

ASX: UND

ASX ANNOUNCEMENT

26 November 2014

BROUGHTON PROJECT UPDATE

U&D Coal Ltd (ASX: UND) (**UND** or **The Company**) is pleased to announce an update to its Broughton Pre-Feasibility Study and Environmental Impact Assessment.

As announced on the 7th July 2014, UND has commenced a Feasibility study (**PFS**), Infrastructure and Mine Design including the Coal Handling Processing Plant (**CHPP**), for the Broughton Project. This follows the JORC resource upgrade announced previously. The work undertaken so far has involved identifying development options in a number of key areas as listed below;

- Run Of Mine (**ROM**) coal feed tonnage capacity through the CHPP;
- Target seams;
- Sutor Developmental Road diversion;
- 132kV power line;
- Surface water mitigation and management;
- Highwall mining options to increase ROM coal tonnage;
- Optimisation of overburden removal to minimise mining excavator and truck haulage; and
- Optimisation of coal product and processing.

After evaluation of the outcomes from the work areas above, a single “Go Forward Case” has been selected to direct the remaining PFS work, which is planned to be completed by the end of the first quarter of 2015. This case is characterised by:

- ROM coal feed capacity of approximately 2 to 3 million tonnes per annum with a mine life of approximately 12 years (Note: This is not a production target. It is an estimate of ROM feed capacity to be used in the Go Forward Case for this PFS. Whether the mining operation will be economical at this capacity or feasible is still to be determined by the remaining PFS works, and this capacity estimate should not be relied upon in making any assessments of this Project);
- An optimised washing strategy producing a coking coal product from a primary circuit, along with a thermal coal product in a secondary circuit. Results to date indicate that a coking coal product in the classification range of hard coking to semi-hard coking coal is achievable as well as a medium to high ash thermal coal product;
- Scrapers to be utilised to assist with the removal of weathered overburden material near the surface;
- Removal of overburden and interburden using dozer bulk push techniques to be used where possible;
- Mining of all Elphinstone and Hynds seams, down to the Hynds Lower (**HYL**) seam;
- Where seam thicknesses allow, highwall mining techniques to be employed in the northern part of the mine as well as the final highwall;
- Surface water mitigation and management strategies to maximise the area available for mining activities;
- Sutor Developmental Road to be diverted around the southern end of the mine with the diversion delayed as long as possible to minimise initial capital costs; and
- Power line to be diverted around the southern end of the mine with the diversion delayed as long as possible to minimise initial capital costs.

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The results of the economic analysis on the Go Forward Case have been encouraging, and on that basis the Company has decided to proceed with the remaining work for the Pre-Feasibility Study. In parallel with this work, studies into the economic potential, optimisation, mining and product options for the Girrah Seam resource are also continuing.

Investigations into the optimal solution for product coal transport to port are being conducted, with work underway involving possible rail infrastructure.

