

24 April 2019

**QUARTERLY REPORT FOR THE THREE MONTHS  
ENDING 31 MARCH 2019****HIGHLIGHTS**

- **BBM rehabilitation report submitted**
- **BBM work plan (RKAB) submitted and accepted by government**
- **Preparations for BBM mining operations continue**

**PROJECT STATUS****BBM Project***(PT Bumi Barito Mineral (BBM) – 60% interest)*

BBM's permit covers an area of 14,980ha with multiple seams of high quality metallurgical coal. BBM has all regulatory approvals in place including:

- Mining Licence – 20 years with two further extensions of 10 years each
- Environmental approval for a mining rate of 6Mt per annum
- Port construction approval
- Forestry Permit to commence mining activity

Since all permits for mining are in place, BBM is the first area to be mined by Cokal commencing with PCI coal production from Pit 2, with the addition of coking coal production from Pit 3 as further infrastructure is developed.

BBM is dissected by the Barito River which cuts through the tenement in a northerly-southerly trend. Coal on the west side of the Barito River sampled from over 130 outcrops indicates that it contains premium quality anthracite and PCI coals.

Updated rehabilitation plans were submitted as required by the government.

Work plan for 2019 submitted (RKAB). This was approved by the government in February (Directorate General Minerals and Coal).

No exploration activity, mining production or development was conducted by Cokal during the quarter.

**TBAR Project***(PT Tambang Benua Alam Raya (TBAR) – 75% interest)*

TBAR's exploration authority covers an area of 18,850ha immediately adjacent to and south of Cokal's BBM tenement. Over 80% of the lease 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. Following its transfer process from Murung Raya to Provincial

Government, Cokal continues its efforts to acquire regulatory approval for the IUP (exploration license) upgrade process application to a Production and Operation IUP, equivalent to a mining licence.

Outcrop mapping of four seams over 17km indicates a substantial resource of high grade coking coal in this deposit. These seams correlate to the B, C, D and J seams in the adjacent BBM deposit.

No exploration activity was conducted by Cokal during the quarter.

### **BBP Project**

*(PT Borneo Bara Prima (BBP) – 60% interest)*

Cokal's BBP project covers 13,050ha in Murung Raya Regency, Central Kalimantan. BBP has been granted an Exploration Forestry Permit (IPPKH) and has been confirmed on the Central Government's Clean and Clear list. The IUP was transferred to the Central Government where it now awaits approval to be upgraded to a mining licence (Production and Operation IUP).

Received business license decree for operation foreign mining production (IUP OP PMA) from capital investment coordination board centre (BKPM) on 22 February 2019.

Submitted work plans and the budget (RKAB) 2019 to the government (Directorate General Minerals and Coal).

No exploration activity was conducted on BBP during this period.

### **AAK Project**

*(PT Anugerah Alam Katingan (AAK) – 75% interest)*

Cokal's AAK project covers 5,000ha also in Central Kalimantan. Applications for the Exploration Forestry Permit (IPPKH) and Clean and Clear Certificates continue to be processed. Cokal continues to monitor the progress of the regulatory upgrade approvals for AAK.

No exploration activity was conducted on AAK during this period.

## **PREPARATION FOR MINING OPERATIONS IN BBM**

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Cokal's CEO, Jim Coleman, and his team continue to develop a plan for the start and ramping up of production at BBM. Reconsideration of mine development strategy may require the revision of the Definitive Feasibility Study (DFS) to:

- Provide for barging from the mine to reduce transport costs
- Consider the incorporation of highwall mining to increase recoverable reserves
- Consider the development of a small fluidised bed power station fuelled by washery reject and carbonaceous shale in Pit 2 overburden.

The future DFS referred to above will not delay currently proposed mine implementation.

The plan is working towards the commencement of production of PCI coal in Q2/Q3 of 2019. It is proposed to progressively increase production over the following 18 months to a rate of 2Mt/a<sup>1</sup> and to include both PCI coal and coking coal in the production mix.

