



**universal**  
coal plc

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# HALF YEAR FINANCIAL STATEMENTS

GIVEN IN ACCORDANCE WITH  
ASX LISTING RULE 4.2A

31 December  
**2013**

# Corporate directory

## **Directors**

John Hopkins *Non-executive Chairman*  
Hendrik Bonsma *Non-executive Director*  
Anton Weber *Executive Director and Chief Executive Officer*  
Shammy Luvhengo *Executive Director*  
David Twist *Non-executive Director*  
Carlo Baravalle *Non-executive Director*

## **Joint company secretaries**

John Bottomley (United Kingdom)  
of SGH Martineau Company Secretarial LLP  
and  
Emma Lawler (Australia)

## **United Kingdom registered office**

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Telephone: +44 20 7264 4444  
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## **Australian registered office**

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Sydney, NSW, 2000  
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Telephone: +61 28 280 7355

## **Operational office**

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Brooklyn, 0182, Pretoria  
South Africa  
Telephone: +27 12 460 0805  
Facsimile: +27 12 460 2417

## **Auditors**

BDO LLP  
55 Baker Street  
London W1U 7EU  
United Kingdom

## **Stock exchange listing**

Australian Securities Exchange  
(Share code: UNV)

## **Share registrars**

Computershare Investor Services (Pty) Ltd  
Level 2, 45 St Georges Terrace  
Perth WA 6000, Australia

Computershare Investor Services Plc  
The Pavilions, Bridgwater Road  
Bristol BS99 6ZY  
United Kingdom

## **Bankers**

HSBC Bank Australia Limited  
Level 1, 190 St Georges Terrace  
Perth WA 6000, Australia

HSBC Bank Plc  
Coventry DSC, Harry Weston Road  
Binley  
West Midlands CV3 2TQ  
United Kingdom

## **Company registration number**

4482856

## **Solicitors**

Mayer Brown International LLP  
201 Bishopgate London  
EC2M EUG  
United Kingdom

Webber Wentzel Attorneys  
10 Fricker Road  
Illovo Boulevard  
Illovo, Johannesburg 2196  
South Africa

## **Website**

[www.universalcoal.com](http://www.universalcoal.com)

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# Summary results

	<b>Six months ended 31 Dec 2013 A\$'000</b>	Six months ended 31 Dec 2012 A\$'000	<b>% Movement</b>
Operating loss	(1,990)	(2,460)	(19)
Loss for the period	(2,365)	(2,761)	(14)
Taxation	-	-	-
<b>Total comprehensive loss for the period attributable to equity shareholders</b>	<b>(2,609)</b>	<b>(3,286)</b>	<b>(21)</b>

## Explanation of above result

Universal Coal is a near term coal production and coal exploration and development company. Although Kangala Colliery was under mine development, the Group had no mines operating in the period. The loss is mainly attributable to operating, administrative, finance and regulatory expenses.

## Dividends

There were no dividends declared or paid during the period (31 December 2012: \$ nil) and the Directors do not recommend that any dividend be paid.

## Earnings result

The total comprehensive loss of Universal Coal Plc for the six months ended 31 December 2013 after providing for tax was A\$ 2,608,845 (31 December 2012, loss of A\$ 3,285,323).

<b>Loss per share – LPS</b>	<b>Six months ended 31 Dec 2013</b>	Six months ended 31 Dec 2012
Basic and diluted loss per share (cents per share)	<b>(0.73)</b>	(1.21)
Weighted average number of ordinary shares used in the calculation of basic and diluted LPS	<b>319,575,447</b>	221 641 572

The amount used as the numerator in calculating basic and diluted loss per share is the same as the loss attributable to the owners of the parent in the consolidated statement of profit or loss and other comprehensive income.



**John Hopkins**  
Non-executive Chairman  
14 March 2014



## Chairman's statement

The Directors submit the unaudited financial statements of Universal Coal Plc (ASX: UNV; the Company) for the period ended 31 December 2013.

### 1. Directors and officers

The names of Directors who held office during or since the end of the half year:

<b>John Hopkins</b>	<i>Chairman and Non-executive Director</i>
<b>Anton Weber</b>	<i>Chief Executive Officer and Executive Director</i>
<b>Shammy Luvhengo</b>	<i>Executive Director</i>
<b>Hendrik Bonsma</b>	<i>Non-executive Director</i>
<b>Carlo Baravalle</b>	<i>Non-executive Director</i>
<b>David Twist</b>	<i>Non-executive Director</i>

### 2. Results

Universal Coal generated a loss for the half year after tax of A\$2,608,845 (six months ended 31 December 2012, loss of A\$3,285,323).

The loss for the current and prior period was attributable mainly to operating, administration, regulatory and finance costs.

### 3. Review of development and exploration activity

#### *Coal assets*

The Company's coal assets are all located in South Africa. The Company has three thermal exploration and development coal projects in the Witbank Coalfield in the Mpumalanga Province and two exploration coking coal projects in the Limpopo Province.

#### *Thermal Coal Exploration and Development Assets*

##### **Kangala**



Kangala, situated in the Witbank coalfield in Mpumalanga province, is Universal Coal's first operation. The mine is a domestic thermal coal operation supplying coal primarily to Eskom. At a capital cost of A\$ 46.8 million, this operation is projected to supply an estimated average of A\$ 15 million EBITDA per annum (100%), with both costs and profit margins locked in. With an initial projected four year payback period, coal sales are split between Eskom and a lesser quantity of coal to be supplied to the export thermal coal market via the Company's Richards Bay Coal Terminal ("RBCT") Quattro allocation.

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 Dense Medium Separation ("DMS") washing plant will be owned by the company, but the operation thereof will be outsourced to Mineral Resource Development.

Infrastructure construction at the end of the year, was well advanced and proceeding according to schedule. Mining is proceeding according to plan with run of mine coal being utilised for commissioning of the plant or being placed on stockpiles near the plant. Cold commissioning of the crushing and screening section of the beneficiation plant was complete and hot commissioning commenced. Construction of the DMS washing plant is progressing according to schedule off site.

Subsequent to the end of the reporting period and prior to publication of this report, all infrastructure was functional, hot commissioning of the crushing and screening section of the beneficiation plant was complete and production of saleable coal stockpiles had commenced.

On 22 July 2013, Universal Coal announced a 750,000 ton increase in the proven reserves within the initial Wolvenfontein open pit area at Kangala to 21.55 million tons confirming the pit at Wolvenfontein now has sufficient reserves for in excess of nine years of operations.

The company owns the prospecting rights to a number of adjacent properties and will continue to convert the coal resources present on these properties to reserves, with the aim of extending the life of mine at Kangala to 20 years.

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 Run-of-Mine ("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.

#### **Roodekop**

The 48-hole, 2,200 metres, pre-production infill drilling programme was completed over the Roodekop open cast reserve area. Analytical results have been received and the geological data was captured. The geological model and reserve estimate will be updated during Q1 2014.

