

19 December 2016



NCC OPENCAST OPERATIONS SET TO COMMENCE IN JANUARY 2017

Universal Coal (ASX:UNV, "Universal") advises that it has received sufficient comfort on debt funding, paving the way for Phase 2 opencast operations to commence in January 2017 at the New Clydesdale Colliery (NCC).

The opencast operations represent the second phase of NCC development following the commencement of underground operations in September 2016. The underground operation (Phase 1) delivers primarily export quality thermal coal from the Diepspruit underground area, and is set to achieve nameplate capacity of 900,000 tpa ROM by the end of the current quarter. Opencast operations will deliver a further ~2.0 million tpa (Mtpa) ROM of premium quality domestic thermal and low phos metallurgical coal⁽¹⁾ from the adjacent Roodekop pit once steady state is achieved in mid-2017.

Universal's Chief Executive Officer Mr Tony Weber commented: "With comfort on debt funding, we have set a commencement date of January 2017 as the start of the Roodekop opencast operation. We look forward to delivering coal from the opencast operation from early 2017.

"Our focus is squarely fixed upon ramping up the opencast production at NCC. Once steady state is achieved, Universal and our partners will be delivering in excess of 4 Mtpa sales over our two operations, with an excellent pipeline for further organic growth."

Under the interim offtake agreement, NCC delivered first export quality coal sales of 27,710 tonnes in October 2016. The company is pleased to report that November tonnages have increased to 37,000 sales tonnes. Currently two of the three Coal Handling and Preparation Plants ("CHPP") are operating, with the third CHPP set to be operational during the first quarter of 2017.

Located in South Africa's premier coal region in the Witbank basin, NCC hosts a JORC 2012 Mineral Resources of 144.7 million tonnes, sufficient for over twenty years of operations at the aforementioned steady-state production rates⁽²⁾.

Further details of the debt facility will be announced in January 2017.

For further information please contact:

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

Nick Dacres-Mannings

APP Securities Pty Limited

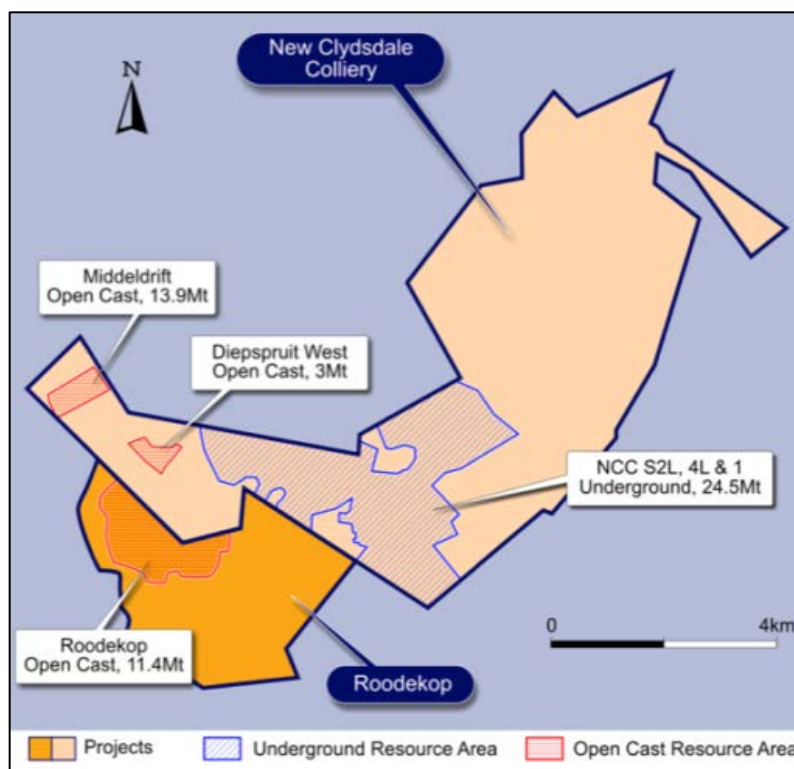
+61 2 9226 0036

nick.dm@appsecurities.com.au

- (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.

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

COMPETENT PERSON'S STATEMENT

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.