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ASX ANNOUNCEMENT / MEDIA RELEASE
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Barging Commences at BBM Anak PCI Coal Project

Initial Valuation to Valmin Code confirms BBM Viability

Cokal Limited (Cokal ASX:CKA, "Cokal" or "the Company") has completed the initial construction phase and has commenced mining operations of premium PCI Coal at BBM Anak, in Central Kalimantan, Indonesia. Planning to produce about 10,000 tonnes per month from the B, C and D Seams close to the Barito River, the first barges have arrived on site and have been loaded. The barges are travelling down the Barito River to take the coal to an Intermediate Stockpile (ISP) downstream at Muara Teweh where domestic customers can collect the coal on larger barges.

Negotiations are nearing completion with a number of domestic buyers and these will be announced once the supply contracts have been signed.

Meanwhile, Cokal is pleased to announce the completion of its initial evaluation study based on the Valmin Code for its Coal Assets in Central Kalimantan, Indonesia. The Report has estimated a total value of US$209million, giving a value of US$127million for Cokal's share in each of the projects. The valuation is based on the current consensus long term price for hard coking coal of US$128/tonne and US$90/tonne for PCI Coal.

HIGHLIGHTS

- Cokal delivers its first coal from BBM Anak PCI coal operation to the Intermediate Stockpile (ISP) at MuaraTeweh
  - Construction of the mine commenced in mid-July
  - Coal Production commenced in mid-August
  - On Saturday, 19th August, the first barge (120ft long) was loaded with 400 tonnes of PCI coal and transported down the Barito River.
  - Strong interest from domestic buyers to acquire Cokal's PCI coal grows as negotiations for favourable pricing continues.
- The Valmin Report has confirmed the viability of the BBM Mine and associated transport system.
  - The Study estimates the NPV for BBM ranges from US$172million to US$202million with a likely value of US$186million.
  - The total valuation for BBM, TBAR, BBP and AAK is estimated at US$209million.
  - The value of Cokal's equity interest in the Coal Assets is considered to lie in a range of US$116million to US$138million, with a likely value of US$127million.

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COKAL DELIVERS FIRST COAL

Cokal's recent placement to raise $700,000 has enabled the company to commence mining operations at its BBM Anak PCI coal project. In less than 5 weeks, a one kilometer haul road was constructed from the mine site to the port, and three seams, B, C and D have been uncovered using two excavators, a dozer and two dump trucks.

BBM has the economic benefit of the fact that all coal seams are naturally exposed at the surface, and therefore, the initial mining stages for all open pits involves very low volumes of overburden material to be removed from the coal seams. Consequently, once the barges had arrived at the port, they were loaded within a few days.

Currently, about 1,200 tonnes will arrive at the intermediate stockpile (ISP) at Muara Teweh before the end of the week as four barges have been loaded and begun travelling down the Barito River.

Three Geologists on the first barge of Cokal's PCI Coal (Agung Frianto, Yoga Suryanegara and Pat Hanna)

Cokal's PCI Coal

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Cokal's Mining Staff (CFO Teuku Juliansyah in centre)

The team on the ground have worked hard to ensure the mining and loading operation did not introduce any dilution material. The top of the coal seams were cleaned using a flat-edged bucket on an excavator, and subsequently swept clean using brooms and shovels. The barges were washed and scrubbed clean as well.

A high proportion of the workforce (including skilled equipment operators) have been sourced from the local villages which align the Barito River. They are familiar with the conditions and therefore can operate at high efficiency levels.

The PCI Coal has excellent quality as outlined in the table below:

Total Moisture (ar)	**9%**
Inherent Moisture (ad)	1.5%
Ash (ad)	**5%**
Volatile Matter (ad)	**10.5%**
Fixed Carbon (ad)	**83%**
Total Sulphur (ad)	**0.5%**
Phosphorus (db)	**0.002%**
Calorific Value (ad)	**8,200Kcal/kg**
Calorific Value (ar)	**7,600Kcal/kg**
HGI	**75**

This product is a premium quality in the global market.