Discussions with the surface owner regarding acquisition of the land have commenced.

All regulatory applications required to obtain the necessary mining authorisation have been lodged and to date Universal Coal has been granted the Mining Right and National Environmental Management Act (NEMA) Authorisation. Approval of the Integrated Water Use Licence (IWUL) and Waste Licence is expected in the second quarter of 2014.

Development of the Roodekop project will be dependent on the award of these Licences and on securing access to the infrastructure and plant facilities at adjacent operators.

#### **Brakfontein**

The pre-feasibility study is progressing with a view to incorporating potential run-of-mine product from Brakfontein through the Kangala processing plant.

Environmental Authorisation in terms of NEMA was granted on 16 October 2013.

Universal Coal awaits the outcome of the regulatory applications relating to the granting of Mining Right and Integrated Water Use Licence.

## Coking coal exploration assets

### Berenice/Cygnus

Refinement of the geological model and resource estimate, based on a structural interpretation completed during the period is in progress and will be finalised during Q4 2014.

### Universal Coal Global Coal Resources/Reserves Summary

Project	Reserve Proved Mt	Resource Measured Mt	Resource Indicated Mt	Resource Inferred Mt	Total Mt	Attributable to Universal Coal Mt <sup>7</sup>
<b>Thermal Coal (Witbank)</b>						
Kangala <sup>1</sup>	21.55	93.48	19.35	33.64	146.47	103.25
Roodekop <sup>2</sup>	9.40	82.92	1.44	–	84.36	62.43
Brakfontein <sup>3</sup>	–	70.50	15.00	2.20	87.70	44.10
Total Thermal coal <sup>7</sup>	30.95	246.90	35.79	35.84	318.53	209.78
<b>Coking Coal (Limpopo)</b>						
Berenice <sup>4</sup>	–	393.97	694.27	116.07	1,204.31	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
Total Coking Coal <sup>7</sup>	–	424.91	800.92	440.93	1,666.76	818.54
Total <sup>7</sup>	30.95	671.81	836.71	476.77	1,985.29	1,028.32

#### Notes:

- The Resources and Ore Reserves for Kangala, Brakfontein, Berenice, Cygnus, Somerville and Donkin were prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.
- The Resources and Ore Reserves for Roodekop has been updated to comply with the JORC Code 2012.
- 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.

## 4. Corporate

### Binding Offer for Potential Acquisition

On 26 November 2013, the Company submitted a binding offer for a potential coal asset acquisition in South Africa following a competitive tender process. Please refer to subsequent events hereafter.

### Project Finance for Kangala

On 19 June 2013 Universal Coal achieved Facility Close on the Kangala Project Finance Facility with Rand Merchant Bank (RMB), a division of FirstRand Bank Limited and has been drawing down consistently on the facility to fund mine development activities at Kangala. At 31 December 2013 a total of A\$ 24 million (ZAR 225 million) of the A\$ 32 million (ZAR300 million) project finance facility had been utilised.

The finance solution from RMB is for 65% project finance; a significant debt carrying capacity for this greenfield project demonstrating the strength of the Kangala 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.

## 5. Prospects

### First Production Milestone at Kangala Colliery

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\$ 46.8 million, this operation is projected to supply an estimated average of A\$ 15 million EBITDA per annum (100%), with both costs and profit margins locked in. With an initial projected four year payback period, coal sales are split between Eskom and a lesser quantity of coal to be supplied to the export thermal coal market via the Company's RBCT Quattro allocation.

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 Wolvefontein 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.

### *Natural synergies exist between New Clydesdale Colliery ("NCC")*

Located approximately 34 kilometres south of Emalahleni, in the Mpumalanga Province, NCC is one of the oldest coal mines in South Africa, having been worked on sporadically since 1949, and operating as recently as December 2013. Historically this operation has produced about 717ktpa of thermal coal from both underground and open pit operations, primarily for the export markets through RBCT. The operation has an extensive resource base, and coal beneficiation facility with a run-of-mine throughput capacity of c.2.0Mtpa.

The mine is fully equipped with mining machinery and infrastructure able to operate three underground mining sections. NCC is located in close proximity to both established road and rail infrastructure, with a private railway connection with Transnet Freight Rail, allowing for direct export of its coal.

Exxaro Resources established that NCC was no longer strategically aligned with its group strategy and embarked on a public disposal process in April 2013, before ultimately placing the operation on care-and-maintenance in December 2013.

NCC's most recent operations which were focussed on its Diepspruit resource are contiguous to Universal Coal's Roodekop coal resource and Universal Coal believes that the combination of NCC's operations with the Roodekop deposit will, inter-alia:

- enable the extension of NCC's current life of mine ("LoM") to 2030 as Roodekop has an estimated LoM of 15 years, eight years of which will be open pit;
- allow Universal Coal to integrate Roodekop into the NCC mining infrastructure;
- result in optimal use of NCC's processing infrastructure; and
- reduce capital, operating costs and overheads, improving the profitability of the integrated NCC/Roodekop mining complex.

## 6. Subsequent events

### *Acquisition of New Clydesdale Colliery*

On 31 January 2014, Universal Coal Plc entered into a binding sale of assets agreement with Exxaro Resources Limited to acquire all the assets and assume certain liabilities of the New Clydesdale Colliery ("NCC"), located adjacent to the Universal Coal's Roodekop deposit in the Witbank coalfield. The transaction remains subject to the fulfilment, or to the extent possible, the waiver of suspensive conditions of transactions of this nature such as Competition Commission approval and Ministerial consent in terms of section 11 of the Mineral Resources and Petroleum Development Act, 28 of 2002 (as amended) ("MPRDA").

### *Issue of Shares to Director*

On 28 November 2013, a Revival, Reinstatement and Amendment Agreement was entered into between Universal Coal Plc, Universal Coal Development II (Pty) Ltd and Mr Shammy Luvhengo, an Executive Director of the Company. On 17 December 2013 at the Company's Annual General Meeting, a resolution was approved by the Members to compensate Mr Luvhengo in the amount of £ 220,000 and Mr Luvhengo would immediately thereafter subscribe for 2.2 million ordinary shares/CDIs in the Company at an issue price of A\$ 0.17. On 9 January 2014, the Board resolved that the condition precedent had been fulfilled and on 14 January 2014 and the Company settled the £ 220,000 due to Mr Luvhengo and Mr Luvhengo immediately thereafter subscribed for 2.2 million ordinary shares at an equivalent issue price of A\$ 0.17 per share.

### *Issue of Convertible Loan Notes and Warrants*

On 24 January 2014 at a meeting of the Members of Universal Coal Plc, approval was granted for the issuance of 3,250,000 unsecured zero interest convertible loan notes of A\$ 1.00 each and 19,500,000 warrants to subscribe for Ordinary Shares at A\$ 0.23 each to a related party of the Company. Coal Development Holding B.V. (CDH) holds 29.99% of the shares in the Company and has appointed two Directors to the Board of the Company. While CDH is not defined as a related party under the ASX Listing Rules, in light of CDH's cornerstone investment in the Company and its position as a substantial shareholder of the Company, the Directors, in the interests of good governance sought shareholder approval under ASX Listing Rule 10.11 for the issue of convertible loan notes and warrants to CDH.



