

29 April 2013



universal
coal plc

Quarterly Activities Report

Highlights

- Signed ESKOM Coal Sales Agreement, first coal delivery April 2014
- Kangala Mine Development commenced, on target to meet current CSA delivery dates
- Initial 51 ktpa RBCT allocation successfully obtained
- RMB project finance debt facility received final credit approval
- Direct ownership of the Berenice, Cygnus and Somerville Coking coal projects increased to 50%
- Roodekop ownership advanced to 74% through exercise of purchase option
- Mining right and environmental authorisation in terms of NEMA over the Roodekop Thermal Coal project granted
- Universal Coal breaks through the 1Bt attributable coal resource level.

Exploration & Development

Kangala – Thermal Coal

Universal Coal concluded the appointment of its key contractors for the various developmental, mining and processing disciplines. In addition, the company appointed key in-house mine development and managerial personnel to ensure the Kangala development timelines are met and budgeted capital costing is achieved.

The following development milestones for the quarter were achieved;

- Off-site construction of the plant remains on schedule and within budget.
- The first seven conveyor structures have been completed and are awaiting quality certification.

- Detail designs of the slew conveyor and “overland” conveyor have been completed and manufacturing are due to commence shortly.
- The secondary crusher for the BC seam crushing and screening unit has been delivered. Delivery of the primary screen is expected by the end of June.
- The Rotary Breaker for the dense media (DMS) washing plant and the two Apron Feeders have been ordered from Osborn and are expected to be delivered by mid-October.
- The Hazards and Operability Analysis (Hazop) on the control philosophy and instrumentation design for the plant has been completed.
- The plant infrastructure design is at an advanced stage with approximately 75% of drawings completed.

Surveying of the access road and power line servitudes have been completed. The corresponding site establishment by the contractor is scheduled for 2 May 2013, with full scale construction of the infrastructure commencing mid-May.

Stefanutti Stocks Mining Services is in the process of optimising the mine plan and schedule following completion of a 54-hole pre-production infill drilling programme. Opening up of the box cut is due to commence in Q3 2013 with first coal from the box cut scheduled for Q4 2013. The initial coal from the box cut will be utilised for the base of the Eskom stockpiles to prevent contamination at a later stage.

Berenice/Cygnus - Coking Coal

During February the geological model and resource estimate was updated for the Berenice-Cygnus project, with ninety percent of the coal resource now reporting to the Measured and Indicated Categories (JORC).

The deposit hosts 1.35 billion tonnes (gross tons in-situ) of JORC (2004) compliant coal with

- 424.9 million tonnes classified as Measured,
- 800.9 million tonnes as Indicated and
- 124.3 million tonnes as Inferred.

709.6 million tonnes are potentially amenable to open cut mining with indicative low seam dips (<3°), with the large diameter drilling results indicating a 40% increase in theoretical coking coal yields compared to the yields obtained from the slim diameter drilling reported previously.

Under the terms of the earn in agreement, Universal earned 50% in the Berenice/Cygnus and the more northerly Somerville Projects following completion of this work, having now unlocked a further exclusive option to acquire the balance of 24% (to take a maximum ownership to 74%).

An environmental risk assessment, geotechnical study and hydro census have been completed and a bulk sample submitted for beneficiation test work in preparation of the pre-feasibility study planned to commence in the third/fourth quarter of 2013.

Brakfontein – Thermal Coal

The final Environmental Impact Assessment report in terms of NEMA and the Integrated Water Use Licence application were submitted to the relevant authorities during the quarter. Universal now awaits the outcome of the regulatory applications.

Roodekop – Thermal Coal

Universal Coal obtained its Mining Right over the Roodekop project during the Quarter, and is now awaiting the Integrated Water Use License, with the environment authorisation in terms of NEMA having been approved last year. Although having concluded the feasibility in December, as disclosed during April Exxaro has commenced with an open process for the potential disposal of its adjacent New Clydesdale colliery, and as such Universal Coal has withheld the optimization results in lieu of its participation in this process.

As disclosed last quarter, Universal has achieved a direct ownership of 74% in the Roodekop coal project having previously exercised the option it held over this asset.

