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**Atlantic Coal plc ('Atlantic' or the 'Company')  
Preliminary results**

Atlantic Coal plc, the AIM listed open cast coal production and processing company with activities in Pennsylvania, USA, announces its preliminary results for the year ended 31 December 2009.

**Overview**

- Revenues of \$9,048,214 (2008: \$2,229,746) following first full year of operations at Stockton
- Gross profit for the period of \$1,692,860 (2008: gross loss of \$5,290,986)
- Loss for the year of \$2,571,672 (2008: loss of \$3,927,465)
- Production at the Stockton Colliery increased to 232,499 tons of run-of-mine coal produced (2008: 49,992 tons)
- New mine plan introduced with significant investment in new equipment
- Supply and partnership agreement signed post period end with Xcoal Energy & Resources Inc. ('Xcoal'), extending the Company's sales reach into the Asian market
- Termination of onerous supply agreement with Pagnotti Enterprises, Inc. ('Pagnotti'), providing a write-back of \$360,000 during the period
- Continuing to examine opportunities to act as a regional consolidator in the Pennsylvanian Coal Field
- Subsequent to year end £500,000 raised by the placing of new shares with investors.

Atlantic Coal Managing Director Stephen Best said, "Throughout 2009 we have made sustained progress at our primary asset, the Stockton Colliery, and we remain committed to the continued increase of our coal production. In addition, we have focussed our attention on maximising our sales potential with deals such as the supply agreement with Xcoal and we believe that we are now ideally placed to make sales in wider geographic markets.

"The Board remains committed to our long term strategy of acting as a consolidator in the Pennsylvanian Coal Field and we continue to assess a number of opportunities in this regard."

For further information on the Company, visit: [www.atlanticcoal.com](http://www.atlanticcoal.com) or contact:

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### **Chairman's statement**

Over the year Atlantic Coal has successfully increased production, sales and investment at our primary asset, the Stockton Colliery ('Stockton'), an opencast anthracite mining and processing operation in the United States' Pennsylvanian Coal Field. Despite the fact that this is proving more expensive and taking longer to achieve profitability than was previously hoped, we have made progress and continue to advance towards our goals, albeit later than originally envisaged.

Stockton has a reserve of four million tons of anthracitic coal and the Board estimate a mine life at current rates of production of circa 13 years. Over the past year we have continued to focus our attention on implementing a new mine plan and improving productivity at Stockton and in 2010 have also installed a new crusher, invested \$3.5 million into a new Liebherr

R9250 19.6-yard bucket hydraulic excavator and improved our coal washing facilities. These procedures and investments will help to improve the efficiency of the mine and the quality of our product.

Additionally, we terminated a supply agreement with Pagnotti Enterprises, Inc. ('Pagnotti') that had been entered into by previous management and which was no longer commercially beneficial to us. As a result the Board believes that for the duration of the mine's life, around \$1 million will be saved each year, with up to an additional 100,000 tons of run of mine coal available for processing.

The agreement with Xcoal provides the opportunity to achieve international sales of our high quality anthracitic coal, particularly in Asia where Xcoal has a large presence. Furthermore, as per our objective to become a significant mid-tier coal company, we have agreed to not only assess the development of Stockton with Xcoal, but to evaluate further mining opportunities with them. The Board retains its belief that the possibilities for regional consolidation within the Pennsylvanian Coal Field remain and we are committed to identifying potential value adding activities.

### **Financial review**

Revenues for the year ended 31 December 2009 were \$9,048,214, up from 2008 revenues of \$2,229,746 as sales of coal from Stockton increased dramatically. As a result of the significantly higher sales and improved mine efficiency, Atlantic is able to report a gross profit for the year of \$1,692,860 compared to a gross loss of \$5,290,986 for the 2008 financial year. Total loss for the year was \$2,571,672 compared to a total loss of \$3,927,465 for 2008.

The Board expects to see a continued increase in demand from the North American steel industry in addition to sales to new customers in Asia as a consequence of the recent agreement with Xcoal.

A profit of \$131,342 was realised from the sale of shares in Strategic Natural Resources PLC following termination of acquisition discussions in October 2009. Additionally the termination of the Maple Carpenter Creek ('MCC') deal should see the return of \$300,000 advanced to MCC as part of the loan agreement ahead of any corporate transaction. At the year end, MCC had drawn down \$200,000 of this loan.

