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universal
coal plc

UNIVERSAL COAL POISED TO BECOME MULTI-MINE COAL PRODUCER BEFORE YEAR-END

New Clydesdale Colliery acquisition completed

Universal Coal Plc ("Universal Coal" or the "Company") (ASX: UNV) is expected to become a multi-mine coal producer before year-end following completion of its acquisition of the New Clydesdale Colliery ("NCC"), located in the Witbank coalfields of South Africa.

Universal Coal assumed official ownership of NCC upon satisfying the remaining conditions precedent to completion of the transaction, including payment of the final instalment of the purchase price to the previous owner, Exxaro Coal Mpumalanga (Pty) Ltd, following the grant of Ministerial approval in terms of Section 11 last month.

The Company will now focus on recommissioning NCC's existing processing facilities for Phase-1 open-cut development, which are expected to process up to 2 million tonnes per annum (Mtpa) run-of-mine (ROM) (phase 1) of hi-grade domestic thermal and low-phosphorous metallurgical coal, which it is expected will be supplied primarily to the South African market.

A long-term Coal Sales Agreement with leading South African power utility Eskom Holdings SOC to supply up to 1.2 Mtpa hi-grade domestic thermal coal from NCC is nearing settlement with consensus already reached on key terms, including coal quality, quantity and key commercial terms.

Commenting on this milestone, Universal Coal's chief executive officer Tony Weber said: "We are delighted to officially acquire NCC, which marks a major step forward on our path to become a leading mid-tier, multi-product coal producer.

"Our first operation, Kangala, continues to exceed expectations. It achieved record sales in July and is delivering strong cash flow throughout 2015, while production has increased. Importantly, wage agreements have now been secured with employees of Kangala's mining contractor and plant processing contractor, ensuring labour stability through to 2018."

"NCC provides the Company with its second, long-term, significant coal producing asset within the span of two years. We look forward to bringing the operation on stream with first production planned for later in 2015. Once steady state operations are achieved, we anticipate that the additional tonnage from NCC will contribute significantly in improving the existing level of cash generation and earnings for the Group"

All funding for first phase development of NCC has been secured.

For further information please contact:

Institutions & Media

Tony Weber
Chief Executive Officer
Universal Coal Plc
+27 12 460 0805
t.weber@universalcoal.com

Robert Williams
FCR
T: +61 2 8264 1003
r.williams@fcr.com.au