



HALF YEAR REPORT 2022

Cokal Limited ACN 082 541 437

Financial Report for the half year ended 31 December 2022

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Corporate Information

DIRECTORS

Domenic Martino
Karan Bangur
David (Allen) Delbridge

COMPANY SECRETARY

Louisa Youens
Miranda Yuan

REGISTERED OFFICE AND PRINCIPAL

BUSINESS OFFICE
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Phone: + 61 2 8823 3179
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COUNTRY OF INCORPORATION

Australia

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SHARE REGISTRY

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STOCK EXCHANGE LISTING

Australian Securities Exchange Ltd
ASX Code: CKA

INTERNET ADDRESS

www.cokal.com.au

AUSTRALIAN BUSINESS NUMBER

ABN 55 082 541 437

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Directors' Report

The directors hereby present the following half-year report for the period ended 31 December 2022 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;
- Karan Bangur – Executive Director;
- David (Allen) Delbridge – Non-Executive Director.

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 2022, the loss for the consolidated entity after providing for income tax was US\$4,586,458 (31 December 2021: US\$3,820,969).

DIVIDENDS PAID OR RECOMMENDED

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

CHANGES IN CAPITAL

There has been a US\$83,858 increase in share capital in the current financial period.

During the period, 2,500,000 shares were issued on conversion of options with an exercise price of AU\$0.05.

At 31 December 2022 there were 941,448,980 shares on issue and 75,000,000 options.

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Directors' Report (Continued)

REVIEW OF OPERATIONS

Cokal Limited 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.

Bumi Barito Mineral (BBM) Mine

BBM Mineral Resources and Reserve Statement

The Company's Annual Resources and Reserves Statement was announced on 02 September 2022. The resource and reserve were estimated in a professional and competent manner in accordance with the principles and definitions of the JORC Code (2012).

Coal Resources Estimate as at 30 June 2022

As at 30 June 2022, the BBM Project has a Mineral Resources Estimate as defined in the table below.

| Project | 2022 Resources - Mt | | | | 2021 Resources - Mt | | | | Annual change | |
|---------|---------------------|-----------|----------|-------|---------------------|-----------|----------|-------|---------------|---|
| | Measured | Indicated | Inferred | Total | Measured | Indicated | Inferred | Total | Mt | % |
| BBM | 18.8 | 22.9 | 218.5 | 260.2 | 18.8 | 22.9 | 218.5 | 260.2 | - | - |

Note: The reported Ore Reserves and Mineral Resources represent the total tonnages for BBM, of which Cokal has a 60% interest. The reported Mineral Resources and Ore Reserves were calculated using a price of US\$170/t for coking coal and US\$145/t for PCI. Totals may not add due to rounding. Mineral Resources are reported inclusive of Ore Reserves. Cut-off grade: minimum coal seam thickness of 0.30m.

Coal Reserves Estimate as at 30 June 2022

As at 30 June 2022, the BBM Project has a Mineral Reserves Estimate as defined in the table below.

| Project | 2022 Reserves (in-situ) - Mt | | | 2021 Reserves (in-situ) - Mt | | | Annual change | |
|---------|------------------------------|----------|-------|------------------------------|----------|-------|---------------|------|
| | Proven | Probable | Total | Proven | Probable | Total | Mt | % |
| BBM | 13.8 | 10.0 | 23.8 | 13.9 | 9.3 | 23.1 | + 0.7 | + 3% |

Note: The reported Ore Reserves and Mineral Resources represent the total tonnages for BBM, of which Cokal has a 60% interest. The reported Mineral Resources and Ore Reserves were calculated using a price of US\$170/t for coking coal and US\$145/t for PCI. Totals may not add due to rounding. Cut-off grade: minimum coal seam thickness of 0.30m. Mineral Resources are reported inclusive of Ore Reserves

Changes in Mineral Resources and Ore Reserves were driven by continuing technical work undertaken at BBM, updated long-term coal price assumptions, and refinement of life-of-mine operating assumptions, including operating costs and development capital expenditure.

Compliance Statement

This report contains information relating to a Mineral Resource extracted from the Company's ASX market announcement dated 02 September 2022 'Annual Mineral Resource and Reserve Statement', containing the competent person consent of Mr Luki Wilianto, an employee of Cokal Limited, reported previously in accordance with the JORC Code (2012) and available for viewing at www.cokal.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original ASX market announcement and that all material assumptions and technical parameters underpinning the estimates in the original market announcement continue to apply and have not materially changed.

This report contains information relating to a Mineral Reserve extracted from the Company's ASX market announcement dated 02 September 2022 'Annual Mineral Resource and Reserve Statement', containing the competent person consent of Mr David (Allen Clive) Delbridge, an employee of Cokal Limited, reported previously in accordance with the JORC Code (2012) and available for viewing at www.cokal.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original ASX market announcement and that all material assumptions and technical parameters underpinning the estimates in the original market announcement continue to apply and have not materially changed.

