

**ASX ANNOUNCEMENT / MEDIA RELEASE**

**30 March 2022**

## **2022 Notice of Extraordinary General Meeting**

Attached are the following documents in respect of **Cokal Limited's** (ASX: CKA) ("**Cokal**" or "**the Company**") 2022 Extraordinary General Meeting to be held on, Thursday 28 April 2022 commencing at 11:30 am AEST.

1. Notice and Access Letter
2. Notice of Extraordinary General Meeting and Explanatory Statement
3. Proxy Form

These documents are available at <http://www.cokal.com.au/>.

### **ENDS**

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

*This ASX announcement was authorised for release by the Company Secretary.*



## ACCESS THE MEETING DOCUMENTS AND LODGE YOUR PROXY ONLINE:



### ONLINE PROXY APPOINTMENT

[www.advancedshare.com.au/investor-login](http://www.advancedshare.com.au/investor-login)



### MOBILE DEVICE PROXY APPOINTMENT

Lodge your proxy by scanning the QR code below, and enter your registered postcode.

It is a fast, convenient and a secure way to lodge your vote.



### ALL ENQUIRIES TO

Telephone: +61 8 9389 8033

## YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **11:30 am (AEST) 26 April 2022**.

## Cokal Limited 2022 Extraordinary General Meeting Notice and Access Letter

As part of the Australian Government's response to the Coronavirus crisis, the Federal Parliament introduced the *Treasury Laws Amendment (2021 Measures No. 1) Act 2021 (Act)* temporarily permitting electronic meetings.

The Act allows notices of meeting, and other information regarding a meeting to be provided online where it can be viewed and downloaded. We are relying on technology to facilitate shareholder engagement and participation in the meeting. Details of where you can access the notice of meeting, lodge a proxy and participate in the meeting are contained in this letter.

### Meeting date and location:

The Extraordinary General Meeting (**EGM**) of Cokal Limited (**CKA** or **the Company**) will held at Level 5, 56 Pitt St, Sydney NSW 2000 and via a live webcast, on 28 April 2022 at 11:30 am (AEST).

Shareholders and proxyholders may participate in our EGM via a live webcast of the meeting through the EGM online platform, including the ability to ask questions and vote online during the EGM. Please refer to the Important Information section of the Notice of Meeting for further details.

Details of where you can access this year's Notice of Meeting and other meeting documents, lodge a vote and participate in the EGM are set out below.

The Board considers that the health, safety and welfare of the Company's staff, its Shareholders and the broader community to be paramount. Due to the continuing developments in relation to the COVID-19 situation and public health concerns, CKA will be closely monitoring the evolving COVID-19 situation in Australia. In light of the continuing evolving circumstances, CKA has decided to provide shareholders with the opportunity to attend and participate in the EGM virtually as permitted by government regulations. As it is unknown whether all Shareholders will be permitted to travel or permitted to attend the Meeting in person should they choose to do so, the Meeting will be accessible to all Shareholders virtually via a live webcast.

### Access the meeting documents online

The 2022 Notice of Extraordinary General Meeting, other meeting documents are available online at [www.cokal.com.au](http://www.cokal.com.au). In accordance with the Act, the Company will not be sending hard copies of the Notice of Meeting to shareholders unless a shareholder has requested a hard copy. Shareholders can request a paper copy of the Notice of Meeting by contacting Advance Share Registry on 1300 113 258 (within Australia) or +61 8 9389 8033 (outside Australia).

You can access the meeting documents and lodge your vote online during the EGM at [www.advancedshare.com.au/virtual-meeting](http://www.advancedshare.com.au/virtual-meeting) using your secure access information or use your mobile device to scan the personalized QR code.

## **Attending the meeting online**

A live webcast and electronic voting via [www.advancedshare.com.au/virtual-meeting](http://www.advancedshare.com.au/virtual-meeting) will be offered to allow Shareholders to listen to the Meeting, ask questions and vote online. Please refer to the Meeting ID and Shareholder ID printed on this letter and on the attached Proxy Form to login to the virtual meeting portal.

Shareholders may also submit questions ahead of the Meeting via the portal if they would like to do so. Please refer to the Important Information section of the Notice of Meeting for further details.

## **Lodge your proxy and voting instructions before the meeting online, by mail or by fax**

Shareholders are strongly encouraged to vote by proxy. Enclosed with this notice is a paper copy Proxy Form which you can either use to lodge your voting instructions online, or complete and return by mail, fax or in person, following the instructions on the Proxy Form.

**For your voting instructions to be effective, Advance Share Registry must receive them not less than 48 hours before the time for holding the EGM (that is, by 11:30am (AEST) on Tuesday, 26 April 2022).**

# Notice of Extraordinary General Meeting and Explanatory Memorandum

## **Cokal Limited**

ACN 082 541 437

Date of Meeting: Thursday, 28 April 2022

Time of Meeting: 11:30 am (AEST)

Place of Meeting: Level 5, 56 Pitt Street, Sydney NSW 2000 and Virtual Meeting

### **This is an important document that requires your attention**

If you are in doubt about how to deal with this document, please consult your legal, financial or other professional advisor.

## Notice of Extraordinary General Meeting

Notice is given that the Extraordinary General Meeting of shareholders of Cokal Limited ACN 082 541 437 (**Company**) will be held virtually on Thursday, 28 April 2022 at 11.30am (AEST).

Terms used in this Notice of Meeting are defined in Section 3 of the accompanying Explanatory Memorandum.

## AGENDA

### 1. Resolution 1 – Approval of amendment to International Coal Marketing Agreement between BBM and ICT

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To consider and, if thought fit, pass the following Ordinary Resolution:

*“That for the purposes of ASX Listing Rule 10.1 and for all other purposes, with effect from the passing of this Resolution 1, approval of Shareholders is given to amendment of the terms of the International Coal Marketing and Purchase Agreement (as was varied by deed of variation and amendment dated on or around 24 December 2021) between Cokal’s majority owned subsidiary, PT Bumi Barito Mineral (**BBM**) and International Commodity Trade Pte Ltd (**ICT**), and disposal by Cokal, directly or indirectly through BBM, of any amount of coal from the Bumi Barito Mineral Project to ICT or any of its Related Bodies Corporate on the terms set out in the International Coal Marketing and Purchase Agreement, the details of which are summarised in the Explanatory Memorandum.”*

#### Notes

For the purposes of Listing Rule 10.5.10, an Independent Expert Report prepared by Hall Chadwick (**Independent Expert**) is **enclosed** with this Notice of Meeting in Schedule 2.

The Independent Expert has concluded that the Proposed Transaction is, in the absence of a superior proposal, fair and reasonable to the Shareholders (except those who are precluded from voting on Resolution 1).

Further details regarding the Proposed Transaction are set out in the accompanying Explanatory Memorandum and Independent Expert Report which the Directors recommend Shareholders read in full before making any decision in relation to Resolution 1.

**Voting Exclusion:** The Company will disregard any votes cast in favour of Resolution 1 by or on behalf of:

- (a) the person disposing of the substantial asset to, or acquiring the substantial asset from, Cokal and any other person who will obtain a material benefit as a result of the transaction (except a benefit solely by reason of being a holder of ordinary securities in Cokal), including any party to the International Coal Marketing Agreement; and
- (b) an associate of any party identified in paragraph (a) above;

However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or
- (b) the chair of the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## **Notice of Extraordinary General Meeting**

### **GENERAL BUSINESS**

To consider any other business as may be lawfully put forward in accordance with the Constitution of the Company.

By order of the Board  
Louisa Martino  
Company Secretary  
30 March 2022

## **Important Information**

### **Time and place of Meeting**

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Notice is given that the Meeting will be held at Level 5, 56 Pitt Street, Sydney NSW 2000 and virtually at 11:30 am (AEST) on Thursday 28 April 2022.

Virtual access to the meeting is via [www.advancedshare.com.au/virtual-meeting](http://www.advancedshare.com.au/virtual-meeting) using the Meeting ID and Shareholder ID on the proxy form to login to the website.

The Explanatory Statement provides additional information on matters to be considered at the Meeting. The Explanatory Statement and the Proxy Form each form part of the Notice.

Terms and abbreviations used in the Notice are defined in the Glossary.

### **Your vote is important**

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The business of the Meeting affects your shareholding and your vote is important.

### **Voting eligibility**

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The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5.00pm (WST) on Tuesday, 26 April 2022.

### **Participating in the Meeting online**

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Voting can occur during the meeting via [www.advancedshare.com.au/virtual-meeting](http://www.advancedshare.com.au/virtual-meeting) using the Meeting ID and Shareholder ID on the proxy form to login to the website.

Attending the Meeting online enables Shareholders to listen to the Meeting live and to view presentation slides and proxy results whilst the Meeting is in progress. All shareholders will have a reasonable opportunity to ask questions during the Meeting via the online platform.

