

Thursday 27th January 2011

UNIVERSAL MAKES STRATEGIC COKING COAL EXPANSION ACQUISITION

Highlights

- **New farm-in opportunity contiguous to company's Berenice coking coal project;**
- **Provides additional JORC Inferred resource of 95.5Mt.**
- **Further drilling at Berenice project confirms consistent, thick coal zone.**

Universal Coal plc ("Universal") is pleased to announce that it has secured an additional shallow depth farm-in opportunity contiguous to its Berenice coking coal project in the Limpopo region of South Africa. The new Cygnus project contains an existing JORC resource of 95.5Mt and, as a result, significantly increases the current Inferred resource over the combined Berenice and Cygnus projects to 217.5Mt.

- The farm, Cygnus 549MS, has a JORC Inferred resource of 95.5Mt, covering an area of 1,319 hectares, increasing the initially targeted area on the Berenice project to 8,308 hectares.
- Drilling has recommenced on the Berenice project, where coal sequences have now been intersected in all ten (10) holes completed to date. As reported previously, these intersections confirm a consistent 35-40m thick developed coal zone, with intersection depths ranging from 20-200m below surface. The coal zone consists of inter-bedded bright coal and carbonaceous mudstone.

In addition to the above, the final phase of drilling has also commenced on the Brakfontein thermal coal project. The project has to date a defined JORC resource of 96.6Mt classified as Indicated and a further 29Mt classified as Inferred.

Terms of Farm-in Agreement

- UNV receives an effective 10% in the project upon payment of R1 million (~AUD150,000) due after a 45 day DD period and lodgement of the MPRDA section 11 transfer application, ceding the right to a UNV subsidiary.
- UNV earns another effective 10% upon an additional R1 million (~AUD150,000) payment on registration of the section 11 transfer approval.
- UNV earns a full 50% on drilling an agreed portion of the Cygnus project to Measured status within 18 months of signing the acquisition agreement. All prospecting rights for coal and other minerals are included in the Cygnus project acquisition agreement. UNV also retains an exclusive option to

ASX Code	UNV
Shares on Issue	203.4m
Cash at hand	\$17.5m
Share Price (25.01.11)	\$0.555
Market Cap	\$112.8m
Options on Issue	26.9m

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purchase an additional 24% at market value at any stage after the resource on Cygnus has been classified as Measured. This option is open for 3 years.

Universal has been assisted in the expansion of its coking coal resource base by existing shareholder Natasa Mining Ltd (“Natasa”). The two companies have entered into an ongoing facilitation agreement whereby Natasa will be issued six (6) million shares in Universal subject to the successful consolidation of the Cygnus coking coal asset. The shares will be issued in accordance with Listing Rule 7.1 and are to be escrowed for 24 months.

The board of Universal Coal will be providing market updates shortly on the remaining thermal coal projects which will include production targets on our first mine to market “Kangala”.

Contact Details

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COAL RESOURCES SUMMARY

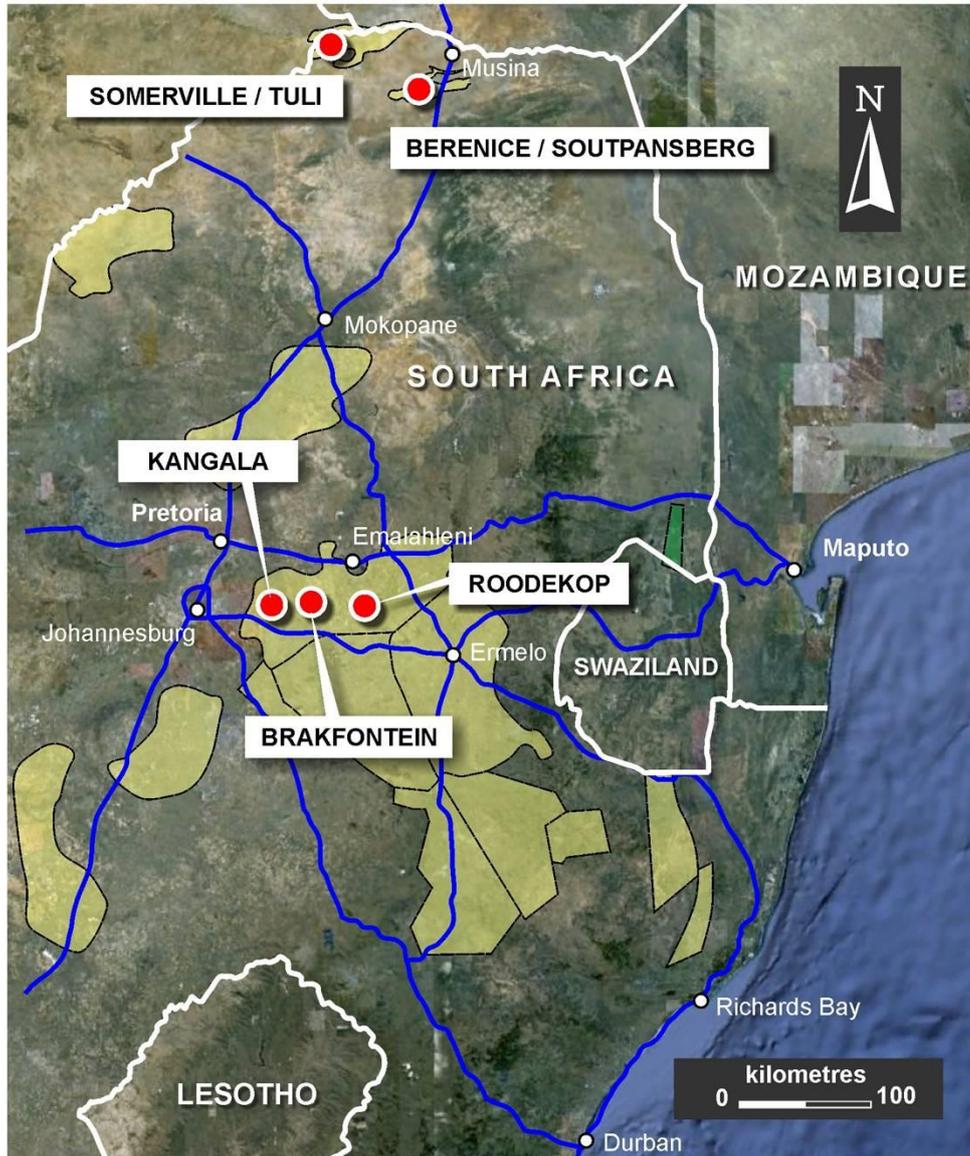
Project	Measured Millions of tonnes	Indicated Millions of tonnes	Inferred Millions of tonnes	Total Millions of tonnes
Thermal Coal				
Kangala ¹	48.7	4.4	70.9	124.0
Roodekop ²	26.1	50.5	1.6	78.2
Brakfontein ³		96.6	29.0	125.6
Total Thermal coal⁴	74.8	151.5	101.5	327.8
Coking Coal				
Cygnus			95.5	95.5
Berenice ⁵			122.0	122.0
Somerville ⁵			274.0	274.0
Total Coking Coal⁶			491.5	491.5
Total⁷	74.8	151.5	593.0	819.3

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.

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PROJECT LOCATIONS



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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 327Mt 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 three coking coal projects (Berenice, Somerville & Cygnus) that together contain 491.5Mt 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 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.