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universal
coal plc

KANGALA CRUSHING AND SCREENING CIRCUIT ASSEMBLY COMPLETED OFF SITE

First production remains on track for February 2014

Universal Coal (ASX: UNV) remains on schedule and budget to deliver first production in February 2014 at its Kangala coal mine in the Witbank coalfield in South Africa.

Construction and off site assembly of the BC1/BC2 crushing and screening circuit of the Kangala washing plant is complete and ready for disassembly and shipment to site. Overall construction of the DMS washing plant is also progressing ahead of schedule.

The Kangala mine will be the company's first coal mine, producing 2.1 million tonnes per annum (Mtpa) of saleable thermal coal, with 2 Mtpa allocated for South Africa's leading electricity utility, Eskom, and 100ktpa of high quality thermal product allocated for export with leading South African coal miner Exxaro. The majority of the coal allocated to Eskom will pass through the now completed BC1/BC2 crushing and screening plant, due to commence commissioning in December 2013 upon reassembly on site. First ROM coal delivery is expected in October 2013 for use as a base for stockpiles.

Process Plant

There are two sections of the processing facility plant, namely the DMS washing and the BC1/BC2 crushing and screening circuit. With the off-site assembly of the BC1/BC2 circuit now complete, it will soon be disassembled prior to shipment to site when the civil works are ready to receive the structure. Off-site construction of the DMS plant is progressing well and ahead of schedule.



BC1/BC2 secondary crushing and screening module ready for shipment



BC1/BC2 primary crushing and screening module structure prior to inclusion of sub-assemblies



Plant conveyor component erection underway in Middelburg



Plant structural component assembly off site at PJ Tech Middelburg

On-site plant infrastructure development

Construction of the plant infrastructure is underway with the foundation footings having been excavated and the blinding concrete having been poured for the majority of the plant foundations. All reinforcing steel for the civil work of the plant has been delivered on site and is currently being fixed prior to placement.

Approximately 40% of the pre-cast concrete blocks for the ROM tip retaining wing wall have been delivered on site with further deliveries taking place daily. Construction of the wing wall will begin within two weeks.



On Site Processing plant civil construction underway, with foundation work advancing to allow for plant installation



To be paved product haul road taking shape, with culverts arriving onsite for placement by month end.

Mine development activities remain on track

The box-cut, which commenced in the first week of July 2013, remains on schedule with the first overburden blast expected to take place within the next two weeks. The first ROM coal scheduled for October 2013 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 Crushing & Screening plant in December 2013.

All haul roads within the pit area have been established with overburden material from the box-cut continuing to be placed on the designated stockpiles. The pollution control dam is progressing on schedule

The paved product delivery haul road is on schedule while the portal culverts for the river crossing are expected to be installed by the end of September ahead of the summer rains.

Recruitment of mining personal is progressing well with nearly 95% of the permanent mining staff vacancies currently filled. Recruitment of the processing plant personnel has commenced with off-site training of these new recruits underway.



On Site pit haul roads complete with overburden stockpiling continueing



Open pit operations progressing with first coal due in October

Finance

The Kangala Mine Project Finance Facility provided by RMB is based in South African Rand given the Rand-based off take agreement with ESKOM. As previously disclosed, the full equity component has been contributed to the project by Universal Coal and BEE partner Mountain Rush and the standby equity account has been fully capitalised.

Universal Coal continues to draw down on the R 300 million debt facility with interest being capitalised to the outstanding balance.

The project remains within budget and continues to be fully funded.

About Kangala

Kangala, situated in the Witbank coalfield in Mpumalanga province, is Universal Coal's first operation. The mine will be a 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 containing a 350tph crushing and screening circuit and the 200tph DMS washing plant will be owned by the company, 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	21.55	71.93	19.35	33.64	146.47	103.25
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	21.55	225.35	35.79	35.84	318.53	209.77
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	21.55	650.26	836.71	476.77	1,985.29	1,028.31

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.