**John Hopkins**

*Non-executive Chairman*

14 March 2014

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## 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 2012 edition of the JORC Code. 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.

The Roodekop Coal Reserve estimate was prepared by Mr Mike Seeger. Mr Seeger was employed by Universal Coal at the time as Chief Mining Engineer and is a member of the South African Institute of Mining and Metallurgy (Overseas Professional Organisation). He has more than 20 years' experience in the South African coal and minerals industries. Mr Seeger has sufficient experience which is relevant to the type of mineralisation and the Roodekop deposit and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the JORC Code for Reporting of Exploration, Mineral Resources and Ore Reserves.

## Reporting on Exploration Results

The Resource/Reserve Statements for Kangala, Brakfontein, Berenice, Cygnus, Somerville and Donkin were prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. The Resource/Reserve Statement for Roodekop was updated since to comply with the JORC Code 2012. The statement also complies with 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 report set by ASIC and ASX.

Project	Property	Permit type and number	Location	Size (ha)	Beneficial interest held	Change in Interest from previous Quarter
Kangala	Wolvenfontein 244IR: Portion 1 and RE of Portion 2	Mining Right: MP30/5/1/2/2/429MR	Delmas, Mpumalanga Province, South Africa	951	70.5%	None
	Middelbult 235IR: Portions 40 and 82	Prospecting Right: MP30/5/1/1/2/641PR	Delmas, Mpumalanga Province, South Africa	942	70.5%	None
	Modderfontein 236IR: Portion 1	Prospecting Right: MP30/5/1/1/2/639PR	Delmas, Mpumalanga Province, South Africa	127	70.5%	None
Roodekop	Roodekop 63IS	Mining Right: MP30/5/1/1/2/492MR	Kriel, Mpumalanga Province, South Africa	835	74%	None
Brakfontein	Brakfontein 264IR : Portions 6, 8, 9, 10, 20, 26, 30 and Remaining Extent	Prospecting Right: MP30/5/1/1/2/1879PR	Delmas, Mpumalanga Province, South Africa	879	50.29%	None
Berenice and Somerville	Berenice 548MS, Celine 547MS, Doorvaardt 355MS, Longford 354MS, Somerville 9MS and adjacent farms	Prospecting Right: LP30/5/1/1/2/376PR	Waterpoort, Limpopo Province, South Africa	39,484	50%	None
Cygnus	Cygnus 543MS and adjacent farms	Prospecting Right: LP30/5/1/1/2/1276PR	All Days, Limpopo Province, South Africa	12,299	50%	None
Donkin	Donkin 72MS	Prospecting Right: LP30/5/1/1/2/2074PR	All Days, Limpopo Province, South Africa	1,178	15%	None

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.



## Directors' declaration

In the opinion of the Directors:

- a. The financial statements and notes set out on pages 10 to 27:
  - i. Comply with Accounting Standard IAS 34: *Interim Financial Reporting*;
  - ii. Give a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half year ended on that date; and
- b. There are reasonable grounds to believe that Universal Coal Plc will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of directors.

A handwritten signature in black ink, appearing to read 'John Hopkins'.

**John Hopkins**  
*Non-executive Chairman*  
14 March 2014

# Consolidated statement of financial position

		Group		
		Unaudited 31 Dec 2013 A\$'000	Audited 30 June 2013 A\$'000	Unaudited 31 Dec 2012 A\$'000
<b>All figures are stated in Australian Dollars</b>				
	Notes			
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	3	47,541	23,054	40
Intangible assets	4	64,620	64,331	21,634
Investments in associated undertakings	5	5	5	16,454
		<b>112,166</b>	87,390	38,128
<b>Current assets</b>				
Trade and other receivables	6	5,561	3,081	2,319
Cash and cash equivalents (including restricted amounts)	7	5,908	7,442	17,681
		<b>11,469</b>	10,523	20,000
		<b>123,635</b>	97,913	58,128
<b>Total assets</b>				
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital	8	26,054	26,054	26,054
Share premium	8	41,792	41,792	41,724
Reserves	9	9,385	10,175	7,703
Retained deficit		<b>(21,696)</b>	(19,899)	(29,212)
		<b>55,535</b>	58,122	46,269
<b>Attributable to equity holders of parent</b>				
		<b>27,619</b>	27,641	4,899
<b>Non-controlling interest</b>				
		<b>83,154</b>	85,763	51,168
<b>Total equity</b>				
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Long-term loans	11	27,921	3,172	–
Converting notes	12	5,648	5,524	5,399
Finance lease liability		90	–	–
Provisions	13	2,433	896	919
		<b>36,092</b>	9,592	6,318
<b>Current liabilities</b>				
Trade and other payables	14	4,389	2,558	642
		<b>40,481</b>	12,150	6,960
<b>Total liabilities</b>				
		<b>123,635</b>	97,913	58,128

The notes on page 15 to 27 form part of the interim financial statements.

# Consolidated statement of profit or loss and other comprehensive income

	Notes	Group	
		Unaudited half year to 31 Dec 2013 A\$'000	Unaudited half year to 31 Dec 2012 A\$'000
<b>All figures are stated in Australian Dollars</b>			
Operating expenses		(1,990)	(2,355)
Share based payment charge	10	–	(105)
<b>Operating loss</b>	15	<b>(1,990)</b>	(2,460)
Finance income	16	129	163
Foreign exchange (loss)/gain		(7)	6
Finance expenses	17	(497)	(459)
Share of operating loss of associated undertakings		–	(11)
<b>Loss before taxation for the period</b>		<b>(2,365)</b>	(2,761)
Taxation		–	–
<b>Loss after taxation for the period</b>		<b>(2,365)</b>	(2,761)
<b>Other comprehensive expenses:</b>			
Items that will be reclassified to profit or loss:			
Exchange differences on translating foreign operations		(244)	(525)
<b>Total comprehensive loss for the period</b>		<b>(2,609)</b>	(3,286)
<b>Loss for the period attributable to:</b>			
Owners of the parent		(2,343)	(2,687)
Non-controlling interest		(22)	(74)
		<b>(2,365)</b>	(2,761)
<b>Total comprehensive loss attributable to:</b>			
Owners of the parent		(2,587)	(3,212)
Non-controlling interest		(22)	(74)
		<b>(2,609)</b>	(3,286)
<b>Loss per share (cents)</b>			
Basic and diluted loss per share	21	(0.73)	(1.21)

The notes on page 15 to 27 form part of the interim financial statements

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# Consolidated statement of changes in equity

