

24 April 2018



MARCH 2018 QUARTERLY ACTIVITIES REPORT

1. HIGHLIGHTS

- ✓ Record quarterly EBITDA A\$20.5 million (A\$12.5 million attributable)
- ✓ YTD EBITDA A\$50million (A\$29.1 million attributable) on track to exceed FY2018 EBITDA guidance
- ✓ Interim Dividend for FY2018 of A\$5.2 million (A\$0.01 per share) paid – supports Company commitment to shareholder distributions
- ✓ Strategic acquisition of the North Block Complex (NBC) agreement signed (49% attributable to Universal Coal), subject to conditions precedent
- ✓ NBC acquisition to increase Universal Coal's saleable tonnes by ca. 50% and strengthen exposure to higher margin export markets, while maintaining coal supplies to local power stations

Production and sales highlights

Production and sales tonnes	March 2018		December 2017		Group variance
	Group	Attributable	Group	Attributable	
Group ROM production tonnes	1 978 412	1 183 192	1 947 405	1 168 415	2%
Group sales tonnes	1 190 228	716 363	1 091 699	665 228	9%

2. OPERATIONAL SUMMARY

The Company experienced stable operational performance with a slight increase of 2% on the previous quarter. Both operations performed exceptionally well without any significant delays or production shutdowns. Production in the previous quarter production had been only slightly affected by the rainy season, with reduced trucking days owing to the extended Christmas holiday period. Cumulative sales for the year to date total approximately 3.5Mtpa (attr. 2.2Mtpa) and the Company is confident that market production guidance of 4.6Mtpa is within reach.

Production and sales tonnages for the quarter are tabulated below:

	March 2018		December 2017		Group variance
	Group	Attributable	Group	Attributable	
ROM production					
Kangala*	994 278	700 966	996 218	702 334	0%
NCC**	984 134	482 226	951 187	466 082	3%
Total	1 978 412	1 183 192	1 947 405	1 168 415	
Sales					
Export	222 911	157 152	190 480	134 289	17%
Domestic	967 317	473 985	900 950	441 466	7%
Total	1 190 228	631 138	1 091 431	575 754	

*70.5% Attributable

** 49% Attributable

Exploration expenditure

Exploration expenditure incurred by the Company during the quarter was A\$15,000 (previous quarter A\$313,000)

2.1 Kangala Colliery

Run-of-mine

Kangala Colliery achieved budgeted ROM production of 1Mt for the March 2018 quarter, in line with tonnages recorded from the previous quarter. The Colliery is currently producing at the planned production rate and is approximately 5% ahead of budgeted production for the year to date.

Product sales

Domestic sales increased by 2%, with sales tonnages of 610kt in Q3 2018 (567Kt in Q2 2018). Previous quarter Eskom sales were affected by the shortened December sales month with reduced trucking days due to the extended Christmas holiday period.

Export sales for the quarter totalled only one train volume of 8.3Kt in comparison with 36kt the previous quarter, an effective 80% decrease.

Health and Safety

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

Environmental

On-going rehabilitation of the pit progresses according to our rehabilitation plan and the first grass-reseeding has commenced.

Socio Economic Development

Building and equipping of school classrooms, a canteen and a boardroom for a local school have been completed and handed over.

There were no operational disturbances by the community.

2.2 New Clydesdale Colliery (“NCC”)

Run-of-mine

Stable mining performance was achieved at NCC for the March 2018 quarter, resulting in a slight increase on budgeted tonnes and no significant variance from the previous quarter. ROM production for the quarter was 984Kt compared to 979Kt in the previous quarter.

Product sales

- Export sales for the quarter increased by 17%, with 215kt of export quality product being delivered to market. The current period benefited from a normalised train schedule, unlike the previous quarter. The quarter produced a total of 226Kt of export product resulting in an increase in export product at siding at 31 March 2018.
- Eskom sales increased by 7% on the previous quarter, delivering a total of 356kt. Eskom sales for the previous quarter totalled 333Kt. The previous quarter’s sales had been affected by the early December close due to the Christmas period.

