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**Universal Coal Plc**  
**(Registration number 4482856)**  
**Consolidated Unaudited Half Year Financial Statements**  
**for the six months ended 31 December 2018**

# Universal Coal Plc

(Registration number 4482856)

Consolidated Unaudited Half Year Financial Statements for the six months ended 31 December 2018

## Corporate directory

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### Directors

John Hopkins OAM	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
Nonkululeko Nyembezi	Non-executive Director
Andries Engelbrecht	Non-executive Director

### Company secretary

Benjamin Harber (United Kingdom)  
of Shakespeare Martineau LLP

### ASX Liaison and local agent

Emma Lawler (Australia) of Company Matters Proprietary Limited

### United Kingdom registered office

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60 Gracechurch Street  
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Telephone: +44 20 7264 4444  
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Australia  
Telephone: +61 28 280 7355

### Operational office

467 Fehrsen Street  
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

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Level 2, 45 St. Georges Terrace  
Perth WA 6000, Australia  
Telephone: +61 89 323 2000

Computershare Investor Services Plc  
The Pavilions, Bridgewater Road  
Bristol BS99 6ZY  
United Kingdom  
Telephone: +44 87 070 2003

## Universal Coal Plc

(Registration number 4482856)

Consolidated Unaudited Half Year Financial Statements for the six months ended 31 December 2018

### Corporate directory

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#### Bankers

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

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

Investec Bank Limited  
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South Africa  
Tel: +27 11 286 7000

First National Bank  
4 First Place, 3rd Floor, Bankcity  
Johannesburg, 2000  
South Africa  
Tel: +27 11 352 5601

#### Solicitors

Mayer Brown International LLP  
201 Bishopgate London  
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)

#### Company registration number

4482856

# Universal Coal Plc

(Registration number 4482856)

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# Universal Coal Plc

(Registration number 4482856)

Consolidated Unaudited Half Year Financial Statements for the six months ended 31 December 2018

## Summary Results

### 1. Review of financial results and activities

All figures are stated in Australian Dollars

	Six months ended 31 Dec 2018 A\$'000	Six months ended 31 Dec 2017 A\$'000	Movement %
Revenue	200 744	136 540	47
Operating profit / (loss)	40 535	20 702	96
Profit / (loss) for the period before taxation	66 555	19 185	247
Taxation	(1 441)	(5 051)	71
Profit / (loss) for the period	65 114	14 134	361
Total comprehensive income / (loss) for the period attributable to equity shareholders	66 999	15 432	334

#### Explanation of above results

Universal Coal Group increased the net profit after tax (NPAT) by 361% to A\$65.1 million (31 December 2017 A\$14.13 million) for the 6 months ending December 2018. The NPAT of the group was positively affected by a bargain purchase of A\$26.2 million relating to the acquisition of NBC, when if removed from the current result would reduce the normalised NPAT to \$38.9 million for the same period. The operating profit for the HY 2018 totals A\$40.54 million, a 96% increase since the previous resulting period operating profit of A\$20.70 million. The increase in the operating profit is due primarily to growth in sales volumes. The Company effectively increased their Eskom sales volumes by 24% and export sales volumes by 39%. The average export commodity price achieved for HY 2018 was A\$110 per export tonne, compared to A\$91 per tonne in the previous year which had a significant impact on the revenue of the company, with a positive increase of 47%.

Finance income for HY 2018 totaled A\$3.0 million as this is consistent with the gradual increase in the available cash balance of the group and the corresponding finance expense relating to the outstanding funding facilities decreased due to the depletion of the outstanding loan amounts. The unwinding of interest on the rehabilitation liabilities has remained very similar to the previous reporting period, at approximately A\$1.4 million.

After translating foreign operations and accounting for the effects of exchange rate differences, the Company has delivered a comprehensive profit of A\$66.9 million for the half-year ended 31 December 2018 (31 December 2017 profit of A\$15.4). This is after a positive foreign exchange gain of A\$1.9 million (31 December 2017: profit of A\$1.3 million).

### 2. Dividends

During the period, the Company paid a total of A\$6.7 million in dividends to shareholders. Dividends consisted of A\$5.2 million (A\$0.01 per share final dividend declared as part of the results release for the financial year ending 30 June 2018) to Universal Coal Plc shareholders and A\$1.5 million paid to the equity partner of the Kangala Colliery.

The Company has proven the financial ability to pay an interim dividend on the HY 2018 results, but the Directors have decided to postpone its declaration pending the finalisation of a possible revised binding offer for the Company from a consortium of investors led by Ata Resources Proprietary Limited.

### 3. Net tangible assets per security

	Six months ended 31 Dec 2018	Six months ended 31 Dec 2017
Net tangible assets per security* (cents per share)	12.73	15.86

\* Calculated as total assets, less intangible assets and total liabilities divided by total shares outstanding at the period end.

# Universal Coal Plc

(Registration number 4482856)

Consolidated Unaudited Half Year Financial Statements for the six months ended 31 December 2018

## Summary Results (continued)

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### 4. Earnings result

The total comprehensive income of Universal Coal Plc for the six months ended 31 December 2018 after providing for tax was A\$66.9 million (31 December 2017: profit of A\$15.4 million).

	<b>Six months ended</b>	<b>Six months ended</b>
	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
Basic and diluted earnings per share (cents per share)	6.26	2.05
Weighted average number of ordinary shares used in the calculation of basic and diluted EPS	522 471 758	522 471 758

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

### 5. Changes in group entities

During the period under review the Group has increased its shareholding in the Eloff Mining Company (Pty) Ltd from 14.2% as reporting in June 2018 to 49% by the end of December 2018. The Company also successfully executed the acquisition of the North Block Complex assets on the 1st of November 2018 and the company hold 49% of the shares in North Block Complex (Pty) Ltd.

### 6. Date of authorisation for issue of financial statements

The interim financial statements of the group are prepared in accordance with International Financial Reporting Standards (IFRSs).

The consolidated unaudited half year financial statements have been authorised for issue by the directors on 28 February 2019. No authority was given to anyone to amend the consolidated unaudited half year financial statements after the date of issue.

**ON BEHALF OF THE BOARD:**



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**MR JOHN HOPKINS**  
Non-executive Chairman  
28 February 2019

# Universal Coal Plc

(Registration number 4482856)

Consolidated Unaudited Half Year Financial Statements for the six months ended 31 December 2018

## Directors' Report

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### 1. Results

Universal Coal delivered growth across all aspects of the business during the six-month period ended December 2018. The Group has increased its operations with the addition of the North Block Complex (Pty) Ltd (**NBC**) asset and now successfully operates three collieries in the South African Coal Market. The finalisation of the acquisition of Eloff Mining Company (Pty) Ltd (**Eloff Project**) provides the current Kangala Operation with a significant increase in the life of the operation, and the New Clydesdale Colliery (**NCC**) has increased its committed domestic coal volumes to Eskom to 1.6Mtpa.

The next milestone for organic growth will be the development of the Ubuntu project (previously known as Brakfontein), which is already fully regulated and has the ability to contribute an additional 1.2Mtpa of domestic thermal coal to the company's production pipeline. The Ubuntu colliery has finalised the land acquisition agreement and has also negotiated fair terms with various preferred contractors for the execution of the mining and processing of the coal product, but is subject to the finalization of a feasible Eskom Coal Supply Agreement (**CSA**).

Universal also made significant progress on the outstanding regulatory matters on the various projects and has been granted the mining right for Eloff Project and the Paardeplaats project (part of the NBC). The Section 11 transfer of ownership for the Paardeplaats project remains outstanding, but the Department of Mineral Resources has already granted the approval for the current operating areas at NBC (Eerstelingsfontein and GLISA mining areas).

The Company has projected to deliver approximately 6Mtpa of saleable product to market for the 12 months ending June 2019 and has already successfully completed 3Mt for the 6 months ended December 2018.

Both the Kangala Colliery and NCC have delivered positive results for the HY December 2018 and has effectively delivered on all their various committed off take agreements. The NCC has increased their committed tonnes according to the CSA to 1.6 Mtpa from September 2018 and the positive result from the increase is reflected in the results. Universal took control of the NBC from 1 November 2018 and acquired great benefit from the stock on hand at the date of acquisition.

Universal Coal Group increased the net profit after tax (NPAT) by 361% to A\$65.1 million (31 December 2017 A\$14.13 million) for the 6 months ending December 2018. The NPAT of the group was positively affected by a bargain purchase of A\$26.2 million relating to the acquisition of NBC, when if removed from the current result would reduce the normalised NPAT to \$38.9 million for the same period. The operating profit for the HY 2018 totals A\$40.54 million, a 96% increase since the previous resulting period operating profit of A\$20.70 million. The increase in the operating profit is due primarily to growth in sales volumes. The Company effectively increased their Eskom sales volumes by 24% and export sales volumes by 39%. The average export commodity price achieved for HY 2018 was A\$110 per export tonne, compared to A\$91 per tonne in the previous year which had a significant impact on the revenue of the company, with a positive increase of 47%.

Finance income for the HY2018 totaled A\$3.0 million as is consistent with the gradual increase in the available cash balance of the group. The corresponding finance expense relating to the outstanding funding facilities decreased due to the depletion of the outstanding loan amounts. The unwinding of interest on the rehabilitation liabilities was very similar to the previous reporting period at approximately A\$1.4 million.

After translating foreign operations and accounting for the effects of exchange rate differences, the Company has delivered a comprehensive profit of A\$66.9 million for the half-year ended 31 December 2018 (31 December 2017 profit of A\$15.4). This is after a positive foreign exchange gain of A\$1.9 million (31 December 2017: profit of A\$1.3 million).

Net asset position<sup>(1)</sup> at 31 December 2017 of A\$6.7 million increased to A\$34.6 million by December 2018 due to the significant increase in the group's cash balance. Debt has increased slightly as a net effect of the repayment of the operational funding facilities, and the new debt facility of A\$9.3 million obtained for the acquisition of the 51% of the Eloff Project.

The Company boasts a healthy cash balance of A\$47.3 million at December 2018. Other assets that experienced significant change is the Intangible asset balance, which has been affected by the acquisition of the NBC. The NBC fair value consideration allocated an amount of A\$55.9 million to Paardeplaats project and the Eloff project contributed A\$20 million. Similarly, the increase in the Non Current Provision has increased due to the recognition of the NBC environmental rehabilitation liability of A\$26.9 million.

Debt Facilities increase in total by A\$3.0 million which is the net effect of the new funding facility obtained for the acquisition of the Eloff project and the quarterly repayments of the NCC and Kangala facilities.

The Company has proven the financial ability to pay an interim dividend on the HY 2018 results, but the Directors have decided to postpone its declaration pending the finalisation of a possible revised binding offer for the Company from a consortium of investors led by Ata Resources Proprietary Limited.