Corporate

Eskom Agreement Update

ESKOM and Universal Coal concluded the signing of the Coal Sales Agreement, locking in first coal sales from Kangala for April 2014. All other outstanding items were previously finalised between the parties, allowing for the development of the Kangala project to commence.

RBCT Quattro Allocation

An initial export allocation of 51,000 tons per annum has been obtained through the RBCT Quattro entitlement scheme following application to the South African Department of Mineral Resources. The allocation is for an initial three year period.

The RBCT is the single largest coal export terminal in the world with a design capacity of 91 Mtpa and is the most cost-effective coal export facility in Southern Africa. The 4 Mtpa Quattro entitlement scheme is exclusively earmarked for emerging empowered exporters such as Universal Coal.

Project Finance for Kangala

Universal Coal has a project financing arrangement with leading South African bank, Rand Merchant Bank (“RMB”) for the funding of the Kangala Project. The finance solution from RMB comprises 65% project finance - a significant debt carrying capacity for any greenfield project - and represents a strong endorsement for the project, the Eskom off-take contract, and Universal Coal’s project plan and implementation strategy. RMB’s

partnership with Universal Coal includes a Master Finance Deed for future Universal Coal projects and a transactional banking solution for the Universal Coal Group.

The project finance facility provided by RMB will be based in South African Rand given the Rand-based off take agreement with Eskom.

Equity	Senior Debt Facility	Additional facility: Rolled Up Interest	Tenor
R160m / A\$17.8m	R270m / A\$30m	R30m / A\$3.3m	6.5 years from drawdown

The project finance facility is being directed to Universal Coal's 100%-owned local subsidiary and the shareholder of all the company's development projects, Universal Coal & Energy Holdings South Africa (Pty) Ltd, with finance applied into the Kangala project company Universal Coal Development I (Pty) Ltd. This means that the company will be able to have an overarching finance deed with RMB, and future project finance needs can be added with greater simplicity.

Universal Coal and Rand Merchant Bank ("RMB") are currently finalising the project financing legal agreements with the execution of the Coal Sales Agreement (CSA) with ESKOM and contractors agreements now satisfying some of the major conditions precedent. Further conditions precedent are within normal project financing arrangements and expected to be satisfied during May 2013, following which the first drawdown on the RMB debt facility will occur.

Universal Coal has previously secured a private placement transaction with Coal Development Holdings (CDH) a special purpose entity of African Minerals Exploration & Development Fund, SICAR (AMED), with CDH subscribing to 29.99% of the issued capital in Universal at \$0.141568 per CDI (equating to a total investment of A\$13.6m). AMED (a member of the United Nations Global Compact) is a Luxembourg-based private equity mining investment fund and will provide strategic support to Universal Coal. With this significant investment, Universal Coal is able to fully fund its equity component of the Kangala capital development cost.

Activities Planned for the June 2013 Quarter

- Project financing completion, legal contract execution and 1st debt drawdown
- Commencement of Kangala on-site infrastructure development
- Completion of the phase 2 large diameter beneficiation test work
- Participation in the New Clydesdale colliery disposal process
- Receipt of the Berenice beneficiation test work results

For further information please contact:

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Universal Coal Global Coal Resources Summary

Project	Reserve Proved Mt	Resource Measured Mt	Resource Indicated Mt	Resource Inferred Mt	Total Mt	Attributable to Universal Mt ⁷
Thermal Coal (Witbank)						
Kangala ¹	20.8	72.88	19.48	33.64	146.80	103.50
Roodekop ²	-	82.92	1.44	-	84.36	62.42
Brakfontein ³	-	70.50	15.00	2.20	87.70	44.10
Total Thermal Coal⁷	20.8	226.30	35.92	35.84	318.86	210.02
Coking Coal (Limpopo)						
Berenice ⁴	-	393.97	694.27	116.07	1204.31	602.16
Cygnus ⁵	-	30.94	106.65	8.22	145.81	72.91
Somerville ⁴	-	-	-	274.22	274.22	137.11
Donkin ⁶	-	-	-	42.42	42.42	6.36
Total Coking Coal⁷	-	424.91	800.92	440.93	1,666.76	818.54
Total⁷	20.8	651.21	836.84	476.77	1,985.62	1,028.56

Notes:

Mineral resources are stated inclusive of mineral reserves.

