

Friday 14th January 2011

UNIVERSAL COAL ANNOUNCES SIGNIFICANT INCREASE IN KANGALA RESOURCE

Following the successful drilling results obtained on the Berenice Coking Coal Project in December 2010, the Board of Directors of Universal Coal Plc ("Universal Coal") is pleased to provide an update on its most advanced Thermal Coal project.

- **The Kangala Project resource has been increased by 19.1Mt to total 124.0Mt (JORC), with a total of 48.7Mt of Measured, 4.4mt of Indicated and the remaining 70.9Mt being categorised as Inferred.**
- **Drilling has commenced on the Brakfontein Thermal Coal Project. This project has to date a defined JORC resource of 125.6Mt with 96.6Mt categorised as Indicated and a further 29Mt as Inferred.**
- **Drilling is continuing on the Berenice Coking Coal Project, where coal sequences have been intersected in all holes completed to date.**
- **The Board of Universal Coal will continue to provide regular market updates on the Coking and Thermal Coal Projects, in addition to production targets on our first mine to market, "Kangala".**

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ASX Code	UNV
Shares on Issue	203.3m
Cash at hand	\$17.5m
Share Price (13/01/11)	46.5c
Market Cap	\$94.5m
Options on Issue	29.9m

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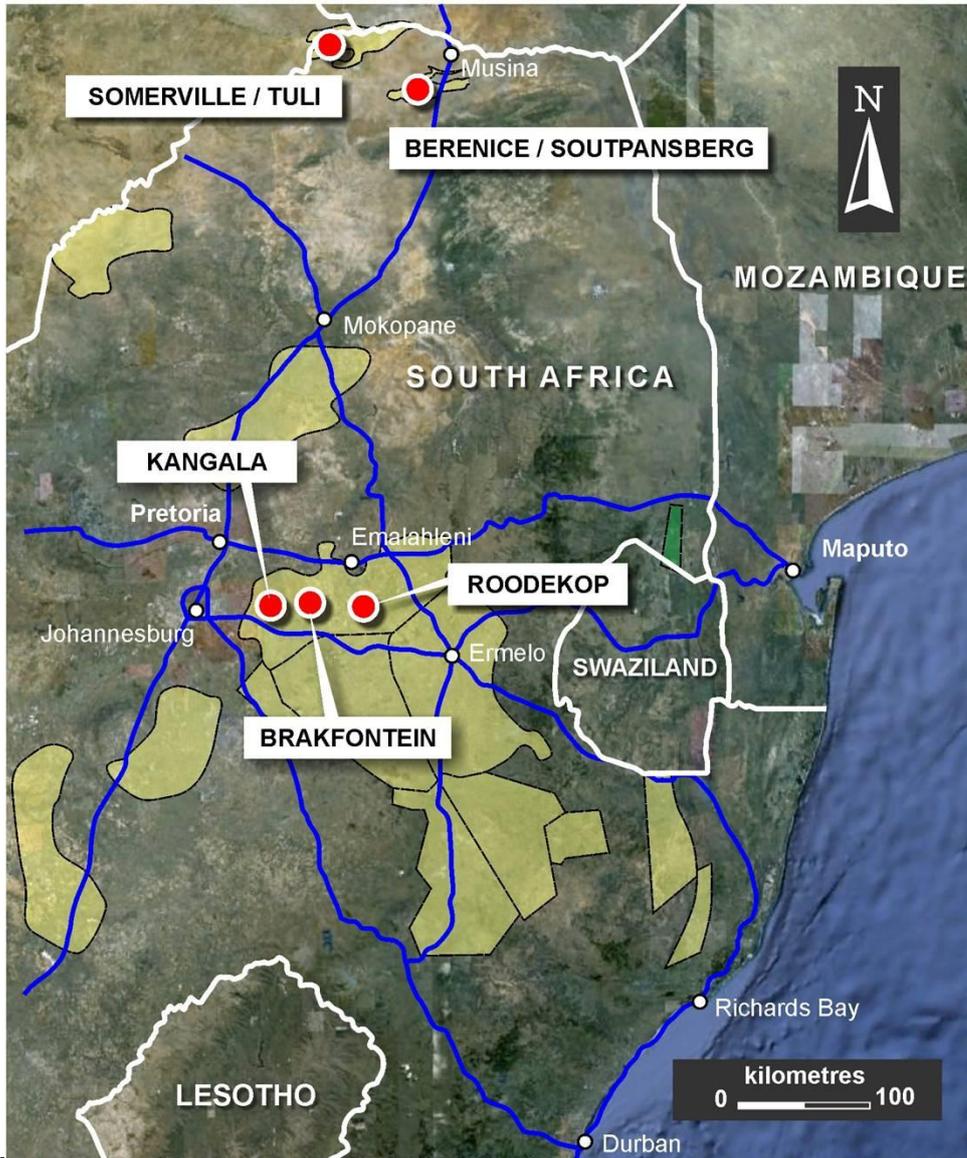
COAL RESOURCES SUMMARY