# Universal Coal Plc

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## Directors' Report

The ultimate objective of becoming a mid-tier, multi-mine coal producer remains unchanged, and with a strong balance sheet, the Company can develop its current project pipeline, and at the same time, continue to pay dividends. The Company has an appetite for growth through acquisition of feasible projects that fit into the Universal Coal project model, as well as developing existing coal resources already acquired. The Company remains conservative in their forecast of the market conditions to ensure the safekeeping of shareholder funds, but is confident of various business development opportunities in the current South African coal mining environment, as well as other interesting opportunities outside of South Africa.

### 2. Review of operations

#### Coal assets

The Company's coal assets are all located in South Africa, primarily in the Witbank coalfields of the Mpumalanga province.

The Kangala Colliery, NCC and the newly acquired NBC are all delivering their planned monthly volumes. NCC are both operating at nameplate production, delivering strong production results and thus positive cash flow. Brakfontein is a fully regulated project, which will commence development as soon as a feasible offtake agreement have been negotiated. Outside of the Witbank area, the Company has interests in the Berenice-Cygnus coking coal project, located in the Limpopo Province.

The Universal Group now effectively owns 49% of the Eloff Project as the various acquisition agreements were finalised during the interim reporting period. The Eloff Project is 100% owned by NCC and therefore the Company has an effective holding of 49%, with the remaining portion held by Ndalamo Resources (Pty) Ltd. The Eloff Project resource is adjacent to the Kangala Colliery and provides the group with a feasible extension to this operation. The contiguousness of the Kangala Colliery and Eloff Project allows for the extension of the project with minimal capital expenditure required. It is the company's objective to incorporate a section of the Eloff Project into the Kangala Mining right by seeking a S102 approval from the DMR. The Eloff Project has already received a mining right and NEMA approval and the company is confident that the project will be fully compliant with all required regulatory approvals in time for the Kangala extension.

#### Sales

For the period ending December 2018, the Company increased sales volumes by 31% on the previous period, and effectively delivered 2.97Mt of coal to market. The majority of the increase in sales volumes was due to demand for the Company's export quality coal.

The additional volumes from NBC increased the domestic product sales to 2,447,837 tonnes (31 December 2017: 1,969,218 tonnes), 24% above the corresponding period last year. Export sales increased to 525,130 tonnes for the period (31 December 2017: 377,544 tonnes). ROM production increased by 28% since the previous period.

The operational performance of the Universal Coal Group is tabulated below:

Operational Performance (tonnes)	Total Year To Date 31-Dec-18	% Change	Total Year To Date 31-Dec-17	Total from Start Of Production
<b>Run-of-mine (ROM)</b>				
Kangala Colliery	1 969 016	(2)%	2 016 221	14 020 762
New Clydesdale Colliery	2 374 527	36 %	1 748 129	4 886 548
North Block Complex	476 915	100 %	-	476 915
<b>Total ROM</b>	<b>4 820 458</b>	<b>28 %</b>	<b>3 764 350</b>	<b>19 384 225</b>
<b>Feed to plant</b>				
Kangala Colliery	1 967 151	3 %	1 906 937	7 546 941
New Clydesdale Colliery	2 080 427	35 %	1 542 976	5 304 754
North Block Complex	464 577	100 %	-	464 577
<b>Total feed to plant</b>	<b>4 512 155</b>	<b>31 %</b>	<b>3 449 913</b>	<b>13 316 272</b>
Domestic sales	2 447 837	24 %	1 969 218	7 013 500
Export sales	525 130	39 %	377 544	1 309 079
<b>Total sales</b>	<b>2 972 967</b>	<b>27 %</b>	<b>2 346 762</b>	<b>8 322 579</b>



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## Directors' Report

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Group revenue for the period was up 47%, due to the 27% increase in sales volumes. The increased exposure to export quality coal, and export product commodity pricing, has driven an additional 20% increase in revenue.

The Cost of Sales for the period increase by 35% which is in line with the increase in ROM production of 28%. The remainder of the increase is due to inflationary pressures and the rundown of acquired stock at NBC.

The Company's earnings before interest, taxation, depreciation and amortisation (EBITDA) for the period ending December 2018 was A\$53.3 million, an 80.6% increase on the previous period A\$29.6 million.

### **Thermal Coal Operating Assets**

#### **Kangala Colliery**

For the period under review, the Kangala Colliery experienced a slight decrease in volumes produced with a total of 1,969,016 compared to the 2,016,221 ROM tonnes produced in the previous period. A total of 1,967,151 of coal was beneficiated during the period, resulting in 1,179,629 of thermal coal supplied to Eskom, the major energy provider in South Africa.

The Colliery sales contributed Revenue of A\$68.8 million for the HY 2018 resulting in a Gross profit of A\$10.6 million, achieving a Gross Profit margin of 15%.

The Kangala Colliery operates at 3.7Mtpa ROM with an Eskom offtake agreement secured until 2023. The colliery is committed to supplying 2.4Mtpa of domestic thermal coal to Eskom. The Kangala Colliery is adjacent to the Eloff Project, which is a significant resource base and will secure the colliery with the potential to double production and an extended life of mine.

#### **NCC**

NCC is located centrally on the southern margin of the Witbank coalfield, 30km south of Middelburg and 70km east of Universal Coal's Kangala Colliery. It consists of an underground and open cut section, which are both currently in production.

NCC increased its ROM production by 36% compared to the period ending December 2017 with a total ROM production of 2,374,527 and beneficiated 2,080,427 of the ROM produces. From the beneficiation product, the Company extracted 801,919 of Domestic thermal coal product and 507,767 of export quality sales volumes.

The NCC gross profit margin increased from 19% at December 2018 to 33% for the period under review. The increase is due to the stronger export market prices achieved during the HY 2018. Cost of sales has increased by 35% and this agrees to the increase in Cost of Sales of the same amount, however the revenue amount has increased by 65% to A\$105 million due to the stronger market price for the period.

#### **NBC**

The North Block Complex is an operational mining and minerals processing business, located proximate to Belfast in the Mpumalanga Province of South Africa. In summary, it consists of the Glisa and Eerstelingsfontein operating mines (with the related infrastructure described below) and the undeveloped Paardeplaats prospecting right (adjacent to the Glisa operating mine).

Since incorporating the NBC into UNV ownership on 1 November 2018, the Colliery produced 476,915 of ROM tonnes. For the two months included in the reporting period the NBC contributed 483,651 of domestic thermal coal sales, capitalising on the inventory on hand at the date of acquisition.

The NBC accumulated a total of A\$25 million of revenue for the two-month sales included in the December 2018 results. The gross profit margin is for the included period is higher than the sustainable forecasted percentage of gross profit as the company benefited from the inventory at site on the date of acquisition that was acquired for zero value.

# Universal Coal Plc

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## Directors' Report

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### *Thermal Coal Exploration Assets*

#### **Brakfontein**

The Brakfontein project is located in the Delmas district, less than 20km from the Kangala Colliery. Brakfontein is fully regulated with a Mining Right, integrated water use licence and environmental authorisation granted in terms of the National Environmental Management Act 107 of 1998. The Brakfontein project is currently in negotiations for potential offtake agreements. Once a favourable contract has been secured, this will be the short-term development focus of the Company.

#### **Arnot South**

In September 2016, the Company announced a binding sale of the prospecting right agreement with Exxaro to acquire the Arnot South Project, located near NCC in the Witbank coalfield. The prospect spans some 15,212 hectares and has been subject to drilling campaigns by major mining companies, including Goldfields and Exxaro. There has been on change to the status of this project since the previous HY report and the company awaits regulatory approvals and satisfaction of the conditions precedent to the acquisition agreement prior to assuming ownership.

### *Coking Coal Assets*

#### **Berenice-Cygnus**

The Berenice and Cygnus projects remain significant metallurgical coal assets, located in the Soutpansberg coalfield of the Limpopo province of South Africa. The Berenice-Cygnus resource is in excess of 1.35 billion tonnes. A mining right application for the Berenice project was submitted to the authorities in December 2015 and an environmental impact assessment has been commissioned. Subject to securing a funding partner, the project will enter pre-feasibility phase and await a decision on the granting of a mining licence.

### **3. Corporate**

On 26 October 2018, Universal announced that it had received a binding, conditional commitment to make an offer (the Binding Commitment) from a private entity incorporated in South Africa, Ata Resources Proprietary Limited (Ata Resources) on behalf of a consortium of investors (the Consortium), under which the Consortium, through a special purpose bidding company (BidCo), proposes to acquire the entire issued share capital of Universal for a cash consideration of A\$0.35 per Universal Share, to be effected by means of a scheme of arrangement pursuant to Part 26 of the UK Companies Act 2006 (the Proposed Transaction).

There is no certainty that an Offer will be made, that a TIA will be entered into, that the Offer, if made, will be recommended and become unconditional, or that the scheme of arrangement will proceed. Universal's shareholders and CHES Depository Interest holders are advised to take no action and make no decisions in respect of the Proposed Transaction at this stage.



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**Tony Weber**  
**Chief Executive Officer**  
**28 February 2019**

(1) Net asset position is the total of long-term and short-term borrowings, converting notes and financial derivative liability, less current cash on hand and less loan receivable.

## Universal Coal Plc

(Registration number 4482856)

Consolidated Unaudited Half Year Financial Statements for the six months ended 31 December 2018

### Directors' Declaration

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#### In the opinion of the Directors:

- a. The financial statements and notes set out on pages 11 - 42:
- (i) Comply with IAS 34: Interim Financial Reporting; and
  - (ii) Give a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half year ended on that date.
- 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.

#### ON BEHALF OF THE BOARD



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MR JOHN HOPKINS OAM  
CHAIRMAN

28 February 2019

# Universal Coal Plc

(Registration number 4482856)

## Condensed Consolidated Statement of Financial Position as at 31 December 2018

	Note	Reviewed 31 December 2018 A\$ '000	Audited 30 June 2018 A\$ '000	Reviewed 31 December 2017 A\$ '000
<b>Assets</b>				
<b>Non-Current Assets</b>				
Property, plant and equipment	4	116 425	112 630	115 998
Intangible assets	5	123 421	45 549	48 003
Investments in associates	6	34	8 226	8 842
Loan receivable	7	11 872	10 575	9 907
Other financial assets		2 658	2 658	1 380
		<b>254 410</b>	<b>179 638</b>	<b>184 130</b>
<b>Current Assets</b>				
Inventories	8	5 616	3 666	7 612
Trade and other receivables	9	43 029	44 417	22 583
Cash and cash equivalents	10	47 351	36 872	19 156
		<b>95 996</b>	<b>84 955</b>	<b>49 351</b>
<b>Total Assets</b>		<b>350 406</b>	<b>264 593</b>	<b>233 481</b>
<b>Equity and Liabilities</b>				
<b>Equity</b>				
<b>Equity Attributable to Equity Holders of Parent</b>				
Share capital	11	44 466	44 466	44 466
Other reserves		(7 065)	(8 695)	(4 542)
Retained income		90 872	63 415	55 245
<b>Attributable to Equity Holders of Parent</b>		<b>128 273</b>	<b>99 186</b>	<b>95 169</b>
Non-controlling interest		69 983	38 747	35 701
<b>Total Equity</b>		<b>198 256</b>	<b>137 933</b>	<b>130 870</b>
<b>Liabilities</b>				
<b>Non-Current Liabilities</b>				
Borrowings	12	24 830	21 997	24 480
Converting notes		-	-	550
Derivative financial liability		-	-	130
Deferred tax	13	3 616	11 246	7 528
Provisions	14	64 506	35 900	34 860
		<b>92 952</b>	<b>69 143</b>	<b>67 548</b>
<b>Current Liabilities</b>				
Borrowings	12	12 106	10 979	10 571
Trade and other payables	15	43 225	42 671	19 412
Current tax payable		3 867	3 867	5 080
		<b>59 198</b>	<b>57 517</b>	<b>35 063</b>
<b>Total Liabilities</b>		<b>152 150</b>	<b>126 660</b>	<b>102 611</b>
<b>Total Equity and Liabilities</b>		<b>350 406</b>	<b>264 593</b>	<b>233 481</b>

The notes on pages 15 to 42 form part of the consolidated unaudited half year financial statements.

