

ASX ANNOUNCEMENT/ MEDIA RELEASE
2 November 2016**BBM Definitive Feasibility Study Update – Costs Fall**

Cokal Limited (Cokal ASX:CKA, “Cokal” or “the Company”) is pleased to announce that the recently completed update of the Definitive Feasibility Study (DFS) conducted by consultants PT Resindo Resources (Resindo) indicates significant reductions in capital and operating costs for the PT Bumi Barito Minerals (BBM) coking coal project in Central Kalimantan, Indonesia. Together with the recent increase in coking coal pricing and its proximity to the growing Asian markets, BBM has become an attractive investment opportunity.

DFS UPDATE

The Base DFS was completed in 2014, and since that time, Cokal has continued to complete a number of engineering studies and reviews such as geotechnical and hydrology and contractor negotiations. These resulted in some scope changes and costing refinements (which are also included in this update) none of which materially impacted the base estimate but did improve the accuracy of the estimate. The two key factors affecting costs which have changed from the Base DFS are the FOREX US\$: IDR (Indonesian Rupiah) forecast and the fluctuations in the price of fuel.

Forex between USD and IDR is based on www.tradingeconomics.com analysts forecast predicted on Monday, October 17, 2016. This source’s Forex estimate in Q3 of 2017 is US\$1 : IDR13,497. This forecast is considered to be a best case position. However, a conservative approach has been adopted by Resindo, downgrading this Forex prediction rate to US\$1 : IDR13,000 for this DFS update. No variance or escalation has been applied over the project period

HIGHLIGHTS

- The DFS Update has continued to show that the BBM coal mine and associated transport system can be developed as a low capital cost operation with moderate to medium range operating cost:
 - The DFS Update maintained the development as a 2 Million tonnes per annum (“Mtpa”) open cut mining operation over 10 years. BBM’s relatively low ash, low volatile, low sulphur, low phosphorus coking coal would command a high value as a blending feed in the premium coking coal market.
- Capital cost have fallen by 10.3% to US\$68M (Base DFS:US\$75M)
- The already low cash operating costs (excluding royalties of 7%) unit rates have fallen 15.5% to:
 - Year 1 average US\$58/tonne (Base DFS:US\$65/tonne)
 - First 5 years average US\$70/tonne (Base DFS:US\$82/tonne)
 - Life of mine average US\$82/tonne (Base DFS:US\$97/tonne)
- The production and investment profiles are phased for:
 - Initial start-up capital US\$47M (Base DFS:US\$50M)
 - After start up: Enhancement capital US\$21M (Base DFS:US\$25M)
 - Expand blending operations at the Intermediate port of Kelanis
 - Increase coal handling capability for the higher ash pits.
- Initial construction is expected to take approximately 12 month, with first production from BBM scheduled for the first quarter after construction is completed.

