

31 August 2018



## Appendix 4E – Preliminary Final Report at 30 June 2018

Results for announcement to the market

### Report for the year ended 30 June 2018:

The Statement includes the result for Universal Coal Plc and its controlled entities for the year ended 30 June 2018 compared with the year ended 30 June 2017. The financial results for Universal Coal Plc are prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union and in accordance with the provision of the Companies Act 2006.

The principal activity of the Group in the year under review was that of coal mining, coal beneficiation and mineral exploration and development of coal interests in South Africa.

The function of the business review is to provide a balanced and comprehensive review of the Group's performance and developments during the year and its position at the year-end.

The report is based on financial accounts which are in the process of being audited. Notes to the financial statements have been included as addendum to this document.

## Statutory Financial Results:

	Financial year ended 30-Jun-18 A\$'000	Financial year ended 30-Jun-17 A\$'000	Movement %
Revenue from ordinary activities	316 350	149 297	112%
Operating profit	52 755	12 689	316%
Profit for the year before taxation	49 451	3 951	1152%
Taxation	(13 479)	49	(27 427%)
Net Profit after taxation	35 972	4 000	799%
Total comprehensive income for the period	32 392	15 157	114%
Cash generated from operations	64 166	26 321	144%

	Final Dividend Unfranked	Interim Dividend Unfranked
Dividend per share	A\$0.01	A\$0.01
Dividend declaration date	31-Aug-18	28-Feb-18
Record date	31-Oct-18	08-Mar-18
Payment date	03-Dec-18	28-Mar-18

The Company does not currently have a dividend reinvestment plan.

The Final dividend declared, is subject to shareholder approval at the Annual General Meeting in November 2018.

### Explanation of above results

Universal Coal achieved exceptional results for the year ended 30 June 2018, delivering earnings before interest, tax, depreciation and amortisation ("EBITDA") of A\$72.3 million compared to A\$25 million in the prior year. Operational revenue increased by 112% as the Company benefits from two producing Collieries and improved outlook for coal markets. The Company currently has both the Kangala Colliery and the New Clydesdale Colliery ("NCC") at full production delivering positive results for the year. NCC operated at name plate production for the year with positive contributions to revenue and profit for Universal Coal. The Company achieved sales tonnes of 4.7Mtpa (attr. 2.9Mtpa) for the current year compared to the 3Mtpa of sales in the prior year. The majority of the increase was driven by NCC which also has a greater exposure to export quality coal and thus high prices.

Due to the higher export prices the Company's gross profit margin increased by 7% from the comparative period and the profit before tax increased by A\$45.5million to A\$49.4million (June 2017: A\$3.9million).

After translating foreign operations and accounting for the effects of exchange rate differences, the Company has achieved a comprehensive profit of A\$32.3 million for the financial year ended 30 June 2018 (30 June 2017: A\$15.1million). This is after the negative effect of translation of foreign operations of A\$3.6 million (June 2017: positive A\$11.1million) as a result of an appreciation in the average foreign exchange translation to the South African Rand, which is the functional currency of the underlying business subsidiaries.

### **Exceptional Items**

The previous year's profit was negatively impacted by a loss of A\$9.7 million arising from the sale of underground mining assets. Assets acquired as part of the acquisition became redundant when an underground contract miner was appointed at NCC and supplied new equipment tailored to the underground conditions.

### **Cash and dividends**

Group cash generated from operations was A\$64.1 million (2017: A\$26.3 million). Bank balances representing both unrestricted and restricted cash balances at the year-end totalled A\$36.8 million (2017: A\$15.2 million). The increase in cash is due to the strong cash generation and positive cash flow from both the Kangala Colliery and NCC during the year. The increase in cash is after taking into account an aggregate of A\$10.7million of capital expenditure incurred at the two operations, and a total of A\$17.4 million of dividends paid to Universal Coal's shareholders.

During the period, the Company paid a total of A\$17.4 million in dividends to shareholders. The dividend consisted of A\$5.2 million (A\$0.01 per share) final FY2017 dividend paid in December 2017, and also A\$5.2 million (A\$0.01 per share) interim FY2018 dividend paid in February 2018. These dividends were paid to Universal Coal Plc shareholders. The remainder of the dividend payment was due to the Kangala operational equity shareholder at the Kangala Colliery.

The average export price achieved (at average ZAR:AUD) for the period was A\$103 per tonne.

On 31 August 2018, the board of directors declared a final gross cash dividend of A\$0.01 (2017: A\$ 0.01) per share for the year ended 30 June 2018. The dividend is declared in Australian dollars and is subject to shareholder approval at the 2018 Annual General Meeting. This brings the total dividend for the FY2018 to AUD0.02 per share representing 45% of attributable net profit after tax.