Currently, Cokal is intending to sell the production from BBM Anak to domestic buyers for use in mineral processing smelters which are located throughout the Indonesian archipelago where mineral such as Nickel, Copper, Iron and others are mined. Pricing is currently under negotiations as there is some competitiveness amongst buyers to secure supply from Cokal's operations.

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VALMIN REPORT CONFIRMS BBM VIABILITY

Cokal Limited (Cokal ASX:CKA, "Cokal" or "the Company") is pleased to announce the completion of an initial evaluation study based on the Valmin Code for its Four Coal Assets in Central Kalimantan, Indonesia. The Study has been prepared by Tasman Mining Pty Ltd ("Tasman") an Australian company highly experienced in valuations of coal projects throughout the globe in accordance with the Valmin Code as referenced by the ASX. These results have been modeled by Tasman and a Discounted Cash Flow ("DCF") analysis applied to estimate the projects value based on their current status.

In summary, the report has estimated a total value of US$209million for Cokal's four coal assets (BBM, TBAR, BBP and AAK), giving a value of US$127million for Cokal's share in each of the projects. The valuation is based on the current consensus long term price for hard coking coal of US$128/tonne and US$90/tonne for PCI Coal.

VALUATION METHODS APPLIED BY TASMAN FOR COKAL ASSETS

BBM Project

As Cokal has recently made a decision to develop the BBM coal project and has developed a detailed feasibility study and has estimated reserves in accordance with the JORC Code, Tasman believes the NPV of DCF is an applicable primary valuation method.

Cash Flow Model and Sensitivities

Tasman has developed a cash flow model on the basis of the reserves and production schedule as per the Reserves Report announced 1 August 2017.

Capital Expenditure

Capital expenditure has been estimated for the two development stages and summarised in the table below.

Description	Construction Phase 1 (US$M)	Construction Phase 2 (US$M)	Total Capital Expenditure (US$M)
Exploration	$5.50	$9.00	$14.50
Mine	$5.98	$9.50	$15.48
Loading Port – Purnama	$9.15	$3.26	$12.41
Intermediate Stockpile – Kelanis	$3.38	$10.03	$13.41
Haul Road & Bridges	$1.20	$20.50	$21.70
Contingency			
Total	**$35.78**	**$26.97**	**$62.75**

Operating Costs

Operating costs have been estimated for the two development stages and summarised in the table below. These costs exclude Government and other Royalties.

Description	Production Phase 1 (US$/t FOB)	Average LOM (US$/t)
Mining Costs	$23.10/t	$58.23/t
Coal Transport	$26.03/t	$27.43/t
Total – US$/t FOB	**$49.13/t**	**$85.66/t**

Additionally, sensitivities have been run for the following cases:

- **Coal price** – Base Case plus and minus 10%. For consensus pricing one standard deviation is equivalent to approximately US$20/tonne (or about +/-17% variation);
- **Discount factor** – Base Case 10%, low case 12% and high case 8%;
- **Operating costs** – Base Case plus and minus 10%; and
- **Capital expenditure** – Base Case plus and minus 10%.

A summary of the key features of the valuation is included in the table below.

	Units	Current Base Case Valuation 30th June 2017
Years of Production	Years	**9 (2018 to 2026)**
Peak Production / Sales	Mtpa	**2.1 (2018)**
Total Product Tonnes in Model	Mt	**17.5**
Average Strip Ratio	bcm/tonne	**22.3**
JORC Reserves	Mt	**20.2 Mt ROM, 16.9Mt Marketable July 2017**
Average Coal Price	USD / prod t	**US$122.62/tonne**
Average Cash Costs (incl Royalties)	USD / prod t	**US$94.32/tonne**
Average Margin	USD / prod t	**US$28.30/tonne**
Total Capital Expenditure	M USD	**US$75.6 million**
Total Valuation @ 10% Discount Rate	M USD	**US$186.2 million**
Cokal Attributable Value (60%)	M USD	**US$111.7 million**

Based on the sensitivity factors results of the evaluation are included in the table below.