All resolutions at the Meeting will be decided on a poll. Shareholders are therefore strongly encouraged to lodge directed proxies in advance of the Meeting.

### **Proxy Appointment and Voting Instructions**

#### **Proxy Form**

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Shareholders are strongly encouraged to vote by proxy. To vote by proxy, please complete the relevant enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

If you wish to appoint the Chair as your proxy, mark the appropriate box on the Proxy Form. If the person you wish to appoint as your proxy is someone other than the Chair, please write the full name of that person on the Proxy Form. If you leave this section blank, or your named proxy does not attend the Meeting, the Chair will be your proxy. A proxy need not be a Shareholder of the Company.

All resolutions at the Meeting will be decided on a poll. Shareholders are therefore strongly encouraged to lodge directed proxies in advance of the Meeting.

## Important Information

### Corporate Shareholders

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Corporate Shareholders should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:

- two directors of the Company;
- a director and a company secretary of the Company; or
- for a proprietary company that has a sole director who is also the sole company secretary, that director.

### Corporate Representatives

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A corporation may elect to appoint an individual to act as its representative in accordance with section 250D of the Corporations Act, in which case the Company will require a certificate of appointment of the corporate representative executed in accordance with the Corporations Act. The certificate of appointment must be lodged with the Company and/or the Company's share registry before the Meeting.

### Votes on Resolutions

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You may direct your proxy how to vote by placing a mark in the 'FOR', 'AGAINST' or 'ABSTAIN' box opposite the Resolution. All your votes will be cast in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on the Resolutions by inserting the percentage or number of Shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the Resolutions, your proxy may vote as he or she chooses. If you mark more than one box on a Resolution your vote on that Resolution will be invalid.

As proxies will not be able to physically attend the Meeting, Shareholders are encouraged to consider appointing the Chair as their directed proxy for this Meeting, or otherwise complete the directions for each resolution on the Proxy Form. You can direct your proxy to vote "For", "Against" or "Abstain" from voting on, a resolution by marking the appropriate box in the enclosed Proxy Form.

### Chair Voting Undirected Proxies

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If the Chair is your proxy, the Chair will cast your votes in accordance with your directions on the Proxy Form. If you do not mark any of the boxes on the Resolution, then you expressly authorise the Chair to vote your undirected proxies at his/her discretion.

As at the date of this Notice, the Chair intends to vote undirected proxies FOR the Resolution. In exceptional cases the Chair's intentions may subsequently change and in this event, the Company will make an announcement to the market.

### Voting Eligibility – Snapshot Date

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The Company may specify a time, not more than 48 hours before the Meeting, at which a "snapshot" of Shareholders will be taken for the purposes of determining Shareholder entitlements to vote at the Meeting.

The Directors have determined that all Shares of the Company that are quoted on ASX at 5.00pm WST on 26 April 2022 shall, for the purpose of determining voting entitlements at the Meeting, be taken to be held by the persons registered as holding the Shares at that time. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

### Defined terms

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Terms used are defined in Section 3.



## **Important Information**

### **Questions from Shareholders**

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Shareholders may submit questions that relate to the formal items of business in the Notice in advance of the Meeting to the Company. Should you have any questions, these can be submitted in advance of the Meeting via the portal ([www.advancedshare.com.au/virtual-meeting](http://www.advancedshare.com.au/virtual-meeting)) from 30 March 2022.

### **Questions Regarding the Notice of Meeting**

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Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 2 8823 3179

# Explanatory Memorandum

## 1. Introduction

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This Explanatory Memorandum is provided to Shareholders of Cokal Limited ACN 082 541 437 (**Company** or **Cokal**) to explain the resolution to be put to Shareholders at the Extraordinary General Meeting to be held virtually on 28 April 2022 at 11:30 am (AEST).

The Directors recommend that Shareholders read the Notice of Meeting and this Explanatory Memorandum and the Independent Expert Report in full before making any decision in relation to Resolution 1.

Other than as contained in the Notice and Explanatory Memorandum, the Directors believe that there is no other information known to the Company or the Directors that is reasonably required by Shareholders to decide whether or not it is in the Company's best interests to pass any of the resolution.

Terms used in this Explanatory Memorandum are defined in Section 3.

## 2. Resolution 1 – Approval of amendment to International Coal Marketing Agreement between BBM and ICT

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### 2.1 Background

On 9 July 2021, the Company's 60% owned subsidiary and owner of the BBM Project, PT Bumi Barito Mineral (**BBM**) entered into an international coal marketing agreement with International Commodity Trade Pte Ltd (**ICT**) (**International Coal Marketing Agreement**). The International Coal Marketing Agreement enables BBM to market its coal to the international market and assists BBM in financing its coal stockpile at the river jetty. In return, BBM provides international coal marketing rights to ICT for the marketing of BBM's coal for its overseas markets on the terms of the International Coal Marketing Agreement.

The key terms of the International Coal Marketing Agreement were announced to the market on 14 July 2021 and are set out in Schedule 1 to this Explanatory Memorandum.

As announced to the market on 24 December 2021, BBM and ICT have subsequently entered into a conditional amendment to the International Coal Marketing Agreement between BBM and ICT, which, subject to Shareholder approval, proposes to amend the International Coal Marketing Agreement (**Deed of Variation and Amendment**).

The International Coal Marketing Agreement as varied by the Deed of Variation and Amendment is referred to as the **International Coal Marketing and Purchase Agreement**.

### 2.2 Proposed Amendment

The International Coal Marketing Agreement is proposed to be amended in accordance with the Deed of Variation and Amendment, summarised as follows:

- ICT or its related entities shall have the right to purchase any amount of coal which is allocated to ICT under the International Coal Marketing and Purchase Agreement, but only where such purchase is on arms' length commercial terms using the following Coal Pricing Mechanism priced in USD:
  - Pricing will be linked to appropriate Index Prices (the "Index Prices") for seaborne traded Coking and PCI Coals which will be obtained from a recognised market data provider (Platts or equivalent); and

## Explanatory Memorandum

- The Index Price is adjusted for coal quality and specification and any freight differentials.

All payments for such coal shall be paid directly into BBM's designated bank account by ICT.

- The 6% commission payable to ICT on the sale of coal to third parties, will not be applicable for coal sale to ICT. Instead ICT, will get a 6% discount to the sale price payable by ICT on any coal purchased in lieu of a commission.

### (Proposed Amendment)

Previously, ICT or its related entities did not have the right to purchase coal under the International Coal Marketing and Purchase Agreement and only acted as selling agent for payment of the 6% commission referred to above.

The Proposed Amendment will result in ICT and its related entities being eligible customers under the International Coal Marketing and Purchase Agreement.

### 2.3 Substantial Asset

An asset is treated as a substantial asset if its value, or the value of the consideration for it, is 5% or more of the company's equity interests as set out in the latest accounts given to ASX under the Listing Rules.

A company's equity interests are the sum of paid up capital, reserves, and accumulated profits or losses, disregarding redeemable preference share capital and outside equity interests, as shown in the consolidated financial statements.

The Proposed Amendment may result in the Company disposing (and ICT acquiring) the asset of BBM coal to the value in aggregate of 5% or more of the Company's equity interests.

### 2.4 Legal and Regulatory Requirements

Listing Rule 10.1 provides that a listed company must not acquire or agree to acquire a substantial asset from, or dispose of or agree to dispose of a substantial asset to:

- (a) a related party of the company;
- (b) a child entity of the company;
- (c) a person who is, or was at any time in the 6 months before the transaction or agreement, a substantial (10%+) holder in the company;
- (d) an associate of a person or entity referred to in paragraph (a), (b) or (c); or
- (e) a person whose relationship to the company or a person referred to in paragraphs (a) to (d) is such that, in ASX's opinion, the transaction should be approved by the shareholders,

unless it obtains the approval of its shareholders.

The Proposed Amendment falls within paragraph (d) and potentially (c) above (Listing Rules 10.1.4 and 10.1.3) and involves the potential disposal of a substantial asset. It therefore requires the approval of the Company's Shareholders under Listing Rule 10.1.

Resolution 1 seeks the required Shareholder approval to the Proposed Amendment under and for the purposes of Listing Rule 10.1.

## Explanatory Memorandum

If Resolution 1 is passed, the Company will be able to proceed with the Proposed Amendment and enable ICT, a related party, to acquire coal directly from BBM under and in accordance with the International Coal and Marketing Agreement.

If Resolution 1 is not passed, the Company will not be able to proceed with the Proposed Amendment and the International Coal Marketing Agreement will continue without amendment on the terms as announced to the market on 14 July 2021 and as set out in Schedule 1 of this Explanatory Memorandum.

