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Atlantic Coal PLC  
08 June 2011

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8 June 2011

**Atlantic Coal plc ("Atlantic" or the "Company")  
Preliminary Results and Notice of AGM**

Atlantic Coal plc, the AIM listed open cast coal production and processing company with activities in Pennsylvania, USA, is pleased to announce its preliminary results for the year ended 31 December 2010 and to give notice of its AGM to be held at 1 Berkeley Street, London, W1J 8DJ on 30 June 2011 at 2.30pm.

**Overview**

- ... Increased production capacity at Stockton Colliery
- ... 207,873 tons of run-of mine coal mined during 2010
- ... Revenues generated during the year of US\$10,720,103 (2009: US\$9,048,214)
- ... New excavator began on site during the second quarter of the year resulting in raised production levels
- ... Feed rate at the washing plant averaged 1,000 tons per shift, more than double the 2009 rate capacity of 450 tons per shift

**Current year highlights**

- ... Current production ramping up - on target to produce an estimated 300,000 tons of run-of-mine coal for 2011
- ... Second hydraulic excavator ordered - anticipate becoming operational during the first quarter of 2012
- ... £12.3m (before expenses) raised in the first quarter of 2011 giving the Company a healthy cash position
- ... Continuing to evaluate potential acquisition targets in line with strategy to become a regional consolidator

Atlantic Managing Director Stephen Best said, "We are pleased with the progress made in 2010 and in particular, with the increased production rates that we have been able to achieve. We believe that sentiment surrounding the anthracite coal sector remains buoyant and consider that this bodes well for Atlantic in 2011. Furthermore, with a healthy cash position we believe that we are well placed to execute our strategy of acting as a regional consolidator with a view to increasing our resource base. In line with this, we continue to evaluate potential acquisition targets and look forward to updating shareholders on our developments."

**Chairman's Statement**

2010 was an active year for Atlantic during which we increased production capacity through sustained investment in our primary asset, the Stockton Colliery ("Stockton"), an opencast anthracite mining and processing operation in the Pennsylvanian Coal Field, US, and continued to evaluate potential acquisition targets in line with our strategy to become a regional consolidator.

**Stockton**

Stockton, which encompasses an area of approximately 900 hectares located in Hazel Creek, provides the Company with a strong footprint in Pennsylvania, a prime anthracite region where there is local demand for our product. In order to improve the mine economics in the second quarter of 2010, we put a new excavator into service to develop the current reserves of 3.2 million tons run-of-mine ("ROM") coal and raise production levels. This had the desired effect and production for the year was 207,873 tons of ROM and 2,837,863 bank cubic yards, ("BCYs") of

overburden removed (2009: 232,499 tons ROM and 1,804,435 BCYs) with an additional 125,000 tons produced in the first quarter of 2011, generating revenues of US\$10,720,103 (2009: US\$9,048,214), an upward trend that is continuing. The Company recorded a gross loss for the year ended 31 December of US\$1,980,488 (2009: gross profit US\$1,692,860) and this was mainly as a result of an increase in the Gowen reclamation charge (US\$1,400,000), and of the cyclical nature of the cut operation which resulted in a higher strip ratio of coal to overburden due to the operations being nearer to the surface where less coal is recovered. However with operations in the latter part of the year and the first quarter of 2011 being in the cut basin, the ratio decreased, ROM production has increased and we anticipate that our production profile should continue to gain from the benefits of this during the course of 2011.

During 2010, feed rate at the washing plant averaged 1,000 tons per shift, more than double the 2009 rate capacity of 450 tons per shift.

Current production continues to increase and a second hydraulic excavator has been ordered which we anticipate will become operational during the first quarter of 2012.

### **Additional Opportunities**

We are actively looking to expand our portfolio in the Pennsylvanian Anthracite Field where Stockton is located and utilise our knowledge of anthracite mining and processing.

### **Funding**

During the course of 2010 we raised £1.7 million (before expenses). Post-period end, in January 2011, we raised £300,000 (before expenses) in order to satisfy institutional demand, through a placing with the Blackrock UK Smaller Companies Fund and then in February 2011 we completed a further fundraising of £12.0 million (before expenses). These fundraisings have provided us with the finance required to accelerate the implementation of our mine plan through the purchase of a new drill rig, truck engine rebuilds and enable a necessary equipment overhaul to increase production at Stockton.

