

ASX ANNOUNCEMENT / MEDIA RELEASE
31 October 2012**PT BBM Coal Project - Initial Pre-feasibility Study Completed**

Cokal Limited (Cokal ASX:CKA, "Cokal" or "the Company") is pleased to announce the completion of an Initial Development Study ("Study") for its 60% owned Bumi Barito Mineral Coal Project ("BBM" or "the Project"), located in Central Kalimantan, Indonesia. The Study has been prepared by SMEC International Pty Ltd ("SMEC"). These results have been modeled by the Company and a Discounted Cash Flow ("DCF") analysis applied to provide a view on potential project value.

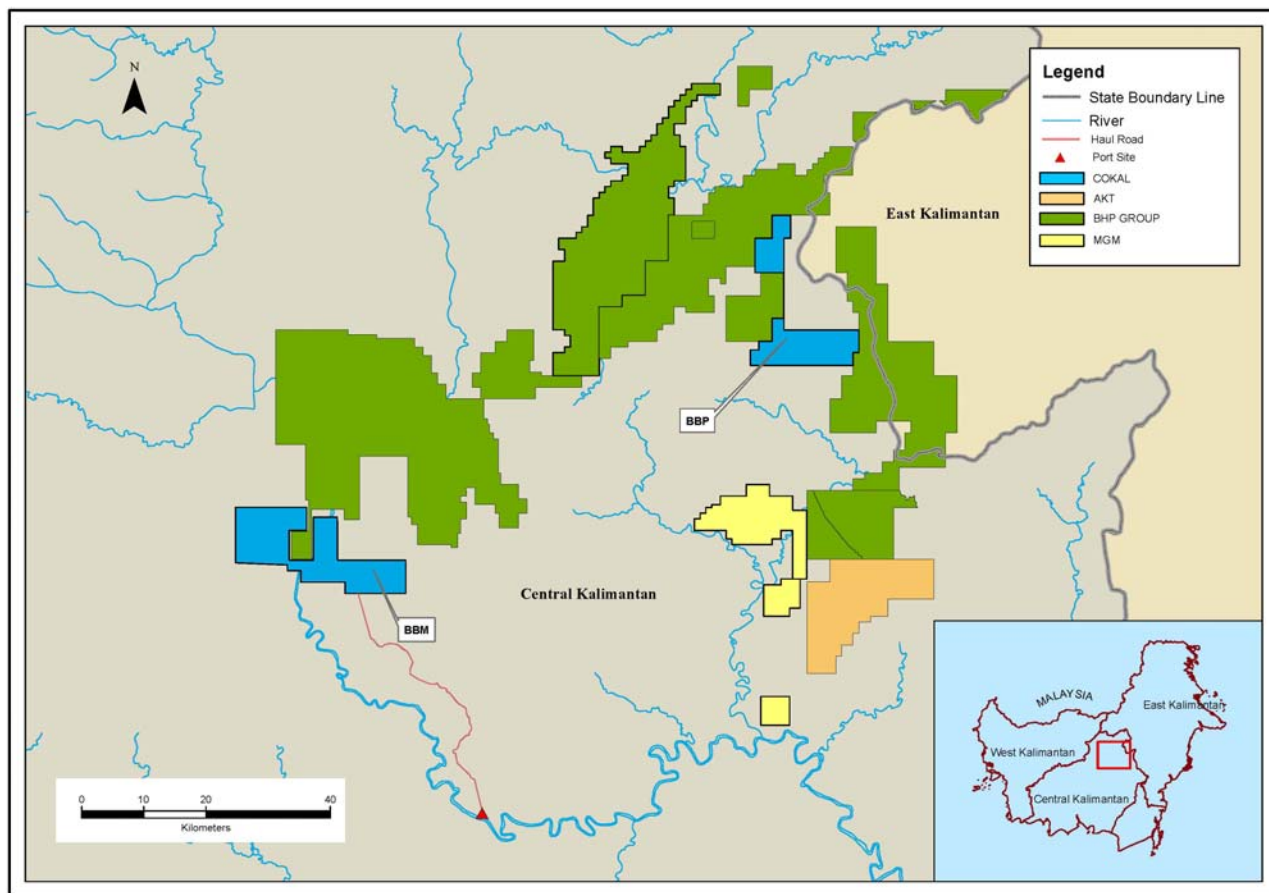
HIGHLIGHTS

- The Study has confirmed that the BBM Project has sound technical and economic basis for a potential open pit, premium quality, coking coal mine.
- The Study approached the development in two stages:
 - a. **Stage 1** is an Initial Prefeasibility Case and is based on 2 Million tonnes per annum ("Mtpa") direct ship mining operation (does not require washing)
 - b. **Stage 2** is an Expansion Concept Case and involves the Construction of a Coal Handling and Preparation Plant ("CHPP") and expanding the mining, port and logistics operations.
- The Financial Model (Real), developed by Cokal using the independent Study costs, gives an indicative valuation for **Stage 1** based on a long term hard coking coal price of less than US\$170/tonne. The model is a stand-alone option based on mining 18.2Mt of Cokal's 77Mt Resource with a life of mine strip ratio of ~18:1 bank cubic metres/tonne ("bcm/t"), of:
