Anglo Pacific Group PLC

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30th JUNE 2005

CHAIRMAN'S STATEMENT

Anglo Pacific Group (APG), the natural resources royalties company, today announces record interim results for the six months ended 30th June 2005.

FINANCIAL HIGHLIGHTS

- Profit before tax up 101% to £5,431,000 (2004: £2,700,000)
- Profit after tax up 101% to £4,167,000 (2004: £2,076,000)
- Earnings per share for the first half up 86% to 4.38p (2004: 2.36p)
- Cash of £2.9 million and no borrowings
- Interim dividend for the year ending 31st December 2005 to be announced in November 2005

OPERATIONAL HIGHLIGHTS

- Record coal royalty receipts and further profits realised on some quoted investments
- Increased exposure to coal energy projects and uranium interests
- Private Australian coal exploration interests extended on three fronts
- Further licences applied for in British Columbia
- Exposure maintained to gold, base metals and PGM projects
- International Financial Reporting Standards (IFRS) implemented from 1st January 2005

CHAIRMAN'S REVIEW

In the first six months of 2005 the temporary setback in mining markets reflected an anticipated slow down in consumption of raw materials and energy products by China as well as profit taking after the sharp rise in share prices at the end of 2004.

However, economic output in China, India and the Far East has remained strong resulting in a continuing demand for industrial raw materials. Furthermore, the prices of oil, coal and other energy products such as uranium have recently reached record highs and look set to continue to rise as supply problems persist.

The price of gold has recently started to move higher reflecting worries about not only the US Dollar but also the Euro and Sterling. In addition, industrial relations and production problems in South Africa have contributed to the strength of the gold price.

It is against this background that in the period under review the Company received record coal royalty receipts and realised further profits on some of its quoted investments.

During this period the Company has increased its exposure to coal energy projects with further expansion of its private coal interests in Australia and British Columbia. The Company has added to its uranium interests in Australia and Canada and more recently in the USA. The Company maintains its exposure to gold, base metals and PGM projects.

Anglo Pacific Group PLC

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30th JUNE 2005

CHAIRMAN'S STATEMENT

FINANCIAL REVIEW

Following record coal royalty receipts and further realised capital gains I am pleased to report that Group profits before tax for the six months ended 30th June 2005 increased to £5,431,000 compared to £2,700,000 for the same period last year. Profits after tax were £4,167,000 compared to £2,076,000 with earnings per share for the half year of 4.38p compared to 2.36p.

Our private mining operational interests and quoted stakes in mining projects were valued at 30th June 2005 at circa £18.5 million after having realised profits of £1.22 million over the period. Cash at 30th June 2005 was £2.9 million with no borrowings.

On 5th August 2005 a final dividend of 2.0p per share for the year ended 31st December 2004 was paid. Shareholders owning over 25% 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 2005 in November 2005, when a scrip dividend alternative will again be available to shareholders.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The European Commission published an EU Regulation in 2002 that requires the adoption of International Financial Reporting Standards (IFRSs) in member states for the preparation of the consolidated financial statements of listed entities. The Regulation applies to financial periods, beginning on or after 1st January 2005 for entities whose securities are traded on a regulated market. As of 1st January 2005 the Company implemented IFRS for the preparation of its financial statements. The relevant standards have required an adjustment for deferred tax on revaluation of the coal royalty. Quoted mining investments are now required to be shown at market value with the difference from cost being credited to investment revaluation reserve. A reconciliation between the accounts prepared under UK GAAP and IFRS is shown on pages 10 to 17.

OPERATIONAL REVIEW

Coal Energy Interests

Coal royalties from the two mines in Queensland, Australia, increased to £4.66 million, (2004 £2.39 million).

The independent valuation of the coal royalty in June 2005, based on a net present value of the pre-tax cashflow discounted at a rate of 7%, was £57.7 million (A$135.7 million) compared to £57.6 million (A$141.3 million) at 31st December 2004. This increase has been incorporated in the interim figures taking into account the new IFRS rules, mentioned above. At present the net royalty income is taxed in Australia at 30%.

