

ASX ANNOUNCEMENT / MEDIA RELEASE

21 May 2020

Progress update on start up of Mining at Cokal's BBM Coking Coal Project

Highlights

- **Mining contracts are expected to be awarded in June 2020**
- **Exclusive Legal Corridor permit issued for road from BBM Pit 3 to Bumban Intermediate Stockpile (ISP)**
- **Drone survey of road and ISP sites completed and data being assessed**
- **Joint HSM/Cokal bathymetric survey of ISP sites and 100km of the Barito river downstream now completed**
- **HSM on track to have the capability to transport coal in line with Cokal's production plan**
- **Cokal to commence repair of former logging road in June 2020**
- **Cokal raising interim loan funds to commence initial road development and for working capital**

Cokal Limited (ASX:CKA, "Cokal" or "the Company") advises the following update on progress towards start up of mining operations at the Company's BBM Project.

Coal Mining Tenders

Mining contract proposals have been received, shortlisted and are being evaluated by Cokal's technical and commercial teams. Meetings have been held with the preferred tenderers to refine the consideration of tenders and a successful resolution is expected by mid to late June. Mining costs being offered are in line with those used by Cokal in its mine planning. It is expected that contracts will be awarded in June 2020 as Cokal strives to negotiate the most favourable outcome for the BBM Project, which is progressing in line with the master project plan despite the nature of the current dynamic environment.

Road Permit

An Exclusive Legal Corridor permit has been issued to BBM for the former logging road from Pit 3 to the existing road at the 52km mark. All parties agree to share the road from that point to the Bumban Intermediate Stockpile area (ISP) and barge loader. The intersection of the former logging road with the existing road to Bumban has been moved from the 45km mark to the 52km mark to reduce the number of culverts to be repaired while adding little to the haul distance.

Repair of the former logging road from the 52km mark to Pit 3 will be undertaken directly by Cokal using hired equipment from local contractors in order to complete it as quickly as possible, this shall provide uninterrupted access to contractors for mobilisation of equipment and infrastructure material. Separate contracts will be let for culvert supply and installation and the design and construction of two bridges. It is intended this repair commences in June and be completed within six months.



Former logging road

The upgrading of the former logging road enables easier access to Pit 3 of BBM. This is to accommodate the better pricing opportunity for Coking coal which will be sourced from Pit 3 as opposed to PCI coal in Pit 2. This is in accordance with the existing mining plan, albeit a change in the mining sequence to respond to market conditions.

Drone Survey Complete

The drone survey of this road and three potential ISP sites has been completed and a preliminary report received. The full analysis of this data will take a few weeks and be completed by mid June. This will be used to finalise the road design.



Drone survey of former logging road

Barge Update

The bathymetric survey undertaken jointly by HSM Marine (**HMS**) and Cokal has been concluded and a report has been received which is currently being evaluated by the technical team. This favours two of the three ISP sites surveyed. Landowners have been identified and a final decision on site selection is due shortly, waiting only on the final drone survey report.

Currently, Cokal is in talks to secure agreement to use an existing barge loader in the Bumban area while its own barge loader is being developed.

Based on this survey HSM is charting its route plan and management to avoid potential low water obstructions in the river. Cokal is confident it will be able to barge all year round using shallow draft barges. HSM has identified suitable shallow draft self discharge barges in Indonesia it can modify to provide initial coal transportation as soon as mining commences.

Interim Loan Funds

China Rail have confirmed their commitment to finalizing the infrastructure funding as previously announced on 21 November 2019. They are awaiting a final visit to Indonesia (delayed due to the Covid 19 travel restrictions) but expect to be able to finalise this as soon as these restrictions are lifted.

So as not to hold up the commencement of the newly permitted road upgrade, Cokal will raise a short term interim loan/debt facility to fund activities to commence initial road works preparations and for working capital.

COVID 19 Update

Cokal reaffirms its commitment towards the health and safety of its staff and external contractors. All relevant safety measures are being taken to ensure that the Company's operations continue in a safe and healthy environment. Jakarta is still under mandatory restrictions until the 22nd of May 2020. The Jakarta office technical team is currently meeting twice a week for a limited number of hours in the office to discuss important matters in addition to working from home.

The current internal progress is largely on schedule except for some delays arising from engagement of external contractors.

The onsite team at the BBM mine site continues to work as per schedule conducting the ground survey for the hauling road and prospective jetty location including, but not limited to, the mapping of rivers and road repairs.

While our overall targeted progress is still largely on schedule, we do expect some minor delays in our progress going forward due to domestic travel restrictions currently in Indonesia.

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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.

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