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ASX ANNOUNCEMENT
30 September 2016

COKAL ANNOUNCES POSITIVE RESULTS FROM SCOPING STUDY OF UNDERGROUND MINING AT BBM COAL PROJECT INDONESIA

HIGHLIGHTS

- **Scoping Study for underground extraction at BBM project identifies potential mining blocks totalling 67 million tonnes of coking coal Resources in Seams D and J.**
- **Shallow access via open pit high wall; Favourable roof and floor conditions.**
- **Four large mining blocks defined based on Inferred Resources indicating continuity and consistency of coal seams at depth**
- **Target seams amenable to thin-seam longwall (plow) mining method.**
- **The Scoping Study results justify additional work to take the project to Pre-Feasibility stage.**
- **Indonesian Regulations allow Cokal to retain a maximum 70% ownership of BBM for life-of-mine on the basis of developing an underground mine at BBM.**

Cokal Limited (Cokal ASX:CKA, "Cokal" or "the Company") is pleased to announce the completion of a Scoping Study ("Study") for a proposed underground mining operation of its 60% owned Bumi Barito Mineral Coal Project ("BBM" or "the Project"), located in Central Kalimantan, Indonesia.

In March 2016, Cokal had reported a total Coal Resource of **266.6Mt** of B, C, D and J Seams of which **19.5Mt** was deemed **Measured** Resources and **23.1Mt** was **Indicated** Resources in the PT BBM Coal Prospect (IUP 188.45/149/2013) (BBM) in the Districts of Seribu Riam and Sumber Barito, Murung Raya Regency, Province of Central Kalimantan, Indonesia. These results were based on a minimum seam thickness cut-off of 0.3m (Table 3, Table 4, Table 3 and Table 4).

The Coal Resources of Seams B, C, D and J can be economically extracted using open-pit mining and have been classified as both Measured and Indicated categories within four proposed open-pits designed in the BBM East Block.

As the remainder Inferred Coal Resources for Seams D and J are considered amenable to modern underground mining extraction methods, Cokal has compiled a Scoping Study report which outlines the concept and rationalization of a proposed underground mine plan for the East Block of BBM.

The seam height of the D Seam averages 1.5 to 1.4m while the J Seam varies from 1.25m to 1.3m. Therefore the overall mining height variation is generally from 1.25m to 1.5m. These seam heights are similar to those extracted at the two highest performing Longwall plow operations in the world being, Bogdanka Mine in Poland and Pinnacle in the USA.

The roof predominantly consists of very hard sandstone (up to 95Megapascals (MPa)) while the immediate 1m to 2m of roof consists generally of a competent siltstone. This combination is ideal for

extraction of the deeper Coal Resources using underground methods such as thin-seam longwall mining.

The Inferred Coal Resources in the underground mine area have been confirmed as primarily coking coal from analyses conducted in an Australian laboratory.

Table 1: BBM Coal Resources by Category and Seam

Seam Name	Seam Thickness (m)	Measured Resources (Mt)	Indicated Resources (Mt)	Inferred Resources (Mt)	Total Resources (Mt)
J	1.33	10.50	13.5	31	55.00
D	1.34	3.53	3.5	70	77.03
C	1.23	2.62	3.1	66	71.72
B	1.10	2.85	3.0	57	62.85
Total		**19.50**	**23.1**	**224**	**266.6**

Table 2: BBM Coal Resources by Category and Depth of Cover

Depth Range (m)	Measured Resources (Mt)	Indicated Resources (Mt)	Inferred Resources (Mt)	Total Resources (Mt)
0-50	10.33	3.0	1	14.33
0-100	17.17	11.3	9	37.47
0-150	19.31	19.7	25	64.01
0-200	19.50	22.5	42	84.00
0-250	19.50	23.0	67	109.52
0-300	19.50	23.1	100	142.60
>300m	19.50	23.1	224	**266.60**

Table 3: Seam D Coal Quality (% adb)

