



COAL FE RESOURCES LIMITED

A.B.N. 41121 969 819

21 November 2012

Company Announcements Office
Australian Stock Exchange
PO Box H224, Australia Square
Sydney NSW 2000

Execution of Memorandum of Understanding – Proposed Acquisition of the Entire Paid-Up and Issued Ordinary Shares Of M/S Premium Enterprise Sdn. Bhd.

The Board is pleased to announce that the Company has entered into a Memorandum of Understanding (“MOU”) with the Vendors of M/S Premium Enterprise Sdn Bhd (“M/S Premium”), the 95% shareholder of PT. Toba Jaya, to acquire all paid-up and issued ordinary shares of M/S Premium (“Proposed Acquisition”). M/S Premium is the 95% shareholder of PT Toba Jaya, the mining contractor for Coal FE’s Abadi coal project. The salient terms of the Proposed Acquisition are as follows:

The Proposed Acquisition is set for **Australian Dollars Fifty Million (AUD 50,000,000.00)**, subject to further evaluation on the financial feasibility and the acceptability of the proposed acquisition by Coal FE. The final sale and purchase price shall be mutually agreed between the parties pursuant to the said evaluation and negotiations held between the parties (“Proposed Consideration”). The Proposed Consideration shall be fully satisfied by payment in cash/shares/loan stocks by Coal FE upon such terms and conditions as shall be agreed between the parties in the Conditional Sale and Purchase Agreement.

The Vendors and Coal FE agree to enter into this MOU for the interim period to enable both parties to conduct a due diligence exercise and to negotiate and finalise the terms and conditions of a formal Conditional Sale and Purchase Agreement.

The due diligence period shall end on the 31 December 2012 subject to further extensions to be mutually agreed by both parties.

The Board is of the view that the proposed acquisition will strengthen Coal FE’s position in the Indonesian coal industry in view of Toba Jaya’s track record and expertise in Indonesia. As a full fledged miner, Toba Jaya possesses valid mining services and coal trading licences in Indonesia. The proposed acquisition will also further strengthen Coal FE’s ability to operate as a going concern and enable the full value of the Abadi coal project to be realized in the Company.

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The Company will make further announcements upon execution of the Conditional Sale and Purchase Agreement.

Yours truly,

A handwritten signature in black ink, appearing to read 'Jatin Cholera'.

Jatin Cholera
Company Secretary