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**ASX ANNOUNCEMENT****22 December 2017****CONVERTIBLE NOTES AND ASX LISTING RULE 7.1**

**Cokal Limited (ASX: CKA, Company)** has been advised by ASX that it considers a breach of ASX Listing Rule 7.1 has occurred in relation to the Company's issue of unlisted convertible notes, which are convertible into ordinary shares, under the facility announced on 11 October 2017.

ASX has advised the Company that it considers an issue of convertible securities with no fixed floor price and a variable exchange rate as breaching Listing Rule 7.1, due to the number of shares that the convertible notes convert into being unclear at the time of issue.

The Company believed that the terms of its convertible notes were sufficient to ensure compliance with Listing Rule 7.1 as:

- the Company has at no time issued more shares than it has available capacity under Listing Rule 7.1;
- it has at all times been a term of the agreement that the Company is not obliged to convert the notes into shares if the Company does not have available capacity under Listing Rule 7.1; and
- the Company would only issue shares under the notes if it had Listing Rule 7.1 capacity.

The Company has had several discussions with ASX and agreed to address its concerns by making this announcement and retaining the shares issued on conversion of the convertible notes in its calculation of used capacity under Listing Rule 7.1 for a period of 12 months. This means that the full amount of shares issued under Tranche A of the convertible notes being 38,371,699 shares issued to date, plus the shares potentially to be issued from the remaining 297,234 convertible notes (estimated as 9,482,991 shares) needs to remain in its calculation of used capacity under Listing Rule 7.1 for 12 months from the date that the convertible notes were issued (20 October 2017) and cannot be ratified by shareholders. The Company has disclosed this most recently in its Appendix 3B lodged 19 December 2017.

The Company believes that this determination has no impact on its ability to implement its business strategy

ENDS

**Further Enquiries:**

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