

3 February 2014



**universal**  
coal plc

## **UNIVERSAL COAL SET TO ACQUIRE NEW CLYDESDALE COLLIERY FROM EXXARO**

### **Acquisition to transform company into a multi-mine coal producer**

Universal Coal Plc (“Universal Coal”) (ASX:UNV) is pleased to announce that it has entered into an agreement that will help transform the company into a multi-mine coal producer.

The company has entered into a binding sale of assets agreement with Exxaro Resources Limited (“Exxaro”), South Africa’s largest listed coal miner, to acquire all the assets and assume certain liabilities of the New Clydesdale Colliery (“NCC”), located adjacent to the Universal Coal’s Roodekop deposit in the Witbank coalfield.

Commenting on the deal, UNV’s CEO Tony Weber said, “The acquisition of NCC marks a major step forward to becoming a leading mid-tier coal producer, expediting development of our second operation immediately on the heels of commissioning our first operation, Kangala mine near Johannesburg.

“Our Roodekop deposit contains an 84 million tonnes (“Mt”) coal resource, 82.9Mt of which is measured, and is awaiting only the granting of a water use licence before development activities can commence. In combination with NCC’s established operation and infrastructure, the path forward to bringing our next mine on stream has certainly been fast tracked.”

### **Natural synergies exist between NCC and Roodekop project**

*The following information regarding historical estimates of mineralisation have been provided in accordance with ASX Listing Rules 5.12.1 – 5.12.8 (see pages 4 – 6 for further detail).*

Located approximately 34km south of Emalahleni, in the Mpumalanga Province, NCC is one of the oldest coal mines in South Africa, having been worked on sporadically since 1949, and operating as recently as December 2013. Historically this operation has produced about 717ktpa of thermal coal from both underground and open pit operations, primarily for the export markets through the Richard’s Bay Coal Terminal. The operation has an extensive resource base, and coal beneficiation facility with a run-of-mine throughput capacity of c.2.0Mtpa.

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The mine is fully equipped with mining machinery and infrastructure able to operate three underground mining sections. NCC is located in close proximity to both established road and rail infrastructure, with a private railway connection with Transnet Freight Rail, allowing for direct export of its coal.

Exxaro established that NCC was no longer strategically aligned with its group strategy and embarked on a public disposal process in April 2013, before ultimately placing the operation on care-and-maintenance in December 2013.

NCC's most recent operations which were focussed on its Diepspruit resource are contiguous to Universal Coal's Roodekop coal resource and Universal Coal believes that the combination of NCC's operations with the Roodekop deposit will, *inter-alia*:

- seamlessly enable the extension of NCC's current life of mine ("LoM") to 2030 as Roodekop has an estimated LoM of 15 years, 8 years of which will be open pit;
- allow Universal Coal to integrate Roodekop into the NCC mining infrastructure;
- result in optimal use of NCC's processing infrastructure; and
- reduce capital, operating costs and overheads, improving the profitability of the integrated NCC/Roodekop mining complex.

### Transaction structure and funding

Further details of the structure and funding mechanisms of the transaction will be released to the market in due course as they are finalised and Universal Coal will have to comply with confidentiality agreements already executed between the parties.

The transaction remains subject to the fulfilment, or to the extent possible, the waiver of suspensive conditions of transactions of this nature such as Competition Commission approval and Ministerial consent in terms of section 11 of the Mineral Resources and Petroleum Development Act 28 of 2002 (as amended) ("MPRDA").

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For further information please contact:

## Institutions & Media

**Tony Weber**  
Chief Executive Officer  
Universal Coal Plc  
+27 12 460 0805  
[t.weber@universalcoal.com](mailto:t.weber@universalcoal.com)