Further, following the successful termination of the supply arrangement with Pagnotti, Atlantic will benefit from the write-back of the provision for the year ended 31 December 2009 of circa \$360,000.

## **Directorate changes**

In June 2009, two Non-executive Directors, Max Crossland and Ken Ford, stepped down from the Board. Ray Petrilla also resigned from the Board in order to focus on his role as Chief Operations Officer of the Company's operating subsidiary, Coal Contractors (1991) Inc.

## **Operational review**

Production for the 12 month period to 31 December 2009 was 232,499 tons of run-of-mine coal, an increase on 2008's production of 49,992 tons. Of the 232,499 tons, 81,766 tons were prepared into clean washed coal, an increase in excess of 400% on the same period for 2008. 2009 saw the full impact of the economic recession, with many of the USA's and Canada's steel plants closed, heavily impacting the demand for anthracite. Atlantic sold 74,567 tons of clean washed coal during the year ended 31 December 2009 (2008: 17,654) and was able to maintain an average selling price of \$125 per ton, just one dollar below that of the previous year.

As we have previously reported, the Stockton Colliery has benefited from the improved Parnaby preparation plant which is now capable of producing in excess of 450 tons of washed and sized coal per day on a single shift; this is up from 400 tons in June 2009. In addition, the new Gator jaw crusher gives a great deal more control over the sizing of coal for sale to a variety of markets and is extremely efficient. Most recently, following an investment of \$3.5 million, we have taken delivery of a Liebherr R9250 19.6-yard bucket hydraulic excavator. The excavator has already begun work and will continue to increase production, improve mining efficiency and reduce the amount of down-time that the Stockton Colliery experiences as per our mine plan.

During 2009, we began continuous production from the Mammoth seam, resulting in higher coal yields as we developed lower elevations towards the basin of the coal seam. Atlantic also benefitted from an anomaly in the Mammoth seam that is estimated to contain up to 80,000 tons of extremely high yield anthracite. The work on the relocation of the Norfolk and Southern Railway was halted to conserve working capital and retain focus on production. The new mine plan was instrumental in allowing development of Stockton without the immediate need to move the railway. A significant amount of the relocation work has already been undertaken and work is expected to recommence on the relocation of the railway in the summer.

Between 1 January 2010 and 30 April 2010, production at Stockton was 32,511 tons of run of mine coal and 24,076 tons of clean washed coal. Sales during the period to 30 April 2010 total 30,921 tons of clean coal resulting in revenues of approximately \$3.4 million.

Finally, Atlantic was able to stock pile both processed and unprocessed coal over the year. Our deal with Xcoal provides us with the capacity to distribute this stockpile to extended geographic markets due to their large customer base across Asia. Demand for anthracitic coal from the steel industry in China and India is returning and the stockpiles of processed and unprocessed coal will be a commercial strength for the Company as we can immediately satisfy new orders.

### **Working capital and outlook**

As a result of the termination of the Pagnotti supply agreement (which has had the effect of significantly reducing the risk to our ongoing operations) as well the continued softness in demand from the domestic US steel market for anthracite, our cash reserves have been somewhat depleted during the first quarter of 2010. The summer months historically see a drop off in demand for anthracite as the home heating market falls away and these months are typically used to prepare forward development work and build up stocks for the coming winter.

The Company will continue to be reliant on the working capital facility it has in place with a Director and major shareholder and also plans to raise additional funds to continue development of the Stockton operations. As a consequence, the accounts for the Company for the year ended 31 December 2009 will include an emphasis of matter in relation to going concern.

With the arrival of the new excavator we expect production to increase during the coming year whilst also achieving greater efficiency. Our agreement with Xcoal is the first step in taking advantage of this higher level of production at Stockton. In line with our continued efforts to increase our reserves, we will continue to seek new investment opportunities to expand our operations and acquire additional assets.

The Board view the future with confidence and I look forward to updating shareholders on our progress in 2010.

