Half Yearly Report

31 December 2019

Cokal Limited ACN 082 541 437
Half Yearly Report for the period ended 31 December 2019

Contents

Competent Person Statement:

The Total Coal Reserve estimate announced on 1st August 2017 is based on information compiled by Robert de Jongh who is a Member of the Australasian Institute of Mining and Metallurgy and an employee of ASEAMCO Pty Ltd. Mr de Jongh is a qualified mining engineer and has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Explorations Results, Mineral Resources and Ore Reserves.

The Total Coal Resource estimate was announced on 29 April 2016, titled "Updated JORC Resource Statement for BBM". The information in the report relating to Mineral Resources is based on information compiled by Yoga Suryanegara who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Suryanegara is a qualified geologist and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

The Company confirms that it is not aware of any new information or data that materially affects the information included in the announcement made on 29 April 2016 and that all material assumptions and technical parameters underpinning the estimates in the announcement made on 29 April 2016 continue to apply and have not materially changed.

Corporate Information

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Pat Hanna
Domenic Martino
Karan Bangur

COMPANY SECRETARY
Louisa Youens

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AUSTRALIAN BUSINESS NUMBER
ABN 55 082 541 437

Directors' Report

The directors hereby present the following half-year report for the period ended 31 December 2019 for Cokal Limited ("Cokal" or the "Company") and its subsidiaries (the "Group").

The following persons were directors of the Company during the whole of the half-year and up to the date of this report, unless otherwise stated:

- Domenic Martino – Non-Executive Director (appointed 24 December 2010) and Non-Executive Chairman (appointed 31 January 2017);
- Pat Hanna – Non-Executive Director (appointed 24 December 2010);
- Karan Bangur – Non-Executive Director (appointed 10 April 2019);
- Gerhardus (Garry) Kielenstyn – Executive Director (appointed 27 January 2017) and Chief Operating Officer (appointed 24 June 2016) (resigned 21 August 2019).

PRINCIPAL ACTIVITIES
The principal activities of the consolidated entity during the financial period were focused on the identification and development of coal projects within the highly prospective Central Kalimantan coking coal basin in Indonesia.

OPERATING RESULTS
For the half-year ended 31 December 2019, the loss for the consolidated entity after providing for income tax was US$1,239,685 (31 December 2018: US$2,826,492).

DIVIDENDS PAID OR RECOMMENDED
There were no dividends paid or recommended during the financial period.

CHANGES IN CAPITAL
There has been an increase in share capital in the current financial period as discussed below.

Share Placement
During the period ended 31 December 2019, 94,812,055 shares were issued at AU$0.05 per share as part of the Company's Entitlement Offer, raising gross proceeds of AU$4,740,603 (US$3.0 million) before costs.

Shares Issued on Conversion of Debt
During the half-year ended 31 December 2019, 4,988,099 shares were issued in payment of salaries and 6,740,000 shares were issued in payment of directors' fees.

Options Exercised and Shares Issued
During the half-year ended 31 December 2019, no ordinary shares were issued on exercise of options (31 December 2018: Nil).

At 31 December 2019 there were 923,382,313 shares on issue, and 96,000,000 unexpired options.

Directors' Report (Continued)

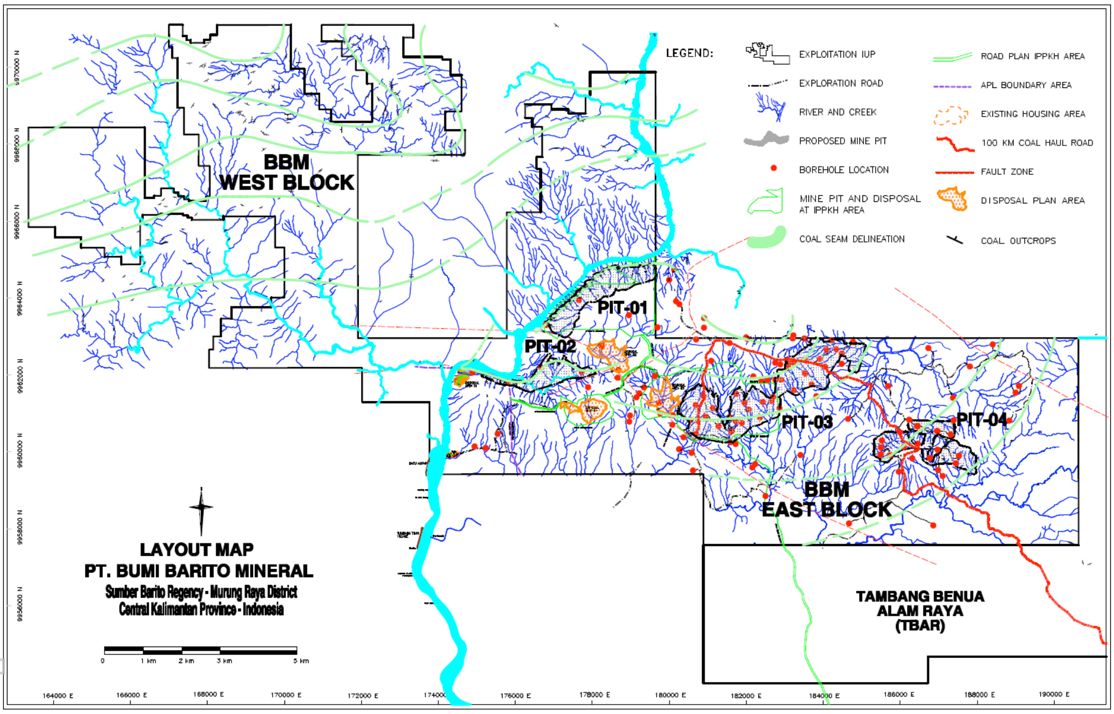
REVIEW OF OPERATIONS

Bumi Barito Mineral (BBM) Mine

Five-Year Mining Plan

Cokal has revised its five-year mining plan to be implemented in 2020. The mine plan includes:

