

OFFER DOCUMENT

in relation to a recommended offer by Coal of Africa Limited for the entire issued and to be issued share capital of Universal Coal plc

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, solicitor, accountant or other independent financial adviser, who is an appropriately authorised independent financial adviser.

This Offer Document contains a proposal which if implemented could result in the removal of Universal CDIs from the Official List of the ASX.

This document should be read in conjunction with the accompanying CDI Acceptance Forms and Form of Acceptance, which form part of this Offer Document.

If you have sold or otherwise transferred all of your Universal Shares (other than pursuant to the Offer) or Universal CDIs, please send this Offer Document and the accompanying CDI Acceptance Forms or Form of Acceptance (as applicable) at once to the purchaser or transferee or to the bank, stockbroker, or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee. However, the foregoing documents must not be forwarded or transmitted in or into any Excluded Jurisdiction or in or into any jurisdiction where to do so would constitute a violation of the relevant laws in that jurisdiction. If you have sold or transferred part of your holding of Universal Shares or Universal CDIs, please retain this Offer Document and any accompanying documents and consult the bank, stockbroker or other agent through whom the sale or transfer was effected.

Recommended Offer dated 21 December 2015

by

COAL OF AFRICA LIMITED

for

the entire issued and to be issued share capital of

UNIVERSAL COAL PLC

CoAL hereby offers to purchase, on and subject to the terms and conditions of this offer, all of the issued and to be issued Universal Shares (including those Universal Shares that are represented by Universal CDIs).

Your attention is drawn to the letter from the Independent Universal Directors, set out in Part II, which explains why the Independent Universal Directors recommend that Universal Shareholders and Universal CDI Holders accept the Offer.

The procedure for acceptance of the Offer is set out in Part D of the Offer Overview ("How to Accept the Offer") and in Appendix VII and is further described in the Form of Acceptance and CDI Acceptance Forms. In summary:

Universal Shareholders holding certificated Universal Shares and/or Universal Shares in uncertificated form:

To accept the Offer in respect of certificated Universal Shares, the Form of Acceptance should be completed, signed and returned as soon as possible and, in any event, so as to be received by the CoAL Receiving Agent (UK) not later than 1.00pm (London time) on 3 March 2016.[†]

To accept the Offer in respect of uncertificated Universal Shares, acceptances should be made electronically through CREST so that the TTE Instruction settles no later than 1.00pm (London time) on 3 March 2016[†]. If you are a CREST sponsored member, you should refer to your CREST sponsor before taking any action as only your CREST sponsor will be able to send the necessary TTE Instructions to Euroclear.

Universal CDI Holders:

No separate offer is being made to acquire Universal CDIs. However, Universal CDI Holders may accept the Offer in respect of the Universal Shares underlying and corresponding with the Universal CDIs held by them by, and only by, instructing the CDI Nominee, Chess Depository Nominees Pty Limited, to accept the Offer in respect of the Universal Shares underlying and corresponding with the Universal CDIs held by them. CoAL has engaged the CoAL Receiving Agent (Australia) to receive and collate acceptances of the Offer in relation to Universal Shares which underlie the Universal CDIs, to liaise with Universal CDI Holders in relation to the Offer and to instruct the CDI Nominee to accept the Offer on behalf of the Universal CDI Holders. Acceptances from Universal CDI Holders must be received by the CoAL Receiving Agent (Australia) before the CDI Acceptance Expiry Time, expected to be 7.00pm (Sydney time) on 26 February 2016.[‡]

[†] Except where the Offer Period is extended.

[‡] However, note the definition of CDI Acceptance Expiry Time in Appendix XII.

Unless otherwise determined by CoAL and permitted by applicable law and regulation, the Offer will not be capable of acceptance from or within an Excluded Jurisdiction. Accordingly, copies of this Offer Document and the accompanying Form of Acceptance and CDI Acceptance Forms and any other accompanying document must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent (including, without limitation, by way of facsimile, transmission, telephone or internet) in, into or from an Excluded Jurisdiction and persons receiving this Offer Document, the Form of Acceptance, the CDI Acceptance Forms and any other accompanying document (including custodians, nominees and trustees) must not post or otherwise distribute or send them in, into or from such jurisdictions as doing so may invalidate any purported acceptance of the Offer. The availability of the Offer may be affected by the laws of their relevant jurisdiction. All persons should inform themselves about and observe any applicable legal or regulatory requirements of their jurisdiction.

Qinisele is acting exclusively for CoAL and no one else in connection with the Offer and will not be responsible to anyone other than CoAL for providing the protections afforded to clients of Qinisele or for providing advice in connection with the Offer.

Peel Hunt LLP, which is authorised and regulated in the UK by the Financial Conduct Authority, is acting as nominated adviser and broker to CoAL in connection with the Offer and for no one else and will not be responsible to anyone other than CoAL for providing the protections afforded to its clients or for providing advice in relation to the Offer, the contents of this Offer Document or any matters referred to herein.

Capitalised words and phrases used in this Offer Document shall have the meaning given in Appendix XII.

IMPORTANT INDICATIVE DATES

The dates and times set out in the table below in connection with the Offer are indicative only and may change in accordance with the terms and conditions of the Offer, to the extent permitted by law and as described in this document. In particular, the period during which the Offer is open for acceptance may be extended by CoAL (where permitted by law).

Announcement of the Offer	26 November 2015
Offer letters sent to option and warrant holders	4 December 2015
Offer Document lodged with ASIC and ASX	21 December 2015
Offer Period opens (i.e. Offer becomes open for acceptances)	21 December 2015
CoAL General Meeting	Mid-February 2016
CDI Acceptance Expiry Time	7.00pm (Sydney time) on 26 February 2016
Final date for receipt of TTE Instructions and Forms of Acceptance	1.00pm (London time) on 3 March 2016
Closing Date of the Offer (unless the Offer Period is extended)	1.00pm (London time) on 3 March 2016
Expected date by which settlement of consideration will first occur*	7 March 2016
Readmission of CoAL Shares to trading on AIM	8 March 2016
Trading of Consideration Shares on AIM*	8 March 2016
Trading of Consideration Shares on ASX*	9 March 2016
Trading of Consideration Shares on the JSE*	10 March 2016

* CoAL will pay the cash and/or issue the Consideration Shares and/or Loan Notes to which accepting Universal Shareholders are entitled within 14 calendar days of the date on which the Offer becomes or is declared wholly unconditional or, in relation to valid acceptances received after this date but while the Offer remains open for acceptance, within 14 calendar days of that acceptance.

IMPORTANT INFORMATION

The statements contained in this Offer Document are not to be construed as legal, business, financial or tax advice. If you are in any doubt about the content of this Offer Document, you should consult your stockbroker, legal or financial adviser.

The statements contained in this Offer Document are made as at the date of this Offer Document, unless some other time is specified in relation to them, and service of this Offer Document shall not give rise to any implication that there has been no change in the facts set out in this Offer Document since such date.

Prospectus

This Offer Document is also a prospectus for the purposes of the Australian Corporations Act dated 21 December 2015 and a copy of this Offer Document was lodged with ASIC on that date. However, this Offer Document only constitutes a prospectus for the offer of the Consideration Shares received in Australia. It is not a prospectus for any other purpose, including for the purpose of offering the Loan Notes in Australia or elsewhere. ASIC and ASX take no responsibility for the content of this Offer Document.

No Consideration Shares will be allotted or issued on the basis of this Offer Document later than 13 months after the date of this Offer Document. CoAL will apply to ASX for the Consideration Shares to be granted quotation on ASX within 7 days after the date of this Offer Document.

Defined terms

A number of important capitalised words and phrases with particular meanings are used in this document. These terms are explained in the Appendix XII of this Offer Document.

References to Universal CDIs

References to "Universal Shares" and "Universal Shareholders" in this Offer Document include a reference to the Universal CDIs (in respect of the

Universal Shares underlying and corresponding with the Universal CDIs) and Universal CDI Holders, where the context requires.

Investment decisions

This Offer Document does not take into account the individual investment objectives, financial situation or particular needs of each Universal Shareholder or any other person. You should consider seeking independent financial and taxation advice before making a decision as to whether or not to accept the Offer and whether CoAL Shares are an appropriate investment for you.

This Offer Document including each of the documents accompanying it and which form part of this Offer Document is important and should be read in its entirety prior to making an investment decision. If you do not fully understand this Offer Document or are in any doubt as to how to deal with it, you should consult your stockbroker, legal or financial adviser.

In particular, it is important that you consider the risk factors (see Appendix V) that could affect the performance of CoAL and/or the Enlarged Group before making an investment decision.

In making representations in this Offer Document regard has been had to the fact that CoAL is a disclosing entity for the purposes of the Australian Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

Value of Offer

The implied value of the Cash and Share Offer will vary with the market price of CoAL Shares. Further information on the implied value of the Cash and Share Offer is contained in this document. Before accepting the offer, Universal Shareholders should obtain current quotes for CoAL Shares and Universal Shares from their stockbroker or other financial adviser.

Exchange Rates

Except as otherwise provided, in this Offer Document the following exchange rates have been applied, being the exchange rates used in the Offer Announcement:

- (a) A\$ / US\$ of 0.72; and
- (b) ZAR / A\$ of 0.0991.

Forward Looking Statements

This document contains statements about CoAL and Universal that are or may be forward looking statements. All statements other than statements of historical facts included in this Offer Document may be forward looking statements. Without limitation, any statements preceded or followed by or that include the words 'targets', 'plans', 'believes', 'expects', 'aims', 'intends', 'will', 'may', 'anticipates', 'estimates', 'projects' or words or terms of similar substance or the negative thereof, are forward looking statements. Forward looking statements include statements relating to the following:

- (a) future capital expenditures, expenses, revenues, earnings, synergies, performance including economic performance, indebtedness, financial condition, dividend policy, losses and future prospects;
- (b) business and management strategies and the expansion and growth of CoAL or Universal's operations and potential synergies resulting from the Offer; and
- (c) the effects of government regulation on CoAL's or Universal's business.

Such forward looking statements involve risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors could cause actual results to differ materially from those projected or implied in any forward looking statements. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward looking statements, which speak only as of the date hereof. CoAL disclaims any obligation to update any

forward looking or other statements contained herein, except as required by applicable law.

All subsequent forward looking statements attributable to CoAL or persons acting on CoAL's behalf are expressly qualified in their entirety by the cautionary statements above.

Statements of intention

Statements of intention are statements of current intentions only, which may change as new information becomes available or circumstances change.

Application of laws

While the beneficial interests in Universal Shares trade on the ASX in the form of Universal CDIs, the Offer is not regulated by the Australian takeovers rules in Chapter 6 of the Australian Corporations Act as Universal is not incorporated in Australia. For the same reason, the Australian substantial holder regime in Chapter 6C of the Australian Corporations Act does not apply to holdings of Universal Shares and the Australian Takeovers Panel does not have jurisdiction to make a declaration of 'unacceptable circumstances' in relation to the affairs of Universal.

As the place of central management and control of Universal is currently outside of the United Kingdom, Channel Islands and the Isle of Man, the Offer is also not subject to the UK Takeover Code and is outside the jurisdiction of the UK Takeover Panel.

Instead, the framework for the implementation of the Offer is summarised in this Offer Document.

Except to the extent of the ASIC Relief, the Offer to Australian domiciled Universal Shareholders will be subject to Division 5A of Part 7.9 of the Australian Corporations Act (regarding unsolicited offers to purchase financial products). Under those provisions, the offer must be dated (see the front cover of this Offer Document) and the Offer Document must contain:

- (a) the price at which the financial products are to be purchased – see section 3 of Part I;

- (b) the market value or a fair estimate of value of the financial products – see section 8 of Part I;
- (c) the period during which the offer remains open – this is the period from the date of this Offer Document until the end of the Offer Period; and
- (d) a statement that the offer may be withdrawn – see section 2 of Part B of Appendix VI.

Notice to Universal CDI Holders

In order for Universal securities to trade electronically on ASX, Universal participates in the electronic transfer system known as CHESS operated by ASX Settlement. CHESS cannot be used directly for the transfer of securities of companies domiciled in certain non-Australian jurisdictions, such as the United Kingdom. Accordingly, to enable the Universal Shares to be cleared and settled electronically through CHESS, Universal has arranged for depositary interests called Universal CDIs to be issued.

Each Universal CDI is a unit of beneficial ownership that confers a beneficial interest in one Universal Share. Legal title to the Universal Shares underlying and corresponding with the Universal CDIs is held by the CDI Nominee. The CDI Nominee is therefore a Universal Shareholder for the purposes of the Offer. In relation to the Offer, the CDI Nominee must act on the instructions of the Universal CDI Holder in relation to the Universal Shares underlying and corresponding with the Universal CDIs held by the Universal CDI Holder. Universal CDI Holders can, if their instruction is received on time and in the required form, instruct the CDI Nominee to accept the Offer in respect of the Universal Shares underlying and corresponding with the Universal CDIs they hold.

Universal CDI Holders may only accept the Offer in respect of the underlying and corresponding Universal Shares held on their behalf by giving an instruction to the CDI Nominee. The CDI Nominee is prohibited by the ASX Settlement Operating Rules from accepting the Offer in respect of particular Universal Shares unless it is instructed to do so by the Universal CDI Holder whose Universal

CDIs correspond with those Universal Shares. Details on how a Universal CDI Holder can give an instruction to the CDI Nominee to accept the Offer are set out in Part A of Appendix VII.

Taxation

Universal CDI Holders and Universal Shareholders should be aware that the disposal of Universal Shares (or beneficial interests in Universal Shares) by them as described in this Offer Document may have taxation consequences in Australia and elsewhere. Such consequences may not be fully described in this Offer Document and such holders are urged to consult their taxation advisers before making a decision as to whether to accept the Offer. For further general information in relation to general Australian taxation considerations see Appendix VIII.

Excluded jurisdictions

Unless otherwise determined by CoAL and permitted by applicable law and regulation, the Offer is not being made, directly or indirectly, in, into or from an Excluded Jurisdiction, and the Offer is not capable of acceptance from or within an Excluded Jurisdiction. Accordingly, copies of this Offer Document, the Form of Acceptance, the CDI Acceptance Forms and any accompanying document are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from an Excluded Jurisdiction, and persons receiving this Offer Document, the Form of Acceptance, the CDI Acceptance Forms and any accompanying document (including custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from such jurisdictions as doing so may invalidate any purported acceptance of the Offer.

The availability of the Offer (including the Loan Note Alternative and/or the Cash and Share Consideration or Cash Consideration (as applicable)) to Universal Shareholders may be affected by the laws of the relevant jurisdictions in which they are resident.

Universal Shareholders should refer to section 6 of Part I for details regarding eligibility to accept the different Offer consideration types.

In addition, all persons should read section 6 of Part B of Appendix VI and:

- (a) section 4(c) of Part A of Appendix VII (if such person holds Universal CDIs);
- (b) section 6(c) of Part B of Appendix VII (if such person holds Universal Shares in certificated form); or
- (c) section 5(c) of Part C of Appendix VII (if such person holds Universal Shares in uncertificated form),

and inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdictions.

The Loan Notes to be issued pursuant to the Loan Note Alternative have not been, and will not be, listed on any stock exchange and have not been, and will not be, registered with any authorities under any laws and no regulatory clearances in respect of the Loan Notes have been, or will be, applied for in any other jurisdiction. Accordingly, the Loan Notes are not being, and may not be, offered, sold, resold, delivered or distributed, directly or indirectly, in, into or from any other Loan Note Restricted Territory or to, or for the account or benefit of, any resident of any Loan Note Restricted Territory, other than to Loan Note Eligible Universal Shareholders.

Without limiting the foregoing:

- (a) Australian domiciled Universal Shareholders may only elect to receive the Cash and Share Consideration under the Offer and will not be entitled to elect the Loan Note Alternative, unless they are Loan Note Eligible Australian Universal Shareholders, being 'professional' or 'sophisticated' investors for the purposes of, or other persons who do not require disclosure under, Chapter 6D of the Australian Corporations Act, and to whom Division 5A of Part 7.9 of the Australian Corporations Act does not apply; and
- (b) the Cash and Share Offer is not being made to Universal Shareholders whose address as shown in the register of members of Universal is in the United

Kingdom, and such Universal Shareholders may not elect to receive the Cash and Share Consideration under the Offer, unless they are an Eligible UK Universal Shareholder, being a 'qualified investor' within the meaning of section 86(7) of the Financial Services and Markets Act 2000 (UK).

Website Publication

A copy of this Offer Document and the information incorporated by reference in this Offer Document will be made available, subject to certain restrictions relating to persons resident in any Excluded Jurisdiction, on CoAL's website at www.coalofafrica.com until the end of the Offer Period. For the avoidance of doubt, the contents of CoAL's website are not incorporated into and do not form part of this Offer Document.

No Representation

No person within CoAL, and no adviser, dealer, salesperson or other person is authorised to give any information or to make any representations with respect to the Offer other than such information or representations contained in this Offer Document and, if given or made, such information or representations must not be relied upon as having been authorised by CoAL.

Privacy

CoAL has collected your information from the Universal register of members for the purpose of making the Offer and, if accepted, administering your holding of Universal Shares. The type of information CoAL has collected about you includes your name, contact details and information on your shareholding in Universal. Without this information, CoAL will be hindered in its ability to carry out the Offer.

Your information may be disclosed on a confidential basis to CoAL's related bodies, corporate and external service providers (such as the CoAL Receiving Agent (UK) and CoAL Receiving Agent (Australia), print and mail services providers), and may be required to be disclosed to regulators such as ASIC. If you would like details of information about you held by CoAL or its related bodies,

corporate and external service providers, please contact CoAL.

Responsibility for information

The CoAL Information has been prepared by CoAL and is the responsibility of CoAL.

The Universal Information has been prepared by the Independent Universal Directors and is the responsibility of the Independent Universal Directors.

If you did not receive a hard copy of this Offer Document

If you are a Universal Shareholder on the UK register and did not receive a hard copy of this Offer Document, you may request one by contacting the CoAL Receiving Agent (UK) in the United Kingdom on 0371 495 0103 (from within the United Kingdom) or +44 371 495 0103 (from outside the United Kingdom) and you may also request that all future documents, announcements and information in relation to the offer be sent to you in hard copy form.

If you are a Universal CDI Holder on the Australian register and did not receive a hard copy of this Offer Document, you may request one by contacting the CoAL Receiving Agent (Australia) on 1300 782 914 (within Australia) or +61 3 9415 4186 (outside Australia) and you may also request that all future documents, announcements and information in relation to the offer be sent to you in hard copy form.

Helpline

If you are a Universal Shareholder on the UK register and have any questions relating to this Offer Document or the completion and return of the Form of Acceptance or you have questions in relation to making an Electronic Acceptance, please telephone the CoAL Receiving Agent (UK) in the United Kingdom on 0371 495 0103 (from within the United Kingdom) or +44 371 495 0103 (from outside the United Kingdom) between 9.00am and 5.30pm (London time) Monday to Friday (excluding UK public holidays).

If you are a Universal CDI Holder on the Australian register and have any questions relating to this Offer Document or the completion and return of the CDI Acceptance Form, please telephone the CoAL Receiving Agent (Australia) in Australia on 1300 782 914 (from within Australia) or +61 3 9415 4186 (from outside Australia) between 8.30am and 5.30pm (Sydney Time) Monday to Friday (excluding Australian public holidays).

Please note that, for legal reasons, the CoAL Receiving Agent (UK) in the United Kingdom and the CoAL Receiving Agent (Australia) in Australia will only be able to provide you with information contained in this Offer Document and will be unable to give advice on the merits of the Offer or to provide legal, financial or taxation advice on the contents of this Offer Document.

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LETTER FROM THE CHAIRMAN OF COAL OF AFRICA LIMITED

21 December 2015

Dear Universal Shareholder / Universal CDI Holder,

Recommended Offer by Coal of Africa Limited for Universal Coal plc

Coal of Africa Limited (**CoAL**) is pleased to provide to you an offer to acquire all your shares in Universal Coal plc (**Universal**) at an effective value of A\$0.25 per Universal Share (**Offer**).¹ On this basis, the Offer equates to an aggregate value for Universal Shares of approximately A\$126.7 million (US\$91.2 million) (applying the relevant Exchange Rates).

Under the terms of the Offer, CoAL is offering eligible Universal Shareholders (including holders of Universal CDIs) the opportunity to receive, for each Universal Share held **A\$0.20 in cash and 1 Consideration Share**, being a fully paid ordinary share in CoAL, (the **Cash and Share Offer**). Certain Universal Shareholders domiciled in the UK and other excluded jurisdictions will not be entitled to participate in the Cash and Share Offer but will instead be entitled to receive, for each Universal Share held, **A\$0.25 in cash** (the **Cash Offer**).

In addition, subject to eligibility, Universal Shareholders may also elect to receive Loan Notes with a principal amount of A\$0.25 for their Universal Shares, either solely or in combination with the Cash and Share Offer or the Cash Offer (as applicable). The Loan Notes are redeemable by the holder 12 months after the Loan Note issue date and otherwise will be redeemed in full at the end of the 18 month term. During the first 12 months after the date of issue, the Loan Notes will carry interest at a rate of 12.68 per cent. per annum and 15 per cent. per annum for the remainder of the term. Subject to eligibility under applicable securities laws, a Universal Shareholder accepting the Offer and electing the Loan Note Alternative would receive a total return, including principal and interest, of approximately A\$0.282 per Universal Share, or approximately A\$0.303 per Universal Share depending on whether the Loan Notes are redeemed by the Loan Noteholder 12 months after the Loan Note issue date or redeemed at the end of their term 18 months after the Loan Note issue date.

The CoAL Board believes that the Offer is compelling for both CoAL Shareholders and Universal Shareholders, representing a significant premium of approximately:

- 35.14 per cent. to the Closing Price of Universal Shares of A\$0.185 on 30 October 2015 (being the last Business Day prior to the Indicative Offer Announcement);
- 32.64 per cent. over the 60 day VWAP of Universal Shares of A\$0.188 for the period ended 24 November 2015 (being the last practicable trading day prior to the Offer Announcement); and
- 16.28 per cent. to the Closing Price of Universal Shares of A\$0.215 on 24 November 2015 (being the last practicable Business Day prior to the Offer Announcement).

¹ Based on the closing price of CoAL Shares on the JSE on 24 November 2015 (being the last practicable trading day prior to the Offer Announcement), and applying relevant Exchange Rates.

The Cash and Share Offer also provides eligible Universal Shareholders with the opportunity to become a shareholder in a larger group, listed on three stock exchanges with an enlarged portfolio of South African producing and development thermal and coking coal assets.

CoAL's Offer is conditional upon CoAL becoming entitled to at least 50 per cent. of Universal Shares and certain other Conditions. Details of the Conditions are set out in Appendix VI of the Offer Document.

The Independent Universal Directors unanimously recommend that you accept the Offer, as they intend to do in respect of all of their Universal Shares. In addition, CoAL has received signed irrevocable undertakings to accept the Offer from Universal Shareholders (including from the Independent Universal Directors (subject to the discharge of their statutory and fiduciary duties as directors)) in respect of 219,731,118 Universal Shares, representing 43.37 per cent. of Universal's total issued share capital as at the date of this Offer Document.

Offer Document and Prospectus

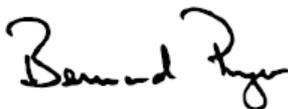
This Offer Document sets out the terms of the Offer. This is an important document which you should retain throughout the Offer Period.

This Offer Document also constitutes a prospectus under Australian law for the offer of Consideration Shares to Universal Shareholders in Australia who elect to receive the Cash and Share Consideration. This Offer Document was lodged with ASIC on 21 December 2015.

If you have any questions about the Offer (including the Consideration Shares offered under the Cash and Share Offer or the Loan Notes offered under the Loan Note Alternative), please contact 1300 782 914 (calls made within Australia) or +61 3 9415 4186 (calls made from overseas) or consult your stockbroker, legal or financial adviser.

Capitalised terms used in this letter, if not otherwise defined, have the meaning as given in this Offer Document.

Yours sincerely

A handwritten signature in black ink, appearing to read "Bernard Pryor". The signature is written in a cursive, flowing style.

Mr Bernard Pryor

Chairman
Coal of Africa Limited

OFFER OVERVIEW

PART A – REASONS TO ACCEPT THE OFFER

1 Significant premium

The Cash and Share Offer (and in the case of Restricted Universal Shareholders, the Cash Offer) represents a total offer consideration to Universal Shareholders comparable to A\$0.25 per Universal Share (in the case of the Cash and Share Offer, based on A\$0.20 in cash and 1 Consideration Share valued at A\$0.05²), and are highly attractive and represents a premium of approximately:

- 35.14 per cent. to the Closing Price of A\$0.185 per Universal Share on 30 October 2015 (being the last Business Day prior to the Indicative Offer Announcement);
- 32.64 per cent. over the 60 day VWAP of A\$0.188 per Universal Share for the period ended 24 November 2015 (being the last practicable trading day prior to the Offer Announcement);
- 16.28 per cent. to the Closing Price of Universal Shares of A\$0.215 per Universal Share on 24 November 2015 (being the last practicable Business Day prior to the Offer Announcement); and
- 56.25 per cent. to the Ichor Offer price of A\$0.16 per Universal Share.

The VWAP of CoAL Shares on the JSE for the 60 and 30 day periods ending on 24 November 2015 (being the last practicable trading day prior to the Offer Announcement) was A\$0.062 and A\$0.057 respectively (applying relevant Exchange Rates). In addition, pursuant to the Subscription Agreements, CoAL is expecting to raise US\$18 million at a price of US\$0.0435 (approximately A\$0.061) (applying the relevant Exchange Rates) per CoAL Share.

Subject to eligibility under applicable securities laws, a Universal Shareholder accepting the Offer and electing the Loan Note Alternative would receive a total return, including principal and interest, of approximately A\$0.282 per Universal Share, or approximately A\$0.303 per Universal Share depending on whether the Loan Notes are redeemed by the holder 12 months after the Loan Note issue date or redeemed at the end of their term 18 months after the Loan Note issue date.

2 The Independent Universal Directors recommend the Offer

The Independent Universal Directors unanimously recommend that Universal Shareholders accept the Offer, as they³ have irrevocably undertaken to do in respect of all their own Universal Shares (comprising, in aggregate, 3.44 per cent. of Universal's total issued share capital).

This recommendation does not affect the Independent Universal Directors ability to discharge their duties as directors of Universal.

² Based on the closing price of CoAL Shares on the JSE on 24 November 2015 (being the last practicable trading day prior to the Offer Announcement), and applying relevant Exchange Rates.

³ Other than John Hopkins, who does not directly own any Universal Shares.

The Independent Universal Chairman's letter of recommendation is set out in Part II.

3 Participation in an enlarged group with an attractive growth profile

Universal Shareholders that accept the Cash and Share Offer will benefit from becoming a shareholder in a larger group, listed on three stock exchanges and an enhanced profile.

The successful completion of the Offer will create a group with an enlarged portfolio of South African producing and development thermal and coking coal assets including:

- the Vele Colliery, a semi soft coking and thermal coal mine currently under care and maintenance with the potential to supply approximately 1.2Mtpa of saleable product once all regulatory approvals have been obtained and plant modifications completed;
- the Makhado hard coking and thermal coal project that has been granted a New Order Mining Right and has the potential to produce approximately 5.5 Mtpa of saleable product;
- three other early stage coking and thermal coal exploration projects, namely Chapudi, Generaal and Mopane, in the Soutpansberg Coalfield;
- a 70.5 per cent. interest in the Kangala Colliery, an operating thermal coal mine with planned production levels of approximately 2.4Mtpa;
- a 49 per cent. interest in the New Clydesdale Colliery, initially to be developed as an open pit thermal coal mine targeting production of 2Mtpa (Phase 1) with a potential underground expansion to increase production to 2.8Mtpa (Phase 2);
- a potential 1.2Mtpa thermal coal mine at Brakfontein, with an option to utilise Kangala's excess processing capacity;
- a potential to develop a production node point around Arnot South (post completion of the acquisition of Arnot South), similar to those developed around Kangala and NCC; and
- a long term opportunity to develop a sustainable 10Mtpa semi-soft coking coal and thermal coal operation at Berenice Cygnus.

4 Universal Shareholder support for the Offer

CoAL has received signed irrevocable undertakings to accept the Offer from Universal Shareholders in respect of 219,731,118 Universal Shares, representing 43.37 per cent. of Universal's total issued share capital, including from each Independent Universal Director (subject to the discharge of their statutory and fiduciary duties as directors) and Coal Development Holdings B.V., Universal's second largest shareholder with an interest of approximately 28.3 per cent. of Universal's total issued share capital.

Of the Universal Shareholders who have irrevocably undertaken to accept or procure acceptance of the Offer, Universal Shareholders holding 39.13 per cent. of the existing issued share capital of Universal have irrevocably undertaken to elect for the Loan Note Alternative.

5 No Reasonable Competing Offers

Ichor announced a cash offer for the purchase of every Universal Share that it does not presently hold for cash consideration of A\$0.16 per Universal Share.

The Offer Price of A\$0.25 per Universal Share represents a premium of 56.25 per cent. to the Ichor Offer and accordingly offers a significantly greater opportunity for Universal Shareholders to benefit from their Universal Shares.

The information in this section should be read together with the detailed information set out in the Offer Document. You should read the Offer Document in full before deciding whether or not to accept the Offer. If you are in any doubt as to how to deal with this Offer Document you should consult your stockbroker, legal or financial adviser as soon as possible.

PART B – KEY RISKS

The CoAL Group’s and/or, following the Acquisition, the Enlarged Group’s operating results, financial condition and prospects could be materially and adversely affected by any of the risks described below. In that event, the value of CoAL Shares could decline and investors could lose all or part of their investment in CoAL Shares and, in addition, the ability of CoAL to satisfy its repayment obligations in respect of the Loan Notes may be materially and adversely affected.

This section describes the risk factors which are considered by the CoAL Board to be material in relation to the CoAL Group and/or which will, following the Acquisition, apply to the Enlarged Group. Where risks are described in terms of a risk to an investment in CoAL Shares, these apply and are equally relevant to the Consideration Shares.

These risks should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties. Additional risks and uncertainties that are not presently known to the CoAL Directors, or which they currently deem immaterial, may also have an adverse effect on the CoAL Group’s and/or, following the Acquisition, the Enlarged Group’s operating results, financial condition and prospects. You should specifically consider the risk factors contained in Appendix V and elsewhere in the Offer Document in light of your own investment objectives and financial circumstances, and should consider seeking professional advice from your stockbroker, solicitor, accountant or other independent financial adviser before deciding whether to invest in CoAL Shares by accepting the Cash and Share Offer and/or to subscribe for Loan Notes by accepting the Loan Note Alternative.

Risk	Potential impact on the CoAL Group
RISKS RELATING TO THE BUSINESS AND OPERATIONS OF THE COAL GROUP (AND, IF THE ACQUISITION IS COMPLETED, THE ENLARGED GROUP)	
<i>Mining and production risk</i>	<p>The nature of mineral exploration, development and mining activities involves a high degree of risk.</p> <p>Mineral resource estimates are uncertain and subject to change due to a variety of factors, and resources recovered may be less in terms of volume, quality and yield than the estimates included in this Offer Document and may not be able to be brought into profitable production.</p> <p>The CoAL Group may not achieve its production estimates, and production may not be economically viable.</p>
<i>Environmental and social risk</i>	<p>The CoAL Group’s operations are subject to strict environmental, heritage and health and safety regulation and enforcement. The CoAL Group’s environmental rehabilitation obligations may increase materially,</p>
<i>Access risk</i>	<p>The CoAL Group’s operations and future growth strategy require continuous acquisition of access to properties or surface rights where required to access properties where coal deposits may be located.</p>

Risk	Potential impact on the CoAL Group
<i>Financing risk</i>	The CoAL Group may not be able to secure financing on suitable terms to finance the operation, development and expansion of its business in the longer term.
<i>Counterparty risk</i>	<p>The use of mining contractors in respect of Kangala's operations may expose the CoAL Group to delays or inefficiencies or suspensions in activities and increases in mining costs.</p> <p>The Enlarged Group is exposed to the failure of non-performance of third parties and exposed to risks that key contracts are of a relatively short term and/or terminable on short notice.</p> <p>Growth of the CoAL Group through joint ventures or acceptance of minority investments also presents risks in implementation.</p>
<i>General economic risk</i>	<p>The CoAL Group is exposed to a reduction in the price, and demand for, of its products.</p> <p>Fluctuations in exchange rates could also have a material adverse effect on the CoAL Group's operating results, cash flows and overall profitability.</p>
RISKS RELATING TO SOUTH AFRICA	
<i>Regulatory risk</i>	The CoAL Group is subject to rigorous government regulation in South Africa which could restrict its operations or the continued expansion of its business.
<i>Access to water</i>	<p>Water is a scarce resource in South Africa and the CoAL Group may not be able to obtain or use the water required to carry on its operations.</p> <p>Further, mining operations in South Africa generally require an integrated water use licence for all anticipated water uses. Any material breach of a water use licence could result in the licence being revoked or an application for a licence or licence renewal being refused, and in such case the CoAL Group could be required to cease operations at the relevant mine.</p>
<i>Permitting and license risk</i>	<p>The CoAL Group's ability to undertake mining operations requires permits and licences from multiple governmental departments, which results in overlapping jurisdictions and multiple legal avenues for third parties to challenge the CoAL Group's permits and licences.</p> <p>The CoAL Group may not be granted or retain the necessary mining and prospecting rights for the continued operation and expansion of its business.</p> <p>The CoAL Group's mining rights are subject to termination if the CoAL Group does not comply with its obligations under the provisions of the MPRDA.</p>

Risk	Potential impact on the CoAL Group
<i>BEE</i>	Compliance with BEE requirements could impose significant costs on the CoAL Group and a failure to comply with BEE requirements could adversely affect the CoAL Group's ability to obtain or maintain its prospecting and mining rights.
<i>Political risk</i>	Political, social and economic conditions in South Africa may adversely affect the CoAL Group's business, results of operation, financial condition and/or growth prospects.
RISKS RELATING TO THE ACQUISITION	
Integration risk	Acquisition and integration costs may be greater than anticipated.
<i>Operational risk</i>	The Enlarged Group may experience operational difficulties in integrating the businesses of CoAL and Universal.
<i>Loss of key management personnel</i>	The loss of one or more members of the Enlarged Group's key employees following the Acquisition could adversely affect the Enlarged Group's business, prospects, financial condition and results of operation.
RISKS RELATING TO COAL SHARES	
<i>General investment risks</i>	The price of CoAL Shares may fluctuate and, among other things, future issues or sales of CoAL Shares could adversely affect the price of the CoAL Shares.
RISKS RELATING TO HOLDING THE LOAN NOTES	
<i>General credit risk</i>	Although CoAL expects it will have sufficient funding in place to satisfy its obligations under the Loan Notes, if CoAL is unable to meet its repayment obligations under the Loan Notes, then holders of Loan Notes may need to take action to recover any amounts owing to them including to enforce their security. In such circumstances, it cannot be guaranteed that all holders of Loan Notes would receive the full value of the Loan Notes.

PART C – KEY QUESTIONS AND ANSWERS

This section answers some key questions that you may have about the Offer.

This information is a summary only and should be read in conjunction with the detailed terms of the Offer set out in this Offer Document.

Who is the Offer from?

The Offer is being made by Coal of Africa Limited, an Australian incorporated coal mining company listed on ASX, AIM and JSE and focused on coal interests in South Africa.

Further details about CoAL are set out in Appendix I.

What is the Offer Document?

This Offer Document sets out the terms of the Offer and information relating to the Offer and the consideration you are eligible to receive if you accept the Offer (subject to satisfaction or waiver of the Conditions of the Offer).

This Offer Document is also a prospectus under Australian law for the purposes of CoAL offering the Consideration Shares to Universal Shareholders in Australia.

What is the Offer?

CoAL is offering to acquire all of your Universal Shares (including those Universal Shares that are represented by Universal CDIs) by way of a public offer.

Eligible Universal Shareholders will be entitled to receive, for each Universal Share held:

- A\$0.20 in cash and 1 Consideration Share; or
- if they are also a Loan Note Eligible Universal Shareholder, a non-converting, secured Loan Note with a principal amount of A\$0.25 per Loan Note.

Restricted Universal Shareholders will not be entitled to participate in the Cash and Share Offer but will instead be entitled to receive, for each Universal Share held:

- A\$0.25 in cash; or
- if they are also a Loan Note Eligible Universal Shareholder, a non-converting, secured Loan Note with a principal amount of A\$0.25 per Loan Note.

Loan Note Eligible Universal Shareholders may elect to receive a combination of the Cash and Share Consideration (or, in the case of Restricted Universal Shareholders, the Cash Consideration) and Loan Notes.

Am I eligible to receive the Cash and Share Consideration and/or the Loan Note Alternative?

For regulatory reasons, certain Universal Shareholders are not entitled to receive one or more of the different types of consideration being offered by CoAL. In summary:

- Eligible Universal Shareholders may receive the Cash and Share Consideration.
- Eligible Universal Shareholders who:
 - are Loan Note Eligible Universal Shareholders, may elect to receive the Loan Note Alternative as an alternative to all or some of the Cash and Share Consideration;
 - are **not** Loan Note Eligible Universal Shareholders, may only receive the Cash and Share Consideration.
- Restricted Universal Shareholders cannot receive the Cash and Share Consideration, but instead may receive the Cash Consideration.
- Restricted Universal Shareholders who:
 - are Loan Note Eligible Universal Shareholders, may elect to receive the Loan Note Alternative as an alternative to all or some of the Cash Consideration;
 - are **not** Loan Note Eligible Universal Shareholders, may only receive the Cash Consideration.
- Only Restricted Universal Shareholders are being offered the Cash Offer. Eligible Universal Shareholders (being Universal Shareholders who are not Restricted Universal Shareholders) may only accept the Cash and Share Offer (and/or, subject to eligibility, the Loan Note Alternative).

Please refer to section 6 of Part I and the Glossary in Appendix XII for further details regarding whether you qualify as an Eligible Universal Shareholder and/or a Loan Note Eligible Universal Shareholder.

How do I accept the Offer?

To accept the Offer you must follow the instructions set out in Part D of this Offer Overview and in Appendix VII.

The Offer may only be accepted for all of your Universal Shares. You cannot accept for part of your holding.

Can I withdraw my acceptance?

Yes, but only in the limited circumstances where a withdrawal right arises under the terms of the Offer as set out in section 3 of Part B of Appendix VI.

Australian domiciled Universal Shareholders and Universal CDI Holders:

- accepting the Cash and Share Offer have statutory rights to withdraw their acceptance of the Cash and Share Offer in certain circumstances prescribed in Chapter 6D of the Australian Corporations Act, including where the Consideration Shares are not admitted to quotation on ASX within 3 months after the date of this Offer Document; and
- accepting the Offer have statutory rights to withdraw their acceptance and/or rescind the contract formed by acceptance of the Offer in certain circumstances prescribed by section 1019K of the Australian Corporations Act where, broadly, the requirements or Division 5A of Part 7.9, Division 5A of the Australian Corporations Act (as amended by the ASIC Relief) are not complied with.

When does the Offer close?

Unless extended or withdrawn, the Offer remains open for acceptance from the Offer Date until 1.00pm (London time) on 3 March 2016.

What is the last date I can accept the Offer and how?

Acceptances of the Offer by Universal Shareholders (other than Universal CDI Holders) must be received by 1.00pm (London time) on 3 March 2016.

Acceptances by Universal CDI Holders must be received by the CDI Acceptance Expiry Time, expected to be 7.00pm (Sydney time) on 26 February 2016.

Refer to Part D of this Offer Overview and Appendix VII for details regarding how you may accept the Offer.

Can CoAL extend the Offer Period?

The Offer Period can be extended by CoAL at any time before the end of the Offer Period except that, if the Offer remains subject to any Conditions, after the notice referred to in section 5 of Part A of Appendix VI is given (**status notice time**) the Offer Period can only be extended in certain circumstances including, for example, where a competing offer for Universal Shares is announced or made (**Competing Proposal**) or the offer price or the consideration for offers under a Competing Proposal is improved.

In addition, where in the last 7 days of the Offer Period the Offer is varied to improve the consideration offered or CoAL's voting power in Universal increases to more than 50 per cent., the Offer Period will be automatically extended so that it ends 14 days after the improvement or increase occurs.

If the Offer Period is extended, the CDI Acceptance Expiry Time will also be extended automatically to 7:00 pm (Sydney time) on the date that is four Business Days prior to the end of the extended Offer Period.

If I accept the Offer, when will I receive the consideration for my Universal Shares?

If you accept the Offer then, subject to the satisfaction (or waiver) of the Conditions of the Offer, CoAL will pay the cash component of the Cash and Share Offer or the Cash Offer (as applicable) and/or issue the Consideration Shares and/or Loan Notes to which you are entitled within 14 calendar days of the date on which the Offer becomes or is declared wholly unconditional or, in relation to valid acceptances received after this date but while the Offer remains open for acceptance, within 14 calendar days of that acceptance.

Pursuant to the Cooperation Agreement, CoAL must use all reasonable endeavours to procure that the Consideration Shares are admitted to trading on AIM, ASX and the JSE as soon as possible (and in any event within 7 Business Days) after being issued. It is expected that the Consideration Shares will first commence normal trading on AIM on 8 March 2016, on ASX on 9 March 2016 and on the JSE on 10 March 2016.

Settlement of the consideration to which any Universal CDI Holder is entitled in relation to Universal Shares underlying and corresponding with Universal CDIs accepted into the Offer may be delayed by the external processes necessary to procure valid acceptances by the CDI Nominee in relation to those Universal Shares.

For further information, see section 24 of Part I.

Will I need to pay stamp duty or brokerage if I accept the Offer?

You will not pay any stamp duty or brokerage on accepting the Offer.

What are the tax consequences if I accept the Offer?

You should consult your financial or other professional adviser on the tax implications of accepting the Offer.

See Appendix VIII for general Australian tax considerations.

What are the conditions to the Offer?

The Offer is subject to the Conditions set out in Part A of Appendix VI.

The key Conditions include:

- the CoAL Resolutions being passed at the CoAL General Meeting;
- CoAL receiving valid acceptances of the Offer in respect of not less than 50 per cent. of the total voting rights carried by Universal Shares and valid elections for the Loan Note Alternative in respect of Universal Shares representing not less than 40 per cent. of the total voting rights carried by Universal Shares; and
- readmission of CoAL's shares to trading on AIM, as required as a consequence of the Offer constituting a reverse takeover for CoAL under AIM Rules.

This is only a summary of the key Conditions. For full details of the Conditions, please see Part A of Appendix VI.

What happens if the Conditions are not satisfied or waived?

If the Conditions are not satisfied or waived before the Offer closes (or in the case of the Conditions referred to in paragraphs (k)(i) to (xiii) of section 1 of Part A of Appendix VI, until three Business Days after the end of the Offer Period), the Offer will lapse. CoAL will make an announcement to the Regulatory Information Service if the Conditions are satisfied or waived during the Offer Period.

PART D – HOW TO ACCEPT THE OFFER

If you hold Universal Shares in certificated form:

If you hold Universal Shares in certificated form, to accept the Offer in respect of those Universal Shares, you should complete, sign and return the accompanying Form of Acceptance along with your valid share certificate(s) and/or any other relevant documents of title as soon as possible and, in any event, so as to be received by post or by hand (during normal business hours only) to the CoAL Receiving Agent (UK) at the address set out in the Form of Acceptance no later than 1.00pm (London time) on 3 March 2016.[†]

A reply-paid envelope for use within the UK only is enclosed for your convenience and may be used by holders of Universal Shares in certificated form in the UK for returning their Forms of Acceptance.

Universal Shareholders who hold Universal Shares in certificated form should refer to Part B of Appendix VII and the accompanying Form of Acceptance for further instructions on how to accept the Offer.

If you hold Universal Shares in CREST:

If you hold Universal Shares in uncertificated form (that is, in CREST), to accept the Offer in respect of those Universal Shares, you should follow the procedures for Electronic Acceptance set out in Part C of Appendix VII and ensure that an Electronic Acceptance is made by you or on your behalf, and that the TTE Instruction settles as soon as possible and, in any event, no later than 1.00pm (London time) on 3 March 2016.[†]

If you hold your Universal Shares as a CREST sponsored member, you should refer to your CREST sponsor as only your CREST sponsor will be able to send the necessary TTE Instruction(s) to Euroclear.

Universal Shareholders who hold Universal Shares in uncertificated form should refer to Part C of Appendix VII for further instructions on how to accept the Offer.

If you are an Eligible UK Universal Shareholder, and therefore able to participate in the Cash and Share Offer, you must complete a representation letter to confirm your status as a 'qualified investor' within the meaning of section 86(7) of the Financial Services and Markets Act 2000 (UK). You should contact Computershare UK at qibs@computershare.co.uk to obtain a copy of this representation letter.

If you hold Universal CDIs:

No separate offer is being made to acquire Universal CDIs. However, Universal CDI Holders may accept the Offer in respect of the Universal Shares underlying and corresponding with the Universal CDIs held by them by, and only by, giving an instruction to the CDI Nominee. To give such an instruction:

- (a) Universal CDI Holders who hold Universal CDIs through Universal's Issuer Sponsored Subregister must complete and sign the CDI Acceptance Form (Issuer Sponsored) provided to Universal CDI Holders in accordance with the instructions on that form and return it to the address noted on the form so that it is received at such address before the CDI Acceptance Expiry Time; or

[†] Except where the Offer Period is extended.

- (b) Universal CDI Holders who hold Universal CDIs through Universal's CHES Subregister must:
- (i) if they are not a Participant, instruct their Controlling Participant (usually their broker) to initiate acceptance of the Offer on their behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules;
 - (ii) if they are a Participant, initiate acceptance of the Offer in accordance with Rule 14.14 of the ASX Settlement Operating Rules; or
 - (iii) as an alternative to (i), complete and sign the CDI Acceptance Form (CHES) in accordance with the instructions on that form and return it to the address noted on the form so that it is received in sufficient time for the CoAL Receiving Agent (Australia) who will initiate acceptance to the Universal CDI Holder's Controlling Participant for them to act on the Universal CDI Holder's instruction before the CDI Acceptance Expiry Time. The CoAL Receiving Agent (Australia) will liaise with the Universal CDI Holder's Controlling Participant and request them to initiate acceptance of the Offer in accordance with Rule 14.14 of the ASX Settlement Operating Rules.

If a Universal CDI Holder's Universal CDIs are held in different parcels in different forms, acceptance of the Offer will require action under (a) or (b) above in relation to the different parcels of the Universal CDIs held by the Universal CDI Holder.

The CoAL Receiving Agent (Australia) will collate acceptances from Universal CDI Holders, present these to the CDI Nominee and request the CDI Nominee to accept the Offer on behalf of Universal CDI Holders in respect of the relevant underlying and corresponding Universal Shares. To enable the CoAL Receiving Agent (Australia) to carry out this process, acceptances from Universal CDI Holders must be received by the CoAL Receiving Agent (Australia) 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.^{†‡}

Universal CDI Holders should make such enquiries and take such actions as are necessary to ensure that their acceptance instruction is received by the CoAL Receiving Agent (Australia) prior to the CDI Acceptance Expiry Time. Universal CDI Holders should contact their brokers or other professional advisers if they have any questions in relation to the Offer.

Universal CDI Holders should refer to Part A of Appendix VII for further instructions on how to accept the Offer.

YOU MAY ACCEPT THIS OFFER ONLY FOR ALL OF YOUR UNIVERSAL SHARES.

ACCEPTANCES OF THE OFFER BY UNIVERSAL SHAREHOLDERS (OTHER THAN UNIVERSAL CDI HOLDERS) MUST BE RECEIVED BY 1.00PM (LONDON TIME) ON 3 MARCH 2016[†]

ACCEPTANCES BY UNIVERSAL CDI HOLDERS MUST BE RECEIVED BY THE CDI ACCEPTANCE EXPIRY TIME, EXPECTED TO BE 7.00PM (SYDNEY TIME) ON 26 FEBRUARY 2016^{†‡}

You are advised to read the whole of this Offer Document carefully.

[†] Except where the Offer Period is extended.

[‡] However, note the definition of CDI Acceptance Expiry Time in Appendix XII.

PART I
LETTER FROM COAL OF AFRICA LIMITED

(Incorporated in Australia with Australian Company Number 008 905 388 and listed on the Australian Securities Exchange, the AIM market of the London Stock Exchange and the Johannesburg Stock Exchange)

21 December 2015

Dear Universal Shareholder / Universal CDI Holder,

Recommended Offer by Coal of Africa Limited for Universal Coal plc

1 Introduction

On 26 November 2015, the CoAL Board and the Independent Universal Directors announced that they had reached agreement on the terms of a recommended offer to be made by CoAL for the whole of the issued and to be issued share capital of Universal.

The CoAL Board believes that there is compelling strategic, operational and financial logic for the Offer which, if successful, will create a leading listed coal mining company with a diverse portfolio of South African producing and development thermal and coking coal assets with a significant growth profile.

Your attention is drawn to the letter of recommendation from the Independent Universal Directors contained in Part II, which sets out the reasons why the Independent Universal Directors, who have been so advised by GMP Securities Europe LLP, consider the terms of the Offer to be reasonable and accordingly recommend that Universal Shareholders (including Universal CDI Holders) accept the Offer, as they⁴ have irrevocably undertaken to do in respect of all their own Universal Shares (comprising, in aggregate, 3.44 per cent. of Universal's total issued share capital) subject to statutory and fiduciary exceptions that relate to the discharge of their duties as directors.

This Offer Document sets out the detailed terms and conditions of the Offer and explains why we believe you should accept it. This Offer Document also outlines the background to, and reasons for, the Offer.

Please read carefully Appendix VII which sets out the procedures for acceptance of the Offer.

Your attention is drawn, in particular, to the conditions and further terms of the Offer set out in Appendix VI and, where relevant, the Form of Acceptance or CDI Acceptance Forms which accompany this Offer Document.

Your attention is also drawn to the financial and other information on CoAL and Universal and the Enlarged Group contained in Appendix I, Appendix II and Appendix III.

⁴ Other than John Hopkins, who does not directly own any Universal Shares.

2 Who is Coal of Africa Limited?

CoAL is an emerging coal mining, development and exploration company operating in South Africa. CoAL is incorporated in Australia and its shares are traded on ASX, AIM and the JSE.

Information regarding CoAL, its board of directors and projects is set out in Appendix I.

3 The Offer

CoAL offers to acquire the entire issued and to be issued share capital of Universal on the terms and subject to the conditions set out in this Offer Document, the Form of Acceptance and the CDI Acceptance Forms.

This Offer will extend to Universal Shares issued during the Offer Period, whether pursuant to the exercise or conversion of rights or otherwise.

Under the terms of the Offer, Eligible Universal Shareholders will be entitled to receive, for each Universal Share held:

- (a) A\$0.20 in cash and 1 Consideration Share; or
- (b) if they are also a Loan Note Eligible Universal Shareholder, a non-converting, secured Loan Note with a principal amount of A\$0.25 per Loan Note.

Restricted Universal Shareholders will not be entitled to participate in the Cash and Share Offer but will instead be entitled to receive, for each Universal Share held:

- (a) A\$0.25 in cash; or
- (b) if they are also a Loan Note Eligible Universal Shareholder, a non-converting, secured Loan Note with a principal amount of A\$0.25 per Loan Note.

Loan Note Eligible Universal Shareholders may elect to receive a combination of the Cash and Share Consideration (or, in the case of Restricted Universal Shareholders, the Cash Consideration) and Loan Notes.

Only Restricted Universal Shareholders are being offered the Cash Offer. Eligible Universal Shareholders (being Universal Shareholders who are not Restricted Universal Shareholders) may only accept the Cash and Share Offer (and/or, subject to eligibility, the Loan Note Alternative).

You may only accept this Offer in respect of all of your Universal Shares.

Universal Shareholders should refer to section 6 of this Part I for further details regarding eligibility to accept the different Offer consideration types.