Product	Inherent Moisture %	Ash %	Volatile Matter %	Fixed Carbon %	Total Sulphur %	Calorific Value (Kcal/kg)	CSN	Relative Density (g/cc)	Phos-phorus %
Raw Coal	4.6	2.1	18.7	74.6	0.36	7,441	9	1.32	0.005

Table 4: Coal Quality of J Seam (% adb)

Product	Yield	Inherent Moisture	Ash	Volatile Matter	Fixed Carbon	Total Sulphur	Calorific Value Kcal/kg	CSN	Relative Density (g/cc)	Phos-phorus
Raw Coal	100	1.0	13.2	17.6	68.2	0.38	7,412	9	1.39	0.007
Washed Coal	81	0.7	5.3	18.1	76.0	0.42	8,300	9	1.32	N/A

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Because of the favourable geological conditions within the BBM area, the Scoping Study has identified the potential for four (4) large underground mining blocks utilising the longwall method of extraction of both the 'D' and 'J' seams. These two seams are currently delineated by Inferred Resources totalling **67 million tonnes** (mt) within the underground mining area in the eastern portion of the BBM project tenement.

Figure 1:

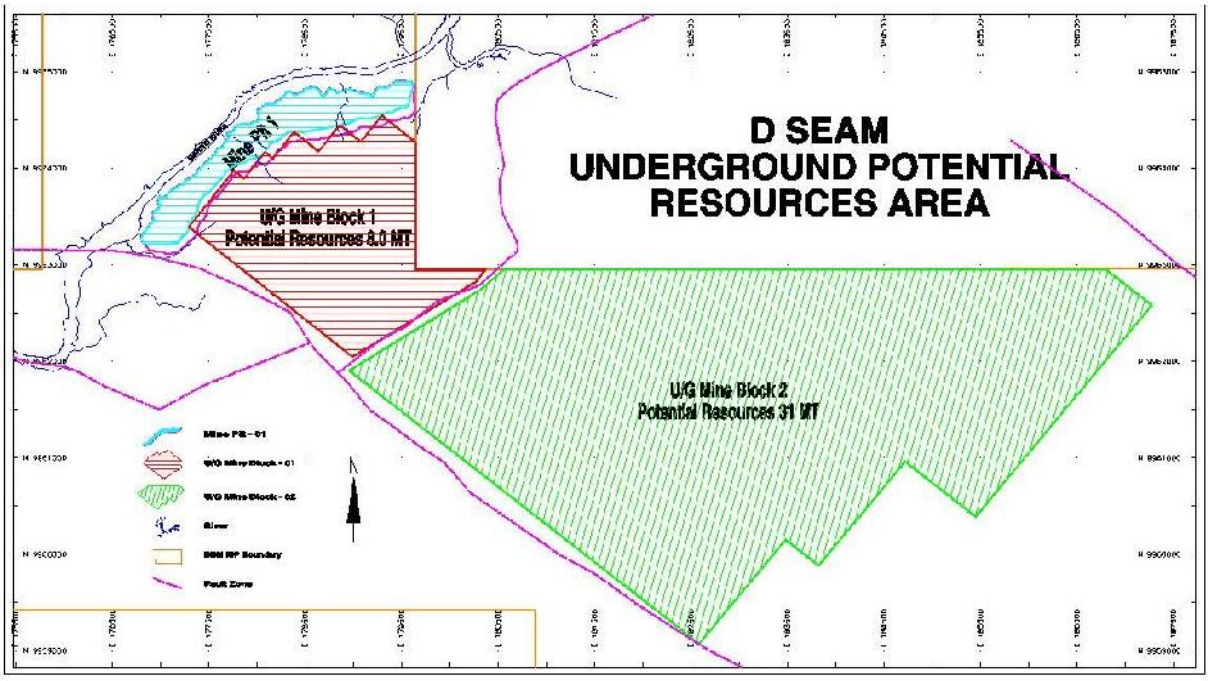
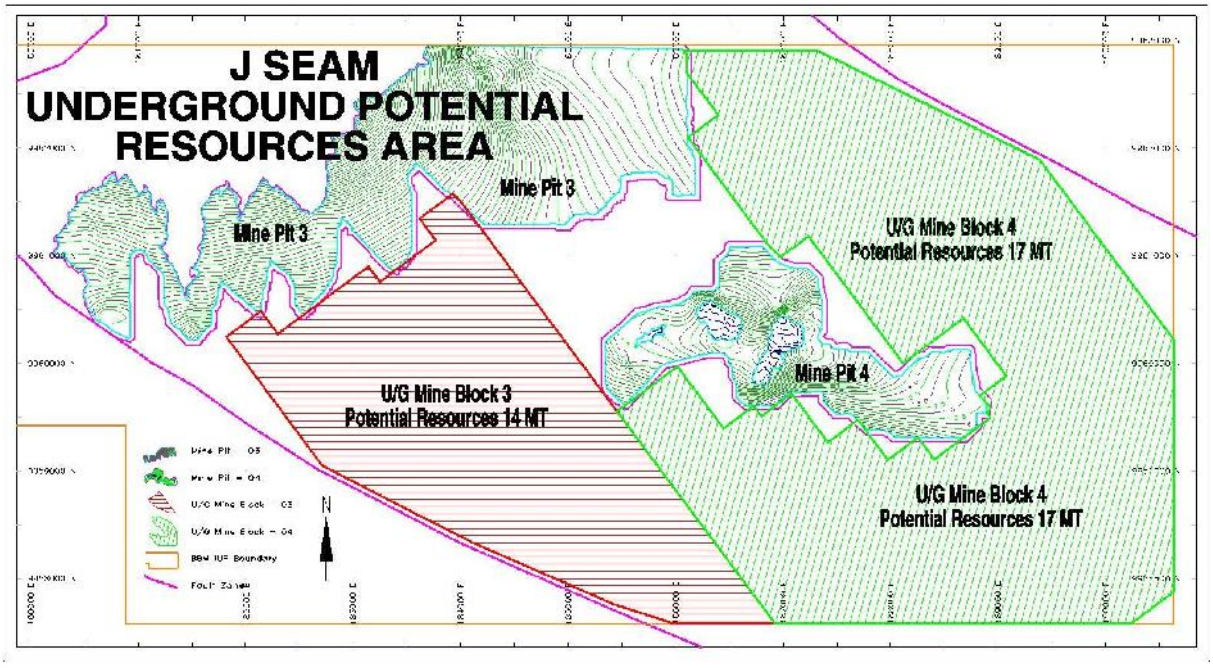


