
ASX ANNOUNCEMENT / MEDIA RELEASE**04 May 2020**

Conversion of Balance of Platinum Debt of USD9.26m to Royalty

Cokal Limited (ASX:CKA, “Cokal” or “the Company”) advises that it has consented to the assignment of its Blumont Loan and Northrock Loan (together the “Platinum Loans”) to Alpine Invest Holdings Ltd (“Alpine”). As part of Cokal’s consent to the assignment of the amounts payable, the conditions for the conversion of the debt to a royalty have been waived.

Background to Royalty Deed

On 22 July 2016, the Company announced that it had reached an agreement to convert the Platinum Loans into a production royalty, subject to the preparation of definitive agreements. The Company entered into a definitive royalty deed (“Royalty Deed”) under which the Company was granted a discharge and release of its obligations under the Platinum Loans in exchange for a production royalty, subject to certain conditions being satisfied. The terms and conditions of the Royalty Deed (including the conditions) were announced to the market on 2 May 2017.

On 29 November 2018 the Company entered into a further agreement with the holders of the Platinum Loans that:

- Confirmed one third of the Platinum Loans had been converted to a royalty (any outstanding conditions in respect of the one third conversion of the debt had been waived); and
- Extended the date for meeting the remaining Subsequent Conditions under the Royalty Deed for conversion of the balance of the Platinum Loans to 31 July 2020.

Conversion of Debt to Royalty

Recently the Company was approached for its consent to the assignment of the remaining Platinum Loans totaling USD9.26 million to Alpine, an investment company incorporated in the British Virgin Islands. Cokal has agreed to the assignment on the following terms:

- each of the Subsequent Conditions is irrevocably satisfied or otherwise waived;
- the royalty payable to Alpine under the Royalty Deed will be the greater of:
 - a. USD 10,000 per month; and
 - b. USD 2.00 per tonne of coal sold by BBM and TBAR on a monthly basis;
- the maximum royalty payment of USD 40million payable under the Royalty Deed remains the same and will be payable through the first 20 million tonnes of coal produced and sold by both BBM and TBAR; and
- all other conditions stated in the Royalty Deed shall remain the same.

Alpine and Cokal will enter into an amended royalty deed which will be on the same terms as the existing Royalty Deed, with those reasonably necessary amendments to reflect the terms set out above.

It has been agreed under the consent to the assignment that immediately upon transfer of the Platinum Loans to Alpine, that loans are deemed released and Alpine discharges and releases Cokal and each Cokal Group Company from their liability to make payment of the Platinum Loans.

ENDS

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This ASX announcement was authorised for release by the Chairman of Cokal Limited, Mr Domenic Martino.

About Cokal Limited

Cokal (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.