- Refurbishment of the existing camp at Krajan
- Mine PCI coal from Pit2 (20%), coking coal from Pit 3 (80%)
- The mining of 2 Mt/a saleable coal from the third year of production
- A Coal Handling Preparation Plant (CHPP) at the mine site to prepare coking coal and PCI coal for sale before hauling to the ISP
- Development of a 100km road to transport product coal through an intermediate stockpile (ISP) at Muara Lahung, 165km downstream from Krajan
- 1,000t/h pontoon mounted barge loader at the ISP
- Progressive rehabilitation of mined out areas as mining advances.



BBM Permit Area

Logging Road

The logging road previously identified to transport coal has been traversed, surveyed and Cokal has secured the appropriate authorisations for its use. A more detailed survey is on track to be concluded in Q1 2020. The road will be reformed into an all weather road by using the existing gravel and implementing careful drainage control. A major laterite deposit is located at the starting point of the road to be constructed. A significant number of minor, and a few major culverts will be required. The second 50kms of the road is already in use by logging and mining companies but traffic is not heavy. Cokal will share the maintenance of this road with current users.

Intermediate Stockpile and Barge Loader

At the end of the 100km coal haul road from Pit 3 BBM to Muara Lahung, Cokal is surveying three prospective sites to develop an intermediate stockpile (ISP) and barge loader. This loader will have a capacity of 1,000t/h. Coal handling at the ISP will be designed to minimise coal impact and potential degradation.

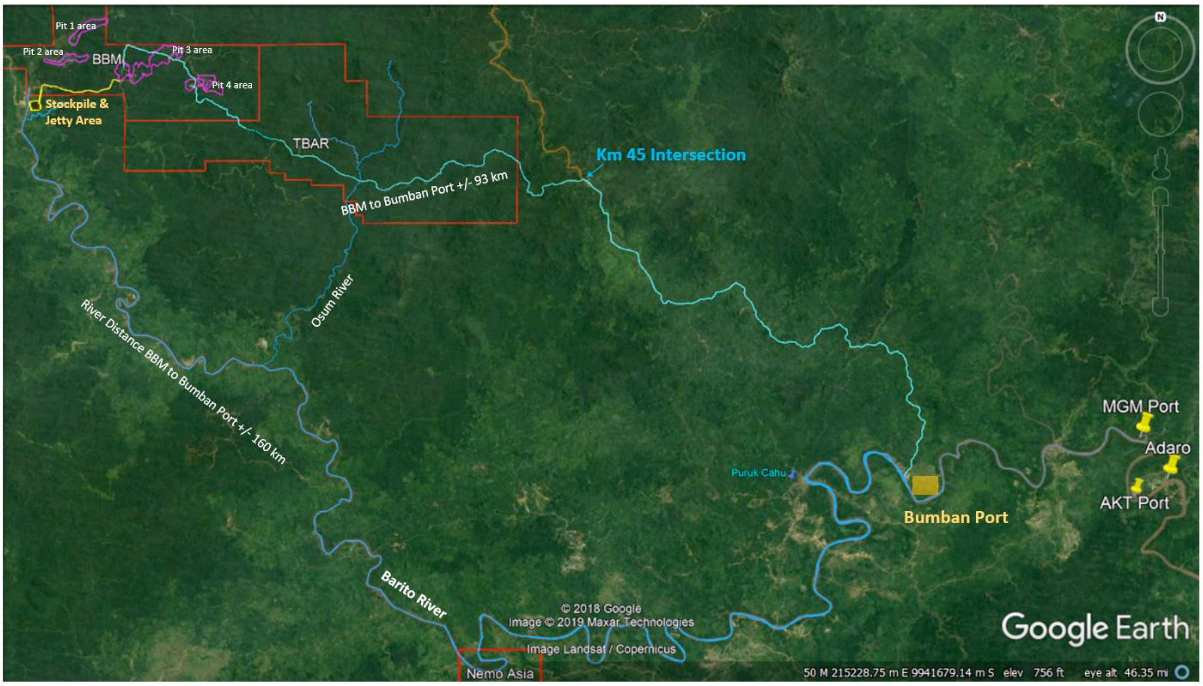
Directors' Report (Continued)

The stockpiles at the ISP will have a capacity of one month of coal production. It is important that coking coal quality is not allowed to deteriorate in product stockpiles either by handling or extended storage.

Coal Evacuation to Market

Cokal will haul product coal 100km from the mine to an ISP and barge loader at Muara Lahung to bypass the most difficult parts of the Upper Barito River. A barging company, HSM Marine, is being contracted to use shallow draft, self propelled 3,000t to 3,500t barges which can operate in 2 to 2.5m deep water to deliver coal to a point below Muara Teweh bridge from where it will be transferred to 10,000t river barges for the voyage down river to Kelanis. It is anticipated that from Kelanis to ships standing offshore coal will be transported using conventional barges.