4 The Cash and Share Offer

The Cash and Share Offer represents a total offer consideration comparable to A\$0.25 per Universal Share based on A\$0.20 in cash and 1 Consideration Share

valued at A\$0.05⁵, and equates to an aggregate value of approximately A\$126.7 million (US\$91.2 million) (applying the relevant Exchange Rates) for the 506,685,447 Universal Shares in issue as at the date of this Offer Document.

The Consideration Shares to be issued pursuant to the Cash and Share Offer will be fully paid ordinary shares and will, from issue rank equally in all respects with all existing CoAL Shares.

CoAL will apply for admission of the Consideration Shares to trading on AIM, ASX and the JSE.

For regulatory reasons, the Cash and Share Offer can only be accepted by Eligible Universal Shareholders.

Universal Shareholders should be aware that there are risks associated with the Consideration Shares. Such individuals are strongly advised to consult a stockbroker, accountant, solicitor or other independent professional adviser who specialises in advising on the acquisition of securities before accepting the Cash and Share Offer. It is recommended that Universal Shareholders consider, carefully, in the light of their investment objectives, and having taken independent advice appropriate to their own financial circumstances, whether or not they wish to accept the Cash and Share Offer. A summary of the risks associated with investing in CoAL Shares is set out in Appendix V.

Further details regarding the rights and liabilities attaching to the Consideration Shares are set out in Appendix IV.

5 The Loan Notes

CoAL is offering the Loan Note Alternative as an alternate form of consideration to the Cash and Share Consideration (or, in the case of Restricted Universal Shareholders, the Cash Consideration).

Loan Note Eligible Universal Shareholders who:

- (a) are Eligible Universal Shareholders may elect to receive the Loan Note Alternative as an alternative to all or some of the Cash and Share Consideration;
- (b) are Restricted Universal Shareholders may elect to receive the Loan Note Alternative as an alternative to all or some of the Cash Consideration.

The Loan Notes will be created by a resolution of the CoAL Board (or a duly authorised committee thereof) and will be constituted by the Loan Note Instrument executed by CoAL. The issue of the Loan Notes will be conditional on the Offer becoming or being declared wholly unconditional.

⁵

Based on the CoAL Closing Price on the JSE on 24 November 2015 (being the last practicable trading day prior to the Offer Announcement), and applying relevant Exchange Rates.

The Loan Notes will carry interest at a rate of 12.68 per cent. per annum for the first 12 months after the date of issue and 15 per cent. per annum for the remainder of the term.

Unless redeemed early by the holder of the Loan Notes or CoAL, the Loan Notes will be redeemed on the date which is 18 months after the Loan Note issue date. The Loan Notes are redeemable by the holder (by giving not less than 30 days' prior written notice) on the date which is 12 months after the date of issue (and will be settled within 10 business days thereafter) and otherwise will be redeemed in full at the end of the 18 month term, in each case for the principal amount plus any accrued interest calculated at such redemption date.

The Loan Notes will not be convertible into shares in CoAL or any other security. The Loan Notes will be secured by a charge over certain Universal Shares received by CoAL pursuant to the Offer, the number of which will be determined as follows:

- (a) the number of Universal Shares received by CoAL pursuant to the Offer for which the Loan Notes will be issued as consideration; plus
- (b) 113 million additional Universal Shares (or, if the number of Universal Shares received by CoAL pursuant to the Offer for which the Cash Consideration and the Cash and Share Consideration is to be paid is less than 113 million, such lower number of Universal Shares).

The Loan Notes may be transferred by the holder only with CoAL's written approval and provided that if the proposed transfer is within the 12 month period following the Loan Note issue date, the transferee is a person who does not require disclosure for the purposes of Chapter 6D of the Australian Corporations Act. If CoAL declines to register a transfer of any Loan Notes, it must redeem the relevant Loan Notes in full.

No application will be made for the Loan Notes to be listed or dealt on any stock exchange, and the Loan Notes will not be held in any securities clearing or settlement system.

Universal Shareholders who are considering making an election for the Loan Notes, should be aware that there are risks associated with the Loan Notes. Such individuals are strongly advised to consult a stockbroker, accountant, solicitor or other independent professional adviser who specialises in advising on the acquisition of securities. It is recommended that Universal Shareholders consider, carefully, in the light of their investment objectives, and having taken independent advice appropriate to their own financial circumstances, whether or not they wish to elect for Loan Notes. A summary of the risks associated with holding the Loan Notes is set out in Appendix V.

The availability of the Loan Note Alternative to Universal Shareholders may be affected by the laws of the relevant jurisdictions in which they are resident and Universal Shareholders should inform themselves of, and observe, any applicable requirements. Refer to section 6 of Part B of Appendix VI for further details. If CoAL declines to register a transfer of any Loan Notes, it must redeem the relevant Loan Notes in full.

Without limiting the foregoing, Australian domiciled Universal Shareholders may only accept the Cash and Share Consideration and will not be entitled to accept the Loan Note Alternative unless they are Loan Note Eligible Australian Universal Shareholders, being 'professional' or 'sophisticated' investors for the purposes of, or other persons who do not require disclosure under, Chapter 6D of the Australian Corporations Act, and to whom Division 5A of Part 7.9 of the Australian Corporations Act does not apply. Loan Note Eligible Australian Universal Shareholders may elect to receive the Loan Notes or a combination of the Cash and Share Consideration and the Loan Notes. This Offer Document does not constitute a prospectus for the offer of Loan Notes to Universal Shareholders in Australia.

A further summary of the key terms of the Loan Notes is included at Appendix XI.

6 Eligibility to receive Offer consideration

For regulatory reasons, certain Universal Shareholders are not entitled to elect to receive one or more of the different types of consideration being offered by CoAL.

In summary:

- (a) Eligible Universal Shareholders may receive the Cash and Share Consideration.
- (b) Eligible Universal Shareholders who:
 - (i) are Loan Note Eligible Universal Shareholders, may elect to receive the Loan Note Alternative as an alternative to all or some of the Cash and Share Consideration;
 - (ii) are **not** Loan Note Eligible Universal Shareholders, may only receive the Cash and Share Consideration.
- (c) Restricted Universal Shareholders may not receive the Cash and Share Consideration, but instead may receive the Cash Consideration.
- (d) Restricted Universal Shareholders who:
 - (i) are Loan Note Eligible Universal Shareholders, may elect to receive the Loan Note Alternative as an alternative to all or some of the Cash Consideration;
 - (ii) are **not** Loan Note Eligible Universal Shareholders, may only receive the Cash Consideration.
- (e) Only Restricted Universal Shareholders are being offered the Cash Offer. Eligible Universal Shareholders (being Universal Shareholders who are not Restricted Universal Shareholders) may only accept the Cash and Share Offer (and/or, subject to eligibility, the Loan Note Alternative).

For the purposes of determining whether you are eligible to receive one or more of the different types of consideration being offered by CoAL as set out above:

- **You are an Eligible Universal Shareholder if you have a registered address in Australia or its external territories, New Zealand, the Netherlands, Hong Kong or if you are an Eligible UK Universal Shareholder or Eligible South African Universal Shareholder.**
- **You are a Loan Note Eligible Universal Shareholder if you have a registered address in the United Kingdom or if you are a Loan Note Eligible Australian Universal Shareholder or Eligible South African Universal Shareholder.**

Notwithstanding the above, CoAL may determine (in its absolute discretion) after being satisfied that it is not unlawful, not unduly onerous and not unduly impracticable to make or extend the Cash and Share Offer or Loan Note Alternative (as applicable) to a Universal Shareholder in the relevant jurisdiction and to issue CoAL Shares or Loan Notes (as applicable) to such a Universal Shareholder.

7 Irrevocable Undertakings

In aggregate, CoAL has received irrevocable undertakings to accept the Offer from Universal Shareholders in respect of 219,731,118 Universal Shares, representing 43.37 per cent. of the existing issued share capital of Universal, including from each Independent Universal Director (subject to the discharge of their statutory and fiduciary duties as directors) and Coal Development Holdings B.V., Universal's second largest shareholder with an interest of approximately 28.3 per cent. of Universal's total issued share capital.

Of the Universal Shareholders who have irrevocably undertaken to accept or procure acceptance of the Offer, Universal Shareholders holding 39.13 per cent. of the existing issued share capital of Universal have irrevocably undertaken to elect for the Loan Note Alternative.

The Independent Universal Directors⁶ have irrevocably undertaken to accept the Loan Note Alternative in relation to their entire combined holdings representing approximately 3.44 per cent. of the entire issued share capital of Universal. The undertakings in each such irrevocable undertaking remain subject to each Independent Universal Director's ability to discharge his statutory and fiduciary duties that apply in his or her capacity as a director).

Each irrevocable undertaking received by CoAL is subject to a higher competing offer arising, provided such offer is not matched by CoAL.

⁶ Other than John Hopkins, who does not directly own any Universal Shares.

Further details of these undertakings are set out in section 5 of Appendix IX.

8 Market price of Universal Shares

The market value of the Universal Shares/Universal CDIs, based on the Closing Price of Universal CDIs on the ASX on 21 December 2015, being the date of the Offer, was A\$0.195.

9 Market price of CoAL Shares

The market value of the CoAL Shares, based on the Closing Price of CoAL Shares on the ASX on 21 December 2015, being the date of the Offer, was A\$0.046.

Please refer to section 6 of Appendix IX for further details regarding the market price of CoAL Shares over the 3 month period preceding this Offer Document.

10 Background to the Offer

On 21 August 2015, Ichor announced its intention to make an unsolicited offer for the entire issued and to be issued share capital of Universal that it did not own, at an offer price of A\$0.16 per Universal Share. On 30 September 2015, Ichor published the Ichor Offer Document in connection with the Ichor Offer, which remains open for acceptance. Ichor is Universal's largest shareholder with a shareholding of 151,660,000 Universal Shares as at the date of the Ichor Offer Document, representing approximately 29.93 per cent. of Universal's issued share capital. In addition, Ichor released a supplementary offer document on 9 November 2015 and a second supplementary offer document on 26 November 2015. For other announcements made by Ichor in respect of the Ichor Offer, refer to Universal's website: <http://www.universalcoal.com/media-centre/asx-releases/>.

As Universal Shareholders would expect, in conjunction with seeking to create further value by developing Universal's assets and thereby enhancing Universal's prospects as a standalone company, the Independent Universal Directors sought to maximise the value of Universal for all Universal Shareholders by engaging with third parties with a view to soliciting alternative formal offers for Universal Shareholders on better terms than those provided in the Ichor Offer.

On 2 November 2015, the Independent Universal Directors published the Indicative Offer Announcement stating that they had received a written confidential, non-binding indicative and conditional proposal in connection with an offer to acquire all of the Universal Shares at a price of A\$0.25 per Universal Share, and that, subject to the satisfaction of the pre-conditions to the making of a formal offer, the Independent Universal Directors intended to support the proposal.

Following the release of the Indicative Offer Announcement, the Independent Universal Directors and their advisers worked with CoAL and its advisers to facilitate a detailed due diligence process and to negotiate the detailed terms of the Offer.

On 26 November 2015, the CoAL Board and the Independent Universal Directors issued the Offer Announcement, setting out CoAL's intention to make the Offer, and the intention of the Independent Universal Directors to recommend the Offer.

11 Strategic rationale

The CoAL Board believes that completion of the Offer has compelling strategic, operational and financial logic. The two companies have complementary business, development and funding profiles and the Offer will create a more diverse group with an enhanced financial and market profile, and be led by a management team with proven operational capabilities. The Offer is the result of detailed technical and other due diligence undertaken over a number of months which has given the CoAL Board confidence in an exciting future.

The CoAL Board believes the Offer represents a highly compelling and attractive value proposition for CoAL Shareholders as the Offer is value accretive and should support a re-rating as CoAL transitions from a project developer to having cash generative assets which generate positive cash flows from the sale of thermal coal into the domestic South African market under long term coal sale agreements, which will complement CoAL's flagship Makhado Project and development project pipeline.

12 Why you should accept CoAL's Offer

The Offer consideration of A\$0.25 per Universal Share represents a significant premium to Universal's share price

The Offer enables Universal Shareholders to realise their Universal Shares for cash and Consideration Shares at a price significantly in excess of the recent trading range of the Universal Share price on the ASX prior to the Indicative Offer Announcement. The Cash and Share Offer represents a total offer consideration comparable to A\$0.25 per Universal Share based on A\$0.20 in cash and 1 Consideration Share valued at A\$0.05 (based on the closing price of CoAL Shares on the JSE on 24 November 2015, and applying relevant Exchange Rates), and equates to an aggregate value of approximately A\$126.7 million (US\$91.2 million) (applying the relevant Exchange Rates) for the 506,685,447 Universal Shares currently in issue.

The CoAL Board believes that the Offer should be highly attractive to Universal Shareholders, providing them with a total Offer consideration which represents a premium of approximately:

- (a) 35.14 per cent. to the Closing Price of Universal Shares of A\$0.185 per Universal Share on 30 October 2015 (being the last business day prior to the Indicative Offer Announcement);
- (b) 32.64 per cent. over the 60 day VWAP of A\$0.188 per Universal Share for the period ended 24 November 2015 (being the last practicable trading day prior to the Offer Announcement);
- (c) 16.28 per cent. to the Closing Price of Universal Shares of A\$0.215 per Universal Share on 24 November 2015 (being the last practicable business day prior to the Offer Announcement); and
- (d) 56.25 per cent. to the Ichor Offer price of A\$0.16 per Universal Share.

The VWAP of CoAL Shares on the JSE for the 60 and 30 day periods ending on 24 November 2015 (being the last practicable trading day prior to the Offer Announcement) was A\$0.062 and A\$0.057 respectively (applying relevant Exchange Rates). In addition, pursuant to the Subscription Agreements, CoAL is expecting to raise US\$18 million at a price of US\$0.0435 (approximately A\$0.061) (applying relevant Exchange Rates) per CoAL Share.

Subject to eligibility (refer to section 6 of this Part I), a Universal Shareholder who accepts the Offer and elects for the Loan Note Alternative would receive a total return including principal and interest of approximately A\$0.282 per Universal Share, or approximately A\$0.303 per Universal Share, depending on whether the Loan Notes are redeemed by the holder 12 months after the Loan Note issue date or redeemed at the end of their term 18 months after the Loan Note issue date.

Participation in an enlarged group with an attractive growth profile

Universal Shareholders that accept the Cash and Share Offer will benefit from becoming a shareholder in a larger group, listed on three stock exchanges and an enhanced profile.

The successful completion of the Offer will create a group with an enlarged portfolio of South African producing and development thermal and coking coal assets including:

- (a) the Vele Colliery, a semi soft coking and thermal coal mine currently under care and maintenance with the potential to supply approximately 1.2Mtpa of saleable product once all regulatory approvals have been obtained and plant modifications completed;
- (b) the Makhado hard coking and thermal coal project that has been granted a New Order Mining Right and has the potential to produce approximately 5.5 Mtpa of saleable product;
- (c) three other early stage coking and thermal coal exploration projects, namely Chapudi, Generaal and Mopane, in the Soutpansberg Coalfield;
- (d) a 70.5 per cent. interest in the Kangala Colliery, an operating thermal coal mine with planned production levels of approximately 2.4Mtpa;
- (e) a 49 per cent. interest in the New Clydesdale Colliery, initially to be developed as an open pit thermal coal mine targeting production of 2Mtpa (Phase 1) with a potential underground expansion to increase production to 2.8Mtpa (Phase 2);
- (f) a potential 1.2Mtpa thermal coal mine at Brakfontein, with an option to utilise Kangala's excess processing capacity;
- (g) a potential to develop a production node point around Arnot South (post completion of the acquisition of Arnot South), similar to those developed around Kangala and NCC; and

- (h) a long term opportunity to develop a sustainable 10Mtpa semi-soft coking coal and thermal coal operation at Berenice Cygnus.

The Independent Universal Directors recommend the Offer

The Independent Universal Directors unanimously recommend that Universal Shareholders accept the Offer as they⁷ have irrevocably undertaken to do in respect of all of their own Universal Shares (representing, in aggregate, 3.44 per cent. of Universal's total issued share capital).

The unanimous recommendation of the Independent Universal Directors is contained in the letter from the Chairman of Universal set out in Part II of this Offer Document.

Universal's obligations in respect of the recommendation to Universal Shareholders to accept the Offer will cease to apply in respect of an Independent Universal Director if that Independent Universal Director takes legal advice in relation to his or her fiduciary duties or duties under applicable law or regulation and consequently decides that to give or continue to give, or to fail to withdraw, modify or qualify, the recommendation in favour of the Offer would be inconsistent with his or her fiduciary duties or his or her duties under applicable law or regulation.

Universal Shareholder support for the Offer

As set out in section 7 of this letter, Universal Shareholders who between them own or control 43.37 per cent. of the issued share capital of Universal, have entered into irrevocable undertakings to accept the Offer, in the absence of a higher competing offer.

Accordingly, the CoAL Directors have every confidence that the minimum acceptance condition of the Offer (refer section 1(a) of Part A of Appendix VI) will be satisfied, subject only to a higher competing offer not arising and, in the case of the irrevocable undertakings provided by Independent Universal Directors, subject to each Independent Universal Director not revoking its undertaking on the basis of the discharge of his or her statutory and fiduciary duties as a director.

Competing Offers

On 21 August 2015, Ichor announced a cash offer for the purchase of every Universal Share that it does not presently hold for cash consideration of A\$0.16 per Universal Share (**Ichor Offer**).

The Ichor Offer has not been recommended by the Independent Universal Directors and an independent expert has concluded that **the Ichor Offer is not fair and is not reasonable**.

The Offer price of A\$0.25 per Universal Share represents a premium of 56.25 per cent. to the Ichor Offer and accordingly offers significantly greater opportunity for Universal Shareholders to benefit from their Universal Shares.

⁷ Other than John Hopkins, who does not directly own any Universal Shares.

Universal also disclosed on 21 September 2015 that it had received a written, non-binding indicative offer from another group expressing an interest in making an alternative offer which is reflected in a 'written, non-binding indicative proposal', which Universal clarified involved a conditional cash offer of A\$0.20 per Universal Share (**Third Party Proposal**).

Universal has informed CoAL that, since that date, there has been no further evidence from the relevant third party that it intends to proceed with the Third Party Proposal or increase the indicative offer price.

In any event, the Cash Consideration component of the Offer contained in this Offer Document represents a 25 per cent. premium to any offer that was proposed under the Third Party Proposal.

13 CoAL's intentions for Universal

These statements of intention are based on the information concerning Universal and the circumstances affecting the business of Universal that are known to CoAL at the date of this Offer Document.

Final decisions on these matters will only be made in the light of all material facts and circumstances at the relevant time if the Offer is successful. Accordingly, the statements set out in this section 13 are statements of current intention only, which may change as new information becomes available or circumstances change.

(a) Intentions for Universal

If the Offer becomes unconditional, CoAL intends to implement the following steps to the extent possible and appropriate having regard to the level of CoAL's shareholding in Universal:

- (i) unless Universal has more than the minimum required spread of shareholders under the ASX Listing Rules (or the conditions for de-listing are not otherwise met), procure that an application be made to remove Universal from the official list of ASX. Refer to section 21 of this Part I for details regarding the circumstances in which Universal may be removed from the official list of ASX;
- (ii) acquire further Universal Shares over time;
- (iii) appoint its own nominees to the board of directors of Universal and its subsidiaries and make appropriate changes to the composition of the boards of Universal and all associated entities;
- (iv) continue with its review of all of Universal's operations to accurately quantify the potential synergy benefits; and
- (v) seek to amend the constitution of Universal to remove provisions of the constitution consistent with the company being listed on the official list of ASX.

CoAL and Universal have high regard for the skills and experience of the existing management and employees of Universal, and CoAL believes retaining key personnel within Universal would be important for delivering the business' future strategy. CoAL views Universal as an extremely well-managed business and intends to utilise the services of the current Universal executive management team.

As a result of the structure of the Offer, the 'squeeze-out' provisions in Chapter 3 of Part 28 of the Companies Act 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 the remaining Universal Shareholders to sell their Universal Shares to CoAL.

(b) Other intentions

Other than as set out in this section 13, if the Offer is successful, CoAL intends, based on the information presently known to it, to:

- (i) continue the business of Universal;
- (ii) not to make any major changes to the business of Universal or the deployment of fixed assets or property associated with the business of Universal; and
- (iii) continue the employment of the present employees of Universal and its subsidiaries.

(c) Limitation to giving effect to intentions

The capacity of CoAL to give effect to the intentions set out in this section 13 may be affected by:

- (i) the legal obligations of the members of the Universal Board to act in good faith and to act in the best interests of the Universal business and for the proper purposes, and to have regard to the interests of Universal Shareholders;
- (ii) the requirements of the Companies Act and ASX Listing Rules, particularly the requirements related to conflicts of interest and transactions with persons of significant influence; and
- (iii) the outcome of any reviews to be undertaken by CoAL as referred to in this section 13.

14 Universal convertible securities

In conjunction with the Offer, CoAL has made separate offers to the holders of certain "in the money" options and warrants which, on exercise, will result in the issue of new Universal Shares. The offers made to the holders of "in the money" options and warrants are conditional on, amongst other things, the Offer having become unconditional and will result in payment to those holders of amounts equal to the

difference between the Offer Price and the exercise price of the relevant options and warrants. As a result, holders of “in the money” options and warrants are entitled to receive consideration analogous to what they would have received as if they had exercised their options and warrants, been issued Universal Shares, and accepted the Cash Offer to receive the Cash Consideration in respect of those Universal Shares.

As at the date of this Offer Document, CoAL has received acceptance of these separate offers from all but one of the holders of the relevant options and warrants.

15 Financing of the Offer

The cash payable under the Offer will be funded by CoAL’s existing cash reserves and through the proceeds of a US\$18 million equity investment from Yishun Brightrise and M&G at a price of US\$0.0435 (approximately A\$0.061) (applying relevant Exchange Rates) per CoAL Share, pursuant to the Subscription Agreements.

Completion of the Subscription Agreements will be subject to:

- (a) approval of the Australian Foreign Investment Review Board, where applicable based on the relevant investor’s interest in CoAL;
- (b) the satisfaction or waiver of the Conditions, other than the Condition that each of the Subscription Agreements has become unconditional in all respects; and
- (c) CoAL Shareholders approving the issue of CoAL Shares to Yishun Brightrise and M&G respectively at the CoAL General Meeting for the purposes of the ASX Listing Rules and for all other purposes.

Subject to satisfaction of the conditions that apply to each Subscription Agreement, CoAL expects to raise approximately US\$18 million pursuant to the Subscription Agreements (however please refer to footnote to the table in section 3 of Appendix III regarding the maximum number of CoAL Shares that may be issued to Yishun Brightrise pursuant to the YBI Subscription Agreement).

CoAL accordingly has a reasonable basis for forming and holding the view that it will be able to pay the cash consideration required for the Offer.

Although CoAL considers it will have sufficient funding in place to satisfy its obligations under the Loan Notes, eligible Universal Shareholders, who are considering making an election for the Loan Note Alternative, should be aware that there are risks associated with the Loan Notes. A summary of these risks is included in Appendix V.

Such Universal Shareholders are strongly advised to consult a stockbroker, accountant or other independent professional adviser who specialises in advising on the acquisition of securities. Universal Shareholders are recommended to consider, carefully, in the light of their investment objectives, and having taken independent advice appropriate to their own financial circumstances, whether or not they wish to elect for the Loan Note Alternative.

The Loan Notes will be secured by a charge over certain Universal Shares received by CoAL pursuant to the Offer, the number of which will be determined as follows:

- (a) the number of Universal Shares received by CoAL pursuant to the Offer for which the Loan Notes will be issued as consideration; plus
- (b) 113 million additional Universal Shares (or, if the number of Universal Shares received by CoAL pursuant to the Offer for which the Cash Consideration and the Cash and Share Consideration is to be paid is less than 113 million, such lower number of Universal Shares).

The Loan Notes will not be convertible into CoAL Shares or any other security.

16 Cooperation Agreement

CoAL and Universal have entered into a Cooperation Agreement, which governs their relationship during the period from the date of the Offer Announcement until the Offer is completed. Amongst other things, CoAL and Universal have agreed to cooperate with regard to the process required to implement the Offer and Universal has entered into certain undertakings concerning the conduct of its business during that period.

A summary of the key terms of the Cooperation Agreement is set out in Appendix X.

17 Reverse takeover and Admission Document

The Acquisition constitutes a reverse takeover for CoAL under the AIM Rules. Accordingly, CoAL will be required to seek approval for the Acquisition by the majority of CoAL Shareholders at the CoAL General Meeting and, following such shareholder approval, to apply for readmission of its shares to trading on AIM.

A notice of meeting for the CoAL General Meeting, which will also comprise an admission document prepared in accordance with the AIM Rules, will be sent to CoAL Shareholders in due course.

18 Conditions of the Offer

The Offer is conditional on, among other things:

- (a) the passing of the CoAL Resolutions at the CoAL General Meeting;*
- (b) readmission of CoAL's shares to trading on AIM, as required as a consequence of the Offer constituting a reverse takeover for CoAL under AIM Rules;
- (a) CoAL receiving valid acceptances of the Offer in respect of not less than 50 per cent. of the total voting rights carried by Universal Shares;
- (b) CoAL receiving valid elections for the Loan Note Alternative in respect of Universal Shares representing not less than 40 per cent. of the total voting rights carried by Universal Shares;

- (c) each of the Subscription Agreements having become unconditional in all respects, and not having been terminated in accordance with its terms;
- (d) the Offer not becoming subject to the Code;
- (e) all Authorisations required by applicable law or regulation for the making or implementation of the Offer being obtained on terms acceptable to CoAL, acting reasonably; and
- (f) there having been no material adverse change in the financial or trading position of, or prospects for, the Universal Group, taken as a whole, since 30 June 2015, and certain events relating to Universal and its business not having occurred.

*The requisite resolutions will require a simple majority vote in order to pass. 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 CoAL Resolutions.

As at the date of this Offer Document, the following Conditions set out in section 1 of Part A of Appendix VI have been satisfied:

- (a) paragraph (g) (South African Competition Commission approval); and
- (b) paragraph (i) (Mountain Rush Trading 6 Proprietary Limited consent).

Whilst the Conditions are customary for a transaction of this nature, Universal Shareholders should note that the UK Takeover Code does not apply to Universal or the Offer. As such, the rules of the UK Takeover Code, including in particular Rules 2.7 and 13, which would, if the UK Takeover Code applied, restrict the ability of CoAL not to proceed with the Offer or to invoke a Condition or fail to waive a Condition, does not apply.

Notwithstanding the above, under the Cooperation Agreement, CoAL has agreed that, although the Code does not apply to the Offer, it shall not invoke any of the Conditions set out in paragraph (k) of section 1 of Part A of Appendix VI (other than the Conditions in paragraphs (k)(xiv), (xv), (xvi) and (xviii)) in order to cause the Offer to lapse or be withdrawn unless the circumstances giving rise to CoAL wishing to invoke the Condition are such that, if the Code did apply to the Offer, the UK Takeover Panel would or could reasonably be expected to permit the relevant Condition to be invoked. CoAL has also agreed not to waive the minimum acceptance condition set out in paragraph (a) of section 1 of Part A of Appendix VI.

The full Conditions are set out in Part A of Appendix VI.

19 Exclusivity Arrangements

Non-solicitation

Universal has agreed that it shall:

- (a) not directly or indirectly, enter into, continue or participate in any discussions or negotiations in connection with a competing proposal or the preparation of a competing proposal;
- (b) notify CoAL as soon as reasonably practicable if it becomes aware of any competing proposal or potential competing proposal;
- (c) as soon as reasonably practicable notify CoAL in the event that it receives a request in respect of any competing proposal or potential competing proposal from any third party and it shall not in any way assist the person requesting the information or provide any information to such person; and
- (d) not make available to any third party, or knowingly permit a third party to make available to another third party, any non-public information relating to any entity within the Universal Group which Universal is aware is in connection with such third party formulating, developing or finalising, or assisting in the formulation, development or finalisation of, a competing proposal (“No talk”).

The “No talk” obligation does not prevent Universal or the Independent Universal Directors responding to or holding discussions with a bona fide offeror that has submitted in writing a superior proposal provided that the Independent Universal Directors, having taken legal advice, consider that a failure to respond to such an approach would be inconsistent with their fiduciary duties or duties under applicable law or regulation.

Universal shall not offer or agree to any break fee or other similar arrangement with any person in connection with a competing proposal.

Until the day on which the Offer closes, lapses or is withdrawn (or if implemented by way of a Scheme, the date the Scheme becomes effective, lapses or is withdrawn) or the Cooperation Agreement is otherwise terminated in accordance with its terms, Universal shall not, directly or indirectly, solicit, or do anything else which might reasonably be expected to result in, a competing proposal.

Competing offers

Universal must notify CoAL of an approach by any persons who might reasonably be expected to make a competing proposal or announcement as soon as practicable.

Universal must not:

- (a) enter into any agreement or understanding to (1) undertake or give effect to the competing proposal or (2) keep the identity of the relevant person confidential; and

- (b) shall procure (to the extent it is able) that the Independent Universal Directors do not vary or amend the recommendation or, save as required to act in a manner that is not inconsistent with what those Independent Universal Directors consider to be their fiduciary duties or duties under applicable law or regulation, respond to the approach,

unless, in summary:

- (c) any one or more of the Independent Universal Directors, having taken legal advice, and in order to act in a manner that is not inconsistent with what any of those Independent Universal Directors considers to be his or her fiduciary duties or duties under applicable law or regulation determine that a competing proposal or announcement constitutes a superior proposal;
- (d) Universal has given CoAL at least five clear Business Days' notice of its intention to enter into an agreement, arrangement or understanding to effect a competing proposal or vary or amend its recommendation; and
- (e) the notice provides CoAL with the material terms of the superior proposal and the identity of the competing offeror.

CoAL will have 5 Business Days to provide the CoAL Counter Proposal to Universal Shareholders.

If the Independent Universal Directors, having regard to their statutory and fiduciary duties, determine the CoAL Counter Proposal provides a benefit for Universal Shareholders taken as a whole that is at least equal to the superior proposal, the directors of Universal must recommend the CoAL Counter Proposal to Universal Shareholders and not the applicable superior proposal.

20 Inducement Fee

In consideration for CoAL pursuing the Offer, Universal has agreed to pay CoAL ZAR5 million if:

- (a) a competing proposal:
 - (i) is announced before the Offer lapses or is withdrawn; and
 - (ii) which is recommended by the directors of Universal; and/or
 - (iii) which becomes unconditional in all respects or is otherwise consummated;
- (b) the Independent Universal Directors (i) fail to recommend the Offer or Scheme (if applicable) in the Offer Document or the Scheme Document (as applicable), provided that the Offer made in the Offer Document or contained in the Scheme Document is made in compliance with the terms of the Cooperation Agreement or (ii) withdraw or amend the recommendation and subsequently the Offer or Scheme (as the case may be) lapses or is withdrawn; or

- (c) the Offer is to be implemented by way of a Scheme and Universal fails to send the Scheme Document by the date agreed with CoAL other than where such failure to send is for reasons outside Universal's control.

21 Delisting and re-registration

Depending upon the number of Universal Shares acquired pursuant to the Offer, it is possible that ASX may remove Universal from the official list of ASX because (among other things) Universal may fail to meet the criteria for continued listing on the ASX following completion of the Offer. If this were to happen, the Universal CDIs could be delisted and this could, in turn, adversely affect the market or result in a lack of an established market for the Universal CDIs.

Furthermore, if the Offer becomes or is declared wholly unconditional, and sufficient acceptances are received under the Offer, CoAL intends to take steps to delist Universal, as described in section 13 above. In addition, CoAL may re-register Universal as a private company.

De-listing is likely to reduce significantly the liquidity and marketability of any Universal Shares in respect of which the Offer has not been accepted.

Two scenarios under which Universal may be delisted from ASX at the request of Universal are set out below:

- (a) **Scenario One** – Universal may request that it be removed from the official list of ASX in circumstances where:
- CoAL and its related bodies corporate own or control at least 75 per cent. of the Universal Shares; and
 - the number of Universal Shareholders (excluding CoAL and its related bodies corporate) having holdings with a value of at least A\$500 is fewer than 150; and
 - the Offer remains open for at least two weeks after CoAL and its related bodies corporate own or control at least 75 per cent. of the Universal Shares.

In these circumstances and to the extent that it is able to do so, CoAL will procure that Universal notify Universal Shareholders through an announcement on a Regulatory Information Service advising them of the nominated time and date on which Universal will be delisted from ASX (which must be no earlier than 3 months after the Offer Announcement on the Regulatory Information Service has been made). The Offer Announcement must inform Universal Shareholders that if they wish to sell their Universal CDIs on ASX they will need to do so before the nominated time for Universal's removal from the official list of ASX and if they do not sell their securities on ASX before the nominated time they will only be able to subsequently sell their securities off-market.

- (b) **Scenario Two** – Universal may also be removed from the official list of ASX on request of Universal where Universal Shareholders have approved delisting. ASX will likely prohibit CoAL and its associates from voting on the approval for 12 months after the close of the Offer, but CoAL currently intends to procure delisting as soon as it is able to do so.

Following the Offer becoming or being declared wholly unconditional and Universal having been delisted from ASX, Universal may be re-registered as a private limited company.

22 Taxation

Your attention is drawn to Appendix VIII, headed ‘Australian Taxation Considerations’. If you are in any doubt as to your taxation position or are subject to taxation in any jurisdiction other than Australia, you should consult an appropriate professional adviser immediately and prior to taking any action with respect to this Offer.

23 Excluded Jurisdictions

Unless otherwise determined by CoAL and permitted by applicable law and regulation, the Offer is not being made, directly or indirectly in, into or from any Excluded Jurisdiction or any other jurisdiction where to do so would violate the laws of that jurisdiction, and it is not currently intended that the Offer will be capable of acceptance by any such use, means, instrumentality or facility from within any such jurisdiction.

The availability of the Offer (including the Loan Note Alternative and/or the Cash and Share Consideration or Cash Consideration (as applicable)) to Universal Shareholders may be affected by the laws of their relevant jurisdiction. Universal Shareholders should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdiction. If you remain in any doubt, you should consult your professional adviser in the relevant jurisdiction without delay.

Without limiting the foregoing, the Cash and Share Offer is not being extended to UK domiciled Universal Shareholders (or other Restricted Universal Shareholders) other than Eligible UK Universal Shareholders and the Loan Note Alternative is not being extended to Australian domiciled Universal Shareholders (or other Loan Note Restricted Universal Shareholders) other than Loan Note Eligible Australian Universal Shareholders, being ‘professional’ or ‘sophisticated’ investors for the purposes of, or other persons who do not require disclosure under, Chapter 6D of the Australian Corporations Act, and to whom Division 5A of Part 7.9 of the Australian Corporations Act does not apply (or other Loan Note Restricted Universal Shareholders).

In addition, Universal Shareholders who form part of the South African public shall not be entitled to accept the Loan Note Alternative nor the Cash and Share Offer, unless the total contemplated acquisition cost of the aforesaid instruments is greater than or equal to ZAR1,000,000, or such Universal Shareholder is a person, acting as principal, whose ordinary business, or part of whose ordinary business, is to deal in securities, whether as principal or agent (in reliance on sections 96(1)(a)(i) and

96(1)(b) of the South African Companies Act) or such Universal Shareholder falls within one of the other specified categories of persons listed in section 96(1) of the South African Companies Act.

Universal Shareholders should refer to section 6 of this Part I for further details regarding eligibility to accept the different types of consideration under the Offer.

In addition, the attention of Universal Shareholders and any person (including, without limitation, any nominee, custodian or trustee) who may have an obligation to forward any document in connection with the Offer is drawn to section 6 of Part B of Appendix VI and:

- (a) section 4(c) of Part A of Appendix VII (if such person holds Universal CDIs);
- (b) section 6(c) of Part B of Appendix VII (if such person holds Universal Shares in certificated form); or
- (c) section 5(c) of Part C of Appendix VII (if such person holds Universal Shares in uncertificated form),

and to the relevant provisions of the Form of Acceptance and the CDI Acceptance Forms which they should read before taking any action. Persons who are unable to give the representations and warranties set out in the sections mentioned above may be deemed not to have validly accepted the Offer.

24 Settlement and listing

(a) Settlement generally

Subject to the Offer becoming or being declared wholly unconditional (and except as provided in section 6 of Part B of Appendix VI in the case of Universal Shareholders in certain jurisdictions), settlement of the consideration to which any Universal Shareholder is entitled under the Offer will be effected by the issue of cheques or the crediting of CREST accounts and/or the issue and despatch of holding statements and/or loan note certificates:

- (i) in the case of acceptances received, complete in all respects, by the date on which the Offer becomes or is declared wholly unconditional, within 14 calendar days of such date; and
- (ii) in the case of acceptances received, complete in all respects, after such date but while the Offer remains open for acceptance, within 14 calendar days of such receipt,

and in either case in the following manner:

- (iii) by cheque drawn on an Australian bank or by the crediting of CREST accounts (in respect of the cash payable pursuant to an election to receive the Cash and Share Consideration or Cash Consideration (as applicable));

- (iv) by despatching holding statements (in respect of the Consideration Shares to be issued pursuant to an election to receive the Cash and Share Consideration);
- (v) by the issue of a Loan Note certificate (in respect of the Loan Notes to be issued pursuant to an election to receive the Loan Notes); or
- (vi) a combination of the methods set out paragraphs (a)(iii) – (v) (in respect of an election to receive a combination of the Cash and Share Consideration and Loan Notes or, in the case of Restricted Universal Shareholders, the Cash Consideration and Loan Notes).

The cheques and/or holding statements and/or Loan Note certificate will be dispatched by ordinary mail to the relevant Universal Shareholder to the addresses recorded on the register of Universal Shareholders which has been provided to CoAL (but not into any Excluded Jurisdiction).

(b) Lapse or withdrawal of Offer

If the Offer lapses or is withdrawn:

- (i) in the case of certificated Universal Shares, the relevant Form of Acceptance, share certificate(s) and/or other documents of title will be returned by post within 14 calendar days of the Offer lapsing or being withdrawn to the person or agent whose name and address (outside an Excluded Jurisdiction) is set out in Box 4 of the Form of Acceptance or, if none is set out, to the first named holder at his or her registered address (provided that no such documents will be sent to an address in an Excluded Jurisdiction);
- (ii) in the case of uncertificated Universal Shares, the Escrow Agent will, immediately upon the lapsing or withdrawal of the Offer (or within such longer period not exceeding 14 calendar days after the lapsing or withdrawal of the Offer), give TTE Instructions to Euroclear to transfer all relevant Universal Shares held in escrow balances and in relation to which it is the Escrow Agent for the purposes of the Offer to the original available balances of the Universal Shareholders concerned;
- (iii) in the case of Universal CDIs held through Universal's CHES Subregister, CoAL must within one Business Day after the end of the Offer Period notify ASX Settlement that the Offer has lapsed as at the end of the Offer Period because it has not become wholly unconditional or that the Offer has been withdrawn and ASX Settlement must release the accepted Universal CDIs from the Offer accepted sub-position in accordance with ASX Settlement Operating Rule 14.19.1; and
- (iv) in the case of Universal CDIs held through Universal's Issuer Sponsored Subregister, CoAL must notify Universal that the Offer has lapsed as at the end of the Offer Period because it has not become wholly unconditional or that the Offer has been withdrawn and

Universal is required to release the accepted Universal CDIs from their 'reserved' status.

All remittances, communications, notices, certificates and documents of title sent by, to or from Universal Shareholders or Universal CDI Holders (as the case may be) or their appointed agents will be sent at their own risk.

25 Action to be taken to accept the Offer

- (a) If you hold certificated Universal Shares (i.e. a paper share certificate and not electronically through CREST) then, to accept the Offer in respect of those Universal Shares you should complete, sign and return the Form of Acceptance (together with your share certificate(s) and/or other document(s) of title) as soon as possible and, in any event, so as to be received by the CoAL Receiving Agent (UK) not later than 1.00pm (London time) on 3 March 2016[†] by following the procedure set out in Part B of Appendix VII. A reply-paid envelope is enclosed for your convenience for use in the UK only.
- (b) If your Universal Shares are held in uncertificated form (that is, in CREST), acceptances should be made electronically through CREST so that the TTE Instruction settles no later than 1.00pm (London time) on 3 March 2016[†] by following the procedure set out in Part C of Appendix VII. If you are a CREST sponsored member, you should refer to your CREST sponsor as only your sponsor will be able to send the necessary TTE Instruction to Euroclear.
- (c) If you hold Universal CDIs then, to accept the Offer in respect of the Universal Shares underlying and corresponding with those Universal CDIs, you should give an instruction to the CDI Nominee in the manner described in Part A of Appendix VII.

[†] Except where the Offer Period is extended.

Authorisation

Each CoAL Director has consented to the lodgement of this Offer Document with the ASIC.

Signed for and on behalf of the CoAL Directors by Chief Executive Officer David Brown, pursuant to a resolution of the CoAL Board.

Yours faithfully

David Brown
Chief Executive Officer / Executive Director

For and on behalf of
Coal of Africa Limited

PART II
LETTER OF RECOMMENDATION FROM THE CHAIRMAN OF UNIVERSAL COAL PLC

Dear Sir or Madam

Recommended Takeover Offer

by

Coal of Africa Limited

to acquire the entire issued and to be issued ordinary share capital of Universal Coal plc

1. Introduction

It was announced on 26 November 2015, that the Independent Universal Directors had reached agreement with CoAL on the terms of an offer to be made by CoAL to acquire the entire issued and to be issued share capital of Universal, and for a separate offer to be made for certain convertible securities.

The purpose of this letter is to explain the background to the Offer, the reasons why the Independent Universal Directors consider the terms of the Offer to be reasonable and why they are making the recommendation as set out in paragraph 7 of this letter to accept the Offer.

2. Summary terms of the Offer

The terms of the Offer, including the Offer consideration available to eligible Universal Shareholders, are set out in Part I of this Offer Document and elsewhere in this document.

3. Background to the Offer

On 21 August 2015, Ichor announced its intention to make an unsolicited offer for the entire issued and to be issued share capital of Universal that it did not own, at an offer price of A\$0.16 per Universal Share. On 30 September 2015 Ichor published the Ichor Offer Document in connection with the Ichor Offer, which remains open for acceptance. In addition, Ichor released a supplementary Offer Document on 9 November 2015 and a second supplementary Offer Document on 26 November 2015. For other announcements made by Ichor in respect of the Ichor Offer, refer to Universal's website: <http://www.universalcoal.com/media-centre/asx-releases/>.

Ichor is Universal's largest shareholder with a shareholding of 151,660,000 Universal Shares as at the date of the Ichor Offer Document, representing approximately 29.93 per cent. of Universal's issued share capital.

As Universal Shareholders would expect, in conjunction with seeking to create further value by developing Universal's assets and thereby enhancing Universal's prospects as a standalone company, the Independent Universal Directors sought to maximise the value of Universal for all Universal Shareholders by engaging with third parties with a view to soliciting alternative formal offers for Universal Shareholders on better terms than those provided in the Ichor Offer.

On 2 November 2015, the Independent Universal Directors published the Indicative Offer Announcement stating that they had received a written confidential, non-binding indicative and conditional proposal in connection with an offer to acquire all of the Universal Shares at a price of A\$0.25 per Universal Share, and that, subject to the satisfaction of the pre-conditions to the making of a formal offer, the Independent Universal Directors intended to support the proposal.

Following the release of the Indicative Offer Announcement, the Independent Universal Directors and their advisers worked with CoAL and its advisers to facilitate a detailed due diligence process and to negotiate the detailed terms of the Offer.

On 26 November 2015, CoAL and Universal issued the Offer Announcement, setting out CoAL's firm intention to make the Offer, and the intention of the Independent Universal Directors to recommend the Offer.

4. Coal of Africa Limited

The Independent Universal Directors understand that:

- CoAL is an emerging coal mining, development and exploration company operating in South Africa. CoAL is incorporated in Australia and its shares are traded on the ASX, AIM and the JSE.
- CoAL's recent focus has been to restructure its balance sheet, operations and development projects to be better positioned to unlock shareholder value and the CoAL Directors believe that the combination of the two companies provides an attractive platform for growth in the junior coal sector.
- CoAL's principal coking and thermal coal assets and projects include:
 - Vele Colliery, a semi-soft coking and thermal coal mine currently under care and maintenance with the potential to supply approximately 1.2 million tonnes of saleable product once all regulatory approvals have been obtained and plant modifications completed;
 - Makhado hard coking and thermal coal project that has been granted a New Order Mining Right and has the potential to produce approximately 5.5 million tonnes of saleable product. Currently the majority of the hard coking coal consumed in South Africa is imported and it is expected that the Makhado Project will have the capacity to replace a significant proportion of this imported coking coal which has logistics cost; and
 - three early stage coking and thermal coal exploration projects, namely Chapudi, Generaal and Mopane, in the Soutpansberg Coalfield.

- CoAL also owns the Mooiplaats Colliery near Ermelo, which is currently on care and maintenance and subject to a formal sale process.

For more information, visit CoAL's website at www.coalofafrica.com.

5. Benefits of the Offer for Universal Shareholders

The Offer enables Universal Shareholders to realise their Universal Shares for cash and Consideration Shares at a price significantly in excess of the recent trading range of the Universal Share price on the ASX. The Cash and Share Offer represents total offer consideration to Universal Shareholders comparable to A\$0.25 per Universal Share (based on A\$0.20 in cash and 1 Consideration Share valued at A\$0.05) (based on the closing price of CoAL Shares on the JSE on 24 November 2015, and applying relevant Exchange Rates) which represents a premium of approximately:

- 35.14 per cent. to the Closing Price of Universal Shares of A\$0.185 per Universal Share on 30 October 2015 (being the last business day prior to the Indicative Offer Announcement);
- 32.64 per cent. over the 60 day VWAP of A\$0.188 per Universal Share for the period ended 24 November 2015 (being the last practicable trading day prior to the Offer Announcement);
- 16.28 per cent. to the Closing Price of Universal Shares of A\$0.215 per Universal Share on 24 November 2015 (being the last practicable business day prior to the Offer Announcement); and
- 56.25 per cent. to the Ichor Offer price of A\$0.16 per Universal Share.

The VWAP of CoAL Shares on the JSE for the 60 and 30 day periods ending on 24 November 2015 was A\$0.062 and A\$0.057 respectively (applying relevant Exchange Rates). In addition and pursuant to the Subscription Agreements, CoAL expects to raise US\$18 million at a price of US\$0.0435 (approximately A\$0.061) (applying relevant Exchange Rates) per CoAL Share.

Subject to eligibility under applicable securities laws, a Universal Shareholder accepting the Offer and electing the Loan Note Alternative would receive a total return including principal and interest of approximately A\$0.282 per Universal Share, or approximately A\$0.303 per Universal Share depending on whether the Loan Notes are redeemed by the holder 12 months after the Loan Note issue date or redeemed at the end of their term 18 months after the Loan Note issue date.

6. Universal Shareholders accept the Offer

In aggregate, CoAL has received irrevocable undertakings to accept the Offer from Universal Shareholders in respect of 219,731,118 Universal Shares, representing 43.37 per cent. of Universal's total issued share capital of Universal, including from Coal Development Holdings B.V., Universal's second largest shareholder with an interest of approximately 28.3 per cent. of Universal's total issued share capital.

Of the Universal Shareholders who have irrevocably undertaken to accept or procure acceptance of the Offer, Universal Shareholders holding 39.13 per cent. of the existing

issued share capital of Universal have irrevocably undertaken to elect for the Loan Note Alternative.

Each irrevocable undertaking received by CoAL will terminate in the event of a higher competing offer arising, provided such offer is not matched by CoAL.

Further details of these undertakings are set out in section 5 of Appendix IX.

7. Recommendation of Universal Directors

The Independent Universal Directors recommend Universal Shareholders accept the Offer, as they⁸ have irrevocably undertaken to do in respect of all of their own Universal Shares (representing, in aggregate, 3.44 per cent. of Universal's total issued share capital). Each of the Independent Universal Directors⁸ has irrevocably undertaken to accept the Loan Note Alternative in respect of his commitment.

Universal's obligations and those of each Independent Universal Director in respect of the recommendation to Universal Shareholders to accept the Offer will cease to apply in respect of an Independent Universal Director if that Independent Universal Director, acting on legal advice, determines that to give or continue to give, or fail to withdraw, modify or qualify the recommendation in favour of the Offer would be inconsistent with his fiduciary duties or his duties under applicable law or regulation.

In recommending the Offer, the Independent Universal Directors have concluded that the terms of the Offer are reasonable having regard to the recent trading prices of the Universal Shares on the ASX.

In assessing the value of the CoAL Shares being issued as part of the Cash and Shares Offer, the Independent Universal Directors note the VWAP of CoAL Shares on the JSE for the 60 and 30 day periods ending on 24 November 2015, being A\$0.062 and A\$0.057 respectively (applying relevant Exchange Rates), and that CoAL will be raising US\$18 million at a price of US\$0.0435 (approximately A\$0.061) (applying relevant Exchange Rates) per CoAL Share from each of Yishun Brightrise and M&G pursuant to the Subscription Agreements.

Yours faithfully

John Hopkins OAM
Chairman

⁸ Other than John Hopkins, who does not directly own any Universal Shares.

Appendix I – Profile of Coal of Africa Limited

1 Introduction

CoAL is an emerging coal mining, development and exploration company operating in South Africa. CoAL is incorporated in Australia and its shares are traded on ASX, AIM and the JSE.

CoAL's recent focus has been to restructure its balance sheet, operations and project pipeline to be better positioned to unlock shareholder value and we believe that the combination of the two companies provides an attractive platform for growth in the junior coal sector.

CoAL is also in ongoing discussions with strategic partners regarding investments into CoAL or the CoAL Group by either equity or debt.

2 Principal Activities

Material projects

CoAL's principal coking and thermal coal assets and projects include:

(a) Makhado Project

The Makhado hard coking and thermal coal project has been granted a New Order Mining Right. Currently the majority of the hard coking coal consumed in South Africa is imported and it is expected that the Makhado Project will have the capacity to replace a significant proportion of this imported coking coal which has logistics cost.

The Makhado Project is located in the Limpopo Province of South Africa, covering an area of 7,634 ha and is well into feasibility stage, with a class two feasibility study having been completed. CoAL has commenced with the project FEED (front end engineering and design).

As previously announced to ASX by CoAL on 2 December 2015, CoAL has signed a non-binding Memorandum of Understanding with Qingdao Hengshun Zhongsheng Group Co Ltd with respect to a proposed equity investment in Baobab Mining and Exploration (Pty), a subsidiary of CoAL that is the legal owner of the mining rights for the Makhado Project. The transaction terms are expected to be completed in the first half of CY 2016 and discussions between the parties are ongoing.

(b) Vele Colliery

The project is a semi-soft coking and thermal coal mine currently under care and maintenance with the potential to supply approximately 1.2 million tonnes of saleable product once all regulatory approvals have been obtained and plant modifications completed.

A plant modification is planned which will allow the plant to produce both semi-soft coking coal and a thermal product for either export or domestic

consumption. This expansion will improve the total product yields and the economic value of the mine.

The modification comprises of a permanent front-end crushing and screening facility, improved fines processing section, froth flotation for the processing of the ultra-fines, filter presses for the dewatering of ultra-fines waste thereby eliminating need for a temporary slurry pond and facilities for handling multi-products.

(c) Exploration Projects

CoAL acquired the Chapudi coal project and several other coal exploration properties in the Soutpansberg coal basin in South Africa. The project contains potential coking and thermal coal assets grouped into three regions, namely Mopane, Generaal and Chapudi.

Other projects

CoAL's other projects include:

- Mooiplaats Colliery near Ermelo which is currently on care and maintenance and subject to a formal sale process; and
- The Tshipise Energy Gas Exploration Project, contiguous to the Makhado Project in the Soutpansberg area.

