

ASX Announcement / Media Release

8 October 2015



universal
coal plc

LETTER TO SHAREHOLDERS AND CDI HOLDERS

The directors of Universal Coal Plc (“**Universal**” or “**Company**”) (ASX: UNV) who are independent of the unsolicited offer by Ichor Coal N.V. (“**Ichor**”) to acquire all of the ordinary shares of Universal that it does not already own, at a price of A\$0.16 per share (the “**Ichor Offer**”), advise that they have today arranged for the attached letters to be despatched to Universal shareholders and holders of Universal Chess Depository Interests (“**CDIs**”) as applicable.

The directors of Universal who are independent of the Offer continue to advise shareholders to **TAKE NO ACTION** regarding the Ichor Offer.

For further information please contact:

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8 October 2015

Dear Shareholder,

Recommendation to TAKE NO ACTION in respect of the Ichor Offer

You will shortly receive an offer document (the “Ichor Offer Document”) issued by Ichor Coal N.V. (“Ichor”) in connection with its unsolicited offer to acquire all of the ordinary shares (“Shares”) of Universal Coal Plc (“Universal” or the “Company”) that it does not already own, at a price of A\$0.16 per Share (the “Ichor Offer”).

As a holder of CHESS Depository Interests (“CDIs”) (which represent the underlying Shares), the Ichor Offer extends to your CDIs. Each CDI you hold represents one Share. CDIs allow you to trade Shares on ASX as if they were ordinary shares issued by an Australian incorporated company. Further information in respect of CDIs is set out in Annexure A.

The Ichor Offer remains highly conditional, including a minimum acceptance condition of 50%, amongst numerous subjective conditions that are for the benefit of Ichor, and provide no assurance to shareholders that the Ichor Offer will complete.

The sub-committee of directors of the Company who are independent of the Ichor Offer (“Independent Directors”) unanimously recommend that the Company’s shareholders **TAKE NO ACTION** in respect of the Ichor Offer.

If you do not wish to accept the Ichor Offer (or wish to reject the Ichor Offer), you may simply ignore the Ichor Offer Document and **TAKE NO ACTION**. The effect of this is that you will:

- retain your Shares / CDIs;
- retain your ability to sell your Shares / CDIs at a later time; and
- retain the ability to accept an alternative offer for your Shares / CDIs should one emerge.

Ichor first announced its intention to make its offer on 21 August 2015. On 27 August 2015, the Company issued a response announcement (the “27 August Announcement”) setting out the reasons why the Independent Directors considered Ichor’s indicative offer to be inadequate, highly conditional and opportunistic. This continues to be the unanimous view of the Independent Directors. A copy of the 27 August Announcement is enclosed for your reference as Annexure B.

Initial concerns of the Independent Directors

The Independent Directors are concerned that, despite the detailed knowledge of Universal that is held by Ichor, including as a result of having nominee directors appointed to the Company’s board of directors, Ichor continues to make the incorrect statement in the Ichor Offer Document about Universal and its business, in that the Company is being negatively impacted by the price of seaborne thermal coal, whereas Universal is primarily a producer of thermal coal for the domestic South African market and is currently benefitting from local prices secured under long term sales arrangements with Eskom Holdings SOC Limited.

In addition, the Ichor Offer, if made or received in Australia, is subject to Division 5A of Part 7.9 of the *Corporations Act 2001* (Cth) (the “Relevant Provisions”). The Relevant Provisions apply to unsolicited offers for securities, including shares and CDIs. Ichor has express statutory obligations

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and certain Universal security holders (including most retail security holders) have express statutory rights in respect of the Ichor Offer under the Relevant Provisions. One of Ichor's obligations under the Relevant Provisions is that it cannot vary the Ichor Offer, except in limited circumstances. The Independent Directors intend to provide further information on the rights and obligations that exist under the Relevant Provisions due course.

Further, you should note that Link Market Services Limited ("Link") is not Universal's Australian share registry, but has been appointed by Ichor as Ichor's agent to perform certain actions for Ichor in relation to the Ichor Offer. As such, you should direct any queries you may have regarding the Ichor Offer to Computershare. Computershare's contact details are set out below:

Computershare Investor Services Pty Limited
GPO Box 52
Melbourne Victoria 3001
Australia
Phone: (within Australia): 1300 430 182
(outside Australia): +61 3 9415 4635

Third Party Interest and Alternative Indicative Offer at a Higher Price

Since 27 August 2015, the Company has been approached on a confidential basis by other parties who have expressed an interest in making alternative offers for the Shares. As a result, the Company has opened a data room that has been made accessible to credible, interested alternative bidders who have signed a non-disclosure agreement with Universal.

In particular, as announced on 21 September 2015, the Company has received a written, non-binding indicative proposal for a cash offer at a price of A\$0.20 per Share from a party with existing exposure to the South African coal mining industry, which the Independent Directors consider credible.

The Independent Directors and their advisers continue to engage in discussions with this party and other credible, interested parties to determine whether a formal alternative offer or offers can be made. There can be no certainty that an alternative formal offer will be made, or as to the terms of any resulting offer, should one be made.

If you wish to wait and see if one or more alternative offers are formalised, which may result in you receiving more for your Shares / CDIs than under the Ichor Offer, you should **TAKE NO ACTION** in respect of the Ichor Offer.

Universal's Shares / CDIs Currently Trade on the ASX at a Premium to the Ichor Offer Price of A\$0.16 per Share

As at 7 October 2015 the Company's Shares / CDIs were quoted on the ASX at a closing price of A\$0.175 per Share, a 9.4% premium to the offer price per Share proposed in the Ichor Offer. The 5 day volume weighted average price of the Shares on the ASX to 7 October was A\$0.179 per Share.

You remain free to sell your Shares / CDIs on market, which may, subject to the actual market price per Share, be at a higher price than you would receive by accepting the Ichor Offer.

Independent Expert's Report

The Independent Directors have retained KPMG Financial Advisory Services (Australia) Pty Ltd ("KPMG") to prepare an Independent Expert's Report in order to determine whether the Ichor Offer is fair and reasonable (the "IER"). With the Ichor Offer now received, KPMG will be able to finalise the IER, which is expected shortly. Once received, the Independent Directors will make the findings of the IER available to shareholders and CDI holders.

If you wish to review the findings of the IER before evaluating the Ichor Offer, you should **TAKE NO ACTION** in respect of the Ichor Offer pending receipt of the IER.

Restricted Jurisdictions

Unless otherwise determined by Ichor and permitted by applicable law and regulation, the Ichor Offer will not be capable of acceptance from or within a Restricted Jurisdiction (defined in the Ichor Offer Document as the United Kingdom and any other jurisdiction where extension or acceptance of the Ichor Offer would violate the law of that jurisdiction which, for the avoidance of doubt, excludes Australia). Accordingly, shareholders / CDI holders outside of Australia may not receive the Ichor Offer Document and, if they do receive the Ichor Offer Document, they should carefully read the sections relating to Restricted Jurisdictions and Overseas Shareholders (as defined in the Ichor Offer Document). References to Restricted Jurisdictions and Overseas Shareholders in the Ichor Offer Document are deemed to be included in this letter.

Recommendation and Intentions of the Independent Directors

For the reasons set out above, the Independent Directors recommend that you do not accept the Ichor Offer (or that you reject the Ichor Offer) by **TAKING NO ACTION**.

Each of the Independent Directors, representing in aggregate 16,459,881 Shares or 3.25% of the Company's issued share capital, intends to reject the Ichor Offer.

The Independent Directors will continue to update shareholders as appropriate in respect of further developments and following receipt of the IER.