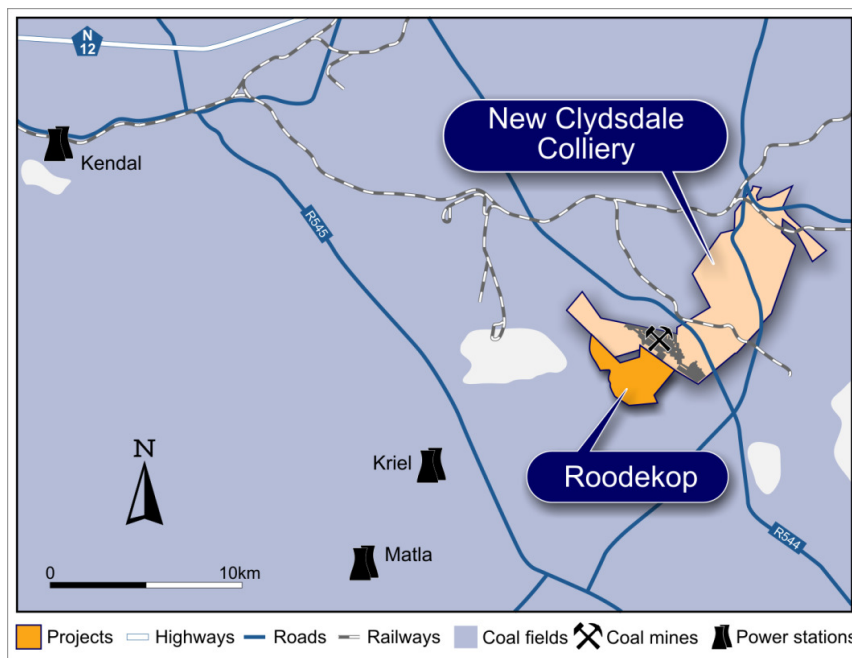
**Robert Williams**  
FCR  
T: +61 2 8264 1003  
[r.williams@fcr.com.au](mailto:r.williams@fcr.com.au)

**Reginald Demana**  
Principal:Corporate Finance  
Nedbank Capital  
+27 11 295 6575  
[reginaldd@nedbankcapital.co.za](mailto:reginaldd@nedbankcapital.co.za)

# About NCC

## Summary

NCC is located approximately 34km south of Emalahleni, in the Mpumalanga Province of South Africa. The Witbank coalfield is one of the most important coalfields in South Africa, supplying more than 50% of South Africa's saleable coal and is serviced by excellent road and railway infrastructure.



NCC hosts a South African Code for The Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC (2007)) (“SAMREC”) compliant coal resource of 54.5Mt of which 31.2Mt are at a Measured and 23.3Mt at an Indicated Resource level. The NCC resource is inclusive of a Proved Reserve of 3.53Mt.

Operation	Reserve Proved Mt	Resource Measured Mt	Resource Indicated Mt	Resource Inferred Mt	Total Resource Mt
NCC	3.5	31.2	23.3	-	54.5

- Mineral resources are stated inclusive of mineral reserves
- The tonnages are quoted in metric tonnes and million tonnes is abbreviated at Mt.
- Coal Resources are quoted on a Mineable Tonnage In-Situ (MTIS) and on an air-dried basis

The coal qualities are reported in the table below.

Seam	Measured Resource					Indicated Resource				
	Tonnage (Mt)	CV (MJ/kg)	VM (%)	Ash (%)	S (%)	Tonnage (Mt)	CV (MJ/kg)	VM (%)	Ash (%)	S (%)
Seam 5	-	-	-	-	-	4.30	23.00	21.3	27	1.4
Seam 4U	2.30	21.86	23.70	30.60	1.89	-	-	-	-	-
Seam 4L	5.78	24.80	23.91	20.60	1.34	3.00	24.00	18.00	23.00	0.80
Seam 2T	2.11	25.50	24.21	21.67	1.56	-	-	-	-	-
Seam 2S	13.45	23.00	24.34	22.70	1.18	1.70	26.00	25.50	19.00	1.20
Seam 2A	2.50	23.52	24.88	25.77	2.11	-	-	-	-	-
Seam 1	5.10	25.62	25.69	20.45	1.66	14.30	20.13	22.10	32.70	1.50
<b>Total</b>	<b>31.24</b>	<b>24.27</b>	<b>22.72</b>	<b>19.71</b>	<b>1.44</b>	<b>23.30</b>	<b>22.73</b>	<b>21.67</b>	<b>28.36</b>	<b>1.37</b>

- CV – calorific value, VM – volatile matter, S – sulphur
- Coal qualities are quoted on a Mineable Tonnage In-Situ (MTIS) and on an air-dried basis
- The tonnages are quoted in metric tonnes and million tonnes is abbreviated as Mt

### Reporting on Exploration Results

All information in this announcement concerning NCC’s Exploration Targets, Exploration Results and Mineral Resources and Ore Reserves (“foreign estimates”) has been sourced from the following report prepared for Exxaro in accordance with the minimum standards of SAMREC:

- *NCC Mine Mineral Resource and Ore Reserve Statement, 31 December 2012.*

This was the most recent study undertaken by Exxaro.