The royalties have increased in the first six months due to production moving from Crown Land to the Company's Private Ground and due to higher coking coal prices mainly in the second quarter when the higher prices became effective. However these royalties have been lower than expected due to continuing shipping delays at Australian ports, particularly at Gladstone in Queensland. These are expected to unwind in the second half.

The Company has maintained its substantial stakes in both Cambrian Mining and Western Canadian Coal. The Board remains committed to the coal and coal energy sectors and sees the continuing expansion of the Chinese and Far East economies as an opportunity to increase its holdings in these two companies, both of which stand to benefit.

The Company has staked further ground in British Columbia at Groundhog and Trefi and detailed evaluation of these projects continues. The Board is still progressing its listing on the TSE despite delays due to changes in their personnel and regulatory hurdles.

In Australia the Company continues to expand its activities with Core Resources and is now jointly staking and actively exploring for coking coal in several areas of the Northern Territories, Queensland and New South Wales.

The Company's private coal interests in British Columbia and Australia are part of a strategy to develop future royalty cashflows from such projects as and when they evolve.

Other Mining Interests

The Company holds a 19% interest in Platinum Australia where considerable progress has been achieved on various platinum projects in South Africa. Platinum Australia is seeking an AIM listing in the near future for additional access to capital for its projects due to interest from UK institutions.

The Company recently announced an increase in its holding in Hidefield Gold to 18.3%. Hidefield has a number of strategic stakes in gold and diamond projects in North and South America.

Substantial stakes are still held by the Company in Laramide Resources and Aquiline Resources which represent further exposure to uranium and gold. The Company has made a number of investments in the uranium sector in the last six months. In particular it has a substantial interest in Quincy Energy Corp which has numerous uranium projects in North America.

Other mining interests encompass gold and base metals' as well as PGM projects.

OUTLOOK

The Board remains confident that the Company will receive record royalties for 2005 from its interests in the Kestrel and Crinum mines. Coking coal prices look set to remain buoyant for the foreseeable future and, with higher oil prices due to worldwide shortages, the outlook for uranium and coal energy products remains positive. Due to inflation fears and turbulence in currency markets we retain our commitment to gold and precious metals.

The Board will continue its strategy of paying a substantial proportion of the coal royalty cashflows as dividends to shareholders, whilst endeavouring to make full use of its capital tax losses.

Shareholders were informed that Mr Henry Michaelis resigned for health reasons on 20th June 2005. The Directors wish to thank Mr Michaelis for his hard work and substantial contribution to the development of the Company since he was appointed in May 1997. The Board wishes him well in his retirement. The Company intends to appoint a new non-executive director later in the year.

P.M. BOYCOTT
Chairman
8th September 2005

Anglo Pacific Group PLC

CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30th JUNE 2005

	Six months ended 30th June 2005 £'000	Restated Six months ended 30th June 2004 £'000	Restated Year ended 31st December 2004 £'000
Royalty income	4,655	2,391	5,313
Other operating income	107	65	122
	4,762	2,456	5,435
Net operating expenses	(626)	(506)	(1,316)
Operating profit	4,136	1,950	4,119
Profit on sale of mining and exploration interests	1,224	718	3,507
Finance income	71	32	86
Profit before tax	5,431	2,700	7,712
Tax	(1,264)	(624)	(1,310)
Profit attributable to equity holders	4,167	2,076	6,402
Basic earnings per share	4.38p	2.36p	7.11p
Fully diluted earnings per share	4.35p	2.33p	7.06p
Dividend per share		1.60p	3.60p
Dividend (£'000)		1,513	3,414