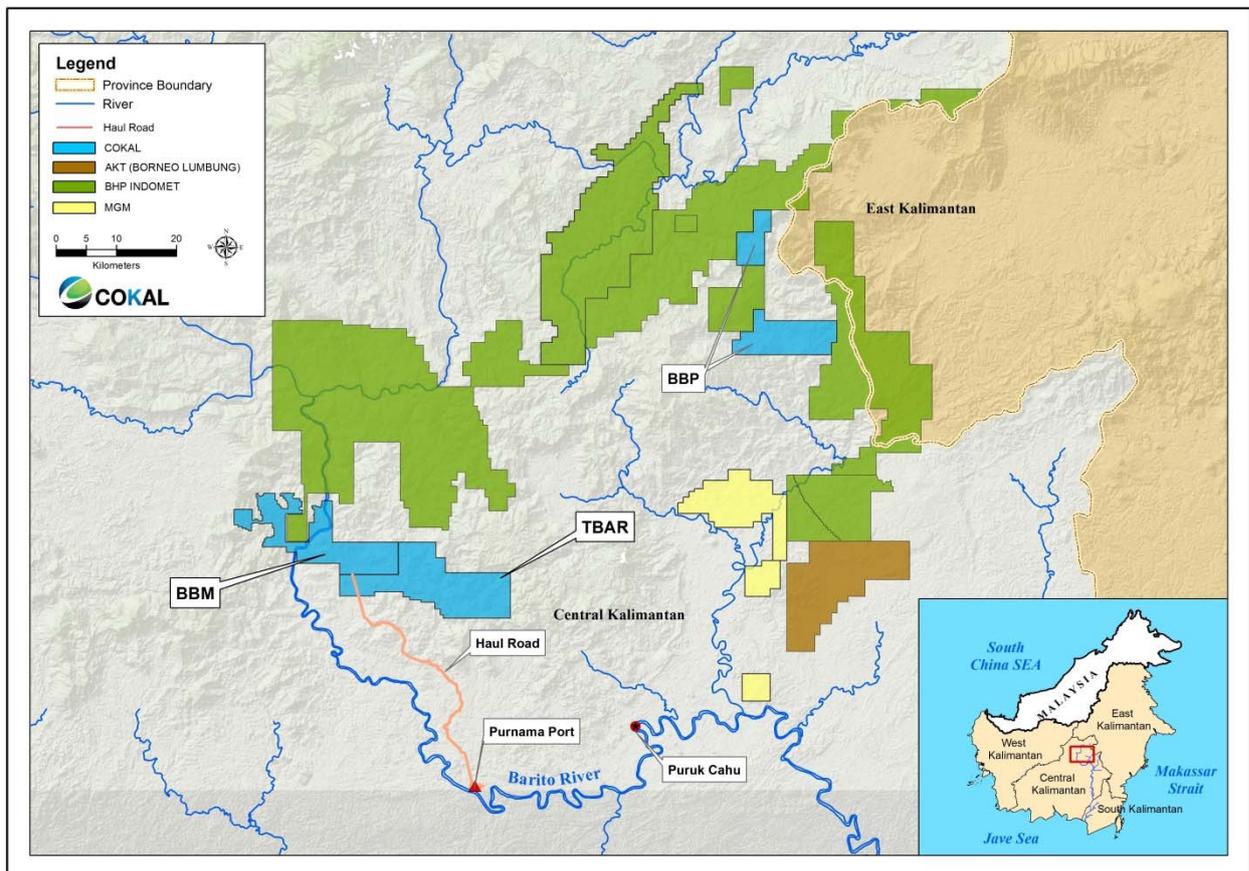
PROJECT OVERVIEW

BBM's Production IUP covers an area of 14,980 hectares (ha), and has received all the necessary regulatory approvals including Forestry Department; the IPPKH (Forestry Permit) which allows for the construction and operation of the port, haul road and initial mine development areas for Cokal's initial mine plan of 2 Mtpa of premium coking coal from BBM

The BBM IUP straddles the Barito River and has numerous outcrops of bright coal. Coal core samples analysis confirmed BBM's coal to be a premium coking coal with Crucible Swell Numbers ("CSN") values generally 9 or more.

- Total Coal Resource estimate of 266.6 Mt at BBM, comprised of 19.5 Mt Measured, 23.1 Mt Indicated and 224 Mt Inferred Resources is reported in accordance with the 2012 JORC Code
- Product split for the total BBM Coal Resource is estimated to be 90% Coking Coal and 10% PCI
- Product split used in the DFS (approx. 20Mt) was approximately 82% Coking Coal and 18% PCI
- a life of mine strip ratio of around 18:1 and recovery rate of approximately 93.5%, delivering 2Mtpa product

Figure 1: Location of BBM Coal Tenement (IUP 188.45/273/2010)



CAPITAL EXPENDITURE

The total estimated development capital required for BBM to deliver a production rate of 2 Mtpa product, including developing a Coal Handling Preparation Plant (“CHPP”), a haulage road and all necessary transport and site infrastructure is now **US\$68M**.

This assumes that mining, barging and hauling equipment will be provided by the respective contractors. These equipment cost are therefore included in the operating costs and do not form part of the capital estimate. A breakdown of this development capital is provided in Table 1.

