

17 December 2018



ELOFF PROJECT MINING RIGHT GRANTED

Highlights

- Eloff Project Mining Right granted by the Department of Mineral Resources
- Receipt of Environmental Authorisation also received in terms of National Environmental Management Act
- Located adjacent to Universal's existing Kangala Colliery allowing for consolidation of the two contiguous resource base
- Eloff Project to increase Universal's Resource and Reserve base by 424Mt (attr. 207Mt)

Universal Coal Plc ("Universal Coal") (ASX:UNV) is pleased to announce that the Department of Mineral Resources ("**DMR**") has granted the Eloff Mining Company (Pty) Ltd the Mining Right and Environmental Authorisation ("**EA**") over the Eloff Project. The Eloff Mining Company hosts the Eloff Coal Project ("**Eloff**") and Universal Coal effectively holds 49% of Eloff.

The Eloff Mining Right covers an area of 8,168Ha, in addition to surface rights over 6,146.7Ha of the project area. These surface rights cover all the areas identified for the planned expansion of Universal's existing Kangala Colliery ("**Kangala**"), along with the identified western Eloff area.

Importantly, the Eloff acquisition provides Universal with the opportunity to consolidate the contiguous resource base of the eastern portion of the Eloff Project with Kangala, and provides further optionality in the extension of Kangala's life of mine. The eastern portion of the Eloff Project is a direct extension of Kangala's current pit and will require limited future development capital resulting in significant cost saving in monetising Eloff. A Section 102 application can allow for the contiguous eastern portion to be included under the Kangala mining right.

In addition, the western portion of the Eloff portion can potentially be developed into Universal's fifth stand-alone mine.

With the Eloff Mining Right and EA now granted, the final approval to be received is the Integrated Water Use Licence and the Waste Licence ("**IWUL**"). Upon receipt of the IWUL Universal will commence development activities.

Eloff currently 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 424Mt, although potential exists to increase this substantially. The Company expects to update the Resource and reserve statement over this project area over the coming months in line with development plans.

Commenting on the latest development, Universal Coal CEO Mr Tony Weber said: "We are delighted to have taken this key step in the development of the Eloff Project, as it has the potential to add significant depth to the Company's already robust production profile.

"Universal has a strong track record in developing this type of coal deposit and we have pursued this project since the Company's inception. Given the enormous resource held within its boundaries, we look forward to developing Eloff as our next significant expansion following the successful development of the Kangala Colliery."

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About the Eloff Project

As set out in figure 1 below, Eloff is contiguous to the Kangala open-cut 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, of which 9.2 Mt are classified as measured, 213.5 Mt as indicated and 201.1 Mt as Inferred Both SAMREC and JORC 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 2012 compliance.

