



ACN 117 763 443

ASX Announcement

27 August 2014

MetroCoal Limited agrees to provide interim loan funding to Cape Alumina Limited

MetroCoal Limited (MetroCoal) has agreed to provide Cape Alumina Limited (Cape) with short term, interim loan funding of \$250,000. The key terms of the loan are set out in the Annexure to this announcement.

MetroCoal has provided this loan on "arms length" terms in order to enable Cape to continue exploration and other studies at its Bauxite Hills Project. Without these funds Cape would be unable to commit to the evaluation program planned for the remainder of this dry season or the forth-coming wet season environmental work. Missing this cycle could delay the Bauxite Hills evaluation, permitting and feasibility studies program by up to 12 months.

MetroCoal pointed out in its recent Bidders Statement that although Cape has a number of options by which it may raise funds the MetroCoal board believes it is unlikely to raise the necessary funds without MetroCoal's support. MetroCoal would like to take this opportunity to record its ongoing support for Cape and remind Cape shareholders that MetroCoal's offer presents an attractive option for providing the funds necessary to progress Cape's projects.

MetroCoal's supplementary bidder's statement in respect of the interim loan funding to Cape Alumina accompanies this announcement.

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Further information on MetroCoal can be found on our website www.metrocoal.com.au

Annexure – Key terms of MetroCoal loan to Cape

Term	Details
1. Loan Amount	\$250,000.
2. Approved Purpose (for use of Loan Amount)	The evaluation, permitting and feasibility studies of Cape's Bauxite Hills project.
3. Interest	10% per annum, calculated daily and payable on repayment of the Loan Amount.
4. Repayment	<p>The Loan Amount must be repaid by the earlier of:</p> <ul style="list-style-type: none"> • 12 months after the close of MetroCoal's off-market offer dated 19 August 2014 for the shares in Cape (that MetroCoal does not already hold) (Offer); or • 21 days after Cape has raised \$1 million (or more) of capital through the issue of marketable securities by Cape.
5. Events of default:	Any monies owing will be immediately due and payable if an event of default occurs, where such events are standard for an agreement of this kind.
6. Effect of loan on defeating conditions under the Offer:	The parties have agreed that if the execution or operation of the Loan Agreement constitutes an occurrence or non-fulfilment of any defeating conditions under the Offer by Cape, MetroCoal waives its rights with regards to the benefit of the relevant Defeating Condition only to the extent affected by the Loan Agreement.
7. No other indebtedness or encumbrance:	Cape has agreed not to incur, without MetroCoal's consent, any other indebtedness or create or allow any encumbrance over any property owned by it except in certain prescribed circumstances.
8. Security:	The Loan Amount is unsecured.