

31 January 2011

QUARTERLY ACTIVITIES REPORT – DECEMBER 2010

HIGHLIGHTS

- The Company successfully listed on the Australian Securities Exchange (ASX) on 09 December 2010, raising A\$20.4 million in cash.
- Amec Minproc contracted as lead consultant during December 2010 to complete BFS for the Kangala thermal coal project.
- A New Order Mining Right application was lodged with the Department of Mineral Resources for the Roodekop thermal coal project.
- Drilling commenced at the Berenice coking coal project, with a 35-40m thick consistently developed coal zone being intersected.
- Appointment of experienced corporate lawyer Mr John Hopkins as a Non-Executive Director.

The December quarter of 2010 was an important period for the Company as it took the next step in its planned evolution by completing an AUD 20 million capital raising and associated listing on the Australian Securities Exchange (ASX). The Board was extremely pleased with the level of demand for the offer and welcomed the strong mix of institutional and retail investors attracted to the register. The Company listed late in the quarter on 9 December 2010.

The Company plans to use the funds raised to progress its portfolio of South African thermal and coking coal assets and made significant progress in this regard during the quarter.

EXPLORATION & DEVELOPMENT

Kangala

Internationally recognised engineering company AMEC Minproc was contracted during December as the lead contractor to complete a Bankable Feasibility Study (BFS) for the Kangala thermal coal project. Kangala, one of three (3) thermal coal projects the Company currently holds interests in, is planned to be Universal's first mine to market. The Company remains on target to commence first coal production from Kangala in H1 2011 before a planned ramp-up to 3Mtpa run-of-mine (ROM) during H1 2012, subject to regulatory approvals.

Berenice Coking coal

The Company commenced drilling during December at the Berenice coking coal project, located in the Limpopo region of South Africa. To the end of the quarter, five (5) completed holes had intersected coal sequences. Consistently developed, 35-40m thick coal zones were intersected at depths ranging from 20-200m below surface. This coal zone consists of inter-bedded bright coal and carbonaceous mudstone.

ASX Code	UNV
Shares on Issue	203.4m
Cash (31 Jan 2011)	\$17.5m
Share Price	\$0.51
Market Cap	\$103.7m
Options on Issue	26.9m

Chairman:	Dr Tony Harwood
CEO:	Tony Weber
Director:	Henri Bonsma
Director:	Shammy Luvhengo
Director:	John Hopkins

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The Company is expediting its drilling on this project area, with further drilling planned for the duration of H1 2011 with the objective of defining a JORC resource.

Roodekop

The company lodged a mining right application over the Roodekop thermal coal project area. The final phase of drilling over the open-pitatable portion of this project area was initiated.

CORPORATE

The Company continued to leverage the substantial experience and broad relationships of the Board during the quarter, assessing a number of acquisition and expansion opportunities.

In October 2010 the Company appointed Mr John Hopkins as a Non-Executive Director. Mr Hopkins brings more than 25 years experience as a director of publicly listed resources companies with a background as a corporate lawyer specialising in mergers and acquisitions. He has strong market networks in Australia and North America and has been involved in a number of thermal coal projects in Indonesia. Mr Hopkins is also the Non-Executive Chairman of Adamus Resources Limited (ASX:ADU) and Wolf Minerals Limited (ASX:WLF). Mr Hopkins is a Fellow of the Australian Institute of Company Directors and is based in Perth, Western Australia.

As at 30 December 2010, the Company had cash at bank of AUD \$18.73 million.

ACTIVITIES SUBSEQUENT TO QUARTER END

Exploration and Development

Subsequent to the quarters' end, the Company announced a resource upgrade to the Kangala thermal coal project. The JORC compliant resource was increased by 19.1Mt to a total of 124Mt, with 48.7Mt categorised as Measured, 4.4Mt as Indicated and the remaining 70.9Mt as Inferred.

Drilling also continued at the Berenice coking coal project, where to date a total of ten (10) holes have all intersected 35-40m thick developed coal zones.

The final phase of drilling at the Company's second thermal coal project, Brakfontein, was also commenced in January 2011, with completion expected in Q1 2011.

Corporate

On 27 January 2011, the Company announced a strategic farm-in transaction over the Cygnus coking coal project in South Africa's Limpopo Province. The Cygnus project is located adjacent to the Company's existing Berenice project and contains an existing JORC compliant Inferred resource of 95.5Mt.