Sensitivity Factor	Base Case NPV (US$M)	High Case NPV (US$M)	Low Case NPV (US$M)
Base Case	**$186M**	**-**	**-**
Discount Factor (10%, 8%, 12%)	**$186M**	**$202M**	**$172M**
Coal Price (0, +10%, -10%)	**$186M**	**$284M**	**$88M**
Operating Costs (0, -10%, +10%)	**$186M**	**$259M**	**$114M**
Capital Expenditure (0, -10%, +10%)	**$186M**	**$193M**	**$180M**

Comparative Transaction Valuation

The sale of BHP Billiton's stake in the IndoMet Coal project is considered to be an appropriate transaction as it covers a developing project that is adjacent to Cokal's four project areas. The IndoMet Coal project comprises seven coal contracts of work, which contain both thermal coal and coking coal.

The sale was conducted in two stages, an initial 25% stake was sold to Adaro Energy in 2010 for US$350 million, and the remaining 75% stake was also sold to Adaro Energy for US$120 million in 2016.

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Tasman makes the following observations for the relevance to valuing Cokal's coal assets:

- The transaction multiple for the 2010 deal was made at a time of historically high coal prices;
- The total JORC Resources in 2007 may not reflect the resources in 2010. If it is assumed that ongoing exploration between 2007 and 2012 resulted in a steady increase in reported resources (ie approximately 131Mt per year), total resources in 2010 may have been approximately 500Mt. The transaction multiple may then be around US$2.80/tonne, rather than US$11.67/tonne which is extremely high;
- The transaction multiple for the 2016 deal was made at a time of historically low coal prices;
- Tasman believes the reported transaction payment of US$120 million may not reflect the additional value in an ongoing marketing arrangement for BHP to sell the coal;.

Other Project Areas

The three other coal projects (ie TBAR, AAK and BBP) are considered to be Exploration Projects and no resources have yet been defined. However, exploration in each area has shown promising results with respect to coal quality. Consequently, multiples of Exploration Expenditure has been used as the basis for the evaluation of these projects.

Project	Historical Expenditure ($M)	Forecast Expenditure ($M)
BBM (reserves area)	$43 M	$8 M
BBM (excluding reserves area)	$2.3 M	$1 M
TBAR	$3.4 M	$5 M
AAK	$1.7 M	$0.5 M
BBP	$7.0 M	$1 M
Total	**$57.5 M**	**$15.5 M**

Valuation on Exploration Expenditure Multiple

Given the levels of historical expenditure to achieve these targets and the expenditure forecast by Cokal to develop to resources and reserves, Tasman has estimated the following Project Expenditure Method (PEM) and resulting values for each of the areas.

The basis for the PEMs includes the following assumptions and potential outcomes:

- **BBM Underground Area** – exploration within the area outside the BBM opencut resource area has included surface mapping and drilling. The work has allowed the definition of a significant Exploration Target which appears to indicate underground mining potential. Cokal has undertaken a scoping study of the area. Further technical work is required to confirm the target area's suitability for underground mining;
- **TBAR Area** – exploration within the area has included surface mapping and drilling and the results have defined a significant Exploration Target. It is believed that additional exploration and in-fill drilling is likely to define a resource;
- **AAK Area** – whilst surface mapping has been undertaken, no Exploration target has been defined, however, existing data appears sufficient to warrant further exploration; and
- **BBP Area** - exploration within the area has included surface mapping and the results have defined a moderate Exploration Target.

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A summary of the PEMs for each area and the resulting valuation that derives from using these multiples is shown in the table below.

