

18 March 2013



universal
coal plc

KANGALA ESKOM COAL SALES AGREEMENT (“CSA”) EXECUTED WITH FIRST COAL DELIVERY APRIL 2014

- **ESKOM COAL SALES AGREEMENT EXECUTED**
- **FIRST COAL DELIVERY SET FOR APRIL 2014**
- **ON-SITE ESTABLISHMENT TO COMMENCE APRIL 2013**
- **OFF-SITE PROCESSING PLANT MANUFACTURING PROGRESSING AS SCHEDULED**
- **ON SCHEDULE FOR FIRST DRAWDOWN ON DEBT FACILITY**

The Board of Directors of Universal Coal plc (“Universal Coal” or “Company”) is pleased to announce that it has executed the Coal Sales Agreement with the South African electricity utility, ESKOM, with the first coal delivery date set for April 2014. On-site establishment of the mining contractors will commence in April 2013 and off-site manufacturing of the processing plant components is well underway. The processing plant is on schedule to be commissioned in Q1 2014, allowing for timeous delivery of first saleable coal.

Universal Coal and Rand Merchant Bank (“RMB”) are currently finalising the project financing legal agreements with the execution of the CSA now satisfying one of the major conditions precedent. Further conditions precedent are within normal project financing arrangements and expected to be satisfied during April and May 2013, following which the first drawdown on the RMB debt facility will occur.

Commenting on the signing of the Eskom agreement, Universal Coal CEO Mr. Tony Weber said: “It’s all systems go for Universal Coal as the execution of the coal sales agreement sets a definite delivery date and meets one of the critical conditions precedent set by RMB for first drawdown on the debt facility.”

As previously announced, Universal Coal has finalised the appointment of key contractors for the various developmental, mining and processing disciplines, with experienced and reliable operators chosen for the purpose. It has developed a strong working relationship with Stefanutti Stocks Mining Services and Mineral Resource Development (MRD) in this regard.

About Kangala

Kangala, situated in the Witbank coalfield in Mpumalanga province, is Universal Coal's first operation, with this being a de-risked domestic thermal coal operation supplying coal primarily to Eskom. At a capital cost of A\$ 49m, this operation is projected to supply an estimated average of A\$ 15m EBITDA per annum (100%), with both costs and profit margins locked in. With an initial projected four year payback period, coal sales of 2.1Mtpa are split between 2Mtpa ESKOM and a lesser 100ktpa ~6 000kCal coal to be supplied to the domestic market.

Operating costs will be optimised at a low A\$ 15 per ton over an initial eight year life of mine at Wolvenfontein achieving an effective >80% yield on 2.4Mtpa ROM rate. The additional resource base at Kangala potentially allows for a total mine life exceeding 20 years by means of developing a series of similar sized pits adjacent to Wolvenfontein. Furthermore, there is added opportunity to increase the resource base further and extend mine life through potential JV's over neighbouring resources.

The operation is being run on the historically proven outsource model, with Stefanutti Stocks Mining Services supplying both the mining fleet and skill set to run the initial eight year Wolvenfontein pit, operating a fleet of 60t trucks, 85t excavators and supporting equipment. The dual circuit processing facility, a 350tph crushing and screening circuit plus the 200tph DMS washing plant will be owned by Universal, but the operation thereof will be outsourced to Mineral Resource Development.

Competent Person's Statement

The information in this report that relates to Coal Resources 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 (a Recognised Overseas Professional Organisation). 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 Kangala Coal Reserve estimate was prepared by Mr Ben Bruwer, who is a Principal Mining Engineer and Co-owner of VBKom Consulting Engineers who are the preferred mining consultants to Stefanutti Stocks Mining Services (Pty) Ltd. He is a member of the Engineering Council of South Africa (ECSA) (a Recognised Overseas Professional Organisation) and member of SAIMM. He has more than 15 years' experience in the South African coal and minerals industries. VBKom CE has sufficient experience which is relevant to the type of mineralisation and the Kangala deposit and to the activity which Mr Bruwer is undertaking to qualify as a Competent Person as defined by the SAMREC and JORC Codes for Reporting of Exploration, Mineral Resources and Ore Reserves'.

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.