## Net tangible asset per share

	30-Jun-18	30-Jun-17
Net tangible asset per share (cents per share)	17.68	14.76

## Earnings result

The total comprehensive income of Universal Coal Plc for the FY2018 after providing for tax was A\$32.3 million (FY2017: A\$15.1 million).

	Financial year ended 30-Jun-18 A\$'000	Financial year ended 30-Jun-17 A\$'000
Basic and diluted earnings per share (cents per share)	4.59	0.98
Weighted average number of ordinary shares used in the calculation of basic and diluted EPS	522 471 758	522 471 758

## Operational and Project review

### Kangala Operational Overview

Located in the Emalahleni area approximately 65km from Johannesburg in the Mpumalanga province of South Africa and consists of the Wolwenfontein and Middelbult projects.

The Kangala Colliery achieved record production and sales figures during the year and this is being reflected in the revenue as well as EBITDA for the FY2018. Mine planning and management at Kangala has been commendable by proactive stripping and preparation that allowed for sufficient coal availability on stockpiles for processing during some slower, wet months.

Kangala also experienced the benefit of the Coal Handling and Processing Plant ("CHPP") for the full year with consistent plant yields achieved during the period. As well, the mining contractor introduced a larger mining fleet which remained on site for the full period to assist with the handling of increased production.

The Kangala Colliery has a Coal Supply Agreement ("CSA") committed with Eskom until 2023. The Colliery also continues to sell small amount of export product at spot price to our off-take partners at NCC, allowing for the benefit from higher export prices.

ROM tonnages for the year improved by 10% year-on-year with a total of 4 025 496 tonnes (2017: 3 660 697 tonnes) and tonnes sold increased by 6% to 2 609 920 (2017: 2 463 224).

The increase in revenue per tonne<sup>1</sup> of A\$44.4 (2017: A\$41.5) for the period is due to the standard annual price increase

<sup>1</sup> Revenue per tonne is calculated by dividing revenue from product sales, excluding transport and other income, by tonnes of product sold

as per the Eskom off take agreement and on average a slightly stronger South African Rand ("ZAR") against the Australian Dollar over the reporting period.

Cash cost per ROMt of A\$12.1<sup>2</sup> (2017: A\$14.4) has decreased since the previous year due to the reduction in mining cost per ROM tonne produced. The Mining cost reduced by 14% due to lower strip ratios for current mining sections and the effective saving caused by the reduction of waste removal. Also the increase in tonnages for the year have reduced the fixed cost per tonne included in the total mining cost.

The gross profit margin for the 2018 financial year increased to 24% (2017 22%).

## **NCC Operational Overview**

Located in the Kriel district, approximately 149km from Johannesburg, consists of the Roodekop and Diepspruit projects.

The Colliery has been producing since September 2016, but the FY2018 was the first year that name plate production was reached. The Colliery produces both a domestic thermal coal and export quality coal product. The exposure to the export markets has allowed the company to capitalise on the recovery in the global thermal coal markets and benefit from the significant increase in export market prices during the FY2018.

The NCC has long-term off-take agreements with a well known trader to supply 650kt per annum of export quality coal (6000kcal, 15% ash) as well as committed to a seven-year Eskom Coal Supply agreement supplying 1.2 million tonnes per annum of thermal coal to the local power producer.

ROM tonnages for the FY2018 totalled 3 673 712 (2017: 763 892 tonnes) mined, a 381% increase since the previous period reflecting the NCC name plate production achieved. The NCC delivered a total of 2 139 661 (2017: 539 695) of sales tonnes to market for the FY2018 of which 766 633 was export quality coal.

The revenue per sales tonne at NCC increased from A\$36.76 per tonne to A\$87.04 for the period under review. The increase in revenue per tonne is due to the significant increase in export market prices and the increase in the NCC exposure to export quality product. For the current year 35% of the tonnes sold at NCC was committed to export sales, although this is expected to increase to approximately 40% for the year FY2019.

The Cash Cost per tonne for the FY2018 was A\$32.73 per tonne and increased on the prior year. During the previous period the Colliery was still in development and ramp up and therefore some charges were still capitalised to the development asset and effectively reduced the cash cost per tonne. The FY2018 is a true reflection of the cash cost of production at the NCC.

The gross profit margin for the 2018 financial year is 26%.

Majority of group capital expenditure was incurred at NCC to enhance the operating and beneficiation capabilities of the Colliery. Various capital projects were completed including a new secondary crushing circuit for the two export plants, a raw coal screen circuit to allow for the increased sales to Eskom as well as reducing rehandling of middling product between plants through the installation of end use product belts.

