Level 5, 56 Pitt Street
Sydney NSW 2000

T: +61 2 8823 3179
F: +61 2 8823 3188

For personal use only

ASX Release

23 July 2014

Shareholder Update – JEMS transaction

Background

MUI Corporation Limited ("**MUI**" or the "**Company**") has a call option to purchase the shares of AusAsia Energy Pty Ltd's ("**AusAsia's"**) wholly-owned subsidiary, JEMS Exploration Pty Ltd ("**JEMS**") as set out in ASX release dated 14 March 2014. JEMS is the owner of four Exploration Permits for Coal in Queensland.

In addition, MUI has a Loan Facility Agreement with AusAsia to loan up to $4 million. To date, $3.5 million has been advanced and MUI has been granted the following security:

- charge over the assets of JEMS and AusAsia (which include the shares in JEMS);
- corporate guarantee of JEMS; and
- personal guarantee of Mr Domenic Martino.

Status with AusAsia

MUI has been reviewing options to develop the coal tenements held by JEMS and, given sustained depressed market conditions for coal and their effect particularly on the junior coal sector, MUI has explored a number of alternatives to maximise the value of the call option.

MUI has now agreed binding terms with AusAsia for the repayment of MUI's loan to AusAsia, and to relinquish MUI's call option to purchase JEMS, as follows:

1. AusAsia will pay MUI:
   - a non-refundable cash payment of $1.2 million by 29 August 2014; and
   - $4.8 million in cash by 15 December 2015.
2. MUI will release its security upon the last of the above payments.
3. Should the transaction not complete by 15 December 2015 with the payment of $4.8 million, AusAsia will relinquish 30% of the shares in JEMS to a third party nominated by AusAsia and MUI will retain its option to acquire 70% of the shares in JEMS. In this event the security as mentioned above will continue (except to the extent of the 30% of shares in JEMS transferred to the party nominated by AusAsia).

The above binding terms are to be elaborated upon in detailed, formal legal agreements between MUI and AusAsia.

-oo0oo-

Contact: Mr John Bell, Director (02) 8823 3176