All figures are stated in Australian Dollars

	Share capital A\$'000	Share premium A\$'000	Total share capital A\$'000	Foreign currency translation reserve A\$'000
<b>Period from 1 July 2013 to 31 December 2013 – Unaudited</b>				
<b>Balance at 1 July 2013</b>	<b>26,054</b>	<b>41,792</b>	<b>67,846</b>	<b>1,824</b>
Loss for the period	–	–	–	–
Transfer between reserves	–	–	–	–
Other comprehensive loss	–	–	–	(244)
<b>At 31 December 2013</b>	<b>26,054</b>	<b>41,792</b>	<b>67,846</b>	<b>1,580</b>
<b>Period from 1 July 2012 to 31 December 2012 – Unaudited</b>				
<b>Balance at 1 July 2012</b>	<b>17,534</b>	<b>35,358</b>	<b>52,892</b>	<b>2,165</b>
Loss for the period	–	–	–	–
Issue of shares	8,520	6,366	14,886	–
Share based payment	–	–	–	–
Transfer between reserves	–	–	–	–
Other comprehensive loss	–	–	–	(525)
<b>At 31 December 2012</b>	<b>26,054</b>	<b>41,724</b>	<b>67,778</b>	<b>1,640</b>
Notes	8	8	8	9

The notes on page 15 to 27 form part of the interim financial statements

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Capital contribution reserve A\$'000	Share based payment reserve A\$'000	Total reserves A\$'000	Retained deficit A\$'000	Total attributable to holders of the group A\$'000	Non-controlling interest A\$'000	Total equity A\$'000
<b>2,053</b>	<b>6,298</b>	<b>10,175</b>	<b>(19,899)</b>	<b>58,122</b>	<b>27,641</b>	<b>85,763</b>
-	-	-	(2,343)	(2,343)	(22)	(2,365)
-	(546)	(546)	546	-	-	-
-	-	(244)	-	(244)	-	(244)
<b>2,053</b>	<b>5,752</b>	<b>9,385</b>	<b>(21,696)</b>	<b>55,535</b>	<b>27,619</b>	<b>83,154</b>
	<b>6,128</b>	<b>8,293</b>	<b>(26,695)</b>	<b>34,490</b>	<b>4,973</b>	<b>39,463</b>
	-	-	(2,687)	(2,687)	(74)	(2,761)
	-	-	-	14,886	-	14,886
	105	105	-	105	-	105
	(170)	(170)	170	-	-	-
	-	(525)	-	(525)	-	(525)
	<b>6,063</b>	<b>7,703</b>	<b>(29,212)</b>	<b>46,269</b>	<b>4,899</b>	<b>51,168</b>
	10		9			

# Consolidated statement of cash flows

	Notes	Group	
		Unaudited half year to 31 Dec 2013 A\$'000	Unaudited half year to 31 Dec 2012 A\$'000
<b>All figures are stated in Australian Dollars</b>			
<b>Cash flows from operating activities</b>			
Cash used in operations	18	(2,369)	(2,501)
Interest income		129	163
Finance expenses		(373)	(167)
<b>Net cash from operating activities</b>		<b>(2,613)</b>	<b>(2,505)</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	3	(22,442)	–
Acquisition of other intangible assets	4	(465)	(1,741)
Investment in associated undertakings		–	(1,183)
Movement in restricted cash		(283)	–
<b>Net cash from investing activities</b>		<b>(23,190)</b>	<b>(2,924)</b>
<b>Cash flows from financing activities</b>			
Proceeds on share issue, net of share issue expenses	8	–	14,719
Proceeds from RMB finance facility		24,248	–
<b>Net cash from financing activities</b>		<b>24,248</b>	<b>14,719</b>
<b>Total cash movement for the interim period</b>			
Cash at the beginning of the period		5,487	7,869
Effect of exchange rate movement on cash balances		(262)	(435)
<b>Total unrestricted cash and cash equivalents at end of the interim period</b>	7	<b>3,670</b>	<b>16,724</b>
Restricted cash	7	2,238	957
<b>Total cash</b>	7	<b>5,908</b>	<b>17,681</b>

The notes on pages 15 to 27 form part of the interim financial statements

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# Notes to the half year unaudited consolidated financial statements

## 1. Significant accounting policies

### *General Information*

The Company is domiciled in the UK. The address of the registered office is One America Square, Crosswall, London EC3N 2SG. The registered number of the Company is 4482856.

### *Basis of preparation*

The condensed consolidated interim financial information has been prepared using the accounting policies applied by the Company in its 30 June 2013 annual report which are in accordance with the framework concepts and the recognition and measurement criteria of the International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board ("IASB") as adopted for use in the EU ("IFRS"), the presentation and disclosure requirements of IAS 34: *Interim Financial Reporting*, and except as noted below:

- During the current interim period the Company commenced capitalisation of interest on borrowings relating to the financing of major capital projects under construction during the construction phase as part of the cost of the project. Such borrowing costs are capitalised over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalisation ceases when construction is interrupted for an extended period or when the asset is substantially complete. Other borrowing costs are expensed as incurred; and
- The current and non-current financial assets and financial liabilities' carrying values equal their fair values as presented in these condensed consolidated interim financial information.

The condensed consolidated interim financial information are prepared in accordance with the going concern basis as modified by the fair value accounting of certain assets and liabilities where required or permitted under the recognition and measurement criteria of the International Financial Reporting Standards. This condensed consolidated interim financial report does not include all notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2013 and any public announcements by Universal Coal Plc.

The condensed interim financial information for the period 1 July 2013 to 31 December 2013 is unaudited. In the opinion of the Directors, the condensed interim financial information for the period presents fairly the financial position, result from operations and cash flows for the period in conformity with IFRS generally accepted accounting principles consistently applied. The condensed interim financial information incorporates comparative figures for the interim periods to 30 June 2013 and 31 December 2012 for the consolidated statement of financial position, the interim period from 1 July 2012 to 31 December 2012 for the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of cash flows and the interim period from 1 July 2012 to 31 December 2012 for the consolidated statement of changes in equity. The financial information for the year ended 30 June 2013 contained in this interim report does not constitute statutory accounts as defined by section 435 of

the Companies Act, 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498(2) – (3) of the Companies Act, 2006.

### 1.1 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

## 2. Segmental report

All investments in associates and subsidiaries operate in one geographical location being South Africa, and are organised into one business unit from which the Group's expenses are incurred and future revenues are expected to be earned, being for the exploration for and extraction of coal and production of coal. The segments have similar economic characteristics and are therefore aggregated in accordance with IFRS 8. The reporting on these investments to the Chief Operating Decision Makers, the Board of Directors, focuses on the use of the profit and loss and capitalisation of the coal projects.

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.