Anglo Pacific Group PLC

CONSOLIDATED BALANCE SHEET
AS AT 30th JUNE 2005

	30th June 2005		Restated 30th June 2004		Restated 31st December 2004	
	£'000	£'000	£'000	£'000	£'000	£'000
Non-current assets						
Property plant and equipment		849		847		852
Coal royalties (at valuation)		57,693		47,084		57,648
Mining and exploration interests		18,432		6,993		20,186
		76,974		54,924		78,686
Current assets						
Trade and other receivables	2,870		1,629		2,891	
Cash at bank	2,877		1,559		3,452	
		5,747		3,188		6,343
Total assets		82,721		58,112		85,029
Current liabilities						
Taxation	572		189		401	
Trade and other payables	572		227		1,178	
Dividends payable	1,901		1,146		1,513	
		3,045		1,562		3,092
Non-current liabilities						
Deferred tax	13,659		10,549		13,341	
		13,659		10,549		13,341
Total liabilities		16,704		12,111		16,433
Capital and reserves attributable to shareholders						
Share capital		1,901		1,764		1,891
Share premium		5,222		594		4,741
Revaluation reserve		43,140		35,269		42,964
Investment revaluation reserve		2,297		71		7,850
Foreign currency translation reserve		160		85		119
Special reserve		632		632		632
Retained Earnings		12,665		7,586		10,399
		66,017		46,001		68,596
Total equity and liabilities		82,721		58,112		85,029

Anglo Pacific Group PLC

CONSOLIDATED STATEMENT OF CHANGES OF EQUITY

	Share capital £'000	Share premium £'000	Revaluation reserve £'000	Investment revaluation reserve £'000	Foreign currency translation reserve £'000	Special reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2004	1,749	420	33,647	3,393	103	632	6,656	46,600
Gain (Loss) on Royalties revaluation			1,622					1,622
Gain/(Loss) on Investments revaluation				(3,322)				(3,322)
Foreign currency translation					(18)			(18)
Net income recognised direct into equity	1,749	420	35,269	71	85	632	6,656	44,882
Profit for the period							2,076	2,076
Total recognised income and expenses	1,749	420	35,269	71	85	632	8,732	46,958
Issue of share capital								0
Scrip Dividend	5	94						99
Cash Dividend							(1,146)	(1,146)
Equity share options issued	10	80						90
Balance at 30 June 2004	1,764	594	35,269	71	85	632	7,586	46,001
Gain/(Loss) on Royalties revaluation			7,695					7,695
Gain / (Loss) on Investments revaluation				7,779				7,779
Foreign currency translation					34			34
Net income recognised direct into equity	1,764	594	42,964	7,850	119	632	7,586	61,509
Profit for the period							4,326	4,326
Total recognised income and expenses	1,764	594	42,964	7,850	119	632	11,912	65,835
Issue of share capital	88	3,402						3,490
Scrip Dividend	19	585						604
Cash Dividend							(1,513)	(1,513)
Equity share options issued	20	160						180
Balance at 31 December 2004	1,891	4,741	42,964	7,850	119	632	10,399	68,596
Gain/(Loss) on Royalties revaluation			176					176
Gain/(Loss) on Investments revaluation				(5,553)				(5,553)
Foreign currency translation					41			41
Net income recognised direct into equity	1,891	4,741	43,140	2,297	160	632	10,399	63,260
Profit for the period							4,167	4,167
Total recognised income and expenses	1,891	4,741	43,140	2,297	160	632	14,566	67,427
Issue of share capital								0
Scrip Dividend	10	481						491
Cash Dividend							(1,901)	(1,901)
Equity share options issued								0
Balance at 30 June 2005	1,901	5,222	43,140	2,297	160	632	12,665	66,017

