



24 November 2014

MUI Corporation Limited

Chairman's address to shareholders

Ladies and gentlemen, welcome to the 2014 AGM. Before we move to the formal business of the meeting, I would like to take the opportunity to review activities since the last AGM and give shareholders a brief update on our current situation.

The continuing decline in coal prices since mid - 2010 (as this chart from the IMF shows) has made the economics of exploration and development very difficult for all but the largest companies in the sector (and even they have



mothballed or sold marginal projects).

IMF: Australian Coal Price, \$/mt

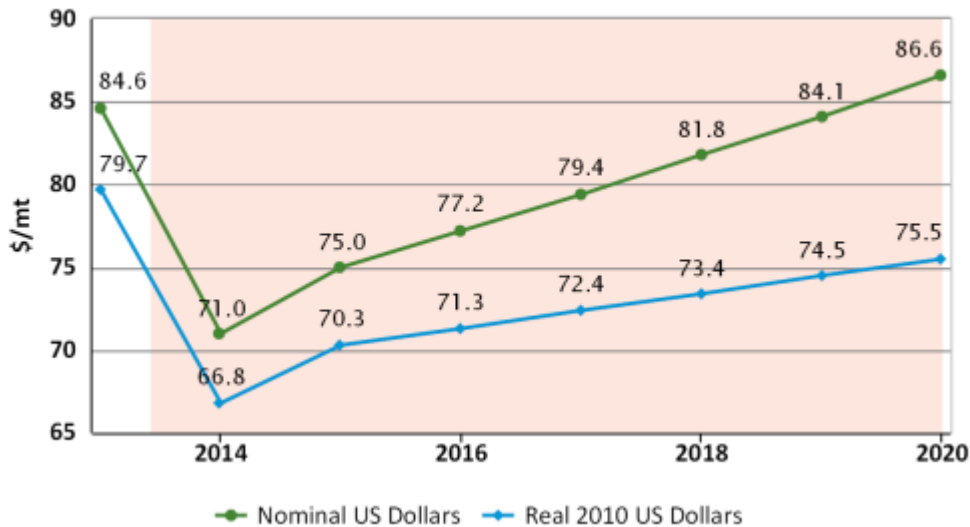


Source: [IMF Commodity Price Forecasts, September 2014](#)

The World Bank is forecasting a mild recovery of prices by 2020 but even at those levels the economics of lower grade resource development are marginal.



World Bank: Australian Coal Price



The Board took a decision, therefore, in mid-year to review its ability to maximise the value of its option to acquire JEMS Exploration Pty Ltd and the coal exploration tenements held by that company. Since JEMS is owned by AusAsia Energy Pty Ltd, we needed to work with AusAsia to find a solution.

As announced on 23 July 2014, MUI entered a binding agreement under which AusAsia will repay the loan made by MUI to AusAsia and relinquish its option to purchase JEMS.

The key terms as disclosed on 23 July were as follows:



A non-refundable cash payment of \$1.2million by 29 August 2014 and \$4.8 million by 15 December 2015. MUI will only release its security over JEMS on receipt of the full \$6 million.

The board believes that this transaction, when completed, represents a good return for MUI shareholders given the risk taken and market conditions for the sales of coal exploration projects.

For the record I would like to note that Mr Martino has absented himself from all MUI board decisions on this transaction, since he is also a director of AusAsia.

To date, MUI has only received \$160,000 in payments under this transaction, even though a revised payment schedule was agreed and announced on 29th August 2014.

We have obviously had discussions with AusAsia over its concerns regarding non-payment. We understand that the delays are related to the conditional transaction entered into



by AusAsia to dispose of JEMS. MUI has no control or involvement in this or any other transaction which may be indirectly linked to it. MUI has protected its position by issuing a formal notice of default to AusAsia. AusAsia has been given until 18th December 2014 to rectify the situation. We will continue to monitor the situation and maintain pressure on AusAsia. The board believes that taking a patient but firm approach at this stage is preferable at this stage whilst maintaining its security over the JEMS assets.

The Company has made progress with identifying the location of the production elements of its film library (in New Jersey, USA) and awaits a full inventory so that an information package can be put together for potential purchaser or licencees, although there are some further hurdles we would need to address relating to the need to digitally master the library.

During the last few months the company has also reviewed a number of new business proposals (none of them in the



resources sector). At least two of these look promising but we are not really able to move forward on these or any other projects until we have made progress on the JEMS transaction and, in particular, received the initial \$1.2m dollars.

We remain focussed on keeping costs low but note that share registry, ASX, professional and compliance fees are significant components of our cost and these costs are unavoidable for a public company.

I would like to thank our shareholders for their support and patience and I look forward to being able to provide positive news on the JEMS transaction in the near future.

John Bell