Health and Safety

NCC had one reportable injury during the current quarter.

Environmental

Rehabilitation of the legacy Vaalkrantz North opencast pit is progressing well. Regarding the current Roodekop opencast pit, rehabilitation designs and plan have been completed.

Socio Economic Development

Regarding its local economic development projects, NCC has concluded and signed a two-year contract with three small medium enterprise companies to run a convenient tuckshop on site, operate a vehicle wash bay facility and manage our Tarpauline operators.

There was a minor incident involving local community members demanding jobs. Recruitment is ongoing and preference is being given to local residents to ensure stability.

3. PROJECTS

Brakfontein

The Brakfontein asset is fully compliant and has the required mining rights, environmental authorisations and integrated water use licences, and is in the process of negotiating off-take arrangements with prospective customers. Development of the mine, currently projected to commence by H2 CY2018 once negotiations have been concluded on the final terms and conditions for the off-take agreements.

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 the 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 ("DMR").

Eloff Project

The Company, through NCC, has acquired 80% of the of the Eloff Mining Company (Pty) Ltd ("Eloff Project") since June 2017 from various companies. The Company is in discussions with the remaining minority shareholder of the Eloff Project with a view to acquiring the uncontrolled balance of 20% and is hopeful that this transaction will be completed before the end of the FY2018. Universal Coal group owns 49% of NCC.

The Eloff Project, situated adjacent to the Kangala Colliery, 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 extending Kangala's life of mine and upsizing the operation. The Eloff Project contributes a JORC resource base of 424Mt to the Universal project pipeline

The Company has applied for the required mining right and environmental authorisation and is in the process of lodging an application for an integrated water use licence for the Eloff Project. The company is confident that these approvals will be granted by the time the Kangala resource reaches its end of life.

North Block Complex ("NBC") Acquisition

During the quarter the company entered into a sale and purchase agreement ("SPA") with Exxaro Coal Mpumalanga Proprietary Limited and Exxaro Coal Proprietary Limited ("Exxaro") for the acquisition of assets that comprise the NBC.

The acquisition was done by North Block Complex (Pty) Ltd, a company newly incorporated in South Africa (registration number 2017/528665/07) and 51% owned by Ndalamo Resource Proprietary Ltd ("Ndalamo") and 49% by Universal Coal and Energy Holdings South Africa Proprietary Limited ("UCEHSA"). UCEHSA is a wholly-owned subsidiary of Universal. Once the NBC has been acquired, it will operate on a stand-alone basis. NBC will, however, be under management control of UCEHSA which will also provide management services, by virtue of an operating and management agreement between NBC, UCEHSA and Ndalamo.

The NBC is an operational mining and minerals processing business, located proximate to Belfast in the province of Mpumalanga, South Africa. In summary, it consists of the Glisa and Eerstelingsfontein operating mines (with the related infrastructure described below) and the undeveloped Paardeplaats prospecting right (adjacent to the Glisa mine).

NBC's infrastructure consists of a dense medium separation coal beneficiation plant and four crushing and screening plants (two of which will be transferred to the NBC and two owned and operated under long-term contracts), a water treatment facility and a rail siding that provides direct access to the Richards Bay Coal Terminal.

Universal intends to convert the NBC into a multi-product operation with the gradual inclusion of the adjacent Paardeplaats project (subject to the grant of a mining right by the DMR). This will increase exposure to higher margin export markets while maintaining the supply of coal to local power stations. Current facilities on site are adequate with only minor modification and expansion necessary, together with a modest need for further capital investment, to achieve the proposed operation of both Glisa and Paardeplaats. It is expected that NBC will be able to fund any additional capital investment required from cash flows generated.

