



**ATH** Resources plc  
**Interim Results**



June 2008



# Highlights

David Port  
Non-executive Chairman



## Highlights

- Results for the period, as expected, reflect lower volumes with increased production on track for second half
- Proven reserves increase by 70%
- Strong international coal market boosts value of non-contracted coal reserves
- ATH confirmed as preferred bidder for 12 million tonne Australian coal tailings washing project
- Confidence in full year allows interim dividend to be maintained at 3.36p per share



# Business update

Tom Allchurch  
Chief Executive

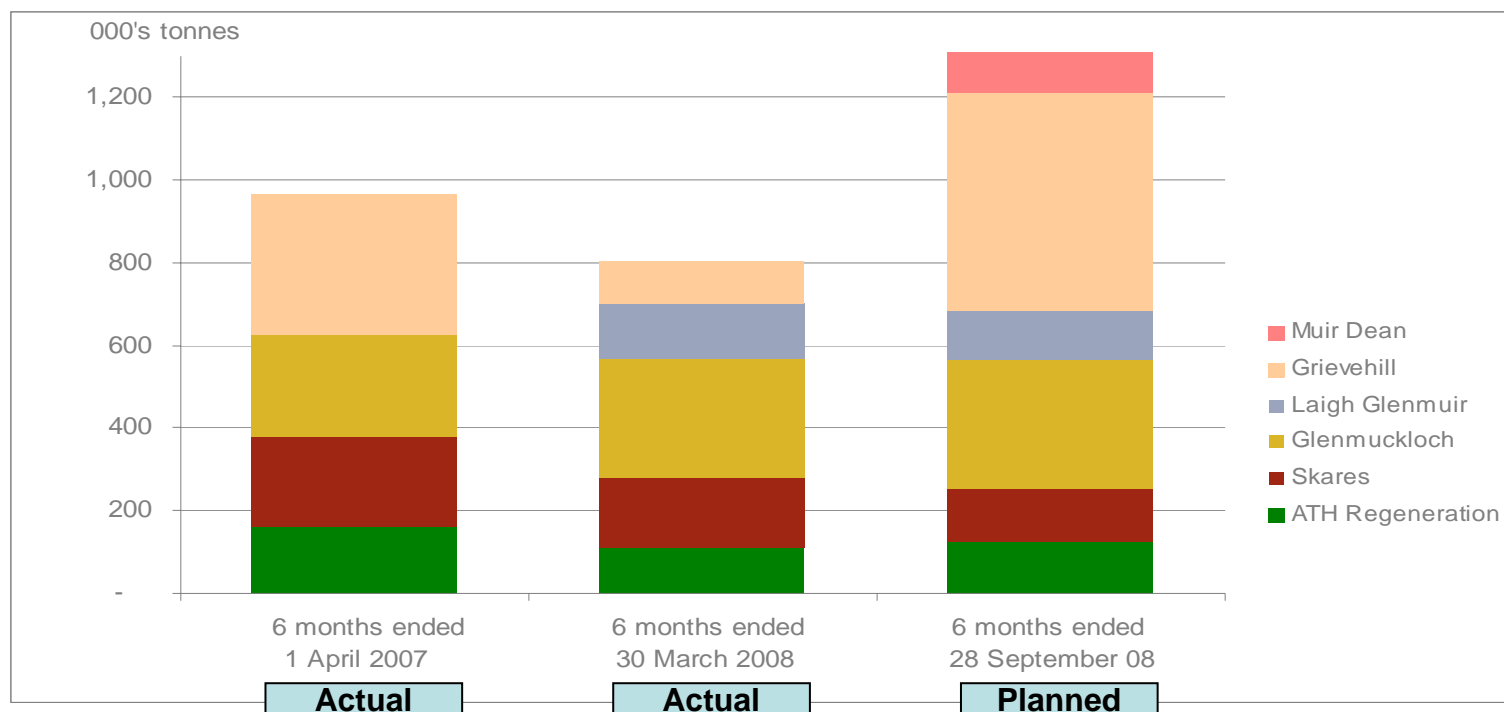


## Business update - Highlights

- Sales volumes, as expected, reflect reduced production from Grievehill
- Strong performance expected in second half
  - Production plans in place for full year volumes around 2007 levels
- Important planning consents obtained
  - Grievehill once again fully operational
  - Opening of Muir Dean on schedule for summer coal production
- Average price increase of 10% set to continue for remainder of year
- New contracts to benefit from exceptionally strong coal market
- Gas oil price increase of 35% but hedging, good cost control and strength of coal market mean higher costs are manageable



