

22 June 2015



universal
coal plc

UNIVERSAL COAL SECURES FINANCING FOR DEVELOPMENT SPURT

Universal Coal obtains a combined AUD\$55 million facility to complete second operation

Universal Coal Plc (ASX:UNV) has announced that it has secured a senior secured debt finance facility of AUS\$55 million (ZAR525 million) from Investec Bank Limited, acting through its Corporate and Institutional Banking division. This will enable the company to fund the final phase of capital development for its second mining operation, the New Clydesdale Colliery (NCC).

Located in the Witbank coalfields, 100 kilometres north-east of Johannesburg, the first phase of the NCC project is scheduled to be fully commissioned later this year. At full capacity, this will produce two million tonnes of coal per annum for high-end domestic markets. A long-term Coal Sales Agreement (CSA) is currently being negotiated with both power and metallurgical off-takers for the use of coal from NCC which, with reserves of 40.5 million tonnes, is expected to have a life well in excess of 20 years.

The new financing facility will also be used to refinance the debt component of Universal Coal's Kangala Colliery. Since this has now reached steady state operations, existing project finance facilities are being replaced with more favourable and flexible corporate debt facilities.

"We are entering an exciting growth phase," says Universal Coal's CEO Tony Weber. "Once we reach steady-state production at NCC, the company's net production will have doubled. Further, by securing corporate debt financing on more favourable terms than project financing, Universal Coal's net value will be significantly enhanced, and its ability to bring long-life, multi-product coal operations to full production demonstrated."

Financing Facility Details:

Funds from the Investec debt financing facility will be drawn and applied as follows:

- Tranche A: This will be used to settle the current project finance facility of AUS\$30 million (ZAR285 million).
- Working Capital Facility: A facility of AUS\$2.6 million (ZAR25 million) will be used to provide working capital for the Kangala Colliery.
- Tranche B: A final amount of AUS\$23 million (ZAR215 million) will be used to fund the balance of capital development activities at NCC.

Interest rates over the entire facility will be considerably reduced after the completion of the NCC project to three-month JIBAR plus a margin of 3.5% p.a. (current: 4.25% p.a.). Prior to completion, interest will be levied by Investec at three-month JIBAR plus a margin of 4% p.a. (historic: 4.95% p.a.).

Repayment of Tranche A will follow a quarterly cycle over twenty repayment periods, with interest being serviced simultaneously. The revolving working capital facility has a tenor of five years and must be repaid at the end of the period. Repayment of Tranche B will benefit from a repayment holiday for the first 12 months, and sixteen quarterly repayments will be made thereafter. Interest on this second tranche will be serviced quarterly following drawdown.

Security over the debt facility will be standard for a facility of this nature, and will involve first ranking security over assets, including bonds over movable, immovable, mining and surface rights. A project completion guarantee for NCC is also required from the parent company; Universal Coal plc.

Conditions precedent to drawdown are all considered to be achievable within a short timeframe, with access to the Tranche B funds mostly being dependant on a favourable Coal Supply Agreement (CSA).

NCC Development Status

Ministerial approvals in terms of Section 11 are expected early during the next quarter pending certain rectifications required by the DMR.

Universal Coal has further completed a Bankable Feasibility Study for the initial phase of the NCC project, which has been approved by the Board subject to finalisation of the CSA. Project development will continue as scheduled, with on-site mining activities to commence upon conclusion of the CSA.

The opencast tender process for mining at Roodekop has been completed and a preferred contractor nominated. Contractual agreements are in the process of being drafted. Tender documents for the construction of processing plants have been released to pre-selected parties, with adjudication and selection processes currently underway.

