12 July 2017

UNIVERSAL COAL POISED FOR EXPANSION AT KANGALA

Universal Coal Plc ("Universal" or "the Company"), (ASX:UNV) is poised for expansion at the Kangala Colliery ("Kangala") following the acquisition of a significant stake in the Eloff Mining Company (Pty) Ltd ("EMC"), the 100% owner of the adjacent Eloff project ("Eloff") for approximately A$4.35 million (ZAR 43.5 million).

The acquisition of an initial 29% stake in EMC, a company incorporated in South Africa, has been completed by Universal Coal Development IV (Pty) Ltd ("UCDIV"), which is owned by Universal (49%) and Ndalamo Resources (Pty) Ltd (51%). UCDIV is the 100% beneficial owner of the New Clydesdale Colliery ("NCC") which is concluding the ramp-up phase of its open cut mining operations.

EMC is the holding company for two prospecting rights, covering an area of 8,168Ha, that is currently subject to a Mining Right application. In addition to the mineral rights, EMC owns the surface rights to 6,146.7Ha of the project area. These surface rights cover most if not all the areas identified for the Kangala expansion.

The acquisition allows Universal the opportunity to consolidate the contiguous resource base of the Eloff project with Universal's existing Kangala Colliery and provides optionality in extension of Kangala's life of mine.

The 29% stake in Eloff was acquired from Canyon Springs Investments 80 (Pty) Ltd, the purchase price of which has been settled from existing cash reserves, thereby eliminating the need to draw on shareholder equity contributions to fund the acquisition.

About the Eloff Project

As set out in figure 1 below, Eloff is contiguous to the Kangala opencut mining area, and hosts a SAMREC (South African Code for The Reporting of Exploration Results, Mineral Resources and Mineral Reserves, 2007 edition amended July 2009) compliant coal resource of 424 million tonnes. SAMREC is a rigorous code that delivers robust resource and reserve estimates and is a "qualifying foreign estimates" for the purpose of ASX Listing Rules. No major differences in the estimates would be anticipated between SAMREC and JORC 2012 compliance.

Figure 1: The Eloff project in relation to Kangala, illustrating both the continuity of the assets but also the size of the project area.

The Mineral Resource estimate (detailed in Annexure 1) and raw coal qualities for Eloff are summarised in the table below.

Resource Category	Tonnage (Mt)	CV (MJ/kg)	VM (%)	Ash (%)	S (%)
Measured Resource	9.4	19.6	21.6	31.3	1.2
Indicated Resource	213.5	19.3	20.6	30.5	0.9
Inferred Resource	201.1	19.1	19.8	31.2	0.9
Total	**424.0**	**19.2**	**20.2**	**30.9**	**0.9**

- CV – calorific value, VM – volatile matter, S – sulphur
- Coal qualities are quoted on a Mineable Tonnage In-Situ (MTIS) and on an air-dried basis
- The tonnages are quoted in metric tonnes and million tonnes is abbreviated at Mt
- Rounding-off of figures in this report may result in minor computational discrepancies

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All information in this announcement concerning the Eloff project Mineral Resources has been sourced from the following reports:

- *Consolidated Mineral Resources and Ore Reserves Report, 2016 prepared by Exxaro Resources Limited ("Exxaro").*

- *Eloff Prospect: The geology, resource and grade of the potentially exploitable coal seams, 2011 prepared by Total Coal South Africa (Pty) Ltd.*

The Mineral Resource estimate prepared by Exxaro is the most recent estimation undertaken.

The deposit is a direct extension of Kangala's current pit and will require limited future development capital resulting in significant cost saving in monetising Eloff. It is expected that Universal's portion of funding required for the development of Eloff will be sourced from sustainable operating cash flow generation from Universal's existing projects.

Universal has a proven track record in exploiting this type of deposit, achieving its targeted 2.4Mt saleable coal at Kangala in the 2016/17 financial year, primarily through coal sales to Eskom with a limited amount of export quality coal being sold to other customers.

