

30th September 2009

Atlantic Coal plc ('Atlantic' or 'the Company')
Interim Results

Atlantic Coal plc, the AIM listed open cast coal production and processing company with activities in Pennsylvania, USA, announces its interim results for the six months ended 30th June 2009.

Overview:

- Production increase of 284% on the six months ended 30th June 2008 - 110,123 tons of coal produced during the period
- Finalised new mine plan at Stockton to accelerate production and reduce costs
- On-site preparation plant producing over 400 tons of washed and sized coal per day on a single shift
- Actively seeking to acquire undervalued assets in North America and the rest of the world
- Upturn in sales anticipated, driven by increasing demand from the home heating sector over winter months

Atlantic Coal Managing Director Steve Best said, "I am pleased to report that I believe we are entering a new phase in our development which I hope will transfer into increased value for the Company. We began the year having resolved many of the issues that have hindered production in the past, and raised additional capital allowing us to update old and purchase new equipment. We continued to 'tweak' the Parnaby washing plant, improving efficiencies as well as the quality of the finished product, and increased production to 80% of single shift capacity. Our recently completed and re-worked mine plan indicates total clean coal production between now and April 2010 of circa 120,000 tons. As demand increases we will look to running additional shifts on the washing plant to ensure a continuous supply of clean coal.

"With the production issues now mostly resolved, we are well positioned to take advantage of the upturn in demand from the home heating market over the winter period as well as the improving industrial markets. With this in mind we are looking to leverage the cash flow to expand our operations and acquire additional assets to build shareholder value. We believe that the Company has a very bright future and look forward to updating shareholders as the year progresses and as we deliver value from Stockton."

For further information on the Company, visit: www.atlanticcoal.com or contact:

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Chairman's Statement

With the nascent recovery of markets and the renewed interest and demand for commodities, I believe Atlantic remains an attractive opportunity for investors. Our primary asset, the Stockton Colliery, Pennsylvania, continues to be productive, with an updated mine plan and new machinery ordered that will increase production and recovery rates. Although demand for product during the period was affected by the general economic environment, we now have in stock cleaned and sized anthracite coal ready for sale which, as industrial demand recovers and the seasonal winter domestic heating market increases, we anticipate healthy cash generation going forward.

With this in mind, we have broadened our strategic focus, with the Board aiming to leverage the future cashflow potential of its existing assets, by investing and/or acquiring significant stakes in high potential coal projects in geographic areas both in and outside of the US. We believe this is an opportune time to acquire assets which we believe are undervalued more due to market mechanics than fundamental asset quality, and there are a number of excellent and undervalued opportunities which the Board believes could generate considerable returns for the Company and subsequent value for shareholders. In line with our expansion strategy we are currently considering an offer for Strategic Natural Resources plc ('SNR'). On 7 August 2009, Atlantic acquired a 9.99% stake in SNR. Further announcements will be made in due course but there can be no certainty that this approach will lead to an offer being made for SNR. We will continue to evaluate other opportunities in the coal sector including a number in Pennsylvania which we believe would be highly synergistic to our existing operations.

Operations Report

In spite of the market conditions, Atlantic has continued in its aim to maximise production at Stockton throughout 2009. Stockton has a defined reserve of 4 million tons and a historic production capability of over 400,000 tons of run of mine coal per annum. Following an extensive review, we made a number of significant advances at the site during this time, including the achievement of increased production volumes, improved efficiency and a continued programme of investment in high quality equipment at the site. Indeed we finalised a complete new mine plan to accelerate developments and reduce costs at Stockton.

Production at Stockton for the period under review stood at 110,123 tons of coal. This represents a 284% increase on production tonnages recorded at the same point last year. The Company's on site coal preparation facility is now running at 80% of its current single shift capacity, producing over 400 tons of washed and sized coal per day. These improved figures can be attributed to a number of developments at the Colliery, including the commencement of continuous production at the Mammoth seam on the northern face of the Colliery in February 2009. Exploitation of this seam

has resulted in greatly increased yields as mining progresses towards lower elevations and the basin of the mine.

Coal recovery levels at the Mammoth seam were further bolstered in March 2009 following the discovery of an anomaly in the seam. This contains an estimated 80,000 tons of extremely high yield anthracite of which the Group has so far extracted 25,000 tons. Much of the coal extracted over the summer months has been stockpiled in anticipation of an increase in demand from the domestic heating sector during the winter months. As of 30th June 2009 the Group had 5,623 tons of clean coal and 35,083 tons of run-of-mine coal in inventory.