	Indirect Interest in Exploration and development of coal A\$'000	Corporate (Unallocated) A\$'000	Total A\$'000
<b>For the half year to 31 December 2013</b>			
Operating expenses (excluding share based payments)	(56)	(1,934)	(1,990)
Foreign exchange loss	–	(7)	(7)
Net finance cost	–	(368)	(368)
Loss before and after taxation	(56)	(2,309)	(2,365)
Total non-current assets	112,029	137	112,166
Total assets	117,502	6,133	123,635
Total liabilities	(34,335)	(6,146)	(40,481)

	Indirect Interest in Exploration and development of coal A\$'000	Corporate (Unallocated) A\$'000	Total A\$'000
<b>For the half year to 31 December 2012</b>			
Operating expenses (excluding share based payments)	–	(95)	(95)
Admin expenses (excluding share based payments)	(40)	(2,220)	(2,260)
Share based payments expense	–	(105)	(105)
Share of operating loss of associated undertakings	(11)	–	(11)
Foreign exchange gain	–	6	6
Finance income	–	163	163
Finance expense	–	(459)	(459)
Loss before and after taxation	(51)	(2,710)	(2,761)
Total non-current assets	38,004	124	38,128
Total assets	40,400	17,728	58,128
Total liabilities	(1,202)	(5,758)	(6,960)

### 3. Property, plant and equipment

Group	31 Dec 2013			30 Jun 2013		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
Mineral properties	4,062	–	4,062	4,053	–	4,053
Development and production assets	7,016	–	7,016	7,016	–	7,016
Furniture and fixtures	42	(19)	23	39	(16)	23
Motor vehicles	130	(16)	114	–	–	–
Computer equipment	67	(32)	35	58	(25)	33
Capital work in progress	36,291	–	36,291	11,929	–	11,929
Total	47,608	(67)	47,541	23,095	(41)	23,054

\* Capital work in progress relates to development costs relating to Kangala Colliery.

#### Reconciliation of property, plant and equipment – Group – 31 December 2013

	Opening balance	Additions	Depreciation	Total
	A\$'000	A\$'000	A\$'000	A\$'000
Mineral properties	4,053	9	–	4,062
Development and production assets	7,016	–	–	7,016
Furniture and fixtures	23	3	(3)	23
Motor vehicles	–	130	(16)	114
Computer equipment	33	9	(7)	35
Capital work in progress	11,929	24,362	–	36,291
	23,054	24,513	(26)	47,541

#### Reconciliation of property, plant and equipment – Group – 30 June 2013

	Opening balance	Additions	Transfers	Depreciation	Total
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
Mineral properties	–	4,053	–	–	4,053
Plant and machinery	–	–	7,016	–	7,016
Furniture and fixtures	23	8	–	(8)	23
Computer equipment	25	20	–	(12)	33
Capital work in progress	118	11,811	–	–	11,929
	166	15,892	7,016	(20)	23,054

#### Details of mineral properties

	31 Dec 2013	30 Jun 2013
	A\$'000	A\$'000
Portion 1 of farm Wolvenfontein, 244 IR	4,053	4,053

## 4. Intangible assets

Group	31 Dec 2013			30 Jun 2013		
	Cost A\$'000	Accumulated depreciation A\$'000	Carrying value A\$'000	Cost A\$'000	Accumulated depreciation A\$'000	Carrying value A\$'000
<b>Mining and Prospecting Rights (held by:)</b>						
Universal Coal Development I (Pty) Ltd	1,202	–	1,202	1,202	–	1,202
Universal Coal Development II (Pty) Ltd	37,075	–	37,075	36,970	–	36,970
Universal Coal Development III (Pty) Ltd	12,236	–	12,236	12,215	–	12,215
Universal Coal Development IV (Pty) Ltd	9,949	–	9,949	9,808	–	9,808
Universal Coal Development V (Pty) Ltd	4,079	–	4,079	4,079	–	4,079
<b>Other intangible assets</b>						
Computer software	167	(88)	79	121	(64)	57
<b>Total</b>	<b>64,708</b>	<b>(88)</b>	<b>64,620</b>	<b>64,395</b>	<b>(64)</b>	<b>64,331</b>

### Reconciliation of intangible assets – Group – 31 December 2013

	Opening balance A\$'000	Additions A\$'000	Amortisation A\$'000	Total A\$'000
<b>Mining and prospecting rights</b>				
Universal Coal Development I (Pty) Ltd	1,202	–	–	1,202
Universal Coal Development II (Pty) Ltd	36,970	105	–	37,075
Universal Coal Development III (Pty) Ltd	12,215	21	–	12,236
Universal Coal Development IV (Pty) Ltd	9,808	141	–	9,949
Universal Coal Development V (Pty) Ltd	4,079	–	–	4,079
<b>Other intangible assets</b>				
Computer software	57	46	(24)	79
	<b>64,331</b>	<b>313</b>	<b>(24)</b>	<b>64,620</b>

### Reconciliation of intangible assets – Group – 30 June 2013

	Opening balance A\$'000	Additions A\$'000	Disposals A\$'000	Transfers to property, plant and equipment A\$'000	Acquired through business combinations A\$'000	Foreign Exchange movements A\$'000	Amor- tisation A\$'000	Total A\$'000
<b>Mining and prospecting rights</b>								
Universal Coal Development I (Pty) Ltd	8,024	194	–	(7,016)	–	–	–	1,202
Universal Coal Development II (Pty) Ltd	–	–	–	–	36,517	453	–	36,970
Universal Coal Development III (Pty) Ltd	11,709	506	–	–	–	–	–	12,215
Universal Coal Development IV (Pty) Ltd	–	–	–	–	9,448	360	–	9,808

	Opening balance A\$'000	Additions A\$'000	Disposals A\$'000	Transfers to property, plant and equipment A\$'000	Acquired through Business combinations A\$'000	Foreign Exchange movements A\$'000	Amor- tisation A\$'000	Total A\$'000
<b>Mining and prospecting rights</b>								
Universal Coal Development V (Pty) Ltd	-	-	-	-	4,041	38	-	4,079
Other Intangible Assets								
Computer software	66	60	(19)	-	-	-	(50)	57
	19,799	760	(19)	(7,016)	50,006	851	(50)	64,331

**Supplementary information on intangible assets**

The following detailed schedule provides additional information pertaining specifically to the interests held by Universal Coal Plc in the identifiable Mining Rights (MR) and Prospecting Rights (PR) as at 31 December 2013:

