

30 April 2012



universal
coal plc

HIGHLIGHTS

- Universal secured funding, from Susquehanna International Group LLP (through its subsidiary Susquehanna Pacific Pty Ltd) for up to A\$12m. 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. This funding is subject to shareholder approval being sought at an EGM which has been called for the 8th of May 2012 in London.
- Universal has concluded its optimisation of the bankable feasibility study (BFS) for Kangala. The has confirmed saleable coal tonnages averaging 2.1Mtpa will be achieved from a planned 2.4Mtpa run-of-mine (ROM) production rate over the initial eight year life of the mine.
- Universal finalised a binding Coal Supply Agreement Term sheet which is incorporated in a Memorandum of Understanding (MOU) with Eskom. The documents are expected to be signed in May and will be converted into a Coal Supply Agreement for 100% off-take from Kangala with Eskom.
- DRA has concluded the Concept Study on the Berenice coking coal project. The Concept Study confirmed that the project is viable and can support a sustainable 10 million tonne per annum (run of mine) operation with a life of mine (open cast) well in excess of 25 years, producing both primary soft coking and secondary thermal coal products.
- Universal achieved a direct ownership of 40% in the Brakfontein Coal Project following completion of the 2011 drilling programme and resource upgrade. A mining right application for the Brakfontein Project has been submitted to the Department of Mineral Resources and work on the environmental impact assessment and feasibility study have commenced.
- The feasibility study for the Roodekop project which was commenced during the September 2011 quarter has been ongoing and is expected to be completed in the 3rd quarter 2012.
- Tony Harwood announced his resignation from the Board during the quarter for personal reasons. John Hopkins took over as Non-Executive Chairman

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

Board of Directors

John Hopkins *Non-Executive Chairman*
Anton Weber *Chief Executive Officer*
Shammy Luvhengo *Executive Director*
Hendrik Bonsma *Non-Executive Director*

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EXPLORATION & DEVELOPMENT

Kangala – Thermal Coal

Universal Coal concluded the optimisation of the Bankable Feasibility Study (BFS) for the Kangala Project (Kangala) following the finalisation of the commercial terms for a Coal Supply Agreement (CSA) with the major South African power utility, Eskom. The BFS optimisation, carried out by Stefanutti Stocks Mining Services in conjunction with Mineral Resource Development (MRD) has confirmed that saleable coal tonnages averaging 2.1Mtpa will be achieved from a planned 2.4Mtpa run-of-mine (ROM) production rate over the life of the mine. The initial pit will deliver an eight year life-of-mine (LOM) from a defined and proven reserve of 19.5Mt.

The pit is situated adjacent to properties held by Universal with an additional 65Mt of Indicated and Inferred resources, within a greater total resource base of 124Mt. These resources were drilled out in Q3 2011, with a pending resource update (to JORC Measured category) expected during the second quarter of 2012, increasing the projected life of mine for Kangala to well in excess of 16 years at BFS production levels.

The binding Coal Supply Agreement Term sheet which is incorporated in a Memorandum of Understanding (MOU) with Eskom will be executed in coming weeks. After the execution of these Agreements, and the fulfilment by both Universal and Eskom of certain achievable conditions precedents (CPs), these Agreements will be converted into the execution of a Coal Supply Agreement with Eskom expected in mid-2012, where after Universal will then commence with mine development at Kangala in the 2nd half of 2012 and deliver the first saleable coal during the 2nd half of 2013.

Kangala will be an open pit operation, with a 1.7:1 stripping ratio, which allows for a low average LOM operating cost of less than A\$13.5/ROM tonne. The total additional capital required to bring this project into production is approximately A\$50m at current exchange rates (including working capital and contingencies), with an annualised projected average EBITDA of A\$15m per annum accruing to the operation. The BFS has identified positive NPV and IRR values. On 27 September 2010, Kangala was awarded a Mining Right and on 01 February 2012, the Mpumalanga Provincial Government provided environmental authorisation (NEMA) for the development of the Kangala Colliery. The award of the Water Licence (IWULA) is expected within the June 2012 quarter.

In addition, Universal Coal continues to be engaged in discussions with third parties in the vicinity of the Kangala project which could lead to an upward revision of the potential returns identified by the current BFS.