3 Directors

Bernard Pryor, age 58 – Chairman and Independent Non-Executive Director

Mr Pryor is currently the chief executive officer of Alufer Mining Limited and was previously the chief executive officer of African Minerals Limited and prior to that the chief executive of Q Resources plc. Between 2006 and 2010 he held senior executive positions within Anglo American Plc as head of business development, and CEO of Anglo Ferrous Brazil Inc.

David Brown, age 53 – Chief Executive Officer and Executive Director

Mr Brown is a Chartered Accountant and completed his articles with Ernst & Young, graduating from the University of Cape Town. Mr Brown joined Coal of Africa following a tenure of almost 14 years at Impala Platinum Holdings Limited (Implats). He joined the Impala Group in 1999 and served as chief financial officer and financial director of Impala Platinum Holdings Ltd before being appointed chief executive officer in 2006. He is currently an independent non-executive director of Vodacom Group Limited as well as non-executive director of EDCON Holdings Limited. In the past he has served as a non-executive director of Simmer & Jack Limited and chairman of ASX listed Zimplats Holdings Limited

De Wet Olivier Schutte, age 44 – Chief Financial Officer and Executive Director

Mr De Wet Olivier Schutte is a Chartered Accountant, CA (SA) and completed an MBA at the University of Virginia in 2002. He has been involved at the senior level in

the mining and natural resources industry for the past 16 years, most notably as Managing Director, Natural Resources at Macquarie Bank and CFO at the listed platinum producer, Atlatsa Resources Corporation. Prior to these positions he worked for Harmony Gold Mining (Pty) Ltd as its New Business and Exploration Executive for a period of three years.

Peter Cordin, age 65 – Independent Non-Executive Director

Mr Cordin has a Bachelor of Engineering from the University of Western Australia and is experienced in the evaluation, development and operation of resource projects within Australia and overseas. He is a non-executive director of Vital Metals Limited and Sweetpea Petroleum Pty Ltd.

Andrew Mifflin, age 57 – Independent Non-Executive Director

Mr Mifflin obtained his BSc. (Hons) Mining Engineering from Staffordshire University and has a Master's Degree in Business Administration. Andrew has over 30 years' experience specifically in the coal mining arena. His experience spans across various organisations such as British Coal Corporation, Xstrata and more recently GVK Resources. He has gained in depth knowledge in coal operation, both thermal and hard coking coal as well as in project development.

Thabo Mosololi, age 46 – Independent Non-Executive Director

Mr Mosololi is a Chartered Accountant qualified in South Africa and brings considerable expertise as a director of various companies as well as from his time as Finance Director and Operations Director with Tsogo Sun. Thabo has 20 years of experience within the South African corporate environment. He currently holds various directorships that includes Edcon Holdings (Pty) Ltd, Evraz Highvel Steel and Vanadium Ltd and Pan African Resources PLC.

Khomotso Mosehla, age 43 – Non-Executive Director

After serving articles at KPMG, Mr Mosehla worked for five years at African Merchant Bank Limited, where he gained a broad range of experience, including management buy-out, leveraged buy-out and capital restructuring/raising transactions. In 2003, he established Mvelaphanda Corporate Finance, for the development of Mvelaphanda's mining and non-mining interests. Mr Mosehla served as a director on the boards of several companies, including Mvelaphanda Resources Limited, and he is currently the Chief Executive Officer of Mosomo Investment Holdings Proprietary Limited.

Rudolph Torlage, age 52 – Non-Executive Director

Mr Torlage is a Chartered Accountant and has over twenty years' experience with ArcelorMittal South Africa. He is currently Executive Director Finance and a Board member of various unlisted ArcelorMittal Group companies.

4 Further information regarding CoAL and the Consideration Shares

Due to the fact that CoAL is offering the Consideration Shares as consideration for the acquisition of Universal Shares, this Offer Document also comprises a

prospectus for an offer of the Consideration Shares under sections 710 to 713 of the Australian Corporations Act.

CoAL is a disclosing entity for the purposes of the Australian Corporations Act and, as such, is subject to regular reporting and disclosure obligations imposed by the ASX Listing Rules and the Australian Corporations Act. In particular, CoAL is required to continuously disclose to the market any information it has which a reasonable person would expect to have a material effect on the price or value of CoAL Shares.

The Consideration Shares that may be issued pursuant to this Offer Document are in the same class as CoAL Shares that have been quoted on the official list of the ASX during the 12 months prior to the issue of this Offer Document.

This Offer Document is a “transaction specific prospectus” to which the special content rules under section 713 of the Australian Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities in a class which has been continuously quoted by ASX in the three months prior to the date of the prospectus. In general terms “transaction specific prospectuses” are only required to contain information in relation to the effect of the issue of the Consideration Shares on CoAL and the rights attaching to the Consideration Shares. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Offer Document is intended to be read in conjunction with the publicly available information in relation to CoAL which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to CoAL before making a decision whether or not to invest.

Having taken such precautions and having made such enquiries as are reasonable, CoAL believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the issue of this Offer Document which required CoAL to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Having taken such precautions and having made such enquiries as are reasonable, CoAL believes that, as at the date of this Offer Document, there is no ‘excluded information’ that would be required to be included in this Offer Document in accordance with section 713(5) of the Corporations Act which is not so included.

Information that is already in the public domain has not been reported in this Offer Document other than that which is considered necessary to make this Offer Document complete.

CoAL, as a disclosing entity under the Australian Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;

- (b) copies of documents lodged with ASIC in relation to CoAL (not being documents referred to in section 1274(2)(a) of the Australian Corporations Act) may be obtained from, or inspected at, the offices of ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Offer Document and the Closing Date:
 - (i) the annual financial report of CoAL for the financial year ended 30 June 2015 being the most recent annual financial report of CoAL lodged with ASIC before the issue of this Offer Document; and
 - (ii) any documents used to notify ASX of information relating to CoAL in the period from lodgement of the financial statements referred to in paragraph (i) above until the issue of this Offer Document in accordance with the ASX Listing Rules as referred to in section 674(1) of the Australian Corporations Act.

Copies of all documents lodged with ASIC in relation to CoAL can be inspected at the registered office of CoAL during normal office hours.

CoAL has lodged the following announcements with ASX since the lodgement of the 2015 annual financial report:

Date	Description of Announcement
17/12/2015	CZA Competition Commission Approves Universal Coal Merger
10/12/2015	CZA Update on Interim Interdict re EA for Makhado
07/12/2015	CZA Update on Offer Funding
02/12/2015	CZA Grant of Performance Rights and Options
02/12/2015	CZA MOU for Makhado Project
02/12/2015	Change of Director's Interest Notice (x7)
02/12/2015	Appendix 3B
30/11/2015	CZA ASIC Relief
30/11/2015	Results of Annual General Meeting
26/11/2015	UNV: Recommended Offer for Universal Coal by CZA
26/11/2015	Recommended Offer for Universal Coal Plc by Coal of Africa L
19/11/2015	CZA Minister Dismisses Appeal against EA at Vele
30/10/2015	Quarterly Activities Report
30/10/2015	Quarterly Cashflow Report

27/10/2015	Notice of Annual General Meeting/Proxy Form
27/10/2015	CZA Appendix 4G Key to Corporate Governance Disclosures
27/10/2015	Annual Report to shareholders

Appendix II – Profile of Universal Coal plc

1 About Universal

Universal is incorporated in England and Wales and is listed on the ASX under the ticker “UNV”.

Universal holds a 70.5 per cent. interest in and operates the Kangala Colliery, an operating thermal coal mine, and recently completed the acquisition of a 49.0 per cent. interest in the New Clydesdale Colliery (**NCC**). Both mines are located in the Witbank coalfield in Mpumalanga province of South Africa. Universal also holds an interest in a number of other South African coal projects which are at various stages of pre-feasibility and feasibility.

Kangala is an operating thermal coal mine located approximately 65km east of Johannesburg. First coal sales from Kangala occurred in April 2014, with steady state production subsequently achieved in October 2014. The entire project consists of three properties; Wolvenfontein (location of the Kangala Mine), Middelbult and Modderfontein located near several coal-fired power stations. The mine’s JORC compliant coal resources are 143.4 Mt, of which 90.4Mt are Measured (including 19.6Mt proven Reserves), 19.4Mt Indicated and 33.6Mt Inferred. At planned production levels of 2.4 Mtpa, the mine has an eight year forecast life before the Wolvenfontein reserves are exhausted. The product is primarily sold in the domestic South African market to power utility Eskom under a long term CSA.

Universal completed the acquisition of NCC from Exxaro on 24 August 2015. A JORC compliant resource of 147.1Mt Measured and Indicated (including 40.8Mt proven and probable Reserves) and 16.9Mt Inferred exists. The mine will initially be developed as an open pit operation targeting production of 2Mtpa (Phase 1). First coal is expected in H1 2016, subject to the finalisation of a CSA with Eskom. This CSA is nearing settlement, with agreement in principle already reached on key commercial terms.

Refer to section 2 – 4 of this Appendix II for a detailed resource and reserve statement and related compliance information for Universal.

Universal also has a strong organic development pipeline including:

- a potential underground expansion at NCC, increasing NCC production from 2Mtpa to 2.8Mtpa (Phase 2);
- a potential 1.2Mtpa thermal coal mine at Brakfontein, with an option to utilise Kangala’s excess processing capacity;
- a potential to develop a production node point around Arnot South (post completion of the acquisition of Arnot South), similar to those developed around Kangala and NCC; and
- a long term opportunity to develop a sustainable 10Mtpa semi-soft coking coal and thermal coal operation at Berenice Cygnus.

For more information, visit Universal’s website at www.universalcoal.com.

2 Universal Global Coal Resources / Reserve Summary

Project	Reserve		Resource				
	Proved Mt	Probable Mt	Measured Mt	Indicated Mt	Inferred Mt	Total Mt	Attributable to Universal Mt
Thermal Coal (Witbank)							
Kangala ¹	19.6	-	90.4	19.4	33.6	143.4	101.1
NCC ²	28.8	12.0	143.5	3.6	16.9	164.0	101.2
Brakfontein ³	9.6	-	31.7	39.4	4.7	75.8	38.1
Arnot South ⁴	-	-	1.5	32.1	64.1	97.7	48.8
Total Thermal Coal	58.0	12.0	267.1	94.5	119.3	480.9	289.2
Coking Coal (Limpopo)							
Berenice ⁵	-	-	394.0	694.3	116.1	1,204.4	602.2
Cygnus ⁶	-	-	30.9	106.7	8.2	145.8	72.9
Somerville ⁵	-	-	-	-	274.2	274.2	137.1
Total Coking Coal	-	-	424.9	801.0	398.5	1,624.4	812.2
Total	58.0	12.0	692.00	895.5	517.8	2,105.3	1,101.4
	70.0						

Notes:

- The information in this table has been extracted without amendment from Universal's formal response to the Ichor Offer published by Universal on 20 October 2015.
 - Mineral Resources are stated on a gross in situ basis and inclusive of Mineral Reserves.
 - Rounding (conforming to the JORC Code) may cause computational discrepancies.
 - The Resource and Reserve estimates for Kangala, Berenice, Cygnus and Somerville were prepared and first disclosed under the JORC Code 2004. They 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.
 - The Resource and Reserve estimates for the NCC, Brakfontein and Arnot South projects have been prepared to comply with the JORC Code 2012.
1. Universal has an attributable interest of 70.5 per cent. of the Kangala Project.

2. Universal has an attributable interest of 49 per cent. in the New Clydesdale Colliery and 74 per cent. in the Roodekop Project, collectively known as the NCC project.
3. Universal has an attributable interest of 50.29 per cent. in the Brakfontein Project and the right to negotiate to acquire up to a 74 per cent. interest upon completion of the BFS and award of a mining right.
4. Universal has an attributable interest of 50 per cent. in the Arnot South project
5. Universal has an attributable interest of 50 per cent. in the Berenice and Somerville Projects with an option to acquire up to a 74 per cent. interest.
6. Universal has an attributable interest of 50 per cent. in the Cygnus Project with an option to acquire up to a 74 per cent. interest.

3 Competent Person's Statement

The Coal Resource estimates for Kangala, Brakfontein, Arnot South, Berenice, Cygnus and Somerville were prepared by Mr Nico Denner, who is a registered natural scientist and a member of the South African Council for Natural Scientific Professions (a Recognised Overseas Professional Organisation). Mr Denner is employed by Gemecs (Pty) Ltd 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 by the 2012 edition of the JORC Code for Reporting of Exploration, Mineral Resources and Ore Reserves. Mr Denner consents to the inclusion in this Offer Document of this information in the form and context in which it appears.

The Coal Resource estimate for NCC was prepared by Mr Pogiso Rantao, who is a registered natural scientist and a member of the South African Council for Natural Scientific Professions (a Recognised Overseas Professional Organisation). Mr Rantao is employed as a Senior Geologist by Universal 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 by the 2012 edition of the JORC Code for Reporting of Exploration, Mineral Resources and Ore Reserves. Mr Rantao consents to the inclusion in this Offer Document of this information in the form and context in which it appears.

The Kangala Coal Reserve estimate was prepared by Mr Piet van der Linde from Mindset Mining Consultants (Pty) Ltd. Mr van der Linde is a registered Professional Certified Mining Engineer and has over 30 years' experience in the mining industry. He is a member of the Engineering Council of South Africa (ECSA) (a Recognised Overseas Professional Organisation) and the South African Collieries Managers Association (SACMA). Mr van der Linde has sufficient experience which is relevant to the type of mineralisation and the Kangala deposit and to the activity which he is undertaking to qualify as Competent Persons Person as defined by the 2012 edition of the JORC Code for Reporting of Exploration, Mineral Resources and Ore Reserves. Mr van der Linde consents to the inclusion in this Offer Document of this information in the form and context in which it appears.

The NCC Coal Reserve estimate was prepared by Messrs Piet van der Linde and Ronnie van Eeden from Mindset Mining Consultants (Pty) Ltd. Mr van der Linde is a registered Professional Certified Mining Engineer and has over 30 years' experience in the mining industry. Mr van Eeden is a qualified Mining Engineer (Mine Managers Certificate of Competency) with other commercial qualifications, and has over 30 years' experience in the coal industry internationally. Mr van der Linde is a member

of the Engineering Council of South Africa (ECSA) (a Recognised Overseas Professional Organisation) and member of the South African Collieries Managers Association (SACMA). Messrs van der Linde and van Eeden have sufficient experience which is relevant to the type of mineralisation and the NCC deposit and to the activity which they are undertaking to qualify as Competent Persons Person as defined by the 2012 edition of the JORC Code for Reporting of Exploration, Mineral Resources and Ore Reserves. Messrs van der Linde and van Eeden consent to the inclusion in this Offer Document of this information in the form and context in which it appears.

The Brakfontein Ore Reserve estimate was prepared by Mr Kevin Donaldson. Mr Donaldson is employed by Universal as Chief Development Engineer and is registered with the Engineering Council of South Africa and a member of both the South African Institute of Mining and Metallurgy (Overseas Professional Organisation) and the South African Colliery Managers Association. He has more than 20 years' experience in the South African coal mining industry and sufficient experience which is relevant to the type of mineralisation and to the activity which he is undertaking to qualify as a Competent Person as defined by the 2012 edition of the JORC Code for Reporting of Exploration, Mineral Resources and Ore Reserves. Mr Donaldson consents to the inclusion in this Offer Document of this information in the form and context in which it appears.

4 Production Targets & ASX Listing Rule 5.19

The information required by ASX Listing Rule 5.16 or 5.17 in respect to the following and similar statements that appear in this Offer Document...	...was disclosed in the following previously made announcements...	...and in each case. ..
At planned production levels of 2.4 Mtpa, the mine has an eight year forecast life before the Wolvenfontein reserves are exhausted.	1. Kangala BFS and Offtake Secured, 16 April 2012	...it is confirmed that all material assumptions underpinning the production target or the forecast financial information derived from the production target in the original announcement continues to apply and has not materially changed.
The mine will initially be developed as an open pit operation targeting production of 2Mtpa (Phase 1).	1. Investor Presentation, 2 March 2015	
Universal also has a strong organic development pipeline including:		

The information required by ASX Listing Rule 5.16 or 5.17 in respect to the following and similar statements that appear in this Offer Document...	...was disclosed in the following previously made announcements...	...and in each case. ..
<ul style="list-style-type: none"> • a potential underground expansion at NCC, increasing NCC production from 2Mtpa to 2.8Mtpa (Phase 2) 	<ol style="list-style-type: none"> 1. Investor Presentation, 6 July 2015 	
<ul style="list-style-type: none"> • a potential 1.2Mtpa thermal coal mine at Brakfontein, with an option to utilise Kangala's excess processing capacity; and • a long term opportunity to develop a sustainable 10Mtpa semi-soft coking coal and thermal coal operation at Berenice Cygnus. 	<ol style="list-style-type: none"> 1. Investor Presentation, 6 July 2015 2. Universal Announces Maiden Reserve at Brakfontein, 13 January 2015 	

Appendix III – Effect of the Acquisition

This section contains pro forma financial information which has been prepared to illustrate the financial position of the operations of CoAL and Universal on a combined basis.

The pro forma financial information has been prepared in order to give investors an indication of the scale and size of the Enlarged Group and the hypothetical impact upon the CoAL Group of acquiring the Universal Group. It does not necessarily illustrate the financial position that would have been obtained or the financial performance which would have occurred had the acquisition of Universal by CoAL occurred on or before the end of 30 June 2015.

The pro forma financial information presented in this section should also be read in conjunction with the risk factors set out in Appendix V, other information contained in this Offer Document and the accounting policies of CoAL and Universal as disclosed in their most recent financial reports.

1 Capital structure

The table below illustrates the effect of the Offer on CoAL's capital structure, assuming no existing Universal or CoAL convertible securities are exercised and:

- (a) **Scenario 1:** CoAL receives 100 per cent. acceptances under the Offer and Universal Shareholders representing 60 per cent. of all Universal Shares elect to receive the Cash and Share Offer; and
- (b) **Scenario 2:** CoAL receives 50.1 per cent. acceptances under the Offer and Universal Shareholders representing 10.1 per cent. of all Universal Shares elect to receive the Cash and Share Offer.

	Scenario 1 ¹	Scenario 2 ²
Issued Capital	Number	Number
Shares		
Existing CoAL Shares	1,927,001,328	1,927,001,328
Subscription Shares	413,793,017 ³	413,793,017 ³
Consideration Shares (approximately) to be issued pursuant to this Offer	304,011,268	51,175,230
Issued capital (after the Offer)	2,644,805,613	2,391,969,575
Options	102,952,456	102,952,456

Notes:

1. Scenario 1 contemplates the situation where 100 per cent. of Universal Shareholders accept the Offer and assumes that 60 per cent. of all Universal Shareholders elect to receive the Cash and Share Offer, because it is a Condition of the Offer that CoAL receives valid elections for the Loan Note Alternative by the close of the Offer Period in respect of Universal Shares representing not less than 40 per cent. of the total voting rights carried by Universal Shares.

This illustration also assumes that all Universal Shareholders, other than those who accept the Loan Note Alternative, are eligible to receive the Cash and Share Offer and elect to receive the Cash and Share Offer in respect of all of their Universal Shares.

2. Scenario 2 contemplates the situation where only 50.1 per cent. of Universal Shareholders accept the Offer and assumes that 10.1 per cent. of all Universal Shareholders elect to receive the Cash and Share Offer because it is a Condition of the Offer that CoAL receives valid elections for the Loan Note Alternative by the close of the Offer Period in respect of Universal Shares representing not less than 40 per cent. of the total voting rights carried by Universal Shares.
3. Pursuant to the YBI Subscription Agreement, Yishun Brightrise is entitled to subscribe for 344,827,500 CoAL Shares. Depending on the level of acceptances received from Universal Shareholders of the Cash and Share Offer, and any other equity funding that CoAL may obtain prior to completion of the Offer, it is possible that full subscription by Yishun Brightrise of the CoAL Shares under the YBI Subscription Agreement would result in Yishun Brightrise obtaining voting power in CoAL of more than 20 per cent. If it appears that, at completion of the Offer and the YBI Subscription Agreement, that Yishun Brightrise's voting power in CoAL would exceed 20 per cent, CoAL and Yishun Brightrise would need to make alternative arrangements to ensure CoAL receives Yishun Brightrise's full funding commitment under the YBI Subscription Agreement whilst still complying with the Australian Corporations Act.

2 Pro forma statement of financial position

The table in this section 2 contains:

- (a) CoAL's audited consolidated statement of financial position as at 30 June 2015 as shown in CoAL's 2015 Annual Report;
- (b) Universal's audited consolidated statement of financial position as at 30 June 2015 as shown in Universal's 2015 Annual Report, converted into US dollars at an exchange rate of AUD / USD 0.7688 (being the relevant exchange rate as at 30 June 2015); and
- (c) a pro forma statement of financial position of the Enlarged Group assuming that the acquisition of Universal had been completed as at 30 June 2015 on the basis of:
 - **Scenario 1:** 100 per cent. acceptance of the Offer; and
 - **Scenario 2:** 50.1 per cent. acceptance of the Offer.

		CoAL	Universal		50.1%	100%	50.1%	100%
		Audited as at	Audited as at	Subsequent	Pro forma	Pro forma	Final	Final
		30-Jun-15	30-Jun-15	events	adjustments	adjustments	Pro forma	Pro forma
Notes	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
NON CURRENT ASSETS								
		232,813	-	-	-	-	232,813	232,813
Development, exploration and evaluation expenditure								
Property, plant and equipment	1	16,259	46,860	49,524	-	-	112,643	112,643
Intangible assets	2	11,682	46,559	-	9,607	19,176	67,848	77,417
Investments		-	9	-	-	-	9	9
Other receivables		1,746	1,394	-	-	-	3,140	3,140
Other financial assets		3,411	-	-	-	-	3,411	3,411
Restricted cash	3	1,023	15,259	(8,934)	-	-	7,348	7,348
Deferred tax assets		2,320	-	-	-	-	2,320	2,320
TOTAL NON CURRENT ASSETS		269,254	110,081	40,590	9,607	19,176	429,531	439,100
CURRENT ASSETS								
Inventories	4	236	799	2,737	-	-	3,772	3,772
Trade and other receivables		792	7,365	-	-	-	8,157	8,157
Other financial assets		468	-	-	-	-	468	468
Cash and cash equivalents	5	17,759	5,144	25,143	10,631	(25,778)	58,677	22,269
Assets classified as held for sale		18,118	-	-	-	-	18,118	18,118
TOTAL CURRENT		37,373	13,308	27,880	10,631	(25,778)	89,192	52,783

ASSETS								
TOTAL ASSETS		306,627	123,389	68,470	20,238	(6,602)	518,723	491,884
NON CURRENT LIABILITIES								
Deferred consideration		15,422	-	-	-	-	15,422	15,422
Borrowings	6	-	2,856	17,430	36,481	36,481	56,768	56,768
Converting Notes		-	4,629	-	-	-	4,629	4,629
Derivative financial liability		-	1,057	-	-	-	1,057	1,057
Provisions	7	5,733	3,418	24,051	-	-	33,202	33,202
Deferred tax liability		-	1,342	-	-	-	1,342	1,342
TOTAL NON CURRENT LIABILITIES		21,155	13,302	41,482	36,481	36,481	112,420	112,420
CURRENT LIABILITIES								
Deferred consideration		3,265	-	-	-	-	3,265	3,265
Trade and other payables		2,719	7,094	-	-	-	9,813	9,813
Borrowings		-	23,366	-	-	-	23,366	23,366
Provisions		294	-	-	-	-	294	294
Current tax liabilities		1,285	-	-	-	-	1,285	1,285
Liabilities associated with assets held for sale		3,354	-	-	-	-	3,354	3,354
TOTAL CURRENT LIABILITIES		10,917	30,461	-	-	-	41,378	41,378
TOTAL LIABILITIES		32,072	43,762	41,482	36,481	36,481	153,797	153,797
NET ASSETS/(NET LIABILITIES)		274,555	79,626	26,988	(16,243)	(43,083)	364,926	338,086
EQUITY								
Issued capital	8	992,374	73,493	14,532	(53,650)	(44,548)	1,026,748	1,035,850
Reserve	9	(313)	3,046	-	(3,046)	(3,046)	(313)	(313)
Accumulated losses	10	(718,081)	(16,967)	12,456	4,511	4,511	(718,081)	(718,081)
Equity attributable to owners of the Company		273,980	59,571	26,988	(52,185)	(43,083)	308,354	317,456
Non-controlling interests	11	575	20,055	-	35,942	-	56,572	20,630
TOTAL EQUITY		274,555	79,626	26,988	(16,243)	(43,083)	364,926	338,086

Assumptions and adjustments

The Pro Forma Statement of Financial Position incorporates the following transactions and events:

- (a) CoAL has entered into a loan agreement with Yishun Brightrise. Under the loan agreement Yishun Brightrise has provided US\$10 million to CoAL on an interest free basis. This loan is to be used by CoAL to finance pre-construction costs at its Makhado coking and thermal coal project and for general working capital;
- (b) CoAL has entered into a subscription agreement with Yishun Brightrise whereby CoAL has issued 183,231,261 ordinary shares, at 5.15 pence per share, to raise £9,436,663 (US\$14.5 million), including accrued interest. The funds received under this subscription agreement are to be used by CoAL to finance pre-construction costs at its Makhado coking and thermal coal project and for general working capital;
- (c) On 24 August 2015, Universal assumed official ownership of the New Clydesdale Colliery (**NCC**), located in the Witbank coalfields of South Africa. A subsidiary of Universal, Universal Coal Development VIII (Pty) Ltd (**UCD VIII**), acquired all the assets and assumed certain liabilities of the NCC. The following transactions occurred as a result of the NCC acquisition;
 - (i) UCD VIII paid the final purchase consideration amount;
 - (ii) UCD VIII acquired assets consisting of plant, rail sidings and underground mine infrastructure and assumed certain liabilities of NCC;
 - (iii) Restricted cash amounts were released back to Universal and a portion was utilised as a deposit to procure a rehabilitation liability over existing NCC rehabilitation liabilities; and
 - (iv) The termination of a financing facility with Rand Merchant Bank for the balance of the original deposit paid;
- (d) To assist with the funding of the acquisition of Universal, CoAL has entered into the YBI Subscription Agreement with Yishun Brightrise who will provide US\$15 million at a subscription price of US\$0.0435 per CoAL Share (however please refer to footnote to the table in section 3 of this Appendix III regarding the maximum number of CoAL Shares that may be issued to Yishun Brightrise pursuant to the YBI Subscription Agreement);
- (e) To assist with the funding of the acquisition of Universal, CoAL has entered into the M&G Subscription Agreement with M&G who will provide US\$3 million at a subscription price of US\$0.0435 per CoAL Share ;
- (f) A summary of the acquisition details with respect to the acquisition of Universal as included in the Pro Forma Statement of Financial Position is set out below. The acquisition accounting has been determined under *AASB 3: Business Combinations*. The fair value of the consideration paid, assets acquired and liabilities assumed by CoAL have been determined for the purposes of the pro-forma adjustments based on preliminary fair value estimates as at 30 June 2015 however will require re-determination as at the successful acquisition date which may result in changes to the values as disclosed below.

The table below illustrates the effect of the Acquisition of Universal under two scenarios as follows:

- (i) **Scenario 1:** CoAL receives 100 per cent. acceptances under the Offer and Universal Shareholders representing 60 per cent. of all Universal Shares elect to receive the Cash and Share Offer; and
- (ii) **Scenario 2:** CoAL receives 50.1 per cent. acceptances under the Offer and Universal Shareholders representing 10.1 per cent. of all Universal Shares elect to receive the Cash and Share Offer.

Details of the net assets acquired, purchase consideration and notional gain on acquisition under both scenarios is shown below:

	50.1% Fair value US\$'000	100% Fair value US\$'000
Total assets of Universal as at 30 June 2015	123,389	
Total liabilities of Universal as at 30 June 2015	(43,762)	
Net identifiable assets/(liabilities) of Universal as at 30 June 2015	79,626	
Adjustments to net assets prior to the Acquisition:		
Effect on net assets following NCC acquisition	12,456	
Adjusted net identifiable assets/(liabilities) at date of acquisition	92,082	
Non-controlling interest in Universal at date of acquisition	20,055	
Adjusted net identifiable assets/(liabilities) relating to Universal at date of acquisition	36,086	72,027
Amount remaining as non-controlling interest under 50.1% scenario	35,942	-
Adjusted net identifiable assets/(liabilities) at date of acquisition	72,027	72,027
Purchase consideration for Universal comprises:		
Cash consideration*	7,369	43,778
Loan Note consideration**	36,481	36,481
Share consideration*	1,842	10,944
	45,693	91,203
Intangible assets acquired on Acquisition	9,607	19,176

*Scenario 1 assumes that a total of 304,011,268 Universal Shares are held by Eligible Universal Shareholders and accept the Cash and Share Offer. Scenario 2 assumes that a total of 51,175,230 Universal Shares are held by Eligible Universal Shareholders and accept the Cash and Share Offer.

** Both Scenario 1 and Scenario 2 assume that a total of 202,674,179 Universal Shares are held by Loan Note Eligible Universal Shareholders and accept a non-converting, secured Loan Note with a principal amount of A\$0.25 per Loan Note.

Important notes in relation to pro forma statement of financial position

	Audited	50.1%	100%
	30-Jun-15	Pro forma	Pro forma
NOTE 1. PROPERTY, PLANT & EQUIPMENT	US\$'000	US\$'000	US\$'000
Property, plant & equipment	16,259	112,643	112,643
Audited balance of CoAL at 30 June 2015		16,259	16,259
Audited balance of Universal at 30 June 2015		46,860	46,860
<i>Subsequent events:</i>			
Acquisition of NCC by Universal		49,524	49,524
		49,524	49,524
Pro-forma Balance		112,643	112,643

	Audited	50.1%	100%
	30-Jun-15	Pro forma	Pro forma
NOTE 2. INTANGIBLE ASSETS	US\$'000	US\$'000	US\$'000
Intangible assets	11,682	67,848	77,417
Audited balance of CoAL at 30 June 2015		11,682	11,682
Audited balance of Universal at 30 June 2015		46,559	46,559
<i>Subsequent events:</i>			
Intangible assets acquired on acquisition of Universal		9,607	19,176
		9,607	19,176
Pro-forma Balance		67,848	77,417

	Audited	50.1%	100%
	30-Jun-15	Pro forma	Pro forma
NOTE 3. RESTRICTED CASH	US\$'000	US\$'000	US\$'000
Restricted cash	1,023	7,348	7,348
Audited balance of CoAL at 30 June 2015		1,023	1,023
Audited balance of Universal at 30 June 2015		15,259	15,259
<i>Subsequent events:</i>			
Acquisition of NCC by Universal		(8,934)	(8,934)
		(8,934)	(8,934)
Pro-forma Balance		7,348	7,348

	Audited	50.1%	100%
	30-Jun-15	Pro forma	Pro forma
NOTE 4. INVENTORIES	US\$'000	US\$'000	US\$'000
Inventories	236	3,772	3,772
Audited balance of CoAL at 30 June 2015		236	236
Audited balance of Universal at 30 June 2015		799	799
<i>Subsequent events:</i>			
Acquisition of NCC by Universal		2,737	2,737
		2,737	2,737
Pro-forma Balance		3,772	3,772

	Audited	50.1%	100%
	30-Jun-15	Pro forma	Pro forma
NOTE 5. CASH AND CASH EQUIVALENTS	US\$'000	US\$'000	US\$'000
Cash and cash equivalents	17,759	58,677	22,269
Audited balance of CoAL at 30 June 2015		17,759	17,759
Audited balance of Universal at 30 June 2015		5,144	5,144
<i>Subsequent events:</i>			
CoAL entering into a Loan Agreement with Yishun Brightrise		10,000	10,000
CoAL entering into a Subscription Agreement with Yishun Brightrise		14,532	14,532
Acquisition of NCC by Universal		611	611
		25,143	25,143
<i>Pro-forma adjustments:</i>			
Completion of capital raising with Yishun Brightrise and M&G		18,000	18,000
Cash consideration for acquisition of Universal		(7,369)	(43,778)
		10,631	(25,778)
Pro-forma Balance		58,677	22,269

	Audited	50.1%	100%
	30-Jun-15	Pro forma	Pro forma
NOTE 6. BORROWINGS	US\$'000	US\$'000	US\$'000
Borrowings	-	56,768	56,768
Audited balance of CoAL at 30 June 2015		-	-
Audited balance of Universal at 30 June 2015		2,856	2,856
<i>Subsequent events:</i>			
CoAL entering into a Loan Agreement with Yishun Brightrise		10,000	10,000
Acquisition of NCC by Universal		7,430	7,430
		17,430	17,430
<i>Pro-forma adjustments:</i>			
Loan Note consideration for acquisition of Universal		36,481	36,481

	36,481	36,481
Pro-forma Balance	56,768	56,768

	Audited 30-Jun-15 US\$'000	50.1% Pro forma US\$'000	100% Pro forma US\$'000
NOTE 7. PROVISIONS			
Provisions	5,733	33,202	33,202
Audited balance of CoAL at 30 June 2015		5,733	5,733
Audited balance of Universal at 30 June 2015		3,418	3,418
<i>Subsequent events:</i>			
Acquisition of NCC by Universal		24,051	24,051
		24,051	24,051
Pro-forma Balance		33,202	33,202

	Audited 30-Jun-15 US\$'000	50.1% Pro forma US\$'000	100% Pro forma US\$'000
NOTE 8. ISSUED CAPITAL			
Issued capital	992,374	1,026,748	1,035,850
Issued capital of CoAL at 30 June 2015		992,374	992,374
Issued capital of Universal at 30 June 2015		73,493	73,493
<i>Subsequent events:</i>			
CoAL entering into a Subscription Agreement with Yishun Brightrise		14,532	14,532
		14,532	14,532
<i>Pro-forma adjustments:</i>			
Completion of capital raising with Yishun Brightrise and M&G		18,000	18,000
Share consideration for acquisition of Universal		1,842	10,944

Elimination of Universal's issued capital on Acquisition	(73,493)	(73,493)
	(53,650)	(44,548)
Pro-forma Balance	1,026,748	1,035,850

	Audited	50.1%	100%
	30-Jun-15	Pro forma	Pro forma
NOTE 9. RESERVES	US\$'000	US\$'000	US\$'000
Reserves	(313)	(313)	(313)
Audited balance of CoAL at 30 June 2015		(313)	(313)
Audited balance of Universal at 30 June 2015		3,046	3,046
<i>Pro-forma adjustments:</i>			
Elimination of Universal's reserves on Acquisition		(3,046)	(3,046)
		(3,046)	(3,046)
Pro-forma Balance		(313)	(313)

	Audited	50.1%	100%
	30-Jun-15	Pro forma	Pro forma
NOTE 10. ACCUMULATED LOSSES	US\$'000	US\$'000	US\$'000
Accumulated losses	(718,081)	(718,081)	(718,081)
Audited balance of CoAL at 30 June 2015		(718,081)	(718,081)
Audited balance of Universal at 30 June 2015		(16,967)	(16,967)
<i>Subsequent events:</i>			
Acquisition of NCC by Universal		12,456	12,456
		12,456	12,456
<i>Pro-forma adjustments:</i>			
Elimination of Universal's accumulated losses on Acquisition		4,511	4,511
		4,511	4,511
Pro-forma Balance		(718,081)	(718,081)

	Audited	50.1%	100%
	30-Jun-15	Pro forma	Pro forma
NOTE 11. NON CONTROLLING INTEREST	US\$'000	US\$'000	US\$'000
Non controlling interest	575	56,572	20,630
Audited balance of CoAL at 30 June 2015		575	575
Audited balance of Universal at 30 June 2015		20,055	20,055
<i>Pro-forma adjustments:</i>			
Remaining 49.9% of Universal not acquired under the Acquisition		35,942	-
		35,942	-
Pro-forma Balance		56,572	20,630

	50.1%	100%
	Fair value	Fair value
	US\$'000	US\$'000
Total assets of Universal as at 30 June 2015	123,389	
Total liabilities of Universal as at 30 June 2015	(43,762)	
Net identifiable assets/(liabilities) of Universal as at 30 June 2015	79,626	
Adjustments to net assets prior to the Acquisition:		
Effect on net assets following NCC acquisition	12,456	
Adjusted net identifiable assets/(liabilities) at date of acquisition	92,082	
Non-controlling interest in Universal at date of acquisition	20,055	
Adjusted net identifiable assets/(liabilities) relating to Universal at date of acquisition	36,086	72,027
Amount remaining as non-controlling interest under 50.1% scenario	35,942	-
Adjusted net identifiable assets/(liabilities) at date of acquisition	72,027	72,027
Purchase consideration for Universal comprises:		
Cash consideration*	7,369	43,778
Loan Note consideration**	36,481	36,481
Share consideration*	1,842	10,944
	45,693	91,203
Intangible assets acquired on Acquisition	9,607	19,176

3 Effect of the Offer on the control of CoAL

Assuming no additional Universal Shares are issued prior to the end of the Offer Period, the maximum number of Consideration Shares that may be issued pursuant to the Offer is approximately 304,011,268. This would equate to approximately 11.49 per cent. of all the issued CoAL Shares in the Company following completion of the Offer.

The potential effect the Offer will have on the control of the Company will depend on the extent to which Eligible Universal Shareholders accept the Cash and Share Offer.

Completion of the Offer will not result in any person's voting power in CoAL increasing from 20 per cent. or below to more than 20 per cent. or from a starting point that is above 20 per cent. and below 90 per cent..

Following completion of the Offer, it is possible that the following persons may have a substantial holding in CoAL (that is, voting power of at least 5 per cent. in CoAL) assuming CoAL receives 100 per cent. acceptances under the Offer and Universal Shareholders representing 60 per cent. of all Universal Shares elect to receive the Cash and Share Offer:

Name	Number of CoAL Shares	Percentage of Issued CoAL Share Capital
Yishun Brightrise	528,058,761	19.9 ¹
Haohua Energy International (Hong Kong) Resource Co Limited	462, 417,579	17.48
M&G	415,094,367	15.69 ²
TMM Holdings (Pty) Limited	215,000,000	8.13
Ichor	143,467,056	5.42 ³
Investec Limited	136,948,544	5.18

Notes:

1. Pursuant to the YBI Subscription Agreement, Yishun Brightrise is entitled to subscribe for 344,827,500 CoAL Shares. Depending on the level of acceptances received from Universal Shareholders of the Cash and Share Offer, and any other equity funding that CoAL may obtain prior to completion of the Offer, it is possible that full subscription by Yishun Brightrise of the CoAL Shares under the YBI Subscription Agreement would result in Yishun Brightrise obtaining voting power in CoAL of more than 20 per cent. If it appears that, at completion of the Offer and the YBI Subscription Agreement, that Yishun Brightrise's voting power in CoAL would exceed 20 per cent, CoAL and Yishun Brightrise would make alternative arrangements to ensure CoAL receives Yishun Brightrise's full funding commitment under the YBI Subscription Agreement whilst still complying with the Australian Corporations Act.
2. Pursuant to the M&G Subscription Agreement, M&G is entitled to subscribe for 68,965,517 CoAL Shares.
3. Assuming Ichor accepts the Cash and Share Offer in respect of its entire holding of Universal Shares.

Appendix IV – Rights and liabilities attaching to CoAL Shares

CoAL has one class of share, being ordinary shares in the capital of the CoAL.

The Consideration Shares to be issued under the Offer will be issued fully paid and will rank from the date of issue equally in all respects with existing CoAL Shares.

This section contains a summary of the key rights and liabilities attaching to CoAL Shares. This summary does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of CoAL Shareholders, which can involve complex questions of law arising from the interaction of CoAL's constitution and statutory, common law and listing rules requirements. CoAL Shareholders should seek their own advice when trying to establish their rights and liabilities in specific circumstances.

Voting Rights

Subject to any special rights or restrictions as to voting attached to any CoAL Shares by or in accordance with the CoAL Constitution or their terms of issue, each CoAL Shareholder who is present in person or by proxy, attorney, or corporate representative at any meeting of CoAL Shareholders and entitled to vote will have one vote on a show of hands, and one vote for each fully paid share held on a poll. On a poll, in respect of partly paid shares each CoAL Shareholder will have a fraction of a vote for each partly paid share equivalent to the amount paid (not credited or paid in advance of a call) as a fraction of the full value.

Annual General Meeting and General Meetings

The CoAL Directors may, whenever they think fit, convene a general meeting of CoAL Shareholders. A general meeting will also be convened on requisition as is provided for by the Australian Corporations Act. A notice of a general meeting will be given in accordance with the requirements of the Australian Corporations Act, and will specify the place, day and time of the meeting and the general nature of the business to be transacted at the meeting. An annual general meeting will be held in accordance with the requirements of the Australian Corporations Act. Two CoAL Shareholders present in person, by proxy, attorney or representative and entitled to vote will be a quorum.

Dividends

Subject to the Australian Corporations Act, the CoAL Directors may from time to time declare a dividend and such dividends will be paid to CoAL Shareholders in accordance with their respective rights. Dividends are only declared and payable at the discretion of the CoAL Directors. No dividend will be payable except out of the profits of CoAL as determined by the CoAL Directors, such determination to be conclusive, and no dividend will carry interest as against CoAL.

Subject to the terms of issue of shares, CoAL may pay a dividend on one class of shares to the exclusion of another class. Each share of a class on which the CoAL Directors resolve to pay a dividend carries the right to participate in the dividend in the same proportion that the amount for the time being paid on the share bears to the total issue price of the share.

The CoAL Directors may pay any cash dividend, interest or other money payable in respect of shares by cheque, and may distribute assets by sending the certificates or other evidence of title to them through the post directed to the CoAL Shareholder's address as shown on the

register or any other address the CoAL Shareholder directs in writing, or by any other method of payment or distribution the CoAL Directors decide.

The CoAL Directors may direct that such dividend be payable to particular CoAL Shareholders wholly or partly out of any particular fund or reserve or out of profits derived from any particular source and to the remaining CoAL Shareholders wholly or partly out of any other particular fund or reserve or out of profits derived from any other particular source.

The CoAL Directors may resolve to pay a dividend (either generally or to specific CoAL Shareholders) in cash or satisfy it by distribution of specific assets (including shares or securities of any other corporation), the issue of shares or the grant of options.

If the CoAL Directors satisfy a dividend by the distribution of assets, the CoAL Directors may fix the value of any asset distributed, make cash payments to CoAL Shareholders on the basis of the value fixed so as to adjust the rights of CoAL Shareholders between themselves, and vest an asset in trustees.

Distribution of Assets on a liquidation

If CoAL is wound up, the liquidator may, with the authority of a special resolution, divide among the CoAL Shareholders in kind the whole or any part of the property of CoAL, and may for that purpose set such value as they consider fair upon any property to be so divided, and may determine how the division is to be carried out as between the CoAL Shareholders or different classes of CoAL Shareholders. The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the CoAL Shareholders as the liquidator thinks fit, but so that no CoAL Shareholder is compelled to accept any CoAL Shares or other securities in respect of which there is any liability.

Transfer of CoAL Shares

Subject to the CoAL Constitution, the CoAL Shares are freely transferable, however the CoAL Constitution gives the CoAL Directors the right to refuse a transfer of CoAL Shares. The CoAL Directors may only refuse to register a transfer of CoAL Shares only if that refusal would not contravene the ASX Listing Rules or the ASX Settlement Operating Rules, and must not register a transfer if the Australian Corporations Act, ASX Listing Rules or the ASX Settlement Operating Rules forbid registration.

Issue and Allotment of Shares

Subject to the Australian Corporations Act and the ASX Listing Rules, the CoAL Directors may, on behalf of CoAL, issue, grant options over or otherwise dispose of unissued shares to any person on the terms, with the rights and at the times that the CoAL Directors decide. CoAL may issue preference shares (including preference shares that are liable to be redeemed). The rights attached to preference shares are, unless other rights have been approved by special resolution of CoAL, the rights set out in the schedule to the CoAL Constitution.

Variation of Rights

Subject to the Australian Corporations Act, if at any time the share capital of CoAL is divided into different classes of shares, the rights attached to any class may be varied with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class

Changes in Share Capital

CoAL may reduce its share capital: (i) in accordance with Division 1 of Part 2J.1 of the Australian Corporations Act; (ii) through a buyback of CoAL Shares in accordance with Division 2 of Part 2J.1 of the Australian Corporations Act; (iii) in accordance with section 258E of the Australian Corporations Act (“Other share cancellations”); (iv) in accordance with section 258F of the Australian Corporations Act (“Reductions because of lost capital”); or (v) in any other way permitted by the Australian Corporations Act.

Directors

(a) Number of Directors

The CoAL Board may decide the number of CoAL Directors but that number must be at least three or the number of CoAL Directors (not counting alternate directors) in office when the decision is made, whichever is greater.

(b) Directors’ shareholding qualification

A CoAL Director is not required to hold any CoAL Shares.

(c) Rotation of Directors

No CoAL Director other than the managing director will be entitled to hold office for more than three years without rotation. At every annual general meeting of CoAL, one-third (or if that is not a whole number, the whole number nearest to a third) of the CoAL Directors (other than alternate directors and the managing director) for the time being will retire from office. The CoAL Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became CoAL Directors on the same day, those to retire will (unless they otherwise agree among themselves) be determined by drawing lots. A retiring CoAL Director is eligible for re-election.

(d) Appointment of Directors

At the general meeting at which a CoAL Director retires, CoAL may fill the vacated office by electing the retiring CoAL Director (if they offer themselves for re-election and are not disqualified under the Australian Corporations Act from holding office) or another person to that office by ordinary resolution. The CoAL Directors may at any time appoint a person to be a CoAL Director, provided that the maximum number of CoAL Directors determined in accordance with the CoAL Constitution is not exceeded. Any CoAL Director so appointed holds office only until the next following annual general meeting and is then eligible for re-election but will not be taken into

account in determining the CoAL Directors who are to retire by rotation (if any) at that meeting.

(e) Removal of Directors

In additions to the provisions regarding removal of directors under the Australian Corporations Act, a CoAL Director may be removed by either CoAL by ordinary resolution or in writing by members holding a majority of the issued CoAL Shares of CoAL conferring a right to vote

(f) Vacation of office

The office of director will automatically become vacant if the director:

- (1) becomes prohibited from being a director by the Australian Corporations Act;
- (2) becomes disqualified from managing corporations and is not given permission or leave to manage CoAL;
- (3) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental health;
- (4) fails to attend Board meetings for a continuous period of three months without a leave of absence from the Board;
- (5) resigns their office by notice in writing to CoAL;
- (6) is removed from office in accordance with the CoAL Constitution; or
- (7) ceases to qualify as a director in accordance with the CoAL Constitution (that is a person who is auditor or any partner or employee of the auditor of CoAL).

(g) Proceedings of Directors

The quorum necessary for the transaction of business at any CoAL Board meeting is two CoAL Directors who are present in person or by instantaneous communication device.

(h) Remuneration of Directors

The CoAL Board may fix the remuneration of each executive CoAL Director which may consist of salary, bonuses or any other elements, but may not be a commission on or a percentage of profits or operating revenue.

The non-executive CoAL Directors will be paid by CoAL by way of remuneration for their services, such sum as does not exceed in aggregate the amount determined by CoAL at a general meeting from time to time (as required by the ASX Listing Rules). Fees payable to non-executive CoAL Directors must not consist of a commission on or percentage of profits or operating revenue.

Unless otherwise determined by the CoAL Directors, fees payable to non-executive CoAL Directors will be allocated among them on an equal basis having regard to the

proportion of the relevant year for which each non-executive CoAL Director held office, and will be provided in the manner decided by the CoAL Directors, which may include provision of non-cash benefits.

The CoAL Directors will be entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as directors. If any of the CoAL Directors being willing will be called upon to perform extra services or make any special exertions on behalf of CoAL or the business of CoAL, CoAL may remunerate such CoAL Director in accordance with such services or exertions, and such remuneration may be either in addition to or in substitution for their share in the remuneration.

(i) Retirement benefits for Directors

Subject to the Australian Corporations Act and the ASX Listing Rules, CoAL may agree with the CoAL Director (or a person about to become a CoAL Director) that CoAL will pay a pension or lump sum benefit to that person or after that person's death, any of the surviving spouse, dependents or legal personal representatives of that person.

(j) Directors' interests

A CoAL Director may hold any other office or place of profit in or in relation to CoAL (except that of auditor) in conjunction with their office of director and on such terms as to remuneration or otherwise as the CoAL Directors approve. A CoAL Director may be or become a shareholder or credit of any corporation (including CoAL) or partnership other than the auditor.

A CoAL Director must disclose his interest in accordance with the Australian Corporations Act.

(k) Restrictions on voting

Where a CoAL Director has a material personal interest in a matter that relates to the affairs of CoAL, the director must, where required by the Australian Corporations Act, give the other directors notice of the nature and extent of the interest and the relation of the interest to the affairs of CoAL at a Board meeting as soon as practicable after the director becomes aware of the interest. Unless otherwise permitted under the Australian Corporations Act, the director must not be present while the matter is being considered at a board meeting or vote on the matter.

(l) Directors' powers

Subject to the Australian Corporations Act and the CoAL Constitution, the business of CoAL will be managed by the CoAL Directors, who may exercise every right, power or capacity of CoAL as are not required to be exercised by CoAL at a general meeting. Any sale or disposal of CoAL's main undertaking will only be made subject to the prior approval or ratification of the sale or disposal by CoAL at a general meeting.

(m) Indemnity

To the extent permitted by law, every CoAL Director will be indemnified out of the property of CoAL against any liability to another person (other than CoAL or a related body corporate) incurred by the CoAL Director in their capacity as a director of CoAL or of a related body corporate.

Notices

Notice may be given by CoAL to any CoAL Shareholder by serving it on the person personally, by sending it by post, or by sending it to the fax number (if any), electronic address or by other electronic means (if any) nominated by that person.

Appendix V – Risk Factors

Eligible Universal Shareholders and Loan Note Eligible Universal Shareholders should carefully consider the following risk factors in addition to the rest of the information contained or incorporated by reference in this Offer Document prior to making any decision as to whether or not to elect to invest in CoAL Shares by accepting the Cash and Share Offer or Loan Notes by accepting the Loan Note Alternative.

The CoAL Directors consider the following to be the material risk factors relating to the Acquisition and to which the CoAL Group and, following completion of the Acquisition, the Enlarged Group will be exposed as a result of the Acquisition. If any of the risks described below were to occur, it could have a material adverse effect on the business, results of operations, financial condition and/or growth prospects of the CoAL Group and, if completion of the Acquisition takes place, the Enlarged Group, and the value of CoAL Shares could decline and shareholders could lose all or part of the value of their investment in CoAL Shares. The risks described below should not be considered to be an exhaustive statement of all the potential risks and uncertainties that the CoAL Group and the Universal Group face and that the Enlarged Group may face if the Acquisition is completed. There may be additional risks, or risks that are considered to be immaterial at the time of publication of this Offer Document that may become material and adversely affect the CoAL Group and, if completion of the Acquisition takes place, the Enlarged Group.

Unless otherwise indicated or the context otherwise requires, references in this Appendix V to 'the CoAL Group' should be taken as referring to the Enlarged Group if the Acquisition is successfully completed, and the risks summarised in this Appendix V should be considered as applying to the Enlarged Group.

Universal Shareholders should read this Offer Document as a whole and not rely solely on the information set out in this section.

RISKS RELATING TO THE BUSINESS AND OPERATIONS OF THE COAL GROUP (AND, IF THE ACQUISITION IS COMPLETED, THE ENLARGED GROUP)

Mineral resource estimates are uncertain and subject to change due to a variety of factors, and resources recovered may be less in terms of volume, quality and yield than the estimates included in this document and may not be able to be brought into profitable production

The exploration of minerals is speculative in nature and is frequently unsuccessful. The CoAL Group may be unable to successfully discover and/or exploit mineral resources. The CoAL Group bases its mineral resource estimates on engineering, economic and geological data assembled and evaluated by its staff and, in certain cases, reviewed by third parties. Reserve estimates as to both quality and quantity are periodically updated to reflect production experience and other new data. The estimation of mineral resources is a subjective process and the accuracy of mineral resource estimates is a function of the quantity and quality of available data, the assumptions used (including assumptions among others as to geological and mining conditions, effects of regulation and taxes, commodity prices, foreign currency exchange rates, operating costs, mining technology improvements, development costs and reclamation costs) and judgements made in interpreting engineering and geological information. There is significant uncertainty in any mineral resource estimate, and the actual deposits encountered and the economic viability of mining a deposit may differ materially from the CoAL Group's estimates. Without limiting the generality of the

foregoing, declines in coal prices, increases in production costs, decreases in recovery rates or changes in applicable laws and regulations, including as to environmental, licensing, title or tax matters, could impact the volume of coal that can be feasibly be extracted relative to the reserve and mineral resource estimates indicated in this document.