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<sup>2</sup> Cash cost per tonne is calculated based on cost of sales, excluding inventory movements, transport, depreciation and indirect costs divided by tonnes mined in the period

The Group is currently in the process of amalgamating the UCDIV and UCDVIII projects and has already received the section 102 authorisation from the Department of Mineral and Resources (“DMR”) to move the Mining right previously held within UCDVIII to UCDIV. All other legal transfers will occur in the next financial year.

## **Other assets**

### **Brakfontein Project**

The Brakfontein project is located in the Delmas district less than 20km from the Kangala Colliery and is fully compliant with a Mining Right, Integrated Water Use License and the Environmental Authorisation granted in terms of National Environmental Management Act (“NEMA”). The company is evaluating various mining plans while negotiating off take agreement for the Brakfontein project, with the view to develop the asset.

Brakfontein is currently planned as an opencast truck and shovel operation with all the ROM coal being crushed and screened and sold to the off taker. The current mine plan indicates a 100ktpm saleable product sized operation.

### **Berenice and Cygnus Projects**

The Berenice and Cygnus Projects remain significant metallurgical coal assets located in the Soutpansberg Coalfield of the Limpopo Province of South Africa. The Berenice and Cygnus Projects have resources in excess of 1.35 billion tonnes. A Mining Right application was submitted over the Berenice project to the authorities in December 2015 and an Environmental Impact Assessment has been commissioned.

## **Asset under Acquisition**

### **Eloff Mining Company (Pty) Ltd (“Eloff Project”)**

The Eloff Project is the holding company for two prospecting rights, covering an area of 8 168ha. The Eloff Project 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 has already been submitted to the DMR. The acquisition allows Universal Coal the opportunity to consolidate the contiguous resource base of the Eloff project with Universal' Coal's existing Kangala mine and provides optionality to extend Kangala's mine life. According to preliminary mine plans the Company projects a potential double up on Kangala volumes once the Eloff project is included in the production profile.

During FY2017, NCC commenced the acquisition of the Eloff Mining Company (Pty) Ltd (Eloff Project), a company incorporated in South Africa. The first 29% of the Eloff Project, was acquired in June 2017 for the acquisition price of A\$4.35 million was settled from the Company's cash resources.

In November 2017 the Company acquired 51% of the Eloff Project from Exxaro by acquiring 100% of Manyeka coal (Pty) Ltd (Exxaro was the 100% owner of Manyeka). The acquisition was for A\$9million and a bank guarantee of 10% of the value has been delivered to Exxaro as deposit. At 30 June 2018 the Company still had outstanding suspensive condition to fulfill in order for the acquisition to be effective and therefor ownership of the 51% has not yet transferred to the Group.

The remaining 20% of the Eloff Project is owned by South32 SA Coal Holdings Proprietary Limited (“South32”) and

the company has agreed all commercial terms to acquire this shareholding. The Share Purchase Agreement will be signed once South 32 has received their various internal approvals, but the Company expects the acquisition to be completed by the close of Q12019.

### **North Block Complex (“NBC”)**

North Block Complex (Pty) Ltd, is a newly incorporated company (company registered on 29 November 2017), owned 49% by UCEHSA and 51% by Ndalamo. North Block Complex (Pty) Ltd acquired 100% of an asset called the North Block Complex (“NBC”) from Exxaro in March 2018 for R170million, and a bank guarantee of 10% of this value has been delivered to Exxaro.

NBC has historically contributed 2.7Mtpa of saleable product and the Company is confident that these levels will be maintained post acquisition and once the Paardeplaats prospecting area can be included in the production pipeline. The current production at NBC is mainly for domestic thermal coal.

Since March 2018 the Company has made significant progress on the fulfillment of the conditions precedent and expect the transaction to be concluded before the end of the CY2018. The Company has already received Regulatory and statutory approvals in terms of the Competition Act No. 89 of 1998 (as amended) for the transaction contemplated in the agreement. Post year end the company has been granted Ministerial approval in terms of Section 11 approval for the transfer of ownership for the Glisa and Eerstelingfontein mining rights.

The following suspensive conditions are still outstanding and NBC will only take ownership and control of these assets once these conditions have been fulfilled:

- Ministerial approval in terms of Section 11 of the MPRDA the Paardeplaats Prospecting Right.
- Resolution of matters issued under the National Water Act, 36 of 1998, in respect of the Glisa mining operations.
- Confirmation of the renewal of the Glisa mining right and Paardeplaats prospecting right and the associated Environmental Management Programme Reports.

## Investments in subsidiaries and associate

Significant subsidiaries of the Group, which are those with the most significant contribution to the Group's net profit or net assets, is currently limited to Universal Coal Development I (Pty) Ltd, Universal Coal Development IV (Pty) Ltd and Universal Coal Development VIII (Pty) Ltd.

