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ASX ANNOUNCEMENT/MEDIA RELEASE
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Update on Coal Offtake Finance Letter of Intent

Cokal Limited (ASX:CKA, "**Cokal**" or "the **Company**") advises that further to the Company's ASX announcement of 11 December 2017, it is continuing negotiations with Renjian International Trading (Shanghai) Co Ltd (**Renjian**) in respect of a coal offtake agreement for 2.5 million tonnes of premium PCI coal from the BBM PCI Project.

In accordance with the Letter of Intent for a Coal Offtake Financing transaction (the "LOI"), Cokal will supply 50,000 tonnes of PCI coal per month over the term of the agreement. Renjian will pay Cokal monthly, with each payment to be three months prior to the shipment date.

Ongoing negotiations concern the pricing mechanism for the sale of coal, the discount to Renjian in compensation for providing the prepayment amounts and the timing of repayment of the prepayment amounts by Cokal through the supply of coal. Cokal has proposed using the Platts index pricing for Low Vol PCI (currently US146/tonne FOB Australia) as the pricing mechanism.

It is expected that these items will take further time to finalise and Cokal intends to reach an agreement by the end of December 2017.

ENDS

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