For and on behalf of the Independent Directors



John Hopkins OAM
Chairman

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Annexure A – About CDIs

For further information on CDIs, refer to Chess Depository Nominees Pty Ltd's *Understanding CHES Depository Interests* and ASX Guidance Note 5, available respectively at:

[www.asx.com.au/documents/settlement/CHES Depository Interests.pdf](http://www.asx.com.au/documents/settlement/CHES_Depository_Interests.pdf)

www.asx.com.au/documents/rules/gn05_chess_depository_interests.pdf

Annexure B – Universal ASX Announcement dated 27 August 2015

Attached

For personal use only

27 August 2015



universal
coal plc

RESPONSE TO ICHOR COAL'S INADEQUATE AND HIGHLY CONDITIONAL OFFER

TAKE NO ACTION

Universal Coal Plc ("**Universal**" or "**Company**") (ASX: UNV) notes the announcement made by IchorCoal NV ("**Ichor**") on 21 August 2015 (the "**Announcement**"), setting out its intention to make an unsolicited and conditional offer for ordinary shares of the Company ("**Shares**") it does not already hold at a price of A\$0.16 per Share (the "**Offer**").

To assess the Offer, a sub-committee of the Board has been formed comprising John Hopkins OAM, Tony Weber, Hendrik Bonsma and Shammy Luvhengo (the "**Sub-Committee**"). Having considered the Offer, the Sub-Committee provides the following initial response to the Announcement and advises shareholders to **TAKE NO ACTION**, considering the Offer to be inadequate, highly conditional and opportunistic. In summary, the Sub-Committee considers that Ichor's proposed Offer:

- Remains an indicative offer not capable of acceptance, with no guarantee that a formal offer will be made to shareholders;
- Is highly conditional;
- Is at a discount to Ichor's own entry price;
- Is opportunistically timed;
- Represents a low valuation multiple based on Universal's existing production, and ignores the value of its near term production and longer term development pipeline; and
- Is of significant strategic importance to Ichor and highly accretive to its shareholders, at the expense of Universal's shareholders.

To reject the Offer, shareholders need take no action and simply do nothing in relation to any documents received from Ichor. The Sub-Committee also addresses below certain statements made by Ichor in the Announcement and in the presentation published by Ichor on its website in association with the Offer (the "**Presentation**"), which contains a number of errors with regards to data and information concerning Universal.

Non-executive chairman Mr John Hopkins OAM commented:

"After careful consideration, the Sub-Committee is unanimous that Ichor's proposed Offer does not reflect the inherent value of Universal Coal. The Offer is also highly conditional and lacking certainty of completion.

Ichor appears to have understated production figures from the Kangala Colliery, which is already highly cash flow generative. In addition, the Offer does not adequately value the material earnings impact that the Company's next operation, NCC, is expected to deliver when it comes on stream later this year.

In order to provide all shareholders with a clear and independent view of the Company's value, we have engaged KPMG Financial Advisory Services (Australia) to prepare an Independent Expert's Report and assess whether the Offer is fair and reasonable".

Subject to taking further legal and financial advice, and receipt of the formal offer document ("**Offer Document**") from Ichor, the Sub-Committee have set out below its initial response to the Offer.

1. The Offer is opportunistically timed

Ichor has chosen to make the Offer at a point at which Universal is poised to bring its second mine, the New Clydesdale Colliery ("**NCC**"), into production with an anticipated associated material increase in earnings.

As announced on 24 August 2015, Universal has now completed the acquisition of NCC from previous owner Exxaro Resources Limited following the satisfaction of remaining conditions precedent. With the funding for development secured, NCC is expected to deliver first coal production before year end, subject to finalising the CSA with Eskom Holdings SOC ("**Eskom**") for NCC's thermal coal production. The CSA is nearing settlement, with agreement in principle already reached on key commercial terms.

The Sub-Committee considers that the value of Universal will be significantly enhanced by its second operating mine, which should put Universal in a better position to be able to make capital returns to its shareholders, thereby enhancing the position of the Company in the market.

2. The Offer represents a discount to the price paid by Ichor for its original investment in Universal. The Offer is also below the value which Ichor itself considers its investment in Universal to be worth

Ichor acquired its 29.99% interest in Universal in October 2014 by acquiring 80,440,000 ordinary shares at a price of A\$0.145 per share and 71,220,000 preferred shares at a price of A\$0.18 per share (subsequently converted into ordinary shares in August 2015) for an effective average entry price of A\$0.161 per share. At that time Ichor acquired a significant, but not a controlling interest in Universal, which did not afford it the ability to realise any synergies which may flow from the outright control it now seeks.

In its annual report for the year ended 31 December Ichor itself stated:

“The premium paid for this acquisition relative to the Universal share price was entirely appropriate given prevailing market sentiment towards the coal sector, the quality of the asset and the strength of Universal's management team. This landmark acquisition was completed following extensive investigations undertaken by management and a multidisciplinary, highly skilled team of experts who were convinced that the net asset value represented by the share acquired was well in excess of the price paid.”

Since Ichor's investment, Universal has made significant progress, including:

- completing the development of Kangala which is now delivering strong cash flow, with EBITDA significantly exceeding expectations at the time of Ichor's investment; and
- as referred to above, the completion of permitting and funding for NCC, with the long term Coal Sales Agreement (“**CSA**”) close to being finalised.

The Sub-Committee believes that Universal's shareholders should reasonably expect to participate in the premium which Ichor itself identified and publicised following its investment in Universal, and the value the Sub-Committee considers has been created since that investment, together with the value of potential synergies and a customary control premium.

3. Universal reiterates guidance and notes upside potential

As described below, Ichor appears to be basing its Offer on out-dated information, which is disappointing, given Ichor declined Universal's invitation to perform a controlled due diligence exercise with a view to Ichor refining its assumptions and attaining a more realistic understanding of Universal's value.

In the Announcement, Ichor stated that Kangala is targeting saleable production of 1.7 – 2Mtpa. Shareholders will be aware that Kangala is already exceeding this production range with sales at an annualised rate of over 2Mtpa in the quarter to June 2015 and 2.2Mtpa on an annualised basis for the month of July 2015.

Ichor states in the Presentation that NCC will generate cash flow from late 2016. However, Universal continues to expect NCC to deliver first coal before the end of 2015.

Universal delivered EBITDA at a group level at an annualised rate of A\$28 million in the six months to 30 June 2015 from Kangala sales of under 1Mt. Universal expects sales in the second half of 2015 to exceed 1Mt. Once at steady state production, NCC is expected to deliver production in Stage 1 of approximately 2.0 Mtpa on a run of mine (“**ROM**”) basis, and add materially to earnings.

4. The Offer represents low valuation multiples

Based on Universal's balance sheet as at 30 June 2015^{1,2} and annualised EBITDA of A\$28 million from the first half of 2015, the Offer price of A\$0.16 per Share represents an EV / EBITDA multiple of approximately 3.3x.

This 3.3x EV / EBITDA multiple is based only on production from Kangala, Universal's first mining operation, ignoring the expected earnings from NCC, and represents a material discount to sector multiples.

The Sub-Committee has engaged KPMG Financial Advisory Services (Australia) Pty Ltd ("KPMG") to prepare an Independent Expert's Report in order to determine whether the Offer is fair and reasonable. The Sub-Committee will make available the findings of the Independent Expert's Report once received.

5. The Offer largely ignores the value of Universal's organic development pipeline

In addition to the near term production from NCC Stage 1, which is fully funded for first coal production before the end of 2015, Universal's organic development pipeline as previously announced includes:

- A potential underground expansion, increasing NCC production from 2Mtpa to 2.8Mtpa (Stage 2);
- A potential 1.2Mtpa thermal coal mine at Brakfontein, with an option to utilise Kangala's excess processing capacity; and
- A long term opportunity to develop a > 10Mtpa semi-soft coking coal and thermal coal operation at Berenice Cygnus.

The Sub-Committee considers that Ichor's Offer needs to take appropriate regard to the value inherent in Universal's organic development portfolio. One of KPMG's tasks will be to provide an assessment on the value of this portfolio and UNV's other assets, against the price per Share contained in the Offer.

6. Universal has a strong balance sheet with which to deliver future growth as a standalone entity

As at 30 June 2015, the Company had cash and cash equivalents (including restricted cash) of A\$26.5 million¹. As at the same date, based on unaudited internal management accounts, the Company had a loan of A\$1.9 million² outstanding from Universal's BEE partner for NCC. With a minority interest of A\$26.1 million² and total debt (including project finance, Susquehanna convertible notes and a shareholder loan) of A\$40.0 million², the Offer price of A\$0.16 per Share therefore implies an enterprise value for Universal of A\$92.5 million.

