



REJECT THE ICHOR OFFER

ASX: UNV
Investor Presentation: 20 October 2015



universal
coal

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Competent Person Statement

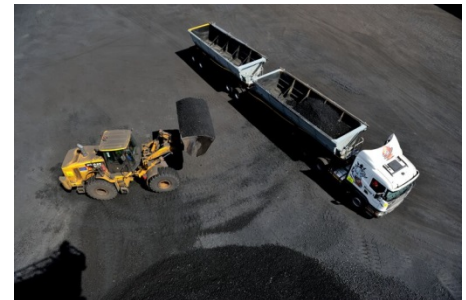
The information in this report that relates to Exploration Results, Minerals Resources or Ore Reserves relating to the Kangala, NCC, Roodekop, Brakfontein, Arnot South, Berenice and Somerville Projects is based on information reviewed and compiled by Mr Jaco Malan, who is a registered natural scientist and a member of the South African Council for Natural Scientific Professions. Mr Malan is contracted 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 Australasian Code for Reporting of Exploration Results, Coal Resources and Ore Reserves. Mr Malan consents to the inclusion in this report of this information in the form and context in which it appears.

PRESENTATION OVERVIEW

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1. Summary

- Universal Coal plc (“Universal”) is an ASX listed, mid-tier coal producer.
- Ichor Coal N.V. (“Ichor”) has an interest of 29.99% in Universal.
- **Ichor has made an unsolicited offer of A\$0.16/share (“Ichor Offer”).**
- **Independent Expert’s Report prepared by KPMG Australia assessed a fair market value for Universal at A\$0.26 to A\$0.34 per share**
 - *Independent Expert concludes that the Ichor Offer is not fair and is not reasonable*
- In the Independent Directors’ opinion
 - *The Ichor Offer is inadequate and opportunistically timed; and*
 - *Universal shareholders should reject the Ichor Offer*
- Universal’s Independent Directors will continue to explore all options to maximise value
 - *has opened a data room to credible interested bidders who have signed a non-disclosure agreement;*
 - *has been approached by other parties on a confidential basis who have expressed an interest in making alternative offers; and*
 - *received a written indicative non-binding proposal for a cash offer at A\$0.20/share.*



UNIVERSAL ADVISES SHAREHOLDERS TO REJECT THE ICHOR OFFER

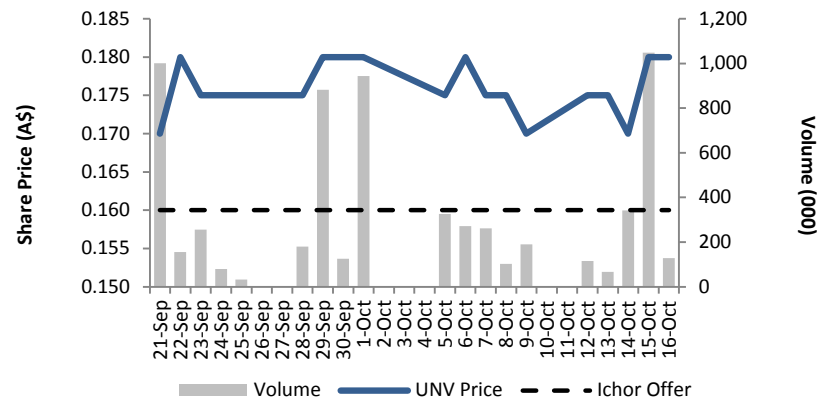
2. Universal & Its Assets

ASX information

(as at 19 October 2015)

- ASX Listed: UNV.ASX
- Equity on issue: 505 million
- Share price: A\$0.18
- Market capitalisation: ~A\$90.9 million
- Unrestricted cash (30 Jun 2015): A\$6.7 million

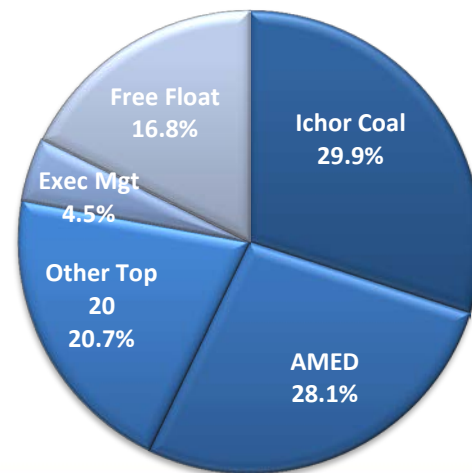
Recent UNV share price (AUD) cents (1)