There has been no change in interest during the FY2018, apart from the new subsidiary NBC (Pty) Ltd. All subsidiaries are incorporated in South Africa. The Company has one interest in an associated undertaking, as the group effectively own 14.2% of the Eloff Mining Company (Pty) Ltd. There has been no change in this shareholding during YTD June 2018.

Subsidiaries with non-controlling	Principal Activity	% Shareholding
Universal Coal and Energy Holdings South Africa (Pty)	Mining and energy holding company	100%
Episolve (Pty) Ltd	Coal prospecting and mining company	74%
Epsimax (Pty) Ltd	Coal prospecting and mining company	74%
Twin Cities Trading 374 (Pty) Ltd	Coal prospecting and mining company	74%
Universal Coal Power Generation (Pty) Ltd	Coal prospecting and mining company	100%
Universal Coal Development I (Pty) Ltd	Coal prospecting and mining company	70.50%
Universal Coal Development II (Pty) Ltd	Coal prospecting and mining company	50%
Universal Coal Development III (Pty) Ltd	Coal prospecting and mining company	50.29%
Universal Coal Development IV (Pty) Ltd	Coal prospecting and mining company	49%
Universal Coal Development V (Pty) Ltd	Coal prospecting and mining company	50%
Universal Coal Development VII (Pty) Ltd	Coal prospecting and mining company	50%
Universal Coal Development VIII (Pty) Ltd	Coal prospecting and mining company	49%
NBC (Pty) Ltd*	Coal prospecting and mining company	49%

\*NBC (Pty) Ltd is a newly incorporate company and was registered on the 27<sup>th</sup> of November 2017. This is also the date the company obtained the 49% ownership in this subsidiary.

## Events subsequent to reporting date

On 31 August 2018, the board of directors declared a final gross cash dividend of A\$0.01 (2017: A\$ 0.01) per share in respect of the year ended 30 June 2018. The dividend is declared in Australian dollars and is subject to shareholder approval at the annual general meeting for 2018.

In August 2018 the Company received Ministerial approval for the Section 11 ownership transfer of the two mining rights (Glisa and Eerstelingsfontein) from Exxaro to the group.

## For further information please contact:

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# Universal Coal Plc

(Registration number 4482856)

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Unaudited Consolidated Statements of Financial Position as at 30 June 2018

	Group	
	2018 A\$ '000	2017 A\$ '000
<b>Assets</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	2 112 630	115 149
Intangible assets	3 45 549	45 803
Investments in associated undertakings	8 226	8 340
Loan receivable	10 575	8 378
Other financial assets	2 658	1 293
	<b>179 638</b>	<b>178 963</b>
<b>Current Assets</b>		
Inventories	3 666	5 157
Trade and other receivables	44 417	21 353
Cash and cash equivalents (including restricted amounts)	36 872	15 185
	<b>84 955</b>	<b>41 695</b>
<b>Total Assets</b>	<b>264 593</b>	<b>220 658</b>
<b>Equity and Liabilities</b>		
<b>Equity</b>		
Share capital	44 466	44 466
Reserves	(8 695)	(5 570)
Retained earnings/(accumulated loss)	63 415	49 758
<b>Attributable to Equity Holders of Parent</b>	<b>99 186</b>	<b>88 654</b>
Non-controlling interest	38 747	34 249
<b>Total Equity</b>	<b>137 933</b>	<b>122 903</b>
<b>Liabilities</b>		
<b>Non-Current Liabilities</b>		
Borrowings	21 997	25 068
Converting notes	-	1 476
Derivative financial liability	-	277
Deferred tax	11 246	10 124
Provisions	35 900	32 341
	<b>69 143</b>	<b>69 286</b>
<b>Current Liabilities</b>		
Borrowings	10 979	6 539
Current tax payable	3 867	-
Trade and other payables	42 671	21 930
	<b>57 517</b>	<b>28 469</b>
<b>Total Liabilities</b>	<b>126 660</b>	<b>97 755</b>
<b>Total Equity and Liabilities</b>	<b>264 593</b>	<b>220 658</b>

# Universal Coal Plc

(Registration number 4482856)