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Directors' Report (Continued)

BBM HIGHLIGHTS

Highlights for the half year ended 31 December 2022 include:

- The BBM coking coal mine commenced commercial production of metallurgical coal in November 2022
- BBM production commenced subsequent to the successful development of the BBM Pit 3 mining area, including pre-mining overburden removal and the logistics infrastructure to allow transport of product coal to markets
- Production continues to ramp-up towards initial capacity of 2.0Mtpa
- Product coal is currently being stockpiled at Krajan Jetty, readying for first coal sales
- Development of Cokal's road and port infrastructure for coal transport is continuing on-track
- Cokal acquired a fleet of barges and tug-boats to provide guaranteed capacity for coal transport from BBM's Krajan Jetty to Batu Tuhup Jetty, and which will also be an additional profit generator for Cokal

BBM's successful production of metallurgical coal and mine-development demonstrates the continued execution of Cokal's strategy of achieving low-cost, high-margin coking coal production.

BBM PROJECT ACTIVITIES

BBM commenced commercial production of metallurgical coal in November 2022, and is continuing with development of road and port infrastructure for coal transport. BBM development was achieved on-time and under budget.

Mining Operations

- BBM's Mining Contractor mobilised and commissioned 2 fleets of equipment towards end of Q3 and additional fleet of equipment was added in Q4 2022.
- The Mining Contractor commenced initial topography survey and test pit in Q3 2022 followed by pre strip work in Q4 2022.
- Initial coal production commenced in Q4 2022
- Additional Coal Seam I discovered and further study undertaken in Q4 2022
- Overburden Removal and Coal getting activities ongoing in Pit 3
- Hauling operations from Pit 3 to Krajan Jetty Stockpile ongoing
- Coal is being transported from Krajan Jetty to the stockpile at the Batu Tuhup Jetty, utilising Cokal's fleet of barges and tug-boats, in preparation for domestic market delivery under the existing offtake agreement with PT Sumber Global Energy

Logistics

- Haul Road Development from Pit 3 to Krajan Jetty completed.
- Haul Road Development from Pit 3 to Batu Tuhup Jetty continued to progress up to Q4 2022 and thereafter, and is currently 90% completed. Subsequent to 31st December 2022, 95% progress has been achieved. The Mohing Bridge section was completed and already in use.
- Road Development progressed up to KM 79 with additional fleet of equipment progressing from Pit 3 end as of Q4 2022. Subsequent to 31 December 2022, development has progressed to KM 85.
- Completion of the haulage road to the Batu Tuhup Jetty is a key milestone for Cokal's dual pronged logistics strategy, with the haulage road to handle up to 70% of production volumes and support production ramp up.
- Initial trucking trials scheduled for 3rd week of March 2023, increasing to full capacity from April 2023 onwards.
- Initial development at Krajan Jetty including coal stockpile, additional camp, workers mess, on site clinic, loading ram completed and in active use.

Directors' Report (Continued)

Logistics (con'td)

- Infrastructure Development at Batu Tuhup Jetty progressed as per schedule and achieved 100% land clearance while 95% progress was achieved for cut and fill works in addition to continual development of coal stockpile and unloading / loading ramp facilities. Subsequent to 31st December 2022, additional progress has been achieved including commencing construction of workers camp, on site office, on site lab facility, additional fuel storage.
- Permanent Conveyor System development contract scheduled to commence in Q1 2023

Coal Mining Operations



Directors' Report (Continued)



Note: Some photos may have been taken subsequent to 31 December 2022

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Directors' Report (Continued)



Note: Some photos may have been taken subsequent to 31 December 2022

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Directors' Report (Continued)

Haul Road Development



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Directors' Report (Continued)



Note: Some photos may have been taken subsequent to 31 December 2022

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Directors' Report (Continued)

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Krajan Jetty



Note: Some photos may have been taken subsequent to 31 December 2022

Directors' Report (Continued)



Note: Some photos may have been taken subsequent to 31 December 2022

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Directors' Report (Continued)



Note: Some photos may have been taken subsequent to 31 December 2022

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Directors' Report (Continued)



Note: Some photos may have been taken subsequent to 31 December 2022

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Directors' Report (Continued)

Batu Tuhup Jetty Development



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Directors' Report (Continued)



Note: Some photos may have been taken subsequent to 31 December 2022

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Directors' Report (Continued)

BARITO SAMUDERA NUSANTARA

In accordance to Cokal's long term strategy of developing sustainable and cost-effective logistics solutions for its operations at BBM and TBAR, Cokal has incorporated PT Barito Samudera Nusantara (**PT BSN**), a wholly owned logistics arm which will provide captive and uninterrupted logistics support to transport coal from BBM's Krajan Jetty to Batu Tuhup Jetty using shallow draft barges.

