

# QUARTERLY ACTIVITIES REPORT

27 July 2017



## JUNE 2017 QUARTERLY REPORT

Thousands of tonnes	Quarter ended			YTD		
	Jun-17	Mar-17	Change	Jun-17	Jun-16	Change
<b>Domestic sales</b>	843	607	39%	2 596	1 959	33%
<b>Export sales</b>	178	121	47%	406	78	420%
<b>Total coal sales</b>	1 022	729	40%	3 003	2 037	47%
<b>ROM coal produced</b>	1 389	905	53%	4 425	2 908	52%

### Highlights

#### Group

- Record operating cash flow A\$11.8m, up 30% from previous quarter (A\$9.2m)
- Record sales of 3Mt, up 47% year-to-date
- Export sales up 420%, domestic sales up 33% year-to-date
- Net Debt position increased by A\$9.7million during the quarter due to the utilisation of the Investec facility at NCC, off set by the Kangala Colliery and Convertible note repayments.
- Cash on hand increased by A\$7.3m, up 94% from 31 March 2017
- Exceeded the 1Mt sales forecast for Q4 2017

#### Corporate

- Successful completion of the acquisition of 29% of Eloff Mining Company (Pty) Ltd ("EMC")
- Successful reduction of capital in accordance with the Companies Act 2006(UK)

#### Operations

##### *Kangala Colliery("Kangala")*

- Sustainable operating cash flow generated, exceeding forecast production and sales tonnages for the quarter.
- Maintained consistent plant yield for FY 2017 at 66%

## **NCC**

- Increased tonnages at NCC in Mpumalanga Province following an update on the resources and reserves evaluation.
- Total ROM production increased by 116% since the previous quarter.
- At steady state production levels and positioned to deliver on committed tonnages
- Positive cash flow contributed from operational activities during the quarter and
- Drawdown effected of A\$12.7m from the debt facility.

## **Trading Summary**

Record coal sales of 1,022kt for the quarter, up 40% from the previous quarter and exceeding the 1Mt forecast. This increase has been achieved by solid production performance at the Kangala Colliery and a significant increase in NCC opencast production. As NCC has sufficient ROM tonnages to fulfil acceptable capacity at the plant, no additional tonnages were processed by toll wash agreement. Export sales increased 47% during the quarter and accounted for 17% of total sales for the quarter.

Cash flow from operations, at A\$11.8 million for the quarter, was up 30% from the previous quarter, resulting in record net cash inflow of A\$29.2 million for the year to date. Increased activity at both operations resulted in an increase in receipts from customers of 32%, and an increase in production costs of 42% when compared to the previous quarter. The discrepancy between the increases in revenue and production tonnages is largely due to the lower yields at NCC during the plant ramp-up phase.

### **Cash re-invested during the quarter relates to:**

- Development Capital Expenditure of A\$9.7 million developing NCC's boxcut, fabricating and constructing a new slew conveyor and product laydown area and developing the third module of its coal handling and preparation plant (CHPP); and
- The acquisition of the 29% of the Eloff Project for a total amounted to A\$4.3 million
- Debt-related payments of A\$3million applied to:
  - The Kangala secured term loan facility in line with repayment obligations
  - Settlement of conversion notices under the Converting Note Agreement

### **Commenting on the quarter, CEO Tony Weber said:**

"We are pleased to announce completion of NCC's development and look forward to a second operation contributing to our strategy of delivering 4.3Mtpa to market. This is a notable achievement, demonstrating our commitment to complete our projects successfully. We are excited to see the improvement of NCC's plant yield with the substitution of low-yield materials with current ROM production.

"The Kangala Colliery is producing at optimal efficiency and we will continue to focus on safe and sustainable production going forward.

"With NCC entering into full production, we can focus on optimising current projects and developing other projects under the Universal banner. We look forward to reporting increased production, creating

distributable profit and maximising shareholder wealth by continuing to deliver our long-term project objectives.”

