

ASX ANNOUNCEMENT

May 2, 2017

Royalty agreement and Debt Restructure

Cokal Limited (Cokal ASX:CKA, "Cokal" or "the Company") is pleased to announce that on 29th April, 2017, it entered into a royalty agreement with its senior lenders in relation to the conversion of all of its outstanding loans to a production royalty.

The royalty agreement is subject to conditions including lender due diligence, Cokal shareholder approval, project funding, commercial production and the grant of security the royalty. On completion, the monies owing to Platinum Partners and Blumont will be fully discharged and Cokal will be loan free.

The agreement with Wintercrest Advisors LLC (**Wintercrest**) and Northrock Financial, LLC (Northrock), funds managed by Platinum or its affiliates (the **Platinum Group**), will, on satisfaction of all conditions, convert approximately USD13.8 million of loans owing by Cokal. Those loans include the Blumont loan, which was acquired by the Platinum Group.

This agreement will be seen favourably by potential investors who are considering the provision of the BBM project funding required to commence construction and production of Cokal's metallurgical coals.

The royalty agreement includes the following terms and conditions:

- **(Conditions)** The royalty is subject to satisfactory lender diligence by 29 May 2017, the grant of the agreed security, Cokal shareholder approval and receipt of project funding by 29 October 2017 (**Initial Conditions**) as well as commercial production at the rate of 100,000 tpa by 29 October 2018 and Platinum being satisfied with the budgets for all financing proposals (**Further Conditions**),
- **(royalty entitlement)** From the commencement of commercial production, Platinum will be entitled to a yearly royalty on coal sold from Cokal's share of production from the Bumi Barito Mineral Project (BBM) and PT Tambang Benua Alam Raya (TBAR) Project.
- **(royalty rate and maximum royalty)** The royalty will be 1% of Cokal's share of the realized selling price (FOB) (i.e. selling price per tonne x tonnes sold x 1%) up to a maximum royalty amount of USD40 million.
- **(early termination)** Cokal or its related parties will have the right to buy out the royalty at any time for the amount of USD40 million less amounts paid on the royalty at that time.
- **(security)** The royalty obligations will be filed with the original tenements with the Indonesian authorities and secured by charges over Cokal's interests in the BBM and TBAR Projects. The Platinum Group has agreed to provide first ranking security to providers of project senior debt finance.
- **(loan conversion)** The total outstanding loans will be converted as follows:
 - one third (1/3) on satisfaction of the Initial Conditions; and
 - the remaining loans on satisfaction of the Further Conditions.

Cokal's Non-Executive Chairman, (Domenic Martino), stated "This is a momentous time for Cokal, as we turn another corner, and get closer to production. The timing couldn't be better as the metallurgical coal industry has proved to be quite buoyant, and it appears that the future pricing will remain at levels that will provide a significant profit margin to Cokal's Indonesian coal sales."

Cokal is considering a “Startup Project” which has a substantially lower capital cost. The aim of the Startup Project is to provide positive cash flow from the Company’s share of that project to help facilitate funding of the larger BBM two (2) million tonne per annum coking coal project.

The Company is in advanced negotiations with prospective joint venture and funding parties in respect of the Startup Project. The negotiations are currently confidential and incomplete. Details of the Startup Project will be released by the company once complete.

Cokal has also commissioned an independent consultant to compile a report on the estimation of the BBM Coal Reserves in accordance with the 2012 JORC code. On completion of this, Cokal will commission an independent consultant to compile an evaluation of Cokal’s assets in accordance with the Valmin Code. This will include BBM (both PCI and coking coals), TBAR, BBP and AAK. Both reports are expected to be completed within the next two months.

For further information, contact:

Domenic Martino
Non-Executive Chairman
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ENDS

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.

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”.