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16 September 2009

UK Coal PLC

(“UK Coal” or “the Company”)

**PROPOSED FIRM PLACING AND PLACING AND OPEN OFFER,
AMENDED BANKING AGREEMENTS AND NOTICE OF GENERAL MEETING**

UK Coal today announces a proposed share issue to raise approximately £100 million (net of expenses relating to the equity financing) by the issue of 142,045,413 New Shares by way of a Firm Placing and Placing and Open Offer at a price of 75 pence per New Share. 55,556,403 New Shares are proposed to be issued through the Firm Placing and 86,489,010 New Shares are proposed to be issued through the Placing and Open Offer.

In addition, UK Coal today announces proposed amendments to the terms of the Group’s banking facilities, conditional upon the Capital Raising.

A Prospectus containing details of the Firm Placing and Placing and Open Offer, the amendments to the bank facilities and convening a General Meeting to approve certain matters necessary to implement the Firm Placing and Placing and Open Offer is expected to be posted to Shareholders shortly and will be available on the Company’s website, www.ukcoal.com.

Summary

- Proposed Firm Placing and Placing and Open offer to raise £100 million (net of expenses relating to the equity financing).
- The Issue Price of 75 pence per New Share represents a discount of 37.6 per cent. to the Closing Price of 120.25 pence per share on 15 September 2009 (being the last dealing day prior to announcement of the Capital Raising).
- Peel Holdings, the Company’s largest shareholder, which owns 28.28 per cent. of the Shares through its subsidiary Goodweather, is fully supportive of the Capital Raising and has irrevocably committed to participate in the Firm Placing and take up its Open Offer Entitlement to ensure its percentage shareholding is not diluted by the Capital Raising.
- Save in respect of those Shares which Peel Holdings has irrevocably undertaken to acquire, the Capital Raising is being underwritten by Evolution and Numis.
- The Capital Raising is subject to approval by the Company’s Shareholders at a General Meeting expected to be held on 9 October 2009.
- The Group has recently signed amended agreements with its lending banks (which are conditional upon completion of the Capital Raising) to extend maturity dates and vary terms of its banking facilities.
- Net proceeds will be used to reduce the Group’s net financial indebtedness in order to create a more appropriate capital structure for the Group and provide greater financial flexibility in the current environment:

- rebuilds appropriate financial headroom, pending completion of the current investment phase in the Group's deep mining business; and
- positions the Group to take advantage of longer term opportunities in its mining and property activities.

Details of the Firm Placing and Placing and Open Offer

Under the Firm Placing and Placing and Open Offer, UK Coal intends to issue 142,045,413 New Shares, comprising:

- 55,556,403 Firm Placed Shares (representing gross proceeds of £41.7 million), pursuant to the Firm Placing; and
- 86,489,010 Open Offer Shares (representing gross proceeds of £64.9 million) to be made available to Qualifying Shareholders pursuant to the Open Offer.

Under the Open Offer, Qualifying Shareholders have a basic entitlement of 11 Open Offer Shares for every 20 Existing Shares registered in their name on the Record Date and are also being offered the opportunity to subscribe for New Shares in addition to their basic entitlement under the Excess Application Facility.

David Jones, Chairman of UK Coal, said:

"In the recent past, UK Coal has been constrained by the pricing from legacy contracts and production difficulties in certain of its deep mines. Management has taken actions to address these issues, in particular investments to produce a modern, efficient mining business with substantial and economically accessible reserves; considerably increased development work to improve the reliability of future production volumes; and putting in place new contracts on significantly improved terms. In parallel, we continue to develop the substantial value of our property portfolio identified under Project Worth.

"The Board is, therefore, confident that the combination of the improving prospects for our mining activities and the significant value upside in our property business provides UK Coal with the opportunity to deliver strong value growth to shareholders. Today's announced capital raising will secure a capital structure appropriate for the business going forward, and we welcome the support of our largest shareholder, which shares the Board's belief in the value we can create."

Indicative timetable and key dates

Despatch of Prospectus, Proxy Form and Non-CREST Application Form	16 September 2009
Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer and settlement of relevant CREST instructions (as appropriate)	11.00 a.m. on 8 October 2009
General Meeting of Shareholders	11.00 a.m. on 9 October 2009
Expected date of Admission and commencement of dealings in New Shares on the London Stock Exchange and New Shares credited to CREST stock accounts (uncertificated holders only)	8.00 a.m. on 12 October 2009

An analysts' presentation is scheduled for 9.00am today at the offices of Citigate Dewe Rogerson, 3 London Wall Buildings, London EC2M 5SY.

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(Joint bookrunner, underwriter and broker)
Chris Wilkinson
Brent Nabbs

Notes to Editors:

UK Coal is Britain's biggest producer of coal, producing approximately 45 per cent. of UK-mined coal and supplying approximately 15 per cent. of the coal burned in the UK's electricity generation industry in 2008. UK Coal is one of Britain's largest brownfield site property developers, owning 43,500 acres (17,600 hectares) of land across the UK, of which some 3,790 acres are currently targeted for development.

Gleacher Shacklock, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting as sponsor and financial advisor exclusively to the Company and for no one else in connection with the Capital Raising and Admission and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the Capital Raising and Admission or any other matters referred to herein.

Evolution, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting as joint bookrunner, underwriter and broker exclusively to the Company and for no one else in connection with the Capital Raising and Admission and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the Capital Raising, Admission or any other matters referred to herein.

Numis, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting as joint bookrunner, underwriter and broker exclusively to the Company and for no one else in connection with the Capital Raising and Admission and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the Capital Raising and Admission or any other matters referred to herein.

This announcement has been issued by, and is the sole responsibility of, UK Coal plc. Apart from the responsibilities and liabilities, if any, which may be imposed by the FSMA, neither of Evolution, Numis nor Gleacher Shacklock nor any of their affiliates, parent undertakings, subsidiary undertakings or subsidiaries of their parent undertakings or any of their respective directors, officers, employees or advisers or any other person accepts any responsibility whatsoever and makes no representation or warranty, express or implied,

for or in respect of the contents of this announcement or as to the accuracy or completeness or fairness of the information or opinions contained in this announcement and, without prejudice to the generality of the foregoing, no responsibility or liability is accepted by any of them for any such information or opinions or for any errors or omissions.