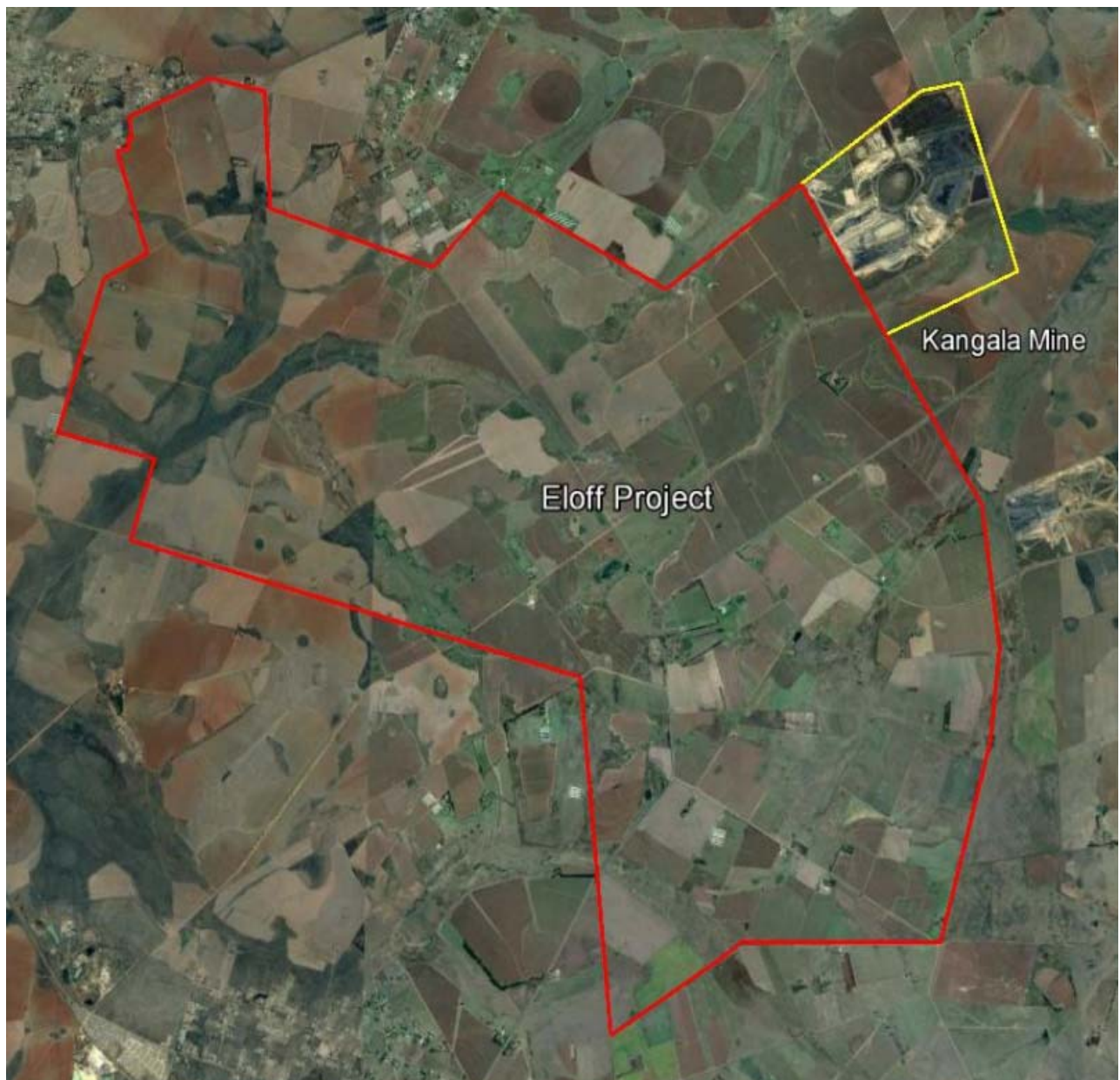


Figure 1: The Eloff project in relation to Kangala, illustrating both the continuity of the assets but also the size of the project area.

The Mineral Resource estimate and raw coal qualities for Eloff are summarised in the table below and outlined in Annexure 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 as Mt

All information in this announcement concerning the Eloff project Mineral Resources and Ore Reserves (“foreign estimates”) have 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.

About the Company:

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 2.5 million tonnes 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 production in 2016 and as an Underground and opencast producer has completed the process of progressing the company to be a multi-mine and product producer, currently producing at 2.7mtpa, of which 1mt destined for Export (6,000kcal & 15% ash), the remainder supplying primarily the domestic energy market.

The third open cast producer being the North block complex (NBC) was successfully taken over in 2018, currently producing at a rate of 2.4Mtpa(annualised) primarily for the domestic energy coal market. The North Block Complex consist of the current Glisa and Eerstelligfontein, and the Paardeplaats project. The Paardeplaats project has been granted a mining right and the company awaits the granting of the section 11 transfer of ownership approval. The Paardeplaats project is adjacent, along the southeastern border, and its coal resources are seen as a natural extension of the Glisa coal resource Mining activities at Paardeplaats are envisaged to compliment production at Glisa with a substantial increase in Export coal product for both the domestic and export markets.

The Brakfontein project is a fully regulated project with Mining Right, Environmental Authorisation 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.

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

Universal Coal is committed to creating shareholder wealth by distribution of generated cash flows to both project development and dividend distribution to shareholders.

The company is cash positive, generating sustainable cash flows from its diversified coal portfolio, and has limited capex requirements for expansion, which can be funded by current cash flows. Universal coal has an appetite for both organic growth and growth by acquisition, but also has a strong commitment to dividend distribution to its shareholders