Estimated mineral resources may also have to be recalculated based on changes in coal or other commodity prices (or other underlying assumptions), further exploration or development activity (for example, upon encountering mineralisation and formations that differ from those expected based on past drilling, sampling and other examinations) and/or actual production experience. In addition, by their very nature, mineral resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates may change, which could result in: (i) alterations to development and mining plans which may, in turn, adversely affect the CoAL Group's operations; and (ii) a material adverse or other important factors that influence mineral resource estimates.

Further, there can be no assurance that any resources recovered can be brought into profitable production. Price fluctuations, increased production costs or reduced recovery rates, or other factors may render the present estimated or inferred resources of the CoAL Group uneconomical or unprofitable to develop at a particular site. Any significant difference between the CoAL Group's actual resources and its current estimates, or any changes adversely affecting estimates or the profitability of the CoAL Group's resources, could have a material adverse effect on the CoAL Group's business, results of operations, financial condition and/or growth prospects.

The nature of mineral exploration, development and mining activities involves a high degree of risk

The establishment and operation of a commercial mine is complex, and entails significant execution risk as well as the need for effective operational management, purchase of required equipment, creation of necessary infrastructure, and the retention of relevant employees with the required levels of experience and technical skill. The establishment, development and operation of the CoAL Group's operations are therefore subject to a number of risks, including:

- delays or higher than expected costs in obtaining necessary equipment or replacement equipment;
- cost escalation due to changes in the scope of the CoAL Group's projects or general inflationary pressures;
- adverse underground mining conditions, including unanticipated variations in grade and other geological problems, difficult surface or underground conditions and unusual or unexpected ground conditions, which may delay and hamper production;
- adverse opencast mining conditions, including failure of the highwall, flooding, ongoing ingress of underground water, subsidence, lack of storage space for excessive waste and overburden material and other conditions which may have a negative impact on mining and extraction rates;
- mechanical and electrical equipment under-performance and maintenance problems;

- disruption to transport services including air, overland conveyor and other systems;
- governmental or other regulatory action, including suspension or revocation of licences, as a result of actual or alleged safety or environmental risks or other actual or alleged violations of law, regulations or terms of licences, or imposition of additional taxes, fees or other obligations;
- fire, flooding, rock bursts, cave-ins and landslides and mine closures resulting from any such incidents;
- climate change, unusual weather, seismic events or other natural phenomena;
- unavailability of contractors or shortage of skilled personnel, strikes, lock-outs and shut downs;
- inadequate or sub-standard performance by contractors;
- increased or unexpected reclamation, rehabilitation or remediation costs;
- terrorism, sabotage, theft or other interference in the maintenance or provision of infrastructure;
- disruption to the supply of electricity or water;
- the occurrence of accidents in the course and scope of mining activities, which may result in serious injuries to or fatalities of employees; and
- other adverse conditions resulting from drilling, blasting and removal and processing of material associated with surface or underground mining.

The occurrence of these or other risks could result in operational delays, loss of production and decreased revenues and cash flows, and consequently could have a material adverse effect on the CoAL Group's business, results of operations, financial condition and/or growth prospects.

Further, as the scope and extent of the CoAL Group's mining operations are planned to increase substantially in the future, in particular as the Makhado Project is brought into commercial production, the CoAL Group faces significantly greater exposure to these risks and the impact of any of such risks could have an increasingly material effect on the CoAL Group's business, results of operations and/or growth prospects.

The production, processing and product delivery capabilities of the CoAL Group's industrial assets rely on their infrastructure being adequate and remaining available

The mining, drilling, processing, development and exploration activities of the industrial assets in which the CoAL Group holds an interest depend on adequate infrastructure. Certain of these assets are located in areas that are sparsely populated and are difficult to access. Reliable roads, power sources, transport infrastructure and water supplies are essential for the conduct of these operations and the availability and cost of these utilities and infrastructure affect capital and operating costs and, therefore, the CoAL Group's ability to maintain expected levels of production and results of operations. Unusual weather or other natural phenomena, sabotage or other interference in the maintenance or provision of

such infrastructure could impact the development of a project, reduce production volumes, increase extraction or exploration costs or delay the transportation of raw materials to the mines and projects and commodities to end customers. Any such issues arising in respect of the infrastructure supporting or on the CoAL Group's sites could have a material adverse effect on the CoAL Group's business, results of operations, financial condition and prospects.

The CoAL Group is exposed to a reduction in the price, and demand for, of its products

Although none of the CoAL Group's existing assets are currently in production, it expects to recommence coal production and sales as soon as feasible. In addition, if the Acquisition is successfully completed, the Enlarged Group's assets will include the Kangala mine, which is currently in production. The CoAL Group's revenues revenue will therefore be affected by the price which the CoAL Group is able to obtain for its thermal and coking coal products. The supply of and demand for (and therefore the prices of) commodities such as coal are volatile and are influenced by factors beyond the CoAL Group's control. These factors include global economic trends and conditions, global demand and supply, the demand for electricity (in the case of thermal coal) and the demand and prices for steel (in the case of coking coal), the costs of freight, prices and availability of alternative energy sources, the introduction of new laws limiting greenhouse gas emissions, costs of raw materials, labour and services related to steel production and electricity generation, exchange rates, commodity trading on the future markets, interest and inflation rates, political events and other market forces.

The CoAL Group's expansion plans involve increasing its coal production, with a significant proportion of future revenue expected to be derived from coking coal. Consequently, the CoAL Group will be particularly affected by the level of demand for such coal from the steel industry, and prices for its coal will be directly impacted by global market conditions in the steel industry. A drop in steel prices and/or demand is likely to put downward pressure on the prices the CoAL Group can charge customers for its coking coal. Similarly consolidation in the steel industry could lead to reduced prices for coking coal. There can be no assurance that the price of, and/or demand for, coal, and in particular coking coal, will not decline in the future.

A significant continuing decrease in the price of coal sold by the CoAL Group, or fluctuations in the volume of coal produced or marketed by the CoAL Group, could therefore have a material adverse effect on the CoAL Group's revenue, and consequently its business, results of operations, financial condition and/or growth prospects.

The CoAL Group may not achieve its production estimates, and production may not be economically viable

The CoAL Group cannot give any assurance that that its production estimates are accurate, that it will achieve its production estimates or that production will be economically viable. These production estimates are dependent on, among other things, the accuracy of mineral resource estimates, the accuracy of assumptions regarding ore grades and recovery rates, ground conditions and physical characteristics of ores, such as hardness and the presence or absence of particular metallurgical characteristics and the accuracy of estimated rates and costs of mining and processing. The CoAL Group's actual production may also vary from its estimates for a variety of reasons, including adverse operating conditions (such as unexpected geological conditions, fire, weather and accidents), compliance with

governmental requirements, timely acquisition of mining rights, labour and safety issues, delays in installing or repairing plant and equipment, and any inability to complete, or lack of success of, capital development and exploration drilling.

Even where resources are discovered, it can take a number of years from the initial phases of exploration and drilling until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish the viability of coal resources through drilling and, in the cases of new properties, to construct mining and processing facilities. As a result of these uncertainties, there can be no assurance that it will be economically viable to operate a mine at the time production is due to commence.

The profitability of the CoAL Group will depend in large part on its ability to mine coal at competitive costs and meet customer expectations regarding timing and quality. The failure of the CoAL Group to achieve its production estimates, or a change in conditions resulting in production no longer being economically viable, could have a material adverse effect on the CoAL Group's business, results of operations, financial condition and/or growth prospects.

Mining companies are increasingly required to consider and ensure the sustainable development of, and provide benefits to, the communities and countries in which they operate

As a result of public concern about the perceived ill effects of environmental degradation and preservation of sites of historical or cultural significance, businesses face increasing public scrutiny of their activities. Businesses are under pressure to demonstrate that while they seek a satisfactory return on investment for shareholders, other stakeholders including employees and local communities, also benefit from their commercial activities, or at least are not adversely impacted.

In the case of mining, operations often are located at or near existing towns and villages, natural water courses, nature reserves, nature conservancies, mountain ranges, priority conservation areas and other infrastructure or sites of historical, environmental or cultural significance. Mining operations must therefore be designed to minimise their impact on such communities and the environment, either by changing mining plans to avoid such impact, by modifying mining plans and operations, by making specific undertakings in the relevant social and labour plan, by purchasing land as an offset or by relocating the affected people to an agreed location. These measures may include agreed levels of compensation for any adverse impact the mining operation may continue to have upon the community. Also, such measures may involve changes to the nature of mining operations (from opencast to underground, for example) or redesign of a mine's location or layout which can lead to delays in commencing operations and increased capital and operating costs.

With regards to Roodekop, some of the mining area (owned by the relevant local government) has been earmarked by government for redistribution. There is a risk for the Universal Group that the South African government (as the owner of such land and notwithstanding that the Universal Group holds a NOMR over it) redistributes portions thereof to third parties for occupation and use, which, in turn, increases the risk of a degree of volatility in the area, particularly with affected future occupiers (or people who will not necessarily occupy the land but who have been allocated same under the redistribution process) who may believe that they will then be entitled to benefit from mining that takes place in close proximity to them and start to make demands which can lead to violence and operational disruption. Although the area in question falls outside the current mine plan for

Roodekop, if Universal decided to mine in that area in the future, this could cause significant disruptions to operations in the affected area.

Failure to address community concerns, or a response to such concerns being perceived as inadequate, may lead to an organised opposition to the CoAL Group's business and planned activities, which could impede the CoAL Group's ability to operate and have a material adverse effect on the CoAL Group's business, results of operations, financial condition and/or growth prospects.

The CoAL Group's operations are subject to strict environmental, heritage and health and safety regulation and enforcement

The CoAL Group's operations are subject to existing and any future environmental, heritage and health and safety legislation, regulations and actions (and which relate to matters as diverse as the deproclamation of nature reserves, 'licence requirements' to handle protected plants and trees and heritage resource permitting) which impose significant costs and burdens on the CoAL Group (the extent of which cannot be predicted) both in terms of compliance and potential penalties, liabilities and remediation or decommissioning costs. Breach of any environmental, heritage, or health and safety obligations could result in penalties and civil liabilities and/or suspension of operations, any of which could adversely affect the CoAL Group.

Mining and mineral processing operations have inherent risks and liabilities associated with damage to the environment, particularly water resources and the disposal of waste products occurring as a result of mineral exploration, production and processing. Mining and mineral processing operations also increase the level of noise and generally impact on air quality (primarily dust), which could directly impact settlements in the immediate vicinity of such operations. Moreover, the legal and regulatory regimes applicable to the mining industry in South Africa have undergone fundamental changes over the past decade and, in certain key respects (including in relation to protection of the environment and heritage areas), applicable standards remain in flux and subject to change. Approval is required for land clearing, for ground disturbing activities and for other aspects of mining or prospecting operations. Delays in obtaining such approvals can result in delay to anticipated exploration programmes or mining activities.

There are potential heritage sites within some of the Universal Group's project areas which may impact on the Enlarged Group's operations. If any of these heritage sites fell within a planned mining area, a destruction permit may be required from the South African Heritage Resources Agency and, if the destruction permit was not granted, the Enlarged Group would be prevented from mining in the relevant area.

Any failure to comply with applicable environmental, heritage or health and safety laws or regulations, even if based on historical industry practice, or due to changes in laws or regulations (or the interpretation or enforcement thereof) or otherwise inadvertent, and any applications for rectification could result in a material interruption or restriction of the CoAL Group's exploration activities or its development or mining operations, and/or in the imposition of fines, penalties or other liabilities, which could have a material adverse effect on the business, results of operations, financial condition and/or growth prospects of the CoAL Group.

For a discussion of specific environmental compliance issues, see the risk factors set out under the heading "Risks Relating to South Africa" below.

The CoAL Group's environmental rehabilitation obligations may increase materially

The CoAL Group's operations are subject to various laws and regulations governing mine closure and mined-land rehabilitation. Amendments to these laws and regulations may result in an increase in the CoAL Group's regulatory obligations and compliance costs over time. As estimated costs increase, the CoAL Group is required to post increasing amounts of financial assurance to ensure the availability of funds to perform future closure and rehabilitation estimated at rates and on a basis of calculation prescribed by the DMR, which will impact the CoAL Group's financial provisioning and costs at the affected operations. There is no certainty that the basis of calculation prescribed by the DMR will remain stable over time, or that it will prove to be an accurate estimate of the CoAL Group's obligations in remediating the sites of its mining activities.

Should the CoAL Group be required to post other collateral, cash or cash equivalents directly in support of its financial assurance obligations in relation to rehabilitation and remediation, it would have to carry the cost of servicing these additional guarantees and the willingness of each of the banks providing such guarantees to make further debt financing available to the CoAL Group in the future may be reduced, thereby limiting the CoAL Group's future access to additional facilities or further guarantees from such banks, which could materially adversely impact the CoAL Group's operating and financial flexibility.

An interdict order may prevent or delay the CoAL Group from commencing operations at the Makhado Project

There is currently an interim court order interdicting CoAL from commencing any of the activities authorised by the Environmental Authorisation granted to CoAL in respect of the Makhado Project. The interim order effectively prohibits CoAL from conducting mining operations until (and if) the review of the grant of the aforementioned Environmental Authorisation has been finalised in the Company's favour. The CoAL Directors are confident of being able to resolve the situation and have the interdict order removed. However, if the Company is not able to achieve this and the interdict order is upheld by the South African courts, this could delay the commencement of operations at Makhado, or prevent the Company from commencing operations at the Makhado Project at all, which could have a material adverse effect on the business, results of operations, financial condition and/or growth prospects of the CoAL Group.

The CoAL Group's operations may be adversely affected by changes resulting from climate change legislation

Coal contains impurities, including sulphur, mercury, chlorine and other elements and compounds, many of which are released into the air when coal is burned. The extraction, processing and transportation of coal generate methane and carbon dioxide, both greenhouse gases. As a result, the CoAL Group's operations may be subject to laws, regulations and policies aimed at limiting or reducing greenhouse gas emissions (such as the Kyoto Protocol). In South Africa, a Carbon Tax Bill was published for comment on 2 November 2015, and it is anticipated that it will come into effect during the course of 2016. This proposed statute seeks to impose a carbon tax on a number of industries, including the mining industry for direct (scope 1) GHG emissions. It is also anticipated to have a notable effect on the cost of electricity.

While the impact of such laws, regulations and policies cannot be quantified at this time, the CoAL Directors believe this could increase costs for fossil fuels, electricity and

transportation, restrict industrial emission levels, impose added costs for emissions in excess of permitted levels and increase costs for monitoring, reporting and financial accounting. As the CoAL Group incurs certain of these costs in the operation of its business, significant increases in such costs could have a material adverse effect on the business, results of operations, financial condition and/or growth prospects of the CoAL Group.

The CoAL Group operates in a competitive environment and its business will be adversely affected if it is unable to compete effectively

The CoAL Group competes on the basis of a range of factors. In the exploration phase, the CoAL Group must compete to acquire potentially profitable coal mining opportunities. As coal reserves deplete as coal is produced, coal mining companies' ability to sustain or increase production in the long-term depends, in part, on the ability to identify, acquire and develop additional coal reserves that are economically recoverable and to expand existing, or develop new, mining operations. The CoAL Group is likely to encounter competition in identifying exploration and development opportunities for attractive coal properties in South Africa and elsewhere, as well as in acquiring surface rights, both from competing non-mining-related uses for the land and from other mining companies. For the CoAL Group to expand its operations in South Africa or elsewhere, it is likely to face competition from both domestic and international coal mining companies which already have significant operations in targeted regions, together with potential new entrants in such regions, any of which may have greater financial, technological and other resources than the CoAL Group.

The CoAL Group's operations and future growth strategy require continuous acquisition of access to properties or surface rights where required to access properties where coal deposits may be located

In addition to procuring a prospecting or a mining right over a location, the CoAL Group may be unable to access a location for exploration or development without obtaining some type of property rights over the surface, although in certain cases necessary access may be obtained underground. The CoAL Group may purchase properties outright, or may enter into agreements with existing landowners granting access to the sites. The CoAL Group may encounter difficulties in acquiring property rights to promising areas because of inability to agree a fair price with the existing landowner, or because of community opposition to coal mining in the area, or for other reasons. If the CoAL Group is unable to acquire property rights over the surface for its existing and future projects at an acceptable cost, this could have a material adverse effect on the CoAL Group's business, results of operations, financial condition and/ or growth prospects.

Growth of the CoAL Group through joint ventures or acceptance of minority investments presents risks in implementation

The Universal Group is currently party to certain joint venture arrangements, and the CoAL Group may seek to enter into joint ventures or accepts minority investments for new mining projects or acquisitions. The CoAL Group will therefore be dependent on maintaining good relationships with its joint venture partners and minority investors, whose interests may diverge from the CoAL Group's. Joint venture partners and minority investors may exercise veto rights; may be unable, or unwilling, to fulfil their contractual obligations; or may otherwise take actions contrary to the CoAL Group's policies or objectives with respect to its investments. Deterioration in relationships, or failures to resolve differences, with joint venture partners or minority investors could adversely affect the operations of the applicable venture or entity, delay or result in non-completion of a mining project, imperil relevant

licences and permits or otherwise material adversely affect the CoAL Group's business, results of operations, financial condition and/or growth prospects.

Growth through acquisition involves risks associated with identifying, evaluating and acquiring appropriate operational assets and/or sites for development, prospecting or exploration, and raises the potential for challenges in integrating operations, increased operating costs, exposure to unanticipated delays (including in respect of regulatory approvals), exposure to unanticipated liabilities (or other obligations) that were not discovered during the diligence process or appropriately covered by effective indemnification, and challenges in achieving expected efficiencies, cost savings and other synergies. Acquisitions may also require changes to operations generally, enhancements or expansion of financial and management controls and reporting systems, and additional staff. Failure to properly manage and integrate acquired or expanded operations could have a material adverse effect on the CoAL Group's business, results of operations, financial condition and/or growth prospects.

In addition, joint ventures and acceptance of minority investors could require significant cash outlays, issuing shares or incurring substantial debt, and could require significant commitments of management time and resources. The benefits of any joint venture, acceptance of minority investment or acquisition may take considerable time to achieve and there can be no assurance that any of the foregoing would in fact produce the expected benefits. Any of the foregoing could have a material adverse effect on the CoAL Group's business, results of operations, financial condition and/or growth prospects.

The CoAL Group may not be able to secure financing on suitable terms to finance the operation, development and expansion of its business in the longer term

Mining exploration and production requires significant capital expenditure and additional funding is likely to be required to develop the CoAL Group's projects, to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, to meet any unanticipated liabilities or expenses which the CoAL Group may incur and to continue to grow the CoAL Group's business. The CoAL Group may, therefore, seek to raise further funds through equity or debt financing, or to enter into joint ventures or production sharing arrangements, or otherwise bring in a partner to share costs. There can be no assurance that such additional financing or a suitable partner will be available when needed or, if such financing is available, that the terms of the financing will be commercially acceptable to the CoAL Group. Further, any such additional debt financing, if available, may involve onerous restrictions on other financing and on operating activities. For example, the CoAL Group may become subject to increased interest expenses, covenants requiring that the CoAL Group maintain prescribed financial ratios and/or covenants restricting certain aspects of its business, including, for example, restrictions on additional future borrowings and indebtedness levels and permitted future acquisition activity, as well as security interests placed over certain of its assets. If interest costs were to increase significantly in the future, this could hinder the CoAL Group's ability to raise, renew and service its future indebtedness, reduce the funding options available to the CoAL Group and render it more vulnerable to economic downturns.

Failure of the CoAL Group to obtain sufficient financing for its activities and future projects could result in delay, indefinite postponement or complete abandonment of exploration, development or production on the CoAL Group's properties or even loss of a property interest (including any prospecting or mining right), which could have a material adverse

effect on the CoAL Group's business, results of operations, financial condition and/or growth prospects.

Fluctuations in exchange rates could have a material adverse effect on the CoAL Group's operating results, cash flows and overall profitability

Historically, a substantial proportion of the CoAL Group's revenues have been generated in US dollars, and the CoAL Directors expect this to continue when production and sales commence at the Makhado Project and recommence at the Vele Colliery, while the majority of its costs are incurred in Rand. The CoAL Group has also previously raised capital and paid for acquisitions in US dollars and pounds sterling. Further, the CoAL Group has adopted the US dollar as its reporting currency. The CoAL Group is therefore exposed to changes in the exchange rate between the Rand and the US dollar and between the US dollar and pounds sterling.

The CoAL Group does not currently operate a foreign exchange hedging policy in order to reduce its exposure to movements in these currencies. Significant adverse changes in exchange rates could therefore have a material adverse effect on the CoAL Group's business, results of operations, financial condition and/or growth prospects.

The CoAL Group relies on certain key personnel

The CoAL Group's business is dependent on retaining the services of a small number of key personnel of the appropriate calibre as the business develops. The success of the CoAL Group is, and will continue to be, to a significant extent dependent on the expertise and experience of the CoAL Directors and senior management of the CoAL Group. Whilst the CoAL Group has entered into contractual arrangements with the aim of securing the services of the existing management team, the retention of their services cannot be guaranteed.

The loss of key personnel could have a material adverse effect on the CoAL Group's business, financial condition, results of operations and/or growth prospects.

The Enlarged Group is exposed to the failure of non-performance of third parties and exposed to risks that key contracts are of a relatively short term and/or terminable on short notice

The Universal Group is, and the CoAL Group will once operations recommence be, dependent on third parties with whom it has commercial agreements for certain business critical services, such as the mining contractor at the Universal Group's Kangala mine. The efficiency, timelessness and quality of contract performance by third party providers is and will be largely beyond the Universal Group's and CoAL Group's direct control. If one or more of these third parties fails to meet its contractual obligations, or if such services are temporarily or permanently unavailable, or not available on commercially acceptable terms, this could have a material adverse effect on the Enlarged Group's business, results of operations, growth prospects and /or financial condition.

Further, sales and offtake agreements in the South African market are usually for a relatively short term or are terminable by the customer on short notice (typically 3 months) and there can be no guarantee that customers will roll over or renew their agreements. In particular, customers may be affected by market conditions which reduce their demand for coal. If any event or events occurred which caused a significant number of the Universal Group's customers (or, once the CoAL Group has recommended production, the CoAL Group's

customers) to terminate their existing sales and offtake agreements or to fail to renew those agreements on expiry, and such agreement cannot be replaced with new agreements on substantially similar terms in a short period of time, this could have a material adverse effect on the Enlarged Group's business, results of operations, financial condition and prospects.

The use of mining contractors in respect of Kangala's operations may expose the CoAL Group to delays or inefficiencies or suspensions in activities and increases in mining costs

The Universal Group uses contractors for its operations at Kangala. The use of these contractors could result in Kangala's operations being disrupted, resulting in additional costs and liabilities, if any of the contractors have financial difficulties, experience equipment shortages or labour disputes or if a dispute arises in renegotiating a mining contract, or if there is a delay in replacing an existing contractor. If the Acquisition is completed, increases in contract mining rates, in the absence of associated productivity increases without suitable contractual protection, or any other occurrence of the foregoing could have a material adverse effect on the CoAL Group's business, financial condition, results of operations and/or growth prospects.

The CoAL Group's operations may be adversely affected by interruptions in its energy supply

The CoAL Group is particularly dependent on reliable and continuous delivery of sufficient quantities of power to its mines at an affordable price. All mines in South Africa are being required to constrain power usage in the long term within pre-agreed limits. In late 2007, South Africa began experiencing a number of widespread rolling power outages due to electricity supplies being insufficient to meet demand. Although the global economic downturn resulted in a reduction of power consumption in South Africa for a limited period, a resumption of rolling power outages, voltage imbalances or reductions in availability of electrical power may restrict, or result in the shut-down or operation below capacity of, the CoAL Group's production facilities.

Eskom is the sole third-party supplier of electricity in South Africa, and no significant alternative sources of supply are available to the CoAL Group. There can be no assurances that Eskom will supply sufficient uninterrupted electricity to the CoAL Group at any stage in the future. Whilst the CoAL Group has back-up power capacity generated by diesel power plants, diesel power is substantially more expensive than power supplied by Eskom, and may be insufficient to meet all of the CoAL Group's future energy requirements at the relevant time. The generating units may also be subject to mechanical failure, which would result in a partial or total loss in power generating capacity. A significant disruption to the CoAL Group's power supply could have a material adverse effect on the CoAL Group's business, results of operations, financial condition and/or growth prospects.

A significant increase in rail, port and international freight rates could have a material adverse effect on the CoAL Group's profitability

An increase in the Universal Group's (and, once the Makhado project commences production and coking coal is exported by the CoAL Group, the CoAL Group's) transport costs could have a material impact on domestic and export demand for its coal and its profitability. The CoAL Group's main transport costs are expected to include road haulage from mine to railway sidings, transfer by rail from the mine or railway siding to the port,

throughput, loading, berthing and demurrage charges at the port and international freight rates to customers.

Changes in the costs of the CoAL Group's transport costs could occur as a result of unforeseen events, including international and local economic and political events, and could result in changes in profitability or mineral reserve estimates. Any significant increase in the CoAL Group's transport costs could have a material adverse effect on the CoAL Group's business, results of operations, financial condition and/or growth prospects.

The CoAL Group will be dependent on adequate access to rail facilities and there can be no assurance that the CoAL Group will be able to obtain sufficient rail transport facilities to meet its continuing needs

The CoAL Group will rely on Transnet Freight Rail (a division of the South African government owned rail and freight organisation which is the sole third party supplier of freight rail transport in South Africa) for the transportation of coal by rail from the Vele Colliery and the Makhado Project. Contractual arrangements with Transnet Freight Rail typically do not impose any financial or other penalties on Transnet Freight Rail for failure to perform its obligations, and there are no performance guarantees. Historically, Transnet Freight Rail has provided an inconsistent performance, particularly on the line to the Matola Terminal, which was, in part, due to lack of wagons, locomotives and other equipment and inefficiencies in operating the existing railroad network.

The performance of Transnet Freight Rail may continue to be hampered by operational and capacity challenges, and by other circumstances outside of Transnet Freight Rail's control, (including, for example, as a result of a dispute between the South African and Mozambique governments in relation to the cross-border rail link or a terrorist or criminal act which disrupts or severs the rail service or due to badly maintained or outdated rolling stock or rail tracks).

There can be no assurance that the CoAL Group will be able to obtain sufficient rail transport facilities to meet its continuing needs, and the CoAL Group may not be entitled to financial compensation under the Transnet Freight Rail contractual arrangements if such facilities were not available. Any significant disruption to the CoAL Group's rail transportation arrangements or a delay in the delivery of increased rail capacity may have a material adverse effect on the CoAL Group's business, results of operations, financial condition and/or growth prospects.

The CoAL Group's insurance coverage may be insufficient to cover losses or the CoAL Group could be subject to uninsured liabilities

There are circumstances where insurance will not fully reimburse the CoAL Group for the costs incurred in connection with the occurrence of an event, or where the CoAL Group may become liable for costs incurred in connection with events or incidents against which it either cannot insure or may have elected not to have insured (whether on account of prohibitive premium costs or for other commercial reasons).

Although the CoAL Group maintains insurance that it considers to be adequate, liabilities might exceed policy limits. Insurance fully covering sovereign risk, terrorism and many environmental risks (including potential liability for pollution or other hazards as a result of disposal of waste products occurring from exploration, production and processing) is not generally available to the CoAL Group.

Moreover, the CoAL Group may be subject to large excess payments or time-based excess provision in the event that it has a valid claim, and may not therefore be entitled to recover the full extent of its loss, or may decide that it is not economical to seek to do so. The realisation by the CoAL Group of any significant liabilities in connection with its mining activities or otherwise could have a material adverse effect on the CoAL Group's business, results of operations, financial condition and/or growth prospects.

RISKS RELATING TO SOUTH AFRICA

The CoAL Group is subject to rigorous government regulation in South Africa which could restrict its operations or the continued expansion of its business

The CoAL Group's exploration activities, development projects and any future mining operations are subject to laws and regulations in South Africa governing the acquisition and retention of title to mining and prospecting rights, mine development, worker health and safety, employment standards, waste disposal, protection of water resources, protection of the environment, protection of endangered and protected species, protection and designation of conservation and heritage protected areas, protection of heritage sites and artefacts and other matters. In addition, coal may be deemed to be a strategic mineral or a designated mineral by the South African government, which could subject the CoAL Group's business to political interference. If coal is declared a "designated mineral", coal mining companies could be obliged to sell coal to local beneficiaries at a "mine gate" price or an agreed price. If it is declared a strategic mineral, the Minister will have the power to restrict the grant of prospecting and mining rights in respect of coal. The "mine gate" price is defined in the proposed amendments to the MPRDA published in 2013 as "the price (excluding VAT) of the mineral or mineral product at the time that the mineral or mineral product leaves the area of the mine or the mine processing site, and excludes charges such as transport and delivery charges from the mine area or the mine processing site to the local beneficiary".

Further, in conjunction with the significant transformation of South African society and related changes to the country's political institutions and economy, the legal and regulatory regimes applicable to the mining industry in South Africa have undergone fundamental changes over the past decade and, in certain key areas, applicable standards remain in flux and subject to change. It is possible that future changes in applicable laws or regulations, or changes in their enforcement, regulatory interpretation or application could result in changes to legal or practical requirements or the terms of existing permits, rights and agreements applicable to the CoAL Group or its projects. Any of the foregoing could have a material adverse impact on the CoAL Group's current exploration activities, planned development projects or future mining operations, including by requiring the CoAL Group to cease, materially delay or restrict exploration, development or mining operations, which could have a material adverse effect on the CoAL Group's business, results of operations, financial condition and/or growth prospects.

South African Exchange Control restrictions could hinder the CoAL Group's ability to make foreign investments, procure foreign denominated financings and to extract dividends from its operating subsidiaries

The ability of the Company, and its South African subsidiaries and their operations, to transfer funds out of South Africa and to enter into agreements which require or potentially require the transfer of funds out of South Africa (for example through payment of the purchase price or in the event of a breach of warranties given) is subject to South African Exchange Control Regulations. The South African Reserve Bank, and in particular its

Exchange Control Department, has been delegated the authority to administer the South African exchange control system. The Exchange Control Department has wide discretion that is exercised in accordance with the Exchange Control Regulations and in particular its exchange control rulings in line with the policy guidelines laid down by the South African Minister of Finance.

Any cash flows out of South Africa are regulated by Exchange Control Regulations. If the CoAL Group makes an application to the South African Reserve Bank for a transfer of funds out of South Africa or to enter into an agreement which will involve such a transfer (including, for example, any future debt financing agreement involving repayment to a foreign lender), there can be no assurance that such transfer will be approved. Any failure to obtain the necessary approval, or the imposition of any restrictions on the CoAL Group in respect of any such transfer or agreement may have a material adverse effect on the CoAL Group's business, results of operations, financial condition and/or growth prospects.

Water is a scarce resource in South Africa and the CoAL Group may not be able to obtain or use the water required to carry on its operations

The CoAL Group's operations require significant amounts of water and the CoAL Group is dependent on the availability of water in its areas of operations. As a result of South Africa being a water-scarce country, water may not be readily available in a particular location in the quantities required to begin, sustain or increase the CoAL Group's operations at that location. If the CoAL Group was unable to obtain sufficient water supply for any of its projects or the right to use of the local water supply, this could impact on the CoAL Group's ability to continue or commence its operations at the relevant mine, and could thereby have a material adverse effect on the CoAL Group's business, results of operations, financial condition and/or growth prospects.

Further, mining operations in South Africa generally require an integrated water use licence for all anticipated water uses. Any material breach of a water use licence could, if sufficiently material, result in the licence being revoked or an application for a licence or licence renewal being refused, and in such case the CoAL Group could be required to cease operations at the relevant mine, and could thereby have a material adverse effect on the CoAL Group's business, results of operations, financial condition and/or growth prospects.

Third parties have the right to appeal to the South African Water Tribunal in respect of any water use licence and, once an appeal is lodged, the water use licence is automatically and immediately suspended by operation of law, and all operations at the relevant mine which require the use of water would have to cease (or would not be able to commence). Any appeal against the granting of a water use licence which prevented the CoAL Group from commencing or continuing operations at one of its mines for an extended period could have a material adverse effect on the CoAL Group's business, results of operations, financial condition and/or growth prospects.

The CoAL Group may not be granted or retain the necessary mining and prospecting rights for the continued operation and expansion of its business

The acquisition and retention of title to mining and prospecting rights is a complex and time consuming process. A wide range of factors and principles must be taken into account by the DMR when considering applications for NOMRs or NOPRs or their extension or renewal. The factors taken into consideration include the applicant's technical ability to conduct the proposed mining operation and the applicant's access to financial resources. The mining

operations must not result in unacceptable pollution, ecological degradation or damage to the environment. The applicant must provide financially and otherwise for a prescribed social and labour plan and must have the ability to comply with the relevant provisions of the Mine Health and Safety Act 1996. The applicant must also comply with the HDSA equity/ownership participation requirements of the Mining Charter.

Failure to comply with the MPRDA or the terms of a mining or prospecting right, failure to comply with the Mining Charter or failure to secure the transfer or registration of the necessary mining or prospecting rights, would prevent the CoAL Group from obtaining new mining or prospecting rights, which could materially delay, restrict or prevent the CoAL Group from proceeding with its exploration activities or its future mining operations.

Title to, and the area of, mining or prospecting rights may be disputed or challenged. Although the CoAL Group believes it has taken and is taking reasonable measures to secure and retain title to its projects, there is no guarantee that title to its projects will be granted, that prospecting rights will be converted into mining rights or that title will not be challenged or impaired.

Further, administrative or other errors may also result in title to mining or prospecting rights not being registered in accordance with the relevant legislation, which may lead to such rights being rendered unenforceable against third parties. Mining or prospecting rights in a particular location may also be granted to two or more applicants simultaneously, which may lead to the relevant rights being challenged. Any such challenges to the title of the CoAL Group's projects could stop, materially delay or restrict the CoAL Group from proceeding with exploration activities, mining activities, any development, or future mining operations, which could have a material adverse effect on the CoAL Group's business, results of operation, financial condition and/or growth prospects.

The CoAL Group's ability to undertake mining operations requires permits and licences from multiple governmental departments, which results in overlapping jurisdiction and multiple legal avenues for third parties to challenge the CoAL Group's permits and licences

The DMR issues the CoAL Group's mining rights, which are subject to compliance with all other applicable laws and regulations, and approves the CoAL Group's environmental management plans/programmes, social and labour plans, and mining work programmes. The South African Department of Water Affairs issues the water use licences for the use of water (including certain waste related water uses in the case of integrated water use licences). The South African Department of Environmental Affairs issues biodiversity permits in respect of protected and threatened species of plants and animals; environmental authorisations in respect of certain specified projects; and waste management licences. Provincial environmental departments issue the environmental authorisations for listed/specified activities published under the National Environmental Management Act, 107 of 1998. The Department of Agriculture, Forestry and Fisheries issues protected tree licences in respect of protected tree species. Municipalities issue air emission licences and authorise rezoning of land for mining use. Each of these regulators has its own regulatory and enforcement priorities, which may not necessarily coincide. The regulatory frameworks that are implemented and enforced by these regulators also have different policies and procedures for appeals and reviews prior to and post the grant of the relevant approval. For example, if a water use licence is appealed by a third party, such licence is immediately suspended and all activities authorised by the licence must cease. If the grant of a new order

mining right or approval of an environmental management programme is challenged, the affected company may continue to operate while the appeal is pending.

If an appeal against a new order mining right, a water use license or an environmental management programme is successful, the CoAL Group would be unable to engage in mining of the area covered by the appeal. The administrative process and the conditions that may be attached by the various regulators to the approval of the application for licences, authorisations, and permits may result in delays, a prohibition on mining or mining-related activities or may require an unplanned and unbudgeted expenditure or impose operational constraints. Third parties opposed to the CoAL Group's current or future mining operations could use several legal avenues to challenge the CoAL Group's ability to conduct business. The different parameters, requirements and rights under the various regulatory frameworks, and the competing priorities of the regulators, could result in an inconsistent application of laws and could thereby place unexpected restrictions on the CoAL Group's operations, which could have a material adverse effect on its business, results of operations, financial condition and/or growth prospects.

Mining and/or prospecting rights may be granted for different minerals to persons other than the CoAL Group in respect of portions of the CoAL Group's project areas

Under South African law, it is possible for mining and/or prospecting rights in respect of the same area of land to be granted to different applicants in respect of different minerals. The MPRDA does not contain any provisions regulating the mining of different minerals occurring in the same orebody or in close proximity, or which must of necessity be mined together with other minerals (commonly referred to as 'associated minerals'). The CoAL Group does not, in all cases, hold rights in respect of all associated minerals occurring in the coal orebody of areas covered by the CoAL Group's prospecting and mining rights and, as such, third parties have in the past been and may in the future be granted mining and/or prospecting rights in respect of associated minerals in such areas. In order for third parties to be granted such rights, a consultation process must be followed, during which the CoAL Group will have the right to object to the application. However, there is no guarantee that such objection would be successful and, to the extent that such rights are granted, third party holders of rights to such associated minerals may obstruct the CoAL Group's mining operations or bring claims in respect of associated minerals mined by the CoAL Group, which could have a material adverse effect on the CoAL Group's business, results of operations, financial condition and/or growth prospects.

The CoAL Group's mining rights are subject to termination if the CoAL Group does not comply with its obligations under the provisions of the MPRDA

The MPRDA effectively abolished the private ownership of mineral rights and, with its enactment, the South African state became the custodian of all mineral rights in South Africa. All prospecting and mining rights granted in terms of the MPRDA are 'new order rights'. DMR officials undertake ad hoc or periodic reviews of the CoAL Group's compliance with MPRDA requirements with regard to its NOMRs and prospecting rights, and may conclude that the CoAL Group is not complying with certain provisions of these rights and/or statutory provisions, some of which are subjective and whose assessment is dependent upon the views of the DMR as to whether the CoAL Group is in compliance. The MPRDA requires, for instance, that the CoAL Group comply with a social and labour plan which is submitted and agreed to as part of the application process for its NOMRs. The social and labour plan contains both quantitative and qualitative goals, targets and commitments relating to the CoAL Group's obligations to its employees and community residents, which

can increase over time and the levels of which can be a function of proximity to communities and the level of community activism, the achievement of some of which are not exclusively within the CoAL Group's control. The CoAL Group also must comply with BEE undertakings and the terms and conditions of the approved environmental management plans/programmes, social and labour plans and the mining/prospecting work programmes for each operation.

If the DMR rules that the CoAL Group has breached any material condition or obligation of a mining or prospecting right (including, without limitation, any material health and safety breach, or breach of the mining/prospecting work programme, the social and labour plan or the environmental management plan/programme), or the CoAL Group is deemed to have submitted any inaccurate, incorrect or misleading information to the DMR, the DMR may, subject to following a prescribed process, suspend or cancel the relevant mining or prospecting right. Any suspension or cancellation of any of the CoAL Group's licences or rights could have a material adverse effect on the CoAL Group's business, results of operations, financial condition and/or growth prospects.

The MPRDA provides for two separate stages of consultation with interested and affected parties ("IAPs"). Firstly, when an applicant applies for a prospecting/mining right, the applicant is required to notify and consult all IAPs within specified time periods. Secondly, once the mining/prospecting right is granted, the holder thereof is again required to consult with the landowner/lawful occupier prior to accessing the property(ies) in respect of which such right was granted. Although the CoAL Group believes that it has followed an adequate notice and consultation procedure in relation to its prospecting and mining rights, the risk remains that certain IAPs were not consulted or that the consultation processes followed did not meet the standards as prescribed in recent South African cases, which may affect the CoAL Group's right and interest in its prospecting and mining rights and, as a result, could have a material adverse effect on the CoAL Group's business, results of operations, financial condition and/or growth prospects.

The same principles with regard to suspension and cancellation of a prospecting or mining right following the prescribed process also apply in respect of material (and repeated) health and safety breaches.

The holder of a mining right who is successfully prosecuted on the basis of a negligent act or omission which caused the death of, serious injury or serious illness to any person may be liable to, among other things, the withdrawal or suspension of the mining right. While this provision has not yet been applied, the DMR have indicated that they will seek to implement and enforce this sanction in the event of repeat breaches or catastrophic accidents caused by the negligence of the employer for which the employer may be successfully prosecuted. Material and repeated health and safety incidents could therefore result in the withdrawal of one or more of the CoAL Group's mining rights and thereby have a material adverse effect on the CoAL Group's business, results of operations, financial condition and/ or growth prospects.

The BEE regulatory framework and/or the DMR's approach to compliance with BEE requirements in South Africa may change

Compliance with the BEE requirements set out in the Mining Charter is a prerequisite for the grant, renewal and retention of mining rights and, if the Minister so determines, prospecting rights in South Africa.

The DMR's approach regarding arrangements which have been established to satisfy the relevant BEE requirements is continuing to evolve and there is a risk that the DMR may determine that arrangements which previously satisfied the BEE requirements no longer do so. As a result, the DMR may threaten to (and/or take action to) suspend or cancel NOMRs or NOPRs if, in the DMR's view, the requirements of the Mining Charter and the MPRDA are not being satisfied. There is a dispute currently before the South African courts between the South African Chamber of Mines and the DMR in relation to whether the Minister has the power to take such action, particularly in situations of BEE dilution following the grant of the mining right.

There is a further risk that the South African government may attempt to amend the Mining Charter or otherwise introduce more onerous BEE requirements. Any such change to the BEE requirements, or to the DMR's view regarding the ability of certain arrangements to satisfy the requirements, may force the CoAL Group to change its BEE arrangements, possibly at greater cost and/or on commercially disadvantageous terms, which could have a material adverse effect on the CoAL Group's business, results of operations, financial condition and/or growth prospects.

Some of the properties on which the CoAL Group conducts its mining operations may be subject to land claims

The Restitution of Land Rights Act, 22 of 1994 provides for the restitution of rights in land to persons or communities who have been dispossessed of such rights as a result of past racially discriminatory laws or practices. If a land claim is brought and settled in favour of the claimants with respect to any of the territory covered by the CoAL Group's mining or prospecting rights, it may impede or delay access to the site. Several land claims are currently underway in respect of certain land within the CoAL Group's project areas and there are further land claims in respect of properties within the NCC project area, some of which may have a significant impact on the CoAL Group's planned operations if successful. Any current or future land claim over a significant portion of any of Group's project areas could considerably delay the commencement of production at that project, which could have a material adverse effect on the CoAL Group's business, results of operations, financial condition and/or growth prospects.

Political, social and economic conditions in South Africa may adversely affect the CoAL Group's business, results of operation, financial condition and/or growth prospects

As all of the CoAL Group's revenue generating assets are currently located in South Africa, the CoAL Group's business, results of operations, financial condition and/or growth prospects are dependent on economic and political conditions prevailing in South Africa. Accordingly, the CoAL Group is subject to the risks associated with conducting business in and with a foreign country, including the risks of changes in the country's laws and policies (including those relating to taxation, royalties, acquisitions, disposals, imports and exports, currency, environmental protection, management of natural resources, exploration and development of mines, labour and safety standards, and historical and cultural preservation). The costs associated with compliance with these laws and regulations are substantial, and possible future laws and regulations, or the interpretation or enforcement thereof, as well as changes to existing laws and regulations could impose additional costs on the CoAL Group, require the CoAL Group to incur additional capital expenditures and/or impose restrictions on or suspensions of the CoAL Group's operations and delays or postponement in the development of its assets.

Further, these laws and regulations may allow government authorities and private parties to bring legal claims based on alleged damage to property and injury to persons resulting from the environmental, health and safety impacts of the CoAL Group's past and current operations and could lead to the imposition of substantial fines, penalties or other civil or criminal sanctions. If material, these compliance costs, claims or fines could have a material adverse effect on the CoAL Group's business, results of operations, financial condition and/or growth prospects.

In addition, South Africa has high levels of unemployment and inequality, and skilled labour can be difficult to obtain in the current environment. Whilst it is difficult to predict the effect of these problems on businesses operating in South Africa or the South African government's efforts to solve them, these problems, or the solutions proposed, could cause the South African mining industry to regress which, in turn, could have a material adverse effect on the CoAL Group's business, results of operations, financial condition and/or growth prospects.

Local health conditions could have an adverse effect on the CoAL Group's business

HIV and AIDS, tuberculosis, malaria and other diseases are prevalent in the areas in which the CoAL Group operates. Increased mortality rates due to these diseases and viruses could result in loss of employee man-hours, loss of trained and experienced employees, increased absenteeism, depressed morale and reduced productivity, in addition to increased recruitment and replacement costs, insurance premiums, benefits payments and other costs of providing treatment. These could have an adverse effect on the CoAL Group's business, financial condition or results.

RISKS RELATING TO THE ACQUISITION

Acquisition and integration costs may be greater than anticipated

CoAL expects to incur a number of costs in relation to the Acquisition, including integration and post-completion costs in order to successfully combine the operations of CoAL and Universal. The actual costs of the integration process may exceed those estimated and there may be further additional and unforeseen expenses incurred in connection with the Acquisition. In addition, CoAL will incur legal, accounting, financial adviser and transaction fees and other costs relating to the Acquisition, some of which are payable whether or not the Acquisition reaches Completion. Although the CoAL Directors believe that the integration and Acquisition costs will be more than offset by the realisation of the benefits resulting from the Acquisition, this net benefit may not be achieved in the short-term or at all, particularly if the Acquisition is delayed or does not complete. These factors could materially adversely affect the business, financial conditions, results of operations and prospects of the CoAL Group.

The Enlarged Group may experience operational difficulties in integrating the businesses of CoAL and Universal

CoAL and Universal currently operate and, until Completion, will continue to operate as two separate and independent businesses. The Acquisition will lead to the incorporation of the Universal into the CoAL Group and the success of the Enlarged Group will depend, in part, on the ability of the Enlarged Group to realise the anticipated benefits from combining the respective operations. This process is likely to present significant administrative, managerial and financial challenges, some of which may not be known until after the process begins. Unforeseen difficulties, costs, liabilities or losses could adversely affect the business of the

Enlarged Group, the success of which will depend, in part, on the effectiveness of integration and the realisation of the benefits of the Acquisition.

Potential difficulties of combining the businesses include the following:

- co-ordinating services and operations;
- consolidating infrastructure, procedures, systems, facilities, accounting functions, compensation structures and other policies;
- integrating the management teams and retaining and incentivising key employees;
- co-ordinating and communicating with a larger workforce and maintaining employee morale;
- co-ordinating communications with and/or the provision of products by the Enlarged Group to customers;
- operating and integrating a large number of different technology platforms and systems; and
- disruption to the ongoing businesses of each of the CoAL Group and the Universal Group.

The failure of, or any delays or difficulties encountered in connection with, the incorporation of the Universal Group with the CoAL Group could also lead to reputational damage to the Enlarged Group.

Management attention may be diverted from the business of CoAL by the Acquisition

The Acquisition has required, and will continue to require, substantial amounts of both time and focus from the CoAL Group's and the Universal Group's management teams, which could adversely affect their ability to operate the respective businesses. The Enlarged Group's management team will also be required, following completion, to devote significant attention and resources to integrating the businesses. There is a risk that the challenges associated with managing the Acquisition will result in management distraction and that consequently the underlying businesses will not perform in line with expectations.

The loss of one or more members of the Enlarged Group's key employees following the Acquisition could adversely affect the Enlarged Group's business, prospects, financial condition and results of operation

The performance of the Enlarged Group's management and other key employees, taken together, is critical to the success of the Enlarged Group and, while plans are, or will be put in place, for the retention of management and other key employees, there can be no assurance that the Acquisition will not result in the departure of management and/or other key employees from the Enlarged Group. Such departures may take place either before Completion or during the Enlarged Group's integration process following Completion. Failure of the Enlarged Group to maintain or put in place plans or arrangements or otherwise to incentivise employees appropriately could result in the departure of management and/or other key employees. The departure of a significant number of management or other key employees could adversely affect both the Enlarged Group's ability to conduct its businesses (through an inability to execute business operations and strategies effectively) and the value of those businesses which could have a material adverse effect on the Enlarged Group's business, financial condition, results of operations and prospects.

RISKS RELATING TO COAL SHARES

The price of CoAL Shares will fluctuate

The market price of CoAL Shares could be subject to significant fluctuations. The fluctuations could result from national and global economic and financial conditions, government plans and proposals with respect to economic conditions, market perceptions as to whether or when CoAL will be able to pay dividends on CoAL Shares and various other factors and events, including liquidity of financial markets, regulatory changes affecting the CoAL Group's operations, variations in the CoAL Group's operating results or business developments of the CoAL Group and/or its competitors. Stock markets have from time to time experienced significant price and volume fluctuations that have affected the market prices for securities and which may be unrelated to the CoAL Group's operating or performance prospects.

Furthermore, the CoAL Group's operating results and prospects from time to time may be below the expectations of market analysts and investors. Any of these events could result in a decline in the market price of CoAL Shares.

CoAL's ability to pay dividends to Shareholders may be restricted

CoAL's operating results and its financial condition are dependent on the trading performance of members of the CoAL Group. CoAL's ability to pay dividends will depend on the level of distributions, if any, received from CoAL's subsidiaries. The ability of Group members to make distributions to CoAL will depend on, among other things, the level of earnings, reserves and ongoing working capital requirements. Group members may from time to time also be subject to restrictions on their ability to make distributions to CoAL, as a result of factors such as regulatory restrictions, restrictive covenants contained within loan agreements, foreign exchange limitations, fiscal or other restrictions. Such restrictions could limit the payment of future dividends and distributions to CoAL, which could in turn restrict CoAL's ability to fund other operations or to pay a dividend to Shareholders. CoAL can give no assurance that it will be able to pay a dividend on CoAL Shares in the future.

Future issues or sales of CoAL Shares could adversely affect the price of CoAL Shares

CoAL may issue additional CoAL Shares in the future, which may adversely affect the market price of CoAL Shares. Significant sales of CoAL Shares by major Shareholders or the public perception that an offering or sale may occur could also have an adverse effect on the market price of CoAL Shares.

The ability of Shareholders outside Australia or South Africa to bring an action or enforce judgements against CoAL or a CoAL Director may be limited

The ability of a Shareholder resident outside Australia or South Africa to bring an action or to enforce a judgement against CoAL may be limited by law. CoAL is incorporated under the laws of Western Australia. The rights of Shareholders are governed by Australian law and the Constitution of CoAL. These rights may differ from the rights of shareholders in typical UK or other non-Australian corporations.

Further, a Shareholder resident outside Australia or South Africa may not be able to enforce a judgement against some or all of the CoAL Directors. CoAL's Directors and officers are not

citizens of the United States and reside outside the United Kingdom and the United States, and all or a substantial portion of its assets and the assets of its Directors and officers are located outside the United Kingdom and the United States. Consequently, it may not be possible for a Shareholder located outside those jurisdictions to effect service or process within the United Kingdom or the United States upon CoAL or its Directors and officers or to enforce against them any judgements of the courts of England and Wales or in the United States courts, including, without limitation, judgements predicated upon the civil liability provisions of the UK, European or US federal securities laws or the laws of any states or territory within the United States. In addition, there is doubt as to the enforceability in the United Kingdom and Australia, in original actions or in actions for enforcement of United States court judgements, of civil liabilities predicated solely upon US federal securities laws. In addition, awards for punitive damages in actions brought in the United States or elsewhere may be unenforceable in the United Kingdom and Australia.