Quarterly operational performance is summarised below:

Operational Performance (tonnes)	Quarter 4 ended	% Change	Quarter 3 ended	Total YTD	% Change	Total YTD
	30-Jun-17		31-Mar-17	30-Jun-17		30-Jun-16
<b>Run-of-mine (ROM) production</b>						
Kangala Colliery	975,094	37%	713,948	3,660,697	26%	2,908,484
New Clydesdale Colliery	414,177	116%	191,396	763,892	-	0
<b>Total ROM production</b>	<b>1,389,271</b>	<b>53%</b>	<b>905,344</b>	<b>4,424,589</b>	<b>52%</b>	<b>2,908,484</b>
<b>Low grade surface coal</b>	<b>285,656</b>	<b>-17%</b>	<b>345,683</b>	<b>872,425</b>	<b>100%</b>	<b>-</b>
<b>Toll treat coal<sup>^</sup></b>	<b>-</b>	<b>-100%</b>	<b>134,379</b>	<b>134,379</b>	<b>100%</b>	<b>-</b>
<b>Feed to plant</b>						
Kangala Colliery	970,687	14%	848,279	3,672,853	18%	3,124,199
New Clydesdale Colliery	675,731	11%	609,571	1,681,351	100%	0
<b>Total feed to plant</b>	<b>1,646,418</b>	<b>13%</b>	<b>1,457,850</b>	<b>5,354,204</b>	<b>71%</b>	<b>3,124,199</b>
<b>Plant Yields</b>						
Kangala Colliery	79%	16%	68%	66%	1%	65%
New Clydesdale Colliery *	*		*	*		*
<b>Domestic Sales</b>	<b>843,374</b>	<b>39%</b>	<b>607,175</b>	<b>2,596,445</b>	<b>33%</b>	<b>1,959,234</b>
<b>Export Sales</b>	<b>178,143</b>	<b>47%</b>	<b>121,484</b>	<b>406,405</b>	<b>420%</b>	<b>78,156</b>
<b>Total Coal Sales</b>	<b>1,021,517</b>	<b>40%</b>	<b>728,659</b>	<b>3,002,850</b>	<b>47%</b>	<b>2,037,390</b>

<sup>^</sup> No toll washing occurred in this quarter, but previous quarters are still indicated accordingly.

\* Due to the processing of low grade surface material and toll washing of third party material, the NCC yield will be more accurately reported once both the opencast and underground ROM is being fed to the CHPP.

## Operational Activities

### Kangala Colliery

#### Run-of-Mine (“ROM”)

Although production was interrupted during the quarter due to rainfall, shortages were balanced by higher quality from the current coal seam. ROM production has been normalised since the previous quarter and increased by 37% to 975Kt, with 970Kt of ROM sent to the CHPP for beneficiation. The colliery reached optimal production for the quarter, resulting in greater than expected saleable product.

### ***Domestic sales***

Domestic sales totalled 683kt, up 14% from the previous quarter, exceeding expectations.

### ***Export sales***

Export sales totalled 35kt as a result of processing the midseam ROM coal, capitalising on increased export prices and favourable rand / US dollar exchange rates.

### ***Health, safety and environment***

Universal Coal is deeply committed to health, safety and environmental issues, and continues to implement its strategy in this regard.

### ***Socio-economic development and sustainability initiatives***

Kangala introduced a pre-primary class (Grade R) at one of the local schools in the hosting community. A Grade R class plays an important role in early childhood educational development. The project was initiated and implemented to improve the quality of early education for the immediate hosting community. The infrastructure will comprise a big classroom with ablution facilities, offices and a kitchen with the capacity to cater for thirty-five children. Construction work has been awarded to a local community supplier, who will in turn employ labourers from the local community. The project is not part of our Social and Labour Plan which is a social licence to operate; it is above and beyond Universal Coal's statutory obligation.

The plant operators' training programme is ongoing, training local community residents to become Mining Qualification Authority (MQA) certified and Articulated Dump Trucks (ADT) and Excavators competent operators. To date, more than one hundred and fifty MQAs have been certified and eighty-five ADT operators have been appointed at the Kangala Colliery.