Project and entity	Asset	Registration number	Permit number	Interest (%)	Licence expiry date	Renewal submitted	Area (ha)
Kangala Project: Universal Coal Development I (Pty) Ltd	Middelbult 235 IR, Portions 40 & 82	588/2006 PR	MP30/5/1/1/641 PR	70.5%	06/11/2011	12/08/2011	942
Kangala Project: Universal Coal Development I (Pty) Ltd	Wolvenfontein 244 IR, Portion 1 and RE of Portion 2#	48/2013 PR	MP30/5/1/2/2/429 MR	70.5%	02/05/2032	-	951
Kangala Project: Universal Coal Development I (Pty) Ltd	Modderfontein 236 IR, Portion 1	93/2007 PR	MP30/5/1/1/2/639 PR	70.5%	06/11/2011	15/08/2011	127
Berenice and Somerville Project: Universal Coal Development II (Pty) Ltd	Berenice and Somerville Projects, several farms	342/2009 PR	LP30/5/1/1/2/376 PR	50%	19/03/2016	-	39,484
Brakfontein Project: Universal Coal Development III (Pty) Ltd	Brakfontein 264 IR, Portions 6, 8, 9, 10, 20, 26, 30 and RE of 264 IR	245/2008 PR	MP30/5/1/1/2/1879 PR	50.29%	09/07/2011	12/04/2011	879
Roodekop Project: Universal Coal Development IV (Pty) Ltd	Roodekop 63 IS IR, the whole farm	To be registered	MP30/5/1/1/2/492 MR	74%	20 years from execution	-	860
Cygnus Project: Universal Coal Development V (Pty) Ltd	Cygnus Project	227/2008 PR	LP30/5/1/1/2/1276 PR	50%	06/05/2013	25/02/2013	12,299
Donkin Project: Universal Coal Development VI (Pty) Ltd	Donkin Project	16/2010 PR	LP30/5/1/1/2/2074 PR	15%	08/12/2014	-	1,178

On review during the year, the Directors have noted no circumstances which would suggest that at this time any impairment is necessary given the preliminary results on surveys obtained to date. The situation will be closely monitored and adjustments made in future periods if there are indications that the assets held are not recoverable.



## 5. Investments in associated undertakings

Name of company	% holding 31 Dec 2013	% holding 30 Jun 2013	Carrying amount	Carrying amount
			31 Dec 2013 A\$'000	30 Jun 2013 A\$'000
Universal Coal Development VI (Pty) Ltd ("UCDVI")	15.00	15.00	5	5

### Universal Coal Development VI (Pty) Ltd

There was no change in the Group's ownership percentage in the half year under review.

The associated undertakings at 31 December 2013 were:

	UCD VI A\$'000
Country of incorporation:	South Africa
Class of share:	Ordinary
Proportion held of the ordinary shares:	15%
Reconciliation of movements for the period	
Balance at beginning of period	5
<b>TOTAL CARRYING VALUE AT THE END OF THE YEAR</b>	<b>5</b>

The associated undertakings at 30 June 2013 were:

	UCD VI A\$'000
Country of incorporation:	South Africa
Class of share:	Ordinary
Proportion held of the ordinary shares:	15%
Reconciliation of movements for the 2013 year	
Balance at beginning of period	6
Share of loss of associated undertaking	(1)
<b>TOTAL CARRYING VALUE AT THE END OF THE YEAR</b>	<b>5</b>

### Financial information of Associated Undertakings

All the associated undertakings have prepared unaudited interim financial statements for the period ended 31 December 2013 and audited interim financial statements for the year ended 30 June 2013. Associated undertakings are accounted for in Universal Coal Plc using the equity method of accounting.

### Associates with less than 20% holding

Universal Coal & Energy Holdings South Africa (Pty) Ltd exercises significant influence over the entities above as it has significant operating influence, or has authority to influence the policies and procedures of the company.

## 6. Trade and other receivables

	Group	
	31 Dec 2013 A\$'000	30 Jun 2013 A\$'000
Trade receivables	91	74
Prepayments	1,345	1,495
Deposits	10	9
Value added taxation	1,915	1,168
Land rehabilitation guarantee	1,537	–
Loan – Xakwa Investments	337	335
Diesel rebate receivable	326	–
	<b>5,561</b>	<b>3,081</b>

### Prepayments: Universal Coal Development VII (Pty) Ltd

On 19 April 2012, Universal Coal & Energy Holdings South Africa (Pty) Ltd acquired 1 (one) ordinary share (50%) of Universal Coal Development VII (Pty) Ltd, a special purpose entity formed with the intention of acquiring additional prospecting rights in South Africa. The contribution of A\$ 1,327,197 continues to be treated as a prepayment as certain conditions precedent still have to be concluded.

## 7. Cash and cash equivalents (including restricted amounts)

Cash and cash equivalents consist of:

	Group	
	31 Dec 2013 A\$'000	30 Jun 2013 A\$'000
Bank balances	397	2,318
Fixed term deposits	3,273	3,169
Restricted cash	2,238	1,955
	<b>5,908</b>	<b>7,442</b>

### Restricted cash and cash equivalents

Restricted cash and cash equivalents consist of standby equity and financial guarantees.

	Group	
	31 Dec 2013 A\$'000	30 Jun 2013 A\$'000
Financial guarantees	579	293
Standby equity account	1,659	1,662
	<b>2,238</b>	<b>1,955</b>

The standby equity account relates to a reserve cash account that is earmarked for possible Kangala capital project cost overruns.

### Financial guarantees

Certain financial guarantees have been entered into by Universal Coal and Energy Holdings South Africa (Pty) Ltd in relation to rehabilitation guarantees and are secured against a cash at bank balance of A\$ 579 455.

### A summary of the guarantees is below:

	Group	
	31 Dec 2013 A\$'000	30 Jun 2013 A\$'000
Department of Minerals and Energy	579	293



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## 8. Share capital

### Authorised:

Number	Class	Nominal value 31 December 2013 £	Nominal value 30 June 2013 £
500,000,000	Ordinary	0.05	0.05

### Allotted, issued and fully paid:

Number	Class	Nominal value £	31 Dec 2013 A\$'000	30 Jun 2013 A\$'000
31 December 2013: 319,575,447	Ordinary	0.05	26,054	
30 June 2013: 319,575,447	Ordinary	0.05		26,054

### Reconciliation of share capital:

	Group	
	31 Dec 2013 A\$'000	30 Jun 2013 A\$'000
Opening balance	26,054	17,534
Issue of shares	–	8,520
<b>Closing balance</b>	<b>26,054</b>	<b>26,054</b>

### Reconciliation of share premium:

	Group	
	31 Dec 2013 A\$'000	30 Jun 2013 A\$'000
Opening balance	41,792	35,358
Issue of shares	–	7,239
Share issue costs	–	(805)
<b>Closing balance</b>	<b>41,792</b>	<b>41,792</b>

Significant changes in the share capital of the Group for the half year ended 31 December 2013 were as follows:

Shares	Date	Number of shares issued	Cumulative shares issued
Opening balance	1 July 2013	–	319,575,447

Significant changes in the share capital of the Group for the financial year ended 30 June 2013 were as follows:

Shares	Date	Number of shares issued	Cumulative shares issued
Opening balance	1 July 2012	–	209,684,554
Issue of shares	2 July 2012	343,431	210,027,985
Issue of shares	13 August 2012	12,264,521	222,292,506
Issue of shares	2 October 2012	1,442,265	223,734,771
Issue of shares	31 December 2012	95,840,676	319,575,447



## 9. Reserves

Share capital relates to the nominal value of the shares issued. The share premium relates to the excess of consideration paid over the nominal value of the shares after deducting related expenses.

The foreign currency translation reserve relates to the foreign exchange effect of the retranslation of the Group's overseas subsidiaries on consolidation into the Group's interim financial statements.

