

8 November 2016



universal
coal plc

UNIVERSAL COAL FINALISES LONG TERM COAL SUPPLY AGREEMENT WITH ESKOM

PAVES WAY FOR OPEN PIT PRODUCTION TO COMMENCE AT NCC

- Coal Supply Agreement with Eskom executed for 1.2Mtpa over 7 years
- First delivery under the CSA set for 2Q FY17
- Commissioning of open pit operations to commence shortly
- Universal set to grow sales above 4Mtpa

South African coal producer Universal Coal Plc (“Universal Coal”) (ASX:UNV) has executed a Coal Supply Agreement (CSA) with South African electricity utility Eskom that will enable open pit (Phase 2) production to commence shortly at its second mine, New Clydesdale Colliery (NCC).

Under the CSA, Universal will deliver to Eskom for a period of 7 years, 1.2 million tonnes per annum (Mtpa) of coal sourced primarily from NCC's Roodekop deposit which will be mined by truck and shovel. The phase 2 open pit production will add a further ~2Mtpa run of mine (ROM⁽¹⁾), taking the Group's production profile to over 6Mtpa ROM over two operations.

The CSA follows the commencement of Phase 1 underground mining at NCC's Diepspruit shaft in September 2016, which will deliver 0.9Mtpa ROM⁽¹⁾ of export quality thermal coal at steady state.

First coal delivery to Eskom is set for the second quarter of FY2017. Deliveries under the current fixed price offtake arrangement continue in line with delivery commitments.

Commenting on the signing of the Eskom agreement, Universal Coal's CEO Mr. Tony Weber said, *"This CSA finally delivers on the full development of NCC as the second operation of Universal Coal,*

an important step in the development of becoming a mid-tier mining company. Upon achieving steady state at NCC, we will be producing saleable coal at a rate in excess of 4Mtpa, with excellent prospects for further organic growth.

We expect NCC to generate robust cashflow once both the open pit and underground phases reach steady state operation, complementing contributions from our first mine at Kangala.”

Trollope Mining Services (Pty) Ltd has been nominated as the preferred contractor for the open pit boxcut development, mining operations and infrastructure development. Coal will be mined at the Roodekop deposit by truck and shovel and transported by road to the Coal Handling and Processing Plant (CHPP) at NCC some 8kms away.

The company 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 is the contractor operating the CHPP on behalf of Universal.

As a result of the delay in securing the long-term CSA and the shift in phased development of NCC - switching first to underground (Phase 1) and then open pit (Phase 2) mining, Universal have not been able to achieve fulfilment of the conditions precedent under the NCC debt facility within the stipulated timeframe. Universal have requested an extension of the date for delivery of the conditions precedent and are reviewing all options available to finance the development, including reverting back to Investec Bank and approaching other interested institutions and will keep the market abreast of developments in this regard.

For further information please contact:

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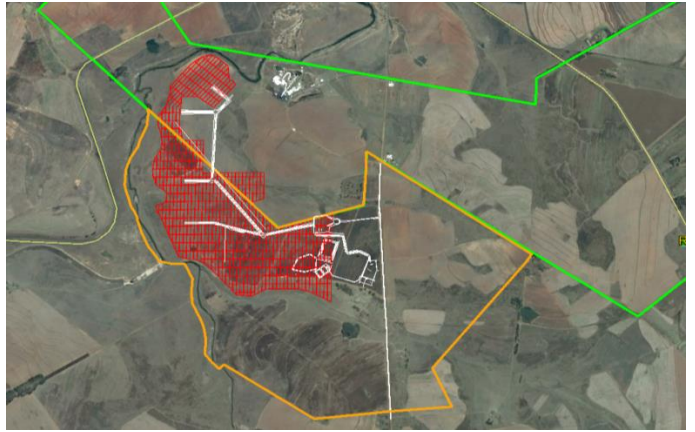
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Product stockpiles at NCC