The following information is provided for the purposes of Listing Rule 10.5:

Listing Rule	Item	Details
10.5.1	The name of the person from whom the entity is acquiring or disposing the substantial asset	International Commodity Trade Pte Ltd ( <b>ICT</b> ) and its related entities
10.5.2	Which category in rules 10.1.1 – 10.1.5 the person falls within and why.	<p>ICT is a company incorporated in Singapore whose main business is investment and trading in coal.</p> <p>ICT is controlled by a party that also controls Aahana Mineral Resources Sdn Bhd, a substantial Shareholder of Cokal, holding 19.97% of the Company's shares, who has one representative on the Company's Board of Directors. The largest Shareholder of ICT is Eddie Chin Wai Fong, an ex-CEO and a founding member of PT Bayan Resources Tbk, listed on the Jakarta stock exchange (BYAN.JK).</p> <p>As such, ICT and its related entities are associates of substantial holders (10%) as that term is defined in the Listing Rules (LR 10.1.4) and may potentially be a substantial holder (LR 10.1.3)</p>
10.5.3	Details of the asset being acquired or disposed of	The assets proposed to be potentially disposed of is coal produced from the Bumi Barito Mineral Project ( <b>BBM Mine</b> ).
10.5.4	The consideration for the acquisition or disposal	The consideration is calculated using the Coal Pricing Mechanism referred to above at a 6% discount in lieu of ICT's marketing commission.
10.5.5	In the case of an acquisition, the intended source of funds (if any) to pay for the acquisition	N/A
10.5.6	In the case of a disposal, the intended use of funds (if any) received for the disposal	The intended use of funds (if any) received for the sale of the BBM Mine coal is for general working capital;
10.5.7	The timetable for completing the acquisition or disposal	The Proposed Amendment is subject to Shareholder approval. There are otherwise no material conditions that need to be satisfied before the Proposed Amendments becomes legally binding.
10.5.8	If the acquisition or disposal is occurring under an agreement, a summary of any other material terms of the agreement	A summary of the Proposed Amendment is set out in paragraph 2.2 above. A summary of the International Coal Marketing Agreement is set out in Schedule 1.
10.5.9	A voting exclusion statement	The voting exclusion statement is set out in the Notice of Meeting.

## Explanatory Memorandum

10.5.10	A report on the transaction from an independent expert.	The independent expert report is summarised in paragraph 2.5 below, a copy of which is set out in Schedule 2.
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### 2.5 Independent Expert's Report

Listing Rule 10.5.10 provides that Shareholder approval sought for the purpose of Listing Rule 10.1 must include a report on the proposed acquisition from an independent expert.

Accompanying this Explanatory Memorandum at Schedule 2 is an Independent Expert Report prepared by Hall Chadwick. The Independent Expert Report provides a detailed examination of the Proposed Amendment and the transactions contemplated under the International Coal Marketing and Purchase Agreement, and the Independent Expert has concluded that in the absence of a superior proposal, **the Proposed Amendment is fair and reasonable to the Shareholders** (except those who are precluded from voting on Resolution 1).

What is fair and reasonable must be judged by the Independent Expert in all the circumstances of the transaction. This requires taking into account the likely advantages to Shareholders if the transaction is approved and comparing them with the disadvantages to them if the transaction is not approved.

The Independent Expert compared the assessed fair value of the BBM Coal with the Coal Pricing Mechanism under the Proposed Amendment.

The Independent Expert considered the advantages and disadvantages of the Proposed Amendment to determine whether it was reasonable, along with other considerations. These were as follows:

Advantages:

1. The Proposed Amendment provides further certainty of coal sales by BBM.
2. The Proposed Amendment will assist in funding the Company's working capital through coal sales as funds will be received once the coal allocated to ICT is ready at the intermediate stockpile where the jetty is capable to berth 8,000 DWT barge, as detailed in the Marketing Agreement. ICT becomes an additional customer providing greater transaction certainty.

Disadvantages:

1. Because the International Coal Marketing Agreement provides ICT with rights on an exclusive basis for the international market including Vietnam, Korea, India, Bangladesh, China and Japan for coal produced from BBM, the Company would be unlikely able to sell coal produced from BBM to any other international parties. In addition, Cokal will not be able to sell coal using other pricing formula which can be better or worse off than the pricing formula with ICT.
2. The Proposed Amendment may be a disadvantage in restricting the Company from being able to establish relationships with other potential customers for the sale of coal in the near future.

The Independent Expert Report is in part for the purpose of assisting the Shareholders consider and assess the merits of the Proposed Amendment and the making of their decision whether to vote in favour of Resolution 1. Shareholders are urged to carefully read the Independent Expert Report to understand the scope of the report, the methodology of the valuation and the assumptions made.

A copy of the Independent Expert Report has been provided to each Shareholder entitled to receive this Notice of Meeting and Explanatory Memorandum. The Independent Expert Report can also be found on the Company's website, [www.cokal.com.au](http://www.cokal.com.au).

## Explanatory Memorandum

### 2.6 Recommendation

The Directors of Cokal Ltd (other than Karan Bangur who is also a director of Aahana Mineral Resources Sdn Bhd) recommend Shareholders vote in favour of Resolution 1 as set out in the accompanying Notice of Meeting.

If Shareholders cannot attend the Meeting, they are urged to complete the Proxy Form and return it (see Proxy Form for details) as soon as possible and, in any event by 11.30am (AEST), 26 April 2022. The Chair intends to vote undirected proxies in favour of Resolution 1 as set out in the accompanying Notice of Meeting.

### 3. Interpretation

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**\$** means Australian Dollars

**AEST** means Australian Eastern Standard Time

**ASIC** means the Australian Securities and Investments Commission

**ASX** means the ASX Limited ACN 008 624 691

**BBM** means PT. Bumi Barito Mineral.

**BBM Mine or Project** means the Bumi Barito Mineral Coking Coal Project located in the Central Province, Kalimantan, Indonesia for high quality metallurgical coal.

**Board** means the board of directors of the Company

**Company** or **Cokal** means Cokal Limited ACN 082 541 437

**Corporations Act** means the *Corporations Act 2001* (Cth)

**Deed of Variation and Amendment** means the conditional Deed of Variation and Amendment amending the International Coal Marketing Agreement entered into between BBM and ICT dated on or around 24 December 2021.

**Directed Proxy Form** means a proxy form which specifies how the proxy is to vote

**Directors** means the directors of the Company

**Extraordinary General Meeting** or Meeting means the extraordinary general meeting of the Company to be held on 28 April 2022 at 11.30am AEST.

**ICT** means International Commodity Trade Pte Ltd.

**Independent Expert** means Hall Chadwick.

**International Coal Marketing Agreement** means the International Coal Marketing Agreement entered into between BBM and ICT dated 9 July 2021.

**Listing Rules** means the listing rules of the ASX

**Notice of Meeting** or **Notice** means this notice of meeting

**Ordinary Resolution** means a resolution passed by more than 50% of the votes cast by members entitled to vote on the Resolution

**Proposed Amendment** has the meaning given to it under paragraph 2.2.

**Resolution** means a resolution to be proposed at the Meeting

**Shares** means ordinary fully paid shares in the issued capital of the Company

**Shareholder** means a holder of one Share

**Undirected Proxy Form** means a proxy form which does not specify how the proxy is to vote

## Explanatory Memorandum

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Any inquiries in relation to the Resolution or the Explanatory Memorandum should be directed to Louisa Martino (Company Secretary):

**Phone:** +61 2 8823 3179

**Email:** [louisa@indianoceancapital.com](mailto:louisa@indianoceancapital.com)

## Explanatory Memorandum

### Schedule 1 – International Coal Marketing Agreement Key Terms

The International Coal Marketing Agreement covers all coal produced from the BBM Project, of which Cokal holds a 60% interest.