The share based payment reserve holds the equity element of the share option transactions adjusted for transfer on exercise, cancellation or expiry of options.

The retained deficit reserve is the cumulative net losses recognised in the statement of comprehensive income adjusted for transfer on exercise, cancellation or expiry of options from the share option reserve.

Non-controlling interest is the non-controlling shareholders' interest in the net assets of the group.

## 10. Share based payments

The Company has share based payment arrangements relating to share options granted, which are as below:

31 December 2013 Grant date	Expiry date	Exercise price	Number issued	Outstanding 31 Dec 2013
09/12/2010	09/12/2015	A\$ 0.26	490,617	490,617
09/12/2010	09/12/2015	A\$ 0.20	3,800,000	3,800,000
09/12/2010	09/12/2015	A\$ 0.39	5,200,000	5,200,000
09/12/2010	09/12/2015	A\$ 0.26	4,618,000	4,618,000
09/12/2010	24/11/2015	A\$ 0.26	3,007,110	3,007,110
09/12/2010	03/11/2015	A\$ 0.34	3,200,000	3,200,000
09/01/2012	15/03/2014	A\$ 0.40	7,999,998	7,999,998
22/06/2012	31/12/2014	A\$ 0.40	500,000	500,000
04/06/2012	03/06/2017	A\$ 0.263	16,855,736	16,855,736
04/06/2012	03/06/2017	A\$ 0.275	5,618,579	5,618,579
01/04/2013	01/04/2018	A\$ 0.26	3,300,001	3,300,001
<b>TOTAL</b>			<b>54,590,041</b>	<b>54,590,041</b>

30 June 2013 Grant date	Expiry date	Exercise price	Number issued	Outstanding 30 Jun 2013
09/12/2010	09/12/2015	A\$ 0.26	490,617	490,617
09/12/2010	09/12/2015	A\$ 0.20	3,800,000	3,800,000
09/12/2010	09/12/2015	A\$ 0.39	5,200,000	5,200,000
09/12/2010	03/11/2015	A\$ 0.26	4,618,000	4,618,000
09/12/2010	31/12/2013	A\$ 0.26	1,972,180	1,972,180
09/12/2010	31/12/2013	A\$ 0.286	1,972,180	1,972,180
09/12/2010	31/12/2013	A\$ 0.312	986,090	986,090
09/12/2010	24/11/2015	A\$ 0.26	3,007,110	3,007,110
09/12/2010	03/11/2015	A\$ 0.34	3,200,000	3,200,000
09/01/2012	15/03/2014	A\$ 0.40	7,999,998	7,999,998
22/06/2012	31/12/2014	A\$ 0.40	500,000	500,000
04/06/2012	03/06/2017	A\$ 0.263	16,855,736	16,855,736
04/06/2012	03/06/2017	A\$ 0.275	5,618,579	5,618,579
01/04/2013	01/04/2018	A\$ 0.26	3,300,001	3,300,001
<b>TOTAL</b>			<b>59,520,491</b>	<b>59,520,491</b>

The fair value of the share-based payment is based upon the Black-Scholes formula, a commonly used option pricing model. The calculation of volatility used in the model is based upon an average of market prices against current market prices of listed companies operating in the mining industry.

All options are equity settled and it has been assumed that all options will vest.

Share based payments represent the value of unexercised share options to employees. The charge for share options in the period amounted to A\$ nil (30 June 2013: A\$ 339,485).

## 11. Long-term loans

	Group	
	31 Dec 2013 A\$'000	30 Jun 2013 A\$'000
<b>Shareholders' loans</b>		
Mountain Rush Trading 6 (Pty) Ltd	3,172	3,172
The Mountain Rush Trading loan is unsecured, bears no interest and has no fixed repayment terms.		
<b>Finance facilities</b>		
RMB Kangala Project Finance Facility	24,749	–
Total long term loans	27,921	3,172

### RMB Kangala Project Finance Facility

Universal Coal, through its 100% owned subsidiary Universal Coal and Energy Holdings South Africa (Pty) Ltd (UCEHSA) entered into a secured funding agreement with FirstRand Bank Limited, acting through its Rand Merchant Bank division for a project financing facility with a maximum commitment value of A\$ 33,2 million (ZAR 300 million). These funds will be on-lent to a 70.5% subsidiary Universal Coal Development I (Pty) Ltd (UCDI) through means of an intercompany loan agreement for the purposes of developing the Kangala Mine.

As security, UCEHSA has pledged its shares in UCDI together with any claims and loans to UCDI and UCDI has ceded its right, title and interest to the Project Accounts, Insurances, Intellectual Property, Investments and any claims against third parties. The Kangala Project Financing Facility attracts an interest rate of Johannesburg Interbank Agreed Rate (JIBAR) plus 4.95% pre-completion and JIBAR plus 4.25% post completion. The Kangala Project Financing Facility is to be repaid in 18 (eighteen) equal quarterly instalments commencing on 31 January 2015 and any interest incurred on the outstanding loan balance will be capitalised in line with IAS 23: Borrowing Costs.

## 12. Converting notes

	Group	
	31 Dec 2013 A\$'000	30 Jun 2013 A\$'000
Opening balance	5,524	5,315
Accrued interest paid	–	(41)
Amortised financing costs	124	250
	5,648	5,524

## 13. Provisions

### Reconciliation of provisions – Group – 31 December 2013

	Opening balance A\$'000	Additions A\$'000	Total A\$'000
Rehabilitation provision	896	1,537	2,433

### Reconciliation of provisions – Group – 30 June 2013

Rehabilitation provision	–	896	896
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The effects of discounting are considered negligible and have not been taken into account in the rehabilitation provision presented.

## 14. Trade and other payables

	Group	
	31 Dec 2013 A\$'000	31 Dec 2012 A\$'000
Trade payables	3,763	2,316
Other accrued expenses	626	242
	<b>4,389</b>	2,558

## 15. Operating loss

Operating loss for the period is stated after accounting for the following:

	31 Dec 2013 A\$'000	31 Dec 2012 A\$'000
Remuneration receivable by the Company's auditor or an associate of the Company's auditor	110	83
Depreciation on property, plant and equipment	26	7
Depreciation on intangibles (software)	24	25
Employee costs	821	829
Financial advisory fees	–	256
Share based payments	–	105

## 16. Finance income

	31 Dec 2013 A\$'000	31 Dec 2012 A\$'000
Bank and fixed deposit interest	129	163

## 17. Finance expenses

	31 Dec 2013 A\$'000	31 Dec 2012 A\$'000
Converting notes	(497)	(459)

## 18. Cash used in operations

	Group	
	31 Dec 2013 A\$'000	31 Dec 2012 A\$'000
Loss before taxation	(2,365)	(2,761)
<b>Adjustments for:</b>		
Depreciation and amortisation	50	32
Share of operating loss of associated undertakings	–	11
Finance income	(129)	(163)
Finance expenses	497	459
Foreign exchange loss/(gain)	7	(6)
Share based payments	–	105
Amortised finance expenses	–	(125)
Movement in provisions	1,537	919
<b>Changes in working capital:</b>		
Trade and other receivables	(2,481)	(667)
Trade and other payables	515	305
	<b>(2,369)</b>	(2,501)

