

29 April 2020



MARCH 2020 QUARTER PRODUCTION REPORT FY2020 Guidance Reaffirmed

HIGHLIGHTS

- ✓ Record Group EBITDA for the quarter of A\$22.3 million (attr. A\$11.4 million). On course to meet FY2020 guidance of A\$73 million (attr. A\$42 million);
- ✓ Quarterly Run-of-Mine (ROM) coal production of 3Mt - up 11% on the previous corresponding period (pcp);
- ✓ Group coal sales for the quarter of 2.0Mt (attr. 1Mt) up 16% on pcp, on track to meet FY2020 guidance;
- ✓ 75% increase in export sales from the previous quarter; in line with FY2020 guidance;
- ✓ Paardeplaats open pit in full commercial production, capital project remains on schedule;
- ✓ Ubuntu Colliery on target for steady-state production in 4Q2020, with 100Kt of coal to Eskom produced in April 2020.

Commenting on the results for the quarter, CEO of Universal Coal Plc (Universal or Company), Mr. Tony Weber said:

“The Company has started delivering on its market promise, with the capital re-investment of two of its projects simultaneously delivering a record EBITDA for the quarter of A\$22.3 million.

Per forecast, export sales have increased 75% for the quarter as a result of expected production levels at New Clydesdale and access to the Paardeplaats openpit at North Block Complex. While RB1 export prices were positive in the March quarter, these will experience headwinds forward looking, however favourable movement in the quarterly USD:ZAR exchange rates should partially offset any reduction in price.

Although volumes are under pressure due to softer demand on the back of COVID-19, Universal remains profitable and is confident that the forecast FY2020 EBITDA guidance of A\$73 million will be realised.

The acquisition of Universal by TerraCom Limited (TerraCom) is going through its final stages and management is currently working with TerraCom to develop a stronger merged Group.”

OPERATIONAL PERFORMANCE

GROUP MANAGED TONNES						
PRODUCTION AND SALES BY MINE						
<i>Thousands of tonnes</i>	<i>Quarter ended</i>	<i>Quarter ended</i>	<i>Change</i>	<i>Year-to-Date (YTD)</i>	<i>Year-to-Date (YTD)</i>	<i>Change</i>
	<i>Mar_20</i>	<i>Dec_19</i>		<i>Mar_20</i>	<i>Mar_19</i>	
KANGALA COLLIERY						
ROM coal production	750 865	750 051	0%	2 438 280	2 936 069	-17%
Export sales	-	-	-	-	17 362	-100%
Domestic sales	475 502	453 741	5%	1 480 119	1 831 629	-19%
Total coal sales	475 502	453 741	5%	1 480 119	1 848 991	-20%
NEW CLYDESDALE COLLIERY (NCC)						
ROM coal production	1 064 847	1 062 421	0%	2 979 747	2 433 183	22%
Export sales	268 959	201 280	34%	606 282	741 621	-18%
Domestic sales	432 682	385 822	12%	1 360 832	1 203 016	13%
Total coal sales	701 642	587 102	20%	1 967 114	1 944 636	1%
NORTH BLOCK COMPLEX (NBC)*						
ROM coal production	1 040 039	971 140	7%	3 041 625	1 084 632	180%
Export sales	84 018	-	100%	84 018	-	100%
Domestic sales	661 037	670 007	-1%	1 966 568	1 035 133	90%
Total coal sales	745 055	670 007	11%	2 050 586	1 035 133	98%
UBUNTU						
ROM coal production	236 681	20 356	N/A	257 037	N/A	N/A
Export sales	-	N/A	N/A	-	N/A	N/A
Domestic sales	55 592	N/A	N/A	55 592	N/A	N/A
Total coal sales	55 592	N/A	N/A	55 592	N/A	N/A
TOTAL GROUP MANAGED TONNES						
<i>Thousands of tonnes</i>	<i>Quarter ended</i>	<i>Quarter ended</i>	<i>Change</i>	<i>Year-to-Date (YTD)</i>	<i>Year-to-Date (YTD)</i>	<i>Change</i>
	<i>Mar_20</i>	<i>Dec_19</i>		<i>Mar_20</i>	<i>Mar_19</i>	
ROM coal production	3 092 432	2 783 612	11%	8 716 689	6 453 884	35%
Export sales	352 977	201 280	75%	690 300	758 983	-9%
Domestic sales	1 624 813	1 509 570	8%	4 863 111	4 069 778	19%
Total coal sales	1 977 791	1 710 850	16%	5 553 411	4 828 761	15%