The internship program for graduates in Mining Engineering, Geology, Metallurgy and Environmental is in place.

To date, four small-to-medium enterprise development agreements have been concluded with the local community to handle trucking of coal to various power stations, manage the waste management centre, operate the laundry facility and run a convenience shop at the Kangala Colliery.

Universal Coal, in partnership with Victor Khanye Local Municipality (VKLM) and Exxaro, handed over the long awaited TVET College in Delmas to the Department of Higher Education and Training on 5th May 2017. During construction, four Small, Medium & Micro Enterprise Businesses (SMMEs) were contracted to build, equip and furnish the TVET College. Thirty-five temporary jobs were created. The College is scheduled to enrol the first learners in 2018.

### ***Legal and regulatory matters***

The Middelbult mining right application has been lodged. The plan is to amalgamate the neighbouring Middelbult right and Kangala mining right in terms of section 102 of the Mineral and Petroleum Resources Development Act, 28 of 2002 (MPRD).

## **New Clydesdale Colliery**

### ***Run-of-Mine (“ROM”)***

Total ROM production for the quarter increased by 116% to 414kt. This increase included production from all three underground sections at the Diepspruit shaft as well as increased ROM from the opencast mining area. Name-plate ROM production from the opencast mining area is anticipated from July 2017, allowing the mine to transition from its development phase to full commercial production.

A total of 675Kt of coal was sent to the CHPP for beneficiation. This included current ROM production as well as existing stock piles. No toll wash tonnages have been processed during the current quarter.

CHPP modifications have been completed on the HMS module, which has increased the total operational capacity of the plant, enabling NCC to reach its targeted steady state beneficiation capacity of 3.3Mtpa.

Development at the opencast area as well as completion of the CHPP will allow the Colliery to commence steady state commercial production from July 2017. Annualised steady state committed production is:

- underground operation: 900,000tpa ROM of primarily a 6000Kcal thermal coal product, focused towards the export markets; and
- opencast operations: a further 2.0 to 2.4 Mtpa ROM of a premium quality domestic thermal and low phos metallurgical coal.

### ***Product sales***

- 143kt of export quality product were sold in the quarter.
- 160kt of Eskom Quality sales were recorded in the quarter.

Following the expected steady state production at the mine, it is anticipated that the Colliery will deliver on its annualised sales commitment to Eskom as well its Export quality long-term supply agreement. Annualised sales commitments from the Colliery are as follows:

- 1.2Mtpa to Eskom
- 0.65Mtpa, 6000Kcal quality export coal

### ***Legal and regulatory matters***

A Section 102 authorisation to amalgamate the NCC and Roodekop Mining Rights in terms of the Mineral and Petroleum Resource Development Act (MPRDA) has been granted. We are in the process of consolidating the underlying project entities. Furthermore, the integrated environmental authorisation has been granted in terms of the National Environmental Management Act (NEMA). The water use licence has already been successfully transferred to Universal Coal Development IV (Pty) Ltd (“UCDIV”) in terms of Section 51 of the National Water Act (NWA).

### ***Socio-economic development and sustainability initiatives***

The machine operator’s skills training programme for the local community has commenced.

## September 2017 quarter sales forecast

Kangala quarterly production is forecast to be in line with budget, and the increase in forecast domestic sales will be contributed by additional output from NCC.

Sales tonnage forecast for the June 2017 quarter	Thousands of tonnes
<i>Domestic sales</i>	<i>900</i>
<i>Export sales</i>	<i>200</i>
<i>Total coal sales</i>	<i>1 100</i>

Cash flow from operations is expected to increase as NCC contributes higher sales revenue.

