

16th May 2016

Cokal Sells Non-Core Assets and Enters Discussions for Potential Larger Transaction

Cokal Limited (Cokal ASX:CKA, "Cokal" or "the Company") is pleased to announce it has entered into a non-exclusive Memorandum of Understanding ("discussions") with Indonesian company Blackspace to enable discussions and due diligence to be undertaken with the objective of Blackspace providing funding for the development of Cokal's Bumi Barito Mineral Coal Project ("BBM") and or a possible corporate level transaction. BBM is the only Indonesian mining project to obtain full mining approval in the last two years.

In addition Blackspace wish to also acquire some of Cokal's non-core tenements and Cokal is now pleased to also announce the completion of the sale of its 75.2% interest PT Silangkop Nusa Raya and PT Ketungau Nusa Raya for US\$160,000 to PT. Jinantra Karya Raya the Indonesian company that recently acquired Cokal's 75% interest in PT Anugerah Alam Manuhing. Cokal considers this a sale of isolated non-core tenements located a considerable distance west and north, in another geological formation, from Cokal's main tenements located in Central Kalimantan. It was therefore considered appropriate in the current climate to realize this value and to use the funds for working capital while the Board pursue the funding options previously announced.

Blackspace is focused on developing a significant mining and natural resources processing businesses in Southeast Asia, particularly in Indonesia. It has been very active in recent months, expended in excess of US\$500 million and has acquired a number of such projects and operation to build a strong pipeline of high quality developments.

Blackspace provides project management services to a number of mining and natural resources processing businesses in Southeast Asia. Their main focus is on mining of high-quality coal and production of ferronickel applying exclusive and unique technology. The company's project pipeline also includes geological exploration and development of manganese. Blackspace's core mission is to efficiently use the natural resources while ensuring long-term sustainable development of projects. In the framework of the projects' implementation a new transport infrastructure is being considered. It will support further industrial development of the regions rich in minerals. A project for construction of railway that will connect Central Kalimantan and the sea in the south of the island was launched - **TKRK or Trans Kalimantan Rel Kereta Api**. Moreover, a project for a sea port construction in the south of Kalimantan is also on the agenda. Mined coal will cover domestic industrial demand in Indonesia, and export needs. It will also be used in production cycles of other projects. Blackspace is also looking at other opportunities of high-quality steam coal mining in the country.

A Blackspace controlled company also recently acquired Cokal's 75% interest in PT Anugerah Alam Manuhing (the "AMM"). The sale of AAM and the planned additional sales of other non-core tenements along with the possible additional development funding has enabled Cokal to develop a constructive working relationship with a party which shares Cokal's belief in the potential and significances of Indonesia's coal projects. This may in turn enable Cokal to successful restructure its balance sheet and start construction on BBM. These initial discussions have received the support of Platinum Partners, Cokal's largest shareholder and debt provider.

While discussions to date with Blackspace have been constructive and positive, their outcome is speculative and shareholders should be aware that there is no certainty that any agreement will be reached.

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Further enquiries:

Peter Lynch
Chairman and Chief Executive Officer
Mobile: +61 419 764 747 (Aus) +62 821 1001 0009 (Ind)

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 and one project (which holds three exploration licences) in West 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.

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 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”.