# Universal Coal Plc

(Registration number 4482856)

## Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the six months ended 31 December 2018

		Reviewed half year to 31 December 2018 A\$ '000	Reviewed half year to 31 December 2017 A\$ '000
	Note		
Revenue		200 744	136 540
Cost of sales		(140 404)	(104 032)
<b>Gross profit</b>		<b>60 340</b>	<b>32 508</b>
Operating expenses		(19 805)	(11 806)
<b>Operating profit</b>		<b>40 535</b>	<b>20 702</b>
Finance income	16	3 022	1 808
Finance expenses	17	(3 258)	(3 515)
Share of operating profit of associated undertakings		30	102
Derivative financial liability		-	147
Foreign exchange loss		(18)	(60)
Gain on bargain purchase		26 244	-
<b>Profit before taxation</b>		<b>66 555</b>	<b>19 184</b>
Taxation	18	(1 441)	(5 051)
<b>Profit for the period</b>		<b>65 114</b>	<b>14 133</b>
<b>Other comprehensive income:</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange differences on translating foreign operations		1 885	1 298
<b>Other comprehensive income for the period net of taxation</b>		<b>1 885</b>	<b>1 298</b>
<b>Total comprehensive income for the period</b>		<b>66 999</b>	<b>15 431</b>
<b>Profit attributable to:</b>			
Owners of the parent		32 682	10 712
Non-controlling interest		32 432	3 421
		<b>65 114</b>	<b>14 133</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the parent		34 312	11 740
Non-controlling interest		32 687	3 691
		<b>66 999</b>	<b>15 431</b>
<b>Earnings per share</b>			
<b>Per share information</b>			
Basic earnings per share (c)	23	6.26	2.05
Diluted earnings per share (c)	23	6.26	2.05

The notes on pages 15 to 42 form part of the consolidated unaudited half year financial statements.

# Universal Coal Plc

(Registration number 4482856)

## Condensed Consolidated Statement of Cash Flows for the six months ended 31 December 2018

	Note	Reviewed half year to 31 December 2018 A\$ '000	Reviewed half year to 31 December 2017 A\$ '000
<b>Cash flows from operating activities</b>			
Cash generated from operations	19	52 449	22 589
Tax paid		(14 782)	(2 895)
<b>Net cash generated from operating activities</b>		<b>37 667</b>	<b>19 694</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	4	(9 185)	(6 420)
Acquisition of other intangible assets	5	(283)	(753)
Investment in associated undertakings		(9)	(119)
Purchase of other financial assets		-	(43)
Acquisition of NBC		(1 619)	-
Acquisition of Eloff Project		(9 694)	-
Transfer from/(to) restricted cash		2 113	(893)
Finance income		1 707	500
<b>Net cash used in investing activities</b>		<b>(16 970)</b>	<b>(7 728)</b>
<b>Cash flows used in financing activities</b>			
Cash settlement of convertible notes		-	(1 050)
Proceeds from finance facilities		9 328	5 169
Repayment of finance facilities		(5 323)	(5 372)
Dividends paid		(6 676)	(7 464)
Finance costs		(1 719)	(688)
Acquisition of minority interest in Eloff Project		(3 661)	-
<b>Net cash used in financing activities</b>		<b>(8 051)</b>	<b>(9 405)</b>
<b>Total cash movement for the six months</b>		<b>12 646</b>	<b>2 561</b>
Unrestricted cash at the beginning of the period		33 543	14 461
Effect of exchange rate movement on cash balances		(70)	517
<b>Total cash and cash equivalents</b>	10	<b>46 119</b>	<b>17 539</b>
Restricted cash	10	1 232	1 617
<b>Total cash and cash equivalents (including restricted cash)</b>	10	<b>47 351</b>	<b>19 156</b>

The notes on pages 15 to 42 form an part of the consolidated unaudited half year financial statements.

**Universal Coal Plc**  
(Registration number 4482856)

**Condensed Consolidated Statement of Changes in Equity for the six months ended 31 December 2018**

	Share capital A\$ '000	Share premium A\$ '000	Total share capital A\$ '000	Foreign currency translation reserve A\$ '000	Convertible instrument reserve A\$ '000	Share based payment reserve A\$ '000	Total reserves A\$ '000	Retained income attributable to equity holders of the group A\$ '000	Total equity attributable to equity holders of the group A\$ '000	Non-controlling interest A\$ '000	Total equity A\$ '000
<b>Balance at 1 July 2017</b>	<b>44 466</b>	<b>-</b>	<b>44 466</b>	<b>(7 753)</b>	<b>2 053</b>	<b>130</b>	<b>(5 570)</b>	<b>49 758</b>	<b>88 654</b>	<b>34 249</b>	<b>122 903</b>
Profit for the six months	-	-	-	-	-	-	-	10 712	10 712	3 421	14 133
Other comprehensive income	-	-	-	1 028	-	-	1 028	-	1 028	270	1 298
<b>Total comprehensive income for the six months</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 028</b>	<b>-</b>	<b>-</b>	<b>1 028</b>	<b>10 712</b>	<b>11 740</b>	<b>3 691</b>	<b>15 431</b>
Transactions with owners											
Dividends	-	-	-	-	-	-	-	(5 225)	(5 225)	(2 239)	(7 464)
<b>Other movements within equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5 225)</b>	<b>(5 225)</b>	<b>(2 239)</b>	<b>(7 464)</b>
<b>Unaudited balance at 31 December 2017</b>	<b>44 466</b>	<b>-</b>	<b>44 466</b>	<b>(6 725)</b>	<b>2 053</b>	<b>130</b>	<b>(4 542)</b>	<b>55 245</b>	<b>95 169</b>	<b>35 701</b>	<b>130 870</b>
<b>Balance at 1 July 2018</b>	<b>44 466</b>	<b>-</b>	<b>44 466</b>	<b>(10 748)</b>	<b>2 053</b>	<b>-</b>	<b>(8 695)</b>	<b>63 415</b>	<b>99 186</b>	<b>38 747</b>	<b>137 933</b>
Profit for the six months	-	-	-	-	-	-	-	32 682	32 682	32 432	65 114
Other comprehensive income	-	-	-	1 630	-	-	1 630	-	1 630	255	1 885
<b>Total comprehensive income for the six months</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 630</b>	<b>-</b>	<b>-</b>	<b>1 630</b>	<b>32 682</b>	<b>34 312</b>	<b>32 687</b>	<b>66 999</b>
Dividends	-	-	-	-	-	-	-	(5 225)	(5 225)	(1 451)	(6 676)
<b>Other movements within equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5 225)</b>	<b>(5 225)</b>	<b>(1 451)</b>	<b>(6 676)</b>
<b>Unaudited balance at 31 December 2018</b>	<b>44 466</b>	<b>-</b>	<b>44 466</b>	<b>(9 118)</b>	<b>2 053</b>	<b>-</b>	<b>(7 065)</b>	<b>90 872</b>	<b>128 273</b>	<b>69 983</b>	<b>198 256</b>
<b>Note</b>	<b>11</b>	<b>11</b>	<b>11</b>								

The notes on pages 15 to 42 form part of the financial statements

# Universal Coal Plc

(Registration number 4482856)

## Notes to the Condensed Consolidated Financial Statements for the six months ended 31 December 2018

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### 1. Significant accounting policies

#### General Information

The Company is domiciled in the UK. The address of the registered office is 60 Gracechurch Street, London, EC3V 0HR. The registered number of the company is 4482856.

#### Presentation of the Consolidated Unaudited Half Year Financial Statements

The consolidated unaudited half year financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and the presentation and disclosure requirements of IAS 34: Interim Financial Reporting. This condensed consolidated half year 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 2018 and any public announcements by Universal Coal Plc. The financial statements have been prepared on the historical cost basis, except for those items held at fair value and incorporate the principal accounting policies set out below.

#### Basis of preparation

The financial statements have been prepared on the going concern basis. At the period-end the Group had A\$47.3 million (31 December 2017: A\$17.5 million) of unrestricted cash reserves. The Group's cash flow projections show that in order for the Group to meet its known commitments, debt repayment schedules and operating cash flow requirements, the Group is reliant on the Kangala Colliery, the NCC and NBC continuing to operate in line with forecasts. There is no evidence to suggest that the forecast at these operations will not occur and the Directors are confident that the Group will continue to meet its obligations under the Eskom offtake and export agreements. The Directors are therefore satisfied that the half year financial statements should be prepared on a going concern basis.

The condensed half year financial information for the period 1 July 2018 to 31 December 2018 is unaudited. In the opinion of the Directors, the condensed half year financial information for the period presents the financial position, result from operations, changes in equity and cash flows for the period in conformity to IAS 34 'Interim Financial Reporting' consistently applied. The condensed half year financial information incorporates comparative figures for the periods to 30 June 2018 and 31 December 2017 for the consolidated statement of financial position, the half year period from 1 July 2017 to 31 December 2017 for the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of cash flows and the half year period from 1 July 2017 to 31 December 2017 for the consolidated statement of changes in equity. The financial information for the year ended 30 June 2018 contained in this half year 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 and did not contain a statement under section 498(2) or (3) of the Companies Act, 2006.



# Universal Coal Plc

(Registration number 4482856)

## Notes to the Condensed Consolidated Financial Statements for the six months ended 31 December 2018 (continued)

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### 1. Significant accounting policies (continued)

#### Functional and presentation currency

Items included in the consolidated half year financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The functional currency of the South African business operations is South African Rand (ZAR).

The Parent company's functional currency is Australian Dollar ("A\$"). The consolidated half year financial statements are presented in Australian Dollar ("A\$"), which is the Group's presentation currency. Further details are provided on the foreign currency accounting policy in the year ended 30 June 2018 Financial Statements.