## Activities planned for the September 2017 quarter

- NCC to commence with name plate production and increase sales revenue through delivering increased sales tonnages
- Increase in NCC plant yield as majority of the ROM beneficiated expected to be from current ROM production
- Execution of machine operator's skills training programme at NCC

## Corporate

The acquisition of an initial 29% stake in EMC, a company incorporated in South Africa, has been completed by UCDIV, which is owned by Universal (49%) and Ndalamo Resources (Pty) Ltd (51%). UCDIV is the 100% beneficial owner of NCC. The acquisition price of A\$4.35million has been settled from the Company's cash resources.

EMC is the holding company for two prospecting rights, covering an area of 8,168Ha. EMC owns the surface rights to 6,146.7Ha of the project area. These surface rights cover most if not all the areas identified for the Kangala expansion and the Mining Right application was submitted to the DMR during the quarter.

The acquisition allows Universal the opportunity to consolidate the contiguous resource base of the Eloff project with Universal's existing Kangala mine and provides optionality to extend Kangala's mine life.

### For further information please contact:

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## 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.

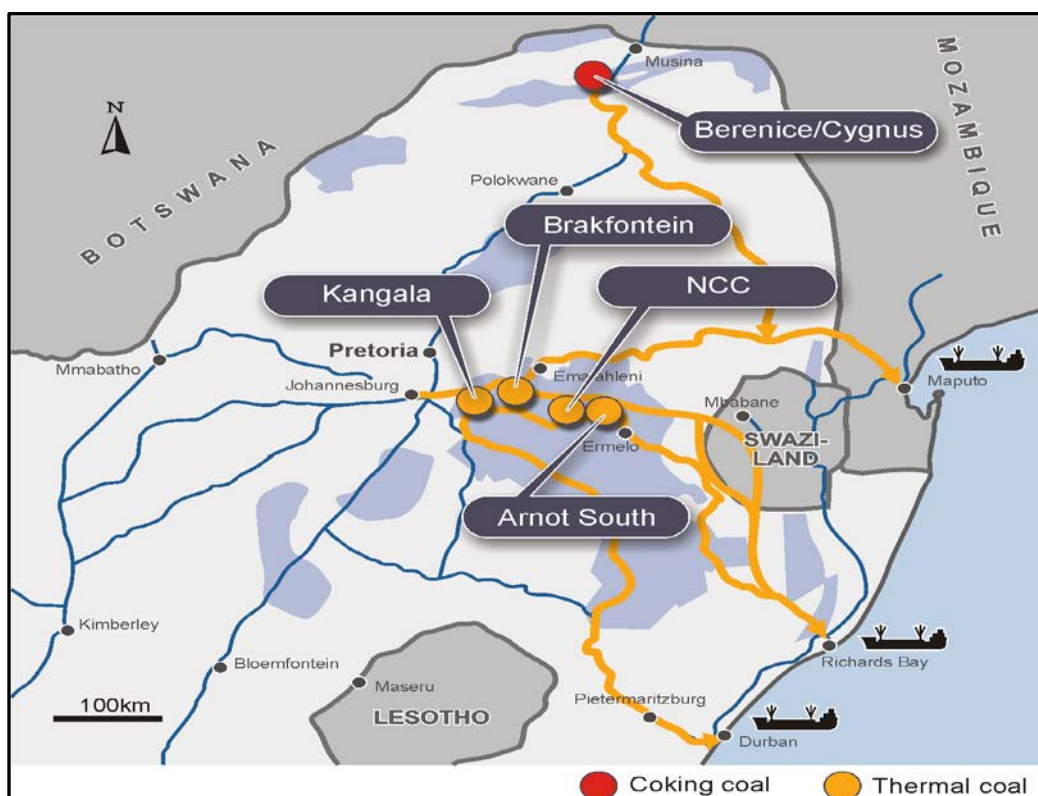
The company has a portfolio of producing, development and exploration assets located across South Africa's major coalfields.

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.

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.

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.

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.





