



ATH Resources plc

Interim Results



June 2005



Agenda

- Introduction David Port
- Financial review Richard Croston
- Developments Tom Allchurch
- Market conditions Tom Allchurch
- Questions David Port



Highlights

- | | |
|----------|--|
| Jan 2005 | Maiden dividend of 3.36p per share paid |
| Feb 2005 | Planning application submitted for a new 500,000t site at Laigh Glenmuir |
| Apr 2005 | Planning application submitted for a further 350,000t extension to the Skares Road site |
| May 2005 | Conditionally completed the acquisition of two new opencast coal sites with some 4.1m tonnes of reserves |
| Jun 2005 | 1:3 fully underwritten open offer used to part fund acquisition |



Financial review – 6 months to 3 April 2005

	2005	2004	Variance	
Sales (T'000)	638	558	80	14%
£/T	26.82	24.11	2.71	11%
	£'m	£'m		
Turnover	17.1	13.5	3.6	27%
Operating costs	(13.5)	(12.1)	(1.4)	(12)%
Gross profit	3.6	1.4	2.2	157%
Admin costs	(1.8)	(1.4)	(0.4)	(29)%
PBIT	1.8	0.0	1.8	
Interest	(0.3)	(0.5)	0.2	40%
PBT	1.5	(0.5)	2.0	400%
EBITDA	3.8	2.0	1.8	90%
EPS	3.39p	(4.04)p		



Financial review – balance sheet 3 April 2005

£'m	2005	2004
Tangible	15.8	16.9
Intangible	1.7	1.9
Fixed assets	17.5	18.8
Stocks	5.8	5.7
Debtors	9.0	10.3
Cash	0.0	1.0
Current assets	14.8	17.0
Short term debt	(5.1)	(12.3)
Trade creditors	(4.9)	(11.9)
Current liabilities	(10.0)	(24.2)
Net current assets	4.8	(7.2)
Long term debt	(4.2)	(2.3)
Other long term creditors	0.0	(2.6)
Restoration provisions	(6.4)	(7.2)
Net assets	11.6	(0.5)

