

10 April 2012



universal
coal plc

Universal Coal Secures Strategic Funding

- A\$12m converting note facility secured with one of the world's largest private financial institutions
- Initial note facility of A\$7m
- Facility structured to ensure no immediate dilution to shareholders
- Facility to be fully converted by the maturity date (7 years)
- Funds will be used to:
 - advance phase two drilling Berenice-Cygnus coking coal project
 - finalise engineering work on the Kangala thermal project, and
 - provide the Company with additional working capital

Sydney, Australia – (10th April 2012) - Universal Coal Plc (ASX: UNV) ("Universal") is pleased to announce that it has executed funding documents with Susquehanna International Group LLP (through its subsidiary Susquehanna Pacific Pty Ltd) for funding support up to A\$12m, of which it will draw down an initial A\$7m in May 2012.

As part of a strategic roadmap developed and approved by the Board, Universal has secured a facility which provides additional capacity to the company's Balance Sheet whilst not diluting shareholders at this time.

STOCK EXCHANGE LISTING
Australian Securities Exchange
(Share code: UNV)

Board of Directors

| | |
|-----------------|--------------------------------|
| Anthony Harwood | <i>Executive Chairman</i> |
| Anton Weber | <i>Chief Executive Officer</i> |
| Shammy Luvhengo | <i>Executive Director</i> |
| Hendrik Bonsma | <i>Non-Executive Director</i> |
| John Hopkins | <i>Non-Executive Director</i> |

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The Key Terms of the funding are considered to be favourable by Directors and include:

- Facility up to A\$12m, with an initial drawdown of A\$7m
- Initial drawdown in May 2012, balance drawdown option (A\$5m) at 1 September 2012
- 7 year converting bond term, convert pricing set at a premium to current share price
- 9.5% fixed interest, which can be paid in shares at Universal's election for the first 18 months from drawdown (in line with the proposed first coal production from Kangala) at a 10% discount to the lower of the 5, 10 or 30 day VWAP, paid quarterly in arrears
- A non conversion period of 7 months from drawdown (in line with the proposed commencement of development at Kangala) with a capped monthly conversion
- An unlisted 'option' package for up to an additional A\$8m at a significant premium to the current share price

Since the company's IPO in December 2010, Universal has allocated the major part of the A\$20.4m raised to advance exploration projects in both thermal and coking coal in South Africa.

The company has successfully completed drill programs to prove-up more than 600m tonnes to measured and indicated. During this time, the company has prepared its Kangala thermal project in the Witbank Coal field to commence development in 2012, and has lodged mining rights on its other thermal assets Roodekop and Brakfontein. It has also begun to prove-up an exciting and very promising strategic coking and thermal coal prospect in Berenice-Cygnus, and is currently finalising the scoping study over this asset.

Negotiated Conversion Terms Favourable to UNV and its Shareholders

The A\$12m facility signed with Susquehanna provides the company with an initial draw down of A\$7m, which has terms to be converted into equity, with a non-conversion period of 7 months from the initial drawdown meaning no dilution to shareholders in the near term, and the ability for the company to grow its market capitalisation before conversion occurs. The strike price for conversion has been set at a premium to current share price. In addition, this is a converting facility which means that Susquehanna must have fully converted the note before maturity, and is incentivised to do this, based on the company's expected share performance on the back of the strategic delivery program of the company's mining development activities. The company has ensured that this facility is not an impediment to further capital raising activities the company may carry out to fund its mining projects.

In addition to the favourable conversion schedule, the conversion terms have also been carefully negotiated to match Universal's key milestones over the coming 18 months, including the further drilling and pre feasibility study on the Berenice-Cygnus project, and the commencement of mining development and the first coal expected out of the ground from Kangala.

Dr Tony Harwood said "Universal is delighted to have Susquehanna on board with us. We believe the structure of the A\$12m converting bond funding negotiated is in the interest of our shareholders, in terms of the conversion schedule and the general terms we have secured. For an emerging developer of coal assets and near term producer, Universal believes this facility is a new and innovative concept and is not typical of the terms junior companies are usually able to achieve in challenging equity capital markets".

Founded in 1987, Susquehanna is now one of the world's largest privately held financial institutions. The company has a major presence in the United States, Australia and Asia, and potentially has the resources to bring institutional brokerage and private equity capabilities to Universal in those markets.

The funding facility was negotiated with the assistance of BBY Limited who provided the company with advice relating to the converting note and its structure. BBY have been providing support to Universal since 2011 when it took up research coverage shortly after the company's IPO recognising the market opportunity for the company on the back of its strategic coal assets in South Africa.

Use of Funds

Funds made available to Universal through the converting note facility are intended to be used as general working capital and to advance a number of core programs across the company's interests in South Africa. These include funding the second phase of drilling at the company's major coking coal asset Berenice-Cygnus, following positive developments at the project over the past 12 months.

Final engineering work on the Kangala thermal project will also benefit from the capital made available through the facility, and in doing so will support the transition of Kangala from a development project to a producing mine. Universal coal has concluded the optimization of the Kangala feasibility, with the release of results pending the finalisation of the off-take discussions with a large South African power utility.

"Our Kangala thermal mine planning is well advanced and we expect to commence development late 2012 ahead of first coal production targeted for late 2013. Universal is also in advanced stages of funding discussions for Kangala's overall capital requirements, and is specifically reviewing alternative sources of finance which also provide minimal or no dilution to shareholders where possible," Dr Harwood said.

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It is expected that the approval of the converting note and associated options will be put to Shareholders for whole of package approval at an Extraordinary General Meeting to be scheduled early May 2012 in London.

For further information please contact:

Commercial Terms & Further Information - Institutions & Media Only:

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