Our story

**...from explorer to a 2.8mtpa ROM (2)
producer within four years, fully
funded for first coal at second
operation by end 2015...**

UNV share register (1)



Notes: (1) As of 19 October, 2015
(2) Annualised ROM rate from 2Q2015

2. Universal (cont.)



| Project | Resources ^{1,2} | | | Total (mt) | Reserves ² |
|-------------------------------|--------------------------|----------------|---------------|----------------|------------------------|
| | Measured (mt) | Indicated (mt) | Inferred (mt) | | Proven & Probable (mt) |
| Thermal Coal (Witbank) | | | | | |
| Kangala (domestic/export) | 90.4 | 19.4 | 33.6 | 143.4 | 19.6 |
| NCC (domestic/export) | 143.5 | 3.6 | 16.9 | 164.0 | 40.8 |
| Brakfontein (domestic) | 31.7 | 39.4 | 4.7 | 75.8 | 9.6 |
| Arnot South (domestic/export) | 1.5 | 32.1 | 64.1 | 97.7 | - |
| Subtotal | 267.1 | 94.5 | 119.3 | 480.9 | 70.0 |
| Coking Coal (Limpopo) | | | | | |
| Berenice-Cygnus | 424.9 | 801.0 | 124.3 | 1,350.2 | - |
| Somerville | - | - | 274.2 | 274.2 | - |
| Subtotal | 424.9 | 801.0 | 398.5 | 1,624.4 | - |
| Total | 692.0 | 895.5 | 517.8 | 2,105.3 | 70.0 |

Notes:

1. The Resource/Reserve estimates for the Kangala, Berenice-Cygnus and Somerville projects were prepared and first disclosed under the JORC Code 2004. These have 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.
2. The Resource/Reserve estimates for the NCC, Brakfontein and Arnot South projects were prepared and disclosed under the JORC Code 2012.
3. Mineral resources are stated inclusive of mineral reserves and on a gross in situ basis.

2. Universal (cont.) - Kangala



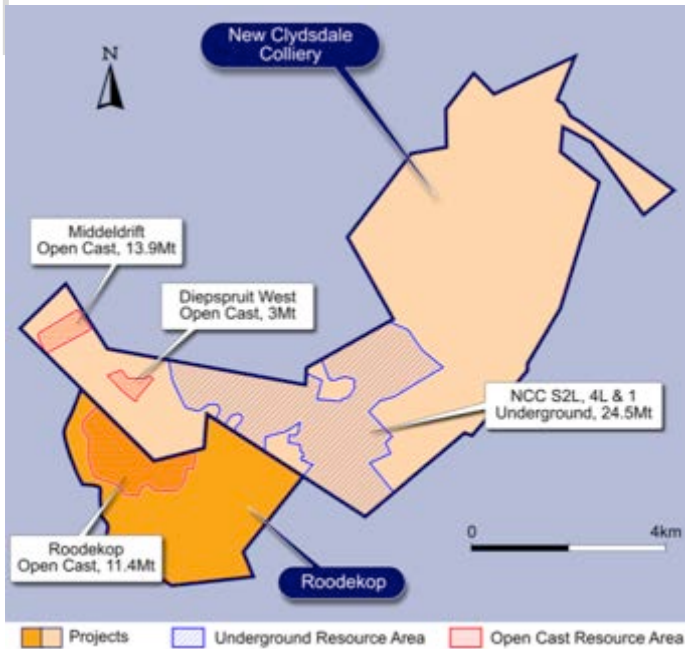
| | |
|---------------------------------|--|
| FY2015 performance | <ul style="list-style-type: none"> ➤ Domestic ~1,627,083⁽¹⁾ sales tonnes ➤ Export ~ 53,160 sales tonnes |
| Operation | <ul style="list-style-type: none"> ➤ Increased annualised mining rate to 2.8mtpa ROM⁽²⁾ ➤ 4.25mtpa plant capacity |
| Products | <ul style="list-style-type: none"> ➤ Domestic: <ul style="list-style-type: none"> • 1.7mtpa to 2.4mtpa Eskom sales • 8 year off-take renewable for 8 years • Not linked to export price indices ➤ Export ~ 100ktpa RB1 sales via RBCT Quattro Scheme |
| Resources & Reserves | <ul style="list-style-type: none"> ➤ 19.6mt⁽³⁾ JORC reserve ➤ 143.4mt⁽³⁾ JORC resource * Resources are stated inclusive of reserves ➤ Low Stripping Ratio of ~1.8 : 1 (LOM) |