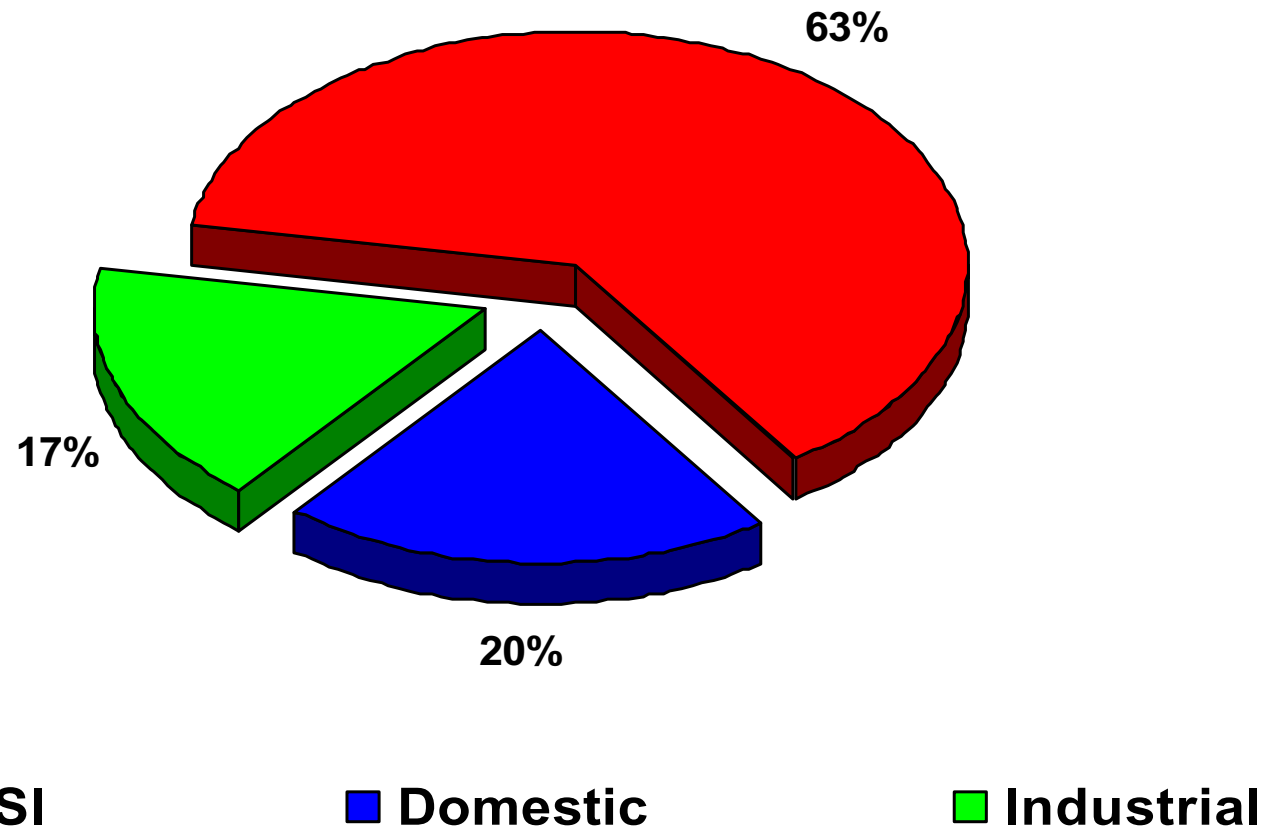


Financial review – cash flow to 3 April 2005

£'m	2005	2004
Net operating cash flow	2.2	5.5
Interest paid	(0.3)	(0.2)
Taxation paid	(0.3)	0.0
Capital expenditure	(3.3)	(7.4)
Dividends paid	(1.0)	0.0
Financing cash flows	(1.9)	3.1
Change in cash	(4.6)	1.0
Financing cash flows	1.9	(3.0)
New finance leases	(3.4)	(1.5)
New debt	0.0	(10.1)
Movement in net debt	(6.1)	(13.6)
Net debt brought forward	(3.2)	0.0
Net debt carried forward	(9.3)	(13.6)
Gearing (net debt (ex HP)/net assets)	21%	19,540%



