying amount	Weighted average effective interest rate
	US$	US$	US$	US$	%
Financial assets					
Cash and bank balances	169,543	-	-	169,543	-
Receivables	-	-	10,117	10,117	-
Security deposits	-	-	141,610	141,610	-
Total financial assets	169,543	-	151,727	321,270	-
Financial liabilities					
Accounts payable	-	-	15,938,811	15,938,811	-
Leases	-	99,813	-	99,813	
Borrowings	-	1,506,066	2,350,484	3,856,550	12%
Total financial liabilities	-	1,605,879	18,289,295	19,895,174	-

2020	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	779,717	-	-	779,717	-
Receivables	-	-	10,117	10,117	-
Security deposits	-	-	138,916	138,916	-
Total financial assets	779,717	-	149,033	228,750	-
Financial liabilities					
Accounts payable	-	-	15,492,256	15,492,256	-
Leases	-	110,129	-	110,129	-
Borrowings	-	-	2,078,448	2,078,448	-
Total financial liabilities	-	110,129	17,570,704	17,680,833	-

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.

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$
2021			
Cash and cash equivalents	169,543	848	(848)
Total effect on post tax profit		848	(848)
2020			
Cash and cash equivalents	218,633	1,093	(1,093)
Total effect on post tax profit		1,093	(1,093)

(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.

Note 24: Financial Risk Management (cont'd)

(ii) Currency risk (cont'd)

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	SGD	Indonesian Rupiah	USD	Total
	US$	US$	US$	US$	US$
2021					
Cash and bank balances	11,200	2,259	49,207	106,877	169,543
Accounts payable and others	670,516	1,976	4,881,084	10,385,235	15,938,811
Borrowings	92,625		110,815	3,653,110	3,856,550
Net exposure	774,341	4,235	5,041,106	14,145,222	19,964,904
Effect on post profit:					
Increase by 10%	77,434	423	504,111	-	581,968
Decrease by 10%	(77,434)	(423)	(504,111)	-	(581,968)
2020					
Cash and bank balances	753,121	8,067	6,917	11,612	779,717
Accounts payable and others	1,045,744	22,035	4,384,207	10,040,270	15,492,256
Borrowings	78,448	-	-	2,000,000	2,078,448
Net exposure	1,877,313	30,102	4,391,124	12,051,882	18,350,421
Effect on post tax profit:					
Increase by 10%	187,731	3,010	439,112	-	629,853
Decrease by 10%	(187,731)	(3,010)	(439,112)	-	(629,853)

Accounting Policy: Financial Instruments

Financial Instruments

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.

Recognition and Initial Measurement of financial assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. In order for a financial asset to be classified and measured at amortised cost it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent Measurement of financial assets

Financial assets at amortised cost (debt instruments) is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Note 24: Financial Risk Management (cont'd)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (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.

Financial liabilities

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities under unfavourable conditions.

Recognition and Initial Measurement of financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or as payables. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent Measurement of financial liabilities

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 derecognised 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 as finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised 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 derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Notes to the Consolidated Financial Statements for the year ended 30 June 2021

Note 25: Significant Events after the Reporting Date

Cokal Limited has concluded a binding commitment for a US$20m debt financing facility for development of the Bumi Barito Mineral (BBM) Coking Coal Project with International Commodity Trade Ptd Ltd ("ICT") on 14 July 2021 (refer to ASX announcement on 14 July 2021).

The first drawdown for US$2 million of the debt facility from ICT has been received by Cokal Limited on 20 July 2021 (refer to ASX announcement on 20 July 2021).

As at 18 August 2021, 12,500,000 ordinary shares in Cokal Limited were issued as a result of the exercise of options.

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 2021 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 17 to 22 of the directors' report (as part of audited Remuneration Report) for the year ended 30 June 2021, 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

Domenic Martino
Chairman

Sydney
29 September 2021

COKAL LIMITED
ABN 55 082 541 437
AND CONTROLLED ENTITIES

SYDNEY
Level 40
2 Park Street
Sydney NSW 2000
Australia
Ph: (612) 9263 2600
Fx: (612) 9263 2800

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COKAL LIMITED

Opinion

We have audited the financial report of Cokal Limited and its controlled entities (the group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion the accompanying financial report of the Cokal Limited and its controlled entities is in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the group's financial position as at 30 June 2021 and of its performance for the year ended on that date; and
(b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis of Opinion

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. Our responsibilities under those standards are further described in the Auditor's responsibility section of our report. We are independent of the Company in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of Matter – Material Uncertainty Related to Going Concern

