

24 January 2018



DECEMBER 2017 QUARTER

1. HIGHLIGHTS

- ✓ Record quarterly EBITDA A\$18.4 million (A\$11.6 million attributable)
- ✓ Sales tonnes of 1.1Mt (0.8Mt attributable) in line with market guidance
- ✓ FY2018 EBITDA guidance revised upwards by 35% to A\$38 million (Group A\$55 million)
- ✓ Maiden dividend of A\$5.2 million (A\$0.01 per share) paid, the Company remains committed to continue shareholder distributions
- ✓ Acquired an additional 51% of the shares in Eloff Project, taking Group ownership to 80%
- ✓ Company status amended from explorer to producer by the ASX
- ✓ Kangala Colliery awarded ISO14001 accreditation
- ✓ Project completion attained at NCC, banking restrictions reduced

Production and Sales Highlights

Production and sales tonnes	Dec 2017	Dec 2017	Sept 2017	Sept 2017	Group Variance
	UNV GROUP	UNV ATTR	UNV GROUP	UNV ATTR	
Group ROM Production	1 947 405	1 168 415	1 695 696	1 050 192	15%
Group Sales Tonnes	1 091 699	665 228	1 250 450	782 572	-13%

2. OPERATIONAL SUMMARY

With record deliveries in the first half of FY2018, the Company is well on track to deliver higher than projected sales tonnes for the full 2018 financial year. The 2Q2018 period production figures are usually affected by the rainy season and reduced trucking days owing to the extended Christmas holiday period.

Production and sales tonnages for the quarter are tabulated below:

	Dec 2017 UNV GROUP	Dec 2017 UNV ATTR	Sept 2017 UNV GROUP	Sept 2017 UNV ATTR	Group Variance
ROM Production					
Kangala [^]	996 218	702 334	1 020 003	719 102	-2%
NCC* (Low grade surface coal included) ¹	951 187	466 082	675 693	331 090	41%
Total ROM	1 947 405	1 168 415	1 695 696	1 050 192	15%
Sales					
Domestic	900 950	563 392	1 068 268	689 258	-16%
Export	195 361	104 096	182 182	93 314	7%
Total Sales Tonnes	1 096 311	667 488	1 250 450	782 572	-12%

[^] attributable basis of 70.5%

^{*} attributable basis of 49%

¹ Sept Quarter reported a Total NCC ROM of 675 693, this amount excluded the Low grade surface coal of 121,249.

Exploration Expenditure

Exploration expenditure incurred by the Company during the quarter was A\$313k (previous quarter A\$214k)

2.1 Kangala Colliery

Run-of-mine

Kangala Colliery achieved budgeted ROM production of 1Mt for 2Q2018, although this was slightly less than the previous quarter. Tonnages were anticipated to be lower during December due to increased rain delays and a shorter working month with numerous public holidays during the Christmas period. However, the Colliery was still able to produce sufficient product to fulfil all its delivery requirements under the various off-take agreements.

Product sales

Domestic sales decreased by 36% from 771kt in 1Q2018 to 567Kt in 2Q2018. The Eskom sales were affected by the short December sales month with reduced trucking days and the commencement of the wet season, with an exceptionally wet December restricting early December deliveries. In spite of this, the Colliery still expects the next quarter of sales to be in line with projections having built up product inventories.

Export sales totalled 36kt, recording a 50% increase on the previous quarter. The Colliery was fortunate to benefit from two export product trains during October and December resulting in double the normalised delivery tonnages.

2.2 New Clydesdale Colliery

Run-of-mine

Strong mining performance at NCC for the December quarter resulted in a 16% increase in production to 951Kt from a 1Q2018 result of 796Kt. The Colliery is well on track to deliver its projected production target by June 2018, given the increased production during the current quarter.

The following capital modifications to the Coal Handling and Preparation Plant (“CHPP”) were completed during the current quarter:

- the upgrade to the feed circuit; and
- completion of the civils for two of the five planned logistics weighbridges.

The upgrade modifications to the screening circuit will be finalised during the next quarter.

Product sales

- 151kt of export quality product was sold in the quarter, a reduction of 8% on the previous quarter. The export sales were affected by the availability of trains over the December period due to a temporary closure of the Richards Bay Coal Terminal, although product was added to the sales inventory on hand.
- 333kt of Eskom quality sales were recorded in the quarter, an 11% increase from the previous quarter. The Colliery experienced a reduction in sales to Eskom during the December period due to the early closure, which is reflected in the increase in finished goods stockpile at mine at the end of December 2017.