Financial review - turnover by customer



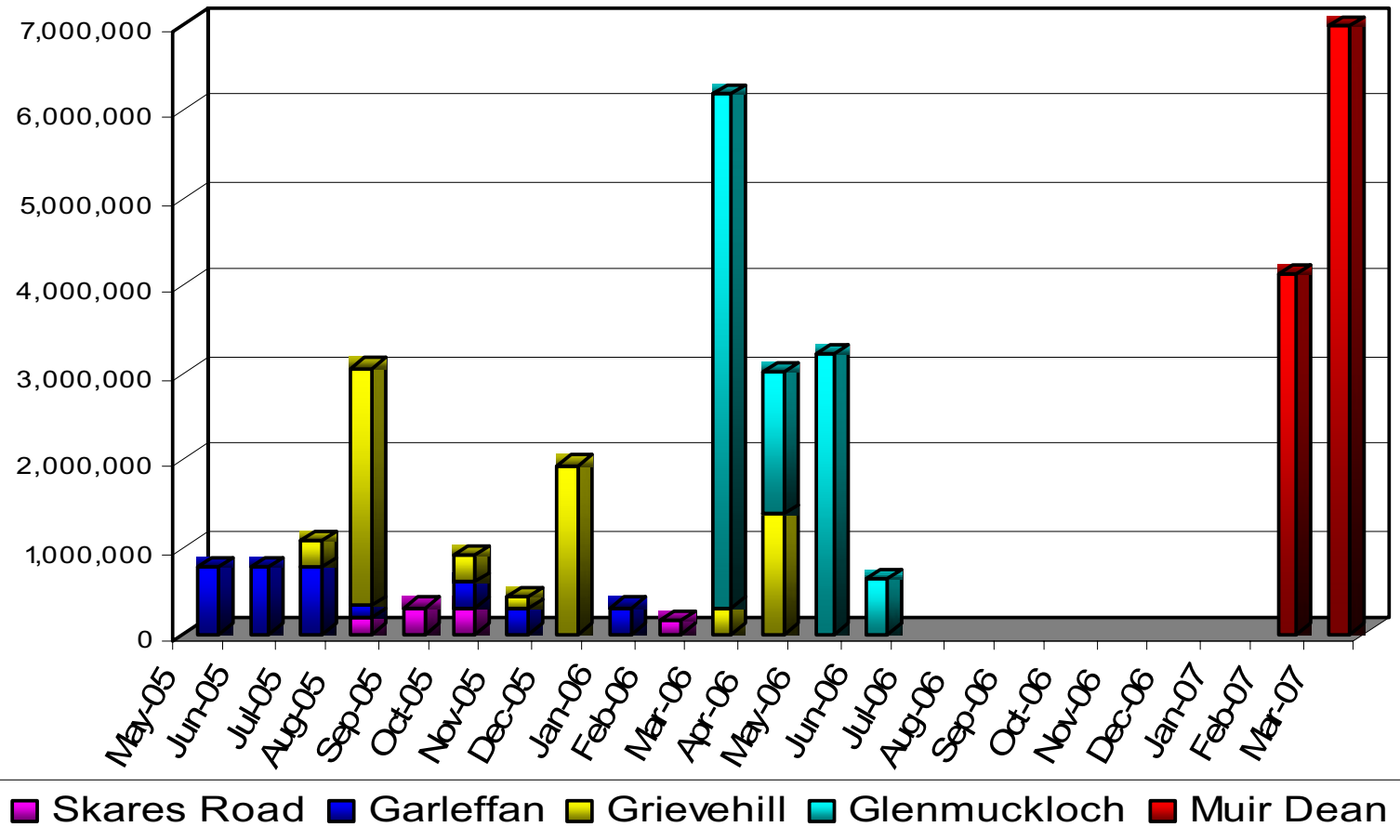


Financial review - comments

- Operations hindered by flooding in January
 - Coal exposed prior to Christmas not lifted until February
- Compounded by poor availabilities of main plant fleet
 - Main plant fleet covered by R&M agreement
 - Lack of preventative maintenance by manufacturer
 - Substantial order placed with alternative supplier
 - New plant to be maintained in-house
- Higher domestic sales prices offset by cost of gas oil
- Interim dividend of 3.36p per share proposed
 - Ex-dividend date 29 June 2005
 - Payable 22 July 2005



