UNIVERSAL COAL PLC

ARBN 143 750 038

Half Year Financial Statements
31 December 2011

GIVEN IN ACCORDANCE WITH ASX LISTING RULE 4.2A

SUMMARY RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2011

	Six months ended 31 December 2011 A$	Six months ended 31 December 2010 A$
Operating loss	(3,561,943)	(3,166,320)
Profit/(loss) for the period	5,313,349	(3,424,751)
Taxation	-	-
Total comprehensive income /(loss) for the period attributable to equity shareholders	4,627,847	(3,904,039)

Explanation of above result

Universal Coal Plc is a near term coal exploration company and had no mines operating in the period. The profit has arisen from an accounting entry upon step-up acquisitions through earn-in agreements with Universal Coal Development II (Pty) Ltd (7% to 40% shareholding) and Universal Coal Development III (Pty) Ltd (30% to 40% shareholding). The prior period loss is mainly attributable to operating, administration and regulatory costs.

Dividends

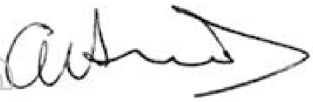
There were no dividends declared or paid during the period (31 December 2010: $nil) and the Directors do not recommend that any dividend be paid.

Earnings Result

The total comprehensive income of Universal Coal Plc for the six months ended 31 December 2011 after providing for tax was A$ 4,627,847 (31 December 2010, loss of A$ 3,904,039).

Earnings/(Loss) per share – EPS/(LPS)	Six months ended 31 December 2011	Six months ended 31 December 2010
Basic earnings/(loss) per share (cents per share)	2.6	(2.6)
Diluted earnings/(loss) per share (cents per share)	2.6	(2.6)
Weighted average number of ordinary shares used in the calculation of basic EPS	205,673,684	131,890,111
Weighted average number of diluted shares used in the calculation of diluted EPS	207,491,334	131,890,111

The amount used as the numerator in calculating basic earnings/(loss) per share is the same as the profit/(loss) attributable to the owners of the parent in the consolidated statement of comprehensive income.



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DR ANTONY HARWOOD
Executive Chairman

15 March 2012

CONTENT

CORPORATE DIRECTORY

DIRECTORS:	Antony Harwood	Executive Chairman
	Anton Weber	Chief Executive Officer
	Shammy Luvhengo	Executive Director
	Hendrik Bonsma	Non-Executive Director
	John Hopkins	Non-Executive Director

JOINT COMPANY SECRETARIES:

United Kingdom - John Bottomley of
SGH Company Secretarial Services LLP

and

Australia - Dan Robinson of
Pursuit Capital (Pty) Ltd

REGISTERED OFFICE:

One America Square
Crosswall
London EC3N 2SG
United Kingdom
Telephone: +44 20 7264 4444
Facsimile: +44 20 7264 4440

PRINCIPAL OFFICES:

467 Fehrsen Street
Brooklyn, 0182, Pretoria
South Africa
Telephone: +27 12 460 0805
Facsimile: +27 12 460 2417

Suite 2, level 2
28 Kings Park Road
West Perth WA 6005
Australia
Telephone: +61 8 6267 0210
Facsimile: +61 8 9481 1840

AUDITORS:

BDO LLP
55 Baker Street
London W1U 7EU
United Kingdom

STOCK EXCHANGE LISTING:

Australian Securities Exchange (Share code: UNV)

CORPORATE DIRECTORY

SHARE REGISTRARS:	Computershare Investor Services Pty Ltd Level 2, 45 St Georges Terrace Perth WA 6000, Australia
	Computershare Investor Services plc The Pavilions, Bridgwater Road Bristol BS99 6ZY United Kingdom
BANKERS:	HSBC Bank Australia Ltd Level 1, 190 St Georges Terrace Perth WA 6000, Australia
	HSBC Bank Plc Coventry DSC, Harry Weston Road Binley West Midlands CV3 2TQ United Kingdom
SOLICITORS:	Steinepreis Paganin Lawyers & Consultants Level 4, Next Building 16 Milligan Street Perth WA 6000 Australia
	Watson, Farley & Williams LLP 15 Appold Street London EC2A 2HB United Kingdom
	Webber Wentzel Attorneys 10 Fricker Road Illovo Boulevard Illovo Johannesburg 2196 South Africa
WEBSITE:	www.universalcoal.com

CHAIRMAN'S STATEMENT

The Directors submit the unaudited financial statements of Universal Coal Plc for the six months ended 31 December 2011.