Anglo Pacific Group PLC

CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30th JUNE 2005

	Six months ended 30th June 2005 £'000	Restated Six months ended 30th June 2004 £'000	Restated Year ended 31st December 2004 £'000
Cashflows from operating activities			
Profit before taxation	5,431	2,700	7,712
Adjustments for:			
Interest received	(71)	(32)	(86)
Foreign exchange gain/(loss)	41	(18)	16
Depreciation of property, plant and equipment	5	4	8
(Gain) on disposal of property, plant and equipment	(1,224)	(718)	(3,507)
	4,182	1,936	4,143
Decrease/(Increase) in trade and other receivables	21	(577)	(1,839)
(Decrease)/Increase in trade and other payables	(606)	113	1,063
Cash generated from operations	3,597	1,472	3,367
Income taxes paid	(644)	(477)	(1,027)
Net cash from operating activities	2,953	995	2,340
Cash flows from investing activities			
Proceeds on disposal of property, plant and equipment	3,545	2,648	8,647
Purchase of property, plant and equipment	(6,122)	(2,810)	(11,444)
Interest received	71	32	86
Net cash used in investing activities	(2,506)	(130)	(2,711)
Cash flows from financing activities			
Proceeds from issue of share capital	–	189	3,760
Dividends paid	(1,022)	(1,137)	(1,579)
Net cash used in financing activities	(1,022)	(948)	2,181
Net increase in cash and cash equivalents	(575)	(83)	1,810
Cash and cash equivalents at beginning of period	3,452	1,642	1,642
Cash and cash equivalents at end of period	2,877	1,559	3,452

Explanation of material adjustments to the cash flow statement

Income taxes paid in the relevant period are now classified as operating cash flows under IFRS, but were included as a separate category of tax cash flows under UK GAAP. This was £644,000 for the six months to 30th June 2005, £477,000 for the six months to 30th June 2004, and £1,027,000 for the year to 31st December 2004.

Under IFRS credit cash balances held by stockbrokers are treated as cash. Under UK GAAP, these were treated as accounts receivable. This was £23,000 at 30th June 2005, £72,000 at 30th June 2004 and £311,000 at 31st December 2004.

There are no other material differences in the cash flow statements presented under IFRS and previously presented under UK GAAP.

Anglo Pacific Group PLC

NOTES TO THE ACCOUNTS

1. **Basis of preparation**

   These condensed consolidated financial statements of Anglo Pacific Group PLC have been prepared in accordance with International Accounting Standards (IAS) 34, Interim Financial Reporting, and are covered by IFRS 1, First-time Adoption of IFRS, because they are part of the period covered by the Group's first IFRS financial statements for the year ending 31st December 2005. The policies set out below have been consistently applied to all the periods presented.

   Consolidated financial statements of the Group until 31st December 2004 had been prepared in accordance with UK Generally Accepted Accounting Principles (UK GAAP). UK GAAP differs in certain respects with IFRS. When preparing the consolidated interim financial statements for 2005 management has amended certain recognition and measurement bases applied in the UK GAAP financial statements to comply with IFRS. The comparative figures in respect of the interim period ending 30th June 2004 and the year end figures ended 31st December 2004 have been restated to reflect these adjustments. Reconciliations and descriptions of the effect of the transition from UK GAAP to IFRS on the group's equity and its net income are given in the statements and notes on pages 10 to 17. Comparative figures for the year ended 31st December 2004 have been extracted from the Group's 2004 statutory accounts.

   The financial statements have been reviewed by the Company's auditors. The 2004 accounts received an unqualified auditors' report and have been delivered to the Registrar of Companies.

2. **Non-current Assets**

   (a) Coal Royalty Investments

   The Company's coal royalty investments comprise the Kestrel and Crinum coal royalties in Queensland, Australia. The Company commissioned a valuation of the coal royalties in June 2005, based on a net present value of the pre-tax cashflow discounted at a rate of 7%, which produced a valuation of £57.7 million (A$135.7 million). At present the net royalty income is taxed in Australia at a rate of 30%. Were the coal royalties to be realised at the revalued amount there are £13.2 million (A$31.0 million) of capital losses potentially available to offset against taxable gains. These losses have been included in the deferred tax computation. In addition, the Company has UK capital tax losses in the region of £25 million available for offset against capital gains.

