



ATH Resources plc

Interim Results



June 2006



Agenda

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



Highlights

- Oct 2005 Planning application submitted for a new 2mt site at Muir Dean
- Jan 2006 Planning permission granted for Laigh Glenmuir
- Jan 2006 Three new appointments made to the development team
- Apr 2006 Two new sales contracts signed
- May 2006 370,000t extended reserves applied for at Grievehill
- May 2006 £9.5m acquisition of A Ogden & Sons



Financial highlights

Turnover	£23.1m	(2005: £17.1m)	– up 35%
EBITDA	£8.1m	(2005: £3.8m)	– up 113%
PBT	£2.1m	(2005: £1.5m)	– up 40%
EPS	3.70p	(2005: 3.39p)	– up 9%
Dividend	3.36p	(2005: 3.36p)	
Cover	110%	(2005: 101%)	– up 9%



Financial review – profit & loss 6 months to 2 April 2006

	2006	2005
Sales (T'000)	790	638
£/T	29.24	26.82
	£'m	£'m
Turnover	23.1	17.1
Operating costs	<u>(18.6)</u>	<u>(13.5)</u>
Gross profit	4.5	3.6
Admin costs	<u>(2.1)</u>	<u>(1.8)</u>
PBIT	2.5	1.8
Interest	<u>(0.4)</u>	<u>(0.3)</u>
PBT	2.1	1.5
EBITDA	8.1	3.8
EPS	3.70p	3.39p



Financial review – balance sheet 2 April 2006

£'m	2006	2005
Tangible	47.9	15.8
Intangible	1.5	1.7
Fixed assets	49.4	17.5
Stocks	8.5	5.8
Debtors	9.0	9.0
Current assets	17.5	14.8
Short term debt	(8.5)	(5.1)
Trade creditors	(8.3)	(4.9)
Current liabilities	(16.8)	(10.0)
Net current assets	0.7	4.8
Long term debt	(12.9)	(4.2)
Restoration provisions	(9.7)	(6.4)
Net assets	27.6	11.6



Financial review – cash flow six months to 2 April 2006

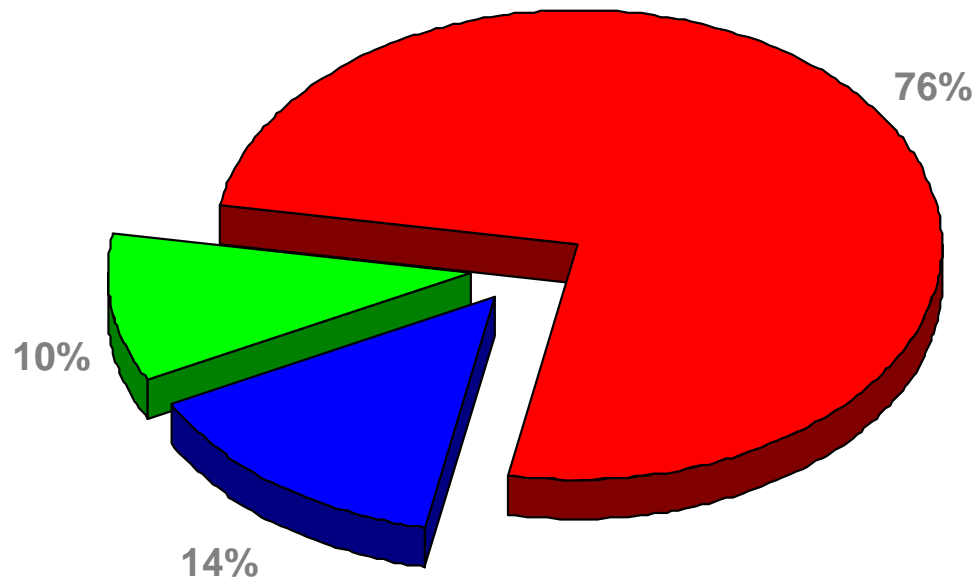
£'m	2006	2005
Net operating cash flow	5.3	2.2
Interest paid	(0.4)	(0.3)
Taxation paid	(0.0)	(0.3)
Capital expenditure	(0.6)	(3.3)
Dividends paid	(3.0)	(1.0)
Cash flow before financing	1.3	(2.7)
Financing cash flows	(2.5)	(1.9)
Change in cash	(1.2)	(4.6)
Financing cash flows	2.5	1.9
New finance leases	(8.4)	(3.4)
Movement in net debt	(7.1)	(6.1)
Net debt brought forward	(14.3)	(3.2)
Net debt carried forward	(21.4)	(9.3)
Gearing (net debt (ex HP)/net assets)	13%	21%



