

31 July 2017

## QUARTERLY REPORT FOR THE THREE MONTHS

ENDED 30 JUNE 2017

### HIGHLIGHTS

- **Platinum Group Debt Restructure Updated**
- **BBM PCI Start-up Project Announced**
- **Funding Term Sheet Signed for BBM PCI Project**
- **Imminent Commencement of BBM Anak PCI Project**
- **Subsequent Events**
  - **July 17 – Private Placement Completed**
  - **July 27 – JV Funding for BBM PCI project no longer required**

### PROJECT STATUS

#### INDONESIA

##### ***BBM Project***

BBM's Production IUP (mining licence) covers an area of 14,980 hectares (ha), immediately adjacent to Indomet's Juloi tenement, straddling the Barito River and has multiple seams of high quality metallurgical coal. BBM has all regulatory approvals in place, including:

- Mining License – 20 years with two further extensions of 10 years each
- Environmental Approval for a total of 6 million tonnes per annum
- Port Construction Approval
- Forestry Permit to commence mining activity.

##### ***TBAR Project***

TBAR's Exploration IUP (No.188.45/204/2012) covers an area of 18,850 hectares (ha), immediately adjacent to the south of BBM's tenement. TBAR's IUP (tenement license) is on the Clean and Clear List (CNC) with over 80% of the lease being either production or limited production forestry lease, that is, it is available for exploration subject to the issuance of an exploration forestry permit. The application of exploration forestry permit was submitted in 2014 and continues to be processed by the Environment and Forestry Ministry of Indonesia.

Cokal continues to support the application for the Exploration IUP license to be upgraded to a Production and Operation IUP (equivalent to a mining license).

##### ***TBAR Project***

Cokal continues to provide supporting documents for the TBAR project upgrade from Exploration IUP to a Production and Operation IUP.

## **BBP Project**

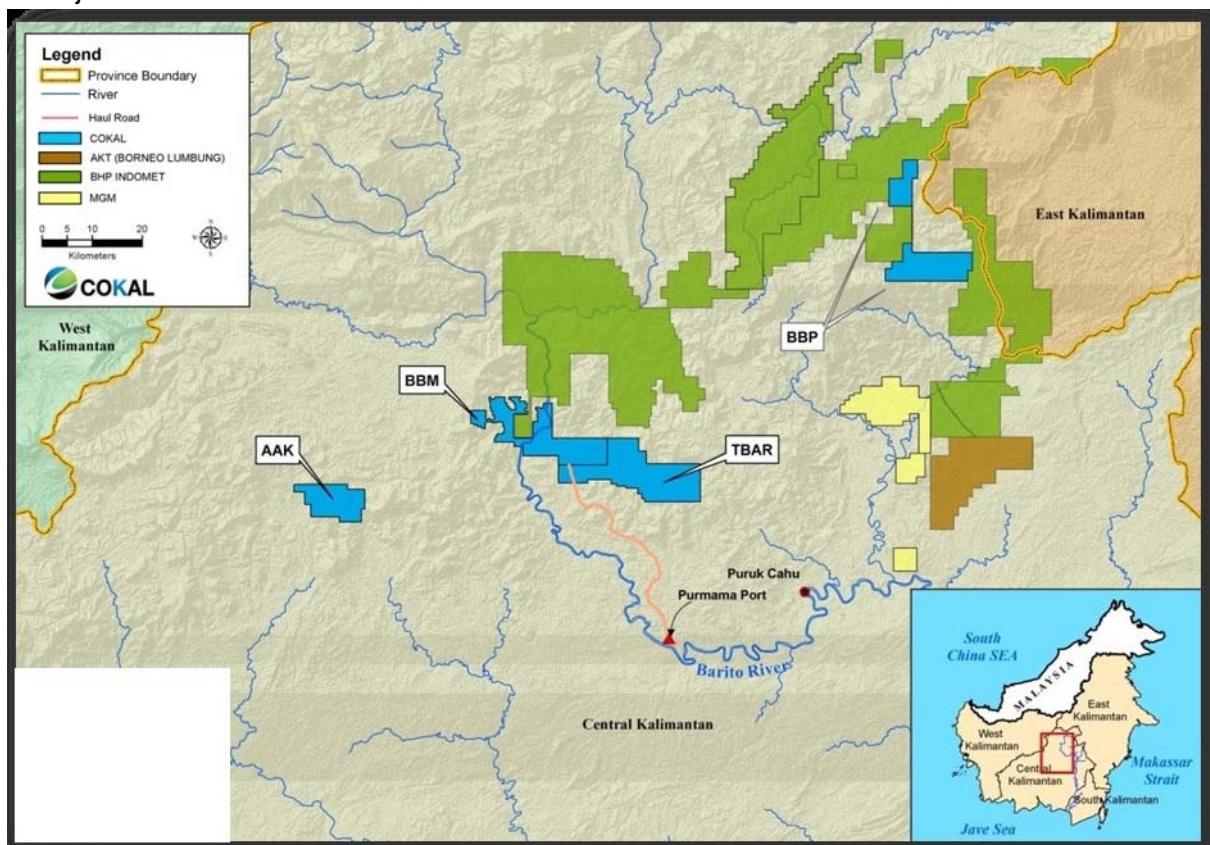
No exploration activity was conducted on BBP during this period.