No land coal storage is being developed for BBM apart from stockpiles at the mine and at the Muara Lahung ISP. Surges in coal delivery may be accommodated using moored barges. Some improvements in the river channel at a later date will enable barging from Krajan.



100 km Road Pit 3 to Muara Luhung

Cokal's team is surveying three prospective sites in Muara Lahung for the ISP as well as the entire 100km haul road in preparation for final design, land acquisition and construction. The HSM Marine and Cokal team is undertaking detailed bathymetric surveys of each of the three ISP sites being considered as well as 200km of the Barito River to well below the Muara Teweh bridge. This will firm up data on the river enabling the barging contract to be finalised.

The road and ISP will be suitable for both BBM and TBAR developments.

Tambang Benua Alam Raya (TBAR) Project

Cokal is finalising its efforts to acquire regulatory approval for the IUP (exploration licence) upgrade process application to a Production and Operation IUP, equivalent to a mining licence.

Outcrop mapping of four seams over 17km strike length indicates potential for a substantial resource of high grade coking coal in this deposit.

No exploration activity was conducted by Cokal during the half-year. An exploration drilling program for TBAR is being formulated to be undertaken as soon as BBM mine development is underway.

Directors' Report (Continued)

MINE OPERATIONS STAFF

Cokal appointed the following senior mine operations staff in preparation for the commencement of mining operations at its BBM mine in Central Kalimantan. They have been integrated with the existing team to plan and manage Cokal's BBM, TBAR and other mines which will be operated mainly by contractors.

General Manager Mines: Masruri Yahya joined Cokal from PT Sriwijaya Bara Priharum where he was Operational and Technical Director. Masruri has 31 years mining experience with 17 years high level management and 14 years experience in all aspects of mining including mine engineering, mine operations, SHE and Permitting. His distinguished and varied career includes Chief Operating Officer for PT Darma Henwa Tbk, experience in USA and Indonesia with PT BHP Coal Indonesia/PTArutmin Indonesia, including Senakin Mine, and as a Director at PT Saka Technology Indonesia. He was Mine Manager/Kepala Teknik Tambang at PT Arutmin Indonesia's Asam-Asam mine in South Kalimantan where he became Regional Mine Manager and Head of Mine Engineering to complete all infrastructure facilities at the mine and port and then became Chief Operating Officer.

Senior Mining Engineer: Muhamad Arie Cahyono joined Cokal from PT Thiess Contractor Indonesia where he was Senior Engineer Mine Plan Technical Service in Jakarta. Arie has 15 years mining experience including six years with PT Gunung Bayan Resources Tbk where he worked in all aspects of the mining operation including validating geological models, developing pit and dump designs and dewatering strategies and ensuring mining contractors adhered to the company's mine plans. He is an expert user of mining and geological modeling software used by Cokal and is competent to evaluate resources and reserves.

Senior Geologist: Luki Wilianto joined Cokal from PT Thiess Contractors Indonesia where he was the Senior Reconcile Geologist. Luki has 15 years mining experience with extensive expertise in deposit modeling and resource calculations. While with PT Wahana Baratama Mining in South Kalimantan, a member of the Bayan Resources group, he managed the coal quality of mine production by contractors, created and maintained geological models, incorporated field data into the model, estimated resources and reconciled reserves between model and actual. Luki is competent to evaluate resources for Cokal.

Senior Surveyor: Tee Kok Hui joined Cokal from Island and Partners Sdn Bhd. He has 41 years experience in many aspects of the construction industry. For Cokal he is managing survey teams preparing the data for road, port and mine design.

CEO Jim Coleman welcomed these experienced staff to join the Cokal team preparing to embark on the development of the BBM mine and the exploration of the TBAR deposit. This addition to the Cokal technical and operational team provides the backbone Cokal needs to bring to fruition the development of the valuable assets it holds in Central Kalimantan.

CORPORATE ACTIVITY

BT Bara Mineral Asri (BMA)

BMA previously advised it is working towards a revised proposal to partner with Cokal for the funding and development of the BBM Mine. The manner of this future cooperation will now change with the established participation of Aahana Global Resources and Investment Pte Ltd. To date nothing has been received.

In the past BMA contributed US$2 million to Cokal to be repaid from the sale of coal when mining commences. This will be paid at $10/t for coal sales at $100/t or greater and 10%/t for coal sold at less than $100/t.

Directors' Report (Continued)

Aahana Global Resources and Investment Pte Ltd (AGRI)

In February 2019 Aahana Mineral Resources SDN BHD (AMR), an associate company of AGRI, completed the acquisition of a substantial shareholding in Cokal Limited. AMR/AGRI is now the largest single shareholder in Cokal. AMR/AGRI nominated its first director to be appointed to the Cokal Limited board to be Mr. Karan Bangur. Mr. Bangur is the CEO of AGRI and has over 10 years experience in the South East Asian region in mining and resources companies. He is a most welcome and valuable addition to our team.

AMR/AGRI fully underwrote the Cokal Entitlement Offer to raise approximately AU$4.7 Million (US$3.0 Million) that completed in August 2019.

Krakatau National Resources (Krakatau)

Krakatau indicated its PCI capable blast furnace will require 7,000 to 10,000t/month PCI coal. They requested a 10kg sample of BBM PCI coal which was provided and analysed during the half-year. Favourable comments were subsequently received from Krakatau and liaison is ongoing. Krakatau has made some structural changes in the organisation which has resulted in the formation of a new wholly owned subsidiary Co "PT Purna Sentana Baja" (**PSB**) which will act as the procurement arm for Krakatau Steel going forward. Cokal has executed a new NDA with PSB and is currently in the process of completing the formalities for supplier registration which will enable us to officially supply PCI product as a valued vendor.