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Financial review - turnover by customer type



■ ESI

■ Domestic

■ Industrial



Financial review - comments

- Operations performing well
- New plant being delivered to schedule
- No problems with tyre availabilities due to tyre wear management regime
- Rising fuel costs mitigated by focus on fuel efficiencies
- Rail disruption no long term impact
- Interim dividend of 3.36p per share proposed
 - Ex-dividend date 28 June 2006
 - Payable 21 July 2006



Financial review – Ogdens

- Coal tip washing
- One current site – Grimethorpe
- Supplies EDF 7,000tpw
- Deal – £9.5m (£1m deferred)
- Funding via RBS:
 - £5.5m 2 year term loan
 - £2m increase to overdraft
- Advantages:
 - Diversification but still coal
 - Adds to earnings without dilution
 - Opens up relationships in Yorks/Notts/Derby



Developments – site details

- Skares Road
 - 1.0mt
 - 3 year production left until March 2009
- Garleffan
 - Mining finished in June, some washing to complete
- Grievehill (stp)
 - 1.2mt
 - 18 month production left until Sep 2007 with current extension



Developments – site details

- Glenmuckloch
 - 3.3mt
 - 4 ½ year production run from July 2006
 - Coal to be conveyed to Garleffan for rail loading
- Laigh Glenmuir
 - 0.5mt
 - 2 year production run from July 2006
 - Slight delay to commencement
- Muir Dean (stp)
 - 2.2mt
 - 4 ½ year production run from July 2007

