



ATH Resources plc
Preliminary Results

December 2007





Highlights

- Significant growth in turnover (+30%), PBT (+10%) and EPS (+11%) underpin strong financial performance
- Proven and Probable Reserves increase by 9% to 8.6 million tonnes
- Positive result in Muir Dean planning appeal post year end
- Important market opportunities identified for ATH Regeneration in UK and Australia
- Annual dividend increased by 3% to 11.6 pence



Business Update

Tom Allchurch
Chief Executive

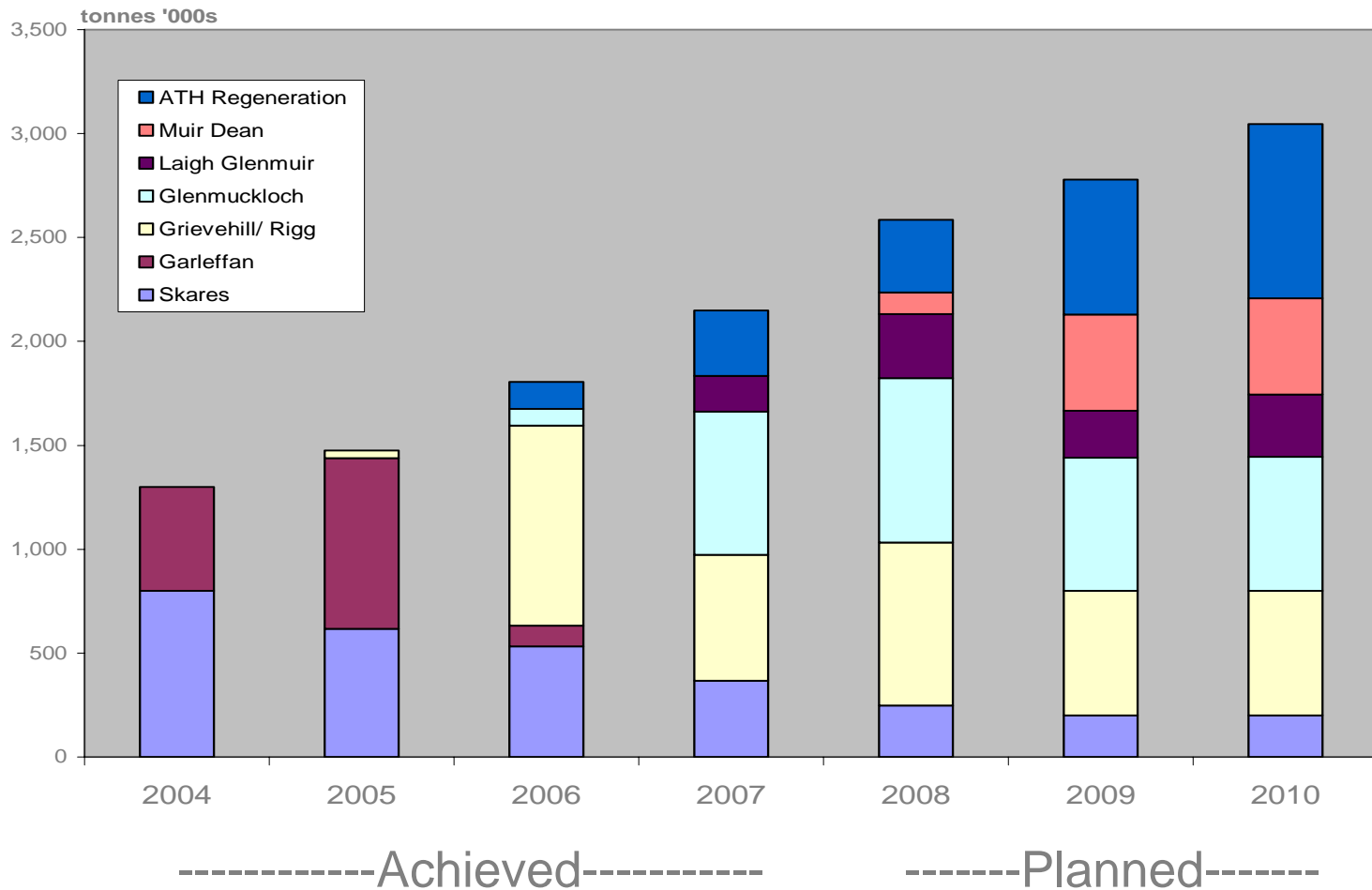


Business Update - Highlights

- 21% increase in volume of coal sold to 2.2m tonnes
- 7% increase in selling price to £32/ tonne
- Record production with five sites in operation with opening of mines at Glenmuckloch and Laigh Glenmuir
- Significant progress in extending the reserve base and developing market opportunities for ATH Regeneration