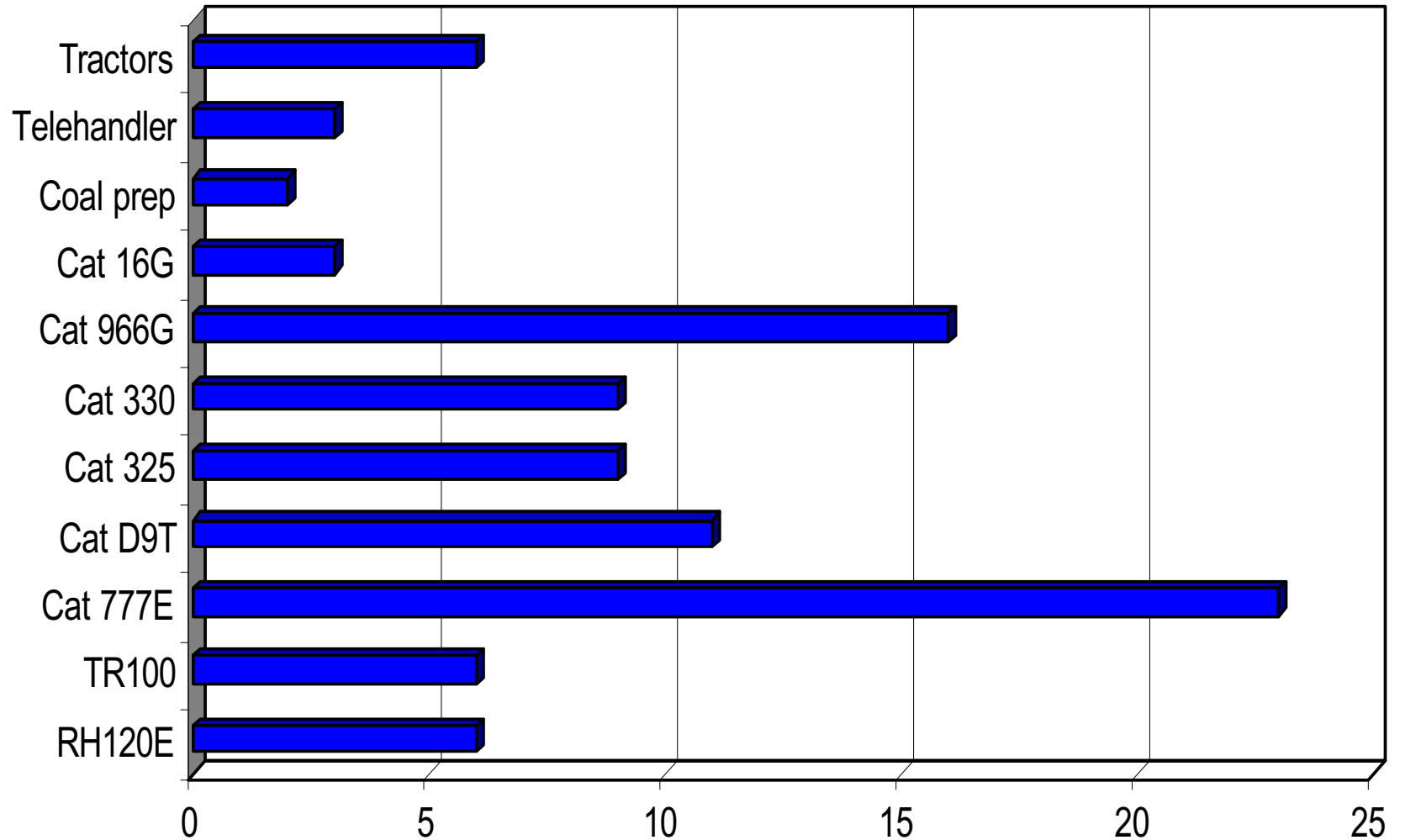
Plant Cap Ex - per month



- £34m of new plant to be acquired in order to work new reserves
- All plant financed on 5 year fixed rate HP agreements

