

Thursday, 30th June 2011

**KANGALA PROJECT DRAFT BANKABLE FEASIBILITY STUDY SHOWS
POSITIVE ECONOMICS**

The Board of Directors of Universal Coal plc (“Universal Coal” or “Company”) is pleased to provide an update on its Kangala Feasibility Study:

Universal Coal has received the **first draft** of the Bankable Feasibility Study (“BFS”) from the Company’s lead consultants, AMEC-Minproc. The draft BFS indicates positive economics for the Kangala project in its current proposed form. These results are currently being reviewed by senior management and recommendations will be made to the Board of Directors, with the results expected to be further optimised over the coming weeks.

The Kangala mine will produce both an Eskom grade and 5,400 Kcal/kg grade thermal coal from a Phase 1 operation, from within the open pit reserve area.

Importantly, Universal Coal is continuing discussions with various companies that have resources or mining operations in close proximity to the Kangala project that could lead to an upward revision of the potential returns identified by AMEC-Minproc in the draft feasibility study.

Universal Coal and its consultants will now proceed to review and optimize the project in order to improve the already positive techno-economics and to improve the level of engineering and estimate accuracy. The company expects to receive the final BFS by the end of September 2011.

The initial mining and opening up of a box cut and sale of Run-Of-Mine (ROM) coal will be delayed subject to the outcome of further optimisation of the draft BFS and the ongoing discussions with a neighbouring party. The Company expects to finalise these discussions as part of the optimization study.

Outside of the current feasibility study area, Universal will commence drilling on an area adjacent to the planned Kangala open pit area to bring 69 Mt of Inferred resources to a Measured category. These resources may at some future date be incorporated into the current Kangala life-of-mine plan.

Commenting on the progress of the Kangala BFS and development activities, Chairman Dr. Tony Harwood said, “We are pleased with the positive draft results of the report received from AMEC-MinProc and we will be reviewing this study to improve further the project economics. We are also investigating various options and opportunities to add significantly to the Kangala project and create value to benefit this exciting project”.

****ENDS****

ASX Code	UNV
Shares on Issue	203.5m
Cash at hand	\$14.0m
Share Price	\$0.245
Market Cap	\$50.0m
Options on Issue	26.6m

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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.

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.

RESOURCES SUMMARY

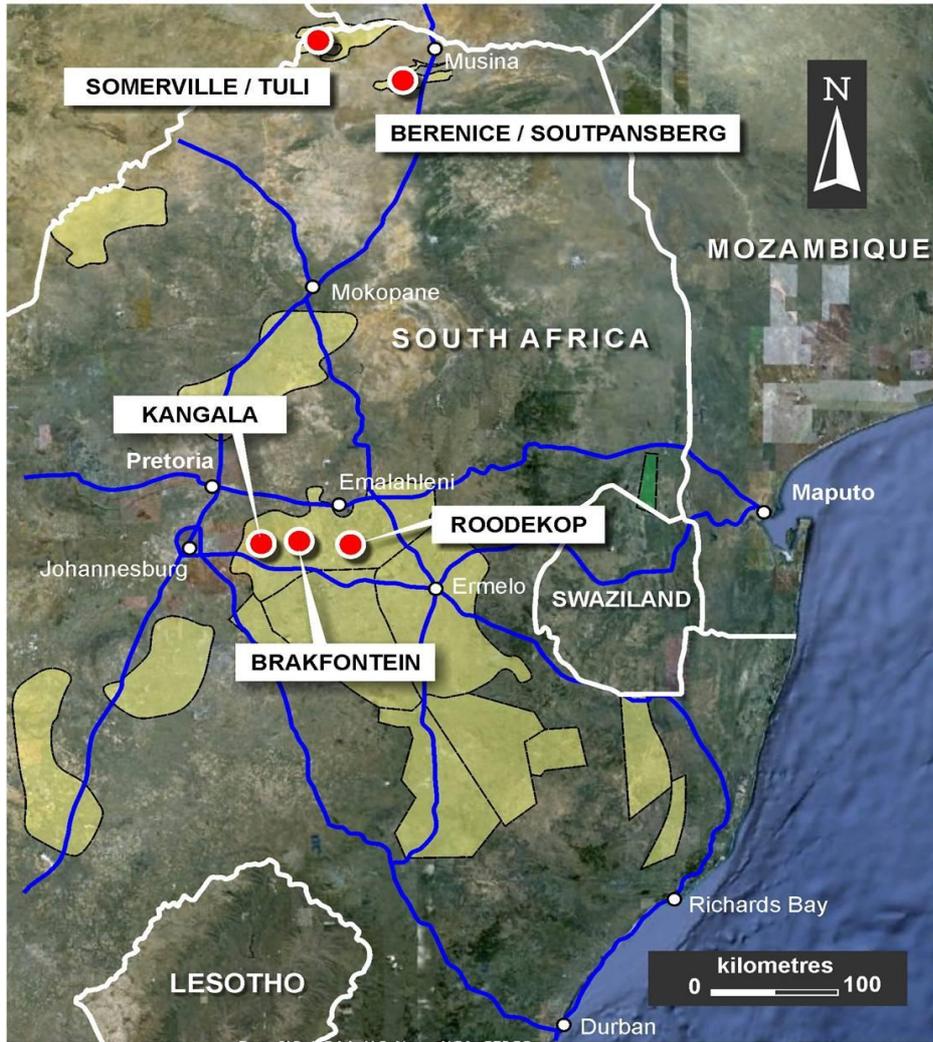
Project	Measured Millions of tonnes	Indicated Millions of tonnes	Inferred Millions of tonnes	Total Millions of tonnes
Thermal Coal (Witbank)				
Kangala ^{1,4}	48.7	4.4	70.9	124.0
Roodekop ^{2,6}	67.2	15.6		82.8
Brakfontein ^{3,4}		96.6	29.0	125.6
Total Thermal coal^{4,6}	115.9	116.6	99.9	332.4
Coking 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	126.9	116.6	591.4	823.9

Notes:

- Universal Coal has an attributable interest of 70.5% of these coal resources.
- Universal Coal has earned 50% in the Roodekop Project via the completion of an agreement with its JV partner Xakwa resources. Upon the completion of the feasibility study, Universal Coal has the option to acquire up to a 74% interest in the project.
- 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.
- The Kangala and Brakfontein coal resources were estimated by Coffey Mining.
- 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.
- The Roodekop and Limpopo coal resources were estimated by Gemecs.
- Rounding (conforming to the JORC Code) may cause computational discrepancies.

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PROJECT LOCATIONS



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