**Adam Wilson**

Non-Executive Chairman

27 May 2010

**BALANCE**

**SHEETS**

**As at 31 December 2009**

	Group		Company	
	As at 31 December 2009 \$	As at 31 December 2008 \$	As at 31 December 2009 \$	As at 31 December 2008 \$
<b>Non-Current Assets</b>				
Property, plant and equipment	4,320,491	5,097,627	4,197	212
Land, coal rights and restoration	7,335,637	7,656,260	-	-
Investment in subsidiaries	-	-	15,659,779	14,235,180
Trade and other receivables	201,823	-	12,427,969	9,872,350
	<b>11,857,951</b>	12,753,887	<b>28,091,945</b>	24,107,742
<b>Current Assets</b>				
Inventories	1,761,047	480,191	-	-
Trade and other receivables	1,093,695	672,216	75,332	67,866
Available-for-sale financial assets	-	-	-	-
Other assets	236,486	736,944	-	-
Cash and cash equivalents	843,807	327,090	726,015	210,986
	<b>3,935,035</b>	2,216,441	<b>801,347</b>	278,852
<b>Total Assets</b>	<b>15,792,986</b>	14,970,328	<b>28,893,292</b>	24,386,594
<b>Current Liabilities</b>				
Trade and other payables	3,517,161	3,556,904	564,212	457,474
Provisions	-	2,160,000	-	-
Borrowings	5,222,749	1,098,993	1,592,800	281,496
Accrued restoration costs	3,732,189	2,100,000	-	-
	<b>12,472,099</b>	8,915,897	<b>2,157,012</b>	738,970
<b>Non-Current Liabilities</b>				
Borrowings	2,864,936	3,186,327	637,184	-
Accrued restoration costs	2,953,327	5,080,927	-	-
	<b>5,818,263</b>	8,267,254	<b>637,184</b>	-
<b>Total Liabilities</b>	<b>18,290,362</b>	17,183,151	<b>2,794,196</b>	738,970
<b>Net (Liabilities) / Assets</b>	<b>(2,497,376)</b>	(2,212,823)	<b>26,099,096</b>	23,647,624
<b>Capital and Reserves Attributable to Equity Holders of the Company</b>				

Called up share capital	<b>1,804,719</b>	1,640,945	<b>1,804,719</b>	1,640,945
Share premium account	<b>16,616,252</b>	15,604,095	<b>16,616,252</b>	15,604,095
Merger reserve	<b>15,326,850</b>	15,326,850	<b>17,112,462</b>	17,112,462
Reverse acquisition reserve	<b>(12,999,288)</b>	(12,999,288)	-	-
Other reserves	<b>263,426</b>	121,786	<b>263,426</b>	121,786
Foreign currency translation reserve	<b>(2,352,466)</b>	(3,322,014)	<b>(6,201,159)</b>	(8,595,686)
Retained earnings / (losses)	<b>(21,156,869)</b>	(18,585,197)	<b>(3,496,604)</b>	(2,235,978)
<b>Total Equity</b>	<b>(2,497,376)</b>	(2,212,823)	<b>26,099,096</b>	23,647,624

**GROUP INCOME STATEMENT**  
**For the year ended 31 December 2009**

	Group	
	For the year ended 31 December 2009 \$	For the year ended 31 December 2008 \$
<b>Revenue</b>	<b>9,048,214</b>	2,229,746
Cost of sales	<b>(7,355,354)</b>	(7,520,732)
Gross profit/(loss)	<b>1,692,860</b>	(5,290,986)
Administration expenses	<b>(2,298,161)</b>	(1,661,768)
Other (losses)/gains - net	<b>(1,124,539)</b>	3,444,188
Other income	<b>141,848</b>	-
<b>Operating Loss</b>	<b>(1,587,992)</b>	(3,508,566)
Finance income	<b>21,246</b>	54,469
Finance costs	<b>(1,004,926)</b>	(473,368)
<b>Loss Before Taxation</b>	<b>(2,571,672)</b>	(3,927,465)
Corporation tax expense	-	-
<b>Loss for the Year</b>	<b>(2,571,672)</b>	(3,927,465)
<b>Attributable to Equity Holders</b>	<b>(2,571,672)</b>	(3,927,465)