Universal has maintained a conservative balance sheet with net debt as at 30 June 2015 representing a ratio to EBITDA ratio of approximately 0.4x³. The Company's existing debt was recently consolidated with new financing at reduced cost for the development of NCC with Investec Bank Limited, acting through its Corporate and Institutional Banking division. With significant anticipated cash generation ahead, the balance sheet allows flexibility for the further development of Universal's asset base and potential returns to shareholders without the need to raise further equity from the markets.

7. Universal has a robust business model underpinned by long-term sales agreements for the domestic South African market

Ichor claims in the Announcement that Universal has been impacted by the price of seaborne thermal coal. However, Universal is primarily a producer of thermal coal for the domestic South African market and is

currently benefiting from local prices secured under long term sales arrangements with Eskom. Ichor has previously advised that a domestic supply shortfall for thermal coal in South Africa is predicted for a number of years. In the year to 30 June 2015, approximately 97%⁴ of Kangala's output was sold to Eskom. All of NCC's near term production is planned to be sold domestically in South Africa, primarily to Eskom.

8. Universal is of significant strategic and financial value to Ichor

The Sub-Committee considers that a control transaction with Universal is of key strategic importance to Ichor, which has a stated ambition to grow by acquisition. Ichor believes, as noted in its Presentation, that an acquisition of Universal would be a transformational transaction for Ichor as part of its strategy to become a material mid-tier South African focused coal producer.

Ichor is currently encumbered with EUR 80 million of convertible bonds due for repayment in June 2017 ("**Bonds**")⁵. The Bonds are convertible at EUR4.50 compared to Ichor's closing share price of EUR3.96 as of 20 August 2015, being the last date prior to the Announcement) and attract interest at a rate of 8% per annum. Ichor reported EBITDA of EUR7.3 million⁵ in the year to 31 December 2014 from sales of 1.9Mt⁵ and expects to produce 2.0Mt ROM in 2015⁸.

An acquisition of Universal would bring a significant increase in production and cash generation which would assist significantly with the servicing or refinancing of Ichor's debt obligations. The Offer also underpins Ichor's Equity Placing (as defined below).

9. The Offer is highly accretive for Ichor

Even utilising Ichor's out-dated forecasts for Universal, Ichor acknowledges in its Presentation that the Offer is accretive across key per share valuation metrics, increasing its net asset value, cash flow, production and resource base.

The proposed Offer represents a value for Universal of A\$80.9 million⁶ or an enterprise value of A\$92.5 million. This compares to a market capitalisation for Ichor of EUR268.6 million⁷ (A\$432.5 million), or an enterprise value of EUR342.4 million⁷ (A\$541.6 million). At the Offer price, Ichor therefore has a market capitalisation of 5.35x that of Universal, and an enterprise value of 5.85x. By comparison, Ichor has attributable Reserves of 25.3Mt⁸ compared to Universal's Reserves of 42.9Mt⁹ (a multiple 0.6x) and Measured and Indicated Resources of 118.5Mt⁸ compared to Universal's 208.9Mt⁹ (a multiple of 0.6x). The Resources quoted for Universal exclude the Company's substantial metallurgical coal Resources from Bernice. Further, Ichor expects to produce 2.0Mt ROM in 2015⁸ compared to Universal's run rate for the quarter to 30 June 2015 of 2.8Mt ROM on an annualised basis (a multiple of 0.7x).

Ichor has stated that the Offer has the potential to release operational synergies and efficiencies across a larger asset portfolio. Under the Offer these synergies would accrue only to Ichor with no participation for Universal shareholders.

10. Ichor previously sought Board support for a takeover offer and declined an invitation to conduct due diligence

Ichor first approached the Company to express its interest in making an offer for the Shares of Universal with the support of the Board on 11 June 2015 at a price of A\$0.14 per Share. The discussions and correspondence which followed were indefinite, incomplete and confidential, and did not include any additional information that gave rise to a disclosure obligation at the relevant time. Ichor last approached the Company on 21 July 2015 with a revised and increased indicative offer at a price of A\$0.16 per Share. After consulting with the directors independent of the offer, the Non-Executive Chairman responded to state that the offer was considered to not reflect the underlying value of the Company's asset base and prospects, but invited Ichor to perform a controlled due diligence exercise with a view to Ichor refining its assumptions and attaining a more realistic understanding of Universal's value. Ichor elected not to accept the invitation and instead proceeded to make the Offer on an unsolicited basis.

11. Ichor's Offer is highly conditional

The Offer, if formalised, will be highly conditional. In particular, the Sub-Committee notes the following:

- (i) Ichor has made the Announcement without firm financing available to settle the Offer consideration. Ichor has advised that the Offer will be funded by an equity offering to raise EUR 48 million (approximately A\$ 77.3 million) (the "**Equity Placing**"), which would, if used in full, represent approximately A\$0.218 per existing Share¹⁰ not currently owned by Ichor. Ichor states that the Equity Placing is underwritten by its major shareholder, Sapinda Invest S.a.r.l. Universal shareholders should note however that the Equity Placing is subject to the approval of Ichor's shareholders. Therefore, Universal's shareholders have no assurance that the Equity Placing will complete and that Ichor will be able to pay the Offer consideration;
- (ii) The Offer itself is subject to the approval of Ichor's shareholders;
- (iii) The Offer timetable as set out in the Presentation allows only one day between Ichor's shareholders voting on the Offer and the first closing date. As such the Sub-Committee considers there is insufficient time for Universal's shareholders to see whether these significant conditions are satisfied before making a decision whether to accept the Offer; and
- (iv) The Offer is conditional upon a number of subjective conditions, the determination of the satisfaction of which would be within the control of Ichor. There is therefore no certainty that the Offer, if formalised, will conclude.

12. Management, Employees and Pension Schemes

The Sub-Committee notes the statements made by Ichor with regard to the Company's management and employees. Shareholders should be aware, however, that there is no guarantee that Ichor's statements will be complied with.

13. Formal Offer Document

Ichor advised in the Announcement that it expected to dispatch the Offer Document that will set out the terms and conditions of the Offer to the Company's shareholders within 28 days of the Announcement (on or before 18 September 2015). Upon its receipt, the Sub-Committee will review and consider the Offer Document and release a formal response, which will contain further information, analysis and guidance to assist shareholders with their decision whether to accept the Offer or not.

Advisors

The Sub-Committee has appointed GMP Securities Europe LLP as lead financial adviser together, with APP Securities Pty Limited. KPMG has been engaged to prepare an Independent Expert's Report and assess whether the Offer is fair and reasonable. Mayer Brown International LLP is acting as UK counsel and Mills Oakley is acting as Australian counsel.

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Sources of Information and Notes

Unless otherwise stated, throughout this announcement, an exchange rate of EUR1:AUD1.61 has been utilised.

Notes:

1. Cash and cash equivalents as at 30 June 2015 as reported in the Company's Appendix 5B for the quarter to 30 June 2015.
2. Figures quoted for 30 June 2015 based on Universal's unaudited management accounts.
3. Net debt/ EBITDA calculated by reference to annualised EBITDA as reported for the 6 months ended 30 June 2015.
4. Internal management reporting.
5. Ichor annual report for the year ended 31 December 2014.
6. Based on an issued share capital of 505,685,447 shares.
7. Based on share price of Ichor as of 20 August 2015 and Net Debt reported in Ichor's annual report for the year ended 31 December 2014.
8. Based on Ichor's Presentation published on its web site in association with the Offer.
9. Mineral Reserves and Resources as quoted for Universal in this announcement are as stated in the Company's announcement of 3 August 2015 and Roodekop's figures have been sourced from Universal's press release on 10 March 2014 and calculated on an attributable basis for 74% ownership. The Company confirms that it is not aware of any new information or data that materially affects the information included in this announcement, and that all material assumptions and technical parameters underpinning the estimates in the announcements of 3 August 2015 and 10 March 2014 continue to apply and have not materially changed.
10. Based on Universal's issued share capital of 505,685,447 Shares, less the 151,660,000 Shares currently held by Ichor, to leave 354,025,447 Shares subject to the Offer, and an Equity Placing of EUR 48 million.