1. DIRECTORS & OFFICERS

The names of Directors who held office during or since the end of the half year:

- Antony Harwood — Executive Chairman
- Anton Weber — Chief Executive Officer
- Shammy Luvhengo — Executive Director
- Hendrik Bonsma — Non-executive Director
- John Hopkins — Non-executive Director

Mr. Luvhengo was employed as an executive director from 1 July 2011 in the role of Business Development.

2. RESULTS

Universal Coal generated a profit for the half year after tax of A$ 4,627,847 (six month ended 31 December 2010, loss of A$ 3,904,039).

The profit has arisen from an accounting entry in the amount of A$ 8,778,281 upon step-up acquisition through earn-in agreements with Universal Coal Development II (Pty) Ltd (7% to 40% shareholding) and Universal Coal Development III (Pty) Ltd (30% to 40% shareholding). The prior period loss was the result of the operating, administration and regulatory costs.

Furthermore, the Group has effected a change in accounting policy whereby exploration and development costs amounting to A$ 629,689 (2010: A$ 420,696) have been capitalised. The effect of this change in accounting policy is further explained below.

3. REVIEW OF DEVELOPMENT AND EXPLORATION ACTIVITY

COAL ASSETS

All of the Company's coal assets are located in South Africa. The Company has three thermal exploration coal projects in the Witbank Coalfield in the Mpumalanga Province and two exploration coking coal projects in the Limpopo Province.

THERMAL COAL EXPLORATION ASSETS

KANGALA

The feasibility study for Kangala was completed in October 2011 and has subsequently been optimised by preferred contractors with the final report to be issued imminently. The optimisation has resulted in two development options being available for Universal Coal, (i) a multi-product mine and (ii) a single-product mine, both at a run-of-mine volume of 2.4 million tonnes per annum.

On 27 September 2010 Universal Coal Development I (Pty) Ltd was awarded a Mining Right and is expecting the execution of such Mining Right in the quarter ending June 2012. On 01 February 2012, the Mpumalanga Provincial Government provided environmental authorisation (NEMA) to Universal Coal Development I (Pty) Ltd for the development of the Kangala Colliery. Universal Coal Development I (Pty) Ltd is still awaiting the award of the Water Licence (IWULA) which is expected towards the end of the June 2012 quarter.

Commercial discussions are progressing well with a local energy provider for the 100% supply of product to a nearby power utility as well as discussions with potential off-takers on a free-on-mine basis. Universal Coal Development I (Pty) Ltd aims to have closure on commercial agreements shortly.

Universal Coal Plc has begun to engage with various financial institutions for traditional forms of project funding and is also actively pursuing alternative forms of financing from international markets. Once favourable offtake agreements for the proposed Kangala Colliery have been secured, the Board is confident of securing the appropriate development funding for the subsidiary, Universal Coal Development I (Pty) Ltd.

Outside of the current feasibility study area, Universal Coal completed drilling on areas adjacent to the planned Kangala open pit to bring 69 Mt of Inferred resources to a Measured category for inclusion into the next phase of mine development at Kangala. Forty two holes totalling 2,461 metres were completed during the September 2011 quarter. Analyses and the resource update are outstanding and expected to be finalised during the March 2012 quarter.

ROODEKOP

Universal Coal Development IV (Pty) Ltd commenced with a feasibility study at Roodekop in 2011 with this set to be finalised during the quarter ending 31 March 2012. The EIA required for the Mining Right was lodged during July 2011 with the NEMA application lodged at the end of the December 2011 quarter.

Further development on the Roodekop project will be dependent on the award of the applicable Mining, IWULA and NEMA licences.

BRAKFONTEIN

The final 72 hole exploration drilling programme was completed during the half year to 31 December 2011 and all analyses at Brakfontein were submitted to an independent Competent Person for resource modelling and reporting purposes. Brakfontein currently contains a JORC-compliant in situ resource of 70.53Mt in the Measured category and 14.94Mt in the Indicated category.

Further to the above, a Mining Right Application was submitted to the Department of Mineral Resources in South Africa on 08 December 2011. During the quarter ended 31 March 2012 Universal Coal Plc approved the commissioning of an Environmental Impact Assessment over the targeted mining area.

