

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document and/or as to what action you should take, you are recommended to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000, as amended if you are resident in the United Kingdom or, if not, from any other appropriately authorised independent financial adviser.

If you sell, have sold or otherwise transferred all of your Ordinary Shares you should deliver this document together with the enclosed Form of Proxy as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. If you sell, have sold or otherwise transferred part only of your holding of Ordinary Shares, please retain this document and the accompanying Form of Proxy and consult the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected.

The Directors, whose names appear on page 4 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of each of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts, and this document makes no omission likely to effect the import of such information.

Atlantic Coal plc

(Incorporated in England & Wales with registered number 06069880)

Proposed placing of 1,600,000,000 New Ordinary Shares at 0.75 pence per share and the subsequent admission to trading on AIM of those New Ordinary Shares

and

Notice of General Meeting

This document should be read as a whole in conjunction with the accompanying Form of Proxy. Your attention is drawn to the letter to Shareholders from the Chairman of Atlantic Coal plc which is set out on pages 4 to 6 of this document. This letter explains the background to and reasons for the proposed placing and contains a recommendation that you vote in favour of the Resolutions to be proposed at the General Meeting referred to below.

Notice of the General Meeting of Atlantic Coal plc to be held at 1 Berkeley Street, London W1J 8DJ at 10:00 a.m. on 3 March 2011 is set out at the end of this document. **Whether or not you intend to be present at the General Meeting, you are urged to complete and return the enclosed Form of Proxy in accordance with the instructions printed thereon so as to arrive as soon as possible and in any event not later than 10:00 a.m. on 1 March 2011 (or 48 hours before any adjournment of the General Meeting).**

If the Resolutions are passed at the General Meeting, application will be made for the New Ordinary Shares to be admitted to trading on AIM (“**Admission**”). It is expected that Admission will become effective and that dealings in the Ordinary Share of the Company will commence on AIM at 8:00 a.m. on 4 March 2011.

This document contains forward-looking statements with respect to the Company and the proposals set out in this document. These statements involve known and unknown risks and uncertainties as they relate to and depend on circumstances that occur in the future. Actual results may differ materially from those expressed in the forward-looking statements. None of the financial information contained in this document has been audited.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication and despatch of this document and the Form of Proxy to Shareholders	15 February 2011
Latest time and date for receipt of Forms of Proxy	10:00 a.m. on 1 March 2011
General Meeting	10:00 a.m. on 3 March 2011
Admission and dealings in the New Ordinary Shares expected to commence on AIM	8:00 a.m. on 4 March 2011

Notes:

If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by an announcement through the regulatory information service of the London Stock Exchange plc.

PLACING STATISTICS

Number of New Ordinary Shares being placed on behalf of the Company	1,600,000,000
Placing Price per New Ordinary Share	0.75 pence
Number of New Ordinary Shares being placed as a percentage of the existing issued share capital	70.52%
Number of New Ordinary Shares being placed as a percentage of the Enlarged Issued Share Capital	41.36%
Number of Ordinary Shares in issue immediately following completion of the Placing	3,868,772,016
Market capitalisation of the Company following completion of the Placing at the Placing Price	£29.0m
Gross proceeds of the Placing	£12.0m
Estimated maximum net proceeds of the Placing receivable by the Company	£11.4m

DEFINITIONS

The following definitions apply throughout this document unless the context otherwise requires:

Admission	the Admission of the New Ordinary Shares to trading on AIM
AIM	AIM, a market operated by the London Stock Exchange
Allenby	Allenby Capital Limited, the Company's nomad and joint broker
Atlantic Coal	Atlantic Coal plc, a company incorporated in England and Wales under number 06069880
Company	Atlantic Coal
Directors	the directors of Atlantic Coal, whose names appear on page 4 of this document
Enlarged Issued Share Capital	the Ordinary Shares in issue immediately following Admission as enlarged by the issue of the New Ordinary Shares
General Meeting	the general meeting of the Company to be held at 1 Berkeley Street, London W1J 8DJ at 10:00 a.m. on 3 March 2011, further details of which are set out in the Notice
London Stock Exchange	London Stock Exchange plc
New Ordinary Shares	the Ordinary Shares being issued as part of the Placing, namely the Placing Shares
Notice	the notice which appears on page 7 of this document calling the General Meeting
Ordinary Shares	the ordinary shares of 0.07 pence each in the capital of the Company
Placing	the placing by Allenby and others of the Placing Shares at the Placing Price pursuant to the Placing Agreement
Placing Agreement	the conditional agreement dated 11 February 2011 between the Company (1) and Allenby (2) relating to the Placing
Placing Price	0.75 pence per Placing Share
Placing Shares	the 1,600,000,000 Ordinary Shares to be issued pursuant to the Placing
Resolutions	the resolutions set out in the Notice
Shareholders	the shareholders in the Company as at the date of this document