#### Judgements made in applying accounting policies and key sources of estimation uncertainty

No material changes have been made to the estimates and judgements applied since the year ended 30 June 2018 Financial Statements.

### 1.1 New Standards and Interpretations

New standards impacting the Group that will be adopted in the annual financial statements for the year ended 31 December 2018, and which have given rise to changes in the Group's accounting policies are:

- IFRS 9 Financial Instruments; and
- IFRS 15 Revenue from Contracts with Customers

Details of the impact these two standards have had are given below. Other new and amended standards and Interpretations issued by the IASB that will apply for the first time in the next annual financial statements are not expected to impact the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

Considering the current structure and business arrangements of the group the impact of IFRS 9 and 16 is considered to be negligible.

The impact of IFRS 9 was assessed based on cash balances to settle intercompany loans as well as NPV analysis, performed by an independent third party, for the operational entities and an intrinsic value analysis for future projects. Based on these assessments a zero risk of default was determined hence no impairment of financial assets is required per IFRS 9.

The main principle of IFRS 15 is to recognise revenue when / as performance obligations per agreements with customers are satisfied. Management is of the opinion that its current agreements with customers are relatively straight forward and simplistic. Control of the coal, per IFRS 15, transfers to our customers when the coal is delivered to the customers. This is analogous to the principle of risks and rewards being transferred to the buyer, per the old IAS 18, hence there is no impact to the financial statements. To date the group has not experienced material delays in fulfilling its performance obligations and thus management considers the impact of IFRS on revenue recognition to be immaterial.

## Universal Coal Plc

(Registration number 4482856)

Consolidated Unaudited Half Year Financial Statements for the six months ended 31 December 2018

### Notes to the Condensed Consolidated Financial Statements for the six months ended 31 December 2018 (continued)

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#### 2. Segmental reporting

All investments in associates and subsidiaries operate in one geographical location being South Africa, and are organised into five business units from which the Group's expenses are incurred and revenues are earned, being (1) mining and sale of coal: New Clydesdale Colliery; (2) mining and sale of coal: Kangala Colliery; (3) mining and sale of coal: North Block Complex; (4) exploration and development of coal and (5) corporate activities. The reporting on these investments to the Chief Operating Decision Makers, the Board of Directors, focuses on the key performance indicators that the Directors monitor on a regular basis which are:

- Run-of-Mine (ROM) tonnages, processing plant yields and sales tonnages
- Revenue per tonne
- Cash cost per run-of-mine tonne (ROMt)
- Gross margin in percentage and gross margin per sales tonne
- Management of liquid resources through regular analysis of working capital requirements, bank balances, stay in business capital requirements, cash flow forecasts, accounts receivable and accounts payable ageing metrics.

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.

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## Universal Coal Plc

(Registration number 4482856)

Consolidated Unaudited Half Year Financial Statements for the six months ended 31 December 2018

### Notes to the Condensed Consolidated Financial Statements for the six months ended 31 December 2018

#### 2. Segmental reporting (continued)

For the half year to 31 December 2018	Mining and sale of coal: Kangala Colliery	Mining and sale of coal: New Clydesdale Colliery	Mining North Block Complex	Exploration and development of coal	Corporate (Unallocated)	Total
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
Revenue	68 839	105 767	25 453	685	-	200 744
Cost of sales	(58 237)	(70 465)	(11 702)	-	-	(140 404)
Cost of sales - depreciation	(8 327)	(4 348)	(23)	-	-	(12 698)
Cost of sales excluding depreciation	(49 910)	(66 117)	(11 679)	-	-	(127 706)
Gross profit	10 602	35 302	13 751	685	-	60 340
Operating expenses	(4 072)	(7 923)	(2 772)	(321)	(4 717)	(19 805)
Share of profit of associated undertakings	-	-	-	30	-	30
Foreign exchange loss	-	-	-	-	(18)	(18)
Net finance cost	(130)	(1 599)	18	(80)	1 555	(236)
Bargain purchase gain	-	-	26 244	-	-	26 244
Profit/(loss) before taxation	6 400	25 780	37 241	314	(3 180)	66 555
Taxation	(1 824)	(6 760)	8 507	293	(1 657)	(1 441)
Profit/(loss) after taxation	4 576	19 020	45 748	607	(4 837)	65 114
Total non-current assets	23 450	80 204	65 364	71 640	13 752	254 410
Total capital expenditure	1 267	7 911	190	275	9	9 652
Total assets	41 191	131 881	85 960	73 640	17 734	350 406
Total liabilities	(28 923)	(72 027)	(38 256)	(9 676)	(3 268)	(152 150)

Revenue to the value of A\$ 136 928 478 and A\$ 60 447 151 was received from Eskom Holdings SOC Limited and Glencore Plc respectively.

All revenues were earned in South Africa.

# Universal Coal Plc

(Registration number 4482856)

## Notes to the Condensed Consolidated Financial Statements for the six months ended 31 December 2018 (continued)

### 2. Segmental reporting (continued)

For the half year to 31 December 2017	Mining and sale of coal: New Clydesdale Colliery	Mining and sale of coal: Kangala Colliery	Exploration and development of coal	Corporate (Unallocated)	Total
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
Revenue	64 344	72 196	-	-	136 540
Cost of sales	(52 077)	(51 955)	-	-	(104 032)
Cost of sales - depreciation	(2 855)	(6 089)	-	-	(8 944)
Cost of sales excluding depreciation	(49 222)	(45 866)	-	-	(95 088)
Gross profit	12 267	20 241	-	-	32 508
Operating expenses (excluding share based payments)	(5 305)	(4 215)	(133)	(2 153)	(11 806)
Share of profit of associated undertakings	102	-	-	-	102
Foreign exchange loss	-	-	-	(60)	(60)
Net finance cost	(2 064)	(779)	-	1 136	(1 707)
Derivative financial liability	-	-	-	147	147
(Loss) / profit before taxation	5 000	15 247	(133)	(930)	19 184
Taxation	(431)	(4 606)	-	(14)	(5 051)
(Loss) / profit after taxation	4 569	10 641	(133)	(944)	14 133
Total non-current assets	70 377	37 482	47 832	28 439	184 130
Total capital expenditure	3 418	2 154	753	-	6 325
Total assets	91 328	62 413	47 844	31 896	233 481
Total liabilities	(62 431)	(38 530)	(767)	(883)	(102 611)

## Universal Coal Plc

(Registration number 4482856)

### Notes to the Condensed Consolidated Financial Statements for the six months ended 31 December 2018 (continued)

#### 3. Business combinations

##### 3.1 North Block Complex ("NBC")

On 1 November 2018 North Block Complex (Pty) Ltd ("NBC") acquired all of the assets and assumed certain liabilities of North Block Complex Colliery from Exxaro Coal Mpumalang Proprietary Limited ("ECM") and Exxaro Coal (Pty) Ltd ("Exxaro Coal"). UCEHSA (an intermediary holding company) holds a 49% interest in NBC and a BEE partner, Ndalamo Resources (Pty) Ltd ("Ndalamo"), holds the balance of 51% of the equity of NBC. Management has performed a control assessment as required under IFRS 10 Consolidated Financial Statements and concluded that UCEHSA directs the relevant activities of NBC and by virtue of this has control over NBC.

In the two months to 31 December 2018, NBC through its acquisition of the North Block Complex Colliery contributed a profit of A\$37.42 million (ZAR381 million) to the group's results. This includes a gain on bargain purchase of A\$26.24 million (ZAR293 million) and an amount of A\$10.5 million relating to the trading of coal.

##### Identifiable assets acquired and liabilities assumed -2018

	Book value	Fair value uplift	Fair value
	A\$'000	A\$'000	A\$'000
Property, plant and equipment	7 287	-	7 287
Mining resource	55 932	-	55 932
Environmental rehabilitation provision	(26 969)	-	(26 969)
Inventory	242	-	242
Accruals	(850)	-	(850)
Provision for leave pay	(514)	-	(514)
<b>Total fair value of identifiable net assets acquired</b>	<b>35 128</b>	<b>-</b>	<b>35 128</b>

##### Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Property, plant and equipment	Depreciated replacement cost: Depreciated replacement cost reflects adjustment for physical deterioration as well as functional and economic obsolescence.
Mining Resource	Market approach: comparable transaction methodology

The fair value of NBC's tangible assets (Property, plant and equipment) have been measured provisionally, pending new information which may affect management's current assessment, the valuation will be re-assessed within 12 months of the acquisition.

NBC's operations are subject to specific environmental regulations. The Group has conducted a preliminary assessment of the environmental rehabilitation provision arising from these regulations and has recognised a provisional amount, which reflects the fair value of such liabilities. The Group will continue to review these matters during the measurement period.

If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

# Universal Coal Plc

(Registration number 4482856)

## Notes to the Condensed Consolidated Financial Statements for the six months ended 31 December 2018 (continued)

### 3. Business combinations (continued)

#### Consideration transferred

The following table summarises the acquisition date fair value of the consideration transferred:

	<b>2018</b>
	<b>A\$'000</b>
Cash	1 619
Deferred consideration	7 266
<b>Total consideration transferred</b>	<b><u>8 885</u></b>

#### Deferred consideration

At acquisition date, a condition of sale existed whereby a further purchase consideration for the acquisition of the North Block Complex Colliery will be settled at a future date. This further consideration shall be settled at the earlier of the date NBC receives: consent from the Department of Mineral Resources to the cession of the Paardeplaats mining right from Exxaro Coal in terms of section 11, a letter from the Department of Mineral resources issued to NBC confirming that the Paardeplaats mining right has been granted to NBC or 30 June 2019.

The Company has assumed the ownership of the Paardeplaats as at the date the effective date of the of the acquisition even though the company has not yet received the Department of Mineral Resources S11 transfer of ownership approval. The Company is confident that the granting will be issued in due course.

#### Gain on acquisition

The gain on business acquisition has been recognised as follows:

	<b>2018</b>
	<b>A\$'000</b>
Consideration transferred	8 885
Fair value of identifiable net assets	(35 129)
<b>Gain on acquisition</b>	<b><u>(26 244)</u></b>

A gain of A\$26.24 million was recognised. This gain arises due to Universal Coal's streamlined and efficient business model being implemented which will unlock the value to be extracted from the Paardeplaats resource which is adjacent to NBC.

### 3.2 Manyeka Coal Mines (Pty) Ltd and Eloff Mining Company (Pty) Ltd

On the 3 August 2018 Universal Coal Development IV (Pty) Ltd (UCD IV) acquired 100% of the shares of Manyeka Coal Mines (Pty) Ltd (Manyeka) from Exxaro Coal Central (Pty) Ltd for A\$ 8.8 million (ZAR 90 million). Management has performed a control assessment as required under IFRS 10 Consolidated Financial Statements and concluded that Manyeka is a subsidiary of UCD IV by virtue of its shareholding.