NCC Development Update

As disclosed to the market previously, opencast operations at NCC commenced in January 2017 as part of the second phase of the NCC's planned 3.3Mtpa Run-of-Mine ("ROM") mine development programme[1], following the commencement of underground operations in September 2016. The operation has completed it's last month of development in June, having now reached satisfactory production levels to achieve steady state sales targets with ROM production of;

- underground operation achieving 900,000tpa ROM (annualised basis) and delivering primarily a 6000Kcal thermal coal product, focused towards the export markets; and

- open cut operations achieving a further 2.0 to 2.4 Mtpa (annualised) ROM and delivering a premium quality domestic thermal and low phos metallurgical coal.

This ROM is anticipated to result in coal sales of[1]:

- 1.2Mtpa to Eskom with full quarterly requirement being delivered in 1Q2018, ending 30 September 2017;

- Commencement of the long-term supply of 0.65Mtpa, 6000Kcal quality export coal has likewise commenced in the current quarter (1Q2018), with the bulk of the short term contracts having been concluded.

- Commencement of the 0.1– 0.2Mtpa of low phos metallurgical coal is likely to occur at the back end of the current quarter, being the lowest seam being mined, ramp up is yet to occur.

With the second operation now entering full production, the Company will focus on optimising these operations to deliver returns for the Company and to continue delivering on long term objectives.

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Commenting on the investment in Eloff, Universal's Chief Executive Officer, Tony Weber said: "We are delighted to have acquired a stake in Eloff, an asset which has the potential to increase capacity and sustainability at our first operation, Kangala, which continues to exceed original guidance. Record sales were achieved in June 2017 and Kangala has delivered strong cashflows throughout the 2017 financial year through increased sales of 2.4Mtpa. With NCC starting to achieve nameplate sales tonnages, we look forward to similar improvements in efficiencies being achieved over the next year, providing the Company with its second, long-term, significant coal producing asset within the span of two years."

All funding for the balance of the NCC capital development has been secured, with only minimal further drawdown expected on the existing debt facility. It is anticipated that significant cash generation from NCC is set to materialise from the 2018 financial year.

Competent Person's Statement

The information used in this press release was reviewed by Mr Jaco Malan who is a registered natural scientists and members of the South African Council for Natural Scientific Professions (a Recognised Overseas Professional Organisation). Mr Malan has confirmed that the information has been provided under ASX Listing Rules 5.12.2 to 5.12.7 and is an accurate representation of the available historical information for the Eloff project as qualified by the reports listed above. Mr Malan is employed by Universal Coal PLC and 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 in the 2012 edition of the Australasian Code for Reporting of Exploration Results (JORC) and the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves, 2007 edition (SAMREC). SAMREC is a "qualifying foreign estimates" for the purpose of ASX Listing Rules. Mr Malan consents to the inclusion in this report of this information in the form and context in which it appears.

For further information please contact:

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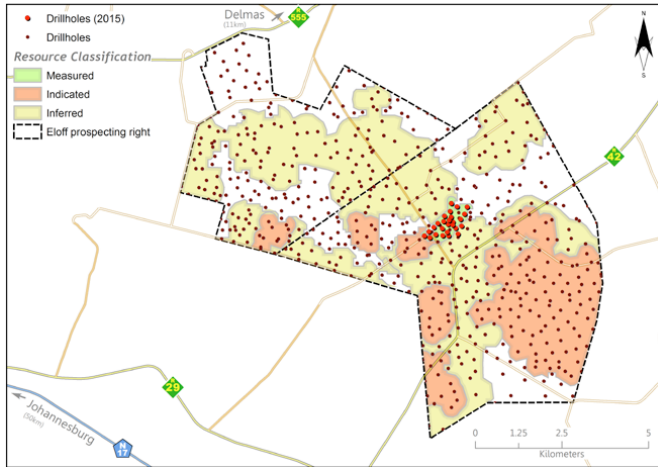t.weber@universalcoal.com

