ATH Resources plc

Interim Results

June 2009

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Business update

Tom Allchurch

Chief Executive

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Highlights

- Strong improvement from Surface Mining business
  - Offset by the closure of the Grimethorpe plant at ATH Regeneration
- Average selling prices up 19% to over £42 per tonne
  - New long term sales contract secured
- Proven Reserves up 9% to 4.9 million tonnes
  - Further planning consent recently received for 600,000 tonnes extension to Skares
- Unexpected inflow of water at the Muir Dean mine temporarily reducing current production
  - Water management plan in place
- Interim dividend delayed as a precautionary measure
  - Planned to pay with final dividend in January 2010

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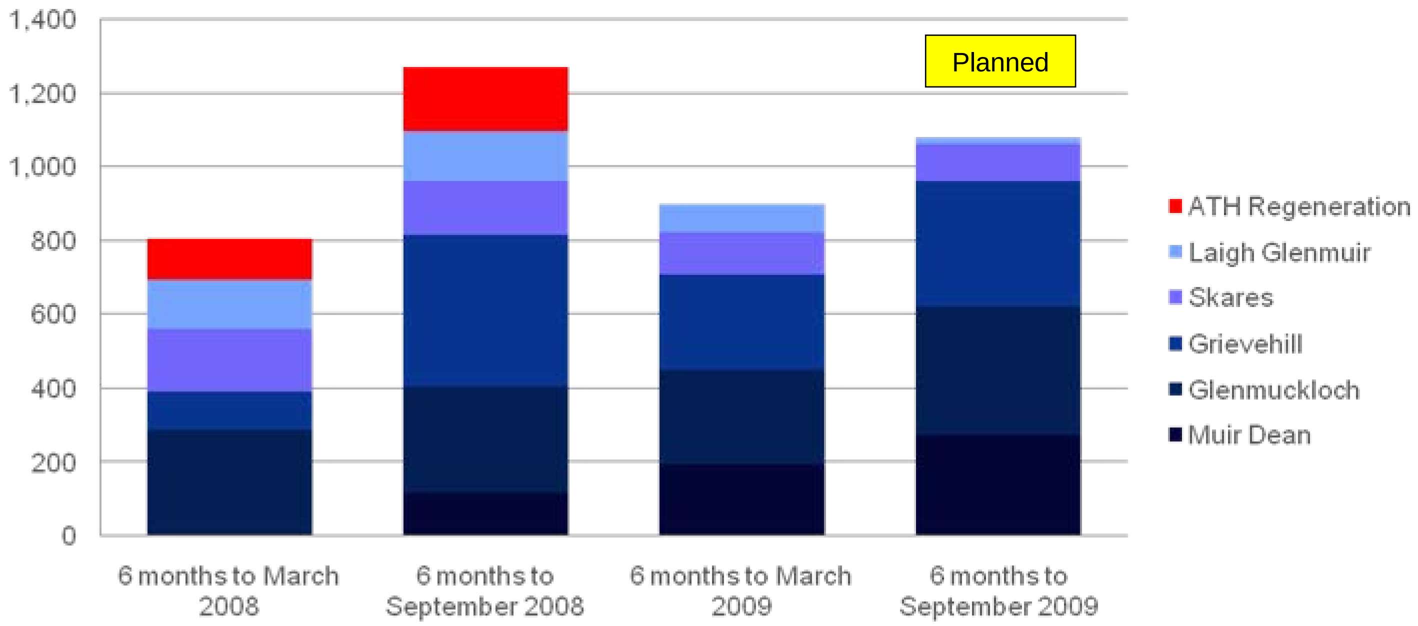
Business update - Production



- Laigh Glenmuir and Grievehill to complete operations before year end
- Skares and Glenmuckloch extensions to be opened up during the summer
- Production expected to increase in second half subject to Muir Dean water reduction plan