1. Universal has an attributable interest of 70.5% of the Kangala Project.
2. Universal has an attributable interest of 74% in the Roodekop Project.
3. Universal has an attributable interest of 50.29% in the Brakfontein Project and the right to negotiate to acquire up to a 74% interest upon completion of the BFS and award of a mining right.
4. Universal has an attributable interest of 50% in the Berenice and Somerville Projects with an option to acquire up to a 74% interest.
5. Universal has an attributable interest of 50% in the Cygnus Project with an option to acquire up to a 74% interest.
6. Universal has an attributable interest of 15% in the Donkin Project that will increase to 50% on completion of certain exploration milestones.
7. Rounding (conforming to the JORC Code) may cause computational discrepancies.

Competent Person's Statement

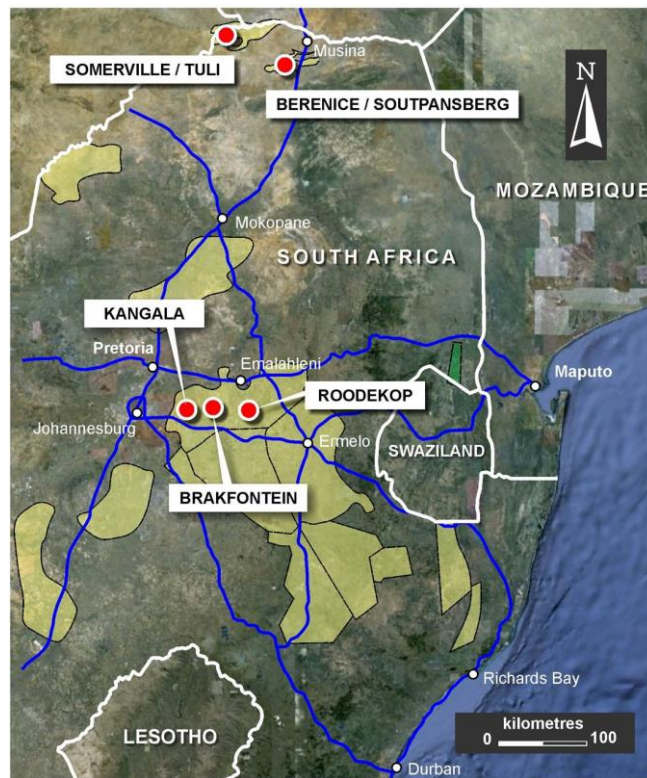
The information in this report that relates to Coal Resources is based on information reviewed and compiled by Mr Nico Denner, who is a registered natural scientist and a member of the South African Council for Natural Scientific Professions (a Recognised Overseas Professional Organisation). Mr Denner 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 in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Coal Resources and Ore Reserves. Mr Denner consents to the inclusion in this report of this information in the form and context in which it appears.

The Kangala Coal Reserve estimate was prepared by Mr Ben Bruwer, who is a Principal Mining Engineer and Co-owner of VBKom Consulting Engineers who are the preferred mining consultants to Stefanutti Stocks Mining Services (Pty) Ltd. He is a member of the Engineering Council of South Africa (ECSA) (a Recognised Overseas Professional Organisation) and member of SAIMM. He has more than 15 years' experience in the South African coal and minerals industries. VBKom CE has sufficient experience which is relevant to the type of mineralisation and the Kangala deposit and to the activity which Mr Bruwer is undertaking to qualify as a Competent Person as defined by the SAMREC and JORC Codes for Reporting of Exploration, Mineral Resources and Ore Reserves'.

Reporting on Exploration Results

The update has been compiled in accordance with the JORC Code, the recommendations and guidelines set out in the revised 2007 South African Code for The Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC Code) and the rules and guidelines relating to the independent expert's reports set by ASIC and ASX.