3. HEALTH, SAFETY AND ENVIRONMENTAL

3.1 Kangala Colliery

There were no reportable injuries, however, one lost injury case was reported during the current quarter.

We are delighted to announce that Kangala Colliery has been awarded ISO 14001 certification by DQS South Africa, an accredited experienced service provider for certifying and assessing management systems and processes. This follows a two-year process whereby Kangala environmental management team identified all mining activities, services and products with a significant environmental impact, determined the significance and scope of each and developed environmental management plans for those with the highest impact in order to ensure compliance with all legal environmental requirements.

Backfilling and on-going rehabilitation progresses according to our rehabilitation plan and the first grass-reseeding is set to commence in the next summer season.

There were no environmental directives/notices issued and no major findings raised during the environmental audits conducted by the regulatory authority, the Department of Water and Sanitation and our major customer; Eskom.

3.2 New Clydesdale Colliery

The Colliery did not have any injuries or reportable incidents during the quarter.

A comprehensive rehabilitation plan has been finalised and approved by authorities for implementation. The rehabilitation of the legacy Vaalkrantz North opencast area has commenced, following approval of the rehabilitation design and plan by the regulatory authority.

Equator Principles (“Ep’s”) is a voluntary code of conduct and a risk management framework for determining, assessing and managing environmental and social risks in projects. During the period an EP audit was conducted and it was determined that the framework has been successfully complied with.

4. EARNINGS GUIDANCE

Post quarter end, the Company released an upgraded trading statement confirming that the EBITDA for the HY2017 exceeds the guidance provided for the year by 33% on a Group basis and 46% on an attributable basis. The company has projected the updated FY2018 Group EBITDA to be A\$55 million with a total of 4.6Mt (Group) of domestic and export tonnes delivered for the same period.

5. PROJECTS

Brakfontein

The Brakfontein asset is fully compliant with licences for Mining, EA and IWUL and is in the process of negotiating off-take arrangements with prospective customers. Development of the mine, currently projected to commence by H2 CY2018, will commence as soon as negotiations have been concluded on the final terms and conditions for off-take.

Brakfontein has the capacity to add significant additional sales tonnes to the Company’s production profile at similar margins.

Berenice/Cygnus

An Integrated Water Use Licence application has been lodged with Department of Water and Sanitation. The Mining Right application lodged in the previous financial year is still under review by the Department of Mineral Resources.

6. CORPORATE ACTIVITY AND DEBT FINANCING

Acquisition of the majority share in Eloff Project, current ownership level at 80%

During the quarter the Company acquired 100% of the shares and claims in Manyeka Coal Mines Proprietary Limited ("Manyeka"), which owns 51% of the Eloff Mining Company (Pty) Ltd ("EMC"), the 100% owner of the Eloff Project ("Eloff").

The Eloff Project, is situated 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 both extension of Kangala's life of mine and upsizing the operation. The Eloff Project contributes a JORC resource base of 424Mt to the Universal project pipeline⁽¹⁾.

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 (ZAR90 million), will be funded through internally generated cash-flows.

The Company is in discussions with the remaining minority shareholder of EMC with a view to acquire the uncontrolled balance of 20% of the project.

Universal directly owns an effective shareholding of 39.2% of the Eloff Project and is intent on achieving an ultimate direct ownership level of 49%. The granting of a Mining Right, an Integrated Water Use Licence ("IWUL") and Environmental Authorisations ("EA") will be required 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.

NCC banking completion test successful

The Company is pleased to confirm that the New Clydesdale Colliery ("NCC") has met project completion tests to the satisfaction of the debt financier, Investec Bank Limited, acting through its Corporate and Institutional Banking division ("Investec").

Investec has notified Universal that it is satisfied that the project completion requirements for NCC have been satisfied for a period of 90 consecutive days. For the period August 2017 to October 2017 the NCC mine has, in aggregate, demonstrated the capacity to:

- produce a minimum of 450 000 tonnes run-of-mine ("ROM") coal;
- deliver to the market a total of 270 000 tonnes of saleable product; and
- generate EBITDA of no less than ZAR27 million.

⁽¹⁾ JORC 2012 resource estimate as per announcements titled "Universal Coal poised for expansion at Kangala" released to the market on 12 July 2017

Following the satisfaction of the completion tests, NCC will now commence its interest and capital repayment schedule as per the Investec facility agreement. NCC is also now permitted to make discretionary distributions in the form of shareholder loan repayments and dividends. Any distributions made will be in accordance with pre-existing banking covenants and subject to Investec's consent, not being unreasonably withheld.

