

**ASX ANNOUNCEMENT / MEDIA RELEASE**

11 May 2018

Cokal Signs Term Sheet for \$67m Development of BBM Coking Coal Project

Key Highlights

- **Transformational financing package negotiated to provide Cokal Limited with a minimum A\$67 million^a in funding for the development of its Bumi Barito Mineral (“BBM”) Coking Coal Project**
- **A combined debt and equity financing package will provide funding for the full development of the BBM Coking Coal Project to a capacity of 2 million tonnes per annum (“Mtpa”) of coking coal production^b**
- **Attractive and strategic potential funding solution for Cokal, elevating the Company to a significant international coking coal producer**

Cokal Limited (ASX:CKA, “**Cokal**” or “the **Company**”) is pleased to announce that it has signed a Term Sheet for a financing package of no less than A\$67 million for the development of its BBM Coking Coal Project with Domain International Holdings Limited (“**Domain**”) (the “**Agreement**”).

Domain is a major Asian minerals development company. Domain has been in discussion with Cokal for the past 12 months and has conducted detailed Due Diligence on the BBM Coking Coal Project’s feasibility documentation. In addition, Domain has sent its technical team to inspect Cokal’s BBM Anak PCI coal mining operation. Domain is more than satisfied with its findings and is intent on its involvement in the BBM Coking Coal Project mining opportunity.

The Agreement is expected to provide an attractive and strategic funding solution for Cokal, transforming the Company to a major international coking coal producer.

Transaction Terms

Under the Agreement, Domain is to provide Cokal with a debt and equity financing package sufficient to fully fund development of the BBM Coking Coal Project to a capacity of 2 Mtpa production of coking coal. The Agreement is not binding unless an initial payment of A\$1 million is received by 25 May 2018. Should this money not be received, the Agreement may not proceed and the Company will need to obtain other financing solutions. The Agreement comprises the following terms:

- A\$2 million subscription for Cokal shares in two Tranches, with A\$1 million to be received by 25 May 2018 and A\$1 million to be received by 15 June 2018:

^a US\$50 million converted at a rate of AUD : USD 0.75

^b As per the results of a Feasibility Study updated in November 2016

- The Cokal shares subscribed for by Domain will be priced at a 10% discount to the 5 day Volume Weighted Average Price (“**VWAP**”) for the 5 trading days after receipt of the funds by Cokal; and
- The issuance of Cokal shares under the Agreement is contingent on shareholder approval. The Company will seek this approval as soon as possible;
- Debt and Equity finance of no less than US\$50m to fund the development of the BBM Coking Coal Project to a capacity of 2 Mtpa of coking coal production. In addition to cash funding, the financing package may include mining equipment and site infrastructure.

The US\$50m funding will be injected into Cokal-BBM Pte Ltd, a wholly owned subsidiary of Cokal, which holds a 60% interest in BBM, and will comprise:

- Equity component of US\$30 million for a 50% interest in Cokal-BBM Pte Ltd (equating to an effective interest of 30% in BBM); and
- Residual debt component of no less than US\$20 million, or such greater amount as required to reach a coking coal production capacity of 2 Mtpa. The debt component will be repaid from project cashflows with no recourse to Cokal;
- The Agreement is binding on both Cokal and Domain, subject to the satisfaction of Conditions Precedent customary for a transaction of this nature and as detailed below:
 - Cokal to receive the first payment of A\$1 million by 25 May 2018 (after which Domain will be granted a three-month exclusivity period for BBM Coking Coal Project development financing. During this time Cokal will not be restricted on corporate capital raisings);
 - Shareholder and regulatory approvals, where required; and
 - Formal documentation.

Exclusivity expires 25 August 2018. Domain has indicated its intention to complete the transaction prior to this date.

Cokal Chairman, Mr Domenic Martino said:

“Cokal has developed a much sort after coking coal project in BBM to production-ready stage, and is highly motivated to commence production in order to realise the inherent strategic and financial value of the asset. Coal production from BBM will generate attractive profits for Cokal and returns for its shareholders.”

About the BBM Project

Cokal’s most advanced project is Bumi Barito Mineral (“**BBM**”) – a high quality metallurgical coal project. Cokal is focused on the near-term production of BBM and is currently raising capital for mine construction and to commence production.

BBM is located in the Central Province, Kalimantan, Indonesia and comprises approximately 1,500ha. The BBM Coking Coal Project is the largest of the three BBM projects (BBM Anak, BBM PCI and BBM Coking Coal), with forecast production capacity of 2 Mtpa of coking coal.

A Feasibility Study (updated in November 2016) indicates a financially robust project, possessing strong technical merits, with all mining permits and approvals in-place. The development capital requirement for establishing a 2 Mtpa coal mine at BBM has been estimated at US\$68 million.

Corporate Update

Delivering the BBM Coking Coal Project will allow Cokal to assess the next phase of its growth strategy with an aim to build a multi-project coal producer focussed on the central Kalimantan region.

A search for a new CEO is underway to guide Cokal through this next phase of development.

Further capital raising is being assessed to provide funding for advancement of the TBAR project, which is 75% owned by Cokal, and can take advantage of the infrastructure being built for the BBM Coking Coal Project.

Domain International Holdings Limited

Domain International Holdings Limited (“Domain”) is a private Hong Kong incorporated company with a Registration No. of 2319694. Domain is based in Xiamen, Fujian Province China, with investments in the mining, healthcare, Oil & Gas, Chinese Traditional Medicine and financial services industries. Among Domain’s assets is a lead-zinc mine, located in Pangkalan Bun County, Indonesia, which covers an area of 7.5 square kilometres and has estimated reserves of 500,000 tons. Domain is also the majority shareholder of the Malawu lead-zinc mine in Kedang State, West Kalimantan, Indonesia. The mine has an area of 102.74 square kilometres and estimated reserves of 4 million tons.

The transaction provides the opportunity for Domain to utilise its mining sector experience to secure an interest in a highly attractive coal mine, which will provide long-term supply of high-quality coking coal with promising export potential.

ENDS

Further enquiries:

Domenic Martino

Non-Executive Chairman

dmartino@cokal.com

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 four projects in Central 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 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 Reserve estimate announced on 1 August 2017 is based on information compiled by Robert de Jongh who is a Member of the Australasian Institute of Mining and Metallurgy and an employee of ASEAMCO Pty Ltd. Mr de Jongh is a qualified mining engineer 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 Coal Resource estimate was announced on 29 April 2016, 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 April 2016 and that all material assumptions and technical parameters underpinning the estimates in the announcement made on 29 April 2016 continue to apply and have not materially changed.