

5 December 2012



**universal**  
coal plc

## Universal Coal secures A\$13.6m Private Placement at a 45% premium to last trade; Kangala fully funded

- Private placement transaction of 29.99% interest (~95m CDIs) in Universal Coal; subject to shareholder approval
- Issue price of A\$0.141568 per share – a 45% premium to Universal's last traded share price of A\$0.097
- Proposed issue equating to approximately A\$13.6m based on today's issued capital base
- Placement proceeds to be directly used to fund equity component of Kangala, with Kangala now funded as a result of this placement
- Shareholder approval is being sought at the AGM in December to amend the constitution to allow a single shareholder to hold a maximum of 30% interest

The Board of Universal Coal Plc ("Universal") is pleased to announce that it has secured a private placement transaction with Coal Development Holding B.V (CDH), a wholly owned investment vehicle of the African Minerals Exploration & Development Fund, SICAR (AMED) at a premium to Universal's last traded price of \$0.097, and as a result, Universal's Kangala project is now fully funded. Under this placement, CDH will subscribe of 29.99% of the issued capital in Universal at \$0.141568 per CDI (share), (equating to approximately A\$13.6m), subject to shareholders' approval at Universal's Annual General Meeting (AGM) to be held in London on the 21<sup>st</sup> of December 2012.

Head of Commercial & Corporate Affairs for Universal, Anthony Ward remarked on the signing of the Agreements with CDH: *"This transaction once approved by shareholders will allow Universal Coal to move forward with its planned Kangala project by having the required equity to enable draw down on the 65% project finance facility being provided by Rand Merchant Bank (RMB). Equity sourcing for Kangala has taken longer than expected given the tough global equity markets for commodity producers particularly coal, but Universal wanted to get the investment partner and the pricing right for the company and its shareholders."*

**STOCK EXCHANGE LISTING**  
Australian Securities Exchange  
(Share code: UNV)

**Board of Directors**  
John Hopkins *Non Executive Chairman*  
Anton Weber *Executive Director, CEO*  
Shammy Luvhengo *Executive Director*  
Hendrik Bonsma *Non-Executive Director*

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## Key Terms

Key terms of the placement are:

- CDH / AMED (a member of the United Nations Global Compact), a mining investment fund, will provide strategic support and investment to Universal;
- Direct investment of 29.99% (issuing approximately 95 million new CDIs) of the issued capital in Universal (equating to approximately A\$13.6m);
- Pricing is fixed at \$0.141568 per CDI (share), a 45% premium to the company's last traded price of \$0.097. The 60 day VWAP as at the last trade of CDIs (shares) was A\$0.1042 (representing a 35% premium);
- The placement is conditional upon shareholders' approval to issue up to 29.99% of the issued capital of Universal (see resolution 9 in the notice of Annual General Meeting) and the amendment by replacement of Universal's Articles of Association (see resolution 7 in the notice of Annual General Meeting) to, amongst other things, align the takeover threshold in article 18 with the UK City Code on Takeovers and Mergers (at 30%);
- CDH has the right to appoint two non-executive directors to the board of Universal;
- Completion will occur (ie, subscription moneys will be received and CDIs (shares) allotted) by 7 January 2013, subject to shareholders' approval at the AGM.

**The Board recommends unanimously that Universal's shareholders approve resolutions 7 and 9 at the AGM authorising Universal to allot CDIs (shares) up to 29.99% of the issued capital to CDH under this private placement.**

**Non Executive, Independent Chairman of Universal, John Hopkins comments:** "This agreement with CDH is securing a long-term relationship with AMED, a strategic mining investment fund. The board unanimously recommends that shareholders approve the required resolutions at the AGM to effect this placement."

**Universal's Directors consider that the terms of the placement are most favourable to shareholders given the current instability in global capital markets and the role CDH will offer as a strategic investor in Universal, with significant mining and minerals experience.**

## Shareholders' Approval

At the AGM scheduled for 21 December 2012, Universal is seeking shareholders' approval to a number of resolutions.