 - a. US\$497Million ("M") Net present value ("NPV"), after tax @ 10% discount rate (100% basis)
 - b. Payback Period < 12 months.
- Very low capital cost requirements (including contract mining and barging) in **Stage 1** of US\$100M for up to 2Mtpa direct ship product.
- Low operating costs (excluding royalties of 7%) in **Stage 1** of US\$ 67.90/product tonne (average first 5 years).
- Study based on primarily premium quality coking coal with low ash, low moisture, high CSN, low volatile, low sulphur, ultra-low phosphorous, high fixed carbon and very high vitrinite levels.
- The production and investment profiles are recommended to be staged for:
 - a. An initial low capital, direct ship operation, at up to 2Mtpa
 - b. Expansion phase.
- The start of production from BBM Project is expected to be in the first half of 2014.
- Recommendation to proceed to feasibility stage.

PROJECT OVERVIEW

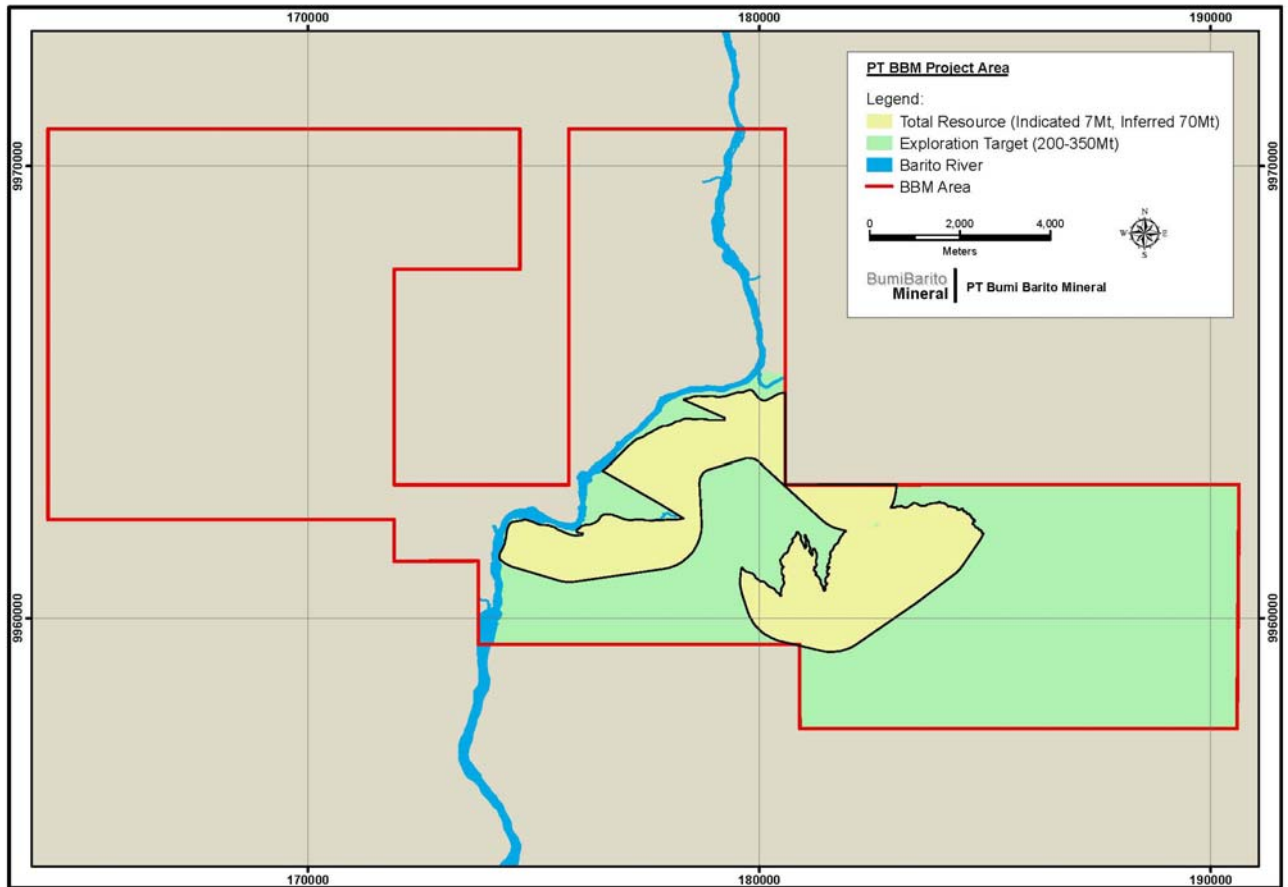
The BBM coal tenement (IUP 188.45/273/2010) is situated in Central Kalimantan, Indonesia, in the prospective metallurgical Upper Barito Coal Basin, Regency of Murung Raya. The Project covers an area of 19,920 hectares and is adjacent to the BHP Billiton, Indomet Coal, and Joloi projects in the Murung Raya Regency.