Berenice/Cygnus - Coking Coal

DRA has concluded the Concept Study on the Berenice project as reported in the December quarterly update to the market. The Concept Study, which considered a number of production scenarios, confirms that the Berenice project is viable at this stage of its development and indicates that a sustainable 10 million tonne per annum (run of mine) operation, with a life of mine (open cast) well in excess of 25 years. The mine would produce both primary soft coking and secondary thermal coal products.

As a result, the Company has commenced the second phase of drilling at Berenice-Cygnus with 12 holes completed to date. This drilling is being undertaken to bring the Inferred and Indicated resources within the open pit areas to a Measured Category and totals 95 slim diameter and a further 29 large diameter holes, to be completed over two phases. The current (second) phase will focus on drilling out of the southern open-pit area and is expected to be completed in the third quarter of 2012. The third phase will be undertaken thereafter with completion expected during 2013. The company also commissioned an environmental risk assessment, a geotechnical study and geohydrological survey/water census in preparations of the pre-feasibility that will be commissioned in Q4 2012

During the quarter the Department of Mineral Resources (DMR) South Africa approved the renewal of the Berenice prospecting right for an additional three years and the Section 11 transfer of the Cygnus project from Solar Spectrum to Universal Coal Development 5 (Pty) Ltd, the special purpose entity for this project.

Brakfontein – Thermal Coal

The updated resource estimation for the Brakfontein coal project was completed during the quarter and confirmed a JORC compliant coal resource of 87.6 million tonnes (gross tonnes in situ) of which 70.5 million tonnes are Measured, 14.9 million tonnes Indicated and 2.2 million tonnes Inferred. Following the resource upgrade Universal Coal achieved a direct ownership of 40% in the Brakfontein Coal Project.

The mining right application submitted during December 2011 was accepted by the Department of Mineral Resources on 18 March 2012. Digby Wells and Associates, a specialist Environmental Consulting Services provider, has commenced with the environmental impact assessment and related studies required to finalise the mining right, Nema and water licence applications.

Universal has also commenced with a feasibility study with this set to be completed in Q4 2012.

Roodekop – Thermal Coal

Universal Coal is progressing well with the feasibility study at Roodekop, with this set to be finalised during Q3 2012.

The Water licence application (IWULA) was lodged during the quarter. All regulatory applications have now been lodged.

CORPORATE

Resignation of Executive Chairman

As a result of personal reasons, Tony Harwood after consultation with the Board tendered his resignation during the quarter. The Board has taken the decision to appoint John Hopkins (a current Non-Executive Director of Universal) to assume the role of non-executive Chairman.

The company recognises the substantial efforts of Tony, who took the company to IPO and has in his role of Executive Chairman overseen the proving up of some 600Mtn in resources since IPO in December 2010.

The appointment of John Hopkins to Non-Executive Chairman is in line with good corporate governance practices and will enable the company to move forward without interruption to strategy or delivery of the company's planned Kangala project in 2012 and the further advancing of the company's other assets.

Securing of Strategic Funding

Universal Coal Plc announced 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 of Universal has secured a facility which provides additional capacity to the company's Balance Sheet whilst not diluting shareholders at this time. 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 out of 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 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 are incentivised to do this, based on the companies expected share performance on the back of the strategic delivery program of the companies mining development activities. The company has ensured that this facility is not an impediment to further capital raising activities the company may do for example 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 of Berenice and the commencement of mining development and the first coal expected out of the ground from Kangala.

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 has the resources to bring institutional brokerage and private equity capabilities to Universal in those markets.

As at 31 March 2012, the Company had cash at bank of AUD \$5.7 million.

ACTIVITIES PLANNED FOR THE JUNE 2012 QUARTER

- Kangala Project – Execution of the Term Sheet & MOU with Eskom for thermal coal from the project,
- granting of the water licence (Iwula)
- securing of project funding.
- Berenice Project – Continuation of the phase 2 drilling programme
- Brakfontein Project – Continuation of the environmental impact assessment and other regulatory approvals; progress with the feasibility study
- Roodekop Project – Continuation of the feasibility study commenced during the previous quarter, progress regulatory applications.
- Growth – Continued identification and evaluation of further business growth opportunities

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COAL RESOURCES SUMMARY

<u>Project</u>	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	67.2	15.6		82.8
Brakfontein ³	70.5	15.0	2.2	87.7
Total Thermal coal⁷	186.4	35.0	73.1	294.5
Coking Coal (Limpopo)				
Berenice ⁴ – Cygnus ⁵	7.9	394.5	922.0	1324.4
Somerville ⁴ -Donkin ⁶			316.4	316.4
Total Coking Coal⁷	7.9	394.5	1,238.4	1,640.8
Total⁷	194.3	429.5	1,311.5	1,935.3