## **AAK Project**

Cokal has a 75% share of Anugerah Alam Katingan (AAK) projects also located in Central, Kalimantan, Indonesia. The AAK project area comprises of 5,000ha.

Applications for the Exploration Forestry Permit (IPPKH) and Clean and Clear Certificates continue to be processed.

Cokal continues to await the outcome of the Police investigation into a period predating Cokal's interest in the Project.



**Figure 2: Locality Plan of the Central Kalimantan Coal Projects on the Island of Kalimantan**  
- Cokal's Coal concession areas are shown in blue

## **DISCLOSURES REQUIRED UNDER ASX LISTING RULE 5.3.3**

### **Mining tenements held at the end of the quarter and their location**

Tenement Name	Location	% Ownership
PT Anugerah Alam Katingan (AAK)	Central Kalimantan, Indonesia	75%
PT Bumi Barito Mineral (BBM)	Central Kalimantan, Indonesia	60%
PT Borneo Bara Prima (BBP)	Central Kalimantan, Indonesia	60%
PT Tambang Benua Alam Raya*	Central Kalimantan, Indonesia	75%

## **GEOLOGICAL ACTIVITY**

### ***BBM Project***

Cokal technical and financial team have prepared feasible studies including mining plans, mining schedules and financial budgets for the BBM PCI start-up project. Investigations of mining contractor costs, barging contractor costs, fuel delivered to Krajan (BBM mining camp), and required infrastructure to produce up to 0.5million tonnes per year of a Premium export low Vol PCI coal.

Similar studies were conducted for BBM Anak projects, which is planned to produce up to 10,000 tonnes per month of low Vol PCI coal aimed for the domestic market (smelters for mineral reduction, high CV blend, etc.).

## **PROJECT DEVELOPMENT**

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### **BBM PCI Start-up Project**

As part of the its strategy to accelerate the commencement of mining operations in the BBM Project, Cokal has evaluated the technical and financial feasibility of a small-scale initial mine (up to 0.5 million tonnes per annum) located close to the Barito River in Kalimantan, Indonesia (**Start-up Project**).

The objective of the Start-up Project is to deliver a low capital and low cost operation to produce a premium PCI coal in a relatively short time frame in order to generate positive cash flow to assist funding of the larger BBM two (2) million tonne per annum coking coal project (**BBM Project**).

### **SUMMARY**

The work required for the Start-up Project is a sub-set of the wider program of work in relation to the larger BBM Project which had been reviewed by Resindo in a Definitive Feasibility Study for the BBM Project (**BBM DFS**). Accordingly, Cokal 's technical feasibility assessment of the Startup Project is based on work contained in the BBM DFS, supplemented by relevant modifications to reflect the specific features of the Startup Project (such as its smaller scale).

Relevantly, the BBM DFS considered, in relation to the BBM Project, marketing, tenure and approval processes, mine planning and operation, the coal transport chain and offsite infrastructure, operations strategy, human resources, environment, health and safety and project risks. It had a level of accuracy of +/-10%. The key outcomes of the BBM DFS were announced to the market on 13 February 2014.