The parties have agreed to a provisional purchase price (subject to an agreed adjustment schedule) of R170 million (incl. Value Added Tax) (approximately A\$18.6million) to acquire the NBC from Exxaro. A deposit of 10% of the provisional purchase price has been provided to Exxaro by way of an irrevocable bank guarantee. The purchase deposit is payable to Exxaro on the closing date (determinable once the suspensive conditions have been fulfilled or waived) ("Closing Date"). On the Closing Date, NBC will provide a further irrevocable bank guarantee for the payment of the balance of the purchase price (if any, as determined by the adjustment of the provisional purchase price) which shall be payable on the earlier of the granting of the Paardeplaats mining right to NBC or 30 June 2019.

The Acquisition is subject to conditions precedent typical for a transaction of this nature including (but not limited to):

- Ministerial approval in terms of Section 11 of the Mineral and Petroleum Resources Development Act to transfer certain assets from Exxaro to NBC;
- Regulatory and statutory approvals in terms of the Competition Act No. 89 of 1998 (as amended) for the transaction contemplated in the SPA;
- Board approvals by each party;
- NBC using reasonable endeavours to ensure that the Company complies with ASX Listing Rules as they apply to Universal in respect of the transaction contemplated by the SPA, including complying with any requirements or directions from ASX regarding shareholder approval;
- Exxaro providing evidence that the directives issued under the National Water Act, 36 of 1998, in respect of the Glisa mining operation have been suspended or that the Department of Water and Sanitation has been interdicted from taking any action under such directives, including the suspension of water use entitlements;

- Exxaro providing confirmation of the renewal of the Glisa mining right and Paardeplaats prospecting right in the agreed names as set out in the SPA as well as an approved copy of the Eerstellingsfontein EMPR; and
- no material adverse change (including Exxaro Coal receiving written confirmation from the DMR that the mining right application in respect of Paardeplaats has been refused) occurring resulting in damage that would cost R50million or more to repair or replace.

The majority of the suspensive conditions are to be fulfilled within 360 days of the date of the SPA, or such later dates as may be agreed between the parties. Universal will update shareholders as to the status of the suspensive conditions to completion of the SPA in due course.

4. CORPORATE OVERVIEW

The Group cash balance increased by A\$11.7 million to a total cash balance of A\$30.8 million (attributable cash A\$18 million) at the end of Q3 2018. Total cash is represented by A\$27.2 million of unrestricted cash and A\$3.5 million in additional restricted cash as at 31 March 2018. The increase in cash for the quarter is post the payment of dividend to shareholders of A\$8.3 million (both listed and unlisted shareholders), the net repayment of interest-bearing debt of A\$1.7 million and the investment to capital items totalling A\$3.3 million.

A significant portion of the restricted cash balance is due to the deposits paid for the acquisition of the Eloff Project (A\$0.9 million) and the NBC (A\$1.9 million)

During the quarter, the company settled in cash the last outstanding convertible notes to Susquehanna Pacific,.

The Company's net interest-bearing position has converted to a net interest-bearing asset during the current quarter. The net interest-bearing asset position as at 31 March 2018 was A\$4.8 million* (attributable A\$ 8.8 million)

*Net asset position is calculated: Long Term Debt + Short Term Debt – Cash Balance – Net Shareholder receivable.

5. UNIVERSAL GROWTH STRATEGY

Following a highly productive quarter at both a corporate and operational level, Universal remains firmly committed to increasing the Company's saleable product, both to the South African domestic and to international export thermal coal markets through the development of its project pipeline.

A key focus for Universal will be to continue to identify strategic acquisition opportunities that have the potential to not only underpin the Company's production profile, but also to become earnings accretive within a very short period of time. The planned acquisitions of the NBC and the remaining 20% stake in the Eloff Project are both in line with the Company's active M&A expansion strategy.

The Company expects to be able to deliver considerable value from the NBC acquisition, with the integration of the undeveloped Paardeplaats prospecting right located adjacent to NBC, a key medium-term value catalyst.

Once in operation, Paardeplaats is forecast to be a lower quartile cost mine producing ca. 25Mt (probable reserve) ROM over a life of mine of 10 years at an average stripping ratio of 1.66:1 (bcm: tonne).

