

31 January 2020

**QUARTERLY REPORT FOR THE THREE MONTHS
ENDING 31 DECEMBER 2019**

HIGHLIGHTS

- **Preparation for Mining in BBM**
- **Coal Evacuation Strategy for BBM**
- **100km road to bypass 165km of Barito River**
- **ISP and barge loader at Muara Lahung**
- **Senior Operations Staff Appointed**

INDONESIAN COAL ASSETS

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 located in Central Province, Kalimantan, Indonesia. The BBM project area is 14,980ha;
- 75% of PT Tambang Benua Alam Raya (TBAR) which owns an exploration tenement covering an area of approximately 18,850ha in Central Province, Kalimantan, Indonesia. This tenement is located adjacent to and southeast of the BBM project;
- 60% of the Borneo Bara Prima (BBP) project located in Central Province, Kalimantan, Indonesia. The BBP project area is approximately 13,050ha;
- 75% of the Anugerah Alam Katingan (AAK) project. This project is also located in Central Province, Kalimantan, Indonesia and has an area of approximately 5,000ha. AAK is currently on 'on-hold' status while a local dispute is being settled.

BBM, TBAR, BBP and AAK are located adjacent to Indomet's extensive coking coal tenements. The Company is currently focussed on the development of the BBM Project.

Bumi Barito Mineral (BBM) Project

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 up to 6Mt per annum
- Forestry Permit to commence mining activity
- RKAB approval of its annual plan.

BBM will be the first area to be mined by Cokal commencing in 2020.

BBM is bisected by the Barito River, which cuts through the tenement in a north-south trend. Almost the entire IUP contains coal-bearing sediments with open cut mineable areas controlled by three major fault systems. Initial mining will be confined to the East Block for which JORC estimates for Resources and Reserves have been assessed. Coal analyses from more than 130 outcrops on the West side of the Barito River indicate that it also contains premium quality anthracite and PCI coals. This coal does not currently form part of stated BBM coal Resources and Reserves and therefore provides significant potential for future expansion of BBM Resources, Reserves and mine development.

Updated rehabilitation plans were submitted as required by the government. The work plan for 2019 (RKAB) was approved by the government (Directorate General Minerals and Coal) and covers:

1. Approval of plans for the construction of transportation facilities, explosive storage/ stockpiling.
2. Approval of plans for purchase and use of explosives.
3. Approval of plans for the construction of storage for liquid fuel.
4. Approval of testing procedures for commissioning equipment.

Approval is being sought to extend mining into the eastern part of Pit 2. It is expected this will be provided to enable mining in this area in mid 2021. The Revised Plan for stockpile location, settling pond and dumping area was submitted to the Environmental Office Agency of Central Kalimantan Province.

Production and sales reports have been submitted as required to the end of December 2019. Quarterly reports were submitted to the Ministry of Energy and Mineral Resources for 2019.

The Business Registration Number (NIB) has simplified government liaison and approvals.

A Community Development and Empowerment Master Plan is in process as decreed by the Minister of Energy and Mineral Resources.

Logging Road

The logging road previously identified to evacuate coal has been traversed, surveyed and Cokal has secured the appropriate authorisations to use it. A more detailed survey is underway to facilitate detailed design. This survey and design is expected to be concluded in Q1 2020 and will form an important element in an infrastructure agreement between Cokal and its proposed infrastructure development contractor China Rail. The first 50km from BBM's Pit 3 will need to be reformed and areas steeper than 6% gradient cut back to achieve a maximum 6% gradient for uphill loaded hauls. It is planned to haul coal in 30t trucks so tight curves can still be accepted. The surface of the old road is still intact and not severely rutted, indicating the road can be reformed into an all weather road by using the existing gravel and implementing careful drainage control. A significant number of minor culverts will be required plus three bridges. The second 50km of the road is

already in use by logging and mining companies but traffic is not heavy. Cokal will share the maintenance of this road with current users.

Intermediate Stockpile and Barge Loader

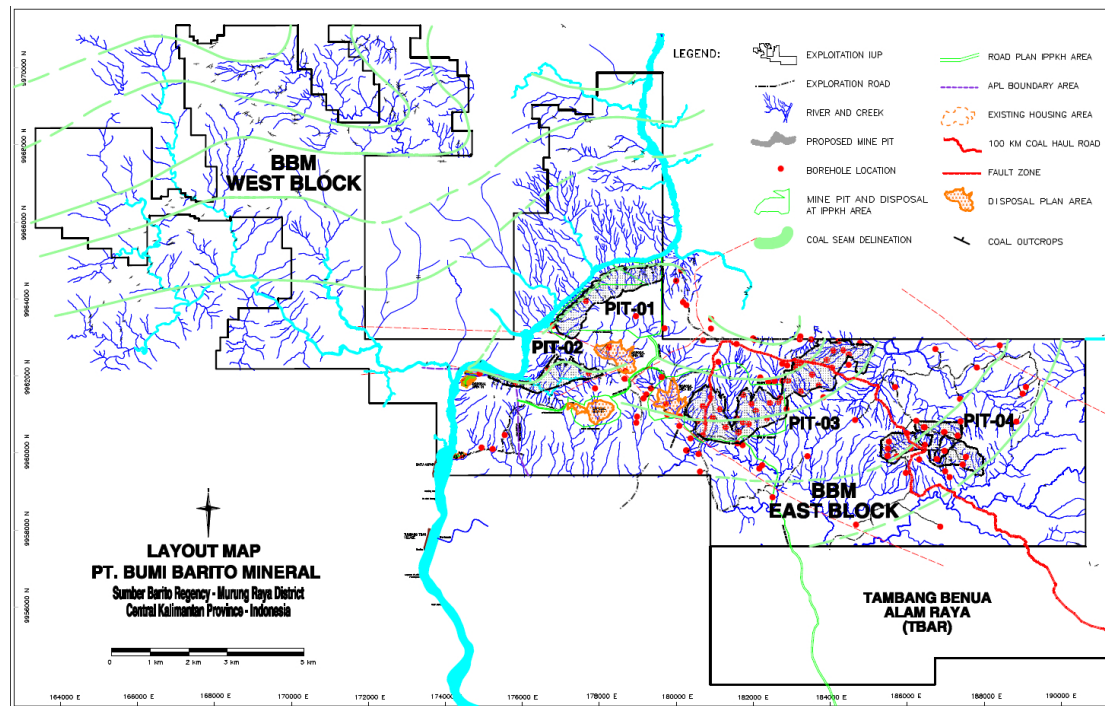
At the end of the 100km coal haul road from Pit 3 BBM to Muara Lahung Cokal is surveying sites to develop an intermediate stockpile (ISP) and barge loader. This loader will have a capacity of 1,000t/h. Coal handling at the ISP will be designed to minimise coal impact and potential degradation. Site selection will take into account the land topographic survey as well as the detailed local bathymetric survey now completed, funded jointly by Cokal and its proposed barging contractor, HSM Marine.