Cokal's technical team has prepared a cost budget for the Startup Project which, due to the close proximity of the low stripping ratio PCI coal to a temporary port, indicates a reasonably low capital investment (\$10 - \$12 million) to take the project into production. A large portion of this capital has been spent by Cokal in working up the project to its current status including exploration, regulatory approvals, land acquisition and logistic assessment.

Cokal's cost assessment is based on relevant parts of the BBM DFS supplemented by firm quotations provided recently from experienced local mining and barging contractors who have been to site. Construction of the mine can commence immediately funding is secured as all regulatory approvals have been acquired by Cokal.

The project can be constructed within 6 to 8 months of securing finance. The main construction work comprises a short haul road and a simple barge-loading port on the Barito River within the BBM tenement. A contractor with small barges (800 tonne) will take coal down the Upper Barito to an established intermediate stockpile located in deeper waters suitable for larger ocean-going barges.

Cokal has been in discussions with Japanese and Vietnamese markets who have indicated that the PCI product from BBM will attract a premium price for a low-vol PCI, currently fetching US\$150/tonne (source S&P Global Platts, April 3, 2017) on the spot market.

The Company is in advanced negotiations with prospective joint venture and funding parties in respect of this project.

## PROJECT DETAILS

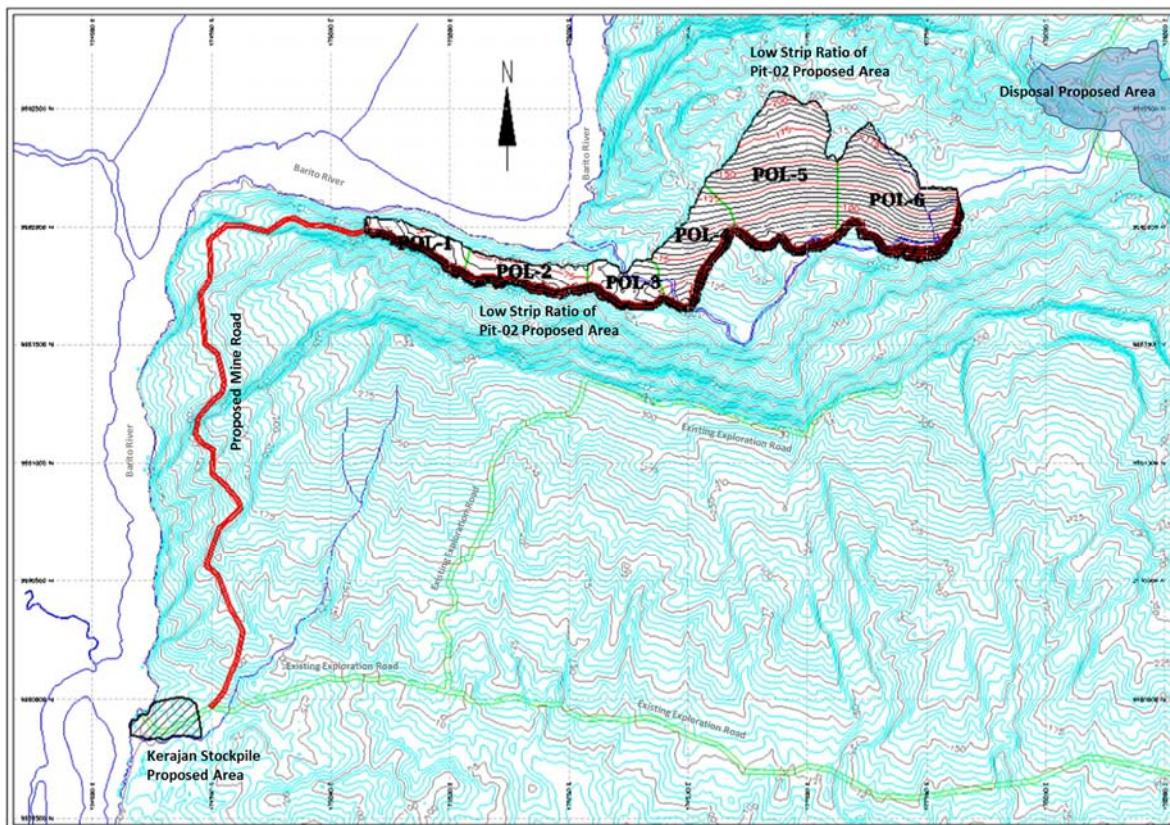
The Project involves mining coal from the area covered by BBM's coal tenement. The abundant exploration data for the PCI coal seams B, C and D in this area have been estimated as Measured Resources (in accordance with the 2012 JORC Code) as reported in the most recent Resource Report "*Updated Coal Resources of BBM Project, April 2016*". The coal is regarded as a premium low Vol PCI coal since the Volatile Matter is 12% and the Ash content of 3.2% is very low.