Universal Coal Global Coal Resources/Reserve Summary

Project	Reserve		Resource				
	Proved Mt	Probable Mt	Measured Mt	Indicated Mt	Inferred Mt	Total Mt	Attributable to Universal Mt
Thermal Coal (Witbank)							
Kangala ¹	22.3	-	93.1	19.4	33.6	146.1	103.0
NCC ²	28.8	12.00	144.9	3.6	16.9	165.4	102.1
Brakfontein ³	9.6	-	31.7	39.4	4.7	75.8	38.1
Total Thermal Coal	60.7	12.00	269.7	62.4	55.2	387.3	243.2
Coking Coal (Limpopo)							
Berenice ⁴	-	-	394.0	694.3	116.1	1,204.4	602.2
Cygnus ⁵	-	-	30.9	106.7	8.2	145.8	72.9
Somerville ⁴	-	-	-	-	274.2	274.2	137.1
Total Coking Coal	-	-	424.9	801.0	398.5	1,624.3	812.2
Total	60.7	12.00	694.6	863.4	453.7	2,011.6	1,055.4
	72.7						

Notes:

- Mineral Resources are stated inclusive of Mineral Reserves.
 - Rounding (conforming to the JORC Code) may cause computational discrepancies.
 - The Resource and Reserve estimates for Kangala, Berenice, Cygnus and Somerville were prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.
 - The Resource and Reserve estimates for the NCC and Brakfontein projects have been updated to comply with the JORC Code 2012.
1. Universal has an attributable interest of 70.5% of the Kangala Project.
 2. Universal has an attributable interest of 49% in the New Clydesdale Colliery (under acquisition) and 74% in the Roodekop Project, collectively known as the NCC project
 3. Universal has an attributable interest of 50.29% in the Brakfontein Project and the right to negotiate to acquire up to a 74% interest upon completion of the BFS and award of a mining right.
 4. Universal has an attributable interest of 50% in the Berenice and Somerville Projects with an option to acquire up to a 74% interest.
 5. Universal has an attributable interest of 50% in the Cygnus Project with an option to acquire up to a 74% interest.

Competent Person's Statement

The Coal Resource estimates for Kangala, Brakfontein, Berenice, Cygnus and Somerville were prepared by Mr Nico Denner, who is a registered natural scientist and a member of the South African Council for Natural Scientific Professions (a Recognised Overseas Professional Organisation). Mr Denner is employed by Gemecs (Pty) Ltd and has sufficient experience which is relevant to the style of mineralisation and the type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the JORC Code. Mr Denner consents to the inclusion in this report of this information in the form and context in which it appears.

The Coal Resource estimate for NCC was prepared by Mr Pogiso Rantao, who is a registered natural scientist and a member of the South African Council for Natural Scientific Professions (a Recognised Overseas Professional Organisation). Mr Rantao is employed as a Senior Geologist by Universal Coal plc and has sufficient experience which is relevant to the style of mineralisation and the type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the JORC Code. Mr Rantao consents to the inclusion in this report of this information in the form and context in which it appears.

The Kangala Coal Reserve estimate was prepared by Mr Eddy Rikhotso, who is a Mining Engineer at Stefanutti Stocks Mining Services (Pty) Ltd. He is a member of the Engineering Council of South Africa (ECSA) (a Recognised Overseas Professional Organisation) and member of SAIMM. He has 14 years' experience in the South African coal industry. Mr Rikhotso has sufficient experience which is relevant to the type of mineralisation and the Kangala deposit and to the activity which he is undertaking to qualify as a Competent Person as defined by the JORC Code for Reporting of Exploration, Mineral Resources and Ore Reserves.

The NCC Coal Reserve estimate was prepared by Messrs Piet van der Linde and Ronnie van Eeden from Mindset Mining Consultants (Pty) Ltd. Mr van der Linde is a registered Professional Certified Mining Engineer and has over 30 years' experience in the mining industry. Mr van Eeden is a qualified Mining Engineer (Mine Managers Certificate of Competency) with other commercial qualifications, and has over 30 years' experience in the coal industry internationally. Mr van der Linde is a member of the Engineering Council of South Africa (ECSA) (a Recognised Overseas Professional Organisation) and member of the South African Collieries Managers Association (SACMA). Messrs van der Linde and van Eeden have sufficient experience which is relevant to the type of mineralisation and the NCC deposit and to the activity which they are undertaking to qualify as Competent Persons as defined by the JORC Code for Reporting of Exploration, Mineral Resources and Ore Reserves. Messrs van der Linde and van Eeden consent to the inclusion in this report of this information in the form and context in which it appears.

The Brakfontein Ore Reserve estimate was prepared by Mr Kevin Donaldson. Mr Donaldson is employed by Universal Coal as Chief Development Engineer and is registered with the Engineering Council of South Africa and a member of both the South African Institute of Mining and Metallurgy (Overseas Professional Organisation) and the South African Colliery Managers Association. He has more than 20 years' experience in the South African coal mining industry and sufficient experience which is relevant to the type of mineralisation and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the JORC Code for Reporting of Exploration, Mineral Resources and Ore Reserves.

Forward Looking Statements

This announcement contains forward looking statements, including with regard to production and EBITDA projections (which involve in subjective judgment and analysis). Forward looking statements are subject to significant uncertainties, risks, and contingencies, many of which are outside the control of, and are unknown to Universal. They assume the success of the Company's business activities, and are subject to business, competitive and economic uncertainties and risks. No representation, warranty or assurance (express or implied) is given or made in relation to any forward looking statement by any person (including the Company). In particular, no representation, warranty or assurance (express or implied) is given in relation to any underlying assumption or that any forward looking statement will be achieved. Actual future events may vary materially from the forward looking statements and the assumptions on which the forward looking statements are based. Given these uncertainties, recipients are cautioned to not place undue reliance on such forward looking statements. Subject to any continuing obligations under applicable law or any relevant listing rules of the ASX, the Company disclaims any obligation or undertaking to disseminate any updates or revisions to any forward looking statements in this announcement to reflect any change in expectations in relation to any forward looking statements or any change in events, conditions or circumstances on which any such statement is based. Nothing in this announcement shall under any circumstances create an implication that there has been no change in the affairs of the Company since the date of this announcement.

Production Targets & ASX Listing Rule 5.19

The information required by ASX Listing Rule 5.16 or 5.17 in respect to the following statements that appear in the announcement...	...was disclosed in the following previously made announcements...	...and in each case. ...
In the Announcement, Ichor stated that Kangala is targeting saleable production of 1.7 – 2Mtpa. Shareholders will be aware that Kangala is already exceeding this production range with sales at an annualised rate of over 2Mtpa in the quarter to June 2015 and 2.2Mtpa on an annualised basis for the month of July 2015.	<ol style="list-style-type: none"> 1. Investor Presentation, 6 July 2015 2. Quarterly Report, 14 July 2015 3. Kangala BFS and Offtake Secured, 16 April 2012 4. Kangala Colliery concludes 3 year processing plant wage agreement amid record sales, 5 August 2015 	...it is confirmed that all material assumptions underpinning the production target or the forecast financial information derived from the production target in the original announcement continues to apply and has not materially changed.
Universal delivered EBITDA at a group level at an annualised rate of A\$28 million in the six months to 30 June 2015 from Kangala sales of under 1Mt. Universal expects sales in the second half of 2015 to exceed 1Mt. Once at	<ol style="list-style-type: none"> 1. Coal Reserves Treble at next Operation, 13 April 2015 2. Investor Presentation, 6 July 2015 3. Kangala BFS and Offtake Secured, 16 April 2012 	

