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ASX release

3 November 2014

Supplementary Target's Statement

Cape Alumina ACN 107 817 694 (ASX: CBX) (**Cape**) has today lodged a Supplementary Target's Statement in relation to the off-market takeover offer by MetroCoal Limited ACN 117 763 443 (**MetroCoal**) with the Australian Securities and Investments Commission and provided a copy of the Supplementary Target's Statement to MetroCoal.

As required by section 647(3)(a) of the *Corporations Act 2001* (Cth), enclosed is a copy of the Supplementary Target's Statement.

Scott Waddell
Company secretary

More information: Cape Alumina Limited +61 7 3009 8009



SUPPLEMENTARY TARGET'S STATEMENT

In response to the Offer by MetroCoal Limited ACN 117 763 443 to acquire all of your ordinary shares in Cape Alumina Limited ACN 107 817 694

1 Introduction

This document (**Supplementary Target's Statement**) is a supplementary target's statement under section 644 of the Corporations Act in relation to the off-market offer by MetroCoal Limited ACN 117 763 443 (**MetroCoal**) to acquire all of your ordinary shares in Cape Alumina Limited ACN 107 817 694 (**Cape**).

This document supplements and is to be read together with the Target's Statement dated 15 September 2014 (**Original Target's Statement**).

Unless the context requires otherwise, the defined terms in the Original Target's Statement have the same meaning in this Supplementary Target's Statement.

A copy of this supplementary target's statement was lodged with ASIC on 3 November 2014. Neither ASIC nor any of its officers takes any responsibility for the contents of this Supplementary Target's Statement.

2 Potential capital raising

As foreshadowed in the Original Target's Statement (see in particular the 'frequently asked questions' and 'Cape risk factors' sections of the Original Target's Statement), Cape requires funding to advance the Bauxite Hills project. To date, that funding has been provided by MetroCoal pursuant to a loan facility that has recently been increased (see section 3 below).

Cape has now formed a due diligence committee to progress a potential capital raising, most likely by way of a non-renounceable rights issue, which is expected to raise \$2 - 4 million. Further details of the raising will be released to the market in the coming weeks.

3 Variation of loan agreement with MetroCoal

MetroCoal and Cape have entered into a letter of variation to increase the amount of the loan from MetroCoal to Cape (under a loan agreement entered into on 27 August 2014) from \$250,000 to \$500,000.

The material terms of the loan agreement are unchanged apart from the increase in the facility to \$500,000. Cape is required to repay the loan from the proceeds of the capital raising described above.

This Supplementary Target's Statement has been approved by a resolution of the Directors.

Dated: 3 November 2014

Signed for and on behalf of Cape Alumina Limited ACN 107 817 694

A handwritten signature in black ink, appearing to read 'George Lloyd', with a stylized, flowing script.

George Lloyd
Non-Executive Director
Cape Alumina Limited