## 19. Significant non-cash transactions

	Group	
	31 Dec 2013 A\$'000	31 Dec 2012 A\$'000
<b>Operating activities</b>		
Depreciation and amortisation	50	32
Share of loss of associated undertakings	–	11
Share based payment transactions	–	105
	<b>50</b>	<b>148</b>
<b>Investment activities</b>		
Finance expenses capitalised	(603)	–
Purchase of tangible assets	(1,468)	–
Purchase of intangible assets	152	–
	<b>(1,919)</b>	<b>–</b>
<b>Financing activities</b>		
Non-cash interest on financing activities	125	292

## 20. Related parties

### Related party transactions and balances

	Group	
	31 Dec 2013 A\$'000	31 Dec 2012 A\$'000
<b>Fees paid to related parties</b>		
Ofhani Phaswana	47	35
African Minerals Exploration and Development GP SARL	77	–
<b>Rent paid to related parties</b>		
KEE Enterprises (Pty) Ltd	39	32
<b>Loan from related party</b>		
Mountain Rush Trading 6 (Pty) Ltd	3,172	3,172
<b>Loan to related party</b>		
Xakwa Investments	337	335

A consultancy agreement was entered into with a Ofhani Phaswana, a director of Bono Lithihi Investments Group (Pty) Ltd on 1 September 2013 for facilitation services in the mining sector in South Africa and to represent Universal Coal Plc as a "Black-Economic-Empowerment" partner. Monthly fees of A\$ 11,000 are payable, the last of which will be settled on 31 August 2014.

## 21. Loss per share

	31 Dec 2013 A\$	31 Dec 2012 A\$
<b>Numerator</b>		
<b>Loss used in basic and diluted loss per share</b>	<b>(2,342,709)</b>	(2,686,959)
<b>Denominator</b>		
Weighted average number of shares used in basic and diluted loss per share	<b>319,575,447</b>	221,641,572

All share options have not been included in the calculation of diluted EPS/LPS because they are out of the money. The total number of options issued is disclosed in note 10.

## 22. Events subsequent to reporting period

### *Acquisition of New Clydesdale Colliery*

On 31 January 2014, Universal Coal Plc entered into a binding sale of assets agreement with Exxaro Resources Limited to acquire all the assets and assume certain liabilities of the New Clydesdale Colliery ("NCC"), located adjacent to the Universal Coal's Roodekop deposit in the Witbank coalfield. The transaction remains subject to the fulfilment, or to the extent possible, the waiver of suspensive conditions of transactions of this nature such as Competition Commission approval and Ministerial consent in terms of section 11 of the Mineral Resources and Petroleum Development Act, 28 of 2002 (as amended) ("MPRDA").

### *Issue of shares to director*

On 28 November 2013, a Revival, Reinstatement and Amendment Agreement was entered into between Universal Coal Plc, Universal Coal Development II (Pty) Ltd and Mr Shammy Luvhengo, an Executive Director of the Company. On 17 December 2013 at the Company's Annual General Meeting, a resolution was approved by the Members to compensate Mr Luvhengo in the amount of £220,000 and Mr Luvhengo would immediately thereafter subscribe for 2.2 million ordinary shares/CDIs in the Company at an issue price of A\$0.17. On 9 January 2014, the Board resolved that the condition precedent had been fulfilled and on 14 January 2014 and the Company settled the £220,000 due to Mr Luvhengo and Mr Luvhengo immediately thereafter subscribed for 2.2 million ordinary shares at an equivalent issue price of A\$0.17 per share.

### *Issue of convertible loan notes and warrants*

On 24 January 2014 at a meeting of the Members of Universal Coal Plc, approval was granted for the issuance of 3,250,000 unsecured zero interest convertible loan notes of A\$1.00 each and 19,500,000 warrants to subscribe for Ordinary Shares at A\$0.23 each to a related party of the Company. Coal Development Holding B.V. (CDH) holds 29.99% of the shares in the Company and has appointed two Directors to the Board of the Company. While CDH is not defined as a related party under the ASX Listing Rules, in light of CDH's cornerstone investment in the Company and its position as a substantial shareholder of the Company, the Directors, in the interests of good governance sought shareholder approval under ASX Listing Rule 10.11 for the issue of convertible loan notes and warrants to CDH.

## 23. Going concern

The accounts have been prepared on the going concern basis. At the period-end the Group had A\$ 3,669,680 (2012: A\$ 17,681,028) of unrestricted cash reserves. As disclosed in note 22 to the financial statements the Group raised \$3.25 million post 31 December 2013 through the issuance of convertible loan notes. The funds raised have been used to fund working capital and to provide a non-refundable cash backed guarantee on the New Clydesdale Colliery ("NCC") acquisition. Despite this additional fund raise, cash flow projections show that in order for the Group to meet its commitments, debts and operating cashflow requirement in the short term, further funding will need to be raised through either an equity raise, additional debt financing or securing specific acquisition financing for the NCC acquisition which would result in the release of the cash backed guarantees. The going concern basis of preparation of the financial information is also reliant on the Group meeting the terms of the off-take arrangement on the Kangala Colliery and finalising the project on time and within budget. The Directors are confident that these milestones will be met and are satisfied that the interim financial statements should be prepared on a going concern basis.

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# Report of the independent auditor



BDO LLP  
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London W1U 7EU  
United Kingdom

## *Introduction*

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2013 which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows, the related explanatory notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

## *Directors' responsibilities*

The interim report, including the financial information contained therein, is the responsibility of and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the rules of the Australian Stock Exchange.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The condensed set of financial statements as included in these half-yearly interim statements is prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

## *Our responsibility*

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Our report has been prepared in accordance with the terms of our engagement to assist the company in meeting the requirements of the rules of the Australian Stock Exchange and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

### Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2013 is not prepared, in all material respects, in accordance with the rules of the Australian Stock Exchange and International Accounting Standard 34, "Interim Financial Reporting" as adopted by the European Union.

### Emphasis of matter

In forming our conclusion on the condensed set of financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 23, concerning the Group's ability to continue as a going concern. In order for the Group to meet its commitments, debts and operating cashflow requirement in the short term, further funding will need to be raised through either an equity raise, additional debt financing or securing specific acquisition financing for the NCC acquisition which will result in the release of the cash backed guarantees. The going-concern basis of preparation is also reliant on the Group meeting the terms of the off-take arrangement on the Kangala Colliery and finalising the project on time and within budget. The above circumstances indicate the existence of a material uncertainty, which may cast significant doubt on the Group's ability to continue as a going concern. The condensed financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

BDO MP

**BDO LLP**

*Chartered Accountants and Registered Auditors*

*Location*

*United Kingdom*

Date: 14 March 2014

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