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<sup>1</sup> Refer ASX Announcements 2<sup>nd</sup> November 2016 and 1<sup>st</sup> August 2017– the Company is not aware of any new information or data that materially affects the information contained in these announcements

The proposal includes the construction of all-weather haul roads to Pit 2 (PCI coal) and Pit 3 (coking coal) and a newly located barge loading port facility comprising a truck dump hopper, crusher, coal beneficiation plant, stacker, blending stockpile, reclaim hopper and associated conveyors.

### **Stage 1 – Develop Pit 2: Q2/Q3**

- Construct 800m road to existing (temporary) port
- Mine PCI coal in Strip 1 Pit 2, free dig
- Strip 2 Pit 2 not free dig but can rip and load overburden at least in a narrow strip
- Strip 2 design details dependent on geotechnical analysis after drilling
- Reclamation on the first mined out area (0.7 Ha) will continue with a stable batter slope to the riverside
- This slope has already been planted from the Cokal nursery established for this purpose.
- This will continue as the pit develops.

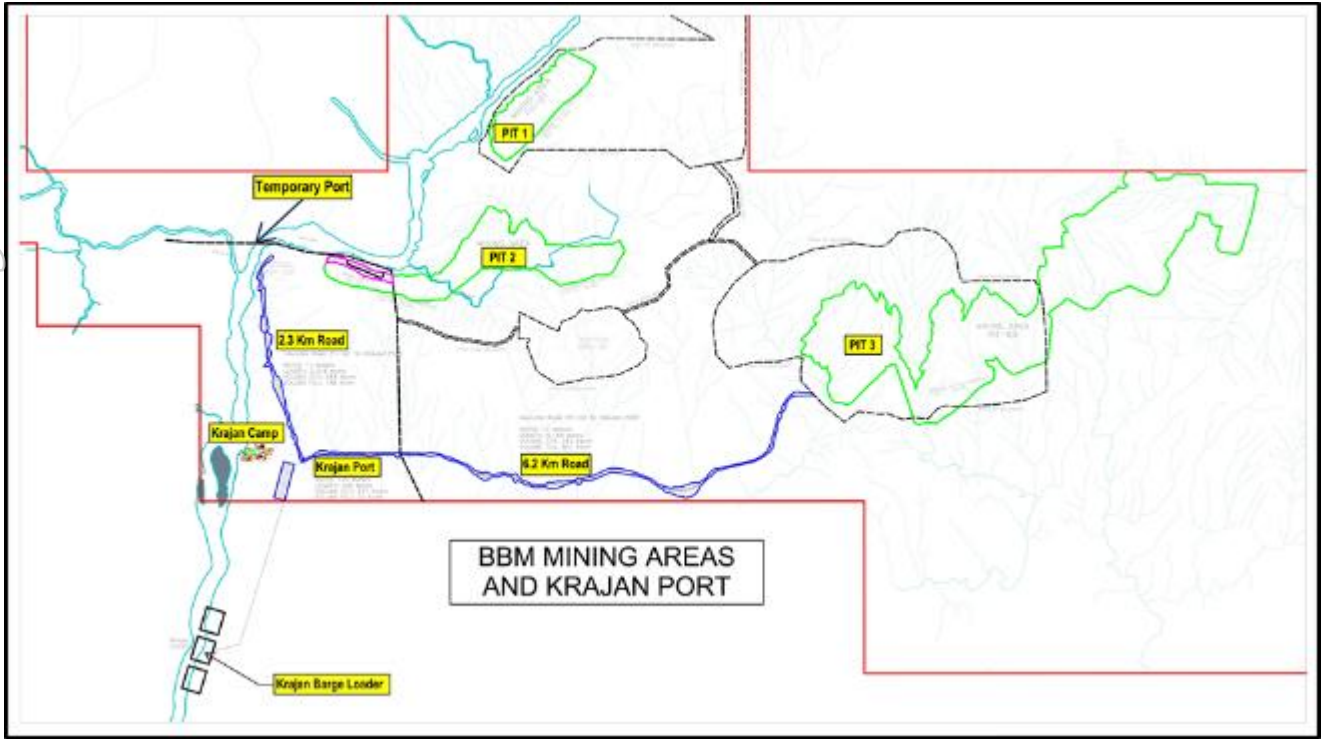
### **Stage 2 - Develop Krajan temporary Port, start Pit 3, maintain PCI coal mining from Pit 2:**