Project	Measured Millions of tonnes	Indicated Millions of tonnes	Inferred Millions of tonnes	Total Millions of tonnes
Thermal Coal				
Kangala ¹	48.7	4.4	70.9	124.0
Roodekop ²	26.1	50.5	1.6	78.2
Brakfontein ³		96.6	29	125.6
Total Thermal coal⁴	74.8	151.5	101.5	327.8
Coking Coal				
Berenice ⁵			122	122
Somerville ⁵			274	274
Total Coking Coal⁶			396	396
Total⁷	74.8	151.5	497.5	723.8

Notes:

1. Universal Coal has an attributable interest of 70.5% of these coal resources.
2. Under the terms of the earn in agreement, Universal Coal is earning up to 50% in the Roodekop Project via the completion of certain milestones (refer to Section 11 of the Replacement Prospectus). Upon completion of these various milestones, Universal Coal's attributable interest increases and when all of the milestones are completed, Universal Coal will have an attributable interest of 50% in these coal resources (with the option to acquire up to a 74% interest). Universal Coal currently has an attributable interest of 25% in these coal resources.
3. Under the terms of the earn in agreement, Universal Coal is earning up to 50% in the Brakfontein Project via the completion of certain milestones (refer to Section of the Replacement Prospectus). Upon completion of these various milestones, Universal Coal's attributable interest increases and when all of the milestones are completed, Universal Coal will have an attributable interest of 50% in these coal resources (with the right to negotiate to acquire up to a 74% interest). Universal Coal currently has an attributable interest of 30% in these coal resources.
4. Witbank coal resources were estimated by Coffey Mining.
5. Under the terms of the earn in agreement, Universal Coal is earning up to 50% in the Berenice and Somerville Projects via the completion of certain milestones (refer to Section 11 of the Replacement Prospectus). Upon completion of these various milestones, Universal Coal's attributable interest increases and when all of the milestones are completed, Universal Coal will have an attributable interest of 50% in these coal resources (with the option to acquire up to a 74% interest). UCEHSA currently holds a 7% interest in UCD II. Ministerial consent to the transfer of 342/2009PR is still pending.
6. Limpopo coal resources were estimated by Gemecs.
7. Rounding (conforming to the JORC Code) may cause computational discrepancies.

PROJECT LOCATIONS



For personal use only

About Universal Coal plc

Universal Coal is a South African focussed coal company holding interests in three thermal coal projects of between 25% and 70.5%, which currently contain over 300Mt of JORC-compliant resources.

The Company is aiming to achieve first coal production from the Kangala Coal Project in 2011, ramping up to full production by the first quarter of 2012, subject to various regulatory approvals.

Development of the Kangala Project is located in the Witbank coalfield in South Africa, which supplies more than 50% of South Africa's saleable export and domestic coal.

The development of the Kangala Project is planned to be followed by the development of the Roodekop Project and Brakfontein Project subject to positive feasibility studies, financing and other regulatory approvals, with both projects being planned with the object of maximising their export coal potential.

In addition to the thermal coal projects, the Company has an earn-in agreement over two coking coal projects (Berenice and Somerville) that together contain 396Mt of JORC compliant Inferred resources.

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

Competent Person's Statement

The information in this report that relates to Exploration Results, Coal Resources or Ore Reserves relating to the Kangala Project, is based on information reviewed and compiled by Mr Nico Denner, who is a registered natural scientist and a member of the South African Council for Natural Scientific Professions. Mr Denner is employed by Gemecs (Pty) Ltd and has sufficient experience which is relevant to the style of mineralisation and the type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Coal Resources and Ore Reserves. Mr Denner consents to the inclusion in this report of this information in the form and context in which it appears.

The information in this update that relates to Exploration Results relating to the Berenice-Soutpansberg Project is based on information reviewed and compiled by Mr Jaco Malan, who is a registered natural scientist and a member of the South African Council for Natural Scientific Professions. Mr Malan is employed by Universal Coal plc and has sufficient experience which is relevant to the style of mineralisation and the type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Coal Resources and Ore Reserves. Mr Malan consents to the inclusion in this report of this information in the form and context in which it appears.

Reporting on Exploration Results

The update have been compiled in accordance with the JORC Code, the recommendations and guidelines set out in the revised 2007 South African Code for The Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC Code) and the rules and guidelines relating to the independent expert's reports set by ASIC and ASX.