

14 July 2015


universal
coal plc

UNIVERSAL COAL ACHIEVES RECORD QUARTERLY EARNINGS AND CASH FLOW

Thousands of tonnes	Quarter Ended			YTD		
	Jun 2015	Mar 2015	Change	Jun 2015	Jun 2014	Change
ROM Coal Production	712	572	33%	2 359	633	272%
Domestic Sales	504	432	17%	1 627	375	334%
Export Sales	6	30	(81%)	53	-	100%
Total Coal Sales	509	462	10%	1 680	375	348%

HIGHLIGHTS

Operation

- Kangala achieving record production and sales tonnages
- Domestic sales increase 17% to 503 547 tonnes (previous quarter 432 195 tonnes)

Corporate

- Group net cash generated from operations of A\$8.5 million for the quarter
- Group EBITDA of a little more than A\$8* million for the quarter
- Unrestricted cash reserves increased from A\$2.5 million to A\$6.7 million quarter on quarter

Development

- Section 11 awarded for NCC allowing commencement of development activities
- Financing secured through corporate Investec Bank Limited facility

* subject to adjustment post the annual audit process

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Universal Coal exceeds quarterly targets

Universal Coal Plc (ASX:UNV) today reported record revenue and production results for the quarter ending 30 June 2015, well above initial targets. At an estimated A\$28 million annualised, the company's Group half-yearly EBITDA is projected to be nearly double its original forecast for the period.

Universal's first operation, Kangala Mine, reached steady-state production in the first quarter of 2015 and produced 1.7 million tonnes of saleable coal for FY2015. Its second operation, the New Clydesdale Colliery (NCC), is on track to begin production by the end of 2015. From being an explorer with a resource base of less than 300 million tonnes of coal in 2010, Universal has grown to become a cashflow positive producer with a 2 billion tonne total resource inventory poised to double production by the end of 2016.

"In April 2015, the company obtained a senior secured debt finance facility of A\$55 million (ZAR525 million) from Investec Bank Limited, enabling us to fund the final phase of capital development at NCC," says CEO, Tony Weber. "At full capacity, the new colliery will produce two million tonnes of coal per annum at the lowest costs quartile for high-end domestic markets."

Long-term Coal Sales Agreements (CSA) are currently being negotiated with both power and metallurgical off-takers for the use of coal from NCC which, with JORC reserves of 40.8 million tonnes and a JORC resource base of 165.4Mt, is expected to have a lifespan well in excess of 20 years.

Universal's new financing facility will also be used to refinance the debt component of the development capital for Kangala Mine. Since the mine has now reached steady-state production, existing project finance facilities are being replaced with more favourable and flexible corporate debt facilities.

"We are entering a new and exciting growth phase," added Weber. "Not only are we on track to double production by the end of next year, but having secured corporate debt financing on more favourable terms than project financing means that the company's net value will be significantly enhanced, demonstrating its ability to bring long-life, multi-product coal operations to full production."

Details of A\$55 million financing facility

Funds from the Investec debt financing facility will be drawn and applied as follows:

- Tranche A: This will be used to settle the current Kangala project finance facility of A\$30 million (ZAR285 million).
- Working Capital Facility: A facility of A\$2.6 million (ZAR25 million) will be made available to provide working capital for the Kangala Colliery and is anticipated to remain undrawn at this point in time.

- Tranche B: A final amount of A\$23 million (ZAR215 million) will be used to fund the balance of capital development activities at NCC.

Interest rates over the entire facility will be considerably reduced after the completion of the NCC project to three-month JIBAR plus a margin of 3.5% p.a. (current: 4.25% p.a.). Prior to completion, interest will be levied by Investec at three-month JIBAR plus a margin of 4% p.a. (historic: 4.95% p.a.).

Repayment of Tranche A will follow a quarterly cycle over twenty repayment periods, with interest being serviced simultaneously. The revolving working capital facility has a tenor of five years and must be repaid at the end of the period. Repayment of Tranche B will benefit from a repayment holiday for the first 12 months, and sixteen quarterly repayments will be made thereafter. Interest on this second tranche will be serviced quarterly following drawdown.