In line with the Initial Prospecting Acquisition Agreement, further shares were issued which grant Universal Coal Plc 40% ownership of Universal Coal Development III (Pty) Ltd from 8 December 2011. The resultant increase in shareholding from 30% to 40% has given rise to an accounting profit of A$ 1.75m upon fair valuation of the resource.

COKING COAL EXPLORATION ASSETS

During October 2011 Universal Coal Plc announced that the gross in situ resource at the combined Berenice/Cygnus project had been further upgraded from 1.2Bt to 1.32Bt (JORC). This figure includes resources of 7.9Mt Measured, 394.5Mt Indicated and 922Mt Inferred, with 479Mt (after geological losses) that are considered extractable by opencast mining methods.

Assay results indicated that coking coal product yields in the practical mining situation may be significantly higher than previously indicated. On the basis of the information currently available, practical coking coal yields of between 20% and 22% for the combined S6, S8 and S12 Plies may be realistically obtained within the targeted mining areas, compared with a yield of 16% obtained from the slim diameter exploration drilling.

On the basis of the large diameter analysis, the coking coal product has the following qualities:

IM %	Ash %	VM %	FC %	CV (Mj/kg)	S %	Phos %	FSI
2.05	11.75	36.0	50.2	30.1	1.00	0.009	7

The coking coal could be classed as a high volatile soft coking coal with good caking properties (FSI = 7, Roga = 85, Grey King = G9), high vitrinite content (85%) and very high maximum Fluidity (+20,000 ddpm).

The coal also yields a significant secondary thermal coal fraction with the following qualities:

Middling	Yield %	IM %	Ash %	VM %	CV (Mj/kg)	S %	Phos %
At 23.7CV Cut-off	27.4	1.91	27.6	30.2	23.77	1.5	0.01
At 21.0 CV Cut-off	39.2	1.91	34.1	27.7	21.25	1.6	0.008

During July 2011 additional shares in Universal Coal Development II (Pty) Ltd were issued in accordance with the Acquisition and Option Agreement to bring Universal Coal Plc’s interest therein to 40%. This is the second stage of an earn-in relationship which may increase Universal Coal Plc’s shareholding via various milestones up to a maximum limit of 74%. The resultant increase in shareholding from 7% to 40% has given rise to an accounting profit of A$ 7m upon fair valuation of the resource.

DRA Mining (Pty) Ltd was appointed in early October 2011 to complete a scoping study for the Berenice/Cygnus project, the completion of which is expected by the end of March 2012.

A 121 borehole phase 2 exploration and assay programme (large and slim diameter) will commence on 1 March 2012 and is planned to be completed by the end of August 2012, the results of which will form the basis of input data to commission a pre-feasibility study toward the end of 2012.

4. CORPORATE

On 1 November 2011, Universal Coal Plc issued 6,000,000 shares at A$ 0.22 to Natasa Mining Limited in settlement of a liability for financial advisory fees.

As at 31 December 2011 Universal Coal Plc had 209,684,554 common shares in issue and 26,646,177 unlisted share options in issue.

Future funding requirements of the Universal Coal Group are under continuous review by the Board and there are currently several funding options available to the Directors. The Board is expecting to make an imminent decision on a preferred funding option which will support the near term cash flow requirements of the Universal Coal Group.

5. CHANGE IN ACCOUNTING POLICY

During the current financial period the Company effected a change in accounting policy in accordance with IFRS 6: Exploration for and Evaluation of Mineral Resources, whereby exploration and development costs have been capitalised. The change in accounting policy is anticipated to produce reliable and more relevant information about the effects of transactions, other events or conditions on the Company's financial position, financial performance and future cash flows. This adjustment has been reflected retrospectively in the financial statements.

