

ASX ANNOUNCEMENT**15 January 2016****FUNDING UPDATE: 3 TRANSACTIONS BEING PURSUED BY THE BOARD**

- 1. Offer by Cakra**
- 2. Merger proposal with ASX listed company**
- 3. Financing IPO China**

The Company provides the following update on the three corporate funding strategies being pursued by the Board.

Since the exclusive negotiation period with PT Cakra Mineral Tbk (**Cakra**) ended Cokal has been actively engaged in pursuing a number of alternative financing opportunities. While discussions with Cakra are continuing two other alternatives transaction proposals have been received which are being actively developed.

The Company expects to be able to make a further announcement about the way forward by mid to end of February 2016. A brief update on the current options is contained below.

OFFER BY CAKRA

The Company's securities have been suspended pending clarification by Cakra of its intention to make a fresh takeover offer to acquire all of the shares of the Company. Cakra's recent offer closed on 15 November 2015.

Based on various meetings and discussions with Cakra, Cakra's earlier offer lapsed due to internal commercial issues which emerged during the offer period. Cakra advised that these issues could be resolved in a timely manner, it was actively taking steps to secure a resolution and that, following resolution, Cakra intended to make a fresh bid.

To date, however, Cakra has not provided any further firm guidance as to timing for resolution of its commercial issues or any fresh bid.

Cokal remains in continuing discussions of a confidential and incomplete nature with Cakra in relation to its capacity and intentions. Cokal remains open to a transaction involving scrip consideration in an Indonesian listed entity either with Cakra or other parties

OTHER PROPOSALS RECEIVED

In August 2015 when Cokal obtained its final Indonesian government approval for the BBM mine to proceed, this significantly de-risked Cokal and the BBM project and drew positive interest from a number of potential strategic partners. However because of the Cakra exclusive negotiation period Cokal was unable to pursue any of these until the offer expired.

The Company is engaged in active discussions of a confidential and incomplete nature in relation to two potential alternative transactions.

MERGER PROPOSAL with ASX LISTED COMPANY

The first is a potential merger with an established ASX listed entity. The entity has an experienced Board and management and it has conducted technical due diligence investigations of Cokal including site visits and advised Cokal that its diligence enquiries have substantially been completed.

The entity has advised Cokal that there is a key bid pre-condition (which is not within Cokal's control) and that subject to satisfaction of that condition, it is willing to quickly progress the proposal to finality.

It has been indicated to Cokal that this could occur as early as within 4 weeks.

FINANCING / IPO CHINA

Cokal has engaged with BM Intelligence in Guangzhou, China. BM Intelligence is a very successful Hong Kong and China based financial services provider, servicing over 800 listed company clients and has a very strong and accomplished IPO consultancy arm, particularly in China. They have assisted over 80 companies with successfully listings.

The Interest from BM Intelligence has arisen particularly now that Indonesia has recently become a prime country for Chinese foreign investment.

The preferred structure that has been proposed to Cokal involves Cokal floating its immediate Singapore subsidiary, Cokal Holdings Pte-Ltd through a Cokal owned Chinese subsidiary, on the Shanghai exchange to raise US\$50M- US\$100M.

BM Intelligence have a strong track record of IPO's with in the target range of US\$50M - \$100M. BM Investments has substantial experience with resource and mining related companies but in addition they have strong relationships with several of the larger Chinese companies and provincial authorities in related downstream industries.

Cokal Holdings Pte Ltd ultimately holds all Cokal interests in Indonesia. The percentage ownership retained by Cokal will depend on the final pricing but it is Cokal's aim to retain a majority percentage of Cokal Holdings Pte-Ltd

The Board is open to other proposals and will actively evaluate and assess them as they arise including a combination of the above funding strategies to provide the best result for shareholders.

For further information, contact:

Peter Lynch
Executive Chairman
plynch@cokal.com.au
+62 821 1001 0009 / +61 419 764 747

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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 five projects in Central Kalimantan and one project (which holds three exploration licences) in West Kalimantan, Indonesia considered prospective for metallurgical coal.

About BM Intelligence

BM Intelligence (<http://www.bmintelligence.com>) Vision is to be a pre-eminent service provider offering a uniquely integrated and customized corporate consultancy solutions to mid-size listed companies and private companies in the Greater China.

As a leading financial services provider in Asia Pacific Region, we are proud of our experienced management team and qualified professionals who possess extensive network in the business and investment financial services. The Group's head office is located in Hong Kong and supported by branch offices in Shanghai, Beijing and Shenzhen. It engages in a wide variety of professional services include pre-IPO consultancy, corporate finance, corporate services, professional translations, asset valuations, business centre, investment migration services, real estate & agency, financial & corporate communications, event management, strategic marketing, funds & wealth management, information technology as well as China business.

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 in this release include, but are not limited to, the capital and operating cost estimates and economic analyses from the Study.

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 Resource estimate was announced on 29 January 2015, 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 January 2015 and that all material assumptions and technical parameters underpinning the estimates in the announcement made on 29 January 2015 continue to apply and have not materially changed.

The information in this report relating to exploration results is based on information compiled by Patrick Hanna who is a fellow of the Australasian Institute of Mining and Metallurgy and is a consultant (through Hanna Consulting Services) to Cokal Limited. Mr Hanna 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 they are undertaking, to qualify as Competent Persons as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”.