UNIVERSAL ATTRIBUTABLE TONNES						
PRODUCTION AND SALES BY MINE						
<i>Thousands of tonnes</i>	<i>Quarter ended</i>	<i>Quarter ended</i>	<i>Change</i>	<i>Year-to-Date (YTD)</i>	<i>Year-to-Date (YTD)</i>	<i>Change</i>
	<i>Mar_20</i>	<i>Dec_19</i>		<i>Mar_20</i>	<i>Mar_19</i>	
KANGALA COLLIERY						
ROM coal	529 360	528 786	0%	1 718 987	2 069 929	-17%
Export sales	-	-		-	12 240	-100%
Domestic sales	335 229	319 887	5%	1 043 484	1 291 298	-19%
Total coal sales	335 229	319 887	5%	1 043 484	1 303 538	-20%
NEW CLYDESDALE COLLIERY (NCC)						
ROM coal	521 775	520 586	0%	1 460 076	1 192 260	22%
Export sales	131 790	98 627	34%	297 078	363 394	-18%
Domestic sales	212 014	189 053	12%	666 808	589 478	13%
Total coal sales	343 805	287 680	20%	963 886	952 872	1%
NORTH BLOCK COMPLEX (NBC)*						
ROM coal	509 619	475 859	7%	1 490 396	531 470	180%
Export sales	41 169	-		41 169	-	
Domestic sales	323 908	328 303	-1%	963 618	507 215	90%
Total coal sales	365 077	328 303	11%	1 004 787	507 215	98%
UBUNTU						
ROM coal	115 974	9 974	N/A	125 948	N/A	N/A
Export sales	-	N/A	N/A	-	N/A	N/A
Domestic sales	27 240	N/A	N/A	27 240	N/A	N/A
Total coal sales	27 240	N/A	N/A	27 240	N/A	N/A
UNIVERSAL ATTRIBUTABLE TONNES						
<i>Thousands of tonnes</i>	<i>Quarter ended</i>	<i>Quarter ended</i>	<i>Change</i>	<i>Year-to-Date (YTD)</i>	<i>Year-to-Date (YTD)</i>	<i>Change</i>
	<i>Mar_20</i>	<i>Dec_19</i>		<i>Mar_20</i>	<i>Mar_19</i>	
ROM coal	1 676 728	1 525 231	10%	4 795 408	3 793 658	26%
Export sales	172 959	98 627	75%	338 247	375 634	-10%
Domestic sales	898 391	837 244	7%	2 701 150	2 387 991	13%
Total coal sales	1 071 350	935 871	14%	3 039 397	2 763 626	10%

The overall Group ROM increased by 11% from the previous quarter. Ubuntu Colliery production has been included from January 2020, and NBC production has been recognised for a full quarter, which was still in ramp-up phase during the previous quarter. The Kangala and NCC Collieries achieved budgeted volumes in line with the previous quarter.

The Company increased export coal sales by 75% on the December 2019 quarter following the decision by Eskom (the South African state-owned power utility) to reduce volumes to contracted tonnages. Notwithstanding this, domestic sales increased by 8% on a Group basis as volumes normalised in line with this revised Eskom demand.

<i>Group inventory (tonnes)</i>	Mar 2020 Quarter	Dec 2019 Quarter	Change
	Group	Group	
ROM Inventory			
Kangala	120,189	176,051	-32%
New Clydesdale	113,083	128,293	-12%
North Block Complex	95,077	39,358	142%
Ubuntu	131,165	n/a	100%
Total ROM Inventory	459,514	343,702	34%
Saleable Product Inventory			
Kangala	50,460	37,264	35%
New Clydesdale	50,281	92,865	-46%
North Block Complex	50,033	23,890	109%
Ubuntu	8,983	n/a	100%
Total Saleable Product Inventory	159,757	154,019	4%

Kangala Colliery (Universal 70.5%)

As forecast, the Kangala Colliery ROM production and sales volumes have reduced since the previous quarter to align sales to the contracted volumes of 2Mtpa. The current quarter production volumes achieved are in line with this forecast and are expected to remain unchanged for the following quarter.

During the month of March, the Colliery demonstrated a significant increase in volume processed by the beneficiation plant, resulting in a decrease of ROM stockpiles and a corresponding increase in finished product at the end of the quarter.