Financial close of the entire facility is anticipated to be completed by the end of July 2015 with drawdown on Tranche A to follow shortly thereafter and systematic drawdowns on Tranche B to follow over a 6 month period thereafter.

Security over the debt facility will be standard for a facility of this nature, and will involve first ranking security over assets, including bonds over movable, immovable, mining and surface rights. A project completion guarantee for NCC is also required from the parent company.

Section 11 approval granted for second operation

Subsequent to the end of the quarter, ministerial approval in terms of Section 11 of the Minerals and Petroleum Resources Development Act (No. 28 of 2002) for the transfer of the NCC mining right from Exxaro was granted, paving the way for the commissioning of the new operation by the end of the year.

First phase production at NCC will commence before the end of the year as a 2 Mtpa ROM open pit operation, with two products: power generation coal (suitable for Eskom), and a premium low phosphorous metallurgical coal.

Once the first phase at NCC is in full production, Universal will consider second phase development, which has the potential to add an additional 800ktpa ROM from underground sources for processing into the export market.

“Universal has been performing well above our projections,” says Weber. “We have a robust business model that buffers us against fluctuations in the price of commodities, and have proved our mettle by moving from exploration to full production within a period of just four years.”

Quarterly cash flow commentary

Quarterly Group cash flow was healthy with a net cash flow generated from operations of A\$8.5m on the back of record tonnage sales at the Kangala Colliery.

During the period, Universal Coal successfully completed its second repayment on the Kangala Project Financing Facility, repaid the outstanding balance on the Kangala Working Capital Facility and secured sufficient cash for the next project finance repayment due on 31 July 2015.

Cash flow requirements relating to development activities for the following quarter, as reflected under Section 4 of the attached Appendix 5B, will be covered by the Investec Bank Limited debt facility for NCC. The balance of which will be covered from existing cash reserves and cash receipts from customers.

Credit standby arrangements of A\$2.7m remain available for the Kangala operation to cover funding working capital requirement, should they arise. Currently these facilities have been fully repaid and are not expected to be utilised.

Sustainability

Growth has not been pursued at the cost of sustainability, with Universal Coal taking a long-term view of skills development in particular.

“Our aim goes beyond training staff for our own operations, but to transfer the kind of skills that can be used throughout the industry,” says Weber. “In this way, we hope to be able to address the issue of transformation on a broad basis.”

When Universal commenced mining operations in July 2013, recruiters found it extremely difficult to find staff with the appropriate mining skills. As a result, the company embarked on a programme to train up to one hundred residents from the Victor Khanye Local Municipality, in which Kangala Mine is based, within a year. The aim was to equip operators with a Mining Qualification Authority (MQA) qualification, which would enable them to find employment throughout the mining sector.

In the past quarter, the company has established its fifth production team from the graduates of this programme, and has employed eight dump truck operators through the local Community Skills Training Programme with a graduate trainee count of over 60 qualified operators to date.

Universal has also funded the building of the Nkangala FET Satellite College, in partnership with Department of Education, Exxaro Leeuwpán, the Department of Education and the Victor Khanye Local Municipality. The first students are expected to be able to enrol during Q2 2016.

Proactive environmental management

Universal Coal has a proactive approach to environmental management and, prior to commencing mining operations, all potential impacts are identified and environmental management plans (EMPs) are put into place. Clearly defined objectives and targets provide benchmarks against which to measure environmental impact and mitigation programmes.

Environmental monitoring reviews include inspections, risk assessments, internal and independent audits, and the processing and analyses of environmental data. These are conducted on a regular basis to assess the environmental impact of mining operations, and to review and adapt mitigation plans.

Summary

“In conclusion, we are excited by the performance of the last quarter and look forward to continuing the impressive production and sales results going forward. Our focus turns to the commissioning of our next operation, the New Clydesdale Colliery, which remains on track for first production by year-end,” added Weber.