Cautionary note regarding forward looking statements

Some of the information in this announcement includes statements that are, or may be deemed to be, "forward looking statements". These forward looking statements can be identified by the use of forward looking terminology, including the terms "believes", "projects", "estimates", "anticipates", "expects", "intends", "plans", "goal", "target", "aim", "may", "will", "would", "could" "should" or "continue" or, in each case, their negative or other variations or comparable terminology. These forward looking statements include all matters that are not historical facts. They appear in a number of places throughout this announcement and include statements regarding the intentions, beliefs or current expectations of the Directors, the Company or the Group concerning, among other things, the results of operations, prospects, growth, strategies and dividend policy of the Group and the industries in which it operates. By their nature, forward looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and may be beyond the Company's ability to control or predict. Forward looking statements are not guarantees of future performance. The forward looking statements contained in this announcement speak only as of the date of this announcement.

Other than in accordance with its legal or regulatory obligations (including under the Listing Rules and/or the Prospectus Rules and/or the Disclosure and Transparency Rules) and as required by the FSA, the London Stock Exchange or the City Code, the Company does not undertake any obligation to update or revise publicly any forward looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward looking statements attributable to the Group or individuals acting on behalf of the Group are expressly qualified in their entirety by this paragraph.

No statement in this announcement is intended to be a profit forecast and no statement in this announcement should be interpreted to mean that earnings per share of UK Coal for the current or future financial years would necessarily match or exceed the historical published earnings per share of UK Coal.

Important notice

THIS ANNOUNCEMENT IS AN ADVERTISEMENT. IT IS NOT A PROSPECTUS AND INVESTORS SHOULD NOT SUBSCRIBE FOR OR PURCHASE ANY SHARES REFERRED TO IN THIS ANNOUNCEMENT EXCEPT ON THE BASIS OF INFORMATION CONTAINED IN THE PROSPECTUS WHICH IS TO BE PUBLISHED IN DUE COURSE. THE PROSPECTUS, WHEN PUBLISHED, WILL BE MADE AVAILABLE ON UK COAL'S WEBSITE AND WILL BE AVAILABLE FOR INSPECTION AT THE UK LISTING AUTHORITY'S ANNOUNCEMENT VIEWING FACILITY.

Neither the content of UK Coal's website nor any website accessible by hyperlinks on UK Coal's website is incorporated in, or forms part of, this announcement.

This announcement does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire any New Shares to any person in Australia, Canada, Japan, South Africa or the United States or in any jurisdiction to whom or in which such offer or solicitation is unlawful, nor shall it (or any part of it), or the fact of its distribution, form the basis of, or be relied on in connection with or act as any inducement to enter into, any contract or commitment whatsoever with respect to the proposed Capital Raising or otherwise.

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Any person receiving this announcement is advised to exercise caution in relation to the Capital Raising. If in any doubt about any of the contents of this announcement, independent professional advice should be obtained.

This summary should be read in conjunction with the full text of the announcement.

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16 September 2009

UK Coal PLC

(“UK Coal” or “the Company”)

**Proposed Firm Placing of 55,556,403 New Shares and Placing and Open Offer of
86,489,010 New Shares at 75 pence per New Share,
amended banking agreements and Notice of General Meeting**

Introduction

UK Coal today announces it proposes to undertake a Capital Raising to raise approximately £100 million (net of expenses) by the issue of 142,045,413 New Shares (representing approximately 90.3 per cent. of the existing issued share capital and 47.5 per cent. of the enlarged share capital immediately following completion of the Capital Raising) at the Issue Price of 75 pence per New Share. 55,556,403 New Shares are proposed to be issued through the Firm Placing and 86,489,010 New Shares are proposed to be issued through the Placing and Open Offer.

The Issue Price of 75 pence per New Share represents a discount of approximately 37.6 per cent. to the Closing Price of 120.25 pence per Ordinary Share on 15 September 2009 (being the last dealing day prior to announcement of the Capital Raising). This discount has been set based on the Directors' assessment of market conditions following discussions with a number of institutional investors and has been determined in order to obtain the level of funds required by the Company under the Capital Raising. Given that the Issue Price represents a discount of greater than 10 per cent. to the Closing Price of the Shares on 15 September 2009, the Company is required, under the Listing Rules, to seek the approval of its Shareholders for the issue of the New Shares at the Issue Price. Accordingly, the General Meeting will consider, amongst other things, the approval of the amount of the discount.

Goodweather, a subsidiary of Peel which holds approximately 28.28 per cent. of the Company's Ordinary Shares, has, pursuant to the Goodweather Irrevocable, irrevocably undertaken to take up 15,710,970 New Shares in the Firm Placing and its full entitlement of 24,458,500 New Shares pursuant to its entitlements under the Open Offer. Goodweather has also undertaken to vote in favour of the Resolutions at the General Meeting with the exception of Resolution 2. Resolution 2 relates to the approval of the Goodweather Firm Placing, which is a related party transaction requiring the approval of the Independent Shareholders under the Listing Rules. Goodweather has also undertaken to take all reasonable steps to ensure that its associates (as defined in the Listing Rules) will not vote on this resolution. As the Capital Raising is conditional on the passing of all Resolutions, if Resolution 2 is not approved by the Independent Shareholders, the Capital Raising will not proceed.

Each of the Directors intends to take up his full entitlement to acquire New Shares in the Open Offer and to vote in favour of the Resolutions at the General Meeting (except Owen Michaelson, who is a Peel Representative and will accordingly abstain from voting on Resolution 2). The Capital Raising, save in respect of those New Shares being taken up by Goodweather, is being underwritten by Evolution and Numis.

The Capital Raising is conditional upon, among other things, the passing of all the Resolutions at the General Meeting convened for 11.00 a.m. on 9 October 2009 and the Placing Agreement becoming unconditional in all respects.

Information on UK Coal

UK Coal is the largest coal mining operator in the UK, producing approximately 45 per cent. of UK-mined coal and supplying approximately 15 per cent. of the coal burned in the UK's electricity generation industry in 2008. The Group was established in 1974 when it was awarded its first tendered surface mining contract and expanded through being awarded additional surface mining contracts and acquired its first private underground mine in 1990. The Group extended its operations significantly in 1994 through the acquisition of British Coal Corporation's coal mining assets in England during the coal privatisation process. Since then, the Company, which changed its name to UK Coal plc in 2001, has continued to engage in coal mining and related activities. Accordingly, UK Coal is a major indigenous source of energy supply and reduces the UK's reliance on imported fuel sources.

Today, the Group has four operational deep mines, at Daw Mill (Warwickshire), Kellingley (Yorkshire) and Thoresby and Welbeck (both Nottinghamshire), although the Welbeck mine is planned to cease operation in the first quarter of 2010 after the last of its reserves capable of economic exploitation have been mined. The Group also has four operational surface mines and has obtained planning permission for two other surface mines, with a further five sites in the planning application process. As at 27 June 2009, the Group is estimated to have a total of approximately 215 million tonnes of coal reserves and resources (excluding resources at the Welbeck and Harworth mines), of which approximately 64 million tonnes of coal are classified as reserves. Part IX of this document includes an independent report prepared in respect of the Group's coal reserves and resources.