(1) Adjusted from presentation of 2 September 2015 to reflect audited sales tonnes as per 2015 annual report released to the market on 29 September 2015

(2) Annualised ROM rate from 2Q2015

(3) Reserves and Resources reduced from 22.3mt and 146,1mt stated in presentation released to the market on 2 September 2015, fto take account of tonnages extracted during the fy2015 and reported in the 2015 annual report released to the market on 29 September 2015

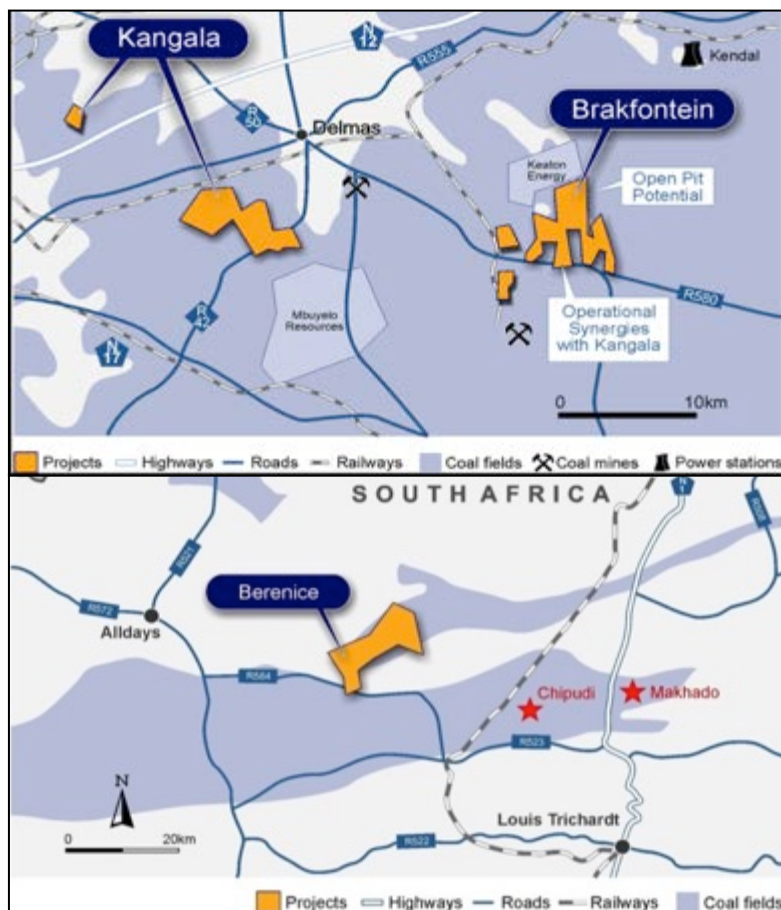
2. Universal (cont.) - NCC



| | |
|------------------------------------|---|
| Ownership | <ul style="list-style-type: none"> ➤ Roodekop owned from inception ➤ Acquired NCC from Exxaro, 2014 (completed Aug 2015) |
| NCC Existing Infrastructure | <ul style="list-style-type: none"> ➤ Three DMS Processing Circuits ➤ Rail siding with load out facilities ➤ Existing underground mining infrastructure |
| Resources & Reserves | <ul style="list-style-type: none"> ➤ JORC Reserve 40.8mt ➤ JORC Resource 164.0mt⁽¹⁾ * Resources are stated inclusive of reserves ➤ Sufficient Resources to sustain +20 year life of mine |
| Planned operation | <ul style="list-style-type: none"> ➤ Phase 1: 2mtpa ROM (open pit) <ul style="list-style-type: none"> • Multi-product: <ul style="list-style-type: none"> ○ Power generation coal (Eskom) ○ low phos met. coal ➤ Phase 2: Ramp up to 2.8mtpa ROM (underground) <ul style="list-style-type: none"> • 6000kcal NAR export thermal coal |
| Progress | <ul style="list-style-type: none"> ➤ Bankable feasibility study completed ➤ All regulatory approvals granted ➤ Debt and equity funding secured ➤ Key terms for Coal Sales Agreement agreed ➤ Mining contract awarded, processing plant tender issued ➤ First coal planned by year end 2015 |

(1) Reduced from 165.4mt stated in presentation released to the market on 2 September 2015, following annual audit of resources and reserves and reported in the 2015 annual report released to the market on 29 September 2015

