



ATH Resources plc



**Preliminary Results
December 2006**



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Highlights

- Significant growth in turnover (+38%), PBT (+33%) and EPS (+10%) underpin strong financial performance
- Successful acquisition and integration of ATH Ogden
- Greater diversity of operations with 4 surface mines now in operation
- Significant strengthening of management team
- Annual dividend increased by 3% reflecting strong underlying performance

“... another year of progress towards delivering sustained earnings growth ...”



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Business Update

Tom Allchurch
Chief Executive



Business Update - Highlights

- 20%+ increase in volume of coal sold
- 12% increase in selling price
- Four sites in operation with commencement at Glenmuckloch and Laigh Glenmuir
 - Greater operational diversity reduces risk
- Cessation of production at Garleffan
 - Innovative award winning restoration proposals result in significant cost savings
- Reserves
 - Additions Laigh Glenmuir (500k tonnes), extension at Grievehill (370k tonnes), Glenmuckloch (560k tonnes)
 - Muir Dean application (2,000k tonnes) submitted and recommended for permission by council officers – rejected by planning committee
 - Appeal to Scottish Executive underway
 - France continues to move (slowly) ahead



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Business Update – Highlights continued

- Successful acquisition and integration of ATH Ogden
 - Performing ahead of expectations
 - Several new sites progressing
- Strategic 12km conveyor built and commissioned post year end
 - Significant efficiency improvements and environmental savings

“ ... acquisition of ATH Ogden provides an earnings enhancing diversification and is a key step forward in the development of the group.... ”

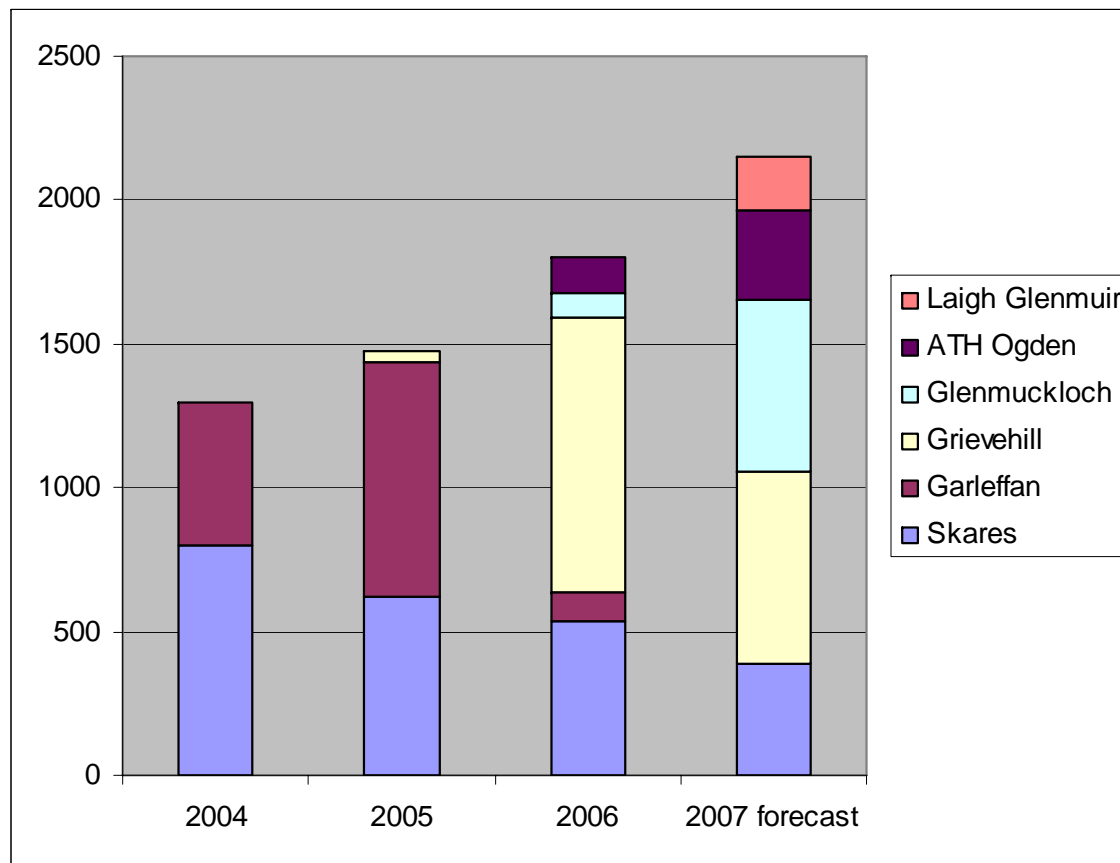




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Business update - Production by site