The discovery of the Mammoth seam anomaly and the subsequent increase in production levels led the Board to undertake a decision to temporarily suspend work on the ongoing diversion of the Norfolk Southern Railway, the location of which had prevented access to a proportion of the northern pit area. The decision was taken primarily to conserve working capital for the Group. The Board will continue to assess the situation with regard to the suspension of work at the site, which will recommence when conditions are once again deemed suitable to do so.

Demand for anthracite has been affected by the global economic downturn, particularly from the steel industry which represents approximately 40% of our annual sales. Many steel plants within the USA and Canada shut down over the summer period affecting both demand and pricing. We have seen the beginnings of a recovery over the past month and whilst cautiously optimistic have also used this time to increase our focus on other markets. These include alternative industrial customers and the dealer market, as well as working with brokers supplying the states of Pennsylvania and New York.

Fundraising Activities

Atlantic has engaged in a number of fundraising activities throughout the year including the placing of new ordinary shares on two occasions; raising £500,000 through the issue of 100,000,000 new ordinary shares in April 2009 and, more recently, raising £280,000 from the placing of 42,750,000 new shares in August 2009. In addition, the Company announced on 1 September 2009 that they had raised a further £470,000 (with an option to increase to £1,000,000) through the issue of a 12 month secured loan note with Cornhill Capital.

The funds generated from these activities have enabled Atlantic to continue capital investment into the Stockton Colliery including the purchase of equipment key to the success of operations at the mine. In June 2009, the Company announced the signing of a four year lease agreement for a new 21 yard bucket hydraulic excavator worth US\$3.49m dollars. Delivery of the new excavator, which the Company anticipates will have a significant impact on its production capability, is expected for early 2010.

Financial Review

The Group reports revenue of \$3,417,700 (H1 2008: \$1,692,434) and a loss of \$2,641,313 (H1 2008: loss of \$4,030,008) for the period under review. Revenue during the first half of the year has increased by 102% compared to the comparable period in 2008.

The results were impacted by movements in foreign currency contributing \$1.6 million to the Group loss from operations.

Revenues in the period have been impacted by the downturn in demand from our industrial clients, particularly those operating in the steel industry. We are expecting revenues to increase over the second half of 2009 as we move into the winter months and experience an increase in demand from the dealer market as well as experiencing signs of recovery from our industrial customers.

Directorate Changes

In an effort to preserve working capital when the market was distressed, the Company announced the resignation of Non-executive Board members Max Crossland and Ken Ford in June 2009. The Board would like to thank Max and Ken for their contributions during their time with Atlantic Coal, and wish them well in their future endeavours.

Also in June, Ray Petrilla announced that he would be stepping down from the Board of Atlantic to focus on his role as the Chief Operations Officer of the Company's subsidiary, the Stockton Coal Group.

Outlook

Overall, I believe that the outlook for the Company remains extremely positive. As I previously mentioned, increases in production levels stimulated by improved efficiency at Stockton and the discovery of the Mammoth Seam anomaly have allowed us to stockpile large quantities of our premium anthracite in anticipation of a resurgence in sales over the winter months from the domestic heating and steelmaking markets. We are fortunate to have a high quality and versatile product at Stockton, which has applicable uses in a number of other industries, and we look forward to benefitting from increased cash flow as these key markets begin to recover in line with the general macro economic situation.

This expected increase in cash generation will allow us to pursue more readily our new strategy of undertaking strategic acquisitions in undervalued coal assets both within the US and abroad. We look forward to updating shareholders on further developments as we continue to investigate potential investments and continue to maximise profitability at our current operations during the coming months.

Adam Wilson
Chairman

Condensed Consolidated Income Statement

	6 months to 30 June 09 Unaudited \$	6 months to 30 June 08 Unaudited \$	Year ended December 2008 Audited \$
Turnover	3,417,700	1,692,434	2,229,746
Cost of sales	<u>(3,466,513)</u>	<u>(4,548,711)</u>	<u>(7,520,732)</u>
Gross profit / (loss)	(48,813)	(2,856,277)	(5,290,986)
Administration expenses	(850,212)	(909,263)	(1,661,768)
Other (losses) / gains – net	(1,570,212)	(65,948)	3,444,188
Other income	-	<u>27,474</u>	-
Loss from operations	(2,469,237)	(3,804,014)	(3,508,566)
Finance income	13,290	10,718	54,469
Finance costs	<u>(185,366)</u>	<u>(236,712)</u>	<u>(473,368)</u>
Loss from ordinary activities before tax	(2,641,313)	(4,030,008)	(3,927,465)
Corporation tax expense	-	-	-
Retained loss for the period attributable to shareholders	<u>(2,641,313)</u>	<u>(4,030,008)</u>	<u>(3,927,465)</u>
Loss per share - basic and diluted	(0.21) cents	(0.53) cents	(0.44) cents

