

20 June 2013



**universal**  
coal plc

## KANGALA MINE RECEIVES FACILITY CLOSE

**The Board of Directors of Universal Coal plc ("Universal Coal" ASX: UNV) is pleased to confirm Facility Close with Rand Merchant Bank at its Kangala mine, located in the Witbank coalfield, South Africa.**

Universal Coal completed Facility Close on the Kangala Mine Project Finance Facility with Rand Merchant Bank ("RMB") on Wednesday 19 June 2013 as anticipated. As disclosed on 18 June 2013, Universal Coal announced that production at its Kangala mine will begin in February 2014, two months earlier than previously advised.

Universal Coal is now in a position to request the first utilisation of the R 300 million Kangala Mine Project Finance Facility. This request will occur within the next calendar month and additional utilisations will be requested on a regular basis as required over the capex development programme.

Commenting in on achieving Facility Close, CFO Mr. Daryl Edwards said: "We are delighted to have achieved Facility Close on the Kangala Mine Project Finance Facility and look forward building a robust relationship with RMB over the coming years."

## 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 <sup>7</sup>
<b>Thermal Coal (Witbank)</b>						
Kangala <sup>1</sup>	20.8	72.88	19.48	33.64	146.80	103.50
Roodekop <sup>2</sup>	-	82.92	1.44	-	84.36	62.42
Brakfontein <sup>3</sup>	-	70.50	15.00	2.20	87.70	44.10
<b>Total Thermal Coal<sup>7</sup></b>	<b>20.8</b>	<b>226.30</b>	<b>35.92</b>	<b>35.84</b>	<b>318.86</b>	<b>210.02</b>
<b>Coking Coal (Limpopo)</b>						
Berenice <sup>4</sup>	-	393.97	694.27	116.07	1204.31	602.16
Cygnus <sup>5</sup>	-	30.94	106.65	8.22	145.81	72.91
Somerville <sup>4</sup>	-	-	-	274.22	274.22	137.11
Donkin <sup>6</sup>	-	-	-	42.42	42.42	6.36
<b>Total Coking Coal<sup>7</sup></b>	<b>-</b>	<b>424.91</b>	<b>800.92</b>	<b>440.93</b>	<b>1,666.76</b>	<b>818.54</b>
<b>Total<sup>7</sup></b>	<b>20.8</b>	<b>651.21</b>	<b>836.84</b>	<b>476.77</b>	<b>1,985.62</b>	<b>1,028.56</b>

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 coal production in 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.