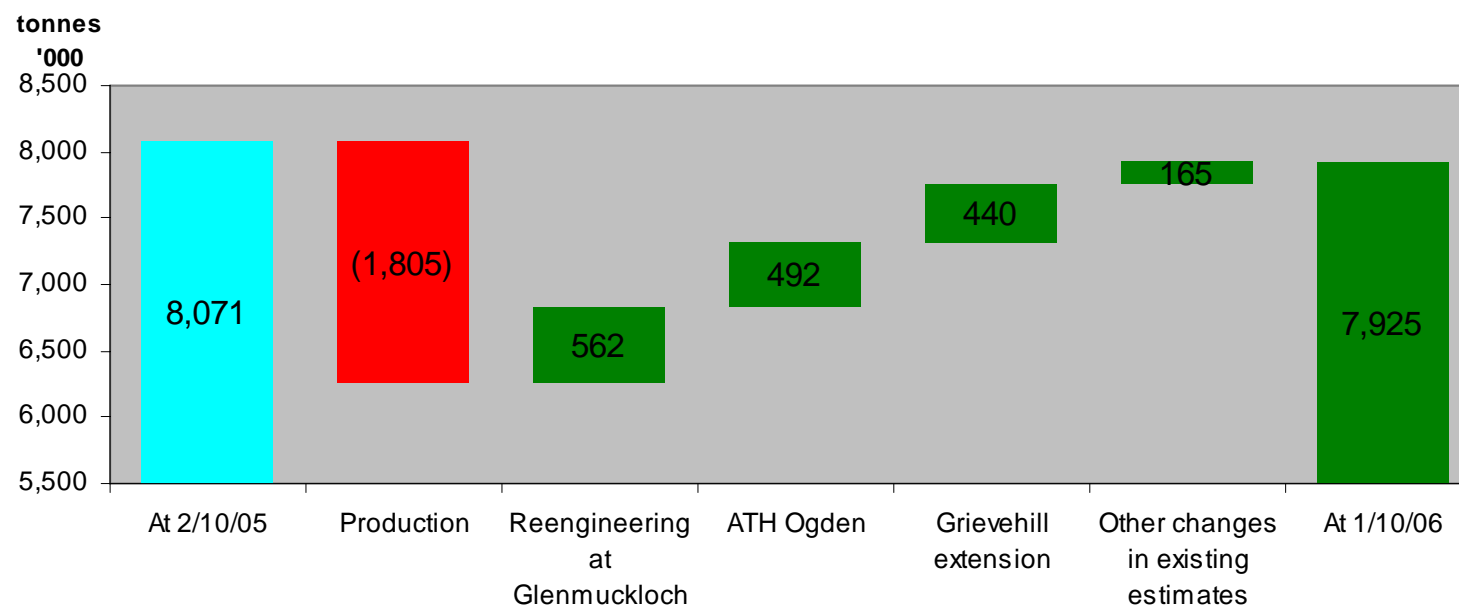


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Business update – 2006 Reserves

Movement in reserves (proven and probable) during year





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Business update – Reserves and resources*

tonnes '000	2006/7	2007/8	2008/9	2009/10	2010+	Total
Proven	2,150	1,520	870	640	470	5,650
Probable	-	600	930	460	285	2,275
Reserves	2,150	2,120	1,800	1,100	755	7,925
Measured	-	180	280	220	1,625	2,305
Indicated	-	-	420	1,120	3,060	4,600
Inferred	-	-	-	310	4,690	5,000
Resources	-	180	700	1,650	9,375	11,905
Total	2,150	2,300	2,500	2,750	10,130	19,830

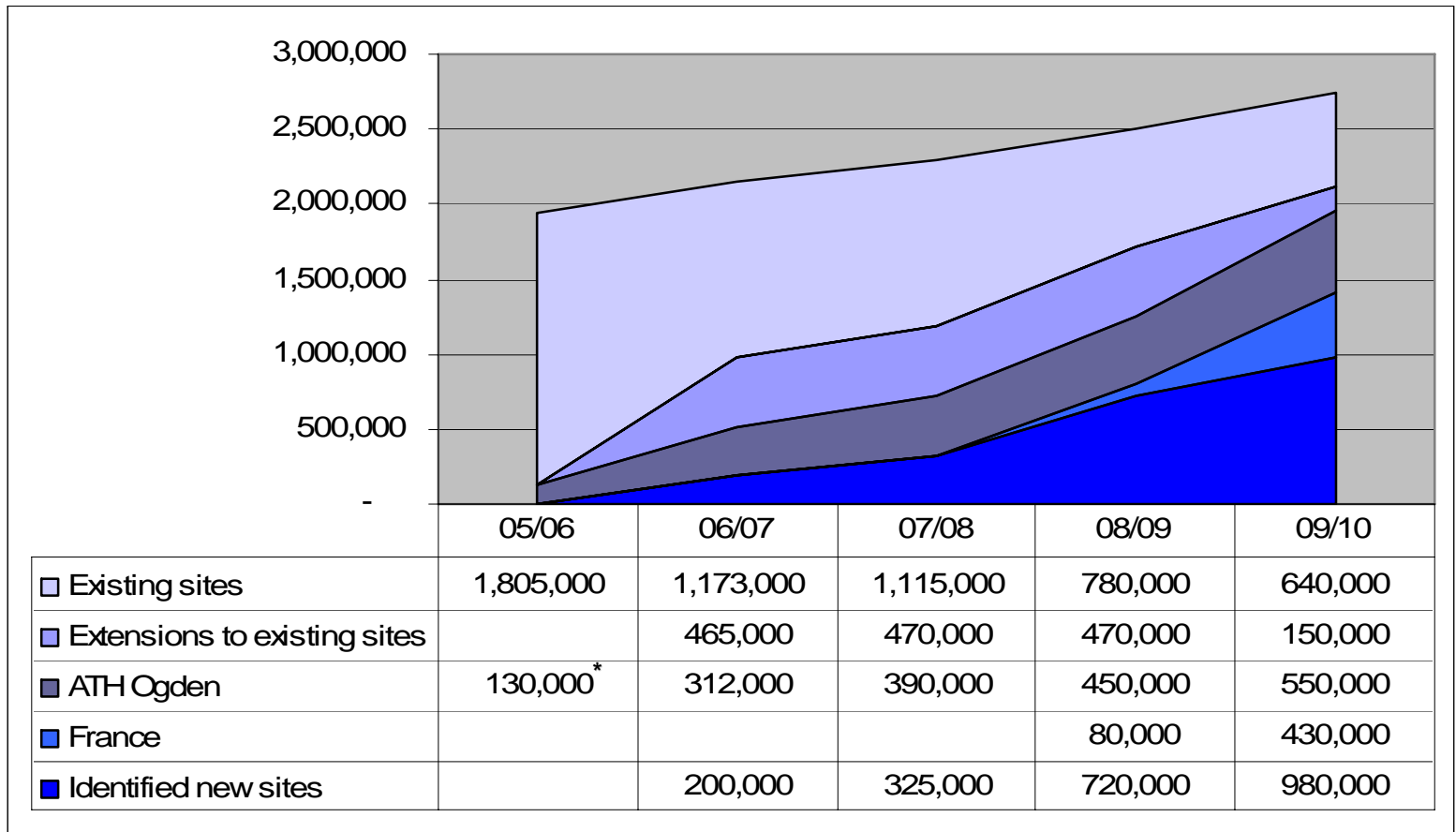
* Further details on the definition of reserves and resources are available at www.ath.co.uk