In addition to its mining assets, UK Coal has an extensive property portfolio of approximately 17,600 hectares (approximately 43,500 acres) of land, including brownfield land with property development potential for residential, commercial and industrial usage. The majority of the portfolio is located on the A1/M1 corridor from Leicestershire to Northumberland in England with a small number of sites in North West England, Scotland and North Wales. Much of the land was formerly used for coal operations and as such is well positioned for road, rail and electricity connections. As at 27 June 2009, independent valuations of the Group's properties (excluding the operating deep mine sites) gave an aggregate RICS Valuation of £382.2 million.

Background to and reasons for the Capital Raising

For a number of years, UK Coal has been largely operating on fixed price (subject to RPI indexation) coal contracts with its major customers agreed at a time when the market price of coal was low compared to the prices seen in the last few years. It has proved challenging for UK Coal to operate profitably within the framework of these contracts as the Group has had to bear production cost increases above RPI without being able to take full advantage of the recent high market prices for coal.

The financial constraints caused by these legacy coal contracts have been exacerbated by the impact of production difficulties in achieving the Group's targeted output in its deep mining business. For example, during 2008 there were significantly extended face gaps at the Kellingley, Thoresby and Welbeck deep mines. In addition, in recent years, the Group's indebtedness has increased due to investment in the business and a divergence between cost inflation and sales prices achieved. As at 27 June 2009, the Group had £190.9 million of total net debt and Gearing of 149 per cent. compared to £94.1 million and 39 per cent., respectively, as at 31 December 2006.

Investment programme

Historically, the low realised price for UK Coal's coal output restricted the Group's ability to invest in the long term development of its deep mines. However, against the background of a high market price of coal and the impending expiry of its legacy contracts, in 2007 the Group decided to implement a substantial investment programme to open up new reserves and improve productivity at its deep mines.

The objective of the investment programme is to extend the practical working life of the Kellingley and Thoresby deep mines to around 2019 and 2017, respectively, and to further develop the Daw Mill colliery. The capital investment programme at Kellingley and Thoresby is expected to cost approximately £110 million in total (of which approximately £70 million is expected to be spent by the end of 2009). The extension of reserves through the opening of new seams at Kellingley and Thoresby is anticipated to be complete in the first quarter of 2010. At Daw Mill, substantial investment in equipment and increased development expenditure is being made to improve the long term reliability of its output. The Welbeck deep mine, whose output was approximately 0.9 million tonnes per annum in 2008, is expected to cease operation in the first quarter of 2010 after the last of the current reserves capable of economic exploitation have been mined.

The Board expects UK Coal to maintain its deep mine output at approximately 6.5 million tonnes per annum from its three remaining deep mines at Daw Mill, Kellingley and Thoresby for at least the next five years. The Board also expects that total annualised operating costs will be reduced by some £25 million from 2010 as a result of approximately £50 million of costs being eliminated with the closure of Welbeck, with approximately half of this saving being offset predominantly as a result of the shift of development work at Kellingley and Thoresby from capital expenditure to operating expenditure on the commencement of mining the new seams. With regard to the surface mining operations, in addition to the sites where the Group is currently seeking permissions, the Group is actively investigating other mining sites within its own property portfolio to establish the economics of mineral extraction and the likelihood of achieving planning consents. Accordingly, the Board believes the prospects for realising attractive returns from the Group's mining business will be much improved.

Change in market conditions

The significantly higher open market prices for coal in 2007 and 2008, as compared to the prices achieved under its legacy contracts, gave the Directors confidence that it was realistic to anticipate that the Group's ensuing cashflow would support the investment programme. However, since the Group made the decision to implement the investment programme, the open market spot price (API#2 converted into sterling at the relevant exchange rates) of coal, which peaked at approximately £4.40 per GJ in July 2008, has reduced significantly. As at 14 September 2009 (being the latest practicable date before the printing of this document), the open market spot price was £1.61 per GJ and the open market price for delivery in Q4 2009 (being the point in the year when the Group is most exposed to the market as the majority of the Group's floating price and uncontracted sales take place in the final quarter) was £1.63 per GJ. While the forward prices of £1.87, £2.23 and £2.46 per GJ for 2010, 2011 and 2012 respectively (based on a US\$/£ exchange rate of US\$1.66: £1) are higher than the latest spot price, they remain at a significantly lower level than the prices seen in late 2007 and the majority of 2008.

Furthermore, as property market conditions have also significantly worsened since 2007, this has adversely affected the value of the Group's development sites, as well as the Group's ability to provide security for bank borrowings and the short term prospects for selling sites at attractive values.

Going concern

The Group's auditors, PricewaterhouseCoopers, reported that in forming their opinion on the Group's financial statements for the year ended 27 December 2008, which were not qualified, that the matters set out in the notes to the financial statements indicated the existence of material uncertainties which may cast significant doubt over the ability of the Group and the Company to continue as a going concern. This statement was repeated as part of PricewaterhouseCoopers' opinion included in the Group's Half Yearly Report for the period ended 27 June 2009.

Management actions

Against the background of this significantly weaker coal pricing environment and the Group's financial position, the Directors have taken actions to maximise cash generation in order to protect the potential value to Shareholders of completing the deep mine investment programme and securing planning approvals on the Group's property development sites. In late 2008, the Group opened negotiations with certain of its existing major electricity generation customers with a view to modifying the payment profile under existing contracts in return for agreeing longer term arrangements. These discussions were successfully concluded by April 2009 and have resulted in overall higher long term contracted coal prices.

In addition, a substantial new contract was entered into in April 2009 with a subsidiary of Scottish & Southern Energy plc to provide its Ferrybridge power station with 3.6 million tonnes of coal between 2009 and 2015. This output will be sourced from deep mine and surface sites in the UK and will allow the Group to continue to invest in and develop its mining business. These deliveries are contracted at market prices linked to international coal prices, but with caps and floor prices. Scottish & Southern Energy plc also agreed to provide a loan to the Group, repayable over the period to 2014, to assist in funding the Group's investment requirements.

The effect of these arrangements has been to significantly improve the overall profile of UK Coal's contract book and increase its short-term cash flows. Contractual commitments until 2015 have increased to a total of 32.2 million tonnes under a range of fixed, capped and collared and floating price contracts as at 27 June 2009 compared to 24.0 million tonnes at the start of 2008. The total benefit in cash flow terms of these changes is to increase the Group's anticipated cash receipts from generator customers in 2009 and 2010 by a total of approximately £100 million, the majority of which will be treated as customer prepayments/loans that, together with implied interest, are to be repaid either out of future revenue or as separate repayments.