- Upgrade the 6.2km exploration road Krajan to Pit 3
- One bridge on this road has already been repaired for light traffic
- Develop 2.3km road from Pit 2 to Krajan
- Construct truck dump hopper, feeder breaker and stacker at Krajan
- Simple coal beneficiation plant required for coking coal from Pit 3
- Develop blending stockpile 2 x 80,000t at Krajan
- 1,200m long 1,000 t/h conveyor to barge loader
- Construct 1,000 t/h barge loader for shallow draft barges
- Obtain blasting permit
- Obtain forestry permit for Eastern Part Pit 2
- Commission Krajan temporary barge loader Q4 2019
- Commence mining coking coal from Pit 3.

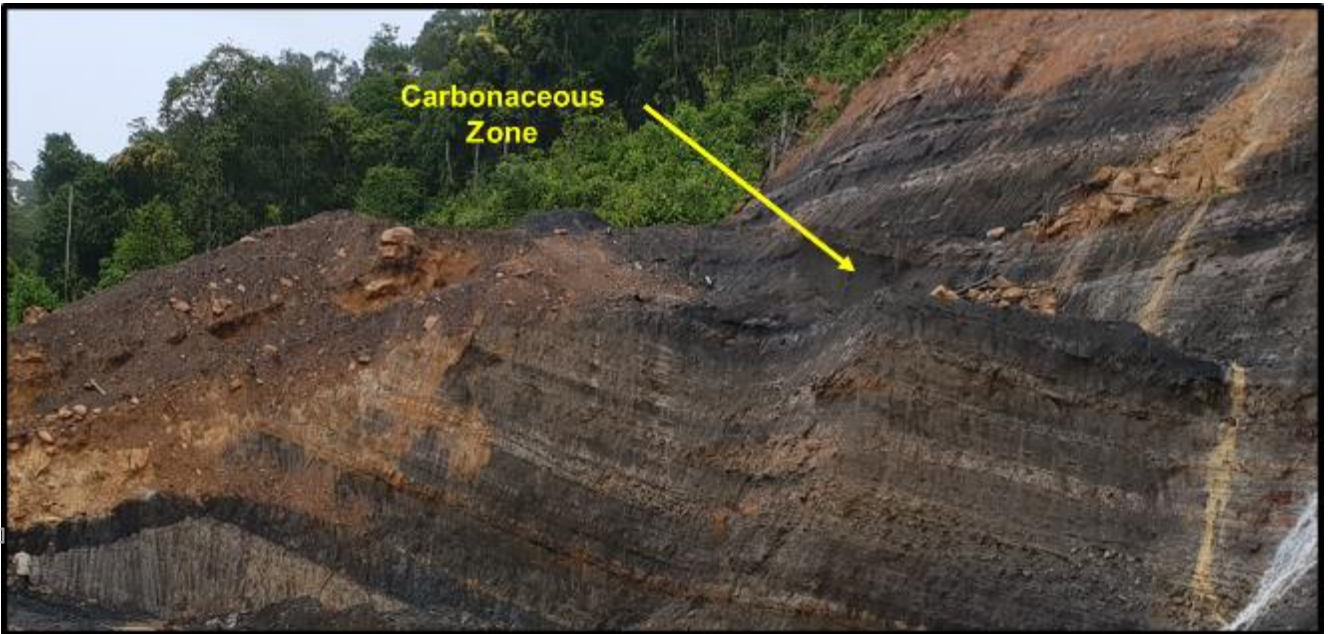
### **Stage 3 – Develop permanent port at Krajan, Expand Pit 2 and Pit 3**