“Of great significance is securing the funding on more favourable terms from Investec, as this will ultimately increase shareholder value. We trust that commissioning NCC on schedule and doubling production by 2016 will result in the Universal Coal share price reflecting its true value over the next year.

“In addition, we continue to support real transformation through meaningful skills transfer, while also making a tangible difference to communities in which we operate and maintaining a good track record when it comes to safety and environmental impact management.”

Operational Activities

Kangala Colliery

The Kangala Colliery continues to impress with ever increasing quarterly tonnages being mined, processed and sold to its customers. Quarterly and Annual operational performance is reflected in more detail below:

Operational Performance (tonnes)	Quarter Performance			Annual Performance			
	Quarter ended	% Change	Quarter ended	Total YTD	Previous Year	% Change	Total from SOP
	30-Jun-15		31 March 2015	30-Jun-15	30-Jun-14		
Run-of-mine (ROM) production							
Kangala Colliery	712,198	33%	536,527	2,358,743	633,384	272%	2,992,127
Total ROM production	712,198	33%	536,527	2,358,743	633,384	272%	2,992,127
Coal Bought-in							
Kangala Colliery	52,849	103%	26,000	61,849	0	100%	61,849
Total Coal Bought-In	52,849	103%	26,000	61,849	0	100%	61,849
Feed to plant							
Kangala Colliery	756,251	22%	621,565	2,350,411	429,933	447%	2,780,344
Total feed to plant	756,251	22%	621,565	2,350,411	429,933	447%	2,780,344
Plant Yields							
Kangala Colliery	72%	25%	57%	70%	100%	-30%	75%
Domestic sales	503,547	17%	432,195	1,627,139	375,333	334%	2,002,472
Export sales	5,671	-81%	29,761	53,160	0	100%	53,160
Total sales	509,218	10%	461,956	1,680,299	375,333	348%	2,055,632

Run-of-Mine (ROM)

The 712 198 ROM tonnes represents a significant improvement in excess of 33% from the previous quarter owing to transitioning to roll-over operations, improved mining fleet availability and better operational controls following the Section 54 stoppage experienced in the March 2015 quarter.

Our mining contractor has committed additional machinery to assist in improving ROM tonnages, particularly the addition of a new 120 tonne excavator as depicted below.



Domestic Product Sales

Domestic product sales were 17% above budget primarily due to increased customer demand, and is testament to the logistical and delivery improvements implemented by Universal Coal.

Export Product Sales

Only one export train was achievable in the quarter owing to the intermittent nature of the midseam quality coal over the Kangala coal reserve. The mine plan is indicating availability of the midseam coal in the following quarter and Universal is anticipating 4 export trains during this period.

Health, safety and environment

Universal Coal is deeply committed to health, safety and environmental issues, and continues to implement its strategy in this regard.

Local economic development and sustainability initiatives

In Q4 2014, Kangala Mine established a local community operators' skills training programme in collaboration with a Mining Qualification Authority-certified training institute. The mine has to date successfully trained over sixty local residents to become qualified operators on heavy mining machinery. Eight successful operators have been appointed as Articulate Dump Trucks operators for Kangala. The mine intends to train one hundred operators by the end of October 2015.

Construction of the Nkangala FET campus, which is a local economic development project, is nearing completion. Anticipated completion date is Q2 2016. The initiative is a joint venture between Universal

Coal, Exxaro's Leeuwan Coal Mine, the Department of Education and the Victor Khanye Local Municipality.

NCC

The following key development milestones for the quarter were achieved:

Bankable Feasibility Study

Universal Coal has completed the Bankable Feasibility Study, subject to pricing confirmation from the major customer, intended to be Eskom. Commercial negotiations are well advanced with finalisation of the pricing and commercial terms expected to be concluded forthwith and legal documents to follow.

Once in full production, the company will proceed with the second phase of the feasibility into the expansion of NCC by the potential of adding a further 800ktpa ROM from underground sources for processing into the Export markets.

Exploration Activities

No activity to report on.