Table 1: Coal Resource and Coal Quality for PCI Project

Coal Thickness (m)	Measured Resource (Mill tonnes)	Vertical Strip Ratio bcm/tonnes	Relative Density g/cc	Inherent Moisture (% ad)	Ash Content (% ad)	Volatile Matter (% ad)	Fixed Carbon (% ad)	Total Sulphur (% ad)	Calorific Value (Kcal/kg)	Phosphorous (% ad)	Crucible Swell Index
3.47	2.58	7.00	1.33	2.00	3.20	11.90	82.90	0.44	8,100	0.003	<1

Cokal has delineated a Measured Resource estimate a 2.58 million tonnes at an average vertical strip ratio of 7:1 bcm/tonne (see Figure 1). A geotechnical study of the overburden material in BBM was conducted by Australian Mining Engineering Consultants. It was reported that for openpit mining in BBM, acceptable openpit batter angles of 34° in weathered material and 65° in fresh overburden material.

Figure-1: Mine Layout Map of Low Strip Ratio PCI Coal



## **PROJECT FUNDING**

Cokal is considering a funding deal to sell down 50% of the discrete PCI project for partial pre-funding of the mine capital costs. A number of parties have been approached and Cokal continues to determine the best value for our shareholders and a fitting partner to work with Cokal on this Indonesian project.

## **MARKETING**

Upon receipt of the project funding, Cokal will acquire a 1 tonne bulk sample of PCI coal from BBM. This sample will be delivered to a reputable laboratory in Banjarmasin where a sub-sample will undergo thorough testing of relevant qualities required to market the coal to potential buyers.

The remaining sample will be sealed prepared to be sent to potential customers for their independent testing and assessment.

Marketing will include Japanese and Vietnamese buyers who have previously displayed a keen interest in acquiring BBM's PCI coal. Cokal will employ the services of Carbon Solutions (HK) Limited, who has extensive knowledge and experience in marketing Indonesian metallurgical coals into Asian and European markets.

As well, there are local Indonesian businesses who have expressed an interest in acquiring BBM's PCI coal. Supplying coal to local industry is viewed favourably by the Indonesian Government.

## **CONSTRUCTION**

Construction of the mine can commence immediately funding is secured as all regulatory approvals have been acquired by Cokal.

The major item with the longest lead time is the construction of the haul road. It is planned to construct a 3km haul road from the mine site to the barge-loading port on the Upper Barito River near Cokal's Krajan project site facilities within the BBM tenement area. A simple jetty will be constructed to load 800 tonne barges.

Locally sourced material will minimise costs, and the road designed to allow the mine to continue operations in wet conditions. Construction is estimated to take 6 months but allowing for extraordinary wet conditions during the construction period, it could take up to 8 months. The road will be constructed in a similar manner to the work proposed in the BBM DFS.

## **MINING**

The mine plan is based on an open cut mine for a five year mine life. Cokal has been in contact with reputable mining contractors since November 2016. Three mining contractors have been on site at BBM and have provided cost estimates for overburden removal and coal mining. All three have confirmed they are able to mobilise quickly once contracts have been signed.

Since the coal is exposed on the surface (outcrops), overburden removal can uncover coal very quickly. Based on drilling, mine planning and modelling, Cokal consider that the initial blocks to be mined from B, C and D seams do not require beneficiation for the market quality required. There is no requirement for washing the coal as it is has a very low ash content and is suitable for direct-to-ship product logistics. Indonesian mining contractors have developed specific mining methods to ensure minimal dilution of the coal in order to maintain a low ash product.

