

ASX Announcement / Media Release

2 November 2015



universal
coal plc

FURTHER INDICATIVE CASH OFFER RECEIVED AT A\$0.25 PER SHARE

The directors of Universal Coal Plc ("**Universal**" or the "**Company**") (ASX: UNV) who are independent of the unsolicited offer made by Ichor Coal N.V. ("**Ichor**") for the ordinary shares in the Company that it does not already own (the "**Independent Directors**") announce that they have received a written confidential, non-binding, indicative and conditional proposal (the "**Proposal**") in connection with an offer to acquire all of the ordinary shares of the Company ("**Shares**") at a price of A\$0.25 per Share, and certain convertible securities of the Company.

The proposed cash consideration of A\$0.25 per Share represents a significant premium of 56.25% to that currently being offered by Ichor in its unsolicited offer at a price of A\$0.16 per Share (the "**Ichor Offer**"). The Independent Directors consider the prospective offeror ("**Offeror**") to be credible.

Under the Proposal, certain eligible shareholders would be able to elect to receive consideration in the alternative form of a non-converting, secured loan note ("**Loan Notes**").

The Loan Notes that would be offered to eligible shareholders under the Proposal as alternative consideration to the cash offer and would initially carry interest at a rate of 12.68% per annum and would be able to be redeemed after 12 months. After that, the Loan Notes would be able to be retained at the option of the Loan Note holder for an additional 6 months and carry interest at a rate of 15% per annum for this additional period. For regulatory reasons, it is unlikely any Loan Notes would be offered to Australian resident shareholders, other than certain professional and sophisticated investors who satisfy relevant criteria set out in the Australian Corporations Act. If the Proposal were to proceed, shareholders who would not be eligible to accept consideration in the form of a Loan Note would receive their consideration in the form of cash.

The Proposal provides that the making of a formal offer to shareholders by the Offeror is subject to the satisfaction of conditions which include the unanimous recommendation of the directors of the Company (other than the nominees of Ichor), the formalisation of the Offeror's financing arrangements, which Universal is advised that the Offeror is confident of being able to finalise, and the completion of a short and focused due diligence exercise by the Offeror, which is ongoing.

Subject to the satisfaction of these pre-conditions, the Independent Directors intend to support the Proposal and, together with their advisers, are working with the Offeror to assist in the facilitation of the making of a formal offer by late November. There can be no certainty that a formal offer will be made by the Offeror, or as to the terms of any resulting offer, should one be made. Shareholders are advised to take no action in respect of the Proposal at the current time. The Independent Directors will provide an update in due course, as appropriate.

On 22 September 2015, the Independent Directors announced that they had received a separate confidential, non-binding, indicative proposal in connection with a cash offer at A\$0.20 per Share. The Independent Directors have written to this party to advise that they are unlikely to be able to recommend a formal offer should it be made on the terms proposed at that time. The efforts of the Independent Directors will now be focussed on the A\$0.25 per Share Proposal.

The Independent Directors continue to advise shareholders to reject the Ichor Offer by taking no action.

References in this announcement to Shares include Universal's CHESSE Depository Interests ("CDI's") and references to shareholders includes holders of CDIs.

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