## Business update - Production



- Grievehill, as expected, out of production for a number of months
- New plant deliveries underway increasing production capacity in second half
- Grimethorpe set to enter final restoration summer 2008



## Business update – Development-Reserves\*

- Proven Reserves increase by 2.5 million tonnes to 6.0 million tonnes
  - Important consents at Grievehill (1 million tonnes) and Muir Dean (2.3 million tonnes)
- Total Reserves of 8.4 million tonnes
  - 625,000 tonnes added to Probable Reserves from a further extension at Skares Road
- Industry leading development team reviewing opportunities to accelerate growth of reserve base
- Target of 5 million tonnes for full year additions to permitted reserves



## Business update – Development ATH Regeneration UK

### Key targets

Project	Volume kt	Target start	Client
Langton	475	Q4 08	ATH owned
2	1,000	Q1 09	Commercial
3	250	Q4 09	Public body
4	170	Q1 10	ATH owned
5	400	Q3 10	Public body

- Target for 3 new projects by end of 2009
- 7 further projects under active development
- Langton planning consent expected in next three months



## Business update - Development ATH Regeneration Australia

- Large market with a number of attractive attributes
  - Tip sizes and coal content
  - Existing infrastructure
- Unique technology provides high barriers to entry
- Australian mining processes typically result in 20% - 30% wastage adding continuously to recovery opportunity
- ATH confirmed as preferred bidder on contract to wash 12 million tonnes of coal tailings
  - Contracted to drill and sample tip for another client

