

3 September 2004

Anglo Pacific Group PLC
Interim Results for the six months ended 30th June 2004

Anglo Pacific Group is pleased to announce a strong performance for the six months ended 30th June 2004.

Highlights:

- Profit before tax up 55% to £2,700,000 (2003: £1,738,000)
- Profit after tax up 67% to £2,076,000 (2003: £1,245,000)
- Earnings per share up 66% to 2.36p (2003: 1.42p)
- Cash of £1.5 million, no borrowings, and unused bank facilities of £300K
- Interim dividend for the year ending 31st December 2004 to be announced in November 2004

Commenting on the interim results, Peter Boycott, Chairman of Anglo Pacific, said:

"I am pleased to be able to report another set of encouraging results for the first six months of 2004 and further progress in the development of Anglo Pacific and its asset base.

With the increasing demand for energy products from China, India and the Far East, the outlook for coking and steaming coal prices looks to remain buoyant. Developing our coal energy interests in Canada and elsewhere will remain a major focus for the Group.

The Board maintains its strategy to pay a proportion of its increasing coal royalty cash flow as dividends to shareholders, whilst endeavouring to make full use of its substantial tax losses."

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Anglo Pacific Group PLC
Interim Report for the six months ended 30th June 2004

CHAIRMAN'S REVIEW

The first six months of 2004 has seen a distinct shift in sentiment away from gold and precious metals towards base metals and in particular coal energy and oil. Whilst the price of gold has remained stable, and still mostly reflects dollar weakness, the prices of base metals and energy fuels have risen sharply due to ever growing Chinese and other Far Eastern demand as well as uncertainties over oil supplies caused by Middle East political unrest.

In the period under review the Company has maintained its gold and precious metal investments albeit at a reduced level and has actively striven to increase its exposure to base metals as well as coal and coal energy. This has been achieved by taking profits on some of its quoted investments and expanding its private coal interests in North America and elsewhere. Our half-yearly results reflect this.

RESULTS

Following increased coal royalty receipts and substantial realised capital gains I am pleased to report that Group profits before tax for the six months ended 30th June 2004 increased to £2,700,000 compared to £1,738,000 for the same period last year. Profits after tax were £2,076,000 compared to £1,245,000 with earnings per share for the half year of 2.36p compared to 1.42p.

Our coal royalty interests are now valued at £47.1 million as at 30th June 2004, an increase of circa £2.8 million over the valuation at 31st December 2003.

Our mining operational interests and quoted stakes in gold, PGM and base metal projects were valued at 30th June 2004 at circa £7.3 million after having realised profits of £0.72 million over the period. Cash at 30th June 2004 was £1.5 million with no borrowings and unused bank facilities of £300K.

On 6th August 2004 a final dividend of 1.3p per share for the year ended 31st December 2003 was paid. Shareholders owning circa 53% of our issued share capital opted to take further shares in the Company under the scrip dividend alternative. The Directors also opted to take shares rather than cash in respect of substantially all their shareholdings thus increasing their investment in the Company.

The Company will announce its interim dividend for the year ending 31st December 2004 in November 2004, when a scrip dividend alternative will again be available to shareholders.

OPERATIONAL REVIEW

COAL ENERGY INTERESTS

Coal royalties from the two mines in Queensland, Australia, increased to £2.39 million, (2003 £1.88 million).

The independent valuation of the coal royalty in June 2004, based on a net present value of the pre-tax cashflow discounted at a rate of 7%, was £47.1 million (A\$122.7 million) compared to £44.3 million (A\$105.2 million) at 31st December 2003. This increase has not been incorporated in the interim accounts. At present the net royalty income is taxed in Australia at 30%.

As expected royalties are on an increasing trend due to production moving from Crown Land to the Company's Private Ground and due to increased international demand and higher world prices.

Your Company's interest in the Merritt coal and coal bed methane projects in British Columbia are in the process of being reversed into a Canadian quoted vehicle where funds will be raised locally to take the projects forward. The background for developing Merritt remains positive.