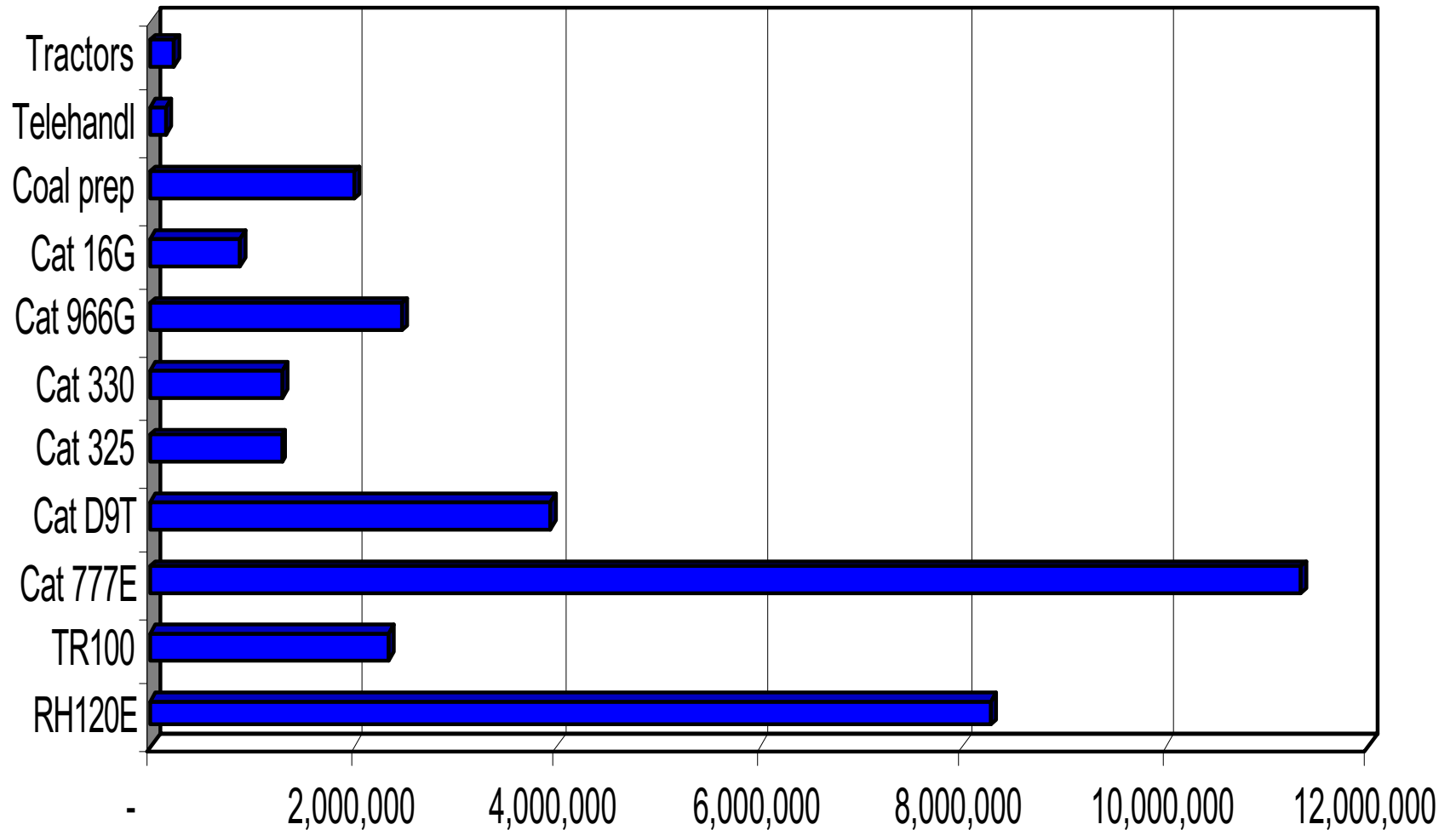


Plant Cap Ex – number of machines





Plant Cap Ex – spend by machine type





Developments – site details

- Skares Road (stp)
 - 1.6mt
 - 3 ½ year production left until October 2008
- Garleffan
 - 0.9mt
 - 1 year production left until March 2006
- Grievehill
 - 1.3mt
 - 18 month production run from Oct 2005