Figure 2:



The mine is proposed to use three continuous miner development units prior and a built-for-purpose longwall plow. Similar (but deeper) mining conditions using longwall plows include Bogdanka Mine (more than 5 million tonnes per annum (mtpa)) in Poland and Pinnacle (more than 2.5 mtpa) in the USA. The highwall punch mine configuration and shallow nature or the Inferred Resources means

longwall output is not constrained by outbye coal clearance systems as is experienced in similar plow operations installed in existing older mines.

Sensitivity analysis indicates the underground extraction of premium quality coking coal at BBM could be highly competitive in the marketplace. The Scoping Study was conducted in accordance with the JORC Code (2012).

However, due to the restrictions imposed by the ASX on "forward statements" including production targets, OPEX and CAPEX estimates and NPV valuations for Scoping Studies, Cokal is not able to provide any of these estimates in a public statement.

The outcome of this Scoping Study is the recommendation that the project be advanced through to a Pre-feasibility Study.

It must be noted: *The Scoping Study referred to in this report is based on Inferred Coal Resources, and is not sufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Scoping Study will be realised.*

Cokal is preparing a submission regarding the BBM underground mining project to the Indonesian Government for its consideration in granting the maximum foreign ownership (70%) of BBM for the life of mine. The reduced divestment requirements were introduced by the Indonesian Government as an incentive to encourage the future development of underground coal development under GR 77 / 2014, enacted on the 14th of October 2014.

ENDS

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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 material manner by these or other factors not foreseen or foreseeable by the company or management or beyond the company's control.

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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 Resource estimate was announced on 29 January 2015, 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 January 2015 and that all material assumptions and technical parameters underpinning the estimates in the announcement made on 29 January 2015 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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