Mine Development Funding

With the equity component of the transaction already having been committed, the debt funding solution has been secured through Investec Bank Limited on favourable terms to Universal Coal shareholders. Drawdown on the debt facility will be contingent on final coal supply and offtake negotiations being crystallised.

The debt funding will be utilised to cover contractor site establishment, boxcut development, infrastructure and Coal Handling and Preparation Plant (CHPP) upgrades.

Development Team

All key team personnel have been appointed.

Development Activities

The opencast tender process for the mining at Roodekop has been completed and a preferred contractor nominated. Contractual agreements are in the process of being drafted.

The tender process for the operation of the processing plant has been completed with a preferred contractor being nominated. Contractual agreements will be concluded during the following quarter.

On-site development activities await the award of a Coal Sales Agreement with Eskom.

Brakfontein – Thermal Coal

The company is focussing efforts on optimising the pre-feasibility study including investigating the case for utilising excess capacity at the nearby Kangala operation.

With the Mining Right in hand and having already secured the National Environmental Management Act (NEMA) authorisation, the project now only awaits the granting of the Integrated Water Use Licence (IWUL) before development activities can commence.

Berenice/Cygnus - Coking Coal

The company has commenced early discussions with a potential off-take party for the coal on this project.

Activities Planned for the September 2015 Quarter

- Conclude the NCC acquisition
- Conclude the offtake and Coal Sales Agreements for NCC
- Progress the conditions precedent on the Investec financing facility to enable Tranche A and Tranche B drawdowns
- Commence with the development at Roodekop and plant reconfiguration at NCC
- Appoint the processing plant contractor at NCC
- Release the 2015 annual financial report

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About Kangala Mine

Kangala Mine, which is situated in the Witbank coalfield in Mpumalanga, 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\$46.1 million, this operation is on track to supply an estimated average of 1.7 million tons to 2 million tons of saleable coal, with both costs and profit margins locked in.

Operating costs are optimised at a low A\$15 per ton over an initial eight year life of mine at Wolvenfontein.

The operation is being run on the historically proven outsourcing model, with Stefanutti Stocks Mining Services supplying both the mining fleet and skills set to run the initial eight-year Wolvenfontein pit, using a fleet of 60t trucks, 85t & 120t excavators and supporting equipment. The dual-circuit processing facility containing a 350tph crushing and screening circuit and the 320ph DMS washing plant is owned by the company, but the operation thereof will have been outsourced to Mineral Resource Development.

About New Clydesdale Colliery

NCC is located centrally on the southern margin of the Witbank coalfield, 30km south of Middelburg in Mpumalanga Province. The export-focussed project, comprising the New Clydesdale Colliery (NCC) and the contiguous Roodekop project, will be developed and operated as one complex taking advantage of the natural synergies in place.

NCC contains a 2004 and 2012 JORC-compliant coal resource of 165.4 Mt, of which 144.9 Mt is at a measured resource level and 3.6Mt at an indicated resource level. This is inclusive of an initial proved reserve of 40.8Mt, sufficient to support the installed 2.0Mtpa processing capacity at the colliery for the foreseeable future.

Project financing has been completed with the equity component being secured through international coal company IchorCoal NV and major shareholder Coal Development Holding BV and the debt component being supplied by Investec Bank Limited.

NCC is currently in development with production set to commence during the 2015 calendar year.

About Universal Coal

ASX-listed Universal Coal (ASX: UNV) is focused on becoming a leading mid-tier coal company with significant regional reach in southern Africa.