   (b) Mining and Exploration Interests

   The market value of the quoted Mining and Exploration Interests at 30th June 2005 was £17,448,000. The directors' valuation of the unquoted Mining and Exploration Interests was £984,000.

3. **Earnings per ordinary share**

   The earnings per ordinary share is calculated on the Company's profit after tax of £4,167,000 and 95,073,076 shares. Fully diluted earnings per shares is calculated on a profit after tax of £4,167,000 and 95,778,889 shares.

4. This statement will be sent to shareholders and will be available at the Company's registered office at 1st Floor Sentinel House, Brent Street, London NW4 2EP.

5. **Segment Information**

Six months ended 30th June 2005

	Royalty £'000	Mining Interests £'000	Unallocated £'000	Total £'000
Revenue	4,655	–	107	4,762
Operating profit	4,655	–	(519)	4,136
Profit on sale of mining and exploration interests	–	1,224	–	1,224
Interest received	–	–	71	71
Tax	–	–	(1,264)	(1,264)
Segment Result	4,655	1,224	(1,712)	4,167
Segment Assets	57,693	18,432	6,596	82,721
Segment Liabilities	(13,659)	–	(3,045)	(16,704)
Net Segment Assets	44,034	18,432	3,551	66,017

Six months ended 30th June 2004

	Royalty £'000	Mining Interests £'000	Unallocated £'000	Total £'000
Revenue	2,391	–	65	2,456
Operating profit	2,391	–	(441)	1,950
Profit on sale of mining and exploration interests	–	718	–	718
Interest received	–	–	32	32
Tax	–	–	(624)	(624)
Segment Result	2,391	718	(1,033)	2,076
Segment Assets	47,084	6,993	4,035	58,112
Segment Liabilities	(10,549)	–	(1,562)	(12,111)
Net Segment Assets	36,535	6,993	2,473	46,001

Year ended 31st December 2004

	Royalty £'000	Mining Interests £'000	Unallocated £'000	Total £'000
Revenue	5,313	10	112	5,435
Operating profit	5,313	10	(1,204)	4,119
Profit on sale of mining and exploration interests	–	3,507	–	3,507
Interest received	–	–	86	86
Tax	–	–	(1,310)	(1,310)
Segment Result	5,313	3,517	(2,428)	6,402
Segment Assets	57,648	20,196	7,185	85,029
Segment Liabilities	(13,341)	–	(3,092)	(16,433)
Net Segment Assets	44,307	20,196	4,093	68,596

Anglo Pacific Group PLC

INCOME STATEMENT RECONCILIATION
FOR THE SIX MONTHS ENDED 30th JUNE 2005

	Note	Previous GAAP £'000	Effect of transition to IFRSs £'000	IFRSs £'000
Royalty income		4,655	–	4,655
Other operating income		107	–	107
		4,762	–	4,762
Net operating expenses		(626)	–	(626)
Operating profit		4,136	–	4,136
Profit on sale of mining and exploration interests		1,224	–	1,224
Finance income		71	–	71
Profit before tax		5,431	–	5,431
Tax		(1,264)	–	(1,264)
Profit attributable to equity holders		4,167	–	4,167
Earnings per share	1	4.39p	(0.01p)	4.38p
Fully diluted earnings per share	2	4.35p	–	4.35p

Notes to the Income Statement Reconciliation for the six months to 30 June 2005:

1. Under UK GAAP the earnings per ordinary share would have been calculated on the Company's profit after tax of £4,167,000 and 94,986,836 shares. Under IFRS the number of shares used in the calculation is 95,073,076, resulting in a reduction in the earnings per share. This is due to the inclusion of shares issued as scrip dividends from the beginning of the period.
2. Under UK GAAP the fully diluted earnings per share would have been calculated on the Company's profit after tax of £4,167,000 and 95,692,658 shares. Under IFRS the number of shares used in the calculation is 95,778,889. This is due to the inclusion of shares issued as scrip dividends from the beginning of the period. However, this does not change the diluted earnings per share.
3. Dividends declared after the period end are not included in the period's financial statements under IFRSs. The 2004 final dividend has therefore been recognised in the period to 30 June 2005.

