

27 November 2017



ADDITIONAL 51% OF ELOFF ACQUIRED

Universal Coal Plc (“Universal” or “the Company”), (ASX:UNV) is pleased to announce the acquisition of 100% of the shares and claims in Manyeka Coal Mines Proprietary Limited (“Manyeka”). Manyeka owns 51% of the Eloff Mining Company (Pty) Ltd (“EMC”), the 100% owner of the Eloff Project (“Eloff”).

The acquisition of Manyeka, a company incorporated in South Africa, has been concluded by Universal Coal Development IV (Pty) Ltd (“UCDIV”) which is owned by Universal (49%) and Ndalamo Resources (Pty) Ltd (51%). UCDIV already owns a 29% stake in EMC, which was acquired for cash in June 2017, bringing UCDIV’s total shareholding in EMC to 80%.

UCDIV is also the 100% beneficial owner of the New Clydesdale Colliery (“NCC”).

Manyeka was purchased from Exxaro Coal Central Proprietary Limited (“Exxaro”) and is subject to conditions precedent typical for a transaction of this nature, including Ministerial Approval in terms of Section 11 of the Mineral and Petroleum Resources Development Act (“MPRDA”). It is anticipated that settlement of the acquisition price of A\$8.46 million (ZAR 90 million), will be funded through internally generated cashflows from the NCC. Since July 2017, NCC has been fully operational and has been delivering positive cashflows and EBITDA since August 2017.

About the Eloff Project

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, of the areas identified for expansion at the Kangala Colliery.

EMC is adjacent to the Kangala Colliery, which allows Universal the opportunity to consolidate the contiguous resource base of the Eloff project with Universal’s existing Kangala Colliery, and provides optionality for extension of Kangala’s life of mine.

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.¹ Both SAMREC and JORC 2012 are rigorous codes that deliver robust resource and reserve estimates, and SAMREC compliant estimates are “qualifying foreign estimates” for the purpose of ASX Listing Rules. No major differences in the estimates would be anticipated as between SAMREC and JORC compliance.