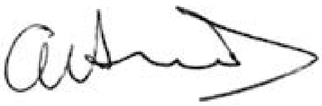
EFFECT OF THE PRIOR YEAR ADJUSTMENT (PYA)

	Previous result A$	After PYA result A$	Effect of PYA A$
30 June 2011			
Intangible assets	5,082,189	7,037,532	1,955,343
Investments in associates	7,999,654	8,672,737	673,083
Foreign currency translation reserve	(3,673,426)	(3,414,150)	259,276
Retained deficit	32,557,397	29,633,262	(2,924,135)
Non-controlling interest	511,658	548,091	36,433
Effect on basic and diluted loss per share (cents)			(1.9)
30 June 2010			
Intangible assets	5,000,446	5,870,447	870,031
Investments in associates	4,984,979	5,047,330	62,351
Foreign currency translation reserve	(4,252,582)	(4,235,462)	17,120
Retained deficit	26,109,528	24,875,850	(1,233,678)
Non-controlling interest	184,607	468,784	284,177
Effect on basic and diluted loss per share (cents)			(3.8)

6. EVENTS SUBSEQUENT TO REPORTING DATE

On 9 January 2012 8,000,000 share options were issued at a strike price of A$ 0.40 with an expiry date of 15 March 2013 to various directors, staff and consultants of Universal Coal Plc which were approved at the Annual General Meeting of 12 December 2011.

All references to quantum of resources are taken from reports prepared by independent geological consulting companies and Gemecs. The independent competent person being Mr. N. Denner who is a qualified person under JORC. This competent person takes full professional responsibility for the resource estimations and statements under the auspices of the South African Council for Natural Professionals.



DR ANTONY HARWOOD
EXECUTIVE CHAIRMAN

15th March 2012

Consolidated Statement of Financial Position

For the half year ended 31 December 2011

	Note	31 December 2011 Unaudited A$	30 June 2011 Restated A$	30 June 2010 Restated A$
Assets				
Non current assets				
Intangible assets	5	7 447 284	7 037 532	5 870 477
Property, plant and equipment		52 783	55 718	10 833
Investments in associates	6	19 303 466	8 672 737	5 047 330
		26 803 533	**15 765 987**	**10 928 640**
Current assets				
Trade and other receivables		499 938	438 622	828 740
Cash and cash equivalents		7 125 113	12 829 958	255 089
		7 625 051	**13 268 580**	**1 083 829**
Total Assets		**34 428 584**	**29 034 567**	**12 012 469**
Equity and liabilities				
Equity				
Share capital	3	17 533 961	17 076 581	7 729 707
Share premium		35 357 588	34 494 968	18 218 310
Foreign currency translation reserve		2 728 648	3 414 150	4 235 462
Shares to be issued		-	-	5 105 370
Share based payment reserve		3 438 360	3 372 826	1 856 839
Retained deficit		(24 277 076)	(29 633 262)	(24 875 850)
		34 781 481	**28 725 263**	**12 269 838**
Non-controlling interest		(551 730)	(548 091)	(468 784)
Equity attributable to Equity Holders of the Parent		**34 229 751**	**28 177 172**	**11 801 054**
Liabilities				
Current liabilities				
Trade and other payables		198 833	857 395	211 415
Total Equity and Liabilities		**34 428 584**	**29 034 567**	**12 012 469**

The notes on pages 15 to 19 form part of this half year report

Consolidated Statement of Comprehensive Income

For the half year ended 31 December 2011

	Note	Half year to 31 December 2011 Unaudited A$	Half year to 31 December 2010 Restated A$
Operating expenses		(2 137 211)	(2 282 598)
Share based payment charge		(1 424 732)	(883 722)
Operating loss		**(3 561 943)**	**(3 166 320)**
Finance income		186 995	127 176
Foreign exchange loss		(80 682)	(389 507)
Share of operating loss/(profit) of associated undertakings		(9 290)	3 900
Gain arising on step up of interest in associated undertaking		8 778 281	-
Finance expenses		(12)	-
Profit / (loss) for the period	2	**5 313 349**	**(3 424 751)**
Other comprehensive income			
Exchange differences on translation of foreign operations		(685 502)	(479 288)
Total comprehensive income / (loss) for the period attributable to equity shareholders		**4 627 847**	**(3 904 039)**
Profit / (Loss) attributable to:			
Owners of the parent		5 316 988	(3 423 289)
Non controlling interest		(3 639)	(1 462)
		5 313 349	**(3 424 751)**
Total comprehensive income / (loss) attributable to:			
Owners of the parent		4 631 486	(3 902 577)
Non controlling interest		(3 639)	(1 462)
		4 627 847	**(3 904 039)**
Earnings / (loss) per share		**Cents**	**Cents**
Basic earnings / (loss) per share		2.6	(2.6)
Diluted earnings / (loss) per share		2.6	(2.6)