The information required by ASX Listing Rule 5.16 or 5.17 in respect to the following statements that appear in the announcement...	...was disclosed in the following previously made announcements...	...and in each case. ...
<p>steady state production, NCC is expected to deliver production of 2.0 Mtpa on a run of mine ("ROM") basis, and add materially to earnings.</p>		
<p>In addition to the near term production from NCC Stage 1, which is fully funded for first coal production before the end of 2015, Universal's organic development pipeline includes:</p> <ul style="list-style-type: none"> • A potential underground expansion, increasing NCC production from 2Mtpa to 2.8Mtpa (Stage 2) • A potential 1.2Mtpa thermal coal mine at Brakfontein, with an option to utilise Kangala's excess processing capacity; and • A long term opportunity to develop a > 10Mtpa semi-soft coking coal and thermal coal operation at Berenice Cygnus. 	<ol style="list-style-type: none"> 1. Investor Presentation, 6 July 2015 1. Investor Presentation, 6 July 2015 2. Universal Coal Announces Maiden Reserve at Brakfontein, 13 January 2015 	
<p>Ichor expects to produce 2.0Mt ROM in 2015 compared to Universal's run rate for the quarter to 30 June 2015 of 2.8Mt ROM on an annualised basis.</p>	<ol style="list-style-type: none"> 1. Investor Presentation, 6 July 2015 2. Quarterly Report, 14 July 2015 	

8 October 2015

Dear Shareholder,

Recommendation to TAKE NO ACTION in respect of the Ichor Offer

You may have recently received or shortly receive an offer document (the "Ichor Offer Document") issued by Ichor Coal N.V. ("Ichor") in connection with its unsolicited offer to acquire all of the ordinary shares ("Shares") of Universal Coal Plc ("Universal" or the "Company") that it does not already own, at a price of A\$0.16 per Share (the "Ichor Offer").

The Ichor Offer remains open for acceptance until 1.00pm (London time) on 3 December 2015.

The Ichor Offer remains highly conditional, including a minimum acceptance condition of 50%, amongst numerous subjective conditions that are for the benefit of Ichor, and provide no assurance to shareholders that the Ichor Offer will complete.

The sub-committee of directors of the Company who are independent of the Ichor Offer ("Independent Directors") unanimously recommend that the Company's shareholders **TAKE NO ACTION** in respect of the Ichor Offer.

If you do not wish to accept the Ichor Offer (or wish to reject the Ichor Offer), you may simply ignore the Ichor Offer Document and **TAKE NO ACTION**. The effect of this is that you will:

- retain your Shares;
- retain your ability to sell your Shares at a later time; and
- retain the ability to accept an alternative offer for your Shares should one emerge.

Ichor first announced its intention to make its offer on 21 August 2015. On 27 August 2015, the Company issued a response announcement (the "27 August Announcement") setting out the reasons why the Independent Directors considered Ichor's indicative offer to be inadequate, highly conditional and opportunistic. This continues to be the unanimous view of the Independent Directors. A copy of the 27 August Announcement is enclosed for your reference as Annexure A.

Initial concerns of the Independent Directors

The Independent Directors are concerned that, despite the detailed knowledge of Universal that is held by Ichor, including as a result of having nominee directors appointed to the Company's board of directors, Ichor continues to make the incorrect statement in the Ichor Offer Document about Universal and its business, in that the Company is being negatively impacted by the price of seaborne thermal coal, whereas Universal is primarily a producer of thermal coal for the domestic South African market and is currently benefitting from local prices secured under long term sales arrangements with Eskom Holdings SOC Limited.

In addition, the Ichor Offer, if made or received in Australia, is subject to Division 5A of Part 7.9 of the *Corporations Act 2001* (Cth) (the "Relevant Provisions"). The Relevant Provisions apply to unsolicited offers for securities, including shares. Ichor has express statutory obligations and certain Universal security holders (including most retail security holders) have express statutory rights in respect of the Ichor Offer under the Relevant Provisions. One of Ichor's obligations under the Relevant Provisions is that it cannot vary the Ichor Offer, except in limited circumstances. The

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Independent Directors intend to provide further information on the rights and obligations that exist under the Relevant Provisions due course.

Third Party Interest and Alternative Indicative Offer at a Higher Price

Since 27 August 2015, the Company has been approached on a confidential basis by other parties who have expressed an interest in making alternative offers for the Shares. As a result, the Company has opened a data room that has been made accessible to credible, interested alternative bidders who have signed a non-disclosure agreement with Universal.

In particular, as announced on 21 September 2015, the Company has received a written, non-binding indicative proposal for a cash offer at a price of A\$0.20 per Share from a party with existing exposure to the South African coal mining industry, which the Independent Directors consider credible.

The Independent Directors and their advisers continue to engage in discussions with this party and other credible, interested parties to determine whether a formal alternative offer or offers can be made. There can be no certainty that an alternative formal offer will be made, or as to the terms of any resulting offer, should one be made.

If you wish to wait and see if one or more alternative offers are formalised, which may result in you receiving more for your Shares than under the Ichor Offer, you should TAKE NO ACTION in respect of the Ichor Offer.

Universal's Shares Currently Trade on the ASX at a Premium to the Ichor Offer Price of A\$0.16 per Share

As at 7 October 2015 the Company's Shares were quoted on the ASX at a closing price of A\$0.175 per Share, a 9.4% premium to the offer price per Share proposed in the Ichor Offer. The 5 day volume weighted average price of the Shares on the ASX to 7 October was A\$0.179 per Share.

Independent Expert's Report

The Independent Directors have retained KPMG Financial Advisory Services (Australia) Pty Ltd ("KPMG") to prepare an Independent Expert's Report in order to determine whether the Ichor Offer is fair and reasonable (the "IER"). With the Ichor Offer now received, KPMG will be able to finalise the IER, which is expected shortly. Once received, the Independent Directors will make the findings of the IER available to shareholders.

If you wish to review the findings of the IER before evaluating the Ichor Offer, you should **TAKE NO ACTION** in respect of the Ichor Offer pending receipt of the IER.

Acceptance

If, on the other hand, you wish to accept the Ichor Offer, please follow the process for acceptance as set out in the Ichor Offer Document.

Restricted Jurisdictions

Unless otherwise determined by Ichor and permitted by applicable law and regulation, the Ichor Offer will not be capable of acceptance from or within a Restricted Jurisdiction (defined in the Ichor Offer Document as the United Kingdom and any other jurisdiction where extension or acceptance of the Ichor Offer would violate the law of that jurisdiction which, for the avoidance of doubt, excludes Australia). Accordingly, shareholders outside of Australia may not receive the Ichor Offer Document and, if they do receive the Ichor Offer Document, they should carefully read the sections relating to

Restricted Jurisdictions and Overseas Shareholders (as defined in the Ichor Offer Document). References to Restricted Jurisdictions and Overseas Shareholders in the Ichor Offer Document are deemed to be included in this letter.

Recommendation and Intentions of the Independent Directors

For the reasons set out above, the Independent Directors recommend that you do not accept the Ichor Offer (or that you reject the Ichor Offer) by **TAKING NO ACTION**.

Each of the Independent Directors, representing in aggregate 16,459,881 Shares or 3.25% of the Company's issued share capital, intends to reject the Ichor Offer.

The Independent Directors will continue to update shareholders as appropriate in respect of further developments and following receipt of the IER.

For and on behalf of the Independent Directors



John Hopkins OAM
Chairman

For further information, please contact:

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Annexure A – Universal ASX Announcement dated 27 August 2015

Attached

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27 August 2015



universal
coal plc

RESPONSE TO ICHOR COAL'S INADEQUATE AND HIGHLY CONDITIONAL OFFER

TAKE NO ACTION

Universal Coal Plc ("**Universal**" or "**Company**") (ASX: UNV) notes the announcement made by IchorCoal NV ("**Ichor**") on 21 August 2015 (the "**Announcement**"), setting out its intention to make an unsolicited and conditional offer for ordinary shares of the Company ("**Shares**") it does not already hold at a price of A\$0.16 per Share (the "**Offer**").