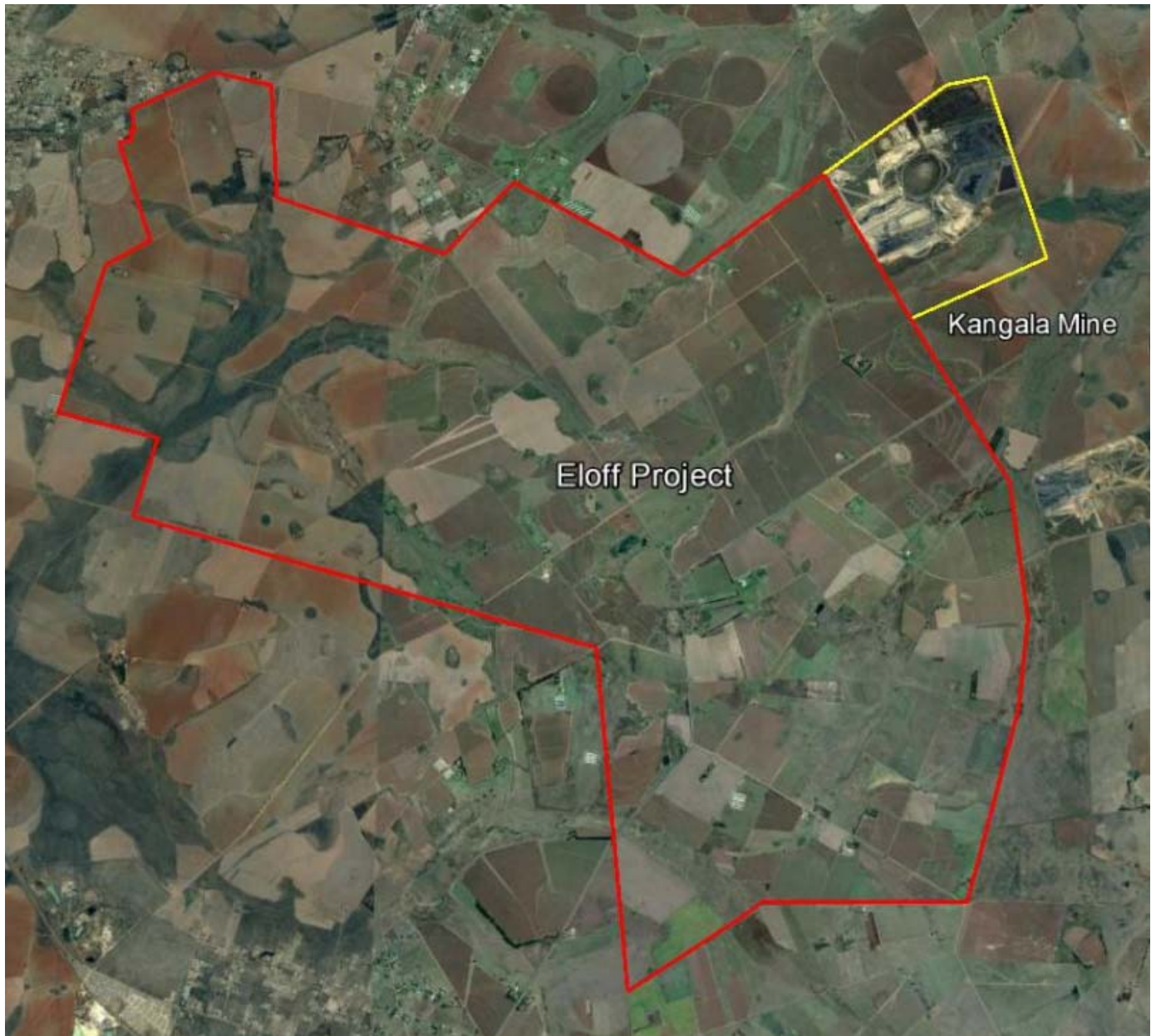


Figure 1: The Eloff project in relation to Kangala, illustrating both the continuity of the assets but also the size of the project area.

(1) Coal Resource and JORC 2012 compliance information as detailed in announcement titled “Universal Coal poised for expansion at Kangala” released to the market on 12 July 2017.

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

| | 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

Universal Growth Strategy

The Company has a committed growth plan to double the current delivery of 4.5Mtpa to 8Mtpa sales tonnes within the next 24-36 months (subject to regulatory approvals).

Current operating profile:

Kangala – The Kangala Colliery was the first operational colliery for Universal and has been delivering consistent production since mid CY2015. The Colliery has exceeded expected production for the last financial year and has continued on this trend for the first quarter of FY2018. The Kangala Colliery delivers approximately 2.4Mtpa of thermal coal to Eskom and has a 60Ktpa offtake for 6000Kcal export coal. Kangala has approximately 2-3 years of production remaining in the Wolvenfontein pit. Eloff has been acquired to extend the mine life of the Kangala Colliery.

NCC – NCC has been delivering steady state production since the last quarter of FY2017 and is expected to deliver on its committed sales tonnes of 2Mtpa for the FY2018 period onwards. NCC has a remaining life of mine of 20 years. NCC's production consist of 900tpa of underground ROM and an additional 2.4Mtpa of opencast ROM delivering premium quality domestic thermal coal, as well as, 6000Kcal export quality thermal coal.

Project pipeline and growth plan:

Brakfontein Project – The Company owns 50.29% of the Brakfontein project, a fully regulated project approximately 20km from the Kangala Colliery. The Company is currently awaiting the finalisation of an offtake agreement for the project, following which the Company intends to commence mine development which is anticipated to commence during the H2 of CY2018. The Brakfontein projected mine plan assumes the ability to deliver approximately 1.2Mtpa of domestic quality thermal coal. Funding for the development of the Brakfontein project is anticipated to be covered through internally generated cash reserves.

The Eloff Project – Universal now owns an effective shareholding of 39.2% of the Eloff Project, which still requires the granting of a Mining Right, an Integrated Water Use License and Environmental Authorisations prior to commencement of production. The Company believes that all regulatory approvals should be obtained within the required timeframe to allow for incessant mining activity at the Kangala Colliery.

Growth by acquisition - The Company is continuously evaluating various projects and acquisition targets to deliver additional volumes from the existing Universal project pipelines and, in turn, generating shareholder wealth. The company has a proven track record of successful project development and creating sustainable operating cash flows from its project portfolio.

Commenting on the investment in Eloff, Universal's Chief Executive Officer, Tony Weber said: "The increase in shareholding in the Eloff Project is a significant transition in production sustainability for the Kangala Colliery and the Universal Group. The Company now has two long-life profitable operations with minimal future capital expansion requirements, and producing solid cashflows for shareholders. The Eloff Project will require minimal development capital, as the current Kangala infrastructure will be sufficient to support an extension of life. Eloff will be funded from operational cashflows allowing additional savings within the project to materialise.

Universal has declared its maiden dividend following the FY2017 results, and remains committed to creating wealth for our shareholders by means of delivering sustained organic growth and through continued dividend distributions."

Competent Person's Statement

The information used in this press release has been reviewed by Mr Jaco Malan who is a registered natural scientist and member of the South African Council for Natural Scientific Professions (a Recognised Overseas Professional Organisation). Mr Malan has confirmed that the information has been provided in accordance with 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 certified 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.

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