The notes on pages 15 to 19 form part of this half year report

Consolidated Statement of Changes in Equity

For the half year ended 31 December 2011

	Share Capital	Share premium	Foreign currency translation reserve	Shares to be issued	Share based payment reserve	Retained deficit	Total equity attributable to equity holders of the company	Non-controlling interest	Total
	A$	A$	A$	A$	A$	A$	A$	A$	A$
PERIOD FROM 1 JULY 2010 to 31 DECEMBER 2010 - Restated									
As at 1 July 2010	7 729 707	18 218 310	4 235 462	5 105 370	1 856 839	(24 875 850)	12 269 838	(468 784)	11 801 054
Total comprehensive loss for the period	-	-	(479 288)	-	-	(3 423 289)	(3 902 577)	(1 462)	(3 904 039)
Total comprehensive loss for the half year	**-**	**-**	**(479 288)**	**-**	**-**	**(3 423 289)**	**(3 902 577)**	**(1 462)**	**(3 904 039)**
Share based payments	-	-	-	-	4 252 521	-	4 252 521	-	4 252 521
Shares issued during the period	8 767 770	10 353 732	-	(5 105 370)	-	-	14 016 132	-	14 016 132
As at 31 December 2010	**16 497 477**	**28 572 042**	**3 756 174**	**-**	**6 109 360**	**(28 299 139)**	**26 635 914**	**(470 246)**	**26 165 668**
PERIOD FROM 1 JULY 2011 to 31 DECEMBER 2011 - Unaudited									
As at 1 July 2011	17 076 581	34 494 968	3 414 150	-	3 372 826	(29 633 262)	28 725 263	(548 091)	28 177 172
Total comprehensive income/(loss) for the period	-	-	(685 502)	-	-	5 316 988	4 631 486	(3 639)	4 627 847
Total comprehensive income/(loss) for the half year	**-**	**-**	**(685 502)**	**-**	**-**	**5 316 988**	**4 631 486**	**(3 639)**	**4 627 847**
Share based payments	-	-	-	-	1 424 732	-	1 424 732	-	1 424 732
Shares issued during the period	457 380	862 620	-	-	(1 320 000)	-	-	-	-
Transfer between reserves	-	-	-	-	(39 198)	39 198	-	-	-
As at 31 December 2011	**17 533 961**	**35 357 588**	**2 728 648**	**-**	**3 438 360**	**(24 277 076)**	**34 781 481**	**(551 730)**	**34 229 751**
Notes	3								

The notes on pages 15 to 19 form part of this half year report

Consolidated Statement of Cash Flows

For the half year ended 31 December 2011

	Note	Half year to 31 December 2011 Unaudited A$	Half year to 31 December 2010 Unaudited A$
Cash flows from operating activities			
Cash used in operations	8	(2 827 531)	(546 049)
Net cash used in operating activities		**(2 827 531)**	**(546 049)**
Cash flows from investing activities			
Acquisition of property, plant and equipment		(7 118)	(6 656)
Acquisition of intangible assets		(676 465)	-
Investment in associated undertakings		(2 096 731)	(1 631 870)
Poceeds from the sale of property plant & equipment		1 795	-
Finance income		186 995	127 176
Net cash outflow from investing activities		**(2 591 524)**	**(1 511 350)**
Cash flows from financing activities			
Proceeds of shares issue		-	19 121 502
Finance expenses		(12)	-
Net cash generated from financing activities		**(12)**	**19 121 502**
Total cash movement for the period		**(5 419 067)**	**17 064 103**
Cash and cash equivalents at the beginning of the period		12 829 958	255 089
Effect of exchange rate movement on cash balances		(285 778)	(182 997)
Cash and cash equivalents at the end of the period		**7 125 113**	**17 136 195**

The notes on pages 15 to 19 form part of this half year report

Notes to the Financial Statements

1. SIGNIFICANT ACCOUNTING POLICIES

General information

The Company is domiciled in the UK. The address of the registered office is One America Square, Crosswall, London EC3N 2SG. The registered number of the company is 4482856.