### **Board Changes**

During 2010 Greg Kuenzel, John Menzies and Toby Howell stepped down from the Board to pursue other corporate interests. I would like to take this opportunity to thank them all for their support and assistance during a pivotal time in Atlantic's development.

### **Operations Review**

During the year we invested in new equipment, most significantly a US\$3.5 million Liebherr R9250 19.6-yard bucket hydraulic excavator to enhance excavation capacity and facilitate the increase of ROM tons supplied to the wash plant. Since it began operating during the second quarter of 2010, production has risen.

Following this success, a second Liebherr R9250 19-yard bucket hydraulic excavator was ordered in April 2011 at a cost of US\$3.75 million funded through a conventional lease purchase agreement. This is scheduled to be operational during the first quarter of 2012 and its arrival will coincide with the completion of restoration work at the Company's Gowen site, 20km from Stockton, which will free two Cat 777 trucks and provide additional haul truck capacity for the two Liebherr excavators

Engine rebuilds on the truck fleet are currently in progress and will be completed at the rate of one truck every six weeks. Trucks are taken out of service one at a time in order to facilitate this process with the minimal possible disruption to operations.

Work on the railroad diversion was deferred during 2009 and 2010 in an effort to preserve working capital. Subsequent to the February 2011 share placing work on the railway diversion was restarted and is scheduled to be completed during the third quarter of 2011.

During 2010 Atlantic mined 207,873 tons of ROM (2009: 232,499) and removed 2,837,863 BCYs of overburden (2009: 1,804,435). 229,293 tons of ROM was washed which produced 88,597 tons of clean coal (2009: 81,765). Sales during the year amounted to 97,342 tons (2009: 74,566). Coal prices during 2010 remained strong and the Company benefited from the high alternative demand for coking coal.

In April 2010 we signed a memorandum of understanding ("MOU") with Xcoal Energy and Resource ("Xcoal"), a private US coal marketing company, which saw Xcoal agree to purchase up to the greater of 150,000 tons per year and 50 per cent. of Stockton's annual anthracite production.

### **Current Trading**

Encouraging production levels have continued into the current financial year despite adverse weather conditions experienced throughout the region. For the three months ended 31 March 2011 Atlantic mined 125,148 tons of ROM and removed 658,785 BCYs of overburden (2010: 17,458 ROM and 651,866 respectively). 62,000 tons of ROM was washed, which produced 28,846 tons of clean coal (2010: 47,050 ROM and 19,097 tons respectively). In excess of 90,000 tons of good quality ROM is also currently held as stock. In October 2010 the Company increased weekly working hours to improve production rates.

Sales for the first quarter of 2011 were 31,238 tons at an average price of US\$134.25 per ton (2010: 97,342 tons and US\$113.12 respectively). The Board is optimistic that prices will remain strong during the second quarter of 2011.

## Outlook

2010 was a year of growth for Atlantic, during which our primary focus was on increasing our production rates. With a strong cash position we believe that we are well funded to drive growth. Additionally, we continue to evaluate other properties, both in the Pennsylvanian Anthracitic Belt and further afield, which we believe have the potential to be of benefit to the Company.

I look forward to the coming year and achieving our aims of building a significant multi-project coal company by utilising our cumulative experience in the resource and corporate sectors. Finally, I would like to take this opportunity to thank both the Atlantic shareholders and our dedicated team for their support over the past 12 months.

Adam Wilson  
Chairman  
8 June 2011

**\*\*ENDS\*\***

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

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## BALANCE SHEETS

As at 31 December 2010

	Group		Company	
	As at 31 December 2010 \$	As at 31 December 2009 \$	As at 31 December 2010 \$	As at 31 December 2009 \$
<b>Non-Current Assets</b>				
Property, plant and equipment	6,915,151	4,320,491	2,047	4,197
Land, coal rights and restoration	7,621,494	7,335,637	-	-
Investment in subsidiary	-	-	9,223,011	15,659,779
Trade and other receivables	-	201,823	14,368,596	12,427,969
	<b>14,536,645</b>	11,857,951	<b>24,293,654</b>	28,091,945
<b>Current Assets</b>				
Inventories	1,241,232	1,761,047	-	-
Trade and other receivables	1,310,932	1,093,695	35,318	75,332
Available for sale financial assets	-	-	-	-
Other assets	236,467	236,486	-	-
Cash and cash equivalents	292,433	843,807	83,117	726,015
	<b>3,081,064</b>	3,935,035	<b>118,435</b>	801,347
<b>Total Assets</b>	<b>17,617,709</b>	15,792,986	<b>24,412,089</b>	28,893,292
<b>Current Liabilities</b>				
Trade and other payables	4,604,594	3,517,161	436,827	564,212
Borrowings	5,595,593	5,222,749	2,195,857	1,592,800
Accrued restoration costs	3,256,865	3,732,189	-	-
	<b>13,457,052</b>	12,472,099	<b>2,632,684</b>	2,157,012