2. Universal (cont.) - Project Pipeline



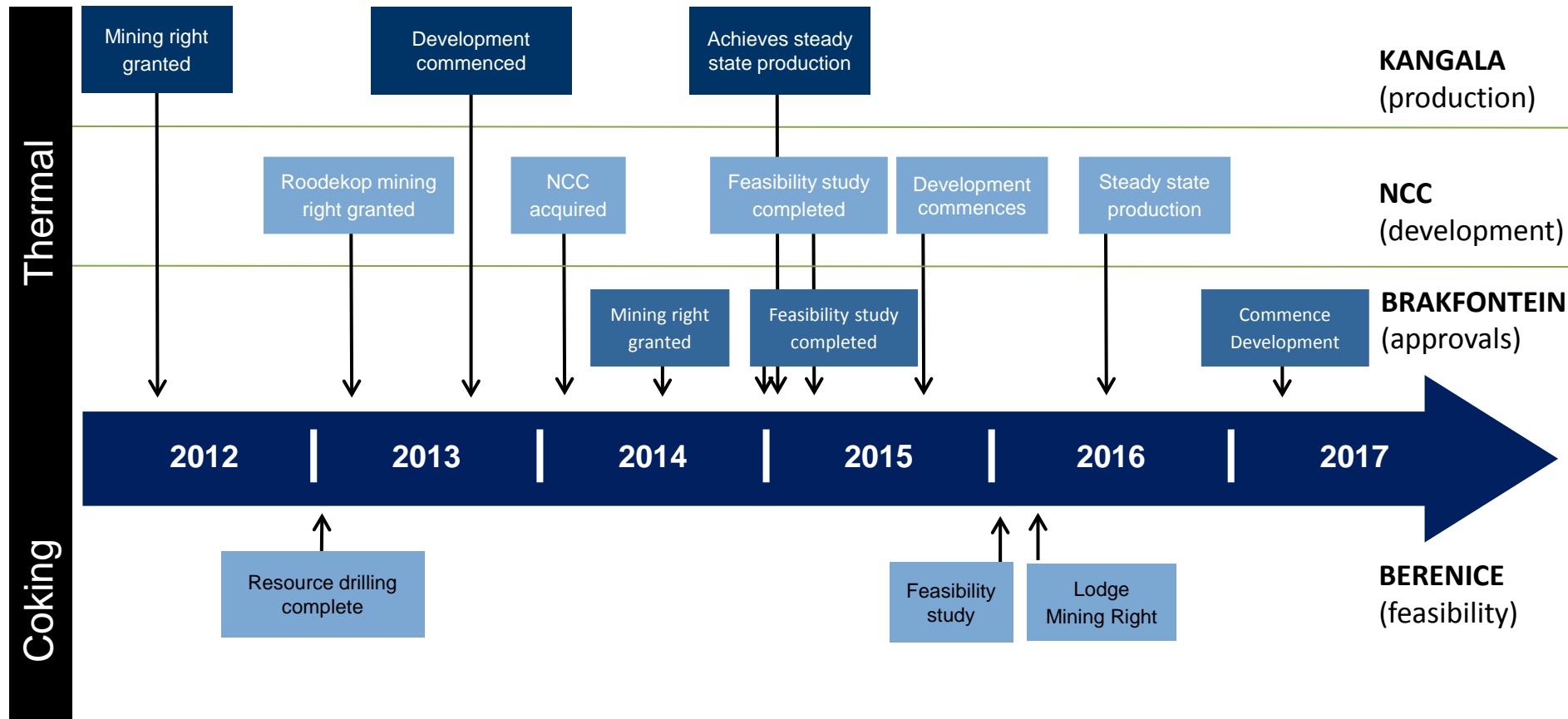
Brakfontein

- 75.8mt thermal coal JORC resource
- 9.6mt JORC reserve
- 25km east of Kangala Mine
- Mining Right and Environmental Authorization granted
- Water License due by 2H2015
- Planned 1.2mtpa ROM operation
- Development to commence 2017

Berenice Cygnus

- High volatile, high swell SSCC & thermal coal project
- 1,350mt shallow resource - 700mt open pit at shallow dips (<6°)
- 20km from existing railway infrastructure and 55km west of Coal of Africa's Makhado coking coal project
- DRA scoping study confirms viability for sustainable 10Mtpa opencut operation

2. Universal (cont.) – Development Schedule



Notes

- (1) UNV press release – Universal Coal Presentation, 6 July 2015. All material assumptions underpinning the development timelines in the original announcement continues to apply and have not materially changed.
- (2) Berenice Feasibility Study commencement delayed till 1Q 2016 as a result of Universal's management focussing on responding to Ichor Offer.

3. The Ichor Offer

Key Terms

- Offer of A\$0.16 per share valuing 100% of Universal at A\$80.9 million
- Offer for remaining 70.01% not held by Ichor

Financing

- Ichor to conduct a share issue of €48 million (~A\$77 million)⁽¹⁾ to fund the Offer
- Underwriting Agreement with Sapinda Invest S.a.r.l. (majority shareholder in Ichor)

Conditions

- Ichor shareholders' approval for Offer
- Ichor shareholders' approval for share issue
- Ichor obtaining an interest of 50% of Universal's shares
- Customary regulatory conditions
- Other subjective conditions in the favour of Ichor

Note: (1) Exchange rate AUD/EUR of 1.61

Offer Summary

- In Summary, the Independent Directors believe that the Ichor Offer is:
 - highly conditional;
 - opportunistically timed;
 - at a discount to Ichor's own entry price;
 - at a discount to the current Universal share price;