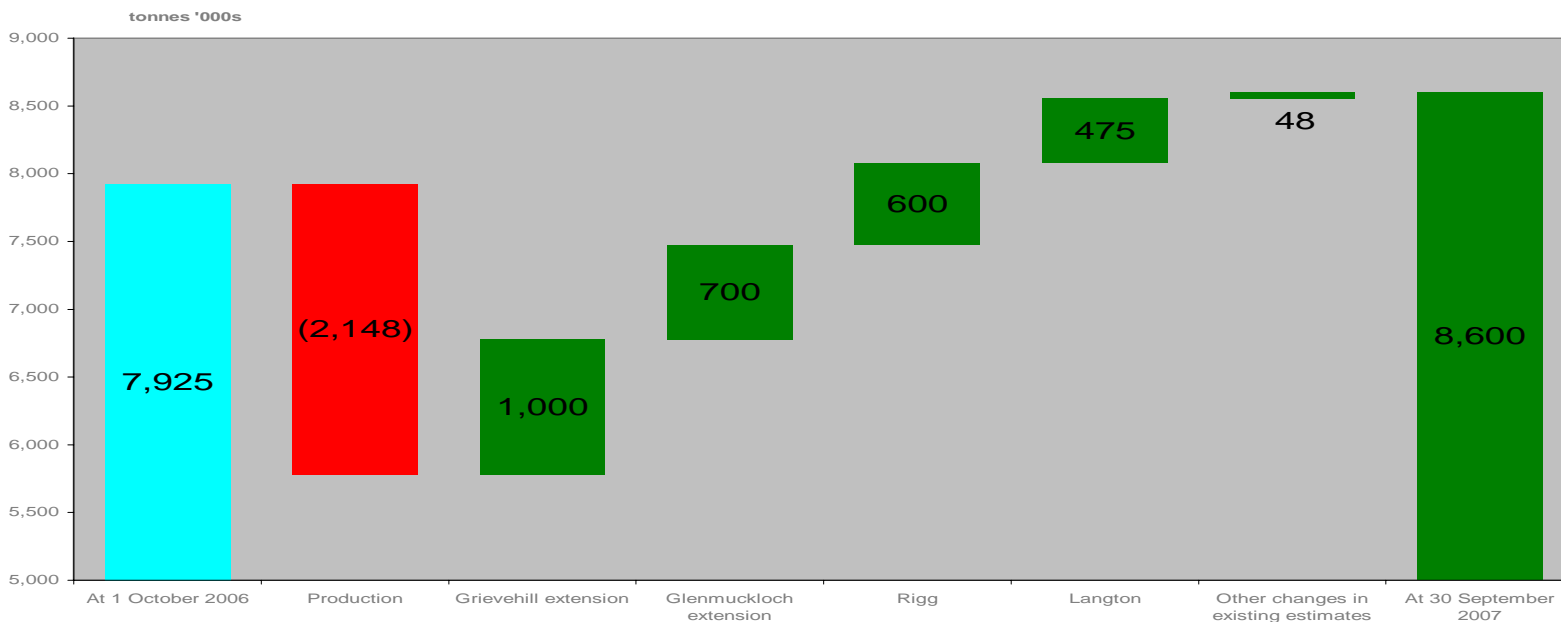


Business update – Achieved and planned production





Business update – Movement in reserves*



- Proven and Probable Reserves increased 9% to 8.6 million tonnes
 - Surface Mining up 7% to 7.9 million tonnes
 - Regeneration up 40% to 700,000 tonnes
- 5.1 million tonnes in planning process at 30 September 2007

