

3 July 2019



### WITHDRAWAL OF NON-BINDING INDICATIVE OFFER – UNIVERSAL ON TRACK TO MEET GUIDANCE

#### HIGHLIGHTS

- ✓ Afrimat Limited will not proceed with its non-binding indicative offer
- ✓ Ubuntu Colliery development has commenced
- ✓ Universal is on track to achieve its EBITDA and production guidance for FY2019

Universal Coal plc (ASX: UNV) (**Universal** or the **Company**) hereby announces the withdrawal of a non-binding indicative offer (**NBIO**) previously received from Afrimat Limited (**Afrimat**) to purchase the entire issued share capital of Universal and provides a trading update ahead of the publication of its full-year results for the year ended 30 June 2019.

#### TERMINATION OF NON-BINDING INDICATIVE OFFER

Universal refers to its announcement of 8 April 2019 regarding the receipt of the NBIO from Afrimat to purchase the entire issued share capital of Universal and subsequent announcement dated 15 April 2019.

Despite the company's ability to prove robust cashflows and significant growth projections, Afrimat has advised Universal that it has decided not to proceed with the proposed acquisition given the size and complexity of the proposed transaction. As a result, the due diligence process and negotiations in respect of the NBIO have been terminated, and the Company's dataroom has been closed.

#### UBUNTU COLLIERY HAS COMMENCED PRODUCTION

Universal has commenced the development of its fourth operation – the Ubuntu Colliery (**Ubuntu**). Universal finalised the acquisition of the surface rights for Ubuntu in April 2019 and now holds all required regulatory approvals to commence development of the project.

The Ubuntu Colliery is located within ~20 kms of the Kangala Colliery in South Africa's Witbank coalfield, in which Universal holds a 70.5% interest, and hosts a JORC compliant thermal coal resource of 75.8million tonnes, of which 31.7 million tonnes are in the measured category. It is expected that opencast mining will be undertaken at Ubuntu, with crush and screen beneficiation to occur on site.

Ubuntu is 51%-owned by Ndalamo Resource Proprietary Ltd (**Ndalamo**) and 49% by Universal Coal and Energy Holdings South Africa Proprietary Limited (**UCEHSA**). UCEHSA, a wholly-owned subsidiary of Universal.

## **UNIVERSAL TO ACHIEVE FULL YEAR EBITDA GUIDANCE**

The Company is on track to deliver the Universal group's earnings before interest, tax, depreciation and amortisation (**EBITDA**) guidance for FY2019 of A\$93 million and a total of 6.6Mtpa of saleable product delivered to market. The Company has been affected in FY2019 by a significant reduction in the thermal coal export price, but has managed to counter most of the financial impact by the increased production.

The Company remains invested in its progressive dividend policy at 45% of attributable net profit after tax (**NPAT**). In the last 12 months the Company has delivered dividends totalling A\$0.03 per share, equivalent to a dividend yield of 9.8% based on the Company's closing share price of A\$0.305 on ASX as of 2 July 2019.

The Company is ready to deliver on two of its growth commitments with the development of Ubuntu and the extension of the Kangala Colliery, which is adjacent to the Eloff Project, in which the Company has a 49% interest. Further, the Company remains confident that all regulatory approvals for the Eloff Project will be received in advance of the planned commencement of development in FY2021. The development of Ubuntu and the extension of the Kangala Colliery are projected to increase the Company's total saleable product to market.

**Tony Weber CEO commented:** "The last 12 months has been a very busy period for Universal, with two separate takeover proposals being received, each of which has required the dedication of significant management time and expense. Notwithstanding this, the Company has been able to continue to deliver against its targets, and is on-track to achieve its EBITDA guidance of A\$93 million and saleable production of 6.6Mt for the year.

The corporate interest we've received is reflective of the cash generative nature of our business and strong platform we now have for further growth with the successful integration of the North Block Complex and development of Ubuntu, which will shortly become our fourth producing mine.

We look forward to continuing to deliver on our business plan as an independent entity, focusing on continued growth and returns to shareholders through dividends."

For further information please contact:

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**Announcement Reference:**

- ✓ UNIVERSAL COAL'S NEXT PROJECT NOW FULLY PERMITTED 19 September 2016 - -  
<http://www.universalcoal.com/wp-content/sharelink/20160919-universal-coals-next-project-now-fully-permitted-384c07db6e3e9e21aa819f12d8322ed6.pdf>
- ✓ [UNV Forecasts 29% increase in FY2019 EBITDA to A\\$93 million](https://www.asx.com.au/asxpdf/20181010/pdf/43z3wtkcttz6bq.pdf) 10 October 2018 -  
<https://www.asx.com.au/asxpdf/20181010/pdf/43z3wtkcttz6bq.pdf>
- ✓ UNIVERSAL DELIVERS ACCORDING TO FORECAST DESPITE THE MARKET DOWNTURN - 15  
 April 2019 - <https://www.asx.com.au/asxpdf/20190415/pdf/4449ntrcgvd30.pdf>

**Forecast Financials & ASX Listing Rule 5.19**

| The information required by ASX Listing Rule 5.16 or 5.17 in respect to the following and similar statements that appear in this announcement   | ...was disclosed in the following previously made announcements...                             | ...and in each case. ...   |
|---|--|--|
| The Company has been affected in FY2019 by a significant reduction in the thermal coal export price, but has managed to counter most of the financial impact by delivering 6.6Mtpa of saleable product to market during the FY2019.         | "Universal Coal Forecasts 29% increase in FY2019 EBITDA to \$93 million" dated 10 October 2018 | ...it is confirmed that all material assumptions underpinning the production target or the forecast financial information derived from the production target in the original announcement continues to apply and has not materially changed. |
| The Company is on track to deliver the Universal group's earnings before interest, tax, depreciation and amortisation ( <b>EBITDA</b> ) guidance for FY2019 of A\$93million and a total of 6.6Mtpa of saleable product delivered to market. | "UNV Forecasts 29% increase in FY2019 EBITDA to A\$93 million" dated 10 October 2018           |  |

## 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 2.5 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 consists of the current Glisa and Eerstellingsfontein, 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.

