



Explanatory notes to the agenda of the Extraordinary General Meeting of Shareholders (EGM) of Ichor Coal N.V. (the “company” or “IchorCoal”) on 30 June 2016

Agenda item 2

Proposal to approve and ratify the sale of the shares in Universal Coal plc by tendering these shares in a public offer (within the meaning of Section 2:107a of the Dutch Civil Code)

This item will be voted on.

Introduction

IchorCoal has held a shareholding of 29.99% in the capital of Universal Coal plc (**Universal Coal**) since October 2014. On 20 August 2015 the company announced its intention to make an offer for the remainder of the shares in Universal Coal it did not already own. The offer conditions were set out in an offer document that was published on the company’s website on 30 September 2015. The rationale for the offer and a summary of the offer terms were described in a shareholders’ circular that formed part of the meeting documents which were placed on the company’s website for the extraordinary general meeting of shareholders of the company of 4 November 2015 (the **EGM**). At the EGM, the general meeting of shareholders approved the resolution of the management board to make the public offer (within the meaning of Section 2:107a of the Dutch Civil Code). The company announced on 29 January 2016 that it would not extend its cash offer for Universal Coal since, among other things, there was a reduced possibility of the offer being accepted.

On 21 December 2015, Coal of Africa Limited (**CoAL**) published an offer document in which it announced its public offer for the entire issued and to be issued share capital of Universal Coal. The CoAL offer specified that:

- (a) Eligible Universal Coal Shareholders (as defined in the CoAL offer document) would be entitled to receive for each share in Universal Coal:
 - (i) A\$0.20 in cash and one new CoAL share, or
 - (ii) subject to eligibility under applicable securities laws, a non-converting, secured loan note with a principal amount of A\$0.25 per loan note,all in accordance with the terms and conditions of the CoAL offer,

- (b) Restricted Universal Coal Shareholders (as defined in the CoAL offer document) would not be entitled to participate in the cash and share offer but instead would be entitled to receive, for each share in Universal Coal:
 - (i) A\$0.25 in cash, or
 - (ii) subject to eligibility under applicable securities laws, a non-converting, secured loan note with a principal amount of A\$0.25 per loan note,all in accordance with the terms and conditions of the CoAL offer.

It is proposed to the general meeting of IchorCoal shareholders to approve and ratify the sale by the company of all the shares it holds in Universal Coal to Coal of Africa by tendering these shares in the CoAL offer. In accordance with the eligibility rules outlined in the CoAL offer document, the only option open to IchorCoal is option (a) above subject to the terms and conditions of the CoAL Offer as set out in the CoAL offer document dated 21 December 2015 and any subsequent variation to the terms of the offer published by CoAL (the “**transaction**”).

Pursuant to Section 2:107a of the Dutch Civil Code and Article 16.1 (c) of the Articles of Association of the company, the disposal of all the shares in Universal Coal that the company currently holds, requires the approval of the general meeting of shareholders. Due to the fact that the company had to tender the shares in Universal Coal within the deadline stipulated under the CoAL offer, being 29 April 2016, the approval of the general meeting of shareholders could not be obtained within the timeline stipulated in the terms of the transaction because of the statutory minimum convocation period for listed public companies under Dutch law. The management board and the supervisory board therefore request the general meeting of shareholders to both approve and ratify the sale by the company of all the shares it holds in Universal to CoAL by tendering these shares in the CoAL offer. An irrevocable statement by the majority shareholder of the company to approve the transaction was obtained by the company prior to the deadline of the CoAL offer period.

IchorCoal opted for a mix of cash, CoAL shares and loan notes. As consideration for the sale of its 151 660 000 shares in Universal Coal, the company has tendered 101 106 000 towards the cash and share combination and the remaining 50 554 000 shares towards the non-converting loan notes. Accordingly, the company will receive €13m in cash and 101 106 000 CoAL shares. Thus, the total implied transaction value of the sale at the current CoAL share price and prevailing exchange rates is €19m. In regards to the loan notes, one third will have a term of 12 months with the rest to be settled in 18 months.

Rationale

The company believes that the CoAL offer represents a compelling proposition and furthermore that the sale of its Universal Coal shares at the offered price creates significant shareholder value given the entry price of A\$0.16 per share paid to acquire them in 2014. Secondly, the prospect of attaining majority was assessed as remote in light of the substantially higher CoAL offer and the level of acceptances the offer had received. Finally, the proceeds would increase the company’s financial flexibility and facilitate the rapid development of existing properties as well as provide optionality to potentially acquire alternative targets in a depressed coal market.

In summary, the principal benefits from the sale of Universal Coal shares are:

- Immediate cash proceeds of €13m.
- Further upside provided through ownership of 101m CoAL shares after completion valued at €6.6m at the current CoAL share price.
- Increased financial flexibility with a strengthened balance sheet post transaction.

The management board and supervisory board determined, having duly considered the strategic, economic, financial and social aspects of the transaction, that it was in the best interests of the company and all its stakeholders, including its shareholders. The management board and supervisory board therefore fully and unequivocally recommend that the company’s shareholders vote in favour of the proposal to approve and ratify the transaction.

Agenda item 3

Proposal to grant an extension for the management board to draw up the annual accounts of 2015

This item will be voted on.

It is proposed to the general meeting of shareholders that the management board be granted an extension of three months until 30 September 2016 to complete all processes relating to the 2015 annual financial statements. The reason for the requested extension is that the preparation of the annual accounts took longer than expected in view of special circumstances which will be addressed by the management board at the EGM. The management board hereby informs the general meeting of shareholders that it is expected that the auditor Ernst & Young Accountants LLP (Amsterdam office) will complete the audit of the 2015 annual accounts in July, after which a general meeting of shareholders will be convened.