Condensed Consolidated Balance Sheet

	30 June 09 Unaudited \$	30 June 08 Unaudited \$	31 December 08 Audited \$
ASSETS			
Non-current assets			
Property, plant & equipment	4,685,370	5,609,222	5,097,627
Land, coal rights and restoration	<u>7,518,244</u>	<u>6,391,821</u>	<u>7,656,260</u>
	<u>12,203,614</u>	<u>12,001,043</u>	<u>12,753,887</u>
Current assets			
Inventories	1,352,840	257,030	480,191
Trade and other receivables	941,831	1,346,080	672,216
Other assets	740,728	653,668	736,944
Bank balances and cash	<u>318,485</u>	<u>380,707</u>	<u>327,090</u>
	<u>3,353,884</u>	<u>2,637,485</u>	<u>2,216,441</u>
Total assets	<u>15,557,498</u>	<u>14,638,528</u>	<u>14,970,328</u>
EQUITY & LIABILITIES			
Equity			
Called up share capital	1,743,971	1,057,101	1,640,945
Share premium account	16,203,854	12,108,661	15,604,095
Merger reserve	15,326,850	17,112,462	15,326,850
Reverse acquisition reserve	(12,999,288)	(12,562,742)	(12,999,288)
Other reserves	121,786	78,381	121,786
Foreign currency translation reserve	(2,002,260)	(229,185)	(3,322,014)
Retained losses	<u>(21,226,510)</u>	<u>(20,473,352)</u>	<u>(18,585,197)</u>
	<u>(2,831,597)</u>	<u>(2,908,674)</u>	<u>(2,212,823)</u>
Non-current liabilities			
Borrowings	2,614,678	3,720,045	3,186,327
Accrued restoration costs	<u>5,183,556</u>	<u>6,718,413</u>	<u>5,080,927</u>
	<u>7,798,234</u>	<u>10,438,458</u>	<u>8,267,254</u>
Current liabilities			
Trade and other payables	4,214,683	3,759,722	3,556,904
Provisions	2,592,000	1,512,000	2,160,000
Borrowings	2,097,473	1,409,022	1,098,993
Accrued restoration costs	<u>1,686,705</u>	<u>428,000</u>	<u>2,100,000</u>
	<u>10,590,861</u>	<u>7,108,744</u>	<u>8,915,897</u>
Total equity and liabilities	<u>15,557,498</u>	<u>14,638,528</u>	<u>14,970,328</u>

Condensed Statement of Comprehensive Income

	30 June 09 Unaudited \$	30 June 08 Unaudited \$	31 December 08 Audited \$
Loss for the year	<u>(2,641,313)</u>	<u>(4,030,008)</u>	<u>(3,927,465)</u>
Other comprehensive income:			
Exchange differences on translating foreign operations	<u>1,319,754</u>	<u>48,783</u>	<u>(3,044,046)</u>
Total comprehensive income for the period	<u>(1,321,559)</u>	<u>(3,981,225)</u>	<u>(6,971,511)</u>

Condensed Consolidated Statement of Changes in Equity

	Share Capital \$	Share Premium \$	Merger Reserve \$	Share Option Reserve \$	Reverse Acquisition \$	Translation reserve \$	Profit & Loss Account \$	Total \$
As at 1 January 2008	1,057,101	12,108,661	17,112,462	78,381	(12,562,742)	(277,968)	(16,443,344)	1,072,551
Total comprehensive income for the period	-	-	-	-	-	48,783	(4,030,008)	(3,981,225)
As at 30 June 2008	<u>1,057,101</u>	<u>12,108,661</u>	<u>17,112,462</u>	<u>78,381</u>	<u>(12,562,742)</u>	<u>(229,185)</u>	<u>(20,473,352)</u>	<u>(2,908,674)</u>
As at 1 January 2009	1,640,945	15,604,095	15,326,850	121,786	(12,999,288)	(3,322,014)	(18,585,197)	(2,212,823)
Share capital issued	103,026	599,759	-	-	-	-	-	702,785
Total comprehensive income for the period	-	-	-	-	-	1,319,754	(2,641,313)	(1,321,559)
As at 30 June 2009	<u>1,743,971</u>	<u>16,203,854</u>	<u>15,326,850</u>	<u>121,786</u>	<u>(12,999,288)</u>	<u>(2,002,260)</u>	<u>(21,226,510)</u>	<u>(2,831,597)</u>