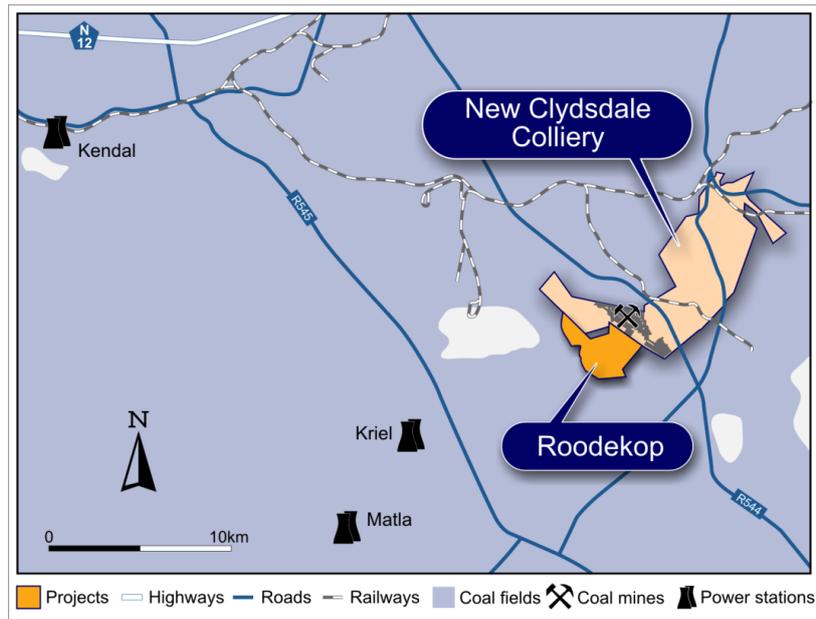
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About NCC

The NCC project is located on the southern margin of the Witbank coalfield, 30km south of Middelburg and 70km east of Universal Coal's Kangala Mine. It brings together the New Clydesdale Colliery (currently in acquisition) and the existing Roodekop project. It is the second Universal Coal operation, to target the export market.



Universal Coal 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	22.3	-	93.1	19.4	33.6	146.1	103.0
NCC ²	28.8	12.00	144.9	3.6	16.9	165.4	102.1
Brakfontein ³	9.6	-	31.7	39.4	4.7	75.8	38.1
Total Thermal Coal	60.7	12.00	269.7	62.4	55.2	387.3	243.2
Coking Coal (Limpopo)							
Berenice ⁴	-	-	394.0	694.3	116.1	1,204.4	602.2
Cygnus ⁵	-	-	30.9	106.7	8.2	145.8	72.9
Somerville ⁴	-	-	-	-	274.2	274.2	137.1
Total Coking Coal	-	-	424.9	801.0	398.5	1,624.3	812.2
Total	60.7	12.00	694.6	863.4	453.7	2,011.6	1,055.4
	72.7						

Notes:

- Mineral Resources are stated 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. 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 Resource and Reserve estimates for the NCC and Brakfontein projects have been updated to comply with the JORC Code 2012.
1. Universal has an attributable interest of 70.5% of the Kangala Project.
 2. Universal has an attributable interest of 49% in the New Clydesdale Colliery (under acquisition) and 74% in the Roodekop Project, collectively known as the NCC project
 3. 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.
 4. Universal has an attributable interest of 50% in the Berenice and Somerville Projects with an option to acquire up to a 74% interest.
 5. Universal has an attributable interest of 50% in the Cygnus Project with an option to acquire up to a 74% interest.

Competent Person's Statement

The Coal Resource estimates for Kangala, Brakfontein, 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 in the 2012 edition of the JORC Code. Mr Denner consents to the inclusion in this report 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 Coal plc 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 Rantao 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 Eddy Rikhotso, who is a Mining Engineer at 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 14 years' experience in the South African coal industry. Mr Rikhotso 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 a Competent Person as defined by the JORC Code for Reporting of Exploration, Mineral Resources and Ore Reserves.

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 as defined by 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 report 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 Coal 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 in the 2012 edition of the JORC Code for Reporting of Exploration, Mineral Resources and Ore Reserves.