Figure 1: Location of BBM Coal Tenement (IUP 188.45/273/2010)



BBM has reported a total of 77Mt Coal Resource (7Mt Indicated and 70Mt Inferred) in accordance with the JORC Code. In addition to this, BBM has an Exploration Target¹ of 200 to 350Mt of coal down to a depth of 200m in thirteen seams in the eastern area of the BBM IUP (approximately 40 percent of the Project area).

Figure 2: BBM Project Area



PROJECT DEVELOPMENT PRINCIPLES

Some of the key Project development principles are:

- Initially extract J Seam (premium coking coal, no washing) for Year 1 to Year 2 of operations
- Uninterrupted mine operation while major expansion work occurs
- Avoid raising significant capital for Project start up
- Trade initial low cost capital start up for possible higher operating costs later in project life
- Commence mining with contractors but retain owner/operator option
- Working areas may need several rapid expansions over the first 4 years.

The intention is to access early cash flow to provide funds for further development and expansion. Accordingly, the Study completed by SMEC considered a 2 stage development strategy and provides an independent assessment of the required capital expenditure and operating costs to implement this development strategy:

- Stage 1 is an Initial Pre-Feasibility Case ("PFS") and is based on a 2Mtpa direct ship mining operation. This Coal Resource is considered of such quality that it will not require any washing and can be shipped directly to customers.
- Stage 2 is an expansion case considered to be a Concept Study which builds on the PFS. This would require the investment of further capital on additional facilities such as a CHPP and the successful delineation of an Additional Resource, having similar product qualities and characteristics to the current 77Mt Resource, sufficient to enable mining significant additional coal over the life of mine (Additional

Resource). Stage 2 incorporates Stage 1 and is not a standalone project. It includes both direct shipping and washed product.

The same levels of rigor and assessment used in Stage 1 were applied in the consideration of Stage 2. The principal difference in the level of confidence between Stage 2 and Stage 1 is that Stage 2 requires the successful delineation of the Additional Resource.

The Study was based on first coal scheduled in Q2 2014.

NATURE OF STUDY

The Study has built on other significant studies (eg. barging) that have been completed over the last 18 months. The Study highlights the potential for BBM to be developed as a low capital cost, moderate operating cost metallurgical coal project.

The Study is an initial high level appraisal of a wide range of technical and financial issues associated with the Project particularly the required infrastructure works to support the coal mine and the product coal transport chain from the mine to the Java Sea, a distance of 774 kilometres ("km"). It presented preliminary assessments on marketing, tenure and approval processes, mine planning and operation, coal handling and processing, mine housing and support facilities, coal transport chain and off site infrastructure, operations strategy, human resources, environment, health and safety and project risks. The Study has involved developing initial coal handling and transport plans and forms the basis of assessing whether to proceed forward to more field exploration, technical assessment and detailed engineering work. It has a level of accuracy of +/- 35%.

The Study identifies various risks and in particular noted that the current geological model does not meet the standard required for detailed mine planning. Further drilling and exploration must be conducted to collect adequate data before the next level of project assessment is undertaken.

STUDY RECOMMENDATION

The Study recommended that the Project be advanced to a feasibility level assessment.

COAL RESOURCES AND COAL QUALITY

Current Resources

The Coal Resources for BBM is shown in Table 1 and coal quality analysis for BBM Project is shown in Tables 2 and 3. These Resources are located east of the Barito River within the BBM exploration IUP tenement.