Condensed Consolidated Cash Flow Statement

	6 months to 30 June 09 Unaudited \$	6 months to 30 June 08 Unaudited \$	Year ended December 2008 Audited \$
Cash flows from operating activities			
Loss from operations	(2,469,237)	(3,804,014)	(3,508,566)
Depreciation	528,405	549,963	1,096,054
Amortisation	168,205	(21,904)	77,199
Share options expensed	-	-	43,405
Accretion, accrued restoration costs	102,630	94,203	195,621
Reclamation work performed	(413,295)	-	-
Foreign exchange loss/(gain)	1,570,212	65,948	(3,444,188)
Decrease/(Increase) in trade and other receivables	(260,046)	788,888	566,766
(Increase) / decrease in inventories	(872,649)	494,559	271,398
(Decrease)/Increase in trade and other payables	399,781	234,566	222,658
Increase in provisions	<u>432,000</u>	<u>432,000</u>	<u>1,080,000</u>
Net cash used in operating activities	<u>(813,994)</u>	<u>(1,165,791)</u>	<u>(3,399,653)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	(146,308)	-	(1,390,094)
Payment for deposits	(3,784)	-	(83,728)
Interest paid	(28,969)	(236,712)	(441,218)
Interest received	<u>13,290</u>	<u>10,719</u>	<u>54,469</u>
Net cash used in investing activities	<u>(165,771)</u>	<u>(225,993)</u>	<u>(1,860,571)</u>
Cash flows from financing activities			
Proceeds from equity contribution	-	-	750,000
Proceeds from issue of share capital	826,000	-	2,998,159
Transaction costs of share issue	(37,170)	-	(67,937)
Proceeds from borrowings	340,407	549,313	666,687
Repayments of borrowings	<u>(130,724)</u>	<u>(359,159)</u>	<u>(1,035,677)</u>
Net cash from financing activities	<u>998,513</u>	<u>190,154</u>	<u>3,311,232</u>
Net increase/(decrease) in cash and cash equivalents	18,748	(1,201,630)	(1,948,992)
Effect of foreign exchange rate changes	(27,353)	(8,963)	684,782
Cash and cash equivalents at the beginning of the period	<u>327,090</u>	<u>1,591,300</u>	<u>1,591,300</u>
Cash and cash equivalents at the end of the period	<u>318,485</u>	<u>380,707</u>	<u>327,090</u>

Notes to the unaudited financial statements

1. General information

The principal activity of Atlantic Coal plc ('the Company') and its subsidiaries (together 'the Group') is the development and operation of the Stockton Colliery which comprises the Stockton Mine and an anthracite washing plant in Pennsylvania.

The address of its registered office is 200 Strand, London WC2R 1DJ.

2. Basis of preparation

The interim financial information set out above does not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006. It has been prepared on a going concern basis in accordance with the recognition and measurement criteria of the International Financial Reporting Standards (IFRS) as adopted by the European Union. The accounting policies applied in preparing the financial information are consistent with those that have been adopted in the Group's 2008 audited statutory accounts. Statutory accounts for the year ended 31 December 2008 were approved by the Board of Directors on 29 June 2009 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and did not contain a statement under section 237(2) or 237(3) of the Companies Act 1985.

The financial information for the 6 months ended 30 June 2009 and the 6 months ended 30 June 2008 has not been audited. As permitted, the Group has chosen not to adopt IAS 34 "Interim Financial Statements" in preparing this interim financial information.

The 2009 interim financial report of the Company has not been audited but has been reviewed by the Company's auditor, Littlejohn LLP, whose independent review report is included in this Interim Report.

3. Accounting policies

Except as described below, the same accounting policies, presentation and methods of computation are followed in this condensed consolidated financial information as were applied in the preparation of the Group's annual financial statements for the year ended 31 December 2008.

Change in accounting policies

The following new amendments to standards are mandatory for the first time for the financial year beginning 1 January 2009.

IAS 1 (revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement. Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

The group has elected to present two statements: an income statement and a statement of comprehensive income. The interim financial statements have been prepared under the revised disclosure requirements.

4. Dividends

No dividend is proposed for the period.