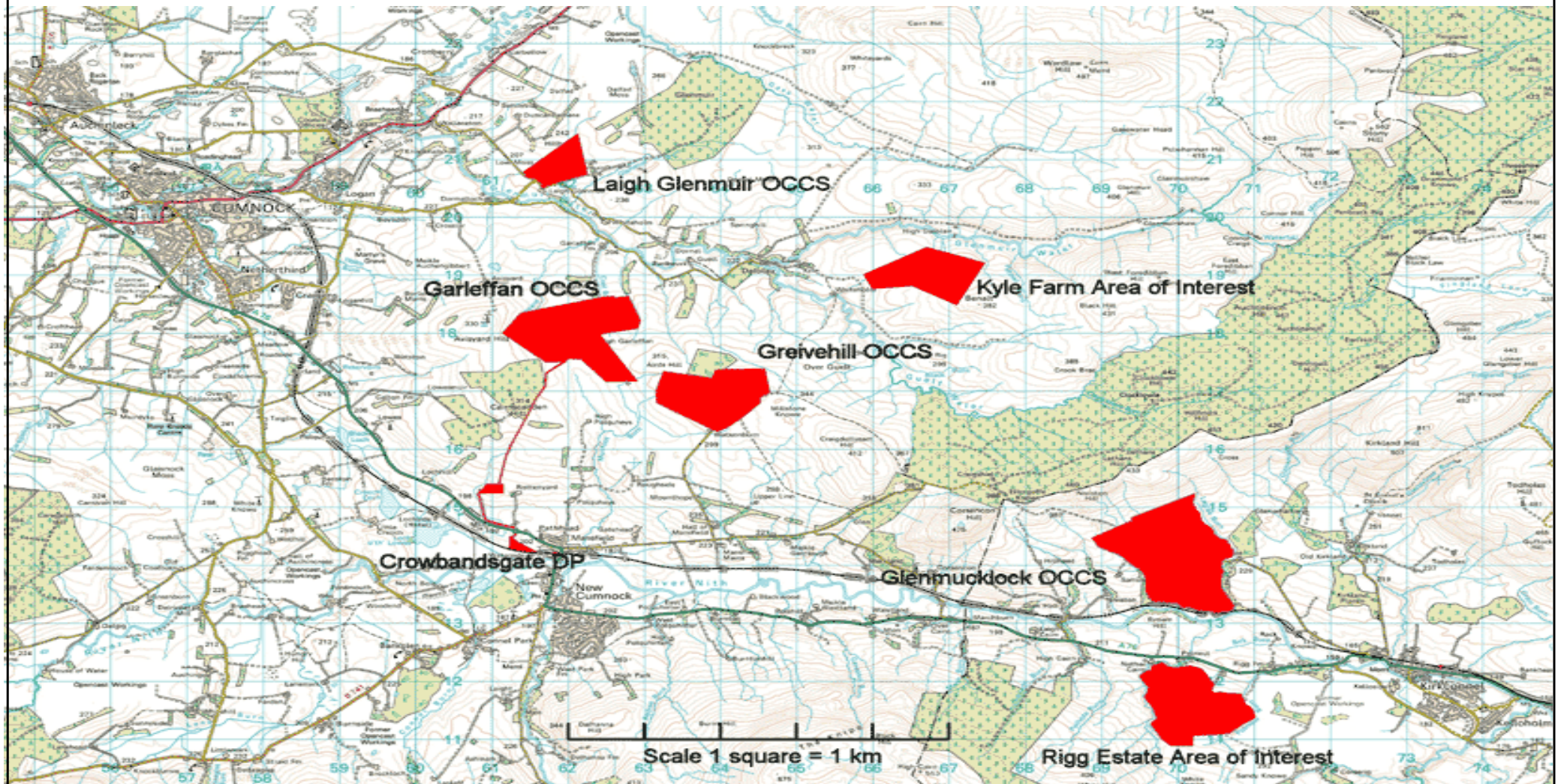
Developments – site details

- Glenmuckloch
 - 2.8mt
 - 4 ½ year production run from July 2006
- Laigh Glenmuir (stp)
 - 0.5mt
 - 2 year production run from July 2006
- Muir Dean (stp)
 - 2.0mt
 - 4 ½ year production run from July 2007



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Developments – Ayrshire site locations