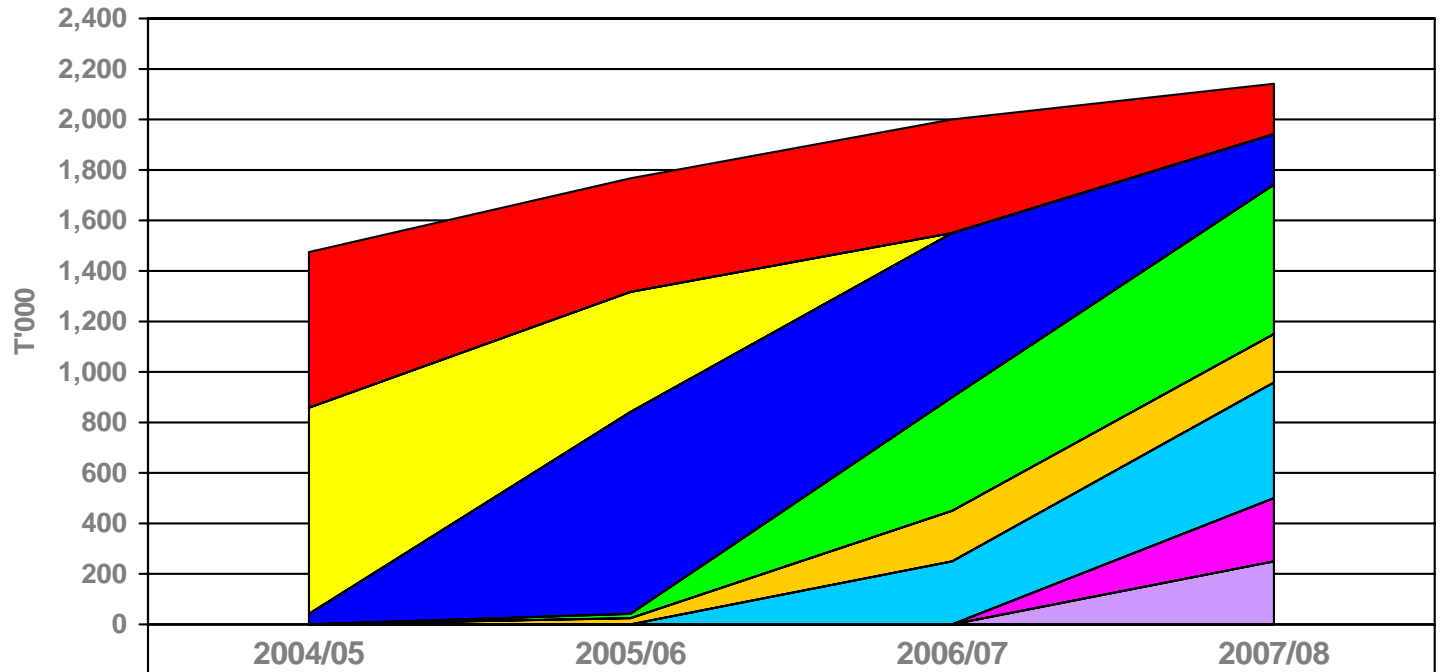


Developments – other

- Extensions identified for Glenmuckloch & Grievehill
- A new 1 million tonne site under development
- Commentary:
 - Determination of mining concession with General Council of Mines
- Bertholene:
 - Drilling delayed due to local issues
 - Progressing access rights with Prefecture



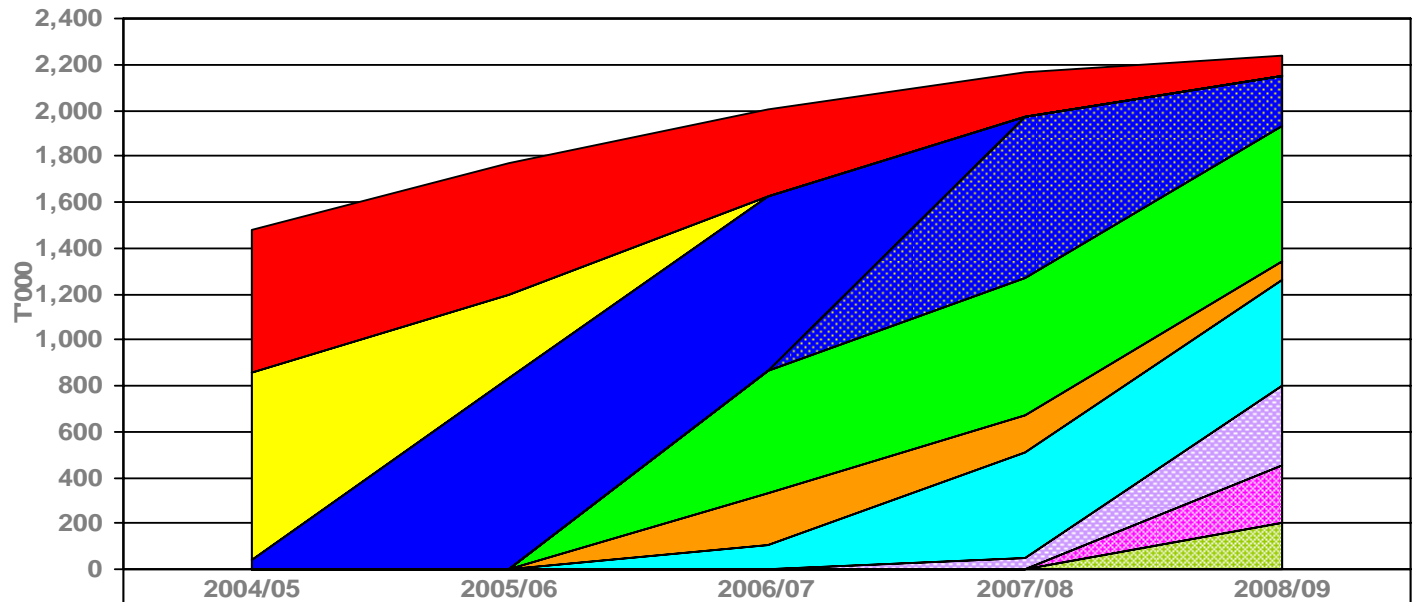
Developments - production forecasts (Sep 05)



	2004/05	2005/06	2006/07	2007/08
■ Skares Road	618	450	450	200
■ Garleffan	820	480		
■ Grievehill	38	800	650	200
■ Glenmuckloch		15	450	590
■ Laigh Glenmuir		25	200	190
■ Muir Dean			250	460
■ SRMMC				250
■ Kyle Farm				250



Development - production forecasts (current)



	2004/05	2005/06	2006/07	2007/08	2008/09
■ Skares Rd	618	570	380	195	90
■ Garleffan	820	370			
■ Grievehill	38	830	765		
■ Grievehill ext'n				700	218
■ Glenmuckloch			527	595	584
■ Laigh Glenmuir			232	162	82
■ Muir Dean			102	462	462
■ Kyle Farm				50	350
■ SRMMC					250
■ Rigg Est					200



