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**ASX ANNOUNCEMENT / MEDIA RELEASE**  
**1 August 2018**

## **Funding Secured for Development of PCI Coal Mine at BBM Coal Project**

### **Highlights:**

- **Aahana to fully fund construction and operation of BBM PCI Project**
- **Cumulative saleable production of 4 million tonnes of coal**
- **Aahana's share in JV is 40%**
- **Aahana to subscribe for A\$1 million in Cokal shares**

**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.

Cokal has executed a binding Term Sheet to fully fund the development of the BBM PCI Project via a Joint Venture (the "Agreement") with **Aahana Global Resources & Investment Pte Ltd** ("Aahana"), a special purpose vehicle incorporated in the Mineral Energy Resource Group (Singapore).

Under the Agreement, Aahana will fully fund the capital expenditure at BBM PCI in return for a 40% interest in the JV and equivalent share of profits from the BBM PCI operations. The Term Sheet is binding on both Aahana and Cokal.

Cokal is preparing to upgrade the BBM Anak operation with the construction of BBM PCI, which will continue to operate the existing PCI open pit operation at a higher rate of production. Initial site preparation includes the relocation of a suitable barge-loading port in close proximity to the mining operation. Aahana and Cokal will review the mine plans and agree on the selection of mining and barging equipment.

### **Transaction Highlights**

- **BBM PCI project development and operation fully funded**
- **Accelerated development timeline, with first coal production targeted for Q4 2018**
- **Production targeting 4 million tonnes of reserves of premium ULV PCI coal**
- **Aahana will subscribe for A\$1 million of Cokal shares at A\$0.032, subject to shareholder approval.**
- **BBM Anak project will be incorporated into the JV BBM PCI project.**

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## Key Terms of the Transaction

- Aahana will contribute all necessary funding required to develop BBM PCI Coal to 50Kt per month of saleable production, including the provision of cash, assets, mining equipment and contracting services;
- The Agreement is a contractual agreement only and no change to asset ownership or title of the tenements will occur;
- The JV will remain in effect for five years from first production, or cumulative saleable production of 4.0Mt (100% basis), whichever is the sooner, and is limited to coal with volatile matter of less than 12%;
- A management committee will be formed to manage the joint venture which will include two Cokal and two Aahana nominees;
- Cokal is appointed as the operator of the BBM PCI Coal Mining Project;
- The profit sharing ratio agreed between Cokal and Aahana is 60:40 (60% Cokal's PT Bumi Barito Mineral, 40% Aahana).

## Project Details

Details of the BBM PCI coal project are included in the presentation released on ASX on the 24<sup>th</sup> May 2017.

## About Aahana

Karan Bangur, CEO of Aahana Global Resources & Investment Pte Ltd (a subsidiary of the Karan Group), has over 10 years' experience in the South East Asian region in mining and resources companies. Aahana currently finances and operates a number of mine sites using special purpose vehicles for each operation. A similar structure will be set up for this Joint Venture with Cokal.

- The Karan Group finances and operates the following mines currently in the region:
  - Thermal coal mine in Tanah Grogot in East Kalimantan. The group is engaged in mining services as well as leasing of mining equipment for the project;
  - Thermal coal mine in Bolongan, Tarakan in Central Kalimantan including supply of heavy equipment.
- The Karan Group will soon start production of Bauxite and supply to one of only two aluminium smelters in Indonesia.
- The Karan Group also provides mining equipment rental in Malaysia and operation of an iron Ore mine in Kedah, Malaysia.

The group operates a mining equipment and trading business in Indonesia coalfields, Malaysia and Middle East. Karan Group leases mining equipment including excavators, dump trucks, dozers, cranes, as well as crushing and screening plants.

Newly appointed CEO for Cokal, Jim Coleman, said: "The timing of this funding could not be better as I am ready to work closely with Aahana to establish the PCI operation to ensure a speedy and efficient path to production.

"The JV structure guarantees both Cokal and Aahana work together to achieve maximum production of PCI coal tonnes at minimal cost to achieve the best profit margin for both companies to share," he said.

Mr Coleman and Mr Hanna will travel to BBM next week along with an expert technical team from Aahana. Together a determination of construction, infrastructure and logistics will be made to commence production.

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## Karan Group Mining Operations at Tanah Grogot , East Kalimantan, Indonesia



### **ENDS**

Further enquiries:

Domenic Martino  
Non-Executive Chairman  
E: [dmartino@cokal.com.au](mailto:dmartino@cokal.com.au)

### **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.

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## **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 Reserve estimate announced on 1<sup>st</sup> August 2017 is based on information compiled by Robert de Jongh who is a Member of the Australasian Institute of Mining and Metallurgy and an employee of ASEAMCO Pty Ltd. Mr de Jongh is a qualified mining engineer and has sufficient experience which is relevant to the style of 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 Coal Resource estimate was announced on 29<sup>th</sup> 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”.