Universal's robust cash position and the continued strong performance of the Company's two operating mines provide management with the flexibility to actively assess a number of additional acquisition opportunities aimed at unlocking further shareholder value in the near term.

As previously advised, all acquisition opportunities assessed by Universal's team must meet stringent criteria and be able to:

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

Universal is currently contracted to supply 4.0Mt per annum from its two operating entities and, factoring in the projected increase in demand from Eskom and improving export market conditions, the Company expects to potentially increase annual sales to in excess of 4.6Mt during FY2018.

6. MANAGEMENT COMMENTARY

Commenting on the March Quarter, Universal Coal's Chief Executive Officer, Tony Weber, said, "The Group continued to perform very strongly during the March 2018 quarter, highlighted by record quarterly EBITDA of A\$20.5 million.

"A key development reported during the quarter was the acquisition of the fully-operational North Block Complex, which once completed will become our third operational coal mine. The acquisition, to be funded from existing cash reserves, will add significant depth and diversification to the Company's production profile in the short to medium term.

"The continued strong performance and organic growth witnessed from our two current mining operations is most pleasing and is well supported by our active M&A strategy. Universal remains committed to solidifying its position as a market-leading, mid-tier coal mining company and we look forward to providing further updates on a number of key developments from across the business in the near term."

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

About Universal Coal

About Universal Coal Plc

ASX-listed Universal Coal (ASX: UNV) is committed to building a sustainable mid-tier coal mining company that provides 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.

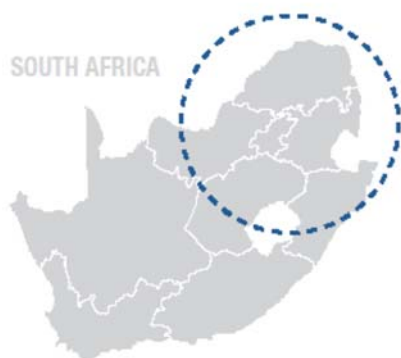
Kangala Mine in the Witbank coalfield, Universal's first mine, commenced production in February 2014. Kangala produces an average of 2.5Mt of saleable thermal coal per annum, primarily for the domestic market.

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. NCC produces an average of 2.1Mt of saleable thermal coal per annum, for both domestic and export markets.

In addition to 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 coalfield.

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.

LOCATION OF OPERATIONS



LEGEND

Thermal coal – mines

1 Kangala

2 NCC

3 NBC*

Thermal coal – projects

4 Eloff

5 Brakfontein

6 Arnot South

Coking coal – project

7 Berenice/Cygnus

* Under acquisition



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 and 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, 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, 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 LP30/5/1/1/2/10131 MR	Waterpoort, Limpopo, South Africa	6,595 Ha	50%	None
Brakfontein	Brakfontein 264IR : Portions 6, 8, 9, 10, 20, 26, 30 and Remaining Extent	Mining Right: MP30/5/1/1/2/10027 MR	Delmas, Mpumalanga, South Africa	879 Ha	50.29%	None
NCC	Roodekop 63IS	Mining Right: MP30/5/1/1/2/492MR	Kriel, Mpumalanga, South Africa	835 Ha	49%	None
	Middeldrift 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, South Africa	4,125 Ha	49%	None

Project	Property	Permit type and 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) and 817/2007(PR) Mining Right in application	Delmas, Mpumalanga, 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, South Africa	12,299 Ha	50%	None
Arnot South	Vlakfontein 166 IS (RE Ext., portions 2, 5, 8, 9, 10, 13 and 14) Tweffontein 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);	MP30/5/1/1/2/360PR	Hendrina, Mpumalanga, 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 and number	Location	Size	Beneficial interest held	Change in interest from previous quarter
	Weltevreden 174 IS (portions 1, 2 (MA), 4 and RE Ext); Nooitgedacht 493 JS (portions 4 and 9)					