



## CASH OFFER MADE BY ICHORCOAL TO ASX-LISTED UNIVERSAL COAL SHAREHOLDERS

**30 September 2015:** Ichor Coal N.V. (IchorCoal) has today provided its Offer document in relation to its cash offer for the entire issued and to be issued share capital of ASX-listed Universal Coal that it does not currently own ("Offer").

On 21 August 2015, South African-based IchorCoal announced its intention to make an offer at A\$0.16 a share, valuing Universal Coal's entire issued ordinary share capital at approximately A\$80.9 million. IchorCoal is currently a 29.99% shareholder in Universal Coal.

The Offer document circulated to Universal Coal shareholders sets out the detailed terms of the Offer and explains the reason and benefits as to why IchorCoal believes Universal Coal shareholders should accept the Offer.

Salient points in the Offer document include:

*The A\$0.16 offer per share represents a significant premium*

The Offer price of A\$0.16 per share is an attractive proposition that represents a significant premium of 46.5% over the 60-day volume-weighted average price on the ASX of A\$0.109 per share on 20 August 2015 (the last business day prior to the firm intention announcement) and a premium of 45.5% to the closing price of A\$0.11 per share on that day.

The offer price premium of 45.5% to the closing price at that time is significantly higher than the 30% premium paid by IchorCoal in September 2014, based on its average subscription price at that time. Prior to the announcement on 21 August 2015, the shares had not traded at or above the offer price since 2012.

The market value of the shares, based on the price at which they were traded on the ASX as at the date of the offer, was A\$0.18 a share. The last trade at this price was made on 29 September 2015. A reasonable person would assume that this new market price has been influenced by IchorCoal's offer announcement on 21 August 2015 and the indicative proposal received as announced on 21 September 2015.

*Attractive Offer metrics*

Universal Coal reported Group net profit after tax for the 2015 financial year of A\$1.19 million. The equity value of A\$80.9 million implied by the Offer consideration represents an NPAT multiple of 67.81x.

Universal Coal also reported Group EBITDA for the year ended 30 June 2015 of A\$14 million. This represents an EV/ EBITDA multiple of 9.60x based on the equity value of A\$80.9 million implied by the Offer consideration and net debt of ~A\$27.42 million<sup>1</sup>.

*The offer allows Universal Coal shareholders to receive cash for their shares*

The cash offer price allows Universal Coal shareholders an opportunity to realise their investment at an attractive premium in a highly-illiquid share, which has not paid a dividend since its listing on the ASX in 2010.

*The cash offer is fully funded*

The offer will be fully funded by IchorCoal through a capital increase that is fully underwritten by Sapinda Invest. Further, IchorCoal's capital increase and the offer to Universal Coal is supported by IchorCoal's major shareholder, Sapinda Holding, which is fully supportive, providing its irrevocable commitment to vote in favour of both the Offer and the capital increase.

A formal recommendation from the Universal Coal Board has not been sought, and the conditions to the Offer are customary for a transaction of this nature.

The first closing date of this offer is 13h00 (London time) on 3 December 2015.

The Offer document contains full details of the Offer, including instructions on how shareholders can accept. A copy of the offer document will be available on IchorCoal's website - [www.ichorcoal.com](http://www.ichorcoal.com) – by 12h00 (Sydney time) on 01 October 2015.

IchorCoal will continue to keep shareholders advised of progress made. Universal Coal shareholders are also free to call an information service that has been established to answer any questions pertaining to the Offer. The number for the UK Receiving Agent in the United Kingdom is +44 (0) 208 639 3399 or the Australian Share Registry in Australia can be reached on +61 130 065 3497.

***ends***

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<sup>1</sup> Net debt and minority interest based on reported numbers in the June 2015 Annual Report on a Group basis. Unrestricted cash of A\$6.69m used in calculation

## NOTES TO EDITORS:

### *Background to and reasons for the Offer*

- Universal Coal started trading on the ASX on December 2010 at an IPO price of A\$0.26 per share, with a target at IPO to achieve first coal at its Kangala coal mine in 2011. Kangala commenced production in February 2014 and achieved technical completion in December 2014.
- Universal Coal's next key asset is the NCC/Roodekop mine complex, where Universal Coal announced the acquisition of NCC in February 2014 and for which approval in terms of Section 11 of the South African Minerals and Petroleum Resources Development Act was received from the Department of Mineral Resources in July 2015.
- Universal Coal, along with other coal companies, has been impacted by the price of seaborne thermal coal, which has fallen more than 28% in the last 12 months, as well as by a worsening in investor sentiment for South African resources companies by global investors.
- In this context, Universal Coal has seen a significant fall in its share price since listing and as at 20 August 2015, being the last business day prior to the date of the firm intention announcement, had a closing price on the ASX of A\$0.11 and a 60-day volume-weighted average price of A\$0.109, on limited trading volumes equivalent to less than A\$21,000 average per day over the period.
- Universal Coal has accordingly sought a series of strategic investors to finance the development of its project portfolio, including most recently a A\$24.5 million investment by IchorCoal in October 2014.
- IchorCoal believes in the long-term fundamentals of the South African thermal coal market and anticipates a recovery in the global seaborne market in the medium to long term.
- In the context of challenging market conditions IchorCoal believes that the consolidation of its interests in Universal Coal with its existing South African coal mining interests provides the most robust platform to manage the uncertainty in the prevailing and forecast market conditions.

### **About IchorCoal**

IchorCoal is an international mining company with a focus on thermal coal production in South Africa. Incorporated in the Netherlands, IchorCoal is listed on the German stock exchange. IchorCoal owns and operates its own coal resources as well as holding equity positions in various coal mining entities. Apart from its 29.99% holding in Universal Coal, it also owns 45.2% in Mbuyelo Coal and controls the producing Vunene mine. IchorCoal has attributable mineable resources of approximately 400 million tonnes of coal on 16 properties.

### **About Universal Coal**

Universal Coal is a United Kingdom incorporated company focused on South African thermal coal whose securities are listed on the ASX. Universal Coal's projects in South

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Africa contain over 2 billion tonnes of coal resources at three thermal coal projects in the Witbank coalfield and two coking coal assets in the emerging Soutpansberg and Tuli coalfields. Universal Coal's first operation, the Kangala mine, with an annual production capacity of 2.8 mtpa ROM was successfully commissioned in February 2014.

### Responsibility

The directors of the management board of IchorCoal accept responsibility for the information contained in this announcement, other than information relating to Universal Coal. To the best of the knowledge and belief of the directors of the management board of IchorCoal (who have taken all reasonable care to ensure that such is the case), the information contained in this announcement for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of that information.

### Contact:

Ichor Coal N.V.  
30 Jellicoe Avenue  
Rosebank 2196  
South Africa  
Tel: +27 11 2681100  
www.ichorcoal.com

### Enquiries:

Ichor Coal N.V.	Chief Executive Officer	Nonkululeko Nyembezi-Heita	+27 11 268 1100
Macquarie First South Capital	Financial adviser to IchorCoal	Sean Chilvers	+27 11 583 2000
Birney Corporate	Australian media agent to IchorCoal	Matt Birney <a href="mailto:matt@birneycorporate.com.au">matt@birneycorporate.com.au</a>	+61 8 9322 5880 +61 4 1921 7090
Aprio Strategic Communications	South African media agent to IchorCoal	Julian Gwillim <a href="mailto:julian@aprio.co.za">julian@aprio.co.za</a>	+27 11 880 0037