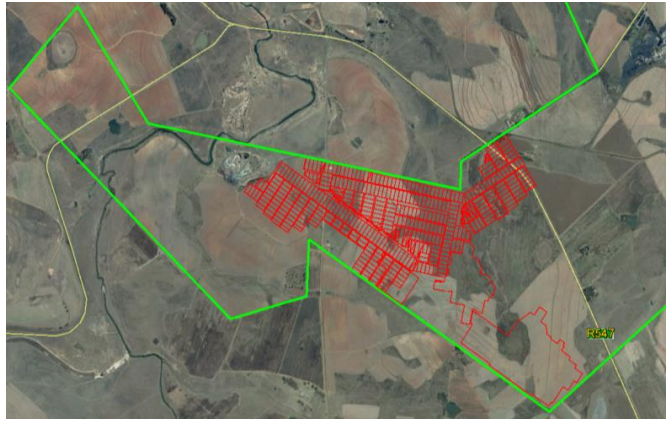
Open pit layout



Diepspruit underground shaft

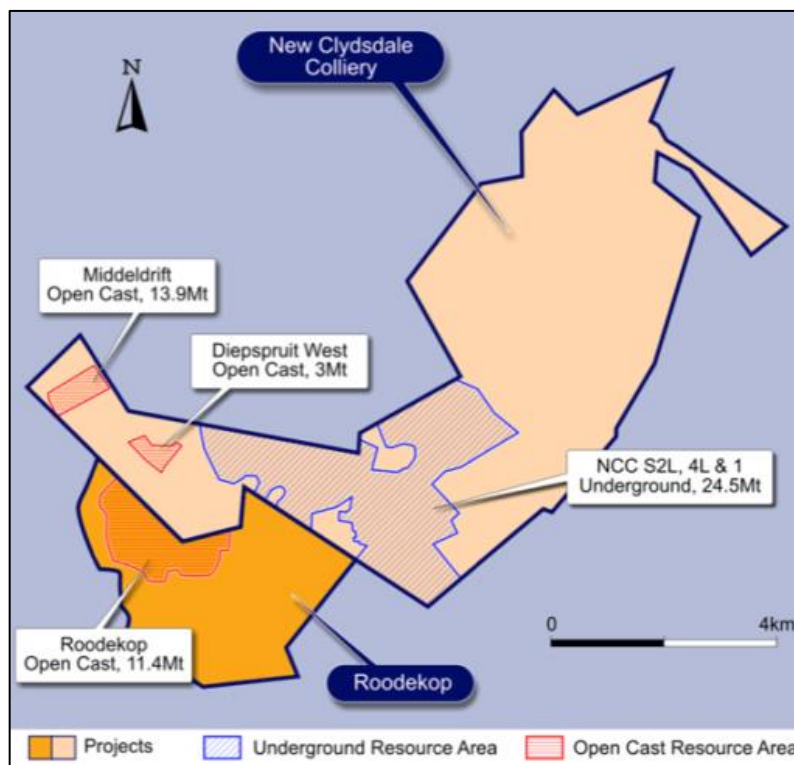


Diepspruit Underground layout



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 compliant Mineral Resource of 144.7Mt of which 96.8Mt is classified as Measured, 41.8Mt as Indicated and 6.0Mt as Inferred. NCC currently has a Proven Ore Reserve of 29.3Mt.⁽²⁾

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	
S4U	29.30	1.03	0.14	0.11	1.28	0.63
S4L		12.64	2.81	0.56	16.01	7.84
S2U		24.92	19.72	1.79	46.43	22.75
S2L		25.39	10.24	0.95	36.58	17.92
S1		6.32	3.71	0.59	10.62	5.20
S1A		26.53	5.18	2.03	33.74	16.53
Total			96.82	41.80	6.04	144.66

- 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 %
S4U	1.63	20.47	32.72	22.76	2.41	1.07
S4L	1.65	19.82	33.73	21.49	2.30	0.95
S2U	1.69	18.58	35.45	18.99	2.50	0.64
S2L	1.63	20.08	32.20	23.37	2.35	1.04
S1	1.59	21.37	29.86	21.33	2.43	1.06
S1A	1.59	22.02	29.30	23.72	2.04	0.84

- 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.
- 15-25% 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

- (1) Production schedule/plan and tonnages stated in Presentation released to the market on 9 August 2016.
- (2) Mineral Resources and Reserves stated in announcement titled “Annual Statement of Mineral Resources and Ore Reserves” released to the market on 26 September 2016.

COMPETENT PERSON'S STATEMENTS

The Coal Resource estimate for NCC was prepared by Messrs. Nico Denner, Simon Mokitimi and Pogiso Rantao who are registered natural scientists and members of the South African Council for Natural Scientific Professions (a Recognised Overseas Professional Organisation). Mr Denner is employed by Gemecs (Pty) Ltd and Messrs. Mokitimi and Rantao are employed by Universal Coal. They have sufficient experience which is relevant to the style of mineralisation and the type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined by the JORC Code and consent 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 Michael Vertue 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 Vertue is a registered Professional Certified Mining Engineer and has over 30 years' experience in the mining industry. He is a member of the Engineering Council of South Africa (ECSA) (a Recognised Overseas Professional Organisation) and the South African Collieries Managers Association (SACMA). Messrs. van der Linde and Vertue 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. Messrs van der Linde and Vertue consent to the inclusion in this document of this information in the form and context in which it appears.