

3 August 2015



universal
coal plc

UNIVERSAL COAL STRENGTHENS CASH POSITION FOLLOWING DRAWDOWN OF TRANCHE-A FINANCING

*Drawdown releases restricted cash reserves and replaces debt facilities
on more favourable terms*

Universal Coal Plc (ASX:UNV) today announced that it has successfully effected the drawdown of the Kangala Finance Facility ("Tranche A") of A\$30.8 million (R 285 million) with Investec Bank Limited, acting through its Corporate and Institutional Banking division (Investec). The drawdown effectively replaces the previous project finance debt facilities with FirstRand Bank limited, acting through its Rand Merchant Bank division on more favourable terms.

Interest rates over the Tranche-A facility will be levied at three-month JIBAR plus a margin of 4.0% p.a. until completion of the company's next operation, New Clydesdale Colliery (NCC), after which the margin will be reduced to 3.5% p.a.

A revolving Working Capital facility of A\$2.6 million (ZAR25 million) is available to be used to fund fluctuations in cash flows at the Kangala Colliery. The facility remains undrawn and fully available.

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.

The company is now in a strong cash position, with cash reserves previously designated as restricted reserves now released in addition to excess cash generated during the 2015 financial year. This enables the company to partially repay the existing shareholder loan into the project entity, effectively providing Universal Coal plc with sufficient cash reserves to cover the corporate burn requirements for the full 2016 financial year. Following the NCC project completion and subject to Investec's approval, Universal Coal anticipates returning excess cash reserves to shareholders through permitted capital restructuring mechanisms.

The Tranche B financing facility of A\$ 23 million (R215 million) to fund the balance of the NCC development requirements remains subject to several conditions precedent yet to be fulfilled, the most significant of which is a Coal Supply Agreement (CSA), which Universal Coal is pursuing aggressively.

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 CSA is currently being finalized 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.

Commenting on the drawdown, Universal Coal's CEO Tony Webber said: "The securing of favourable corporate debt facilities helps expedite the development of our second operation, NCC, which should double the company's net production once Phase 1 steady state is achieved. With the drawdown releasing restricted cash, and our first operation, Kangala, generating strong cashflow, we are in an excellent cash position to continue growing the company and increasing shareholder value."

NCC Development Status

Ministerial approvals in terms of Section 11 have been granted and closure of the acquisition transaction is being completed

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 the signature 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. The Processing plant contractor has been notified of their successful tender proposal and the contractor for the primary crusher services is currently underway.

For further information please contact:

Tony Weber

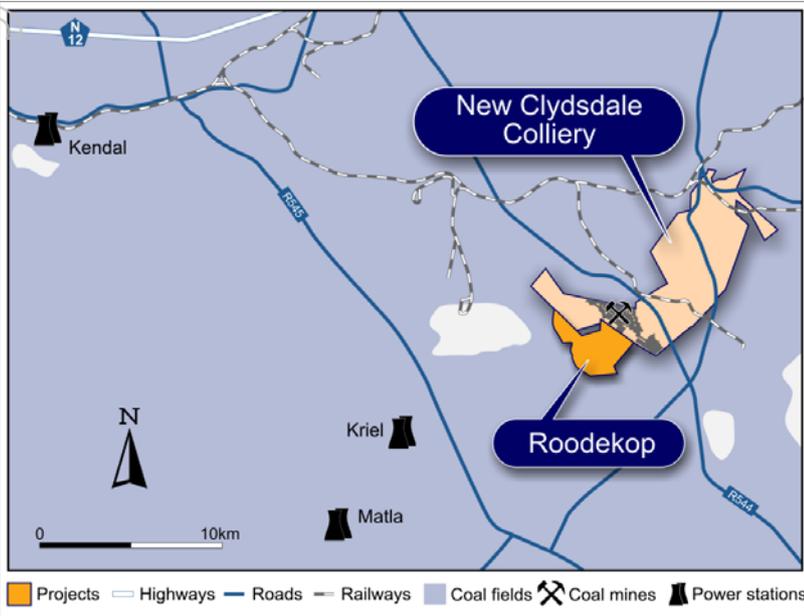
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About NCC

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.



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Universal Coal Global Coal Resources/Reserve Summary

Project	Reserve		Resource				
	Proved	Probable	Measured	Indicated	Inferred	Total	Attributable to Universal
	Mt	Mt	Mt	Mt	Mt	Mt	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.