5. Loss per share

The calculation of loss per share is based on a retained loss of \$2,641,313 for the period ended 30 June 2009 (30 June 2008: \$4,030,008; 31 December 2008: \$3,927,465) and the weighted average number of shares in issue in the period 30 June 2009 of 1,267,966,144 (30 June 2008: 762,000,000; 31 December 2008: 891,603,541). No diluted earnings per share is presented as the effect on the exercise of share options would be to decrease the loss per share.

6. Provisions

In connection with the acquisition of the Stockton Mine real estate in November, 2000, the Stockton Coal Group entered into a ROM Coal Sale and Purchase Agreement to supply coal to Jeddo, an affiliate of the vendor of the property, Pagnotti Enterprises, Inc.. It grants Jeddo the option to purchase up to 100,000 standard long tons of coal annually, divided into an "annual" amount of at least 50,000 tons, provided that Jeddo gives notice of its election to exercise by 31 December of the previous year, and a quarterly optional amount where Jeddo can buy up to 50,000 tons more per year by exercising quarterly increase rights of up to 5,000 tons per month. The term of the Group's obligation under this agreement lasts until all the coal reserves at the Stockton mine are depleted.

As a result, a provision has been recognised for the Group's obligations under this agreement.

A charge of \$432,000 has been recognised in the current period (30 June 2008: \$432,000; 31 December 2008: \$1,080,000).

7. Called up share capital

	Number	£
Authorised		
Ordinary shares of 0.07 p each	20,000,000,000	14,000,000

There has been no movement in the authorised share capital during the period.

Issued	Number of shares	Ordinary shares \$	Share premium \$	Total \$
At 1 January 2009	1,233,712,000	1,640,945	15,604,095	17,245,040
Issue of new shares – 30 April 2009	100,000,000	103,026	599,759	702,785
At 30 June 2009	1,333,712,000	1,743,971	16,203,854	17,947,825

8. Capital commitments

On 4 June 2009, the Stockton Coal Group agreed the purchase of a new excavator at a total cost of \$3.49 million via a finance lease facility over a four year period. A down payment of \$349,000 is payable on delivery, scheduled for March 2010. The commitments as disclosed in the Group's annual financial statements for the year ended 31 December 2008 remain unchanged.

9. Events after balance sheet date

Exercise of warrants

On 31 July 2009 the Company issued 9,384,350 new ordinary shares as a result of an exercise of warrants by Fox-Davies Capital.

Purchase of interest in Strategic Natural Resources plc

On 7 August 2009 the Company purchased 6,840,000 ordinary shares of 1p each in Strategic Natural Resources plc representing 9.99% of SNR's issued share capital, for cash at 8.25p per share.

Placing

On 10 August 2009 the Company raised £280,000 through the placing of 42,750,000 new ordinary shares at a price of 0.66p per share.

Secured loan note

On 1 September the Company announced that it had raised £470,000, with an option to increase to £1,000,000 at the discretion of the Company, through the issue of a 12 month secured loan note with Cornhill Capital Limited.

The Loan Notes will bear an annualised coupon rate of 15% payable upon maturity. Additionally, Cornhill Asset Management Limited was issued with warrants totalling 50% of the total amount borrowed with an exercise price of 1p. These warrants may be exercised into new ordinary shares in the Company at any time within 5 years of issue.

In addition, the Company issued Allenby Capital Limited with warrants to subscribe for 13,337,120 new ordinary shares in Atlantic Coal. The exercise price is 0.5 pence per ordinary share and the warrants are exercisable at any time within five years from issue.

10. Copies of report:

Copies of these Interim results will be sent to shareholders upon request. Otherwise, shareholders will be able to download a copy of the interim results from the Company's website www.atlanticcoal.com. Further copies will be available from the Company Secretary, Gregory Kuenzel, at Atlantic Coal Plc, 200 Strand, London WC2R 1DJ.

Independent Review Report to Atlantic Coal Plc

Introduction

We have been engaged by Atlantic Coal Plc to review the condensed set of Financial Statements in the half-yearly financial report for the six months ended 30 June 2009 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement and related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of Financial Statements.

Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the AIM Rules for Companies.

The annual Financial Statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of Financial Statements included in this half-yearly financial report has been prepared in accordance with the requirements of the AIM Rules for Companies.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of Financial Statements in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the AIM Rules for Companies and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of Financial Statements in the half-yearly financial report for the six months ended 30 June 2009 is not prepared, in all material respects, in accordance with the AIM Rules for Companies.

Littlejohn LLP

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29th September 2009