Since incorporation in early Q4 2022, PT BSN has acquired a fleet of barges , tug boats , survey boats and a fuel barge to support the ongoing operations in BBM mine. The Company currently has a total strength of 40 personnel including experienced project manager alongside to crew , administration and RRM department to handle the maintenance works inhouse.

Current fleet details:

- 3 Units of 120 feet barges
- 3 Units of Tug Boats
- 2 Units of Assist Tug/Survey Boats
- 1 Unit of 400KL capacity fuel barge

Barges and Tugs have arrived at Krajan Jetty awaiting coal loading.

PT BSN FLEET



Directors' Report (Continued)

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Directors' Report (Continued)

TBAR PROJECT ACTIVITIES

Cokal is preparing to commence a full-scale exploration drilling program in Q2 2023, with relevant preparation including licensing, permits and contracting works being organised. Cokal is targeting a maiden JORC resource in 2023 with initial production in 2024.

Tenders have been called for resource delineation drilling. This will outline the coal occurrence in the tenement and enable an estimate to be made of the TBAR Resources and Reserves under the JORC code. It is expected that all coal in the TBAR deposit is high grade coking coal similar to that in BBM.

CORPORATE ACTIVITY

Annual General Meeting

The Annual General Meeting of Shareholders of Cokal Limited was held on 30 November 2022 with all resolutions passed by poll.

CEO Appointment

In July 2022, the Company appointed Mr Karan Bangur as Chief Executive Officer (CEO) of Cokal.

- Mr Bangur is a current member of the Cokal Board of Directors, a position which he retained.
- The appointment was made subsequent to the retirement of the previous CEO, Mr James Coleman.

Regulatory and Compliance

- All regulatory payments including but not limited to IPPKH, Dead Rent, PSHD, DR have been finalised.
- The Cokal & BBM Boards continue to work closely with various regional and federal Indonesian Government departments to ensure that all operations are fully compliant with the existing mining regulations.

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Directors' Report (Continued)

SUBSEQUENT EVENTS TO 31 DECEMBER 2022

No matters or circumstances have arisen since the end of the half-year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years, except as follows:

Exercise of Option

- 37,500,000 shares were issued on exercise of options on 23 February 2023 at an exercise price of A\$0.016 per share.

A\$16m Placement

Cokal has raised AU\$16m through the Placement of 100 million shares at an issue price of A\$0.16 per share to accelerate metallurgical (Coking/PCI) coal production at BBM project. 100,000,000 shares were issued on 2 March 2023 pursuant to this Placement.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration forms part of the Directors' Report and can be found on page 20.

Signed in accordance with a resolution of the Board of Directors:



Domenic Martino
Chairman
16 March 2023

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**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 partner for the review of the financial report of Cokal Limited for the half year ended 31 December 2022, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.



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



DREW TOWNSEND
Partner
Dated: 15 March 2023

| ADELAIDE | BRISBANE | DARWIN | MELBOURNE | PERTH | SYDNEY |
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Cokal Limited
Interim Consolidated Statement of Profit or Loss and Other
Comprehensive Income
For the half-year ended 31 December 2022

| | Note | 31 December 2022 US\$ | 31 December 2021 US\$ |
|--|------|-----------------------------|-----------------------------|
| Other income | 2 | 856 | 464 |
| Employee benefits expenses | | (675,734) | (468,849) |
| Depreciation and amortisation | 3 | (160,408) | (93,152) |
| Production expenses | | (847,168) | (377,452) |
| Finance costs | 3 | (3,100) | (35,216) |
| Legal expenses | | (14,527) | (15,414) |
| Pre-tenure exploration expenditure | | (279,246) | (333,940) |
| Administration and consulting expenses | | (147,131) | (269,668) |
| Royalty expense | | (60,000) | (60,000) |
| Capital participation fee | 11 | (2,400,000) | (2,167,742) |
| Loss before income tax expense | | (4,586,458) | (3,820,969) |
| Income tax expense | | - | - |
| Loss for the period | | (4,586,458) | (3,820,969) |
| Other comprehensive income | | - | - |
| Total comprehensive loss for the period | | (4,586,458) | (3,820,969) |
| Loss per share for loss attributable to owners of Cokal Ltd | | | |
| | Note | Cents | Cents |
| Basic Loss per Share | 4 | (0.50) | (0.40) |
| Diluted Loss per Share | 4 | (0.50) | (0.40) |

