

ASX ANNOUNCEMENT / MEDIA RELEASE**12 August 2024**

Cokal to Develop Underground Coal Production at the BBM Metallurgical Coal Mine for Zero Capital Outlay

Key Highlights

- Cokal has signed a binding agreement with mining contractor PT Cipta Bersama Indonesia (“CBI”) to develop an underground mining operation at Pit 1 of the BBM Metallurgical Coal Mine, to produce a PCI coal product within 18-months, at zero cost to Cokal.
- This strategic agreement represents a significant windfall for Cokal, as there were no plans to develop any underground operations at BBM Pit 1 within the foreseeable future.
- CBI will be the contractor in charge of the underground mine development and operations.
- CBI will pay all mine development costs, and 100% of ongoing operating costs through to delivery of the coal product to BBM ROM stockpile.
- Cokal will undertake the transport of product coal from BBM ROM stock pile to Batu Tuhup jetty and then to market and will be responsible for the sales and marketing of the coal product.
- BBM is not required to reimburse CBI for any of the upfront capital or ongoing operating costs incurred by CBI. Rather BBM and CBI will share revenue from sale of the coal product in the following proportions: BBM 40% / CBI 60%.
- CBI has also undertaken to develop coal processing infrastructure at BBM in the near-term, for use by both the underground operations and other BBM production.

Cokal Limited (**Cokal**) (ASX: **CKA**) is delighted to announce that Cokal’s 60% owned subsidiary, PT Bumi Barito Mineral (**BBM**) has signed a binding agreement (**Agreement**) with PT Cipta Bersama Indonesia (**CBI**) to develop an underground mining operation at Pit 1 of the BBM Metallurgical Coal Mine, to produce a PCI coal product. This strategic Agreement represents a significant windfall for Cokal, as there were no plans to develop underground operations at BBM Pit 1 within the foreseeable future, given capital constraints and a high-level of requisite technical expertise.

The BBM Feasibility Study, completed by Cokal in 2014, highlighted the importance of an underground mining operation at BBM Pit 1. A significant volume of Cokal's JORC coal resources are considered to be most viably accessed through underground development in order to maximise financial outcomes, given lower strip-ratios, unit production costs, and the outlook for the long-term market for PCI coal products.

Overview of the Agreement

- BBM will obtain the necessary regulatory approvals to conduct underground mining operations at BBM Pit 1.
- BBM has appointed CBI as the contractor in charge of the development of an underground mine at BBM Pit 1, and the ongoing mining contractor operations for PCI coal production.
- CBI will pay all mine development costs, and 100% of ongoing operating costs until delivery of coal to ROM stockpile.
- Cokal will undertake the transport of product coal from BBM ROM to Batu Tuhup jetty, and then to market and will be responsible for the sales and marketing of the coal product.
- BBM shall be responsible for developing and managing additional coal transport infrastructure capacity for the delivery of coal product from the BBM Pit 1 underground mine to market.
- BBM is not required to reimburse CBI for any of the upfront capital or ongoing operating costs incurred by CBI. Rather BBM and CBI will share revenue from sale of the coal product in the following proportions: BBM 40% / CBI 60%.
- CBI has also undertaken to develop coal processing infrastructure at BBM in the near-term, for use by both the underground operations and other BBM production.
- CBI's appointment is limited to PCI coal production from an underground mine development at BBM Pit 1.
- The term of the Agreement is for the life of the mine for the underground mining at BBM Pit 1.
- Termination of the Agreement can occur by BBM, after providing due notice and the failure to remedy by CBI, if:
 - o the contractor does not bring infrastructure for carrying out services within 6 months of the commencement date;
 - o the underground coal mine system collapses;
 - o a government authority suspends underground coal mine activities; or
 - o the contractor is subject to an insolvency event.
- Termination of the Agreement can occur by the CBI, after providing due notice and the failure to remedy by BBM, if BBM:
 - o breaches the Agreement;
 - o is subject to an insolvency event; or
 - o is prevented by Force Majeure from carrying out its obligations under the Agreement for not less than 60 days.

Key Development Responsibilities

BBM and CBI will immediately commence development of the BBM Pit 1 underground coal mine operations, with three key stages, as described below:

This strategic initiative will be executed in three stages, each designed to optimize operations and ensure seamless integration with existing infrastructure.

Stage I : Feasibility Study and Reconnaissance

CBI's Responsibilities

1. Technical Collaboration: CBI team will work closely with BBM's technical experts to prepare an updated feasibility study report, detailing the underground coal mining activities planned for the coal project.
2. Exploration and Reconnaissance: The contractor will conduct further exploration and reconnaissance to identify new areas for underground coal mining within the designated concession.
3. Cost Allocation: All costs and expenses associated with these activities will be borne by the contractor. Additionally, all future reports and study works will be the exclusive property of the mine owner, with the contractor retaining the right to archive these documents.