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income

		Group	
	Note	2018 A\$ '000	2017 A\$ '000
Revenue		316 350	149 297
Cost of sales	4	(235 884)	(121 854)
<b>Gross profit</b>		<b>80 466</b>	<b>27 443</b>
Operating expenses		(27 711)	(14 753)
<b>Operating profit</b>		<b>52 755</b>	<b>12 690</b>
Finance income		3 797	1 776
Loss on sale of fixed assets		-	(9 725)
Foreign exchange loss		(70)	(14)
Gain on acquisition of associated undertaking		187	3 972
Increase in fair value of derivative financial liability		277	1 381
Finance expenses		(7 495)	(6 129)
<b>Profit before taxation</b>		<b>49 451</b>	<b>3 951</b>
Taxation		(13 479)	49
<b>Profit for the year</b>		<b>35 972</b>	<b>4 000</b>
<b>Other comprehensive income:</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange differences on translating foreign operations		(3 580)	11 157
<b>Other comprehensive income/(loss) for the year net of taxation</b>		<b>(3 580)</b>	<b>11 157</b>
<b>Total comprehensive income for the year</b>		<b>32 392</b>	<b>15 157</b>
<b>Profit attributable to:</b>			
Owners of the parent		23 977	5 101
Non-controlling interest		11 995	(1 101)
<b>Profit for the year</b>		<b>35 972</b>	<b>4 000</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the parent		20 982	13 444
Non-controlling interest		11 410	1 713
		<b>32 392</b>	<b>15 157</b>
<b>Earnings per share</b>			
<b>Per share information</b>			
Basic earnings per share (c)		4.59	0.98
Diluted earnings per share (c)		4.59	0.98

# Universal Coal Plc

(Registration number 4482856)

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Unaudited Consolidated Statement of Changes in Equity

	Share capital	Share Premium	Total Share Capital	Foreign Currency Translation reserve	Convertible Instrument reserve	Share Based Payment reserve	Total Reserves	Retained Earnings	Total Attr. to equity holders of the group	NCI	Total
	A\$ '000	A\$ '000	A\$ '000	A\$ '000	A\$ '000	A\$ '000	A\$ '000	A\$ '000	A\$ '000	A\$ '000	A\$ '000
<b>Balance at 1 July 2016</b>	<b>43 374</b>	<b>52 941</b>	<b>96 315</b>	<b>(16 096)</b>	<b>2 053</b>	<b>1 873</b>	<b>(12 170)</b>	<b>(10 678)</b>	<b>73 467</b>	<b>32 536</b>	<b>106 003</b>
Profit for the year	-	-	-	-	-	-	-	5 101	5 101	(1 101)	4 000
Other comprehensive	-	-	-	8 343	-	-	8 343	-	8 343	2 814	11 157
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8 343</b>	<b>-</b>	<b>-</b>	<b>8 343</b>	<b>5 101</b>	<b>13 444</b>	<b>1 713</b>	<b>15 157</b>
Conversion of converting	1 092	651	1 743	-	-	-	-	-	1 743	-	1 743
Transfer between reserves	-	(53 592)	(53 592)	-	-	(1 743)	(1 743)	55 335	-	-	-
<b>Other movements within</b>	<b>1 092</b>	<b>(52 941)</b>	<b>(51 849)</b>	<b>-</b>	<b>-</b>	<b>(1 743)</b>	<b>(1 743)</b>	<b>55 335</b>	<b>1 743</b>	<b>-</b>	<b>1 743</b>
<b>Balance at 1 July 2017</b>	<b>44 466</b>	<b>-</b>	<b>44 466</b>	<b>(7 753)</b>	<b>2 053</b>	<b>130</b>	<b>(5 570)</b>	<b>49 758</b>	<b>88 654</b>	<b>34 249</b>	<b>122 903</b>
Profit for the year	-	-	-	-	-	-	-	23 977	23 977	11 995	35 972
Other comprehensive	-	-	-	(2 995)	-	-	(2 995)	-	(2 995)	(585)	(3 580)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2 995)</b>	<b>-</b>	<b>-</b>	<b>(2 995)</b>	<b>23 977</b>	<b>20 982</b>	<b>11 410</b>	<b>32 392</b>
Transfer between reserves	-	-	-	-	-	(130)	(130)	130	-	-	-
Dividends	-	-	-	-	-	-	-	(10 450)	(10 450)	(6 912)	(17 362)
<b>Other movements within</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(130)</b>	<b>(130)</b>	<b>(10 320)</b>	<b>(10 450)</b>	<b>(6 912)</b>	<b>(17 362)</b>
<b>Balance at 30 June 2018</b>	<b>44 466</b>	<b>-</b>	<b>44 466</b>	<b>(10 748)</b>	<b>2 053</b>	<b>-</b>	<b>(10 320)</b>	<b>63 415</b>	<b>99 186</b>	<b>38 747</b>	<b>137 933</b>

# Universal Coal Plc

(Registration number 4482856)

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Unaudited Consolidated Statements of Cash Flows