Anglo Pacific Group PLC

INCOME STATEMENT RECONCILIATION
FOR THE SIX MONTHS ENDED 30th JUNE 2004

	Note	Previous GAAP £'000	Effect of transition to IFRSs £'000	IFRSs £'000
Royalty income		2,391	–	2,391
Other operating income		65	–	65
		2,456	–	2,456
Net operating expenses		(506)	–	(506)
Operating profit		1,950	–	1,950
Profit on sale of mining and exploration interests		718	–	718
Finance income		32	–	32
Profit before tax		2,700	–	2,700
Tax		(624)	–	(624)
Profit attributable to equity holders		2,076	–	2,076
Earnings per share	1	2.36p	–	2.36p
Fully diluted earnings per share	2	2.33p	–	2.33p

Notes to the Income Statement Reconciliation for the six months to 30 June 2004:

1. Under UK GAAP the earnings per ordinary share was calculated on the Company's profit after tax of £2,076,000 and 88,059,638 shares. Under IFRS the number of shares used in the calculation is 88,093,902. This is due to the inclusion of shares issued as scrip dividends from the beginning of the period. However, this does not change the earnings per share.

2. Under UK GAAP the fully diluted earnings per share was calculated on the Company's profit after tax of £2,076,000 and 89,227,862 shares. Under IFRS the number of shares used in the calculation is 89,262,126. This is due to the inclusion of shares issued as scrip dividends from the beginning of the period. However, this does not change the diluted earnings per share.

3. Dividends declared after the period end are not included in the period's financial statements under IFRSs. The 2003 final dividend has therefore been recognised in the period to 30 June 2004.

Anglo Pacific Group PLC

INCOME STATEMENT RECONCILIATION
FOR THE YEAR ENDED 31st DECEMBER 2004

	Note	Previous GAAP £'000	Effect of transition to IFRSs £'000	IFRSs £'000
Royalty income		5,313	–	5,313
Other operating income		122	–	122
		5,435	–	5,435
Net operating expenses		(1,316)	–	(1,316)
Operating profit		4,119	–	4,119
Profit on sale of mining and exploration interests		3,507	–	3,507
Finance income		86	–	86
Profit before tax		7,712	–	7,712
Tax		(1,310)	–	(1,310)
Profit attributable to equity holders		6,402	–	6,402
Earnings per share	1	7.15p	(0.04p)	7.11p
Fully diluted earnings per share	2	7.10p	(0.04p)	7.06p

Notes to the Income Statement Reconciliation for the year ended 31st December 2004:

1. Under UK GAAP the earnings per ordinary share was calculated on the Company's profit after tax of £6,402,000 and 89,575,628 shares. Under IFRS the number of shares used in the calculation is 90,020,365, resulting in a reduction in the earnings per share. This is due to the inclusion of shares issued as scrip dividends from the beginning of the period.
2. Under UK GAAP the fully diluted earnings per share was calculated on the Company's profit after tax of £6,402,000 and 90,189,475 shares. Under IFRS the number of shares used in the calculation is 90,634,211, resulting in a reduction in the diluted earnings per share. This is due to the inclusion of shares issued as scrip dividends from the beginning of the period.
3. Dividends approved after the period end are not included in the period's financial statements under IFRSs. The 2004 final dividend has therefore been recognised in the period to 30 June 2005. Similarly, the 2003 final dividend has been recognised in the period to 30 June 2004.
4. The actual final dividend for the year ended 31st December 2004 was £1,901,462 due to the additional shares issued under the scrip dividend alternative in respect of the interim dividend for the year ended 31st December 2004, which was paid in January 2005.