Rights Issue

During the half-year the Company successfully completed a fully underwritten non-renounceable entitlement offer of one (1) new share for every eight (8) Cokal shares held at an issue price of AU$0.05 per new share to raise AU$4.7 million (US$3.0 million) before costs.

Annual General Meeting

The Annual General Meeting of Shareholders of Cokal Limited was held on 27 November 2019 with all resolutions passed by a show of hands without amendment.

Directors' Report (Continued)

SUBSEQUENT EVENTS TO 31 DECEMBER 2019

There have been no significant events after reporting date except for:

- Completion of a new Bathymetric Survey to enable the Company to obtain a detailed knowledge of 400km of the Barito River. The area surveyed included the three shortlisted Intermediate Stock Pile (ISP) and barge loading sites at Muara Lahung and the bridge at Muara Teweh;

- Calling of tenders for mining at BBM, particularly to remove overburden and interburden, mining contract and to transport coal from the BBM mine to the ISP and barge loader at Muara Lahung; and

AUDITOR'S INDEPENDENCE DECLARATION

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

Domenic Martino
Chairman
Sydney
12 March 2020

Cokal Limited
Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 31 December 2019

	Note	31 December 2019 US$	31 December 2018 US$
Coal Sales		-	417,158
Other income	2	77,212	251
Employee benefits expenses		(419,888)	(1,028,504)
Depreciation		(57,795)	(55,938)
Arrangement fee		-	(124,273)
Production expenses		(165,554)	(20,280)
Finance costs	3	(7,445)	(23,564)
Legal expenses		(4,529)	-
Licence fees		-	(1,503,250)
Pre-tenure exploration expenditure		(406,581)	-
Administration and consulting expenses		(255,105)	(488,092)
Loss before income tax expense		**(1,239,685)**	**(2,826,492)**
Income tax expense		-	-
Loss for the period		**(1,239,685)**	**(2,826,492)**
Other comprehensive income		-	-
Total comprehensive loss for the period		**(1,239,685)**	**(2,826,492)**

Loss per share for loss attributable to owners of Cokal Ltd	Note	Cents	Cents
Basic Loss per Share	4	**(0.14)**	**(0.39)**
Diluted Loss per Share	4	**(0.14)**	**(0.39)**

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

Cokal Limited
Interim Consolidated Statement of Financial Position
as at 31 December 2019

	Note	31 December 2019 US$	30 June 2019 US$
Current Assets			
Cash and cash equivalents		1,989,818	127,361
Short term deposits		138,916	138,916
Other current assets		55,895	19,572
Total Current Assets		**2,184,629**	**285,849**
Non-Current Assets			
Property, plant and equipment	6	193,141	186,831
Exploration and evaluation assets	7	25,067,202	25,067,202
Right of use assets		194,706	-
Other non-current assets		25,280	38,148
Total Non-Current Assets		**25,480,329**	**25,292,181**
TOTAL ASSETS		**27,664,958**	**25,578,030**
Current Liabilities			
Trade and other payables	8	8,052,087	8,369,775
Lease liabilities	9	135,845	-
Interest bearing loans	10	9,261,535	9,261,535
Total Current Liabilities		**17,449,467**	**17,631,310**
Non-Current Liabilities			
Lease liabilities	9	55,297	-
Total Non-Current Liabilities		**55,297**	**-**
TOTAL LIABILITIES		**17,504,764**	**17,631,310**
NET ASSETS		**10,160,194**	**7,946,720**
Equity			
Issued capital	11	95,095,642	91,686,061
Reserves	12	6,167,384	6,116,687
Accumulated losses		(91,102,832)	(89,856,028)
TOTAL EQUITY		**10,160,194**	**7,946,720**

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

Cokal Limited
Interim Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2019

	Issued capital	Reserves	Accumulated losses	Total
	US$	US$	US$	US$
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 period				
Loss for the period	-	-	(1,239,685)	(1,239,685)
Other comprehensive income	-	-	-	-
	-	-	(1,239,685)	(1,239,685)
Transactions with owners in their capacity as owners				
Issue of share capital, net of capital raising costs	3,409,581	-	-	3,409,581
Share based payments	-	50,697	-	50,697
	3,409,581	50,697	-	3,460,278
At 31 December 2019	**95,095,642**	**6,167,384**	**(91,102,832)**	**10,160,194**
At 1 July 2018	**89,727,054**	**5,000,143**	**(88,000,311)**	**6,726,886**
Total comprehensive loss for the period				
Loss for the period	-	-	(2,826,492)	(2,826,492)
Other comprehensive income	-	-	-	-
	-	-	(2,826,492)	(2,826,492)
Transactions with owners in their capacity as owners				
Issue of share capital	436,548	-	-	436,548
Share based payments	-	60,693	-	60,693
	436,548	60,693	-	497,241
At 31 December 2018	**90,163,602**	**5,060,836**	**(90,826,803)**	**4,397,635**

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

Cokal Limited
Interim Consolidated Statement of Cash Flows
For the half-year ended 31 December 2019