		Group	
		2018	2017
	Note	A\$ '000	A\$ '000
<b>Cash flows from operating activities</b>			
Cash generated from / (utilised in) operation	5	64 166	26 321
Tax paid		(8 070)	-
<b>Net cash from operating activities</b>		<b>56 096</b>	<b>26 321</b>
<b>Cash flows from/(used in) investing activities</b>			
Acquisition of property, plant and equipment		(10 702)	(13 222)
Sale of property, plant and equipment		-	1 715
Acquisition of other intangible assets		(658)	(773)
Investments in associated undertakings		167	(4 361)
Purchase of other financial assets		(1 385)	(1 293)
Loans to related parties		-	11
Finance income		1 396	497
<b>Net cash from/(used in) investing activities</b>		<b>(11 182)</b>	<b>(17 426)</b>
<b>Cash flows from/(used in) financing activities</b>			
Transfer of cash to restricted cash for acquisition deposit		(2 605)	(197)
Draw down from Investec project finance facility		8 658	13 130
Repayment of Investec project finance facilities		(6 740)	(8 239)
Shareholder loan repayment		(899)	(1 864)
Dividends paid		(17 362)	-
Cash settlement of converting notes		(1 970)	(1 922)
Finance expenses		(3 292)	(2 633)
<b>Net cash from/(used in) financing activities</b>		<b>(24 210)</b>	<b>(1 725)</b>
<b>Total cash movement for the year</b>		<b>20 704</b>	<b>7 170</b>
Unrestricted cash at the beginning of the year		14 461	7 048
Effect of exchange rate movement on cash balances		(1 622)	243
<b>Total cash and cash equivalents</b>		<b>33 543</b>	<b>14 461</b>
Restricted cash		3 329	724
<b>Total cash and cash equivalents (including restricted cash)</b>		<b>36 872</b>	<b>15 185</b>

# Universal Coal Plc

(Registration number 4482856)

Consolidated Annual Financial Statements for the year ended 30 June 2018

## Segmental reporting

All investments in associates and subsidiaries operate in one geographical location being South Africa, and are organised into three business units from which the Group's expenses are incurred and revenues are earned, being (1) for the exploration and development of coal, (2) mining and sale of coal and (3) corporate activities. The reporting on these investments to the Chief Operating Decision Makers, the Board of Directors, focuses on the key performance indicators that the Directors monitor on a regular basis which are:

- Run-of-Mine (ROM) tonnages, processing plant yields and sales tonnages
- Revenue per tonne
- Cash cost per run-of-mine tonne (ROMt)
- Gross margin in percentage and gross margin per sales tonne
- Management of liquid resources through regular analysis of working capital requirements, bank balances, stay in business capital requirements, cash flow forecasts, accounts receivable and accounts payable ageing metrics.

The non-current assets relating to the capitalisation expenditure associated with the coal projects are located in South Africa. All corporate expenditure, assets and liabilities relate to incidental operations carried out in the United Kingdom, Australia and South Africa.

For the year ended 30 June 2018	Mining and sale of coal: Kangala	Mining and sale of coal: NCC	Exploration and development of coal	Corporate (Unallocated)	Total
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
Revenue	148 653	167 697	-	-	316 350
Cost of sales	(112 858)	(123 026)	-	-	(235 884)
Cost of sales - depreciation	(11 922)	(6 398)	-	-	(18 320)
Cost of sales excluding depreciation	(100 936)	(116 628)	-	-	(217 564)
Gross profit	35 795	44 671	-	-	80 466
Operating expenses	(8 048)	(14 027)	(166)	(5 470)	(27 711)
Finance income	760	376	-	2 661	3 797
Foreign exchange loss	-	-	-	(70)	(70)
Finance expenses	(2 373)	(4 570)	-	(552)	(7 495)
Loss on sale of fixed assets	-	-	-	-	-
Share of profit of associated undertaking	-	187	-	-	187
Decrease in fair value of derivative financial liability	-	-	-	277	277
Profit / (loss) before taxation	26 134	26 637	(166)	(3 154)	49 451
Taxation	(7 027)	(5 580)	-	(872)	(13 479)
Profit / (loss) after taxation	19 107	21 057	(166)	(4 026)	35 972
Total non-current assets	31 341	85 749	45 475	17 073	179 638
Total capital expenditure	4 150	7 767	599	19	12 535
Total assets	54 061	133 975	45 518	31 039	264 593
Total liabilities	(41 634)	(60 081)	(147)	(24 798)	(126 660)

All revenues were earned in South Africa.

# Universal Coal Plc

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Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated and Company Annual Financial Statements