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

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Cokal Limited

Interim Consolidated Statement of Financial Position as at 31 December 2022

| | Note | 31 December 2022 US\$ | 30 June 2022 US\$ |
|--------------------------------------|------|-----------------------------|-------------------------|
| Current Assets | | | |
| Cash and cash equivalents | | 145,477 | 356,219 |
| Short term deposits | | 141,951 | 141,837 |
| Inventory | | 1,048,183 | 60,072 |
| Other current assets | | 667,478 | 115,987 |
| Total Current Assets | | 2,003,089 | 674,115 |
| Non-Current Assets | | | |
| Property, plant and equipment | 6 | 7,514,928 | 4,289,209 |
| Exploration and evaluation assets | 7 | 1,606,585 | 1,622,854 |
| Mines under development | 8 | 23,760,635 | 23,746,613 |
| Right of use assets | 10 | 158,245 | 89,735 |
| Other non-current assets | | 1,143 | 1,144 |
| Total Non-Current Assets | | 33,041,536 | 29,749,555 |
| TOTAL ASSETS | | 35,044,625 | 30,423,670 |
| Current Liabilities | | | |
| Trade and other payables | 9 | 19,685,105 | 14,313,633 |
| Lease liabilities | 10 | 74,690 | 66,539 |
| Borrowings | 11 | 2,099,637 | 2,071,588 |
| Total Current Liabilities | | 21,859,432 | 16,451,760 |
| Non-Current Liabilities | | | |
| Lease liabilities | 10 | 75,210 | - |
| Provision for rehabilitation | | 140,754 | - |
| Borrowings | 11 | 17,499,919 | 14,000,000 |
| Total Non-Current Liabilities | | 17,715,883 | 14,000,000 |
| TOTAL LIABILITIES | | 39,575,315 | 30,451,760 |
| NET ASSETS | | (4,530,690) | (28,090) |
| Equity | | | |
| Issued capital | 12 | 95,805,802 | 95,721,944 |
| Reserves | 13 | 6,512,247 | 6,512,247 |
| Accumulated losses | | (106,848,739) | (102,262,281) |
| TOTAL EQUITY | | (4,530,690) | (28,090) |

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 2022

| | Issued capital | Translation Reserve | Share Based Payment Reserve | Accumulated losses | Total |
|---|-------------------|---------------------|-----------------------------|----------------------|--------------------|
| | US\$ | US\$ | US\$ | US\$ | US\$ |
| At 1 July 2022 | 95,721,944 | (1,417,999) | 7,930,246 | (102,262,281) | (28,090) |
| Total comprehensive loss for the period | | | | | |
| Loss for the period | - | - | - | (4,586,458) | (4,586,458) |
| Other comprehensive income | - | - | - | - | - |
| | - | - | - | (4,586,458) | (4,586,458) |
| Transactions with owners in their capacity as owners | | | | | |
| Conversion of options | 83,858 | - | - | - | 83,858 |
| | 83,858 | - | - | - | 83,858 |
| At 31 December 2022 | 95,805,802 | (1,417,999) | 7,930,246 | (106,848,739) | (4,530,690) |

| | Issued capital | Translation Reserve | Share Based Payment Reserve | Accumulated losses | Total |
|---|-------------------|---------------------|-----------------------------|---------------------|------------------|
| | US\$ | US\$ | US\$ | US\$ | US\$ |
| At 1 July 2021 | 95,141,482 | (1,426,642) | 7,930,246 | (95,133,795) | 6,511,291 |
| Total comprehensive loss for the period | | | | | |
| Loss for the period | - | - | - | (3,820,969) | (3,820,969) |
| Other comprehensive income | - | - | - | - | - |
| | - | - | - | (3,820,969) | (3,820,969) |
| Transactions with owners in their capacity as owners | | | | | |
| Conversion of options | 487,218 | - | - | - | 487,218 |
| Share based payments | 93,244 | - | - | - | 93,244 |
| | 580,462 | - | - | - | 580,462 |
| At 31 December 2021 | 95,721,944 | (1,426,642) | 7,930,246 | (98,954,764) | 3,270,784 |

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 2022

| Note | 31 December 2022 US\$ | 31 December 2021 US\$ |
|--|-----------------------------|-----------------------------|
| Cash Flows from Operating Activities | | |
| Revenue received in advance | 1,819,974 | 75,000 |
| Payments to suppliers and employees | (2,193,811) | (3,832,949) |
| Interest and other income received | 856 | 464 |
| Capital participation fee paid | - | (1,367,742) |
| Finance costs paid | (3,100) | (35,216) |
| Net cash outflow from operating activities | (376,081) | (5,160,443) |
| Cash Flows from Investing Activities | | |
| Payment for property, plant and equipment | (3,328,978) | (1,199,216) |
| Payments for mines under development | - | (20,893) |
| Net cash outflow from investing activities | (3,328,978) | (1,220,109) |
| Cash Flows from Financing Activities | | |
| Proceeds on exercise of options | 83,858 | 487,218 |
| Proceeds from borrowings | 3,527,968 | 8,000,000 |
| Repayment of lease | (117,509) | - |
| Repayment of borrowings | - | (1,788,293) |
| Net cash inflow from financing activities | 3,494,317 | 6,698,925 |
| Net (decrease)/increase in cash and cash equivalents | (210,742) | 318,373 |
| Cash and cash equivalents at beginning of period | 356,219 | 169,543 |
| Cash and cash equivalents at end of period | 145,477 | 487,916 |

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 2022

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 2022 were authorised for issue in accordance with a resolution of the directors on 15 March 2023 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 2022 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 2022 together with any public announcements made by the Group during the half-year ended 31 December 2022 in accordance with the continuous disclosure obligations of the ASX listing rules. In addition, results for the half-year ended 31 December 2022 are not necessarily indicative of the results that may be expected for the financial year ending 30 June 2023.