Manyeka holds 51% of Eloff Mining Company (Pty) Ltd (Eloff Project). It is effectively a shelf company with its investment in Eloff Project being its only investment.

UCD IV held 29% of Eloff Project and accounted for its shareholding as an investment in an associate per IAS 28, on the Equity Method. UCD IV, via its purchase of Manyeka, thus held 80% of Eloff Project on the 3 August 2018.

Eloff Project does not meet the definition of a business per IFRS 3. As it is not accounted for as a business combination under IFRS 3, the assets and liabilities of Eloff Project acquired via the purchase of Manyeka were included in the group at cost, with the excess of the purchase price over the cost of the assets and liabilities acquired being allocated to the exploration asset in Eloff Project.

On the 23 September 2018, UCD IV acquired the remaining 20% of Eloff Project from South 32 SA Coal Holdings (Pty) Ltd for A\$ 3.6 million (ZAR 37 million). This took UCD IV's ultimate shareholding of Eloff Project to 100%.

## Universal Coal Plc

(Registration number 4482856)

### Notes to the Condensed Consolidated Financial Statements for the six months ended 31 December 2018 (continued)

#### 3. Business combinations (continued)

##### Identifiable assets acquired and liabilities of Eloff Project assumed via Manyeka acquisition - 2018

	Cost	Allocation of Excess Purchase price	Updated Cost
	A\$'000	A\$'000	A\$'000
Exploration asset	4 245	14 377	18 622
Investment property	1 264	-	1 264
Trade and other receivables	66	-	66
Deferred tax	54	-	54
Cash and cash equivalents	1 468	-	1 468
Trade and other payables	(35)	-	(35)
Current tax receivable	105	-	105
<b>Total fair value of identifiable net assets acquired</b>	<b>7 167</b>	<b>14 377</b>	<b>21 544</b>

The excess purchase price was allocated to the exploration asset only as this is the asset that will drive the future economic benefits of Eloff Project.

If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

##### Excess purchase price allocated:

The following summarises the excess purchase price allocated to the exploration asset:

	2018 A\$'000
Cost-UCD IV Investment in Manyeka (100%)	8 837
Carrying value of previously held equity interest in Eloff (29%)	8 397
Value of asset acquisition (80%)	17 234
Gross up of asset acquisition (100%)	21 543
Net Asset Value of Consolidated Manyeka	(7 166)
<b>Excess purchase price allocated</b>	<b>14 377</b>

## Universal Coal Plc

(Registration number 4482856)

### Notes to the Condensed Consolidated Financial Statements for the six months ended 31 December 2018 (continued)

#### 4. Property, plant and equipment

	31 December 2018			30 June 2018		
	Cost A\$'000	Accumulated depreciation A\$'000	Carrying value A\$'000	Cost A\$'000	Accumulated depreciation A\$'000	Carrying value A\$'000
Mineral properties	45 888	(12 210)	33 678	45 888	(9 576)	36 312
Mine development costs	48 375	(23 780)	24 595	46 894	(19 208)	27 686
Mine plant facilities and equipment	61 050	(17 575)	43 475	53 459	(13 416)	40 043
Other assets	11 815	(1 078)	10 737	4 110	(809)	3 301
Deferred stripping costs	8 820	(4 880)	3 940	8 820	(3 532)	5 288
<b>Total</b>	<b>175 948</b>	<b>(59 523)</b>	<b>116 425</b>	<b>159 171</b>	<b>(46 541)</b>	<b>112 630</b>

#### Reconciliation of property, plant and equipment - Group - 31 December 2018

	Opening balance A\$'000	Additions A\$'000	Business acquisition	Foreign exchange movements A\$'000	Depreciation A\$'000	Total A\$'000
Mineral properties	36 312	-	-	(14)	(2 620)	33 678
Mine development costs	27 686	1 481	-	(10)	(4 562)	24 595
Mine plant facilities and equipment	40 043	-	7 287	293	(4 148)	43 475
Other assets	3 301	7 704	-	-	(268)	10 737
Deferred stripping costs	5 288	-	-	(2)	(1 346)	3 940
	<b>112 630</b>	<b>9 185</b>	<b>7 287</b>	<b>267</b>	<b>(12 944)</b>	<b>116 425</b>

#### Reconciliation of property, plant and equipment - Group - 30 June 2018

	Opening balance A\$'000	Additions A\$'000	Transfers A\$'000	Foreign exchange movements A\$'000	Depreciation A\$'000	Total A\$'000
Mineral properties	33 198	7 586	-	(725)	(3 747)	36 312
Mine development costs	28 444	2 271	4 177	(467)	(6 739)	27 686
Mine plant facilities and equipment	41 911	5 429	-	(668)	(6 629)	40 043
Other assets	4 995	3 003	(4 177)	(81)	(439)	3 301
Deferred stripping costs	6 601	-	-	(106)	(1 207)	5 288
	<b>115 149</b>	<b>18 289</b>	<b>-</b>	<b>(2 047)</b>	<b>(18 761)</b>	<b>112 630</b>



## Universal Coal Plc

(Registration number 4482856)

### Notes to the Condensed Consolidated Financial Statements for the six months ended 31 December 2018 (continued)

#### 5. Intangible assets

Project	31 December 2018			30 June 2018		
	Cost A\$'000	Accumulated amortisation A\$'000	Carrying value A\$'000	Cost A\$'000	Accumulated amortisation and impairment A\$'000	Carrying value A\$'000
<b>Mining and Prospecting Rights (held by:)</b>						
Universal Coal Development I (Pty) Ltd	1 040	-	1 040	1 041	-	1 041
Universal Coal Development II (Pty) Ltd	33 021	(2 634)	30 387	33 039	(2 634)	30 405
Universal Coal Development III (Pty) Ltd	10 388	-	10 388	10 394	-	10 394
Universal Coal Development V (Pty) Ltd	3 633	-	3 633	3 635	-	3 635
Eloff Mining Company (Pty) Ltd	20 037	-	20 037	-	-	-
North Block Complex (Pty) Ltd	57 653	-	57 653	-	-	-
<b>Other Intangible Assets</b>						
Computer software	887	(604)	283	642	(568)	74
<b>Total</b>	<b>126 659</b>	<b>(3 238)</b>	<b>123 421</b>	<b>48 751</b>	<b>(3 202)</b>	<b>45 549</b>

## Universal Coal Plc

(Registration number 4482856)

### Notes to the Condensed Consolidated Financial Statements for the six months ended 31 December 2018 (continued)

#### 5. Intangible assets (continued)

##### Reconciliation of intangible assets - 31 December 2018

Project	Opening balance A\$'000	Additions A\$'000	Additions through business combinations	Foreign exchange movements A\$'000	Amortisation and impairment A\$'000	Total A\$'000
Universal Coal Development I (Pty) Ltd	1 041	-	-	(1)	-	1 040
Universal Coal Development II (Pty) Ltd	30 405	-	-	(18)	-	30 387
Universal Coal Development III (Pty) Ltd	10 394	-	-	(6)	-	10 388
Universal Coal Development V (Pty) Ltd	3 635	-	-	(2)	-	3 633
Eloff Mining Company (Pty) Ltd	-	20 037	-	-	-	20 037
North Block Complex (Pty) Ltd	-	-	55 932	1 721	-	57 653
Computer software	74	246	-	(1)	(36)	283
	<b>45 549</b>	<b>20 283</b>	<b>55 932</b>	<b>1 693</b>	<b>(36)</b>	<b>123 421</b>

##### Reconciliation of intangible assets - 30 June 2018

Project	Opening balance A\$'000	Additions A\$'000	Foreign exchange movements A\$'000	Amortisation and impairment A\$'000	Total A\$'000
Universal Coal Development I (Pty) Ltd	909	147	(15)	-	1 041
Universal Coal Development II (Pty) Ltd	30 858	40	(493)	-	30 405
Universal Coal Development III (Pty) Ltd	10 170	389	(165)	-	10 394
Universal Coal Development V (Pty) Ltd	3 671	23	(59)	-	3 635
Computer software	195	55	(3)	(173)	74
	<b>45 803</b>	<b>654</b>	<b>(735)</b>	<b>(173)</b>	<b>45 549</b>

## Universal Coal Plc

(Registration number 4482856)

### Notes to the Condensed Consolidated Financial Statements for the six months ended 31 December 2018 (continued)

#### 5. Intangible assets (continued)

##### 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 2018:

Project	Entity	Location	Property	Size (hectare)	Permit type & Number	Expiry date	Comment	% Interest
Kangala	Universal Coal Development I (Pty) Ltd	Delmas, Mpumalanga Province, South Africa	Wolvenfontein 244IR: Portion 1 and RE of Portion 2	951	Mining right: MP30/5/1/2/2/429MR	02/05/2032	Valid Mining Right	70.50 %
Kangala	Universal Coal Development I (Pty) Ltd	Delmas, Mpumalanga Province, South Africa	Middelbult 235IR: Portions 40 and 82	942	Prospecting Right: MP30/5/1/1/2/641PR  Mining Right application lodged: MP30/5/1/1/2/10179MR	09/07/2017	The renewal of the prospecting right was granted in July 2014 and lapsed in July 2017  Awaiting granting of Mining Right	70.50 %
Berenice	Universal Coal Development II (Pty) Ltd	Waterpoort, Limpopo Province, South Africa	Berenice 548 MS; Celine 547 MS; Doornvaart 355 MS; Portion 1 Gezelschap 395 MS; Longford 354 MS; Matsuri 358 MS	6 595	Prospecting Right: LP30/5/1/1/2/376PR  Mining Right application lodged: MP30/5/1/1/2/10179MR	19/03/2016	A mining right application was submitted in December 2015 and is pending  Awaiting granting of Mining Right	50.00 %

## Universal Coal Plc

(Registration number 4482856)

### Notes to the Condensed Consolidated Financial Statements for the six months ended 31 December 2018 (continued)

#### 5. Intangible assets (continued)

Project	Entity	Location	Property	Size (hectare)	Permit type & Number	Expiry date	Comment	% Interest
Ubuntu Colliery	Universal Coal Development III (Pty) Ltd	Delmas, Mpumalanga Province, South Africa	Brakfontein 264IR : Portions 6, 8, 9, 10, 20, 26, 30 and Remaining Extent	879	Mining Right: MP30/5/1/2/2/1 0027MR	07/2034	Valid Mining Right  A mining right granted and executed.  Registration of the mining right is underway	50.20 %
NCC Colliery	Universal Coal Development IV (Pty) Ltd	Kriel, Mpumalanga Province, South Africa	Roodekop 63IS. 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 28 IS (portion 1. M/a 6 and 7 of portion 7)	4 960	Mining Right: MP30/5/1/1/2/492MR	05/02/2034	Mining Rights 429MR & 148MR consolidated through S102 of the MPRDA  The consolidated mining right was executed on the 1st of November 2017 and is awaiting registration in the deeds office.	49.00 %
Eloff	Universal Coal Development IV (Pty) Ltd	Delmas. Mpumalanga Province. South Africa	Droogfontein 242IR. Strydpan 243IR. Stompiesfontein 273IR	8 168	Mining Right MP30/5/1/2/2/10169 MR	-	Mining Right granted. Awaiting motorization of mining right	49.00 %