### Segmental reporting (continued)

For the year ended 30 June 2017	Mining and sale of coal: Kangala	Mining and sale of coal: NCC	Exploration and development of coal	Corporate (Unallocated)	Total
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
Revenue	129 297	20 000	-	-	149 297
Cost of sales	(100 461)	(21 393)	-	-	(121 854)
Cost of sales - depreciation	(12 265)	(1 692)	-	-	(13 957)
Cost of sales excluding depreciation	(88 196)	(19 701)	-	-	(107 897)
Gross profit	28 836	(1 393)	-	-	27 443
Operating expenses	(6 812)	(3 089)	(102)	(4 750)	(14 753)
Finance income	330	109	-	1 337	1 776
Foreign exchange loss	-	-	-	(14)	(14)
Finance expense	(3 142)	(2 332)	-	(655)	(6 129)
Loss on sale of fixed assets	-	(9 725)	-	-	(9 725)
Gain on bargain purchase	-	3 972	-	-	3 972
Decrease in fair value of derivative financial liability	-	-	-	1 381	1 381
Profit / (loss) before taxation	19 212	(12 458)	(102)	(2 701)	3 951
Taxation	(4 390)	4 439	-	-	49
Profit / (loss) after taxation	14 822	(8 019)	(102)	(2 701)	4 000
Total non-current assets	40 280	74 812	54 945	8 926	178 963
Total capital expenditure	1 768	14 929	773	13	17 483
Total assets	66 210	90 879	55 580	7 989	220 658
Total liabilities	(46 167)	(50 535)	(27)	(1 026)	(97 755)

# Universal Coal Plc

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Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated and Company Annual Financial Statements

### 1. Basis of preparation for Financial Information:

The financial information for the year ended 30 June 2018 and 30 June 2017 does not constitute the company's statutory accounts for those years.

Statutory accounts for the year ended 30 June 2017 have been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

The financial information for the year ended 30 June 2018 is unaudited. The statutory accounts for that year will be delivered to the Registrar of Companies in due course

### 2. Property, plant and equipment

Group	2018			2017		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
Mine development	16 341	(7 367)	8 974	12 361	(4 961)	7 400
Mining infrastructure	15 520	(7 474)	8 046	13 479	(5 207)	8 272
Processing plant	53 459	(13 416)	40 043	48 808	(6 897)	41 911
Mine owners assets	15 033	(4 367)	10 666	15 280	(2 508)	12 772
Mineral properties	8 407	(2 667)	5 740	8 545	(1 609)	6 936
Development and production assets	22 856	(4 521)	18 335	23 423	(2 751)	20 672
Land rehabilitation asset	14 625	(2 388)	12 237	7 155	(1 565)	5 590
Furniture and fixtures	206	(55)	151	46	(36)	10
Computer equipment	447	(186)	261	189	(108)	81
Motor vehicles	2 057	(568)	1 489	1 000	(232)	768
Capital work in progress	1 400	-	1 400	4 136	-	4 136
Deferred stripping costs	8 820	(3 532)	5 288	8 965	(2 364)	6 601
<b>Total</b>	<b>159 171</b>	<b>(46 541)</b>	<b>112 630</b>	<b>143 387</b>	<b>(28 238)</b>	<b>115 149</b>

#### Reconciliation of property, plant and equipment - Group - 2018

	Opening balance	Additions	Transfers	Foreign exchange movements	Depreciation	Total
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
Mine development	7 400	2	4 177	(119)	(2 486)	8 974
Mining infrastructure	8 272	2 269	-	(142)	(2 353)	8 046
Processing plant	41 911	5 429	-	(668)	(6 629)	40 043
Mine owner's assets	12 772	-	-	(206)	(1 900)	10 666
Mineral properties	6 936	-	-	(113)	(1 083)	5 740
Development and production assets	20 672	-	-	(522)	(1 815)	18 335
Land rehabilitation asset	5 590	7 586	-	(90)	(849)	12 237
Furniture and fixtures	10	161	-	(1)	(19)	151
Computer equipment	81	261	-	(1)	(80)	261
Motor vehicles	768	1 073	-	(12)	(340)	1 489
Capital work in progress	4 136	1 508	(4 177)	(67)	-	1 400
Deferred stripping costs	6 601	-	-	(106)	(1 207)	5 288
<b>Total</b>	<b>115 149</b>	<b>18 289</b>	<b>-</b>	<b>(2 047)</b>	<b>(18 761)</b>	<b>112 630</b>

# Universal Coal Plc

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Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated and Company Annual Financial Statements

### 2. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - Group - 2017

	Opening balance	Additions	Disposals	Transfers	Foreign exchange movements	Depreciation	Total
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
Mine development	7 742	-	-	820	1 031	(2 193)	7 400
Mining infrastructure	7 935	966	-	722	1 052	(2 403)	8 272
Processing plant	46 170	138	(11 930)	6 362	4 842	(3 671)	41 911
Mine owners assets	8 770	-	-	4 204	989	(1 191)	12 772
Mineral properties	6 875	-	-	-	762	(701)	6 936
Development and production assets	11 755	-	-	9 128	1 276	(1 487)	20 672
Land rehabilitation asset	2 399	4 652	(1 165)	-	328	(624)	5 590
Furniture and fixtures	10	62	-	-	(54)	(8)	10
Computer equipment	49	2	-	-	71	(41)	81
Motor vehicles	116	774	(36)	-	23	(109)	768
Capital work in progress	5 580	10 116	-	(12 108)	548	-	4 136
Deferred stripping costs	7 332	-	-	-	798	(1 529)	6 601
	<b>104 733</b>	<b>16 710</b>	<b>(13 131)</b>	<b>9 128</b>	<b>11 666</b>	<b>(13 957)</b>	<b>115 149</b>