	Note	31 December 2019 US$	31 December 2018 US$
Cash Flows from Operating Activities			
Receipts from customers		-	160,615
Payments to suppliers and employees		(1,080,744)	(1,654,942)
Interest and other income received		7,968	251
Finance costs paid		-	(36,451)
Payment of arrangement fee		-	(124,273)
Net cash outflow from operating activities		**(1,072,776)**	**(1,654,800)**
Cash Flows from Investing Activities			
Payment for property, plant and equipment		9,616	-
Net cash outflow from investing activities		**(9,616)**	**-**
Cash Flows from Financing Activities			
Redemption of convertible notes		-	(186,251)
Proceeds from the issue of shares, net of capital raising costs		3,004,445	73,363
Proceeds in advance of shares issued		-	115,551
Repayment of borrowings and lease liabilities		(59,596)	(270,916)
Proceeds from borrowings		-	2,000,000
Net cash inflow from financing activities		2,944,849	**1,731,747**
Net increase in cash and cash equivalents		1,862,457	76,947
Cash and cash equivalents at beginning of period		127,361	15,502
Cash and cash equivalents at end of period		**1,989,818**	**92,449**

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

Cokal Limited
Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2019

NOTE 1 GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) General Information
The consolidated financial statements of Cokal Limited for the half-year ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors on 12 March 2020 and cover the consolidated entity (the "Group", "Cokal" or "Company") consisting of Cokal Limited and its subsidiaries.

Cokal Limited (the parent and ultimate parent of the Group) is a company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are described in the director's report.

b) Basis of preparation
This interim financial report for the half-year ended 31 December 2019 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001.*

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual report for the year ended 30 June 2019 together with any public announcements made by the Group during the half-year ended 31 December 2019 in accordance with the continuous disclosure obligations of the ASX listing rules. In addition, results for the half-year ended 31 December 2019 are not necessarily indicative of the results that may be expected for the financial year ending 30 June 2020.

The financial statements are presented in the US Dollars.

Apart from the changes in accounting policies noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

c) Going concern
At 31 December 2019, the Group's current liabilities exceed the current assets by US$15,264,838 (30 June 2019: US$ 17,345,461). This position is in large part due to:

- The classification of the Group's debt with Platinum Partners (refer note 9) of US$9,261,535 as a current liability;
- The classification of the Group's liability with PT Bara Mineral Asri (BMA Group) (refer note 8) of $2,000,000 as a current liability; and
- The Group's arrears of trade and other payables. A significant number of the Group's creditors, including the directors, are providing informal financial support to the group.

On 22 July 2016, Cokal announced it had reached an agreement with Platinum Partners for the conversion of all outstanding loans owing to them 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 Platinum Partners (refer note 10) to convert all outstanding loans owing to them to production royalties (this formalised the agreement on 22 July 2016) subject to certain conditions precedent. During the year ended 30 June 2019, 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) to 31 July 2020. In addition, under the agreement it was agreed that when Cokal cancels and reissues 37.5 million options to Platinum Partners, one-third 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.

Cokal Limited
Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2019

NOTE 1 GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The financial report has been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. The ability of the Group to continue to as a going concern is impacted by a number of matters including:

- The continued financial support of management and directors who have provided short term loans to the Group and/or have agreed to not require the Group to pay amounts owing to them until such time as cash flows are generated by the BBM project or have otherwise agreed to have the amounts payable to them satisfied by way of a share issue (subject to shareholder approval);
- The continued willingness of creditors to extend payment terms to the Group until such time as cash flow are generated by the BBM project;
- The ability of the Company to adhere to or re-negotiate agreements in respect of current funding; and
- The successful raising of sufficient funding, through debt, equity or other arrangements (or a combination of transactions) to progress the development of the larger BBM project and for working capital requirements, until such time as the project is in production and its revenues from coal sales are sufficient to meet its cash outflows.

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.

Importantly, the Group’s significant 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, has made demands for payment.

During the half-year the Company completed an entitlement offer to raise US$3.5 million (before issue costs) through the issue of 101,552,055 shares at an issue price of AU$0.05 per share. The funds raised from this offer has enabled the Group to meet its required cash out flows to the date of this report but arrears of trade and other payables remains.

The directors believe that the commencement of operations at the BBM project (and the forecast generating of operating cash inflows) in conjunction with funding through debt, equity or other arrangements (or a combination of these) 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 given the status of the current permitting and financing processes, 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.

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 Implemented

The Group has implemented one new Accounting Standard that is applicable for the current reporting period.

The Group had to change its accounting policies and make adjustments as a result of adopting AASB 16: Leases. The impact of the adoption of the standard and the respective accounting policies is disclosed below.

Cokal Limited
Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2019 (Continued)

NOTE 1 GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) 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.

f) Initial application of AASB 16
The Group has adopted AASB 16: Leases retrospectively with the cumulative effect of initially applying AASB 16 recognised at 1 July 2019. In accordance with AASB 16, the comparatives for the 30 June 2019 reporting period have not been restated.

The Group has recognised a lease liability and right-of-use asset for all leases (with the exception of short-term and low-value leases) recognised as operating leases under AASB 117: Leases where the Group is the lessee.

The lease liabilities are measured at the present value of the remaining lease payments. The Group's incremental borrowing rate as at 1 July 2019 was used to discount the lease payments.

The right-of-use asset for manufacturing equipment was measured at its carrying amount as if AASB 16 had been applied since the commencement date, but discounted using the Group's incremental borrowing rate per lease term as at 1 July 2019.

The right-of-use assets for the remaining leases were measured and recognised in the statement of financial position as at 1 July 2019 by taking into consideration the lease liability and prepaid and accrued lease payments previously recognised as at 1 January 2019 (that are related to the lease).