BBM's Responsibilities

Obtaining Approvals: BBM will secure necessary approvals for the feasibility study and additional permits required for underground operations, including:

1. Government Authority approval of environmental impact analysis documents (AMDAL), including any amendments or the preparation of new updated AMDAL as directed by Government Authorities.
2. Application and acquisition of other authorities and licenses required by the Mine Owner for conducting underground coal mining activities and the construction and operation of the coal washing plant.
3. Preparation and approval of reclamation plans and post-mining plans by the relevant Government Authority, if required, covering the underground coal mining activities and the construction and operation of the coal washing plant.
4. Land acquisition, including land acquisition for communities and other businesses situated around the site and the coal washing plant, in accordance with applicable laws and regulations.
5. Application and approval of Conformity of Space Utilization Activities (PKKPR) and other required licenses or certificates for the construction of the coal washing plant at the agreed location.
6. Application and approval of Forest Area Utilization Approval (IPPKH) from the Government Authority covering the area where the underground coal mining activities are to take place and the coal washing plant is to be constructed.
7. Appointment of the Head of Underground Mining (KTBT) and obtaining approval of the appointment from the relevant Government Authority.

Stage II: Infrastructure Development

CBI's Responsibilities

1. Coal Wash Plant Machinery: CBI will import and install coal wash plant machinery, ensuring its commissioning aligns with operational needs.
2. Carry out the construction of Underground Coal Mine Infrastructure in coordination with existing Open Cut Mining Contractor so as to not disrupt or interfere with the open-cut Coal mining in connection with the preparation and implementation for the construction of the Underground Coal Mine and Coal Washing Plant.

BBM's Responsibilities

1. Site Allocation: BBM will allocate an appropriate site for the coal wash plant and secure necessary operational licenses.
2. Technical Assistance: BBM will provide technical and onsite support to CBI during the construction phase.

Stage III: Operations and Logistics

CBI's Responsibilities

CBI will execute operations for underground coal mining and coal wash plant activities.

BBM's Responsibilities

Logistics Infrastructure: BBM will prepare additional logistics infrastructure, including road hauling and barging services, to handle increased coal production from underground mine operations.

This strategic initiative underscores our commitment to enhancing efficiency and production at BBM, ensuring we remain at the forefront of the metallurgical coal industry. We are confident that these enhancements will significantly contribute to our growth and sustainability.

The timeline for Stage I is 6 months, while Stage II is expected to be completed in next 12 months thereafter.

About CBI

PT. Cipta Bersama Indonesia (CBI) specialises in coal mine development and infrastructure construction. CBI has expertise in providing the necessary resources, technical guidance and support in underground coal mining to facilitate the successful development and operation of underground mining projects.

CBI maintains a business partnership with China Mining Company and is committed to providing high-quality, environmentally friendly and safe underground mining engineering solutions for the Indonesian coal mining industry, utilising its extensive expertise and experience.

CBI's main Co-operative Business Partners are:

1. Qinfa Industrial Group Co.,Ltd, He Bei Province, China.
2. China National Coal Group Corp., Beijing, China.
3. CCCC China Communications Construction Group Co., Ltd., Beijing, China.
4. China Coal Tianjin Design Engineering Co.,Ltd., Tian Jin, China.
5. Tian Jin Mei Teng Technology Co.,Ltd., Tian Jin, China.

CBI's team has a cooperative working arrangement with China Mining Company which has successfully developed existing underground coal mining operations in Southern Kalimantan, Indonesia. CBI has a strategy to utilise its technical expertise and experience to further expand its footprint in Indonesia.

Cokal CEO Karan Bangur said:

"This agreement is another major milestone in BBM's development and production ramp-up. Importantly, prior to the Agreement with CBI, BBM did not anticipate any underground mine development for at least another decade.

This Agreement brings that production forward and is entirely in addition to the current targets of coal production from the open pit operations at BBM. This will add additional cashflow and enhanced value to Cokal. In addition, the additional coal volumes will utilise and enhance the value of the extensive coal transport logistics chain that Cokal has developed and is expanding.

It's important to note that the original BBM feasibility study and JORC resource prepared by Peter Lynch, Cokal's inaugural Chairman, and his then team also highlighted the importance and viability of underground mining. Those initial studies underlined underground mining's competitive cost structure that will allow delivery of product to market at a competitive price.

Cokal and CBI anticipate that development of the underground project to first coal production will require approximately 18-months. During that time Cokal will further develop and enhance its logistics infrastructure capacity to accommodate a substantial increase in transported coal tonnages."

Chairman Domenic Martino said:

"This strategically important Agreement represents another significant achievement and notable milestone in the continued development and ramp-up of production at BBM. Maximising the value of BBM through bringing forward the timing of underground mining operations delivers substantial value for BBM and Cokal.

Cokal is fortunate to have the support, gravitas, and influence of Chin Wai Fong, our largest shareholder and Chairman of BBM. He has been instrumental in leveraging his strong contacts and extensive expertise in Indonesian coal mining, to introduce CBI and to assist in finalising the Agreement.

Notably, Cokal anticipates that this will not be the last of these value-enhancing strategic partnerships to increase Cokal's production and logistics capability. It is a testament to the quality and depth of Cokal's assets, including our high-quality coal product, that Cokal is able to conclude these strategic partnerships, and benefit from valuable external technical capability and financial support."

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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 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.