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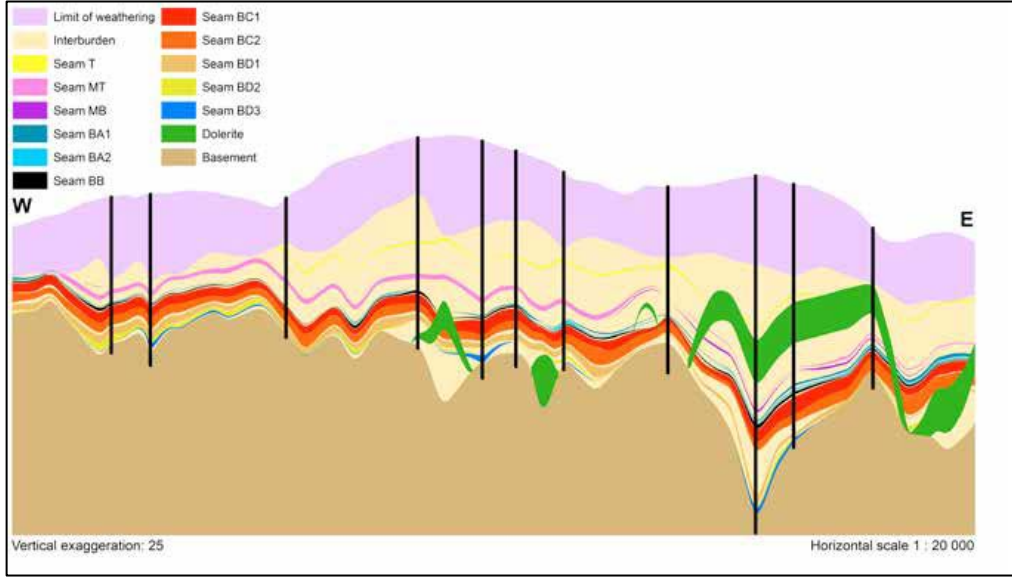[1]   Production schedule/plan and tonnages stated in Investor Presentation released to the market on 9 August 2016.

Annexure 1: JORC Code (2012) Table 1 for the Eloff Project Mineral Resources

Criteria	JORC Code explanation	CP Comments
Section 1: Sampling Techniques and Data		
Sampling techniques	• *Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30g charge for fire assay'). In other cases, more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.*	- Core drilling was used and all coal intersections were sampled and subjected to full washability analysis. No record of the sampling techniques used is available, however, core is considered to have been logged and sampled accurately by experienced geologists using acceptable industry procedures and standards. - It is reasonable to assume that samples were bagged, correctly tagged and transported to the Laboratory for analyses and testing.
Drilling techniques	• *Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so by what method, etc.).*	- All past drilling was diamond drilling using conventional equipment and TNW core size. - It is reasonable to assume drilling was vertical and not oriented.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. Whether sample sizes are appropriate to the grain size of the material being sampled.*	- No record of the sample recoveries is available. - Core recovery is recorded by the geologist in the field and is a standard logging procedure. It is reasonable to assume that recoveries were recoded historically and where recovery for a seam fell below acceptable levels the specific hole was re-drilled.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.* • *The total length and percentage of the relevant intersections logged.*	- No record of the geological and geotechnical logging procedure is available. - However, after examination of the available reports the logging is considered to have been done by experienced geologists to a level of detail to support appropriate Mineral Resource estimation. - It is reasonable to assume that the cores were logged following industry-accepted coal lithological descriptions, procedures and methods and was quantitative in nature.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field*	- It is reasonable to assume that whole coal core was sampled, bagged on site and transported to a laboratory for testing as is standard procedure in the South African coal exploration industry. - It is reasonable to assume that the laboratories used by the historic and current owners of the prospecting rights comply with the specifications as per the South African Bureau of Standards for sample preparation and sub sampling and analyses. - It is reasonable to assume that all coal samples were crushed to a top size of 25mm before analyses, a size deemed appropriate for the type and nature of the coal at Eloff.