Work continues on the Groundhog and Peace River projects in British Columbia. Your Board's confidence in these projects is reflected in the much increased activity in British Columbia in this sector during the last six months with projects going ahead at Perry Creek, Burnt River and Willow Creek amongst others. With higher world prices for metallurgical, thermal and domestic coal, Groundhog and Peace River have now become valuable assets which, as noted in the 2003 Annual Report, are carried in our books at negligible cost. Discussions on developing these projects with joint venture partners continue and this will remain a major focus of the Company.

OTHER MINING INTERESTS

The Company's mining interests still include a reduced stake in Kirkland Lake Gold and a nearly 20% interest in Platinum Australia which has recently announced projects in South Africa. These should produce good revenue returns without the requirement for substantial inward investment. Your Company remains confident in the ability of Platinum Australia to develop the process technology associated with the Panton project.

As reported in the 2003 Annual Report, the Company has a number of stakes in other quoted mining companies which are concentrated in North America, Canada and Australia. These are now more focused on platinum, nickel, coal and base metals and therefore should benefit from increasing world industrial demand.

The Company's interest in the Oxford Lake gold property has now been exchanged for a near 20% interest in Alto Ventures Limited as announced in our recently released quarterly cashflow report. Details on this and other Group interests can be found on the Group's website at www.anglopacifictgroup.com.

OUTLOOK

The outlook for coking and steaming coal prices looks to remain buoyant for the next six months and 2005.

The Board maintains its strategy to pay a proportion of its increasing coal royalty cashflow as dividends to shareholders whilst endeavouring to make full use of its substantial tax losses.

To further this aim, the Company will continue to invest in other coal energy and base metal projects which will benefit from increasing demand in China, India and the Far East.

P.M.Boycott
Chairman
 3 September 2004

Consolidated Profit and Loss Account
 For the Six Months ended 30 June 2004

	6 months to June 2004 £'000	6 months to June 2003 £'000	Year to Dec. 2003 £'000
Turnover	2,391	1,874	3,376
Administrative expenses	-506	-419	-849
Other operating income	65	56	106
Total operating profit	1,950	1,511	2,633
Profit on sale of fixed asset investments	718	158	1,360
Interest received	32	69	116
Profit on ordinary activities before tax	2,700	1,738	4,109
Taxation on ordinary activities	-624	-493	-869
Profit for the financial period	2,076	1,245	3,240
Dividends	-	-	-2,283
Retained profit for the financial period	2,076	1,245	957
Earnings per share	2.36p	1.42p	3.70p
Fully diluted earnings per share	2.33p	1.42p	3.66p

Statement of Consolidated Retained Profits

	£'000	£'000	£'000
At 1 January - Balance b/fwd	5,510	4,553	4,553
Profit for the period	2,076	1,245	957
Balance c/fwd	7,586	5,798	5,510

Consolidated Balance Sheet As at 30th June 2004

	30th June 2004		31st December 2003	
	£'000	£'000	£'000	£'000
Fixed assets				
Tangible assets		847		846
Coal royalties (at valuation)		44,295		44,295
Other investments (at cost)		6,922		6,047
		<u>52,064</u>		<u>51,188</u>
Current assets				

Debtors	1,701	1,052
Cash at bank and in hand	1,487	1,642
	<u>3,188</u>	<u>2,694</u>
Current liabilities		
Taxation	-189	-265
Creditors - amounts falling due within one year	-227	-114
Dividends payable	-1,146	-2,283
	<u>-1,562</u>	<u>-2,662</u>
Net current assets	1,626	32
Total assets less current liabilities	<u>53,690</u>	<u>51,220</u>
Creditors - amounts falling due after more than one year		
Deferred Tax	-447	-224
	<u>-447</u>	<u>-224</u>
	<u>53,243</u>	<u>50,996</u>
Capital and reserves		
Share capital	1,764	1,749
Share premium	594	420
Revaluation reserve	42,582	42,582
Foreign currency translation reserve	85	103
Special reserve	632	632
Profit and loss account balance	7,586	5,510
Equity shareholders' funds	<u>53,243</u>	<u>50,996</u>