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

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 half year ended 31 December 2022 the Group recorded a loss of US\$4,586,458 (31 December 2021: loss of US\$3,820,969) and, net operating cash outflows of US\$376,081 (31 December 2021: US\$5,160,443).

As at 31 December 2022, the Group's current liabilities exceeded the current assets by US\$19,856,343 (30 June 2022: US\$15,777,645), the Group had net liabilities of \$4,530,690 (30 June 2022: \$28,090)

As at 31 December, the Group's arrears of trade and other payables means its 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.

The Company has 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 Pte Ltd ("ICT"). The Group has drawn a total of US\$17.5 million of the debt facility from ICT. In addition, the group has a binding International Coal Marketing Agreement with ICT, enabling BBM to market its coal to the international market and assist 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).

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\$ 5 per tonne for the first 200,000mt coal sold and US\$10 per tonne for the subsequent 100,000mt of coal sold for total of US\$2 million repayment.

Subsequent to year end the Group raised A\$16m through the Placement of 100 million shares at a issue price of A\$0.16 per share.

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).

Cokal Limited

Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2022 (Continued)

(c) Going concern (Cont'd)

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. 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

i. Changes in accounting policy and disclosures

The Group has not early adopted other standards, interpretations or amendments that have been issued but are 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) Critical accounting estimates

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

Exploration and evaluation assets

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgment 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 in 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.

Mine under development assets

The Group uses its judgement to assess the stage of each mine under development to determine when a mine moves into the production phase, this being when the mine is substantially complete and ready for its intended use. The Group considers various relevant criteria to assess when the production phase is considered to have commenced. At this point, all related amounts are reclassified from 'Mines under development' to 'Mines in production'. Some of the criteria used to identify the production start date include, but are not limited to:

1. Level of capital expenditure incurred compared with the original development cost estimate;
2. Completion of a reasonable period of testing of the mine plant and equipment;
3. Ability to produce metal in saleable form (within specifications);
4. Ability to sustain ongoing production of metal; and
5. Positive cash flow position from operations.

When a mine development project moves into the production phase, the capitalisation of certain mine development costs and pre-production revenues cease and costs are either regarded as forming part of the cost of inventory or expensed, except for costs that qualify for capitalisation relating to mining asset additions or improvements, underground mine development or mineable reserve development. It is also at this point that amortisation commences.

Cokal Limited

Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2022 (Continued)

NOTE 2 OTHER INCOME

| | 31 December 2022 | 31 December 2021 |
|--------------------|---------------------|---------------------|
| | US\$ | US\$ |
| Interest income | 856 | 464 |
| Total other income | 856 | 464 |

NOTE 3 LOSS FOR THE PERIOD

| | 31 December 2022 | 31 December 2021 |
|--|---------------------|---------------------|
| | US\$ | US\$ |
| Loss before income tax includes the following specific expenses: | | |
| Depreciation on plant and equipment | 101,011 | 32,547 |
| Amortisation - mines under development | 2,247 | |
| Depreciation on right of use assets | 57,150 | 60,605 |
| Salaries and wages | 391,815 | 328,390 |
| Finance costs | | |
| Interest on borrowings | 3,100 | 31,474 |
| Interest on lease liabilities | - | 3,742 |

NOTE 4 LOSS PER SHARE

| | 31 December 2022 | 31 December 2021 |
|--|---------------------|---------------------|
| Loss attributable to owners of Cokal Limited used to calculate basic and diluted loss per share (US\$) | (4,586,458) | (3,820,969) |
| Weighted average number of ordinary shares used as the denominator in calculating basic loss per share | 940,367,013 | 938,948,980 |
| Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted loss per share | 940,367,013 | 938,948,980 |
| Basic loss per share (cents per share) | (0.50) | (0.40) |
| Diluted loss per share (cents per share) | (0.50) | (0.40) |

* 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 2022, there were 75,000,000 (31 December 2021: 77,500,000) 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 2022 (31 December 2021: 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 2022 (Continued)

NOTE 6 PROPERTY, PLANT AND EQUIPMENT

| 31 December 2022 | Land | Computer equipment | Plant & equipment | Motor Vehicle | Capital Works in Progress | Total |
|-------------------------------------|-----------|--------------------|-------------------|---------------|---------------------------|-----------|
| | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ |
| Balance at 1 July 2022 | 1,420,153 | 36,765 | 178,618 | 429,948 | 2,223,725 | 4,289,209 |
| Additions | 228,298 | 7,965 | 864,016 | 82,977 | 2,143,474 | 3,326,730 |
| Depreciation expense | - | (6,428) | (63,232) | (31,351) | - | (101,011) |
| Carrying amount at 31 December 2022 | 1,648,451 | 38,302 | 979,402 | 481,574 | 4,367,199 | 7,514,928 |

