

17 July 2012



universal
coal plc

Universal Coal Signs a Milestone Private Placement Transaction

- Direct Investment up to 19.99% of the issued capital in Universal (equating to approximately A\$10m);
- Secured with a significant Hong Kong based investor, with mining & minerals expertise;
- Equity Priced at a 12% premium to Universal's 60 Day VWAP;
- Universal demonstrates its ability to attract investment at a premium to market;
- Funds will be used to support the equity requirements of the Kangala thermal project, this investment equates to almost 50% of the company's equity needs for Kangala (if the investment is taken up in full).

Hong Kong – (17th July 2012) - Universal Coal Plc (ASX: UNV) (“Universal”) is pleased to announce that it has executed a binding Private Placement Deed (“Agreement”) with Power Origin Developments BVI (“Power Origin”), an entity controlled by a leading Hong Kong based mining, minerals and resources investor Mr. Ning, Yat Hoi.

As part of a strategic funding roadmap developed and approved by the Board of Universal in early 2012, the company announces that it has secured a private placement transaction with Power Origin Developments BVI at a premium to the company's last traded price of A\$0.14c.

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

Board of Directors

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

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The agreement reached between Universal and Power Origin is for up to 19.99% of the issued share capital in Universal (subject to customary conditions precedent being met). The issuance will be executed in two tranches, the first by the company under its allowable limit without shareholder approval (in accordance with ASX Listing Rule 7.1 and subject to customary conditions precedent being met by 10 August), the second, subject to shareholder approval, if customary conditions precedent are satisfied by the second completion date following such shareholder's approval (expected to be around late September 2012).

Key Terms

The terms of the equity placement are considered to be most favourable to Shareholders given current instability in global capital markets, and a drop in confidence in mining and mineral stocks. The key terms include:

- Straight Equity Investment of up to 19.99% (subject to shareholder approval);
- Pricing is a fixed 12% premium to the 60 day VWAP calculated at the close of the business day before each tranche (expected 10 August 2012 and shortly after shareholder approval for the second tranche around late September 2012). The 60 day VWAP as at the last trade of UNV CDIs was A\$0.1870;
- **First tranche** for a minimum subscription of A\$2m if certain conditions precedent *are not* satisfied, if conditions precedent *are* satisfied, the company will issue shares to Power Origin to the allowable maximum without shareholder approval (estimated to be approximately A\$7m or up to approximately 14.99%);
- **Second tranche** (subject to shareholder approval) for the balance of circa 5% (estimated to be approximately A\$3m), with an options package;
- **Options package** (subject to shareholder approval and subject to take up of second tranche) for A\$7m, with a 3 year expiry, \$0.30c strike price Year 1 and 2, \$0.32c strike price Year 3. If the strike price is met for a VWAP of 90 days or more, than the options must be converted within 6 months or they lapse. The options are transferrable with company approval;
- Further 'top up' rights in the event of additional capital raising so as Power Origin can maintain its maximum allowable ownership of up to 19.99%;
- The right to nominate Mr. Ning to the Board of Universal once the second tranche of equity is taken to shareholders for approval;

- A\$2m is to be placed into escrow with the company within 5 working days of execution of the Placement Deed.

Negotiated Pricing & Option Terms Favourable to UNV and its Shareholders

The negotiation of this transaction has been ongoing for some time. It was important to ensure that Power Origin was aligned with Universal's goals and objectives, and understood the company's funding needs. Part of this process was to educate Power Origin on the future for Universal, and to agree to the equity investment being done at a premium to the company's last traded price of A\$0.14. On that basis, the parties agreed to use the 60 day VWAP as the basis for the trading price average, and to add a 12% premium to that in order to calculate the price the shares will be issued at to Power Origin. The use of the 60 day VWAP allows the company to use a longer term average of its trading price.

Non Executive Chairman of Universal, Mr. John Hopkins comments *"this Agreement with Power Origin demonstrates the strength of Universal's assets, and the ability for the company to negotiate equity being placed at a premium to market, in what can only be described as testing global market conditions"*.

The transaction is financial only; it does not include any rights to Universal's off take.

Background of Power Origin Developments BVI

Power Origin Developments BVI is a special purpose vehicle setup by Mr. Ning, Yat Hoi to invest in Universal Coal.

Mr. Ning has substantial diversified investments in mining and minerals. He is the Chairman and substantial shareholder of Hoi Mor Industrial (Group) Limited, China International Mining Group Corporation and Hong Kong Mining Exchange Company Limited. He is a current Non Executive Director and significant shareholder of Mwana Africa PLC (MWA.L) a LSE listed company focusing on nickel, copper, gold and diamond exploration and production.

In addition to his investments, Mr. Ning is also an active participant in the industry and other companies including having held the position of Vice Chairman of the China Non-ferrous Metals Council. He has more than 20 years experience in trading, investing and managing of non-ferrous and precious metals businesses.

He is the founder of a number of mining companies including Congo International Mining Corporation Sprl, African PGM Processing Sprl and Fareast Nickel Mining Corporation.

Under the Agreement with Universal, Power Origin has made certain undertakings to Universal in respect of there not being any material changes in the control of Power Origin before completion and otherwise without notice.

Power Origin's interest in Universal is about the future, getting Kangala into production and continuing the development of the company's other coal development assets.

At the signing of the Agreement, Mr. Ning stated *"We are very excited to be partnering with the Board & Management of Universal Coal to take the company forward. We have been attracted to the team's ability to develop thermal and coking coal assets, and that once funded, the company has the ability to bring these projects into production in ways which brings maximum return to shareholders as demonstrated by the company securing an off take customer for Kangala".*

It is expected that the request for approval of the second tranche (should certain customary conditions precedent be satisfied) will be taken to Shareholders in late September 2012 at a meeting to be held at the company's registered office in London. Full details of the additional equity and options package which will require shareholder approval will be provided in a Notice of Meeting to shareholders. Shareholders will be informed of the price and number of CDIs to be issued by the company in the first tranche under ASX Listing Rule 7.1 (without shareholder approval), once the conditions precedent have been satisfied and the calculation of the issuance price (based on the prior 60 day VWAP) has been determined.

The private placement has been negotiated by Universal direct with Power Origin lead by Anthony Ward, Universal's Head of Commercial & Corporate Affairs.

For further information please contact:

Commercial Terms, Institutions Only:

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