## Universal Coal Plc

(Registration number 4482856)

### Notes to the Condensed Consolidated Financial Statements for the six months ended 31 December 2018 (continued)

#### 5. Intangible assets (continued)

Project	Entity	Location	Property	Size (hectare)	Permit type & Number	Expiry date	Comment	% Interest
NBC Colliery	North Block Complex (Pty) Ltd	Belfast Mpumalanga Province. South Africa	Glisa Portion 1, 2, 3, 4 and 5 of the farm Paardeplaats 380 JT	1 013.76	Mining Right: MP30/5/1/2/1/326MR	05/12/2039	Valid Mining Right	49.00 %
NBC Colliery	North Block Complex (Pty) Ltd	Belfast Mpumalanga Province. South Africa	Eerstelingsfontein Remaining Extent of Portion 2 and Portions 3, 4, 5, 6, 7, 8 and 9 of the farm Eerstelingsfontein 406 JT	306.56	Mining Right: MP30/5/1/1/2/19MR (10068MR)	11 /06/2013	Mining Right renewal lodged MR renewal granting pending	49.00 %
NBC Colliery	North Block Complex (Pty) Ltd	Belfast Mpumalanga Province. South Africa	Paardeplaats Remaining extent of Portion 13, Portions 28, 29, 30, 40 of the farm Paardeplaats 380 JT and the Remaining Extent of Portion 2 of the Farm Paardeplaats 425 JS		Mining Right: MP30/5/1/2/2/190MR		MR granted and executed. Section 11 pending.*	49.00 %
Cygnus	Universal Coal Development V (Pty) Ltd	All Days (Waterpoort) Limpopo Province, South Africa	Cygnus 543MS and adjacent farms	12 299	Prospecting Right: LP30/5/1/1/2/12 76PR	28/06/2019	Prospecting right renewal executed and registered.	50.00 %

## Universal Coal Plc

(Registration number 4482856)

### Notes to the Condensed Consolidated Financial Statements for the six months ended 31 December 2018 (continued)

#### 5. Intangible assets (continued)

Project	Entity	Location	Property	Size (hectare)	Permit type & Number	Expiry date	Comment	% Interest
Arnot South Project	Universal Coal Development VII (Pty) Ltd	Arnot. Mpumalanga Province. South Africa	Vlakfontein 166 IS (RE Ext.. portions 2. 5. 8. 9. 10. 13 and 14); Tweefontein 203 IS (RE Ext. of portion 3. RE Ext. of portion 5. RE Ext. of portion 9. RE Ext. of portion 10 and portions 4. 7. 8. 11. 12. 13. 14. 18. 19. 20. 21. 22. 23. 24. 25); Op Goeden Hoop 205 IS (RE Ext. of portion 2); Groblersrecht 175 IS – whole farm; Klipfontein 495 IS (RE Ext. of MA 1); Vaalwater 173 IS (portions 10. 12. 14. RE Ext. of portion 2); Mooiplaats 165 IS (portions 4. 11. 12. 13. 15 and 16); Helpmekaar 168 IS – whole farm; Schoonoord 164 IS (portion 19); Leeuwpan 494 JS (portions 7. 8. 9. RE Ext. and RE Ext. of portion 4); Weltevreden 174 IS (portions 1. 2 (MA). 4 and RE Ext); Nooitgedacht 493 JS (portions 4 and 9)	15 532	Prospecting Right: MP30/5/1/1/2/360PR	(Original application) 30/10/2006 & 29/10/2011	Renewal of the prospecting right is pending and the acquisition is subject to the successful approval of the Prospecting Right transfer to Universal Coal in accordance with Section 11 of the Mineral and Petroleum Resources Development Act. 2002	50.00 %

\*The Company has assumed the ownership of the Paardeplaats as at the date the effective date of the of the acquisition even though the company has not yet received the Department of Mineral Resources S11 transfer of ownership approval. The Company is confident that the granting will be issued in due course.

# Universal Coal Plc

(Registration number 4482856)

## Notes to the Condensed Consolidated Financial Statements for the six months ended 31 December 2018 (continued)

	Reviewed 31 December 2018 A\$ '000	Audited 30 June 2018 A\$ '000	Reviewed 31 December 2017 A\$ '000
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### 6. Investments in associated undertakings

The group has interest in two associates. None are regarded as individually material.

The following table summarises, in aggregate, the carrying amount and share of profit and other comprehensive income of these individually immaterial associated undertakings:

#### Group

Name of company	% ownership interest December 2018	% ownership interest June 2018	% ownership interest December 2017	Carrying amount December 2018 A\$'000	Carrying amount June 2018 A\$'000	Carrying amount December 2017 A\$'000
Universal Coal Logistics Proprietary Limited	49.00 %	49.00 %	49.00 %	22	16	22
Universal Coal Development VI Proprietary Limited	15.00 %	15.00 %	15.00 %	12	10	6
Eloff Mining Company Proprietary Limited	- %	29.00 %	29.00 %	-	8 200	8 814
				34	8 226	8 842

#### Group

31 December 2018 A\$ '000	30 June 2018 A\$ '000	31 December 2017 A\$ '000
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#### Carrying amount of investments accounted for using the equity method

Opening balance	8 226	8 340	8 340
Investment in the period	9	11	119
Foreign exchange movement in opening balance	(1)	(312)	281
Share of operating profit of associated undertakings	-	187	102
Disposal of associate via acquisition of subsidiaries	(8 200)	-	-
<b>Total carrying value at the end of the year</b>	<b>34</b>	<b>8 226</b>	<b>8 842</b>

On 30 June 2017, the subsidiary Universal Coal Development IV (Pty) Ltd acquired 29% of the shares of the Eloff Mining Company (Pty) Ltd and paid A\$4.35 million in cash for the investment. The investment has been fair valued by taking into consideration the intrinsic market value underlying coal resources, as well as the net asset values as at the date of acquisition.

During the current period, Universal Coal Development IV (Pty) Ltd acquired a further 71% of the Eloff Mining Company (Pty) Ltd's shares. Subsequently Eloff Mining Company (Pty) Ltd is accounted for as a subsidiary.

# Universal Coal Plc

(Registration number 4482856)

## Notes to the Condensed Consolidated Financial Statements for the six months ended 31 December 2018 (continued)

	Reviewed 31 December 2018 A\$ '000	Audited 30 June 2018 A\$ '000	Reviewed 31 December 2017 A\$ '000
<b>7. Loan receivable</b>			
<b>Loans and receivables</b>			
Ndalamo Resources Proprietary Limited	11 872	10 575	9 907
<p>The loan is secured against a share pledge of Ndalamo's shares in UCD VIII and UCD IV, bears interest at prime plus 1% per annum and is fully repayable by 30 June 2023 in varying capital installments. The balance above represents a net amount of A\$5.0 million (30 June 2018: A\$5.0 million; 31 December 2017: A\$5.2 million) and accumulated interest of A\$6.9 million (30 June 2018: A\$5.6 million; 31 December 2017: A\$4.7 million). To date a gross capital amount of A\$17.4 million (30 June 2018: A\$17.4 million; 31 December 2017: A\$17.7 million) has been loaned to Ndalamo Resources of which A\$12.4 million (30 June 2018: A\$12.4 million; 31 December 2017: A\$12.5 million) has been on lent to UCD IV and UCD VIII. On consolidation this amount is offset against the gross loan balance due to offsetting rights included in the agreements.</p>			
<b>8. Inventories</b>			
Run-of-mine(ROM) stockpiles	1 581	1 465	4 112
Coal product stockpiles	3 582	2 015	3 128
Diesel on hand	203	186	204
Consumable stores	250	-	168
	<b>5 616</b>	<b>3 666</b>	<b>7 612</b>
<b>9. Trade and other receivables</b>			
Trade and other receivables	38 789	39 642	18 299
Deposits	11	11	1
Financial assets	38 800	39 653	18 300
Value Added Taxation	1 263	2 513	2 165
Prepayments	2 966	2 251	2 118
	<b>43 029</b>	<b>44 417</b>	<b>22 583</b>

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

On 19 April 2012, Universal Coal & Energy Holdings South Africa Proprietary Limited acquired 1 (one) ordinary share (50%) of Universal Coal Development VII Proprietary Limited, a special purpose entity formed with the intention of acquiring additional prospecting rights in South Africa. Because certain conditions precedent still have to be concluded, the contribution of A\$1.7 million (30 June 2018: A\$1.7 million; 31 December 2017: A\$1.4 million) is included in prepayments.



# Universal Coal Plc

(Registration number 4482856)

## Notes to the Condensed Consolidated Financial Statements for the six months ended 31 December 2018 (continued)

	Reviewed 31 December 2018 A\$ '000	Audited 30 June 2018 A\$ '000	Reviewed 31 December 2017 A\$ '000
<b>10. Cash and cash equivalents</b>			
Cash and cash equivalents consist of:			
Bank balances	46 119	33 543	17 539
Restricted cash	1 232	3 329	1 617
	<u>47 351</u>	<u>36 872</u>	<u>19 156</u>
<b>Restricted cash and cash equivalents</b>			
Restricted cash and cash equivalents consists of security for financial and supplier guarantees provided by financial institutions on behalf of the group.			
<b>Financial guarantees</b>			
A financial guarantee has been provided to Exxaro Coal Central (Pty) Ltd as a condition precedent to a sale of shares and claims agreement, and have been fully secured by a cash balance of A\$0.5 million (30 June 2018: A\$0.9 million).			
<b>Supplier guarantees</b>			
Supplier guarantees have been provided to certain suppliers of Universal Coal Development I (Pty) Ltd and have been fully secured by a cash balance of A\$0.7 million (30 June 2018: A\$0.7 million).			
<b>11. Share capital</b>			
<b>Allotted, issued and fully paid</b>			
522 471 758 Ordinary shares of £0.05	44 466	44 466	44 466
<b>12. Borrowings</b>			
<b>Non-current liabilities</b>			
Investec Kangala and NCC Project Finance Facilities	16 454	21 997	24 480
Capital Harvest Facility - Eloff	8 376	-	-
	<u>24 830</u>	<u>21 997</u>	<u>24 480</u>
<b>Current liabilities</b>			
Current portion of Investec Kangala and NCC Project Finance Facilities	10 979	10 979	10 571
Capital Harvest Facility - Eloff	1 127	-	-
	<u>12 106</u>	<u>10 979</u>	<u>-</u>
<b>Finance facilities</b>			
Investec Kangala and NCC Project Finance Facilities	27 433	32 976	35 051
Capital Harvest Facility - Eloff	9 503	-	-
	<u>36 936</u>	<u>32 976</u>	<u>35 051</u>

## Universal Coal Plc

(Registration number 4482856)

### Notes to the Condensed Consolidated Financial Statements for the six months ended 31 December 2018 (continued)

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#### 12. Borrowings (continued)

##### Investec Kangala and NCC Project Finance Facility

On 31 July 2015 Universal Coal entered into new financing agreements with Investec Bank Limited (Investec), acting through its Corporate and Institutional Banking division, replacing the existing banking facilities with Rand Merchant Bank, a division of FirstRand Bank Limited.