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Business update- Production forecast



* Part year only-acquired during period



Business update – Development UK

Projects in development	Opencast		ATH Ogden	
	No of projects	Potential capacity	No of projects	Potential capacity
Planning applications/ appeals targeted for 2007 and 2008		tonnes (m)		tonnes (m)
Awaiting appeal submission	1	2.2*	-	-
Land secured	2	1.6	1	0.4
Under exploration/ assessment	5	4.3	4	1.5
Total	8	8.1	5	1.9

Additional 6 projects scheduled to commence assessment in 2007

* Included in reserves



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Business update - Acquisition of ATH Ogden

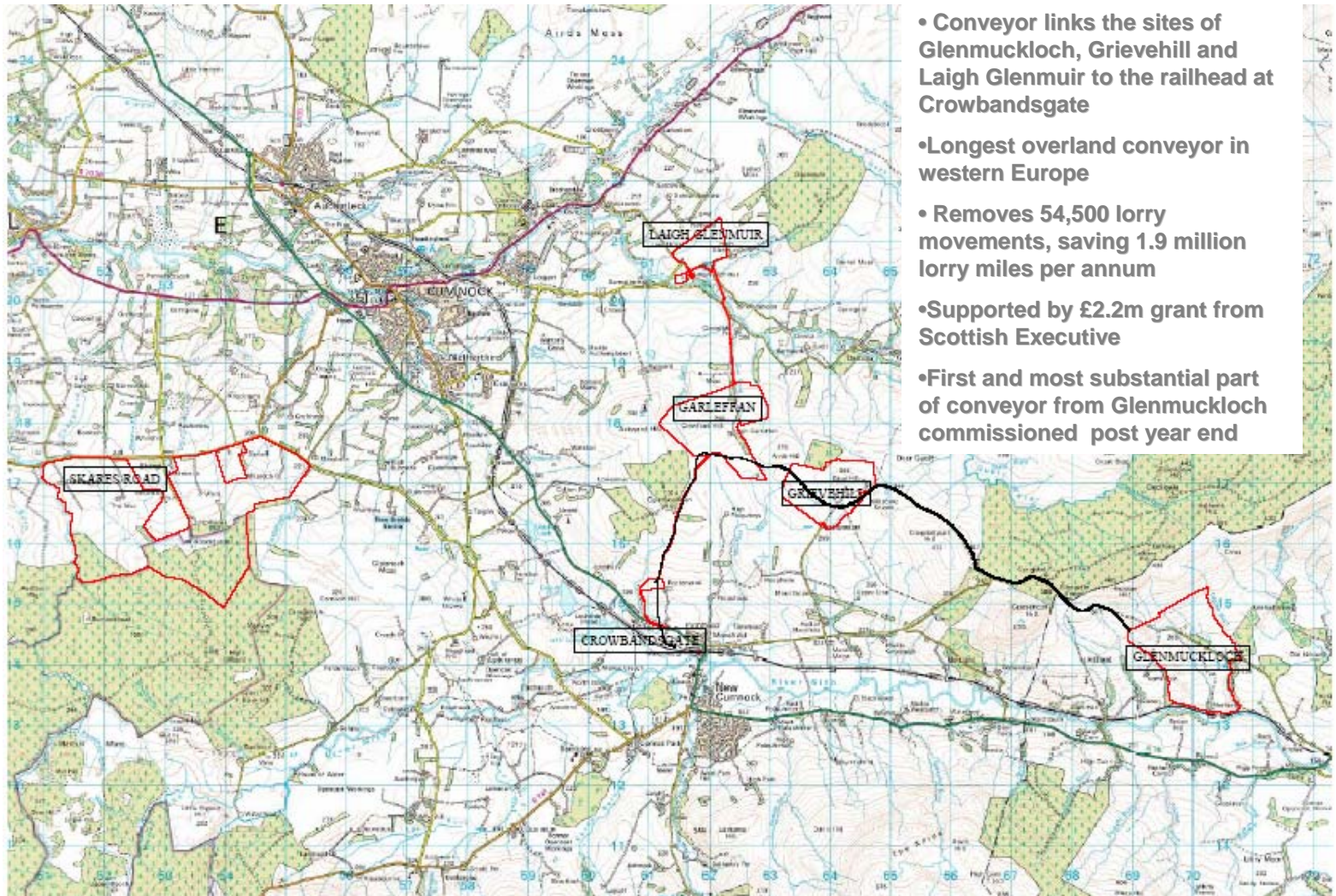
- Completed May 2006
- Coal recovery, land remediation and land regeneration business
- Net acquisition cost £9.5m, Goodwill £6m
- Business operating ahead of expectations
- Benefits arising from number of areas
- Development pipeline in place