*For further information on reserves please refer to the attached appendices



Business Update – Development

- Extensions/ projects within the planning system
 - Grievehill (1 million tonnes)
 - Glenmuckloch (700,000 tonnes)
 - Rigg (600,000 tonnes)
 - Langton (475,000 tonnes)
- Grievehill consent necessary to hit 2007/8 production plan
 - Local planning approval received November 2007
 - Scottish Executive Planning Department ratification expected by February 2008
- Muir Dean (2.2 million tonnes) success at appeal
 - Mobile plant deliveries commencing March 2008



Business Update – Development

- Further extensions identified
 - Skares (0.7 to 2.5 million tonnes)
 - Laigh Glenmuir (1.5 million tonnes)
 - Rigg (700,000 tonnes)
- Additions to Proven and Probable Reserves and Regeneration order book
 - Targeted at 4 million tonnes for 2007/8



Business update – ATH Regeneration UK

- Full year contribution operating ahead of expectations
- Margins maintained despite recent adverse weather
- Excellent plant reliability
- Strengthening of management team underway

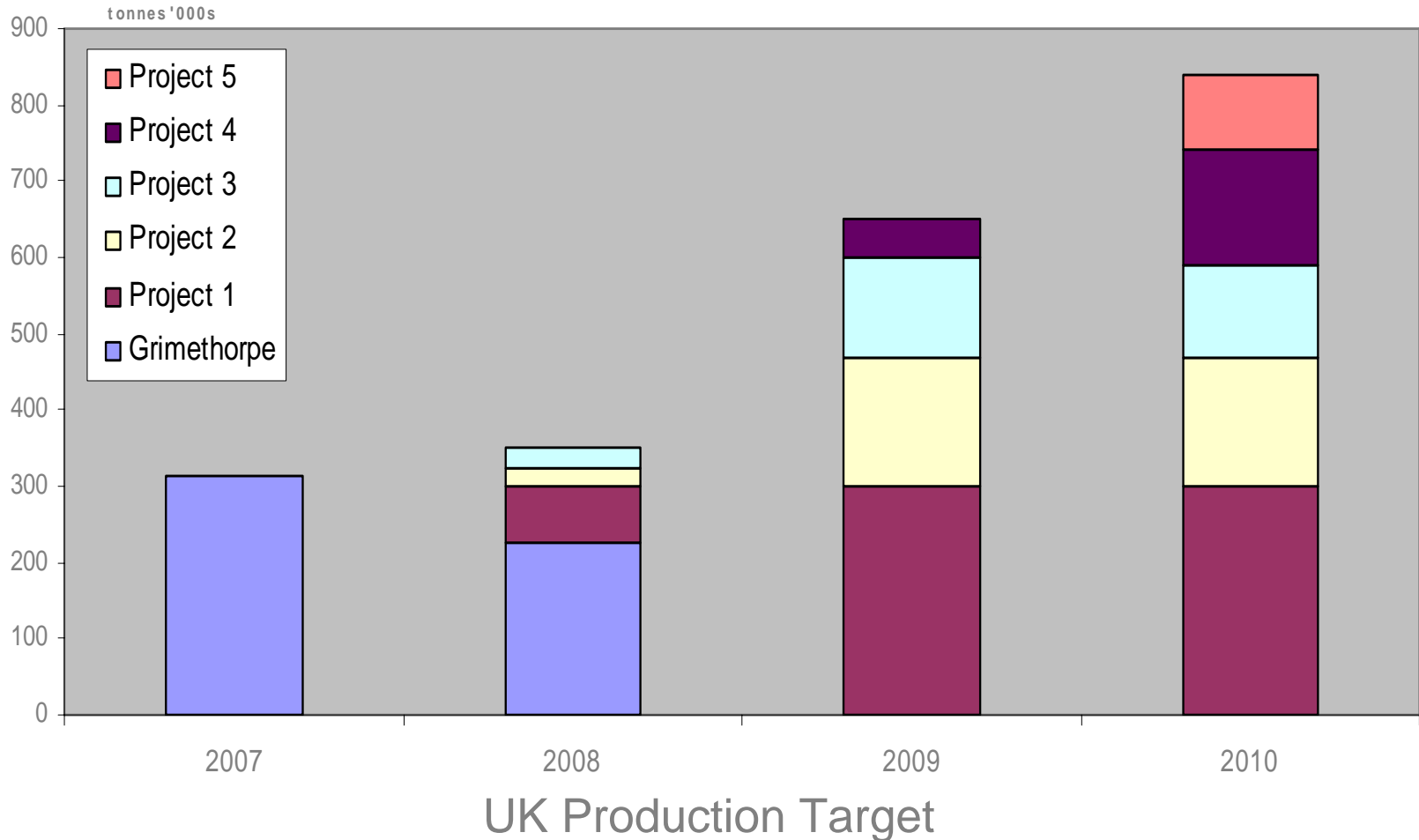


Business update – ATH Regeneration UK

- 10 sites under active development
- 5 projects planned to commence within two years
 - 2 projects with planning consent under commercial negotiation with clients
 - Further 2 sites in planning process
 - Investment planned from 2nd quarter of 2007/8
- New projects to replace Grimethorpe which is due to enter restoration in mid 2008



Business update – ATH Regeneration UK production



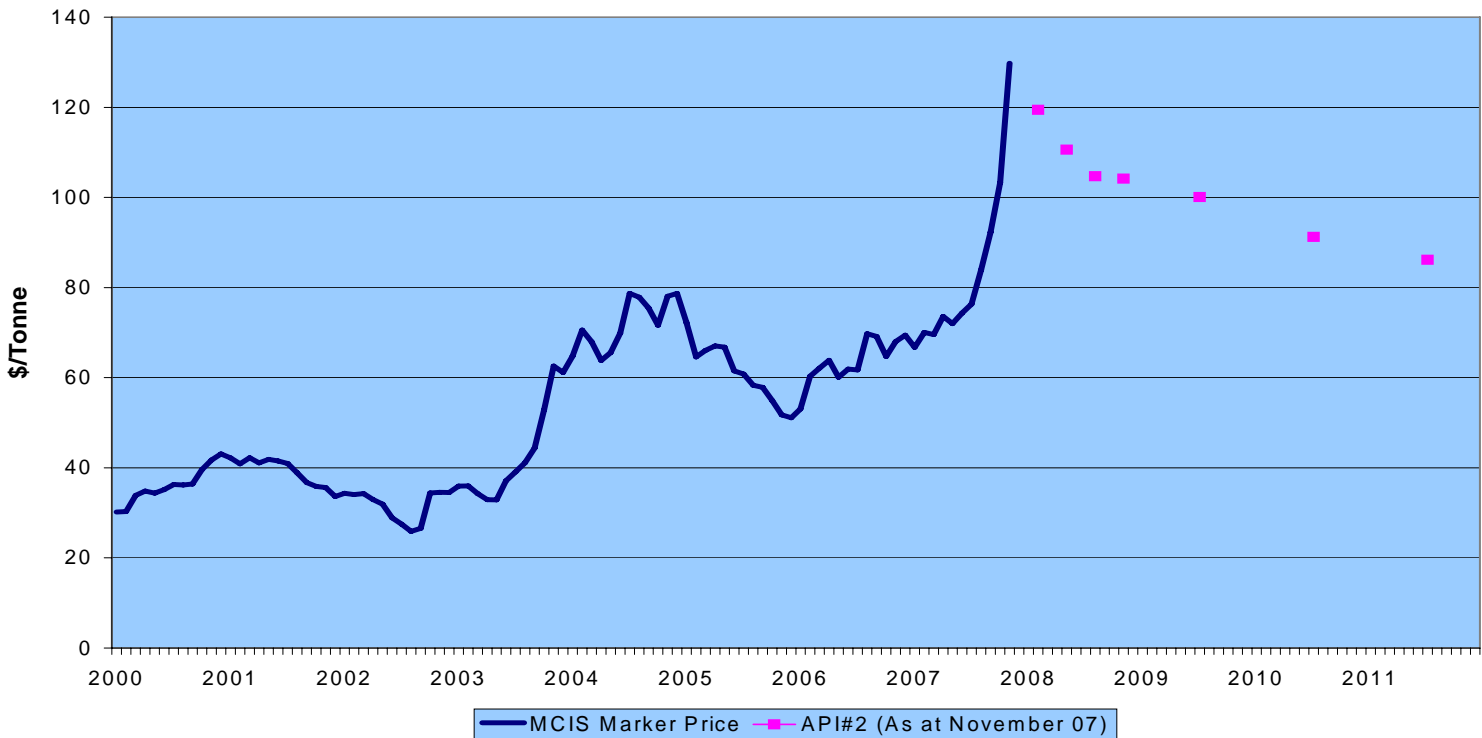


Business update – ATH Regeneration Australia

- Potential for projects at operational mines and restoration of tips at exhausted mines
- Large market with a number of attractive attributes
 - Culture and language
 - Mine and tip sizes
 - Mining processes resulting in enhanced coal content
 - Use of existing infrastructure at operational mines
- Unique technology means limited competition
- Initial tender process underway for first project
 - Tip size and coal content considerably larger than Grimethorpe



