



ATH Resources plc

**Preliminary Results
December 2005**



Agenda

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



Highlights

- Nov 2004 Acquisition of Bertholene coal concession in France
- Feb 2005 Planning application submitted for Laigh Glenmuir
- Apr 2005 Planning application submitted for Skares Road extension
- May 2005 Acquisition of Grievehill and Glenmuckloch
- Jun 2005 1 for 3 open offer raised £16.8m
- Aug 2005 £25.2m plant order placed





Operational review

- Skares Road
 - 620kt mined and sold
 - Planning application for extension approved
- Garleffan
 - 820kt mined and sold
 - Completion scheduled Spring 2006
- Grievehill
 - successfully opened up
 - 40kt mined and sold
- Laigh Glenmuir - planning application submitted
- Muir Dean – planning application submitted



Market - conditions

- International spot prices have eased from mid year highs
- Freight prices have also eased but remain high relative to historical prices
- Outlook, more difficult to read, commodities generally easing, but China effect remains
- Many miners around world reporting increased mining costs will limit falling prices
- ATH has significantly improved its position



Market - sales agreements

- Supply agreements with 4 generators
 - E.On UK (formerly Powergen)
 - Drax Power
 - EDF Energy
 - British Energy
- 3 contracts have been renegotiated, 2 signed
- Cover for over 4Mt to 2008 at improved average price
- Achieved average 20% uplift on ESI sales for 2005/06 following G&G acquisition



Market – energy policy

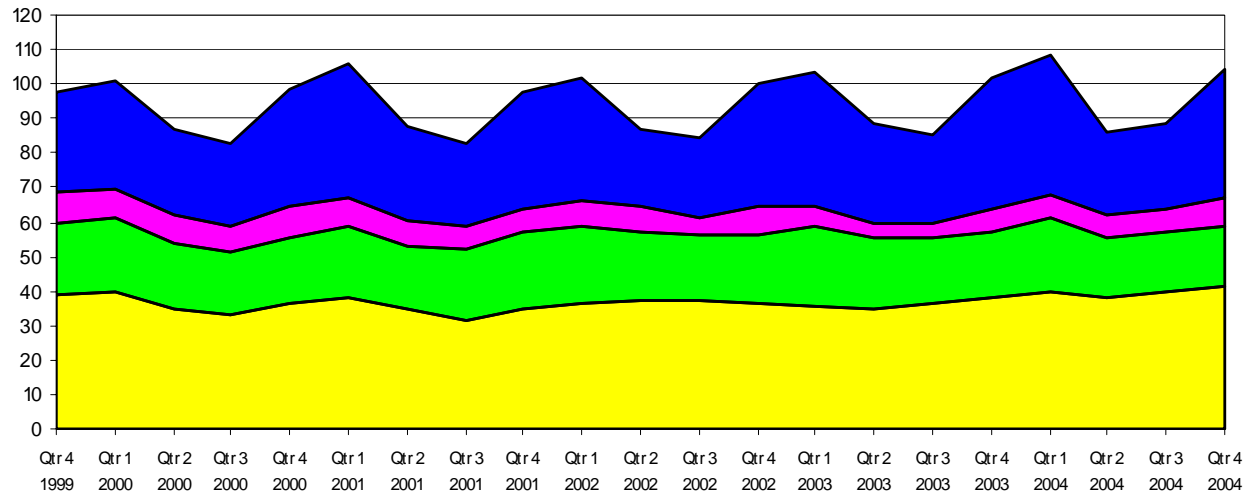
- UK Govt. has announced an energy review
- Nuclear being billed as the big discussion
- There is a medium term shortfall in electricity generating capacity
- Coal generated 33% of UK electricity in 2004
- Renewables will not keep the lights on
- Gas is not a totally secure supply and price fluctuations have been enormous
- If carbon is the problem the future has to include carbon capture and sequestration



ATH Resources

Market – coal keeps the lights on

TWh



(Source DTI)

Gas Nuclear Other Coal





Financial review - profit and loss

	2005	2004
Sales (T'000)	1,476	1,301
£/T	26.50	24.13
£'m		
Turnover	39.1	31.4
Operating costs	(30.1)	(27.3)
Gross profit	9.0	4.1
Other income	1.0	0.6
Admin	(3.6)	(3.3)
PBIT	6.4	1.4
Interest	(0.7)	(1.1)
PBT	5.7	0.3
EBITDA	11.4	7.4