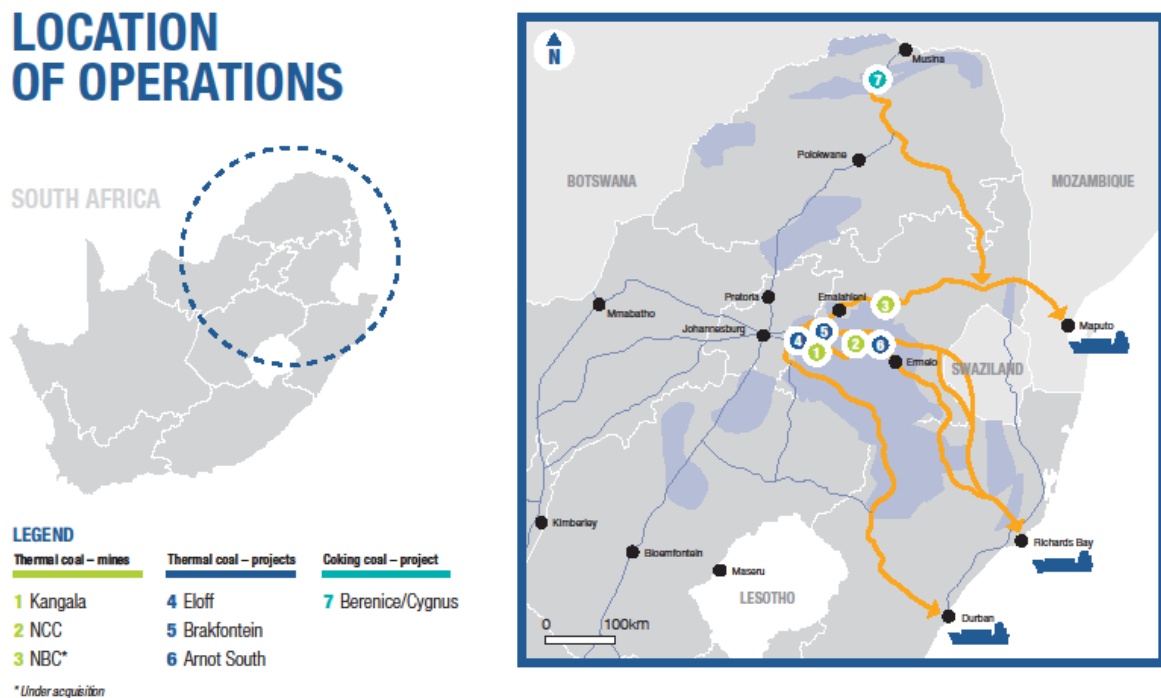
The Ubuntu Colliery is a fully regulated project with Mining Right, Environmental Authorisation and Integrated water use license, and has finalised the acquisition of the surface rights. The Company has commenced development of this project.

Besides its thermal coal projects (including 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

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.



### Competent Person's Statement for the Ubuntu Project

The Coal Resource estimate for Ubuntu was prepared by Mr Nico Denner, who is a registered natural scientist and a member of the South African Council for Natural Scientific Professions, Pr. Sci. Nat. 400060/98 (a Recognised Overseas Professional Organisation). Mr Denner is employed by Gemecs (Pty) Ltd 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 by the JORC Code. Mr Denner consents to the inclusion in this document of this information in the form and context in which it appears.

The Ubuntu Coal Reserve estimate was prepared by Mr. Michael S Vertue who is an independent mining consultant. Mr Vertue is a registered Professional Certified Mining Engineer and has over 30 years' experience in the mining industry. He is a member of the Engineering Council of South Africa (ECSA) (a Recognised Overseas Professional Organisation) and the South African Collieries Managers Association (SACMA). Mr Vertue has sufficient experience which is relevant to the type of mineralisation and the Ubuntu deposit and to the activity which he is undertaking to qualify as Competent Persons Person as defined by the JORC Code. Mr Vertue consents to the inclusion in this document of this information in the form and context in which it appears.

**Forward looking Statements**

This document contains 'forward looking statements' including with regard to production and financial projections (which involve subjective judgment and analysis). Forward looking statements are subject to significant uncertainties, risks, and contingencies, many of which are outside the control of, and are unknown to the Company. In particular, these forward looking statements are made only as of the date of this document, they assume the success of the Company's business strategies, and are subject to business, competitive and economic uncertainties and risks. No representation, warranty or assurance (express or implied) is given or made in relation to any forward looking statement by any person (including the Company). In particular, no representation, warranty or assurance (express or implied) is given in relation to any underlying assumption or that any forward looking statement will be achieved. Actual future events may vary materially from the forward looking statements and the assumptions on which the forward looking statements are based. Given these uncertainties, recipients are cautioned to not place undue reliance on such forward looking statements. Subject to any continuing obligations under applicable law or any relevant listing rules of the ASX, the Company disclaims any obligation or undertaking to disseminate any updates or revisions to any forward looking statements in this document to reflect any change in expectations in relation to any forward looking statements or any change in events, conditions or circumstances on which any such statement is based. Nothing in this document shall under any circumstances create an implication that there has been no change in the affairs of the Company since the date of this document.

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