

## ASX ANNOUNCEMENT

May 24, 2017

### Funding Secured for Development of the BBM PCI Coal Mine at the Bumi Barito Mineral Metallurgical Coal Project

**Cokal Limited** (Cokal ASX:CKA, “Cokal” or “the Company”) is pleased to announce that it has 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 has executed an agreement to raise A\$10.0m 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”). Beacon is excited to be affiliated with this opportunity and has considerable access to capital with approximately A\$3.5bn in funds under management.

Under the Agreement, IAA will fund A\$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.

Cokal has already commenced preparation for construction of BBM PCI, which has been designed to produce premium Ultra Low Volatility PCI coal (“ULV PCI”). Initial site preparations include location of a suitable barge-loading port in close proximity to the mining operation, as well as selection of a mining contractor and a barging contractor.

#### 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
- Significant longer-term potential for the project
- Access to cashflow 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

## Key Terms of the Transaction

- IAA to provide A\$10.0m for BBM PCI project development costs
  - First Tranche of \$5.0m to be paid by 28 June 2017
  - Second and Third Tranche of \$2.0m each will be paid on 28 July and 28 August respectively
  - Fourth Tranche of \$1.0m to be paid by 28 September 2017
  - Cokal has agreed to fund additional amounts, if and as required, to complete project development, although this is regarded as highly unlikely
- The Agreement is a contractual agreement only and no change to asset ownership or title of the tenements will occur
- The Agreement is for life-of-mine production from the BBM PCI project, limited to coal with Volatile Matter of less than 12%
- Management Committee will be formed to manage the joint venture which will include two Cokal and two IAA nominees.

## Project Details

Details of the BBM PCI coal project are included in the accompanying presentation to be released on the ASX on the 24th May 2017.

## Cokal's Advisor

Cokal's financial advisor for the transaction is Indian Ocean Corporate.

## 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 four projects in Central Kalimantan and one project (which holds three exploration licences) in West Kalimantan, Indonesia 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 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 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".