In January 2009, the Group also agreed to sell its 50 per cent. interest in Coal4Energy Limited to its joint venture partner Hargreaves Services plc. In addition to enabling UK Coal to focus on its core power station fuel market, this disposal raised £9 million for the Group. A further £10 million was made available to the Group in 2008 by the release of cash deposits held by the Coal Authority in substitution for a guarantee bond issued by AIG UK Limited.

The actions taken by the Directors set out above have improved the Group's financial profile. The Company is also planning a review, starting in 2010, of its cost profile, particularly within deep mining, with a view to reducing its operating costs over the longer term. During 2009, the Group has also conducted discussions with its lending banks regarding its ongoing funding requirements and the renewal of certain of its bank facilities. Against the background of a challenging trading environment for the Group during 2009, it became clear to the Directors that the Group would be unlikely to have sufficient headroom under its existing facilities for its requirements for 2010, including its deep mine investment programme. Moreover, the continued availability of certain of the Group's bank facilities would depend on the banks' willingness to relax certain of the covenants, in particular relating to loan-to-value ratios and the Group's adjusted tangible net worth. In light of these discussions, it became clear to the Directors that the renewal of the Group's banking facilities on attractive terms would require the Group to raise additional equity funding.

In light of all the above factors, the Directors have determined that it is appropriate to raise approximately £100 million (net of expenses) of new equity capital to strengthen the Group's liquidity position and capital base to create a more stable financial position for UK Coal.

Banking Arrangements

The Group's bank debt is currently provided under four main facilities:

- £52.0 million senior secured revolving credit facility (RCF);
- £47.5 million term facility (HEAL Facility);
- £46.2 million amortising term facility (HEWPL Facility); and
- £26.0 million amortising term facility (EOS Facility).

In September 2009, the Group entered into agreements to amend the above banking facilities with its lending banks. In relation to the RCF, HEWPL Facility and HEAL Facility, these amendments are conditional upon completion of a significant equity raising by the Group, which will be satisfied by the Capital Raising.

The amendments include the extension of certain maturity dates as follows:

Facility	Old maturity date	New maturity date
RCF	September 2010	March 2011
HEAL Facility	September 2010	May 2012
HEWPL Facility	July 2012	July 2013
EOS Facility	May 2011	May 2012

Changes were also agreed to certain amortisation profiles and the level of certain covenants and the timing of their testing (including loan-to-value, adjusted tangible net worth, gearing and interest cover ratio covenants). The Group also agreed to reduce the amount outstanding under the HEWPL Facility by approximately £4.5 million to bring the loan-to-value covenant ratio down to 55 per cent. and the EOS Facility by £3.25 million within 10 business days of the Capital Raising being completed. The arrangement fees payable to the lenders and the total associated advisory fees are expected to be approximately £2 million.

Use of Proceeds

The Directors intend, in the first instance, to use the net proceeds of the Capital Raising of approximately £100 million to reduce the Group's net financial indebtedness.

It is expected that approximately £8 million of proceeds will be used to reduce amounts owed under two of the Group's banking facilities secured on certain property assets from a total of £72 million to £64 million. Of the balance, approximately £40 million will be used to repay the amount outstanding under the Group's syndicated revolving credit facility (which facility will remain available) and £2 million will be used to pay fees associated with the modifications of the Group's banking arrangements, with the remainder to be retained as cash.

The Directors believe that this reduction in net financial indebtedness, together with the modifications to the banking facilities outlined above, will, in the near term, provide sufficient headroom in the Group's debt facilities for the period of the Group's current deep mine investment programme, which is expected to be substantially completed by the end of 2010. In

the longer term, the increased financial strength will position UK Coal to take advantage of opportunities in its mining and property activities as market conditions improve.

Current Trading and Prospects

UK Coal continues to trade in line with the expectations set out in the outlook statement in the Group's Half Yearly Report for the six months ended 27 June 2009 announced on 27 August 2009.

Since the 27 August announcement, deep mines production has continued in line with the expectation range given at that time of 6.4–6.6 million tonnes for the full year, although production at Thoresby has continued to reflect the arduous working conditions at the face, and it continues to perform at the lower end of expectations. Surface mines production has continued in line with the 1.4 million tonnes expectation previously announced.

Also since the announcement of 27 August 2009, the forward market prices for coal included in the outlook statement in the Group's 2009 Half Yearly Report have softened, as a result of both changes in the coal prices expressed in dollars and the sterling dollar exchange rate. The forward prices for coal delivered to North West Europe (API#2) in sterling as at 14 September 2009 (being the last practicable date prior to the publication of this document) indicate prices of £1.63, £1.87, £2.23 and £2.46 per GJ for coal to be delivered in Q4 2009 and calendar years 2010, 2011 and 2012 respectively (based on a US\$/£ exchange rate of US\$1.66: £1).

The £1.63 per GJ price for deliveries in Q4 2009 compares with the forward price prevailing at the time of the interim announcement of £1.75 per GJ. If £1.63 per GJ were to be the actual market price for Q4 2009, this would result in the overall average realised sales price for the full year 2009 being approximately £1.85 per GJ, compared with the guidance previously given of £1.85 to £1.90.

Retirement Benefit Obligations

As at 27 June 2009, the Group's consolidated accounts reflected a deficit of £163 million under IAS 19 in respect of the UK Defined Benefit Plans, which are closed to new entrants (other than in limited circumstances) but are required to be open for future service by existing members, and the Blenkinsopp Scheme which no longer has active members accruing benefits for future service. This deficit increased from the level at the end of 2008 of £75 million principally as a result of the changes in assumptions for inflation and discount rates (based on corporate bond yields). There is also a liability of £33.5 million in the Group's unfunded concessionary fuel scheme.

The next triennial valuation to determine the funding requirements of the UK Defined Benefit Plans will be undertaken during 2010 in relation to the valuation as at 31 December 2009. This funding valuation will be based on a detailed actuarial analysis and will be dependent on market conditions at the time. As part of this funding valuation, the Directors believe that it is likely that the Group will agree to increase funding contributions over the levels currently paid by the Group in order to reduce the deficit over time.

Dividends and Dividend Policy

The Group continues to make significant investments in its mining business and in the planning phase of the property business. For this reason and to preserve financial flexibility, no dividend was paid in 2006, 2007 or 2008 or the first half of 2009. It is the Board's intention that the Company will recommence the payment of dividends when the trading performance and financial resources of the Group permit.

