



ASX ANNOUNCEMENT

31 March 2014

By e-lodgement

PLACEMENT - TRANCHE 1 SECURITIES ISSUED

Mozambi Coal Limited (ASX: MOZ, **Mozambi** or **Company**) advises that the first tranche of the Placement announced on 17 March 2014 has now been completed and that approximately 20 million new fully paid ordinary shares (**Placement Shares**) and 10 million options exercisable at 2 cents per share on or before 31 December 2017 (**Placement Options**) have now been allotted and issued to professional and sophisticated investors to raise approximately \$200,000 before costs.

Tranche 2 of the Placement is subject to shareholder approval at a meeting expected to take place during May 2014.

A completed Appendix 3B in respect of the Placement Shares and Placement Options (as well as other allotments which took place today as detailed therein) has been lodged concurrently with this announcement. Additional information required under Listing Rule 3.10.5A is included in Annexure A to this announcement

Secondary Trading Exemption Notice

The Corporations Act 2001 (**Act**) restricts the on-sale of securities without disclosure, unless the sale is exempt under Section 708 or 708A of the Act. By Mozambi giving this notice, on-sale of the Placement Shares will fall within the exemption offered by Section 708A (5) of the Act.

Mozambi hereby notifies the ASX (as the operator of the prescribed financial market on which the Placement Shares are to be quoted) under Section 708A(5)(e) of the Act that:

- (a) Mozambi issued the Placement Shares without disclosure to investors under Part 6D.2 of the Act;
- (b) As at the date of this notice Mozambi has complied with the provisions of Chapter 2M of the Act as they apply to the Company, and with Section 674 of the Act; and,
- (c) As at the date of this notice there is no "excluded information" as defined in Section 708A(7) and (8) of the Act in relation to the Company.

ANNEXURE A - INFORMATION REQUIRED UNDER ASX LISTING RULE 3.10.5A

As detailed in the accompanying Appendix 3B dated 31 March 2014, the Placement Shares (and Placement Options) were issued partly under the 15% limit available to the Company under Listing Rule 7.1 and partly under the additional 10% approved by Shareholders at the Company's 2013 Annual General Meeting in accordance with Listing Rule 7.1A. In accordance with the requirements of Listing Rules 7.1A4(b) and 3.10.5A the following information is provided by the Company in relation to the 14,994,198 Placement Shares issued under Listing Rule 7.1A.

(a) Details of the dilution to existing shareholders as a result of the issue

A total of 14,994,198 shares were issued pursuant to Listing Rule 7.1A, representing 8.7% of the post-placement capital.

The percentage of the post-placement capital held (in aggregate) is as follows:

- Pre-placement security holders who did not participate in the placement – 91.3 % of issued capital
- Pre-placement security holders who did participate in the placement – 3.2 % of issued capital
- Participants in the placement who were not previously security holders – 5.5 % of issued capital

(NOTE - Calculations relate to the part of the Placement conducted under Listing Rule 7.1A, after adjusting for the portion of the Placement conducted under Listing Rule 7.1)

(b) Reasons why the Company issued the equity securities as a placement under rule 7.1A and not as (or in addition to) a pro-rata issue or other type of issue in which existing ordinary shareholders would have been eligible to participate

The regulatory costs, prescribed timing and uncertainty of funding outcome (in the absence of an underwriting arrangement) of a pro-rata issue were considered to be prohibitive under the circumstances. MOZ has issued the shares to a small number of Australian professional and sophisticated investors as it was considered to be the most cost-effective, expedient and certain method for raising the funds required to achieve the stated objectives of the Placement.

(c) Details of any underwriter arrangements including any fees payable to the underwriter

Not Applicable. The Placement was not underwritten.

(d) Any other fees or costs incurred in connection with the issue and the funds raised

Brokerage of approximately \$9,000 + GST is payable in connection with the LR 7.1A issue, and standard ASX listing fees and share registry expenses will also apply.