Financial review - balance sheet

£'m	2005	2004
Tangible	44.4	14.0
Intangible	1.6	6.1
Fixed assets	46.0	20.1
Stocks	5.3	5.0
Debtors	8.1	5.4
Cash	0.0	2.5
Current assets	13.4	12.9
Short term debt	(6.0)	(3.0)
Other creditors	(6.5)	(8.1)
Current liabilities	(12.5)	(11.1)
Net current assets	0.9	1.8
Long term debt	(8.3)	(2.7)
Provisions	(9.5)	(7.6)
Net assets	29.1	11.6



Financial review - cash flow

£'m	2005	2004
Net operating cash flows	8.6	8.3
Interest paid	(0.7)	(0.9)
Taxation paid	(0.6)	(0.7)
Capital expenditure	(19.1)	0.5
Acquisitions	(3.1)	(7.5)
Dividends paid	(2.3)	0.0
Financing	13.1	2.8
(Decrease)/increase in cash	(4.1)	2.5
Cash flows from changes in debt	2.8	8.7
Net debt acquired with subsidiary	0.0	(4.2)
New debt issued	0.0	(5.9)
New finance leases	(9.8)	(4.3)
Net debt brought forward	(3.2)	0.0
Net debt	(14.3)	(3.2)

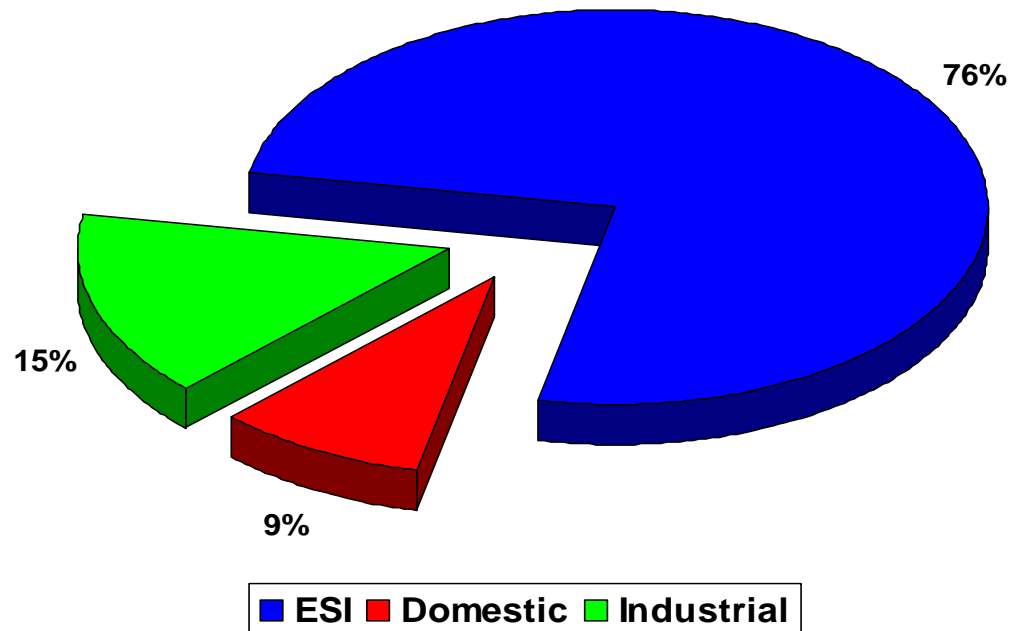


Financial review – net debt

£'m	2005	2004
Cash at bank	0.0	2.5
Overdraft	(1.6)	0.0
Term loans	(1.0)	(0.4)
HP liabilities	(11.7)	(5.3)
Net debt	(14.3)	(3.2)
Due < 1 year	(5.9)	(0.5)
Due < 2 years	(2.7)	(1.5)
Due < 5 years	(5.3)	(1.0)
Due > 5 years	(0.4)	(0.1)
Net debt	(14.3)	(3.2)
Gearing (ex HP)	9%	21%



Financial review - sales by customer (1.5mT)





Financial review - comments

- 53 week accounting period (2004: 44 weeks)
- Significant improvement over 2004
 - Recovered from flooding in January – new pumping regime introduced
 - Plant availabilities have improved
 - Early entry in to Grievehill
 - Cost of gas oil
 - Offset by increases in non contracted sales prices
- Tax charge of 34% marginally higher than 30% standard rate



Financial review – comments

- Final dividend proposed of 7.56p/share
 - Ex D date 21 December 2005
 - Record date 23 December 2005
 - Payable 13 January 2006
- Full year dividend 10.92p
- EPS 11.94p with dividend covered 105%
- Dividend policy set out at IPO maintained

