

8 April 2019



UPDATE ON NON-BINDING CONDITIONAL OFFER - NEW PROPOSAL RECEIVED

Universal Coal plc (ASX: UNV) (**Universal** or the **Company**) refers to its previous announcements regarding a binding, conditional commitment to make an offer (the **Binding Commitment**) from Ata Resources (Pty) Ltd (**Ata Resources**) on behalf of a consortium of investors (the **Consortium**), under which the Consortium, through a special purpose bidding company (**Bidco**), proposed to acquire the entire issued share capital of Universal, to be effected by means of a scheme of arrangement pursuant to Part 26 of the UK Companies Act 2006 (**Ata Proposal**).

The purpose of this announcement is to:

- provide an update on discussions with Ata Resources and the Consortium in relation to the Ata Proposal; and
- acknowledge receipt of a conditional, non-binding indicative offer (**NBIO**) from Afrimat Limited (**Afrimat**), a public company incorporated in South Africa that is listed on the Johannesburg Stock Exchange.

The Company has separately announced today that an interim dividend of A\$0.02 per share unfranked has been declared and will be paid separately and independently of the Ata Proposal and the NBIO.

ATA PROPOSAL

Since the last announcement regarding the Binding Commitment on 5 March 2019:

- The Company has received a draft revised commitment to make a conditional offer from Ata Resources on behalf of the Consortium (**Updated Draft Commitment**) which included, amongst other things:
 - improved cash consideration per Universal share from A\$0.35 to A\$0.36; and
 - an option for eligible Universal shareholders and holders of Universal CHESS Depositary Interests (**CDIs**) to elect for deferred consideration notes, redeemable at A\$0.43 per share within 12 months and one day after the cash consideration was paid for up to a maximum of 160 million Universal shares,in respect of the Ata Proposal (the **Updated Proposal**). The Updated Draft Commitment is subject to the following conditions, amongst others:
 - the recommendation in favour of the Updated Proposal by a majority of the Universal directors; and
 - the execution of a transaction implementation agreement between Universal and Bidco.
- The Company has continued to engage with Ata and the Consortium in detailed discussions to improve, and further refine and reduce the conditionality of, the Binding Commitment and the Updated Draft Commitment, negotiate the terms and conditions of a transaction implementation agreement and determine whether the Universal board of directors (**Directors**) could recommend the Updated Proposal to Universal shareholders.

- As at the date of this announcement, the Company has been unable to reach agreement with Ata and the Consortium on:
 - the terms and conditionality of the Ata Proposal as amended by the Updated Draft Commitment; or
 - the terms and conditions of a proposed transaction implementation agreement in respect of the Updated Proposal.

In light of the receipt of the NBIO and the matters referred to above, the Directors have determined that they are not able to make a recommendation in favour of the Updated Proposal at the current time.

AFRIMAT NBIO

The Company acknowledges that it has received the NBIO from Afrimat.

The NBIO proposes that Afrimat will acquire the entire issued share capital of the Company via a change of control transaction, the structure of which remains under consideration by Afrimat.

Under the NBIO, Afrimat proposes to offer cash consideration of A\$0.40 for each Universal share (**Afrimat Proposed Transaction**).

The NBIO is subject to a number of conditions, which include:

- completion of a due diligence investigation by Afrimat in respect of the Company;
- the finalisation of financing arrangements; and
- Afrimat board and shareholder approval in respect of the Afrimat Proposed Transaction.

The Directors have decided to engage with Afrimat in respect of the NBIO, facilitate a due diligence process, better understand the deliverability of the Afrimat Proposed Transaction and consider the terms of any binding proposal.

There is no certainty that the conditions to the NBIO will be satisfied or waived or that the NBIO will result in a binding proposal.

The Directors recommend that Universal's shareholders and Universal CDI holders take no action and make no decisions in respect of the Updated Draft Commitment or the NBIO until the Directors have had an opportunity to further consider the NBIO.

The Directors will keep shareholders informed of all material developments relating to the Updated Draft Commitment and the NBIO. In the meantime, the Company is focused on delivering on its business plan as an independent entity, seeking to deliver growth and income through dividends to its shareholders and CDI holders.

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