

6 August 2019



## UBUNTU SIGNS COAL SUPPLY AGREEMENT

- ✓ **1.2Mtpa Coal Supply Agreement with Eskom signed for Ubuntu Colliery;**
- ✓ **Ubuntu is fully funded and mine construction well advanced**
- ✓ **First coal sales on track for November 2019**
- ✓ **Agreement will increase annualised Group sales volumes to 9.6Mtpa.**
- ✓ **Ubuntu will be Universal Coal's fourth operating asset**

Universal Coal Plc (ASX: UNV) ("**Universal**" or "**Company**") is pleased to announce the execution of a Coal Supply Agreement ("**CSA**") with Eskom, the South African power utility provider, for 100% of Ubuntu Colliery's ("**Ubuntu**") coal production.

Under the CSA, the Ubuntu Colliery will deliver 1.2Mtpa of thermal coal to Eskom with first coal delivery set for November 2019, with build-up of production over a short six month period. This increase in sales volume underpins the Company's confidence in reaching its annualised sales target of 9.6Mtpa to market by FY2021.

***Commenting on the CSA, CEO Tony Weber said: "We are delighted to have this agreement concluded with Eskom. The CSA ensures continued growth of guaranteed revenues in the face of fluctuating export thermal coal markets, and enables Universal to continue to fund further development and grow returns to shareholders."***

Ubuntu is located within ~20 km's of the Kangala Colliery, (UNV 70.5%) and hosts a JORC compliant thermal coal resource of 75.8\* million tonnes of which 31.7\* million tonnes is Measured. Ubuntu is fully permitted and the surface rights have already been acquired. The mine plan comprises a contract opencast mining operation supported by crush and screen on-site coal beneficiation.

Once operational, Ubuntu will be Universal's fourth operation to come on line over a six year period.

For further information please contact:

**Tony Weber**  
Chief Executive Officer  
T: +27 12 460 0805  
[t.weber@universalcoal.com](mailto:t.weber@universalcoal.com)

**Ben Jarvis**  
Six Degrees Investor Relations  
T: +61 (0) 413 150 448  
[ben.jarvis@sdir.com.au](mailto:ben.jarvis@sdir.com.au)

\* Refer to the Company's market announcement on 20 March 2019, *Correction to the Resource and Reserve Disclosure*

## About Universal Coal

ASX-listed Universal Coal (ASX: UNV) is committed to building a profitable 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 2.4 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 Projects.

The New Clydesdale Colliery (NCC) commenced production in 2016 and, as an underground and opencast operation, has enabled the Company to become a multi-mine and product producer, currently producing at 2.7mtpa, of which 1Mt is destined for export (6,000kcal & 15% ash), the remainder supplying primarily the domestic energy market.

Universal's third opencast asset, the North Block Complex (NBC), was successfully acquired 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 complement production at Glisa with a substantial increase in (coal offtake for both the domestic and export markets.

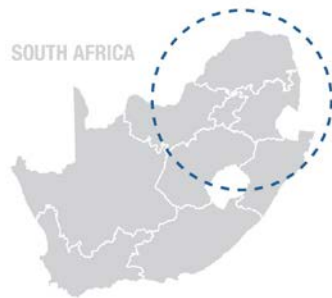
The Ubuntu Colliery is a fully regulated project with Mining Right, Environmental Authorisation and Integrated Water Use License and has acquired the surface rights. The Company has commenced the development of this project and a Coal Supply Agreement with Eskom has been executed. First coal sales are anticipated in November 2019.

In addition to the operating assets, the Company also has thermal coal projects (Eloff & Arnot South) and a coking coal prospect (Berenice/Cygnus) in the Soutpansberg coalfield.

The Company is cash positive, generating sustainable cash flows from its diversified coal portfolio. Universal Coal is focussed on growth through organic expansion and acquisitions and is committed to creating stakeholder value by monetising assets to fund future development and to generate shareholder returns in the form of dividends.

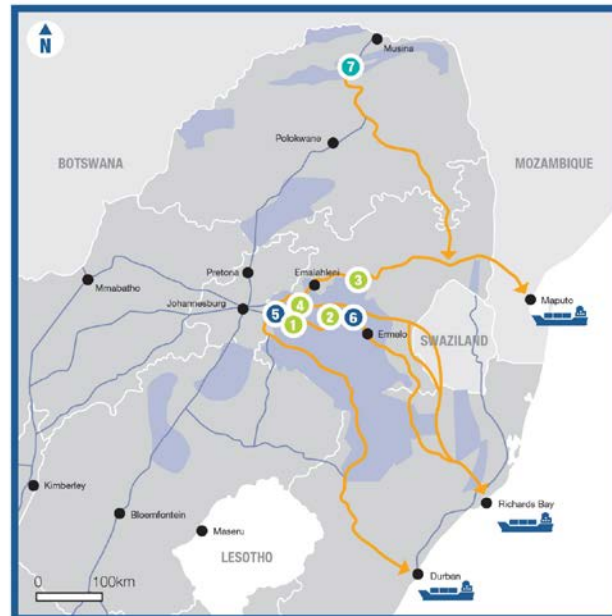
The map and key below show the location of interests held by Universal Coal Plc in mining and prospecting rights in South Africa.

## LOCATION OF OPERATIONS



LEGEND		
Thermal coal – mines	Thermal coal – projects	Coking coal – project
1 Kangala	5 Eloff	7 Berenice/Cygnus
2 NCC	6 Arnot South	
3 NBC		
4 UBUNTU*		

\* in development



### 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.

#### **Disclaimer**

Although reasonable care has been taken to ensure that the facts stated in this document are accurate and that the opinions expressed are fair and reasonable, no representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information and opinions contained in this document and no reliance should be placed on such information or opinions. None of the Company or any of their respective members, directors, officers or employees nor any other person accepts any liability whatsoever for any loss, however arising, from any use of such information or opinions (save in respect of fraud). No reliance should be placed on the information and no representation or warranty (express or implied) is made by the Company, or any of their respective directors or employees or any other person, and save in respect of fraud, no liability whatsoever is accepted by such person in relation thereto.