Notes:

1. Universal Coal has an attributable interest of 70.5% of the Kangala Project.
2. 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.
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. 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 40% in these coal resources.
4. 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 40% interest in UCD II. Ministerial consent to the transfer of 342/2009PR is still pending.
5. Under the terms of the earn in agreement, Universal Coal is earning up to 50% in the Cygnus Project via the completion of certain milestones. 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 this project (with the option to acquire up to 74% interest). UCEHSA currently holds a 10% interest in UCD V (the Cygnus joint venture company).
6. Under the terms of the earn-in agreement, Universal Coal is earning up to 50% in the Donkin Project via the completion of certain milestones. 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 this project. UCEHSA currently holds a 15% interest in UCD VI (the Donkin joint venture company).
7. Rounding (conforming to the JORC Code) may cause computational discrepancies.

PROJECT LOCATIONS

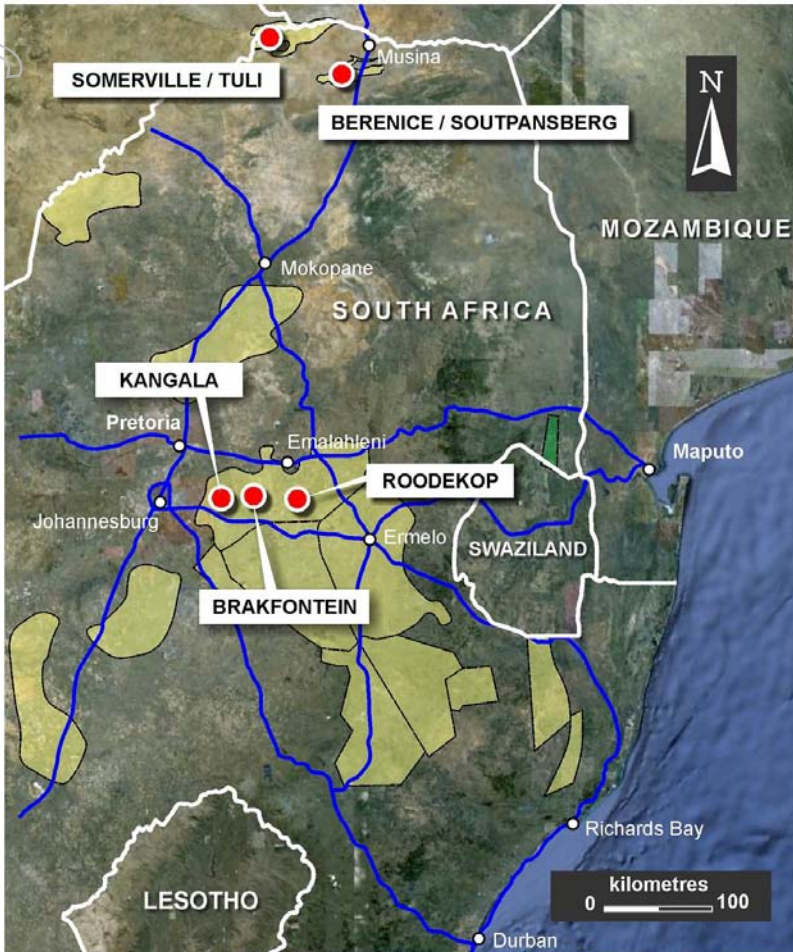


Figure 4: Project Locations

ABOUT UNIVERSAL COAL PLC

Universal Coal is a South African focussed coal company holding interests in three thermal coal projects of between 30% 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 half of 2012, subject to regulatory approvals.

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 report that relates to Coal Resources or Ore is based on information reviewed and compiled by Mr. Nico Denner (Berenice/Cygnus, Somerville, Wolvenfontein, Modderfontein and Roodekop) and Mr. Dawie van Wyk (Middelbult), who are registered natural scientists and members of the South African Council for Natural Scientific Professions. Mr. Denner is employed by Gemecs (Pty) Ltd and Mr. van Wyk is employed by Geocoal. Both has sufficient experience which is relevant to the style of mineralisation and the type of deposit under consideration and to the activity which they are 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 and Mr. van Wyk consent 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.