Development - reserves and resources

Exploration Results



Increasing level of geological knowledge and confidence



RESOURCES

RESERVES

Inferred

Indicated

Probable

Measured

Proved



Consideration of mining, economic, marketing, legal, environmental, social and governmental factors



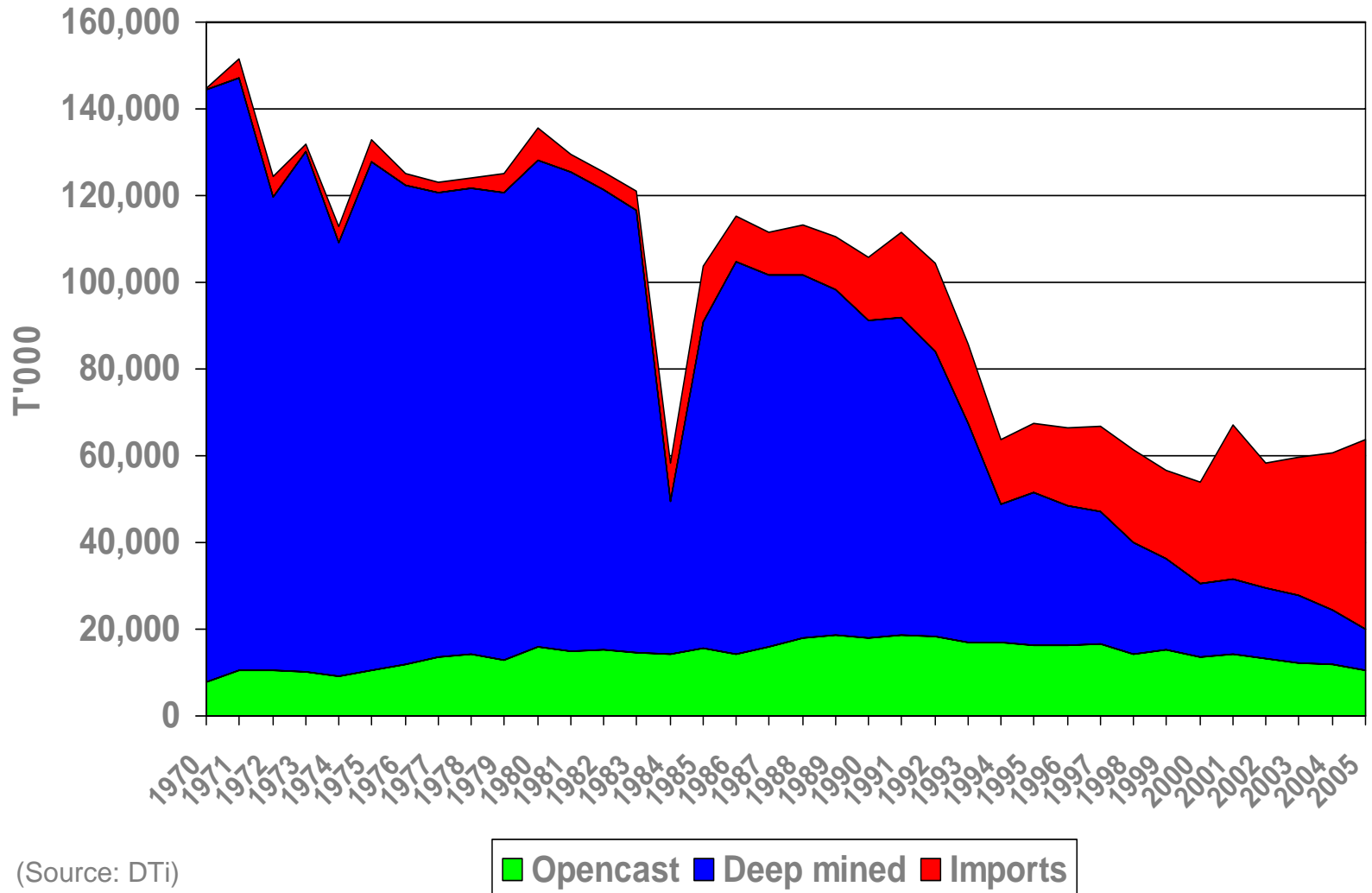


Development – reserves and resources

T'000	2005/06	2006/07	2007/08	2008/09	Total
Proved	1,770	1,232	790	674	6,100
Probable		774	624	544	3,215
Reserves	1,770	2,006	1,414	1,218	9,315
Measured			700	218	918
Indicated			50	800	4,100
Inferred					4,000
Resources			750	1,018	9,018
Total	1,770	2,006	2,164	2,236	18,333
YTD	(790)				(790)
Remaining	980	2,006	2,164	2,236	17,543