Anglo Pacific Group PLC

RECONCILIATION OF EQUITY
AS AT 30th JUNE 2005

	Note	Previous GAAP £'000	Effect of transition to IFRSs £'000	IFRSs £'000
Non-current assets				
Property plant and equipment		849	–	849
Coal royalties (at valuation)	1	57,647	46	57,693
Mining and exploration interests	2	16,135	2,297	18,432
		74,631	2,343	76,974
Current assets				
Trade and other receivables	3	2,979	(109)	2,870
Cash at bank and in hand	3	2,854	23	2,877
		5,833	(86)	5,747
Total assets		80,464	2,257	82,721
Current liabilities				
Taxation		572	–	572
Trade and other payables	3	658	(86)	572
Dividends payable		1,901	–	1,901
		3,131	(86)	3,045
Non-current liabilities				
Deferred tax	4	818	12,841	13,659
		818	12,841	13,659
Total liabilities		3,949	12,755	16,704
Capital and reserves				
Share capital		1,901	–	1,901
Share premium		5,222	–	5,222
Revaluation reserve	5	55,935	(12,795)	43,140
Investment revaluation reserve	6	–	2,297	2,297
Foreign currency translation reserve		160	–	160
Special reserve		632	–	632
Retained earnings		12,665	–	12,665
		76,515	(10,498)	66,017
Total equity and liabilities		80,464	2,257	82,721

Anglo Pacific Group PLC

RECONCILIATION OF EQUITY
AS AT 30th JUNE 2004

	Note	Previous GAAP £'000	Effect of transition to IFRSs £'000	IFRSs £'000
Non-current assets				
Property plant and equipment		847	–	847
Coal royalties (at valuation)	1	44,295	2,789	47,084
Mining and exploration interests	2	6,922	71	6,993
		52,064	2,860	54,924
Current assets				
Trade and other receivables	3	1,701	(72)	1,629
Cash at bank and in hand	3	1,487	72	1,559
		3,188	–	3,188
Total assets		55,252	2,860	58,112
Current liabilities				
Taxation		189	–	189
Trade and other payables		227	–	227
Dividends payable		1,146	–	1,146
		1,562	–	1,562
Non-current liabilities				
Deferred tax	4	447	10,102	10,549
		447	10,102	10,549
Total liabilities		2,009	10,102	12,111
Capital and reserves				
Share capital		1,764	–	1,764
Share premium		594	–	594
Revaluation reserve	5	42,582	(7,313)	35,269
Investment revaluation reserve	6	–	71	71
Foreign currency translation reserve		85	–	85
Special reserve		632	–	632
Profit and loss account balance		7,586	–	7,586
		53,243	(7,242)	46,001
Total equity and liabilities		55,252	2,860	58,112

Anglo Pacific Group PLC

RECONCILIATION OF EQUITY
AS AT 31st DECEMBER 2004

	Note	Previous GAAP £'000	Effect of transition to IFRSs £'000	IFRSs £'000
Non-current assets				
Property plant and equipment		852	–	852
Coal royalties (at valuation)		57,648	–	57,648
Mining and exploration interests	2	12,336	7,850	20,186
		70,836	7,850	78,686
Current assets				
Trade and other receivables	3	2,580	311	2,891
Cash at bank and in hand	3	3,763	(311)	3,452
		6,343	–	6,343
Total assets		77,179	7,850	85,029
Current liabilities				
Taxation		401	–	401
Trade and other payables		1,178	–	1,178
Dividends payable	7	3,405	(1,892)	1,513
		4,984	(1,892)	3,092
Non-current liabilities				
Deferred tax	4	370	12,971	13,341
		370	12,971	13,341
Total liabilities		5,354	11,079	16,433
Capital and reserves				
Share capital		1,891	–	1,891
Share premium		4,741	–	4,741
Revaluation reserve	5	55,935	(12,971)	42,964
Investment revaluation reserve	6	–	7,850	7,850
Foreign currency translation reserve		119	–	119
Special reserve		632	–	632
Profit and loss account balance		8,507	1,892	10,399
		71,825	(3,229)	68,596
Total equity and liabilities		77,179	7,850	85,029

