

ASX ANNOUNCEMENT/MEDIA RELEASE

31 October 2017

TBAR Project Update

Key Points

- **Cokal settles outstanding obligations on TBAR.**
- **Plan to commence drilling and resource development on TBAR in 2018.**

Cokal Limited (ASX:CKA) (“Cokal” or “the Company”) is pleased to advise that it has reached a commercial settlement with the vendors of PT Tambung Benua Alam Raya (**TBAR**) in respect of the Company’s 75% ownership in TBAR. TBAR is the owner of Exploration License IUP 188.45/204/2012 (the **TBAR Project**), which covers an area of approximately 18,850ha and is located adjacent to the southeast of the Cokal’s BBM Project.

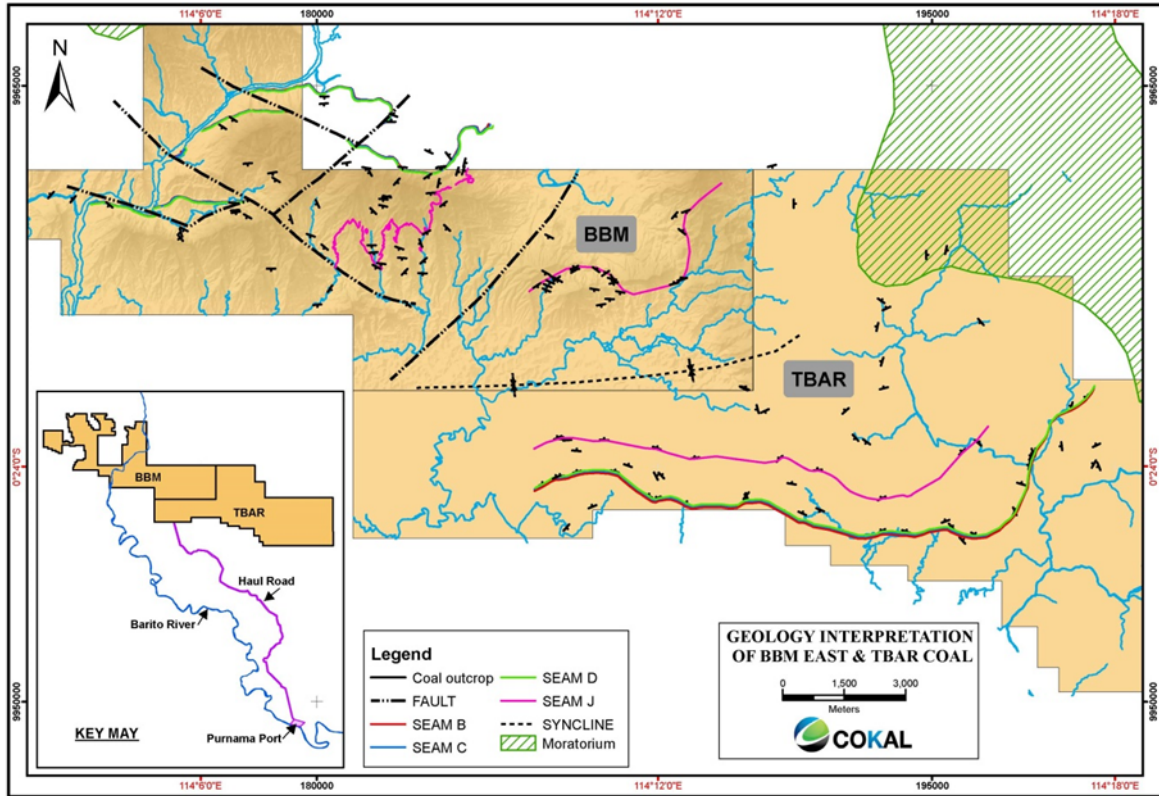
Consequently, Cokal has now cleared all outstanding vendor matters pertaining to its 75% interest in TBAR. Cokal owed USD\$2,750,000 (approximately AUD\$3,500,000) in vendor payments, which were shown in Note 21, Contingent Liabilities of the Company’s 2017 Annual Report. The payments were subject to a number of post completion requirements. Cokal and the vendors could not agree on the execution of the respective post completion requirements and have therefore agreed on a substantially discounted settlement to remove all of these vendor liabilities from Cokal’s 75% interest in TBAR. Cokal is now in a position to take control of these requirements and progress the administrative approvals in a more timely manner.

TBAR, which is on the Clean and Clear (CNC) List, has over 80% of the lease covered by either a production or limited production forestry lease, that is, it is available for exploration subject to the issuance of an exploration forestry permit.

The application of exploration forestry permit was submitted in 2014 and continues to be processed by the Environment and Forestry Ministry of Indonesia. Following its transfer process from Murung Raya to Provincial Government, Cokal continues its efforts to acquire regulatory approval for the IUP (exploration license) upgrade process application to a Production and Operation IUP (equivalent to a mining license).

Cokal’s exploration mapping program to date has defined significant Coal Potential across the Central, Northern, Western and Southern Blocks of the TBAR Project. Mapping is yet to be completed in the eastern portion of the lease.

Based on the data collected from these activities, 69 coal outcrops ranging from 0.15m to 1.90m have been identified. Interpretation of B, C, D and J seams have been interpreted to outcrop along 13km of strike, J seam, and 16km of strike B, C and D seams. The outcrop strike lengths are interpreted to be more extensive than at BBM and indicate potential for a much greater resource of shallow open cut coal tonnages than delineated at BBM to date.



Interpretation Map of TBAR & BBM Coal Geology

The Company has been keen to acquire the approvals for the Forestry Permit for Exploration with TBAR, as it intends to pursue an aggressive exploration and development plan for TBAR in the New Year. The Cokal team has the track record and experience to complete all administrative approvals and is confident that the exploration and development plan can commence in the New Year.

Cokal has reached a settlement under which the Company will preserve its cash reserves and issue to the vendors of TBAR, subject to shareholder approval, 25 million shares at an issue price of \$0.10 per share in full and final satisfaction of all post-completion amounts outstanding in respect of the acquisition. This will extinguish the Company’s contingent liability of USD\$2,750,000 referred to in the 2017 Annual Report. The settlement provides the vendors with the ability to participate in the successful development of the TBAR Project through their shareholding in Cokal.

ENDS

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