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ASX Release

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MUI CORPORATION SHAREHOLDER UPDATE

Key points:

- AusAsia has acquired JEMS
- Restructured Call Option over AusAsia
- Restructured Loan Agreement with AusAsia
- Granting of Exploration Permits for Coal, numbers 2557, 2558 and 2510 to JEMS by the Queensland Government
- Application for 3 additional Exploration Permits for Coal by JEMS. The Call Option agreement has been varied to include these applications
- Assessment of Film Library continues.

Progress to Date

On 15 September 2011, the Company announced that it had entered into a Call Option to acquire all of the issued capital of AusAsia Energy Pty Ltd ('AusAsia'), which in turn had an option to acquire 100% of Jems Exploration Pty Ltd ('JEMS') (the 'Transaction'). The Company has recently been advised that AusAsia has acquired 100% of JEMS.

Following a review of progress by AusAsia, the Company and AusAsia have varied the terms of the Call Option, and the loan facility agreements, details of which are set out below.

Restructured Call Option and Loan Facility Agreements with AusAsia Energy Pty Ltd

Call Option Terms (as varied)

1. The expiry date of the Call Option has now been extended to 31 July 2013.

2. Tenements reflected in the documentation now comprise the following granted Exploration Permits for Coal ("EPC") licences (together forming the "Grey Ranges Project"):
   - EPC 2557;
   - EPC 2558;
   - EPC 2510; and
   - Application for EPC 2544.

   The Transaction previously included an application for EPC 2497 – Glenora, however based upon initial work performed, JEMS decided not to proceed with this application.

3. The following new applications have now been included in the Transaction:
   - Application for EPC 2745;
   - Application for EPC 2747; and
   - Application for EPC 2755.

   These applications are in the Laura Basin area in Queensland and relate to coking coal exploration.

4. It is now a condition precedent for the exercise of the Call Option that the Company shall be satisfied that an aggregate JORC compliant Inferred Mineral Resource of at least 200 million tonnes has been defined (previously

this was at 700 million tonnes and a condition to completion of the share purchase agreement that comes into effect on exercise of the Call Option).

5. The consideration payable by the Company under the share purchase agreement that comes into effect on exercise of the Call Option is as now follows:

Event	Ordinary Shares to be issued by the Company	Cash
On Completion of the acquisition of shares in AusAsia:		
▪ if there is an aggregate JORC compliant Inferred Mineral Resource of greater than or equal to 700 million tonnes on the tenements; or	1,187,650,000	Nil
▪ if there is an aggregate JORC compliant Inferred Resource of between 200 million tonnes and 699,999,999 tonnes on the tenements:	Pro-rata amount of shares	Nil
If by 19 July 2015:		
▪ an aggregate JORC compliant Measured Mineral Resource of greater than or equal to 400 million tonnes has been defined; or	1,287,650,000	$3,000,000
▪ an aggregate JORC compliant Measured Mineral Resource of between 100 million tonnes and 399,999,999 tonnes has been defined:	Pro-rata amount of shares	Pro-rata amount of cash

Previously, upon exercising the Call Option and achievement of 700 million tonnes of JORC compliant Inferred Mineral Resource the Company was to:

- Pay $1,500,000 in cash;
- Reimburse expenditure of $350,000 and fund further expenditure of $675,000 (in total $1,025,000), and
- Issue 1,037,500,000 fully paid ordinary shares.

The restructured Transaction delays any cash payment until a JORC compliant Measured Mineral Resource of greater than or equal to 100 million tonnes is achieved. The $1,025,000 has been loaned to AusAsia under the Loan Facility as revised below and the increase in shares issued reflects the additional Laura Basin Project applications now included in the Transaction. Previously, upon achievement of a JORC compliant Measured Resource of at least 400 million tonnes, MUI was to loan a further $625,000, pay cash of $1,500,000 and issue 1,137,500,000 fully paid ordinary shares. This has been revised as set out above.

6. If the Call Option is exercised, completion of the acquisition of the shares in AusAsia under the share purchase agreement that comes into effect, is conditional upon:
   - The Company obtaining all shareholder approvals necessary (including as required under the Corporations Act and the ASX Listing Rules) to enable the purchase of shares in AusAsia; and
   - Compliance with Chapters 1 & 2 of the ASX Listing Rules as a result of the application of Listing Rule 11.

7. The table below sets out the shareholding of the vendors of the Ausasia shares in the Company on the basis that the maximum number of shares, as contemplated in the table at item 5 above, are issued under the Transaction.

	Maximum number of shares to be issued to the vendors of AusAsia	% of Company held by the vendors of AusAsia on an undiluted basis
On completion of acquisition of shares in AusAsia (JORC compliant Inferred Mineral Resource of 700 million tonnes or greater)	1,187,650,000	46.9%
19 July 2015 (if there is JORC compliant Measured Mineral Resource of 400 million tonnes)	1,287,650,000	64.8%
Total number of shares in the Company held by vendors of AusAsia	2,475,300,000	64.8%

**The above table does not take into account shares issued under any capital raising which may be undertaken by the Company.*

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Loan Facility (as varied)

The parties have restructured the previous loan arrangements with AusAsia into a single facility agreement, the principal terms of which are as follows:

1. **Loan Amount:** A total of $2,200,000 with $1,626,000 already advanced to AusAsia. Further advances will be made at the Company's discretion.

2. **Term:** from 31 July 2012 until 31 October 2013. If the Call Option is not exercised or if the transactions contemplated under the Call Option are not approved by the Company's shareholders prior to the expiry of the term, then all funds lent to AusAsia under the Facility Agreement will become immediately due and repayable to the Company.

3. **Interest Rate:** the loan is interest free provided full repayment of the funds lent is made prior to the expiry of the term. Default interest accrues at a rate of 12% per annum.

4. **Security:**
   The Company has been granted the following security:
   - General security over the assets of JEMS and AusAsia;
   - Corporate guarantee by JEMS; and
   - Personal guarantee of Mr Domenic Martino.

Queensland Coal Mining Tenements

The directors of the Company have been advised that the following exploration permits have been granted by the Queensland Government to JEMS, now a wholly owned subsidiary of AusAsia:

- EPC 2557;
- EPC 2558; and
- EPC 2510.

Laura Basin

AusAsia has advised the Company that JEMS has made the following applications to the Queensland Mines Department:

- Application for EPC 2745;
- Application for EPC 2747; and
- Application for EPC 2755.

The Company is advised that these applications comprise 652 sub-blocks over 2,000 sq Kms in the Laura Basin area in Queensland and relate to coking coal exploration.

Film Library Assets

The directors continue to investigate opportunities relating to the feature film rights held by the Company.

The Company will continue to update the market on its process in respect of the film library assets and on the progress with AusAsia in respect of the Transaction and the Loan Facility agreement.

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