# Universal Coal Plc

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Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated and Company Annual Financial Statements

### 3. Intangible assets

Group	2018				2017		
	Project	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
<b>Exploration and evaluation assets (held by:)</b>							
Universal Coal Development I (Pty) Ltd	Kangala	1 041	-	1 041	909	-	909
Universal Coal Development II (Pty) Ltd	Berenice	33 039	(2 634)	30 405	33 492	(2 634)	30 858
Universal Coal Development III (Pty) Ltd	Brakfontein	10 394	-	10 394	10 170	-	10 170
Universal Coal Development V (Pty) Ltd	Cygnus	3 635	-	3 635	3 671	-	3 671
<b>Other Intangible Assets</b>							
Computer software		642	(568)	74	590	(395)	195
<b>Total</b>		<b>48 751</b>	<b>(3 202)</b>	<b>45 549</b>	<b>48 832</b>	<b>(3 029)</b>	<b>45 803</b>

#### Reconciliation of intangible assets - Group - 2018

	Project	Opening balance	Additions	Foreign exchange movements	Amortisation	Total
		A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
Universal Coal Development I (Pty) Ltd	Kangala	909	147	(15)	-	1 041
Universal Coal Development II (Pty) Ltd	Berenice	30 858	40	(493)	-	30 405
Universal Coal Development III (Pty) Ltd	Brakfontein	10 170	389	(165)	-	10 394
Universal Coal Development IV (Pty) Ltd	Roodekop	-	-	-	-	-
Universal Coal Development V (Pty) Ltd	Cygnus	3 671	23	(59)	-	3 635
Computer software		195	55	(3)	(173)	74
		<b>45 803</b>	<b>654</b>	<b>(735)</b>	<b>(173)</b>	<b>45 549</b>

# Universal Coal Plc

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Consolidated Annual Financial Statements for the year ended 30 June 2018

## Notes to the Consolidated and Company Annual Financial Statements

### 3. Intangible assets (continued)

#### Reconciliation of intangible assets - Group - 2017

	Project	Opening balance	Additions	Foreign exchange movements	Transfer to Property, Plant and Equipment	Amortisation	Total
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
Universal Coal Development I (Pty) Ltd	Kangala	828	-	81	-	-	909
Universal Coal Development II (Pty) Ltd	Berenice	27 703	440	2 715	-	-	30 858
Universal Coal Development III (Pty) Ltd	Brakfontein	9 250	14	906	-	-	10 170
Universal Coal Development IV (Pty) Ltd	Roodekop	8 159	169	800	(9 128)	-	-
Universal Coal Development V (Pty) Ltd	Cygnus	3 344	-	327	-	-	3 671
Computer software		78	150	7	-	(40)	195
		<b>49 362</b>	<b>773</b>	<b>4 836</b>	<b>(9 128)</b>	<b>(40)</b>	<b>45 803</b>

Roodekop has commenced development during the prior period and has been transferred to property, plant and equipment.

Group	
2018	2017
A\$ '000	A\$ '000

### 4. Cost of sales

#### Sale of goods

Mining costs	84 624	47 946
Processing costs	23 429	14 072
Materials handling	5 306	4 129
Inventory movement	820	(1 269)
Indirect costs	17 977	6 560
Royalties and commissions	9 482	657
Ancillary costs	3 749	7 093
Depreciation of mining assets	18 320	13 957
Distribution costs	72 177	28 709
	<b>235 884</b>	<b>121 854</b>

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## Notes to the Consolidated and Company Annual Financial Statements

	Group	
	2018 A\$ '000	2017 A\$ '000
<b>5. Cash generated from / (utilised in) operations</b>		
Profit / (loss) before taxation	49 451	3 951
<b>Adjusted for:</b>		
Depreciation and amortisation	18 934	13 997
Loss on sale of assets	-	9 725
Finance income	(3 797)	(1 776)
Finance expenses	7 495	6 129
Decrease/(increase) in fair value of derivative financial liability	(277)	(1 381)
Foreign exchange loss	70	-
Gain on acquisition of associated undertakings	(187)	(3 972)
Rehabilitation provision reversal	(6 352)	-
<b>Changes in working capital:</b>		
(Increase) / decrease in inventories	1 408	(1 732)
(Increase) / decrease in trade and other receivables	(23 411)	(9 516)
Increase / (decrease) trade and other payables	20 832	(10 896)
	<b>64 166</b>	<b>26 321</b>