

12 September 2016



PRODUCTION COMMENCES AT UNIVERSAL'S SECOND COAL MINE, NCC (CORRECTED)

Operation to significantly increase export quality thermal coal sales

Universal Coal (ASX:UNV, "Universal") is pleased to advise that its New Clydesdale Colliery ("NCC") has now commenced production. This represents the company's second coal operation, and re-positions Universal as a multi-mine coal producer in the domestic and export thermal coal market.

First production of Run-of-Mine (ROM) coal occurred on 8 September 2016 from the Diepspruit underground area at NCC, with the first continuous miner section coming on stream. This production is in line with recent commitments of delivering the first coal sales from NCC this month.

Anticipated production from the NCC phase 1 underground operation is 900,000 tonnes per annum (tpa) ROM of export quality thermal coal destined for export markets⁽¹⁾. Ramp up to full capacity is expected before the end of December 2016.

Phase 2 development at NCC continues to advance in line with long-term offtake discussions. This phase will be an open pit development at the adjacent Roodekop project, delivering up to a further 2 million tpa ROM of premium quality domestic thermal coal or export quality thermal coal⁽¹⁾.

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 operations at the above production rates⁽²⁾.

UNV has previously announced that experienced coal mining contractors, STA Coal Mining Company (Pty) Ltd has been appointed and is responsible for underground mining. Ingwenya Mineral Processing (Pty) Ltd remains on track to commission the processing facilities by mid-September, having been appointed in August 2016 to refurbish the Coal Handling and Processing Plant ("CHPP").

⁽¹⁾ Production schedule/plan and tonnages stated in Presentation released to the market on 9 August 2016.

⁽²⁾ Mineral Resources stated in announcement titled "Mineral Resources and Ore Reserves Update" released to the market on 29 January 2016.

Agreements with potential offtake partners for phase 1 product are being finalised with first coal sales anticipated in September 2016, whilst the longer term offtake negotiations are being explored.

First ROM from Diepspruit underground



Continuous miner cutting coal



NCC underground section



Diepspruit adit



NCC Coal Handling and Processing Plant



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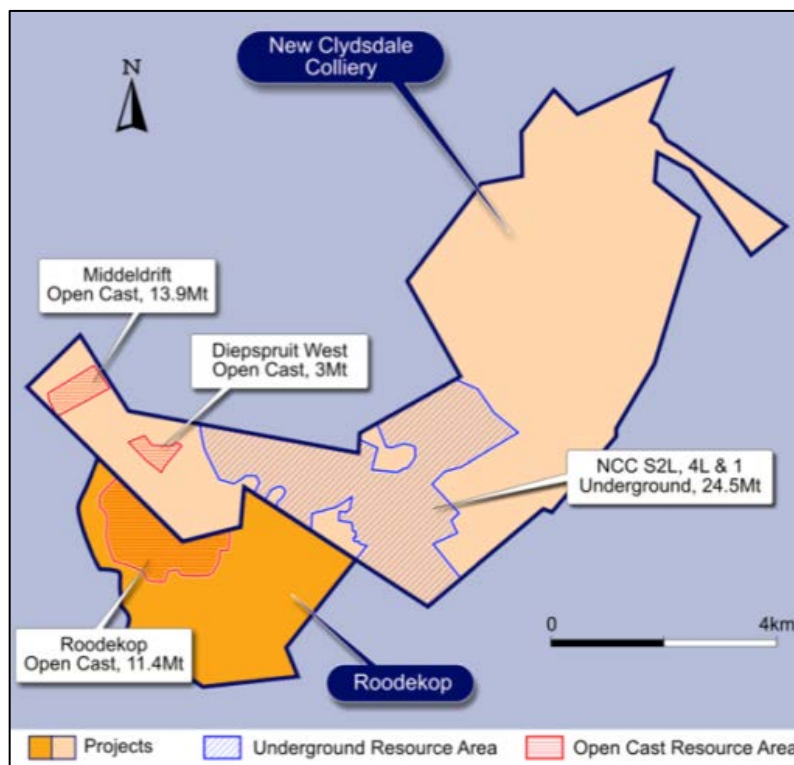
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ABOUT NEW CLYDESDALE COLLIERY (NCC)

NCC is located centrally on the southern margin of the Witbank coalfield, 30km south of Middelburg and 70km east of Universal Coal's Kangala Mine.



