



15th December 2011

COKING COAL ASSETS ARE SET TO DEFINE UNIVERSAL COAL IN 2012

Johannesburg, South Africa – (14 December 2011) - Universal Coal plc (ASX: UNV (“Universal”)) says recent developments at its coking coal projects in the north of South Africa will see the company position itself as a coking and thermal coal producer.

Universal’s Chairman, Tony Harwood, told mining journalists at a media briefing in Johannesburg today that after the successful ASX IPO listing of the company in December 2010, based on of a number of attractive near-term thermal coal production assets, the coking coal projects also held by the company were likely to be the catalyst for substantial and increasing investor interest during 2012.

Coking coal projects set to be a game-changer

Universal’s two early-stage coking coal exploration projects in South Africa’s Limpopo province are set to be a major focus for the company in 2012, although its thermal projects are at a more advanced stage of development.

Harwood says that the coking coal project in Limpopo Province in particular, Berenice-Cygnus, with a gross *in situ* resource of 1.3Bt declared from the first phase of drilling, is already attracting interest. A second phase of drilling, to prove-up the resource further, is scheduled to begin in early 2012. A scoping study is already under way.

Berenice-Cygnus, in the emerging Soutpansberg Coalfield near the Mozambique and Zimbabwe borders, is located 30km from a railway siding linked to both Maputo and Richards Bay ports.

Harwood said that the company is excited about the upside of its coking coal projects, with the potential of the Berenice-Cygnus project to become a 10-15Mt ROM operation by 2015, provided that all regulatory approvals have been given. The project is set to become a major source of jobs in the Limpopo region.

Universal’s second coking coal project is also considered highly prospective and has a gross *in situ* resource of 274Mt with a conceptual exploration target* of between 1.0-2.0Bt.

Thermal Coal to provide a profitable platform for growth

Harwood says that, despite the potential of the new coking coal projects, and the obvious demand they will place on management over the next year, the company remains focused on developing a profitable business and strong returns for shareholders at its near-term production thermal coal projects in the heart of the Witbank Coalfield. These three projects have a total of 294Mt of resource of export and domestic coal.

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| ASX Code | UNV |
| Shares on Issue | 209.7m |
| Cash at hand | \$8.1m |
| Share Price | \$0.245 |
| Market Cap | \$51.38m |
| Options on Issue | 26.6m |

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

Registered Offices:

One America Square, Crosswall
London, EC3N 2SG

Tel: +44 (0) 207 264 4444

Fax: +44 (0) 207 264 4440

Registered in England and Wales
Company Number: 4482856

South Africa:

467 Fehrsen Street
Brooklyn 0182
Pretoria

Tel: +27 12 460 0805

Fax: +27 12 460 2417

Australia:

Level 2, 28 Kings Park Road
West Perth WA 6005

Tel: +61 8 6267 0210

Fax: +61 8 9481 1840

ARBN: 143 750 038
ASX Code: UNV

www.universalcoal.com

Investor Enquiries
Fortbridge Consulting +61 2 9003 0477

An optimised bankable feasibility study on Universal's thermal coal project, and the project scheduled to be potentially the first of its five South African coal projects to be in production – Kangala in Mpumalanga Province – is close to completion.

It is envisaged that 70.5%-owned Kangala will be a low-cost, open-pit operation, producing some 2.5Mtpa ROM of thermal coal for the domestic market.

Kangala currently has a JORC-compliant gross *in situ* resource of 124Mt, 48.7Mt in the measured category, and additional drilling is under way currently to upgrade the current inferred resource. The Department of Mineral Resources granted a mining licence in 2010, and it is expected that an integrated water use licence from the Department of Water Affairs and all environmental approvals from the Department of Environmental Affairs will be in place early next year.

Harwood says there is already considerable interest in the coal products being planned for the project, and offtake discussions for the bulk of Kangala's production are well advanced, including with thermal coal users in South Africa's Witwatersrand industrial heartland.

Harwood says development of Universal's two other thermal coal projects – Roodekop and Brakfontein, both in Mpumalanga province and at feasibility and prefeasibility study stage – is currently scheduled to begin in 2013 and 2014 respectively.

Roodekop, with a JORC-compliant gross *in situ* resource of 82.8Mt, 67.2Mt in the measured category, will produce export-quality thermal coal and low-phosphorus coal suitable for the steel-making industry.

Brakfontein, with a JORC-compliant *in situ* resource of 87.7mt in the measured and indicated categories, will also produce export-quality thermal coal.

Both projects are in close proximity to Richards Bay Coal Terminal-linked railway sidings.

Harwood says his goal in 2012 is to achieve market recognition of the potential of the thermal coal projects to provide a robust and profitable platform for growth, and to fully exploit the potential of the coking coal assets that are set to redefine Universal's business and its increasing appeal to investors.

Competent Person's Statement

The information in this report that relates to Coal Resources or Ore Reserves relating to the coking and thermal coal 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 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 has 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.

*The Exploration Target is conceptual in nature, and it is uncertain if further exploration will result in the determination of a Mineral Resource under the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, the JORC Code (2004). The Exploration Target is not being reported as part of any Mineral Resource or Ore Reserve.

| Media Enquiries | Investor / Shareholder Enquiries |
|---|--|
| Russell and Associates +27 11 880 3924 | Fortbridge Consulting: +61 2 9003 0477 Sydney: Bill Kemmery +61 4 0012 2449 London: Matt Beale +44 79 6638 9196 |