Under the current recovery plans connected to the UK Defined Benefit Plans, if UK Coal pays a dividend to its Shareholders, a payment equal to such dividend distribution must be paid to the UK Defined Benefit Plans.

Details of the Capital Raising

Structure

The Directors have given consideration to how to structure the proposed equity fundraising, having paid regard to the current market conditions, the composition of the Company's shareholder register, the level of the Company's share price and the importance of pre-emption rights to shareholders. After considering these factors, the Directors have concluded that the structure of the Capital Raising by way of the Firm Placing and the Placing and Open Offer is the most suitable option available to the Company and its Shareholders as a whole. The Open Offer provides an opportunity for all Qualifying Shareholders to participate in the fundraising by acquiring Open Offer Shares pro rata to their current holding of Shares.

UK Coal is proposing to raise approximately £100 million (net of expenses) by way of the Capital Raising. The Issue Price of 75 pence per New Share represents a discount of approximately 37.6 per cent. to the Closing Price of 120.25 pence per Ordinary Share on 15 September 2009 (being the last dealing day prior to announcement of the Capital Raising). This discount has been set based on the Directors' assessment of market conditions following discussions with a number of institutional investors and has been determined in order to obtain the level of funds required by the Company under the Capital Raising. Given that the Issue Price represents a discount of greater than 10 per cent. to the Closing Price of the Shares on 15 September 2009, the Company is required, under the Listing Rules, to seek the approval of its Shareholders for the issue of the New Shares at the Issue Price. Accordingly, the General Meeting will consider, amongst other things, the approval of the amount of discount.

Save in respect of the New Shares being taken up by Goodweather, the Firm Placing and Placing and Open Offer is being underwritten by Evolution and Numis pursuant to the Placing Agreement.

Principal terms of the Firm Placing

UK Coal is proposing to issue 55,556,043 New Shares pursuant to the Firm Placing, subject to the same conditions and termination rights that apply to the Placing and Open Offer. The Firm Placed Shares are not subject to clawback from Shareholders and do not form part of the Open Offer.

The Firm Placing includes the placing of 15,710,970 Firm Placed Shares to Goodweather. Under the Listing Rules, Goodweather is a related party of the Company and the Goodweather Firm Placing is a related party transaction which will need the approval of a simple majority of the Independent Shareholders. This approval is being sought pursuant to Resolution 2 to be proposed at the General Meeting.

Principal terms of the Placing and Open Offer

Qualifying Shareholders, on and subject to the terms and conditions of the Open Offer, are being given the opportunity to apply for the Open Offer Shares at the Issue Price, pro rata to their holdings of Existing Shares on the Record Date, on the basis of:

11 Open Offer Shares for every 20 Existing Shares

Qualifying Shareholders are also being given the opportunity, provided they take up their Open Offer Entitlement in full, to apply for Excess Shares through the Excess Application Facility, up to

a maximum number of Excess Shares equal to 0.35 times the number of Ordinary Shares held in such Qualifying Shareholder's name as at the Record Date.

Fractions of Open Offer Shares will not be allotted to Qualifying Shareholders in the Open Offer and fractional entitlements under the Open Offer will be rounded down to the nearest whole number of Open Offer Shares.

Qualifying Shareholders may apply for any whole number of Open Offer Shares up to their maximum entitlement which, in the case of Qualifying Non-CREST Shareholders, is equal to the number of Open Offer Entitlements as shown in Box 2 on their Application Form, or, in the case of Qualifying CREST Shareholders, is equal to the number of Open Offer Entitlements standing to the credit of their stock account in CREST. Qualifying CREST Shareholders will receive a credit to their appropriate stock accounts in CREST in respect of their Open Offer Entitlements at 8.00 a.m. on 12 October 2009. Qualifying Shareholders with holdings of Existing Shares in both certificated and uncertificated form will be treated as having separate holdings for the purpose of calculating their entitlements under the Open Offer, as will Qualifying Shareholders with holdings under different designations or in different accounts.

UK Coal is proposing to issue 86,489,010 Ordinary Shares to Placees pursuant to the terms of the Placing and Open Offer, with the aggregate number of New Shares issued to such Placees being reduced by the receipt of valid applications for Open Offer Shares from Qualifying Shareholders.

Effect of the Capital Raising

Upon completion of the Capital Raising, the New Shares will represent approximately 90.3 per cent. of the Company's existing issued ordinary share capital and approximately 47.5 per cent. of the Company's Enlarged Share Capital. New Shares issued through the Placing and Open Offer and New Shares issued through the Firm Placing will account for approximately 60.9 per cent. and 39.1 per cent. respectively of the total New Shares to be issued. The Resolutions set out in the notice attached to this Prospectus must be passed at the General Meeting in order for the Capital Raising to proceed.

Following the issue of the New Shares to be allotted pursuant to the Capital Raising, Qualifying Shareholders who take up their full entitlements, excluding any New Shares acquired through the Excess Application Facility, in respect of the Open Offer will suffer a dilution of up to 18.6 per cent. to their interests in the Company because of the Firm Placing. Qualifying Shareholders who do not take up any of their entitlements in respect of the Open Offer will suffer a more substantial dilution of approximately 47.5 per cent. to their interests in the Company because of the Firm Placing and Open Offer.

Application for Admission

Application has been made for the Open Offer Entitlements (in respect of Qualifying Crest Shareholders) and Excess CREST Open Offer Entitlements to be admitted to CREST. It is expected that such Open Offer Entitlements and Excess CREST Open Offer Entitlements will be admitted to CREST at 8.00 a.m. on 17 September 2009. The Open Offer Entitlements and Excess CREST Open Offer Entitlements will also be enabled for settlement in CREST at 8.00 a.m. on 17 September 2009. Applications through the CREST system may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim.

Qualifying CREST Shareholders should note that, although the Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim raised by Euroclear's Claims Processing Unit.

Qualifying Non-CREST Shareholders should note that their Application Form is not a negotiable document and cannot be traded.

Application will be made to the UKLA for the New Shares to be admitted to the Official List and to the London Stock Exchange for the Open Offer Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that Admission will become effective on 12 October 2009 and that dealings for normal settlement in the Open Offer Shares and the Firm Placed Shares will commence at 8.00 a.m. on the same day.

If Admission does not take place on or before 12 October 2009 (or such later time and/or date as the Company and the Banks may determine, not being later than 26 October 2009), the Open Offer will lapse, any Open Offer Entitlements admitted to CREST will thereafter be disabled and application monies under the Open Offer will be refunded to the applicants, by cheque (at the applicant's risk) in the case of Qualifying Non-CREST Shareholders and by way of a CREST payment in the case of Qualifying CREST Shareholders, without interest as soon as practicable thereafter. In these circumstances, the Placing to the Placees will not proceed.

