

7 December 2009

Atlantic Coal plc ('Atlantic' or 'the Company')
Proposed acquisition of Maple Carpenter Creek

Atlantic, the AIM listed open cast coal production and processing company with activities in Pennsylvania, USA, announces that it has entered into a non-binding memorandum of terms to acquire the entire issued and to be issued share capital of Maple Carpenter Creek, LLC ('MCC') ('the Proposed Transaction'). MCC is a Montana based clean burning coal development company with over 380 million tons of coal resource (controlling surface rights and mineral rights) in prime coal mining territory. The Proposed Transaction is part of the Company's strategy to expand its asset base and production, by leveraging its cash flow from the producing Stockton Coal Mine in Pennsylvania.

Overview:

- MCC is a major surface mining opportunity of high-BTU steam quality thermal coal in North America
- Independent study by Skelly & Loy reported that the Carpenter Creek coal project has control over current measured resource (proven) coal reserves of 91.3 million tons, indicated coal reserves of 145.2 million tons and inferred coal reserves of 144.3 million tons over a 30,000 acre licence area, covering surface and mineral areas
- Transaction to be satisfied through the staged issue, dependent on achieving certain milestones, for up to 1,330,689,665 new ordinary shares in Atlantic ('the Consideration Shares')
- Acquisition (subject to due diligence) would expand Atlantic's portfolio of quality clean burning coal projects - Montana is one of the USA's premier low sulphur coal producing regions
- Atlantic to provide a short term loan to MCC for working capital

Atlantic Coal Managing Director Steve Best said, "We have been increasing production, revenues and margin at Stockton and we are now leveraging our improved financial performance and operational experience, to take advantage of well priced development opportunities in the US and act as a consolidator in what is still a fragmented market.

"MCC holds large economically attractive surface and mineral interests in the State of Montana, one of the US' premier low-sulphur coal producing areas. In particular, the Carpenter Creek holding is a major undeveloped high-BTU, low-sulphur and large surface-mining coal deposits. This is of key interest following the US's 'Clean Air Act', and with increased oversight on mountain top mining, which is forcing energy generators to use this type of coal, we expect to experience a rise in demand. Furthermore, Warren Buffett's recent investment in the major coal haulier, Burlington

Northern Santa Fe Railroad, has highlighted the potential growth of the industry, which he believes is set to accelerate in line with the recovering economy.

“The size and quality of the MCC asset, its location and near term production potential are all factors that underpin this as a fantastic opportunity for the Company. We therefore believe that it will greatly complement our operation at the Stockton Anthracite Colliery in Pennsylvania, where we are closing in on our target of producing 450,000 ROM tons.”

It is proposed that the consideration payable to the owners of MCC will be satisfied by the issue of up to 1,330,689,665 Consideration Shares. The issue of the Consideration Shares would be phased over time, which may take a number of years, and would be dependent upon the achievement of certain milestone events. Based upon Atlantic's current issued share capital and assuming no additional issuance of new ordinary shares by Atlantic, the Consideration Shares would represent 49% of the enlarged group's issued share capital.

Details on MCC:

MCC is a Montana based coal company established in 2007. Its main focus is on the Carpenter Creek coal deposit where it holds circa 30,000 acres of economically viable surface and mineral interests in the State of Montana. The Carpenter Creek holding is a high-BTU, low sulphur and large surface-mining coal deposits.

MCC's licences are located in Musselshell County, Montana, 50 miles Northeast of Billings in an area of significant historically mined reserves. The Carpenter Creek prospect is approximately 20 miles to the East of the Signal Peak underground mine that is currently being developed with an investment of over US\$400 million, which includes mine development, mine infrastructure and a 30 mile railway spur. Some of MCC's other prospects are located adjacent to the Signal Peak mine. The whole Carpenter Creek coal area covers approximately 70,000 acres, and contains an estimated 1.2 billion tons of high quality thermal coal. Surface control at Carpenter Creek means MCC has direct influence over the mineral resources of 380 million tons of coal.

MCC will target two mineable coal seams on its Carpenter Creek project – the Carpenter Creek and McCleary seams. Previous business models developed by MCC have targeted production for 2012 and provide modelling for a mine with potential for over 30 years production at 6 million tons per annum washed coal, 10,400-10,800 BTU, with approximately 0.5% sulphur. Importantly, there is good access to existing transportation infrastructure including a direct line to key coal markets in the US and Asia.

Loan Agreement:

In conjunction with the Proposed Transaction, Atlantic has agreed to make a loan to MCC of up to US\$400,000, to be drawn down on the basis of US\$200,000 by 4 December 2009 and up to US\$100,000 per calendar month for January and February 2009 ('the Loan'). MCC will apply the Loan to general working capital purposes or other transactions by MCC, as approved by Atlantic. Should the Proposed Transaction not close within 120 days of 4 December 2009 the Loan shall, at Atlantic's sole discretion, become immediately repayable together with a break fee equal to 10% of the amounts advanced by Atlantic to MCC pursuant to the Loan.

The Proposed Transaction is subject, inter alia, to the completion of satisfactory due diligence of both parties on each other's company and assets and certain other approvals, including certain regulatory approvals. As a consequence there can be no certainty that the Proposed Transaction will be completed. The Board of Atlantic will make further announcements as appropriate.

****ENDS****

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