Business update – Coal market



- Logistics issues pushing market prices up over next 2 to 3 years
- World wide demand growing and set to continue
- Market indicators suggest backwardation but fundamentals stable



Finance update

Steven Beaumont
Group Finance Director



Financial update - Highlights

- Turnover increased by 30% to £70.5m
 - Supported by both volumes and unit price increases
- Gross margin increased by 3% to 28%
 - Full year contribution from ATH Regeneration
- EPS rose by 11% to 13.1p
 - Reflects strong underlying growth
- First time adoption of FRS 20 'Share based payment'
- Debt refinanced November 2007 in preparation for UK growth



Financial update – Key Performance Indicators

	2007	2006 Restated	
Sales volume(t'000)	2,184	1,805	+21%
£/t	32	30	+7%
EPS (p)	13.1	11.8	+11%
EBITDA* (£'m)	25.1	19.2	+31%
Dividend cover	1.16	1.08	
Gearing**	50%	51%	

* Before FRS 20 charges

** Net debt/ Shareholders funds plus net debt

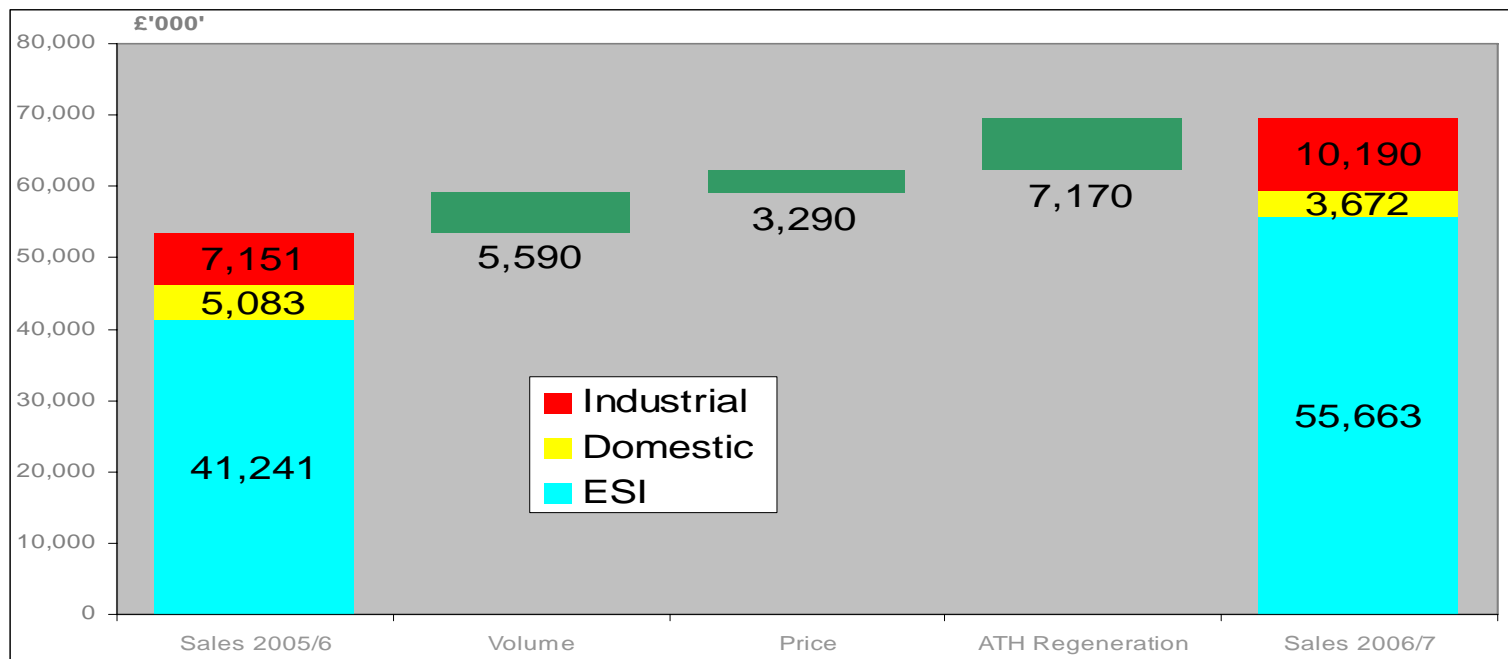


Financial update - Profit and loss

	2007	2006	
£'m		Restated	
Turnover	70.5	54.1	+30%
Cost of sales	(50.9)	(40.5)	
Gross profit	19.6	13.6	+44%
Other costs (net of income)	(9.4)	(5.5)	
PBIT	10.2	8.1	+27%
Interest	(2.4)	(1.0)	
PBT	7.8	7.1	+10%



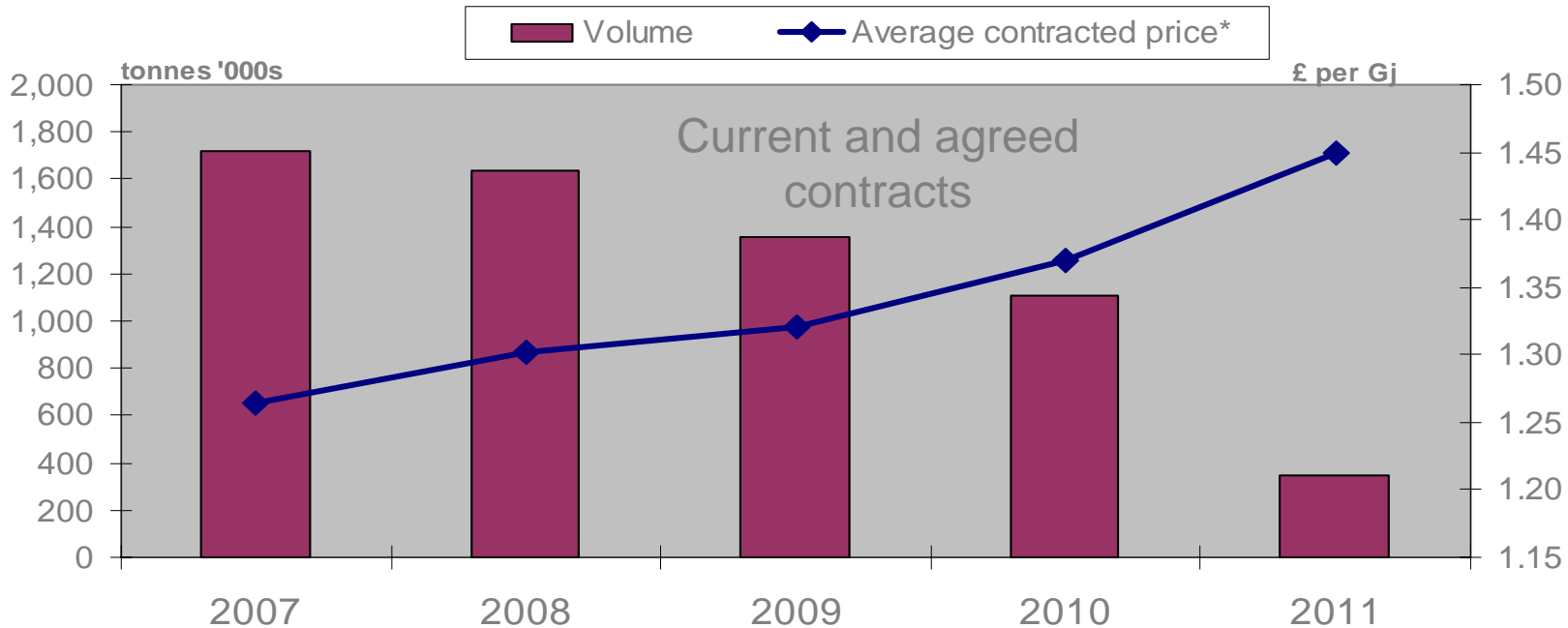
Financial update – Coal Sales



- Long term fixed price contracts with electricity generators out to 2011
- 75%+ of 2007/8 ESI forecast production contracted