Conditionality

The Firm Placing and the Placing and Open Offer are inter-conditional and conditional on, *inter alia*, Shareholder approval, which will be sought at a General Meeting convened for 9 October 2009. If any of the conditions are not fulfilled the Capital Raising will not proceed.

The Placing and Open Offer is conditional, *inter alia*, upon:

- the passing, without amendment, of the Resolutions at the General Meeting (and not, except with the prior written agreement of the Joint Bookrunners, at any adjournment of such meeting not on the same day);
- Admission taking place by no later than 8.00 a.m. on 12 October 2009 (or such later time and date as the Company and the Joint Bookrunners may agree, not being later than 26 October 2009); and
- the Placing Agreement otherwise having become unconditional in all respects (save for the condition relating to Admission) and not having been terminated in accordance with its terms prior to Admission.

The Open Offer Shares and the Firm Placed Shares, when issued and fully paid, will be identical to and rank in full for all dividends or other distributions declared, made or paid after Admission and in all respects will rank *pari passu* with the Existing Shares. No temporary documents of title will be issued.

Shareholders should note that the Open Offer is not a rights issue. Qualifying Shareholders should be aware that in the Open Offer, unlike in a rights issue, any Open Offer Shares not applied for will not be sold in the market on behalf of, or placed for, the benefit of Qualifying Shareholders who do not apply under the Open Offer but will be issued to the Placees ultimately for the benefit of the Company.

Related Party Transaction

Peel has indicated its ongoing support for the Group through the shareholding held by its subsidiary, Goodweather. Goodweather is a related party of UK Coal (as defined by the Listing Rules) because its shareholding is in excess of 10 per cent. of the Company's existing issued share capital. Pursuant to the Goodweather Irrevocable, Goodweather has irrevocably committed to participate in the Firm Placing and take up its Open Offer Entitlements in full to ensure its

shareholding is not diluted by the Capital Raising and to vote in favour of the Resolutions at the General Meeting with the exception of Resolution 2 for the reason set out below.

The participation by Goodweather in the Firm Placing is a related party transaction which requires the approval of Independent Shareholders. Accordingly, Goodweather will not vote on Resolution 2 and has undertaken to take all reasonable steps to ensure that its associates (as defined in the Listing Rules) will not vote on this resolution. As the Capital Raising is conditional on the passing of all Resolutions, if Resolution 2 is not approved by Independent Shareholders, the Capital Raising will not proceed.

Owen Michaelson, who is a Peel Representative, has taken no part in the Board's consideration of the Firm Placing or its entry into the Goodweather Irrevocable. The rest of the Board of the Company has received independent financial advice from Gleacher Shacklock in relation to the proposed Goodweather Firm Placing.

Prospectus

The Prospectus, containing details of the Firm Placing and Placing and Open Offer and the amendments to the bank facilities, is expected to be posted to Shareholders shortly and will be available on the Company's website, www.ukcoal.com. Copies of the Prospectus will also be available from the registered office of UK Coal at Harworth Park, Blyth Road, Harworth, Doncaster, South Yorkshire DN11 8DB and will be available for inspection up to Admission at the offices of Freshfields Bruckhaus Deringer at 65 Fleet Street, London EC4Y 1HS.

General Meeting

For the purposes of effecting the Firm Placing and Placing and Open Offer, Resolutions will be proposed at a General Meeting, which is expected to be held at 11.00 a.m. on 9 October 2009 at Farmers & Fletchers Hall, 3 Cloth Street, London EC1A 7LD. The Firm Placing and Placing and Open Offer is conditional on such Resolutions being passed. In addition, Resolution 2 will be proposed at the General Meeting for independent Shareholders to approve the subscription by Goodweather for 15,710,970 Firm Placed Shares. Shareholders should read the full text of the Resolutions contained in the notice of General Meeting as set out in the Prospectus.

Importance of the Shareholder Vote

All the Resolutions must be passed by Shareholders at the General Meeting in order for the Capital Raising to proceed and, as stated above, the agreed modifications to the Group's banking facilities are conditional on a significant equity issue by the Group, which will be satisfied by the Capital Raising.

Certain of the Group's existing banking facilities include loan-to-value covenants which the lenders have agreed not to test (or, otherwise, not to require updated property valuations to be used as part of those tests) in anticipation of the proceeds of the Capital Raising being received. The first of these covenants is next due to be tested in October 2009 with each of the others due to be tested (or tested using revised valuations) prior to the end of December 2009. Should the Capital Raising not proceed, the Company believes that there may be a breach of the loan-to-value covenant to be tested in October 2009. In addition, certain of the Group's existing facilities include an adjusted tangible net worth covenant which will fall to be tested when the Group's report and accounts for the year ending 26 December 2009 are published. The Directors believe that, should the capital raising not proceed, the Company would fail to meet this covenant test.

Accordingly, in these circumstances, the Company would need to establish with its lenders whether there was a basis on which they would be prepared to continue to provide their support for the Group. The Directors believe that its banks are supportive of the Company, but do not know the terms on which such support would be forthcoming in such circumstances, if at all. In

the event that the Company were not able to secure appropriate revised arrangements with its lenders, it would need to consider taking immediate alternative steps, such as disposing of certain assets, most likely some of its agricultural land portfolio and/or surface mining reserves, or seeking alternative sources of financing. The Directors, however, do not have a high level of confidence that these assets would be sold or alternative sources of financing would be secured in the required timeframe and/or for sufficient amounts as would be required. Certain of these alternative steps would likely also require the consent of the Company's lender(s) or a waiver of certain facility terms, such as a waiver of compliance with the adjusted tangible net worth covenant.

Furthermore, in the event that the Capital Raising does not proceed, the Group's ongoing requirements are likely to exceed the amounts available under the existing facilities during the next 12 months. Based on current forecasts, this is most likely to occur in the second quarter of 2010, although disruption to production or sales schedules could change this date. As stated above, while the Directors believe that there is a possibility that the Group may be able to make disposals and/or secure alternative or additional funding, albeit on terms significantly less attractive than those presented by the combination of the new bank facilities and the Capital Raising, and/or that the Group's lenders would agree a further variation to covenant terms, in current market conditions the Directors cannot be confident that this will be achievable. In the event that the Group was unable to meet its covenant terms or secure alternative financing, ultimately the Group would be unable to service its repayment obligations or otherwise meet its contractual obligations under its facilities. In these circumstances, as would normally be the case with lending arrangements of this nature, the lenders would be in a position to demand repayment and the Group could potentially face the risk of insolvency and / or be unable to continue trading.