Both SAMREC and Australasian Code for Reporting of Exploration Results, Coal Resources and Ore Reserves (“JORC”) standards are rigorous codes that deliver robust resource and reserve estimates and SAMREC compliant estimates are “qualifying foreign estimates” for the purpose of ASX Listing Rules. No major differences in the estimates would be anticipated as between SAMREC and JORC compliance.

The foreign estimates would be material to the company if the transaction proceeds, as the tenement to which they relate are intended to be a major focus of the combined NCC-Roodekop project.

A summary of the work programme underlying the foreign estimates is set out below.

#### *Exploration and Drilling*

The NCC project area has been subject to various exploration programmes by numerous mineral exploration and mining companies from the middle of the last century to the present day. Historically a total of 872 holes (42,124 meters) have been drilled including 82 holes completed by Exxaro from 2008 to the present and aimed at improving the confidence level from Indicated to Measured, delineate new resource blocks and prepare the future planned resources for execution.

After examination of the available data and reports it is reasonable to assume that all drilling was diamond drilling using conventional equipment and TNW core size (60.5mm core diameter). Geological logging, geotechnical logging and sampling of the coal seams were done by qualified and experienced geologists.

The laboratories used for the historical analyses were at the time that the samples were analysed probably not SANAS accredited laboratories, but would have participated in coal laboratories round robins that produced acceptable results. The laboratories used by Exxaro for the recent analyses were SANAS accredited.

Data verification and validation have been completed on the historical data by Exxaro as far as is practically possible and suspect borehole data was removed from the geological database used in the resource estimation.

#### *Mineral Reserves*

The mining and beneficiation process in conjunction with the coal market, and customer demand, were the modifying factors used to convert coal resources to reserves at NCC. The following modifying factors were used:

- Seam thickness cut-off: 1.5 m
- Geological loss: 5%
- Mining loss: 5%
- Underground extraction factor: 65%
- Theoretical Yield: 76.5%
- Mining contamination: 5%
- Plant efficiency: 87.5%

#### *Mining Method*

Coal was largely extracted by underground methods on a 24-hour per day, seven (7) days per week and 365 days per year production schedule. The remaining life of mine (LoM), based on the current reserve estimate, is approximately 3.3 years at a production rate of 70 000 tons per month RoM.

#### *Mineral Processing*

NCC was an operating mine since the middle of the last century until December 2013, producing export quality thermal coal after Dense Medium Separation. The coal treatment parameters and plant efficiencies were therefore well understood.

#### *Product Specifications*

The mine was contracted to produce export thermal coal with the following specifications: 28 MJ/kg calorific value, 25.8% volatile matter content and 13-14% ash.

## Competent Person's Statement

A competent person has not done sufficient work to classify the foreign estimates as mineral resources or ore reserves in accordance with the JORC Code and it is therefore uncertain that following evaluation and/or further exploration work the foreign estimates will be able to be reported as mineral resources or ore reserves in accordance with JORC.

However, Mr Jaco Malan has confirmed that the information above that has been provided under ASX Listing Rules 5.12.2 to 5.12.7 is an accurate representation of the available data and studies for NCC by Exxaro as certified by the SAMREC compliant report listed above. Mr Malan is a registered natural scientist and member of the South African Council for Natural Scientific Professions (a Recognised Overseas Professional Organisation). Mr Malan is employed by Universal Coal 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 in the 2012 edition of the JORC Code. Mr Malan consents to the inclusion in this report of this information in the form and context in which it appears.

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## About Roodekop

### Summary

The 74% owned Roodekop project is located centrally on the southern margin of the Witbank coalfield, 30km south of Middelburg and immediately south of NCC.

The project is one of three thermal coal resources held by Universal Coal and the first to target the export market. The JORC compliant coal resource at Roodekop totals 84.36 Mt of which 82.92 Mt are at a Measured and 1.44 Mt at an Indicated resource level.

Project	Reserve Proved Mt	Resource Measured Mt	Resource Indicated Mt	Resource Inferred Mt	Total Mt	Attributable to Universal Coal Mt <sup>7</sup>
<b>Thermal Coal (Witbank)</b>						
Roodekop	-	82.92	1.44	-	84.36	62.42

The project hosts bituminous coal that would have to be beneficiated to produce a primary 26.5MJ/kg CV (gross air dried) product suitable for the export market and a secondary 20.5MJ/kg (gross air dried) product for Eskom. In addition, low phosphorus coal can be produced for the metallurgical market from the No. 1 and 1A seams.