RISKS ASSOCIATED WITH HOLDING LOAN NOTES

Under the terms of the Loan Notes, CoAL will have principal and interest repayment obligations to the holders of the Loan Notes. CoAL's obligations under the Loan Notes will be secured by a charge over certain Universal Shares received by CoAL pursuant to the Offer (**Secured Shares**), the number of which will be determined as follows:

- the number of Universal Shares received by CoAL pursuant to the Offer for which the Loan Notes will be issued as consideration; plus
- 113 million additional Universal Shares acquired by CoAL pursuant to the Offer (or, if the number of Universal Shares received by CoAL pursuant to the Offer is less than 113 million, such lower number of Universal Shares).

Although CoAL expects it will have sufficient funding in place to satisfy its obligations under the Loan Notes, if CoAL is unable to meet its repayment obligations under the Loan Notes then holders of Loan Notes may need to take action to recover any amounts owing to them including to enforce their security over the Secured Shares. In such circumstances, it cannot be guaranteed that all holders of Loan Notes would receive the full value of the Loan Notes. Further, the security for the Loan Notes is over Universal Shares, the value of which may change, and there can be no guarantee if the Loan Note security is enforced that the amount recovered would be sufficient to cover the amount then owing under the Loan Notes.

In addition, if CoAL defaults under the Loan Notes then Loan Note holders may be entitled to exercise certain other rights, including requiring the acceleration of CoAL's repayment obligations or enforcing their security over the Secured Shares. The exercise of such rights could have a material adverse effect on CoAL's activities and financial condition.

Appendix VI – Conditions and further terms of the Offer

PART A CONDITIONS OF THE OFFER

1 Conditions of the Offer

The Offer is subject to the following Conditions. The Conditions must, unless waived previously, be satisfied as at the end of the Offer Period:

- (a) CoAL receiving valid acceptances of the Offer by no later than the close of the Offer Period in respect of not less than 50 per cent. of the voting rights carried by Universal Shares (including for this purpose, any voting rights attaching to any Universal Shares which are unconditionally allotted or issued before the Offer becomes or is declared unconditional as to acceptances, whether pursuant to the exercise of conversion of subscription rights or otherwise);
- (b) CoAL receiving valid elections for the Loan Note Alternative by the close of the Offer Period in respect of Universal Shares representing not less than 40 per cent. of the total voting rights carried by Universal Shares (including for this purpose, any voting rights attaching to any Universal Shares which are unconditionally allotted or issued before the Offer becomes or is declared unconditional as to acceptances, whether pursuant to the exercise of conversion of subscription rights or otherwise);
- (c) the CoAL Resolutions being passed;
- (d) (i) the admission to trading on AIM of the Consideration Shares to be issued in connection with the Offer becoming effective in accordance with the AIM Rules or if CoAL and Universal so determine, the London Stock Exchange having acknowledged to CoAL or its agent (and such acknowledgement not having been withdrawn) that the Consideration Shares will be admitted to trading on AIM; and (ii) the readmission to trading on AIM of CoAL Shares becoming effective in accordance with the AIM Rules for the purposes of Rule 14 of the AIM Rules or, if CoAL and Universal so determine, the London Stock Exchange having acknowledged to CoAL or its agent (and such acknowledgement not having been withdrawn) that the CoAL Shares will be readmitted to trading on AIM for the purposes of Rule 14 of the AIM Rules;
- (e) each of the Subscription Agreements having become unconditional in all respects, and not having been terminated in accordance with its terms;
- (f) the Offer not becoming subject to the Code;
- (g) the South African Competition Commission unconditionally approving in writing the implementation of the Acquisition;
- (h) Investec Bank Limited (in its capacity as lender, arranger and facility agent under the Facility Agreements) having provided its written consent to the implementation of the Acquisition on terms acceptable to CoAL, acting reasonably;

- (i) Mountain Rush Trading 6 Proprietary Limited having provided its written consent to the implementation of the Acquisition on terms acceptable to CoAL, acting reasonably;
- (j) all Authorisations required by applicable law or regulation for the making or implementation of the Offer being obtained on terms acceptable to CoAL, acting reasonably;
- (k) there having been no material adverse change in the financial or trading position of, or prospects for, the Universal Group taken as a whole since 30 June 2015, and that none of the following events occur between the date of the Offer Announcement and the end of the Offer period:
 - (i) Universal consolidates or sub-divides all or any of its shares into a larger or smaller number of shares;
 - (ii) Universal or a member of the Universal Group resolves to reduce its share capital in any way;
 - (iii) Universal or a member of the Universal Group enters into a buy-back agreement in respect of its shares or resolves to approve the terms of such a buy-back agreement;
 - (iv) Universal or a member of the Universal Group issues shares or grants an option or right over its shares, or agrees to make such an issue or grant such an option or right (other than as between Universal and members of the Universal Group and other than any options granted under the Universal Share Plan before the date of the Offer Announcement, or as otherwise disclosed in Universal's Annual Report for the year ended 30 June 2015);
 - (v) Universal or a member of the Universal Group issues, or agrees to issue, convertible notes or other convertible securities, other than any options granted under the Universal Share Plan before the date of the Offer Announcement;
 - (vi) Universal or a member of the Universal Group disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property and which is material to the Universal Group taken as a whole;
 - (vii) Universal or a member of the Universal Group grants, or agrees to grant, a charge, encumbrance or other security interest in or over the whole, or a substantial part, of its business or property and which is material to the Universal Group taken as a whole;
 - (viii) Universal or a member of the Universal Group resolves to be wound up;
 - (ix) the appointment of a liquidator or provisional liquidator of Universal or of a member of the Universal Group;

- (x) a court makes an order for the winding up of Universal or of a member of the Universal Group;
- (xi) an administrator of Universal, or of a member of the Universal Group, is appointed;
- (xii) Universal or a member of the Universal Group executes a deed of company arrangement with its creditors;
- (xiii) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of Universal or of a member of the Universal Group;
- (xiv) Universal enters or agrees to enter into any contract of service or varies or agrees to vary any existing contract of service with any director or senior manager, or pays or agrees to pay any retirement benefit or allowance to any director, senior manager or other employee, or makes or agrees to make any substantial change in the basis or amount of remuneration of any director, senior manager or employees generally (except as required by law or provided under any superannuation, provident or retirement scheme as in effect on the date of the Offer Announcement) would give rise to a cost for the Universal Group of more than US\$500,000 per annum;
- (xv) Universal, or a member of the Universal Group, acquires, offers to acquire or agrees to acquire one or more companies or assets (or an interest in one or more companies or assets) for an amount in aggregate greater than US\$10 million;
- (xvi) Universal, or a member of the Universal Group, disposes, offers to dispose or agrees to dispose of, or creates, or offers to create an equity interest in one or more companies or assets (or an interest in one or more companies or assets) for an amount in aggregate greater than US\$10 million;
- (xvii) Universal, or a member of the Universal Group, enters into, offers to enter into or announces that it proposes to enter into any joint venture or partnership or dual listed company structure;
- (xviii) Universal, or a member of the Universal Group, incurs or commits to, or grants to another person a right the exercise of which would involve Universal or any subsidiary of Universal incurring or committing to any capital expenditure or liability for one or more related items of greater than US\$10 million,

provided that it will not include any occurrence:

- (xix) fairly disclosed to CoAL on or before the date of the Offer Announcement;

- (xx) disclosed publicly by Universal through the Universal ASX Announcement Platform under the code "Universal" on or before the date of the Offer Announcement;
- (xxi) fairly disclosed in Universal's 2015 Annual Report;
- (xxii) expressly permitted under the Cooperation Agreement;
- (xxiii) occurring as a result of any matter, event or circumstance required by the Cooperation Agreement, the Offer or the transactions contemplated by them; or
- (xxiv) approved in writing by CoAL.

2 Waiver of Conditions

- (a) CoAL reserves the right to waive any of the above Conditions, subject to applicable laws and regulations and the terms set out below.
- (b) CoAL shall be under no obligation to waive (if capable of waiver) or to treat as fulfilled any Condition by a date earlier than the latest date for the fulfilment of that Condition notwithstanding that the other Conditions may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any of such Conditions may not be capable of fulfilment.
- (c) The Cooperation Agreement includes agreement between the parties regarding the ability of CoAL to invoke the Conditions and to implement the Offer by way of a Scheme. In particular, CoAL has agreed that, although the Code does not apply to the Offer, it shall not invoke any of the Conditions set out in paragraph (k) of section 1 above (other than the Conditions in paragraphs (k)(xiv), (xv), (xvi) and (xviii)) in order to cause the Offer to lapse or be withdrawn unless the circumstances giving rise to CoAL wishing to invoke the Condition are such that, if the Code did apply to the Offer, the UK Takeover Panel would or could reasonably be expected to permit the relevant Condition to be invoked.
- (d) CoAL has agreed that it will not waive the minimum acceptance condition set out in paragraph (a) of section 1 above.

3 Operation of Conditions

- (a) Each of the Conditions:
 - (i) constitutes and is to be construed as a separate, several and distinct Condition; and
 - (ii) until the expiration of the Offer Period (or in the case of the Condition referred to in paragraphs (k)(i) to (xiii) of section 1, until three Business Days after the end of the Offer Period) will be for the benefit of CoAL alone and may be relied upon only by CoAL.

- (b) Each of the Conditions is for CoAL's benefit and may only be waived by CoAL.
- (c) Each of the Conditions is a condition subsequent and will not prevent a contract to sell your Universal Shares arising from acceptance of this Offer. However, any non-fulfilment of such a Condition without waiver by CoAL will entitle CoAL, by written notice, to rescind the contract resulting from acceptance of this Offer.

4 Freeing the Offers from Conditions

Subject to and in accordance with the ASIC Relief, CoAL may declare the Offer free from any or all of the Conditions by giving notice in writing to Universal and ASX. Any declaration made under this section 4 may be made by CoAL in its sole discretion but in compliance with the ASIC Relief:

- (a) in the case of the Conditions in paragraphs (k)(i) to (xiii) of section 1, at any time up until three Business Days after the end of the Offer Period;
- (b) in any other case, no later than seven days before the end of the Offer Period.

5 Notice on status of Conditions

CoAL will give notice of the status of the Conditions in accordance with section 1019HG(1) of the Australian Corporations Act (as notionally inserted by the ASIC Relief) on 25 February 2016, or such later date in the event the Offer Period is extended in accordance with section 1019HB or 1019HC of the Australian Corporations Act (as notionally inserted by the ASIC Relief).

6 Non-fulfilment of Conditions

The non-fulfilment of any of the Conditions does not, until the end of the Offer Period, prevent a contract resulting from your acceptance of this Offer. If at the end of the Offer Period (or, in the case of the Condition in paragraphs (k)(i) to (xiii) of section 1, at the end of three Business Days after the end of the Offer Period), in respect of any of the Conditions:

- (a) CoAL has not declared the Offer to be free from that Condition; and
- (b) that Condition has not been fulfilled,

all contracts resulting from the acceptance of Offers and all Offers that have been accepted and from which binding contracts have not yet resulted, are void. In that event, CoAL will, if you have accepted this Offer:

- (a) return your Acceptance Form or CDI Acceptance Form (as applicable) together with all documents forwarded by you (if any); and
- (b) notify ASX of the lapse of the Offers in accordance with Rule 14.19 of the ASX Settlement Operating Rules.

If any Condition becomes incapable of satisfaction or is invoked in accordance with the terms of the Cooperation Agreement so as to cause the Offer not to proceed, the Cooperation Agreement will terminate.

7 Conditions that have already been satisfied

As at the date of this Offer Document, the following Conditions set out in section 1 of this Part A have been satisfied:

- (a) paragraph (g) (South African Competition Commission approval); and
- (b) paragraph (i) (Mountain Rush Trading 6 Proprietary Limited consent).

PART B FURTHER TERMS OF THE OFFER

The following further terms apply, unless the context requires otherwise, to the Offer.

Unless the context requires otherwise, any reference in this Offer Document and in the Form of Acceptance and CDI Acceptance Forms to:

- (a) **'acceptances of the Offer'** includes deemed acceptances of the Offer;
- (b) the **'Offer'** will, to the extent permitted by the ASIC Relief, include any variation (including by waiver of Condition(s)) thereof; and
- (c) the Offer **'becoming wholly unconditional'** includes references to the Offer becoming or being declared unconditional, whether or not any Condition of the Offer remains to be fulfilled.

1. Acceptance period

- 1.1 The Offer will be open for acceptance until 1.00pm (London time) on the Closing Date unless it has been withdrawn prior to the Closing Date. However, acceptances by Universal CDI Holders must be received by the CDI Acceptance Expiry Time, expected to be 7.00pm (Sydney time) on 26 February 2016.[‡]
- 1.2 Subject to section 5 of Part B of Appendix VI, CoAL reserves the right (but will not be obliged) at any time or from time to time to extend the Offer Period in accordance with the ASIC Relief and, in such event, will make a public announcement of such extension through a Regulatory Information Service and give written notice of such extension to all Universal Shareholders.
- 1.3 There can be no assurance, however, that CoAL will extend the Offer and, if no such extension is made, the Offer will be open for acceptance until 1.00pm (London time) on the Closing Date unless it has been withdrawn prior thereto.
- 1.4 If the Offer has not become or has not been declared wholly unconditional by the end of the Offer Period, the Offer will lapse.
- 1.5 If the Offer lapses for any reason, the Offer will not be capable of further acceptance, any contracts formed on acceptance of the Offer will not be capable of performance and CoAL and the Universal Shareholders will cease to be bound by any acceptances at the close of the Offer Period.

2. Withdrawal of the Offer

- 2.1 The Offer may be withdrawn by CoAL at any time after one month after the date of this Offer Document by sending a withdrawal document to you.
- 2.2 Notwithstanding any other term or condition of the Offer, the Offer will not proceed and the Offer will be withdrawn by CoAL if a competing offer for Universal Shares has become, or is declared to be, wholly unconditional where such offer results, or

[‡] However, note the definition of CDI Acceptance Expiry Time in Appendix XII.

will in CoAL's opinion (acting reasonably) result, in the competing offeror together with any persons with whom it is acting in concert (as defined in the Code) holding over 50% of the Universal Shares, provided the Offer will not, in any circumstances, be withdrawn within one month of the Offer Date.

3. Withdrawal of acceptances

3.1 Universal Shareholders and Universal CDI Holders may only withdraw their acceptance, and election in respect, of the Offer as provided by this section. The manner in which Universal CDI Holders may withdraw their acceptance and election in respect of the Offer is set out in section 3 of Part A of Appendix VII.

3.2 An accepting Universal Shareholder may withdraw his acceptance of the Offer if:

- (a) the Offer is not wholly unconditional; and
- (b) CoAL varies the Offer in a way that postpones for more than 1 month the time when CoAL has to meet its obligations under the Offer; and
- (c) the person is entitled to be given a notice of the variation under section 1019HD(1) of the Australian Corporations Act as notionally inserted by the ASIC Relief,

by:

- (d) in the case of Universal Shares held in certificated form:
 - (i) written notice by the accepting Universal Shareholder (or his agent duly appointed in writing and evidence of whose appointment, in a form reasonably satisfactory to CoAL, is produced with the notice) given by post to the CoAL Receiving Agent (UK) or by hand (during normal business hours only) to the CoAL Receiving Agent (UK) at the address set out in the Form of Acceptance within 1 month beginning on the day after the day on which the variation was made; and
 - (ii) returning any consideration received by the person for accepting the Offer;
- (e) in the case of Universal Shares held in uncertificated form, by returning any consideration received by the person for accepting the Offer and sending (or, if a CREST sponsored member, procuring that his CREST sponsor sends) an ESA Instruction to settle in CREST in relation to each Electronic Acceptance to be withdrawn. Each ESA Instruction must, in order for it to be valid and settle, include the following details:
 - (i) the number of Universal Shares to be withdrawn, together with their ISIN number (which is GB00B5MXWJ43);
 - (ii) the member account ID of the accepting shareholder;
 - (iii) the participant ID of the accepting shareholder;

- (iv) the Escrow Agent's participant ID (which is 3RA25);
- (v) the member account ID of the Escrow Agent included in the relevant Electronic Acceptance (which is COAUNI01 or COAUNI02);
- (vi) the CREST transaction ID of the Electronic Acceptance to be withdrawn, to be inserted at the beginning of the shared note field;
- (vii) the intended settlement date for the withdrawal;
- (viii) the corporate action number for the Offer allocated by Euroclear;
- (ix) input with a standard delivery instruction priority of 80; and
- (x) a contact telephone number in the shared note field.

Any such withdrawal will be conditional upon the CoAL Receiving Agent (UK) verifying that the withdrawal request is validly made. Accordingly, the CoAL Receiving Agent (UK) will on behalf of CoAL either reject the withdrawal by transmitting in CREST a receiving agent reject (AEAD) message or accept the withdrawal by transmitting in CREST a receiving agent accept (AEAN) message;

- (f) in the case of Universal CDIs, by following the procedures set out in section 3 of Part A of Appendix VII regarding how a Universal CDI Holder may withdraw its acceptance of an offer pursuant to this section 3.2.

3.3 If an accepting Universal Shareholder withdraws its acceptance under section 3.2 (including, for the avoidance of doubt, section 3.2(f)), CoAL must, within 14 days after the accepting Universal Shareholder gives notice of its withdrawal and returns any documents and consideration that the person received for accepting the offer, return any documents that the accepting Universal Shareholder sent with acceptance of the Offer.

3.4 Australian domiciled Universal Shareholders accepting the Cash and Share Offer may also have statutory rights to:

- (a) withdraw their acceptance of the Cash and Share Offer in certain circumstances prescribed in Chapter 6D of the Australian Corporations Act, including (without limitation) where the Consideration Shares are not admitted to quotation on ASX within 3 months after the date of this Offer Document (refer to section 15 of Appendix IX for further information); and
- (b) withdraw their acceptance and/or rescind the contract formed by acceptance of the Offer in certain circumstances prescribed by section 1019K of the Corporations Act where, broadly, the requirements of Division 5A of Part 7.9 of the Corporations Act (as amended by the ASIC Relief) are not complied with.

3.5 In this section 3, '**written notice**' (including any letter of appointment, direction or authority) means notice in writing signed by the relevant accepting Universal Shareholder (or his/their agent(s) duly appointed in writing and evidence of whose

appointment satisfactory to CoAL is produced with the notice). Email, facsimile or other electronic transmission or copies will not be sufficient to constitute written notice. A notice which is post-marked in, or otherwise appears to CoAL or its agents to have been sent from, an Excluded Jurisdiction, may not be treated as valid.

- 3.6 Universal Shares in respect of which acceptances have been validly withdrawn in accordance with this section 3 may subsequently be re-assented to the Offer by following one of the procedures described in Appendix VII while the Offer remains open for acceptance.
- 3.7 All questions as to the validity (including time of receipt) of any notice of withdrawal will be determined by CoAL whose determination will be final and binding. None of CoAL, Qinisele, or the CoAL Receiving Agent (UK) or any other person will be under any duty to give notification of any defects or irregularities in any notice of withdrawal or incur any liability for failure to give such notification or for any determination under this section 3.

4. Electing the Loan Note Alternative

- 4.1 As an alternative to receiving the Cash and Share Consideration (or in the case of Restricted Universal Shareholders, the Cash Consideration) under the Offer, Loan Note Eligible Universal Shareholders may elect to receive the Loan Note Alternative in respect of some or all of their Universal Shares, which subject to the terms of the Offer, is available to such Loan Note Eligible Universal Shareholders for as long as the Offer remains open for acceptance.
- 4.2 No election for the Loan Note Alternative will be valid in respect of any Universal Shares unless the following has occurred by the time and date on which the Loan Note Alternative closes:
 - (a) if the Universal Shares to which the acceptance relates are in certificated form, receipt of the Form of Acceptance containing a valid acceptance of the Offer and a valid election for the Loan Note Alternative, duly completed in all respects and accompanied by all relevant share certificate(s) and/or other documents(s) of title;
 - (b) if the Universal Shares to which the acceptance relates are in uncertificated form, settlement of a Loan Note TTE Instruction in favour of the Escrow Agent in relation to those Universal Shares, in accordance with the procedures described in Part C of Appendix VII of the Offer Document; or
 - (c) in the case of Universal CDIs underlying and corresponding with the Universal Shares to which the acceptance relates, receipt of the CDI Acceptance Form, or if applicable, a CHESSE CDI Acceptance, containing a valid acceptance of the Offer and a valid election for the Loan Note Alternative, duly completed in all respects, in accordance with the procedures described in section 2 of Part A of Appendix VII.
- 4.3 If:
 - (a) (in respect of Universal Shares held in certificated form) any Form of Acceptance which includes an election for the Loan Note Alternative is either

received after the time and date the Loan Note Alternative has closed or is received before such time;

- (b) (in respect of Universal Shares held in uncertificated form) any Loan Note TTE Instruction in favour of the Escrow Agent is either received after the time and date the Loan Note Alternative has closed or is received before such time; or
- (c) (in respect of Universal CDIs held) any CDI Acceptance Form or, if applicable, CHESSE CDI Acceptance, which includes an election for the Loan Note Alternative is either received after the time and date the Loan Note Alternative has closed or is received before such time,

but is not valid or complete in all respects at such time and date, such election shall (unless CoAL determines otherwise), for all purposes, be void and the Universal Shareholder purporting to make such election shall not, for any purpose, be entitled to receive any consideration under the Loan Note Alternative, but the acceptance, if otherwise valid, shall be deemed to be an acceptance of the Cash and Share Consideration (or, if the Universal Shareholder is a Restricted Universal Shareholder, the Cash Consideration) in respect of the number of Universal Shares to which the acceptance relates and the relevant Universal Shareholder will, on the Offer becoming or being declared wholly unconditional, be entitled to receive the Cash and Share Consideration or the Cash Consideration (as applicable).

5. Variations to the Offer

5.1 CoAL may only vary the Offer in accordance with the ASIC Relief by:

- (a) extending the Offer Period, provided the extension occurs:
 - (i) at any time before the end of the Offer Period; except that
 - (ii) if the Offer remains subject to any Conditions after the notice referred to in section 5 of Part A of Appendix VI is given (**status notice time**) in certain circumstances including, for example, where a competing offer for Universal Shares is announced or made (**Competing Proposal**) or the offer price or the consideration for offers under a Competing Proposal is improved;
- (b) improving the Offer consideration, including by (among other things) increasing the cash sum offered, increasing the number of securities offered, increasing the rate of interest payable under debentures offered or by increasing the amount or value of debentures offered; or
- (c) freeing the Offer from the Conditions in the manner set out in section 4 of Part A of Appendix VI.

5.2 Although no such variation is contemplated, if the Offer is varied (in its original or previously varied forms), the benefit of the varied offer will, subject to section 6 of this Part B, be made available to a Universal Shareholder who has accepted the Offer and who has not validly withdrawn such acceptance (a '**previous acceptor**'). The acceptance by or on behalf of a previous acceptor will, subject to section 6 of this

Part B and without prejudice to the rights of a previous acceptor to withdraw his acceptance of the Offer as described in section 3.2 of this Part B, be deemed to be an acceptance of the varied offer and will constitute the separate appointment of CoAL and any director of, or person authorised by CoAL or Qinisele as his attorney and/or agent with authority:

- (a) to accept the varied offer on behalf of such previous acceptor; and
- (b) to execute on his behalf and in his name all such further documents (if any) and to do all things (if any) as may be required to give effect to such acceptances.

In making any acceptance, the attorney and/or agent will take into account the nature of any previous acceptance(s) made by or on behalf of the previous acceptor and other facts or matters he may reasonably consider relevant.

- 5.3 CoAL reserves the right to treat an executed Form of Acceptance, Electronic Acceptance, an executed CDI Acceptance Form or CHESSE CDI Acceptance relating to the Offer (in its original or any previously varied forms) which is received (or dated) after the Offer Announcement or issue of any varied offer as a valid acceptance of the varied offer. The acceptance will constitute an authority in the terms of section 5.2 of this Part B, with the necessary changes having been made, on behalf of the relevant Universal Shareholder or Universal CDI Holder.

6. Excluded Jurisdictions

General

- 6.1 The making of the Offer to Universal Shareholders or to persons who are custodians, nominees of or trustees for such persons and the availability of the Loan Notes and/or the Cash and Share Consideration to such persons may be prohibited or affected by the laws of the relevant jurisdiction.
- 6.2 Universal Shareholders should inform themselves about and observe any applicable legal requirements of such jurisdictions. It is the responsibility of any Universal Shareholder wishing to accept the Offer (whether or not he or she elects for the Loan Note Alternative and/or the Cash and Share Offer (or Cash Offer, as applicable) in respect of some or all of his Universal Shares) to satisfy himself as to the full observance of the laws and regulatory requirements of the relevant jurisdiction in connection with the Offer, including obtaining any governmental, exchange control or other consents which may be required or the compliance with other necessary formalities needing to be observed and the payment of any issue, transfer or other taxes or duties or other requisite payments due in that jurisdiction. All Universal Shareholders shall be responsible for any such issue, transfer or other taxes or duties or other payments by whomsoever payable and CoAL (and any person acting on behalf of CoAL) shall be fully indemnified and held harmless by such Universal Shareholders for any such issue, transfer or other taxes or duties or other payments which CoAL (and any person acting on behalf of CoAL) may be required to pay.
- 6.3 Unless otherwise determined by CoAL and permitted by applicable law and regulation, the Offer is not being made, directly or indirectly, in, into or from, or by use of the mails of, or by any means of instrumentality (including, but not limited to,

facsimile, email or other electronic transmission or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of, any Excluded Jurisdiction and will not be capable of acceptance by any such use, means, instrumentality or facility or from within such Excluded Jurisdiction and the Offer cannot be accepted by any such use, means or instrumentality or otherwise from any Excluded Jurisdiction (but completed acceptance forms may be sent to the CoAL Receiving Agent (UK)).

- 6.4 Copies of this Offer Document, the Form of Acceptance, the CDI Acceptance Forms and any related documents are not being (unless determined otherwise by CoAL and permitted by applicable law and regulation), and must not be, mailed or otherwise distributed or sent in, into or from any Excluded Jurisdiction including to Universal Shareholders, Universal CDI Holders, Share Option Holders, Convertible Noteholders or Warrantholders with registered addresses in an Excluded Jurisdiction or to persons whom CoAL know to be custodians, trustees or nominees holding Universal Shares for persons with registered addresses in an Excluded Jurisdiction (but completed acceptance forms may be sent to the CoAL Receiving Agent (UK)). Persons receiving those documents (including, without limitation, custodians, nominees and trustees) should not distribute, send or mail them in, into or from an Excluded Jurisdiction or use such mails or any such means, instrumentality or facility for any purpose directly or indirectly in connection with the Offer, and so doing may render any purported acceptance of the Offer invalid.
- 6.5 Persons wishing to accept the Offer must not use the mails of any Excluded Jurisdiction or any such means, instrumentality or facility for any purpose directly or indirectly relating to acceptance of the Offer. All Universal Shareholders and Universal CDI Holders (including nominees, trustees or custodians) who may have a contractual or legal obligation, or may otherwise intend, to forward this Offer Document and/or Form of Acceptance and/or CDI Acceptance Form, should read the further details in this regard which are contained in this section 6, and in Part A, Part B and Part C of Appendix VII before taking any action. Envelopes containing CDI Acceptance Forms, evidence of title or other documents relating to the Offer should not be post-marked in, or otherwise dispatched from, a Excluded Jurisdiction and all acceptors must provide addresses outside a Excluded Jurisdiction for the receipt of the consideration to which they are entitled under the Offer or for the return of the Form of Acceptance, CDI Acceptance Form or documents of title.
- 6.6 Subject to the provisions of this section 6 and applicable laws, a Universal Shareholder may be deemed NOT to have accepted the Offer if:
- (a) he or she completes Box 1 of the Form of Acceptance with an address in an Excluded Jurisdiction or has a registered address in an Excluded Jurisdiction and in any such case does not insert in Box 4 of the Form of Acceptance the name and address of a person or agent outside an Excluded Jurisdiction to whom he wishes the consideration to which he or she is entitled under the Offer to be sent;
 - (b) he or she inserts in Box 4 of the Form of Acceptance the name and address of a person or agent in an Excluded Jurisdiction to whom he or she wishes the consideration to which he or she is entitled under the Offer to be sent;

- (c) in any case, the Form of Acceptance or CDI Acceptance Form received from him or her is received in an envelope postmarked in, which otherwise appears to CoAL or its agents to have been sent from an Excluded Jurisdiction;
- (d) he or she makes a Restricted Escrow Transfer pursuant to section 6.7 below without also making a related Restricted ESA Instruction which is accepted by the CoAL Receiving Agent (UK).

CoAL reserves the right, in its sole discretion, to investigate in relation to any acceptance, whether the representations and warranties set out in section 4(c) of Part A of Appendix VII, section 6(c) of Part B of Appendix VII or section 5(c) of Part C of Appendix VII could have been truthfully given by the relevant Universal Shareholder or Universal CDI Holder (as applicable) and, if such investigation is made and as a result CoAL determines (for any reason) that such representations and warranties could not have been so given, such acceptance may be rejected as invalid.

6.7 If a holder of Universal Shares in uncertificated form cannot give the representations and warranties set out in section 5(c) of Part C of Appendix VII, but nevertheless can provide evidence satisfactory to CoAL that he can accept the Offer in compliance with all relevant legal and regulatory requirements, he may purport to accept the Offer by sending (or if a CREST sponsored member, procuring that his CREST sponsor sends) both:

- (a) a TTE Instruction to a designated escrow balance detailed below (a **Restricted Escrow Transfer**); and
- (b) one or more valid ESA Instructions (a **Restricted ESA Instruction**) which specify the form of consideration which he or she wishes to receive.

Such purported acceptance will not be treated as a valid acceptance unless both the Restricted Escrow Transfer and the Restricted ESA Instruction(s) settle in CREST and CoAL decides, in its absolute discretion, to exercise its right described in section 6.9 of this Part B to waive, vary or modify the terms of the Offer relating to shareholders in certain jurisdictions, to the extent required to permit such acceptance to be made, in each case during the acceptance period set out in section 1.1 of this Part B. If CoAL accordingly decides to permit such acceptance to be made, the CoAL Receiving Agent (UK) will, on behalf of CoAL, accept the purported acceptance as an Electronic Acceptance on the terms of this Offer Document (as so waived, varied or modified) by transmitting in CREST a receiving agent accept (AEAN) message. Otherwise, the Receiving Agent will, on behalf of CoAL, reject the purported acceptance by transmitting in CREST a receiving agent reject (AEAD) message.

Each Restricted Escrow Transfer must, in order for it to be valid and settle, include the following details:

- (a) the ISIN number for the Universal Shares, which is GB00B5MXWJ43;
- (b) the number of Universal Shares in uncertificated form in respect of which the Offer is to be accepted;
- (c) the member account ID of the Universal Shareholder;

- (d) the participant ID of the Universal Shareholder;
- (e) the participant ID of the Escrow Agent, which is 3RA25;
- (f) the member account ID specific to a Restricted Escrow Transfer, which is RESTRICT;
- (g) the intended settlement date;
- (h) the corporate action number for the Offer allocated by Euroclear;
- (i) input with a standard delivery instruction priority of 80; and
- (j) the contact name and telephone number inserted in the shared note file.

Each Restricted ESA Instruction must, in order for it to be valid and settle, include the following details:

- (a) the ISIN number for the Universal Shares, which is GB00B5MXWJ43;
- (b) the number of Universal Shares relevant to that Restricted ESA Instruction;
- (c) the member account ID of the accepting Universal Shareholder;
- (d) the participant ID of the accepting Universal Shareholder;
- (e) the member account ID of the Escrow Agent set out in the Restricted Escrow Transfer;
- (f) the participant ID of the Escrow Agent set out in the Restricted Escrow Transfer;
- (g) the participant ID (which is 3RA25) and the member account ID (which is COAUNI01 or COAUNI02) of the Escrow Agent;
- (h) the CREST transaction ID of the Restricted Escrow Transfer to which the Restricted ESA Instruction relates to be inserted at the beginning of the shared note field;
- (i) the intended settlement date. This should be as soon as possible and in any event not later than 1.00pm (London time) on 3 March 2016;[†]
- (j) input with a standard delivery instruction priority of 80; and
- (k) the corporate action number for the Offer.

6.8 If any person, despite the restrictions described above, and whether pursuant to a contractual or legal obligation or otherwise, forwards this Offer Document, the Form of Acceptance, the CDI Acceptance Form or any related document in, into or from an Excluded Jurisdiction (other than by sending completed acceptance forms to the

[†] Except where the Offer Period is extended.

CoAL Receiving Agent (UK)) or uses the mails or any means or instrumentality (including, without limitation, facsimile, email or other electronic transmission or telephone) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, an Excluded Jurisdiction in connection with that forwarding (other than by sending completed acceptance forms to the CoAL Receiving Agent (UK)), that person should:

- (a) inform the recipient of such fact;
- (b) explain to the recipient that such action may invalidate any purported acceptance by the recipient; and
- (c) draw the attention of the recipient to this section 6.

6.9 Notwithstanding any other provision of this section 6, CoAL may in its sole and absolute discretion make the Offer to a resident in an Excluded Jurisdiction (including making available the Cash and Share Offer to a resident in a Restricted Territory or the Loan Note Alternative to a resident in a Loan Note Restricted Territory) if CoAL is satisfied, in that particular case, that to do so would not constitute a breach of any securities or other relevant legislation of the relevant jurisdiction.

6.10 The provisions of this section 6 supersede any terms of the Offer inconsistent with them. References in this section 6 to a Universal Shareholder or Universal CDI Holder shall include the person or persons executing a Form of Acceptance or CDI Acceptance Form or making a CHESSE CDI Acceptance or an Electronic Acceptance and, in the event of more than one person executing the Form of Acceptance or CDI Acceptance Form or making a CHESSE CDI Acceptance or an Electronic Acceptance, the provisions of this section 6 apply to them jointly and severally.

6.11 Subject to the terms of this Offer Document, the Australian Corporations Act and the ASIC Relief, CoAL reserves the right to notify any matter, including the making of the Offer, to all or any Universal Shareholders or Universal CDI Holders:

- (a) with a registered address outside Australia; or
- (b) whom CoAL knows to be a custodian, trustee or nominee holding Universal Shares or Universal CDIs for persons who are citizens, residents or nationals of jurisdictions outside Australia,

by announcement in Australia through a Regulatory Information Service or in any other appropriate manner or by paid advertisement in one or more newspapers published and circulated in the States of New South Wales and Victoria of Australia. Such notice will be deemed to have been sufficiently given, despite any failure by any such Universal Shareholder or Universal CDI Holder (as the case may be) to receive or see that notice. A reference in this Offer Document to a notice or the provision of information in writing by or on behalf of CoAL is to be construed accordingly. No such document will be sent to an address in an Excluded Jurisdiction.

6.12 If any written notice from a Universal Shareholder or Universal CDI Holder withdrawing his acceptance in accordance with section 3 of this Part B or Part A of Appendix VII is received in an envelope postmarked in, or which otherwise appears

to CoAL or their agents to have been sent from, an Excluded Jurisdiction, CoAL reserves the right, in its absolute discretion, to treat that notice as invalid.

Universal Shareholders should inform themselves about and observe any applicable legal or regulatory requirements. If you are in any doubt about your position, you should consult your appropriate adviser in the relevant jurisdiction.

Loan Note Alternative

- 6.13 Without limiting this section 6 of Part B of Appendix VI, the Loan Note Alternative is not being extended or made available and the Loan Notes are not being, and may not be, offered, sold, resold, delivered or distributed, directly or indirectly, in, into or from any Loan Note Restricted Territory or to, or for the account or benefit of, any resident of any Loan Note Restricted Territory, except to Loan Note Eligible Universal Shareholders.
- 6.14 Without limiting the foregoing:
- (a) Australian domiciled Universal Shareholders will not be entitled to elect to receive the Loan Note Alternative, unless they are a Loan Note Eligible Australian Universal Shareholder, being a Universal Shareholder who is a 'professional' or 'sophisticated' investor for the purposes of, or otherwise a person who does not require disclosure under, Chapter 6D of the Australian Corporations Act, and to whom Division 5A of Part 7.9 of the Australian Corporations Act does not apply;
 - (b) Universal Shareholders who form part of the South African public shall not be entitled to accept the Loan Note Alternative, unless the total contemplated acquisition cost of the Loan Notes is greater than or equal to ZAR1,000,000, or such Universal Shareholder is a person, acting as principal, whose ordinary business, or part of whose ordinary business, is to deal in securities, whether as principal or agent (in reliance on sections 96(1)(a)(i) and 96(1)(b) of the South African Companies Act) or such Universal Shareholder falls within one of the other specified categories of persons listed in section 96(1) of the South African Companies Act.
- 6.15 Each person electing the Loan Note Alternative will be deemed to represent and warrant that he or she is not a Loan Note Restricted Universal Shareholder and is not acquiring, and will not be holding, such Loan Notes for the account or benefit of a Loan Note Restricted Universal Shareholder. Any person unable to give such a representation and warranty is not permitted to make an election for the Loan Note Alternative. In addition, each:
- (a) Australian domiciled Universal Shareholder electing the Loan Note Alternative will be deemed to represent and warrant they are a Loan Note Eligible Australian Universal Shareholder; and
 - (b) South African domiciled Universal Shareholder electing the Loan Note Alternative will be deemed to represent and warrant they are an Eligible South African Universal Shareholder.

- 6.16 CoAL will not issue Loan Notes or authorise the delivery of any documents of title in respect of Loan Notes to any person:
- (a) who is, or who CoAL has reason to believe is, a Loan Note Restricted Universal Shareholder; or
 - (b) who is unable or fails to give the representations and warranties set out in section 4(c) of Part A, section 6(c) of Part B and section 5(c) of Part C of Appendix VII; or
 - (c) with a registered address in a Loan Note Restricted Territory, except if CoAL determines that the person is a Loan Note Eligible Universal Shareholder.
- 6.17 If you elect to receive Loan Notes and CoAL determines that you are a Loan Note Restricted Universal Shareholder, you will not receive any Loan Notes and instead CoAL will issue you the Cash and Share Consideration (or if you are, or are determined by CoAL to be, a Restricted Universal Shareholder, the Cash Consideration) in respect of all of your Universal Shares and you will be deemed to have elected to receive the Cash and Share Consideration (or, in the case of Restricted Universal Shareholders, the Cash Consideration) in respect of all of your Universal Shares.

Cash and Share Consideration

- 6.18 Without limiting this section 6 of Part B of Appendix VI, the Cash and Share Offer is not being made and the Consideration Shares are not being, and may not be, offered, sold, resold, delivered or distributed, directly or indirectly, in, into or from any Restricted Territory or to, or for the account or benefit of, any resident of any Restricted Territory, except to Eligible Universal Shareholders.
- 6.19 Without limiting the foregoing, Universal Shareholders who form part of the South African public shall not be entitled to accept the Cash and Share Consideration, unless the total contemplated acquisition cost of the Consideration Shares is greater than or equal to ZAR1,000,000, or such Universal Shareholder is a person, acting as principal, whose ordinary business, or part of whose ordinary business, is to deal in securities, whether as principal or agent (in reliance on sections 96(1)(a)(i) and 96(1)(b) of the South African Companies Act) or such Universal Shareholder falls within one of the other specified categories of persons listed in section 96(1) of the South African Companies Act.
- 6.20 Each person electing the Cash and Share Offer will be deemed to represent and warrant that he or she is not a Restricted Universal Shareholder and is not acquiring, and will not be holding, such Consideration Shares for the account or benefit of a Restricted Universal Shareholder. Any person unable to give such a representation and warranty is not permitted to make an election for the Cash and Share Offer. In addition, each South African domiciled Universal Shareholder electing to receive the Cash and Share Consideration will be deemed to represent and warrant they are an Eligible South African Universal Shareholder.
- 6.21 CoAL will not issue the Consideration Shares or authorise the delivery of any documents of title in respect of Consideration Shares to any person:

- (a) who is, or who CoAL has reason to believe is, a Restricted Universal Shareholder; or
- (b) who is unable or fails to give the representations and warranties set out in section 4(c) of Part A, section 6(c) of Part B and section 5(c) of Part C of Appendix VII; or
- (c) with a registered address in a Restricted Territory, except if CoAL determines that the person is an Eligible Universal Shareholder.

6.22 If you elect to receive the Cash and Share Consideration but CoAL determines that you are a Restricted Universal Shareholder, you will not receive any Consideration Shares and instead CoAL will issue you the Cash Consideration in respect of all of the Universal Shares in respect of which you elected to receive the Cash and Share Consideration and you will be deemed to have accepted the Cash Consideration in respect of such of your Universal Shares.

6.23 If you are an Eligible UK Universal Shareholder, and therefore able to participate in the Cash and Share Offer, you must complete a representation letter to confirm your status as a 'qualified investor' within the meaning of section 86(7) of the Financial Services and Markets Act 2000 (UK). You should contact Computershare UK at qibs@computershare.co.uk to obtain a copy of this representation letter.

7. Payment of consideration

7.1 Settlement of the consideration to which any Universal Shareholder is entitled under the Offer will be effected by:

- (a) cheque drawn on an Australian bank (in respect of the cash payable pursuant to an election to receive the Cash and Share Consideration or Cash Consideration (as applicable));
- (b) despatching holding statements (in respect of the Consideration Shares to be issued pursuant to an election to receive the Cash and Share Consideration);
- (c) the issue of Loan Note certificates (in respect of the Loan Notes to be issued pursuant to an election to receive the Loan Notes); or
- (d) a combination of the methods set out paragraphs (a) – (c) (in respect of an election to receive a combination of the Cash and Share Consideration and Loan Notes or, in the case of Restricted Universal Shareholders the Cash Consideration and Loan Notes).

7.2 The cheques and/or holding statements and/or Loan Note certificates will be dispatched by ordinary mail to the relevant Universal Shareholder (to the addresses recorded on the register of Universal Shareholders which has been provided to CoAL (but not into any Excluded Jurisdiction)).

7.3 Pursuant to the Cooperation Agreement, CoAL must use all reasonable endeavours to procure that the Consideration Shares are admitted to trading on AIM, ASX and the JSE as soon as possible (and in any event within 7 Business Days) after being issued.

8. General

- 8.1 Universal Shareholders should note that the UK Takeover Code does not apply to Universal or the Offer. As such, the rules of the UK Takeover Code, including in particular Rules 2.7 and 13, which would, if the UK Takeover Code applied, restrict the ability of CoAL not to proceed with the Offer or to invoke a Condition or fail to waive a Condition, do not apply.

Notwithstanding the above, under the Cooperation Agreement, CoAL has agreed that, although the Code does not apply to the Offer, it shall not invoke any of the Conditions set out in paragraph (k) of section 1 of Part A of Appendix VI (other than the Conditions in paragraphs (k)(xiv), (xv), (xvi) and (xviii)) in order to cause the Offer to lapse or be withdrawn unless the circumstances giving rise to CoAL wishing to invoke the Condition are such that, if the Code did apply to the Offer, the UK Takeover Panel would or could reasonably be expected to permit the relevant Condition to be invoked.

- 8.2 The Offer will lapse unless it becomes wholly unconditional by the end of the Offer Period.

- 8.3 If the Offer lapses for any reason:

- (a) it will not be capable of further acceptance;
- (b) contracts formed on acceptance of the Offer will not be capable of performance and accepting Universal Shareholders and CoAL will cease to be bound by any Forms of Acceptance at the close of the Offer Period;
- (c) in respect of certificated Universal Shares, Forms of Acceptance, share certificates and other documents of title will be returned by post within 14 calendar days of the Offer lapsing, at the risk of the Universal Shareholder in question, to the person or agent whose name and address are set out in the relevant box on the Form of Acceptance or, if none is set out, to the first-named holder at his registered address. No such documents will be sent to an address in an Excluded Jurisdiction;
- (d) in respect of Universal Shares held in uncertificated form, the CoAL Receiving Agent (UK) will, immediately after the lapsing of the Offer, give instructions to Euroclear to transfer all Universal Shares held in escrow balances and in relation to which it is the Escrow Agent for the purposes of the Offer to the original available balances of Universal Shareholders concerned;
- (e) accepting Universal CDI Holders and CoAL will cease to be bound by:
 - (i) acceptance instructions given by Universal CDI Holders to the CDI Nominee in accordance with this Offer Document; and
 - (ii) section 4 of Part A of Appendix VII ('Effect of CDI acceptance instructions');
- (f) in the case of Universal CDIs held through Universal's CHES Subregister, CoAL must within one Business Day after the end of the Offer Period notify

ASX Settlement that the Offer has lapsed as at the end of the Offer Period because it has not become wholly unconditional and ASX Settlement must release the accepted Universal CDIs from the Offer accepted sub-position in accordance with ASX Settlement Operating Rule 14.19.1; and

- (g) in the case of Universal CDIs held through Universal's Issuer Sponsored Subregister, CoAL must notify Universal that the Offer has lapsed as at the end of the Offer Period because it has not become wholly unconditional and Universal is required to release the accepted Universal CDIs from their 'reserved' status.
- 8.4 CoAL is under no obligation to waive or treat as satisfied any of the Conditions by a date earlier than the date specified above for the satisfaction thereof notwithstanding that the other Conditions of the Offer may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any of such Conditions may not be capable of fulfilment or, to the extent permitted, waived.
- 8.5 Settlement of the consideration to which any Universal Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer, without regard to any lien, right of set-off, counterclaim or other analogous right to which CoAL may otherwise be, or claim to be, entitled against that Universal Shareholder.
- 8.6 Settlement of the consideration to which any Universal Shareholder is entitled under the Offer will be effected in the manner described in section 7 of this Part B and in the letter from CoAL contained in Part I not later than the later of:
- (a) 14 calendar days after the date on which the Offer becomes or is declared wholly unconditional; and
 - (b) 14 calendar days of the date of receipt of a valid acceptance of the Offer.
- 8.7 Settlement of the consideration to which any Universal CDI Holder is entitled in relation to Universal Shares underlying and corresponding Universal CDIs accepted into the Offer may be delayed by the external processes necessary to procure valid acceptances by the CDI Nominee in relation to those Universal Shares.
- 8.8 Subject to section 6 of this Part B, no consideration will be sent to any address in an Excluded Jurisdiction unless otherwise determined by CoAL and permitted by applicable law and regulation.
- 8.9 Before the Offer may become or be declared wholly unconditional, the CoAL Receiving Agent (UK) shall issue a certificate to CoAL or Qinisele (or their respective agents) which states the number of Universal Shares (including Universal Shares underlying and corresponding with Universal CDIs) in respect of which acceptances have been received and not validly withdrawn, and the number of Universal Shares otherwise acquired, whether before or during the Offer Period.
- 8.10 The terms, provisions, instructions and authorities contained in or deemed to be incorporated in the Form of Acceptance and the CDI Acceptance Forms constitute part of the terms of the Offer. Words and expressions defined in this Offer Document have the same meanings when used in the Form of Acceptance and the CDI Acceptance Forms, unless the context otherwise requires. The provisions of this

Appendix VI shall be deemed to be incorporated into and form part of the Form of Acceptance and the CDI Acceptance Forms and the terms of any CHESSE CDI Acceptance.

- 8.11 No acknowledgement of receipt of any Form of Acceptance, Electronic Acceptance, CDI Acceptance Forms, transfers by means of CREST, communication, notice, share certificate(s) or other document(s) of title will be given by or on behalf of CoAL. All communications, notices, certificates, documents of title and remittances to be delivered by, to or on behalf of Universal Shareholders (or their designated agents) will be delivered by or sent to or from them (or their designated agent(s)) at their own risk.
- 8.12 Any accidental omission or failure to dispatch this Offer Document, Form of Acceptance, the CDI Acceptance Forms or any other document relating to the Offer and/or notice required to be dispatched under the terms of the Offer to, or any failure to receive the same by any person to whom the Offer is, or should be made, shall not invalidate the Offer in any way or create any implication that the Offer has not been made to any such person.
- 8.13 Subject to the provisions of section 6 of this Part B, the Offer is made to any Universal Shareholder, and the facility to procure acceptance by the CDI Nominee is made to any Universal CDI Holder, to whom this Offer Document and the Form of Acceptance, CDI Acceptance Form or any related document may not be dispatched or by whom such documents may not be received, and:
- (a) Universal Shareholders (not including Universal CDI Holders) may obtain these documents by contacting the CoAL Receiving Agent (UK) on 0371 495 0103 (from within the United Kingdom) or +44 371 495 0103 (from outside the United Kingdom) between 9.00am and 5.30pm (London time) Monday to Friday (excluding UK public holidays).; and
 - (b) Universal CDI Holders may obtain these documents by contacting the CoAL Receiving Agent (Australia) on 1300 782 914 (from within Australia) or +61 3 9415 4186 (from outside Australia) between 8.30am and 5.30pm (Sydney Time) Monday to Friday (excluding Australian public holidays).
- 8.14 Subject to section 6 of this Part B, the Offer is made on 21 December 2015 and is capable of acceptance from and after that date.
- 8.15 Copies of this Offer Document, the Form of Acceptance, the CDI Acceptance Form and any related documents are available from the CoAL Receiving Agent (UK) or the CoAL Receiving Agent (Australia) and may be obtained by contacting the CoAL Receiving Agent (UK) or CoAL Receiving Agent (Australia) on the details set out in section 8.13 of this Part B.
- 8.16 All powers of attorney, appointments of agents and authorities on the terms conferred by or referred to in this Appendix VI and Appendix VII or in the Form of Acceptance or CDI Acceptance Forms are given by way of security for the performance of the obligations of the Universal Shareholder or Universal CDI Holder (as the case may be) and are irrevocable, except in the circumstances where the donor of the power of attorney, appointment or authority validly withdraws his acceptance in accordance with section 3 of this Part B.

- 8.17 The Offer, the Form of Acceptance, Electronic Acceptances, the CDI Acceptance Forms, all acceptances of the Offer and all elections in respect of it and any non-contractual obligations arising out of or in connection with them are governed by and will be construed in accordance with English law. The courts of England have exclusive jurisdiction to settle any dispute arising from or connected with the Offer, all acceptances of the Offer and all elections in respect of it.
- 8.18 Notwithstanding any other provision of this Part B, CoAL, the CoAL Receiving Agent (UK) and the CoAL Receiving Agent (Australia) reserve the right to treat as valid in whole or in part any acceptance of the Offer if received by the CoAL Receiving Agent (UK), the CoAL Receiving Agent (Australia) or otherwise on behalf of CoAL which is not entirely in order or in correct form or which is not accompanied by (as applicable) the relevant share certificate(s) and/or other relevant document(s) or is not accompanied by the relevant TTE Instruction or is received by it at any place or places or in any form or manner determined by either the CoAL Receiving Agent (UK), the CoAL Receiving Agent (Australia) or CoAL otherwise than as set out in this Offer Document or (in respect of Universal Shares held in certificated form) in the Form of Acceptance or (in the case of Universal CDIs) in the CDI Acceptance Forms. In that event, no payment of cash will be made and no Consideration Shares or Loan Notes will be issued under the Offer until after the acceptance is entirely in order or the relevant share certificate(s) and/or other document(s) of title or TTE Instruction or indemnities satisfactory to CoAL have been received by the CoAL Receiving Agent (UK) or CoAL Receiving Agent (Australia).
- 8.19 Although Universal Shares trade on the ASX in the form of Universal CDIs, the Offer is not regulated by the Australian takeovers rules in Chapter 6 of the Australian Corporations Act as Universal is not incorporated in Australia.
- 8.20 CoAL is not making a separate offer to acquire Universal CDIs. However, holders of Universal CDIs may accept the Offer in respect of underlying and corresponding Universal Shares by instructing the CDI Nominee, to accept the Offer on their behalf, in accordance with procedures to be set out in Part A of Appendix VII.
- 8.21 All references in this Offer Document to any statute or statutory provision shall include a statute or statutory provision which amends, consolidates or replaces the same (whether before or after the date hereof).
- 8.22 Any references in this Offer Document to the return or dispatch of documents by post shall extend to the return or dispatch by such other method as CoAL may decide is appropriate and permitted.
- 8.23 Unless specified otherwise and where the context requires:
- (a) a reference in this Offer Document to an acceptance of the Offer by or on behalf of a Universal CDI Holder in respect of Universal CDIs is taken to be a reference to an acceptance of the Universal Shares underlying and corresponding with the Universal CDIs or an instruction to the CDI Nominee to accept the Offer in respect of the Universal Shares underlying and corresponding with the Universal CDIs (as the context requires); and
 - (b) a reference to Universal Shares is taken to be a reference to Universal Shares which underlie, and correspond with, the relevant Universal CDIs.