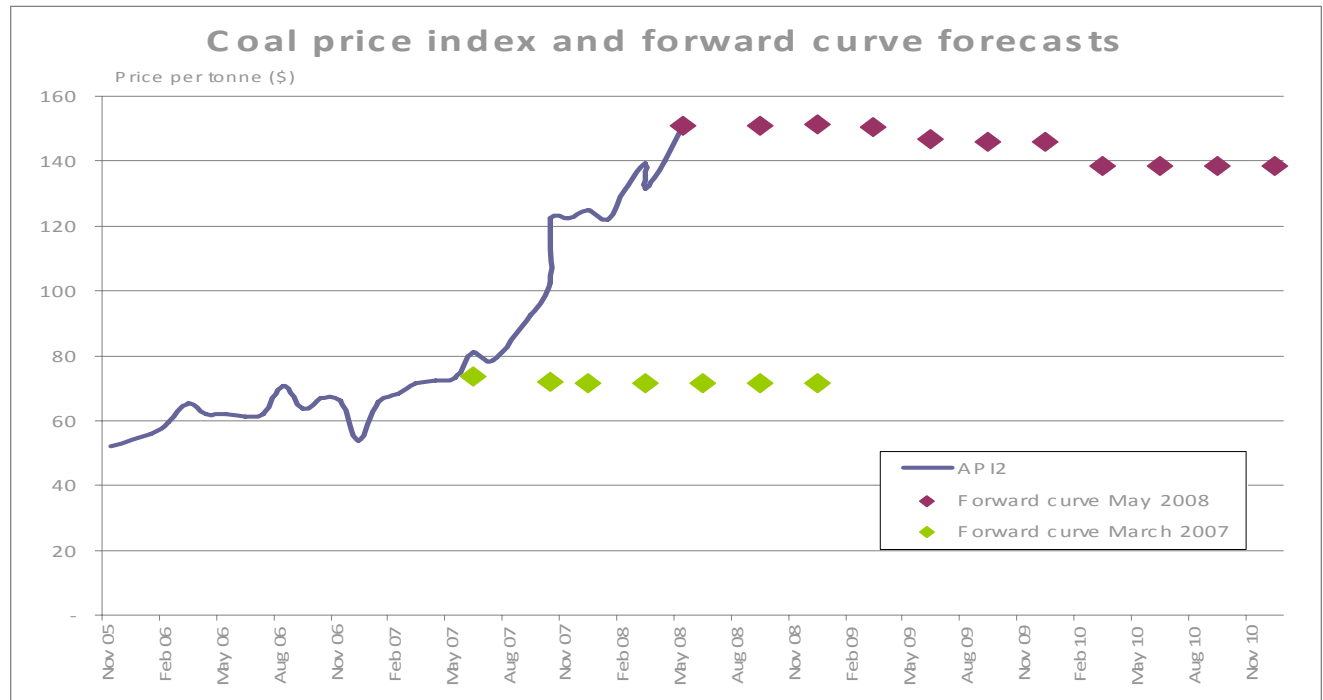


## Business update - Australian contract

- Initial three year contract to build, own and operate Grimethorpe sized plant at operational site in Queensland
- Contract with large, diversified, global mining organisation
- Revenues linked to volume of tip washed
  - Client responsible for marketing, logistics and gas oil
- Pricing based on per tonne of feed washed, increasing in line with Australian labour price index
- Operations planned to commence, subject to final client approval, second half of 2009
- Excellent opportunity for additional projects on other mines operated by the same client



## Business update - Coal market



- Spot and forward price index continues to rise
- Fundamentals stable
- Significant benefit to non-contracted coal reserves



## Business update - Value of non-contracted coal

- Four million tonnes of coal under long term ESI contracts at fixed average price of around £32 per tonne
- Contracts provide certainty and stability
- New contracts to benefit from increase in price
  - Four million tonnes of non-contracted coal reserves
  - Includes 2.3 million tonnes at the Muir Dean site
  - Plus future additions to reserves
- Value of non-contracted coal increased by £25 to £30 per tonne over previous 12 months



# Financial update

Steven Beaumont  
Group Finance Director



## Financial update - Highlights

- Turnover down by 11% to £28.3m
  - Reduced volumes offset by significant increase in average price
- Gross margin shows slight fall to 22%
  - Oil price increases offset by production efficiencies
- Debt refinanced to fund UK growth
  - £15m of senior debt and £8m funding for Muir Dean
- Interim dividend of 3.36p per share in line with dividend policy
  - Yield currently c5.8% per annum



## Financial update - Key Performance Indicators

	2008	2007	
Sales volume (000's t)	787	973	-19%
£/t	35.37	31.70	+12%
EPS (p)	0.8	4.6	-83%
Cash from operations (£'m)	6.4	10.1	-37%
Gearing*	57%	58%	