<b>Non-Current Liabilities</b>				
Borrowings	4,665,043	2,864,936	-	637,184
Accrued restoration costs	3,923,710	2,953,327	-	-
	8,588,753	5,818,263	-	637,184
<b>Total Liabilities</b>	<b>22,045,805</b>	<b>18,290,362</b>	<b>2,632,684</b>	<b>2,794,196</b>
<b>Net (Liabilities) / Assets</b>	<b>(4,428,096)</b>	<b>(2,497,376)</b>	<b>21,779,405</b>	<b>26,099,096</b>
<b>Capital and Reserves Attributable to Equity Holders of the Company</b>				
Called up share capital	2,394,507	1,804,719	2,394,507	1,804,719
Share premium account	19,415,088	16,616,252	19,415,088	16,616,252
Merger reserve	15,326,850	15,326,850	11,824,997	17,112,462
Reverse acquisition reserve	(12,999,288)	(12,999,288)	-	-
Other reserves	352,518	263,426	352,518	263,426
Foreign currency translation reserve	(2,672,814)	(2,352,466)	(6,975,265)	(6,201,159)
Retained earnings / (losses)	(26,244,957)	(21,156,869)	(5,232,440)	(3,496,604)
<b>Total Equity</b>	<b>(4,428,096)</b>	<b>(2,497,376)</b>	<b>21,779,405</b>	<b>26,099,096</b>

**GROUP INCOME STATEMENT**  
For the year ended 31 December 2010

	Group	
	For the year ended 31 December 2010	For the year ended 31 December 2009
	\$	\$
<b>Revenue</b>	<b>10,720,103</b>	9,048,214
Cost of sales	(12,700,591)	(7,355,354)
Gross (loss)/profit	(1,980,488)	1,692,860
Administration expenses	(2,181,545)	(2,298,161)
Other gains/(losses) - net	370,825	(1,124,539)
Other income	17,187	141,848
<b>Operating Loss</b>	<b>(3,774,021)</b>	(1,587,992)
Finance income	-	21,246
Finance costs	(1,317,638)	(1,004,926)
<b>Loss Before Taxation</b>	<b>(5,091,659)</b>	(2,571,672)
Corporation tax expense	-	-
<b>Loss for the Year</b>	<b>(5,091,659)</b>	(2,571,672)
<b>Attributable to the equity owners of the Parent</b>	<b>(5,091,659)</b>	(2,571,672)

**Loss per share attributable to the equity owners of the Parent during the year:**

<b>Basic and diluted</b>	0.31 cents	0.19 cents
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All activities are classified as continuing.

**GROUP CASH FLOW STATEMENT**  
For the year ended 31 December 2010

	Group	
	For the year ended 31 December 2010	For the year ended 31 December 2009
	\$	\$
<b>Cash flows from operating activities</b>		
Operating loss	(3,774,021)	(1,587,992)
Adjustments for:		
Depreciation	1,067,976	1,001,142
Amortisation	315,270	348,852
Consultancy fees paid in shares	52,407	-
Share options expensed	-	81,071
Accretion, accrued restoration costs	1,718,279	806,106