 - at a discount to the price at which the Company has received an alternative indicative proposal;
 - at a discount to the fair market value indicated in the IER; and
 - of significant strategic value to Ichor and highly accretive to its shareholders, at the expense of Universal shareholders.
- To reject the Ichor Offer, shareholders need take no action and simply do nothing in relation to any documents received from Ichor

4. Evaluating the Ichor Offer

- The Independent Directors have reviewed the Ichor Offer

| | For Universal to be able to recommend the Ichor Offer to shareholders, it would need to be: | In Universal's opinion the Ichor Offer: |
|---|---|--|
| 1 | At a reasonable price | <ul style="list-style-type: none"> • Is significantly below the IER valuation of A\$0.26 to A\$0.34 • Is at a discount to Ichor's own effective average entry price of A\$0.161 • At price substantially below A\$0.20 indicative offer |
| 2 | At a price which includes an appropriate premium for control | <ul style="list-style-type: none"> • Represents a low valuation multiple based on Universal's existing production, seemingly without any premium for control |
| 3 | Recognises the upside from its development pipeline; and | <ul style="list-style-type: none"> • Ignores the value of its near term production and longer term development pipeline |
| 4 | Not at the expense of Universal's shareholders | <ul style="list-style-type: none"> • Is of significant strategic importance to Ichor and highly accretive to its shareholders, at the expense of Universal's shareholders |

The Independent Directors recommend shareholders **REJECT ICHOR'S OFFER**

5. KPMG's Independent Expert Report

- **The Independent Directors commissioned KPMG to prepare the IER in order to determine whether the Ichor Offer is fair and reasonable to Universal shareholders**
 - *KPMG had access to Universal's forecasts and detailed business plan with a technical review by MSA Group (Pty) Ltd*