Funds from the Investec facilities are available as follows:

- Tranche A: Settlement of the Kangala project finance facility of A\$30 million (ZAR285 million plus ZAR5 million for fees).
- Tranche A: A Working Capital Facility: A\$2.6 million (ZAR25 million) facility for working capital for the Kangala Colliery.
- Tranche B: A\$22 million (ZAR215 million) facility to fund the balance of capital development activities at NCC (undrawn).

The Kangala loan bears interest at three-month JIBAR plus 4% p.a. and the NCC loan at three month JIBAR plus 4.5% p.a.

Repayment of Tranche A will follow a quarterly cycle over 20 repayment periods, with interest being serviced simultaneously. The revolving working capital facility has a tenure 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.

Security over the debt facilities are standard for a facility of this nature, and involve first ranking security over assets, including bonds over movable, immovable, mining and surface rights. A project completion guarantee for NCC was provided from the parent company; Universal Coal plc.

Transaction costs (debt issuance costs) of ZAR9.4 million (A\$0.9 million) have been settled by utilising the finance facility. Debt issuance costs are recorded as a deferred charge and amortised over the term of the debt using the effective interest method.

##### Investec Short term loan

A short-term uncommitted revolving working capital facility of A\$2.6 million (ZAR25 million) has been provided to the Kangala Colliery by Investec Bank Limited which is secured in line with the security package for the project financing facility. Interest on the daily outstanding balance is levied at JIBAR plus 4% per annum.

At the end of 31 December 2018 the full working capital facility was undrawn and available for draw down as required.

##### Capital Harvest Facility - Eloff

On 19 October 2018 Universal Coal entered into new financing agreements with Capital Harvest Emerging Farmer Finance (Pty) Ltd (CHEFF).

Details of funds from the CHEFF facility are as follows:

Type:	Term loan
Term:	20 months
Finance Rate:	Prime + 0.25%
Repayment Plan:	Quarterly interest + capital instalments
Finance Amount:	A\$ 9.4 million (R 95 million)
Initiation Fee:	A\$ 187 000 (R 1.9 million)

Security provided by Eloff Project is via a bond of A\$ 9.8 million (R 100 million) covering the properties of Eloff Project as well as cession of all income generated by these properties.

Security provided by Universal Coal PLC:

- General deed of suretyship limited to A\$ 9.8 million (R 100 million) for the obligation of Eloff Project.
- Cession of shareholder loan limited to A\$ 9.8 million (R 100 million) due by UCEHSA to Universal Coal PLC.

# Universal Coal Plc

(Registration number 4482856)

## Notes to the Condensed Consolidated Financial Statements for the six months ended 31 December 2018 (continued)

	Reviewed 31 December 2018 A\$ '000	Audited 30 June 2018 A\$ '000	Reviewed 31 December 2017 A\$ '000
<b>13. Deferred tax</b>			
<b>Reconciliation of deferred liability</b>			
At beginning of year	11 246	10 124	9 401
Foreign exchange adjustments to balance at beginning of the year	-	(163)	-
Taxable / (deductible) temporary difference on health care benefits	(7 574)	1 143	(1 731)
Foreign exchange adjustments to spot at year end	(56)	142	(142)
<b>Balance at the end of the year</b>	<b>3 616</b>	<b>11 246</b>	<b>7 528</b>
<b>Comprising</b>			
Deferred tax liability	66 384	21 687	13 126
Deferred tax asset	(62 768)	(10 441)	(5 598)
<b>Total net deferred tax liability</b>	<b>3 616</b>	<b>11 246</b>	<b>7 528</b>
The deferred tax assets and liabilities are offset to determine the amounts stated in the Consolidated Statements of Financial Position when the taxes can be legally offset and will be settled net.			
<b>Deferred tax liability</b>			
- Accelerated capital allowances for tax purposes	66 749	13 173	13 126
- Fair value increases in assets not recognised for tax purposes	-	8 514	-
- Acquisition of Eloff Mining Company	(365)	-	-
- Other	-	-	-
<b>Total deferred tax liability</b>	<b>66 384</b>	<b>21 687</b>	<b>13 126</b>
<b>Deferred tax asset</b>			
- Timing difference on rehabilitation provision	(62 719)	(10 441)	-
- Tax losses	-	-	(5 598)
- Acquisition of Eloff Mining Company	(49)	-	-
<b>Total deferred tax asset</b>	<b>(62 768)</b>	<b>(10 441)</b>	<b>(5 598)</b>

## Universal Coal Plc

(Registration number 4482856)

### Notes to the Condensed Consolidated Financial Statements for the six months ended 31 December 2018 (continued)

#### 14. Provisions

##### Reconciliation of provisions - 31 December 2018

	Opening balance A\$'000	Increase/(decrease) in provision - change in estimate A\$'000	Unwinding of provision A\$'000	Foreign exchange movement A\$'000	Total A\$'000
Environmental rehabilitation - Kangala	4 288	-	187	(1)	4 474
Environmental rehabilitation - NCC	31 612	(600)	1 221	(1)	32 232
Environmental Rehabilitation - NBC	-	26 969	-	831	27 800
	<b>35 900</b>	<b>26 369</b>	<b>1 408</b>	<b>829</b>	<b>64 506</b>

##### Reconciliation of provisions - 30 June 2018

	Opening balance A\$'000	Increase/(decrease) in provision - change in estimate A\$'000	Unwinding of provision A\$'000	Foreign exchange movement A\$'000	Total A\$'000
Environmental rehabilitation - Kangala	3 541	271	545	(69)	4 288
Environmental rehabilitation - NCC	28 800	992	2 466	(646)	31 612
	<b>32 341</b>	<b>1 263</b>	<b>3 011</b>	<b>(715)</b>	<b>35 900</b>

The rehabilitation provision relates to the estimated costs of correcting any disturbance relating to mining activities and those incidental thereto for the Kangala and NCC. The level of provision is commensurate with work completed to date.

The cost of rehabilitation of the Kangala Colliery was estimated at A\$4.2 million (30 June 2018: A\$4.2 million). The future value of the Kangala provision was calculated by escalating estimated costs at an average CPI of 6% over the life of the mine of 1.5 years. This amount is discounted at the 10 year South African Government Bond Rate of 8.94% to arrive at a carrying value of A\$4.4 million (30 June 2018: A\$4.3 million).

The cost of rehabilitation of NCC was estimated at A\$39.4 million (30 June 2018: A\$39.4 million). The future value of the NCC provision was calculated by escalating estimated costs at an average CPI 6% over the life of the mine of 8.5 years. This amount is discounted at the 10 year South African Government Bond Rate of 8.94% to arrive at a carrying value of A\$32.2 million (30 June 2018: A\$31.6 million).

The cost of rehabilitation of NBC was estimated at A\$43.0 million. The future value was calculated by escalating estimated costs at an average CPI of 6% over the life of the mine of 17 years. This amount is discounted at the 10 year South African Government Bond Rate of 8.94% to arrive at a carrying value of A\$27.8 million.

## Universal Coal Plc

(Registration number 4482856)

### Notes to the Condensed Consolidated Financial Statements for the six months ended 31 December 2018 (continued)

	Group		
	Reviewed 31 December 2018 A\$ '000	Audited 30 June 2018 A\$ '000	Reviewed 31 December 2017 A\$ '000
<b>15. Trade and other payables</b>			
Trade payables	35 600	26 097	14 885
Deferred revenue	614	3 148	-
Accrued expenses	7 011	13 426	4 527
<b>Financial liabilities</b>	<b>43 225</b>	<b>42 671</b>	<b>19 412</b>
		Reviewed 31 December 2018 A\$ '000	Reviewed 31 December 2017 A\$ '000
<b>16. Finance income</b>			
<b>Interest revenue</b>			
Bank and fixed deposit interest		1 725	562
Ndalamo loan interest		1 297	1 246
<b>Total interest income</b>		<b>3 022</b>	<b>1 808</b>
<b>17. Finance expenses</b>			
Interest on Investec Project Finance Facilities		1 819	1 713
Interest on converting notes		-	190
Accretion of deferred transaction costs		31	184
Unwinding of discount on provisions and other liabilities		1 408	1 428
<b>Total finance costs</b>		<b>3 258</b>	<b>3 515</b>
<b>18. Taxation</b>			
The estimated tax loss available for set off against future taxable income is A\$47.5 million (Dec 2016: A\$30.9 million).			
<b>Factors affecting the tax charge</b>			
Profit / (loss) on ordinary activities before tax		66 555	19 184
Tax at the applicable tax rate of 28%		(18 635)	(5 372)
<b>Tax effect of adjustments on taxable income</b>			
Non-taxable gain on bargain purchase		7 507	-
Non-deductible expenses		(380)	(238)
Tax losses utilised		5 544	4 808
Temporary differences		4 523	(2 995)
Tax losses not recognised		-	(1 254)
<b>Total taxation</b>		<b>(1 441)</b>	<b>(5 051)</b>

## Universal Coal Plc

(Registration number 4482856)

Consolidated Unaudited Half Year Financial Statements for the six months ended 31 December 2018

### Notes to the Condensed Consolidated Financial Statements for the six months ended 31 December 2018 (continued)

	Reviewed 31 December 2018 A\$ '000	Reviewed 31 December 2017 A\$ '000
<b>19. Cash generated from operations</b>		
Profit/(loss) before taxation	66 555	19 184
<b>Adjustments for:</b>		
Depreciation and amortisation	12 980	9 235
Foreign exchange loss	18	60
Income from equity accounted investments	-	(102)
Finance income	(3 022)	(1 808)
Finance expenses	3 258	3 515
Derivative financial liability	-	(147)
Bargain purchase gain	(26 244)	-
<b>Changes in working capital:</b>		
Increase in inventories	(1 708)	(2 281)
(Decrease) / increase in trade and other receivables	1 387	(439)
(Decrease) trade and other payables	(775)	(4 628)
	<b>52 449</b>	<b>22 589</b>
<b>20. Significant non-cash transactions</b>		
<b>Operating activities</b>		
Depreciation and amortisation	12 980	9 235
Gain on bargain purchase	(26 244)	-
Finance income	(1 297)	(1 308)
Finance expense	1 539	2 827
	<b>(13 022)</b>	<b>10 754</b>

## Universal Coal Plc

(Registration number 4482856)

