

09 March 2017



FIRST COAL DELIVERED TO ESKOM FROM THE NEW CLYDESDALE COLLIERY (“NCC”)

- **First coal product in the history of NCC has been delivered to Eskom**
- **Underground production ramp up continuing, with full production to be met mid-2017**
- **Opencast pit development on track to produce first coal sales in April**

Operational and Sales

Located approximately 34km south of Emalahleni, in the Mpumalanga Province, NCC is one of the oldest coal mines in South Africa, having been worked on sporadically since 1949. Acquired from Exxaro Resources Limited in 2015 in a care and maintenance state, Universal Coal Plc (“Universal”) is making production waves and returned the colliery to operations in September 2016. Universal confirms that the first product stockpile from NCC has successfully been delivered to Eskom, the local utility provider, for the first time in NCC's existence.

In addition to the first coal sales to Eskom, Universal continues to produce and sell export quality coal under the offtake agreement already entered into and previously announced in 2016.

As reported in the December quarterly activities report, the underground operation is progressing well, with the two underground sections delivering 67kt for the month of February, with the addition of a third underground section to commence production during March 2017.

On the processing side, the two operational units of the CHPP processed 200kt for the month of February including the recommissioning of the third processing unit (HMS) during the current month.

Project Development

The box-cut development, which commenced in January 2017, remains on schedule with the first overburden blast having been successfully completed. With the initial blast taken at the end of last week, overburden material directly overlying the coal seams which, when removed will expose the upper coal seam for first coal production. With first ROM coal scheduled by end of March 2017, opencast coal will be processed in April as per schedule, ensuring contractual coal sales dates will be exceeded rather than met.

Reconstruction of the third DMS module of the Coal Handling and Processing Plant (CHPP) is progressing well and is on schedule for completion by end March 2017, in line with first production from the opencast operation. The HMS module will increase the total operational capacity, enabling NCC to reach the targeted steady state beneficiation capacity of 3.3mtpa, allowing for both the beneficiation of the ROM from the underground and opencast operations.

Debt funding

After significant progress being made, work continues on satisfying the last remaining Conditions Precedent to Financial Close on the A\$22 million (ZAR215 million) debt funding package to fund the balance of capital development activities at NCC which incorporate open pit development, additional infrastructure requirements, CHPP capacity expansion and to rebalance the debt:equity ratios following the 100% Universal equity funding to date.

Aerial photographs of the first overburden blast



With the underground production having been operational since September 2016, the opencast operation represents the second phase of the planned 3.3 Mtpa (million tonnes per annum) ROM (run of mine) NCC development:

- The underground operation delivering primarily 6000Kcal thermal coal, focused on the export markets, from the Diepspruit shaft, and is set to achieve nameplate annualised tonnage rates of 900,000 tpa ROM⁽¹⁾ by the end of June 2017.
- Opencast operations will deliver a further 2.4 Mtpa ROM premium quality domestic thermal and low phos metallurgical coal from the adjacent Roodekop pit once steady state is achieved in mid-2017.
- The opencast and underground mining operations are forecasted to produce contracted sales tonnes of 1.2 Mtpa to ESKOM, 0.6 Mtpa of premium export quality and 0.1 – 0.2 Mtpa of low phos metallurgical coal sales⁽¹⁾.

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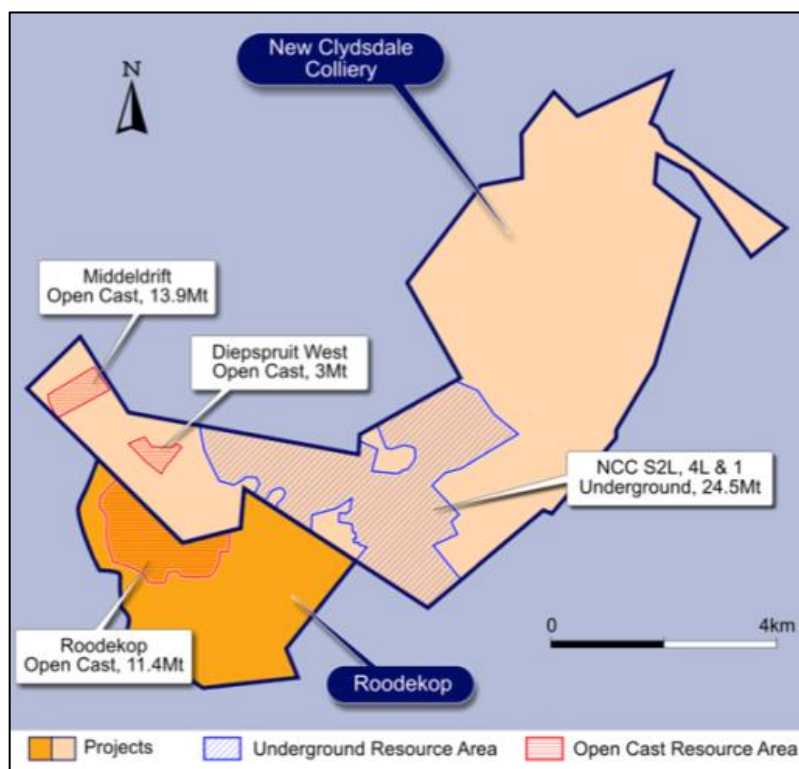
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(1) Production schedule/plan and tonnages stated in Presentation released to the market on 9 August 2016.

(2) Mineral Resources 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				
	Proven Mt	Measured Mt	Indicated Mt	Inferred Mt	Total Mt	Attributable to Universal Coal 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	70.88

- 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.