Table 1: BBM JORC Resources

| Seam Name | Seam Thickness (m) | Indicated Resources (Mt) | Inferred Resources (Mt) | Total Resources (Mt) |
|--------------|--------------------|--------------------------|-------------------------|----------------------|
| J | 1.40 | 7.0 | 10.0 | 17.0 |
| D | 1.30 | | 25.0 | 25.0 |
| C | 1.06 | | 20.0 | 20.0 |
| B | 0.87 | | 15.0 | 15.0 |
| Total | | 7.0 | 70.0 | 77.0 |

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

| Seam | Product | Inherent Moisture | Ash | Volatile Matter | Fixed Carbon | Total Sulphur | Calorific Value kcal/kg | CSN | Relative Density | Phosphorus |
|------|---------|-------------------|------|-----------------|--------------|---------------|-------------------------|-----|------------------|------------|
| D | PCI | 0.9 | 5.1 | 10.3 | 83.7 | 0.43 | 8,204 | 1.5 | 1.36 | 0.002 |
| D | Coking | 0.9 | 5.1 | 14.4 | 79.7 | 0.39 | 8,287 | 9.0 | 1.33 | 0.002 |
| C | PCI | 1.0 | 5.5 | 9.3 | 84.3 | 0.41 | 8,191 | 1.0 | 1.36 | 0.001 |
| C | Coking | 0.5 | 5.5 | 14.5 | 79.5 | 0.24 | 8,265 | 8.5 | 1.33 | 0.001 |
| B | PCI | 0.9 | 14.0 | 9.5 | 75.6 | 0.41 | 7,676 | 1.5 | 1.40 | 0.004 |
| B | Coking | 0.5 | 12.6 | 13.8 | 73.1 | 0.23 | 7,591 | 7.5 | 1.38 | 0.002 |

Table 3: Coal Quality of J Seam

| Product | Yield (%) | Inherent Moisture | Ash | Volatile Matter | Fixed Carbon | Total Sulphur | Calorific Value kcal/kg | CSN | Relative Density | Phosphorus |
|---------------------|-----------|-------------------|----------|-----------------|--------------|---------------|-------------------------|-----|------------------|------------|
| Raw Coal | | 0.8 | 4.6-14.3 | 17.9 | 71.1 | 0.40 | 7,752 | 9+ | 1.35 | 0.003 |
| Washed Coal @ F1.60 | 87.95 | 1.0 | 5.2 | 18.3 | 75.5 | 0.47 | 8,237 | 9+ | 1.32 | 0.002 |

Exploration Target¹ and Delineation of Additional Resource

As announced in June 2012, Cokal has set an Exploration Target¹ for the BBM East Block Area in accordance of the JORC Code of between 200Mt and 350Mt to a depth of 200m.

The seams range in thickness from 0.2 to 1.5m and typically consist of bright coal occasionally interlaminated with a carbonaceous mudstone parting. The coal itself is often described as “bright with minor dull bands” due to its high vitrinite content. The coal is soft (generally with HGI >90) and easily broken. From Seam A to Seam I, the interburden thicknesses between the coal seams in a single horizon generally vary from 1.5m to 22m. For seams above Seam I, the interburdens were not clearly defined as the data is predominantly based on the outcrop data. The seams dip to the south and southeast, ranging from 5 to 15 degrees, averaging 10 degrees.

Borehole cores for Seams A, B, C and D have been analysed and produced two coal types within the BBM east area, a Coking Coal and a PCI Coal. The coals are typically low Ash (4% to 8%), low Sulphur (0.2% to 0.4%) and ultra-low Phosphorus (0 to 0.003%).

The Coking Coal typically has a good Swelling Index of 8 to 9, and Volatile Matter in the range of 18% to 20%.

The PCI Coal has very high Carbon content (80% to 85%), due to the low Volatile Matter (around 10%).

Occasionally, one or two seams develop a thin stone band which may increase the ash content to the range of 9% to 14%. This additional ash is readily removed to reduce the ash to 5% for a greater than 85% yield. It is believed that a simple beneficiation plant would be sufficient to remove this stone at little cost to the operation. Analyses are underway to study various beneficiation technologies to determine the cost effective method suited to this coal.

This Exploration Target¹ is additional to the Coal Resources in the eastern area and is based on mapped outcrops, samples and borehole data on up to 13 identified seams.

The Stage 2 Expansion Concept Case depends on the successful delineation of an Additional Resource from the 250 – 300Mt Exploration Target¹. This is a key Project risk. There is no guarantee that this can be achieved. If this conversion is not achieved, this may have a materially adverse financial, strategic and operational impact on the Project.

The Company is giving priority to exploration work to delineate the Additional Resource and Cokal announced on the 10th of October that it had obtained the Exploration Forestry Permit for BBM (“IPPKH”) which will allow Cokal to employ high impact exploration activity, including the use of large capacity drill rigs, to focus on the priority exploration work required.