To assess the Offer, a sub-committee of the Board has been formed comprising John Hopkins OAM, Tony Weber, Hendrik Bonsma and Shammy Luvhengo (the "**Sub-Committee**"). Having considered the Offer, the Sub-Committee provides the following initial response to the Announcement and advises shareholders to **TAKE NO ACTION**, considering the Offer to be inadequate, highly conditional and opportunistic. In summary, the Sub-Committee considers that Ichor's proposed Offer:

- Remains an indicative offer not capable of acceptance, with no guarantee that a formal offer will be made to shareholders;
- Is highly conditional;
- Is at a discount to Ichor's own entry price;
- Is opportunistically timed;
- Represents a low valuation multiple based on Universal's existing production, and ignores the value of its near term production and longer term development pipeline; and
- Is of significant strategic importance to Ichor and highly accretive to its shareholders, at the expense of Universal's shareholders.

To reject the Offer, shareholders need take no action and simply do nothing in relation to any documents received from Ichor. The Sub-Committee also addresses below certain statements made by Ichor in the Announcement and in the presentation published by Ichor on its website in association with the Offer (the "**Presentation**"), which contains a number of errors with regards to data and information concerning Universal.

Non-executive chairman Mr John Hopkins OAM commented:

"After careful consideration, the Sub-Committee is unanimous that Ichor's proposed Offer does not reflect the inherent value of Universal Coal. The Offer is also highly conditional and lacking certainty of completion.

Ichor appears to have understated production figures from the Kangala Colliery, which is already highly cash flow generative. In addition, the Offer does not adequately value the material earnings impact that the Company's next operation, NCC, is expected to deliver when it comes on stream later this year.

In order to provide all shareholders with a clear and independent view of the Company's value, we have engaged KPMG Financial Advisory Services (Australia) to prepare an Independent Expert's Report and assess whether the Offer is fair and reasonable".

Subject to taking further legal and financial advice, and receipt of the formal offer document ("**Offer Document**") from Ichor, the Sub-Committee have set out below its initial response to the Offer.

1. The Offer is opportunistically timed

Ichor has chosen to make the Offer at a point at which Universal is poised to bring its second mine, the New Clydesdale Colliery ("**NCC**"), into production with an anticipated associated material increase in earnings.

As announced on 24 August 2015, Universal has now completed the acquisition of NCC from previous owner Exxaro Resources Limited following the satisfaction of remaining conditions precedent. With the funding for development secured, NCC is expected to deliver first coal production before year end, subject to finalising the CSA with Eskom Holdings SOC ("**Eskom**") for NCC's thermal coal production. The CSA is nearing settlement, with agreement in principle already reached on key commercial terms.

The Sub-Committee considers that the value of Universal will be significantly enhanced by its second operating mine, which should put Universal in a better position to be able to make capital returns to its shareholders, thereby enhancing the position of the Company in the market.

2. The Offer represents a discount to the price paid by Ichor for its original investment in Universal. The Offer is also below the value which Ichor itself considers its investment in Universal to be worth

Ichor acquired its 29.99% interest in Universal in October 2014 by acquiring 80,440,000 ordinary shares at a price of A\$0.145 per share and 71,220,000 preferred shares at a price of A\$0.18 per share (subsequently converted into ordinary shares in August 2015) for an effective average entry price of A\$0.161 per share. At that time Ichor acquired a significant, but not a controlling interest in Universal, which did not afford it the ability to realise any synergies which may flow from the outright control it now seeks.

In its annual report for the year ended 31 December Ichor itself stated:

“The premium paid for this acquisition relative to the Universal share price was entirely appropriate given prevailing market sentiment towards the coal sector, the quality of the asset and the strength of Universal's management team. This landmark acquisition was completed following extensive investigations undertaken by management and a multidisciplinary, highly skilled team of experts who were convinced that the net asset value represented by the share acquired was well in excess of the price paid.”

Since Ichor's investment, Universal has made significant progress, including:

- completing the development of Kangala which is now delivering strong cash flow, with EBITDA significantly exceeding expectations at the time of Ichor's investment; and
- as referred to above, the completion of permitting and funding for NCC, with the long term Coal Sales Agreement (“**CSA**”) close to being finalised.

The Sub-Committee believes that Universal's shareholders should reasonably expect to participate in the premium which Ichor itself identified and publicised following its investment in Universal, and the value the Sub-Committee considers has been created since that investment, together with the value of potential synergies and a customary control premium.

3. Universal reiterates guidance and notes upside potential

As described below, Ichor appears to be basing its Offer on out-dated information, which is disappointing, given Ichor declined Universal's invitation to perform a controlled due diligence exercise with a view to Ichor refining its assumptions and attaining a more realistic understanding of Universal's value.

In the Announcement, Ichor stated that Kangala is targeting saleable production of 1.7 – 2Mtpa. Shareholders will be aware that Kangala is already exceeding this production range with sales at an annualised rate of over 2Mtpa in the quarter to June 2015 and 2.2Mtpa on an annualised basis for the month of July 2015.

Ichor states in the Presentation that NCC will generate cash flow from late 2016. However, Universal continues to expect NCC to deliver first coal before the end of 2015.

Universal delivered EBITDA at a group level at an annualised rate of A\$28 million in the six months to 30 June 2015 from Kangala sales of under 1Mt. Universal expects sales in the second half of 2015 to exceed 1Mt. Once at steady state production, NCC is expected to deliver production in Stage 1 of approximately 2.0 Mtpa on a run of mine (“**ROM**”) basis, and add materially to earnings.

4. The Offer represents low valuation multiples

Based on Universal's balance sheet as at 30 June 2015^{1,2} and annualised EBITDA of A\$28 million from the first half of 2015, the Offer price of A\$0.16 per Share represents an EV / EBITDA multiple of approximately 3.3x.

This 3.3x EV / EBITDA multiple is based only on production from Kangala, Universal's first mining operation, ignoring the expected earnings from NCC, and represents a material discount to sector multiples.

The Sub-Committee has engaged KPMG Financial Advisory Services (Australia) Pty Ltd ("KPMG") to prepare an Independent Expert's Report in order to determine whether the Offer is fair and reasonable. The Sub-Committee will make available the findings of the Independent Expert's Report once received.

5. The Offer largely ignores the value of Universal's organic development pipeline

In addition to the near term production from NCC Stage 1, which is fully funded for first coal production before the end of 2015, Universal's organic development pipeline as previously announced includes:

- A potential underground expansion, increasing NCC production from 2Mtpa to 2.8Mtpa (Stage 2);
- A potential 1.2Mtpa thermal coal mine at Brakfontein, with an option to utilise Kangala's excess processing capacity; and
- A long term opportunity to develop a > 10Mtpa semi-soft coking coal and thermal coal operation at Berenice Cygnus.

The Sub-Committee considers that Ichor's Offer needs to take appropriate regard to the value inherent in Universal's organic development portfolio. One of KPMG's tasks will be to provide an assessment on the value of this portfolio and UNV's other assets, against the price per Share contained in the Offer.

6. Universal has a strong balance sheet with which to deliver future growth as a standalone entity

As at 30 June 2015, the Company had cash and cash equivalents (including restricted cash) of A\$26.5 million¹. As at the same date, based on unaudited internal management accounts, the Company had a loan of A\$1.9 million² outstanding from Universal's BEE partner for NCC. With a minority interest of A\$26.1 million² and total debt (including project finance, Susquehanna convertible notes and a shareholder loan) of A\$40.0 million², the Offer price of A\$0.16 per Share therefore implies an enterprise value for Universal of A\$92.5 million.

Universal has maintained a conservative balance sheet with net debt as at 30 June 2015 representing a ratio to EBITDA ratio of approximately 0.4x³. The Company's existing debt was recently consolidated with new financing at reduced cost for the development of NCC with Investec Bank Limited, acting through its Corporate and Institutional Banking division. With significant anticipated cash generation ahead, the balance sheet allows flexibility for the further development of Universal's asset base and potential returns to shareholders without the need to raise further equity from the markets.

7. Universal has a robust business model underpinned by long-term sales agreements for the domestic South African market

Ichor claims in the Announcement that Universal has been impacted by the price of seaborne thermal coal. However, Universal is primarily a producer of thermal coal for the domestic South African market and is

currently benefiting from local prices secured under long term sales arrangements with Eskom. Ichor has previously advised that a domestic supply shortfall for thermal coal in South Africa is predicted for a number of years. In the year to 30 June 2015, approximately 97%⁴ of Kangala's output was sold to Eskom. All of NCC's near term production is planned to be sold domestically in South Africa, primarily to Eskom.