The terms of the International Coal Marketing Agreement include:

- Exclusive marketing and selling agent of coal for the international market (outside of Indonesia) including Vietnam, Korea, India, Bangladesh, China and Japan.
- The coal sales customer agreement shall be signed between the buyer of coal (**Buyer**) and BBM. All payment of coal shall also be paid directly into BBM's designated bank account by the Buyer.
- Minimum 8,000,000 metric tonne (MT) of coal is to be marketed by ICT over 8 years, with first delivery expected in early 2022. Prior to the beginning of each calendar year, the parties will agree the volume of coal to be marketed that year.
- ICT shall also provide financial assistance to be provided to BBM as follows:
  - Financing of 30% of the coal value once the cargo is ready at BBM Intermediate Stockpile Jetty capable of berthing at least 8,000 DWT barges (ISP).
  - Financing of 50% of the coal value upon completion of loading of coal to barges from BBM Intermediate Stockpile Jetty (ISP).
  - BBM shall repay the amount financed by ICT free of interest within 3 business days after receiving payment from the Buyer for each shipment of coal.
  - The above financing terms shall be made by ICT as part of the financial assistance subject to satisfactory submission of all legal documents by BBM as per the governing regulation in the Republic of Indonesia required for facilitating the export of Coal.
  - There shall be no financial assistance from ICT if the coal is still at the mine site or in the hauling process. BBM shall be responsible for all cost of delivering the coal to its ISP Jetty, loading onto the barge at ISP, barging from ISP to anchorage at Taboneo and loading of coal onto mother vessel at Taboneo.
- If ICT defaults on the above marketing or financing schedule, BBM has the right to adjust the coal allotment to ICT in line with the actual financing received and BBM has the right to carry out marketing directly into the specified market. This continues until the default is rectified.
- The coal is priced in USD and using the following pricing mechanism:
  - Pricing will be linked to appropriate Index Prices (the "Index Prices") for seaborne traded Coking and PCI Coals which will be obtained from a recognised market data provider (Platts or equivalent); and
  - The Index Price is adjusted for coal quality and specification and any freight differentials.
  - BBM shall make payment of a marketing commission to ICT within 3 business days upon BBM receiving the coal sales payment from the Buyer for each shipment of coal.
- A fee of 6% of the coal sale value is payable to ICT by BBM in consideration for the marketing activities and financing assistance.
- Despite anything to the contrary, at no time will any legal and/or beneficial title, interest or right in the coal the subject of this agreement pass to ICT pursuant to this agreement or otherwise.

There are no conditions precedent or terms to be satisfied to enable commencement of the International Coal Marketing Agreement.



3 March 2022

The Directors  
Cokal Limited  
Level 5, 56 Pitt Street  
SYDNEY NSW 2000

Dear Sirs,

## Independent Expert's Report on related party transaction

### 1. INTRODUCTION

#### *Background*

- 1.1 Cokal Limited ("Cokal" or "the Company") is an Australian public company listed on the Australian Securities Exchange ("ASX"). The Company business is to identify and develop an operating coal mine in Indonesia.
- 1.2 As announced to the market on 24 December 2021, Cokal's 60% owned subsidiary and owner of the BBM Project, PT Bumi Barito Mineral ("BBM") has executed a conditional amendment to its International Coal Marketing Agreement ("Marketing Agreement") with International Commodity Trade Pte Ltd ("ICT"), a related party of the Company.
- 1.3 The Company believes the amendments to the Marketing Agreement provides further certainty of coal sales and is intended to also assist in funding working capital.
- 1.4 The Report is required given the Marketing Agreement is with a related party of the Company and the amendment relating to the sale of coal constitutes a disposal of a substantial asset based on the value of anticipated coal sales under the Marketing Agreement. Under ASX Listing Rule 10.1 an entity must not agree to dispose of a substantial asset to a related party without shareholder approval.
- 1.5 The amendment to the Marketing Agreement and underlying terms detailed at section 2 are subject to receiving shareholder approval and is referred to in this report as the "Transaction".

#### *Opinion*

- 1.6 In our opinion, the Transaction is *fair and reasonable* to the Non-Associated Shareholders of Cokal.
- 1.7 The ultimate decision however on whether to accept the Transaction should be based on shareholders own assessment of their circumstances.

HALL CHADWICK  
CORPORATE (NSW) LIMITED

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***Purpose of Report***

- 1.8 You have requested Hall Chadwick Corporate (NSW) Limited (“HCC”) to prepare an Independent Expert’s Report to advise the shareholders of Cokal not associated with the Transaction (“Non-Associated Shareholders”), in considering a resolution to approve the Transaction under ASX listing rule 10.1, whether the Transaction is fair and reasonable when considered in the context of the interests of Non-Associated Shareholders and to set out the reasons for our conclusions.
- 1.9 HCC understands and has agreed that this report is required by ASX listing rule 10.5 to accompany the notice to convene a meeting of Cokal shareholders, to assist the Non-Associated Shareholders in their consideration of the Transaction.

## **2. OUTLINE OF THE PROPOSED TRANSACTION**

- 2.1 BBM, Cokal's 60% owned subsidiary and owner of the BBM Project, has executed two binding agreements with ICT to fund the development of a coal mine for its BBM Project: a Capital Participation Agreement and an International Coal Marketing Agreement.
- 2.2 The binding Capital Participation Agreement with ICT is for the provision of US\$20m to fund BBM mine development. The Marketing Agreement will enable BBM to market its coal to the international market and will also assist BBM in financing its coal stockpile at the river jetty. In return, BBM agrees to provide international marketing rights to ICT for BBM coal.
- 2.3 ICT is a company incorporated in Singapore and its business is the investment in and trading of coal. ICT is interested to assist BBM to market its coal and will also assist in financing its coal stockpile at the river jetty. In return, BBM agrees to provide International Coal Marketing rights to ICT for BBM's coal, and/or purchase of BBM's coal by ICT or its related entities, on the terms stated in the Marketing Agreement.
- 2.4 The Marketing Agreement is proposed to be amended to enable ICT, a related party of Cokal, to acquire coal directly from BBM on the same terms as other customers as linked to appropriate Index Prices obtained from a recognised market data provider which is adjusted for coal quality, other specifications and any freight differentials. A report has been issued to the Company by S&P Global outlining Platts Market Data as at 11 March 2021 ("Platts Report").
- 2.5 References to the Marketing Agreement in this report refer to the International Coal Marketing Agreement as varied by the Deed of Variation and Amendment.
- 2.6 The terms of the Transaction are outlined at Section 6 of this report.
- 2.7 The ICT Capital Participation Agreement and Marketing Agreement provide an attractive and strategic funding solution for Cokal to assist BBM in becoming an international coal producer. Cokal has chosen to obtain the funding from ICT as it is available immediately and on similar terms to the previous funding arrangement that was to be provided by China Rail and Beijing Fidick.
- 2.8 The Capital Participation Agreement is attractive for Cokal shareholders as it allows funding of the BBM project without dilution of ownership. The debt will be repaid from project operations.

## **STRUCTURE OF REPORT**

Our report is set out under the following headings:

- 3 PURPOSE OF REPORT
- 4 BASIS OF EVALUATION
- 5 OVERVIEW OF COKAL
- 6 ASSESSMENT OF TRANSACTION TERMS
- 7 ADVANTAGES AND DISADVANTAGES OF THE TRANSACTION
- 8 CONCLUSION AS TO FAIRNESS AND REASONABLENESS

## **APPENDICES**

- I SOURCES OF INFORMATION
- II STATEMENT OF DECLARATION & QUALIFICATIONS
- III FINANCIAL SERVICES GUIDE

### **3. PURPOSE OF REPORT**

- 3.1 The purpose of this report is to advise the Non-Associated Shareholders of Cokal of the fairness and reasonableness of the Transaction. This report provides an opinion on whether or not the terms and conditions in relation to the transaction are fair and reasonable to the Cokal shareholders whose votes are not to be disregarded in respect of the transaction (that is, the Non-Associated Shareholders).
- 3.2 The ultimate decision whether to accept the terms of the Transaction should be based on each shareholders' assessment of their own circumstances, including their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. If in doubt about the Transaction or matters dealt with in this report, shareholders should seek independent professional advice.
- 3.3 For the Transaction to be fair, the terms of the Marketing Agreement and the related amendments need to be on market based arms-length terms. To be reasonable the Non-Associated Shareholders must obtain an overall benefit if the Transaction proceeds.
- 3.4 This report has been prepared to satisfy the requirements of the ASX Listing Rules.
- 3.5 ASX Listing Rule 10.1 requires that a listed company must obtain shareholder approval before it acquires or disposes of a substantial asset. This applies where the vendor of the relevant asset is a related party of the listed company and when the assets value or the value of the consideration for it, constitutes more than 5% of the equity interest of that company at the date of the last audited accounts. The value of the expected coal sales under the Marketing Agreement constitutes a substantial asset which is being sold to a related party, ICT. ASX Listing Rule 10.5 therefore requires a report on the transaction from an independent expert stating whether the transaction is fair and reasonable to non-associated shareholders. This report provides such an opinion.

