

18 February 2019



## UPDATE ON NON- BINDING CONDITIONAL OFFER

### Non-Binding Conditional Offer

On 26 October 2018, Universal announced that it had received a binding, conditional commitment to make an offer (the **Binding Commitment**) from a private entity incorporated in South Africa, Ata Resources Proprietary Limited (**Ata Resources**) on behalf of a consortium of investors (the **Consortium**), under which the Consortium, through a special purpose bidding company (**BidCo**), proposes to acquire the entire issued share capital of Universal for a cash consideration of A\$0.35 per Universal Share, to be effected by means of a scheme of arrangement pursuant to Part 26 of the UK Companies Act 2006 (the **Proposed Transaction**).

As detailed in the Company update on the 21<sup>st</sup> of December 2018, the Company entered into a non-solicitation agreement with Bidco and agreed, amongst other things, to not solicit the submission of any proposal to acquire the Company, its business or any material assets or undertaking until the 15<sup>th</sup> of February 2019. The non-solicitation agreement period has not been extended.

Universal understands that BidCo has made progress with the satisfaction of certain conditions precedent to the Proposed Transaction and hopes to be in a position to make a firm offer (the **Offer**) by the end of February 2019.

In the event that an Offer is received, and subject to consideration of the Independent Expert Report being prepared by Ernst & Young Advisory Services (Pty) Ltd, the Company's Board of Directors will determine whether Universal will proceed to enter into a transaction implementation agreement (**TIA**) with BidCo and whether the Offer will be recommended to shareholders.

There is no certainty that an Offer will be made, that a TIA will be entered into, that the Offer, if made, will be recommended and become unconditional, or that the scheme of arrangement will proceed. Universal's shareholders and CHESS Depository Interest holders are advised to take no action and make no decisions in respect of the Proposed Transaction at this stage.

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## About Universal Coal

ASX-listed Universal Coal (ASX: UNV) is committed to building a sustainable mid-tier coal mining company providing investors with exposure to coking and thermal coal assets with the potential to develop into projects of significance.

The company has a portfolio of producing, development and exploration assets located across South Africa's major coalfields.

Kangala Mine in the Witbank coalfield, Universal's first mine, commenced production in February 2014. Kangala produces an average of 2.5 million tonnes of saleable thermal coal per annum, primarily for the domestic market. Kangala Mine has expansion plans to both the adjacent Middlebuilt and Eloff Project.

The New Clydesdale Colliery (NCC) commenced production in 2016 and as an Underground and opencast producer has completed the process of progressing the company to be a multi-mine and product producer, currently producing at 2.7mtpa, of which 1mt destined for Export (6,000kcal & 15% ash), the remainder supplying primarily the domestic energy market.

The third open cast producer being the North Block Complex (NBC) was successfully taken over in 2018, currently producing at a rate of 2.4Mtpa(annualised) primarily for the domestic energy coal market. The North Block Complex consist of the current Glisa and Eerstellignsfontein, and the Paardpelaats project. The Paardeplaats project has been granted a mining right and the company awaits the granting of the section 11 transfer of ownership approval. The Paardeplaats project is adjacent, along the southeastern border, and its coal resources are seen as a natural extension of the Glisa coal resource Mining activities at Paardeplaats are envisaged to compliment production at Glisa with a substantial increase in Export coal product for both the domestic and export markets.

The Brakfontein project is a fully regulated project with Mining Right, Environmental Authorisation and Integrated water use license and development of this mine will commence as soon as feasible off takes agreements and surface rights have been finalised.

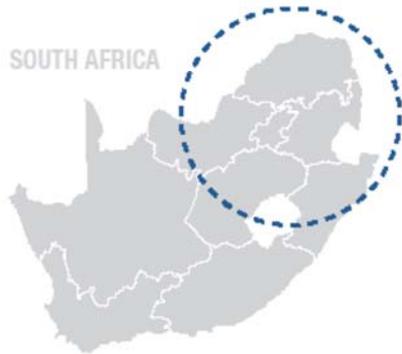
Besides its thermal coal projects (including Brakfontein, Eloff & Arnot South), the company has completed earn-in agreements over one coking coal project (Berenice/Cygnus) in the Soutpansberg coalfields.

Universal Coal is committed to creating shareholder wealth by distribution of generated cash flows to both project development and dividend distribution to shareholders.