**Consolidated Cash Flow Statement
For the Six Months ended 30th June 2004**

	Six months ended 30th June 2004 £'000	Six months ended 30th June 2003 £'000	Year ended 31st December 2003 £'000
Net cash inflow from operating activities	1,400	1,644	2,690
Interest received	32	69	116
Overseas tax paid	-477	-1118	-1,614
Capital expenditure and financial investment	-162	-947	-1791
Equity dividends paid	-1137	-956	-1525
Net cash outflow before financing	<u>-344</u>	<u>-1,308</u>	<u>-2,124</u>
Net cash inflow from share issues	189	-	-
Decrease in cash	<u>-155</u>	<u>-1,308</u>	<u>-2,124</u>

Reconciliation of Operating Profit to Operating Cash Flow

	Six months ended 30th June 2004 £'000	Six months ended 30th June 2003 £'000	Year ended 31st December 2003 £'000
Operating profit	1,950	1,511	2,633
Depreciation	4	3	7
Net (increase) / decrease in working capital	-554	130	50
	<u>1,400</u>	<u>1,644</u>	<u>2,690</u>

Reconciliation of Net Cash Flow to Movement in Net Funds

	Six months ended 30th June 2004 £'000	Six months ended 30th June 2003 £'000	Year ended 31st December 2003 £'000
(Decrease) in cash in period	-155	-1,308	-2,124
Net cash at 1 January 2004	1642	3766	3766
Net cash at 30 June 2004	<u>1,487</u>	<u>2,458</u>	<u>1,642</u>

Analysis of Net Funds

	At 1 January 2004 £'000	Cashflows £'000	At 30 June 2004 £'000
Cash at bank and in hand	1642	-155	1487

Notes

1. Fixed asset investments

(a) Coal Royalty Investments

At 1st January 2004 and 30th June 2004

£000's
44,295

The Group's coal royalty investments comprise the Kestrel and Crinum coal royalties in Queensland, Australia.

The Company commissioned a valuation of Coal Royalty investments at 30 June 2004. Based on a net present value of the pre-tax cashflows discounted at a rate of 7%, a valuation of £47.1 million (A\$122.7 million) was produced, being £2.8 million in surplus of the current carrying value in the accounts. Net royalty income is currently subject to a tax rate of 30% in Australia. The Company has £11.7 million (A\$30.4 million) of Australian capital losses, £2.1 million (A\$5.6 million) of which are restricted connected party losses, to offset against any potential capital gains. Neither the revalued amounts nor the related potential tax liabilities are incorporated in the interim accounts.

In addition the Group has UK capital tax losses in the region of £29 million available for offset against capital gains.

(b)	Other investments	£000's
	At 1 st January 2004	6,047
	Additions	2,805
	Disposals	(1,930)
	At 30 th June 2004	<u>6,922</u>
	Quoted investments	6,806
	Unquoted investments	116
		<u>6,922</u>

The market value of the quoted investments at 30th June 2004 was £7,338,000. The directors' valuation of the unquoted investments was £116,000.

2. Basis of preparation

These unaudited accounts, which do not constitute statutory accounts, have been prepared using accounting policies set out in the Group's 2003 statutory accounts. The financial statements have been subject to a review by the Group's auditors. The 2003 accounts received an unqualified auditors' report and have been delivered to the Registrar of Companies.

3. Earnings per ordinary share

The earnings per ordinary share is calculated on the Group's profit after tax of £2,076,000 and 88,059,638 shares. Fully diluted earnings is calculated on a profit after tax of £2,076,000 and 89,227,862 shares.

4. This statement will be sent to shareholders and will be available at the Company's registered office at 4a Accommodation Road, London NW11 8 ED.

Anglo Pacific Group PLC Independent Review Report

Introduction

We have been instructed by the Company to review the financial information set out on pages 2 to 4 and we have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report, including the conclusion, has been prepared for and only for the Company for the purpose of the Listing Rules of the Financial Services Authority and for no other purpose. We do not, therefore in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The Listing Rules of the Financial Services Authority require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with the guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board. A review consists principally of making enquiries of Group management and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise

disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2004.

Baker Tilly,
Chartered Accountants

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3 September 2004