

UK COAL PLC (“UK COAL” or the “Group”)

Statement re press speculation

UK COAL has noted the speculation in today’s Daily Mail relating to a purported proposal for a cash offer for the Group. UK COAL is not aware of any such proposal from the Group’s major shareholder or any other source.

The Group is at a very early stage of investigating an approach it has received which could address the Group’s exposure to the volatile performance of its deep mines through a merger transaction. It is emphasised that this proposal is highly conditional and at a very preliminary stage and no view can be expressed as to whether a transaction will result.

As has been reported to the market, the Group has encountered continuing difficulties in the performance of its deep mines in recent months, which is having a material impact on its financial position. At Daw Mill, as previously reported, preparation for production at the new face was hindered by difficult geological conditions and, as a result, the start of production on the new face is now expected during April rather than around the end of March. The exposure of the Group to the volatile performance in its deep mines is a significant concern to the directors and mitigating the effects of this exposure, by operating improvements or structural means, is a priority.

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Dealing Disclosure Requirements

Under the provisions of Rule 8.3 of the Takeover Code (the “Code”), if any person is, or becomes, “interested” (directly or indirectly) in 1% or more of any class of “relevant securities” of the Company, all “dealings” in any “relevant securities” of the Company (including by means of an option in respect of, or a derivative referenced to, any such “relevant securities”) must be publicly disclosed by no later than 3.30 p.m. (London time) on the London business day following the date of the relevant transaction. This requirement will continue until the date on which the offer becomes, or is declared, unconditional as to acceptances, lapses or is otherwise withdrawn or on which the “offer period” otherwise ends. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an “interest” in “relevant securities” of the Company, they will be deemed to be a single person for the purpose of Rule 8.3.

Under the provisions of Rule 8.1 of the Code, all “dealings” in “relevant securities” of Company by the offeror or the offeree company, or by any of their respective “associates”, must be disclosed by no later than 12.00 noon (London time) on the London business day following the date of the relevant transaction.

A disclosure table, giving details of the companies in whose “relevant securities” “dealings” should be disclosed, and the number of such securities in issue, can be found on the Takeover Panel’s website at www.thetakeoverpanel.org.uk.

“Interests in securities” arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an “interest” by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities.

Terms in quotation marks are defined in the Code, which can also be found on the Panel’s website. If you are in any doubt as to whether or not you are required to disclose a “dealing” under Rule 8, you should consult the Panel.

In accordance with Rule 2.10 of the City Code on Takeovers and Mergers, UK COAL confirms that it has 299,298,160 ordinary shares of 1 pence each in issue. The ISIN reference for these securities is GB0007190720.