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Business update - Conveyor



- Conveyor links the sites of Glenmuckloch, Grievehill and Laigh Glenmuir to the railhead at Crowbandsgate
- Longest overland conveyor in western Europe
- Removes 54,500 lorry movements, saving 1.9 million lorry miles per annum
- Supported by £2.2m grant from Scottish Executive
- First and most substantial part of conveyor from Glenmuckloch commissioned post year end





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Finance update

Steven Beaumont
Group Finance Director



Financial update - Highlights

- Turnover increases by 38% to £54.1m
 - Supported by both volumes and unit price increases
- Gross margin increases by 2% to 25%
 - Benefit of renegotiated contracts as expected and ATH Ogden
 - Offset by higher fuel costs and cessation of coaling at Garleffan
- EPS increased by 10% to 12.6p
 - Reflects strong underlying growth
- ATH Ogden earnings enhancing
 - Contributes to earnings from acquisition date

“ a good set of results for the 2nd full year on AIM ...”



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Financial update – Key Performance Indicators

	2006	2005
Sales volume(t'000)	1,805	1,476 +22%
£/t	30	27 +12%
EPS (p)	12.6	11.5 +10%
EBITDA (£'m)	19.2	11.4 +68%
Dividend cover	1.12	1.05
Gearing*	51%	33%

* Net debt/ Shareholders funds plus net debt



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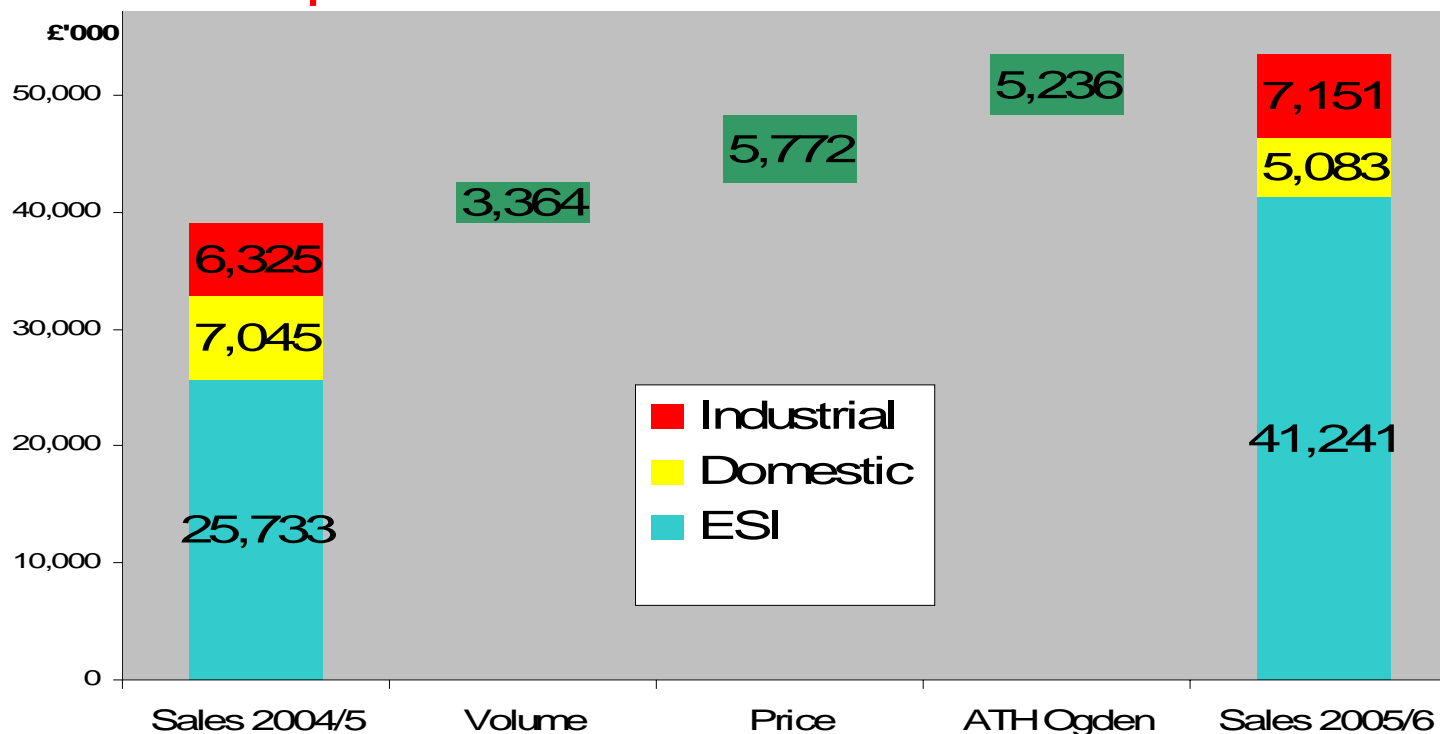