LETTER FROM THE CHAIRMAN

Atlantic Coal plc

(Incorporated in England & Wales with registered number 06069880)

Directors:

Adam Wilson (*Non-Executive Chairman*)

Stephen Best (*Managing Director*)

Dr Peter Chinneck (*Non-Executive Director*)

Registered Office:

Claridge House

32 Davies Street

London

W1K 4ND

15 February 2011

To the holders of ordinary shares, and for information only, to the holders of warrants over ordinary shares and convertible loanholders

Dear Shareholder

PROPOSED PLACING OF 1,600,000,000 NEW ORDINARY SHARES OF 0.07 PENCE EACH IN THE CAPITAL OF THE COMPANY AT A PRICE OF 0.75 PENCE PER SHARE

1. Introduction

The Board of Atlantic Coal announced on 14 February 2011 proposals for a capital raising to secure funds to cover a substantial part of the Company's longer term capital requirements. The Company is seeking to raise £12.0 million before expenses as set out in this document. This is to be effected by means of the placing of 1,600,000,000 new Ordinary Shares at a placing price of 0.75 pence per New Ordinary Share, conditional upon Shareholder approval. Allenby is acting as lead broker to the Company with Cornhill Capital and FoxDavies acting as co-brokers.

The New Ordinary Shares are equivalent to approximately 41.36 per cent. of the Enlarged Issued Share Capital following Admission and the Placing Price represents a discount of approximately 31.51 per cent. to the closing mid-market price of an existing issued Ordinary Share on 11 February 2011, being the latest practicable date prior to the announcement of the Placing on 14 February 2011.

As a result of the size of the Placing relative to the Company's existing authority to allot shares for cash otherwise than on a pre-emptive basis, the Placing is conditional upon the passing of the Resolutions by the Shareholders at the General Meeting to authorise the allotment of the New Ordinary Shares and to approve the disapplication of pre-emption rights to enable the Directors to allot the New Ordinary Shares in cash to persons other than current Shareholders.

The Directors have convened the General Meeting at which Shareholders will be asked to consider and, if thought fit, pass the Resolutions. The Placing is also conditional on Admission of the New Ordinary Shares to trading on AIM (and which is the market on which the Company's existing issued ordinary shares are admitted to trading) occurring on or around 4 March 2011.

The purpose of this document is to provide you with information about the Placing and to explain why the Directors consider passing the Resolutions to enable the Placing to proceed to be in the best interests of the Company. Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. It is expected that, following the passing of the Resolutions at the General Meeting, dealings in the New Ordinary Shares will commence on or around 4 March 2011. Subject to the passing of the Resolutions and Admission becoming effective on or around 4 March 2011, the New Ordinary Shares will rank *pari passu* with the existing Ordinary Shares. Notice of the General Meeting which is to be held at 10:00 a.m. on 3 March 2011 at 1 Berkeley Street, London W1J 8DJ, at which, *inter alia*, the Resolutions will be proposed, is set out at the end of this document.

Under the terms of the Placing Agreement, Allenby has agreed to use its reasonable endeavours to procure places for the New Ordinary Shares at the Placing Price. The Placing is not being underwritten.

2. Background to the Placing and use of proceeds

The Directors believe that there is an opportunity to raise funds from a small number of institutional and other investors at the present time. The Directors have therefore decided to effect the fundraising by way of the Placing following a limited and targeted marketing exercise, rather than by offering all Shareholders the opportunity to acquire further shares. The Directors believe that the additional cost and delay incurred in connection with any such offer would not have been in the best interests of the Company.

The net proceeds of the Placing are estimated at £11.4 million and, in addition to funding the general working capital requirements of the Company, this money will be used to assist the Directors in evaluating and, if thought appropriate by the Directors, proceeding with potential acquisitions. In this regard, the Directors are currently in the process of evaluating a number of potential acquisitions with the intention to extend its resource base.