7. GROWTH

Universal remains committed to the vision and strategy of increasing our saleable product to both the South African domestic and international export thermal coal markets. The Company's two operating mines provide a stable platform for growth and a Launchpad to fund further measured expansion. The Company continues to evaluate growth opportunities to achieve this vision within short, medium and long-term time scales.

Any production expansion must meet Universal's stringent criteria and be able to:

- be delivered to market in a timely and efficient manner;
- be lower quartile cost operations; and
- provide a platform for brownfields expansion.

The Company is currently contracted to supply 4.0Mt per annum from its two operating entities. With the projected increase in demand from Eskom and the improvement in the short to medium term export market, the Company expects to potentially increase annual sales to 4.6Mt during FY2018.

Both the Brakfontein and Eloff Projects fit and form part of the Company's growth requirements and are included in its expansion plans for development over the next three years.

Universal continues to review further opportunities for investment and growth.

For further information please contact:

Tony Weber

Chief Executive Officer

T: +27 12 460 0805

t.weber@universalcoal.com

Ben Jarvis

Six Degrees Group

T: +61 2 9230 066

ben.jarvis@sdir.com.au

Olwen Auret

R&A Strategic Communications

T: +27 11 880 3924

About Universal Coal

ASX-listed Universal Coal (ASX: UNV) is committed to building a sustainable mid-tier coal mining company providing investors with exposure to coking and thermal coal assets with the potential to develop into projects of significance.

The Company has a portfolio of producing, development and exploration assets located across South Africa's major coalfields.

Kangala Mine in the Witbank coalfield, Universal's first mine, commenced production in February 2014. Kangala produces an average of 2.5Mt of saleable thermal coal per annum, primarily for the domestic market. Kangala Mine has expansion plans to both the adjacent Middlebult and Eloff Project.

The New Clydesdale Colliery (NCC) commenced underground production in 2016 and has ramped up opencast mining production, completing the Company's progress towards becoming a multi-mine producer.

The Brakfontein Project is a fully regulated project with mining right and IWUL and development of this mine will commence as soon as feasible off-take agreements and surface rights have been finalised.

Besides its thermal coal projects (including Brakfontein, Eloff and Arnot South), the Company has completed earn-in agreements over one coking coal project (Berenice/Cygnus) in the Soutpansberg coalfields.

The following map and schedule show the location and tenure of interests held by Universal Coal Plc in mining and prospecting rights in South Africa

Universal Coal Global Coal Resources/Reserve Summary

SUMMARY OF INFORMATION

The information below, relating to the Universal Group's Mineral Resources and Ore Reserves, has been extracted without amendment from the Resource and Reserve estimates relating to Universal's material assets.

Project	Reserves	Resources				
	Proved & Probable Mt	Measured Mt	Indicated Mt	Inferred Mt	Total Mt	Attributable to Universal Mt
Thermal Coal (Witbank)						
Kangala ¹	35.9	61.2	15.1	32.2	108.50	76.5
Eloff ²	-	9.4	213.5	201.5	424.0	60.2
NCC ³	57.3	96.8	41.8	6.0	144.7	70.9
Brakfontein ⁴	9.1	31.7	39.4	4.7	75.8	38.1
Arnot South ⁵	-	2.3	65.3	139.0	206.6	103.3
Total Thermal Coal	102.3	201.4	375.1	383.4	959.9	349.0
Coking Coal (Limpopo)						
Berenice ⁶ Cygnus ⁷	-	424.9	800.9	124.3	1,350.1	675.1
Total Coking Coal	-	424.9	800.9	124.3	1,350.1	675.1
Total	102.3	626.3	1,176.0	507.7	2,310.0	1,024.1

Notes:

- Mineral Resources are stated on a gross in situ basis and inclusive of Ore Reserves
 - Rounding (conforming to the Australasian Code for Reporting of Exploration Results ("JORC")) may cause computational discrepancies
1. Universal has an attributable interest of 70.5%. of the Kangala Project.
 2. Universal has an attributable interest of 49%. in the NCC Project.
 3. Universal has an attributable interest of 50.29%. in the Brakfontein Project and the right to negotiate to acquire up to a 74%. interest upon completion of the BFS and award of a mining right and associated regulatory approvals
 4. The acquisition of the Arnot South Project is subject to the successful transfer of the prospecting right to Universal Coal, in accordance with Section 11 of the Mineral and Petroleum Resources Development Act, 2002. Universal will have an attributable interest of 50%. in the Arnot South Project upon granting of the Section 11 transfer
 5. Universal has an attributable interest of 14.2%. of the Eloff Project (Post Manyeka acquisition this will increase to 39.2%)
 6. Universal has an attributable interest of 50%. in the Berenice Project with an option to acquire up to a 74% interest
 7. Universal has an attributable interest of 50%. in the Cygnus Project with an option to acquire up to a 74%. Interest