Financial update - Profit and loss

£'m	2006	2005	
Turnover	54.1	39.1	+38%
Cost of sales	(40.5)	(30.1)	
Gross profit	13.6	9.0	+51%
Other costs (net of income)	(5.0)	(3.4)	
PBIT	8.6	6.4	+34%
Interest	(1.0)	(0.7)	
PBT	7.6	5.7	+33%



Financial update – Coal Sales



- Long term fixed price contracts with electricity generators out to 2010
- 80%+ of 2006/7 forecast production contracted
- Contract management and mix should result in improving average ESI prices over the contract term



Financial update - Costs

- Fuel
 - c15% of unit costs
 - Managed through hedging and monitoring regime
 - 2007 hedging strategy in place
- Restoration
 - Between 5-15% of unit cost
 - Managed through careful stewardship and operation of sites and creative planning to satisfy stakeholders at minimum cost
 - Innovative approach on Garleffan provides enhanced wildlife habitat, reducing carbon emissions with significant cash benefits



Financial update - Balance sheet

£'m	2006	2005
Tangible	65.1	44.4
Intangible	7.2	1.6
	72.3	46.0
Stocks	6.8	5.3
Debtors	8.8	8.1
Current assets	15.6	13.4
Short term debt	(14.8)	(6.0)
Other creditors	(13.8)	(6.5)
Current liabilities	(28.6)	(12.5)
Net current (liabilities)/ assets	(13.0)	0.9
Total assets less current liabilities	59.3	46.9
Long term debt	(16.6)	(8.3)
Provisions	(12.9)	(9.5)
Net assets	29.8	29.1

Investment in tangible assets £27.5m
£21.9m in plant and machinery financed primarily by HP





Financial update - Cash flow

£'m	2006	2005
Net operating cash flows	17.6	8.6
Interest, dividends and taxation	(6.0)	(3.6)
Acquisitions (net)	(3.6)	(3.1)
Capital expenditure	(7.4)	(19.1)
Financing	(1.8)	13.1
Decrease in cash	(1.2)	(4.1)
Cash flows from financing	1.8	2.8
New finance leases	(17.7)	(9.8)
Net debt brought forward	(14.3)	(3.2)
Net debt	(31.4)	(14.3)



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Energy Review

Tom Allchurch



Energy Review- Coal Forum

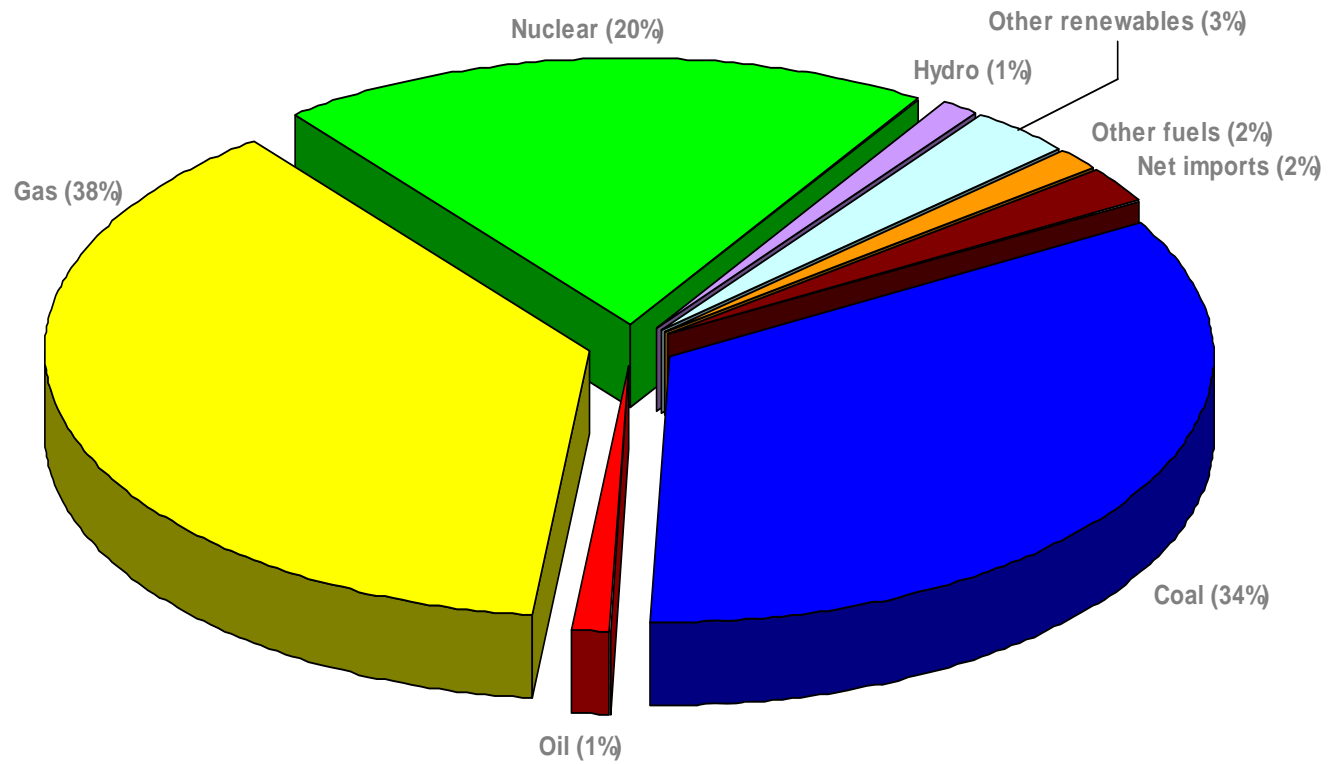
“...to find solutions to secure the long term future of coal-fired generation and UK coal production...”

