

18 July 2016



**universal**  
coal plc

## COAL OF AFRICA LIMITED OFFER LAPSES

### PRODUCTION TO COMMENCE AT NCC

Universal Coal Plc (ASX: UNV) ("Universal") provides the following update on the Coal of Africa Limited (ASX, AIM and JSE: CZA) ("CoAL") recommended offer for the entire issued and to be issued share capital of Universal (the "Offer").

Unless otherwise defined in this announcement, capitalised terms used in this announcement have the meaning given to them in the offer document published by CoAL on 21 December 2015 (the "Offer Document").

CoAL has announced that its offer for the entire share capital of Universal as contained in CoAL's offer document dated 21 December 2015 as supplemented, has lapsed.

The offer closed at 1.00pm (London time) on 15 July 2016, with the remaining Conditions to the Offer unfulfilled at that time. Therefore, all contracts resulting from acceptances of the Offer by Universal shareholders are void and of no effect.

At the Offer's scheduled close, CoAL had received acceptances representing approximately 95.72% of Universal's issued share capital. As a result of the lapse of the Offer CoAL now has no voting power in Universal.

While the Offer received strong support from Universal shareholders, CoAL's directors were not able to opine on the required working capital statement on the readmission of the Consideration Shares and CoAL's Shares to trading on AIM ("Readmission"). The working capital statement, required CoAL's directors to confirm that, in their opinion having made due and careful enquiry, the working capital available to the Enlarged Group (being the CoAL Group as enlarged by the Universal Group) would be sufficient for its present requirements, that is for at least twelve months from the date of Readmission. CoAL's directors needed to make this working capital statement in order to achieve Readmission of the Enlarged Group and therefore condition (d) to the Offer could not be satisfied.

In its determination on the required working capital statement, CoAL has noted that Universal's long term Coal Supply Agreement ("CSA") with Eskom for the New Clydesdale Colliery ("NCC") has not yet been finalised or signed and that Universal has therefore not yet commenced mining activities at NCC, at which first coal was expected to be produced in the first half of 2016 as was envisaged in the Offer Document. While Universal understands CoAL continues to pursue other working capital funding opportunities, as at the closing of the Offer, these are also yet to be finalised.

CoAL has stated that it is continuing to evaluate opportunities which could include CoAL making another offer for Universal, the structure of which would need to ensure the sustainability of the Enlarged Group going forward and be capable of completion. Should another offer be forthcoming, Universal will evaluate it on its merits by reference to the best interests of shareholders versus Universal's strong prospects as an independent company, and its prospects for successful completion.

Universal has taken an executive decision to commence underground mining operations at NCC with supply to the export thermal coal markets and the balance of product being sold in the domestic space. This could entail coal sales to Eskom on a short term supply basis and to other local acquirers or traders of domestic thermal coal. Universal continues to engage with Eskom on potential offtake agreements for thermal coal product from NCC. Universal will keep the market abreast of developments in this regard.

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