Project	Seam	Primary Product (theoretical, uncontaminated and undiluted) on an air-dried basis						
		Yield (%)	Calorific Value (MJ/kg)	Ash (%)	Volatile Matter (%)	Sulphur (%)	Inherent Moisture (%)	Phos. (%)
Roodekop	4 Upper A	40.9	26.5	15.8	29.5	1.16	3.0	-
	4 Upper	60.2	26.5	15.8	27.7	0.75	3.3	-
	2 Lower	38.8	26.5	15.8	28.8	0.66	2.9	-
	1	24.2	27.5	13.6	26.7	0.59	3.1	<0.01
	1A	37.7	27.5	13.6	31.0	0.52	2.7	<0.01

Project	Seam	Secondary Product (Theoretical) on an air-dried basis					
		Yield (%)	Calorific Value (MJ/kg)	Ash (%)	Volatile Matter (%)	Sulphur (%)	Inherent Moisture (%)
Roodekop	4 Upper A	22.5	20.5	29.7	20.5	0.98	2.6
	4 Upper	6.7	20.5	29.4	22.1	0.55	2.9
	2 Upper	78.8	20.8	28.6	19.8	0.40	2.9
	2 Lower	20.3	20.5	29.8	22.2	0.56	2.6
	1	62.4	20.6	29.4	19.5	0.71	2.7
	1A	41.0	20.6	29.5	23.6	0.58	2.3

## Reporting on Exploration Results

All information in this announcement concerning Roodekop Exploration Targets, Exploration Results and Mineral Resources were prepared and first disclosed under JORC Code 2004. The information has not been updated since to comply with JORC Code 2012 on the basis that the information has not materially changed since it was last reported. The information was extracted from the Company's previous ASX announcements as follows:

- *Roodekop Mining Right Granted, 11 March 2013.*
- *Berenice and Roodekop Projects Ownership Increase, 29 January 2013.*
- *Roodekop Resource Upgrade / 50% Interest Achieved, 11 May 2011.*

The statement also complies with the recommendations and guidelines set out in the revised 2007 SAMREC Code and the rules and guidelines relating to the independent expert's reports set by ASIC and ASX.

## Competent Person's Statement

The abovementioned information that relates to the Roodekop Coal Resource is based on information reviewed and compiled by Mr Nico Denner, a registered natural scientist and 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 in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Coal Resources and Ore Reserves. Mr Denner consents to the inclusion in this report of this information in the form and context in which it appears.



## About Universal Coal

Universal Coal is an ASX-listed company with interests in five coal projects in South Africa. These projects contain in excess of 1.9 billion tonnes of JORC-compliant resources, of which over 1 billion tonnes is attributable to the company.

The most advanced asset, the Kangala project, is targeting first production February 2014. Kangala is located in the Witbank coalfield, which supplies more than 50% of South Africa's saleable export and domestic coal.

Following the Kangala project will be development of the export-focused Roodekop and Brakfontein projects subject to positive feasibility studies, financing and other regulatory approvals.

In addition to the thermal coal projects, the company has completed earn-in agreements over two coking coal project areas (Berenice/Cygnus and Somerville/Donkin) that together contain 1.67 billion tonnes of JORC-compliant resources.

The following map and schedule provides information pertaining specifically to the location and tenure of interests held by Universal Coal Plc in Mining Rights (MR) and Prospecting Rights (PR) in South Africa.



Project	Property	Permit Type & Number	Location	Size (ha)	Beneficial Interest Held	Change in Interest from previous Quarter
Kangala	Wolvenfontein 244IR: Portion 1 and RE of Portion 2	Mining Right: MP30/5/1/2/2/429MR	Delmas, Mpumalanga Province, South Africa	951	70.5%	None
	Middelbult 235IR: Portions 40 and 82	Prospecting Right: MP30/5/1/1/2/641PR	Delmas, Mpumalanga Province, South Africa	942	70.5%	None
	Modderfontein 236IR: Portion 1	Prospecting Right: MP30/5/1/1/2/639PR	Delmas, Mpumalanga Province, South Africa	127	70.5%	None
Roodekop	Roodekop 63IS	Mining Right: MP30/5/1/1/2/492MR	Kriel, Mpumalanga Province, South Africa	835	74%	None
Brakfontein	Brakfontein 264IR : Portions 6, 8, 9, 10, 20, 26, 30 and Remaining Extent	Prospecting Right: MP30/5/1/1/2/1879PR	Delmas, Mpumalanga Province, South Africa	879	50.29%	None
Berenice & Somerville	Berenice 548MS, Celine 547MS, Doorvaardt 355MS, Longford 354MS, Somerville 9MS and adjacent farms	Prospecting Right: LP30/5/1/1/2/376PR	Waterpoort, Limpopo Province, South Africa	39,484	50%	None
Cygnus	Cygnus 543MS and adjacent farms	Prospecting Right: LP30/5/1/1/2/1276PR	All Days, Limpopo Province, South Africa	12,299	50%	None
Donkin	Donkin 72MS	Prospecting Right: LP30/5/1/1/2/2074PR	All Days, Limpopo Province, South Africa	1,178	15%	None