“...to ensure that we have the right framework, consistent with our energy policy goals, to secure the long term contribution of coal-fired power generation and optimise the use of economical coal reserves in the UK...”

Source: Dti-The Energy Challenge, July 2006



Security of supply - UK ESI generation 2005





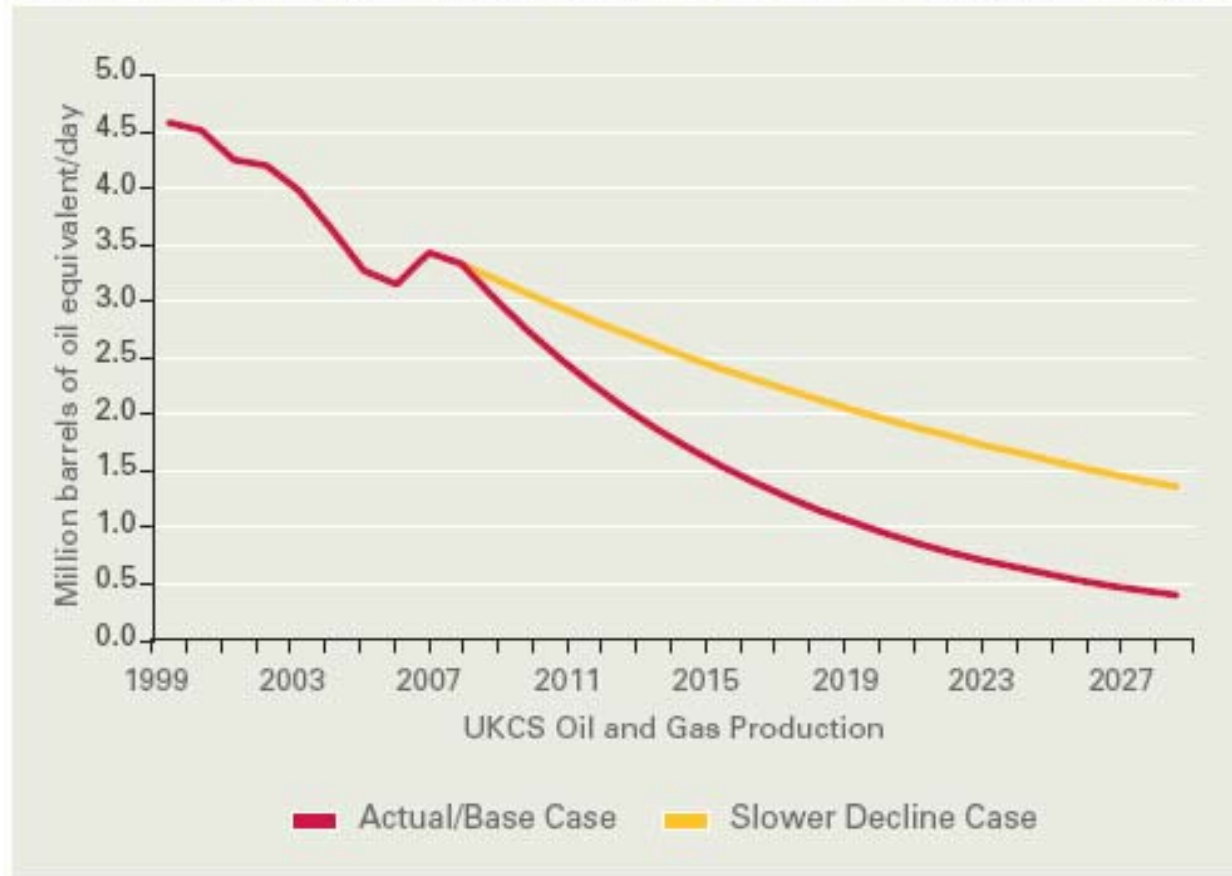
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Security of supply – UKCS Oil and Gas production



CHART 12. TOTAL UK CONTINENTAL SHELF OIL AND GAS PRODUCTION (TO 2030)



