
DISPOSAL OF PLANT AND EQUIPMENT

1. INTRODUCTION

Shareholders are referred to the announcement dated 27 June 2016 and the circular to shareholders dated 30 September 2016 in terms of which shareholders were advised that the Company and its 50.5% held subsidiary, Sentula Coal Proprietary Limited ("**Sentula Coal**"), had entered into an agreement with Close-Up Mining Proprietary Limited ("**Close-Up Mining**") in terms of which Unicorn would, *inter alia*, dispose of its shares in Sentula Coal in consideration for 40% of the shares in Close-Up Mining ("**the Close-Up Merger**").

In the unaudited consolidated financial results of Unicorn for the 6 months ended 31 December 2016, issued on 31 March 2017, the Company advised that the Close-Up Merger had not been implemented due to various suspensive conditions not being fulfilled.

Shareholders are hereby advised that Unicorn has subsequently entered into an agreement with Close-Up Mining in terms of which the parties agreed that Sentula Coal would sell, to Close-Up Mining, certain plant and equipment ("**the Sentula Coal Plant and Equipment**") for an aggregate consideration of R25 080 000 (inclusive of Value Added Tax of R3 080 000) ("**the Disposal**").

2. SETTLEMENT OF THE PURCHASE CONSIDERATION

The purchase consideration shall be settled as follows:

- (i) an amount equal to R10 580 906.34 shall be settled through the reduction of an existing obligation owing by Sentula Coal to Close-Up Mining that arose in terms of sub-contracting arrangements entered into between the parties, prior thereto;
- (ii) the balance of the purchase price of R14 499 093.66 shall be settled by Close-Up Mining to Sentula Coal through the payment of six equal monthly instalments deducted and retained by Sentula Coal from the services rendered by Close-Up under the sub-contracting arrangements.

The proceeds will be utilised to further improve the liquidity position of the Group.

3. CONDITIONS PRECEDENT AND EFFECTIVE DATE

The Disposal does not remain subject to any conditions precedent. The agreement provides that the effective date of the Disposal is 1 October 2017, notwithstanding the date of signature of the agreement.

4. FINANCIAL INFORMATION

The carrying value of the Sentula Coal Plant and Equipment was R12 150 151 as at 30 June 2017

and, for the 12 months then ended, the Sentula Coal Plant and Equipment generated a net loss after tax of R2 861 828.

The above information has been extracted from the audited Group consolidated annual financial statements for the 12 months ended 30 June 2017 prepared in accordance with International Financial Reporting Standards.

8. **CLASSIFICATION OF THE TRANSACTION**

The Disposal is classified as a Category 2 transaction in terms of the Listing Requirements of the JSE Limited.

By order of the board

Johannesburg
8 November 2017

Sponsor



Questco Corporate Advisory Proprietary Limited