Business update – Surface Mining

- Operating profit more than doubled to £3.5m
- Sales volumes increased by 25% to 845,000 tonnes
  - Reflects contribution from Muir Dean and increased production from Grievehill
- Average selling price increased by more than 20% to £42 per tonne
- Cost increases reflect mix and configuration of mines and higher depreciation and fuel costs
- New three year sales contract with ScottishPower for 800,000 tonnes commenced April 2009
  - Initial 200,000 tonnes fixed price with remainder at market prices
  - Total contract revenue forecast at £40m

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Business update – Muir Dean

- Unexpected increase in water levels in early April
  - Due to wider drainage area than predicted and blockages downstream
  - No damage to assets or health and safety risk
  - One third of mining equipment temporarily parked up
- Water management plan in place
  - Pumping capacity increased to 350+ litres per second
  - Additional water treatment facilities installed
- Target to reduce water levels by 10m in 100 days
  - Estimated 90,000 tonnes of coal production released
- Coal production maximised from other parts of the site
  - Eventually two thirds of mine production capacity will be achieved from areas unaffected by water
  - Production more than sufficient to satisfy new ScottishPower contract

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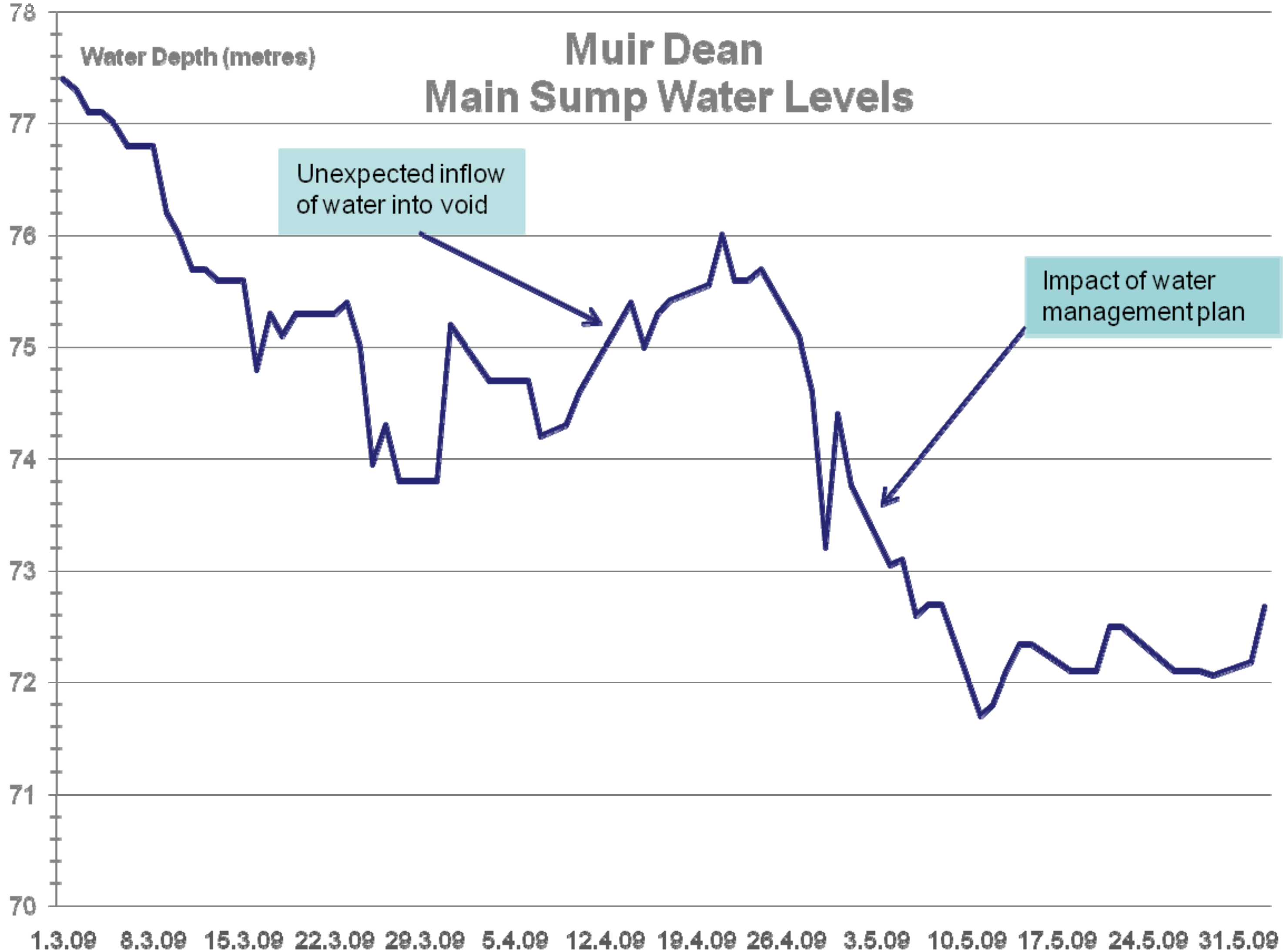