- **KPMG assesses a fair market value for Universal's shares inclusive of a control premium of between A\$0.26 to A\$0.34 per share**
 - *This is premium of 62.5% to 112.5% to the Ichor Offer of A\$0.16 per share*

- **The Independent Expert concluded that Ichor's Offer is not fair and not reasonable to Universal Shareholders with disadvantages of accepting the Ichor Offer including:**
 - *No participation in the future growth of Universal Coal's business;*
 - *Not able to accept any alternative offer;*
 - *Non-associated shareholders who accept the Ichor Offer will receive \$0.16 cash for each Universal Coal share currently held, which may, depending upon individual non-associated shareholders taxation position, give rise to income tax or Capital Gains Tax consequences at a time that may or may not be advantageous to individual non-associated shareholders.*

5. KPMG's Report (cont.)

| Metric | Low \$'000 | High \$'000 |
|---|------------------|------------------|
| Operating Assets (ZARm) | 817,095 | 899,580 |
| Development Assets (ZARm) | <u>725,080</u> | <u>1,083,175</u> |
| Valuation of Operating & Developing Assets (ZARm) | 1,542,175 | 1,982,755 |
| AUD:ZAR Exchange Rate | <u>0.103</u> | <u>0.103</u> |
| Total Mineral Assets at Ownership Percentage (AUDm) | 158,351 | 203,589 |
| | | |
| Add – Cash & Cash Equivalents (excluding restricted cash) | 6,880 | 6,880 |
| Add – Cash From Conversion of “In-The-Money” Options | 5,245 | 15,260 |
| Less – Interest Bearing Liabilities | (25,142) | (25,142) |
| Add – other assets and liabilities | 966 | 1,097 |
| Total Equity Value | 146,299 | 201,685 |
| | | |
| Current Shares on Issues (000s) | 505,685 | 505,685 |
| “In-The-Money” Options & Convertible Notes (000s) | 50,542 | 87,632 |
| Diluted Number of Shares (000s) | 556,227 | 593,317 |
| Value per Share, Inclusive of a Full Premium for Control – cents (AUD) | 0.26 | 0.34 |

6. Universal's Options

6.1 Remain a Standalone Entity

- ✓ **Track record of Board and Management**
 - *Kangala developed on time and on budget*
- ✓ **Profitable and cash flow positive**
 - *no immediate need for additional capital*
- ✓ **Near term development of New Clydesdale Colliery**
 - *Expected increase to cash flow and diversifies production*
- ✓ **South African coal sector outlook remains positive**
 - *Eskom needs coal*
 - *coal pricing underpinned by robust domestic market*
- ✓ **Strong development pipeline**
 - *NCC phase 2 export thermal coal*
 - *Brakfontein thermal coal*
 - *Arnot South thermal coal*
 - *Berenice - Cygnus long term metallurgical coal opportunity*



Retain upside for Universal shareholders



6. Universal's Options (cont.)

6.2 Seek an Improved Offer

- ✓ Opportunity for Ichor to submit an offer with a higher price
- ✓ *The Independent Expert concluded the fair market value to be in the range of A\$0.26 to A\$0.34 per share*
- ✓ **An indicative non binding offer has been received**
 - *Price of A\$0.20/share*
 - *The Independent Directors believe the bidder to be credible*
 - *No certainty that an alternative formal offer will be made, or as to the terms.*
- ✓ **Additional interest received**
 - *Data room open to credible parties under a non disclosure agreement*



No need for Universal shareholders to take action



7. Next Steps

- **Universal is committed to creating value for all shareholders.**

- **Operationally, Universal is**
 - *Seeking to finalise NCC coal sales agreement with Eskom*
 - *Continuing to work towards bringing NCC into production by December 2015*
 - *Continuing to work towards developing Brakfontein*

- **Strategically, Universal is**
 - *Continuing discussions with alternative acquirers*
 - *Seeking to ensure that any offer better reflects fair value*

- **The Independent Directors recommend:**
 - ***REJECT the Ichor Offer at A\$0.16/share offer by TAKING NO ACTION***



8. Contacts

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