Source: DTI – United Kingdom Offshore Operators Association, 2008

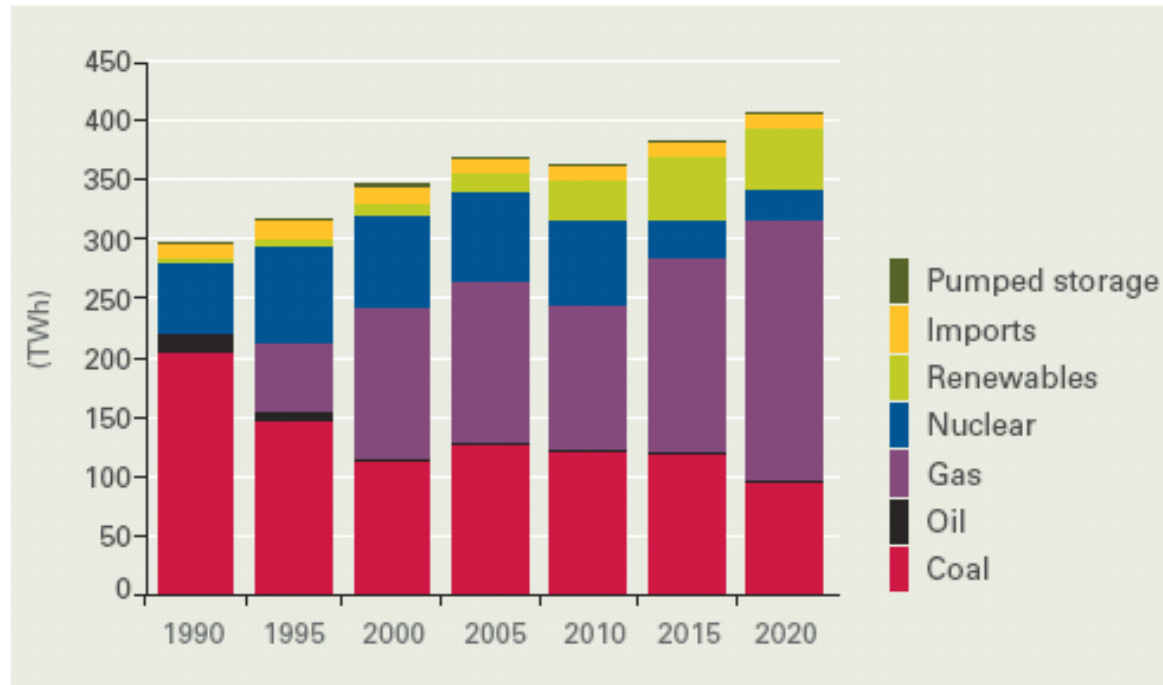


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Security of supply – mix to 2020