#### **4. BASIS OF EVALUATION**

- 4.1 In our assessment of whether the Transaction is fair and reasonable to Cokal Non-Associated Shareholders, we have given due consideration to the Regulatory Guides issued by ASIC, in particular, Regulatory Guide 74 “Transactions Agreed to by Shareholders”, Regulatory Guide 111 “Content of Experts Reports” and Regulatory Guide 112 “Independence of Experts Reports”.
- 4.2 ASIC Regulatory Guide 74 requires, amongst other things, that shareholders are provided with sufficient information to make an effective, informed decision on whether the proposed Transaction is fair and reasonable. In this case, the Transaction is “fair” if the Marketing Agreement is based on arms-length market terms. Additionally, under Regulatory Guide 111 a transaction is “reasonable” if it is fair or, if despite being unfair, based on non-financial factors, the shareholders should still approve the Transaction.
- 4.3 Our report has compared the likely advantages and disadvantages to Non-Associated shareholders if the Transaction is agreed to, with the advantages and disadvantages to those shareholders if it is not.
- 4.4 In our assessment of the Transaction we have considered, in particular the following:
- The operational and financial position of Cokal;
  - The impact of the Marketing Agreement on the cash flows and available working capital of the Company;
  - The advantages and disadvantages associated with approving the Transaction;
  - Other qualitative and strategic issues associated with the Transaction.
- 4.5 The documents and information relied on for the purpose of this valuation are set out in Appendix I. We have considered and relied upon this information and believe that the information provided is reliable, complete and not misleading and we have no reason to believe that material facts have been withheld. The information provided was evaluated through analysis, enquiry and review for the purpose of forming an opinion as to whether the Transaction is fair and reasonable. However, in assignments such as this, time is limited and we do not warrant that our enquiries have identified or verified all of the matters which an audit or more extensive examination might disclose. None of these additional tasks have been undertaken.
- 4.6 An important part of the information used in forming an opinion of the kind expressed in this report is the opinions and judgement of management. This type of information has also been evaluated through analysis, enquiry and review to the extent practical. However, it must be recognised that such information is not always capable of external verification or validation.
- 4.7 HCC is not the auditor of Cokal. The auditors of Cokal are Hall Chadwick Chartered Accountants and Business Advisors Sydney Partnership (HC Sydney”), who earn a separate annual fee for this audit service. The partners of HC Sydney have a 100% interest in HCC. HCC adopts internal procedures and structures to safeguard our independence from Cokal and manage any perceived conflict of interest arising from the role of HC Sydney as auditor of Cokal. We have analysed and reviewed information provided by the Directors and management of Cokal and made further enquiries where appropriate.

- 4.8 This report has been prepared after taking into consideration the current economic and market climate. We take no responsibility for events occurring after the date of this report which may impact upon this report or which may impact upon the assumptions referred to in this report.

## 5 OVERVIEW OF COKAL

### 5.1 Corporate Overview

5.1.1 Cokal was incorporated in 1998 and is exploring for and developing coal assets in Indonesia.

5.1.2 Cokal holds shares in the following Indonesian coal assets in Central Kalimantan, each with known resources of metallurgical coal:

- 60% of the Bumi Barito Mineral (“BBM”) project covering an area of 14,980ha.
- 75% of PT Tambang Benua Alam Raya (“TBAR”) which owns an exploration tenement covering an area of 18,850ha, adjacent to the BBM project.
- 60% of Borneo Bara Prima (“BBP”) project covering an area of 13,050ha.
- 75% of the Anugerah Alam Katingan (“AAK”) project covering an area of 5,000ha.

5.1.3 The Company is focused on the development of the BBM project. The BBM Project has a Mineral Resources Estimate as defined in the table below.

Commodity Type	Measured Resource (Mt)		Indicated Resource (Mt)		Inferred Resource (Mt)		Total Resource (Mt)		Geographical area
	2021	2020	2021	2020	2021	2020	2021	2020	
Coal (coking and PCI – minimum seam thickness 0.3m)	18.8	18.2	22.9	21.6	218.5	221.7	<b>260.2</b>	<b>261.5</b>	Kalimantan, Indonesia

### 5.2 BBM Project

5.2.1 BBM is a company incorporated in Indonesia and is the owner of the Bumi Barito Mineral Coking Coal Project (“BBM Project”), a high-quality metallurgical coal project located in Central Province, Kalimantan, Indonesia.

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

- Mining Licence for 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
- Annual work and budget plan approval from the Indonesian Ministry of Energy and Mineral Resource.

5.2.3 BBM is in the process of developing infrastructure for its BBM mine which includes a coal hauling access road, coal processing facilities, river jetty, mine office, camp, workshop, etc (“Development Project”).

5.2.4 The latest updates on the BBM project were released to the market in November 2021 as detailed in the table of announcements below.



### 5.3 Public Company Information

5.3.1 Cokal has released the following public company announcements in the last six months:

31/01/2022	Quarterly Activities/Appendix 5B Cash Flow Report
28/01/2022	Cokal to add mobilisation via Krajan for its BBM Project
24/12/2021	Notification of cessation of securities
24/12/2021	Section 708A Cleansing Notice
24/12/2021	Application for quotation of securities - CKA
24/12/2021	Application for quotation of securities - CKA
24/12/2021	Amendment to Coal Marketing Agreement
15/12/2021	Progress Towards First Coal for BBM Project
29/11/2021	Results of Annual General Meeting
29/11/2021	AGM Presentation
09/11/2021	Update for BBM Project
04/11/2021	Proposed issue of securities - CKA
29/10/2021	Quarterly Activities/Appendix 5B Cash Flow Report
28/10/2021	Notice of Annual General Meeting/Proxy Form
22/10/2021	2021 Annual General Meeting
12/10/2021	Additional Information on the Purchase of BBM Permanent Port
11/10/2021	Road Construction Update for BBM Project
05/10/2021	Cokal Finalises Purchase of BBM Permanent Port Site on Barito River
30/09/2021	Annual Report
30/09/2021	Appendix 4G and Corporate Governance Statement
28/09/2021	Annual Mineral Resource and Ore Reserve Statement
16/09/2021	TBAR Drilling Update

18/08/2021 Section 708A Cleansing Notice

18/08/2021 Application for quotation of securities - CKA

12/08/2021 Progress in TBAR Project

09/08/2021 Progress Towards Mining at BBM

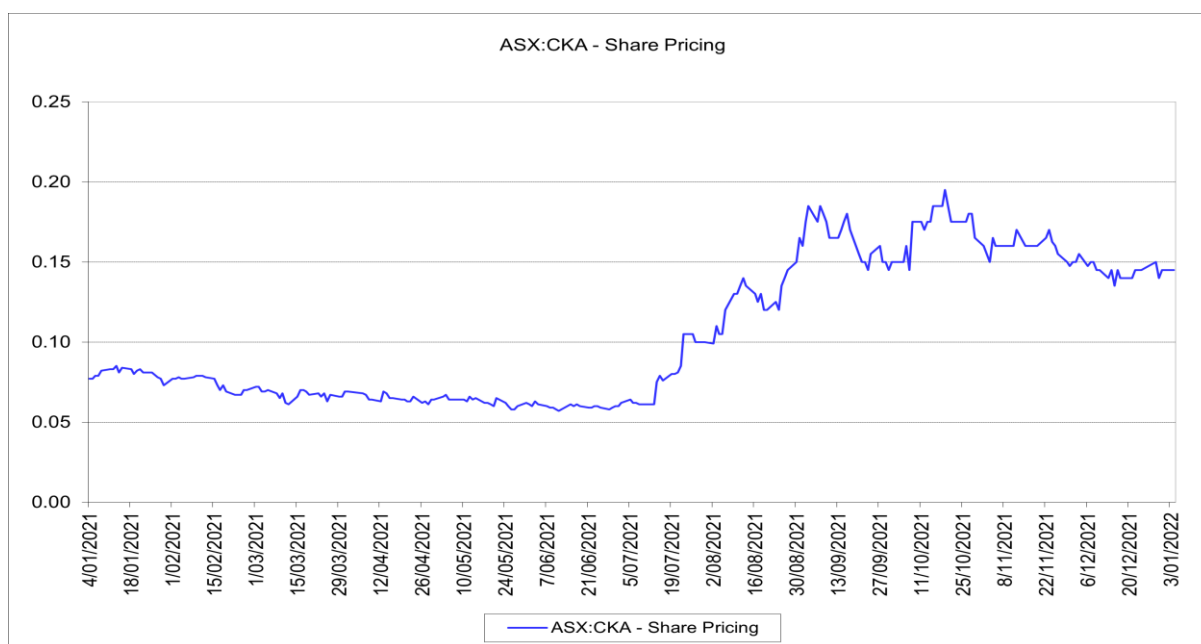
26/07/2021 Quarterly Activities/Appendix 5B Cash Flow Report

20/07/2021 First drawdown of ICT facility

19/07/2021 Drilling To Commence at PT Tambang Benua Alam Raya (TBAR)

14/07/2021 Cokal Executes Binding Agreements for Funding of BBM

5.3.2 Cokal currently has a market capitalisation of approximately \$140 million. The chart below shows the movement in share price traded in the last 12 months.



## 5.4 Financial Information

5.4.1 Set out below is the audited Consolidated Profit and Loss Statements of Cokal for the financial years ended 30 June 2020 (“FY2020”) and 30 June 2021 (“FY2021”).

