

23 May 2017

Mr Sebastian Bednarczyk
Senior Advisor, Listings Compliance (Perth)
ASX Compliance Pty Limited
Level 40, Central Park
152-158 St Georges Terrace, Perth WA 6000

Via email: Sebastian.Bednarczyk@asx.com.au

Dear Sebastian

**RE: Cokal Limited ("Cokal" or the "Company", ASX:CKA)
Response to ASX Appendix 5B Query**

We refer to your letter dated 18 May 2017, received by email the same day, requesting a response to your questions raised regarding the Company's Appendix 5B for the period ended 31 March 2017.

Cokal's response to each of the questions contained in your letter are as follows:

1. Does CKA expect that it will continue to have negative operating cash flows for the time being and, if not, why not?

The Company expects that it will have negative operating cash flows for the time being, resulting from the type of assets held. Currently nil funds are generated from the interests held by Cokal in four projects in Central Kalimantan, Indonesia.

However, the Company expects to generate positive operating cash flows in the near-term from the commencement of mining at Cokal's 60% owned Bumi Barito ("BBM") Coal Project. Cokal has secured funding for the development of a PCI coal mine, with first production expected in Q4 2017. The Company is currently in trading halt pending the release of further details of this project financing.

2. Has CKA taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Whilst it may be perceived from the Appendix 5B lodged on 28 April 2017 that the Company may not have sufficient cash to fund its activities, this is not the case for the following reasons:

- The Company has recently secured funding for the development of a PCI coal mine at BBM;
- The Company has the ability to raise capital in the public market via a variety of means including, placements, option conversions, rights issues or joint venture arrangements. The Company has been able to raise capital in the past to fund its activities and is confident that it has the ability to raise additional funding, if required.;

- The rate and timing of a portion of expenditure is within the Company's control and funds will not be disbursed or committed until sufficient capital is available; and
- The Directors of Cokal have undertaken to provide financial support to Cokal to ensure the Company has adequate working capital for at least 12 months from the date of this letter.

3. Does CKA expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Cokal has interests in four projects in Central Kalimantan, Indonesia considered prospective for metallurgical coal. The Company notes that it has 100% security placement capacity under Listing Rules 7.1 and 7.1A and with the reasons noted under point 2 it has every expectation that sufficient funds will be raised to continue its operations and is able to meet its business objectives.

4. Please confirm that CKA is in compliance with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition in accordance with that Rule that has not already been released to the market.

The Company is currently in trading halt pending an announcement to the market in respect of funding for its BBM project. Once the announcement is released in this regard, the Company confirms that it will be in compliance with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition in accordance with that rule.

5. Please confirm that CKA's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of CKA with delegated authority from the board to respond to ASX on disclosure matters.

The above responses have been authorised and approved by the Board.

By Order of the Board
Yours faithfully
Cokal Limited



Domenic Martino
Director



18 May 2017

Mr Duncan Cornish
Cokal Limited
110 Mary Street
BRISBANE QLD 4000

By email

Dear Mr Cornish

Cokal Limited ("CKA"): Appendix 5B Query

I refer to CKA's Appendix 5B quarterly report for the period ended 31 March 2017 lodged with ASX Market Announcements Platform on 28 April 2017 (the "Appendix 5B").

ASX notes that CKA has reported:

- negative net operating cash flows for the quarter of \$70,000;
- cash at the end of the quarter of \$170,000; and
- estimated cash outflows for the next quarter of \$815,000.

It is possible to conclude, based on the information provided in the Appendix 5B that if CKA were to continue to expend cash at the rate indicated by the Appendix 5B, CKA may not have sufficient cash to continue funding its operations. In view of that, ASX asks CKA to answer separately each of the following questions and provide the following confirmations in a format suitable for release to the market in accordance with Listing Rule 18.7A:

1. Does CKA expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has CKA taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does CKA expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that CKA is in compliance with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition in accordance with that Rule that has not already been released to the market.
5. Please confirm that CKA's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of CKA with delegated authority from the board to respond to ASX on disclosure matters.

Please also provide any other information that CKA considers may be relevant to ASX forming an opinion on whether CKA is in compliance with Listing Rule 12.2 (a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing).

When and where to send your response

This request is made under, and in accordance with Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than 3:00 pm WST on Tuesday, 23 May 2017. If we do not have your response by then, ASX will have no choice but to consider suspending trading in CKA's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, CKA's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at Sebastian.b@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

In responding to this letter, you should have regard to CKA's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that CKA's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in CKA's securities under Listing Rule 17.1.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely,

[sent electronically without signature]

Sebastian Bednarczyk
Senior Adviser, Listings Compliance (Perth)