

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Cokal Limited

ABN

55 082 541 437

Quarter ended ("current quarter")

30 September 2017

Consolidated statement of cash flows	Current quarter US\$'000	Year to date (3 months) US\$'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	(221)	(221)
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(309)	(309)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(530)	(530)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (3 months) US\$'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	552	552
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	552	552

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	29	29
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(530)	(530)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	552	552
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	51	51

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter US\$'000	Previous quarter US\$'000
5.1 Bank balances	51	29
5.2 Call deposits		
5.3 Bank overdrafts		
5.4 Other (provide details)		
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	51	29

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter US\$'000
67
-

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter US\$'000
-
-

8. Financing facilities available

Add notes as necessary for an understanding of the position

8.1 Loan facilities (see note below)

8.2 Credit standby arrangements

8.3 Other (please specify)

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

Total facility amount at quarter end US\$'000	Amount drawn at quarter end US\$'000
13,645	13,645

On 22 July 2016, the Company announced that it had reached an agreement to convert the above US\$13.645 million loans (the **Platinum Loans**) into a production royalty, subject to the preparation of definitive agreements.

The Company entered into a definitive royalty deed on 29 April 2017 with Northrock and Wintercrest (**Platinum Entities**) under which the Company will be granted a discharge and release of its obligations under the Platinum Loans in exchange for a production royalty, subject to certain conditions being satisfied (**Royalty Deed**).

The terms and conditions of the Royalty Deed were announced to the market on 2 May 2017.

The Debt Restructure Transaction is conditional upon:

- (i) **(Diligence)** legal and commercial diligence having been completed. This condition has been satisfied.
- (ii) **(Security)** All security documents required to be executed having been duly executed and filed, registered or otherwise perfected in accordance with the applicable laws and regulation of the country in which the security is agreed by the provisions of this deed to be filed, registered and perfected.

Cokal has complied with Platinum's requests under this condition and definitive agreements are in agreed form but unsigned

- (iii) **(Shareholder approval)** Cokal's shareholders approve the execution and implementation of the Royalty Deed and the transactions contemplated by it

Refer the Company's Notice of Meeting lodged 30 October 2017.

- (iv) **(Funding)** The Company providing evidence satisfactory of the successful completion of a fund raising in a quantum sufficient to support the production of at least 100,000tpa of coal, to be completed and received by the Company by October 2017.

The Company believes that the Convertible Note facility announced on 11 October 2017 satisfies this condition.

- (v) **(Ongoing production)** the Company providing evidence satisfactory to each of Wintercrest and Northrock that:

- a) after achieving commercial quantity of production and sales (being 15,000 tonnes per month) (**Commencement Date**), the average of the next 6 consecutive months' commercial production is no less than 8,500 tonnes per month; or
- b) coal production in each of the 3 consecutive months after the month of the Commencement Date is of such quantity that is in accordance with an annual production plan to deliver an aggregate of at least 100,000 tpa of Coal,

provided the 6 months under (a) and the 3 months under (b) occur between 9 June 2017 until 9 December 2018.

- (vi) **(Budgets)** Wintercrest and Northrock having reviewed and approved (such approval not to be unreasonably withheld or delayed) all budgets prepared for all financing proposals made before all other conditions precedent have been satisfied

On satisfaction of conditions (i) – (iv) inclusive, 1/3rd of the Platinum Loans will be released and discharged and the Royalty Deed becomes effective.

The remaining 2/3rds of the Platinum Loans will be released and discharged on satisfaction of conditions (v) and (vi) (on-going production and budget conditions). If conditions (v) and (vi) are not satisfied by 9 December 2018, then Cokal remains obligated to repay 2/3rds of the Platinum Loans and will also need to pay the Platinum Entities the royalty.

SUBSEQUENT EVENTS

ADDITIONAL FUNDING SECURED

Cokal has entered into an agreement to raise up to AU\$4m in funding for protection against contingencies and to ensure the development of BBM PCI is able to be completed on time by December 2017 / January 2018, thereby securing near-term cash flow for Cokal. Details of the Convertible Note facility are contained in the Company's announcement dated 11 October 2017. The Company has drawn down AU\$2m under the facility on 20 October 2017.

9.	Estimated cash outflows for next quarter	US\$'000
9.1	Exploration and evaluation	-
9.2	Development	25
9.3	Production	2,777
9.4	Staff costs	-
9.5	Administration and corporate costs	453
9.6	Other (provide details if material)	-
9.7	Total estimated cash outflows	3,255

As disclosed in the subsequent event section, Cokal completed the 1st tranche of Convertible Notes of AU\$2,000,000 (before issue costs) in October 2017 (with AU\$2,000,000 still to be drawn down) and anticipates revenue from the sale of coal in the December 2017 quarter.

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	-	-	-	-
10.2	Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

By Order of the Board

Louisa Martino

31 October 2017



Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.