CAPITAL EXPENDITURE

The Study has estimated the capital expenditure requirements of the BBM Project based on a number of potential development strategies. Each of these options has been considered from both an owner operator and contract mining perspective, with a preferred development option selected based on cost and project risk. The preferred option requires the mining, coal hauling and barging equipment to be supplied by the respective contractor.

The estimated development capital required for BBM to deliver Stage 1 (Direct Ship 2Mtpa product) including a haulage road and all necessary transport and site infrastructure is US\$100M.

This assumes that mining, barging and hauling equipment will be provided by the respective contractors. A breakdown of this development capital is provided in Table 4.

Table 4: Estimated Capital Expenditure

| Development Capital | US\$ (Million) |
|--|----------------|
| Stage 1: Direct ship PFS to start production | 50 |
| - Ramp up to 2Mtpa | 50 |
| TOTAL | 100 |

OPERATING EXPENDITURE

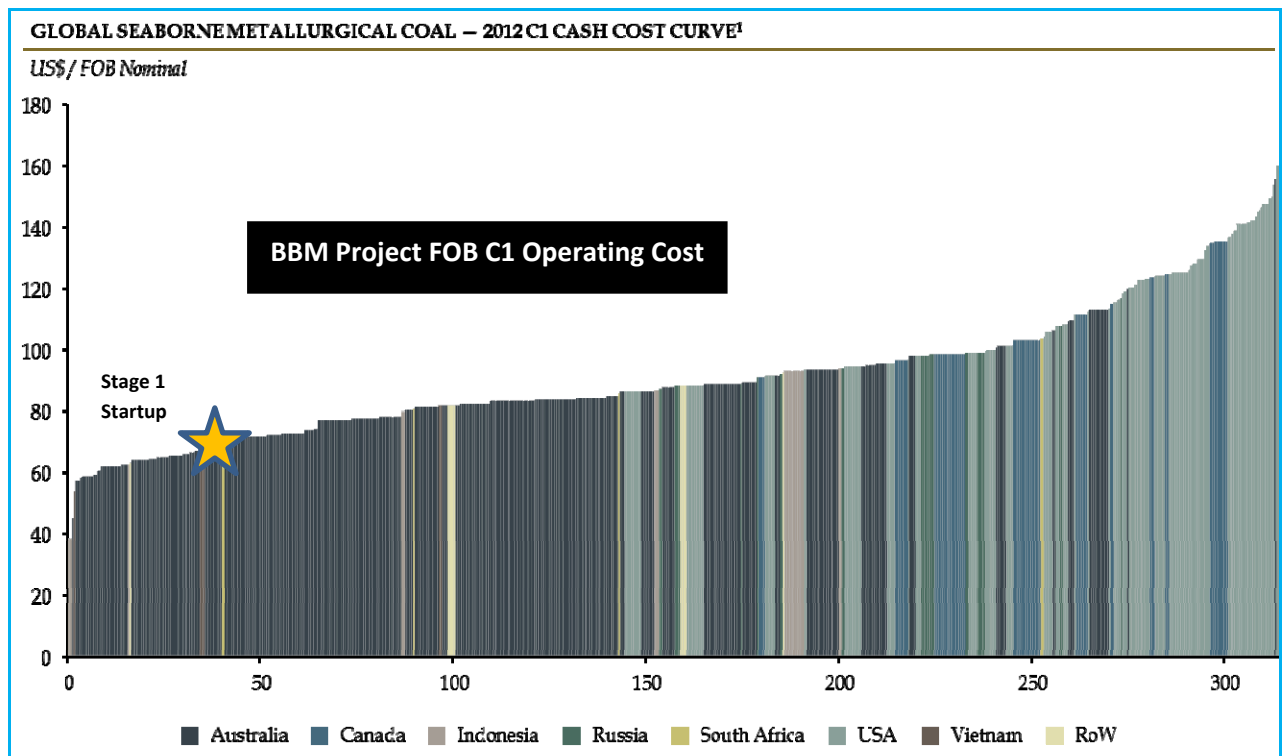
Based on the preferred development path, operating costs have been estimated by SMEC on the basis that mining, hauling and barging contractors supply the respective equipment and finance costs are included in the operating cost rates.

These FOB operating costs are detailed in Table 5. Global Comparative Operating Costs on a C1 basis vs global metallurgical coal producers are shown in Figure 3.