	• duplicate/second-half sampling. • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.*	- No records of the analytical and laboratory procedures historically used are available, however, after examination of the available reports the analyses are considered to have been completed by accredited laboratories that would have complied with South African Bureau of Standards for sample preparation and sub sampling and analyses. - It is standard procedure for South African coal laboratories to re-analyse a duplicate sample where irregular analytical results are detected. Where this procedure does not resolve the irregularity, a duplicate sample would have been sent to an external laboratory for verification. It is reasonable to assume that this quality control procedure was adopted for the Eloff assays.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	- No record of any verification of the historic data is mentioned in the available information and could therefore not be confirmed, however, it is reasonable to assume that documentation of primary data, data entry procedures, data verification and data storage (physical and electronic) protocols did exist and adhered to acceptable industry norms.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	- A total of 600 holes have been drilled historically. The coordinates of the holes are not available and there is no evidence of any official certified co-ordinates and elevations, however it is reasonable to assume that borehole coordinates and elevations were accurately surveyed by certified surveyors. - It is reasonable to assume that the South African LO29 grid system, Cape datum was historically used. - The below drill plan provides further information with regards to the distribution of the historic drilling at Eloff:
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore.* • *Whether sample compositing has been applied.*	- Exploration boreholes are distributed irregularly, with spacing varying between 500m and 1000m. - The data distribution is sufficient to meet the SAMREC and JORC 2012 code requirements for classification of Measured, Indicated and Inferred resources.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	- Regionally the distribution of the coal measures in the Eloff area is controlled by N-S trending palaeo-channels and a prominent dolerite sill displaces the seams locally. - The coal seams are nearly horizontal and the apparent thickness (width) of the intersected coal seams closely approximates the true thickness.
Sample security	• *The measures taken to ensure sample security.*	- No record of measures taken to ensure sample security during the historic drilling is available, however, it is reasonable to assume that appropriate protocols and procedures existed and were adhered to.

Audits or reviews	The results of any audits or reviews of sampling techniques and data.	- No records of audits or reviews of sampling techniques during historic drilling campaigns are available, however, it is reasonable to assume that such audits were conducted by past owners.

Section 2: Reporting of Exploration Results

Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	- Universal Coal Development IV (Pty) Ltd entered into a binding agreement to acquire a 29% shareholding in Eloff Mining Company (Pty) Ltd (EMC) from Canyon Springs Investments 80 (Pty) Ltd. EMC holds tenure over two prospecting rights, 788/2007(PR) and 817/2007(PR), totalling 8,168 hectares in size. EMC submitted an application for a mining right over the Eloff project area in December 2016. - Universal Coal Development IV (Pty) Ltd is a 49%:51% (pre-funding) joint venture between Universal Coal PLC and black economic empowerment entity, Ndalamo Resources (Pty)Ltd. - The transaction remains subject to the fulfilment, or to the extent possible, the waiver of suspensive conditions of transactions of this nature such as Ministerial consent in terms of section 11 of the Mineral Resources and Petroleum Development Act 28 of 2002 (as amended) ("MPRDA").
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by otherparties.*	- The following companies have been involved in exploration at Eloff since prospecting first began in the 1970's: Southern Sphere Utah International Holdings and Eloff Mining Company (BHP, Total Coal South Africa, Exxaro Resources). At total of 600 holes was drilled historically of which only the data from the 201 holes drilled since 2007 was used in the current resource estimation. The holes intersected the following coal seams: Top, Middle and Bottom. The historical assay data included raw assay values and those washed at density fractions (t/m3) F1.35, F1.4, F1.45, F1.5, F1.55, F1.6, F1.65, F1.7, F1.75 and F1.80.
Geology	• *Deposit type, geological setting and style ofmineralisation.*	The coal measures at Eloff occur within the Witbank Coal Field in the Karoo Supergroup. The Karoo Supergroup: - Was filled between the Late Carboniferous and Middle Jurassic periods; - Is lithostratigraphically subdivided into the Dwyka, Ecca and Beaufort groups, succeeded by the Molteno, Elliot and Clarens Formations and the Drakensburg Formation(volcanics); - The coal bearing Ecca Group has been divided into three sub-units: the Pietermaritzburg; Vryheid and Volksrust Formations. The Witbank Coalfield: - The coal-bearing Vryheid Formation attains a thickness of 70m to 200m in the Witbank Coalfield; - The Vryheid Formation consists of five coarsening-upward sequences with coal seams associated predominantly with the coarser-grained fluvial facies. - The Kangala projects are located on the western margin of the Witbank Coalfield within the Springs-Vischkuil block. Local Geology: - In the Springs-Vischkuil block the coal seams are inconsistently developed. Three seams, namely the Top, Mid and Bottom seams are recognized. The Top and Mid seams can possibly be correlated with the No.5 and No.4 and No.3 seams of the Witbank Coalfield and the thicker Bottom seam appears to represent a combination of the No.2 and No.1 seams.