NOTE 7 EXPLORATION AND EVALUATION ASSETS

| | 31 December 2022 US\$ | 30 June 2022 US\$ |
|--|--------------------------|----------------------|
| Non-Current | | |
| Exploration and evaluation expenditure capitalised - exploration and evaluation phases | 1,606,585 | 1,622,854 |
| Movements in carrying amounts | | |
| Balance at the beginning of the period | 1,622,854 | 25,332,305 |
| Site related expenses during the period | - | 37,162 |
| Transfer to mine under development | (16,269) | (23,746,613) |
| Carrying amount at the end of the period | 1,606,585 | 1,622,854 |

The carrying amount of exploration and evaluation (E&E) assets at 31 December 2022 represents only the TBAR project. The value of the exploration and evaluation expenditure carried forward in respect of the BBM Project will be capitalised on the balance sheet as a mine under development, as pre-production activities to gain access to mineral reserves have commenced and funding is in place.

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

NOTE 8 MINES UNDER DEVELOPMENT

| | 31 December 2022 US\$ | 30 June 2022 US\$ |
|---|--------------------------|----------------------|
| Mines under development | | |
| Non-Current | | |
| Mines under development | 23,760,635 | 23,746,613 |
| Movements in carrying amounts | | |
| Balance at the start of the year | 23,746,613 | - |
| Transferred from exploration and evaluation asset | 16,269 | 23,746,613 |
| Amortisation | (2,247) | - |
| Carrying amount at the end of the period | 23,760,635 | 23,746,613 |

Cokal Limited

Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2022 (Continued)

NOTE 8 MINES UNDER DEVELOPMENT (con'd)

Mines under development include aggregate expenditure in relation to mine construction, mine development, exploration and evaluation expenditure where development decisions have been made and acquired mineral interests.

Expenditure incurred in constructing a mine by, or on behalf of, the Group is accumulated separately for each area of interest in which economically recoverable reserves and resources have been identified. This expenditure includes direct costs of construction, drilling costs and removal of overburden to gain access to the ore, borrowing costs capitalised during construction and an appropriate allocation of attributable overheads.

Mines under development are accumulated separately for each area of interest in which economically recoverable reserves have been identified and a decision to develop has occurred. This expenditure includes all capitalised exploration and evaluation expenditure in respect of the area of interest, direct costs of development, an appropriate allocation of overheads and where applicable borrowing costs capitalised during development. When mining of the area of interest can commence, the aggregated capitalised costs are classified under non-current assets as mines in production or an appropriate class of property, plant and equipment.

Mines in production represent the aggregated exploration and evaluation expenditure and capitalised development costs in respect of areas of interest in which mining is ready to or has commenced. Mine development costs are deferred until commercial production commences, at which time they are amortised on a units-of-production basis over the ore reserves or resources. Once production commences, further development expenditure is classified as part of the cost of production, unless substantial future economic benefits can be established.

NOTE 9 TRADE AND OTHER PAYABLES

| | 31 December 2022 US\$ | 30 June 2022 US\$ |
|--------------------------------------|--------------------------------|-------------------------|
| Current | | |
| Sundry payables and accrued expenses | 8,278,596 | 4,727,098 |
| Revenue in advance | 2,144,974 | 325,000 |
| Commission payable | 9,261,535 | 9,261,535 |
| | 19,685,105 | 14,313,633 |

Revenue in advance

BBM has entered into an agreement with PT Sumber Global Energy ("SGE") to monetise near-term coal production. SGE will advance BBM 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\$2,144,974 was received up to 31 December 2022.

BBM will repay the amount owing 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 amount owing 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 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 amount owing.

Commission payable

Loans owing by the Company were previously discharged and Cokal and each Cokal Group Company released from their liability to make payment of \$9,261,535 under the loan on terms including the following:

- 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;

Cokal Limited

Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2022 (Continued)

NOTE 9 TRADE AND OTHER PAYABLES (con'd)

- the maximum royalty payment of USD 40 million 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, taking into consideration the performance risk associated with future production levels.