	FY2021 US\$	FY2020 US\$
Revenue and other income	3,394	9,345,803
Employee benefits expense	(867,376)	(934,733)
Depreciation and amortisation expense	(162,273)	(255,901)
Production expenses	(466,262)	(356,086)
Finance costs	(56,314)	(23,756)
Legal expenses	(21,274)	(26,535)
Administration and consulting expenses	(346,407)	(308,969)
Licence fees	(465,368)	(582,262)
Commission expense	-	(9,261,535)
Share based payment	(307,407)	(50,700)
Other expenses	(7,539)	(119,148)
<b>Loss before income tax expense</b>	<b>(2,696,826)</b>	<b>(2,573,822)</b>

5.4.2 As announced in the Company’s latest cash flow report, for the six months to 31 December 2021, net cash *outflows* from operations and investments totalled \$5,751,000 and \$831,000 respectively, funded by net cash inflows from financing activities (net borrowings) totalling \$6,924,000.

5.4.3 Set out below is the audited consolidated Balance Sheet of Cokal as at 30 June 2021.

	<b>2021</b> <b>US\$</b>
<b>Current Assets</b>	
Cash and cash equivalents	169,543
Short term deposits	141,610
Other current assets	180,682
<b>Total Current Assets</b>	<b>491,835</b>
<b>Non-Current Assets</b>	
Property, plant and equipment	389,802
Exploration and evaluation assets	25,332,305
Right of use assets	166,799
Other non-current assets	25,724
<b>Total Non-Current Assets</b>	<b>25,914,630</b>
<b>TOTAL ASSETS</b>	<b>26,406,465</b>
<b>Current Liabilities</b>	
Accounts payable and others	15,938,811
Lease liabilities	61,857
Borrowings	3,856,550
<b>Total Current Liabilities</b>	<b>19,857,218</b>
<b>Non-Current Liabilities</b>	
Lease liabilities	37,956
<b>Total Non-Current Liabilities</b>	<b>37,956</b>
<b>TOTAL LIABILITIES</b>	<b>19,895,174</b>
<b>NET ASSETS</b>	<b>6,511,291</b>
<b>Equity</b>	
Issued capital	95,141,482
Reserves	6,503,604
Accumulated losses	(95,133,795)
<b>TOTAL EQUITY</b>	<b>6,511,291</b>

## **6 ASSESSMENT OF THE TRANSACTION**

### **6.1 Terms of the Marketing Agreement**

6.1.1 The Marketing Agreement is for ICT to assist BBM in marketing its coal to international customers and to also provide financing for its coal stockpile at the river jetty. In return, BBM agrees to provide International Coal Marketing rights to ICT and/or purchase of BBM's coal by ICT or its related entities, as per the terms stated in the Marketing Agreement.

6.1.2 The Marketing Agreement has been amended (subject to shareholder approval) to enable ICT to acquire coal directly from BBM on the same terms as other customers as compared to Index Prices obtained from a recognised market data provider, which is adjusted for quality, certain specifications and freight differentials for coal.

6.1.3 The material terms of the Marketing Agreement in its amended form are as follows:

#### **1. Transaction Overview**

(a) BBM and ICT have agreed to enter into the Marketing Agreement covering all the coal to be produced from the BBM Mine.

(b) BBM agree, for a period of 8 years from the commencement of coal production date, to (i) provide ICT with an International Coal Marketing rights on an exclusive basis for the International market including Vietnam, Korea, India, Bangladesh, China and Japan for coal produced from BBM Mine; and (ii) sell BBM coal to ICT in accordance with the Marketing Agreement if ICT or a related party of ICT wish to purchase BBM coal allocated to ICT under the Marketing Agreement.

(c) BBM agree to allocate a minimum amount of 8,000,000 metric tonne ("MT") of its coking and PCI coal during the 8 years period to ICT. It is estimated that the first delivery of coal for ICT to market is around the second quarter of 2022.

(d) BBM agree to route all potential transactions including end users and traders to ICT for the above specified regions and shall not deal with any other company directly for marketing its products including for coking and PCI coal. BBM shall redirect all enquiries from end users and trading companies to ICT.

(e) ICT shall have the right to be the exclusive marketing and selling agent for the above specified regions.

(f) ICT or its related entities shall have the right to purchase any amount of coal which is allocated to ICT under the Marketing Agreement, but only where such purchase is on arms-length commercial terms using the Coal Pricing Mechanism in clause 4 of the Marketing Agreement, which shall be then discounted by 6% (six percent), in lieu of the commission in clause 2.

(g) In return for the allocation of coal marketing, purchase and sale rights as referred to in clause 1(b), 1(c), 1(d), 1(e), and 1(f) above, ICT shall carry out all the marketing activities for BBM in the International market and also provide financial assistance to BBM once the coal allocated to ICT is ready at the intermediate stockpile where the jetty is capable to berth 8,000 DWT barge, as detailed in the Marketing Agreement.

(h) In the event of ICT defaulting in its performance of: (i) its marketing obligations described in clauses 1(b), 1(c), 1(d) and 1(e) and 1(g) above; and/or (ii) the financing schedule in clause 1(g) above, BBM has the right to adjust the coal allotment to ICT under the Marketing Agreement in line with the actual financing received and BBM shall have the right to carry out marketing directly into the above specified market.

2. In consideration of the marketing activities and financing assistance provided by ICT as stated in the Marketing Agreement, BBM shall provide a commission of 6% of the coal sales value marketed by ICT. Where ICT or its related entities purchases coal in accordance with the Marketing Agreement, ICT will not receive this commission.
3. BBM shall make payment of the commission to ICT as per Clause 2 above within 3 business days upon BBM receiving the coal sales payment from the Buyer for each shipment of coal.
4. Coal Pricing Mechanism.
  - (a) The Coal shall be priced in US Dollars per MT based on a FOBT mother vessel basis at Taboneo, with the price calculated using the below methodology: (i) Appropriate prices (the “Index Prices”) for seaborne traded Coking and PCI Coals will be obtained from a recognised market data provider (Platts or equivalent) (ii) The Index Prices will then be adjusted in order to calculate the prices to be used in the Marketing Agreement between BBM and ICT (the “Coal Sales Prices”), with the adjustments made to reflect:
    - (1) the Coal quality and specifications to be delivered by BBM, using the methodologies published by the provider of the Index Prices or those used by the End User whichever is applicable.
    - (2) freight differentials.

## **6.2 Market Index Pricing Data**

- 6.2.1 Under the terms of the Marketing Agreement described above, the sale of BBM coal to ICT must be on arms’ length commercial terms with pricing linked to appropriate Index Prices (the “Index Prices”) for seaborne traded coking and PCI Coals, obtained from a recognised market data provider (Platts or equivalent).
- 6.2.2 S&P Global Platts (“**Platts**”) reviewed BBM coal quality and assessed its value in the international market. The Platts Report was issued and dated 11 March 2021.
- 6.2.3 S&P Global Platts is the leading independent provider of information, benchmark prices and analytics for the energy and commodities markets. S&P Global Platts is a division of S&P Global, Inc., (NYSE: SPGI), a provider of ratings, benchmarks and analytics to the global capital and commodity markets.
- 6.2.4 The positive aspects of BBM coal that were noted include its low ash, low volatiles, low sulfur, high vitrinite content and ultra-low phosphorus content. Platts assessed BBM coking coal to be premium low volatile hard coking coal (HCC) most likely used in a blend in blast furnaces and that it would be attractive to the China market.
- 6.2.5 Platts assessed BBM PCI coal as premium PCI and rated BBM PCI coal as justifying a 10% premium over top value PCI coal.
- 6.2.6 There are a limited number of pricing mechanisms and merchant/market data that provide the detail of coal information provided by Platts. S&P Global Platts has been considered the preferred method of assessing value for the following reasons:
  - They are a leading independent provider of information, benchmark prices and analytics for the energy and commodities markets.
  - They regularly issue to the market parameters describing the elements of value in coal being sold.

- 150+ year heritage as a trusted source of commodity market information.

## **7 ADVANTAGES & DISADVANTAGES OF THE TRANSACTION**

### **7.1 Approach to assessing Fairness and Reasonableness**

HCC has followed the guidelines of ASIC Regulatory Guide 111 in assessing the fairness and reasonableness of the Transaction. In forming our conclusions in this report, HCC compared the advantages and disadvantages for Non-Associated Shareholders if the Transaction proceeds.

### **7.2 Advantages of the Transaction**

- 7.2.1 The Marketing Agreement in its amended form has been prepared on arms-length commercial terms similar to any standard marketing agreement, including agreed pricing on the same terms as other customers, linked to appropriate Index Prices obtained from a recognised market data provider, adjusting for quality, other specifications and freight differentials.
- 7.2.2 The amendments to the Marketing Agreement provide further certainty of coal sales by BBM as ICT will be purchasing the coal produced from the BBM mine.
- 7.2.3 The Transaction will assist in funding the Company's working capital through coal sales as funds will be received from ICT once the coal allocated to ICT is ready at the intermediate stockpile where the jetty is capable to berth 8,000 DWT barge,. Cokal will therefore directly obtain economic benefits and cashflow generated by the sale of coal from the BBM Mine to ICT under the Marketing Agreement on the same terms as other customers, with ICT financing all coal sales (whether to ICT or third parties). ICT becomes an additional customer providing greater transaction certainty.