The company has an experienced team of directors, senior managers and geoscientists with extensive expertise in both coal exploration and mining in South Africa and who have a proven track record of project development.

## Universal Coal Global Coal Resources/Reserve Summary

Project	Reserve Proved Mt	Resource Measured Mt	Resource Indicated Mt	Resource Inferred Mt	Total Mt	Attributable to Universal Mt <sup>7</sup>
<b>Thermal Coal (Witbank)</b>						
Kangala <sup>1</sup>	21.55	71.93	19.35	33.64	146.47	103.25
Roodekop <sup>2</sup>	-	82.92	1.44	-	84.36	62.42
Brakfontein <sup>3</sup>	-	70.50	15.00	2.20	87.70	44.10
<b>Total Thermal Coal<sup>7</sup></b>	<b>21.55</b>	<b>225.35</b>	<b>35.79</b>	<b>35.84</b>	<b>318.53</b>	<b>209.77</b>
<b>Coking Coal (Limpopo)</b>						
Berenice <sup>4</sup>	-	393.97	694.27	116.07	1204.31	602.16
Cygnus <sup>5</sup>	-	30.94	106.65	8.22	145.81	72.91
Somerville <sup>4</sup>	-	-	-	274.22	274.22	137.11
Donkin <sup>6</sup>	-	-	-	42.42	42.42	6.36
<b>Total Coking Coal<sup>7</sup></b>	<b>-</b>	<b>424.91</b>	<b>800.92</b>	<b>440.93</b>	<b>1,666.76</b>	<b>818.54</b>
<b>Total<sup>7</sup></b>	<b>21.55</b>	<b>650.26</b>	<b>836.71</b>	<b>476.77</b>	<b>1,985.29</b>	<b>1,028.31</b>

### Notes:

- This information was prepared and first disclosed under the JORC Code 2004. It has 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.
- Mineral resources are stated inclusive of mineral reserves.
  - Universal has an attributable interest of 70.5% of the Kangala Project.
  - Universal has an attributable interest of 74% in the Roodekop Project.
  - Universal has an attributable interest of 50.29% in the Brakfontein Project and the right to negotiate to acquire up to a 74% interest upon completion of the BFS and award of a mining right..
  - Universal has an attributable interest of 50% in the Berenice and Somerville Projects with an option to acquire up to a 74% interest.
  - Universal has an attributable interest of 50% in the Cygnus Project with an option to acquire up to a 74% interest.
  - Universal has an attributable interest of 15% in the Donkin Project that will increase to 50% on completion of certain exploration milestones.
  - Rounding (conforming to the JORC Code) may cause computational discrepancies.

## Competent Person's Statement

The information in this report that relates to Coal Resources is based on information reviewed and compiled 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 in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Coal Resources and Ore Reserves. Mr Denner consents to the inclusion in this report of this information in the form and context in which it appears.

The Kangala Coal Reserve estimate was prepared by Mr Ben Bruwer, who is a Principal Mining Engineer and Co-owner of VBKom Consulting Engineers who are the preferred mining consultants to Stefanutti Stocks Mining Services (Pty) Ltd. He is a member of the Engineering Council of South Africa (ECSA) (a Recognised Overseas Professional Organisation) and member of SAIMM. He has more than 15 years' experience in the South African coal and minerals industries. VBKom CE has sufficient experience which is relevant to the type of mineralisation and the Kangala deposit and to the activity which Mr Bruwer is undertaking to qualify as a Competent Person as defined by the SAMREC and JORC Codes for Reporting of Exploration, Mineral Resources and Ore Reserves.

## Reporting on Exploration Results

The Resource/Reserve Statement was prepared and first disclosed under the JORC Code 2004. It has 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 statement also complies with the recommendations and guidelines set out in the revised 2007 South African Code for The Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC Code) and the rules and guidelines relating to the independent expert's reports set by ASIC and ASX.