

6 October 2014



universal
coal plc

CHAIRMAN'S ADDRESS – GENERAL MEETING

Good Afternoon Ladies and Gentlemen.

On behalf of the Board it is a pleasure to welcome you to this General Meeting. I am Tony Weber, the CEO of Universal Coal plc and today I will be chairing this meeting in the absence of the Company's Chairman, John Hopkins. I am pleased to introduce the Board members that have been able to join me today.

I have been advised that there is a quorum of members present and therefore declare the meeting open.

The Notice of Meeting and Explanatory Statement has been distributed to all shareholders and, unless there are any objections, I will take it as read.

PROPOSED STRATEGIC INVESTMENT

We were delighted to announce to the market on 2 September 2014 a funding package which comprises:

- i. a strategic investment by international coal company IchorCoal NV of A\$24.5 million which will accelerate growth plans including the development of the Company's second operating asset; and
- ii. a further investment by one of our major shareholders, Coal Development Holding B.V. of A\$1 million.

The funding package remains subject to shareholder approval. We will shortly be asking you to vote on the funding package. I take this opportunity to point out that there are a number of resolutions proposed to approve the funding package, all of which must be passed in order for the Company to take the benefit of the funding package. If all resolutions are approved by shareholders, it is anticipated that completion of the funding package will occur on 16 October 2014

The funds raised from the funding package will complete the financing for Universal Coal's acquisition of the New Clydesdale Colliery from Exxaro Coal Mpumalanga (Pty) Ltd, part-fund the development of the Company's

Roodekop project of which we expect the New Clydesdale Colliery will form part and, in respect of any balance, to fund general working capital and implement further acquisition opportunities as they arise.

ASSET SALE AGREEMENT UPDATE

As foreshadowed in the announcement released to the market on 2 September 2014, we are pleased to provide the following update on the status of the acquisition agreement between Exxaro and the buyer of the New Clydesdale Colliery, being Universal Coal Development VIII (Pty) Ltd, which is an entity that is 49% owned by Universal Coal plc.

The acquisition agreement is subject to a number of conditions precedent. To date, the following conditions precedent have been satisfied:

- i. the buyer has delivered to Exxaro an irrevocable bank guarantee for the purchase deposit;
- ii. the buyer has furnished Exxaro with the necessary corporate resolutions;
- iii. Exxaro has furnished the buyer with the necessary corporate resolutions;
- iv. Exxaro has furnished the buyer with the notification to the Department of Water and Sanitation regarding the transfer of the water use licence;
- v. Exxaro has furnished the buyer with a copy of the Mining Right bearing an endorsement evidencing that it has been registered with the Mineral and Petroleum Titles Registration Office;
- vi. Exxaro has furnished the buyer with written confirmation of notice of cession to all the parties for the access and rail loop agreements applicable to the New Clydesdale Colliery; and
- vii. Exxaro has obtained all the required regulatory and statutory approvals in terms of the Competition Act.

The following conditions precedent are yet to be satisfied, but, in the Company's view, are expected to be satisfied or waived on or before the final date for satisfaction or waiver of the conditions precedent, being 30 January 2015:

- i. Exxaro successfully obtaining section 11 consent, being a form of regulatory consent to the transaction required under the South African Minerals and Petroleum Resources Development Act – Exxaro has successfully submitted the section 11 application to the Department of Mineral Resources and there is no reason to believe that this approval will not be granted before the end of 2014;
- ii. the buyer delivering to the Department of Mineral Resources an environmental guarantee – the buyer is currently obtaining quotations and has the support from a South Africa financial institution to provide a rehabilitation guarantee to the Department of Mineral Resources for the full amount of the outstanding rehabilitation liability at the New Clydesdale Colliery;

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- iii. Exxaro obtaining approval for the disposal of certain assets for which it requires consent – these approvals relate certain covenants provided by Exxaro around the time of its formation to not dispose of or encumber certain rights or assets without the approval of third parties. The buyer is considering a waiver of this condition precedent, which is provided for its benefit;
 - iv. buyer delivering an irrevocable bank guarantee to Exxaro for the provisional purchase price less the deposit, being approximately A\$8.2 million (ZAR82 million));
 - v. Exxaro providing the buyer with a copy of the written notification relating to security services provided under a security agreement; and
 - vi. finally, no Material Adverse Change having occurred before completion – as of today, the Company is not aware that any such change has occurred.

In sum, the Company considers that Exxaro and Universal Coal Development VIII are on track to complete the sale and acquisition of the New Clydesdale Colliery in accordance with the acquisition agreement.

I would like to take this opportunity to thank the Board, senior management and all employees for their efforts in bringing these exciting developments to fruition, which we hope will achieve positive results for the Company and its shareholders.

In closing, I would like to thank our shareholders for their continued support with an additional thanks to all those shareholders who were able to attend today's meeting.

I will now proceed with the formal business of the General Meeting which was convened by the Notice to shareholders dated 19th September 2014.

However, before we proceed to voting on the resolutions, are there any questions?

For further information please contact:

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