Accordingly, the Directors believe it is in the best interests of the Group for Shareholders to vote in favour of the Resolutions so that the Capital Raising proceeds.

Recommendation

The Capital Raising

The Board, which has received financial advice from Gleacher Shacklock, considers that the Capital Raising and Resolutions to be proposed at the General Meeting are in the best interests of the Company and its Shareholders as a whole. In providing advice to the Board in respect of the Capital Raising (other than in respect of the Goodweather Firm Placing), Gleacher Shacklock has relied upon the Board's commercial assessments of the Group's funding requirements.

The Goodweather Firm Placing

The Board (except Owen Michaelson, who is a Peel Representative and has taken no part in the Board's consideration of the Goodweather Firm Placing), which has been so advised by Gleacher Shacklock, an independent adviser acceptable to the Financial Services Authority, considers that the Goodweather Firm Placing is fair and reasonable as far as the Shareholders of UK Coal are concerned. In providing its advice to the Board, Gleacher Shacklock has taken account of the Board's assessments of the commercial merits of the Goodweather Firm Placing.

Accordingly, the Board recommends that Shareholders vote in favour of the Resolutions to be put to the General Meeting as each of the Directors (except Owen Michaelson in respect of Resolution 2) intends to do, or procure to be done, in respect of his own beneficial holdings, amounting in aggregate to 0.1 per cent. of the Company's existing issued share capital (and 0.1 per cent. in respect of Resolution 2 excluding Owen Michaelson's holding).

EXPECTED TIMETABLE OF EVENTS

Each of the times and dates set out below and mentioned in this announcement and the Prospectus may be adjusted by the Company, in which event details of the new times and dates will be notified to the FSA, the London Stock Exchange and, where appropriate, Qualifying Shareholders. References to a time of day are to London time.

	<u>2009</u>
Record Date for entitlements under the Open Offer.....	5.00 p.m. on 14 September
Ex-entitlement date for the Open Offer.....	8.00 a.m. on 16 September
Announcement and commencement of the Capital Raising	16 September
Despatch of Prospectus, Proxy Form and, to Qualifying Non-CREST Shareholders only, the Application Forms.....	16 September
Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to stock accounts of Qualifying CREST Shareholders in CREST	8.00 a.m. on 17 September
Recommended last time and date for withdrawing Open Offer Entitlements and Excess CREST Open Offer Entitlements from CREST.....	4.30 p.m. on 2 October
Latest time and date for depositing Open Offer Entitlements and Excess CREST Open Offer Entitlements into CREST	3.00 p.m. on 5 October
Latest time and date for splitting Application Forms (to satisfy <i>bona fide</i> market claims only)	3.00 p.m. on 6 October
Expected latest time and date for receipt of Forms of Proxy and receipt of electronic proxy appointments via the CREST system	11.00 a.m. on 7 October
Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer and settlement of relevant CREST instructions (as appropriate).....	11.00 a.m. on 8 October
Expected date of announcement of results of the Capital Raising.....	7.00 a.m. on 9 October
General Meeting of Shareholders.....	11.00 a.m. on 9 October
Expected time of announcement of results of General Meeting.....	by 4.30 p.m. on 9 October
Expected date of announcement of results of the Capital Raising through a Regulatory Information Service.....	9 October
Expected date of Admission and commencement of dealings in New Shares on the London Stock Exchange and New Shares credited to CREST stock accounts (uncertificated holders only)	8.00 a.m. on 12 October
Expected date of despatch of definitive share certificates for New Shares (to Qualifying non-CREST Shareholders only)	19 October

DEFINITIONS

“Admission”	the admission of the New Shares to the Official List becoming effective in accordance with the Listing Rules (LR 3.2.7G) and of such shares to trading on the market for listed securities of the London Stock Exchange becoming effective in accordance with the requirements contained in paragraph 2.1 of the publication “Admission and Disclosure Standards” dated November 2007, published by the London Stock Exchange and as amended from time to time containing among other things the admission requirements to be observed by companies seeking admission to trading on the London Stock Exchange’s market for listed securities;
“Application Form”	the personalised application form on which Qualifying Non-CREST Shareholders (other than Qualifying Non-CREST Shareholders with, subject to certain exceptions, a registered address in the United States or, the Excluded Territories) who are registered on the register of members of the Company may apply for Open Offer Shares under the Open Offer;
“Banks”	Evolution, Gleacher Shacklock and Numis;
“Capital Raising”	the Firm Placing and the Placing and Open Offer;
“certificated” or “in certificated form”	an Ordinary Share or other security (as appropriate) not in uncertificated form (that is, not in CREST);
“Closing Price”	the closing middle market quotation of an Ordinary Share as derived from the Daily Official List on a particular day;
“Company” or “UK Coal”	UK Coal plc, a public limited company incorporated in England and Wales under company number 02649340, registered office Harworth Park, Blyth Road, Doncaster, South Yorkshire, DN11 8DB;
“CREST”	the relevant system (as defined in the CREST Regulations) for paperless settlement of sale and purchases of securities and the holding of shares in uncertificated form in respect of which Euroclear is the Operator (as defined in the CREST Regulations);
“CREST Shareholders”	Shareholders holding Ordinary Shares in uncertificated form;
“Directors” or “Board”	the Executive Directors and Non-Executive Directors of the Company as at the date of this announcement;
“Enlarged Share Capital”	the issued ordinary share capital of UK Coal the Company as it will be immediately following the issue of the New Shares under the Capital Raising;
“EOS Facility”	the £26,000,000 term loan investment facility with Barclays Bank plc as described in Part VIII of the Prospectus;