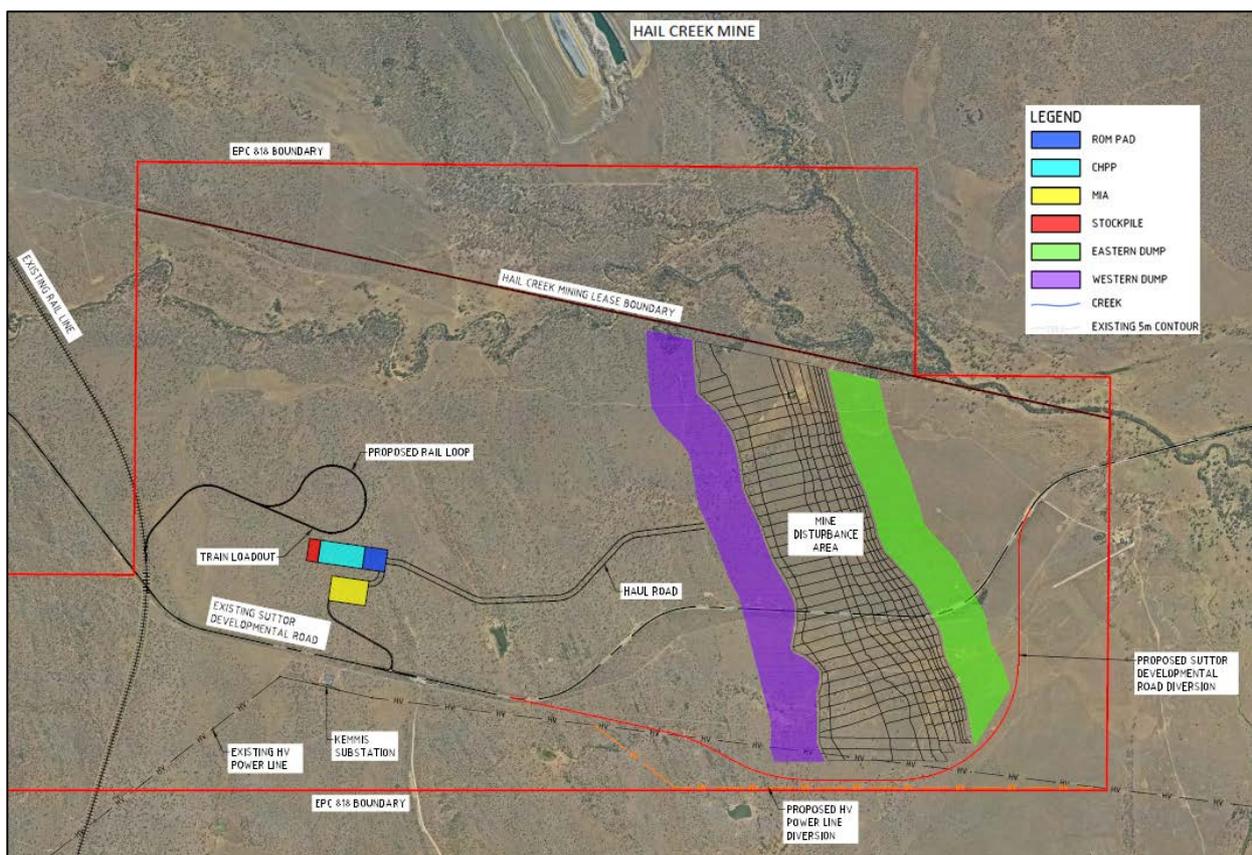


Figure 1 - Indicative Project Layout

As shown in the indicative layout in **Figure 1**, the project is in close proximity to key road, power and rail infrastructure.

Broughton Environmental Impact Study (EIS) and Mining Lease Approvals (MLA)

As announced on 7th July 2014 the Broughton EIS is approximately 50% complete with all baseline studies complete.

Further progress has been made towards the EIS with a draft Initial Advice Statement and draft Terms of Reference prepared and scheduled to be lodged with the Department of Environment and Heritage Protection in the current quarter. The lodgement of these documents will mark the formal commencement of the Environmental Impact Assessment (EIA) approvals pathway for the project.

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Initial baseline environmental studies have provided encouraging indications giving the Company confidence that there should be no major issues with environmental compliance during mining operations. As part of progressing the EIS process, UND will commission further environmental and social studies that will form the basis of the EIS document, which is expected to be lodged for approval in the fourth Quarter of 2015.

Acting CEO's Comments

Commenting on the update to the Feasibility Study and EIS at Broughton, UND's Acting CEO, Mr Fischer Yu said:

"The Broughton Project represents an example of one of the high quality and low cost coal projects that the Company has in its portfolio.

We are committed to developing the Company as a coal producer and the Broughton Project represents a key part of this strategy. The progression of the Pre-Feasibility Study and Environmental Impact Assessment for the project is an important milestone for the Company during these difficult times and will assist to strategically position the Company to be able to take advantage of improved coal market conditions in the future."

The Broughton Project

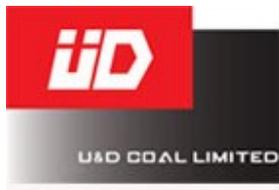
The Broughton Project (EPC818) is the second flagship project for UND and is a significant open cut coking coal development located 30km North West of the township of Nebo in the Northern Bowen Basin and immediately south of Rio Tinto's Hail Creek operations. The Broughton Project is approximately 160km by rail from the Dalrymple Bay port facilities via the Hail Creek rail spur and the Goonyella rail system. JORC resources for the project currently total 120.9 Mt, with 17.8 Mt Measured Resource, 11.1 Mt in Indicated Resource and 92.0 Mt of Inferred Resource. (These categories are in accordance with the 2012 JORC code, and as announced by the Company on 7th July 2014). Pursuant to Listing Rule 5.23.2, UND confirms that it is not aware of any new information or data that materially affects the information in that announcement and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

Yours faithfully

Qian Yu
Acting Chief Executive Officer

For further information please contact: Peter Edwards, Company Secretary (Tel: +61 418 798 828)

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About UND Coal

U & D Coal Ltd (UND) was listed on the ASX on the 19th of February 2014. The U&D Group commenced with the incorporation of U&D Mining Industry (Australia) Pty Ltd (**U&D Mining**) on 26 August 2011 with the objective of engaging in the acquisition, exploration, development and operation of coal mines and to supply coal product into the export coal market. In May of 2013, U&D Mining acquired the ASX-listed coal explorer Endocoal Ltd (**EOC**), and in February 2014 before listing on the ASX the Group completed a re-structure where shareholders in U&D Mining exchanged their shares for shares in UND. The Group is based in Australia and has established its headquarters at Eight Mile Plains in Brisbane.

Competent Person's Consent

Information relating to EPC818 Broughton Project was prepared and first disclosed under the JORC Code 2012 on 7 July 2014 in the Company's ASX announcement titled 'Broughton Project JORC Update'. The Company confirms that it is not aware of any new information or data that materially affects the information included in that announcement and that all the material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

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