## Universal Coal Global Coal Resources/Reserve Summary

The information in the table 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 Mt	Probable Mt	Measured Mt	Indicated Mt	Inferred Mt	Total Mt	Attributable to Universal Mt
<b>Thermal Coal (Witbank)</b>							
Kangala <sup>1</sup>	16.3	-	65.2	15.1	32.3	112.6	79.4
NCC <sup>2</sup>	50.5	7.8	96.8	41.8	6.0	144.6	70.9
Brakfontein <sup>3</sup>	9.1	-	31.7	39.4	4.7	75.8	38.1
Arnot South <sup>4</sup>	-	-	2.3	65.3	139.00	206.6	103.3
Eloff <sup>5</sup>	-	-	9.4	213.5	201.1	424.00	60.2
<b>Total Thermal Coal</b>	<b>75.9</b>	<b>7.8</b>	<b>205.4</b>	<b>375.1</b>	<b>383.1</b>	<b>963.6</b>	<b>351.9</b>
<b>Coking Coal (Limpopo)</b>							
Berenice <sup>6</sup> Cygnus <sup>7</sup>	-	-	424.9	800.9	124.3	1 350.1	675.1
<b>Total Coking Coal</b>	<b>-</b>	<b>-</b>	<b>424.9</b>	<b>800.9</b>	<b>124.3</b>	<b>1350.1</b>	<b>675.1</b>
<b>Total</b>	<b>83.6</b>		<b>630.3</b>	<b>1176.0</b>	<b>507.4</b>	<b>2313.7</b>	<b>1027.0</b>

Notes:

- Mineral Resources are stated on a gross in situ basis and inclusive of Ore Reserves
  - Rounding (conforming to the JORC Code) may cause computational discrepancies
- Universal has an attributable interest of 70.5 per cent. of the Kangala Project. The decrease in Kangala Mt are due to the lapse of Modderfontein 236IR prospecting right.
  - Universal has an attributable interest of 49 per cent. in the NCC Project. Increase in the Proved MT since the previous quarter is due revised resources and reserve published for NCC.
  - Universal has an attributable interest of 50.29 per cent. in the Brakfontein Project and the right to negotiate to acquire up to a 74 per cent. 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 per cent. in the Arnot South project upon granting of the Section 11 transfer
  - Universal has an attributable interest of 14.2 per cent. of the Eloff Project
  - Universal has an attributable interest of 50 per cent. in the Berenice Project with an option to acquire up to a 74 per cent. interest
  - Universal has an attributable interest of 50 per cent. in the Cygnus Project with an option to acquire up to a 74 per cent. Interest



## Competent Person's Statement

### ***Kangala Mine - Mineral Resources and Ore Reserves***

The Coal Resource estimate for Kangala was prepared by Messrs. Nico Denner, Simon Mokitimi and Daniel Zulu who are registered natural scientists and members of the South African Council for Natural Scientific Professions (a Recognised Overseas Professional Organisation). Mr Denner is employed by Gemecs (Pty) Ltd and Messrs Mokitimi and Zulu are employed by Universal Coal. They have sufficient experience which is relevant to the style of mineralisation and the type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined by the JORC Code and consent to the inclusion in this document of this information in the form and context in which it appears.

The Kangala Coal Reserve estimate was prepared by Mr Michael Vertue who is a mining consultant associate of Mindset Mining Consultants (Pty) Ltd. 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 Kangala 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.

### ***New Clydesdale Colliery - Mineral Resources and Ore Reserves***

The Coal Resource estimate for NCC was prepared by Messrs. Nico Denner, Simon Mokitimi and Pogiso Rantao who are registered natural scientists and members of the South African Council for Natural Scientific Professions (a Recognised Overseas Professional Organisation). Mr. Denner is employed by Gemecs (Pty) Ltd and Messrs. Mokitimi and Ratao are employed by Universal Coal. They have sufficient experience which is relevant to the style of mineralisation and the type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined by the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' and consent to the inclusion in this document of this information in the form and context in which it appears.

The NCC Coal Reserve estimate was prepared by Mr. Michael Vertue. Mr. Vertue is an independent 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 NCC deposit and to the activity which he is undertaking to qualify as a Competent Person as defined by the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Vertue consents to the inclusion in this document of this information in the form and context in which it appears.