Basis of preparation

The condensed interim financial information has been prepared using policies based on International Financial Reporting Standards (IFRS and IFRIC interpretations) issued by the International Accounting Standards Board ("IASB") as adopted for use in the EU ("IFRS"). The condensed interim financial information has been prepared using the accounting policies which will be applied in the Group's statutory financial information for the year ended 30 June 2012. Save as set out below regarding the change in accounting policy, all other policies are the same as last year.

The condensed interim financial information for the period 1 July 2011 to 31 December 2011 is unaudited. In the opinion of the Directors, the condensed interim financial information for the period presents fairly the financial position, results from operations and cash flows for the period in conformity with the generally accepted accounting principles consistently applied. The condensed interim financial information incorporates comparative figures for the interim periods to 30 June 2011 and 30 June 2010 for the consolidated statement of financial position, the interim period from 1 July 2010 to 31 December 2010 for the consolidated statement of comprehensive income, the interim period from 1 July 2010 to 31 December 2010 for the consolidated statement of cash flows and the interim period from 1 July 2010 to 31 December 2010 for the consolidated statement of changes in equity. The financial information for the year ended 30 June 2011 contained in this interim report does not constitute statutory accounts as defined by section 435 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498(2)-(3) of the Companies Act 2006.

During the current financial period the Company effected a change in accounting policy in accordance with IFRS 6: Exploration for and Evaluation of Mineral Resources, whereby exploration and development costs have been capitalised. The change in accounting policy is anticipated to produce reliable and more relevant information about the effects of transactions, other events or conditions on the Company's financial position, financial performance and future cash flows. This adjustment has been reflected retrospectively in the financial statements. In the past these costs were expensed through the statement of comprehensive income.

Notes to the Financial Statements (continued)

EFFECT OF THE PRIOR YEAR ADJUSTMENT (PYA)

	Previous result A$	After PYA result A$	Effect of PYA A$
30 June 2011			
Intangible assets	5,082,189	7,037,532	1,955,343
Investments in associates	7,999,654	8,672,737	673,083
Foreign currency translation reserve	(3,673,426)	(3,414,150)	259,276
Retained deficit	32,557,397	29,633,262	(2,924,135)
Non-controlling interest	511,658	548,091	36,433
Effect on basic and diluted loss per share (cents)			(1.9)
30 June 2010			
Intangible assets	5,000,446	5,870,447	870,031
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Foreign currency translation reserve	(4,252,582)	(4,235,462)	17,120
Retained deficit	26,109,528	24,875,850	(1,233,678)
Non-controlling interest	184,607	468,784	284,177
Effect on basic and diluted loss per share (cents)			(3.8)

Going concern

The accounts have been prepared on the going concern basis. The Directors believe that this basis is appropriate as the Group has adequate resources to continue in business for the foreseeable future.

Associates

The Directors believe, after careful consideration, that the Group, as a matter of fact, exercises significant influence over the activities and operations of Universal Coal Development II (Pty) Ltd, Universal Coal Development III (Pty) Ltd, Universal Coal Development IV (Pty) Ltd and Universal Coal Development V (Pty) Ltd. Therefore, the associates are accounted for on an equity basis.

During July 2011 additional shares were issued to bring Universal Coal Plc's interest in Universal Coal Development II (Pty) Ltd to 40%, in accordance with the Acquisition and Option Agreement.

During December 2011 additional shares were issued to bring Universal Coal Plc's interest in Universal Coal Development III (Pty) Ltd to 40%, in accordance with the Acquisition and Option Agreement.

Notes to the Financial Statements (continued)

2. PROFIT (LOSS) FOR THE HALF YEAR

	Six months ended 31 Dec 2011 A$	Six months ended 31 Dec 2010 A$ Restated
The following significant expense items are relevant in explaining the financial performance for the half year.		
Regulatory expenses	75,298	922,835
Employee related costs	794,218	2,028,720
Administrative expenses	842,952	195,005
Exploration expenditure	253,551	255,383

3. SHARE CAPITAL

Class	Nominal Value	Six months ended 31 Dec 2011 A$	Six months ended 30 Jun 2011 A$	Six months ended 30 Jun 2010 A$
Ordinary shares	£0.05 (2010 £0.10)	17,533,961	17,076,581	7,729,707

Class	Nominal Value	Six months ended 31 Dec 2011 No.	Six months ended 30 Jun 2011 No.	Six months ended 30 June 2010 No.
Ordinary shares	£0.05 (2010 £0.10)	209,684,554	203,684,554	43,779,487