CHART 15. ELECTRICITY GENERATION MIX – PROJECTIONS TO 2020



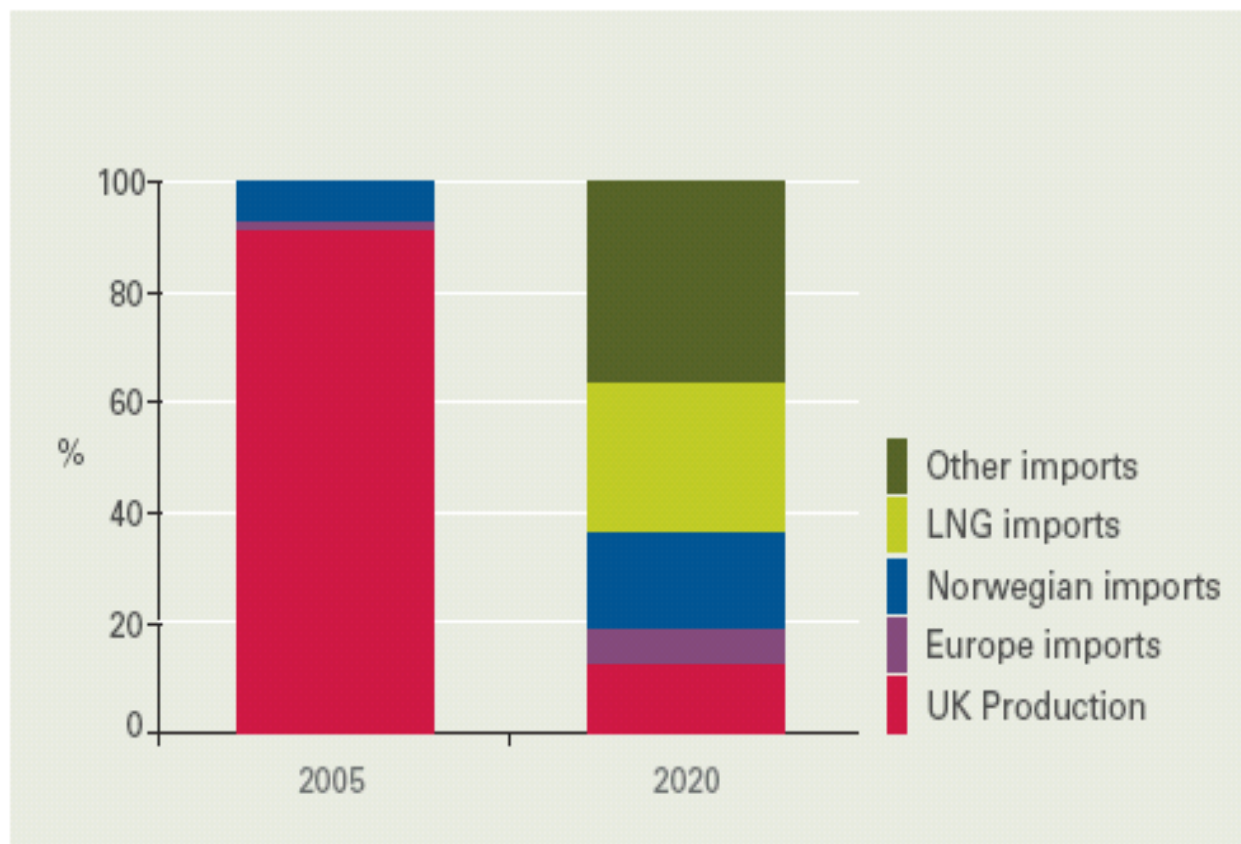
Source: DTI, 2008



Security of supply

– UK Gas imports 2005 vs 2020

CHART 13. UK GAS IMPORTS 2005 AND 2020



Source: Wood Mackenzie, 2004



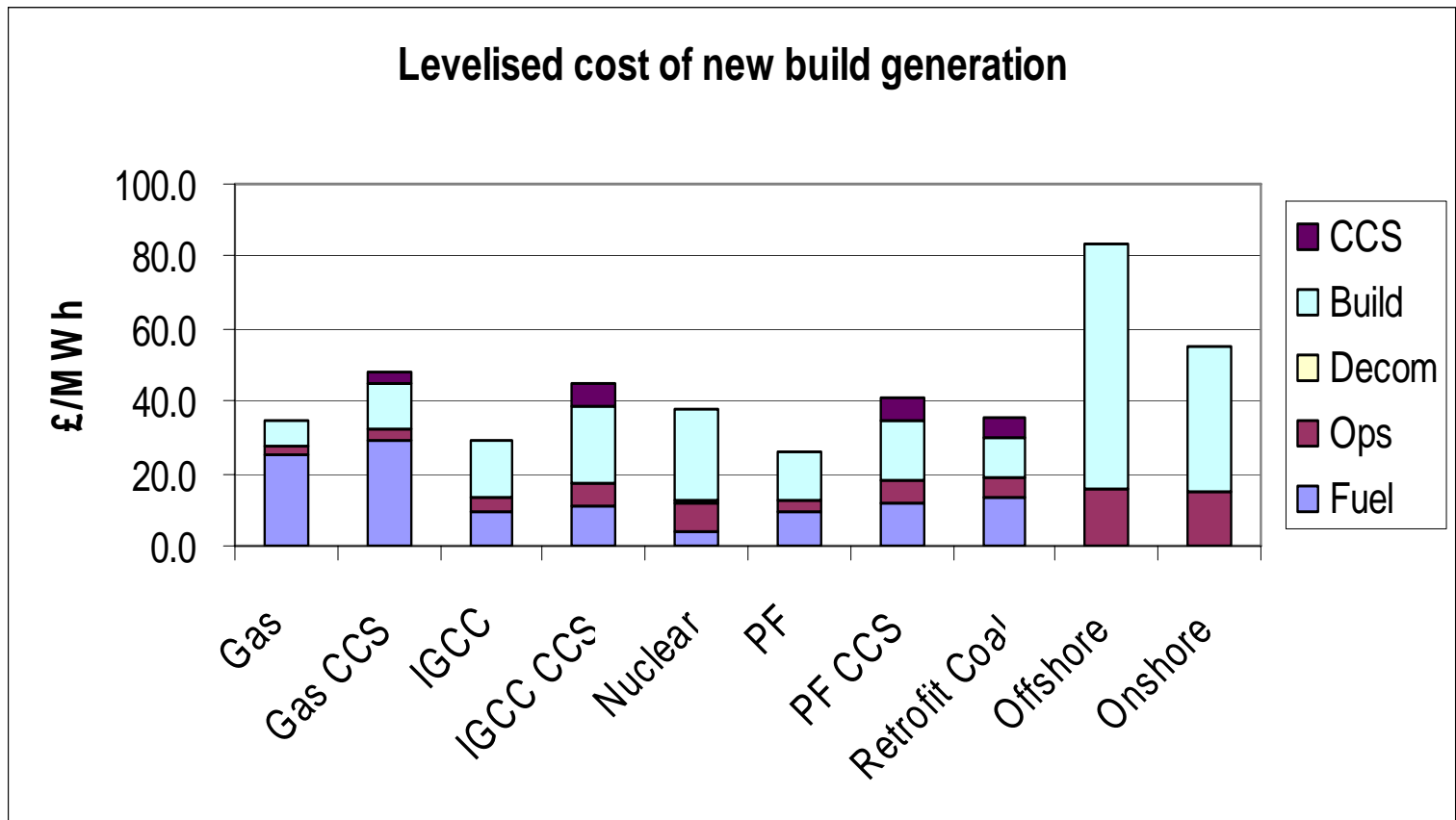
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What should generators invest in?



Source: Dti





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Prelims 2005/6- Summary

- Significant growth in turnover (+38%), PBT (+33%) and EPS (+10%) underpin strong financial performance
- Successful acquisition and integration of ATH Ogden
- Greater diversity of operations with 4 surface mines and high margin coal/ soil washing business
- Significant strengthening of management team to lead the next stage in the development of the group
- Annual dividend increased by 3%



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Questions