We draw attention to Note 1(c) in the financial report, which indicates that the group incurred a net loss of $2,696,826 during the year ended 30 June 2021 and, as of that date, the group's current liabilities exceeded its current assets by $19,365,383. As stated in Note 1(c), these events or conditions, along with other matters as set forth in Note 1(c) indicate the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the year ended 30 June 2021. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

COKAL LIMITED
ABN 55 082 541 437
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COKAL LIMITED

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
Carrying value of exploration and evaluation assets *Refer to Note 10 Exploration and Expenditure Asset*	
At 30 June 2021, the group had capitalised exploration expenditure assets of $25,332,305. The group's accounting policy in respect of exploration, evaluation and development expenditure is outlined in Note 10. This is a key audit matter because the carrying value of the assets are material to the financial statements and significant judgement is applied in determining whether an indicator of impairment exists in relation to capitalised exploration and expenditure assets in accordance with AASB 6 "Exploration for and Evaluation of Mineral Resources".	Our procedures included, amongst others: • We assessed management's determination that its exploration activities and status of areas of interest has met the requirements of AASB 6; • We verified a sample of additions to capitalised exploration expenditure to supporting documentation; • In assessing whether an indicator of impairment exists in relation to the group's exploration and evaluation assets in accordance with AASB 6, we – reviewed the licenses for the rights to explore and if they are expiring in the near future or are not expected to be renewed; – examined the board meeting minutes and ASX announcements along with other internal and external information gathered to determine directors' expectation whether the carrying value of exploration and evaluation assets is likely to be recovered in full through successful development or sale; – reviewed the group's cash flow forecasts or planned budget and future activity regarding the exploration and evaluation assets; and – discussed with management the group's ability and intention to undertake further exploration activities; • We also assessed the recoverability of carrying value of exploration and evaluation assets against the fair value less cost of disposal implied from the company's market capitalisation plus a control premium; and • We assessed the adequacy of the related disclosures within the financial statements.

COKAL LIMITED
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AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COKAL LIMITED

Contingent Liabilities

Refer to Note 19 Contingent Liabilities

The group has a number of contingent liabilities in respect of deferred purchase consideration for the acquisition of its mining and exploration tenements are disclosed in Note 19 to the financial statements. We focused on this area as a key audit matter due to a significant level of judgement and estimation involved in determining whether liabilities existed in accordance with AASB 137 "Provisions, Contingent Liabilities and Contingent Assets".	Our procedures included, amongst others: • We held discussions with management regarding the status of the contingent liabilities. • We assessed the status of the liabilities and if they met the definition of a liability in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets. • We assessed the adequacy of group's disclosures in relation to contingent liabilities.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the group's annual report for the year ended 30 June 2021 but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

COKAL LIMITED
ABN 55 082 541 437
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COKAL LIMITED

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

COKAL LIMITED
ABN 55 082 541 437
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COKAL LIMITED

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2021.

In our opinion, the remuneration report of Cokal Limited, for the year ended 30 June 2021, complies with s 300A of the Corporations Act 2001.

Responsibilities

The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 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.

Hall Chadwick

HALL CHADWICK (NSW)
Level 40, 2 Park Street
Sydney NSW 2000

DREW TOWNSEND
Partner
Dated: 29 September 2021

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 6 September 2021

(a) Distribution of Ordinary Shares

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	357	252,540
1,001 – 5,000	132	392,959
5,001 – 10,000	255	2,278,334
10,001 – 100,000	595	24,315,949
100,001 and over	472	909,842,531
Total	1,811	937,082,313

(b) Marketable Parcels

The number of shareholders holding less than a marketable parcel (a total of 2,702 ordinary shares) is 430 on a share price of AU$0.185.

	Unlisted options (AU$0.045 @ 20/12/2021)		Unlisted options (AU$0.016 @ 20/02/2023)		Unlisted options (AU$0.05 @ 17/08/2023)	
	No. of holder	No. of options	No. of holders	No. of options	No. of holders	No. of options
1 – 1,000	-	-	-	-	-	-
1,001 – 5,000	-	-	-	-	-	-
5,001 – 10,000	-	-	-	-	-	-
10,001 – 100,000	-	-	-	-	-	-
100,001 and over	1	1,000,000	4	75,000,000	1	2,500,000
Total	1	1,000,000	4	75,000,000	1	2,500,000

	Unlisted options (AU$0.045 @ 20/12/2021)		Unlisted options (AU$0.055 @ 20/12/2021)		Unlisted options (AU$0.07 @ 20/12/2021)		Unlisted options (AU$0.10 @ 20/12/2021)	
	No. of holders	No. of options	No. of holders	No. of options	No. of holder	No. of options	No. of holders	No. 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	3,000,000	1	3,000,000	1	5,000,000
Total	1	3,000,000	1	3,000,000	1	3,000,000	1	5,000,000

(c) Substantial shareholders

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

Name of Shareholder:	Ordinary Shares:
Aahana Mineral Resources Sdn Bhd	184,641,719
Peter Anthony Lynch (estate) & Laura Anne Lynch	56,052,000

The Company notes that, as at 6 September 2021, the following shareholders hold substantial shareholdings (>= 5.0%) in Cokal:

Name of Shareholder:	Ordinary Shares:	% of total shares:
Citicorp Nominees Pty Limited	229,395,770	24.46%
HSBC Custody Nominees (Australia) Limited	49,628,295	5.30%

(d) Voting rights

All ordinary shares carry one vote per share without restriction.