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Business update – ATH Regeneration UK

- Operating loss of £1.5m reflects closure of Grimethorpe
  - Run rate of costs reduced significantly for second half
- Grimethorpe project nearing end of active restoration
  - Adverse weather conditions contributed to additional costs
  - Limited aftercare of site for next 10 years
- Planning consent for Langton project (500,000 tonnes) refused by Derbyshire County Council in January 2009
  - Approved by Nottinghamshire County Council in 2008
  - Date of appeal set for September 2009
  - Result of appeal expected before end of calendar year
  - Positive result allows production to commence in the second half of 2010
- Other UK projects under development for start dates in 2011

Business update – ATH Regeneration Australia

- Progress made on acquiring first contract in Queensland
- Proposal to build, own and operate coal recovery plant
- Commercial terms under discussion
- Final approval from client required
- Discussions continuing with other mining companies

Business update – Reserves*

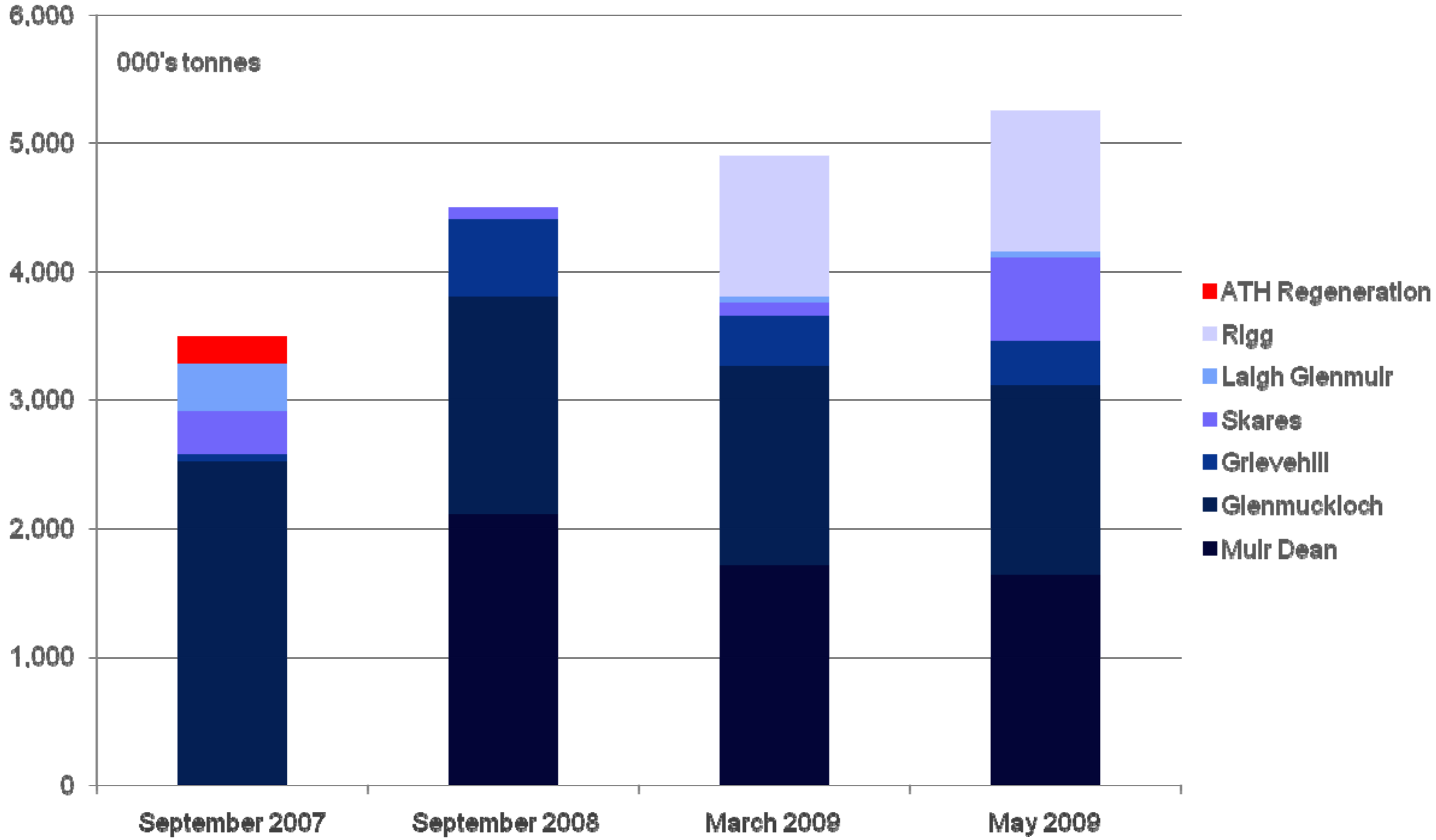
- Proven Reserves increased by 9% to 4.9 million tonnes
  - Planning consents received for Rigg (1.1 million tonnes) and extensions to Glenmuckloch (700,000 tonnes)
  - Further increase of 600,000 tonnes since period end with planning consent received for extension to Skares mine