Table 5: Estimated Operating Costs per tonne produced (excl. Royalties & Levies)

| Operating Cost | US\$/t average |
|---------------------------------|----------------|
| Stage 1: Direct ship PFS year 1 | \$63.00 |
| - Average first 5 years | \$67.90 |
| - Stand-alone life of mine | \$89.60 |

Figure 3: Global Comparative Operating Costs - C1 basis vs global metallurgical coal producers



Source: Cost Curve by Wood Mackenzie, excerpt of Hunter Valley Longwall Conference Papers October 2012, with Overlay of BBM by Cokal

Notes:

1. C1 Cash Cost include Mining, Coal Preparation, Transport, Port, and Overhead costs. It does not include Royalties and Levies.
2. AUD\$1/US\$1.04 exchange rate

PROJECT ECONOMICS

Separate to the report developed by SMEC, Cokal has independently prepared a DCF model to provide a view on potential Project value. The modelling is based on:

- The proposed two stage development strategy and the costs identified in the Study and in particular the capital and operational expenditure estimates and production profiles.
- In Stage 1 - commencing Q2 2014, mining a total 18.2Mt from Cokal's current Coal Resource of 7Mt Indicated and 70Mt Inferred, with a life of mine strip ratio of around 18:1, recovery rate of approximately 98%, no CHPP and Direct Ship of 2Mtpa product.
- A long term real coal price of:
 - less than US\$170/tonne for hard coking, and
 - US\$122 for semi soft coking (~10% of production)
- 10% discount rate; a debt free basis; real terms (ie not adjusted for inflation); and valuation date of 1 October 2012.
- The modeling also extends to Stage 2.

Table 6 summarises the indicative after tax NPV and IRR for Stage 1.

Table 6: Indicative NPV and IRR of BBM Project

| Indicative Economics (Real) | Stage 1: Direct Ship of 2Mtpa (PFS) |
|------------------------------|-------------------------------------|
| After tax NPV (Project 100%) | US\$497M |
| After tax NPV (Cokal 60%) | US\$298M |
| IRR | 260% |
| Payback period | 12 months |

Part of the attractive characteristics of BBM Project is the expected payback period of less than 12 months.

MINE PLANNING AND OPERATION

The Study proposes using mining contractors operating an open-pit mine. The 1st Stage initial mine will be based upon a direct ship, low cost operation, directly mining from the current Resources of 7Mt Indicated, 70Mt Inferred which includes the J seam. The J seam and other seams in the Resource exhibits the properties of premium coking coal, with seam characteristics of low sulphur, phosphorous, moisture and ash, while high in CSN, fixed carbon, energy and vitrinite, with a direct ship opportunity.

The mine philosophy aims to deliver a low capital expenditure operation, with a production profile that is separated into two stages:

Stage 1: Initial mining and ramp-up delivering up to 2Mtpa ROM of direct ship coal product mined at a relatively low strip ratio and high recovery of approximately 98%. During this phase no CHPP is required.

Stage 2: Expansion concept case requiring additional capital expenditure and a CHPP.

This staged development plan allows the Project to proceed with various levels of capital being committed over time and will enable use of operating cash flow to help fund additional development expenditure from Stage 1 to Stage 2.

The Study recommends a terrace haul back mining method be employed. Stage 1 will be developed as a single strip open cut. Depending on the strike length available in each pit, additional strips may be opened in an en-echelon configuration along strike. All waste material will be dumped ex-pit or in a previously mined-out close pit. Mining will continue until coal and waste removal becomes uneconomic.

It is envisaged that Stage 1 production from BBM commence in Q2 2014.

COAL HANDLING AND PROCESSING

The preferred CHPP design being considered for the Stage 2 expansion is based on using the inherent characteristics of the high vitrinite and low ash coal seams to enable low cost coal / reject separation with minimal use of fines processing.

Coal washability analysis has been undertaken on most cores sent to Australian Laboratory Services at a float / sink density of 1.6. The results indicate yields ranging from 80% to 90% and a clean coal ash of 4% to 5%, and demonstrate the natural ability to separate the coal from the gangue material. It should be noted that detailed washability tests are yet to be undertaken, with these tests and detailed CHPP design to be finalized in the next stage of study work.

The planned CHPP has been designed as an integral part of the logistics chain, and by using a combination of CHPP fed product coal and direct ship 'bypass' product coal, continuity of product can be maintained. Several seams have demonstrated qualities are likely to allow direct ship product.

Once the Stage 2 operation commences, the production concept plan is that direct ship product will reduce.