8. Universal is of significant strategic and financial value to Ichor

The Sub-Committee considers that a control transaction with Universal is of key strategic importance to Ichor, which has a stated ambition to grow by acquisition. Ichor believes, as noted in its Presentation, that an acquisition of Universal would be a transformational transaction for Ichor as part of its strategy to become a material mid-tier South African focused coal producer.

Ichor is currently encumbered with EUR 80 million of convertible bonds due for repayment in June 2017 ("**Bonds**")⁵. The Bonds are convertible at EUR4.50 compared to Ichor's closing share price of EUR3.96 as of 20 August 2015, being the last date prior to the Announcement) and attract interest at a rate of 8% per annum. Ichor reported EBITDA of EUR7.3 million⁵ in the year to 31 December 2014 from sales of 1.9Mt⁵ and expects to produce 2.0Mt ROM in 2015⁸.

An acquisition of Universal would bring a significant increase in production and cash generation which would assist significantly with the servicing or refinancing of Ichor's debt obligations. The Offer also underpins Ichor's Equity Placing (as defined below).

9. The Offer is highly accretive for Ichor

Even utilising Ichor's out-dated forecasts for Universal, Ichor acknowledges in its Presentation that the Offer is accretive across key per share valuation metrics, increasing its net asset value, cash flow, production and resource base.

The proposed Offer represents a value for Universal of A\$80.9 million⁶ or an enterprise value of A\$92.5 million. This compares to a market capitalisation for Ichor of EUR268.6 million⁷ (A\$432.5 million), or an enterprise value of EUR342.4 million⁷ (A\$541.6 million). At the Offer price, Ichor therefore has a market capitalisation of 5.35x that of Universal, and an enterprise value of 5.85x. By comparison, Ichor has attributable Reserves of 25.3Mt⁸ compared to Universal's Reserves of 42.9Mt⁹ (a multiple 0.6x) and Measured and Indicated Resources of 118.5Mt⁸ compared to Universal's 208.9Mt⁹ (a multiple of 0.6x). The Resources quoted for Universal exclude the Company's substantial metallurgical coal Resources from Bernice. Further, Ichor expects to produce 2.0Mt ROM in 2015⁸ compared to Universal's run rate for the quarter to 30 June 2015 of 2.8Mt ROM on an annualised basis (a multiple of 0.7x).

Ichor has stated that the Offer has the potential to release operational synergies and efficiencies across a larger asset portfolio. Under the Offer these synergies would accrue only to Ichor with no participation for Universal shareholders.

10. Ichor previously sought Board support for a takeover offer and declined an invitation to conduct due diligence

Ichor first approached the Company to express its interest in making an offer for the Shares of Universal with the support of the Board on 11 June 2015 at a price of A\$0.14 per Share. The discussions and correspondence which followed were indefinite, incomplete and confidential, and did not include any additional information that gave rise to a disclosure obligation at the relevant time. Ichor last approached the Company on 21 July 2015 with a revised and increased indicative offer at a price of A\$0.16 per Share. After consulting with the directors independent of the offer, the Non-Executive Chairman responded to state that the offer was considered to not reflect the underlying value of the Company's asset base and prospects, but invited Ichor to perform a controlled due diligence exercise with a view to Ichor refining its assumptions and attaining a more realistic understanding of Universal's value. Ichor elected not to accept the invitation and instead proceeded to make the Offer on an unsolicited basis.

11. Ichor's Offer is highly conditional

The Offer, if formalised, will be highly conditional. In particular, the Sub-Committee notes the following:

- (i) Ichor has made the Announcement without firm financing available to settle the Offer consideration. Ichor has advised that the Offer will be funded by an equity offering to raise EUR 48 million (approximately A\$ 77.3 million) (the "**Equity Placing**"), which would, if used in full, represent approximately A\$0.218 per existing Share¹⁰ not currently owned by Ichor. Ichor states that the Equity Placing is underwritten by its major shareholder, Sapinda Invest S.a.r.l. Universal shareholders should note however that the Equity Placing is subject to the approval of Ichor's shareholders. Therefore, Universal's shareholders have no assurance that the Equity Placing will complete and that Ichor will be able to pay the Offer consideration;
- (ii) The Offer itself is subject to the approval of Ichor's shareholders;
- (iii) The Offer timetable as set out in the Presentation allows only one day between Ichor's shareholders voting on the Offer and the first closing date. As such the Sub-Committee considers there is insufficient time for Universal's shareholders to see whether these significant conditions are satisfied before making a decision whether to accept the Offer; and
- (iv) The Offer is conditional upon a number of subjective conditions, the determination of the satisfaction of which would be within the control of Ichor. There is therefore no certainty that the Offer, if formalised, will conclude.

12. Management, Employees and Pension Schemes

The Sub-Committee notes the statements made by Ichor with regard to the Company's management and employees. Shareholders should be aware, however, that there is no guarantee that Ichor's statements will be complied with.

13. Formal Offer Document

Ichor advised in the Announcement that it expected to dispatch the Offer Document that will set out the terms and conditions of the Offer to the Company's shareholders within 28 days of the Announcement (on or before 18 September 2015). Upon its receipt, the Sub-Committee will review and consider the Offer Document and release a formal response, which will contain further information, analysis and guidance to assist shareholders with their decision whether to accept the Offer or not.

Advisors

The Sub-Committee has appointed GMP Securities Europe LLP as lead financial adviser together, with APP Securities Pty Limited. KPMG has been engaged to prepare an Independent Expert's Report and assess whether the Offer is fair and reasonable. Mayer Brown International LLP is acting as UK counsel and Mills Oakley is acting as Australian counsel.

For further information please contact:

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Sources of Information and Notes

Unless otherwise stated, throughout this announcement, an exchange rate of EUR1:AUD1.61 has been utilised.

Notes:

1. Cash and cash equivalents as at 30 June 2015 as reported in the Company's Appendix 5B for the quarter to 30 June 2015.
2. Figures quoted for 30 June 2015 based on Universal's unaudited management accounts.
3. Net debt/ EBITDA calculated by reference to annualised EBITDA as reported for the 6 months ended 30 June 2015.
4. Internal management reporting.
5. Ichor annual report for the year ended 31 December 2014.
6. Based on an issued share capital of 505,685,447 shares.
7. Based on share price of Ichor as of 20 August 2015 and Net Debt reported in Ichor's annual report for the year ended 31 December 2014.
8. Based on Ichor's Presentation published on its web site in association with the Offer.
9. Mineral Reserves and Resources as quoted for Universal in this announcement are as stated in the Company's announcement of 3 August 2015 and Roodekop's figures have been sourced from Universal's press release on 10 March 2014 and calculated on an attributable basis for 74% ownership. The Company confirms that it is not aware of any new information or data that materially affects the information included in this announcement, and that all material assumptions and technical parameters underpinning the estimates in the announcements of 3 August 2015 and 10 March 2014 continue to apply and have not materially changed.
10. Based on Universal's issued share capital of 505,685,447 Shares, less the 151,660,000 Shares currently held by Ichor, to leave 354,025,447 Shares subject to the Offer, and an Equity Placing of EUR 48 million.