### **7.3 Disadvantages of the Transaction**

- 7.3.1 The Marketing Agreement provides ICT with rights on an exclusive basis for the international market including Vietnam, Korea, India , Bangladesh, China and Japan for coal produced from BBM Mine. This would constitute most of the likely international market for Cokal's coal sold. Cokal would therefore be unlikely able to sell coal produced from the BBM mine to any other international parties. In addition, Cokal will not be able to sell coal using other pricing formula which may be better, or worse off, than the pricing formula with ICT.
- 7.3.2 ICT is controlled by a party that also controls Aahana Mineral Resources Sdn Bhd, a substantial Shareholder of Cokal, holding 19.97% of the Company's shares and who has one representative on the Company's Board of Directors. The Transaction provides the rights to ICT to purchase coal directly from the BBM mine resulting in the disposal of that asset over time (through the sale of coal), subject to shareholder approval. This may be a disadvantage in restricting Cokal from being able to establish relationships with other potential customers for the sale of coal in the near future.



## 8 CONCLUSION AS TO FAIRNESS AND REASONABLENESS

### 8.1 Fairness

8.1.1 For the Transaction to be fair, the terms of the Marketing Agreement need to be at market based arms-length terms.

8.1.2 We have considered, amongst other things, the information available for the Company, its current operations and the terms of its Marketing Agreement.

8.1.3 In our opinion the Transaction is **fair** as:

- a) The Marketing Agreement as amended has been independently prepared on arms-length commercial terms; and
- b) The terms of the Market Agreement amendments include that the agreed sales pricing is on the same terms as other customers by being linked to Index Prices obtained from a recognised market data provider, adjusted for coal quality, other specifications and any freight differentials.

### 8.2 Reasonableness

ASIC Regulatory Guide 111 states that a transaction is reasonable if:

- The Transaction is fair; or
- Despite not being fair the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.

We have concluded that the Transaction is reasonable. In forming our opinion we have also considered the following relevant factors.

- The amendments to the Marketing Agreement provides further certainty of coal sales by BBM as ICT will be purchasing the coal produced from the BBM mine.
- The Transaction will assist in funding the Company's working capital through coal sales as funds will be received from ICT as soon as the coal has left the mine site and haulage process. Cokal will therefore directly obtain economic benefits and cashflow generated by the sale of coal from the BBM Mine to ICT under the Marketing Agreement on the same terms as other customers, with ICT financing all coal sales (whether to ICT or third parties). ICT becomes an additional customer providing greater transaction certainty.
- The Marketing Agreement and Capital Participation Agreement in place with ICT provide an attractive and strategic funding solution for Cokal to assist BBM in becoming an international coal producer. Cokal has chosen to obtain the funding from ICT as it is available immediately and on similar terms to the previous funding arrangement that was to be provided by China Rail and Beijing Fidick. The Capital Participation Agreement is attractive for Cokal shareholders as it allows funding of the BBM project without dilution of ownership. The debt will be repaid from project operations.
- The Marketing Agreement provides ICT with rights on an exclusive basis for the international market including Vietnam, Korea, India , Bangladesh, China and Japan for coal produced from BBM Mine. This would constitute most of the likely market for Cokal's coal sold. Cokal would therefore be unlikely able to sell coal produced from the BBM mine to any other international parties.

- In addition, Cokal will not be able to sell coal using another pricing formula which may be better, or worse, than the pricing formula with ICT.

Having considered that the Transaction is fair and after assessing the potential advantages and disadvantages of the Transaction, in our opinion the Non-Associated Shareholders of Cokal should benefit if the Transaction proceeds and therefore, in our opinion the Transaction is reasonable.

Yours faithfully  
Hall Chadwick Corporate (NSW) Limited

A handwritten signature in black ink, appearing to be 'Drew Townsend', written in a cursive style.

DREW TOWNSEND

## **APPENDIX I - SOURCES OF INFORMATION**

- Cokal Limited Audited Financial Reports for the financial years ended 30 June 2020 and 30 June 2021;
- Marketing Agreement and Deed of Variation and Amendment of International Coal Marketing Agreement between Cokal and ICT;
- S&P Global PLATTS Report dated 11 March 2022;
- Cokal Notice of General Meeting and Explanatory Memorandum;
- Cokal Company registry details;
- Publicly available information on Cokal;
- Regulatory Guide 111 ‘Content of Expert Reports’;
- Regulatory Guide 112 ‘Independence of Expert’s Reports’; and
- APES 225 ‘Valuation Services’.

## **APPENDIX II - STATEMENT OF DECLARATION & QUALIFICATIONS**

### **Confirmation of Independence**

Prior to accepting this engagement HCC determined its independence with respect to Cokal with reference to ASIC Regulatory Guide 112 (RG 112) titled "Independence of Expert's Reports". HCC considers that it meets the requirements of RG 112 and that it is independent of Cokal.

Also, in accordance with s648 (2) of the Corporations Act we confirm we are not aware of any business relationship or financial interest of a material nature with Cokal, its related parties or associates that would compromise our impartiality.

Mr Drew Townsend, director of Hall Chadwick Corporate (NSW) Limited, has prepared this report. Neither he nor any related entities of Hall Chadwick Corporate (NSW) Limited have any interest in the promotion of the Transaction nor will Hall Chadwick Corporate (NSW) Limited receive any benefits, other than normal professional fees, directly or indirectly, for or in connection with the preparation of this report. Our fee is not contingent upon the success or failure of the proposed transaction, and has been calculated with reference to time spent on the engagement at normal professional fee rates for work of this type. Accordingly, HCC does not have any pecuniary interests that could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion under this engagement.

HCC provided a draft copy of this report to the Directors and management of Cokal for their comment as to factual accuracy, as opposed to opinions, which are the responsibility of HCC alone. Changes made to this report, as a result of the review by the Directors and management of Cokal have not changed the methodology or conclusions reached by HCC.

### **Reliance on Information**

The statements and opinions given in this report are given in good faith and in the belief that such statements and opinions are not false or misleading. In the preparation of this report HCC has relied upon information provided on the basis it was reliable and accurate. HCC has no reason to believe that any information supplied to it was false or that any material information (that a reasonable person would expect to be disclosed) has been withheld from it. HCC evaluated the information provided to it by Cokal as well as other parties, through enquiry, analysis and review, and nothing has come to our attention to indicate the information provided was materially mis-stated. We believe the information relied upon provides reasonable grounds upon which to base this report.

Our procedures and enquiries do not include verification work, nor constitute an audit or review in accordance with Australian Auditing Standards (AUS). HCC does not imply and it should not be construed that it has audited or in anyway verified any of the information provided to it, or that its enquiries could have verified any matter which a more extensive examination might disclose.

The sources of information that we relied upon are outlined in Appendix I of this report.

Cokal has provided an indemnity to HCC for any claims arising out of any mis-statement or omission in any material or information provided by Cokal to HCC in preparation of this report.

## **Qualifications**

Hall Chadwick Corporate (NSW) Limited (“HCC”) carries on business at Level 40, 2 Park Street, Sydney NSW 2000. HCC holds Australian Financial Services Licence No. 227902 authorising it to provide financial product advice on securities to retail clients. HCC’s representatives are therefore qualified to provide this report.

## **Consent and Disclaimers**

The preparation of this report has been undertaken at the request of the Directors of Cokal. It also has regard to relevant ASIC Regulatory Guides. It is not intended that the report should be used for any other purpose than to accompany the Notice of General Meeting to be sent to Cokal shareholders. In particular, it is not intended that this report should be used for any purpose other than as an expression of HCC’s opinion as to whether or not the proposed Transaction is fair and reasonable to Non-Associated shareholders of Cokal.

HCC consent to the issue of this report in the form and context in which it is included in the Notice of General Meeting to be sent to Cokal shareholders. Shareholders should read all documents issued by Cokal that consider the proposed Transaction in its entirety, prior to proceeding with a decision. HCC had no involvement in the preparation of these additional documents.

This report has been prepared specifically for the Non-Associated shareholders of Cokal. Neither HCC, nor any member or employee thereof undertakes responsibility to any person, other than a Non-Associated shareholder of Cokal, in respect of this report, including any errors or omissions howsoever caused. This report is "General Advice" and does not take into account any person's particular investment objectives, financial situation and particular needs. Before making an investment decision based on this advice, you should consider, with or without the assistance of a securities advisor, whether it is appropriate to your particular investment needs, objectives and financial circumstances.

Our procedures and enquiries do not include verification work, nor constitute an audit or review in accordance with Australian Auditing Standards (AUS).