4. UNLISTED OPTIONS

Options outstanding at 30 June 2011 Strike prices between A$0.20 and A$0.39 and exercise dates between November 2013 and December 2015.	26,646,177
Options outstanding at 31 December 2011 Strike prices between A$0.20 and A$0.39 and exercise dates between November 2013 and December 2015.	26,646,177

Notes to the Financial Statements (continued)

5. INVESTMENT IN SUBSIDIARIES

Name of Company	Holding	Country of Incorporation	31 Dec 2011 %	30 June 2011 %	30 June 2010 %
Universal Coal & Energy Holdings South Africa (Pty) Ltd	Direct	South Africa	100	100	100
Universal Coal Development I (Pty) Ltd	Indirect	South Africa	70.5	70.5	70.5
Universal Coal Development II (Pty) Ltd	Indirect	South Africa	n/a	n/a	100
Twin Cities Trading 374 (Pty) Ltd	Indirect	South Africa	74	74	74

6. INVESTMENT IN ASSOCIATED UNDERTAKINGS

		31 Dec 2011	30 Jun 2011	30 Jun 2010	31 Dec 2011	30 Jun 2011	30 June 2010
Name of Company	Country of Incorporation	Percentage owned %	%	%	Carrying amount A$	A$	A$
Universal Coal Development II (Pty) Ltd	South Africa	40	7	100	10,751,421	2,293,549	-
Universal Coal Development III (Pty) Ltd	South Africa	40	30	15	4,795,702	2,921,715	2,676,077
Universal Coal Development IV (Pty) Ltd	South Africa	50	50	25	3,594,307	3, 300,090	2,371,253
Universal Coal Development V (Pty) Ltd	South Africa	10	10	n/a	162,036	157,383	-
					19,303,466	8,672,737	5,047,330

The Group is the only party to have invested in the underlying projects and is able to exert significant influence over all four companies.

Notes to the Financial Statements (continued)

7. COMMITMENTS AND CONTINGENT LIABILITIES

Exploration and development work continues. No significant commitments and no contingent liabilities were outstanding at 31 December 2011.

8. CASH USED IN OPERATIONS

	Six months ended 31 Dec 2011 A$	Six months ended 31 Dec 2010 A$
Profit /(loss) before taxation	5,313,349	(3,424,751)
Adjustments for:		
Depreciation and amortisation	29,558	2,240
Share of operating loss/(profit) of associated undertakings	9,290	(3,900)
Finance income	(186,995)	(127,176)
Finance expenses	12	-
Loss from foreign currency transactions	80,682	389,507
Share based payment charge	1,424,732	883,722
Gain arising on step up of interest in associated undertaking	(8,778,281)	-
Changes in working capital:	-	-
(Increase)/ decrease in trade and other receivables	(61,316)	763,682
Decrease in trade and other payables	(658,562)	970,627
	(2,827,531)	(546,049)

9. EVENTS SUBSEQUENT TO REPORTING DATE

On 9 January 2012 8,000,000 share options were issued at a strike price of A$ 0.40 with an expiry date of 15 March 2013 to various directors, staff and consultants of Universal Coal Plc which were approved at the Annual General Meeting of 12 December 2011.

Directors' Declaration

In the opinion of the Directors:

The financial statements and notes set out on pages 11 to 19 give a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the six months ended on that date; and there are reasonable grounds, on the basis disclosed in Note 1 to the accounts, to believe that Universal Coal Plc will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of directors.

DR ANTONY HARWOOD
Executive Chairman

15 March 2012

Independent review report to Universal Coal plc

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2011 which comprises the consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the rules of the Australian Securities Exchange which require that the half-yearly report be presented and prepared in a form consistent with that which will be adopted in the company's annual accounts having regard to the accounting standards applicable to such annual accounts.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Our report has been prepared in accordance with the terms of our engagement to assist the company in meeting the requirements of the rules of the Australian Securities Exchange and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, ''Review of Interim Financial Information Performed by the Independent Auditor of the Entity'', issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2011 is not prepared, in all material respects, in accordance with the rules of the Australian Securities Exchange.

BDO LLP

BDO LLP
Chartered Accountants and Registered Auditors
London
United Kingdom
15 March 2012

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).