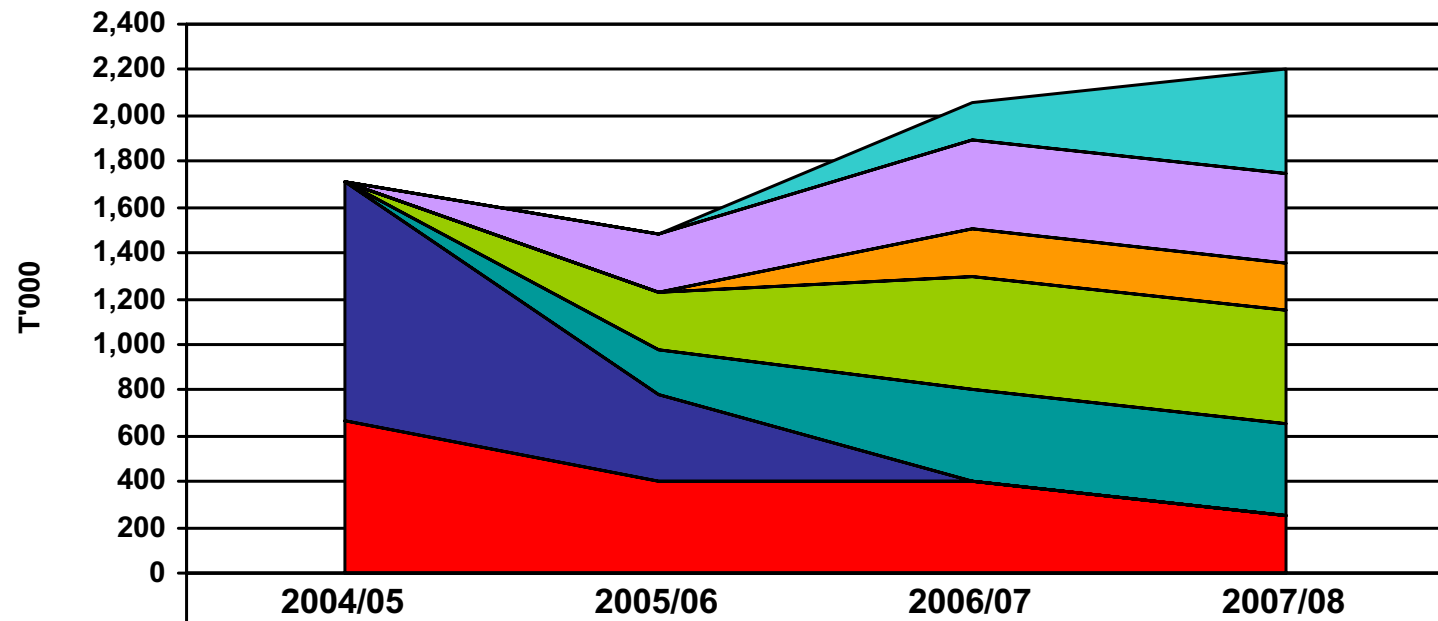


Developments – SRMMC

- Commentary:
 - Drilling completed results being reviewed
 - Some coking coal potential from the reserve
 - Environmental impact assessment to commence second half 2005
 - Application for Concession to be considered by General Council of Mines during summer 2005
- Bertholene:
 - Drilling to be undertaken during the summer/autumn 2005