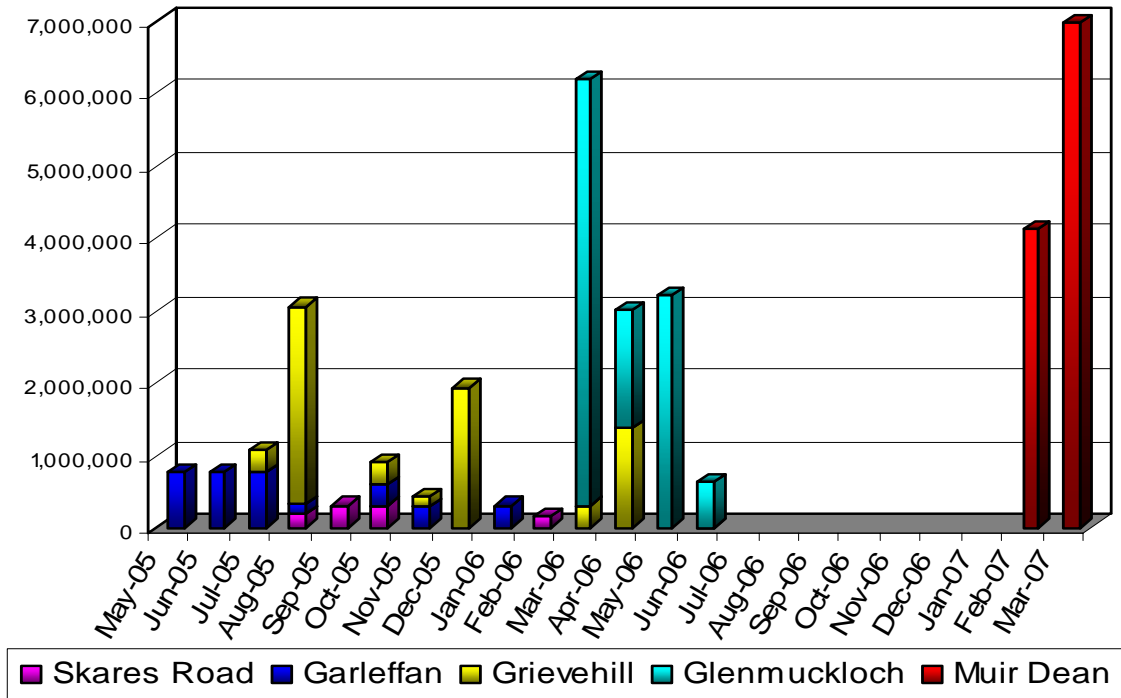


Financial review – areas of focus

- Gas oil
 - Crude oil up leading to 34% increase in gas oil
 - Annual usage of 22m lts being 14% of direct costs
 - Mitigated by increases in prices to non contracted customers
 - Price fixed through winter heating season for 50% of supply at below budgeted level
- Tyres
 - World wide supply very tight
 - Strict tyre management regime to optimise life
 - Commitments for 50% of demand
- Plant
 - World wide boom in mining
 - Plant secured last year for delivery over next 12 months