## **EXPORT LICENCE**

Cokal is required to apply for an Export License from the Central Government (Indonesia) which was established primarily to control the large volumes of thermal coal being sent off-shore in order to ensure sufficient coal supply to be available to the Indonesian domestic power requirements. Since Indonesia has little requirement for metallurgical coal, acquiring an export license for PCI coal is expected to be processed in a very short time.

## **BBM ANAK PROJECT COMMENCED**

- Imminent production of high-quality coal from BBM Anak, a newly targeted mining area within BBM
- BBM Anak is a separate and additional project to the BBM PCI Project (announced to the ASX on 24 May 2017).
- Cokal able to generate attractive cash flows from low-risk production
- Production of a high calorific-value, high-volatility PCI coal, suitable for blending with lower quality coals, will be sold to local coal companies
- Contract miner to undertake mining operations, with minimal upfront capital costs or working capital for Cokal
- Cokal to benefit from 100% of initial cash flows until BBM project costs incurred by Cokal fully recovered
- Development of the BBM PCI Project remains a focus, with site activities at BBM Anak, and cash flow generation for Cokal, contributing to the early development works at BBM PCI.
- BBM PCI Project funding has been deferred to 31 July 2017, however, this will not impact the development timeline of the BBM PCI Project, which remains on schedule to achieve first coal production in December 2017 / January 2018. For further details on the BBM PCI Project, please refer to Cokal's announcement to the ASX on 24 May 2017

On 30<sup>th</sup> June, Cokal Limited announced that preparations are advanced, with coal production imminent from at BBM Anak: a newly targeted mining area within the Bumi Barito Mineral Coal Project ("BBM"). BBM Anak is a separate and additional project to the BBM PCI Project.

Cokal is establishing a small scale coal mining operation, which will produce a high calorific-value PCI coal. Product coal will be sold to local coal companies for blending with their lower quality coals. The location of the mine is in close proximity to the Barito River requiring a very short haul (around one kilometre) to the stockpile area.

Cokal has successfully completed negotiations with the landowners and both parties are pleased with the outcome. As well, Cokal has negotiated terms for the supply of fuel, for land-clearing contractors and for a small fleet of mining and barging equipment.

Cokal expects to build a stockpile of coal beside the Barito River in July/August and commence barging to local coal producers downstream on the river.

Cokal's on-site technical team has prepared comprehensive mine-plans, mining schedules and financial budgets, in accordance with internationally accepted mining standards. Cokal's technical team has extensive experience in coal exploration and mining in Indonesia and throughout the world and is highly confident in the technical and financial merits of BBM Anak. However, under current disclosure rules, there is not yet the level of assurance required to disclose the anticipated operational metrics or financial performance of BBM Anak. Cokal looks forward to providing further details as and when we are able.

Development of the BBM PCI Project remains a focus, with site activities at BBM Anak contributing to the early development works at BBM PCI. The expected cash flow from BBM Anak will assist Cokal to continue to fund development of the BBM PCI Project, with production of an export quality Premium PCI coal forecast for December/January in accordance with Cokal's announcement on 24 May 2017.

Cokal's independent consultants have commenced work on producing a Reserves Statement in accordance with the JORC Code and a Valmin evaluation report on Cokal's assets. These reports have been delayed by a few weeks due to national holidays in Indonesia in the past month.

## **COKING COAL AND PCI PRICING**

The FOB sale price for Australian coking coals rose from a recent low of US\$140/tonne in June to the current price of US\$178.85/tonne (Metal Bulletin Coking Coal Index July 28 2017).



The spot price of PCI coal has also risen significantly from US\$70/tonne October 2016. Currently, spot price for Premium PCI is US\$109/tonne (Coal Trader International, April 12).

## **APPROVAL AND EXTERNAL RELATION**

### **BBM WEST BLOCK EXPLORATION IPPKH EXTENSION**

Since the issue of the Borrow to Use Permit – Exploitation (IPPKH-OP) for the Eastern Block Cokal has proceeded with the application for a Borrow to Use Permit – Exploration for the Western Block of BBM and this application is currently with Planology Dept. at the Ministry of Environment and Forestry. Further follow up on status will be made during Q2-2017.

