

23 August 2016



NCC ON TRACK FOR FIRST PRODUCTION IN SEPTEMBER 2016

Universal Coal (ASX:UNV, "Universal") is pleased to advise that the re-commissioning of New Clydesdale Colliery (NCC) remains on schedule with first coal expected in September 2016. NCC is the company's second operation and re-positions Universal as a multi-mine coal producer with an increased exposure to the improving export thermal coal market.

Located in South Africa's premier coal region in the Witbank basin, NCC hosts a JORC 2012 Mineral Resource of 130.4 million tonnes, sufficient for over twenty years of operation⁽¹⁾. NCC will initially commence with 900,000 tonnes per annum (tpa) run-of-mine (ROM) from the underground operation placed on care and maintenance by the previous owner, producing export quality (above 5300kcal NAR) thermal coal. A second-phase open pit development will commence upon securing of an offtake agreement, adding a further 2 million tpa ROM of primarily thermal coal⁽²⁾.

Experienced coal mining contractors, STA Coal Mining Company (Pty) Ltd, have been appointed to conduct the underground mining and have begun to re-establish operations at the Diepspruit underground section. Mining equipment has been secured and will start arriving on site shortly.

Diepspruit complex with adit



Diepspruit underground



- (1) Mineral Resources stated in announcement titled "Mineral Resources and Ore Reserves Update" released to the market on 29 January 2016.
- (2) Production schedule/plan and tonnages stated in Presentation released to the market on 9 August 2016.

As disclosed previously, Ingwenya Mineral Processing (Pty) Ltd have been appointed to conduct the refurbishment and the future operation of the Coal Handling and Processing Plant (CHPP). This commenced earlier this month, and is scheduled for completion at the beginning of September 2016, in line with first production from the underground mine.

NCC coal beneficiation plant



Negotiations with potential off take partners, including Eskom, are in the process of being finalised.

Universal's CEO Mr Tony Weber commented: *"We look forward to bringing NCC on stream and delivering on our stated strategy of becoming a multi-mine coal producer."*

"With our first operation Kangala providing strong production and cash flows, NCC will soon feature as our 'second leg' to stand on. Once the second phase of NCC is up and running and at steady state, we will be in a good position to consider shareholder returns, including dividends."