**Basic and diluted**

0.19 cents

0.44 cents

**GROUP CASH FLOW STATEMENT**  
**For the year ended 31 December 2009**

	Group	
	For the year ended 31 December 2009 \$	For the year ended 31 December 2008 \$
<b>Cash flows from operating activities</b>		
Operating loss	(1,587,992)	(3,508,566)
Adjustments for:		
Depreciation	1,001,142	1,096,054
Amortisation	348,852	77,199
Share options expensed	81,071	43,405
Accretion, accrued restoration costs	806,106	195,621
Reclamation work performed	(1,300,649)	-
Profit on sale of assets	(131,342)	-
Foreign exchange losses/ (gains)	1,099,216	(3,444,188)
Decrease / (increase) in trade and other receivables	(409,964)	566,766
Decrease in prepaid expenses	(4,712)	-
(Increase) / decrease in inventories	(1,280,857)	271,398
Increase / (decrease) in trade and other payables	(273,296)	222,658
(decrease) / increase in provisions	(388,377)	1,080,000
<b>Net cash used in operations</b>	<b>(2,040,802)</b>	<b>(3,399,653)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(221,049)	(1,390,094)
(Increase) / decrease in deposits & escrow	(6,164)	(83,728)
Loans to third parties	(200,000)	-
Purchase of available for sale financial assets	(441,827)	-
Proceeds from the sale of available for sale financial assets	1,014,995	-
Interest paid	(77,245)	(441,218)
Interest received	19,451	54,469
<b>Net cash from (used in) investing activities</b>	<b>88,161</b>	<b>(1,860,571)</b>
<b>Cash flows from financing activities</b>		
Proceeds from equity contribution	-	750,000

Proceeds from issue of share capital	<b>813,087</b>	2,998,159
Transaction costs of share issue	<b>(33,116)</b>	(67,937)
Proceeds from borrowings	<b>1,840,376</b>	666,687
Repayments of borrowings	<b>(156,612)</b>	(1,035,677)
Finance lease payments	<b>(65,169)</b>	-
<b>Net cash from Financing Activities</b>	<b>2,398,566</b>	3,311,232
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>445,925</b>	(1,948,992)
<b>Effect of foreign exchange rate changes</b>	<b>70,792</b>	684,782
<b>Cash and cash equivalents at beginning of period</b>	<b>327,090</b>	1,591,300
<b>Cash and cash equivalents at end of period</b>	<b>843,807</b>	327,090

### Significant Non-Cash Transactions

A total of 42,750,000 shares issued on 10<sup>th</sup> August 2009 related to the purchase of shares in Strategic Natural Resources.

### COMPANY CASH FLOW STATEMENT For the year ended 31 December 2009

	Company	
	For the year ended 31 December 2009 \$	For the year ended 31 December 2008 \$
<b>Cash flows from operating activities</b>		
Operating loss	<b>(1,144,866)</b>	(1,015,940)
Adjustments for:		
Depreciation	<b>1,241</b>	2,594
Profit on sale of assets	<b>(131,342)</b>	-
Share options expensed	<b>81,071</b>	43,405
Foreign exchange losses	<b>3,352</b>	-
Decrease in deposits paid	-	72,305
Decrease / (increase) in VAT due	<b>20,926</b>	109,594
Decrease / (increase) in prepayments	<b>(22,875)</b>	51,648
Decrease in trade and other receivables	<b>1,287</b>	93,869
Increase / (decrease) in operating payables	<b>(105,664)</b>	141,851

Increase in accruals	<b>36,590</b>	2,750
<b>Net cash used in operations</b>	<b>(1,260,280)</b>	(497,924)
<b>Cash flows from investing activities</b>		
Loans to subsidiary	<b>(1,283,782)</b>	(3,876,092)
Costs relating to acquisition of subsidiary	-	(318,538)
Interest received	<b>9</b>	11,767
Purchase of property, plant & equipment	<b>(5,225)</b>	-
Purchase of available for sale financial assets	<b>(441,827)</b>	-
Proceeds from sale of assets	<b>1,014,995</b>	-
Loan to third parties	<b>(200,000)</b>	-
<b>Net cash used in investing activities</b>	<b>(915,830)</b>	(4,182,863)
<b>Cash flows from financing activities</b>		
Proceeds from issue of share capital	<b>813,087</b>	2,998,159
Transaction costs of share issue	<b>(33,116)</b>	(67,937)
Loans received	<b>1,840,376</b>	666,687
<b>Net cash from Financing Activities</b>	<b>2,620,347</b>	3,596,909
<b>Net Increase/(Decrease) in cash and cash equivalents</b>	<b>444,237</b>	(1,083,878)
<b>Cash and cash equivalents at beginning of period</b>	<b>210,986</b>	1,469,689
<b>Effect of foreign exchange rate changes</b>	<b>70,792</b>	(174,825)
<b>Cash and cash equivalents at end of period</b>	<b>726,015</b>	210,986