The stockpiles at the ISP will have a capacity of one month of coal production. It is important that coking coal quality is not allowed to deteriorate in product stockpiles either by handling or excessive storage.

Five Year Mining Plan

Cokal has revised its five year mine plan to be implemented in 2020. The mine plan includes:

- Refurbishment of the existing 65-man camp at Krajan
- Development of a 100km road to evacuate product coal through an intermediate stockpile (ISP) at Muara Lahung, 165km downstream from Krajan
- The mining of 2 Mt/a saleable coal from the third year of production
- Mine PCI coal from Pit2, coking coal from Pit 3
- A Coal Handling Preparation Plant (CHPP) at the mine site to prepare coking coal and PCI coal for sale
- Progressive rehabilitation of mined out areas as mining advances.



BBM Permit Area

Coal Evacuation to Market

For the most part Cokal will haul product coal 100km from the mine to an ISP and barge loader at Muara Lahung to bypass the most difficult parts of the Upper Barito River. A barging company, HSM Marine, is being contracted to use shallow draft, self propelled 3,000t barges which can operate in 2 to 2.5m deep water to deliver coal to a point below Muara Teweh bridge from where it will be transferred to 10,000t river barges for the voyage down river to Kelanis. It is anticipated that from Kelanis to ships standing offshore coal will be transported using conventional barges. For several months during the wet season Cokal will barge from Krajan adjacent to mine development. This strategy provides security all year round while still taking advantage of the favourable location of the BBM deposit relative to the Barito River.

No land coal storage is being developed for BBM apart from stockpiles at the mine and at the Muara Lahung ISP. Surges in coal delivery may be accommodated using moored barges. Some improvements in the river channel at a later date will enable barging from Krajan.



100 km Road Pit 3 to Muara Lahung

Cokal's team is surveying three prospective sites in Muara Lahung for the ISP as well as the entire 100km haul road in preparation for final design, land acquisition and construction. The HSM Marine and Cokal team has undertaken detailed bathymetric surveys of each of the three ISP sites being considered as well as 200km of the Barito River to well below the Muara Teweh bridge. This will firm up data on the river enabling the barging contract to be finalised.

The road and ISP will be suitable for both BBM and TBAR developments.

Tambang Benua Alam Raya (TBAR) Project

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

Outcrop mapping of four seams over 17km strike length 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, however an exploration drilling program for TBAR is being formulated to be undertaken as soon as BBM mine development is underway.

Borneo Bara Prima (BBP) Project

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).

No exploration activity was conducted in BBP during the quarter.

Anugerah Alam Katingan (AAK) Project

Cokal's AAK project covers 5,000ha 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 the quarter.

CORPORATE ACTIVITY

BT Bara Mineral Asri (BMA)

BMA advised that it is working towards a proposal to partner with Cokal for the funding and development of the BBM Mine. The manner of this future cooperation will now change with the established participation of the Aahana Global Resources and Investment Pte Ltd.

BMA has to date contributed US\$2 million to Cokal 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.

BMA indicated many months ago it will submit a revised proposal for cooperation but so far this has not been received.

MOU for Construction of BBM Project

During the quarter Cokal selected China Railway 21st Bureau Group International Engineering Co (China Rail) as its proposed infrastructure development contractor at BBM. The Company entered into an MOU setting out the basis for a formal contract that includes road construction, jetty construction and capital investment related to overburden removal, coal mining and associated mine infrastructure.

Term Sheet for Shallow River Barging

During November 2019 the Company signed a term sheet with HSM Marine Pte Ltd (HSM), a Singapore based barging company with operations in Indonesia, the rest of South East Asia and the Middle East. The term sheet included the funding and purchase of self propelled shallow draft barges by HSM and payment by Cokal based on a per tonne unit rate of barging fee with an agreed minimum monthly tonnage;

The detailed bathymetric survey just completed will form the basis of moving forward to take this term sheet to a barging contract with significant investment by HSM Marine.

Corporate

The Company held its Annual General Meeting on 27 November 2019 with all resolutions put to shareholders passed. During the quarter the auditor of the Company was changed to Hall Chadwick Chartered Accountants.

ENDS

Further enquiries:

Domenic Martino

Non-Executive Chairman

E: dmartino@cokal.com.au

This ASX announcement was authorised for release by the Board of Cokal Limited.

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 any such statement is based.