

Atlantic Coal plc / Index: AIM / Epic: ATC / Sector: Mining

29 October 2012

Atlantic Coal plc ("Atlantic Coal" or the "Company")

Option Extension

Atlantic Coal, the AIM-listed anthracite coal mining company operating in Pennsylvania, USA, is pleased to announce that, following the recent update contained in its interim results dated 27 September 2012, it has entered into an agreement to extend the deadline to exercise the option to acquire additional anthracite assets in Pennsylvania to 31 March 2013 (the "Option Extension"). Further details of the option agreement are contained in the Company's announcement on 15 February 2012.

The Option Extension was signed on 25 October 2012. The cash consideration for the Option Extension is US\$75,000 which is non-refundable and payable immediately but which is to be applied in part satisfaction of the US\$35,000,000 cash consideration payable to exercise the option should the Company decide to exercise the option agreement. Apart from extending the option exercise period, the terms of the option remain largely unchanged, save that the parties have agreed to potentially vary the consideration payable to exercise the option should US Federal or State taxes increase prior to exercise of the option. The option agreement remains exercisable entirely at the Company's discretion. As previously announced, the size of the acquisition of the assets in question would be likely to constitute a reverse transaction under the AIM Rules for Companies and would therefore, inter alia, be subject to shareholder approval.

Since entry into the option agreement was announced, the Company has undertaken significant due diligence on the anthracite mining assets in question, including the preparation of a Competent Person's Report, which is in advanced draft form. In addition, Atlantic Coal has made significant progress regarding legal and accounting due diligence on the target assets. The Company is also currently negotiating an off-take agreement for certain of the target's anthracite assets and is in discussions regarding debt finance in order to fund or part fund the consideration payable to exercise the option. Notwithstanding the above, the Company believes that it will not be in a position to exercise the option agreement until the first quarter of next year as the due diligence and funding processes are likely to take some months to complete. There is also no guarantee that the option will be exercised and that an acquisition will ultimately be concluded. The Company will update shareholders as and when appropriate.

****ENDS****

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