NCC hosts a JORC 2012 Mineral Resource of 130.4Mt of which 82.75Mt is classified as Measured, 25.24Mt as Indicated and 22.4Mt as Inferred. NCC currently has a Proven Ore Reserve of 29.3Mt.

The following table provides a breakdown of the Resource and Reserve estimates.

Seam	Reserve	Resource				Attributable to Universal Coal Mt
	Proven Mt	Measured Mt	Indicated Mt	Inferred Mt	Total Mt	
S5	29.30	0.08	-	-	0.08	0.04
S4U		1.68	-	-	1.68	0.82
S4L		10.66	6.54	7.43	24.63	13.14
S2U		15.10	10.50	8.29	33.89	19.36
S2L		25.95	4.89	3.87	34.71	22.15
S2A		2.18	0.14	0.22	2.54	1.24
S1		23.38	3.17	2.37	28.92	16.63
S1A		3.72	-	0.22	3.94	2.92
Total		29.30	82.75	25.24	22.40	130.40

- Mineral Resources are stated on a gross tonnes in-situ basis, inclusive of Ore Reserves
- The tonnages are quoted in metric tonnes and million tonnes is abbreviated as Mt
- Rounding (conforming to the JORC Code) may cause computational discrepancies

The raw coal quality for the different seams, present at NCC, is summarised in the Table below:

Seam	RD	CV Mj/kg	Ash %	VM %	IM %	S %
S5	1.39	28.78	11.17	31.01	3.31	1.53
S4U	1.61	21.12	31.59	23.19	2.29	1.35
S4L	1.63	20.18	32.97	22.37	2.34	1.07
S2U	1.70	18.55	35.48	19.06	2.50	0.68
S2L	1.63	20.35	31.54	23.37	2.40	1.04
S2A	1.58	20.89	25.28	21.35	2.10	1.44
S1	1.61	21.65	30.03	22.35	2.10	0.77
S1A	1.54	23.46	24.94	26.32	2.65	1.23

- RD – relative density (as determined in lab), CV – calorific value, VM – volatile matter, IM – inherent moisture, S – sulphur
- Coal qualities are quoted on a gross tonnes in-situ and on an air-dried basis

Three products will be produced at NCC:

- Eskom 24 % Ash, 1 % Sulphur product.
- 18 % Ash, low Phos product for the metallurgical industry.
- 15 % Ash Export product.

The qualities and expected yields for these coal products are summarised in the table below:

Product Option	Primary Product (air dried basis)							Secondary Product (air dried basis)						Combined Product YL %
	YL %	ASH %	CV Mj/kg	VM %	IM %	S %	P %	YL %	ASH %	CV Mj/kg	VM %	IM %	S %	
Export Coal	32.2	14.2	27.5	27.9	2.7	0.55	-	45.4	32.44	20.2	20.6	2.4	1.02	77.6
Low Phos Met. Coal	72.7	16.8	26.5	28.6	2.8	0.5	0.006	-	-	-	-	-	-	72.7
Eskom Thermal Coal	75.1	24.5	23.4	23.6	2.6	0.6	-	-	-	-	-	-	-	75.1

- YL – theoretical borehole yield, CV – calorific value, VM – volatile matter, IM – inherent moisture, S – sulphur, P - phosphorus
- Coal qualities are quoted on a mineable tonnage in-situ and an air-dried basis

COMPETENT PERSON'S STATEMENTS

The Coal Resource estimate for NCC was prepared by Mr Gavin O'Connell-Jones, who is a registered natural scientist and a member of the South African Council for Natural Scientific Professions (a Recognised Overseas Professional Organisation), Registration Number 400387/11. Mr O'Connell-Jones is an associate coal geologist with Mindset Mining Consultants (Pty) Ltd. Mr. O'Connell-Jones 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 by the JORC Code. Mr O'Connell-Jones consents to the inclusion in this document of this information in the form and context in which it appears.

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 Person as defined by the JORC Code. Messrs van der Linde and van Eeden consent to the inclusion in this document of this information in the form and context in which it appears.

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