

ASX release

Monday, 27 October 2014

Cape Alumina increases \$250k unsecured debt financing to \$500k to progress the Bauxite Hills project

Cape Alumina Limited (ASX:CBX) (**Cape Alumina**) is pleased to announce that it has increased the \$250,000 unsecured debt financing (announced to the ASX on 27 August 2014) to \$500,000 to progress the Bauxite Hills project. The loan is being provided by MetroCoal Limited (ASX:MTE) (**MetroCoal**) which, on 5 August 2014, announced an off-market takeover bid for all of the shares in Cape Alumina which it did not already own (refer to MetroCoal's Bidders Statement, lodged on 19 August 2014, for more information about the terms of the bid).

The loan will enable Cape Alumina to preserve its existing cash resources, pending resolution of the MetroCoal takeover bid, and continue to advance the Bauxite Hills project critical path work program including environmental works and bauxite analysis to enable a measured or indicated JORC resource definition to be estimated. MetroCoal currently owns 76.9% of the shares of Cape Alumina.

Key terms of the loan are summarised below:

- The loan is unsecured.
- The loan may only be used for the development of the Bauxite Hills project.
- The interest on the loan is 10% per annum.
- The loan is to be repaid in cash on the earlier of:
 - 3 October 2015, or
 - 21 Business Days after Cape Alumina has issued at least \$1 million of marketable securities; or
 - Cape Alumina entering into additional debt (other than certain permitted debts) without the consent of MetroCoal.
- Normal covenants and terms as expected in a loan agreement.

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