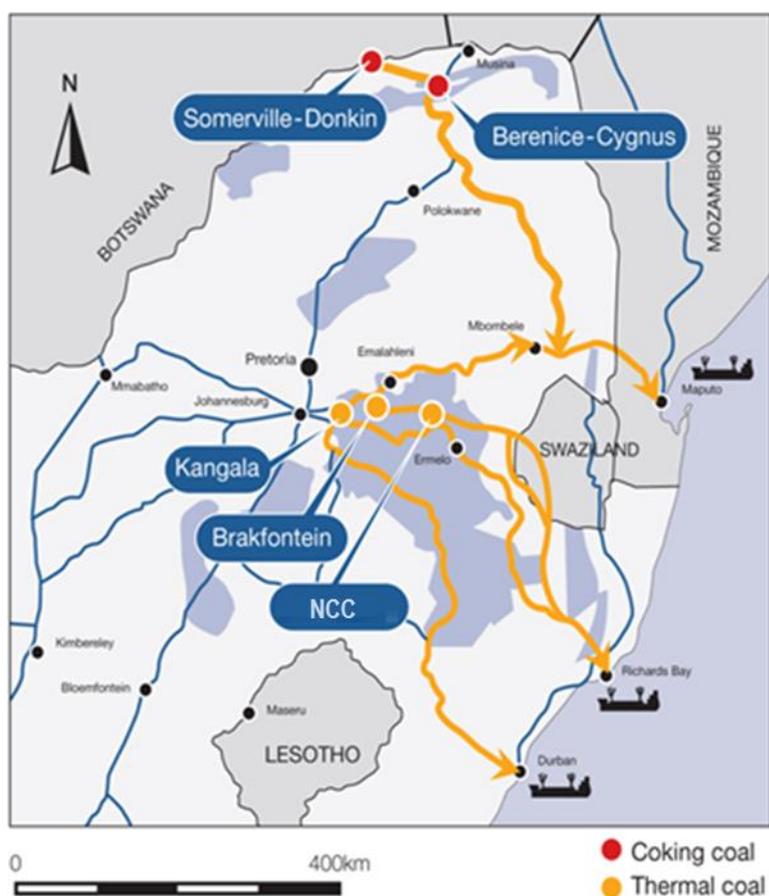
The company has a portfolio of producing, development and exploration assets located across South Africa's major coalfields.

Kangala Mine in the Witbank coalfield, Universal's first mine, commenced production in February 2014. Kangala produces an average of 1.7 million to 2 million tonnes of saleable thermal coal per annum, primarily for the domestic market.

The New Clydesdale Colliery (NCC) is currently being developed, fast-tracking the company's progress towards becoming a multi-mine producer.

Besides its thermal coal projects (including Brakfontein), the company has completed earn-in agreements over two coking coal projects (Berenice/Cygnus and Somerville) in the Soutpansberg coalfields.

The following map and schedule provides information pertaining specifically to the location and tenure of interests held by Universal Coal Plc in mining and prospecting rights in South Africa.



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Universal Coal Global Coal Resources/Reserve Summary

Project	Reserve		Resource				
	Proved Mt	Probable Mt	Measured Mt	Indicated Mt	Inferred Mt	Total Mt	Attributable to Universal Mt
Thermal Coal (Witbank)							
Kangala ¹	22.3	-	93.1	19.4	33.6	146.1	103.0
NCC ²	28.8	12.00	144.9	3.6	16.9	165.4	102.1
Brakfontein ³	9.6	-	31.7	39.4	4.7	75.8	38.1
Total Thermal Coal	60.7	12.00	269.7	62.4	55.2	387.3	243.2
Coking Coal (Limpopo)							
Berenice ⁴	-	-	394.0	694.3	116.1	1,204.4	602.2
Cygnus ⁵	-	-	30.9	106.7	8.2	145.8	72.9
Somerville ⁴	-	-	-	-	274.2	274.2	137.1
Total Coking Coal	-	-	424.9	801.0	398.5	1,624.3	812.2
Total	60.7	12.00	694.6	863.4	453.7	2,011.6	1,055.4
		72.7					

Notes:

- Mineral Resources are stated inclusive of Mineral Reserves.
 - Rounding (conforming to the JORC Code) may cause computational discrepancies.
 - The Resource and Reserve estimates for Kangala, Berenice, Cygnus and Somerville 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 and Reserve estimates for the NCC and Brakfontein projects have been updated to comply with the JORC Code 2012.
1. Universal has an attributable interest of 70.5% of the Kangala Project.
 2. Universal has an attributable interest of 49% in the New Clydesdale Colliery (under acquisition) and 74% in the Roodekop Project, collectively known as the NCC 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.