Project	Property	Permit type & number	Location	Size	Beneficial interest held	Change in interest from previous quarter
Kangala	Wolvenfontein 244IR: Portion 1 and RE of Portion 2	Mining Right: MP30/5/1/2/2/429MR	Delmas, Mpumalanga province, South Africa	951 Ha	70.5%	None
	Middelbult 235IR: Portions 40 and 82	Prospecting Right: MP30/5/1/1/2/641PR Mining Right in application	Delmas, Mpumalanga province, South Africa	942 Ha	70.5%	None
Berenice	Berenice 548 MS; Celine 547 MS; Doornvaart 355 MS; Gezelschap 395 MS; Longford 354 MS; Matsuri 358 MS	Prospecting Right: LP30/5/1/1/2/376PR Mining Right in application LP30/5/1/1/2/10131MR	Waterpoort, Limpopo province, South Africa	6,595 Ha	50%	None
Brakfontein	Brakfontein 264IR : Portions 6, 8, 9, 10, 20, 26, 30 and Remaining Extent	Mining Right: MP30/5/1/1/2/10027MR	Delmas, Mpumalanga province, South Africa	879 Ha	50.29%	None
NCC	Roodekop 63IS	Mining Right: MP30/5/1/1/2/492MR	Kriel, Mpumalanga Province, South Africa	835 Ha	49%	None
	Middelbult 42 IS (portion 4), Diepspruit 41 IS (RE, RE of portions 1, 2, 3, portions 7, 8, 9, 10), Rietfontein 43 IS (RE, RE of portion 1, portion 3, M/A 2, 3, 4 of RE portion 1), Vaalkrans 29 IS (portions 4, 6, 8, 9, 11, 12, 13, 14, 16, RE of portion 16, M/A 2 of portion 6), Clydesdale 483 IS, Lourens 472 IS, Enkelbosch 20 IS (M/A 4 and 5) and Haasfontein 28 IS (portion 1, M/a 6 and 7 of portion 7)	Mining Right: MP30/5/1/2/2/148MR	Kriel, Mpumalanga province, South Africa	4,125 Ha	49%	None

Project	Property	Permit type & number	Location	Size	Beneficial interest held	Change in interest from previous quarter
Eloff Project	Droogfontein 242IR, Strydpan 243IR, Stompiesfontein 273IR	Prospecting Rights: 788/2007(PR) & 817/2007(PR) Mining Right in application	Delmas, Mpumalanga province, South Africa	8,168 Ha	14.2%(increase to 39.2% post Manyeka s11)	An additional 51% stake in the Eloff project has been acquired during the quarter.
Cygnus	Cygnus 543MS and adjacent farms	Prospecting Right: LP30/5/1/1/2/1276PR	All Days, Limpopo province, South Africa	12,299 Ha	50%	None
Arnot South	Vlakfontein 166 IS (RE Ext., portions 2, 5, 8, 9, 10, 13 and 14) Tweefontein 203 IS (RE Ext. of portion 3, RE Ext. of portion 5, RE Ext. of portion 9, RE Ext. of portion 10 and portions 4, 7, 8, 11, 12, 13, 14, 18, 19, 20, 21, 22, 23, 24, 25) Op Goeden Hoop 205 IS (RE Ext. of portion 2) Groblersrecht 175 IS – whole farm; Klipfontein 495 IS (RE Ext. of MA 1) Vaalwater 173 IS (portions 10, 12, 14, RE Ext. of portion 2); Mooiplaats 165 IS (portions 4, 11, 12, 13, 15 and 16); Helpmekaar 168 IS – whole farm; Schoonoord 164 IS (portion 19); Leeuwpan 494 JS (portions 7, 8, 9, RE Ext. and RE Ext. of portion 4); Weltevreden 174 IS (portions 1, 2 (MA),	MP30/5/1/1/2/360PR	Hendrina, Mpumalanga province, South Africa	15,532 Ha	Subject to satisfaction of the conditions relating to completion of the Arnot South acquisition, 50%	Under acquisition, awaiting Section 11 Ministerial Approval

Project	Property	Permit type & number	Location	Size	Beneficial interest held	Change in interest from previous quarter
	4 and RE Ext); Nooitgedacht 493 JS (portions 4 and 9)					