- Complete permanent facilities at Krajan port
- Pit 2 extended into the eastern area
- Pit 3 expanded by end 2020
- Evaluate carbonaceous zone above Seam D as potential power station fuel
- Evaluate highwall mining

- Total BBM saleable production 2 Mt/a by Q4 2020 <sup>2</sup>



**BBM Pits 1, 2 and 3, Roads to Krajan Port, Barge Loader**



**Carbonaceous Zone Above D Seam**

<sup>2</sup> Refer ASX Announcements 2<sup>nd</sup> November 2016 and 1<sup>st</sup> August 2017– the Company is not aware of any new information or data that materially affects the information contained in these announcements

## SHALLOW DRAFT BARGING

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Cokal is preparing a detailed budget to improve 28 sites along the upper Barito River for channel improvement to increase the number of annual operating days the river is suitable for barging. This is intended to develop a 75m wide channel to be used by barges and push boat capable of operating in water only 2m deep.



### **The Upper Barito River is Abundantly Wide for Barging**

Negotiations with a Vietnamese shipbuilding company have agreed on the design of barges capable of carrying 1,750 tonnes coal in 3m water and 1,000 tonnes when the water is 2m deep. The design of the appropriate push boat has also progressed and agreement is close.

It is expected commercial negotiations will commence in Q2.



**Shallow Draft Push Boat**



**Four Shallow Draft Barges – 1,750 tonne Capacity each.**

It is intended that the proposed cooperation with the Vietnamese barge company will include Meratus Advance Maritime (MDM) with whom Cokal has had a long standing relationship.

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**Joining Four Barges**

## **PARTNERS AND CUSTOMERS**

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### **PT Bara Mineral Asri (BMA)**

The Due Diligence (DD) by PT Bara Mineral Asri (BMA) continues. BMA is working towards a proposal to partner with Cokal for the funding and development of the BBM Mine.

BMA has to date contributed \$US2 million to Cokal in the quarter to be repaid from the sale of coal when mining commences. This will be paid at \$10/t for coal sales at \$100/t or greater and 10%/t for coal sold at less than \$100/t. Funds were used in Company administration including staff wages.

BMA indicated they will submit a revised proposal for cooperation but so far this has not been received.

### **Aahana Global Resources and Investment Pte Ltd (AGRI)**

During the quarter Aahana Mineral Resources SDN BHD (AMR), an associate company of Aahana Global Resources & Investment Pte Ltd (AGRI), completed the acquisition of a substantial shareholding in Cokal Limited. AMR is now the largest single shareholder in Cokal.

In addition, during the quarter AGRI nominated its first director to be appointed to the Cokal Limited board as Mr. Karan Bangur. Mr. Karan Bangur is the CEO of Aahana Global Resources & Investment Pte Ltd and has over 10 years' experience in the South East Asian region in mining and resources companies.

AGRI is proceeding with discussions with the Company to arrange a suitable financing package for the development of the BBM Coking Coal project.

### **Krakatau National Resources (Krakatau)**

No further contact with Krakatau. Once a firm date for Pit 2 mining has been established we will again meet with them.

## **RECRUITMENT OF NEW STAFF**

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As a result of the Company's actions in November last year in response to irregular activities, Cokal will be adding a new team of mining engineers and geologists under the CEO's existing team to complement a strong restart to mining operations.

### **ENDS**

#### **Further enquiries:**

Domenic Martino

Non-Executive Chairman

E: [dmartino@cokal.com.au](mailto:dmartino@cokal.com.au)

#### **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, 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 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 such statement is based.



## Compliance Statement

The Company confirms that it is not aware of any new information or data that materially affects the information included in the announcements made on 1<sup>st</sup> August 2017 and 29<sup>th</sup> April 2016 and that all material assumptions and technical parameters underpinning the estimates in the announcements made on 1<sup>st</sup> August 2017 and 29<sup>th</sup> April 2016 continue to apply and have not materially changed.

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