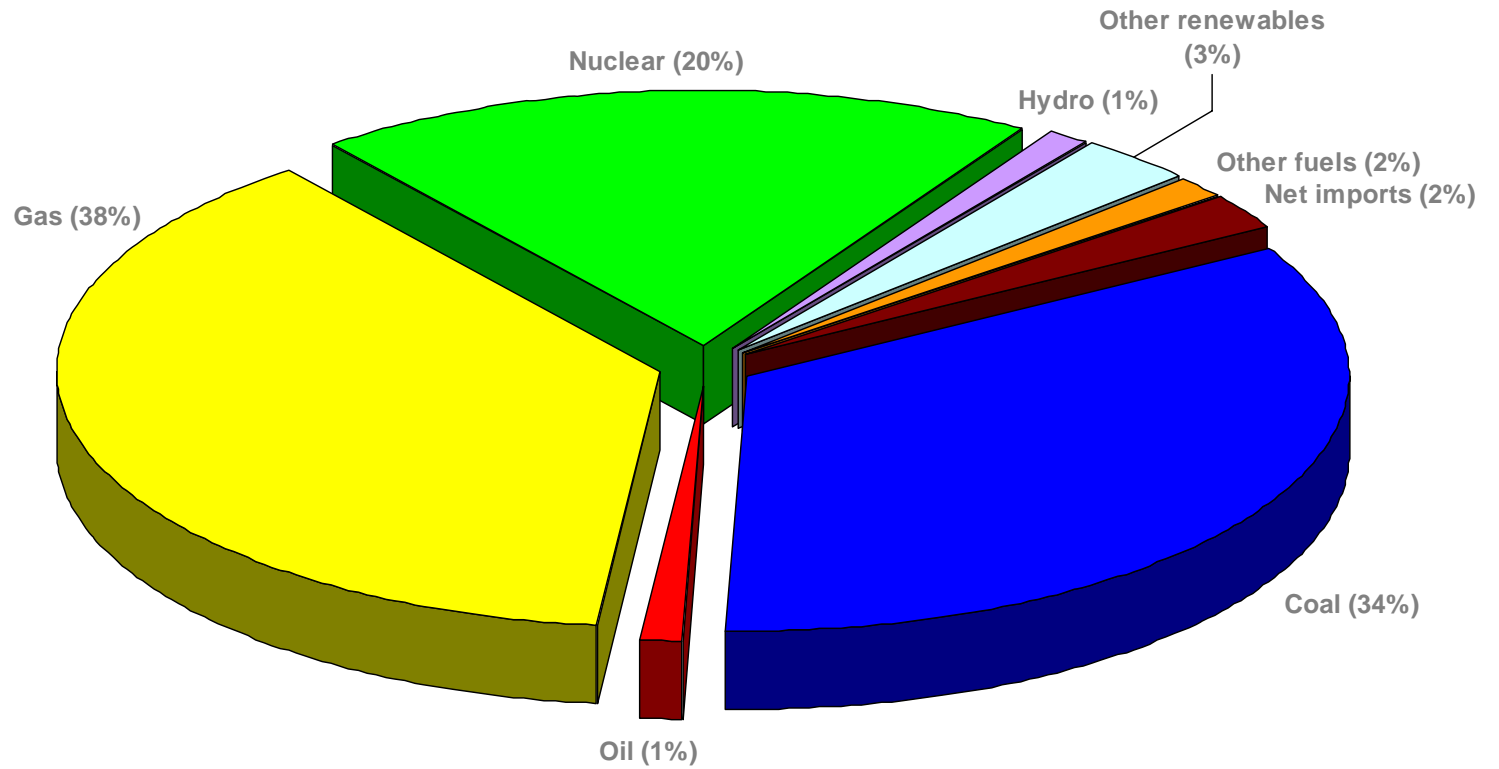
Market – UK coal “production”



(Source: DTi)