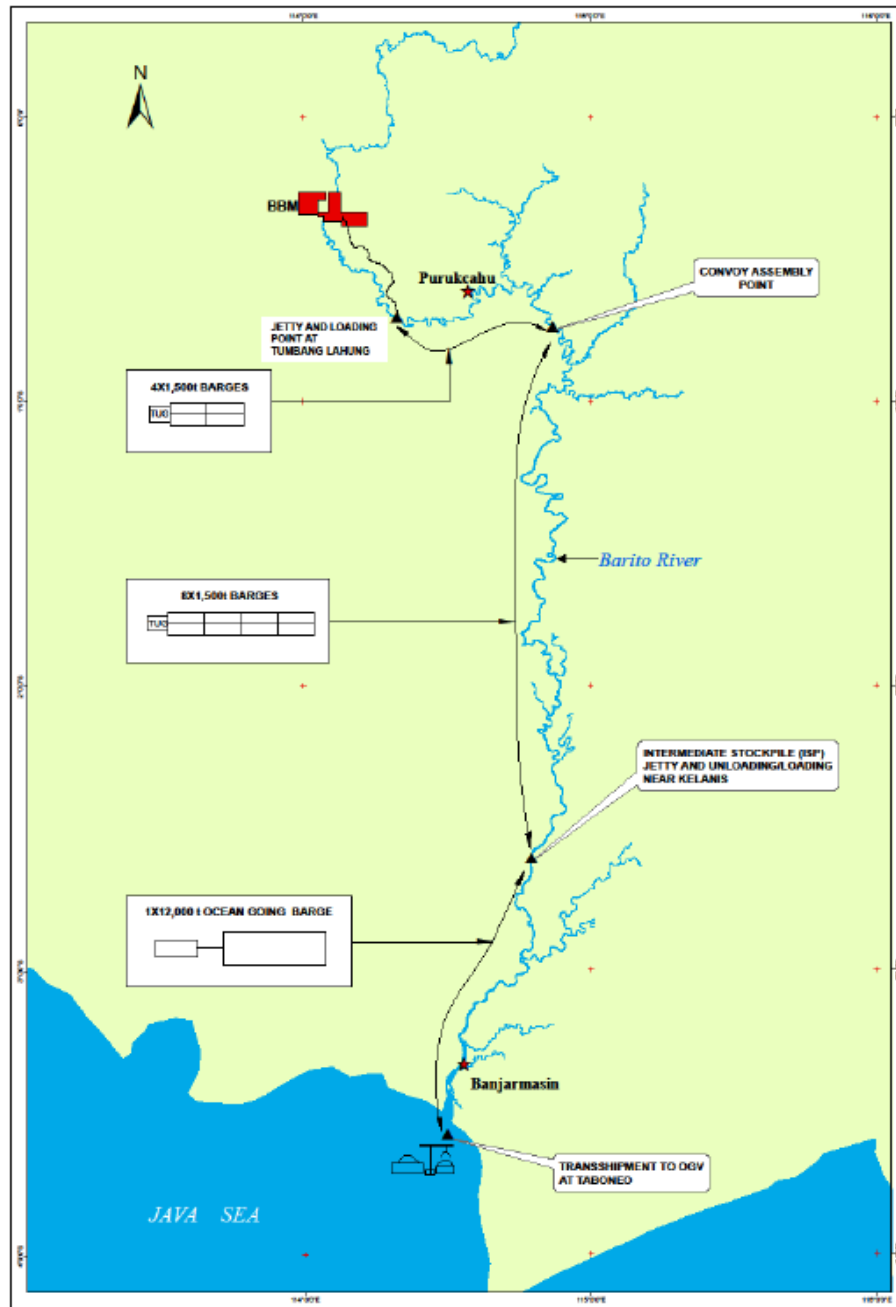
COAL TRANSPORT AND INFRASTRUCTURE CHAIN

Coal mined and processed at BBM will be transported some 774km from the mine site to an ocean going vessel at Taboneo in the Java Sea. Transportation will involve four stages (see Figure 4) including truck, shallow draft barges, ocean going barges and floating crane trans-shipper to the Ocean Going vessel ("OGV").

Coal extracted from BBM and either processed through the CHPP, or screened as direct ship product coal, will be transported approximately 53km by truck via a haul road, to a river port on the Barito River.

Once loaded on shallow draft barges on the Upper Barito River, the product Coal will be transported 503km down the Barito River to the Intermediate Stockpile Port ("ISP") located upstream of Kelanis on the Barito River. Here, coal will be loaded into ocean-going barges and transported approximately 214km to the open sea anchorage at Taboneo in the Java Sea. A crane trans-shipper will transfer the product to the OGV for the customer.

Figure 4: Proposed Coal Transport Route (Full Production)



RISKS AND OPPORTUNITIES

The Study highlighted a number of key risks and opportunities in taking BBM from its current stage of development into full production.

