



20th April 2011
MUI00C0RVASX084

The Company Announcement Platform
ASX Limited
SYDNEY NSW 2000

EXECUTION OF PUT & CALL OPTION DEED FOR ACQUISITION OF MONGOLIAN COAL LICENSE

MUI Corporation Limited (“**MUI**” or the “**Company**”) is pleased to announce that it has today entered into a put & call option deed to acquire a coal license currently held by Inner Mongolia Xinyuan Mining Co., Ltd of China (“**IMXM**”).

1. LICENSE INFORMATION

Inner Mongolia has some of the richest coal deposits in China. The Mongolian Coal License is located on the northern part of the Inner Mongolia autonomous region being situated approximately 70km from a nearby city and close transportation and other general infrastructure.

The License covers an area of 41.81km² with a 5000m exploration drilling program being commenced in December 2010 by IMXM.

2. SUMMARY OF PUT & CALL OPTION DEED

On 15th April 2011, IMXM and the Company entered into a put and call option deed (**Put Call Option Deed**) whereby:

- (a) the Company was granted the option to acquire coal licence T1542010903042067 (**Licence**) based in Inner Mongolia, China (**Call Option**); and
- (b) the Company granted IMXM the option to sell the Licence to the Company (**Put Option**).

The Put & Call Option Deed provides that if the Company exercises the Call Option or IMXM exercises the Put Option (as the case may be), subject to the Maximum Consideration Amount (as defined below), at settlement of the Licence on exercise of the Call Option or the Put Option (as the case may be):

- (a) the Company will have to:
 - (i) pay IMXM \$2,000,000;
 - (ii) allot and issue (on a pre-consolidation basis where a consolidation of the Company’s fully paid ordinary shares (**Shares**) will take place prior to settlement) 1,735,000,000 Shares to IMXM;
 - (iii) subject to the Company obtaining an ASX waiver to issue class A performance shares (if required), allot and issue 100,000,000 class A performance shares to MUI where the class A performance shares will convert into Shares on a one-

- (iv) for-one basis upon the Company defining 750 million tonnes of JORC compliant inferred resource of coal on the Licence (**Milestone 2**); and
- (v) subject to the Company obtaining an ASX waiver to issue class B performance shares (if required), allot and issue 100,000,000 class B performance shares to MUI where the class B performance shares will convert into Shares on a one-for-one basis upon the Company defining one (1) billion tonnes of JORC compliant inferred resource of coal on the Licence (**Milestone 3**).

Please note that the Company will also have to pay IMXM \$3,000,000 if the Company defines 500 million tonnes of JORC compliant inferred resource of coal on the Licence within nine (9) months from settlement (**Milestone 1**); and

- (b) IMXM will have to transfer 100% ownership of the Licence to the Company.

The consideration payable to IMXM is capped at \$50,000,000 (**Maximum Consideration Amount**). If the Maximum Consideration Amount is exceeded for five (5) consecutive trading days, any part of the consideration that may become due and payable to IMXM after that date will immediately lapse. The Maximum Consideration Amount is calculated as follows:

- (a) the aggregate of the total cash payments of the consideration that have been paid to IMXM under this Put Call Option Deed; plus
- (b) the closing price of the Company's Shares as traded on the ASX, multiplied by the number of Shares that have been issued to IMXM prior to the date of calculation (including of any Shares issued on conversion of the class A or class B performance shares).

For example, if IMXM has received \$5,000,000 in cash and has been issued the 1,735,000,000 Shares as detailed above, if the closing price of the Company's ordinary shares as traded on ASX exceeds 2.6 cents for 5 consecutive trading days, the balance of any other consideration that may become due to IMXM will immediately lapse.

The exercise of the Call Option is subject to a number of conditions precedent including:

- (a) the Company completing a legal and technical due diligence on the Licence and the Company being satisfied with the results of that due diligence (in the sole and absolute discretion). The Company has appointed a due diligence committee to undertake a technical and legal review of the Licence;
- (b) the Company obtaining all necessary regulatory and shareholder approvals required to complete the acquisition of the License acquisition including, without limitation, shareholder approval to:
 - (i) change the nature and/or scale of the Company's activities in accordance with ASX Listing Rule 11.1.2, if required by ASX;
 - (ii) complete a capital raising details of which will be provided in due course (in accordance with ASX Listing Rule 7.1); and
 - (iii) proceed with a consolidation of its issued shares;
- (c) the Company complying with any requirements of ASX including, if necessary, the requirements of Chapters 1 and 2 of the ASX Listing Rules, including issuing a prospectus, as if the Company were applying for admission to the official list of ASX (as required by ASX Listing Rule 11.1.3); and
- (d) the Company preparing a prospectus for a capital raising, lodging the prospectus with the ASIC and receiving sufficient applications to meet the minimum subscription under the prospectus.

In addition to the conditions precedent above, IMXM will not be entitled to exercise the Put Option unless and until:

- (a) the Company has reached Milestone 2;
- (b) the information provided to the Company under (a) has been verified by an independent expert to the Company's satisfaction; and
- (c) the Company has confirmed satisfaction with its legal due diligence on the Licence.

The Put Call Option Deed contains other standard terms and conditions, representations and warranties, and termination provisions expected to be included in a deed of this nature.



Harry Fung
Managing Director