

13 November 2015



universal
coal plc

ICHOR'S SUPPLEMENTARY OFFER DOCUMENT

Universal Coal Plc ("**Universal**" or "**Company**") (ASX: UNV) notes the supplementary offer document (the "**Supplementary Offer Document**") released by Ichor Coal N.V. ("**Ichor**") on 9 November 2015 in relation to the unsolicited offer by 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**").

To the extent that the issues raised by Ichor in the Supplementary Offer Document are not new and have been previously addressed, the directors of Universal who are independent of the Ichor Offer (the "**Independent Directors**") do not intend to provide a further detailed response. In this regard, the Independent Directors refer to the announcements previously made by the Company dated 27 August 2015, 1 October 2015, 8 October 2015 and 20 October 2015.

In respect of the Supplementary Offer Document, the Independent Directors note the following:

- (i) **The Ichor Offer price remains at A\$0.16 per share:**
- despite the conclusions of KPMG Financial Services (Australia) Pty Ltd (the "**Independent Expert**") in its independent experts report ("**IER**") that the Ichor Offer at A\$0.16 per share is not fair and not reasonable;
 - notwithstanding that Universal has received two confidential, non-binding, indicative and conditional proposals from separate parties in connection with cash offers at A\$0.20 per share and A\$0.25 per share respectively; and
 - in addition, Universal's shares have consistently traded above the Ichor Offer price since 21 September 2015. As at 12 November, the 20 day VWAP is A\$0.1978 per share (a 23.6% premium to the Ichor Offer) and the 5 day VWAP is A\$0.1972 per share (a 23.3% premium to the Ichor Offer).
- (ii) **Share trading liquidity:** Ichor states in the Supplementary Offer Document that Universal is illiquid and that the average number of Universal shares traded on the ASX averages less than 200,000 shares / A\$22,000 per day. Since the Ichor Offer was announced on 21 August 2015 liquidity has averaged over 450,000 shares / A\$79,000 per day. If a Universal shareholder does not wish to wait and see if a competing

formal offer emerges, and wishes to sell their shares, they may be able to do so on-market (depending on the prevailing market price and demand) for an amount greater than that which they may receive under the Ichor Offer (subject to any brokerage and/ or other costs they may need to pay), and receive payment more quickly and with greater certainty than would result from accepting the Ichor Offer.

(iii) **Conditionality of the Ichor Offer:** Despite the title of Ichor's announcement dated 9 November 2015 referring to the "Fulfilment of conditions of the Offer", only two of the conditions (relating to Ichor's shareholders' approval of the acquisition of shares pursuant to the Ichor Offer and the related capital increase) have been fulfilled. Accordingly, the Ichor Offer remains subject to the balance of the conditions, a number of which are subjective conditions and the determination of the satisfaction of which would be within the control of Ichor. As a result, there remains no certainty that the Ichor Offer will conclude.

(iv) **Independent Expert's Report:** Ichor makes a number of comments regarding the IER prepared by the Independent Expert. The Independent Directors consider the Independent Expert to be a highly reputable firm and are satisfied with its work and conclusions. The IER followed a detailed exercise in conjunction with technical experts MSA Group Pty Ltd and during which both firms had access to relevant information underpinning the Company's financial projections. As advised previously, Universal is primarily a supplier of coal to the domestic market and export sales are not a significant focus for the Company.

(v) **Indicative proposal status:** As shareholders would expect, and as is reasonable in the circumstances, in conjunction with seeking to create further value by developing Universal's assets and thereby enhancing Universal's prospects as a standalone company, the Independent Directors continue to seek to maximise the value of Universal for all shareholders by engaging with third parties with a view to soliciting alternative formal offers for shareholders on better terms than those provided in the Ichor Offer.

In this regard, the Independent Directors believe that the written, confidential, non-binding, indicative and conditional proposal to acquire all of the ordinary shares of the Company at a price of A\$0.25 per share (the "**Proposal**"), previously announced on 2 November 2015, if formalised, represents the best current alternative proposal to the Ichor Offer. For this reason, the Independent Directors continue to work with the prospective offeror to facilitate the making of a formal offer, in respect of which negotiations and due diligence are continuing to progress. There can be no certainty that a formal offer will be made, or as to the terms of any resulting offer, should one be made. The Independent Directors will provide an update in respect of the existing confidential proposal in due course.

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

For further information please contact:

Tony Weber

Chief Executive Officer

Universal Coal Plc

+27 12 460 0805

t.weber@universalcoal.com

Robert Williams

FCR

T: +61 2 8264 1003

r.williams@fcr.com.au

Richard Greenfield

GMP Securities Europe LLP

+44 207 647 2800

richard.greenfield@gmpeurope.com

Nick Dacres-Mannings

APP Securities Pty Limited

+61 2 9226 0036

Nick.dm@appsecurities.com.au

For personal use only