

12 November 2009

**Atlantic Coal plc ('Atlantic' or 'the Company')**  
**Trading Update**

Atlantic Coal plc, the AIM listed open cast coal production and processing company with activities in Pennsylvania, USA, is pleased to provide a update on activities, including positive developments at its primary asset, the Stockton opencast anthracite mine ('Stockton') in Pennsylvania.

This trading update covers the 4 month period from 1 July 2009 through to 30 October 2009. Figures in the announcement are measured against the 6 month period from 1 January 2009 to 30 June 2009.

**Overview:**

- Stockton now cash flow positive from operations with a rise in both sales and production
- Production for the 4 months to October 2009: Run Of Mine ('ROM') 109,257 tons and Clean Coal 33,070 tons (6 months to June 2009 - 110,123 tons and 31,002 tons respectively)
- Revenues of circa \$4 million from sales of 32,348 tons for the 4 months to October 2009 (6 months to June 2009 - revenues of circa \$3.4 million from the sale of 27,223 tons)
- Preparation plant now producing in excess of 450 tons of washed and sized coal per day on single shift (up from 400 tons in June 2009)
- Stock pile on site as of 31 October 2009 - ROM - 71,386 tons and Clean Coal - 6,365 tons
- Demand for product increasing with pick-up in steel production and the onset of colder weather
- New mine plan and equipment realising potential of defined reserve of 4 million tons
- £85,000 profit realised from the sale of shares in Strategic Natural Resources Plc ('SNR')
- Assessing a series of investment opportunities and acquisition targets to generate further value and leverage cash generation from Stockton

Strong progress continues to be made at Stockton as the Company reaps the rewards from the introduction of a new mine plan and a restructuring process aimed at refining the business in order to maximise production at Stockton, which has a current defined reserve of 4 million tons. The associated cost cutting measures implemented, the investment in new machinery and a recovery in coal demand, following a dramatic softening following the global economic crisis, has enabled the Company to raise production levels, increase revenues and become cash flow positive.

Stockton has an historic production capability of 450,000 tons of run of mine coal per annum, a figure that the Board is aiming to achieve when all the benefits of investment are realised. For the 4 month period from July 2009 to October 2009, 109,257 ROM tons and 33,070 tons Clean Coal were produced. This is a distinct improvement on the 110,123 ROM tons and the 31,002 tons of Clean Coal produced reported in the interim results for the 6 month period to June 2009.

The Company's on site coal preparation facility is now running at 95% of its current single shift capacity, producing over 450 tons of washed and sized coal per day, a 50 tons per day improvement on the figures announced in the interims. The installation of a new Gator Jaw Crusher at the plant is improving efficiencies, allowing for more control over sizing. This has also benefited production and the Company continues to look at ways of increasing hours at the facility to meet increased demand for product.

The potential of the Stockton mine and introduction of a new mine plan have had the desired effect with the mine becoming cash flow positive from operations. Revenues of circa \$4 million were achieved from sales for the 4 months to October of 32,348 tons, compared to revenues of circa \$3.4 million from 27,223 tons sold during the 6 months to June 2009. Importantly, following accumulation over the summer months, the Company has stock piles on site as at 31 October 2009 of 71,386 ROM tons and 6,365 tons of Clean Coal. This will be sold in the coming months and will have a positive impact on revenues going forward.

As mentioned in the interims, demand for anthracite was 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. The recovery in these markets is now evident and we continue to remain optimistic in respect of both price and demand. Additionally, demand from the domestic heating sector during the winter months is historically high and with both production increasing and stock piles available, the Company anticipates being able to boost delivery through its network of brokers supplying the states of Pennsylvania and New York.

As reported in July 2009, work on the relocation of the Norfolk and Southern railway line was halted to conserve working capital and move the focus back to production. The new mine plan allowed us to continue the development of the mine without being hindered by the railway line's location. It is intended that work on the relocation will re-commence during the spring of 2010, which, when completed, will open up significant resources to mine.

The Company remains highly active in sourcing acquisition and investment opportunities where it believes it can utilise its cash generation at Stockton and mining expertise, to create increased shareholder value. It is currently evaluating a number of opportunities in both the United States of America and the United Kingdom which it believes have strong potential and will update share holders in due course on progress made.

With regards to the Company's shareholding in Strategic Natural Resources Plc ('SNR'), following further discussions with the SNR board and additional synergistic evaluation, the Board has decided not to pursue this acquisition opportunity. As a result the Company sold all of its shares in SNR, generating a profit of £85,000.

Atlantic Coal Managing Director Steve Best said, "The outlook for the Company remains extremely positive. The Board has implemented an extensive restructuring programme and Atlantic is directly

benefiting from this in terms of production, revenues and margin. With further machinery and upgrades due to arrive on site in the next six months, we are closing in on our target of producing 450,000 ROM tons per annum. With a significant improvement in our financial position we can further improve on the economics of Stockton and build on our successes as we look to take advantage of an improving market for our product. Furthermore we can leverage our cash and expand our operations through strategic acquisitions and act as a consolidator in what is still a fragmented market.”

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