- The underlying basement consists of dolomite and chert of the Malmani Group and typically displays karst features resulting in highly undulating and irregular development of the coal measures.
- The coal seams are characteristically sub-horizontal and split by shale and sandstone bands.
- A prominent dolerite sill and associated dykes are present displacing or cutting out the coal seams locally.
- The typical stratigraphic sequence is illustrated below:

Criteria	JORC Code explanation	Commentary
Drill hole Information	• A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: - easting and northing of the drill hole collar - elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar - dip and azimuth of the hole - down hole length and interception depth - hole length. • If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	- The coordinates of the historic drill holes are not available and there is no evidence of any official certified co-ordinates and elevations, however it is reasonable to assume that borehole coordinates and elevations were accurately surveyed by certified surveyors.
Data aggregation methods	• In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated. • Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. • The assumptions used for any reporting of metal equivalent values should be clearly stated.	- It is reasonable to assume that for all seams where multiple coal quality samples exist, composite values (generated within the Minex software) were given, weighting each quality by thickness and relative density.
Relationship between mineralisation widths and intercept lengths	• These relationships are particularly important in the reporting of Exploration Results. • If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. • If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true	- At Eloff the coal seams are nearly horizontal and the apparent thickness (width) of the intersected coal seams closely approximates the true thickness.

	width not known').	
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported.* • *These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	- A typical east-west cross section through Eloff is presented below:
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	- Results for the 600 holes drilled historically are available, however only 201 of the holes, i.e. those drilled since 2007, have been used in the resource estimation. - These newer holes, represents the first standardized information with regards to coal qualities and form the basis for the current SAMREC resource estimate.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	- Exxaro Resources has completed an airborne geophysical survey and Total Coal South Africa a pre-feasibility study, which is not public domain information and have not been made available to Universal Coal.
Further work	• *The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	- Universal Coal is planning a significant drilling campaign aimed at investigating areas of low confidence and/or geology or structural complexity with initial focus on the area immediately adjacent to the Company's existing Kangala open pit area. The planned drilling will entail approximately 150 drill holes at a total cost of A$1.25 million over a three-year period.

Section 3: Estimation and Reporting of Mineral Resources		
Database integrity	• Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes. • Data validation procedures used.	- Universal Coal has no access to the exploration data and analytical results for the 201 holes drilled since 2007, however, it is reasonable to assume that the data was captured by experienced geologists and subjected to code-compliant validation protocols, including a review and analysis of the geological integrity and continuity of data in a spatial and geostatistical sense.
Site visits	• Comment on any site visits undertaken by the Competent Person and the outcome of those visits. • If no site visits have been undertaken indicate why this is the case.	- It is reasonable to assume that the Competent Person from Exxaro that completed the resource estimate did undertake a site visit. - Universal Coal's Competent Person visited the site on numerous occasions and did not observe any issues that would impact negatively on the resource potential of Eloff.
Geological interpretation	• Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit. • Nature of the data used and of any assumptions made. • The effect, if any, of alternative interpretations on Mineral Resource estimation. • The use of geology in guiding and controlling Mineral Resource estimation. • The factors affecting continuity both of grade and geology.	- Confidence in the geological interpretation is moderate to low. It is Universal Coal's opinion that although the historic borehole coverage and density confirmed the nature, continuity and coal quality of the seams, Eloff will require significant additional drilling to upgrade the resource to a Measured category and provide sufficient data with regards to the impact of intrusives and the depth of weathering (wash-outs) on the resource. Future planned infill drilling at 250m intervals will provide sufficient data to more accurately define the resource. - It is reasonable to assume that the historical boreholes were geologically logged, acceptably sampled and analysed. - It is reasonable to assume that the Exxaro Mineral Resource estimation is primarily guided by geology.
Dimensions	• The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.	- The main target Seams (Mid & Bottom seams) at Eloff extend approximately 10km along strike and 10km perpendicular to strike with an approximate average combined thickness of 12-16m. - The depth of cover to the seams averages 55m, ranging from 25m to 85m.