The following practical expedients have been used by the Group in applying AASB 16 for the first time:

- for a portfolio of leases that have reasonably similar characteristics, a single discount rate has been applied;
- leases that have a remaining lease term of less than 12 months as at 1 July 2019 have been accounted for in the same way as short-term leases;
- the use of hindsight to determine lease terms on contracts that have options to extend or terminate;

Cokal Limited
Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2019 (Continued)

NOTE 1 GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- applying AASB 16 to leases previously identified as leases under AASB 117 and Interpretation 4: Determining whether an arrangement contains a lease without reassessing whether they are, or contain, a lease at the date of initial application; and
- not applying AASB 16 to leases previously not identified as containing a lease under AASB 117 and Interpretation 4.

Adjustments recognised in the balance sheet as at 1 July 2019

The following summary indicates the adjustments and reclassifications of financial statement line item in the balance sheet due to the implementation of AASB 16.

	Carrying amount under AASB 117	Adjustments	Carrying amount under AASB 16
	US$	US$	US$
Property, plant and equipment	186,831	(36,154)	150,677
Right of use assets	-	249,195	249,195
Lease liabilities	-	(243,663)	(243,663)
Trade and other payables	(8,369,775)	23,503	(8,346,272)
Accumulated losses	(89,856,028)	(7,119)	(89,863,147)

Measurement of lease liabilities

	US$
Operating lease commitments disclosed as at 30 June 2019	158,694
Discounted using the lessee's incremental borrowing rate of at the date of initial application	61,466
Add: finance lease liabilities recognised as at 30 June 2019	23,503
Lease liabilities recognised as at 1 July 2019	243,663

Measurement of right of use assets

The associated right of use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2019.

NOTE 2 OTHER INCOME

	31 December 2019	31 December 2018
	US$	US$
Interest income	7,968	251
Gain on discharge and release of trade payables	69,244	-
Total other income	77,212	251

Cokal Limited
Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2019 (Continued)

NOTE 3 LOSS FOR THE PERIOD

	31 December 2019 US$	31 December 2018 US$
Loss before income tax includes the following specific expenses:		
Depreciation on plant and equipment	3,306	55,938
Depreciation on right of use assets	54,489	-
Salaries and wages	329,759	770,653
Share-based payments (options) – to employees	50,697	60,693
Operating lease expense – minimum lease payment	-	10,043
Finance costs		
Interest on borrowings	-	34,009
Capital raising and Convertible Note costs	-	(10,445)
Interest on lease liabilities	7,445	-

NOTE 4 LOSS PER SHARE

	31 December 2019	31 December 2018
Loss attributable to owners of Cokal Limited used to calculate basic and diluted loss per share (US$)	(1,239,685)	(2,826,492)
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	899,039,248	719,856,465
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	899,039,248	719,856,465
Basic loss per share (cents per share)	**(0.14)**	**(0.39)**
Diluted loss per share (cents per share)	**(0.14)**	**(0.39)**

* Options are considered anti-dilutive as the Group is loss making. Options could potentially dilute earnings per share in the future. As at 31 December 2019, there were 96,000,000 (31 December 2018: 131,000,000) unlisted options on issue.

NOTE 5 DIVIDENDS AND FRANKING CREDITS

There were no dividends paid or recommended during the half-year period ended 31 December 2019 (31 December 2018: Nil). There were no franking credits available to the shareholders of the Group.

Cokal Limited
Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2019 (Continued)

NOTE 6 PROPERTY, PLANT AND EQUIPMENT

31 December 2019	Land	Computer equipment	Furniture and office equipment	Motor Vehicle	Total
	US$	US$	US$	US$	US$
Balance at 1 July 2019 (restated)*	31,526	3,826	150,198	1,281	186,831
Additions	-	3,074	6,542	-	9,616
Disposals/write-off	-	-	-	-	-
Depreciation expense	-	(752)	(2,554)	-	(3,306)
Carrying amount at 31 December 2019	**31,526**	**6,148**	**154,186**	**1,281**	193,141

* See note 1(f) for adjustments required on adoption of AASB 16 on 1 July 2019

NOTE 7 EXPLORATION AND EVALUATION ASSETS

	31 December 2019 US$	30 June 2019 US$
Non-Current		
Exploration and evaluation expenditure capitalised - exploration and evaluation phases	25,067,202	25,067,202
Movements in carrying amounts		
Balance at the beginning of the period	25,067,202	25,067,202
Carrying amount at the end of the period	**25,067,202**	**25,067,202**

The carrying amount of exploration and evaluation (E&E) assets at 31 December 2019 and 30 June 2019 represents only PT Bumi Burito Mineral (BBM), including TBAR.

The ultimate recoupment of expenditure above relating to the exploration and evaluation phase is dependant upon successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Cokal Limited
Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2019 (Continued)

NOTE 8 TRADE AND OTHER PAYABLES

	31 December 2019 US$	30 June 2019 US$
Current		
Trade and other payables	6,052,089	6,369,775
Loan	2,000,000	2,000,000
	8,052,087	**8,369,775**

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.

The Group has agreed an arrangement with the BMA Group in respect of the $2.0 million of funding received. The US$2 million provided to Cokal is to be repaid from the sale of coal when mining commences. This will be paid at $10/t for coal sales at $100/t or greater and 10%/t for coal sold at less than $100/t.