Competent Person's Statement

The Coal Resource estimates for Kangala, Brakfontein, Berenice, Cygnus and Somerville were prepared 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 Coal Resource estimate for NCC was prepared by Mr Pogiso Rantao, who is a registered natural scientist and a member of the South African Council for Natural Scientific Professions (a Recognised Overseas Professional Organisation). Mr Rantao is employed as a Senior Geologist by Universal Coal plc 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 Rantao 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 Eddy Rikhotso, who is a Mining Engineer at 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 14 years' experience in the South African coal industry. Mr Rikhotso has sufficient experience which is relevant to the type of mineralisation and the Kangala deposit and to the activity which he is undertaking to qualify as a Competent Person as defined by the JORC Code for Reporting of Exploration, Mineral Resources and Ore Reserves.

The NCC Coal Reserve estimate was prepared by Messrs Piet van der Linde and Ronnie van Eeden from Mindset Mining Consultants (Pty) Ltd. Mr van der Linde is a registered Professional Certified Mining Engineer and has over 30 years' experience in the mining industry. Mr van Eeden is a qualified Mining Engineer (Mine Managers Certificate of Competency) with other commercial qualifications, and has over 30 years' experience in the coal industry internationally. Mr van der Linde is a member of the Engineering Council of South Africa (ECSA) (a Recognised Overseas Professional Organisation) and member of the South African Collieries Managers Association (SACMA). Messrs van der Linde and van Eeden have sufficient experience which is relevant to the type of mineralisation and the NCC deposit and to the activity which they are undertaking to qualify as Competent Persons as defined by the JORC Code for Reporting of Exploration, Mineral Resources and Ore Reserves. Messrs van der Linde and van Eeden consent to the inclusion in this report of this information in the form and context in which it appears.

The Brakfontein Ore Reserve estimate was prepared by Mr Kevin Donaldson. Mr Donaldson is employed by Universal Coal as Chief Development Engineer and is registered with the Engineering Council of South Africa and a member of both the South African Institute of Mining and Metallurgy (Overseas Professional Organisation) and the South African Colliery Managers Association. He has more than 20 years' experience in the South African coal mining industry and sufficient experience which is relevant to the type of mineralisation 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.

Project	Property	Permit Type & Number	Location	Size	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 Ha	70.5%	None
	Middelbult 235IR: Portions 40 and 82	Prospecting Right: MP30/5/1/1/2/641PR	Delmas, Mpumalanga Province, South Africa	942 Ha	70.5%	None
	Modderfontein 236IR: Portion 1	Prospecting Right: MP30/5/1/1/2/639PR	Delmas, Mpumalanga Province, South Africa	127 Ha	70.5%	None
Roodekop	Roodekop 63IS	Mining Right: MP30/5/1/1/2/492MR	Kriel, Mpumalanga Province, South Africa	835 Ha	74%	None
Brakfontein	Brakfontein 264IR : Portions 6, 8, 9, 10, 20, 26, 30 and Remaining Extent	Mining Right: MP30/5/1/1/2/10027MR	Delmas, Mpumalanga Province, South Africa	879 Ha	50.29%	None
Berenice & 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 Ha	50%	None
Cygnus	Cygnus 543MS and adjacent farms	Prospecting Right: LP30/5/1/1/2/1276PR	All Days, Limpopo Province, South Africa	12,299 Ha	50%	None
NCC	Middeldrift 42 IS (portion 4), Diepspruit 41 IS (RE, RE of portions 1, 2, 3, portions 7, 8, 9, 10), Rietfontein 43 IS (RE, RE of portion 1, portion 3, M/A 2, 3, 4 of RE portion 1), Vaalkrans 29 IS (portions 4, 6, 8, 9, 11, 12, 13, 14, 16, RE of portion 16, M/A 2 of portion 6), Clydesdale 483 IS, Lourens 472 IS, Enkelbosch 20 IS (M/A 4 and 5) and Haasfontein	Mining Right: MP30/5/1/2/2/148MR	Kriel, Mpumalanga Province, South Africa	4,125 Ha	49%	Acquired 49% subject to Section 11 transfer and finalisation of acquisition

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

End.