Estimation and modelling techniques	• The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation.
	• Method was chosen include a description of computer software and parameters used.
	• The availability of check estimates, previous estimates and/or mine production records and
	• Whether the Mineral Resource estimate takes appropriate account of such data.
	• The assumptions made regarding recovery of by-products.
	• Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation).
	• In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.
	• Any assumptions behind modelling of selective mining units.
	• Any assumptions about correlation between variables.
	• Description of how the geological interpretation was used to control the resource estimates.
	• Discussion of basis for using or not using grade cutting or capping.
	• The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.
		- Exxaro uses:
		  • Geovia Minex for coal modelling and the Minex growth algorithm as the preferred interpolation technique
		  • ESRI ArcGIS for modelling structural features.
		  • Sable Data Warehouse (SDWh) or Minex for coal compositing and, in both instances, representative substitute values were used for un-sampled non-coal material.
		- The geological model and structural interpretation are presented by the resource competent person, aided by the relevant technical specialists, to a panel comprising Exxaro lead CP and domain experts for sign-off and approval.

Moisture	• Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.	- Coal resources and qualities (raw coal) are quoted on a mineable tonnage in-situ (MTIS) and air-dried basis.

Cut-off parameters	• The basis of the adopted cut-off grade(s) or quality parameters applied.	- The following cut-offs, together with domain-based geological loss, were applied by Exxaro to obtain the reported resource estimate:
		  • Minimum 0,5m cut-off for OC areas and 1,0m for UG areas
		  • Minimum dry ash-free volatiles content of 24%
		  • Maximum of 35% ash
		  • A geological loss of 11%

Mining factors or assumptions	• Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining	- Universal Coal does not have access to the relevant cut-off parameters used by Exxaro in the resource estimation, but it is reasonable to assume that estimation approved cut-offs and geological loss domains are applied followed by completion of all necessary reports and audit trails.

	dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.	
Metallurgical factors or assumptions	• *The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.*	- It is reasonable to assume that, based on the product qualities achieved at the adjacent Kangala Mine, Eloff will predominantly supply thermal coal with ash between 25% and 30% (air dried basis) to the domestic power generation market.
Environmental factors or assumptions	• *Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	- It is the Competent Person's opinion that there are no limiting environmental factors at this stage of the project development other than regulations relating to mining adjacent to wetlands, which should be managed through applying buffer zones and wetland offsets. - The regulatory framework in South Africa makes provision for waste and process residue disposal and the project area has suitable areas available to host such facilities.
Bulk density	• *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.* • *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc.), moisture and differences between rock and alteration zones within the deposit.* • *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	- The density used in the tonnage calculation is relative density (air-dried) determined by accredited laboratories using the Archimedes method according to ISO 5072:1997. The apparent relative density is determined by weighing a sample suspended in water, allowing the sample to drain to remove surface liquid and then reweighing the sample in air. - It is reasonable to assumed that all coal samples submitted to the laboratory was subjected to RD determination.
Classification	• *The basis for the classification of the Mineral Resources into varying confidence categories.* • *Whether appropriate account has been taken of all relevant factors (i.e. relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).* • *Whether the result appropriately reflects the Competent Person's view of the deposit.*	- Anomalous drill hole data and structurally complex areas are accounted for and resource classification is used to control the adequacy of drill hole data. Separate confidence zones are determined for structural features based on a matrix approach. The effect of extrapolation is controlled by resource classification in which classification domains are not extrapolated beyond half the average drill hole spacing for the classification category. - Only points of observation with applicable quality data are used for classification. - The figure below illustrates resource classification at Eloff (yellow = inferred, orange = indicated and green = measured).

Audits or reviews	• The results of any audits or reviews of Mineral Resource estimates.	-	The geological model and resource estimate was presented by the resource competent person, aided by the relevant technical specialists, to a panel comprising Exxaro's lead CP and domain experts for sign-off and approval.
Discussion of relative accuracy/ confidence	• Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate. • The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. • Documentation should include assumptions made and the procedures used. • These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.	-	The Elof Mineral resources were estimated by a competent person and in accordance with the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves, 2007 edition, amended July 2009 (the SAMREC Code). SAMREC is a rigorous code that delivers robust resource and reserve estimates and is a "qualifying foreign estimates" for the purpose of ASX Listing Rules. No major differences in the estimates would be anticipated between SAMREC and JORC compliance. - The Coal Resources are estimates at a point in time and will be affected by changes in coal market pricing, currency fluctuations, regulatory costs and other geological and operating parameters. Geological factors that could affect the accuracy of the resource estimate include dolerite intrusives and structures between completed drill holes, seam wash outs and thickening of in-seam stone bands. - Further infill drilling will be conducted at 250m intervals and should assist in improving confidence in the geological model and resource estimate.

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