

ASX ANNOUNCEMENT / MEDIA RELEASE

24 December 2021

Amendment to Coal Marketing Agreement Provides Further Coal Sales Certainty

Key Highlights

- **Coal Marketing Agreement signed in July 2021 is proposed to be amended to enable ICT to acquire coal, subject to shareholder approval**
- **Provides further certainty of coal sales**
- **Assists with the Company's working capital**

Cokal Limited (ASX:CKA, "Cokal" or "the Company") is pleased to announce that its 60% owned subsidiary and owner of the BBM Project, PT Bumi Barito Mineral ("BBM"), has executed a conditional amendment to the International Coal Marketing Agreement (as announced on 14 July 2021), subject to shareholder approval, providing further certainty of coal sales and assisting in the funding of the Company's working capital.

The binding International Coal Marketing Agreement entered into with International Commodity Trade Pte Ltd ("ICT") in July 2021 provides support for BBM to market its coal to the international market and assists BBM in financing its coal stockpile at the river jetty. In return, BBM agreed to provide international coal marketing rights to ICT for the marketing of BBM's coal for its overseas markets.

The International Coal Marketing Agreement is proposed to be amended to enable ICT, a related party, to acquire coal directly from BBM under the agreement and on the same terms as other customers. 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.

The amendment is conditional upon receiving shareholder approval.

About the BBM Project

BBM is located in the Central Province, Kalimantan, Indonesia with an area of 14,980 ha. 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.

The financing of Cokal's stockpiled coal by ICT through the Coal Marketing Agreement provides working capital to BBM, providing for 30% of the coal value to be received when the coal is ready at the BBM ISP and an additional 50% of the coal value upon completion of the loading of coal to barges from the BMM ISP.

About ICT

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.

ICT is a company incorporated in Singapore whose main business is in investment and trading in coal. 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). Mr Chin, who has over 30 years of experience in the coal industry in Indonesia, has the contacts, experience and financial capability to complete the funding transaction and marketing of the coal.

International Coal Marketing Agreement

This Agreement covers all coal produced from the BBM Project, of which Cokal holds a 60% interest. The terms of the International Coal Marketing Agreement were announced on ASX on 14 July 2021 ("Cokal Executes Binding Agreements for Funding of BBM Coking Coal Project").

Proposed amendments to the terms of the International Coal Marketing Agreement (renamed International Coal Marketing and Purchase Agreement) are as follows:

- ICT or its related entities shall have the right to purchase any amount of coal which is allocated to ICT under this agreement, but only where such purchase is on arms' length commercial terms using the Coal Pricing Mechanism referred to above. 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 be a discount to the sale price payable by ICT on any coal purchased.

For the purposes of ASX Listing Rule 3.1, the key details of the amendments to the International Coal Marketing and Purchase Agreement are as follows:

- the parties to the contract are BBM and ICT;
- the assets proposed to be potentially disposed of is coal produced from the Bumi Barito Mineral Coking Coal Project (**BBM Mine**);
- the consideration is calculated using the Coal Pricing Mechanism referred to above at a 6% discount in lieu of ICT's marketing commission;
- ICT has the right but has no obligation to purchase the BBM Mine coal;
- the intended use of funds (if any) received for the sale of the BBM Mine coal is for general working capital;
- the amendments are subject to shareholder approval (see below). There are otherwise no material conditions that need to be satisfied before the amendments become legally binding;
- there will be no changes to the board or senior management as a consequence of the transaction; and
- there is no other material information relevant to assessing the impact of the transaction on the price or value of the Company's securities.

The amendment to the agreement is conditional upon Cokal and BBM obtaining shareholder approval in accordance with ASX Listing Rule 10.1. The Company is in the process of engaging an expert to produce an independent expert report which will be circulated to shareholders together with a notice of meeting and all other relevant information to obtain shareholder approval for this purpose once finalised.

In the event such approvals are not obtained, the International Coal Marketing Agreement will continue without amendment on the terms as announced on ASX on 14 July 2021.

ENDS

Further enquiries:

Domenic Martino
Non-Executive Chairman
dmartino@cokal.com

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.