As part of the Placing, the Directors and their related parties (within the meaning of the AIM Rules for Companies) are subscribing for the following Placing Shares at the Placing Price:

<i>Director</i>	<i>Number of Placing Shares</i>	<i>Total number of ordinary shares held following Admission</i>	<i>Percentage of Enlarged Share Capital</i>
Dr Peter Chinneck	32,000,000	213,000,000	5.51
Adam Wilson	8,000,000	126,307,070	3.26
Mary Catherine Best*	6,666,666	201,495,299	5.21

* Stephen Best, who is the Managing Director of the Company, is the spouse of Mary Catherine Best, and a director of American Investments Limited. American Investments Limited holds 73,960,418 ordinary shares of 0.07 pence in the Company representing 1.91 per cent. of the Enlarged Share Capital.

3. Current trading and prospects

The Company's trading for the year ending 31 December 2010 was broadly in line with the Directors expectations and, having increased production at the Company's primary asset, the Stockton Colliery in recent months, the Directors remain confident about the prospects of the Company.

4. Conditions of the Placing

As a result of the size of the Placing relative to the Company's existing authority to allot shares for cash otherwise than on a pre-emptive basis, the Placing is conditional upon the passing of the Resolutions by the Shareholders at the General Meeting to authorise the allotment of the New Ordinary Shares and to approve the disapplication of pre-emption rights to enable the Directors to allot the New Ordinary Shares in cash to persons other than current Shareholders.

The Placing is conditional, *inter alia*, on the passing of the Resolutions. You will find set out at the end of this document a notice convening the General Meeting to be held at 10:00 a.m. on 3 March 2011 at 1 Berkeley Street, London W1J 8DJ. The Resolutions will, if passed, give the Directors authority to allot the New Ordinary Shares for cash to persons other than Shareholders.

5. General Meeting and action to be taken

Set out at the end of this document is a notice of General Meeting which is to be held at 10:00 a.m. on 3 March 2011 at 1 Berkeley Street, London W1J 8DJ at which the Resolutions will be put to Shareholders.

Shareholders will find enclosed with this document a form of proxy for use at the General Meeting. The form of proxy should be completed and returned in accordance with the instructions printed thereon so as to arrive at the Company's registrars, Capita Registrars, as soon as possible and not later than 10:00 a.m. on 1 March 2011. Completion and return of the form of proxy will not prevent Shareholders from attending and voting at the General Meeting should they so wish.

Information relating to the Resolutions

Resolution 1

Resolution 1 authorises the Directors to allot up to 2,900,669,048 Ordinary Shares without the need to call a further General Meeting. The number of shares for which authority is sought here includes the Placing Shares and also gives the Directors the capacity to issue shares under existing warrants and convertible loans should the warrantholders or the loanholders exercise their rights to convert their warrants or loans into Ordinary Shares. Without this additional capacity, the Company would be required to hold an additional General Meeting to approve such allotments were they to occur and could potentially be in breach of the terms of the warrants or loans.

This authority will terminate on the earlier of 15 months after the date that this resolution is passed and the conclusion of the 2012 Annual General Meeting of the Company.

Resolution 2

Resolution 2, which is conditional upon resolution 1 being passed, suspends the statutory pre-emption rights contained in section 570 of the Companies Act 2006 and, if passed, will authorise the Directors to allot shares free of this restriction up to a nominal value of £1,675,137. As with resolution 1, the authority sought here includes the Placing Shares, and also gives the Directors the capacity to issue shares under existing warrants and convertible loans should the warrantholders or the loanholders exercise their rights to convert their warrants or loans into Ordinary Shares. Without this additional capacity, the Company would be required to hold an additional General Meeting to approve such allotments were they to occur and could potentially be in breach of the terms of the warrants or loans.

This authority will terminate on the earlier of 15 months after the date that this resolution is passed and the conclusion of the 2012 Annual General Meeting of the Company.

6. Recommendation

The Directors consider the Placing, and the approval of the Resolutions, upon which the Placing is conditional, to be in the best interests of the Company and the Shareholders as a whole and unanimously recommend you vote in favour of the Resolutions, as your Directors intend to do or procure to be done in respect of their beneficial holdings of Ordinary Shares amounting to, in aggregate, 568,096,121 Ordinary Shares, representing approximately 25.04 per cent. of the current issued share capital of the Company.