- 8.24 The expression "Offer Period" when used in this Offer Document means the period commencing on the Offer Date until the earlier of the following dates:
- (a) the Closing Date;
 - (b) the date on which the Offer lapses or is withdrawn; or
 - (c) the date which is 12 months after the Offer Date (unless suitable ASIC relief is obtained).
- 8.25 All references in the Offer Document and in the Form of Acceptance and CDI Acceptance Forms to the Closing Date, will be deemed, if the expiry date of the Offer shall be extended, to refer to the expiry date of the Offer as so extended, provided such date will not be later than 12 months after the date of this Offer Document.
- 8.26 In relation to any acceptance of the Offer in respect of Universal Shares which are in uncertificated form, CoAL reserves the right to make such alterations, additions or modifications as may be necessary or desirable to give effect to any purported acceptance of the Offer, whether in order to comply with the facilities or requirements of CREST or otherwise.
- 8.27 For the purposes of this Offer Document, the time of receipt of a TTE Instruction, an ESA Instruction or an Electronic Acceptance shall be the time at which the relevant instruction settles in CREST.

9. Dividends

- 9.1 The Universal Shares will be acquired by or on behalf of CoAL pursuant to the Offer fully paid and free from all liens, equities, charges, encumbrances and other rights and interests of whatsoever nature and together with all rights now attaching and to become attached thereto, including the right to receive all dividends and other distributions declared, paid or made at any time after the date of the Offer Announcement.
- 9.2 If after the date of the Offer Announcement, any dividend, distribution and/or return of capital is declared, paid or made or payable by Universal, the consideration payable under the Offer will, subject to section 9.3 be reduced by the aggregate amount of such dividend, distribution and/or return of capital.
- 9.3 To the extent that such a dividend, distribution and/or return of capital has been declared, paid, made or is payable and it is:
- (a) transferred pursuant to the Offer on a basis which entitles CoAL to receive the dividend, distribution and/or return of capital and to retain it; or
 - (b) cancelled,

the consideration payable under the Offer will not be subject to change in accordance with this section.

10. Compliance with laws

10.1 If, at the time you accept this Offer, any authority or clearance of the Australian Department of Foreign Affairs and Trade or of the Australian Taxation Office is required for you to receive any consideration under this Offer, or you are resident in, or a resident of, a place to which, or you are a person to whom:

- (a) the Autonomous Sanctions Regulations 2011 (Cth);
- (b) the Charter of the United Nations (Sanctions – Al-Qaida) Regulations 2008 (Cth);
- (c) the Charter of the United Nations (Dealing with Assets) Regulations 2008 (Cth); or
- (d) any law would make it unlawful for CoAL to provide consideration for your Universal Shares or Universal CDIs,

applies, then acceptance of this Offer will not create or transfer to you any right (contractual or contingent) to receive the consideration specified in this Offer unless and until all requisite authorities or clearances have been obtained by you in favour of CoAL.

Appendix VII – How to accept the Offer

PART A ACCEPTANCE BY UNIVERSAL CDI HOLDERS

This Part A applies only to Universal CDIs. If you are not a Universal CDI Holder you should ignore this Part A.

1. Manner of acceptance

No separate offer is being made to acquire Universal CDIs. However, Universal CDI Holders may accept the Offer in respect of the Universal Shares underlying and corresponding with the Universal CDIs held by them by, and only by, giving an instruction to the CDI Nominee. To give such an instruction:

- (a) Universal CDI Holders who hold Universal CDIs through Universal's Issuer Sponsored Subregister must complete and sign the CDI Acceptance Form (Issuer Sponsored) provided to Universal CDI Holders in accordance with the instructions on that form and return it to the address noted on the form so that it is received at such address before the CDI Acceptance Expiry Time; or
- (b) Universal CDI Holders who hold Universal CDIs through Universal's CHES Subregister must:
 - (i) if they are not a Participant, instruct their Controlling Participant (usually their broker) to initiate acceptance of the Offer on their behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules; or
 - (ii) if they are a Participant, initiate acceptance of the Offer in accordance with Rule 14.14 of the ASX Settlement Operating Rules; or
 - (iii) as an alternative to (i), complete and sign the CDI Acceptance Form (CHES) in accordance with the instructions on that form and return it to the address noted on the form so that it is received in sufficient time for the CoAL Receiving Agent (Australia) to pass on to the Universal CDI Holder's Controlling Participant for them to act on the Universal CDI Holder's instruction before the CDI Acceptance Expiry Time. The CoAL Receiving Agent (Australia) will liaise with the Universal CDI Holder's Controlling Participant and request them to initiate acceptance of the Offer in accordance with Rule 14.14 of the ASX Settlement Operating Rules.

If a Universal CDI Holder's Universal CDIs are held in different parcels in different forms, acceptance of the Offer will require action under (a) or (b) above in relation to the different parcels of the Universal CDIs held by the Universal CDI Holder.

The CoAL Receiving Agent (Australia) will collate CDI acceptance instructions, present these to the CDI Nominee and request the CDI Nominee to accept the Offer on behalf of Universal CDI Holders in respect of the relevant underlying and corresponding Universal Shares. To enable the CoAL Receiving Agent (Australia) to carry out this process, acceptances from Universal CDI Holders must be received by

the CoAL Receiving Agent (Australia) 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.^{†‡}

Universal CDI Holders should make such enquiries and take such actions as are necessary to ensure that the Universal CDI Holder's acceptance instruction is received by the CoAL Receiving Agent (Australia) prior to the CDI Acceptance Expiry Time. Holders of Universal CDIs should contact their brokers, the CoAL Receiving Agent (Australia) or the CDI Nominee for further information.

Note: In this Part A, unless specified otherwise: (i) a reference to an acceptance of the Offer by or on behalf of a Universal CDI Holder in respect of Universal CDIs is taken to be a reference to an acceptance of the Universal Shares underlying and corresponding with the Universal CDIs or an instruction to the CDI Nominee to accept the Offer in respect of the Universal Shares underlying and corresponding with the Universal CDIs (as the context requires); and (ii) a reference to Universal Shares is taken to be a reference to Universal Shares which underlie, and correspond with, the relevant Universal CDIs.

No separate offer is being made for the Universal CDIs themselves.

2. To elect for the Loan Note Alternative

To elect for the Loan Note Alternative in respect of some or all of your Universal CDIs, you must:

- (a) if you hold Universal CDIs through Universal's Issuer Sponsored Subregister, complete the CDI Acceptance Form (Issuer Sponsored) as set out in section 1(a) above and in addition complete Box 2 by specifying the number of Universal CDIs for which you wish to receive Loan Notes instead of the Cash and Share Consideration (or in the case of Restricted Universal Shareholders, the Cash Consideration); and
- (b) if you hold Universal CDIs through Universal's CHES Subregister:
 - (i) if you are not a Participant, follow the procedure set out in section 1(b)(i) above to instruct your Controlling Participant to initiate acceptance of the Offer on your behalf and to elect for the Loan Note Alternative in respect of some or all of your Universal CDIs; or
 - (ii) if you are a Participant, follow the procedure set out in section 1(b)(ii) above to initiate acceptance of the Offer and to elect for the Loan Note Alternative in respect of some or all of your Universal CDIs; or
 - (iii) as an alternative to (i), complete the CDI Acceptance Form (CHES) as set out in section 1(b)(iii) above and in addition complete Box 2 by specifying the number of Universal CDIs for which you wish to receive

[†] Except where the Offer Period is extended.

[‡] However, note the definition of CDI Acceptance Expiry Time in Appendix XII.

Loan Notes instead of the Cash and Share Consideration (or in the case of Restricted Universal Shareholders, the Cash Consideration).

3. **Withdrawals**

In the case of Universal CDIs, if withdrawals of acceptances of the Offer in relation to the Universal Shares underlying and corresponding with the Universal CDIs are permitted pursuant to section 3.2 of Part B of Appendix VI, a Universal CDI Holder may instruct the CDI Nominee to withdraw his acceptance of the Offer in respect of underlying and corresponding Universal Shares as follows:

- (a) if the Universal CDIs are held through Universal's CHESSE Subregister, a withdrawal must be effected in accordance with the ASX Settlement Operating Rules (contact your Controlling Participant (normally your broker) for details); and
- (b) if the Universal CDIs are held through Universal's Issuer Sponsored Subregister, a withdrawal must be made by written notice signed by the accepting Universal CDI Holder (or his agent duly appointed in writing and evidence of whose appointment, in a form reasonably satisfactory to CoAL, is produced with the notice) given by post or by hand (during normal business hours only) to the CoAL Receiving Agent (Australia).

4. **Effect of CDI acceptance instructions**

Without prejudice to anything else in this Offer Document or the terms of the CDI Acceptance Forms, each Universal CDI Holder may instruct (whether directly or via their Controlling Participant) the CDI Nominee to accept the Offer in respect of the Universal Shares underlying and corresponding with the Universal CDIs they hold and which are designated as accepted in the CDI Acceptance Form or in an acceptance effected by their Controlling Participant on their behalf (in each case the '**Accepted Shares**'). Each Universal CDI Holder who instructs (whether directly or via their Controlling Participant) the CDI Nominee to accept the Offer in respect of the Accepted Shares underlying and corresponding with the Universal CDIs they hold irrevocably undertakes, represents, warrants and agrees to and with CoAL, the CoAL Receiving Agent (Australia) and the CoAL Receiving Agent (UK) (so as to bind him or her, his or her personal or legal representatives, heirs, successors and assigns):

- (a) that:
 - (i) the instruction to the CDI Nominee is to accept the Offer for all of the Universal Shares (which are therefore the Accepted Shares) which underlie, and correspond with:
 - (A) where a CDI Acceptance Form (Issuer Sponsored) designates all Universal CDIs as accepted, that number of Universal CDIs registered in the name of the Universal CDI Holder, irrespective of what the CDI Acceptance Form (Issuer Sponsored) discloses as the number of Universal CDIs that are held by the Universal CDI Holder; and

- (B) where a CDI Acceptance Form (Issuer Sponsored) or CHESSE CDI Acceptance designates a number of Universal CDIs as accepted, the greater of that number of Universal CDIs registered in the name of the Universal CDI Holder and the number of Universal CDIs designated as accepted in the CDI Acceptance Form (Issuer Sponsored) or the CHESSE CDI Acceptance, irrespective of what any CDI Acceptance Form discloses as the number of Universal CDIs that are held by the Universal CDI Holder;
- (ii) in respect of any Universal CDIs which are held on the CHESSE Subregister, the Universal CDI Holder is deemed to have irrevocably authorised and directed CoAL severally by its officers, nominees and agents (including the CoAL Receiving Agent (Australia)) to:
 - (A) instruct the Universal CDI Holder's Controlling Participant to initiate acceptance of the Offer on its behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules so as to instruct the CDI Nominee to accept the Offer for all of the Universal Shares (which are therefore Accepted Shares) which underlie, and correspond with:
 - (1) where a CDI Acceptance Form (CHESSE) designates all Universal CDIs as accepted, that number of Universal CDIs registered in the name of the Universal CDI Holder, irrespective of what the CDI Acceptance Form (CHESSE) discloses as the number of Universal CDIs that are held by the Universal CDI Holder; and
 - (2) where a CDI Acceptance Form (CHESSE) designates a number of Universal CDIs as accepted, the greater of that number of Universal CDIs registered in the name of the Universal CDI Holder and the number of Universal CDIs designated as accepted in the CDI Acceptance Form (CHESSE), irrespective of what the CDI Acceptance Form (CHESSE) discloses as the number of Universal CDIs that are held by the Universal CDI Holder; and
 - (B) give any other instructions in relation to Universal CDIs relating to Accepted Shares to the Universal CDI Holder's Controlling Participant on the Universal CDI Holder's behalf under the sponsorship agreement between the CDI Holding and their Controlling Participant, as determined by CoAL acting in its own interests as a beneficial owner and intended registered holder of the Universal Shares which underlie, and correspond with, the Universal CDIs held by the Universal CDI Holder;
- (iii) in respect of any Universal CDIs which are held on the Issuer Sponsored Subregister, the Universal CDI Holder asks Universal to reserve for CoAL under ASX Listing Rule 8.12.1 all Universal CDIs relating to Accepted Shares and the Universal CDI Holder is deemed

to have irrevocably authorised CoAL severally by its officers, nominees and agents (including the CoAL Receiving Agent (Australia)) to ask Universal to do so on the Universal CDI Holder's behalf;

- (iv) the Universal CDI Holder is deemed to have irrevocably authorised and directed CoAL severally by its officers, nominees and agents (including the CoAL Receiving Agent (Australia)) to request and instruct the CDI Nominee to direct CoAL to pay the Offer consideration in accordance with section 6(l) of Part B of Appendix VII;
- (v) the Universal CDI Holder is deemed to have irrevocably authorised CoAL severally by its officers, nominees and agents (including the CoAL Receiving Agent (Australia)) to contact Universal or the CoAL Receiving Agent (Australia) (and any of their officers or agents), from time to time, to request and be provided with full details, in such form and manner as requested, of the Universal CDI Holder's holding(s) of Universal CDIs together with such particular information relating to the holding(s) as requested;
- (vi) the Universal CDI Holder is deemed to have given an undertaking to execute any documents, take any further action and give any further assurances which may be required to enable CoAL to obtain the full benefit of the acceptance and/or to perfect any of the authorities expressed to be given hereunder and otherwise in connection with his acceptance of the Offer,

in each case on and subject to the terms and Conditions set out or referred to in this Offer Document and the CDI Acceptance Forms and that, subject to the rights of withdrawal set out above, each such instruction, authorisation and direction shall be irrevocable, provided that if the CDI Acceptance Form is otherwise completed incorrectly or does not specify a number of Universal CDIs or specifies a greater number of Universal CDIs than the number of Universal CDIs that are held by the relevant Universal CDI Holder but the CDI Acceptance Form is signed, it will be deemed to be an acceptance of the terms of the Offer in respect of all of the Universal Shares underlying and corresponding with the Universal CDIs registered in the name of the Universal CDI Holder;

- (b) that the Universal CDI Holder is entitled to dispose of the Universal CDIs and the beneficial ownership interest of the underlying and corresponding Universal Shares in respect of which the Offer is accepted or deemed to be accepted and that the Universal Shares in respect of which the Offer is accepted or deemed to be accepted are sold fully paid and free from all liens, charges, equities, encumbrances, rights of pre-emption and any other interests of any nature whatsoever and together with all rights attaching to them on or after the date of the Offer Announcement, including, without limitation, voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, paid or made, or any other return of capital (whether by reduction of share capital or share premium account or otherwise) made, on or after that date;

- (c) that such Universal CDI Holder:
- (i) has not received or sent copies or originals of this Offer Document, the CDI Acceptance Form or any related documents in, into or from any Excluded Jurisdiction;
 - (ii) has not, in connection with the Offer or the execution or delivery of the CDI Acceptance Form utilised, directly or indirectly, the mails of, or any means or instrumentality (including, without limitation, facsimile transmission, email, telephone, internet or other forms of electronic communication) of interstate or foreign commerce of, or of any facilities of a national securities exchange of, any Excluded Jurisdiction;
 - (iii) is accepting the Offer in respect of underlying and corresponding Universal Shares from outside an Excluded Jurisdiction and was outside those jurisdictions at the time of acceptance;
 - (iv) is not an agent or fiduciary acting on a non-discretionary basis for a principal in an Excluded Jurisdiction unless such agent or fiduciary is an authorised employee of such principal or such principal has given any instructions with respect to the offer from outside an Excluded Jurisdiction;
 - (v) has observed the laws and regulatory requirements of the relevant jurisdiction in connection with the Offer, obtained all requisite governmental, exchange control or other consents, complied with all other necessary formalities and paid any issue, transfer or other taxes or duties or other requisite payments due in any such jurisdiction in connection with such acceptance and that he has not taken or omitted to take any action that will or may result in CoAL or any other person acting in breach of the legal or regulatory requirements of any such jurisdiction in connection with the Offer or his acceptance of the Offer in respect of Universal Shares underlying and corresponding with the Universal CDIs;
 - (vi) if such Universal CDI Holder is a citizen, resident or national of Australia and has made an election for the Loan Note Alternative in respect of some or all of his or her Universal CDIs, he or she is Loan Note Eligible Australian Universal Shareholder;
 - (vii) if such Universal CDI Holder is a citizen, resident or national of South Africa and has made an election for the Loan Note Alternative or the Cash and Share Consideration in respect of some or all of his or her Universal CDIs, he or she is an Eligible South African Universal Shareholder;
 - (viii) if he or she has made an election for the Loan Note Alternative in respect of some or all of his or her Universal CDIs, he or she is eligible to receive Loan Notes and is not a Loan Note Restricted Universal Shareholder, does not hold any of the Universal CDIs in respect of which he has accepted the Offer and elected for the Loan Note

Alternative for the account or on behalf of any resident of any Loan Note Restricted Territory, and is not acting on behalf of a resident of any Loan Note Restricted Territory and that he will not, directly or indirectly, hold or acquire such Loan Notes with a view to the offer, sale, resale or delivery, directly or indirectly, of any Loan Notes in or into any Loan Note Restricted Territory and will not hold or acquire any Loan Notes for any other person who he has reason to believe is purchasing for the purpose of such offer, sale, resale or delivery;

- (ix) if he or she is accepting the Cash and Share Offer in respect of some or all of his or her Universal CDIs, he or she is eligible to receive Consideration Shares and is not a Restricted Universal Shareholder and is not acquiring, and will not be holding, such Consideration Shares for the account or on behalf of any resident of any Restricted Territory, and is not acting on behalf of a resident of any Restricted Territory and that he will not, directly or indirectly, hold or acquire such Consideration Shares with a view to the offer, sale, resale or delivery, directly or indirectly, of any Consideration Shares in or into any Restricted Territory and will not hold or acquire any Consideration Shares for any other person who he has reason to believe is purchasing for the purpose of such offer, sale, resale or delivery;
- (d) that the execution of the CDI Acceptance Form and its delivery and, as applicable, CHESS CDI Acceptance in accordance with this Offer Document constitutes (subject to the Offer becoming wholly unconditional in accordance with its terms and to the accepting Universal CDI Holder not having validly withdrawn his acceptance) the irrevocable appointment of any directors of, or any person authorised by CoAL as his agent and/or attorney with an irrevocable instruction to the agent and/or attorney to do all such acts and things as may in the opinion of such agent and/or attorney be required to:
 - (i) cause the Universal CDIs comprised in or relating to the acceptance to be transformed into Universal Shares;
 - (ii) complete and execute all or any form(s) of transfer, renunciation and/or other documents at the discretion of such attorney in relation to the Universal Shares corresponding to Universal CDIs comprised in or relating to the acceptance in favour of CoAL or such other persons as CoAL or its agents may direct;
 - (iii) deliver any form(s) of transfer, renunciation and/or other document(s) at the discretion of such attorney together with any share certificate or other document(s) of title for registration relating to such Universal Shares for registration within six months of the Offer becoming wholly unconditional; and
 - (iv) take any other action as may in the opinion of such attorney be necessary or expedient for the purposes of or in connection with the acceptance of the Offer and to vest in CoAL (or its nominees) the full legal and beneficial ownership of the Universal Shares, including, without limitation, giving instructions to any Controlling Participant of the Universal CDIs comprised in or relating to the acceptance to give

effect to any action described in section (d), subsections (i) to (iv) in CHESS;

- (e) that the execution of the CDI Acceptance Form and, as applicable, CHESS CDI Acceptance, and its delivery constitutes (subject to the Offer becoming wholly unconditional in accordance with its terms and to such Universal Shareholder not having validly withdrawn his acceptance) an irrevocable instruction and authorisation:
- (i) to Universal or its agents to procure the registration of the transfer of the Universal Shares corresponding to Universal CDIs comprised in or relating to the acceptance and the delivery of the share certificate(s) and other document(s) of title in respect of the Universal Shares to CoAL or as it may direct;
 - (ii) subject to the provisions of section 6 of Part B of Appendix VI, to CoAL or their respective agents, to procure the issue and despatch by post of a cheque in respect of any cash consideration to which such Universal CDI Holder is entitled under the Offer at such Universal CDI Holder's risk, to the first-named holder at his registered address (outside the Excluded Jurisdictions unless otherwise permitted by CoAL);
 - (iii) subject to the provisions of section 6 of Part B of Appendix VI, to CoAL or their respective agents, to procure the issue and despatch by post of a holding statement in respect of any Consideration Shares to which such Universal CDI Holder is entitled under the Offer at such Universal CDI Holder's risk to the first-named holder at his registered address (outside the Excluded Jurisdictions unless otherwise permitted by CoAL);
 - (iv) subject to the provisions of section 6 of Part B of Appendix VI, to CoAL or its agent(s) to procure that in accordance with the terms of the Loan Note Instrument, the name(s) of the relevant Universal CDI Holder(s) is/are entered on the register of holders of Loan Notes in respect of any Loan Notes to which the Universal CDI Holder(s) is/are entitled under the Offer pursuant to a valid election under the Loan Note Alternative (subject to the terms of the Loan Note Instrument) and to procure the despatch by post of the documents of title for any such Loan Notes at the risk of such Universal CDI Holder to the first-named holder at an address outside an Excluded Jurisdiction (or any other jurisdiction where extension or acceptance of the Loan Note Alternative would violate the law of that jurisdiction) stipulated by such holder or as otherwise determined by CoAL; and
 - (v) to CoAL, Universal or their respective agents, to record, act and rely on any mandates, instructions, consents or instruments in force relating to payments, notices or distributions which have been entered in the records of Universal in respect of his holding of Universal CDIs (until such are revoked or varied) as if such mandates, instructions, consents or instruments had been given in respect of his or her holding of Loan Notes;

- (f) the execution of the CDI Acceptance Form and, as applicable, a CHESSE CDI Acceptance in accordance with this Offer Document constitutes a separate authority to any director of CoAL and/or its agents and the irrevocable appointment of any such director and/or agent as such Universal CDI Holder's attorney and/or agent within the terms of this Part A to take the various actions set out in this Part A;
- (g) that, subject to the Offer becoming wholly unconditional in respect of Universal Shares in respect of which the Offer has been accepted or deemed to be accepted, which acceptance has not been validly withdrawn and pending registration in the name of CoAL or as it may direct:
 - (i) CoAL or its agents shall be authorised to direct the exercise of any votes and any or all other rights and privileges (including the right to call a general or separate class meeting of Universal) attaching to the Universal Shares underlying and corresponding with the Universal CDIs in respect of which the Offer has been accepted or is deemed to have been accepted; and
 - (ii) the execution of the CDI Acceptance Form or, as applicable, a CHESSE CDI Acceptance in accordance with this Offer Document constitutes, with regard to the Universal Shares underlying and corresponding with the Universal CDIs comprised in such acceptance:
 - (A) an authority to Universal or its agents to send any notice, circular, warrant or other document or communication which may be required to be sent to him as a holder of Universal CDIs to CoAL at its registered office;
 - (B) an irrevocable authority to any directors of, or person authorised by, CoAL to sign any document and do such things as may, in the opinion of that agent and/or attorney, seem necessary or desirable in connection with the exercise of any votes or other rights or privileges attaching to the Universal CDIs held by him or the Universal Shares underlying and corresponding with the Universal CDIs (including, without limitation, signing any consent to short notice of a general or separate class meeting as his attorney and on his behalf and executing a form of proxy appointing any person nominated by CoAL to attend general and separate class meetings of Universal and attending any such meeting (and any adjournment thereof) and exercise on his behalf the votes attaching to the Universal CDIs or Universal Shares comprised or deemed to be comprised in the acceptance, such votes to be cast so far as possible to satisfy any outstanding Condition of the Offer); and
 - (C) the agreement of such Universal CDI Holder not to exercise any such rights without the consent of CoAL and the irrevocable undertaking not to appoint a proxy for or to attend such general or separate class meeting of Universal;

- (h) that the terms and conditions of the Offer shall be deemed to be incorporated in, and form part of, the CDI Acceptance Form, which shall be read and construed accordingly and deemed to be incorporated in, and form part of, each CHESSE CDI Acceptance;
- (i) that, if the Universal CDI Holder accepts the Offer, he or she shall do all such acts and things as shall be necessary or expedient to vest in CoAL or its nominees or such other persons as it may decide the Universal Shares as aforesaid;
- (j) that, subject to the Offer becoming wholly unconditional in accordance with its terms and to such Universal CDI Holder not having validly withdrawn his acceptance instructions, CoAL is entitled to register a transfer of the underlying and corresponding Universal Shares accepted into the Offer even if the Universal CDI Holder has yet to be paid the applicable Offer consideration;
- (k) that the Universal CDI Holder will ratify each and every act or thing which may be done or effected by CoAL or the CoAL Receiving Agent (Australia) or by any of their respective directors or agents or Universal or its agents, as the case may be, in the proper exercise of any of his or its powers or authorities conferred by or referred to in this Offer Document;
- (l) that, if any provision of this Offer Document will be unenforceable or invalid or will not operate so as to afford CoAL or the CoAL Receiving Agent (Australia) or any of their respective directors, agents or persons authorised by them, the benefit of the authorities and powers of attorney expressed to be given therein, he will with all practicable speed do all such acts and things and execute all such documents as may be required or desirable to enable CoAL and/or the CoAL Receiving Agent (Australia) and/or any director or agent of any of them to secure the full benefit of such authorities and powers of attorney;
- (m) that the execution of the CDI Acceptance Form and, as applicable, a CHESSE CDI Acceptance in accordance with this Offer Document constitutes his submission to the exclusive jurisdiction of the courts of England in relation to all matters arising in connection with the Offer and the CDI Acceptance Form; and
- (n) that if the acceptance of the Offer is effected via the submission of a CDI Acceptance Form, the CDI Acceptance Form will be deemed to be delivered on the date of its execution and will take effect as a deed on such date.

5. Further information

If you have any questions relating to this Offer Document on the completion and return of the CDI Acceptance Form or the submission of a CHESSE CDI Acceptance, please telephone the CoAL Receiving Agent (Australia) in Australia on 1300 782 914 (from within Australia) or +61 3 9415 4186 (from outside Australia) between 8.30am and 5.30pm (Sydney Time) Monday to Friday (excluding Australian public holidays).

Calls to the CoAL Receiving Agent (Australia) from within Australia are at a fixed rate comparable to a local call aside from any of your service provider's network extras. Calls to the CoAL Receiving Agent (Australia) from outside Australia are charged at applicable international rates. Different charges may apply to calls made from mobile phones and calls may be recorded and monitored randomly for security and training purposes.

PART B ACCEPTANCE BY HOLDERS OF SHARES IN CERTIFICATED FORM

This Part B applies only to Universal Shares held in certificated form (unless CoAL agrees otherwise). If you hold all your Universal Shares in uncertificated form (i.e. in CREST), you should (unless CoAL has agreed that you can use a Form of Acceptance) ignore this Part B and instead read Part C that follows.

1. Manner of acceptance

To accept the Offer in respect of certificated Universal Shares, you must complete the Form of Acceptance in accordance with the instructions set out below and on the Form of Acceptance. You should complete separate Forms of Acceptance for Universal Shares held but under different designations.

To accept the Offer in respect of all your certificated Universal Shares, you must complete Box 2 by entering the full amount and sign Box 3 of the Form of Acceptance.

If you are an individual, you must sign Box 3 on the Form of Acceptance in the presence of a witness who should also sign in accordance with the instructions printed on it. Any Universal Shareholder which is a company should execute Box 3 of the Form of Acceptance in accordance with the instructions printed on it. If you do not insert a number in Box 2 of the Form of Acceptance, or if you insert in Box 2 a number which is greater or less than the number of certificated Universal Shares that you hold and you have signed Box 3, your acceptance will be deemed to be in respect of all the certificated Universal Shares held by you.

All payments under the Offer will be made in Australian dollars.

For the purposes of this Part B and the Form of Acceptance, the phrase '**Shares comprised in the acceptance**' shall mean the relevant Universal Shareholder's entire holding of certificated Universal Shares.

2. Return of the Form of Acceptance

To accept the Offer in respect of certificated Universal Shares, the completed, signed and (where required) witnessed Form of Acceptance should be returned by post to the CoAL Receiving Agent (UK) at the address set out in the Form of Acceptance or by hand (during normal business hours only) to the CoAL Receiving Agent (UK) at the address set out in the Form of Acceptance together (subject to the section below) with the relevant share certificate(s) and/or any other documents of title as soon as possible, and, in any event, so as to be received by the CoAL Receiving Agent (UK) not later than 1.00pm (London time) on 3 March 2016.[†] A reply-paid envelope is enclosed for your convenience. No acknowledgement of receipt of documents will be given.

Any Form of Acceptance received in an envelope post-marked in any Excluded Jurisdiction or otherwise appearing to CoAL or its agents to have been sent from any Excluded Jurisdiction may be rejected as an invalid acceptance of the Offer. For

[†] Except where the Offer Period is extended.

further information on the restrictions applicable to Universal Shareholders resident in Excluded Jurisdictions, see section 6 of Part B of Appendix VI.

3. Share certificates not readily available or lost

A completed, signed and (where required) witnessed Form of Acceptance should be accompanied by the relevant share certificate(s) and/or other document(s) of title. If for any reason the relevant share certificate(s) and/or other document(s) of title is/are not readily available or is/are lost, you should nevertheless complete, sign and lodge your completed Form of Acceptance as stated above so as to be received by the CoAL Receiving Agent (UK) by post to the address set out in the Form of Acceptance or by hand (during normal business hours only) at the address set out in the Form of Acceptance not later than 1.00pm (London time) on 3 March 2016.[†] You should send with the Form of Acceptance any share certificate(s) and/or other document(s) of title which you may have available, accompanied by a letter stating that the remaining documents will follow as soon as possible or that you have lost one or more of your share certificate(s) and/or other documents of title. You should then arrange for the relevant share certificate(s) and/or other document(s) of title to be forwarded as soon as possible.

If you have lost your share certificate(s) and/or other document(s) of title, you should telephone the CoAL Receiving Agent (UK) on 0371 495 0103 (or +44 371 495 0103, if telephoning from outside the UK) as soon as possible requesting a letter of indemnity for the lost share certificate(s) and/or other document(s) of title which, when completed in accordance with the instructions given, should be returned by post or by hand (during normal business hours only) to the CoAL Receiving Agent (UK) at the address set out in the Form of Acceptance.

4. Validity of acceptances

Without prejudice to Part B of Appendix VI and this Part B, CoAL reserves the right to treat as valid in whole or in part any acceptance of the Offer which is not entirely in order or which is not accompanied by the relevant share certificate(s) and/or other document(s) of title. In that event, no payment of cash under will be made and no Consideration Shares or Loan Notes will be issued under the Offer until after the relevant share certificate(s) and/or other document(s) of title or indemnities or other assurances reasonably satisfactory to CoAL have been received.

5. To elect for the Loan Note Alternative

To elect for the Loan Note Alternative in respect of some or all of your Universal Shares, you must complete the Form of Acceptance as set out in section 2 above and specify the number of Universal Shares for which you wish to receive Loan Notes instead of the Cash and Share Consideration (or in the case of Restricted Universal Shareholders, the Cash Consideration).

6. Effect of acceptance

Without prejudice to the terms of the Form of Acceptance and the provisions of Part A and Part B of Appendix VI, each Universal Shareholder by whom, or on whose behalf, a Form of Acceptance is executed and lodged with the CoAL Receiving Agent (UK) (subject to the rights of withdrawal set out in section 3 of Part B of Appendix VI),

irrevocably undertakes, represents, warrants and agrees to and with CoAL and the CoAL Receiving Agent (UK) (so as to bind him, his personal or legal representatives, heirs, successors and assigns):

- (a) that the execution of a Form of Acceptance, whether or not any Boxes are completed, shall constitute:
 - (i) an acceptance of the Offer in respect of all of the number of Universal Shares registered in the name of the Universal Shareholder; and
 - (ii) an undertaking to execute any further documents, take any further action and give any further assurances which may be required to enable CoAL to obtain the full benefit of Part B of Appendix VI and/or to perfect any of the authorities expressed to be given hereunder and otherwise in connection with his acceptance of the Offer,

in each case on and subject to the terms and Conditions set out or referred to in this Offer Document and the Form of Acceptance and that, subject only to the rights of withdrawal set out in section 3 of Part B of Appendix VI, each such acceptance, election and undertaking shall be irrevocable, provided that if:

- (iii) no boxes are completed; or
- (iv) the total number of Universal Shares inserted in Box 2 is lesser or greater than the number of Universal Shares held by the Universal Shareholder; or
- (v) the acceptance is otherwise completed incorrectly, but the Form of Acceptance is signed,

it will be deemed to be an acceptance of the Cash and Share Offer (or, in the case of Restricted Universal Shareholders, the Cash Consideration) in respect of all Universal Shares held by the Universal Shareholder;

- (b) that he is irrevocably and unconditionally entitled to sell and transfer the beneficial ownership of the Universal Shares comprised or deemed to be comprised in such acceptance and that such shares are sold fully paid and free from all liens, charges, equities, encumbrances, rights of pre-emption and other interests of any nature whatsoever and together with all rights attaching to them on or after the date of the Offer Announcement, including, without limitation, voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, paid or made, or any other return of capital (whether by reduction of share capital or share premium account or otherwise) made, on or after the date of the Offer Announcement;
- (c) that such Universal Shareholder:
 - (i) has not received or sent copies or originals of this Offer Document, the Form of Acceptance or any related documents in, into, or from an Excluded Jurisdiction;

- (ii) has not, in connection with the Offer or the execution or delivery of the Form of Acceptance utilised, directly or indirectly, the mails of, or any means or instrumentality (including, without limitation, facsimile transmission, email, telephone, internet or other forms of electronic communication) of interstate or foreign commerce of, or of any facilities of a national securities exchange of, any Excluded Jurisdiction;
- (iii) is accepting the Offer from outside an Excluded Jurisdiction and was outside such jurisdictions when the Form of Acceptance was delivered;
- (iv) is not an agent or fiduciary acting on a non-discretionary basis for a principal, unless such agent or fiduciary is an authorised employee of such principal or such principal has given any instructions with respect to the Offer from outside an Excluded Jurisdiction;
- (v) the Universal Shareholder has observed the laws and regulatory requirements of the relevant jurisdiction in connection with the Offer, obtained all requisite governmental, exchange control or other consents, complied with all other necessary formalities and paid any issue, transfer or other taxes or duties or other requisite payments due in any such jurisdiction in connection with such acceptance and that he has not taken or omitted to take any action that will or may result in CoAL or any other person acting in breach of the legal or regulatory requirements of any such jurisdiction in connection with the Offer or his acceptance of the Offer;
- (vi) if such Universal Shareholder is a citizen, resident or national of Australia and has made an election for the Loan Note Alternative in respect of some or all of his or her Universal Shares, he or she is a Loan Note Eligible Australian Universal Shareholder;
- (A) if such Universal Shareholder is a citizen, resident or national of South Africa and has made an election for the Loan Note Alternative or the Cash and Share Consideration in respect of some or all of his or her Universal Shares, he or she is an Eligible South African Universal Shareholder;
- (vii) if he or she has made an election for the Loan Note Alternative in respect of some or all of his or her Universal Shares, he or she is eligible to receive Loan Notes and is not a Loan Note Restricted Universal Shareholder, does not hold any of the Universal Shares in respect of which he has accepted the Offer and elected for the Loan Note Alternative for the account or on behalf of any resident of any Loan Note Restricted Territory, and is not acting on behalf of a resident of any Loan Note Restricted Territory and that he will not, directly or indirectly, hold or acquire such Loan Notes with a view to the offer, sale, resale or delivery, directly or indirectly, of any Loan Notes in or into any Loan Note Restricted Territory and will not hold or acquire any Loan Notes for any other person who he has reason to

believe is purchasing for the purpose of such offer, sale, resale or delivery;

- (viii) if he or she is accepting the Cash and Share Offer in respect of some or all of his or her Universal Shares, he or she is eligible to receive Consideration Shares and is not a Restricted Universal Shareholder and is not acquiring, and will not be holding, such Consideration Shares for the account or on behalf of any resident of any Restricted Territory, and is not acting on behalf of a resident of any Restricted Territory and that he will not, directly or indirectly, hold or acquire such Consideration Shares with a view to the offer, sale, resale or delivery, directly or indirectly, of any Consideration Shares in or into any Restricted Territory and will not hold or acquire any Consideration Shares for any other person who he has reason to believe is purchasing for the purpose of such offer, sale, resale or delivery;
- (d) he or she shall do all such acts and things as shall be necessary or expedient to vest in CoAL or its nominees or such other persons as it may decide the Universal Shares comprised in the acceptance;
- (e) that the execution of the Form of Acceptance and its delivery constitutes (subject to the Offer becoming wholly unconditional and to such Universal Shareholder not having validly withdrawn his acceptance) the irrevocable appointment of any directors of, or any person authorised by CoAL as his agent and/or attorney with an irrevocable instruction and authorisation to such attorney to:
 - (i) complete and execute all or any forms of transfer, renunciation and/or other documents at the discretion of such attorney in relation to the Universal Shares comprised in the acceptance in favour of CoAL or such other persons as CoAL or its agents may direct;
 - (ii) deliver any forms of transfer, renunciation and/or other document(s) at the discretion of such attorney together with any share certificate or other document(s) of title for registration relating to such Universal Shares for registration within six months of the Offer becoming wholly unconditional; and
 - (iii) take any other action as may in the opinion of such attorney be necessary or expedient for the purposes of, or in connection with the acceptance of the Offer and to vest in CoAL (or its nominees) the full legal and beneficial ownership of Universal Shares comprised in the acceptance including, if relevant, the Loan Note Alternative pursuant to the Form of Acceptance and to vest in CoAL or such person(s) as it may direct the Universal Shares as aforesaid;
- (f) that the execution of the Form of Acceptance and its delivery constitutes (subject to the Offer becoming wholly unconditional in accordance with its terms and to such Universal Shareholder not having validly withdrawn his acceptance) an irrevocable instruction and authorisation:

- (i) to Universal or its agents to procure the registration of the transfer of the Universal Shares comprised in the acceptance and the delivery of the share certificate(s) and other document(s) of title in respect of the Universal Shares to CoAL or as it may direct;
 - (ii) subject to the provisions of section 6 of Part B of Appendix VI, to CoAL or their respective agents, to procure the issue and despatch by post of a cheque in respect of any cash consideration to which such Universal Shareholder is entitled under the Offer at such Universal Shareholder's risk, to the person or agent whose name and address (outside the Excluded Jurisdictions unless otherwise permitted by CoAL) is set out in Box 4 of the Form of Acceptance or, if none is set out, to the first-named holder at his registered address (outside the Excluded Jurisdictions unless otherwise permitted by CoAL);
 - (iii) subject to the provisions of section 6 of Part B of Appendix VI, to CoAL or their respective agents, to procure the issue and despatch by post of a holding statement in respect of any Consideration Shares to which such Universal Shareholder is entitled under the Offer at such Universal Shareholder's risk, to the person or agent whose name and address (outside the Excluded Jurisdictions unless otherwise permitted by CoAL) is set out in Box 4 of the Form of Acceptance or, if none is set out, to the first-named holder at his registered address (outside the Excluded Jurisdictions unless otherwise permitted by CoAL);
 - (iv) subject to the provisions of section 6 of Part B of Appendix VI, to CoAL or its agent(s) to procure that in accordance with the terms of the Loan Note Instrument, the name(s) of the relevant Universal Shareholder(s) is/are entered on the register of holders of Loan Notes in respect of any Loan Notes to which the Universal Shareholder(s) is/are entitled under the Offer pursuant to a valid election under the Loan Note Alternative (subject to the terms of the Loan Note Instrument) and to procure the despatch by post of the documents of title for any such Loan Notes at the risk of such Universal Shareholder to the first-named holder at an address outside an Excluded Jurisdiction (or any other jurisdiction where extension or acceptance of the Loan Note Alternative would violate the law of that jurisdiction) stipulated by such holder or as otherwise determined by CoAL; and
 - (v) to CoAL, Universal or their respective agents, to record, act and rely on any mandates, instructions, consents or instruments in force relating to payments, notices or distributions which have been entered in the records of Universal in respect of his holding of certificated Universal Shares (until such are revoked or varied) as if such mandates, instructions, consents or instruments had been given in respect of his or her holding of Loan Notes;
- (g) that the execution of the Form of Acceptance constitutes the giving of authority to each of CoAL and its director(s), partners and agents within the terms set out in Part B of Appendix VI and this Part B of Appendix VII;

- (h) that, subject to the Offer becoming wholly unconditional (or if the Offer would become wholly unconditional or lapse on the outcome of the resolution in question) in respect of Universal Shares in respect of which the Offer has been accepted or deemed to be accepted, which acceptance has not been validly withdrawn and pending registration in the names of CoAL, or as it may direct:
- (i) CoAL or its agents shall be authorised to direct the exercise of any votes and any or all other rights and privileges (including the right to call a general or separate class meeting of Universal) attaching to the Universal Shares comprised or deemed to be comprised in such acceptance; and
 - (ii) the execution of a Form of Acceptance by a Universal Shareholder shall constitute with regard to such Universal Shares comprised in the acceptance:
 - (A) an authority to Universal or its agents to send any notice, circular, warrant or other document or communication which may be required to be sent to him as a member of Universal to CoAL at its registered office;
 - (B) an irrevocable authority to any directors of or person authorised by CoAL or any director of CoAL to sign any document and do such things as may, in the opinion of that agent and/or attorney, seem necessary or desirable in connection with the exercise of any votes or other rights or privileges attaching to the Universal Shares held by him (including, without limitation, signing any consent to short notice of a general or separate class meeting as his agent and/or attorney and on his behalf and executing a form of proxy appointing any person nominated by CoAL to attend general and separate class meetings of Universal and attending any such meeting and exercising the votes attaching to the Universal Shares comprised or deemed to be comprised in such acceptance on his behalf, where relevant such votes to be cast so far as possible to satisfy any outstanding Condition); and
 - (C) the agreement of such Universal Shareholder not to exercise any such rights without the consent of CoAL and the irrevocable undertaking not to appoint a proxy for or to attend any such general or separate class meeting of Universal;
- (i) that he will deliver to, or procure the delivery to the CoAL Receiving Agent (UK) of, his certificate(s) or other document(s) of title in respect of those Universal Shares comprised in the acceptance and not validly withdrawn by him or an indemnity acceptable to CoAL, as soon as possible, and in any event within six months of the Offer becoming wholly unconditional;
- (j) that, subject to the Offer becoming wholly unconditional in accordance with its terms and to such Universal Shareholder not having validly withdrawn his

acceptance, CoAL is entitled to register a transfer of the Universal Shares accepted in the Offer even if the Universal Shareholder has yet to be paid the applicable Offer consideration;

- (k) that the terms and Conditions of the Offer are deemed to be incorporated in, and form part of, the Form of Acceptance, which will be read and construed accordingly;
- (l) that if the Universal Shareholder is the CDI Nominee then, notwithstanding anything else in this Part B of Appendix VII or this Offer Document, the Universal Shareholder irrevocably directs CoAL to pay the Offer consideration to which the Universal Shareholder is entitled in respect of any parcel of Universal Shares to the holder(s) of the corresponding Universal CDIs in accordance with this Offer Document and payment to such Universal CDI Holder(s) shall discharge CoAL 's obligations to pay the relevant Offer consideration to the CDI Nominee;
- (m) that he will ratify each and every act or thing which may be done or effected by CoAL or the CoAL Receiving Agent (UK) or any of their respective directors or agents, as the case may be, in the exercise of any of the powers and/or authorities under this Part B of Appendix VII;
- (n) that, if any provision of Part B of Appendix VI and this Part B of Appendix VII will be unenforceable or invalid or will not operate so as to afford CoAL or the CoAL Receiving Agent (UK) or any of their respective directors, agents or persons authorised by them, the benefit of the authority expressed to be given therein, he will, with all practicable speed, do all such acts and things and execute all such documents that may be required or desirable to enable CoAL and/or the CoAL Receiving Agent (UK) and any of their respective directors, agents or persons authorised by them to secure the full benefit of Part B of Appendix VI and this Part B of Appendix VII;
- (o) that the execution of the Form of Acceptance constitutes the Universal Shareholder's submission to the exclusive jurisdiction of the courts of England in relation to all matters arising in connection with the Offer and the Form of Acceptance;
- (p) that the Form of Acceptance will be deemed to be delivered on the date of its execution and will take effect as a deed on such date; and
- (q) that he is not a client of Qinisele in connection with the Offer.

A reference in this Part B of Appendix VII to a Universal Shareholder includes a reference to the person or persons executing the Form of Acceptance and, in the event of more than one person executing a Form of Acceptance, the provisions of this Part B will apply to them jointly and to each of them.

7. CREST procedures for conversion of Universal Shares into certificated or uncertificated form

Normal CREST procedures (including timings) apply in relation to any Universal Shares that are, or are to be, converted from uncertificated to certificated form, or

from certificated to uncertificated form, during the course of the Offer (whether any such conversion arises as a result of a transfer of Universal Shares or otherwise). Holders of Universal Shares who are proposing to convert any such shares are recommended to ensure that the conversion procedures are implemented in sufficient time to enable the person holding or acquiring the shares as a result of the conversion to take all necessary steps in connection with an acceptance of the Offer (in particular, as regards delivery of share certificate(s) and or other documents of title or transfers to an escrow balance as described above) prior to 1.00 p.m. on 3 March 2016.[†]

8. Further information

If you have any questions relating to this Offer Document or the completion and return of the Form of Acceptance, please telephone the CoAL Receiving Agent (UK) on 0371 495 0103 (or +44 371 495 0103, if telephoning from outside the UK) between 9.00am and 5.30pm (London time) Monday to Friday (excluding UK public holidays).

Calls to the CoAL Receiving Agent (UK) are charged at the standard geographic rate and will vary by provider. Calls to the CoAL Receiving Agent (UK)'s phone number from outside the UK are charged at applicable international rates.

The CoAL Receiving Agent (UK) cannot provide advice on the merits of the Offer nor give any financial, legal or tax advice. Further Forms of Acceptance are available from the CoAL Receiving Agent (UK) upon request.

[†] Except where the Offer Period is extended.

PART C ACCEPTANCE BY HOLDERS OF SHARES IN UNCERTIFICATED FORM

This Part C applies only to Universal Shares held in uncertificated form. If you hold all your Universal Shares in certificated form, you should ignore this Part C and instead read Part B above.

1. General

If your Universal Shares are in uncertificated form (i.e. in CREST), to accept the Offer you should take (or procure the taking of) the action set out below to transfer the Universal Shares in respect of which you accept the Offer to the appropriate escrow balance(s) specifying the CoAL Receiving Agent (UK) (in its capacity as a CREST participant under its participant ID referred to below) as the Escrow Agent, as soon as possible **and in any event so that the TTE Instruction settles not later than 1.00pm (London time) on 3 March 2016.**[†] Note that the settlement cannot take place on weekends or bank holidays (or other times at which the CREST system is non-operational) and you should therefore ensure you time the input of any TTE Instructions accordingly.

The input and settlement of a TTE Instruction in accordance with this Part C will (subject to satisfying the requirements set out in Part B of Appendix VI and this Part C) constitute an acceptance of the Offer in respect of the number of Universal Shares registered in the name of the Universal Shareholder.

If you are a CREST sponsored member, you should refer to your CREST sponsor before taking any action. Your CREST sponsor will be able to confirm details of your Participant ID and the member account ID under which your Universal Shares in uncertificated form are held. Only your CREST sponsor will be able to send the TTE Instruction(s) to Euroclear in relation to your Universal Shares.

After settlement of a TTE Instruction, you will not be able to access the Universal Shares concerned in CREST for any transaction or charging purposes unless the Offer lapses or is withdrawn or you are entitled to withdraw your acceptance of the Offer and do so. If the Offer becomes or is declared unconditional in all respects, the Escrow Agent will transfer the Universal Shares concerned to itself in accordance with this Part C.

You are recommended to refer to the CREST Manual issued by Euroclear for further information on the CREST procedures outlined below.

You should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in connection with a TTE Instruction and its settlement. You should therefore ensure that all necessary action is taken by you (or by your CREST sponsor) to enable a TTE Instruction relating to your Universal Shares to settle prior to 1.00pm (London time) on 3 March 2016.[†] In this connection, you are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

[†] Except where the Offer Period is extended.

2. To accept the Offer

To accept the Offer in respect of Universal Shares held in uncertificated form, you should send (or, if you are a CREST sponsored member, procure that your CREST sponsor sends) a TTE Instruction to Euroclear in respect of such Universal Shares. A TTE Instruction to Euroclear must be properly authenticated in accordance with Euroclear's specifications for transfers to escrow and must contain, in addition to the other information that is required for a TTE Instruction to settle in CREST, the following details:

- (a) the ISIN number for the Universal Shares. This is GB00B5MXWJ43;
- (b) the number of Universal Shares in respect of which you wish to accept the Offer (i.e. the number of Universal Shares to be transferred to an escrow balance);
- (c) your member account ID;
- (d) your participant ID;
- (e) the participant ID of the Escrow Agent for the Offer. This is 3RA25;
- (f) the member account ID of the Escrow Agent. This is COAUNI01;
- (g) the intended settlement date. This should be as soon as possible and in any event not later than 1.00pm (London time) on 3 March 2016;[†]
- (h) the corporate action number of the Offer. This is allocated by Euroclear and will be available on screen from CREST;
- (i) input with a standard delivery instruction priority of 80; and
- (j) the contact name and telephone number in the shared note field.

3. Validity of acceptances

Holders of Universal Shares in uncertificated form who wish to accept the Offer should note that a TTE Instruction will be a valid acceptance of that Offer as at the relevant closing date only if it has settled on or before 1.00pm (London time) on that date. A Form of Acceptance which is received in respect of Universal Shares held in uncertificated form will not constitute a valid acceptance and will be disregarded.

4. To elect for the Loan Note Alternative

To elect for the Loan Note Alternative in respect of Universal Shares held in uncertificated form, you should send (or, if you are a CREST sponsored member, procure that your CREST sponsor sends) to Euroclear an alternative TTE Instruction (**Loan Note TTE Instruction**) in relation to such shares by adopting the same procedures as apply in respect of a TTE Instruction, but with the following variations:

[†] Except where the Offer Period is extended.

- (a) in the field relating to the number of Universal Shares to be transferred to escrow, you should insert the number of Universal Shares in respect of which you wish to make an election for the Loan Note Alternative; and
- (b) the member account ID of the Escrow Agent for the Loan Notes, which is COAUNI02.