- Total Reserves of 7.1 million tonnes
  - 300,000 tonnes extension to Muir Dean
  - Potentially uneconomic 600,000 tonnes suspended from reserves

- Plans in place for the submission of a planning consent for a new mine before the end of the year
  - Estimated reserve of 2 to 3 million tonnes

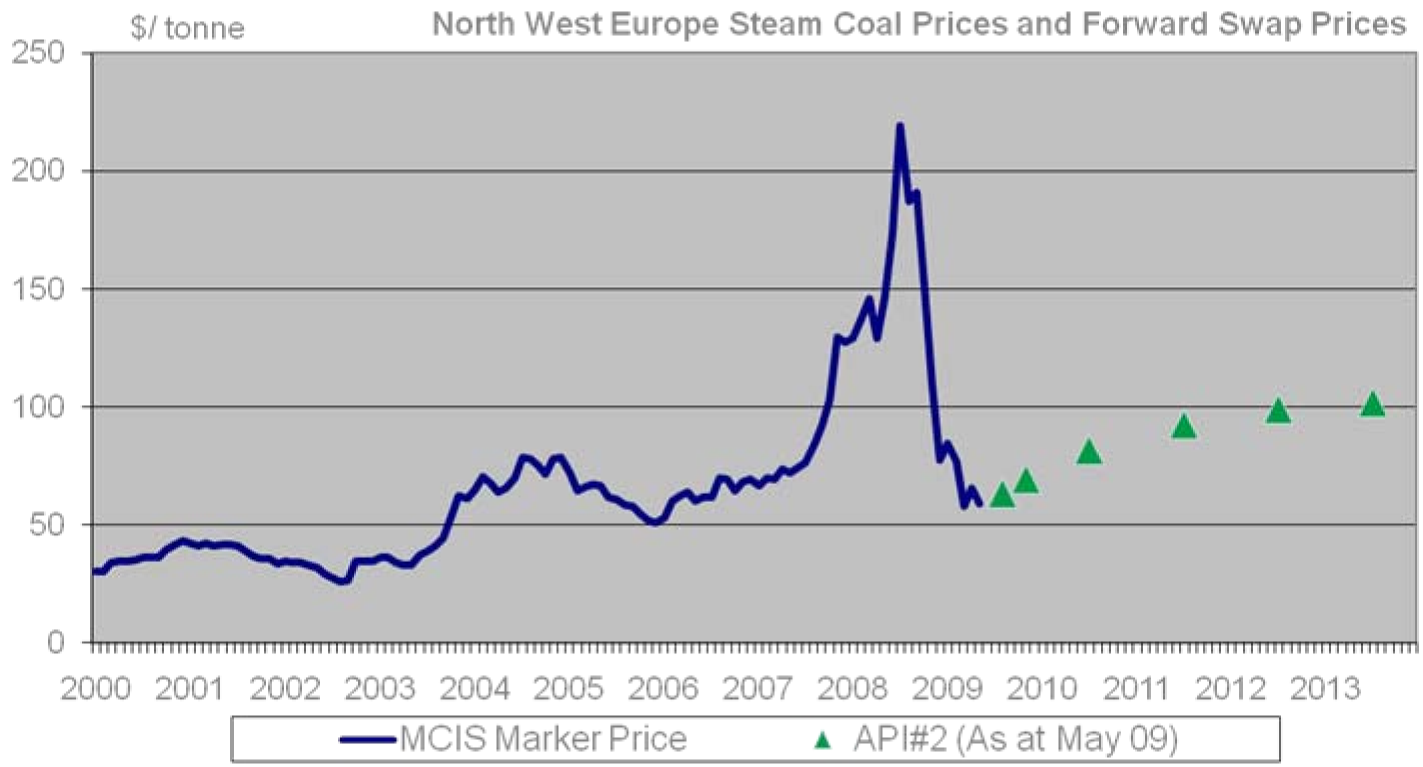
* For further information on Reserves, please see appendices

Business update – Proven Reserves*



* For further information on Reserves, please see appendices

Business update - Coal market



- Current international prices around $70 per tonne
- Forward market showing strong signs of improvement

Financial update

Steven Beaumont

Group Finance Director

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Financial update - Highlights

- Turnover up by over 27% to £35.7m
  - Additional volumes and increased average selling prices
- Gross margin reduced to 19% from 22%
  - No production from ATH Regeneration
  - Higher depreciation and fuel prices
- EBITDA up by 17% to £8.8m
- Term loans and HP debt reduced by £7.3m since September 2008
- Overall net debt down by £0.6m to £44.6m since September 2008
  - Includes £21.4m of HP (September 2008: £26.6m)

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Financial update - Key Performance Indicators

	2009	2008	
Sales volume (000's tonnes)	845	787	+7%
Average selling price (£/ tonne)	42.23	35.37	+19%
EPS (p)	0.15	0.80	-81%
Cash generated from operations (£'m)	6.5	6.4	+2%
EBITDA (£'m)	8.8	7.5	+17%
Gearing* (including HP)	58%	57%	

* Net debt/(Shareholders funds plus net debt)

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Financial update – Income statement

£'m	2009	2008
Revenue	**35.7**	**28.1**
Cost of sales	(28.8)	(21.9)
Gross profit	**6.9**	**6.2**
Other costs (net of income)	(5.3)	(4.6)
PBIT	**1.6**	**1.6**
Finance costs	(1.5)	(1.2)
PBT	**0.1**	**0.4**

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Financial update – Operating profit/ (loss) by business

£'m	2009	2008
Mining	3.5	1.2
ATH Regeneration	(1.5)	0.9
Unallocated group expenses	(0.4)	(0.5)
Group operating profit	**1.6**	**1.6**

- Mining result reflects significant increase in volumes and selling prices offset by unit cost increases
- ATH Regeneration reflects lack of coal production in the period

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Financial update – Long term sales contracts