Project Locations



About Universal Coal

Universal Coal is an ASX-listed company with interests in five coal projects in South Africa. These projects contain in excess of 1.9 billion tonnes of JORC-compliant resources, of which over 1 billion tonnes is attributable to the company.

The most advanced asset, the Kangala project, is targeting first coal sales by April 2014. Kangala is located in the Witbank coalfield, which supplies more than 50% of South Africa's saleable export and domestic coal.

Following the Kangala project will be development of the export-focused Roodekop and Brakfontein projects subject to positive feasibility studies, financing and other regulatory approvals.

In addition to the thermal coal projects, the company has completed earn-in agreements over two coking coal project areas (Berenice/Cygnus and Somerville/Donkin) that together contain 1.67 billion tonnes of JORC-compliant resources.

The company has an experienced team of directors, senior managers and geoscientists with extensive expertise in both coal exploration and mining in South Africa and who have a proven track record of project development.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

UNIVERSAL COAL PLC

ARBN

143 750 038

Quarter ended ("current quarter")

31 March 2013

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) (\$A'000)
Cash flows related to operating activities		
Receipts from product sales and related debtors	-	-
1.1		
1.2 Payments for (a) exploration & evaluation	(311)	(1,770)
	(572)	(2,053)
	-	-
	(1,427)	(4,849)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	146	309
1.5 Interest and other costs of finance paid	(182)	(370)
1.6 Income taxes paid	-	-
1.7 Other (Net VAT & GST refund)	35	275
Net Operating Cash Flows	(2,311)	(8,458)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
	(241)	(241)
	-	-
	(9)	(70)
1.9 Proceeds from sale of:		
	-	-
	-	-
	-	24
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (Transfer duty refund)	-	-
Net investing cash flows	(250)	(287)
1.13 Total operating and investing cash flows (carried forward)	(2,561)	(8,745)

+ See chapter 19 for defined terms.

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Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(2,561)	(8,745)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	15,568
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	15,568
	Net (decrease) / increase in cash held	(2,561)	6,823
1.20	Cash at beginning of quarter/year to date	17,681	8,826
1.21	Exchange rate adjustments to item 1.20	(457)	(986)
1.22	Cash at end of quarter	14,663	14,663

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

	Current quarter \$A'000	
1.23	Aggregate amount of payments to the parties included in item 1.2(d)	411
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

N/A

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

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Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	481
4.2 Development	9,988
4.3 Production	-
4.4 Administration	1,412
Total	11,881

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	5,000	13,319
5.2 Deposits at call	9,663	4,362
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	14,663	17,681

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	None			

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Appendix 5B
Mining exploration entity quarterly report

6.2 Interests in mining tenements acquired or increased	Roodekop (UCD IV)	Equity acquired	50%	74%
	Berenice (UCD II)	Earn in completed	40%	50%
	Cygnus (UCD V)	Earn in completed	10%	50%

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference + securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	319,575,447	319,575,447		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities Converting Notes	7,000,000		Issue Price: \$1.00 for each Converting Note Converting Notes Convert into CDI's. Refer to the Company's Appendix 3B released to the ASX on 4/6/2012 for details of the terms of Converting Notes.	
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				

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Appendix 5B
Mining exploration entity quarterly report

7.7	Options			<i>Exercise price</i>	<i>Expiry date</i>
	Unlisted Options:	1,972,180		\$0.26	31 December 2013
		1,972,180		\$0.286	31 December 2013
		986,090		\$0.312	31 December 2013
		7,999,998		\$0.40	15 March 2014
		500,000		\$0.40	31 December 2014
		3,200,000		\$0.34	9 December 2015
		7,625,110		\$0.26	9 December 2015
		3,800,001		\$0.20	9 December 2015
		5,200,001		\$0.39	9 December 2015
		490,617		\$0.26	9 December 2015
		16,855,736		\$0.2628	4 June 2017
		5,618,579		\$0.2745	4 June 2017
7.8	Issued during quarter			<i>Exercise price</i>	<i>Expiry date</i>
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:

Company Secretary

Date: 29 April 2013

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 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.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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