

21 January 2016



universal
coal plc

TRANSACTION AND TRADING UPDATE

On 26 November 2015, the directors of Universal Coal Plc (“**Universal**” or “**Company**”) who are independent of the unsolicited offer made by Ichor Coal N.V. for ordinary shares in Universal it does not own and Coal of Africa Limited (“**CoAL**”) jointly announced a recommended offer to be made by CoAL for the entire issued and to be issued share capital of Universal (the “**Offer**”). A formal offer document in relation to the Offer (the “**Offer Document**”) was despatched to Universal shareholders on 21 December 2015.

Unless otherwise defined, capitalised terms used in this announcement have the same meaning as used in the Offer Document.

TRANSACTION UPDATE

The Offer is conditional, *inter alia*, on the approval of CoAL shareholders at a general meeting which, whilst is yet to be convened (“**CoAL EGM**”), is anticipated to take place on 29 February 2016. The terms of the co-operation agreement entered into between Universal and CoAL in relation to the Offer (the “**Co-Operation Agreement**”) provides that the Co-Operation Agreement would terminate in the event that the circular to be sent to CoAL shareholders to convene the Coal EGM (the “**Bidder Circular**”) was not posted on or before 15 January 2016. It is now expected that the Bidder Circular will be posted on or around 29 January 2016, and CoAL and Universal have agreed that the last date for posting the Bidder Circular under the Co-Operation Agreement be extended until 29 January 2016. Accordingly, the Co-Operation Agreement remains effective notwithstanding the fact that the Bidder Circular was not posted on or before 15 January 2016. The CoAL EGM is now anticipated to take place on 29 February 2016, and the overall Offer timetable is not expected to be impacted significantly, if at all. As previously announced in the Offer Document, CoAL shareholders representing 62.63 per cent. of CoAL’s total issued share capital have provided voting intention statements that they presently intend to vote in favour of the Offer.

HOW TO ACCEPT THE OFFER

The Independent Universal Directors recommend that Universal shareholders accept the Offer, as the Independent Directors intend to do in respect of all of their own Universal shares (comprising in aggregate, 3.25 per cent. of Universal's total issued share capital).

In order to accept the Offer, Universal shareholders who hold their Universal shares in certificated form must complete and return their Form of Acceptance along with valid share certificates and/ or any other relevant documents of title to be received no later than 1.00pm (London time) on 3 March 2016.

Universal CDI Holders who hold Universal CDIs through Universal's Issuer Sponsored Subregister must complete and return the CDI Acceptance Form to be received no later than 7.00pm (Sydney time) on 26 February 2016. Universal CDI Holders who hold Universal CDIs through Universal's CHESS Subregister and who wish to accept the Offer should refer to Part D of the Offer Document. Such acceptances will need to be collated by the CoAL Receiving Agent (Australia) and to enable this process to be carried out, acceptances from Universal CDI Holders must be received in sufficient time to allow the Universal CDI Holder's instructions to be acted upon prior to the CDI Acceptance Expiry Time, expected to be 7.00pm (Sydney time) on 26 February 2016.

The Company wishes to highlight to its shareholders that as a result of the structure of the Offer, the 'squeeze-out' provisions in Chapter 3 of Part 28 of the UK Companies Act 2006 are not available to CoAL. Therefore, even if CoAL acquires 90 per cent. or more of the Universal shares pursuant to the Offer, it will not be able to require any remaining Universal shareholders to sell their Universal shares to CoAL. Therefore, shareholders who wish for their shares to be acquired by CoAL should take necessary action in accordance with the current timetable to enable them to accept the Offer..

Shareholders should refer to the Offer Document for full details of the Offer and how to accept the Offer.

TRADING UPDATE

In the quarter to 30 September 2015, Universal's Kangala operation delivered coal sales of 524,284 tonnes, from ROM coal of 686,900 tonnes. Unaudited group EBITDA of A\$7.6 million was in line with Universal's expectations and previous forecasts. Group net cash generated from operations was A\$1.8 million, or A\$3.0 million excluding development costs.

Universal intends to publish its quarterly cash flow and activities report for the quarter ended 31 December 2015 by the end of January 2016. In the interim, Universal reports that during the quarter ending 31 December 2015, Kangala delivered sales of 467,029 tonnes representing a decrease of 11 per cent. from the previous quarter, from ROM coal of 766,522 tonnes, an increase of 12 per cent. on the previous quarter.

Despite the increase in ROM coal quarter-to-quarter, the December 2015 quarterly result remains below Universal's expectations. Production was adversely impacted by a combination of factors including a focus on deferred waste stripping activities in line with revised rock mechanic engineering requirements, fluctuations

caused by the impact of the wet season and disruptions experienced during the Christmas to New Year period. In addition, sales tonnages were impacted by a brief pause in delivery to Eskom pending finalisation of an extension to the current modified coal supply agreement, which has since been resolved for a further 6 month period while a longer term extension is finalised.

Universal is pleased to report that the pit reconfiguration at Kangala is now nearing completion, and that steady state production is expected by end of the current quarter ending 31 March 2016.

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