New Clydesdale Colliery (NCC) (Universal 49%)

NCC has reconfigured its product mix to enable an increase in export sales, while still meeting demand under the Eskom contract. The Colliery delivered an additional 77kt of RB3 (5,500 Kcal) quality coal during the quarter over and above the contracted 65Ktpm of RB1 coal as per the long term off take agreement. These volumes are expected to continue for the remaining 3 months of the financial year, unless the coal markets are further impacted by Force Majeure actions due to the COVID-19 pandemic.

North Block Complex (NBC) (Universal 49%)

NBC has increased its sales volumes by 11% from the previous quarter. The Colliery has also diversified its product mix to include an RB1 (6,000 Kcal) quality coal, having already delivered 84Kt to market. In line with its capital development, NBC will expand on its product suites as per NCC in the near future.

The Paardeplaats openpit has been fully commissioned and has delivered at full capacity during the quarter. The expansion project at NBC was commenced in October 2019, following the grant of Section 11 Ministerial Approval for the transfer of the ownership of the Paardeplaats Mining Right. Development consisted of the extension of the current Glisa openpit into the Paardeplaats mining area. The process plant capital modifications remain on track to be completed within the next two quarters.

Increased production at NBC has resulted in a much greater level of both ROM and finished product stockpiles in comparison to the previous quarter.

Ubuntu Colliery (Ubuntu) (Universal 49%)

Development of the Ubuntu Colliery is progressing to plan with the boxcut excavation to be completed in the following quarter. There was a ROM production ramp up to 140Kt for the month of March 2020. The first product was delivered to Eskom in February 2020 and the Colliery is expected to meet the Eskom commitment of 100Kt per month from April 2020 onwards. Ubuntu will produce 1.2Mtpa of saleable product¹ once fully operational.

PROJECTS

Eloff Project (Eloff) (Universal 49%)

The Eloff Project, situated directly adjacent to the Kangala Colliery, provides an opportunity for Universal to consolidate the contiguous resource base with Kangala. The Company is currently finalising technical and economic plans for Eloff, which includes a life of mine extension for Kangala and an upscale of the entire operation. This is in addition to a further standalone operation.

The Department of Mineral Resources (DMR) has granted both the Eloff Mining Right (MR) and Environmental Authorisation (EA) for Phase 1. The Company is now awaiting the grant of an Integrated Water Use Licence together with an additional EA, which are both still under application.

SAFETY AND ENVIRONMENTAL PERFORMANCE

Coal Mining in South Africa has been identified as an essential service during the COVID-19 pandemic therefore all projects have remained in full operation during the national lock down implemented as part of the National Disaster management plan.

The Company has implemented a COVID-19 Prevention Management and Response strategy which has seen the introduction of required pre-cautions to ensure the utmost safety and protection of employees during this time. The strategy, amongst other precautionary measures, includes the following;

- Non-Contact temperature screening;
- Employee and visitor health questionnaires with self-declarations on health;
- Comprehensive training and awareness via WhatsApp, posters, daily talks and daily statistics;
- Availability of additional PPE (gloves, goggles, masks, handwash stations and sanitizer) for all employees;
- Transportation of employees from work to their home;
- Non-core employees working from home;
- Employees receive a pro-active influenza vaccine and vitamin C to boost the immune system.

To date there has been no reported cases of COVID-19 at any of the Universal Coal operations. Universal is committed to a zero-tolerance approach to safety in the workplace and our focus on the safety and wellbeing of all workers is paramount in our pursuit of growth. Our target for total recordable injury frequency rate (TRIFR) is zero and we came very close to achieving this target, with two lost

1 Universal Coal's Next Project Now Fully Permitted – Ubuntu Announcement 19 September 2016
<http://www.universalcoal.com/media-centre/asx-announcements/announcements-2016>

time injury (LTIFR) reported during the quarter across all operations. All operations have maintained personal dust exposure and noise induced hearing loss (NIHL) within the acceptable limits as per industry occupational hygiene targets.

We are delighted to announce that NBC Colliery successfully achieved Occupational Health and Safety and Environmental Management System audit requirements (ISO 45001 and ISO14001) during the quarter. In addition, Universal Coal Development II(Pty)Ltd has been awarded an Environmental Authorisation.

FINANCIAL PERFORMANCE² and WORKING CAPITAL

Universal achieved an unaudited Group EBITDA for the quarter of A\$22.3 million (attr. 11.4 million), increasing the unaudited FY2020 Year-to-Date Group EBITDA to A\$49 million (attr. A\$27 million).

The average export coal price achieved during the March 2020 quarter was USD\$78/ton. The significant increase in higher margin export product coupled with stable domestic pricing delivered a very profitable quarter for the Group.