### ***Eloff Project - Mineral Resources and Ore Reserves***

The Mineral Resource estimate for Eloff was reviewed by Mr Jaco Malan who is a registered natural scientists and members of the South African Council for Natural Scientific Professions (a Recognised Overseas Professional Organisation). Mr Malan has confirmed that the information has been provided under ASX Listing Rules 5.12.2 to 5.12.7 and is an accurate representation of the available historical information for the Eloff project as qualified by the historic Competent Person's Reports prepared by

Exxaro Resources and Total Coal South Africa. Mr Malan is employed by Universal Coal PLC 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 in the 2012 edition of the Australasian Code for Reporting of Exploration Results (JORC) and the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves, 2007 edition (SAMREC). SAMREC is a “qualifying foreign estimates” for the purpose of ASX Listing Rules. Mr Malan consents to the inclusion in this report of this information in the form and context in which it appears.

### ***Brakfontein Project - Mineral Resources and Ore Reserves***

The Coal Resource estimate for Brakfontein was prepared by Mr Nico Denner, who is a registered natural scientist and a member of the South African Council for Natural Scientific Professions (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 Brakfontein Coal Reserve estimate was prepared by Mr. Michael Vertue who is a mining consultant associate of Mindset mining Consultants (Pty) Ltd. 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 Kangala 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.

### ***Arnot South and Berenice Cygnus Projects - Mineral Resources***

The Coal Resource estimates for Arnot South and Berenice-Cygnus were prepared by Mr Nico Denner, who is a registered natural scientist and a member of the South African Council for Natural Scientific Professions (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.

Project	Property	Permit Type & 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 Province, 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 Province, South Africa	942 Ha	70.5%	None
	Modderfontein 236IR:	Prospecting Right: MP30/5/1/1/2/639PR	Delmas, Mpumalanga	127 Ha	70.5%	Prospecting Right Lapsed

Project	Property	Permit Type & Number	Location	Size	Beneficial Interest Held	Change in Interest from previous Quarter
	Portion 1		Province, South Africa			on the 9 <sup>th</sup> of July 2017
<b>Berenice</b>	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 LP30/5/1/1/2/10131MR	Waterpoort, Limpopo Province, South Africa	6,595 Ha	50%	None
<b>Brakfontein</b>	Brakfontein 264IR : Portions 6, 8, 9, 10, 20, 26, 30 and Remaining Extent	Mining Right: MP30/5/1/1/2/10027MR	Delmas, Mpumalanga Province, South Africa	879 Ha	50.29%	None
<b>Roodekop/ NCC</b>	Roodekop 63IS	Mining Right: MP30/5/1/1/2/492MR	Kriel, Mpumalanga Province, South Africa	835 Ha	49%	S102 approval granted and the Roodekop and NCC Mining Rights have been consolidated. Both Mining Rights are held within the Universal Coal Development IV (Pty) Ltd entity.
	Middel drift 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 Province, South Africa	4,125 Ha	49%	S102 approval granted and the Roodekop and NCC Mining Rights have been consolidated. Both Mining Rights are held within the Universal Coal Development IV (Pty) Ltd entity.
<b>Eloff Project</b>	Droogfontein 242IR, Strydpan 243IR, Stompiesfontein 273IR	Prospecting Rights: 788/2007(PR) & 817/2007(PR)	Delmas, Mpumalanga Province, South Africa	8,168 Ha	14.2%	A 29% stake in the Eloff project has been