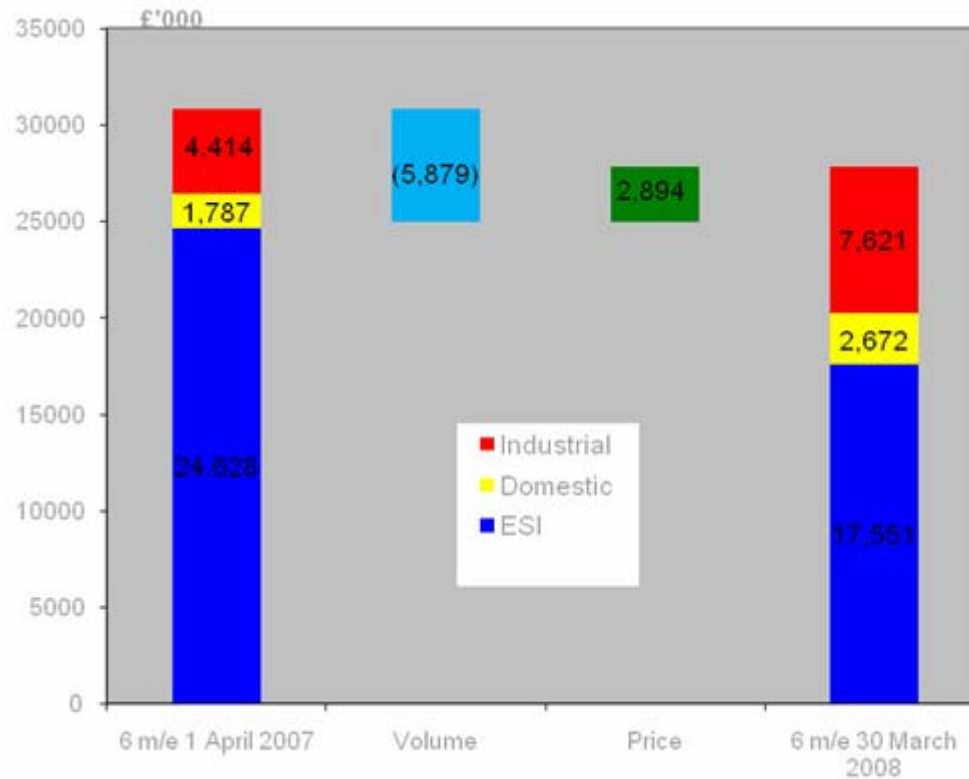


## Financial update – Income statement

	2008	2007
£'m		Restated*
<b>Revenue</b>	<b>28.1</b>	<b>31.2</b>
Cost of sales	(21.9)	(23.4)
<b>Gross profit</b>	<b>6.2</b>	<b>7.8</b>
Other costs (net of income)	(4.6)	(4.2)
<b>PBIT</b>	<b>1.6</b>	<b>3.6</b>
Interest	(1.2)	(0.9)
<b>PBT</b>	<b>0.4</b>	<b>2.7</b>



## Financial update - Coal sales



- Volumes reflect lower production from Grievehill
- Significant increase in revenue from Industrial and Domestic
- Price increase set to continue into second half



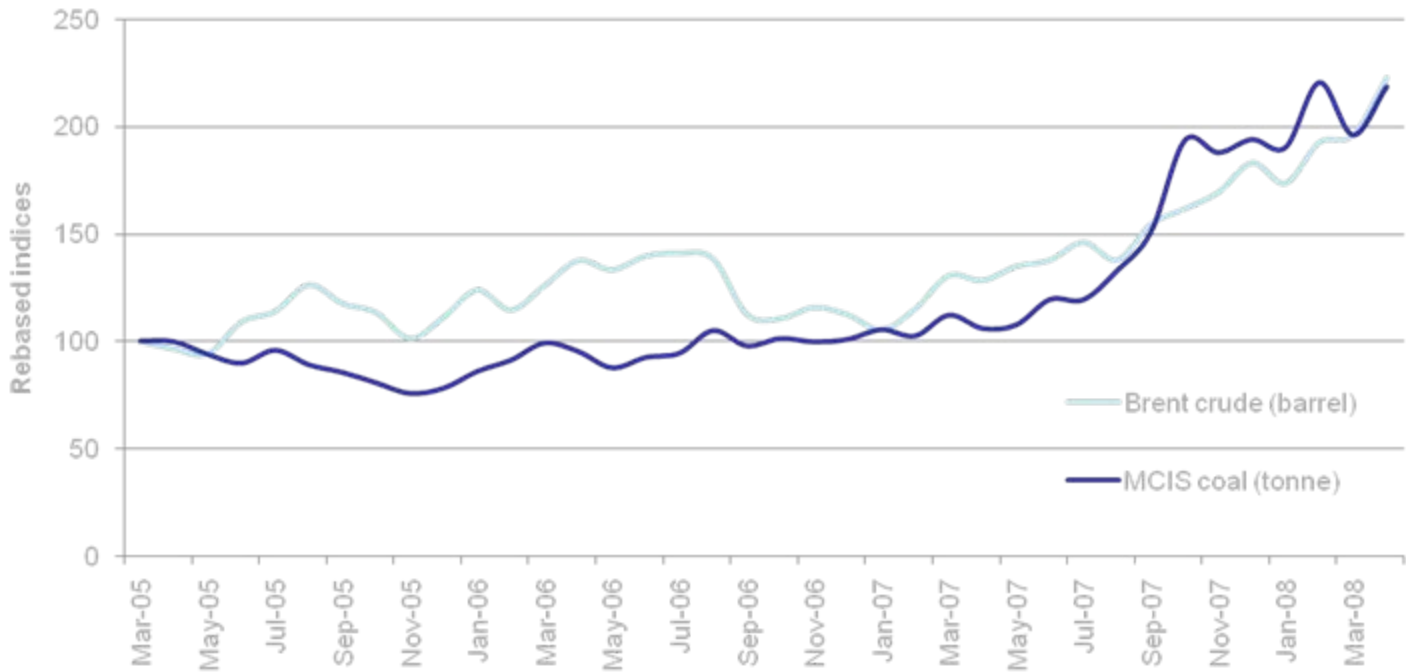
## Financial update – Fuel cost management