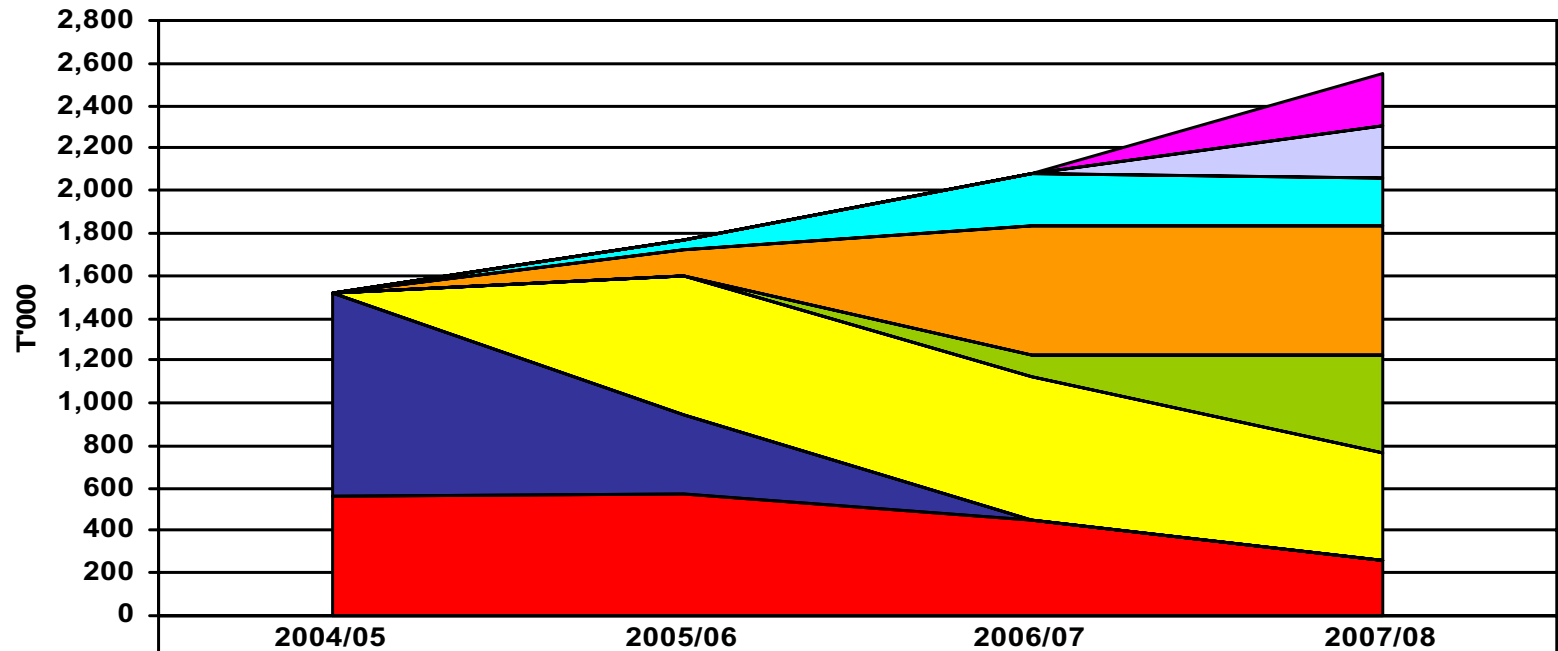
Developments - production forecasts (Sep 04)



■ SRMMC			150	450
■ Scotland Other		250	400	400
■ Rigg Estate			200	200
■ Muir Dean		250	500	500
■ Garleffan area		200	400	400
■ Garleffan	1,047	377		
■ Skares Rd	666	400	400	250



Developments - production forecasts (Current)



■ Kyle Farm								250
■ SRMMC								250
■ Laigh Glenmuir		50			250			220
■ Glenmuckloch		125			606			615
■ Muir Dean				102				462
■ Grievehill		644			666			500
■ Garleffan	960	380						
■ Skares Rd	560	570			455			260



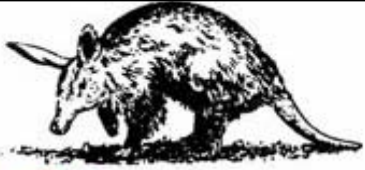
Market - background

- International prices holding around \$64-\$71/t (API 2 index) to end 2007
- US\$ significant against £ and others
- Logistical problems for importing coals
 - Supply side capacity
 - Shipping
 - UK port capacity
- Declining UK coal production
 - Deep mine closures
 - English open cast planning restrictions
- 33% of UK electricity was generated from coal in 2004
- Strong market conditions for UK produced coal



Market - ESI contract cover

- Supply agreements with 4 generators
 - E.On UK (formerly Powergen)
 - Drax Power
 - EDF Energy
 - British Energy
- Negotiating new ESI contracts with 3 customers
- Cover for 3.75Mt to 2008
- Achieved 26% uplift on one contract renewal relating to new coal sales from Grievehill and Glenmuckloch



Summary – achievements to date

- Strengthened the development team
- Increased the reserve base
 - Organic development
 - Acquisition of Grievehill & Glenmuckloch
- Renegotiated ESI contract
- Successful Open Offer raised £16m after costs



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Questions?