Project	Property	Permit Type & Number	Location	Size	Beneficial Interest Held	Change in Interest from previous Quarter
		Mining Right in application				acquired during the quarter.
<b>Cygnus</b>	Cygnus 543MS and adjacent farms	Prospecting Right: LP30/5/1/1/2/1276PR	All Days, Limpopo Province, South Africa	12,299 Ha	50%	None
<b>Arnot South</b>	<p>Vlakfontein 166 IS (RE Ext., portions 2, 5, 8, 9, 10, 13 and 14)</p> <p>Tweefontein 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)</p> <p>Op Goeden Hoop 205 IS (RE Ext. of portion 2)</p> <p>Grobblersrecht 175 IS – whole farm;</p> <p>Klipfontein 495 IS (RE Ext. of MA 1)</p> <p>Vaalwater 173 IS (portions 10, 12, 14, RE Ext. of portion 2);</p> <p>Mooiplaats 165 IS (portions 4, 11, 12, 13, 15 and 16);</p> <p>Helpmekaar 168 IS – whole farm;</p> <p>Schoonoord 164 IS (portion 19);</p> <p>Leeuwpan 494 JS (portions 7, 8, 9, RE Ext. and RE Ext. of portion 4);</p> <p>Weltevreden 174 IS (portions 1, 2 (MA), 4 and RE Ext);</p> <p>Nooitgedacht 493 JS (portions 4 and 9)</p>	MP30/5/1/1/2/360PR	Hendrina, Mpumalanga Province, 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

## Appendix 5B

# Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

### Name of entity

UNIVERSAL COAL PLC

### ABN

143 750 038

### Quarter ended ("current quarter")

30 June 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	58 089	171 854
1.2 Payments for		
(a) exploration & evaluation	(104)	(269)
(b) development	(58)	(242)
(c) production	(42 845)	(128 571)
(d) staff costs	(1 343)	(5 471)
(e) administration and corporate costs	(495)	(5 155)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	198	509
1.5 Interest and other costs of finance paid	(77)	(425)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (Net VAT & GST)	(1 488)	(3 065)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>11 877</b>	<b>29 165</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(9 728)	(18 592)
(b) tenements (see item 10)	(4 378)	(4 378)
(c) investments	(157)	(157)
(d) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	1	3
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(14 262)</b>	<b>(23 124)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	12 765	13 234
3.6	Repayment of borrowings	(3 030)	(12 575)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>9 735</b>	<b>659</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
<b>4.1</b>	<b>Cash and cash equivalents at beginning of period</b>	<b>7 849</b>	<b>7 575</b>
4.2	Net cash from / (used in) operating activities (item 1.9 above)	11 877	29 165
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(14 262)	(23 124)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	9 735	659
4.5	Effect of movement in exchange rates on cash held	(19)	905
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>15 180</b>	<b>15 180</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	5 293	2 301
5.2 Call deposits	9 887	5 548
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>15 180</b>	<b>7 849</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

<b>Current quarter \$A'000</b>
281
-

Salaries and fees

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

<b>Current quarter \$A'000</b>
-
-



8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	32 169	26 443
8.2 Credit standby arrangements	2 500	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Loan facilities under 8.1 represent the

- 1) Secured Kangala project finance facility with Investec Bank. The current amount outstanding at June 2017 is R189million including accrued interest at 3month JIBAR+ 4%.
- 2) Secured NCC Project Finance Facility of ZAR 215 million was subject to two drawdowns during the quarter. Current balance outstanding at 30 June 2017 is R131million including accrued interest at 3month JIBAR+ 4.5%


A working capital facility of ZAR 25 million for the Kangala Colliery remains undrawn at 31 December 2016 and is reflected under 8.2 above.

9. <b>Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	280
9.2 Development	200
9.3 Production	44 253
9.4 Staff costs	1 565
9.5 Administration and corporate costs	1 353
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>47 651</b>

10. <b>Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Prospecting Right: MP30/5/1/1/2/6 39PR Mpumalanga, South Africa	Prospecting Right Lapsed on the 9 <sup>th</sup> of July 2017	70.5%	0%
10.2 Interests in mining tenements and petroleum tenements acquired or increased	788/2007(PR) 817/2007 (PR) Mpumalanga, South Africa	Universal Coal Development IV (Pty) Ltd acquired 29% stake in Eloff Mining Company (Pty) Ltd	0%	29%

### **Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: .....  ..... Date: 27 July 2017 .....

(Director/Company secretary)

Print name: ..... Emma Lawler .....

### **Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.