Gross working capital balances at the end of March 2020 include the following:

Cash and cash equivalents	A\$22.3 million (attr A\$13.7 million);
Trade receivables	A\$77.2 million ³ (attr. A\$46.5 million);
Inventory	A\$10.2 million ⁴ (attr. A\$5.4 million);

As at the end of March the Company has completed the majority of its capital projects, including the development of the Ubuntu Colliery which was funded through internally generated cashflow.

ACQUISITION OF UNIVERSAL COAL PLC

On 3 February 2020, the TerraCom Limited (**TerraCom**)(ASX:TER) announced an offer by wholly owned subsidiary, TCIG Resources Pte Ltd (**TerraCom Bidco**) to acquire the entire issued and to be issued share capital of Universal not already directly or indirectly owned by it (the **Offer**).

The Offer closed on 25 March 2020 and TerraCom achieved just over 90% of the voting rights attached to Universal shares. At this level of acceptance, TerraCom announced that it would proceed to a mandatory sell-out process in accordance with the UK Companies Act 2006 (the Act) and that Universal Shareholders who had not accepted the Offer were entitled to require TerraCom Bidco to acquire their UNV Shares (including CDI's on the same terms as the Offer – being Cash of \$0.10 and 0.6026 New TerraCom Shares per Universal Share (including UNV CDI's) held.

On 23 April 2020, TerraCom announced that it had reached over 92% of the voting rights attached to UNV shares and that at this level of acceptance, TerraCom is entitled to proceed to compulsory acquisition in accordance with Chapter 3 of Part 28 of the Act.

TerraCom has confirmed that the compulsory acquisition process will commence when squeeze out notices are dispatched to all remaining UNV security holders who have not yet accepted the Offer or exercised their sell-out right. TerraCom has also notified UNV security holders that the ASX will suspend quotation of UNV's securities five business days after dispatch of the notices.

If any security holder requires more information with respect to the Offer, the Company encourages them to contact TerraCom directly at unvoffer@terracomresources.com.

² Based on unaudited management accounts

³ A\$25million included in the Trade Receivable was received on 1 April 2020 (relates to Feb 2020 sales). The balance of A\$52.2 relating to March sales to Eskom(A\$43.4) and Glencore for export sales(A\$8.8)

⁴ Inventory valued at market value as at end March 2020.

This announcement has been authorised by the Universal Coal Plc Board.

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Forward-looking statements

This announcement contains forward-looking statements, including statements regarding production, EBITDA projections, plans, strategies and objectives of management, anticipated productive life of mines and regulatory processes. Forward-looking statements can be identified by the use of terminology such as 'intend', 'aim', 'project', 'anticipate', 'estimate', 'plan', 'believe', 'expect', 'may', 'should', 'will', 'continue', 'annualised' or similar words. These statements discuss future expectations concerning the results of operations or financial conditions or provide other forward-looking statements. These forward-looking statements, which are predictive in character, are not guarantees of future performance. They involve known and unknown risks, uncertainties and other factors, many of which are beyond our control. They may cause actual results to differ materially from those expressed in the statements contained in this announcement. Readers are cautioned not to put undue reliance on forward-looking statements. They may be affected by incorrect assumptions and by known and unknown risks and uncertainties.

For example, future revenues from Universal's mines, operations and projects described in this announcement will be based, in part, upon the market price of thermal coal, which may vary significantly from current levels. These variations, if materially adverse, may affect the timing or the feasibility of the development of a particular project, the expansion of certain facilities or mines, or the continuation of existing operations. Other factors that may affect the costs or production output and anticipated lives of operations, mines or facilities include our ability to profitably produce and transport the coal extracted to applicable markets; the impact of foreign currency exchange rates on the market prices of the coal we produce; activities of government authorities in South Africa, including increases in taxes, changes in environmental and other regulations and political uncertainty; labour unrest; and other factors identified in the risk factors discussed in Universal Coal's Annual Reports which are available at www.universalcoal.com. Except as required by applicable regulations or by law, Universal Coal does not undertake any obligation to publicly update or review any forward-looking statements, whether as a result of new information or future events. Past performance cannot be relied on as a guide to future performance.

Sources of Information and Notes

Unless otherwise stated, throughout this announcement, an exchange rate of AUD:ZAR 1:10.4 and USD:ZAR 1:14.57 has been utilised.

The information required by ASX Listing Rule 5.16 or 5.17 in respect of the statements corresponding to the footnotes above that appear in the announcement were disclosed in the announcements identified above and in each case, 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.