

12 November 2018

Dear Shareholder

Cokal Limited 2018 Annual Report

The Board apologises for the lengthy delay in completing the Company's 2018 Annual Report, thus causing a prolonged period of suspension of the Company's shares.

During the audit of the 2018 Annual Report, the Board was made aware of financial irregularities and fraudulent activity which impacted the Company's financial statements for the year ended 30 June 2018.

These activities centre around the Group's contracting with a supplier of barging services in Indonesia, and involved the Chief Financial Officer and seven Indonesian employees having received monies from that supplier. Specifically, it is alleged that the supplier charged for barging services not incurred by the Company and/or charged non-arms' length amounts. In addition, Cokal employees received money from the supplier of the barging services (totalling approximately \$150,000).

These activities have resulted in a qualified opinion from the Company's auditor (refer Independent Auditor's Report to the Members of Cokal Limited in the 2018 Annual Report).

The Company's Chairman and Chief Executive Officer have been in Indonesia the week of 2 November 2018, working through these issues, including obtaining third party indications of the cost of barging and substantiating the barge usage during the relevant period. The Board is also determining the appropriate measures in respect of the Chief Financial Officer and employees to be taken. Authorisations and a new organisation structure have been put in place to insure that this type of issue cannot happen again.

The Board notes that amounts are currently outstanding and payable to this supplier, which will not be paid until the investigation is complete. Some monies received by the employees has been repaid to the Company and the Board is confident that with these repayments, and the outstanding amounts owing being reduced by agreement with the supplier, there will be no financial loss to the Company. It is to be noted that the Chief Financial Officer has fully refunded his gains from the barging supplier to the Company.

This matter will be finalised in the next few weeks, and announcements will be made on ASX accordingly. The Annual Report has been sent to those shareholders who have requested a copy and is also available on the Company's website (www.cokal.com.au).

Yours Sincerely



Domenic Martino
Chairman