

18 June 2013



universal
coal plc

KANGALA MINE PRODUCTION BROUGHT FORWARD TO FEBRUARY 2014

Universal Coal plc (ASX: UNV) announces that production at its mine, located in the Witbank coalfield, South Africa, will begin in February 2014, two months earlier than previously advised.

With domestic sales of 2 million tons per annum (Mtpa) to ESKOM and export allocation through Richards Bay Coal Terminal already secured for the higher quality thermal product, Kangala will be the company's first operational coal mine.

With all the funding for the mine fully secured, the company aims to achieve Financial Close on the Kangala Mine Project Finance Facility with Rand Merchant Bank ("RMB") on Wednesday 19th June 2013. Universal Coal will then be in position to drawdown on the R 300 million facility, within the next month, with further drawdowns on a regular basis as required over the capex development programme.

Having secured a coal sales agreement with ESKOM earlier this year, Universal is currently concluding an off-take agreement for the higher quality thermal product, to be finalised by end June.

Site Establishment

Site establishment for the infrastructure team has been completed successfully, with site offices and facilities established and operational. Construction of the mine is underway, with the removal of topsoil underway.



Topsoil removal over mining hardpark underway Mine infrastructure team established

Process Plant

Construction of the processing plant terrace on site is due to commence next week. Off-site construction of the plant is progressing well, with the initial seven conveyor structures, the structural steel work for the BC1 & BC2 raw coal crushing and screening plant now complete.



Plant component erection underway in Middelburg

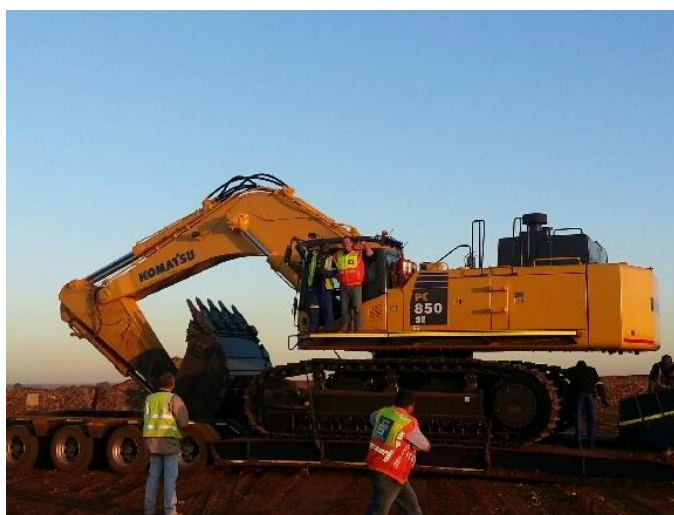


Plant structural component assembly off site at PJ Tech Middelburg

Mining

The box-cut will commence in July 2013 and first coal from the box-cut is scheduled for October 2013. The initial coal from the box-cut will be utilised for the base of the stockpiles to prevent contamination at a later stage with remaining box-cut coal being used to commission the plant in December 2013. First production coal is now scheduled for February 2014.

Equipment for the mining team has begun arriving on site.



First mining excavator arriving on site in anticipation of box-cut development



Box-cut development to commence in July

Recruitment of local labour has begun with the establishment of a recruiting and testing office off site in Delmas. Recruitment is progressing well with many of the permanent mining staff vacancies filled. On the job training of these new recruits will begin on site shortly.

Finance

The Kangala Mine Project Finance Facility provided by RMB will be based in South African Rand given the Rand-based off take agreement with ESKOM.

Equity ^{1,4}	Senior Debt	Rolled Up Interest	Tenor
R160m / A\$16.8m ²	R270m / A\$28.4m ²	R30m / A\$3.2m ²	6.5 years from drawdown ³

Notes:

1. Universal Coal owns 70.5% of Kangala and therefore its attributable equity contribution is approximately R112.8m / A\$11.9m²
2. Australian dollar equivalent calculated using a conversion rate of R9.50:A\$1
3. First draw down on project finance expected mid 2013 in line with the current project plan
4. Including the requirement for standby equity (R15m / A\$1.6m²) which is a condition of the project finance

The full equity component above has been contributed to the project by Universal Coal and BEE partner Mountain Rush and the standby equity account has been capitalised.

In Addition, the land purchase agreement has been concluded and Portion 1 of the farm Wolvenfontein 244 IR measuring 557.76 hectares has been registered in the name of Universal Coal Development I (Pty) Ltd.

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About Kangala

Kangala, situated in the Witbank coalfield in Mpumalanga province, is Universal Coal's first operation, with this being a de-risked domestic thermal coal operation supplying coal primarily to Eskom. At a capital cost of A\$ 46.8m, this operation is projected to supply an estimated average of A\$ 15m EBITDA per annum (100%), with both costs and profit margins locked in. With an initial projected four year payback period, coal sales of 2.1Mtpa are split between 2Mtpa ESKOM and a lesser 100ktpa ~6 000kCal coal to be supplied to the export thermal coal market via the Company's RBCT Quattro allocation.

Operating costs will be optimised at a low A\$ 15 per ton over an initial eight year life of mine at Wolvenfontein achieving an effective >80% yield on 2.4Mtpa ROM rate. The additional resource base at Kangala potentially allows for a total mine life exceeding 20 years by means of developing a series of similar sized pits adjacent to Wolvenfontein. Furthermore, there is added opportunity to increase the resource base further and extend mine life through potential JV's over neighbouring resources.

The operation is being run on the historically proven outsource model, with Stefanutti Stocks Mining Services supplying both the mining fleet and skill set to run the initial eight year Wolvenfontein pit, operating a fleet of 60t trucks, 85t excavators and supporting equipment. The dual circuit processing facility, a 350tph crushing and screening circuit plus the 200tph DMS washing plant will be owned by Universal, but the operation thereof will be outsourced to Mineral Resource Development.

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.

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 production February 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.