NOTE 9 LEASES

	31 December 2019 US$	1 July 2019 * US$
a) Right of use assets		
Lease payables and motor vehicles	194,706	249,195
	194,706	**249,195**
b) Lease liabilities		
Current	135,845	130,844
Non current	55,297	112,819
	191,142	**243,663**

* In the previous year, the Group only recognised lease assets and lease liabilities in relation to leases that were classified as "finance leases" under AASB 117: *Leases*. The assets were presented in property, plant and equipment and the liabilities as part of the group's trade and other payables. For adjustments recognised on adoption of AASB 16 on 1 July 2019, please refer to Note 1(f).

Cokal Limited
Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2019 (Continued)

NOTE 10 INTEREST BEARING LOANS

	31 December 2019 US$	30 June 2019 US$
Current		
Loans payable to employee	-	270,916
Platinum Partners facility (a)	6,710,000	6,710,000
Blumont Group facility (b)	2,551,535	2,551,535
Total Interest bearing loans	**9,261,535**	**9,261,535**

(a) ***Platinum Partner/ Northrock Facility***
Under the terms of various short-term loan facility agreements and a bridging loan facility agreement dated August 2015, the Group has borrowed a total of US$10,065,000 from various subsidiaries of Platinum Partners. At 31 December 2019, the full amount of the loan is due and payable to Northrock Financial LLC (“Northrock”), being a subsidiary of Platinum Partners.

(b) ***Blumont Group Facility***
On 5 November 2013, the Group entered into a loan facility agreement with Blumont Group Limited (Blumont). Under this facility, the Group has drawn down US$3.4 million (30 June 2019: US$3.4m). The loan was repayable on demand on the third (3rd) anniversary of the loan drawdown date, being 5 November 2016. On 7 April 2016, Wintercrest Advisors LLC (“Wintercrest”), a subsidiary of Platinum Partners, agreed a Settlement Agreement with Blumont, pursuant to which the Blumont loan was assigned in full to Wintercrest. As a result, Wintercrest replaced Blumont as the lender under its facility agreement.

Conversion of loans from Northrock and Wintercrest to royalties
On 22 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 as outlined above 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 of all outstanding loans owing to them to production royalties. The Royalty Deed is subject to a number of substantive conditions precedent, including the commencement of coal production at BBM.

Cokal Limited
Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2019 (Continued)

NOTE 10 INTEREST BEARING LOANS (Continued)

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 currently vests once all the Platinum Loans have been 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 some conditions precedent 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 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.

NOTE 11 ISSUED CAPITAL

	31 December 2019 US$	30 June 2019 US$
923,382,313 authorised and fully paid ordinary shares (30 June 2019: 816,842,159)	95,095,642	91,686,061

	31 December 2019	
	Number	US$
At the beginning of the period	816,842,159	91,686,061
Share issue from capital raising (*net of capital raising costs*)	94,812,055	3,004,445
Shares issued in payment of creditors	11,728,099	405,136
Shares issued on conversion of convertible notes	-	-
Shares issued on conversion of loan	-	-
Shares issued on conversion of options	-	-
Shares issued on settlement of TBAR debt	-	-
At the end of the period	**923,382,313**	**95,095,642**

Cokal Limited
Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2019 (Continued)

NOTE 12 RESERVES

	31 December 2019 US$	30 June 2019 US$
Share Based Payments Option Reserve	7,622,839	7,572,142
Translation Reserve	(1,455,455)	(1,455,455)
	6,167,384	**6,116,687**

Option Reserve
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 half-year ended 31 December 2019, proportional expensing of options issued to the CEO, Mr James Coleman in December 2018 was recorded, totalling US$50,697. 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
Translation reserve represents net exchange differences arising from the translation as a result of change in presentation currency to US Dollars from AUD effective 1 July 2014.

NOTE 13 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

At 31 December 2019, the Group's contingent liabilities total US$17.95m (30 June 2019: US$17.95m) in respect of its BBM and PT Borneo Bara Prima (BBP) tenements. The amounts are 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 permit.

Payments which may be triggered by the commencement of development at BBM
Deferred purchase consideration
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). On 1 May 2013, the Production/Operations IUP was granted but the payment to the vendor was deferred pending the issuance of the Forestry Production Permit (required to commence the construction and production). On 15 August 2015, Cokal received BBM's Forestry Production Permit.

On 3 March 2016, the Group executed a variation letter with the vendor whereby the parties agreed the obligation for $10.0 million payment would triggered when Cokal had sufficient funds to commencement of the construction/ development of the BBM project.

No liability is recognised as at 31 December 2019 (30 June 2019: nil) in respect this deferred purchase consideration as the Group had not secured funding to commence the construction/development of the BBM project.

Given the potential uncertainty, the Company engaged with the vendors of the BBM project to clarify its interpretation of the agreement of 3 March 2016. The clarification to the 3 March 2016 agreement confirmed the Company's view that no further payments, including the abovementioned US$10.0 million, are due or payable until the Company had entered into a substantial funding arrangement and/or commenced substantial production. No liability is recognised as at 31 December 2019 in respect this deferred purchase consideration as the Group had not secured funding to commence the construction/development of the BBM project.

Cokal Limited

Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2019 (Continued)

NOTE 14 OPERATING SEGMENTS

AASB 8 requires operating segments to be identified on the basis of internal reports that are used by the chief operating decision makers (CODM) in order to allocate resources to the segment and to assess its performance. The CODM of the Group are the Board of Directors. For management purposes, the Group is organised into two main operating segments, which involves the exploration of coal in Indonesia and Australia. The Singapore operation was considered separately for corporate services.