### **BBP PRODUCTION APPROVAL ADVANCES – UPDATE**

As a foreign investment company (PMA), the IUP-OP for BBP has been handed-over by the Murung Raya Regency to the Central Government (ESDM Jakarta), and its decree will be signed by the ESDM Director General. Previously the IUP-OP for BBP was signed by the Murung Raya Regent on 22 December 2014 and valid until 03 June 2033

## TBAR EXPLORATION FORESTRY PERMIT

Cokal continued to progress the Exploration Forestry Permit for TBAR with the Central Kalimantan Provincial Government.

### **CORPORATE SOCIAL RESPONSIBILITY**

#### **Corporate Social Responsibility**

Cokal has continued with the implementation of its Community Development programs which include health, education, environmental awareness, and community empowerment aspects.



Coordination is also being continued with BOS Foundation following their requests on other possible support needed, including supervision and training of HSE procedures. The next batch of Safety Awareness and First Aid Trainings are still being prepared.

### **CORPORATE RELATED MATTERS**

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#### **DEBT RESTRUCTURING – CONVERSION OF LOAN TO PLATINUM PARTNERS TO A ROYALTY ARRANGEMENT**

On 29th April, 2017, Cokal entered into a royalty agreement with its senior lenders in relation to the conversion of all of its outstanding loans to a production royalty.

The royalty agreement was subject to conditions including lender due diligence, Cokal shareholder approval, project funding, commercial production and the grant of security on the royalty. On completion, the monies owing to Platinum Partners and Blumont will be fully discharged and Cokal will be loan free.

The agreement with Wintercrest Advisors LLC (**Wintercrest**) and Northrock Financial, LLC (Northrock), funds managed by Platinum or its affiliates (the **Platinum Group**), will, on satisfaction of all conditions,

convert approximately USD13.8 million of loans owing by Cokal. Those loans include the Blumont loan, which was acquired by the Platinum Group.

This agreement will be seen favourably by potential investors who are considering the provision of the BBM project funding required to commence construction and production of Cokal's metallurgical coals.

The royalty agreement includes the following terms and conditions:

- **(Conditions)** The royalty is subject to satisfactory lender diligence by 29 May 2017, the grant of the agreed security, Cokal shareholder approval and receipt of project funding by 29 October 2017 (**Initial Conditions**) as well as commercial production at the rate of 100,000 tpa by 29 October 2018 and Platinum being satisfied with the budgets for all financing proposals (**Further Conditions**),
- **(royalty entitlement)** From the commencement of commercial production, Platinum will be entitled to a yearly royalty on coal sold from Cokal's share of production from the Bumi Barito Mineral Project (BBM) and PT Tambang Benua Alam Raya (TBAR) Project.
- **(royalty rate and maximum royalty)** The royalty will be 1% of Cokal's share of the realized selling price (FOB) (i.e. selling price per tonne x tonnes sold x 1%) up to a maximum royalty amount of USD40 million.
- **(early termination)** Cokal or its related parties will have the right to buy out the royalty at any time for the amount of USD40 million less amounts paid on the royalty at that time.
- **(security)** The royalty obligations will be filed with the original tenements with the Indonesian authorities and secured by charges over Cokal's interests in the BBM and TBAR Projects. The Platinum Group has agreed to provide first ranking security to providers of project senior debt finance.
- **(loan conversion)** The total outstanding loans will be converted as follows:
  - one third (1/3) on satisfaction of the Initial Conditions; and
  - the remaining loans on satisfaction of the Further Conditions.

On June 9, 2017 Cokal and Platinum proceeded with the implementation plans to finalise the royalty agreement including:

- The Receiver of the PPCO fund and the Liquidator of the PPVA fund (Platinum) advised they have completed their Due Diligence in respect of the royalty agreement and are satisfied with the results. Accordingly the Due Diligence precondition in this agreement had been satisfied.
- The Company will now progress the shareholders meeting to approve this transaction and associated matters.
- The funding secured for the development of the BBM PCI Coal mine as detailed in the Company's announcement of May 24, 2017 and the commencement of production from this project will fulfil the preconditions for commercial production required for the Debt to Royalty agreement to come into effect

## **PROJECT FINANCING**

On May 24 Cokal announced that it had secured funding for the development of the BBM PCI coal mine ("BBM PCI") at Cokal's 60% owned Bumi Barito Mineral ("BBM") Coal Project, located in Central Kalimantan, Indonesia. The BBM PCI project area is separate from the Company's flagship BBM Coking Coal development project, the latter being the subject of the Definitive Feasibility Study (Updated November 2016). Details of BBM PCI were previously provided in Cokal's 4<sup>th</sup> May 2017 ASX announcement.