		March 2009	September 2008
Long term contract volumes (000's tonnes)	Fixed price	3,600	3,750
	Market price	600	-
	Total	**4,200**	**3,750**
Long term contract forecast average price	**(£/ tonne)**	**£33.97**	**£30.68**

- Additional 12% of volume under contract
- Forecast future average selling price increased by 11%

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Financial update – Balance sheet* analysis

£'m		March 2009		September 2008
Non-current assets		87.5		91.1
Current assets	28.9		26.1	
Current liabilities	(19.7)		(18.1)	
Working capital facilities (drawn)/ cash	(5.4)		1.2	
Working capital		3.8		9.2
Non- current liabilities (excl debt)		(18.9)		(19.6)
Capital employed		**72.4**		**80.7**
Bank loans		17.8		19.9
HP agreements		21.4		26.6
		39.2		46.5
Shareholders' funds		33.2		34.2
		72.4		**80.7**

* Note: The balance sheet in statutory IFRS format is included in the appendices

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Financial update – Balances outstanding on existing borrowings

£'m	March 2009	Sept 2009	Sept 2010	Sept 2011
Bank loans	17.8	15.0	8.9	0.4
HP	21.4	17.4	10.2	5.0
Balance outstanding*	39.2	32.4	19.1	5.4

- EBITDA in 2007 and 2008 exceeded £20m per annum
- Limited amounts of new mobile plant required over next two years
- Excludes new debt required to fund future projects

*Note: The above balances only reflect the profile of current financing agreements

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Financial update - Cash flow

£'m	2009	2008
Cash generated from operations	**6.5**	**6.4**
Interest, dividends and taxation	(2.3)	(5.4)
Capital expenditure*	(3.3)	(5.3)
Cash flow before financing	**0.9**	**(4.3)**
Repayment of term debt and HP	(8.1)	(7.7)
New bank loans raised	0.6	18.3
New equity issued	-	0.3
Movement in cash	**(6.6)**	**6.6**
Net cash/ (overdraft) at start of period	1.2	(8.1)
Net cash/ (overdraft) at end of period	**(5.4)**	**(1.5)**

*Note: Excludes acquisition of assets under HP of £0.2m (2008: £3.7m)

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Second half

- Sales volumes set to increase subject to Muir Dean production
  - Muir Dean water management plan in place
- Unit costs set to fall
  - Fuel hedge in place for half of remaining usage
  - ATH Regeneration run rate costs reduced significantly
- Development of ATH Regeneration
  - Potential for first Australian contract
  - Langton appeal to be progressed
- Focus on active debt reduction programme
  - Continuing for next two to three years

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Questions

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Appendices

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Appendix- Balance sheet

£'m	March 2009	September 2008
Goodwill	7.7	7.7
Property, plant & equipment	79.8	83.4
Non current assets	**87.5**	**91.1**
Cash	0.2	1.2
Inventories	20.0	15.0
Trade and other receivables	8.9	11.1
Current assets	**29.1**	**27.3**
Total assets	**116.6**	**118.4**
Short term debt	(19.1)	(14.6)
Other current liabilities/ provisions	(19.7)	(18.2)
Current liabilities	**(38.8)**	**(32.8)**
Long term debt	(25.7)	(31.8)
Provisions and other long term liabilities	(18.9)	(19.6)
Non current liabilities	**(44.6)**	**(51.4)**
Total liabilities	**(83.4)**	**(84.2)**
Net assets	**33.2**	**34.2**

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Appendix – Reserves*

000's tonnes	Proven tonnes	Probable tonnes	Total tonnes
Skares Road	100	600	700
Laigh Glenmuir	50	800	850
Grievehill	400	-	400
Glenmuckloch	1,550	-	1,550
Muir Dean	1,700	300	2,000
Rigg	1,100	-	1,100
Total Surface Mining	4,900	1,700	6,600
Langton	-	500	500
Total ATH Regeneration	-	500	500
Group reserves	**4,900**	**2,200**	**7,100**

* A full definition of reserves is provided on the Group's website www.ath.co.uk

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