

ASX ANNOUNCEMENT / MEDIA RELEASE
14 October 2020

Cokal Receives Binding Commitment for Funding of BBM Coking Coal Project Development

Key Highlights

- **Cokal has received a binding commitment for an attractive and strategic US\$20m debt financing facility for development of the Bumi Barito Mineral (“BBM”) Coking Coal Project**
- **Transformational opportunity for Cokal to evolve into a significant international coking coal & PCI producer**
- **Attractive debt financing structure negotiated by Cokal, which avoids any dilution for Cokal shareholders**
- **Cokal proceeding with the near-term development of BBM**

Cokal Limited (ASX:CKA, “**Cokal**” or “the **Company**”) is pleased to announce that it has received a Letter of Intent (“**LOI**”) stipulating a binding commitment for the provision of a US\$20m debt finance facility, with the funds to be used for the development of Cokal’s BBM Project in Central Kalimantan, Indonesia and its coal mining operations. The funding will be available for Cokal to draw down upon execution of the Definitive Agreement, which the funders have committed to completing within 60 days.

The debt finance facility is a transformational opportunity for Cokal to advance from an exploration company into a significant international coal producer.

The Binding LOI has been provided by China Railway 21st Bureau Group International Engineering Co., Ltd (“**CR**”) and Beijing Fidick International Trade Co. Ltd. (together the “**CR-BFJV**”). CR is a subsidiary of **China Railway Construction Corporation Limited (“CRCC”)**, a major Chinese State-owned Enterprise and one of the largest construction and engineering companies in the world. The commitment to provide financing is binding on the funders, subject to the satisfaction of certain conditions which are customary for a transaction of this nature.

Cokal has been in discussions and negotiations with CR-BFJV for more than 12 months and CR-BFJV has conducted due diligence on BBM and the associated infrastructure. Originally, CR-BFJV intended to have a larger participation in the construction and operation of the BBM mine and associated infrastructure solution (refer Cokal’s ASX Announcement of 21 November 2019). However, limitations associated with the COVID pandemic have been prohibitive. Notwithstanding, CR-BFJV remains attracted to investing in BBM and Cokal and CR-BFJV has agreed that the CR-BFJV debt finance facility provides the optimal mechanism to achieve this, given the current circumstances.

The CR-BFJV debt finance facility will provide an attractive and strategic funding solution for Cokal, transforming the Company to a major international coal producer.

About the BBM Project

BBM is Cokal's most advanced project – a high quality metallurgical coal project. Cokal is focused on the near-term development of BBM and the debt facility will provide the capital required for mine construction through to production.

BBM is located in the Central Province, Kalimantan, Indonesia with an area of approximately 1,500ha. Delivering the BBM Coking Coal Project will allow Cokal to assess the next phase of its growth strategy with an aim to become a multi-project coal producer focussed on the Central Kalimantan region.

Transaction Terms

The US\$20m funding will be injected into PT Bumi Barito Mineral, of which Cokal holds a 60% interest.

- The CR-BFJV debt finance facility comprises the following terms:
 - Debt finance of US\$20m to fund the development of BBM;
 - Able to be drawn-down in multiple tranches, as required and elected by BBM;
 - Each tranche is repayable within 5 years from the date of draw-down;
 - The debt will be repaid from project operations with no recourse to Cokal;
 - In addition to debt repayment, the fee for the debt finance is linked to BBM mining operations and is calculated as follows:
 - US\$0.20 per BCM of overburden removal at BBM;
 - Fee capped at 200 million BCM, equivalent to US\$40m;
 - Fee payable on a monthly basis, based on actual overburden removal; and
 - The payment is due within 45 days of the end of the month;
 - Funding available for draw down upon execution of the Definitive Agreement, which is to occur within 60 days.
- The commitment from CR-BFJV is binding, subject to the satisfaction of Conditions Precedent customary for a transaction of this nature and as detailed below:
 - Shareholder and regulatory approvals, where required; and
 - Execution of the Definitive Agreement.

Cokal Chairman, Mr Domenic Martino said:

“Cokal has developed a much sought after coal project in BBM to production-ready stage, and is highly motivated to commence production in order to realise the inherent strategic and financial value of the asset. Coal production from BBM will generate reasonably attractive profits in the current market situation with substantial growth potential, as the global economy improves, and returns for its shareholders.”

ENDS

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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.