

4 March 2013



universal
coal plc

KANGALA MINE GETS GO-AHEAD

- **BOARD APPROVES DEVELOPMENT OF THE KANGALA MINE**
- **FIRST ESKOM COAL SALES COMMITTED FOR MID-2014**
- **CONSTRUCTION, INFRASTRUCTURE, MINING AND PLANT OPERATING CONTRACTORS SELECTED WITH KEY TERMS OF CONTRACT AGREEMENTS FINALISED**
- **OFF-SITE PLANT CONSTRUCTION COMMENCED AND LONG LEAD TIME ITEMS ORDERED**
- **RMB FINAL CREDIT APPROVAL GRANTED WITH FINALISATION OF LEGALS AND STRUCTURING OF BEE PARTNER FUNDING IN PROGRESS**
- **KEY MINE DEVELOPMENT AND MANAGEMENT SKILLS RECRUITED**

The Board of Directors of Universal Coal plc ("Universal Coal" or "The Company") is pleased to announce that it has approved the development of the Kangala Mine, with first coal delivery to South African electricity utility, Eskom expected by mid-2014. This has enabled the Company to conclude the appointment of key contractors for various disciplines and to finalise contractual agreements with these parties.

Key contracts to be awarded include:

1. Mining Contractor: Stefanutti Stocks Mining Services;
2. Infrastructure and EPCM: Stefanutti Stocks Mining Services;
3. Plant Construction Contractors: PJ Technology and Mineral Resource Development;
4. Processing Operator: Mineral Resource Development.

Universal Coal is satisfied that it has chosen experienced and reliable operators and has developed a strong working relationship with Stefanutti Stocks Mining Services and Mineral Resource Development in this regard. In light of the above, key component development and ordering of long lead time items has commenced in order to meet the finalised coal delivery timelines. Finalisation of the BEE funding structure is anticipated within the current quarter, following which physical site establishment will commence.

In mid-September 2012, Universal Coal announced a project financing arrangement with a leading South African bank, Rand Merchant Bank (“RMB”) for the funding of the Kangala Project. The finance solution from RMB comprises 65% project finance; a significant debt carrying capacity for this Greenfield project. This demonstrates the strength of the Kangala project and the Eskom off-take contract as well as Universal Coal’s project plan and implementation strategy. The financing arrangement is subject to several conditions precedent which are anticipated to be met by mid-2013. RMB’s partnership with Universal Coal includes a Master Finance Deed for future Universal Coal projects and a transactional banking solution for the Universal Coal Group.

Universal Coal further secured a private placement transaction with Coal Development Holdings (CDH) a special purpose entity of African Minerals Exploration & Development Fund, SICAR (AMED), with CDH subscribing to 29.99% of the issued capital in Universal at \$0.141568 per CDI (equating to a total investment of A\$13.6m). AMED (a member of the United Nations Global Compact) is a Luxembourg-based private equity mining investment fund and will provide strategic support to Universal Coal. The fund focuses on investing in brown field mineral projects predominantly in Africa. Amongst the Fund’s founding partners are David Twist and Rudolph de Bruin, who have a proven track record of bringing large scale African projects into production and together have over 40 years of experience in more than 20 African countries. The Fund has so far invested in 9 projects across Africa. Through this transaction, CDH has nominated, and the Board has accepted, two non-executive directors to join the board of Universal. Those nominees, David Twist and Carlo Baravalle were appointed on the 7th January 2013.

Universal Coal has also finalised the appointment of key in-house mine development and managerial personnel to ensure the above timelines are met and the budgeted capital costing is achieved. Project Development; Engineering; Health and Safety; and Geological skills have been appointed within the group to coincide with the approved development schedule.

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 ~6000kCal coal to be supplied to the domestic market.

Operating costs have been 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 NicoDenner, 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.

For further information please contact:

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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
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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.