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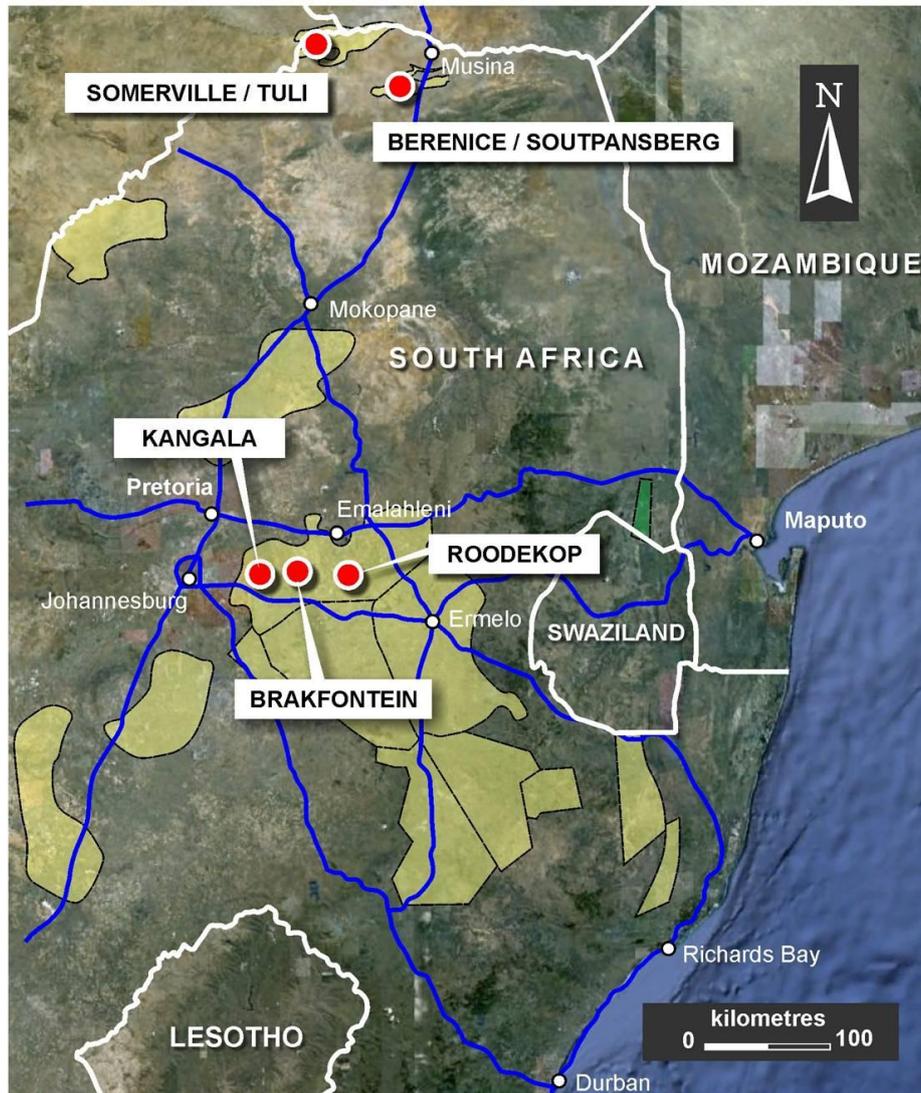
Universal Coal Global Coal Resources Summary

Project	Reserve Proved Mt	Resource Measured Mt	Resource Indicated Mt	Resource Inferred Mt	Total Mt	Attributable to Universal Mt ⁷
Thermal Coal (Witbank)						
Kangala ¹	20.8	72.88	19.48	33.64	146.80	103.50
Roodekop ²	-	82.92	1.44	-	84.36	62.42
Brakfontein ³	-	70.50	15.00	2.20	87.70	44.10
Total Thermal coal⁷	20.8	226.30	35.92	35.84	318.86	210.02
Coking Coal (Limpopo)						
Berenice ⁴ – Cygnus ⁵	-	424.91	800.92	124.29	1350.12	631.32
Somerville ⁴ -Donkin ⁶	-	-	-	316.64	316.64	143.47
Total Coking Coal⁷	-	424.91	800.92	440.93	1,666.76	774.79
Total⁷	20.8	651.21	836.84	476.77	1,985.62	984.81

Notes:

1. Universal has an attributable interest of 70.5% of the Kangala Project.
2. Universal has an attributable interest of 74% in the Roodekop Project.
3. Universal has an attributable interest of 50.29% in the Brakfontein Project and the right to negotiate to acquire up to a 74% interest upon completion of the BFS and award of a mining right.
4. Universal has an attributable interest of 50% in the Berenice and Somerville Projects with an option to acquire up to a 74% interest.
5. Universal has an attributable interest of 20% in the Cygnus Project that will increase to 50% on completion of certain exploration milestones and to 74% on execution of an option.
6. Universal has an attributable interest of 15% in the Donkin Project that will increase to 50% on completion of certain exploration milestones.
7. Rounding (conforming to the JORC Code) may cause computational discrepancies.

Project Locations



About Universal Coal

Universal Coal is a South African focussed coal company holding interests in three thermal coal projects of between 50% and 70.5%, which currently contain over 318.86Mt of JORC-compliant resources.

The Company is aiming to achieve first coal sales from the Kangala Coal Mine by April 2014.

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 will 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 1.67Bt of JORC-compliant 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.

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