Table 1: Estimated Capital Costs

Construction Capital US\$(Million)	DFS Update	Base DFS
Stage 1: To start production	47	50
- Enhancement Capital	21	25
TOTAL	68	75

OPERATING EXPENDITURE

Operating costs have been estimated by Resindo on the basis that mining, hauling and barging equipment being supplied by contractors. The Study estimates an average Free on Board (“FOB”) cost of US\$82/tonne of coal produced over the life of the mine. The estimated operating costs are real (not adjusted for inflation) and exclude royalties.

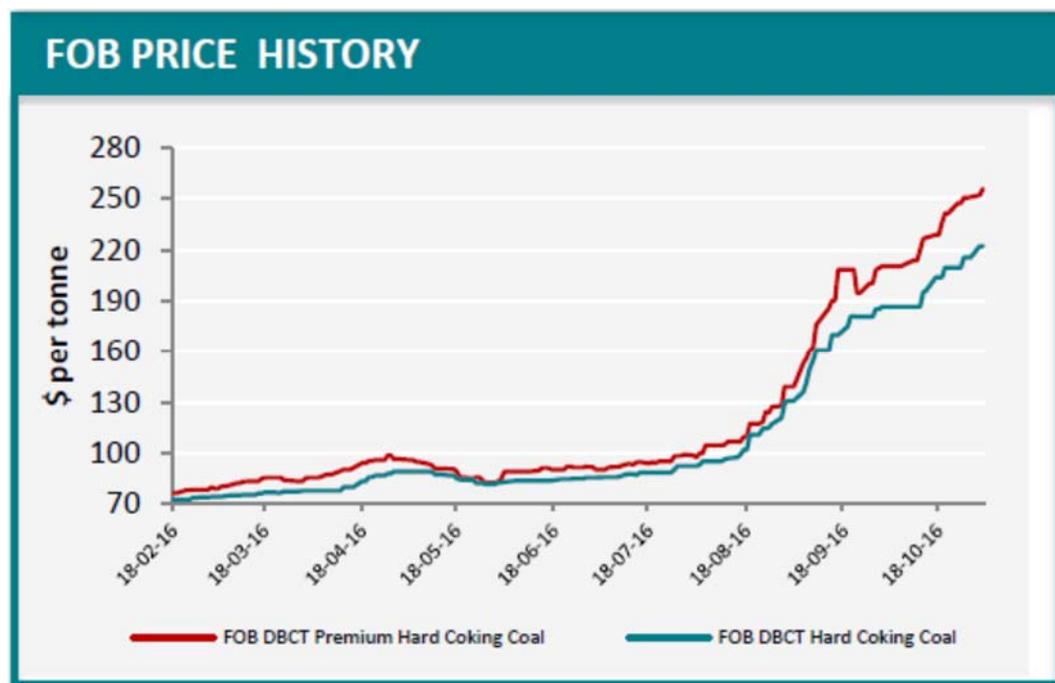
Table 2: Estimated Operating Costs per tonne produced (excluding 7% Royalties)

Operating Cost - US\$/t average	DFS Update	Base DFS
Stage 1: Year 1	\$58	\$65
- Average first 5 years	\$70	\$82
- Life of mine	\$82	\$97

COKING COAL PRICING

With the spot price of coking coal continuing to rise (reaching US\$256/tonne in recent days), and the quarterly contract benchmark pricing for premium coking coal recently settled at US\$200/t, it is expected that the long-term pricing of coking coal will be adjusted upwards in response to this pricing fluctuations.

The spot price of PCI coal has also risen significantly from US\$70/tonne last year to the current spot price of US\$147/tonne (Coal Trader International 27th Oct).



Graph of DBCT spot pricing for coking coal 01/11/16 courtesy www.MetalBulletin.com

Cokal Chairman Peter Lynch said "The outcome of the quarterly contract pricing was better than expected and helps to ensure a very positive outcome to BBM's net worth."

ENDS

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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 five projects in Central Kalimantan and one project (which holds three exploration licences) in West Kalimantan, Indonesia considered prospective for metallurgical coal.

About Resindo Resources & Energy Indonesia

The Study has been prepared by Resindo Resources & Energy Indonesia ("Resindo") an Indonesian company, experienced in all aspects of successful project design and development for the Minerals, Mining, Oil and Gas, Power Generation sectors (certified to ISO 9001 Quality Management).

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 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".