5. Effect of acceptance

Without prejudice to the provisions of Part A and Part B of Appendix VI, each Universal Shareholder by whom, or on whose behalf, an Electronic Acceptance is made irrevocably undertakes, represents, warrants and agrees to and with CoAL and the CoAL Receiving Agent (UK) (so as to bind his/her personal representatives, heirs, successors and assigns) to the effect that:

- (a) the Electronic Acceptance shall constitute:
 - (i) an acceptance of the Offer in respect of the number of Universal Shares registered in the name of the Universal Shareholder;
 - (ii) an election under the Loan Note Alternative to receive Loan Notes instead of the Cash and Share Consideration (or, in the case of a Restricted Universal Shareholder, the Cash Consideration) to which he or she would otherwise be entitled under the Cash and Share Offer, in respect of the number of Universal Shares to which a Loan Note TTE Instruction relates; and
 - (iii) an undertaking to execute any documents, take any further action and give any further assurances which may be required to enable CoAL to obtain the full benefit of this Part C and/or to perfect any of the authorities expressed to be given hereunder and otherwise in connection with his acceptance of the Offer,

in each case, on and subject to the terms and conditions of the Offer set out or referred to in this Offer Document (which shall be deemed to be incorporated into such acceptance) and that, subject only to the rights of withdrawal set out or referred to in section 3 of Part B of Appendix VI, such acceptance shall be irrevocable;

- (b) that the Universal Shares in uncertificated form in respect of which the Offer is accepted or deemed to be accepted are sold free from all liens, charges, equitable interests, encumbrances, rights of pre-emption and other third party interests of any nature whatsoever and together with all rights attaching thereto, including the right to receive all dividends and other distributions, if any, declared, made or paid after the date of the Offer Announcement;
- (c) such Universal Shareholder:
 - (i) has not received or sent copies or originals of this Offer Document or any related documents in, into, or from an Excluded Jurisdiction;

- (ii) has not, in connection with the Offer utilised, directly or indirectly, the mails of, or any means or instrumentality (including, without limitation, facsimile transmission, email, telephone, internet or other forms of electronic communication) of interstate or foreign commerce of, or of any facilities of a national securities exchange of, any Excluded Jurisdiction;
- (iii) is accepting the Offer from outside an Excluded Jurisdiction and was outside such jurisdictions at the time of the input and settlement of the relevant TTE Instruction(s);
- (iv) is not an agent or fiduciary acting on a non-discretionary basis for a principal, unless such agent or fiduciary is an authorised employee of such principal or such principal has given any instructions with respect to the Offer from outside an Excluded Jurisdiction;
- (v) the Universal Shareholder has observed the applicable laws of any relevant jurisdiction, obtained all necessary governmental, exchange control and other consents, complied with all requisite formalities, paid any issue, transfer or other taxes and made other payments due in any such jurisdiction in connection with the Universal Shareholder's acceptance and has not taken or omitted to take any action that will or may result in CoAL or any other person acting in breach of the legal or regulatory requirements of any relevant jurisdiction in connection with the Offer or the Universal Shareholder's acceptance thereof;
- (vi) if such Universal Shareholder is a citizen, resident or national of Australia and has made an election for the Loan Note Alternative in respect of some or all of his or her Universal Shares, he or she is a Loan Note Eligible Australian Universal Shareholder;
- (vii) if such Universal Shareholder is a citizen, resident or national of South Africa and has made an election for the Loan Note Alternative or the Cash and Share Consideration in respect of some or all of his or her Universal Shares, he or she is an Eligible South African Universal Shareholder;
- (viii) if he or she has made an election for the Loan Note Alternative in respect of some or all of his or her Universal Shares, he or she is eligible to receive Loan Notes and is not a Loan Note Restricted Universal Shareholder, does not hold any of the Universal Shares in respect of which he has accepted the Offer and elected for the Loan Note Alternative for the account or on behalf of any resident of any Loan Note Restricted Territory, and is not acting on behalf of a resident of any Loan Note Restricted Territory and that he will not, directly or indirectly, hold or acquire such Loan Notes with a view to the offer, sale, resale or delivery, directly or indirectly, of any Loan Notes in or into any Loan Note Restricted Territory and will not hold or acquire any Loan Notes for any other person who he has reason to believe is purchasing for the purpose of such offer, sale, resale or delivery;

- (ix) if he or she is accepting the Cash and Share Offer in respect of some or all of his or her Universal Shares, he or she is eligible to receive Consideration Shares and is not a Restricted Universal Shareholder and is not acquiring, and will not be holding, such Consideration Shares for the account or on behalf of any resident of any Restricted Territory, and is not acting on behalf of a resident of any Restricted Territory and that he will not, directly or indirectly, hold or acquire such Consideration Shares with a view to the offer, sale, resale or delivery, directly or indirectly, of any Consideration Shares in or into any Restricted Territory and will not hold or acquire any Consideration Shares for any other person who he has reason to believe is purchasing for the purpose of such offer, sale, resale or delivery;
- (d) the Electronic Acceptance constitutes, subject to the Offer becoming wholly unconditional with its terms and to the Universal Shareholder not having validly withdrawn his/her acceptance, the irrevocable appointment of each of CoAL and/or Qinisele and/or any of its or their respective directors or agents and/or any person authorised by either of them as the Universal Shareholder's attorney and/or agent (the **attorney**), and an irrevocable instruction and authorisation to the attorney to do all such acts and things as may in the attorney's opinion be necessary or expedient for the purpose of, or in connection with, acceptance of the Offer and to vest in CoAL or its nominee the Universal Shares for which an acceptance of the Offer has been given;
- (e) the Electronic Acceptance constitutes the irrevocable appointment of the CoAL Receiving Agent (UK) as Escrow Agent and an irrevocable instruction and authority to the Escrow Agent:
 - (i) subject to the Offer becoming wholly unconditional and to the accepting Universal Shareholder not having validly withdrawn his/her acceptance, to transfer to itself (or to such other person or persons as CoAL or its agents may direct) by means of CREST all or any of the Universal Shares for which an acceptance of the Offer has been given; and
 - (ii) if the Offer does not become wholly unconditional, to give instructions to Euroclear, immediately after the lapsing of the Offer, to transfer all such Universal Shares to the original available balance of the Universal Shareholder;
- (f) the Electronic Acceptance constitutes, subject to the Offer becoming wholly unconditional and to the Universal Shareholder not having validly withdrawn his/her acceptance, an irrevocable authority and request:
 - (i) to CoAL or its agents (subject to the provisions of section 6 of Part B of Appendix VI) to procure the making of a CREST payment obligation in favour of the Universal Shareholder's payment bank in accordance with the CREST payment arrangements in respect of any cash consideration to which such shareholder is entitled and provided that (aa) CoAL may (if, for any reason, it wishes to do so) determine that all or any part of any such cash consideration shall be paid by cheque despatched by post and (bb) if the Universal Shareholder concerned

is a CREST member whose registered address is in any Excluded Jurisdiction, any cash consideration to which such shareholder is entitled shall be paid by cheque despatched by post, such cheques to be despatched, at the risk of such shareholder, to the first-named holder at an address outside any Excluded Jurisdiction stipulated by such holder or as otherwise determined by CoAL;

- (ii) to CoAL or its agents (subject to the provisions of section 6 of Part B of Appendix VI) to procure the issue and despatch by post of a holding statement in respect of any Consideration Shares to which such Universal Shareholder is entitled under the Offer at such Universal Shareholder's risk, to the first-named holder at his or her registered address (outside the Excluded Jurisdictions unless otherwise permitted by CoAL);
- (iii) to CoAL or its agent(s) (subject to the provisions of section 6 of Part B of Appendix VI) to procure that in accordance with the terms of the Loan Note Instrument, the name(s) of the relevant Universal Shareholder(s) is/are entered on the register of holders of Loan Notes in respect of any Loan Notes to which the Universal Shareholder(s) is/are entitled pursuant to an election under the Loan Note Alternative (subject to the terms of the Loan Note Instrument) and to procure the despatch by post of the documents of title for any such Loan Notes, at the risk of such Universal Shareholder to the first-named holder at an address outside an Excluded Jurisdiction (or any other jurisdiction where extension or acceptance of the Loan Note Alternative would violate the law of that jurisdiction) stipulated by such holder or as otherwise determined by CoAL;
- (iv) to CoAL or its agents (subject to the provisions of section 6 of Part B of Appendix VI) to record and act upon any instructions with regard to notices or dividend mandates which have been recorded in the records of Universal in respect of such Universal Shareholder's holding(s) of Universal Shares as if such mandates had been given in respect of its holding of new Shares; and
- (v) to CoAL, Universal or their respective agents, to record, act and rely on any mandates, instructions, consents or instruments in force relating to payments, notices or distributions which have been entered in the record of Universal in respect of his holding of Universal Shares (until such are revoked or varied) as if such mandates, instructions, consents or instruments had been given in respect of his holding of Loan Notes;
- (g) the Electronic Acceptance constitutes in respect of Universal Shares for which an acceptance of the Offer has been given a separate authority to CoAL, Qinisele and/or their respective directors, partners and agents in the terms set out in Part B of Appendix VI and this Part C;

- (h) subject to the Offer becoming or being declared wholly unconditional and pending registration of any transfer pursuant to the Offer:
 - (i) CoAL and/or its agents shall be entitled to direct the exercise of any votes and any or all other rights and privileges (including the right to requisition the convening of a general meeting of Universal or of any class of its shareholders) attaching to the Universal Shares for which an acceptance of the Offer has been given; and
 - (ii) an Electronic Acceptance, in respect of the Universal Shares for which an acceptance of the Offer has been given, constitutes:
 - (A) an authority to Universal from the Universal Shareholder to send any notice, circular, warrant, document or other communication which may be required to be sent to the Universal Shareholder as a member of Universal (including any share certificate(s) and/or other document(s) of title issued as a result of a conversion of such Universal Shares into certificated form) to CoAL at its registered office;
 - (B) an authority to CoAL or any director of CoAL to sign any consent to short notice of a general or separate class meeting as the Universal Shareholder's attorney and/or agent and on his/her behalf and/or to attend, and/or to execute a form of proxy in respect of such Universal Shares appointing any person nominated by CoAL to attend general and separate class meetings of Universal (and any adjournments thereof) and to exercise the votes attaching to such shares on the Universal Shareholder's behalf, where relevant such votes to be cast so far as possible to satisfy any outstanding condition of the Offer; and
 - (C) the agreement of the Universal Shareholder not to exercise any of such rights without the consent of CoAL and the irrevocable undertaking of the Universal Shareholder not to appoint a proxy to attend any such general meeting or separate class meeting,

provided that the authorities given and the agreement made under this subsection (h) shall cease to be of effect if the acceptance of the relevant Universal Shares is validly withdrawn;

- (i) the Universal Shareholder has all necessary rights to dispose of the Universal Shares for which an acceptance of the Offer has been given and has with full capacity and authority to effect an Electronic Acceptance in respect of such Universal Shares, that such Universal Shares are fully paid up and that CoAL will acquire title to and all interests in them free from all liens, equitable interests, charges, encumbrances and other third party rights of any nature whatsoever and together with all rights attaching to them, including the right to receive and retain all dividends and other distributions (if any), or any returns of capital, declared, made or paid on or after the date of the Offer Announcement;

- (j) the Universal Shareholder will do all such acts and things as shall be necessary or expedient to vest in CoAL or its nominee(s) or such other person(s) as CoAL may decide the Universal Shares for which an acceptance of the Offer has been given (which has not been validly withdrawn), will do all such acts and things as may be necessary or expedient to enable the Escrow Agent to perform its functions as escrow agent for the purposes of the Offer, and will ratify each and every act or thing which may be done or effected by CoAL, Qinisele or the CoAL Receiving Agent (UK) or any director of CoAL, Qinisele or the CoAL Receiving Agent (UK) or their respective agents, or by Universal or its agents, as the case may be, in the exercise of any of their powers and/or authorities under this Part C;
- (k) if for any reason any Universal Shares in respect of which an Electronic Acceptance relates are converted to certificated form, the Universal Shareholder will immediately deliver or procure the immediate delivery of the share certificate(s) and/or other document(s) of title in respect of all such Universal Shares as so converted to the CoAL Receiving Agent (UK) at its address set out in this Offer Document, or to CoAL at its registered office, or as CoAL or its agents may direct; and the Universal Shareholder shall be deemed upon conversion to undertake, represent, warrant and agree in the terms set out in Part B of this Appendix VII in relation to such Universal Shares without prejudice to the application of this Part C as far as CoAL deems appropriate;
- (l) the making of an Electronic Acceptance constitutes the Universal Shareholder's agreement to the terms of section 8.17 of Part B of Appendix VI;
- (m) by virtue of the CREST Regulations, the making of an Electronic Acceptance constitutes an irrevocable power of attorney in favour of CoAL, Qinisele, the CoAL Receiving Agent (UK) and any of their respective agents by the Universal Shareholder in the terms of all the powers and authorities expressed to be given by Part B of Appendix VI, this Part C and (where applicable by virtue of section (k) above) Part B of this Appendix VII;
- (n) that if the Universal Shareholder is the CDI Nominee then notwithstanding anything else in this Part C of Appendix VII or this Offer Document, the Universal Shareholder irrevocably directs CoAL to pay the Offer consideration to which the Universal Shareholder is entitled in respect of any parcel of Universal Shares to the holder(s) of the corresponding Universal CDIs in accordance with this Offer Document and payment to such Universal CDI Holder(s) shall discharge CoAL's obligations to pay the relevant Offer consideration to the CDI Nominee;
- (o) if any provision of by Part B of Appendix VI or this Part C of this Appendix VII shall be unenforceable or invalid or shall not operate so as to afford CoAL, Qinisele or the CoAL Receiving Agent (UK) or any director of any of them the benefit of the authorities and powers of attorney (or any of them) expressed to be given therein, the Universal Shareholder shall with all practicable speed do all such acts and things and execute all such documents that may be required to enable CoAL and/or Qinisele and/or the Receiving Agent and/or any

director of either of them to secure the full benefits of all such powers and attorneys; and

- (p) the Universal Shareholder is not a client of Qinisele in connection with the Offer.

References in this Part C to a Universal Shareholder shall include references to the person or persons making an Electronic Acceptance and, if more than one makes an Electronic Acceptance, the provisions of this Part C shall apply to them jointly and severally.

6. Further information

If you are in any doubt as to the procedure for acceptance of the Offer, please telephone the CoAL Receiving Agent (UK) on 0371 495 0103 (or +44 371 495 0103, if telephoning from outside the UK) between 9.00am to 5.30pm (London Time) Monday to Friday (excluding public holidays in England and Wales). Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Please note that the CoAL Receiving Agent (UK) cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes. Additional Forms of Acceptance are available from the CoAL Receiving Agent (UK) upon request. You are reminded that, if you are a CREST sponsored member, you should contact your CREST sponsor before taking any action.

Appendix VIII – Australian Taxation Considerations

1. Introduction

The following is a general description of the Australian and South African income and capital gains tax (**CGT**) consequences for Universal Shareholders who accept the Offer who are tax residents of Australia and not tax residents of South Africa. The comments set out below are relevant only to those Universal Shareholders who hold their Universal Shares on capital account. Universal Shareholders who hold their Universal Shares for the purposes of speculation or a business of dealing in securities (e.g. as trading stock) or who acquired their Universal Shares pursuant to an employee share or option plan should seek their own advice.

Universal Shareholders who are tax residents of a country other than Australia (including South Africa) should take into account the tax consequences under the laws of their country of residence, as well as under Australian law, of acceptance of the Offer.

The following description is based upon the Australian law and administrative practice in effect at the date of the Offer Document, but it is general in nature and is not intended to be an authoritative or complete statement of the laws applicable to the particular circumstances of every Universal Shareholder. Universal Shareholders should seek independent professional advice in relation to their own particular circumstances.

Unless otherwise defined, all capitalised terms in this Appendix VIII have the same meaning as in the Offer Document.

2. Universal Australian tax resident shareholders

(a) Universal Shareholders who accept the Offer

Acceptance of the Offer will involve the disposal by Universal Shareholders of their Universal Shares by way of transfer to CoAL. This change in the ownership of the Universal Shares will constitute a CGT event for Australian CGT purposes.

The date of disposal for CGT purposes will be the date the contract to dispose of the Universal Shares is formed. The date the contract to dispose of the Universal Shares is formed will be the date that the Offer is accepted.

(b) Capital Gains Tax

(i) Calculation of Australian capital gain or capital loss (apart from scrip for scrip rollover relief)

Universal Shareholders who are Australian tax residents may make an Australian capital gain or capital loss on the transfer of their Universal Shares. Universal Shareholders will make a capital gain to the extent that their capital proceeds from the disposal of the Universal Shares are more than the cost base (or in some cases indexed cost base) of those Universal Shares. Conversely, Universal Shareholders will make

a capital loss to the extent that the capital proceeds are less than their reduced cost base of those Universal Shares.

The cost base of the Universal Shares generally includes the cost of acquisition and any incidental costs of acquisition and disposal that are not deductible to the shareholder.

The capital proceeds of the capital gains tax event will include the total of the cash consideration of A\$0.20 (**Cash Consideration**) per Universal Share and the market value of the CoAL Share received (**Share Consideration**), calculated at the time the Offer is accepted. Alternately, if applicable, the capital proceeds will be the \$A0.25 Loan Note received under the Loan Note Alternative for each Universal Share which is tendered under the Offer.

Individuals, complying superannuation entities or trustees that have held Universal Shares for at least 12 months should be entitled to discount the amount of the capital gain (after application of capital losses) from the disposal of Universal Shares by 50 per cent. in the case of individuals and trusts or by $33\frac{1}{3}$ per cent. for complying superannuation entities. For trusts the ultimate availability of the discount may depend on a beneficiary's entitlement to the discount.

Capital gains and capital losses of a taxpayer in a year of income are aggregated to determine whether there is a net capital gain. Any net capital gain is included in assessable income and is subject to income tax. Capital losses may not be deducted against other income for income tax purposes, but may be carried forward to offset against future capital gains.

(ii) Scrip for scrip roll-over relief

Partial scrip for scrip roll-over relief from Australian CGT should be available to Universal Shareholders receiving Cash and Share Consideration if CoAL acquires at least 80 per cent. of the Universal Shares under the Offer. However, scrip-for-scrip relief is not applicable if a capital loss would otherwise arise on the disposal of the Universal Shares. If, and to the extent that, scrip for scrip roll-over relief is available and chosen, then the portion of the capital gain that would otherwise arise in relation to the receipt of the Share Consideration should be disregarded. Any capital gain that arises in relation to the receipt of the Cash Consideration would not be disregarded (see below).

CoAL will not make a choice under section 124-795(4) of the *Income Tax Assessment Act 1997* to deny scrip for scrip roll-over relief.

Where a shareholder chooses scrip for scrip roll-over relief the shareholder would make a capital gain to the extent that the Cash Consideration that the shareholder received (the **Ineligible Proceeds**) exceeds a proportionate part of the cost base for the shareholder's Universal Shares. The capital gain should be calculated as follows:

$$\begin{array}{l} \text{Capital gain} \\ \text{on} \\ \text{exchanging} \\ \text{Universal} \\ \text{Shares} \end{array} = \begin{array}{l} \text{Ineligible} \\ \text{Proceeds} \end{array} - \left(\frac{\text{Ineligible Proceeds}}{\text{Ineligible Proceeds} + \text{market value of CoAL Shares at the date the Offer is accepted}} \times \begin{array}{l} \text{Cost base of} \\ \text{Universal Shares} \end{array} \right)$$

(iii) South African CGT

Universal Shareholders holding less than 20 per cent. of the shares in Universal who are not resident of South Africa will not be subject to South African CGT, unless the shares are attributable to a permanent establishment of such Universal Shareholder in South Africa. The shares will then be subject to South African CGT irrespective of the percentage shareholding held by the Universal Shareholder.

Universal Shareholders not resident in South Africa and holding at least 20 per cent. of Universal Shares will however only be subject to South African CGT, if 80 per cent. or more of the market value of the shares is attributable to immovable property. The sale will be subject to a withholding tax on the purchase consideration, of 5 per cent. for natural persons, 7.5 per cent. for companies and 10 per cent. for trusts. The withholding tax is not a final tax and therefore as and when the liability for CGT falls due, it will be adjusted by the withholding tax already paid.

Universal Shareholders not resident in South Africa and subject to CGT as a result of the shares being attributable to a permanent establishment of such Universal Shareholder in South Africa, will not be subject to a withholding tax.

(c) Tax Implications of holding CoAL Shares

As a consequence of accepting the Cash and Share Offer, a Universal Shareholder will cease to be a shareholder of Universal and will become a shareholder of CoAL.

Dividends (and any attaching franking credits) received by an Australian resident shareholder of CoAL would generally be required to be included in the assessable income of the shareholder.

However the dividend will be subject to South African dividends withholding tax at the rate of 15 per cent.. Australian resident shareholders holding 10 per cent. or more of CoAL may qualify for a reduction in the rate to 5 per cent. under the Australia – South Africa double tax treaty. Australian resident shareholders may be able to claim a foreign tax offset in their Australian tax return for any tax withheld.

(d) CGT on subsequent disposal of CoAL Shares

A subsequent disposal of CoAL Shares should generally result in Australian CGT implications.

(i) Where scrip for scrip rollover relief not claimed or available in relation to the disposal of the Universal Shares, the cost base of the CoAL Shares would include the market value of the Universal Shares disposed of under the Offer at the time the Offer is accepted less the Ineligible Proceeds. The acquisition date of the CoAL Shares will be the date that the Offer is accepted.

(ii) Where scrip for scrip rollover is chosen by the shareholder the cost base for the CoAL Shares should be calculated as follows:

Cost base of CoAL Shares	=	Cost bases of Universal Shares	x	Market value of CoAL Shares at date Offer is accepted
				<hr/>
				Ineligible Proceeds + market value of CoAL Shares at date Offer is accepted

The cost base of the CoAL Shares may also include any incidental costs to sell the CoAL Shares.

A subsequent disposal of CoAL shares by shareholders holding less than 20 per cent. of the shares in CoAL who are not resident of South Africa will not be subject to South African CGT, unless the shares are attributable to a permanent establishment of such CoAL Shareholder in South Africa. The shares will then be subject to South African CGT irrespective of the percentage shareholding held by the CoAL Shareholder.

(e) Tax implications of holding CoAL Loan Notes

In addition to the tax consequences arising from the disposal of the Universal Shares, Universal Shareholders who acquire CoAL Loan Notes as a consequence of accepting the Loan Note Alternative would generally be required to include the interest paid on the Loan Notes in their assessable income. South African withholding tax will be deducted from the interest paid, but the rate of tax in most instances will be limited to 10 per cent. under the Australian/South African Double Tax Treaty. Australian resident shareholders may be able to claim a foreign tax offset in their Australian tax return for any tax withheld.

3. Universal non-resident shareholders

For a Universal Shareholder who:

- (a) is not a resident of Australia for Australian tax purposes; and
- (b) does not hold their Universal Shares in carrying on a business through a permanent establishment in Australia,

the disposal of Universal Shares should generally not have any Australian CGT implications as no more than 50 per cent. of Universal's value is due to direct or indirect interests in Australian real property, which is defined to include mining and exploration leases and licences.

A non-resident Universal Shareholder who has previously been a resident of Australia and chose to disregard a capital gain or loss on ceasing to be a resident may be subject to Australian CGT consequences on disposal of the shares as set out in section 2(b) above. However, scrip for scrip roll-over relief may not be available and such shareholders should seek independent advice in relation to their individual circumstances.

Universal Shareholders holding less than 20 per cent. of the shares in Universal who are not resident of South Africa will not be subject to South African CGT, unless the shares are attributable to a permanent establishment of such Universal Shareholder in South Africa. The shares will then be subject to South African CGT irrespective of the percentage shareholding held by the Universal Shareholder.

Universal Shareholders not resident in South Africa and holding at least 20 per cent. of Universal Shares will however only be subject to South African CGT, if 80 per cent. or more of the market value of the shares is attributable to immovable property. The sale will be subject to a withholding tax on the purchase consideration, of 5 per cent. for natural persons, 7.5 per cent. for companies and 10 per cent. for trusts. The withholding tax is not a final tax and therefore as and when the liability for CGT falls due, it will be adjusted for the withholding tax already paid.

Universal Shareholders not resident in South Africa and subject to CGT as a result of the shares being attributable to a permanent establishment of such Universal Shareholder in South Africa, will not be subject to a withholding tax.

Dividend paid by CoAL will be subject to South African dividends withholding tax at the rate of 15 per cent.. However non-resident shareholders may qualify for a reduction in the rate if there is a double tax agreement in place between South Africa and the jurisdiction of the shareholder.

Payments of interest on the Loan Notes will be subject to interest withholding tax of 15 per cent.. Full and partial exemptions are available, most relevantly, an exemption in terms of the rate of withholding tax withheld where a double tax agreement is in place between South Africa and the jurisdiction of the non – resident interest instrument holder, the rate may qualify for a reduction or be reduced to nil, where the necessary conditions to rely on the provisions of the double tax agreement are complied with.

4. Goods and services tax

Holders of Universal Shares should not be liable for GST in respect of a disposal of those Universal Shares.

Universal Shareholders may be charged GST on costs (such as advisor fees) that relate to their participation in the Offer. Universal Shareholders may be entitled to input tax credits for such costs, but should seek independent advice in relation to their individual circumstances.

Appendix IX – Additional Information

1 Responsibility

The CoAL Board accepts responsibility for the CoAL Information contained in this Offer Document. To the best of the knowledge and belief of the CoAL Board (who have taken all reasonable care to ensure that such is the case), the information contained in this Offer Document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of that information.

The Independent Universal Directors accept responsibility for the Universal Information contained in this Offer Document. To the best of the knowledge and belief of the Independent Universal Directors (who have taken all reasonable care to ensure that such is the case), the Universal Information contained in this Offer Document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of that information.

2 The Company

2.1 Incorporation and registered office

CoAL's legal and commercial name is Coal of Africa Limited. CoAL was formerly known as GVM Metals Limited and was incorporated and registered in Australia on 6 December 1979 as a no liability company. CoAL subsequently converted to a public company regulated under the Australian Corporations Act and the CoAL Shareholders' liability is limited. CoAL changed its name to Coal of Africa Limited in December 2007.

CoAL is domiciled in Australia. Its registered office and corporate headquarters is at Level 1, 173 Mounts Bay Road, Perth, Western Australia, 6000 (Tel No. +61 8 9322 6776).

The principal legislation under which CoAL operates, and under which the CoAL Shares have been created, is the Australian Corporations Act and the regulations made thereunder.

3 CoAL Directors' interests

3.1 Other than as set out below or elsewhere in this Offer Document, no CoAL Director nor any firm in which such a CoAL Director is a partner, has or had within 2 years before the lodgement of this Offer Document with ASIC, any interest in:

- (a) the formation or promotion of CoAL;
- (b) property acquired or proposed to be acquired by CoAL in connection with its formation or promotion or the issue of Consideration Shares pursuant to this Offer Document; or
- (c) the issue of Consideration Shares pursuant to this Offer Document,

and no amounts have been paid or agreed to be paid (in cash or shares or otherwise) to any CoAL Director or to any firm in which any such CoAL Director is a

partner, either to induce him to become, or to qualify him as, a CoAL Director or otherwise for services rendered by him or by the firm in connection with the formation or promotion of CoAL or issue of Consideration Shares pursuant to this Offer Document.

Directors' direct and indirect interests in securities of CoAL at the date of this Offer Document are:

Name	Securities
Bernard Pryor	150,000 CoAL Shares 1,000,000 unlisted options exercisable at GBP 0.055 each on or before 1 December 2018
David Brown	825,000 CoAL Shares 10,575,000 unlisted options exercisable between ZAR 1.2 and ZAR 1.45 each on or before 1 February 2019 9,714,021 unlisted conditional performance rights granted vesting on 1 December 2018
De Wet Olivier Schutte	5,449,944 unlisted conditional performance rights granted vesting on 1 December 2018
Peter Cordin	1,371,059 CoAL Shares 1,000,000 unlisted options exercisable at GBP 0.055 each on or before 1 December 2018
Andrew Mifflin	1,000,000 unlisted options exercisable at GBP 0.055 each on or before 1 December 2018
Thabo Mosololi	10,000 CoAL Shares 1,000,000 unlisted options exercisable at GBP 0.055 each on or before 1 December 2018
Khomotso Mosehla	1,000,000 unlisted options exercisable at GBP 0.055 each on or before 1 December 2018
Rudolph Torlage	Nil

CoAL's Directors will be paid by CoAL by way of remuneration for their services.

Fees payable to non-executive directors will be by a fixed sum and not by a commission on or percentage of profits or operating revenue, and must not exceed in aggregate the amount determined by CoAL Shareholders at a general meeting. In addition, unless otherwise determined by the CoAL Directors, fees payable to non-executive directors will be allocated among them on an equal basis having regard to the proportion of the relevant year for which each non-executive director held office, and will be provided in the manner decided by the CoAL Directors, which may include provision of non-cash benefits. Remuneration payable to executive directors will not include a commission on or percentage of operating revenue.

The CoAL Directors will be entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as directors. If any of the CoAL Directors being willing will be called upon to perform extra services or make any special exertions on behalf of CoAL or the business of CoAL, CoAL may remunerate such CoAL Director in accordance with such services or exertions, and such remuneration may be either in addition to or in substitution for their share in the remuneration.

In the two years preceding lodgement of this Offer Document, A\$2,027,201 (excluding GST where applicable) has been paid by CoAL by way of cash based salary for services provided by all CoAL Directors, companies associated with the CoAL Directors or their associates in their capacity as Directors, employees, consultants or advisers.

The CoAL Directors' remuneration is disclosed in CoAL's annual reports. The CoAL Directors' annual remuneration (inclusive of salary, superannuation and share-based payments) in respect of the financial year ended 30 June 2015 is as follows:

Name	Remuneration
Bernard Pryor	US\$62,940
David Brown	US\$612,735
De Wet Olivier Schutte	US\$8,497
Peter Cordin	US\$42,011
Andrew Mifflin	US\$22,272
Thabo Mosololi	US\$26,791
Khomotso Mosehla	US\$50,688
Rudolph Torlage	US\$50,688

4 Options and Convertible Securities

- 4.1 The Offer extends to any and all Universal Shares issued or unconditionally allotted (fully paid or credited as fully paid) while the Offer remains open for acceptance. This will include Universal Shares arising pursuant to the exercise of options or warrants while the Offer remains open for acceptance.
- 4.2 CoAL has made separate offers to the holders of certain "in the money" options and warrants which, on exercise, will result in the issue of new Universal Shares. The offers made to the holders of "in the money" options and warrants are conditional on, amongst other things, the Offer having become unconditional and will result in payment to those holders of amounts equal to the difference between the Offer Price and the exercise price of the relevant options and warrants. As a result, holders of "in the money" options and warrants are entitled to receive consideration analogous to what they would have received as if they had exercised their options and warrants,

been issued Universal Shares, and accepted the Cash Offer to receive the Cash Consideration in respect of those Universal Shares.

- 4.3 As at the date of this Offer Document, CoAL has received acceptance of these separate offers from all but one of the holders of the relevant options and warrants.

5 Irrevocable undertakings

In aggregate, CoAL has received irrevocable undertakings to accept the Offer from Universal Shareholders in respect of 219,731,118 Universal Shares, representing 43.37 per cent. of Universal's total issued share capital of Universal, including from Coal Development Holdings B.V., Universal's second largest shareholder with an interest of approximately 28.3 per cent. of Universal's total issued share capital.

Of the Universal Shareholders who have irrevocably undertaken to accept or procure acceptance of the Offer, Universal Shareholders holding 39.13 per cent. of the existing issued share capital of Universal have irrevocably undertaken to elect for the Loan Note Alternative.

Each irrevocable undertaking received by CoAL will terminate in the event of a higher competing offer arising, provided such offer is not matched by CoAL.

Details of the irrevocable undertakings are set out in the table below.

Name	Universal Shares subject to irrevocable undertakings	Percentage of Universal issued share capital
Universal Directors (Tony Weber, Hendrik Willem Bonsma and Shammy Luvhengo)	17,419,881	3.44
Universal Shareholders (including Universal Directors)	219,731,118	43.37

6 Market prices of CoAL Shares on ASX

The highest and lowest market sale price of CoAL Shares, which are on the same terms and conditions as the Consideration Shares being offered under this Offer Document, during the three months immediately preceding the lodgement of this Offer Document with ASIC, and the latest practicable market sale price immediately preceding the lodgement of this Offer Document, are set out below.

	3 months high	3 months low	Last Market Sale Price
CoAL Shares	A\$0.0900 on 13 October 2015	A\$0.0410 on 25 November 2015	A\$0.046 on 21 December 2015

7 Taxation

A general Australian tax summary is included in Appendix VIII. That summary is intended only as a general guide to the taxation position under Australian tax legislation and does not constitute tax or legal advice. Any person who is in doubt as to their taxation position or who requires more detailed information should consult their own professional tax adviser.

8 Bases of calculations and sources of information

- 8.1 For the purposes of the financial comparisons contained in this Offer Document, no account has been taken of any liability to taxation or the treatment of fractions under the Offer.
- 8.2 References to a percentage of Universal Shares are based on 506,685,447 Universal Shares in issue as set out in the Appendix 3B of the ASX Listing Rules issued by Universal and dated 10 December 2015.
- 8.3 Unless otherwise stated, the financial information on Universal is extracted or derived from the audited consolidated financial statements for Universal for the years ended 30 June 2014 and 30 June 2015.
- 8.4 Unless otherwise stated, the financial information concerning CoAL is extracted or derived from CoAL's audited annual report and accounts for the years ended 30 June 2014 and 30 June 2015.
- 8.5 All information relating to CoAL has been provided by persons duly authorised by the board of directors of CoAL.
- 8.6 Except as otherwise provided, in this Offer Document, the Exchange Rates have been applied, being:
- (a) A\$ / US\$ of 0.72; and
 - (b) ZAR / A\$ of 0.0991.

9 Interests and Consents of Experts and Advisors

- 9.1 The following parties have given, and have not withdrawn before the date of this Offer Document, their consent to be named in this Offer Document in the form and context in which they are named:
- (a) Peel Hunt LLP as nominated adviser and broker to CoAL;
 - (b) Qinisele Resources as financial adviser to CoAL in relation to the Offer;
 - (c) BDO Corporate Finance (WA) Pty Ltd as investigating accountants to CoAL in relation to the Offer. BDO Corporate Finance (WA) Pty Ltd has also consented to the inclusion of the Investigating Accountant's Report in Schedule 1 of this Offer Document;

- (d) Squire Patton Boggs AU as Australian legal adviser to CoAL in relation to the Offer;
- (e) Squire Patton Boggs (UK) LLP as UK legal adviser to CoAL in relation to the Offer;
- (f) ENSAfrica as South African legal adviser to CoAL in relation to the Offer;
- (g) Computershare AU as CoAL's Australian receiving agent;
- (h) Computershare UK as CoAL's UK receiving agent.

9.2 The Independent Universal Directors have given, and not withdrawn, their written consent in relation to the inclusion of the Universal Information in this Offer Document in the form and context in which that information is included.

9.3 Each person named in this section 9:

- (a) has not authorised or caused the issue of this Offer Document;
- (b) does not make, or purport to make, any statement in this Offer Document or any statement on which a statement in this Offer Document is based, other than as specified in this section 9; and
- (c) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Offer Document, other than a reference to its name and the statement (if any) include in this Offer Document with the consent of the party as specified in this section 9.

9.4 Other than as set out below or elsewhere in this Offer Document, all persons named in this Offer Document as performing a function in a professional, advisory or other capacity in connection with the preparation of or distribution of this Offer Document do not have, and have not had in the two years before the date of this Offer Document, any interest in:

- (a) the formation or promotion of CoAL;
- (b) property acquired or proposed to be acquired by CoAL in connection with its formation or promotion of the offer of securities pursuant to this Offer Document; or
- (c) the offer of securities pursuant to this Offer Document,

and no amounts have been paid or agreed to be paid (in cash or shares or otherwise) and no other benefit has been given or agreed to be given to any of those persons for services provided by those persons in connection with the formation or promotion of CoAL or the offer of securities pursuant to this Offer Document.

9.5 Peel Hunt LLP was appointed as CoAL's nominated adviser and broker on 15 June 2015 and since that date has been paid approximately £59,472 for nominated adviser and broker services.

- 9.6 Qinisele Resources as financial adviser to CoAL in relation to the Offer and is entitled to be paid ZAR 20,000,000 in respect of these services. During the two years before this Offer Document, Qinisele Resources has provided financial and corporate advisory services to CoAL and has been or will be paid approximately ZAR 20,075,000 for these services.
- 9.7 BDO Corporate Finance (WA) Pty Ltd as investigating accountants to CoAL in relation to the Offer and is entitled to be paid A\$10,200 in respect of these services. During the two years before this Offer Document, BDO Corporate Finance (WA) Pty Ltd has provided accounting services to CoAL and has been or will be paid approximately A\$14,790 for these services.
- 9.8 Squire Patton Boggs AU has acted as Australian legal adviser to CoAL in connection with the Offer and is entitled to be paid A\$166,500 in respect of these services. During the two years before this Offer Document, Squire Patton Boggs AU has provided legal services to CoAL and has been or will be paid approximately A\$237,500 for these services.
- 9.9 Squire Patton Boggs (UK) LLP has acted as UK legal adviser to CoAL in connection with the Offer and is entitled to be paid £160,000 in respect of these services. During the two years before this Offer Document, Squire Patton Boggs UK has provided legal services to CoAL and has been or will be paid approximately £293,000 for these services.
- 9.10 ENSAfrica has acted as South African legal adviser to CoAL in connection with the Offer and is entitled to be paid A\$200,000 in respect of these services. During the two years before this Offer Document, ENSAfrica has provided legal services to CoAL and has been or will be paid approximately A\$1,100,000 for these services.
- 9.11 Computershare UK has acted as CoAL's UK receiving agent in connection with the Offer and is entitled to be paid £15,000 in respect of these services. During the two years before this Offer Document, Computershare UK has provided share registry services to CoAL and has been or will be paid approximately £49,751.77 for these services.

10 Corporate Governance

The CoAL Board is responsible for the establishment of a corporate governance framework, guided by recommendations of the ASX Corporate Governance Council. The CoAL Board, senior executives and employees are committed to achieving the objectives of best corporate governance practice which include:

- (a) the adoption of a corporate governance policy;
- (b) the establishment of a board charter; and
- (c) an annual review of the composition of the CoAL Board to ensure an appropriate balance of skills and experience.

CoAL has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The CoAL Board is committed to

administering the policies and procedures with openness and integrity; pursuing the true spirit of corporate governance.

The CoAL Board and management have, to the extent that they are applicable to the company, adopted the ASX Corporate Governance Principles and each of the Best Practice Recommendations as published by the ASX Corporate Governance Council.

As an Australian incorporated company, CoAL must comply with the Australian Corporations Act 2001 (Cth). CoAL is not subject to the UK City code on Takeovers and Mergers.

CoAL's corporate governance policies can be obtained from its registered office and are also available on CoAL's website: <http://www.coalofafrica.com/>.

11 Litigation and administrative proceedings

The CoAL Group is currently involved in the following material litigation and administrative proceedings.

(a) Administrative proceedings

Since the grant of the mining right for the Makhado Project, two groups of interested and affected parties have lodged separate appeals in terms of section 96 of the MPRDA to have the grant of the Makhado mining right set aside. On 16 June 2015, the Vhembe Minerals Resources Stakeholder Forum, Mudimeli Community and the Makhado Action Group lodged an appeal to state that the decision to grant the mining right was flawed on the basis of certain procedural deficiencies, namely that the Mudimeli Community was never consulted and that the environmental impact assessment process was deficient in certain respects. On 18 June 2015, the Kuvule Community also lodged an appeal stating that the decision was flawed as the community was never consulted during the application process. CoAL lodged responding statements in respect of both of the abovementioned appeals on 31 July 2015. The DMR is currently still considering the appeals and CoAL's responses thereto.

(b) Litigation

The appellants in the abovementioned proceedings also launched separate legal proceedings in the High Court of South Africa. The Vhembe Minerals Resources Stakeholder Forum, Mudimeli Community and the Makhado Action Group launched proceedings to prohibit CoAL from commencing activities authorised in the Makhado Project environmental authorisation (**Vhembe High Court Application**). The Kuvule Community launched High Court proceedings with an aim to prohibit CoAL from implementing the intended structure of the BEE scheme proposed for the Makhado Project (**Kuvule High Court Application**).

Vhembe High Court Application

On 24 October 2014, the Vhembe Mineral Resources Stakeholders Forum, the Makhado Action Group and a further group, which describes itself as the "Mudimeli Community", initiated a review application against an administrative

decision to grant an environmental authorisation with respect of the Makhado Project. This review application was accompanied by an application for an interim interdict which sought to interdict CoAL from “commencing with and/or implementing” certain listed activities on a number of farms situated in the Makhado local municipality.

An interim interdict was granted by the North Gauteng High Court on 9 December 2014 in the absence of CoAL as the application was served at CoAL’s old offices and therefore never came to the attention of CoAL. The interim interdict was granted, prohibiting CoAL from commencing with the listed activities, subject to, among other things, CoAL carrying out a Regional Strategic Environmental Impact Assessment in respect of the Makhado Project.

CoAL subsequently sought to oppose the relief sought by the applicants and filed a counter application in which it sought an order to set aside the interim interdict. The counter application, to have the interim interdict set aside was heard on 3 December 2015. After hearing arguments from counsel from both parties, judgement was reserved and the matter postponed to consider the papers filed and arguments made.

Judgement was handed down on Tuesday 8 December 2015 on two matters, firstly being the condition to compel CoAL to conduct a Strategic Regional Impact Assessment and secondly a review of the Environmental Authorisation. The condition compelling CoAL to conduct a Strategic Regional Impact Assessment has been set aside. The interim interdict against the Environmental Authorisation remains in place pending the review of the authorisation.

Kuvule High Court Application

On 3 September 2014, Joseph Muthuphei Nekuvule and the Kuvule Community launched an application in the High Court of South Africa seeking to restrain CoAL from (1) establishing a trust or entity for ownership of any rights or shares in the Makhado Project and/or receiving fruits from the Makhado Project, (2) taking any resolution of the Makhado Project mining operation, entering into any transaction and/or agreement with and/or allocating any shares to any trust and/or person and/or community and/or entity other than the Kuvule Community in respect of any mineral rights and/or royalties, and/or entering into any leases pertaining to the Makhado Project mining area, and (3) paying benefits and/or royalties and/or monies emanating from the Makhado Project to any trust and/or person and/or community and/or entity other than the Kuvule Community in respect of any mineral rights, royalties, monies and/or lease(s) pertaining to the Makhado Project mining area.

CoAL subsequently opposed the Kuvule High Court Application and filed an interlocutory application to, among other things, challenge the authority of Joseph Muthuphei Nekuvule to act on behalf of the Kuvule Community. To date, CoAL’s application has not been expedited and the matter is yet to be set a hearing date.

12 Expenses

CoAL estimates that CoAL will incur fees for services provided in connection with the Acquisition as follows:

Expense	A\$
Legal	544,852
Due diligence	220,785
Financial advisers	1,915,709
Regulatory	1,264,607

13 General

- 13.1 As the Consideration Shares will be issued to Eligible Universal Shareholders who accept the Cash and Share Offer in exchange for their Universal Shares, no funds will be raised from the issue of Consideration Shares.
- 13.2 Except as disclosed in this Offer Document, no agreement, arrangement or understanding (including any compensation or incentivisation arrangement) exists between CoAL or any party acting in concert with CoAL for the purposes of the Offer and any of the directors, recent directors, shareholders or recent shareholders of Universal having any connection with or dependence on, or which is conditional on the outcome of, the Offer.
- 13.3 Except as disclosed in this Offer Document, there is no agreement, arrangement or understanding by which the beneficial ownership of any of the shares which are the subject of the Offer acquired by CoAL will be transferred to any other person, but CoAL reserves the right to transfer any such shares to any other member of the CoAL Group or any joint venture, partnership, firm or company in which it has a substantial interest and the right to assign any such shares by way of security or grant any other security interest over such shares.
- 13.4 Except as disclosed in this Offer Document, the board of directors of CoAL are not aware of any material change in the financial or trading position of CoAL since 30 June 2015 (being the date to which the last audited accounts of CoAL were prepared).

14 ASIC Relief from Division 5A of Part 7.9 of the Australian Corporations Act

- 14.1 The Offer is subject to the unsolicited offer provisions in Division 5A of Part 7.9 of the Australian Corporations Act which regulate unsolicited off-market offers to purchase financial products which are made in Australia. To the extent that those provisions apply to the Offer, but for the ASIC Relief, the terms of the Offer may not be varied.
- 14.2 ASIC has granted relief to CoAL under subsection 1020F(1) of the Australian Corporations Act in relation to the Offer, by way of a declaration set out in ASIC instrument [15-1129] (**ASIC Relief**).

- 14.3 The ASIC Relief grants relief to CoAL by modifying Division 5A of Part 7.9 of the Australian Corporations Act in relation to the Offer so that CoAL is permitted to vary certain terms of the Offer by:
- (a) **extending the Offer Period**, provided the extension occurs at any time before the end of the Offer Period, except that if the Offer remains subject to any Conditions, after the notice referred to in section 14.4(f) below is given (**status notice time**) the Offer Period can only be extended in certain circumstances including, for example, where a competing offer for Universal Shares is announced or made (**Competing Proposal**) or the consideration offered by CoAL under the Offer or the consideration for offers under a Competing Proposal is improved;
 - (b) **improving the Offer consideration**, including by (among other things) increasing the cash sum offered, increasing the number of securities offered, increasing the rate of interest payable under debentures offered or by increasing the amount or value of debentures offered; or
 - (c) **freeing the Offer from the Conditions**, provided that, other than in respect of Conditions relating to events or circumstances referred to in section 652C(1) or (2) of the Australian Corporations Act (commonly described as prescribed occurrences) or similar events and circumstances set out in this Offer Document and agreed to by ASIC (if any), CoAL does so not less than 7 days before the end of the Offer Period.

14.4 The ASIC Relief also requires:

- (a) that any improvement in the Offer consideration must be extended to all Offers, whether or not already accepted;
- (b) that any variation that extends the Offer Period, improves the Offer consideration or frees the Offer from Conditions varies all unaccepted Offers in the same way;
- (c) CoAL to give notice of any extension of the Offer Period or improvement of the Offer consideration to Universal and ASX (and everyone to whom Offers were made⁹) setting out the terms of the variation and any rights of Universal Shareholders to withdraw their acceptances in the circumstances set out in section 3 of Part B of Appendix VI;
- (d) CoAL to give notice of any variation freeing the Offer from Conditions to Universal and ASX stating that the offers are free from the Condition and specifying CoAL's voting power in Universal;
- (e) where a Condition is fulfilled during the Offer Period but before the status notice time, CoAL to give notice to Universal and ASX stating that the Condition has been fulfilled;

⁹ A copy does not need to be given to offerees if the variation merely extends the Offer Period where the Offer is not subject to a Condition.

- (f) between 14 and 7 days before the end of the Offer Period, CoAL to give an update on the status of the Conditions (**Status Notice**) to Universal and ASX specifying whether the Offer is free from Conditions or whether, so far as CoAL is aware, the Conditions have been satisfied together with CoAL's voting power in Universal;
- (g) where the Offer is subject to a Condition and the Offer Period is extended, CoAL to give notice to Universal and ASX stating:
 - (i) the new date or period for giving a Status Notice; and
 - (ii) whether the Offer is free from the Condition or whether they have been satisfied as at the date of the notice; and
- (h) that, where in the last 7 days of the Offer Period the Offers are varied to improve the consideration offered or CoAL's voting power in Universal increases to more than 50 per cent.:
 - (i) the Offer Period be automatically extended so that it ends 14 days after the improvement or increase occurs (but is capable of further extension); and
 - (ii) within 3 days of the improvement or increase, CoAL to give Universal and Universal Shareholders who have been made but not accepted an Offer, written notice that the extension has occurred.

14.5 Not all terms of the ASIC Relief are specified in this Offer Document. Please refer to the actual ASIC Relief for full details of the ASIC Relief.

15 ASIC relief from Chapter 6D of the Australian Corporations Act

15.1 Australian domiciled Universal Shareholders are being offered Consideration Shares in connection with the Cash and Share Offer. As a result, the Cash and Share Offer made to Australian domiciled Universal Shareholders needs to comply with Chapter 6D of the Australian Corporations Act (which regulates the disclosure required in order for CoAL to undertake the offer of Consideration Shares to Australian domiciled Universal Shareholders).

15.2 CoAL has obtained relief from certain provisions of Chapter 6D of the Australian Corporations Act. The effect of the relief is that, if any or all of the Consideration Shares are not issued and admitted to quotation, within three months after the date of the Offer Document (i.e the three month quotation condition in section 723(3) of the Australian Corporations Act is not fulfilled):

- (a) CoAL will have the ability to lodge a supplementary disclosure document (which will offer withdrawal rights, for a one month period, to Australian domiciled Universal Shareholders that have accepted the Cash and Share Offer, who have not received quoted Consideration Shares within three months of the original Offer Document); and
- (b) the three month quotation condition will be refreshed from the date of the supplementary disclosure document issued by CoAL.

- 15.3 If an Australian domiciled Universal Shareholder becomes entitled to, and elects to withdraw their acceptance, that Universal shareholder will be required to return their Consideration Shares to CoAL and CoAL will be required to return the Universal Shares received from the Universal Shareholder in consideration for the Consideration Shares, generally, within 14 days.
- 15.4 The relief only requires the supplementary disclosure document and corresponding withdrawal rights to be sent and made available to Australian domiciled Universal Shareholders who have not received quoted Consideration Shares, under the terms of the Offer, within three months of the date of this Offer Document.
- 15.5 Further details of the applicable withdrawal process and timeframes will be set out in the supplementary disclosure document (if any) sent to Australian domiciled Universal Shareholders for the purpose of refreshing the three month quotation condition.