Project	PEM (Factor)	Exploration Expenditure ($M)	Estimated Value ($M)
BBM Underground	1.5-2	$2.3M	$3.4-4.5M
TBAR	2-2.5	$3.4M	$6.9-8.6M
AAK	1-1.5	$1.7M	$1.7-2.5M
BBP	1-1.5	$7.0M	$7-10.5M
Total (100% share)		**$14.4M**	**$19.0-26.5M**

The PEM factors applied by Tasman are subjective and related to a view on whether the exploration expenditure has resulted in a positive outcome (ie Exploration Target or resource estimation). The suggested range of PEMs has been developed to provide low and high range values.

Based on 100% of the reported exploration expenditure and PEM factors developed by Tasman, the potential value based on similar transactions could be:

- Median value – US$22.6 million;
- Low value – US$19.0 million; and
- High value – US$26.5 million.

No premium has been included for control of the coal assets by Cokal.

SUMMARY OF VALUATIONS

A summary of the Coal Interests held by Cokal is included in the table below. These values represent 100% of the project value of the Central Kalimantan coal projects. The applicable valuation date is 30th June 2017.

Project	Cokal Share (%)	Valuation Method	Low Value (US$m)	High Value (US$m)	Likely Value (US$m)
All Cokal Coal Assets	60-75%	Transaction Comparable	$168M	$206M	$187M
By Project					
BBM	60%	NPV	$172M	$202M	$186M
BBM Underground	60%	Exploration Multiple	$3M	$5M	$4M
TBAR	75%	Exploration Multiple	$7M	$9M	$8M
AAK	75%	Exploration Multiple	$2M	$3M	$2M
BBP	60%	Exploration Multiple	$7M	$11M	$9M
Total Coal Assets			**$191M**	**$223M**	**$209M**

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A summary of the Coal Interests held by Cokal is included in the table below. These values represent Cokal's equity interests in the Central Kalimantan coal projects.

Project	Cokal Share (%)	Valuation Method	Low Value (US$m)	High Value (US$m)	Likely Value (US$m)
All Cokal Coal Assets	Assume 60% average	Transaction Comparable	$101M	$124M	$112M
By Project					
BBM	60%	NPV	$103M	$121M	$112M
BBM Underground	60%	Exploration Multiple	$2M	$3M	$2M
TBAR	75%	Exploration Multiple	$5M	$6M	$6M
AAK	75%	Exploration Multiple	$1M	$2M	$2M
BBP	60%	Exploration Multiple	$4M	$6M	$5M
Coal Asset Value – Cokal Share			**$116M**	**$138M**	**$127M**

The values of Cokal's equity interest in the Coal Assets is considered to lie in a range of US$116 million to US$138 million, within which range we have selected a likely value of US$127 million.

ENDS

Further enquiries:

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About Cokal Limited

Cokal (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 in this release include, but are not limited to, the capital and operating cost estimates and economic analyses from the Study.

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

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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.

Competent Person Statement

The Total Coal Reserve estimate announced on 1st August 2017 is based on information compiled by Robert de Jongh who is a Member of the Australasian Institute of Mining and Metallurgy and an employee of ASEAMCO Pty Ltd. Mr de Jongh is a qualified mining engineer and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

The Coal Resource estimate was announced on 29th April 2016, titled "Cokal announces updated JORC Resource Statement for Bumi Barito Mineral (BBM) Project". The information in the report relating to Mineral Resources is based on information compiled by Yoga Suryanegara who is a Member of the Australasian Institute of Mining and Metallurgy and a full time employee of Cokal Limited. Mr Suryanegara is a qualified geologist and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

The Company confirms that it is not aware of any new information or data that materially affects the information included in the announcement made on 29 April 2016 and that all material assumptions and technical parameters underpinning the estimates in the announcement made on 29 April 2016 continue to apply and have not materially changed.

The information in this report relating to exploration results is based on information compiled by Patrick Hanna who is a fellow of the Australasian Institute of Mining and Metallurgy and is a consultant (through Hanna Consulting Services) to Cokal Limited. Mr Hanna is a qualified geologist and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking, to qualify as Competent Persons as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

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