NOTE 10 LEASES

| | 31 December 2022 US\$ | 30 June 2022 US\$ |
|---|-----------------------------|-------------------------|
| a) Right of use assets – office and motor vehicles | | |
| Opening balance | 89,735 | 166,799 |
| Additions | 125,660 | 45,025 |
| Amortisation | (57,150) | (122,089) |
| Closing balance | 158,245 | 9,735 |
| b) Lease liabilities | | |
| Current | 74,690 | 66,359 |
| Non current | 75,210 | - |
| | 149,900 | 66,359 |

NOTE 11 BORROWINGS

| | 31 December 2022 US\$ | 30 June 2022 US\$ |
|--------------------------------------|-----------------------------|-------------------------|
| Current | | |
| BMA Group loan | 2,000,000 | 2,000,000 |
| Loans payable – non interest bearing | 99,637 | 71,588 |
| Total Current | 2,099,637 | 2,071,588 |
| Non Current | | |
| Loans payable | 17,499,919 | 14,000,000 |
| Total Non Current | 17,499,919 | 14,000,000 |
| Total Borrowings | 19,599,556 | 16,071,588 |

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. Repayment terms have been revised to US\$ 5 per tonne payable over the first 200,000 mt sold and US\$ 10 for the subsequent 100,000 mt.

Non-Current Loans payable

On 14 July 2021 Cokal executed a US\$20m debt financing facility with International Commodity Trade (ICT) for development of the Bumi Barito Mineral (BBM) Coking Cokal Project. As at 31 December 2022, US\$17.50 million has been drawn down.

Cokal Limited

Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2022 (Continued)

NOTE 11 BORROWINGS (con'd)

Undrawn facilities

As at 31 December 2022, the Group has US\$4.05 million undrawn facilities as follows:

- US\$2.5 million from ICT
- US\$800,000 from Aahana Minerals Resources SDN BHD
- US\$750,000 from Alpine Invest Holdings Ltd

A capital participation fee for the debt finance is linked to BBM mining operations and is calculated as follows:

- Total Fee for debt finance of US\$0.20 per BCM of overburden removal at BBM;
- Total Fee for debt finance is capped at a maximum amount of 200,000,000 BCM of overburden work which equates to a maximum amount of US\$40m (this fee includes interest payable);
- The fee is payable on a monthly basis, based on actual overburden removal with a minimum of 2,000,000 BCM of overburden a month (US\$400,000);
- The fee payable must be paid within 8 years and 4 months from the first drawdown date.

The capital participation fee has been incurred from when amounts were drawn down under the facility, resulting in a US\$2,400,000 fee for the period to 31 December 2022

NOTE 12 ISSUED CAPITAL

| | 31 December 2022 US\$ | 30 June 2022 US\$ |
|--|-----------------------------|-------------------------|
| 941,448,980 authorised and fully paid ordinary shares (30 June 2022: 938,948,980) | 95,805,801 | 95,721,944 |

| | 31 December 2022 | |
|--------------------------------------|--------------------|-------------------|
| | Number | US\$ |
| At the beginning of the period | 938,948,980 | 95,721,944 |
| Shares issued on exercise of options | 2,500,000 | 83,858 |
| At the end of the period | 941,448,980 | 95,805,802 |

NOTE 13 RESERVES

| | 31 December 2022 US\$ | 30 June 2022 US\$ |
|--|-----------------------------|-------------------------|
| Share based payments option reserve | | |
| Opening balance | 7,930,246 | 7,930,246 |
| Movement | - | - |
| Closing balance | 7,930,246 | 7,930,246 |
| Translation Reserve | | |
| Opening balance | (1,417,999) | (1,426,642) |
| Movement | - | 8,643 |
| Closing balance | (1,417,999) | (1,417,999) |
| | 6,512,247 | 6,512,247 |

Share Based Payment 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.

Foreign Currency Translation Reserve

The foreign currency translation reserve represents net exchange differences arising from the translation as a result of foreign operations.

Cokal Limited

Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2022 (Continued)

NOTE 14 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

BBP Vendor Payment

At 31 December 2022, the Group's contingent liabilities include US\$7.95m (30 June 2022: 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). The Company has subsequently entered into an agreement with the vendor of BBM for these vendor payments to be due on commencement of production. It has now been agreed that an amount of US\$10.5 million (which includes the US\$10m deferred consideration) will be paid via:

1. US\$200,000 within 30 days of signing the agreement (completed);
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.

Alpine Invest Holdings Ltd

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.

International Commodity Trade (ICT) Facility

Cokal Limited has provided a corporate guarantee for payment of the International Commodity Trade (ICT) Facility (refer note 11).

The Corporate Guarantee Agreement does not require registered charges over the assets of Cokal, however Cokal guarantees ICT punctual performance by BBM of all obligations under the Capital Participation Agreement and provides that should BBM not pay any amount as required under the Corporate Guarantee, including but not limited to the Guarantee Amount (being the amounts owing under the Capital Participation Agreement), the Guarantor (Cokal) will immediately on demand pay that amount not paid.

The Corporate Guarantee provided by Cokal may require the sale of the assets of BBM and/or Cokal to meet all obligations under the Capital Participation Agreement. This is an unsecured corporate guarantee which could force the sale of the BBM Project, or any other asset of the group including TBAR, BBP and/or AAK Projects to meet payment obligations.