Yours faithfully

Adam Wilson
Non-Executive Chairman

Atlantic Coal plc

(Incorporated in England & Wales with registered number 06069880)

NOTICE OF A GENERAL MEETING

NOTICE IS HEREBY GIVEN that a general meeting of the Company will be held at 1 Berkeley Street, London W1J 8DJ at 10:00 a.m. on 3 March 2011 for the purpose of considering and, if thought fit, passing the following ordinary and special resolutions:

ORDINARY RESOLUTION

- 1 **THAT**, in accordance with section 551 of the Companies Act 2006 (the "Act"), the Directors be generally and unconditionally authorised to allot up to 2,900,669,048 ordinary shares of 0.07p each in the Company provided that this authority shall, unless renewed, varied or revoked by the Company, expire on conclusion of the 2012 Annual General Meeting of the Company or, if earlier, the date 15 months after the date of these resolutions, save that the Company may make an offer or agreement before the expiry of this authority which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities pursuant thereto as if the authority conferred hereby had not expired and provided further that this authority shall be in substitution for and supersede and revoke any earlier such authority conferred on the Directors to the extent not previously utilised.

This authority is in substitution for all previous authorities conferred on the Directors in accordance with section 80 of the Companies Act 1985 or section 551 of the Act.

SPECIAL RESOLUTION

- 2 **THAT**, subject to the passing of the resolution 1, in accordance with section 570 of the Act, the Directors be generally empowered to allot equity securities (as defined in section 560 of the Act) pursuant to the authority conferred by resolution 1, as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:

- 2.1 the allotment of new equity securities in connection with any rights issue or other offering of new equity securities in favour of the holders of equity securities of the Company where the new equity securities attributable to the interests of such persons are proportionate (as nearly as may be) to the respective numbers of the relevant equity securities held by them (subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractions of such securities or the issue and/or transfer and/or holding of any securities in uncertificated form or legal or practical problems arising under the laws of, or the requirements of any regulatory body or any stock exchange in any territory);

- 2.2 the allotment of equity securities up to an aggregate nominal amount of £1,675,137 representing 2,393,051,965 ordinary shares of 0.07p each; and

and shall expire at the conclusion of the 2012 Annual General Meeting of the Company or, if earlier, the date 15 months after the date of these resolutions (unless renewed, varied or revoked by the Company prior to or on that date) save that the Company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

By order of the board of Directors

Registered Office
Claridge House
32 Davies Street
London W1K 4ND

15 February 2011

Notes:

1. A member entitled to attend and vote at the meeting may appoint one or more proxies to attend and, on a poll, vote instead of him. A member may not appoint more than one proxy to exercise rights attached to any one share. A proxy need not also be a member. A Form of Proxy is enclosed. The notes to the proxy form explain how to direct a member's proxy to vote on each resolution or withhold their vote.
2. The completed and signed Form of Proxy, if used, and the power of attorney or other authority (if any) under which it is signed or a certified copy of such power or authority must be lodged at the offices of the Company's Registrars, Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, BR3 4TU, not less than 48 hours before the time fixed for holding the meeting.
3. Completing and returning a Form of Proxy will not preclude a member from attending in person at the meeting and voting should he or she wish to do so.
4. In the case of a member which is a corporation, the Form of Proxy must be executed under its common seal or the hand of an officer or attorney duly authorised.
5. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those shareholders entered in the register of members of the Company as at 6:00 p.m. on 1 March 2011 or, if the meeting is adjourned, in the register of members at 6:00 p.m. on the second day prior to the day of any adjourned meeting, shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries in the register of members after 6:00 p.m. on 1 March 2011 or, if the meeting is adjourned, in the register of members after 6:00 p.m. on the second day prior to the day of the adjourned meeting, shall be disregarded in determining the rights of any person to attend, speak or vote at the meeting or at any such adjournment.
6. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting to be held at 10:00 a.m. on 3 March 2011 at 1 Berkeley Street, London W1J 8DJ and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider should refer to their CREST sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Company's agent, Capita Registrars Limited (CREST Participant ID: RA10), no later than 48 hours before the time appointed for the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
7. CREST members and, where applicable, their CREST sponsor or voting service provider should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsor or voting service provider are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
8. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
9. As at 5:00 p.m. on 14 February 2011, the Company's issued share capital comprised 2,268,772,016 ordinary shares of 0.07 pence each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 5:00 p.m. on 14 February 2011 is 2,268,772,016.