



COAL FE RESOURCES LIMITED

Company Announcements Office
Australian Stock Exchange
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By Electronic Lodgement

ABADI PROJECT UPDATE – JOINT MINING MANAGEMENT AGREEMENT TO COMMENCE PRODUCTION

Further to our announcement on 3rd June 2008 regarding the PT. Pancaran Surya Abadi coal concession (“Abadi Project”), the Board is pleased to announce that a Joint Mining Management Agreement (“JMMA”) has been entered into to commence production on the project.

CES subsidiary, PT Techventure Indocoal (“Indocoal”), will jointly manage and administer the mining activities of the Abadi Project with PT Toba Jaya (“Toba Jaya”), a subsidiary of Malaysian company, Kok Ann Construction Works (M) Sdn Bhd.

Under the JMMA, Toba Jaya will finance the capital expenditure, machineries and all necessary costs to commence mining operations by August 2009. Toba Jaya will ensure that the mining activities will comply with the rules and regulations of the Mining Department. It is also the responsibility of Toba Jaya to maintain and nurture relations with the local community to ensure all social issues are properly addressed.

In return Indocoal undertakes to obtain all relevant licenses needed for mining and selling the coal from the Abadi project Indocoal will also ensure compliance on all reporting and licensing responsibilities to the local Government and Mining Department.

Under the JMMA, Indocoal will receive a maximum of up to USD3 per Mt upon production and sale of the coal. The mining schedule is designed to accommodate a coal production of up to 900,000 Mt per annum as per the approved Feasibility Study and Environmental Impact Study by the Mining Department and Regent of Kutai Kartanegara respectively.

The Exploitation Licence has been issued for the Abadi Project encompassing an area of 991 hectares for a period of 16 years expiring on 18 December 2024. PT Toba Jaya is currently involved in tin mining in Bangka Belitung, Indonesia since 2004.

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The Board in of the view that the JMMA will provide strong cash flow into the Group by the 4th quarter of 2009 and will place the Group in a strong position by early 2010 to undertake other coal exploration activities. The Board is now working to resume its trading of its shares on ASX and an announcement to that effect will be made once ready.

Forward Looking Statement

This announcement includes forward-looking statements. All statements other than statements of historical facts included in this announcement, including, without limitation, those regarding Coal Fe's business strategy, plans and objectives of management for future operations (including development plans and objectives relating to Coal FE's production forecasts and resource and reserve positions) are forward looking statements. Such statements are based on numerous assumptions and involve known and unknown risks, uncertainties and other factors which may cause the achievements and performance of Coal FE to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements.

Yours faithfully



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