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Appendix 5B

Mining exploration entity quarterly report

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

Name of entity

UNIVERSAL COAL PLC

ARBN

143 750 038

Quarter ended ("current quarter")

30 June 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) (\$A'000)
Receipts from product sales and related debtors	30,360	81,427
1.1		
1.2 Payments for		
(a) exploration & evaluation	(25)	(59)
(b) development	(13)	(3,490)
(c) production	(16,920)	(56,054)
(d) administration	(2,988)	(12,481)
	-	-
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	282	784
1.5 Interest and other costs of finance paid	(1,110)	(2,558)
1.6 Income taxes paid	-	-
1.7 Other (Net VAT & GST)	(1,108)	(2,287)
Net Operating Cash Flows	8,478	5,282
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	(238)
(b) equity investments	-	-
(c) other fixed assets	(70)	(5,779)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (Transfer duty refund)	-	-
Net investing cash flows	(70)	(6,017)
1.13 Total operating and investing cash flows (carried forward)	8,408	(735)

+ See chapter 19 for defined terms.

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Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	8,408	(735)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	23,504
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	2,925
1.17	Repayment of borrowings	(3,790)	(6,930)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	(3,790)	19,499
	Net increase in cash held	4,618	18,764
1.20	Unrestricted cash at beginning of quarter/year to date	2,087	2,657
	Transfer to restricted cash	(79)	(15,244)
1.21	Exchange rate adjustments to item 1.20	65	514
1.22	Unrestricted cash at end of the quarter	6,691	6,691
	Restricted cash at the end of the quarter	19,849	19,849
	Total cash at the end of the quarter	26,540	26,540

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

	Current quarter \$A'000	
1.23	Aggregate amount of payments to the parties included in item 1.2(d)	294
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Salaries and fees

Non-cash financing and investing activities

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

N/A

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

N/A

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities (note 3)	32,517	30,393
3.2 Credit standby arrangements (note 3)	2,655	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	312
4.2 Development	14 474
4.3 Production	17 420
4.4 Administration	3 815
Total	36 021

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	6,691	2,087
5.2 Deposits at call	19,849	20,119
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	26,540	22,206

+ See chapter 19 for defined terms.

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Changes in interests in mining tenements

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

Issued and quoted securities at end of current quarter

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

	Total number	Number quoted	Issue price per security (see note 4) (cents)	Amount paid up per security (see note 4) (cents)
7.1	Preference securities (description)	71,220,000		
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	+Ordinary securities	434,465,447	434,65,447	
7.4	Changes during quarter (a) Increases through issues (i) Ordinary shares (ii) Loan notes converted ref. 7.6(b) (iii) Ordinary shares (b) Decreases through returns of capital, buy-backs			
7.5	+Convertible debt securities Converting Notes	7,000,000		

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7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted			
7.7	Options		Exercise price	Expiry date
	Unlisted Options:			
	3,200,000		\$0.34	9 December 2015
	7,625,110		\$0.26	9 December 2015
	3,800,000		\$0.20	9 December 2015
	5,200,000		\$0.39	9 December 2015
	490,617		\$0.26	9 December 2015
	16,855,736		\$0.2628	4 June 2017
	5,618,579		\$0.2745	4 June 2017
	3,300,001		\$0.26	1 April 2018
	Warrants			
	19,500,000		\$0.23	31 December 2015
	71,220,000		\$0.36	16 October 2014
7.8	Issued during quarter		Exercise price	Expiry date
7.9	Exercised during quarter			
7.10	Expired during quarter			
7.11	Debentures <i>(totals only)</i>			
7.12	Unsecured notes <i>(totals only)</i>			

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Compliance statement

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

Sign here: 
Company Secretary

Date: 14 July 2015

Print Name: Emma Lawler

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 Kangala Project Financing Facility and the Working Capital Facility with Rand Merchant Bank, a division of FirstRand Bank Limited
- 4 **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 5 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 6 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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