Options do not carry voting rights.

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	CITICORP NOMINEES PTY LIMITED	229,395,770	24.48%
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	49,628,295	5.30%
3	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAIL CLIENT DRP>	41,206,166	4.40%
4	BNP PARIBAS NOMS PTY LTD <DRP>	32,603,848	3.48%
5	INVESTORLEND SERVICES PTY LTD <CLIENT HOLDING A/C>	22,000,000	2.35%
6	BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD <DRP A/C>	17,547,332	1.87%
7	MRS LAURA LYNCH	17,500,000	1.87%
8	TEKNIKS PUBLICATIONS PTY LIMITED <SUPER FUND A/C>	17,100,000	1.82%
9	GEBRUN PTY LTD <PETLA A/C>	16,300,000	1.74%
10	HORVATH INVESTMENTS PTY LTD <HORVATH FAMILY A/C>	14,718,778	1.57%
11	XIN HUA PTY LTD <JING JING SUPER FUND A/C>	12,631,200	1.35%
12	TAYCOL NOMINEES PTY LTD <211 A/C>	11,500,000	1.23%
13	MS KWAI LAN CHIN	11,400,000	1.22%
14	QUALITY PEOPLE PTY LTD <SILVERMAN SUPER FUND A/C>	10,274,428	1.10%
15	TJ SMOCK & CO PTY LTD <MIDDLETON FAMILY A/C>	10,000,000	1.07%
16	RICHARD BULMAN CONSULTING PTY LTD <BULMAN FAMILY SUPERFUND>	9,784,511	1.04%
17	BNP PARIBAS NOMS PTY LTD <UOB KAY HIAN PRIV LTD DRP>	9,554,653	1.02%
18	MR MICHAEL CHRISTOPHER HORVATH	9,368,537	1.00%
19	BATMAN INVEST PTY LTD <BATMAN INVEST A/C>	9,000,000	0.96%
20	AMBER CLOUD PTY LTD	8,000,000	0.85%
	Top 20	**559,513,518**	**59.71%**
	Total	**937,082,313**	**100.00%**

Shareholder Information

(e) Option Holders

The names of holders holding 20% or more of each option class on issue:

	Unlisted options (AU$0.05 @ 17/08/2023)	Unlisted options (AU$0.016 @ 20/02/2023)
	No. of options	No. of options
GUANGZHOU FINANCIAL PTY LTD,	2,500,000	-
AAHANA MINERAL RESOURCES SDN BHD	-	37,500,000
NORTHROCK FINANCIAL LLC	-	28,924,426
TOTAL	2,500,000	66,424,426
Total options in class	**2,500,000**	**75,000,000**

	Unlisted options (AU$0.045 @ 20/12/2021)	Unlisted options (AU$0.045 @ 22/12/2021)	Unlisted options (AU$0.055 @ 20/12/2021)	Unlisted options (AU$0.07 @ 20/12/2021)	Unlisted options (AU$0.10 @ 22/12/2021)
	No. of options	No. of options	No. of options	No. of options	No. of options
LIGHTGLOW ENTERPRISES PTY LTD <PALOMA INVESTMENTS A/C>	1,000,000	-	-	-	-
FARINA PTY LTD <DUETTO SUPERANNUATION FUND>	-	3,000,000	3,000,000	3,000,000	5,000,000
TOTAL	1,000,000	3,000,000	3,000,000	3,000,000	5,000,000
Total options in class	**1,000,000**	**3,000,000**	**3,000,000**	**3,000,000**	**5,000,000**

(f) Restricted securities

The Group currently has no restricted securities on issue.

(g) On-market buy-back

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

(h) 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 2021:

Indonesia

Mining Tenement	Location	% Interest
PT Anugerah Alam Katingan (AAK)	Kalimantan	75%
PT Bumi Barito Mineral (BBM)	Kalimantan	60%
PT Borneo Bara Prima (BBP)	Kalimantan	60%
PT Tambang Benua Alam Raya (TBAR)	Kalimantan	75%