Reclamation work performed	(1,824,347)	(1,300,649)
Provision for Doubtful Debts	280,098	-
Profit on sale of assets	-	(131,342)
Foreign exchange gains	(379,142)	1,099,216
(Increase) in trade and other receivables	(219,431)	(414,676)
Decrease/(Increase) in inventories	519,816	(1,280,856)
Increase / (decrease) in trade and other payables	928,569	(273,297)
Increase / (decrease) in provisions	-	(388,377)
<b>Net cash used in operations</b>	<b>(1,314,526)</b>	<b>(2,040,802)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(884,466)	(221,049)
Decrease/(increase) in deposits & escrow	19	(6,164)
Loans granted to third parties	(100,000)	(200,000)
Loan repayments received from third parties	10,000	-
Purchase of available-for-sale financial assets	-	(441,827)
Proceeds from the sale of available-for-sale financial assets	-	1,014,995
Interest paid	(203,844)	(77,245)
Interest received	-	19,451
<b>Net cash (used in) from investing activities</b>	<b>(1,178,291)</b>	<b>88,161</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of share capital	3,217,417	813,087
Transaction costs of share issue	(65,947)	(33,116)
Proceeds from loans & borrowings	1,206,321	1,840,376
Repayments of borrowings	(1,415,219)	-
Borrowing Costs	(389,577)	(156,612)
Interest paid	(222,106)	-
Finance lease payments	(342,516)	-
		(65,169)
<b>Net cash from Financing Activities</b>	<b>1,988,373</b>	<b>2,398,566</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(504,444)</b>	<b>445,925</b>
<b>Effect of foreign exchange rate changes</b>	<b>(46,930)</b>	<b>70,792</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>843,807</b>	<b>327,090</b>
<b>Cash and cash equivalents at end of period</b>	<b>292,433</b>	<b>843,807</b>

#### Significant Non-Cash Transactions

On 5 August 2010 the Company issued 50,000,000 ordinary shares fully paid at 0.5 pence per share in settlement of consultancy fees and outstanding loans. The aggregate value of these shares was \$310,200 which was calculated with reference to the fair value of the services rendered and the outstanding loans.

During the year ended 31 December 2010 the Group purchased a new excavator for the Stockton mine. \$2,778,291 of the cost of this excavator was funded through a finance lease.

#### COMPANY CASH FLOW STATEMENT

For the year ended 31 December 2010

	Company	
	For the year ended 31 December 2010	For the year ended 31 December 2009
	\$	\$
<b>Cash flows from operating activities</b>		
Operating loss	(6,535,581)	(1,144,866)
Adjustments for:		
Depreciation	2,029	1,241
Profit on sale of assets	-	(131,342)
Share options expensed	-	81,071
Foreign exchange losses	(4,443)	3,352
Consultancy fees paid in shares	52,407	-
Provision for doubtful debts	280,098	-
Impairment of investment	5,287,465	-
Decrease/(increase) in trade and other receivables	37,819	(662)
Decrease in operating payables	(41,988)	(69,074)
<b>Net cash used in operations</b>	<b>(1,178,598)</b>	<b>(1,260,280)</b>
<b>Cash flows from investing activities</b>		
Loans to subsidiary	(2,625,921)	(1,283,782)
Costs repayments received from subsidiary	146,258	-
Interest received	-	9
Purchase of property, plant & equipment	-	(5,225)
Purchase of available-for-sale financial assets	-	(441,827)

Proceeds from the sale of available-for-sale financial assets	-	1,014,995
Loan repayments received from third parties	<b>10,000</b>	-
Loans granted to third parties	<b>(100,000)</b>	(200,000)
<b>Net cash used in investing activities</b>	<b>(2,569,663)</b>	(915,830)
<b>Cash flows from financing activities</b>		
Proceeds from issue of share capital	<b>3,217,417</b>	813,087
Transaction costs of share issue	<b>(65,947)</b>	(33,116)
Borrowing Costs	<b>(389,577)</b>	-
Interest paid	<b>(222,106)</b>	-
Repayment of borrowings	<b>(850,219)</b>	-
Proceeds from borrowings	<b>1,206,321</b>	1,840,376
<b>Net cash from Financing Activities</b>	<b>2,895,889</b>	2,620,347
<b>Net (Decrease)/Increase in cash and cash equivalents</b>	<b>(595,968)</b>	444,237
<b>Cash and cash equivalents at beginning of period</b>	<b>726,015</b>	210,986
<b>Effect of foreign exchange rate changes</b>	<b>(46,930)</b>	70,792
<b>Cash and cash equivalents at end of period</b>	<b>83,117</b>	726,015

#### Significant Non-Cash Transactions

On 5 August 2010 the Company issued 50,000,000 ordinary shares fully paid at 0.5 pence per share in settlement of consultancy fees and outstanding loans. The aggregate value of these shares was \$310,200 which was calculated with reference to the fair value of the services rendered and the outstanding loans.