- Gas oil cost represents c20% of cost base
- Average pre-hedging fuel cost per litre increased by 45%
- Hedging strategy resulted in 10% saving in cost per litre
- Further savings from careful monitoring of operations and modern plant fleet
- Half of remaining usage for the year hedged at prices c15% below current spot rate



## Financial update – Fuel

Movement in coal and oil indices



- Prices of coal and oil correlated over last 3 years
- Non-contracted production provides a natural hedge against future oil price rises



## Financial update - Balance sheet

£'m	2008	2007
		Restated
Goodwill	7.2	7.3
Property, plant & equipment	68.7	69.2
<b>Non current assets</b>	<b>75.9</b>	<b>76.5</b>
Inventories	11.3	7.6
Trade and other receivables	7.0	9.4
<b>Current assets</b>	<b>18.3</b>	<b>17.0</b>
<b>Total assets</b>	<b>94.2</b>	<b>93.5</b>
Short term debt	(13.5)	(22.0)
Other current liabilities	(8.7)	(11.2)
<b>Current liabilities</b>	<b>(22.2)</b>	<b>(33.2)</b>
Long term debt	(25.7)	(17.7)
Provisions and other long term liabilities	(16.7)	(13.7)
<b>Non current liabilities</b>	<b>(42.4)</b>	<b>(31.4)</b>
<b>Total liabilities</b>	<b>(64.6)</b>	<b>(64.6)</b>
<b>Net assets</b>	<b>29.6</b>	<b>28.9</b>



## Financial update - Cash flow

£'m	2008	2007
Cash flow from operations	6.4	10.1
Interest, dividends and share options	(4.4)	(4.1)
Taxation	(0.6)	(4.2)
Acquisitions	-	(0.7)
Capital expenditure	(5.4)	(4.7)
Repayment of borrowings and HP	(7.7)	(5.3)
New bank loans raised	18.3	1.6
<b>Movement in cash</b>	<b>6.6</b>	<b>(7.3)</b>
Overdraft at start of period	(8.1)	(2.8)
<b>Overdraft at end of period</b>	<b>(1.5)</b>	<b>(10.1)</b>



## Summary

- Preferred bidder on Australian coal tailings project
- Proven reserves up 70% to 6 million tonnes
- Value of non-contracted coal increased significantly in last 12 months
- Production plan provides confidence for full year
- Dividend policy maintained



# Questions



# Appendices



## Financial update - Reserves and resources\*

'000 tonnes	2007/8	2008/9	2009/10	2010/11+	Total
Proven	2,115	1,579	1,107	2,024	6,825
Probable	-	548	970	882	2,400
Reserves	2,115	2,127	2,077	2,906	9,225
Measured	-	100	302	1,573	1,975
Indicated	-	-	150	5,035	5,185
Inferred	-	144	303	4,553	5,000
Resources	-	244	755	11,161	12,160
Total	2,115	2,371	2,832	14,067	21,385
Year to date	(806)				(806)
Remaining	1,309	2,371	2,832	14,067	20,579



## 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 company, 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 our website – [www.ath.co.uk](http://www.ath.co.uk)