Cokal had executed an agreement to raise AU\$10.0mill in funding for the development of BBM PCI via a Limited Joint Venture (the “Agreement”) with **Investment Advisor Alliance** (“IAA”). IAA is an affiliate of, and is supported by, **Beacon Financial Group Pty Ltd** (“Beacon”) which has access to considerable capital with approximately AU\$3.5bn in funds under management.

Under the Agreement, IAA would fund AU\$10.0m in project capital expenditure at BBM PCI in return for 50% of Cokal’s share of profits from BBM PCI operations. The Agreement is binding on both IAA and Cokal but is conditional on completion of a Joint Venture Agreement and regulatory approval.

### **Transactions Highlights**

- BBM PCI project development fully funded to first coal production
- Accelerated development timeline, with first coal production targeted for Q4 2017
- Cokal to take advantage of the attractive prices currently being received for premium ULV PCI
- Production targeting 2.5million tonnes of Measured Resources at 5:1 vertical strip ratio of premium ULV PCI coal
- Significant longer-term potential for the project
- Access to cash flow from BBM PCI will assist Cokal to fund development activities at the BBM Coking Coal development project
- The BBM PCI mine does not impede the development pathway for the Company’s flagship BBM Coking Coal development project

### **SUBSEQUENT EVENTS**

#### **July 17 – Private Placement Completed**

Cokal Limited (“**Cokal**”) (ASX : CKA) announced the successful completion of a \$700,000 capital raising by way of a private placement (“Placement”) to sophisticated and professional investors.

The funds raised will be used by Cokal for working capital as their flagship BBM Coal project advances towards initial coal production, which is expected to be achieved in Q3 2017.

Cokal anticipates that the capital raised will be the final requirement for funding prior to initial production from the BBM Anak area within the BBM Coal project.

The Placement consists of [up to 19,444,445 fully paid new ordinary shares to be issued at \$0.036 per share to raise \$700,000 (before issue costs).

The Placement price of \$0.036 per share represents a 10% discount to Cokal’s closing price on 12 July 2017, the last day Cokal shares traded on the ASX prior to announcement of the capital raising.

Cokal will issue shares using the existing 10% additional placement capacity provided by Listing Rule 7.1A. Shareholders are not required to vote.

#### **July 27 – JV Funding for BBM PCI project no longer required**

As construction nears completion, the PCI coal in BBM Anak will produce an attractive profit margin for the 10,000t per month production which is expected to commence sometime in August.

Negotiations are well advanced for the sale of BBM Anak's Premium low Volatile PCI coal with initial sales expected to be with domestic users such as mineral processing plants which currently import PCI coals from Australia and Vietnam.

Development of the infrastructure for BBM Anak will form the basis of the infrastructure for the 0.5mt per annum (mtpa) BBM PCI project as both projects will use the same barge loading port, stockpile and haul road. Upgrading BBM Anak to BBM PCI will cost substantially less than the initial estimates.

Consequently, Cokal has decided not to conclude the agreement for a JV partnership with IAA as announced on May 24<sup>th</sup>, 2017 as it expects the cash flow generated by BBM Anak, Cokal will be sufficient to develop the 0.5Mt per annum BBM PCI export project without third party funding.

**ENDS**

**Further enquiries:**

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**About Cokal Limited**

Cokal Limited (ASX:CKA) is an Australian listed company with the objective of becoming a metallurgical coal producer with a global presence. Cokal has interests in three projects in Central Kalimantan, Indonesia, which are considered prospective for metallurgical coal.

**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 Total Coal Resource estimate was announced on 29 April 2016, titled "Cokal announces updated JORC Resource Statement for Bumi Barito Mineral (BBM) Project". 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 and a full time employee of Cokal Limited. 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.

The information in this report relating to exploration results is based on information compiled by Patrick Hanna who is a fellow of the Australasian Institute of Mining and Metallurgy and is a consultant (through Hanna Consulting Services) to Cokal Limited. Mr Hanna is a qualified geologist and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking, to qualify as Competent Persons as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".