Specifically related to this placement with CDH, Universal is seeking shareholders' approval under:

- **Resolution 7: Adoption of new Articles of Association**

The Directors unanimously recommend that shareholders approve the adoption of new articles of association to give Universal unconditional authority to raise the required capital up to the 30% threshold under the placement with CDH. The current articles of association apply a 20% threshold, but the recommended 30% threshold will align the articles of association with the UK City Code on Takeovers and Mergers.

The new articles of association proposed to be approved at the AGM include a few other amendments, as explained in the Explanatory Memorandum dated 20 November 2012 accompanying the notice of Annual General Meeting.

- **Resolution 9: ASX Listing Rule 7.1 – Approval for allotment of equity securities**

The Directors unanimously recommend that shareholders approve this resolution which will enable Universal to issue up to 29.99% of the issued capital of Universal to CDH under the placement. This resolution was included in the notice of Annual General Meeting to enable Universal to seek funding from potential investors predominantly for the Kangala coal thermal project. Now that Universal has secured this private placement agreement with CDH, Universal seeks shareholders' approval under this resolution for the placement. **If this resolution is not passed by Shareholders, this placement cannot proceed.**

### Board Appointments

Upon completion of the placement (expected to be completed by 7 January 2013), CDH will be entitled to nominate two non-executive directors to the Board of Universal.

These appointment rights apply as follows:

- while CDH holds a relevant interest in equal to or above 10% but less than 20% of CDIs (shares) in Universal, CDH is entitled to appoint one Non-Executive Director to Universal's Board; or
- while CDH holds a relevant interest in equal to or above 20% of CDIs (shares) in Universal, CDH is entitled to appoint two Non-Executive Directors to Universal's Board.

At the AGM, Universal is also seeking shareholders' approval to under:

- **Resolution 8: Non-Executive Directors fee pool**

For the purposes of ASX Listing Rule 10.17 and for all other purposes, Universal seeks shareholders' approval to increase the aggregate amount of annual remuneration that may be paid to Non-Executive Directors from £200,000 to £500,000 per annum for a period of not less than a year. This fee pool has not been changed since Universal listed in 2010 and is

required to be increased to accommodate the increased number of Non-Executive Directors to the board, in particular, those nominated by CDH, as a strategic investor.

Amendments in the replacement articles of association proposed for approval under Resolution 7 (referred to above) also propose to remove the £200,000 limit in article 20.4, so that the Articles of Association will be aligned with this resolution. The articles will provide that this fee pool may be changed by ordinary resolution of the Company from time to time which may increase an amount previously approved by a prior ordinary resolution).

The Board of Universal recommends unanimously (other than the non-executive directors who are abstaining) that shareholders vote in favour of increasing the Non-Executive fee pool from £200,000 to £500,000 per annum.

## Funding Use & Kangala

CDH's investment in Universal is about investing in Universal's future, assisting with getting Kangala thermal coal project into production and continuing the development of Universal's other coal assets. The equity raised through the private placement will enable the company to move forward with placing its Kangala project into production during calendar year 2013. The equity is an important component to enable Universal to draw down against the project finance facility (65% of the project capital) being provided by Rand Merchant Bank (RMB) as previously announced to the market. Universal is currently finalising this project finance facility (which is in final stages of legal documentation) with RMB which is expected to be ready for draw down in line with project schedules during first quarter 2013.

## Background to CDH (AMED)

AMED is a Luxembourg based private equity fund that focuses on investing in brown field mineral projects predominantly in Africa. Amongst the Fund's founding partners are David Twist and Rudolph de Bruin, who have a proven track record of bringing large scale African projects into production and together have over 40 years of experience in more than 20 African countries. The Fund has so far invested in 9 projects across Africa.

**For further information please contact:**

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Shareholders with AGM Notice of Meeting & Voting Queries

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