Market – ESI generation 2005



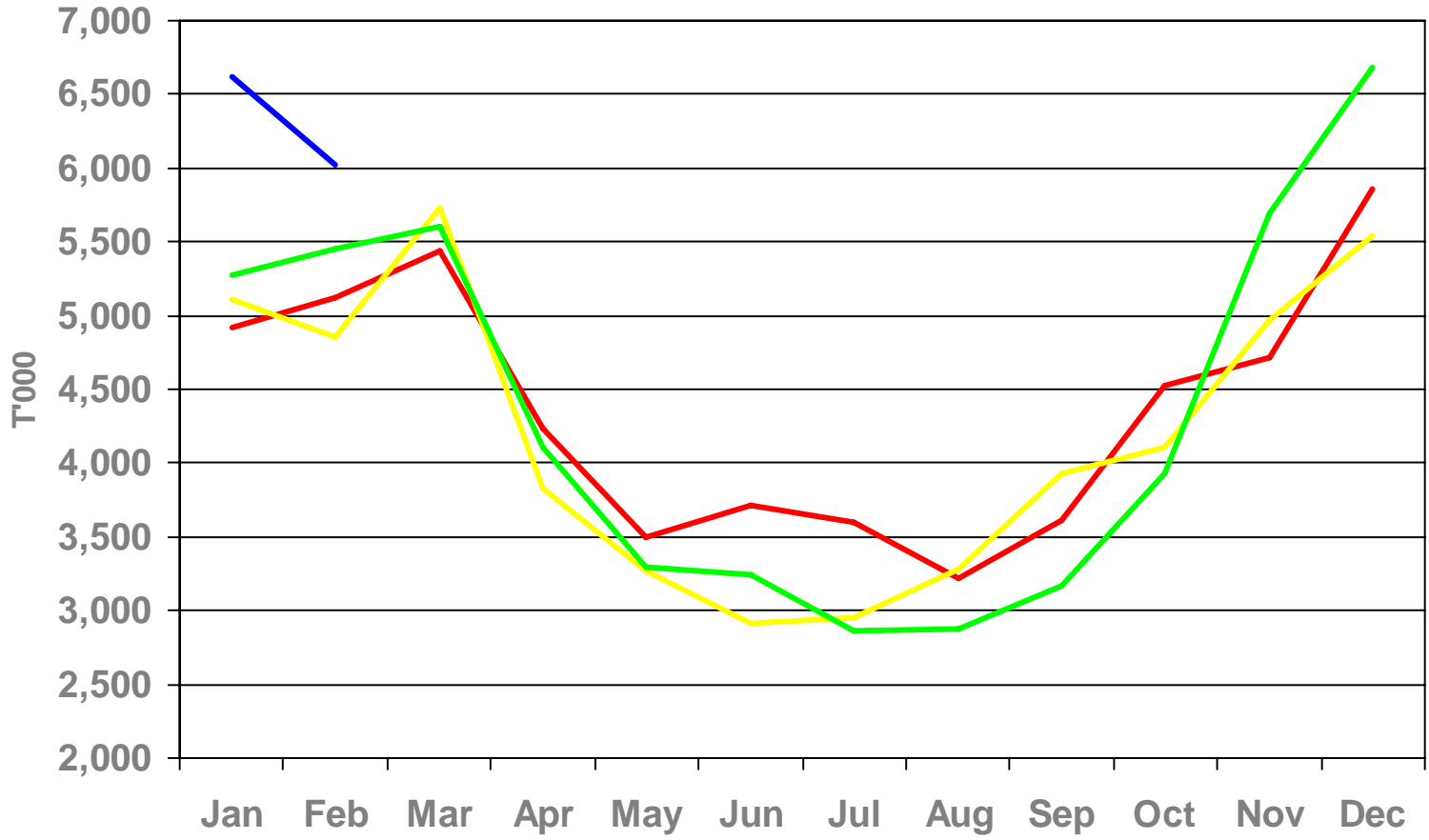
(Source: DTi)



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Market – UK coal burn



(Source: DTi)





Market – background

- International prices holding at approximately \$63-\$69/t (API 2 index) to end 2008
- £ significant against US\$
- Logistical difficulties for all with rail capacity and port capacity problems
- 34% of UK electricity was generated from coal in 2005, could be more in 2006 and 2007
- Strong market conditions for UK produced coal



Market - ESI contract cover

- Supply agreements with 4 generators
 - E.On UK
 - Drax Power
 - EDF Energy
 - British Energy
- Cover for 5.5mt to 2010
- Achieving increasing ESI average contract prices year on year



Summary – achievements to date

- Further strengthened the development team
- Planning applications made for 2.4mt
- New ESI contracts signed
- Ogden acquisition further strengthens and diversifies the group



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Questions?