“Euroclear”	Euroclear UK & Ireland Limited (formally known as CRESTCo Limited), the operator of CREST;
“Evolution”	Evolution Securities Limited of 100 Wood Street, London EC2V 7AN;
“Excess Application Facility”	the arrangement pursuant to which Qualifying Shareholders may apply for Open Offer Shares in excess of their Open Offer Entitlement (up to a maximum number of Open Offer Shares equal to 0.35 times the number of Ordinary Shares held in such Qualifying Shareholder’s name as at the Record Date) provided they have agreed to take up their Open Offer Entitlement in full;
“Excess CREST Open Offer Entitlement”	in respect of each Qualifying CREST Shareholder, the entitlement (in addition to his or her Open Offer Entitlement) to apply for Open Offer Shares up to 0.35 times the number of Ordinary Shares held in his or her name as at the Record Date, credited to his or her stock account in CREST, pursuant to the Excess Application Facility, which is conditional on the Open Offer Entitlement in full and which may be subject to scaling back in accordance with the provisions of the Prospectus;
“Excess Shares”	New Shares in addition to the Open Offer Entitlement for which Qualifying Shareholders may apply under the Excess Application Facility;
“ex-entitlement date”	16 September 2009;
“Existing Shares”	the Ordinary Shares in issue immediately prior to the Capital Raising;
“Financial Adviser”	Gleacher Shacklock;
“Financial Services Authority” or “FSA”	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part V of the FSMA;
“Firm Placed Shares”	the 55,556,403 New Shares which the Joint Bookrunners have made arrangements to place on a non-pre-emptive basis with the Firm Placees pursuant to the Firm Placing;
“Firm Placees”	investors with whom Firm Placed Shares are placed;
“Firm Placing”	the conditional placing of the Firm Placed Shares with the Firm Placees;
“FSMA”	the Financial Services and Markets Act 2000, as amended;
“General Meeting”	the general meeting of the Company to be held at 11.00am on 9 October 2009, notice of which is set out in the Prospectus to be sent out to Shareholders;
“Gleacher Shacklock”	Gleacher Shacklock LLP of Cleveland House, 33 King Street, London SW1Y 6RJ;
“Goodweather”	Goodweather Holdings Limited of PO Box 309, Ugland House,

Grand Cayman, KY1, 1104;

“Goodweather Irrevocable”	a letter agreement between the Company, the Banks, Peel and Goodweather;
“Goodweather Transaction”	the participation of Goodweather in the Firm Placing;
“Group”	the Company and its subsidiary undertakings and, where the context requires, its associated undertakings;
“HEAL Facility”	the £47,500,000 term loan and revolving credit facilities with Lloyds and Bank of Scotland as described in part VIII of the Prospectus;
“HEWPL Facility”	the £42,000,000 term loan facility and £4,200,000 revolving loan development facility with Bank of Scotland as described in Part VIII of the Prospectus;
“IAS 19”	International Accounting Standard 19;
“Independent Shareholders”	Shareholders excluding Goodweather;
“Interim Report”	the interim report prepared by the Company for the 6 month period ended 30 June 2008 or 27 June 2009 (as applicable);
“Issue Price”	75 pence for each Open Offer Share and for each Firm Placed Share;
“Joint Bookrunners”	Evolution and Numis in their capacity as Joint Bookrunners, Underwriters and Brokers;
“Listing Rules”	the rules and regulations made by the Financial Services Authority in its capacity as the UK Listing Authority under the Financial Services Markets Act 2000, and contained in the UK Listing Authority’s publication of the same name;
“London Stock Exchange”	London Stock Exchange plc or its successor;
“LTIP”	the UK Coal long term incentive plan for executive Directors and senior executives of the Group;
“New Shares”	Ordinary Shares issued pursuant to the Capital Raising;
“Numis”	Numis Securities Limited of 10 Paternoster Square, London EC4M 7LT;
“Official List”	the official list maintained by the UK Listing Authority pursuant to Part VI of the FSMA;
“Open Offer”	the invitation by the Company to Qualifying Shareholders to apply for Open Offer Shares, including pursuant to the Excess Application Facility, on the term and conditions set out in the Prospectus and in the case of Qualifying non-CREST

	shareholders, in the Application Form;
“Open Offer Entitlement”	the entitlement of a Qualifying Shareholder to apply for 11 Open Offer Shares for every 20 Existing Shares held by him on the Record Date;
“Open Offer Shares”	the 86,489,010 New Shares being offered to Qualifying Shareholders pursuant to the Open Offer;
“Ordinary Shares” or “Shares”	ordinary shares of £0.01 each in the capital of the Company having the rights set out in the articles of association of the Company;
“Peel” or “Peel Holdings”	Peel Holdings Limited of Billown Mansion House, Malew, Ballasalla, Isle of Man, IM9 3DL;
“Peel Representative”	a person appointed to the Board as a representative of Peel, currently Owen Michaelson;
“Placees”	the persons with whom a conditional placing of New Shares (subject, where applicable, to the entitlements of Shareholders under the Open Offer) has been or will be made;
“Placing”	the conditional placing of the Open Offer Shares with institutional investors at the Issue Price subject to clawback in respect of valid applications made by Qualifying Shareholders under the Open Offer;
“Placing Agreement”	the Placing Agreement entered into on 16 September 2009 between the Company, the Sponsor and the Joint Bookrunners;
“PricewaterhouseCoopers”	PricewaterhouseCoopers LLP of Benson House, 33 Wellington Street, Leeds, LS1 4JP;
“Prospectus”	the document comprising a prospectus relating to the Company for the purpose of the Firm Placing and Placing and Open offer (together with any supplements or amendments thereto);
“Qualifying CREST Shareholders”	Qualifying Shareholders whose Existing Shares on the register of members of the Company, at 5.00 p.m. on the Record Date were in uncertificated form;
“Qualifying Non-CREST Shareholders”	Qualifying Shareholders whose Existing Shares on the register of members of the Company, at 5.00 p.m. on the Record Date were in certificated form;
“Qualifying Shareholders”	Shareholders on the register of members of the Company at 5.00 p.m. on the Record Date;
“RCF”	the £52,000,000 Lloyds, GE and Landsbanki facility as described in Part VIII of the Prospectus;
“Record Date”	5.00 p.m. on 14 September 2009;

“Registrar”	Equiniti Limited of Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA;
“Regulatory Information Service” or “RIS”	one of the regulatory information services authorised by the Financial Services Authority to receive, process and disseminate regulatory information in respect of listed companies;
Resolutions	the resolutions numbered 1 to 4 to be proposed at the General Meeting in connection with the Capital Raising, notice of which is set out in Part XII of the Prospectus;
“Securities Act”	the US Securities Act of 1933, as amended;
“Shareholders”	holders of Ordinary Shares;
“Sponsor”	Gleacher Shacklock;
“sterling” or “pence” or “£”	the lawful currency of the United Kingdom;
“stock account”	an account within a member account in CREST to which a holding of a particular share or other security in CREST is credited;
“UK” or “United Kingdom” Listing Authority”	the Financial Services Authority in its capacity as competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000;
“UK Defined Benefit Plans”	the defined benefit pension schemes of the Group;
“uncertificated” or “in uncertificated form”	in relation to a share or other security, a share or other security title to which is recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by of CREST;
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland, its territories and dependencies;
“US” or “USA” or “United States”	the United States of America, its territories and possessions and any state of the United States and the District of Columbia;