

23 July 2018



JUNE 2018 QUARTERLY ACTIVITIES REPORT

1. HIGHLIGHTS

- ✓ Record quarterly EBITDA A\$21.4 million (A\$12.8 million attributable)
- ✓ YTD EBITDA A\$72** million (A\$45.7 million attributable) exceeds guidance EBITDA by \$2 million
- ✓ Record EBITDA grossly attributed to 13% increase of export tonnes from the New Clydesdale Colliery and strengthening of coal market dynamics
- ✓ Guidance saleable tonnes of 4.7Mtpa (Attr 2.9Mtpa) achieved for the YTD
- ✓ Universal remains focused on value adding growth, both through organic project development and an active M&A strategy as highlighted by recent North Block Complex acquisition.
- ✓ Positive regulatory progress made on the conditions precedent for the acquisition of the North Block Complex (NBC)

Production and sales highlights

Production and sales tonnes	Jun-18		Mar-18		Group variance
	Group	Attributable	Group	Attributable	
Group ROM production tonnes	2 046 889	1 221 200	1 978 412	1 183 192	3%
Group sales tonnes	1 239 738	738 881	1 190 228	716 363	4%

2. CORPORATE OVERVIEW

The Company ended the quarter with a cash balance of A\$36.8 million (Attr.A\$22.6) and EBITDA of A\$21.4 million. The significant increase in the EBITDA was grossly attributed to the increase of 16% of export tonnes from the New Clydesdale colliery and a major benefit from the current Coal market prices.

The Company's cash balance increased by A\$6 million – which takes into consideration Tax, Value added tax and royalty payments during the June quarter to the value of A\$7.5 million and also loan repayments for

A\$3.7 million respectively. The Company paid a total of A\$1.5 million to unlisted shareholders during the quarter and the capital expenditure for the period totals A\$4.7 million. Other non-cash items included in the EBITDA is inventory movement of and year-end accruals.

The Cash balance consists of A\$33.6 million in unrestricted cash and A\$3.2 million of restricted cash at June 2018. 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\$1.7 million)

The Company's net interest-bearing asset at June 2018 was A\$13million(Attr. A\$14.4million).

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

***All figures are unaudited at the time of this report*

3. MANAGEMENT COMMENTARY

Commenting on the June Quarter, Universal Coal's Chief Executive Officer, Tony Weber, said, "The Group continued to experience robust growth during the June quarter with a continuation of very good results having being delivered across the business at both a corporate and operational level.

"One of the most pleasing aspects of the quarter was our ability to exceed market guidance for the year to date, delivered through our operational consistency in achieving our projected volumes in production and sales and rewarded in higher Export pricing levels.

"Looking ahead, Universal remains committed to continue creating shareholder value through the production of cost effective tonnages, both by delivering on all committed off-take agreements, execution of the Company's value add growth objectives - met both in organic project development and the recent North Block Complex acquisition, while maintaining a sustainable dividend policy,"

OPERATIONAL SUMMARY

Overall production performance during the June quarter remained consistent with the previous period with an increase of 3% on ROM tonnages. With minimal operational disturbance both the Kangala and NCC achieved their targeted volumes for the quarter.

Sales to the domestic market remained consistent during the quarter, with the Company achieving a significant increase in the export tonnages from the NCC during the quarter. The increase in export tonnes from NCC contributed was a key contributor to the significant revenue increase witnessed during the quarter along with the benefit of current API4 pricing. The Total Sales volume for the YTD was in line with the updated guidance provided by the Company, by achieving a total of 4.7Mtpa (Attr 2.9 Mtpa) of sales tonnes.

Production and sales tonnages for the quarter are tabulated below:

	Jun-18		Mar-18		Group variance
	Group	Attributable	Group	Attributable	
ROM production					
Kangala*	1 014 997	715 573	994 278	700 966	2%
NCC**	1 031 892	505 627	984 134	482 226	5%
Total	2 046 889	1 221 200	1 978 412	1 183 192	
Sales					
Export	258 805	130 257	222 911	111 023	16%
Domestic	980 932	608 624	967 317	605 340	1%
Total	1 239 738	738 881	1 190 228	716 363	

*70.5% Attributable

** 49% Attributable

Exploration expenditure

Exploration expenditure incurred by the Company during the quarter was A\$89,000 (previous quarter A\$15,000).

2.1 Kangala Colliery

Run-of-mine

Production at the Kangala Colliery remains consistent with the previous quarter with a 2% increase in ROM production during the June 2018 quarter.

Product sales

Domestic sales at Kangala decreased by 2% during the Q4 2018 with a total of 595Kt of product delivered to Eskom in comparison to the 610Kt for the Q3 2018. The Colliery is producing at budgeted volumes and have achieved their production targets for the year ending June 2018.

Export sales doubled in the current quarter with the company railing two export trains during the Q4 2018.

Health and Safety

There were no reportable injuries, and no lost time injury cases 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

The NCC has increase the ROM production for the period by 5%, contributing a total of just more than 1Mt for the Q4 2018. The Colliery has achieved phenomenal operating results over the last period, consistently achieving the budgeted volumes and committed sales tonnes.

Product sales

- NCC increased exports sales by 13% during the Q4 2018, increasing the tonnages from 215Kt in Q3 2018 to 242Kt for Q4 218.
- Eskom sales increased by 8% on the previous quarter, delivering a total of 385kt. Eskom sales for the previous quarter totalled 356Kt.
- ***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.

4. PROJECTS

Universal currently has various projects in its near-term acquisition and development pipeline. The projects have been included in the 10Mtpa of saleable product forecast for the next 24-48 month period.

Brakfontein

The Brakfontein project is a fully regulated project with Mining Right and Integrated water use license and development of this mine will commence as soon as feasible off takes agreements and surface rights have been finalised. The Brakfontein project can deliver approximately 1Mtpa of saleable product to market, and will be developed within the upcoming financial year.

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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

As previously advised in March 2018, Universal's subsidiary, North Block Complex Proprietary Limited ("NBC"), entered into a sale and purchase agreement ("SPA") with Exxaro for the acquisition of assets that comprise the North Block Complex. Universal has an attributable holding of 49% in NBC. The NBC has the potential of contributing 2.7Mtpa of saleable product to the company product suite and is expected to finalise the transaction with Exxaro during H2 CY2018.

This Acquisition is subject to a number of conditions, of which a few significant items has been achieved to date. Universal has received Regulatory and statutory approvals in terms of the Competition Act No. 89 of 1998 (as amended) for the transaction contemplated in the SPA in March 2018 and has also attended to the

submission of the Mining right application for the Paardeplaats Project as well as the application for Ministerial approval in terms of Section 11 of the MPRDA. The Company awaits the granting of the Section 11 approval for the finalisation of the NBC transaction.

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

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 Amot 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
- Universal has an attributable interest of 70.5%. of the Kangala Project.
 - Universal has an attributable interest of 49%. in the NCC Project.
 - 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
 - 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
 - Universal has an attributable interest of 14.2%. of the Eloff Project (Post Manyeka acquisition this will increase to 39.2%)
 - Universal has an attributable interest of 50%. in the Berenice Project with an option to acquire up to a 74% interest
 - 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)					