Financial update – Contract ESI prices



- Two new contracts entered into to remove lowest priced ESI contracts
- New 3 year contract agreed, 1.3 million tonnes with major generator
 - 2009/10 price 15% higher than current expiring contract

* Equivalent ex site price



Financial update - Balance sheet

£'m	2007	2006
		Restated
Fixed assets	70.7	72.3
Current assets	19.1	15.6
Short term debt	(18.3)	(14.8)
Other creditors	(10.9)	(13.8)
Current liabilities	(29.2)	(28.6)
Net current liabilities	(10.1)	(13.0)
Total assets less current liabilities	60.6	59.3
Long term debt	(13.5)	(16.6)
Provisions	(15.7)	(12.7)
Net assets	31.4	30.0



Financial update – Refinancing November 2007

- Preparation for investment in Regeneration UK and Muir Dean
- 3 year term loan of £15m with additional working capital facility with RBS
- Replaces short term and expiring long term debt
- Additional funding agreed in principle for new projects



Financial update - Balance sheet- post refinancing

£'m	30 September 2007	
	Proforma	Actual
Fixed assets	70.7	70.7
Current assets	23.0	19.1
Short term debt	(10.5)	(18.3)
Other creditors	(10.9)	(10.9)
Current liabilities	(21.4)	(29.2)
Net current assets/ (liabilities)	1.6	(10.1)
Total assets less current liabilities	72.3	60.6
Long term debt	(25.2)	(13.5)
Provisions	(15.7)	(15.7)
Net assets	31.4	31.4



Financial update - Cash flow

£'m	2007	2006
Net operating cash flows	23.6	17.6
Interest and dividends	(6.6)	(5.3)
Acquisitions	(1.0)	(3.6)
Capital expenditure*	(11.0)	(25.2)
Taxation- acquired liability	(3.9)	-
- ongoing liability	(1.3)	(0.6)
Movement in net debt	(0.2)	(17.1)
Net debt brought forward	(31.4)	(14.3)
Net debt	(31.6)	(31.4)

* Includes assets financed under HP 2007- £4.3m (2006 £17.7m)



Financial update – 2007/8

- Original Grievehill mine completed in November 2007
- Preparations in place to start new sites
 - Grievehill extension February/ March 2008
 - Muir Dean June 2008
- New Regeneration sites to commence third quarter as Grimethorpe enters restoration phase
- Fuel prices: hedging strategy in place
- Mobile plant delivery schedules from second quarter
 - 3 prime movers, 11 trucks, 4 dozers



Summary

- Record profitability with PBIT up 27% to £10.3 million
- Production at its highest level - 10 millionth tonne of coal sold
- Important planning permissions granted for mining operations
- ATH Regeneration projects being actively pursued in UK and Australia



Questions



Appendix - Adoption of FRS 20

- Share-based payments
- Reflects the value of employee share option scheme
- Prior year restated to reflect new policy
- Profit before tax reduced by £460,000 in current period (2006: £480,000)
- Small increase in net assets and distributable reserves due to tax benefit



Business update – Reserves and resources*

tonnes '000s	2007/8	2008/9	2009/10	2010+	Total
Proven**	1,730	1,244	1,107	1,684	5,765
Probable	750	770	505	810	2,835
Reserves	2,480	2,014	1,612	2,494	8,600
Measured	25	338	495	1,742	2,600
Indicated	-	227	740	4,218	5,185
Inferred	80	200	200	4,520	5,000
Resources	105	765	1,435	10,480	12,785
Total	2,585	2,779	3,047	12,974	21,385

• Further details on the definition of reserves and resources are available at www.ath.co.uk

** Includes Muir Dean as a Proven Reserve following positive result on appeal



Appendix - Reserves

The information in this presentation relating to exploration results, mineral resources or mineral reserves is based on information compiled by Mr Peter Morgan a full time employee of the Group, who is a fellow of the Institute of Materials, Minerals and Mining. Mr Morgan has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration. He has reviewed and consents to the inclusion in the presentation of the matters based on his information in the form and context in which it appears. A glossary of terms is available on the website – www.ath.co.uk