#### Notes to the Financial Statements

##### Basis of Preparation of Financial Statements

The Financial Statements have been prepared in accordance with EU-endorsed International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations and the parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Financial Statements have also been prepared under the historical cost convention other than financial assets and financial liabilities at fair value through profit or loss.

The Financial Statements are presented in US Dollars rounded to the nearest dollar.

Atlantic Coal Plc, the legal parent, is domiciled and incorporated in the United Kingdom.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's Accounting Policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in Note 2.

This statement was approved by the directors on 8 June 2011. This statement does not constitute the Group's statutory accounts for the year ended 31 December 2010. Statutory accounts for the year ended 31 December 2009 have been delivered to the Registrar of companies. The auditor's report on those accounts contained an emphasis of matter in relation to the Group's ability to continue as a going concern but did not contain any statement under section 495 of the Companies Act 2006. The auditor's report of the accounts for the year ended 31 December 2010 is expected to be unqualified.

The Annual report and Notice of AGM for 2010 will shortly be available to the shareholders and the public on the Company's website ([www.atlanticcoal.com](http://www.atlanticcoal.com)) in accordance with AIM Rule 20.

#### 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 had interests in two geographical segments, the United Kingdom and the United States of America ("USA"). Activities in the UK are mainly administrative in nature whilst the activities in the USA relate to coal sales and production.

The reportable operating segments derive their revenue from the sale of prepared coal to industrial and retail customers.

For the year ended 31 December  
2010

For the year ended 31 December 2009

Intra-

Intra-

Total

	USA \$	UK \$	segment balances \$	Total \$	USA \$	UK \$	segment balances \$	\$
<b>Revenue from external customers</b>	<b>10,720,103</b>	-	-	<b>10,720,103</b>	9,048,214	-	-	9,048,214
Gross profit/(loss)	(1,980,488)	-	-	(1,980,488)	1,692,860	-	-	1,692,860
Operating loss	(2,521,462)	(6,535,581)	5,283,022	(3,774,021)	(433,126)	(1,144,866)	-	(1,587,992)
Depreciation	1,065,947	2,029	-	1,067,976	999,901	1,241	-	1,001,142
Amortisation	315,270	-	-	315,270	348,852	-	-	348,852
Capital expenditure	3,662,757	-	-	3,662,757	247,876	5,225	-	253,101
Total assets	17,497,225	24,412,089	(24,291,605)	17,617,709	14,785,619	28,893,292	(27,885,925)	15,792,986
Total liabilities	33,781,347	2,632,684	(14,368,226)	22,045,805	27,721,931	2,794,196	(12,225,765)	18,290,362

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

	For the year ended 31 December 2010 \$	For the year ended 31 December 2009 \$
Operating loss for reportable segments	(3,774,021)	(1,587,992)
Finance income	-	21,246
Finance costs	(1,317,638)	(1,004,926)
Loss before tax	(5,091,659)	(2,571,672)

#### Information about major customers

Revenues of approximately \$1.565 million (2009: \$1.738 million) were derived from a single external customer. These revenues were all generated in the USA.

#### Cash and Cash Equivalents

	Group		Company	
	As at 31 December 2010 \$	As at 31 December 2009 \$	As at 31 December 2010 \$	As at 31 December 2009 \$
Cash at bank and in hand	292,433	843,807	83,117	726,015

All of the Group's cash at bank is held with institutions with an AA credit rating.

#### Loss per Share

The calculation of the basic loss per share of 0.31 cents (31 December 2009 loss per share: 0.19 cents) is based on the loss attributable to ordinary shareholders of \$5,091,659 (31 December 2009 loss: \$2,571,672) and on the weighted average number of ordinary shares of 1,653,929,227 (31 December 2009: 1,321,934,438) in issue during the year.

The basic and diluted loss per share is the same, as the effect of the exercise of share options and warrants would be to decrease the loss per share.

Details of share options and warrants that could potentially dilute earnings per share in future periods are set out in Note 13.

Since the year end the Company has issued ordinary shares. These shares will have a dilutive effect on earnings per share in future periods. Details of the shares issued since the year end are set out in Note 29.

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