The company is cash positive, generating sustainable cash flows from its diversified coal portfolio, and has limited capex requirements for expansion, which can be funded by current cash flows. Universal coal has an appetite for both organic growth and growth by acquisition, but also has a strong commitment to dividend distribution to its shareholders

The following map and schedule show the location and tenure of interests held by Universal Coal Plc in mining and prospecting rights in South Africa.

# LOCATION OF OPERATIONS



## LEGEND

Thermal coal – mines

Thermal coal – projects

Coking coal – project

1 Kangala

4 Eloff

7 Berenice/Cygnus

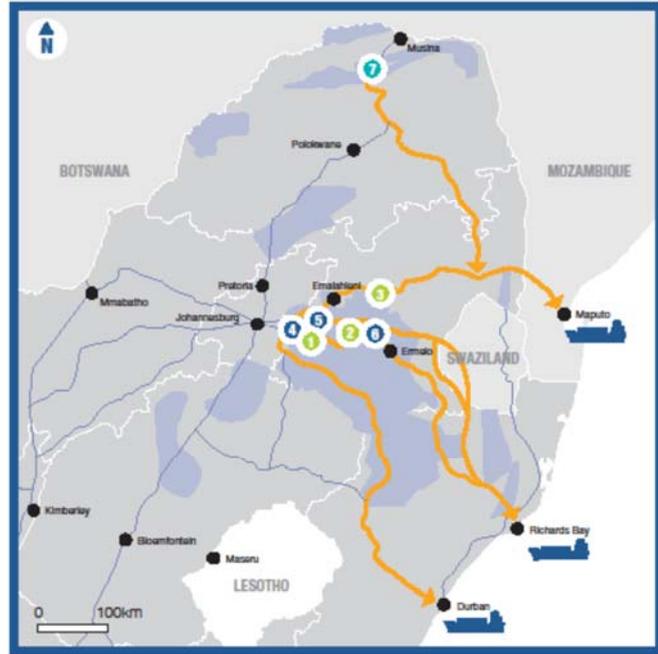
2 NCC

5 Brakfontein

3 NBC\*

6 Amot South

\* Under acquisition



## Universal Coal Global Coal Resources/Reserve Summary

### SUMMARY OF INFORMATION

The information below, relating to the Universal Group's Mineral Resources and Ore Reserves, has been extracted without amendment from the Resource and Reserve estimates relating to Universal's material assets.

	Proved	Probable				
	Mt	Mt	Mt	Mt	Mt	Mt
<b>Thermal Coal (Witbank)</b>						
Kangala <sup>1</sup>	31.65	0.00	55.00	15.03	32.33	102.36
NCC <sup>2</sup>	47.56	6.07	91.90	41.78	5.95	139.63
Brakfontein <sup>3</sup>	9.15	0.00	31.70	39.40	4.70	75.80
Arnot South <sup>4</sup>	0.00	0.00	2.28	65.30	139.00	206.58
Eloff <sup>5</sup>	0.00	0.00	9.40	213.50	201.10	424.00
NBC <sup>6</sup>	6.46	49.03	69.94	17.67	25.38	112.99
<b>Total Thermal Coal</b>						
<b>Total Thermal Coal</b>						
Berenice <sup>7</sup> Cygnus <sup>8</sup>	0.00	0.00	424.90	800.90	124.30	1350.10
<b>Total Coking Coal</b>	<b>0.00</b>	<b>0.00</b>	<b>424.90</b>	<b>800.90</b>	<b>124.30</b>	<b>1350.10</b>

#### Notes:

- Mineral Resources are stated on a gross in situ basis and inclusive of Ore Reserves
  - Rounding (conforming to the Australasian Code for Reporting of Exploration Results (**JORC**)) may cause computational discrepancies
1. Universal has an attributable interest of 70.5%. of the Kangala Project.
  2. Universal has an attributable interest of 49%. in the NCC Project.
  3. Universal has an attributable interest of 50.29%. in the Brakfontein Project
  4. The acquisition of the Arnot South Project is subject to the successful transfer of the prospecting right to Universal Coal, in accordance with Section 11 of the Mineral and Petroleum Resources Development Act, 2002. Universal will have an attributable interest of 50%. in the Arnot South Project upon granting of the Section 11 transfer
  5. Universal has an attributable interest of 49%. of the Eloff Project
  6. Universal has an attributable interest of 49%. in the NBC Project.
    7. Universal has an attributable interest of 50%. in the Berenice Project with an option to acquire up to a 74% interest
  8. Universal has an attributable interest of 50%. in the Cygnus Project with an option to acquire up to a 74%. Interest