Our opinions are based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time. Furthermore, financial markets have been particularly volatile in recent times. Accordingly, if circumstances change significantly, subsequent to the issue of the report, our conclusions and opinions may differ from those stated herein. There is no requirement for HCC to update this report for information that may become available subsequent to this date.

### **APPENDIX III - FINANCIAL SERVICES GUIDE**

Hall Chadwick Corporate (NSW) Limited (“HCC”) carries on business at Level 40, 2 Park Street, Sydney NSW 2000. HCC holds Australian Financial Services Licence No. 227902 authorising it to provide financial product advice on securities to retail clients.

The Corporations Act 2001 requires HCC to provide this Financial Services Guide (“FSG”) in connection with its provision of an independent expert’s report (“Report”) which is included in a Notice of Meeting (“Notice”) provided to members by the company or other entity for which HCC prepares the Report.

HCC does not accept instructions from retail clients. HCC provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. HCC does not provide any personal retail financial product advice to retail investors nor does it provide market-related advice to retail investors.

When providing Reports, HCC’s client is the Entity to which it provides the Report. HCC receives its remuneration from the Entity. In respect of this Report for Cokal Limited (“Cokal”), HCC will receive a fee for its services on a time cost basis estimated to be \$16,000, excluding GST.

No related body corporate of HCC, or any of the directors or employees of HCC or of any of those related bodies or any associate receives any remuneration or other benefit attributable to the preparation and provision of the Report.

HCC is required to be independent of the Entity in order to provide a Report. The guidelines for independence in the preparation of Reports are set out in Regulatory Guide 112 issued by the Australian Securities & Investments Commission. The following information in relation to the independence of HCC is stated in Appendix II of this Report:

*“Hall Chadwick Corporate (NSW) Limited (“HCC”) has a license to prepare reports under the Corporations Act and its representatives are qualified to provide this report. Prior to accepting this engagement HCC determined its independence with respect to Cokal with reference to ASIC Regulatory Guide 112(RG 112) titled “Independence of Expert’s Reports”. HCC considers that it meets the requirements of RG 112 and that it is independent of Cokal.*

*Also, in accordance with s648 (2) of the Corporations Act we confirm we are not aware of any business relationship or financial interest of a material nature with Cokal or their related parties or associates that would compromise our impartiality.*

*Mr Drew Townsend, director of Hall Chadwick Corporate (NSW) Limited, has prepared this report. Neither he nor any related entities of Hall Chadwick Corporate (NSW) Limited have any interest in the promotion of the Transaction nor will Hall Chadwick Corporate (NSW) Limited receive any benefits, other than normal professional fees, directly or indirectly, for or in connection with the preparation of this report. Our fee is not contingent upon the success or failure of the proposed transaction, and has been calculated with reference to time spent on the engagement at normal professional fee rates for work of this type. Accordingly, HCC does not have any pecuniary interests that could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion under this engagement.”*

HCC has internal complaints-handling mechanisms and is a member of the Financial Ombudsman Service, membership number 11442.

HCC is only responsible for the Report and this FSG. Complaints or questions about the Notice should not be directed to HCC who is not responsible for that document. HCC will not respond in any way that might involve any provision of financial product advice to any retail investor.



## LODGE YOUR PROXY APPOINTMENT ONLINE



### ONLINE PROXY APPOINTMENT

[www.advancedshare.com.au/investor-login](http://www.advancedshare.com.au/investor-login)



### MOBILE DEVICE PROXY APPOINTMENT

Lodge your proxy by scanning the QR code below, and enter your registered postcode.

It is a fast, convenient and a secure way to lodge your vote.

**Important Note:** Due to the ongoing COVID-19 pandemic and uncertainty regarding the level of travel restrictions around the time of the Meeting, the Company has determined that Shareholders will be able to attend and participate in the Meeting through an online platform provided by Advanced Share Registry.

## 2022 EXTRAORDINARY GENERAL MEETING PROXY FORM

I/We being shareholder(s) of Cokal Limited and entitled to attend and vote hereby:

### APPOINT A PROXY

The Chair of the Meeting

OR



**PLEASE NOTE:** If you leave the section blank, the Chair of the Meeting will be your proxy.

or failing the individual(s) or body corporate(s) named, or if no individual(s) or body corporate(s) named, the Chair of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf, including to vote in accordance with the following directions (or, if no directions have been given, and to the extent permitted by law, as the proxy sees fit), at the Extraordinary General Meeting of the Company to be held at Level 5, 56 Pitt Street, Sydney NSW 2000 and virtually on 28 April 2022 11:30 am (AEST) and at any adjournment or postponement of that Meeting.

### CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES:

The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

### VOTING DIRECTIONS

#### Resolutions

For Against Abstain\*

1 Approval of amendment to International Coal Marketing Agreement between BBM and ICT



\* If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

### SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, all the shareholder should sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).

Email Address

Please tick here to agree to receive communications sent by the Company via email. This may include meeting notifications, dividend remittance, and selected announcements.



## COKAL LIMITED - EXTRAORDINARY GENERAL MEETING

Due to the ongoing COVID-19 pandemic and uncertainty regarding the level of travel restrictions around the time of the Meeting, the Company has determined that Shareholders will be able to attend and participate in the Meeting through an online platform provided by Advanced Share Registry.

To facilitate such participation, voting on each Resolution will occur by a poll rather than a show of hands.

A live webcast and electronic voting via [www.advancedshare.com.au/virtual-meeting](http://www.advancedshare.com.au/virtual-meeting) will be offered to allow Shareholders to attend the Meeting and vote online.

Please refer to the Meeting ID and Shareholder ID on the proxy form to login to the website.

Shareholders may submit questions ahead of the Meeting via the portal.

## HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE MEETING, PLEASE BRING THIS FORM WITH YOU.  
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

### CHANGE OF ADDRESS

This form shows your address as it appears on Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes.

### APPOINTMENT OF A PROXY

If you wish to appoint the Chair as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chair, please write that person's name in the box in Step 1. A proxy need not be a shareholder of the Company. A proxy may be an individual or a body corporate.

### DEFAULT TO THE CHAIR OF THE MEETING

If you leave Step 1 blank, or if your appointed proxy does not attend the Meeting, then the proxy appointment will automatically default to the Chair of the Meeting.

### VOTING DIRECTIONS – PROXY APPOINTMENT

You may direct your proxy on how to vote by placing a mark in one of the boxes opposite each resolution of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any resolution by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given resolution, your proxy may vote as they choose to the extent they are permitted by law. If you mark more than one box on a resolution, your vote on that resolution will be invalid.

**PLEASE NOTE:** If you appoint the Chair as your proxy (or if he is appointed by default) but do not direct him how to vote on a resolution (that is, you do not complete any of the boxes "For", "Against" or "Abstain" opposite that resolution), the Chair may vote as he sees fit on that resolution.

### APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning Advanced Share Registry Limited or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

### COMPLIANCE WITH LISTING RULE 14.11

In accordance with Listing Rule 14.11, if you hold shares on behalf of another person(s) or entity/entities or you are a trustee, nominee, custodian or other fiduciary holder of the shares, you are required to ensure that the person(s) or entity/entities for which you hold the shares are not excluded from voting on resolutions where there is a voting exclusion. Listing Rule 14.11 requires you to receive written confirmation from the person or entity providing the voting instruction to you and you must vote in accordance with the instruction provided.

By lodging your proxy votes, you confirm to the company that you are in compliance with Listing Rule 14.11.

### CORPORATE REPRESENTATIVES

If a representative of a nominated corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A Corporate Representative Form may be obtained from Advanced Share Registry.

### SIGNING INSTRUCTIONS ON THE PROXY FORM

#### Individual:

Where the holding is in one name, the security holder must sign.

#### Joint Holding:

Where the holding is in more than one name, all of the security holders should sign.

#### Power of Attorney:

If you have not already lodged the Power of Attorney with Advanced Share Registry, please attach the original or a certified photocopy of the Power of Attorney to this form when you return it.

#### Companies:

Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

### LODGE YOUR PROXY FORM

This Proxy Form (and any power of attorney under which it is signed) must be received at an address given below by 11:30 am (AEST) 26 April 2022, being not later than 48 hours before the commencement of the Meeting. Proxy Forms received after that time will not be valid for the scheduled Meeting.



#### ONLINE PROXY APPOINTMENT

[www.advancedshare.com.au/investor-login](http://www.advancedshare.com.au/investor-login)



#### BY MAIL

Advanced Share Registry Limited  
110 Stirling Hwy, Nedlands WA 6009; or  
PO Box 1156, Nedlands WA 6909



#### BY FAX

+61 8 6370 4203



#### BY EMAIL

[admin@advancedshare.com.au](mailto:admin@advancedshare.com.au)



#### IN PERSON

Advanced Share Registry Limited  
110 Stirling Hwy, Nedlands WA 6009



#### ALL ENQUIRIES TO

Telephone: +61 8 9389 8033