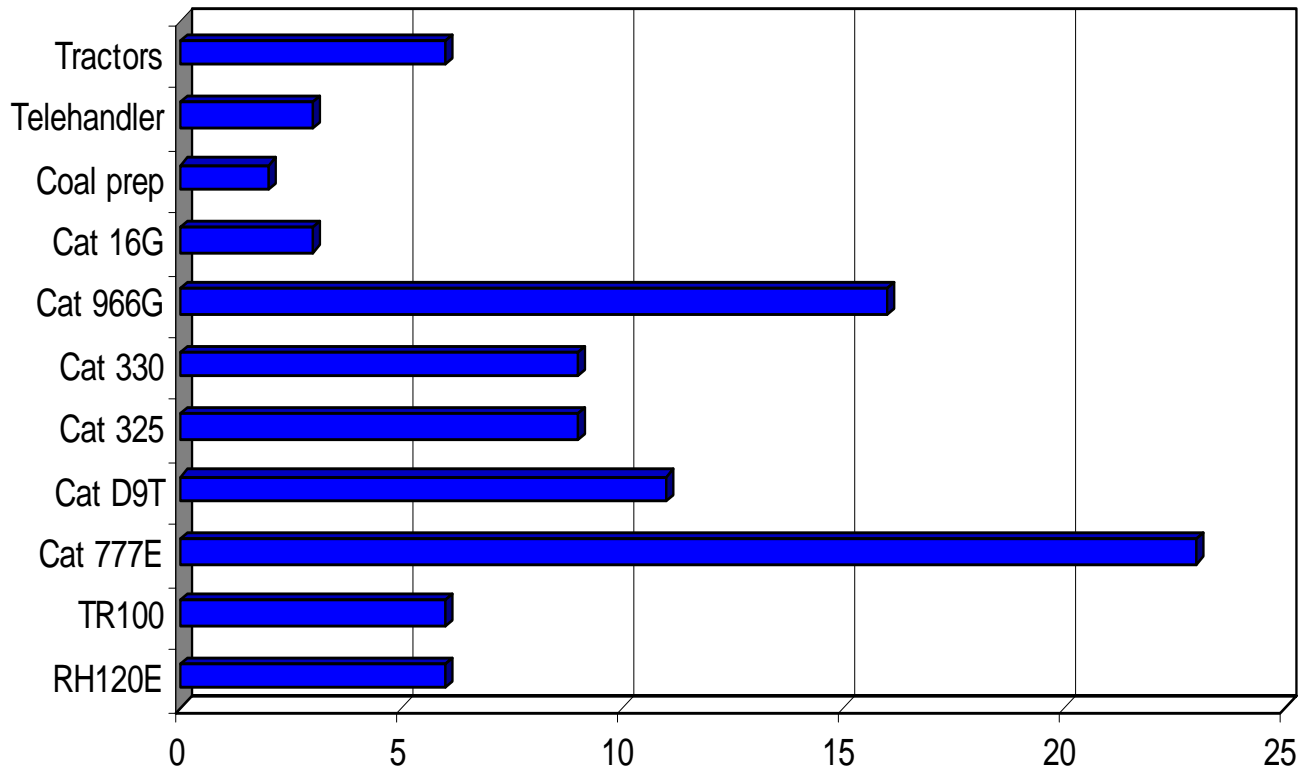
Plant Cap Ex - per month



- £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







Development – site details

- Skares Road
 - 1.2mt remaining
 - 3½ year productions left until May 2009
 - total reserve developed to 6.0mt from initial 3.0mt
- Garleffan
 - 0.5mt remaining
 - 9 months production left until June 2006
- Grievehill
 - 1.2mt remaining
 - 1½ year productions left until Mar 2007
 - potential extensions yet to be assessed



Development – site details

- Glenmuckloch
 - 2.7mt resource
 - 5 year production run from July 2006
- Laigh Glenmuir
 - 0.5mt resource (stpp)
 - 2½ year production run from July 2006
- Muir Dean
 - 2.0mt resource (stpp)
 - 4½ year production run from July 2007

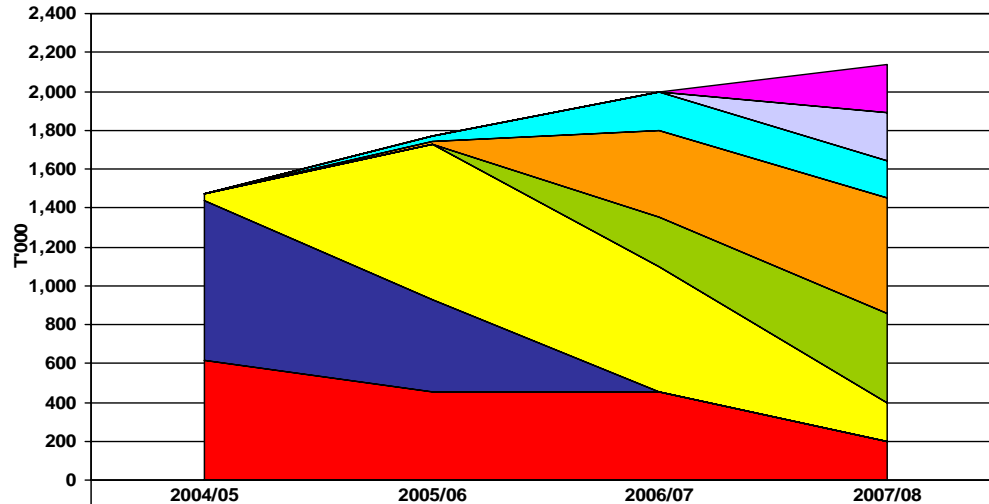


Developments - SRMMC

- Bertholene
 - concession transferred November 2004
 - drilling delayed until February 2006
- Commentry
 - drilling in early 2005 for quality analysis indicated some semi-coking coal but reduced reserve
 - mining permit application made, process complete and awaiting determination in Paris
 - environmental impact assessment to commence thereafter



Developments - production forecasts



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



Summary

- A good set of results in challenging conditions
- Delivering on IPO expectations
 - dividend
 - growth through acquisition
 - growth through organic development
- Business is very well placed for next phase of development



ATH Resources plc

Questions