### Notes to the Condensed Consolidated Financial Statements for the six months ended 31 December 2018 (continued)

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#### 21. Related parties

##### Relationships

Holding company

Universal Coal and Energy Holdings South Africa  
Proprietary Limited (UCEHSA)

Subsidiaries

Universal Coal Development I (Pty) Ltd  
Universal Coal Development II (Pty) Ltd  
Universal Coal Development III (Pty) Ltd  
Universal Coal Development IV (Pty) Ltd  
Universal Coal Development V (Pty) Ltd  
Universal Coal Development VII (Pty) Ltd  
Universal Coal Development VIII (Pty) Ltd  
Twin Cities Trading 374 (Pty) Ltd  
Epsimax (Pty) Ltd  
Episolve (Pty) Ltd  
Bold Moves 1765 (Pty) Ltd  
Universal Coal Power Generation (Pty) Ltd  
Eloff Mining Company (Pty) Ltd  
North Block Complex (Pty) Ltd  
Manyeka Coal Mines (Pty) Ltd

Associated undertakings

Universal Coal Development VI (Pty) Ltd  
Universal Coal Logistics (Pty) Ltd

Black Empowerment Economic Partners

Unity Rocks Mining (Pty) Ltd  
Mountain Rush Trading 6 (Pty) Ltd  
Solar Spectrum Trading 365 (Pty) Ltd  
Proper Health (Pty) Ltd  
Pacific Breeze Trading 725 (Pty) Ltd  
Azaramix Investments (Pty) Ltd  
Identity Coal (Pty) Ltd  
Ndalamo Resources (Pty) Ltd  
Bono Lithihi Investments Group (Pty) Ltd

Other related parties and connected persons

KEE Enterprises (Pty) Ltd  
Hendrik Bonsma  
Coal Development Holding B.V  
African Minerals Exploration and Development GP  
SARL  
IchorCoal N.V.

## Universal Coal Plc

(Registration number 4482856)

### Notes to the Condensed Consolidated Financial Statements for the six months ended 31 December 2018 (continued)

#### 21. Related parties (continued)

	Reviewed 31 December 2018 A\$ '000	Audited 30 June 2018 A\$ '000	Reviewed 31 December 2017 A\$ '000
<b>Related party balances</b>			
<b>Loan to related parties</b>			
Ndalamo Resources (Pty) Ltd	11 872	10 575	9 907
<b>Related party transactions</b>			
<b>Consulting fees paid to related parties</b>			
African Minerals Exploration and Development GP	80	160	80
IchorCoal N.V.	80	160	80
Mountain Rush Trading 6 (Pty) Ltd	3 827	8 715	4 395
Ndalamo Resources (Pty) Ltd	3 301	4 207	-
<b>Dividend paid to related parties</b>			
Mountain Rush Trading 6 (Pty) Ltd	1 451	6 912	2 239
<b>Rent paid to related parties</b>			
KEE Enterprises (Pty) Ltd	60	109	60
<b>Shareholder loan repayment</b>			
Mountain Rush Trading 6 (Pty) Ltd	-	899	-

Universal Coal Development I (Pty) Ltd secured a portion of the 100% Kangala equity funding requirement of A\$16.9 million (ZAR160 million) through a shareholders loan of A\$4.30 million (ZAR47.2 million) from Black Economic Empowerment partner Mountain Rush Trading 6 (Pty) Ltd. A shareholder loan repayment of A\$0.9 million (ZAR9.3 million) was made during the period (30 June 2018: A\$2.3 million (ZAR23 million); 31 December 2017: A\$0.9 million (ZAR9.3 million)).

On 12 August 2014, a financing term sheet was entered into between Universal Coal and Energy Holdings South Africa (Pty) Ltd and Ndalamo Resources (Pty) Ltd for the financing of the NCC Roodekop project. The loan is secured against a share pledge of Ndalamo's shares in UCD VIII and UCD IV, bears interest at prime plus 1% per annum and is fully repayable by 30 June 2023 in varying capital installments. The balance above represents a net amount of A\$5.0 million (30 June 2018: A\$5.0 million; 31 December 2017: A\$5.2 million) and accumulated interest of A\$6.9 million (30 June 2018: A\$5.6 million; 31 December 2017: A\$4.7 million). To date a gross capital amount of A\$17.4 million (30 June 2018: A\$17.4 million; 31 December 2017: A\$17.7 million) has been loaned to Ndalamo Resources of which A\$12.4 million (30 June 2018: A\$12.4 million; 31 December 2017: A\$12.5 million) has been on lent to UCD IV and UCD VIII. On consolidation this amount is offset against the gross loan balance due to offsetting rights included in the agreements. The balance of A\$5.2 million has been utilised to subscribe for shares in UCDIV.

On 5 December 2012, the Company entered into a private placement agreement with Coal Development Holding B.V. (CDH) a wholly owned investment vehicle of African Minerals Exploration and Development GP SARL for the acquisition of 29.99% of the issued share capital of Universal Coal Plc. One of the key terms of the placement was that CDH has the right to nominate two Non-Executive Directors to the Company's Board. Following Shareholder approval at the Company's Annual General Meeting on 21 December 2012, the Board of Universal Coal Plc approved the appointment of Mr David Twist and Mr Carlo Baravalle as Non-Executive Directors effective from 7 January 2013. Monthly fees of A\$0.01 million are payable to African Minerals Exploration and Development GP SARL.

Fees paid to Mountain Rush Trading 6 (Pty) Ltd relate to facilitation and service fees permitted in the Facilitation and Service Fee Agreement entered into on 6 May 2013 between Mountain Rush Trading 6 (Pty) Ltd, Universal Coal Development I (Pty) Ltd and Universal Coal and Energy Holdings South Africa (Pty) Ltd. The transaction is considered to be at "arms-length".



## Universal Coal Plc

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### Notes to the Condensed Consolidated Financial Statements for the six months ended 31 December 2018 (continued)

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#### 21. Related parties (continued)

On 1 September 2014, Universal Coal Plc entered into a Subscription Agreement with IchorCoal N.V. for the strategic investment of A\$24.5 million and furthermore entered into a Warrant Instrument with IchorCoal N.V. whereby IchorCoal N.V. would subscribe for 71 220 000 Warrants, exercisable for a period of 18 months at a strike price of A\$0.36. As part of the investment and effective from 16 October 2014, Messrs Nonkululeko Nyembezi and Andries Engelbrecht were appointed to the Board of Universal Coal as nominee directors of IchorCoal N.V. Monthly fees of A\$13.3 thousand are payable to IchorCoal N.V.

A lease agreement was renewed with KEE Enterprises on 6 December 2018 for office rental in South Africa. The controlling shareholder of KEE Enterprises (Pty) Ltd, Hendrik Bonsma is also a non-executive director of Universal Coal Plc. The period of the lease is for 5 years at a market related rental of A\$16 000 per month with an annual escalation clause of 8% per annum.

In September 2018 UCDI declared and paid a dividend of R 50 000 per share. A total dividend of A\$1.45 million (ZAR 14 750 000) was paid to Mountain Rush Trading 6 (Pty) Ltd.

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# Universal Coal Plc

(Registration number 4482856)

## Notes to the Condensed Consolidated Financial Statements for the six months ended 31 December 2018 (continued)

### 22. Risk management

#### Financial risk management

##### A. Accounting Classifications and Fair values

The Group's activities expose it to a variety of financial risks: in particular market risk (including currency risk, fair value and interest rate risk) and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on the Group's performance. The Board on behalf of the members carries out risk management.

The financial instruments of the Group are:	Note	Fair value hierarchy	Loans and receivables Carrying amount A\$'000	Financial Liabilities Carrying amount A\$'000
<b>31 December 2018</b>				
<b>Financial assets</b>				
Trade and other receivables	1 9	Level 3	38 800	-
Unrestricted cash	1 10	Level 2	46 119	-
Restricted cash	1 10	Level 2	1 232	-
Loan receivable	1 7	Level 3	11 872	-
Other financial assets	-	Level 3	2 658	-
			<u>100 681</u>	<u>-</u>
<b>Financial liabilities</b>				
Trade payables	1 15	Level 3	-	43 225
Derivative financial liability	3	Level 3	-	-
Borrowings	2 12	Level 3	-	36 936
Converting notes	2	Level 3	-	-
			<u>100 681</u>	<u>80 161</u>
<b>30 June 2018</b>				
<b>Financial assets</b>				
Trade and other receivables	1 9	Level 3	39 653	-
Unrestricted cash	1 10	Level 2	33 543	-
Restricted cash	1 10	Level 2	3 329	-
Loan receivable	1 7	Level 3	10 575	-
Other financial assets		Level 3	2 658	-
			<u>89 758</u>	<u>-</u>
<b>Financial liabilities</b>				
Trade payables	1 15	Level 3	-	42 671
Derivative financial liability	3	Level 3	-	-
Borrowings	2 12	Level 3	-	32 976
Converting notes	2	Level 3	-	-
			<u>89 758</u>	<u>75 647</u>

<sup>1</sup> The carrying amount of these financial assets and liabilities are a reasonable approximation of their fair values

<sup>2</sup> Financial liabilities recognised as at amortised cost

<sup>3</sup> Financial liabilities designated as at fair value through profit or loss

Value Added Taxation and prepayments of A\$4.3 million (30 June 2018: A\$4.8 million) and provisions and deferred tax of A\$42.3 million (30 June 2018: A\$46 million) have been excluded as these do not meet the definition of a financial asset or financial liability as defined in IAS 32 *Financial Instruments: Presentation*.

## Universal Coal Plc

(Registration number 4482856)

### Notes to the Condensed Consolidated Financial Statements for the six months ended 31 December 2018 (continued)

	Reviewed 31 December 2018	Reviewed 31 December 2017
<b>23. Earnings Per Share</b>		
<b>Numerator</b>		
Earnings used in basic earnings per share (A\$)	32 681 745	10 713 540
<b>Earnings used in basic and diluted earnings per share (A\$)</b>	<b>32 681 745</b>	<b>10 713 540</b>
<b>Denominator</b>		
Weighted average number of shares used in basic and diluted earnings per share	522 471 758	522 471 758

#### 24. Events after the reporting period

The Company has proven the financial ability to pay an interim dividend on the HY 2018 results, but the Directors have decided to postpone its declaration pending the finalisation of a possible revised binding offer for the Company from a consortium of investors led by Ata Resources Proprietary Limited.

The directors are not aware of any material events which occurred after the reporting date and up to the date of this report, which would have an impact on the financial statements.

# Independent Reviewer Report

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## Independent Review Report to Universal Coal Plc

### 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 2018 which comprises the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows and 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 half-yearly 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 half-yearly report in accordance with the rules of the Australian Stock Exchange. As disclosed in note one, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

### Our responsibilities

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 its responsibilities in respect of half-yearly financial reporting in accordance with 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) 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 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.

## Independent Reviewer's Report (continued)

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### 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 2018 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.

BDO LLP

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*United Kingdom*  
**28 February 2019**

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)