Universal Coal Global Coal Resources/Reserve Summary

Project	Reserve		Resource				
	Proved Mt	Probable Mt	Measured Mt	Indicated Mt	Inferred Mt	Total Mt	Attributable to Universal Mt
Thermal Coal (Witbank)							
Kangala ¹	22.3	-	93.1	19.4	33.6	146.1	103.0
NCC ²	28.8	12.00	144.9	3.6	16.9	165.4	102.1
Brakfontein ³	9.6	-	31.7	39.4	4.7	75.8	38.1
Total Thermal Coal	60.7	12.00	269.7	62.4	55.2	387.3	243.2
Coking Coal (Limpopo)							
Berenice ⁴	-	-	394.0	694.3	116.1	1,204.4	602.2
Cygnus ⁵	-	-	30.9	106.7	8.2	145.8	72.9
Somerville ⁴	-	-	-	-	274.2	274.2	137.1
Total Coking Coal	-	-	424.9	801.0	398.5	1,624.3	812.2
Total	60.7	12.00	694.6	863.4	453.7	2,011.6	1,055.4
	72.7						

Notes:

- Mineral Resources are stated inclusive of Mineral Reserves.
 - Rounding (conforming to the JORC Code) may cause computational discrepancies.
 - The Resource and Reserve estimates for Kangala, Berenice, Cygnus and Somerville were prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.
 - The Resource and Reserve estimates for the NCC and Brakfontein projects have been updated to comply with the JORC Code 2012.
1. Universal has an attributable interest of 70.5% of the Kangala Project.
 2. Universal has an attributable interest of 49% in the New Clydesdale Colliery (under acquisition) and 74% in the Roodekop Project, collectively known as the NCC project
 3. Universal has an attributable interest of 50.29% in the Brakfontein Project and the right to negotiate to acquire up to a 74% interest upon completion of the BFS and award of a mining right.
 4. Universal has an attributable interest of 50% in the Berenice and Somerville Projects with an option to acquire up to a 74% interest.
 5. Universal has an attributable interest of 50% in the Cygnus Project with an option to acquire up to a 74% interest.

Competent Person's Statement

The Coal Resource estimates for Kangala, Brakfontein, Berenice, Cygnus and Somerville were prepared by Mr Nico Denner, who is a registered natural scientist and a member of the South African Council for Natural Scientific Professions (a Recognised Overseas Professional Organisation). Mr Denner is employed by Gemecs (Pty) Ltd and has sufficient experience which is relevant to the style of mineralisation and the type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the JORC Code. Mr Denner consents to the inclusion in this report of this information in the form and context in which it appears.

The Coal Resource estimate for NCC was prepared by Mr Pogiso Rantao, who is a registered natural scientist and a member of the South African Council for Natural Scientific Professions (a Recognised Overseas Professional Organisation). Mr Rantao is employed as a Senior Geologist by Universal Coal plc and has sufficient experience which is relevant to the style of mineralisation and the type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the JORC Code. Mr Rantao consents to the inclusion in this report of this information in the form and context in which it appears.

The Kangala Coal Reserve estimate was prepared by Mr Eddy Rikhotso, who is a Mining Engineer at Stefanutti Stocks Mining Services (Pty) Ltd. He is a member of the Engineering Council of South Africa (ECSA) (a Recognised Overseas Professional Organisation) and member of SAIMM. He has 14 years' experience in the South African coal industry. Mr Rikhotso has sufficient experience which is relevant to the type of mineralisation and the Kangala deposit and to the activity which he is undertaking to qualify as a Competent Person as defined by the JORC Code for Reporting of Exploration, Mineral Resources and Ore Reserves.

The NCC Coal Reserve estimate was prepared by Messrs Piet van der Linde and Ronnie van Eeden from Mindset Mining Consultants (Pty) Ltd. Mr van der Linde is a registered Professional Certified Mining Engineer and has over 30 years' experience in the mining industry. Mr van Eeden is a qualified Mining Engineer (Mine Managers Certificate of Competency) with other commercial qualifications, and has over 30 years' experience in the coal industry internationally. Mr van der Linde is a member of the Engineering Council of South Africa (ECSA) (a Recognised Overseas Professional Organisation) and member of the South African Collieries Managers Association (SACMA). Messrs van der Linde and van Eeden have sufficient experience which is relevant to the type of mineralisation and the NCC deposit and to the activity which they are undertaking to qualify as Competent Persons as defined by the JORC Code for Reporting of Exploration, Mineral Resources and Ore Reserves. Messrs van der Linde and van Eeden consent to the inclusion in this report of this information in the form and context in which it appears.

The Brakfontein Ore Reserve estimate was prepared by Mr Kevin Donaldson. Mr Donaldson is employed by Universal Coal as Chief Development Engineer and is registered with the Engineering Council of South Africa and a member of both the South African Institute of Mining and Metallurgy (Overseas Professional Organisation) and the South African Colliery Managers Association. He has more than 20 years' experience in the South African coal mining industry and sufficient experience which is relevant to the type of mineralisation and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the JORC Code for Reporting of Exploration, Mineral Resources and Ore Reserves.

Forward Looking Statements

This announcement contains forward looking statements, including with regard to production and EBITDA projections (which involve in subjective judgment and analysis). Forward looking statements are subject to significant uncertainties, risks, and contingencies, many of which are outside the control of, and are unknown to Universal. They assume the success of the Company's business activities, and are subject to business, competitive and economic uncertainties and risks. No representation, warranty or assurance (express or implied) is given or made in relation to any forward looking statement by any person (including the Company). In particular, no representation, warranty or assurance (express or implied) is given in relation to any underlying assumption or that any forward looking statement will be achieved. Actual future events may vary materially from the forward looking statements and the assumptions on which the forward looking statements are based. Given these uncertainties, recipients are cautioned to not place undue reliance on such forward looking statements. Subject to any continuing obligations under applicable law or any relevant listing rules of the ASX, the Company disclaims any obligation or undertaking to disseminate any updates or revisions to any forward looking statements in this announcement to reflect any change in expectations in relation to any forward looking statements or any change in events, conditions or circumstances on which any such statement is based. Nothing in this announcement shall under any circumstances create an implication that there has been no change in the affairs of the Company since the date of this announcement.

Production Targets & ASX Listing Rule 5.19

The information required by ASX Listing Rule 5.16 or 5.17 in respect to the following statements that appear in the announcement...	...was disclosed in the following previously made announcements...	...and in each case. ...
In the Announcement, Ichor stated that Kangala is targeting saleable production of 1.7 – 2Mtpa. Shareholders will be aware that Kangala is already exceeding this production range with sales at an annualised rate of over 2Mtpa in the quarter to June 2015 and 2.2Mtpa on an annualised basis for the month of July 2015.	<ol style="list-style-type: none"> 1. Investor Presentation, 6 July 2015 2. Quarterly Report, 14 July 2015 3. Kangala BFS and Offtake Secured, 16 April 2012 4. Kangala Colliery concludes 3 year processing plant wage agreement amid record sales, 5 August 2015 	...it is confirmed that all material assumptions underpinning the production target or the forecast financial information derived from the production target in the original announcement continues to apply and has not materially changed.
Universal delivered EBITDA at a group level at an annualised rate of A\$28 million in the six months to 30 June 2015 from Kangala sales of under 1Mt. Universal expects sales in the second half of 2015 to exceed 1Mt. Once at	<ol style="list-style-type: none"> 1. Coal Reserves Treble at next Operation, 13 April 2015 2. Investor Presentation, 6 July 2015 3. Kangala BFS and Offtake Secured, 16 April 2012 	

The information required by ASX Listing Rule 5.16 or 5.17 in respect to the following statements that appear in the announcement...	...was disclosed in the following previously made announcements...	...and in each case. ...
<p>steady state production, NCC is expected to deliver production of 2.0 Mtpa on a run of mine ("ROM") basis, and add materially to earnings.</p>		
<p>In addition to the near term production from NCC Stage 1, which is fully funded for first coal production before the end of 2015, Universal's organic development pipeline includes:</p> <ul style="list-style-type: none"> • A potential underground expansion, increasing NCC production from 2Mtpa to 2.8Mtpa (Stage 2) • A potential 1.2Mtpa thermal coal mine at Brakfontein, with an option to utilise Kangala's excess processing capacity; and • A long term opportunity to develop a > 10Mtpa semi-soft coking coal and thermal coal operation at Berenice Cygnus. 	<ol style="list-style-type: none"> 1. Investor Presentation, 6 July 2015 1. Investor Presentation, 6 July 2015 2. Universal Coal Announces Maiden Reserve at Brakfontein, 13 January 2015 	
<p>Ichor expects to produce 2.0Mt ROM in 2015 compared to Universal's run rate for the quarter to 30 June 2015 of 2.8Mt ROM on an annualised basis.</p>	<ol style="list-style-type: none"> 1. Investor Presentation, 6 July 2015 2. Quarterly Report, 14 July 2015 	