CONTACT DETAILS

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COAL RESOURCES SUMMARY

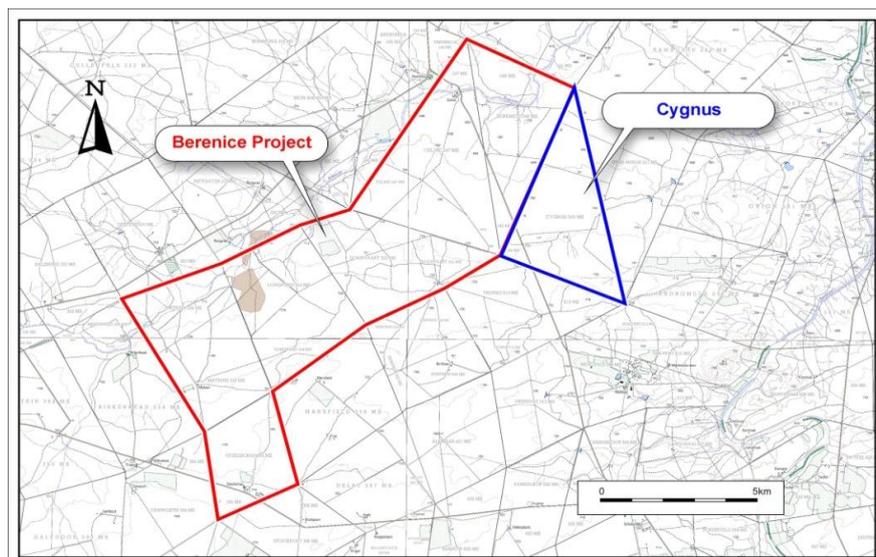
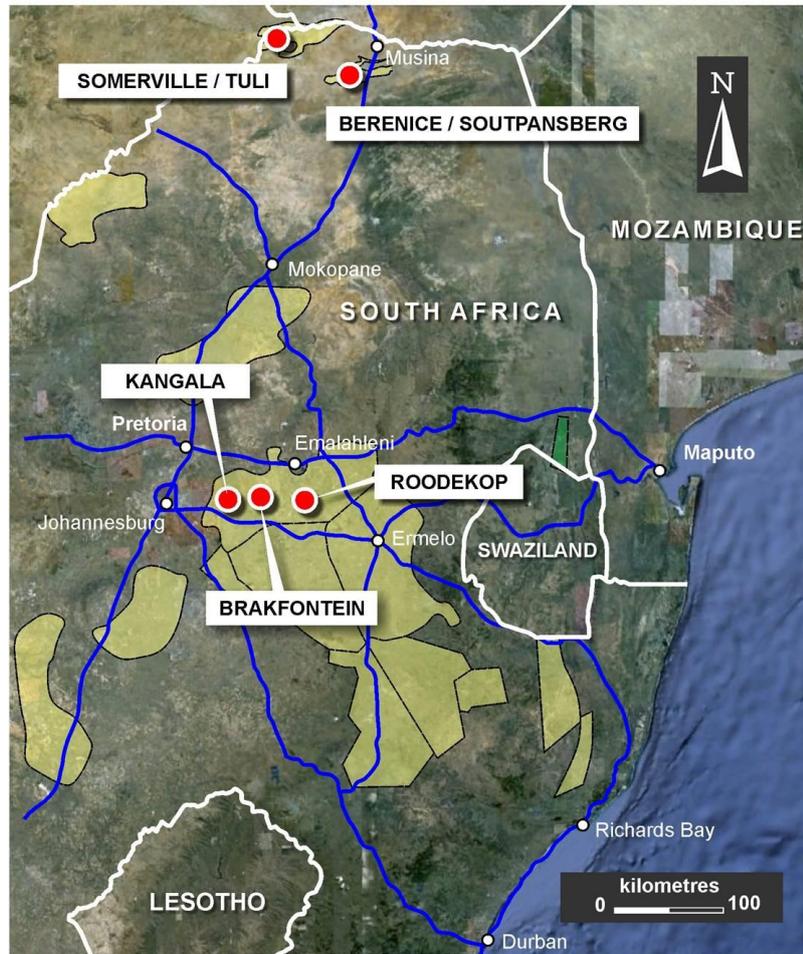
Project	Measured Millions of tonnes	Indicated Millions of tonnes	Inferred Millions of tonnes	Total Millions of tonnes
Thermal Coal (Witbank)				
Kangala ¹	48.7	4.4	70.9	124.0
Roodekop ²	26.1	50.5	1.6	78.2
Brakfontein ³		96.6	29.0	125.6
Total Thermal coal⁴	74.8	151.5	101.5	327.8
Coking Coal (Limpopo)				
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 two coking coal projects (Berenice and Somerville) 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.