Appendix X – Summary of the key terms of the Cooperation Agreement

<p>Implementation of the Offer</p>	<p><i>CoAL's obligations</i></p> <p>CoAL must adhere to certain obligations in relation to the making and implementation of the Offer including:</p> <ul style="list-style-type: none"> • use all reasonable endeavours to make and implement the Offer in accordance with the terms summarised in the Offer Announcement; • prepare all documents necessary to implement the Offer, in accordance with the terms summarised in the Offer Announcement; • use all reasonable endeavours to secure the necessary financing for the Cash Consideration and cash component of the Cash and Share Consideration; • prepare the Offer Document in consultation with Universal, lodge it with ASIC and arrange for its dispatch to Universal Shareholders; • use all reasonable endeavours to procure that as many CoAL Shareholders as possible (with a minimum of CoAL Shareholders holding at least 50 per cent. of CoAL's share capital) enter into letters of intent, pursuant to which they confirm their intention (subject to applicable law) to vote in favour of the Offer at the CoAL General Meeting); • use all reasonable endeavours, subject to any approval required by, or the content or timing requirements of, any applicable regulatory authority, to send the notice of the CoAL General Meeting to CoAL Shareholders as soon as possible and no later than 31 December 2015 (or such later date as agreed between the parties in writing); • procure that the CoAL General Meeting is held as soon as reasonably practicable after dispatch of the document addressed to CoAL's Shareholders convening the CoAL General Meeting (the "CoAL Circular") and in any event, no later than 1 February 2016 (or such later date as agreed between the parties in writing); • keep Universal informed of the number of proxy votes received in respect of the CoAL Resolutions; • in conjunction with the Offer but in any event before 4 December 2015, make offers to (i) the holders of the 3,800,000 options issued by Universal which are exercisable at A\$0.20 per Universal Share, and (ii) Coal Development Holdings B.V., in respect of the 19,500,000 warrants held by that entity which are exercisable at \$0.23 per Universal Share, either to: <ul style="list-style-type: none"> ○ acquire the Universal Shares to be issued on exercise or conversion of such instruments or securities on the same terms as the Cash and Share Offer; or ○ pay the holder an amount reflecting, among other things, the difference between the exercise or conversion price and the Cash Consideration; • use all reasonable endeavours to implement the Offer in accordance with the General Principles set out in Section B1 of the Code (other than making the Offer to Eligible Universal Shareholders and Restricted Universal Shareholders on separate
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	<p>terms and publishing the Offer Announcement prior to all Subscription Agreements having been entered into);</p> <ul style="list-style-type: none"> • use all reasonable endeavours to identify all necessary consents, authorisations, waivers, exemptions or dispensations required under the applicable law or regulation for CoAL to make and implement the Offer, and notify Universal of the same as soon as possible after becoming aware of the same and to use all reasonable endeavours to obtain the same; • procure that all required steps are taken in respect of the issue of the Loan Notes; • use all reasonable endeavours to procure that the Consideration Shares are admitted to trading on ASX, AIM and the JSE as soon as possible, but in any event within seven Business Days of the date of their issue; and • ensure that holders of Universal CDIs are able to accept the Offer by instructing the CDI Nominee, CHESS Depository Nominees Pty Ltd, to accept the Offer on their behalf. <p><i>Universal obligations as regards to the Offer</i></p> <p>Universal must adhere to certain obligations in relation to the Offer, including:</p> <ul style="list-style-type: none"> • use reasonable endeavours to implement the Offer in accordance with the terms and conditions of the Offer Announcement; • assist CoAL in the preparation of all documents to implement the Offer subject to the terms summarised in the Offer Announcement; and • use reasonable endeavours to assist CoAL to procure that: <ul style="list-style-type: none"> ○ as many Universal Shareholders as possible (and as a minimum in respect of Universal Shares comprising 50 per cent. of the total voting rights carried by Universal Shares plus one Universal Share) to irrevocably undertake to accept the Offer; and ○ Universal Shareholders representing at least 40 per cent. of the voting rights in Universal Shares to accept the Loan Note Alternative; • provide CoAL with access to the information, management and advisers of the Universal Group as reasonably required to enable CoAL to comply with any applicable regulatory obligations in connection with the Offer (whether implemented as the Offer or a Scheme); • prepare a letter from the Independent Universal Directors, in a form to be agreed with CoAL, for inclusion in this Offer Document which is addressed to holders of Universal Shares and which contains, among other things, a recommendation to Universal Shareholders to accept the Offer and a statement that each of the Independent Universal Directors intends to accept the Offer in respect of their own Universal Shares; • procure (so far as it is legally able to do so) that the Independent Universal Directors accept responsibility for the information in the Offer Document relating to the Universal Group and the Independent Universal Directors; and
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	<ul style="list-style-type: none"> instruct Universal's share registrars to provide CoAL with such assistance as it may reasonably require to implement the Offer.
Scheme	<p>CoAL may elect at any time by written notice to Universal to implement the Offer by way of a Scheme provided that:</p> <ul style="list-style-type: none"> CoAL consults with Universal prior to making the election; the Scheme is made on terms set out in the Offer Announcement or terms that Universal reasonably considers are at least as favourable to Universal Shareholders as the terms of the Offer; and the switch to a Scheme will not extend the timetable for completion of the Offer by more than three months. <p>The obligations summarised under the heading 'Implementation of the Offer' and the associated relevant documentation will apply as far as practicable in the same way to the Scheme.</p> <p>A revised announcement and timetable will be released to the market if CoAL elects to implement the Offer by way of a Scheme following the date of the Offer Announcement.</p>
Recommendation	<p><i>Offer Recommendation and Scheme Recommendation</i></p> <p>Universal warrants that the Independent Universal Directors have resolved that they intend to unanimously recommend Universal Shareholders accept the Offer. The recommendation may only be withdrawn in limited circumstances.</p> <p>Universal's obligations in respect of the recommendation to Universal Shareholders to accept the Offer will cease to apply in respect of an Independent Universal Director if that Independent Universal Director takes legal advice in relation to his or her fiduciary duties or duties under applicable law or regulation and consequently decides that to give or continue to give, or to fail to withdraw, modify or qualify, the recommendation in favour of the Offer would be inconsistent with his or her fiduciary duties or his or her duties under applicable law or regulation.</p> <p><i>CoAL recommendation</i></p> <p>CoAL warrants that its directors have resolved that they will unanimously recommend to CoAL shareholders that they vote in favour of the Acquisition (whether or not in the form of the Offer or a Scheme) at the CoAL General Meeting. The recommendation may only be withdrawn in limited circumstances.</p> <p>CoAL's obligations in relation to the recommendation shall cease to apply if:</p> <ul style="list-style-type: none"> in respect of a CoAL Director, that CoAL Director acting on legal advice, determines that the recommendation should not be given or should be withdrawn, modified or qualified on the grounds that he would be in breach of his fiduciary duties or obligations under applicable law or regulation; and to the extent legally permitted, CoAL serves 48 hours' notice on Universal that CoAL intends to withdraw, modify or qualify the recommendation.
Conditions	<p>CoAL and Universal will keep each other informed of developments which are material to the satisfaction of any Condition and promptly</p>

	<p>notify each other as soon as reasonably practicable of any matter of which they are aware, which is reasonably likely to result in any Condition not being satisfied in all material respects.</p> <p>CoAL and Universal acknowledge that the Code does not apply to the Offer and that the UK Takeover Panel does not have jurisdiction in connection with the Offer.</p> <p>CoAL has agreed that it shall not invoke any Relevant Condition (being the Conditions set out in section 1(k) of Part A of Appendix VI, other than Conditions in paragraphs (k) (xiv), (xv), (xvi) or (xviii) of section 1) in order to cause the Offer to lapse or be withdrawn unless the circumstances giving rise to CoAL wishing to invoke a Relevant Condition are such that, if the Code did apply to the Offer, the UK Takeover Panel would or could reasonably be expected to permit the Relevant Condition to be invoked.</p> <p>CoAL and Universal acknowledge that, in accordance with and subject to the provisions of Rule 13.5 of the Code and Practice Statement No. 5 issued by the UK Takeover Panel in relation to the invocation of conditions, the UK Takeover Panel will only allow a Condition to be invoked if the relevant circumstances giving rise to the right to invoke the condition are of material significance to CoAL in the context of the Offer.</p>
<p>Merger Notification to Competition Authorities</p>	<p>The Offer, whether completed as contemplated or by way of a Scheme, will require the approval of the Competition Commission or the Competition Tribunal (as the case may be) as contemplated in the South African Competition Act 1998.</p> <p>CoAL and Universal have agreed to co-operate with each other in relation to this process and will use their reasonable endeavours to procure that the merger notification is submitted to the requisite Competition Authorities in agreed form by no later than 10 business days after the date of the Cooperation Agreement.</p> <p>CoAL and Universal will each be responsible for 50 per cent. of the merger filing fee.</p>
<p>Negative Covenants</p>	<p>Universal has agreed that, until the earlier of the Offer being or being declared to be unconditional or the Scheme becoming effective in accordance with its terms and the termination of the Cooperation Agreement, members of the Universal Group must not, without the approval of the Integration Committee (referred to below) or the prior written consent of the CoAL, amongst other things:</p> <ul style="list-style-type: none"> • carry on its business other than in the ordinary and usual course and in all material respects consistent with its practice at the date of the Cooperation Agreement; • alter the nature or scope of its business in any way which is material in the context of the Universal Group as a whole; • other than any documents relating to the NCC project, enter into any binding commitment involving capital expenditure by the Universal Group which individually exceeds US\$5 million or which, when added with every other item of capital expenditure incurred, or

	<p>to be incurred, in connection with the same project, exceeds US\$10 million, in each case exclusive of VAT;</p> <ul style="list-style-type: none"> • engage any employees or amend the terms of employment of existing employees of Universal or any other member of the Universal Group, where any such arrangement would give rise to a cost for the Universal Group of more than US\$500,000 per annum; • introduce or authorise any bonus or incentive arrangements for, or make any payments or awards in connection with any bonus or incentive arrangements to, any senior employees or consultants of the Universal Group which may cost the Universal Group in excess of US\$500,000 in aggregate; • other than as previously disclosed to CoAL, merge or consolidate with, purchase an equity interest in or a portion of the assets of, or acquire by any other manner, any business, body corporate, partnership interest, association or other business organisation which is material in the context of the Universal Group as a whole; • other than pursuant to Universal's existing arrangements with Investec Bank Limited, increase net total borrowings by an amount greater than US\$5 million or enter into any material new loan agreement or guarantee arrangement; • repay, accelerate or otherwise amend the terms of any indebtedness outstanding in any material respect other than in the usual course of carrying on its business or cancel any facilities available to it; • resolve, set aside, declare or pay any dividend in Universal, or make any other distribution from Universal to Universal Shareholders; • allot or issue, or agree to allot or issue, any shares in Universal or any instrument or security convertible or exchangeable into shares in Universal (except to satisfy the valid vesting of any options or awards under the Universal Share Plan granted before the date of the Cooperation Agreement or any other options or award disclosed in Universal's annual report for the year ended 30 June 2015); • other than in connection with the ordinary course or operation of the Universal Share Plan, issue or grant any options or awards under any employee share plans or adopt or amend any of its employee share plans or any other employee benefit, bonus, profit sharing or incentive scheme; • enter into any arrangements with the trustees of any pension scheme or pay employer contributions to such scheme other than those employer contributions agreed with the trustees before the date of the Cooperation Agreement and disclosed to the other party, except as required by law or regulation or the rules of any such scheme; • repay, redeem or repurchase any Universal Shares, whether in connection with any existing share buy-back scheme or otherwise; • do or omit to do anything which might knowingly result in the termination, revocation, suspension or non-renewal of any of its material licences, permits or consents (other than in the ordinary and usual course of business) or otherwise commit a material breach of a condition of any such licences, permits or consents; • pay fees of more than US\$5 million (exclusive of VAT) in aggregate
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	<p>to its advisers in connection with the implementation of the Offer;</p> <ul style="list-style-type: none"> • amend the memorandum or articles of association of any member of the Universal Group other than any changes CoAL and Universal agree may reasonably be required in connection with the implementation of the Acquisition; or • agree to do any of the above. <p>The parties agree that if any member of the Universal Group intends to take any action which would require CoAL's consent, the members of the Integration Committee will consult with each other in relation to the proposed action with a view to obtaining such consent. In the event the Integration Committee cannot reach an agreement following such a consultation, the matter will be referred to the respective Chief Executive Officers of Universal and CoAL for agreement.</p> <p>The provisions outlined above will not operate to restrict or prevent the completion or performance of any obligations undertaken pursuant to a contract or other legally binding agreement entered into prior to the Cooperation Agreement.</p> <p>Separately, Universal has also agreed that, until the earlier of the Offer being or being declared to be unconditional or the Scheme becoming effective in accordance with its terms and the termination of the Cooperation Agreement, members of the Universal Group must not, without having first consulted CoAL and to the extent practicable, taken into accounts its views:</p> <ul style="list-style-type: none"> • enter into any binding commitments in connection with the acquisition of a material asset or disposal of its business or any material asset of its business, or which encumbers any material asset of its business; • vary any binding commitment or contract if that variation would cause an increase of US\$5 million per annum per commitment or contract, in each case exclusive of VAT; • terminate any binding commitment or contract which involves annual operating expenditure by the Universal Group in excess of US\$5 million per annum per commitment or contract, in each case exclusive of VAT; or • enter into or materially amend the service agreement of, or other arrangements with, any director or employee or potential director or potential employee of the Universal Group with, or who, pursuant to the proposed agreement or amendment would have, a total annual base salary of US\$500,000 or more (or its equivalent) or provide or agree to provide a gratuitous payment or benefit to any such director or employee or potential director or employee.
<p>Integration Committee</p>	<p>As soon as reasonably practicable following the publication of the Offer Document, CoAL and Universal will establish a joint integration committee to discuss the integration of the two businesses and to plan for the development of the two businesses.</p> <p>The Integration Committee will comprise three representatives of Universal and three representatives of CoAL.</p>

<p>Inducement Fee</p>	<p>In consideration for CoAL pursuing the Offer, Universal has agreed to pay CoAL ZAR5 million if:</p> <ul style="list-style-type: none"> • a competing proposal: <ul style="list-style-type: none"> ○ is announced before the Offer lapses or is withdrawn; and ○ which is recommended by the directors of Universal; and/or ○ which becomes unconditional in all respects or is otherwise consummated; • the Independent Universal Directors (i) fail to recommend the Offer or Scheme (if applicable) in the Offer Document or the Scheme Document (as applicable), provided that the Offer made in the Offer Document or contained in the Scheme Document is made in compliance with the terms of the Cooperation Agreement or (ii) withdraw or amend the recommendation and subsequently the Offer or Scheme (as the case may be) lapses or is withdrawn; or • the Offer is to be implemented by way of a Scheme and Universal fails to send the Scheme Document by the date agreed with CoAL other than where such failure to send is for reasons outside Universal's control.
<p>Non-solicitation</p>	<p>Universal has agreed that it shall:</p> <ul style="list-style-type: none"> • not directly or indirectly, enter into, continue or participate in any discussions or negotiations in connection with a competing proposal or the preparation of a competing proposal; • notify CoAL as soon as reasonably practicable if it becomes aware of any competing proposal or potential competing proposal; • as soon as reasonably practicable notify CoAL in the event that it receives a request in respect of any competing proposal or potential competing proposal from any third party and it shall not in any way assist the person requesting the information or provide any information to such person; and • not make available to any third party, or knowingly permit a third party to make available to another third party, any non-public information relating to any entity within the Universal Group which Universal is aware is in connection with such third party formulating, developing or finalising, or assisting in the formulation, development or finalisation of, a competing proposal (“no talk”). <p>The “no talk” obligation does not prevent the Independent Universal Directors responding to or holding discussions with a bona fide offeror that has submitted in writing a superior proposal provided that the Independent Universal Directors, having taken legal advice, consider that a failure to respond to such an approach would be inconsistent with their fiduciary duties or duties under applicable law or regulation.</p> <p>Universal shall not offer or agree to any break fee or other similar arrangement with any person in connection with a competing proposal (“no inducement fee”).</p> <p>Until the day on which the Offer closes, lapses or is withdrawn (or if implemented by way of a Scheme, the date the Scheme becomes</p>

	<p>effective, lapses or is withdrawn) or the Cooperation Agreement is otherwise terminated in accordance with its terms, Universal shall not, directly or indirectly, solicit, or do anything else which might reasonably be expected to result in, a competing proposal (“no shop”).</p> <p>The “no inducement fee” and “no shop” provisions outlined above are not subject to the carve outs referred to under the heading “Carve Outs”, below.</p>
<p>Competing Offer</p>	<p>Universal must notify CoAL of an approach by any persons who might reasonably be expected to make a competing proposal or announcement as soon as practicable.</p> <p>Universal must not:</p> <ul style="list-style-type: none"> • enter into any agreement or understanding to (1) undertake or give effect to the competing proposal or (2) keep the identity of the relevant person confidential; and • shall procure (to the extent it is able) that the Independent Universal Directors do not vary or amend the recommendation or, save as required to act in a manner that is not inconsistent with what those Independent Universal Directors consider to be their fiduciary duties or duties under applicable law or regulation, respond to the approach, <p>unless, in summary:</p> <ul style="list-style-type: none"> • any one or more of the Independent Universal Directors, having taken legal advice, and in order to act in a manner that is not inconsistent with what any of those Independent Universal Directors considers to be his fiduciary duties or duties under applicable law or regulation determine that a competing proposal constitutes a superior proposal; • Universal has given CoAL at least five clear Business Days’ notice of its intention to enter into an agreement, arrangement or understanding to effect a competing proposal or vary or amend its recommendation; and • the notice provides CoAL with the material terms of the superior proposal and, subject to applicable law, and to such disclosure not causing any one or more of Universal’s directors to breach their fiduciary duties or duties under law or regulation, the identity of the competing offeror. <p>CoAL will have 5 business days to provide the CoAL Counter Proposal to Universal Shareholders.</p> <p>If the directors of Universal determine the CoAL Counter Proposal provides a benefit for Universal Shareholders taken as a whole that is at least equal to the superior proposal, the directors of Universal must recommend the CoAL Counter Proposal to Universal Shareholders and not the applicable superior proposal.</p>
<p>Termination</p>	<p>The Cooperation Agreement will terminate with immediate effect on the earliest to occur of the following:</p> <ul style="list-style-type: none"> • if agreed between CoAL and Universal; • if an event triggering the payment of the fee referred to under the

	<p>heading 'Inducement Fee' above, occurs;</p> <ul style="list-style-type: none"> • if CoAL varies the terms of the Offer or the proposals to holders of convertible securities (other than to extend the timetable or as required to comply with applicable law) without Universal's prior written consent; • if any Condition becomes incapable of satisfaction or is invoked (as applicable, in accordance with the terms of the Cooperation Agreement), so as to cause the Offer (or the Scheme, as the case may be) not to proceed; • if: <ul style="list-style-type: none"> ○ the Offer does not become or is not declared unconditional in all respects; or ○ the Scheme does not become effective in accordance with its terms, <p style="margin-left: 40px;">before 31 March 2016;</p> • if the Offer Document is not sent to Universal Shareholders on or before 31 December 2015; • if the CoAL Circular convening the CoAL General Meeting is not sent to CoAL Shareholders on or before 15 January 2016; or • any Subscription Agreement other than the YBI Subscription Agreement is subject to any conditions to which the YBI Subscription Agreement is not subject (other than conditions as to obtaining necessary regulatory approvals in Australia, the United Kingdom or South Africa) which, in the reasonable opinion of Universal, adversely impact the ability of CoAL to implement the Offer.
Carve outs	<p>The material obligations of Universal and those of the Independent Universal Directors are subject to carve outs that have the effect that neither Universal, nor the Independent Universal Directors are required to act in any way which would consider any of them to breach any applicable law or regulatory requirement, including the ASX Listing Rules or any fiduciary or statutory duty.</p>
Governing Law	English Law

Appendix XI – Summary of Loan Note Terms

Principal	A\$0.25
Term	18 months from the issue date
Interest	<ul style="list-style-type: none"> • 12.68 per cent. per annum from the Loan Note issue date until the first anniversary of the Loan Note issue date; and • subject to early redemption, 15.00 per cent. per annum from the first anniversary of the issue date until the end of the 18 month term. <p>Interest will accrue annually for the first 12 months and bi-annually for the final 6 months, and will be capitalised at the end of each period.</p>
Redemption	<ul style="list-style-type: none"> • Unless redeemed early by the holder, the Loan Notes will be automatically redeemed in full at the end of the 18 month term. • Each Loan Noteholder may redeem all or a portion (provided that such portion must be Loan Notes with a principal amount of at least A\$1,000) of their Loan Notes on the date which is 12 months after the issue date (Put Date) by giving CoAL at least 30 days but up to 60 days prior written notice. Payment of the redemption amount shall be made to the Loan Noteholder within 10 business days of the Put Date. • See also CoAL's right to redeem the notes under "Transferability" below. • Each Loan Noteholder may redeem all or a portion (provided that such portion must be Loan Notes with a principal amount of at least A\$1,000) of their Loan Notes in the event CoAL gives prompt written notice of a direct or indirect change of control in CoAL. If CoAL fails to give prompt written notice to the Loan Noteholders, for the purposes of the Loan Noteholders' right to redeem the Loan Notes, CoAL will be deemed to have given notice on the 15th day following the change of control. The Loan Noteholders have up to 30 days following CoAL's notice to exercise their right to require redemption. • CoAL may redeem all but not some of the Loan Notes at their principal amount, together with interest accrued to the date fixed for redemption, on giving not less than 30 and not more than 60 days' notice to the Noteholders if, immediately before giving such notice, CoAL satisfies the Trustee (see under "Trustee and paying agent" below) that it has or will be obliged to pay unavoidable additional tax as a result of changes in Australian laws, regulations or political subdivisions or authorities. <p>On redemption (whether early or at the end of the term), all outstanding principal and interest on the Loan Notes will be paid to the Loan Noteholder.</p>
No conversion	The Loan Notes are not convertible into CoAL shares or any other security.
Transferability	Loan Noteholders shall be entitled to transfer their Loan Notes to any other person only with CoAL's written approval, provided that if an offer to transfer any Loan Notes occurs within 12 months of the Loan Note

	<p>issue date, CoAL is satisfied that the transferee is a person who does not require disclosure under Chapter 6D of the Australian Corporations Act because of section 708 of the Australian Corporations Act. If CoAL declines to register a proposed transfer of Loan Notes, it must redeem the relevant Loan Notes in full.</p>
Board nominee	<p>At any time where Loan Notes with an aggregate principal amount in excess of A\$35 million are outstanding, the Loan Noteholders will be entitled to nominate one director to the CoAL Board and one director to the Universal board of directors, by a simple majority vote of the Loan Noteholders.</p> <p>The appointment of any person nominated by the Loan Noteholders to be a CoAL or Universal director shall be subject to confirmation by CoAL that such person is a fit and proper person to be a director of CoAL or Universal (as applicable).</p>
Information rights	<p>Loan Noteholders shall not have any special or additional rights to information regarding CoAL or Universal.</p>
Undertakings	<p>Standard negative covenants will be given in favour of the Loan Noteholders, including:</p> <ul style="list-style-type: none"> • CoAL not disposing, or agreeing to dispose, of any of the Secured Shares (as defined below); • CoAL not granting or agreeing to grant any further security or encumbrance over the Secured Shares; • CoAL not taking any action which would materially prejudice or impair the security over the Secured Shares; • Universal not declaring or paying any dividends or distributions to its shareholders that would negatively impact on the solvency or liquidity of Universal; • Universal not disposing of any material assets (subject to certain exemptions) or any shares in any of its subsidiaries; • Universal not granting any security to any person in connection with new financial indebtedness, loans or similar arrangements to any person, which would rank in priority to the security over the Secured Shares or otherwise prejudice or impair the ability of the Loan Noteholders to enforce the security over the Secured Shares; • Universal not furnishing any encumbrances over any assets or furnishing any guarantees, suretyships, undertakings or indemnities for the obligations of third parties or making or granting any guarantees to any person, in each case outside the ordinary course of business; • Universal not issuing any new shares or securities convertible into shares (other than pursuant to existing employee incentive schemes) or entering into any profit sharing arrangements; • Universal not making any material changes to its business insurance policies for its material assets in place as at the Loan Note issue date; • there being no material change to the nature or scope of Universal's business; • there being no change to Universal's articles of association having a material adverse effect on the holders of the Loan Notes or the

	<p>security mentioned under "Security" below;</p> <ul style="list-style-type: none"> • Universal not entering into any related party transactions or making any change to existing intercompany arrangements which would have a material adverse effect on the Universal business; and • Universal not making any material changes to the approved levels of authority relating to financing, expenditures and commitments as in force at the Loan Note issue date. <p>These negative covenants will be subject to standard carve-outs, including Loan Noteholder consent.</p> <p>For the avoidance of doubt, other than the restrictions on disposing of, or granting security over, the Secured Shares, none of the negative covenants will apply to CoAL or its business.</p>
Security	<p>The Loan Notes will be secured by a charge over certain Universal Shares received by CoAL pursuant to the Offer (Secured Shares), the number of which will be determined as follows:</p> <ul style="list-style-type: none"> • the number of Universal Shares received by CoAL pursuant to the Offer for which the Loan Notes will be issued as consideration ; plus • 113 million additional Universal Shares (or, if the number of Universal Shares received by CoAL pursuant to the Offer for which the Cash Consideration and the Cash and Share Consideration is to be paid is less than 113 million, such lower number of Universal Shares).
Substitution	<p>The trust deed (see under "Trustee and paying agent" below) contains provisions allowing the Trustee to agree (subject to certain conditions) to the substitution of a subsidiary of CoAL or its successor in business in place of CoAL as issuer of the Loan Notes.</p>
Events of default	<p>Standard events of default apply, including non-payment of principal by CoAL for more than three business days or interest by CoAL for more than 14 days, other un-remedied or irremediable default of the loan note terms by CoAL, enforcement of security over all or a substantial part of the assets or undertaking of CoAL, Universal or any other member of the CoAL or Universal Group, insolvency/winding-up of CoAL and Universal or the Loan Note nominee director on the CoAL Board or Universal Board being removed by CoAL's shareholders or Universal's shareholders, as applicable (provided that the Loan Noteholders have not, within one month of such removal, nominated another person as the Loan Noteholder nominee director to replace the removed director).</p> <p>On the occurrence of an event of default, the Trustee may at its discretion, and if so requested in writing by the holders of not less than one fifth in principal amount of the Loan Notes then outstanding or if so directed by an extraordinary resolution of Loan Noteholders, demand that the entire principal and accrued interest on the Loan Notes is paid immediately.</p>
Trustee and paying agent	<p>The terms and conditions of the Loan Notes will be subject to (1) a trust deed to be entered into between CoAL and GLAS Trust Corporation Limited (the "Trustee") and (2) a paying agency to be entered into between CoAL and its chosen paying agent. The Loan Noteholders will be deemed to have notice, and will be bound by, this trust deed and paying agency agreement.</p>

	<p>Some of the key provisions relating to the Trustee are set out below.</p> <ul style="list-style-type: none"> • The terms and conditions of the Loan Notes and the trust deed may only be modified if sanctioned by an extraordinary resolution of Loan Noteholders. • Under the trust deed, the Trustee is entitled to be indemnified and relieved from responsibility in certain circumstances and to be paid its costs and expenses in priority to the claims of the Loan Noteholders. • No Loan Noteholder may bring proceedings directly against CoAL unless the Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing.
Governing law	English law

Appendix XII – Glossary

A\$	the lawful currency of Australia;
AIM	the AIM market operated by the London Stock Exchange;
AIM Rules	the AIM Rules for Companies published by the London Stock Exchange from time to time;
Annual Report	the annual report and accounts of Universal for the year ended 30 June 2015;
Applicable Laws	all laws and regulations of any jurisdiction to which any member of the Wider Universal Group is subject, including, where applicable, the rules of any Governmental Body;
Acquisition	the proposed acquisition by CoAL of up to the entire issued and to be issued share capital of Universal, which is currently intended by way of the Offer but which may, if the CoAL Directors so determine, be implemented by way of a Scheme;
ASIC	the Australian Securities and Investments Commission;
ASIC Relief	the ASIC relief issued to CoAL described in section 14 of Appendix IX;
ASX	ASX Limited ABN 98 008 624 691 and, where the context requires, the financial market that it operates which is known as the Australian Securities Exchange;
ASX Listing Rules	the listing rules of the ASX from time to time;
ASX Settlement	ASX Settlement Pty Limited ABN 49 008 504 532, a company incorporated in Australia and a wholly-owned subsidiary of ASX;
ASX Settlement Operating Rules	the operating rules of the settlement facility provided by ASX Settlement;
Australia	the Commonwealth of Australia, its states, territories and possessions and all areas subject to its jurisdiction and any political sub-division thereof;
Australian Corporations Act	the <i>Australian Corporations Act 2001</i> (Cth), as amended;
Authorisations	all consents, clearances, permissions and waivers;
BEE	broad-based black economic empowerment in South Africa;
Business Day	a day (other than Saturdays, Sundays and public holidays) on which banks open for business in South Africa, the State of New

South Wales in Australia and the UK;

Cash and Share Consideration		A\$0.20 plus one Consideration Share for each Universal Share;
Cash and Share Offer		the offer by CoAL to acquire Universal Shares for the Cash and Share Consideration;
Cash Consideration		A\$0.25 per Universal Share;
Cash Offer		the offer by CoAL to acquire Universal Shares for the Cash Consideration in cash which offer is only available to Restricted Universal Shareholders;
CDI		a CHESS depositary interest, being a unit of beneficial ownership that confers a beneficial interest in an underlying and corresponding security;
CDI Acceptance Expiry Time		a sufficient and reasonable time before the end of the Offer Period to allow the CoAL Receiving Agent (Australia) to collate acceptances on behalf of Universal CDI Holders, procure the execution of a Form of Acceptance or the issue of an Electronic Acceptance by the CDI Nominee and send any Form of Acceptance (together with any relevant share certificate) to the CoAL Receiving Agent (UK) before the close of the Offer. At the date of this Offer Document, CoAL estimates this to be 7.00pm (Sydney time) on the day which is four Business Days before the end of the Offer Period. Except where the Offer Period is extended, that time would be 7.00pm (Sydney time) on 26 February 2016. Where CoAL's estimate of the CDI Acceptance Expiry Time changes, CoAL will notify the updated estimate on a Regulatory Information Service;
CDI Acceptance Form (CHESS)		the CDI acceptance form attached to or accompanying this Offer Document pursuant to which Universal CDI Holders who hold Universal CDIs through Universal's CHESS Subregister accept the Offer;
CDI Acceptance Form (Issuer Sponsored)		the CDI acceptance form attached to or accompanying this Offer Document pursuant to which Universal CDI Holders who hold Universal CDIs through Universal's Issuer Sponsored Subregister may accept the Offer;
CDI Acceptance Forms		the CDI Acceptance Form (CHESS) and/or the CDI Acceptance Form (Issuer Sponsored);
CDI Nominee		CHESS Depositary Nominees Pty Limited ABN 75 071 346 506, a company incorporated in Australia and a wholly-owned subsidiary of ASX;
certificated	or	in in relation to a share or other security, a share or other security title to which is recorded in the relevant register of the share or

certificated form	other security as being held in certificated form (that is, not in CREST);
CHESS	Clearing House Electronic Subregister System;
CHESS CDI Acceptance	an electronic takeover acceptance message submitted through CHESS in relation to the Offer to instruct the intended CDI Nominee to accept the Offer in respect of Universal Shares underlying and corresponding Universal CDIs;
CHESS Subregister	the meaning given in Section 2 of the ASX Settlement Operating Rules;
Closing Date	3 March 2016 or such later date or dates as may be determined by CoAL from time to time as provided in section 1 of Part B of Appendix VI, unless the Offer is withdrawn by CoAL, provided that in no circumstances will the Closing Date be later than 12 months after the Offer Date;
Closing Price	the published closing price of a share / CDI on a particular trading day on the ASX on that day, as reported by Bloomberg Services;
CoAL	Coal of Africa Limited ACN 008 905 388, a public limited company incorporated under the Australian Corporations Act, having its registered office address at Suite 8, 7 The Esplanade, Mount Pleasant, Western Australia 6153;
CoAL Board	the board of CoAL Directors;
CoAL Constitution	the constitution of CoAL;
CoAL Counter Proposal	a counter proposal to be provided by CoAL that will provide a benefit that is at least equal to the applicable superior proposal;
CoAL Directors	all of the CoAL directors;
CoAL General Meeting	the general meeting of CoAL Shareholders to be held to pass the CoAL Resolution(s);
CoAL Group	CoAL, its subsidiaries and subsidiary undertakings and, where the context permits, each of them;
CoAL Information	all information included in this Offer Document and any updates to that information, other than the Universal Information;
CoAL Receiving Agent (Australia) or Computershare AU	Computershare Investor Services Pty Limited ACN 078 279 277 of GPO Box 52, Melbourne, Victoria 3001;
CoAL Receiving Agent (UK) or Computershare UK	Computershare Investor Services PLC, The Pavilions, Bridgewater Road, Bristol BS99 622;

CoAL Resolutions	the resolutions proposed for approval by CoAL Shareholders at the CoAL General Meeting approving the Acquisition, including without limitation the resolutions to approve the issue of: <ol style="list-style-type: none"> 1. CoAL Shares pursuant to the Subscription Agreements; and 2. Consideration Shares which form part of the Cash and Share Consideration, for the purposes of the ASX Listing Rules and for all other purposes, together with any related resolutions;
CoAL Shareholders	holders of CoAL Shares;
CoAL Shares	fully paid ordinary shares in the capital of CoAL;
Companies Act	the Companies Act 2006 (UK), as amended;
Conditions	the conditions of the Offer set out in section 1 of Part A of Appendix VI, and Condition means any one of them;
Consideration Shares	CoAL Shares being offered pursuant to the Cash and Share Offer;
Controlling Participant	the Participant that has the capacity in CHESS to transfer the Universal CDIs;
Convertible Noteholders	holders of loan note instruments entered into with Universal entitling the holder to convert its loan note into shares;
Cooperation Agreement	the cooperation agreement dated 26 November 2015 between Universal and CoAL governing the terms under which it is proposed that CoAL will acquire all of the issued share capital of Universal pursuant to the Offer;
CREST	the relevant system (as defined in the Regulations) operated by Euroclear;
CREST Manual	the CREST manual published from time to time by Euroclear;
CSA	coal sales agreement;
DMR	the South African Department of Mineral Resources;
Electronic Acceptance	the inputting and setting of a TTE Instruction which constitutes or is deemed to constitute an acceptance of the Offer on the terms set out in this Offer Document;
Eligible South African Universal Shareholder	a Universal Shareholder with a registered address in South Africa;

- who is a person, acting as principal, whose ordinary business, or part of whose ordinary business, is to deal in securities, whether as principal or agent (in reliance on sections 96(1)(a)(i) and 96(1)(b) of the South African Companies Act);
- who falls within one of the other specified categories of persons listed in section 96(1) of the South African Companies Act;
- whose total contemplated acquisition cost for Loan Notes on acceptance of the Loan Note Alternative is greater than or equal to ZAR1,000,000; or
- whose total contemplated acquisition cost for Consideration Shares on acceptance of the Cash and Share Offer is greater than or equal to ZAR1,000,000;

Eligible UK Shareholder	Universal	a Universal Shareholder with a registered address in the United Kingdom who is a 'qualified investor' within the meaning of section 86(7) of the Financial Services and Markets Act 2000 (UK);
Eligible Shareholders	Universal	all Universal Shareholders other than Restricted Universal Shareholders and includes Eligible UK Universal Shareholders and Eligible South African Universal Shareholders;
Enlarged Group		CoAL and its subsidiaries following completion of the Acquisition, which, for the avoidance of doubt, will include the Universal Group;
ESA Instruction		an Escrow Account Adjustment Input (AESN) transaction type ' ESA ' (as defined in the Crest Manual);
Escrow Agent		the CoAL Receiving Agent (UK), in its capacity as escrow agent for the purposes of the Offer;
Euroclear		Euroclear UK & Ireland Limited;
Exchange Rates		the exchange rates applied in this Offer Document and set out under the heading Exchange Rates in the Important Information section of this Offer Document;
Excluded Jurisdiction		any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Offer is sent or made available to Universal Shareholders in that jurisdiction;
Facility Agreements		the facility agreements, each dated 15 July 2015, between Investec Bank Limited and certain members of the Universal Group;

Form of Acceptance		in relation to certificated Universal Shares, the form of acceptance and authority attached to or accompanying this Offer Document pursuant to which Universal Shareholders holding certificated Universal Shares may accept the Offer;
Governmental Body		any government, government department, or governmental, quasi-governmental, supranational, statutory, regulatory, environmental or investigative body, institution or authority (including any anti-trust or merger control body) or any court;
Ichor		Ichor Coal N.V. a public limited company under the Dutch law and registered in the Dutch Commercial Register under number 53748662;
Ichor Offer		the offer made by Ichor to acquire all of the Universal Shares it does not currently own at a price of A\$0.16 per Universal Share, as set out in the Ichor Offer Document;
Ichor Offer Document		the document published by Ichor on 30 September 2015, containing the Ichor Offer as updated and amended from time to time;
Independent Directors	Universal	all of the Universal directors other than the Universal directors who are nominees of Ichor Coal N.V. (who as at the date of this Offer Document are Nonkululeko Nyembezi-Heita and Andries Engelbrecht), and the Universal directors who are nominees of Coal Development Holdings B.V. (who as at the date of this Offer Document are David Twist and Carlos Baravalle);
Indicative Announcement	Offer	the announcement made by Universal on 2 November 2015 detailing CoAL's non-binding indicative offer on a confidential no-names basis;
Integration Committee		as described under 'Integration Committee' in Appendix X;
Issuer Subregister	Sponsored	the meaning given in Section 2 of the ASX Settlement Operating Rules;
JSE		JSE Limited (Registration No. 2005/022939/06), a public company trading as the "Johannesburg Stock Exchange", duly registered and incorporated under the laws of South Africa and licensed as a securities exchange under the Financial Markets Act;
Loan Note Alternative		the option whereby Loan Note Eligible Universal Shareholders may elect to receive Loan Notes instead of the Cash and Share Consideration (or, in the case of Restricted Universal Shareholders, the Cash Consideration) to which they would otherwise be entitled under the Offer in respect of some or all of their Universal Shares;
Loan Note Eligible		Universal Shareholders with a registered address in Australia

Australian Shareholder	Universal	who are 'professional' or 'sophisticated' investors for the purposes of, or other persons who do not require disclosure under, Chapter 6D of the Australian Corporations Act, and to whom Division 5A of Part 7.9 of the Australian Corporations Act does not apply;
Loan Note Eligible Universal Shareholder		all Universal Shareholders other than the Loan Note Restricted Universal Shareholders and includes Loan Note Eligible Australian Universal Shareholders and Eligible South African Universal Shareholders;
Loan Note Instrument		an instrument to be executed by CoAL creating the Loan Notes;
Loan Note TTE Instruction		has the meaning given to that term in Part C of Appendix VII;
Loan Noteholders		holders of Loan Notes from time to time;
Loan Note Restricted Universal Shareholder		a Universal Shareholder whose address as shown in the register of members of Universal is in a Loan Note Restricted Territory, unless CoAL otherwise determines (in its absolute discretion) after being satisfied that it is not unlawful, not unduly onerous and not unduly impracticable to make the Loan Note Alternative available to a Universal Shareholder in the relevant jurisdiction and to issue Loan Notes to such Universal Shareholder on acceptance of the Loan Note Alternative, and that it is not unlawful for such Universal Shareholder to accept the Loan Note Alternative in such circumstances in the relevant jurisdiction, and does not include a Loan Note Eligible Australian Universal Shareholder or an Eligible South African Universal Shareholder;
Loan Note Restricted Territory		a jurisdiction other than the United Kingdom, or any other jurisdiction where the extension or availability of the Loan Note Alternative in that jurisdiction would breach any applicable law or regulation;
Loan Notes		the loan notes with a principal amount of A\$0.25 to be issued by CoAL pursuant to a Loan Note Instrument the terms of which are summarised in Appendix XI and Loan Note means one of them;
London Stock Exchange		London Stock Exchange plc;
Makhado Project		the Makhado Project as described in Appendix I;
M&G		M&G Investment Management Limited;
M&G Agreement	Subscription	the subscription agreement entered into between CoAL and M&G pursuant to which M&G will subscribe for 68,965,517 CoAL Shares at a price of US\$0.0435 per CoAL Share, for total proceeds of US\$3 million;
member account ID		the identification code or number attached to any member account in CREST;

MPRDA		the <i>Mineral and Petroleum Resources Development Act, 2002</i> (South Africa);
Offer		the offer by CoAL to acquire the entire issued and to be issued shares in the capital of Universal (other than the Universal Shares already held by CoAL (if any)) and shall include any new, increased, renewed or revised offer (if permitted by applicable laws and regulations or appropriate waiver or relief) made by or on behalf of CoAL howsoever to be effected on the terms and conditions set out in this Offer Document and the Form of Acceptance and CDI Acceptance Forms;
Offer Announcement		the joint announcement of the CoAL Board and the Independent Universal Directors of CoAL's firm intention to make the Offer, dated 26 November 2015;
Offer Date		the date of this Offer Document, being 21 December 2015;
Offer Document		this document and any other document containing the Offer;
Offer Period		the period beginning on and including the Offer Date and ending on 1.00pm (London time) on the Closing Date or such earlier time as described in section 8.24 of Part B of Appendix VI;
Offer Price		A\$0.25 per share;
Participant		the meaning given in Section 2 of the ASX Settlement Operating Rules;
participant ID		the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant;
pounds sterling or £		pounds sterling, the lawful currency of the UK (and references to pence or p shall be construed accordingly);
Qinisele		Qinisele Resources (Pty) Limited;
Regulations		the <i>Uncertificated Securities Regulations 2001</i> (UK);
Regulatory Information Service		the ASX Markets Announcements Platform administered by the ASX Market Announcements Office;
Restricted ESA Instruction		has the meaning given in section 6.7(b) of Part B of Appendix VI;
Restricted Transfer	Escrow	has the meaning given in section 6.7(a) of Part B of Appendix VI;
Restricted Territory		a jurisdiction other than Australia or its external territories, New Zealand, the Netherlands or Hong Kong, or any other jurisdiction where the extension or availability of the Cash and Share Offer in that jurisdiction would breach any applicable law or regulation;

Restricted Shareholder	Universal	a Universal Shareholder whose address as shown in the register of members of Universal is in a Restricted Territory, unless CoAL otherwise determines (in its absolute discretion) after being satisfied that it is not unlawful, not unduly onerous and not unduly impracticable to make or extend the Cash and Share Offer to a Universal Shareholder in the relevant jurisdiction and to issue Consideration Shares to such a Universal Shareholder on acceptance of the Cash and Share Offer, and that it is not unlawful for such a Universal Shareholder to accept the Cash and Share Offer in such circumstances in the relevant jurisdiction, and does not include an Eligible South African Universal Shareholder or an Eligible UK Universal Shareholder;
Scheme		a scheme of arrangement under Part 26 of the Companies Act to with or subject to any modification, addition or condition approved or imposed by the UK Companies Court;
Scheme Document		if CoAL elects to implement the Acquisition by way of a Scheme, the document to be despatched to (amongst others) the Universal Shareholders (and holders of any other securities in the capital of Universal to which the Scheme relates) setting out the full terms of the Scheme including any form of proxy, election, notice, application, affidavit, court document or other document required in connection with the Scheme;
Share Option Holders		holders of options granted by Universal to subscribe for Universal Shares;
Significant Interest		in relation to an undertaking, a direct or indirect interest of 20 per cent. or more of the total voting rights conferred by the equity share capital (as defined in section 548 of the Companies Act) of such undertaking;
South Africa		the Republic of South Africa;
South African Companies Act		the Companies Act 2008 (South Africa), as amended;
subsidiary, undertaking, undertaking and undertaking	subsidiary associated and	have the meanings given by the Companies Act;
Subscription Agreements		the YBI Subscription Agreement and the M&G Subscription Agreement each of which provides part of the funding for the cash component of the Offer consideration;
Subscription Shares		the CoAL Shares to be issued pursuant to the Subscription Agreements;
Third Party		any central bank, government, government department or governmental, quasi-governmental, supranational, statutory,

regulatory or investigative body, authority (including any national anti-trust or merger control authority), securities exchange, trade agency, court, association, institution or professional or environmental body in any jurisdiction, but not including any counterparty to a deed, contract or agreement to which Universal is a party;

TTE Instruction		a Transfer to Escrow instruction (as described in the CREST Manual);
UK or United Kingdom		the United Kingdom of Great Britain and Northern Ireland;
UK Takeover Code	or	the Takeover Code which is published and administered by the UK Takeover Panel;
UK Takeover Panel		the Panel on Takeovers and Mergers (UK);
uncertificated or uncertificated form	in	a share or other security, title to which is recorded in the relevant register of Universal as being held in uncertificated form in CREST, and title to which, by virtue of the Regulations, may be transferred by means of CREST;
United Kingdom or UK		the United Kingdom of Great Britain and Northern Ireland;
Universal		Universal Coal plc, a public company incorporated in England and Wales with registered number 4482856;
Universal Board		the board of directors of Universal;
Universal CDI		a CDI in respect of which the underlying and corresponding security is one Universal Share;
Universal CDI Holder		a person who is the registered holder of one or more Universal CDIs;
Universal Information		the information regarding Universal provided by or on behalf of Universal that is set out in: <ul style="list-style-type: none"> • section 2 of Part A of the Offer Overview ('The Independent Universal Directors recommend the Offer'); • section 3 of Part A of the Offer Overview ('Participation in an enlarged group with an attractive growth profile'), but only to the extent it is based solely on information regarding Universal's projects or assets; • section 12 of Part I ('Why you should accept CoAL's offer'), but only to the extent it is based solely on the Independent Universal Directors' recommendation of the Offer or information regarding Universal's projects or assets; • Part II ('Letter of Recommendation from the Chairman of Universal Coal plc'), other than the information in

- paragraph 4 or paragraph 6 of that letter;
- Appendix II ('Profile of Universal Coal plc'); and
- section 2 of Appendix III ('Pro forma statement of financial position'), but only to the extent it is based solely on Universal's audited consolidated statement of financial position as at 30 June 2015, together with its notes,

and any updates to that information prepared by or on behalf of Universal;

Universal Group	Universal, its subsidiaries and subsidiary undertakings and, where the context permits, each of them;
Universal Share Plan	the Universal Coal plc Employee Option Plan;
Universal Shareholder	a holder of one or more Universal Shares (and includes CDI Nominee who holds Universal Shares on behalf of Universal CDI Holders) and, where the context requires, Universal CDI Holders;
Universal Shares	the existing unconditionally allotted and/or issued and fully paid ordinary shares of £0.05 each in the capital of Universal (including such shares represented by CDIs) and any further such shares which are unconditionally allotted or issued while the Offer remains open for acceptance and, where the context requires, Universal CDIs;
US\$	US dollars;
VWAP	volume weighted average price;
Warrantholders	holders of share warrant instruments entered into with Universal entitling the holder to subscribe for Universal Shares;
Wider Universal Group	Universal and associated undertakings and any other body corporate, partnership, joint venture or person in which Universal and such undertakings (aggregating their interests) have a Significant Interest;
YBI Subscription Agreement	the subscription agreement entered into between CoAL and Yishun Brightrise pursuant to which Yishun Brightrise will subscribe for 344,827,500 CoAL Shares at a price of US\$0.0435 per CoAL Share, for total proceeds of US\$15 million;
Yishun Brightrise	Yishun Brightrise Investment Pte Limited; and
ZAR	South African Rand.

COMPANY OFFICERS, REGISTERED OFFICE AND ADVISERS

Directors	Bernard Pryor (<i>Chairman and Independent Non-Executive Director</i>) David Brown (<i>Chief Executive Officer and Executive Director</i>) De Wet Olivier Schutte (<i>Chief Financial Officer and Executive Director</i>) Peter Cordin (<i>Independent Non-Executive Director</i>) Andrew Mifflin (<i>Independent Non-Executive Director</i>) Thabo Mosololi (<i>Independent Non-Executive Director</i>) Khomotso Mosehla (<i>Non-Executive Director</i>) Rudolph Torlage (<i>Non-Executive Director</i>)
Company secretary	Tony Bevan
Registered office and place of business	Suite 8, 7 The Esplanade, Mt Pleasant WA 6153, Australia
Investigating Accountants	BDO Corporate Finance (WA) Pty Ltd 38 Station Street Subiaco, WA 6008
Nominated Adviser and broker	Peel Hunt LLP Moor House 120 London Wall London EC2Y 5ET United Kingdom
Legal advisers to CoAL as to English law	Squire Patton Boggs (UK) LLP 7 Devonshire Square London EC2M 4YH United Kingdom
Legal advisers to CoAL as to Australian law	Squire Patton Boggs (AU) Level 21, 300 Murray Street Perth WA 6000 Australia
Legal advisers to CoAL as to South African law	ENSafrica Johannesburg Offices 150 West Street Sandton Johannesburg, 2196 South Africa
Registrars	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS99 62Z Computershare Investor Services Pty Limited

GPO Box 52
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Australia

Website

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SCHEDULE 1 – INVESTIGATING ACCOUNTANT’S REPORT

21 December 2015

The Directors
Coal of Africa Limited
Suite 8, 7 The Esplanade
Mount Pleasant WA 6153
Australia

Dear Directors

INVESTIGATING ACCOUNTANT'S REPORT

1. Introduction

BDO Corporate Finance (WA) Pty Ltd ('BDO') has been engaged by Coal of Africa Limited ('CoAL or 'the Company') to prepare this Investigating Accountant's Report ('Report') in relation to certain financial information of CoAL for inclusion in the Offer Document. The Offer Document has been prepared in relation to the offer by CoAL for the entire issued and to be issued share capital of Universal Coal Plc ('Universal') at a value of A\$0.25 per share ('Offer').

Under the terms of the Offer, CoAL is offering eligible Universal shareholders (including holders of Universal Chess Depository Interests) the opportunity to receive, for each Universal share held, A\$0.20 in cash and 1 share in CoAL (the 'Cash and Share Offer'). Certain Universal shareholders domiciled in the UK and other excluded jurisdictions will not be entitled to participate in the Cash and Share Offer but will instead be entitled to receive, for each Universal share held, A\$0.25 in cash (the 'Cash Offer').

In addition, subject to eligibility, Universal shareholders may also elect to receive Loan Notes with a principal amount of A\$0.25 for their Universal shares, either solely or in combination with the Cash and Share Offer or Cash Offer (as applicable).

Expressions defined in the Offer Document have the same meaning in this Report. BDO Corporate Finance (WA) Pty Ltd ('BDO') holds an Australian Financial Services Licence (AFS Licence Number 316158).

This Report has been prepared for inclusion in the Offer Document. We disclaim any assumption of responsibility for any reliance on this Report or on the Financial Information to which it relates for any purpose other than that for which it was prepared.

2. Scope

You have requested BDO to perform a limited assurance engagement in relation to the historical and pro forma historical financial information described below and disclosed in Appendix III of the Offer Document.

The historical and pro forma historical financial information is presented in the Offer Document in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

Historical Financial Information

You have requested BDO to review the following historical financial information (together the 'Historical Financial Information') prepared by the Company and included in the Offer Document:

- CoAL's audited consolidated statement of financial position as at 30 June 2015; and
- Universal's audited consolidated statement of financial position as at 30 June 2015.

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies. The Historical Financial Information of CoAL has been extracted from the financial report of CoAL for the year ended 30 June 2015, which was audited by the Company's auditor in accordance with Australian Auditing Standards. The Company's auditor issued an unmodified audit opinion on the financial report.

The Historical Financial Information of Universal has been extracted from the financial report of Universal for the year ended 30 June 2015, which was audited by the Universal's auditor in accordance with the International Financial Reporting Standards. Universal's auditor issued an unmodified audit opinion on the financial report.

Pro Forma Historical Financial Information

You have requested BDO to review the following pro forma historical financial information (the 'Pro Forma Historical Financial Information') of CoAL included in the Offer Document:

- the pro forma historical Statement of Financial Position as at 30 June 2015.

The Pro Forma Historical Financial Information has been derived from the Historical Financial Information of the Company, after adjusting for the effects of the pro forma adjustments described in Appendix III of the Offer Document. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the Historical Financial Information and the events or transactions to which the pro forma adjustments relate, as described in Appendix III, as if those events or transactions had occurred as at the date of the Historical Financial Information. Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position or financial performance.

The Pro Forma Historical Financial Information has been compiled by the Company to illustrate the impact of the events or transactions described in Appendix III of the Offer Document on the Company's financial position as at 30 June 2015. As part of this process, information about the Company's

financial position has been extracted by the Company from the respective financial statements for the year ended 30 June 2015.

3. Directors' responsibility

The directors of the Company are responsible for the preparation and presentation of the Historical Financial Information and Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the Historical Financial Information and included in the Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of Historical Financial Information and Pro Forma Historical Financial Information that are free from material misstatement, whether due to fraud or error.

4. Our responsibility

Our responsibility is to express limited assurance conclusions on the Historical Financial Information and the Pro Forma Historical Financial Information, based on our limited assurance engagement. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

Our limited assurance procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or limited assurance reports on any financial information used as a source of the financial information.

5. Conclusion

Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information, as described in Appendix III of the Offer Document, and comprising:

- CoAL's consolidated statement of financial position as at 30 June 2015; and
- Universal's consolidated statement of financial position as at 30 June 2015;

are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 2 of this Report.

Pro Forma Historical Financial information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information, as described in Appendix III of the Offer Document, and comprising:

- the pro forma historical Statement of Financial Position as at 30 June 2015;

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 2 of this Report.

6. Independence

BDO is a member of BDO International Ltd. BDO does not have any interest in the outcome of the Offer other than in connection with the preparation of this Report, for which professional fees will be received.

7. Disclosures

This Report has been prepared, and included in the Offer Document, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to be a substitute for professional advice and potential investors should not make specific investment decisions in reliance on the information contained in this Report. Before acting or relying on any information, potential investors should consider whether it is appropriate for their objectives, financial situation or needs.

Without modifying our conclusions, we draw attention to Section 2 of this Report, which describes the purpose of the financial information, being for inclusion in the Offer Document. As a result, the financial information may not be suitable for use for another purpose.

BDO has consented to the inclusion of this Report in the Offer Document in the form and context in which it is included. At the date of this Report this consent has not been withdrawn. However, BDO has not authorised the issue of the Offer Document. Accordingly, BDO makes no representation regarding, and takes no responsibility for, any other statements or material in or omissions from the Offer Document.

Yours faithfully

BDO Corporate Finance (WA) Pty Ltd



Sherif Andrawes

Director