

ASX ANNOUNCEMENT / MEDIA RELEASE

1 August 2024

Cokal Signs Agreement with Petrosea to Ramp-up Metallurgical Coal Production from BBM**Key Highlights**

- **Cokal has signed a binding term-sheet with PT Petrosea TBK (Petrosea), a major Indonesian mining services company, to facilitate the near-term ramp-up of production from Cokal's Bumi Barito Mineral (BBM) metallurgical coal mine.**
- **The term sheet provides Cokal with support in order to manage current contractors to ensure efficient and sustainable coal production and the readiness for production expansion.**
- **Cokal will utilise the support to expand operations and production at BBM by increasing spending on production related costs (such as mine contractors, fuel and blasting), where Cokal is currently capital constrained.**
- **Cokal anticipates lower production costs per tonne, with Petrosea agreeing to use its status and prominence in the Indonesian mining sector to assist Cokal with selecting mine service providers and optimising the terms of the agreements with these mine service providers.**
- **Petrosea will also be appointed as lead mining contractor at BBM from 2025.**
- **The term sheet is for a period of one-year and is conditional on the execution of formal binding transaction documentation.**

Cokal Limited (**Cokal**) (ASX: **CKA**) advises that its 60% owned subsidiary, PT Bumi Barito Mineral has signed a binding term sheet with PT Petrosea Tbk (**Petrosea**) for contractor and vendor management services ("Term Sheet"). The Term Sheet enables Cokal to expand operations and increase production at the BBM mine, with Petrosea's support to ensure efficient and sustainable coal production and the readiness for production expansion, achieved by extending payment terms for mine service providers (such as mine contractors, fuel and blasting) by an additional 120 days.

Petrosea is a major Indonesian mining services company and will assist with contractor and vendor management services by selecting mine service providers and optimising their terms, with the aim of lowering production costs per tonne.

Key Terms

Services	<ul style="list-style-type: none"> i. Contractor and vendor management including the identification and selection of service providers in relation to coal production from BBM. ii. Contractor and vendor management, whereby Petrosea provides support to BBM's service providers, with BBM required to pay Petrosea within 120 days after each particular support is made. iii. Petrosea will be appointed as main mining contractor at BBM from 2025, conditional upon agreement on commercial terms.
Fees	<ul style="list-style-type: none"> iv. BBM will pay Petrosea US\$75,000 per month for the Services.
Guarantee and Security	<ul style="list-style-type: none"> v. BBM to procure a company guarantee from Cokal-BBM Pte Ltd where if BBM defaults on its payment obligations then Cokal-BBM Pte Ltd will be responsible for all payment obligations under the term sheet. vi. Establishment of an escrow account to receive payments from BBM coal sales with these funds used to pay amounts owing to Petrosea. vii. Authorisation from BBM, allowing Petrosea to mine coal as payment for any amounts that BBM has defaulted on.
Term of Agreement	<ul style="list-style-type: none"> viii. One year, extendable by written agreement with one month's notice.
Conditions	<ul style="list-style-type: none"> ix. Negotiation and execution of formal transaction documentation, on terms reflecting the contents of the Term Sheet. x. Customary internal and regulatory approvals, as required.

About Petrosea

Petrosea is a major Indonesian contract mining, engineering, procurement & construction and oil & gas services company, listed on the Indonesian Stock Exchange since 1990. The company has been in operation for more than 52 years, with annual revenues of US\$578m (2023), employing over 5,000 staff. Petrosea is controlled by PT Kreasi Jasa Persada which is wholly-owned by PT Petrindo Jaya Kreasi Tbk ("Petrindo"). For more information please visit: www.petrosea.com

Chairman Domenic Martino said *"We have three pillars to complete to transition Cokal to a fully-fledged, high volume, metallurgical coal production company:*

1. Provide capital, technical knowhow and resources to ramp up production to high value levels;
2. Provide capital, technical knowhow and resources to further develop and refine logistics to a sustainable, high volume transportation route to market for our high value product; and

3. Develop logistics, specifically the barging component, with new flat bottom self-propelled barges foreshadowed in the original feasibility study to be able to operate in high and low river level environments. Owning the barges provides Cokal a meaningful ownership level of this operation which will be a substantial profit center for the Company, with barges operating for both Cokal and other mines.

Item 1.0 above is now achieved with the signing of this Petrosea agreement. Item 2.0 is being achieved with the infrastructure development agreement with Petrosea's sister company Petrindo which was recently announced (refer announcements of 10 March 2024 and 12 June 2024). Finally, Cokal is in the process of finalising arrangements to bolster the acquisition and operation of multiple flat bottom, self-propelled barges to bolster its barging capacity which will complement the road transport capacity.

The achievement of these three goals will implement the final plan to transform the Company to a profitable operating coal production and logistics company. It comes after a considerable effort from our CEO Karan Bangur and his team and is a credit to their ability to get the support and substantial commitment of these two substantial Indonesian public companies, Petrosea and Petrindo."



Mr. Michael - President Director, PT Petrosea Tbk and Karan Bangur CEO of Cokal Ltd at the signing ceremony.

For personal use only

ENDS

Further enquiries:

Domenic Martino

Non-Executive Chairman

dmartino@cokal.com.au

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.

For personal use only