

14 September 2016



universal
coal plc

UNIVERSAL SUCCESSFULLY COMMISSIONS ITS SECOND COAL MINE, NCC

First sales of export quality thermal coal by month's end

Universal Coal (ASX:UNV, "Universal") is extremely pleased to advise that the first phase of its New Clydesdale Colliery ("NCC") has now been successfully commissioned. This represents the second successful commissioning for the company, following the 2.8 million tpa (tonnes per annum) Run-of-Mine (ROM) Kangala operation in 2014, and re-positions Universal as a multi-mine coal producer in the domestic and export thermal coal market.

Located in South Africa's premier coal region in the Witbank basin, NCC is being developed in two phases, with production initially focussing on the Diepspruit underground area. The operation is now ramping up to Phase 1 nameplate capacity of 900,000 tpa ROM of export quality thermal coal destined for both domestic and export markets⁽¹⁾. Full capacity is expected by December 2016.

With first production of coal occurring on the 8th September 2016, the first of NCC's three coal handling and processing plants have been successfully hot commissioned over the previous two days, with the second plant to be fully commissioned within the next few days.

Commercial agreement on the Offtake of product has now been finalised, with first sales to commence later this month.

Commenting on the commissioning of NCC, Universal Coal's CEO Tony Weber said: "This represents a momentous milestone for Universal Coal and our partners, and is the culmination of the hard work put in by both the management and employees of both NCC, UCEHSA and our contractors on site, in achieving the laid out recommissioning of NCC.

"With NCC now up and running, we have a second 'leg' to stand upon in terms of cash flow sources. We look forward to achieving steady state production for Phase 1 before year's end, as well as progressing the Phase 2 open pit operation which would add a further 2 million tpa ROM to our production profile⁽¹⁾."



ROM Coal from underground being stockpiled for dispatch to the central Coal Handling and Processing Plant. At steady state two sections will be producing at a rate of 3,000tpd.



The first continuous miner section producing coal underground at the NCC operation – board and pillar operation



The second continuous miner arrives on site at the NCC operation

Phase 2 development at NCC continues to advance in line with long-term offtake discussions, and will be an open pit development at the adjacent Roodekop project⁽¹⁾. Universal will continue to keep the market updated on this matter on an ongoing bases.

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



Above: The first NCC Coal Handling and Processing Plant being re-commissioned with the arrival of ROM coal from the underground operation



Belt with Product to stockpile



Right: Product flowing over the drain and rinse screens

NCC hosts a JORC 2012 Mineral Resources of 130.4 million tonnes, sufficient for over twenty years of operations at the above production rates⁽²⁾.

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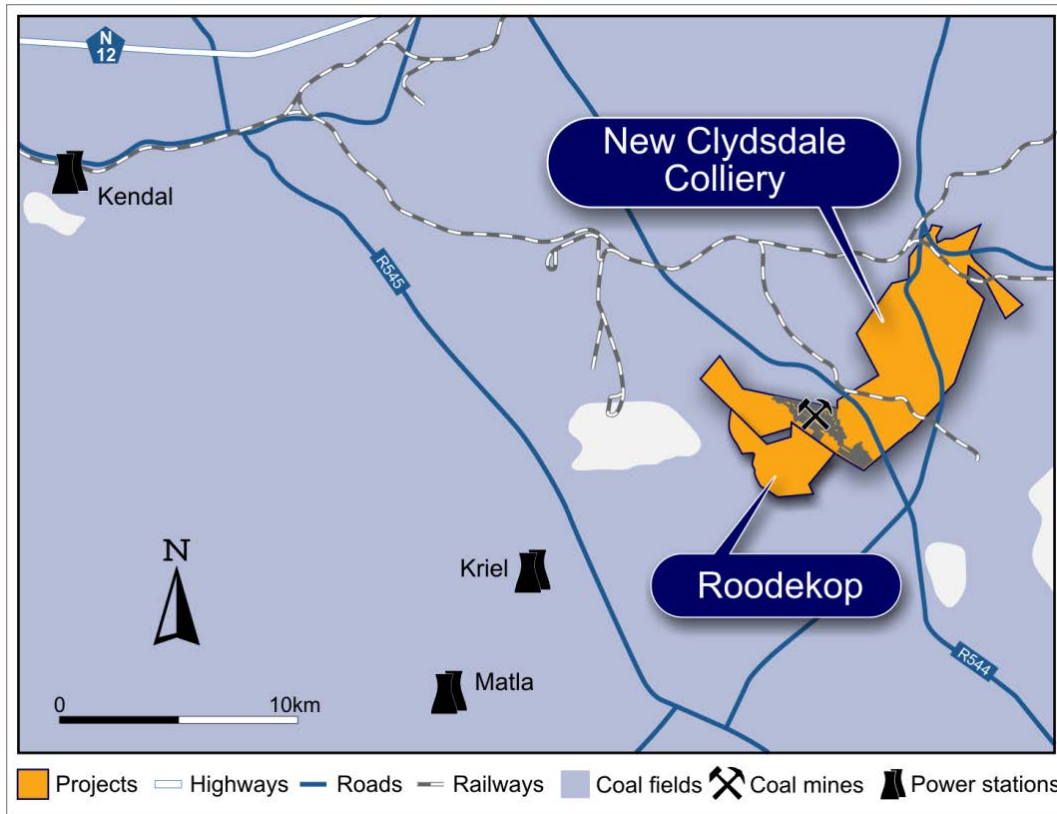
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(1) Production schedule/plan and tonnages stated in Presentation released to the market on 9 August 2016.

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

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	76.30

- 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 (RB1) or <23% Ash (RB3) 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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