### Segmental Information

Management has determined the operating segments based on reports reviewed by the Board of Directors that are used to make strategic decisions. During the year Group has interests in two geographical segments, the United Kingdom and the United States of America. The parent Company operates a head office based in the United Kingdom which incurred certain administration and corporate costs.

	For the year ended 31 December 2009				For the year ended 31 December 2008			
	USA	UK	Intra-segment balances	Total	USA	UK	Intra-segment balances	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenue from external customers</b>	9,048,214	-	-	<b>9,048,214</b>	2,229,746	-	-	2,229,746

Gross profit/(loss)	1,692,860	-	-	<b>1,692,860</b>	(5,290,986)	-	-	(5,290,986)
Operating loss	(443,126)	(1,144,866)	-	<b>(1,587,992)</b>	(2,492,626)	(1,015,940)	-	(3,508,566)
Depreciation	999,901	1,240	-	<b>1001,142</b>	1,093,460	2,594	-	1,096,054
Amortisation	348,852	-	-	<b>348,852</b>	77,199	-	-	77,199
Capital expenditure	247,876	5,225	-	<b>253,101</b>	1,456,997	-	-	1,456,997
Total assets	14,785,619	28,893,292	(27,885,925)	<b>15,792,986</b>	14,691,264	24,386,594	(24,107,530)	14,970,328
Total liabilities	27,721,931	2,794,196	(12,225,765)	<b>18,290,362</b>	26,316,531	738,970	(9,872,350)	17,183,151

A reconciliation of operating loss to loss before taxation is provided as follows:

	<b>Year ended 31 December 2009 \$</b>	<b>Year ended 31 December 2008 \$</b>
Operating loss for reportable segments	<b>(1,587,992)</b>	(3,508,566)
Finance income	<b>21,246</b>	54,469
Finance costs	<b>(1,004,926)</b>	(473,368)
<b>Loss before tax</b>	<b>(2,571,672)</b>	(3,927,465)

### Information about major customers

Revenues of approximately \$1.738 million are derived from a single external customer. These revenues were all generated in the USA. In 2008 no single customer exceeded 10% of the Group's total external revenue.

### Cash and Cash Equivalents

	Group		Company	
	<b>As at 31 December 2009 \$</b>	As at 31 December 2008 \$	<b>As at 31 December 2009 \$</b>	As at 31 December 2008 \$
Cash at bank and in hand	<b>843,807</b>	327,090	<b>726,015</b>	210,986

### Loss per Share

The calculation of the basic loss per share of 0.19 cents (31 December 2008 loss per share: 0.44 cents) is based on the loss attributable to ordinary shareholders of \$2,571,672 (31 December 2008 loss: \$3,927,465) and on the weighted average number of ordinary shares of 1,321,934,438 (31 December 2008: 891,603,541) in issue during the period.

In accordance with IAS 33, no diluted earnings per share is presented as the effect on the exercise of share options would be to decrease the loss per share.

### **STATEMENT**

This statement was approved by the directors on 26 May 2010. This statement does not constitute the Group's statutory accounts for the year ended 31 December 2009. Statutory accounts for the year ended 31 December 2008 have been delivered to the Registrar of companies. The auditor's report on those accounts was unqualified and did not contain any statement under section 495 of the Companies Act 2006. The auditor's report for the accounts to 31 December 2009 is unqualified.

The Annual report for 2009 will be available to the shareholders and the public on the Company's web site ([www.atlanticcoal.com](http://www.atlanticcoal.com)) during the first week of June and the Company will make a further announcement in this regard as appropriate.

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