Risks

- **Government Approvals** delay the Project development schedule
- **Transport Logistics Chain** fails to meet the Production schedule and delays occur
- **Equipment, Mining or Social Issues** delay the Production schedule
- **Resource risk** – insufficient material available to enable the full development of Stage 2 or delays the development schedule
- **Indonesian Country Risk.**

Opportunities

- **Philosophy of Innovative** Simplicity can have a multiplier effect in efficiency and cost
- **Geographic Location** could be a significant advantage to Asian customers
- **Social Programs** could improve the uptime and reduce schedule contingency
- **Increased Geological Resource** in areas not covered by Exploration Target¹ or Coal Resource.

The Study notes that BBM has been and continues to focus on key areas of risk and opportunity in barge studies, project approvals and licences, road haulage and Coal Resource definition. The company intends to address each of these key areas in progressing to feasibility stage.

CONCLUSIONS

Cokal Executive Chairman, Peter Lynch, expressed confidence in the Project when he said,

“The independent SMEC Study provides us with confidence that we have a technically viable and economic Project, in a commodity with a great future. Added to this is the geographically strategic location of the BBM Project for customers in the sub-continent, south-east Asia and north Asia; excellent product properties; and supply diversification from this emerging coking coal basin in Central Kalimantan. These features for our flagship BBM Project add up to great value for our potential customers and a real opportunity for our shareholders.

Cokal has now established a robust economic basis for an operation at BBM of up to 2Mtpa direct ship, as well as identified the further potential for expansion. The company has defined a clear development schedule and critical decision points subject to the successful outcomes of the identified hurdles. Specifically the company is now focused and obtaining all the necessary permitting and approvals enabling the staged development of BBM. At the same time it is implementing an exploration program to define sufficient Coal Resources to underpin the expansion of the Project.

Already we have commenced further detailed work and studies in areas where we have identified critical path scheduling issues and / or technical requirements to commence production from BBM. In conjunction with the positive community feedback from our local programs, we believe we have a tremendous opportunity to provide real positive benefits to the local, provincial and national arenas, in addition to the already mentioned stakeholder advantages.

The Board has directed our people to proceed to finalise the studies and complete regulatory and legal obligations for operations to commence the staged development”.

ENDS

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About Cokal Limited

Cokal (ASX:CKA) 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 considered prospective for metallurgical coal. Cokal has also signed a joint venture with Tanzoz Resource Company Limited to explore for coal in Tanzania and a co-operation agreement with Mozambique Government Mining Corporation, EMEM, to explore for coking coal in the emerging coal province of Mozambique.

Forward Looking Statements

This release includes forward looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “continue”, and “guidance”, or other similar words and may include, without limitation statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs. Forward looking statements in this release include, but are not limited to, the capital and operating cost estimates and economic analyses from the Study.

Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the company’s actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licences and permits and diminishing quantities or grades of resources or reserves, political and social risks, changes to the regulatory framework within which the company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

Forward looking statements are based on the company and its management’s good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the company’s business and operations in the future. The company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the company’s business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the company or management or beyond the company’s control.

Although the company attempts to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be anticipated, estimated or intended, and many events are beyond the reasonable control of the company. Accordingly, readers are cautioned not to place undue reliance on forward looking statements.

Forward looking statements in this release are given as at the date of issue only. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information the company does not undertake any obligation to publicly update or revise any of the forward looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.

Competent Person Statement

The information in this report relating to Exploration Results is based on information compiled by Patrick Hanna who is a fellow of the Australasian Institute of Mining and Metallurgy and is a consultant (through Hanna Consulting Services) to Cokal Limited.

Mr Hanna is a qualified geologist and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking, to qualify as Competent Persons as defined in the 2004 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”.

Mr Hanna consents to the inclusion in the report of the matters based on the information, in the form and context in which it appears.

The information in this report relating to Mineral Resources is based on information compiled by Tri Yoso who is a member of the Australasian Institute of Mining and Metallurgy and a full time employee of Cokal Limited.

Mr Yoso is a qualified geologist and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking, to qualify as Competent Persons as defined in the 2004 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”.

Mr Yoso consents to the inclusion in the report of the matters based on the information, in the form and context in which it appears.

Note 1: Exploration Target

All statements as to Exploration Targets of Cokal Limited and statements as to potential quality and grade are conceptual in nature. There has been insufficient exploration undertaken to date to define a Coal Resource and identification of a Resource will be totally dependent on the outcome of further exploration. Any statement contained in this document as to exploration results or Exploration Targets has been made consistent with the requirements of the Australasian Code for Reporting of Exploration Results, Resources and Ore Reserves (JORC Code).