International Coal Marketing Agreement

A fee of 6% of the coal sale value is payable to ICT by BBM in consideration for the marketing activities and financing assistance under the International Coal Marketing Agreement.

Cokal Limited

Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2022 (Continued)

NOTE 15 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 for 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 2022 | | | | |
| Revenue | | | | |
| Other revenue | - | - | - | - |
| Interest revenue | 69 | 787 | - | 856 |
| Total segment income | 69 | 787 | - | 856 |
| Segment expenses | | | | |
| Production expenses | - | (847,168) | - | (847,168) |
| Depreciation and amortisation expenses | (21,922) | (138,486) | - | (160,408) |
| Finance costs | (3,100) | - | - | (3,100) |
| Capital participation fee | - | (2,400,000) | - | (2,400,000) |
| Other expenses | (351,023) | (750,338) | (75,277) | (1,176,638) |
| Total segment expenses | (376,045) | (4,135,992) | (75,277) | (4,587,314) |
| Segment net loss before tax | (375,976) | (4,135,205) | (75,277) | (4,586,458) |
| Segment assets and liabilities as at 31 December 2022 | | | | |
| Property, plant and equipment | 11,486 | 7,503,442 | - | 7,514,928 |
| Exploration and evaluation assets | - | 1,606,585 | - | 1,606,585 |
| Mines under development | - | 23,760,635 | - | 23,760,635 |
| Other assets | 140,755 | 2,021,722 | - | 2,162,477 |
| Total segment assets | 152,241 | 34,892,384 | - | 35,044,625 |
| Total segment liabilities | 9,968,269 | 29,607,046 | - | 39,575,315 |

Cokal Limited

Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2022(Continued)

NOTE 15 OPERATING SEGMENTS (con'd)

| | Australia US\$ | Indonesia US\$ | Singapore US\$ | Total US\$ |
|---|-------------------|--------------------|-------------------|--------------------|
| Segment performance for the half-year ended 31 December 2021 | | | | |
| Revenue | | | | |
| Other revenue | - | - | - | - |
| Interest revenue | - | 464 | - | 464 |
| Total segment income | - | 464 | - | 464 |
| Segment expenses | | | | |
| Production expenses | - | (377,452) | - | (377,452) |
| Depreciation and amortisation expenses | (36,622) | (56,530) | - | (93,152) |
| Finance costs | (1,202) | (34,014) | - | (35,216) |
| Capital participation fee | - | (2,167,742) | - | (2,167,742) |
| Other expenses | (418,288) | (568,564) | (161,019) | (1,147,871) |
| Total segment expenses | (456,112) | (3,204,302) | (161,019) | (3,821,433) |
| Segment net loss before tax | (456,112) | (3,203,838) | (161,019) | (3,820,969) |
| Segment assets and liabilities as at 31 December 2021 | | | | |
| Property, plant and equipment | - | 1,556,471 | - | 1,556,471 |
| Exploration and evaluation assets | - | 1,606,585 | - | 1,606,585 |
| Mines under development | - | 23,746,613 | - | 23,746,613 |
| Other assets | 29,560 | 949,088 | - | 978,648 |
| Total segment assets | 29,560 | 27,858,757 | - | 27,888,317 |
| Total segment liabilities | 9,739,245 | 14,868,299 | 9,989 | 24,617,533 |

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

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Cokal Limited

Notes to the Condensed Interim Consolidated Financial Statements for the half-year ended 31 December 2022 (Continued)

NOTE 16 EVENTS AFTER THE REPORTING PERIOD

No matters or circumstances have arisen since the end of the half-year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years, except as follows:

Exercise of Option

- 37,500,000 shares issued on exercise of options on 23 February 2023 at an exercise price of A\$0.016 per share.

A\$16m Placement

Cokal has raised AU\$16m through the Placement of 100 million shares at an issue price of A\$0.16 per share to accelerate metallurgical (Coking/PCI) coal production at the BBM project. 100,000,000 shares were issued on 2 March 2023 pursuant to the Placement.

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 2022 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 2022 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

16 March 2023

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**COKAL LIMITED
ABN 55 082 541 437
AND CONTROLLED ENTITIES**

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

Conclusion

We have reviewed the accompanying half year financial report of Cokal Limited (the Company) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, 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 half year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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 the Group is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half year ended on that date; and
- (b) complying with AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis of Conclusion

We conducted our review in accordance with ASRE 2410 *Review of Financial Report performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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* (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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 review report.

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 \$4,586,458 during the half year ended 31 December 2022 and as of that date, the Group's current liabilities exceeded its current assets by \$19,856,343. 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 conclusion is not modified in respect of this matter.

Responsibilities of the Directors 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 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.

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**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 Review of the Half Year Financial Report

ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the true and fair view of the Company's financial position as at 31 December 2022 and its performance for the half year ended on that date, and complying with the Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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 other 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.



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



DREW TOWNSEND
Partner
Dated: 15 March 2023

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