	Australia US$	Indonesia US$	Singapore US$	Total US$
Segment performance for the half-year ended 31 December 2019				
Revenue				
Interest revenue	7	43	7,917	7,967
Gain on discharge and release of trade payables	69,245	-	-	69,245
Total segment income	69,252	43	7,917	77,212
Production expenses	(70,645)	(75,547)	(19,362)	(165,554)
Depreciation expense	-	(57,795)	-	(57,795)
Finance costs	-	(7,445)	-	(7,445)
Fees forgiven	-	-	91,917	91,917
Other expenses	(369,299)	(778,146)	(30,575)	(1,178,020)
Total segment expenses	**(439,944)**	**(918,933)**	**41,980**	**(1,316,896)**
Segment net loss before tax	**(370,692)**	**(918,890)**	**49,897**	**(1,239,685)**

Cokal Limited
Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2019 (Continued)

NOTE 15 OPERATING SEGMENTS (CONTINUED)

	Australia US$	Indonesia US$	Singapore US$	Total US$
Segment assets and liabilities as at 31 December 2019				
Cash and cash equivalents	73,974	58,218	1,857,625	1,989,818
Property, plant and equipment	102,306	90,835	-	193,141
Exploration and evaluation assets	-	25,067,202	-	25,067,202
Other segment assets	73,694	341,103	-	414,797
Total segment assets	**249,974**	**25,557,358**	**1,857,625**	**27,664,958**
Total segment liabilities	**10,326,633**	**7,150,792**	**27,340**	**17,504,765**
Capital expenditure for the half-year ended 31 December 2019				
Property, plant and equipment	-	9,616	-	9,616
Exploration and evaluation assets	-	-	-	-

	Australia US$	Indonesia US$	Singapore US$	Total US$
Segment performance for the half-year ended 31 December 2018				
Revenue				
Other revenue	-	417,158	-	417,158
Interest revenue	-	251	-	251
Total segment income	**-**	**417,409**	**-**	**417,409**
Licence fees	-	(1,503,250)	-	(1,503,250)
Production expenses	-	(20,280)	-	(20,280)
Arrangement fee	-	(124,273)	-	(124,273)
Depreciation expenses	(47,556)	(8,382)	-	(55,938)
Finance costs	(23,564)	-	-	(23,564)
Other expenses	(639,311)	(771,816)	(105,469)	(1,516,596)
Total segment expenses	**(710,431)**	**(2,428,001)**	**(105,469)**	**(3,243,901)**
Segment net loss before tax	**(710,431)**	**(2,010,592)**	**(105,469)**	**(2,826,492)**
Segment assets and liabilities as at 31 December 2018				
Property, plant and equipment	120,522	1,252,351	-	1,372,873
Exploration and evaluation assets	-	25,067,202	-	25,067,202
Other segment assets	4,638	319,184	8,231	332,053
Total segment assets	**125,160**	**26,638,737**	**8,231**	**26,772,128**
Total segment liabilities	**(15,211,676)**	**(6,896,382)**	**(266,435)**	**(22,374,493)**
Capital expenditure for the half-year ended 31 December 2018				
Property, plant and equipment	-	-	-	-
Exploration and evaluation assets	-	-	-	-

The accounting policies applied for internal reporting purposes are consistent with those applied in the preparation of these financial statements.

Cokal Limited
Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2019 (Continued)

NOTE 16 EVENTS AFTER THE REPORTING PERIOD

There have been no significant events after reporting date except for:

- Completion of a new Bathymetric Survey to enable the Company to obtain a detailed knowledge of 400km of the Barito River. The area surveyed included the three shortlisted Intermediate Stock Pile (ISP) and barge loading sites at Muara Lahung and the bridge at Muara Teweh; and
- Calling of tenders for mining at BBM, particularly to remove overburden and interburden, mining contract and to transport coal from the BBM mine to the ISP and barge loader at Muara Lahung.

Declaration by Directors

In accordance with a resolution of the directors of the Cokal Limited, I state that:

In the opinion of the directors:

a) The financial statements and notes of the Group for the half-year ended 31 December 2019 are in accordance with the Corporations Act 2001, including:

   i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and

   ii. complying with accounting standards and the Corporations Regulations 2001

b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the board

Domenic Martino
Chairman

Sydney
12 March 2020

HALL CHADWICK (NSW)

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COKAL LIMITED
AND CONTROLLED ENTITIES
ABN 55 082 541 437

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 half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

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

Hall Chadwick

HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000

DREW TOWNSEND
Partner
Dated: 12 March 2020

COKAL LIMITED
AND CONTROLLED ENTITIES
ABN 55 082 541 437
INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF COKAL LIMITED

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Cokal Limited ("the group"), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the group's financial position as at 31 December 2019 and its performance for the period ended on that date, and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

HALL CHADWICK (NSW)

COKAL LIMITED
AND CONTROLLED ENTITIES
ABN 55 082 541 437

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF COKAL LIMITED

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Cokal Limited is not in accordance with the Corporations Act 2001 including:

(i) giving a true and fair view of the group's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and

(ii) complying with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(b) in the half-year financial report which indicates that the group incurred a net loss of $1,239,685 during the half-year ended 31 December 2019 and, as of that date, the group's current liabilities exceeded it current assets by $15,264,838. As stated in Note 1(b), these events or conditions, along with other matters as set forth in Note 1(b) indicate the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Hall Chadwick

HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000

DREW TOWNSEND
Partner
Dated: 12 March 2020