Anglo Pacific Group PLC

RECONCILIATION OF EQUITY
AS AT 1st JANUARY 2004

	Note	Previous GAAP £'000	Effect of transition to IFRSs £'000	IFRSs £'000
Non-current assets				
Property plant and equipment		846	–	846
Coal royalties (at valuation)		44,295	–	44,295
Mining and exploration interests	2	6,047	3,393	9,440
		51,188	3,393	54,581
Current assets				
Trade and other receivables	3	1,052	(117)	935
Cash at bank and in hand	3	1,642	117	1,759
		2,694	–	2,694
Total assets		53,882	3,393	57,275
Current liabilities				
Taxation		265	–	265
Trade and other payables		114	–	114
Dividends payable	7	2,283	(1,146)	1,137
		2,662	(1,146)	1,516
Non-current liabilities				
Deferred tax		224	8,935	9,159
		224	8,935	9,159
Total liabilities		2,886	7,789	10,675
Capital and reserves				
Share capital		1,749	–	1,749
Share premium		420	–	420
Revaluation reserve	8	42,582	(8,935)	33,647
Investment revaluation reserve	6	–	3,393	3,393
Foreign currency translation reserve		103	–	103
Special reserve		632	–	632
Profit and loss account balance		5,510	1,146	6,656
		50,996	(4,396)	46,600
Total equity and liabilities		53,882	3,393	57,275

Anglo Pacific Group PLC

NOTES TO THE RECONCILIATIONS OF EQUITY

1. The revaluation of the coal royalty is recognised in the interim accounts under IFRSs, where previously the valuation had only been included by way of a note to the interim results.
2. Under IFRSs the investments in mining and exploration entities via listed equities are treated as financial assets available for sale, and as such are revalued to fair value at the date of the Balance Sheet.
3. Under IFRSs credit cash balances held by stockbrokers are treated as cash. Under GAAP these were treated as accounts receivable.
4. Under IFRSs the revaluation of the coal royalty in the accounts necessitates an entry in the deferred tax account, even though the asset was not intended for sale at the end of the period.
5. The revaluation reserve is reduced by the amount transferred to deferred tax in Note 4.
6. Due to the revaluation in Note 2, a separate revaluation reserve has been created.
7. Dividends approved after the period end are not included in the period's financial statements under IFRSs. The final dividend for 2004 was not approved until 2005 so is not recognised in the 2004 financial statements. In addition, the final dividend for 2003 was not approved until 2004 so is not recognised in the opening balance at 1st January 2004.
8. Under IFRS 1 the opening revaluation reserve at 1st January 2004 must be adjusted to reflect the deferred tax component of past revaluations.

Anglo Pacific Group PLC

INDEPENDENT REVIEW REPORT TO ANGLO PACIFIC GROUP PLC

Introduction

We have been instructed by the company to review the financial information for the six months ended 30th June 2005 which comprises consolidated income statement, consolidated balance sheet, consolidated cashflow and consolidated statement of recognised income and expenses. 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 directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority.

As disclosed in note 1 to the accounts, the next annual financial statements of the group will be prepared in accordance with those IFRSs adopted for use by the European Union. This interim report has been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting and the requirements of IFRS 1, First Time Adoption of International Financial Reporting Standards relevant to interim reports.

The accounting policies are consistent with those that the directors intend to use in the next annual financial statements.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. 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 disclosed accounting policies have been applied. 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 and therefore provides a lower level of assurance. 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 30th June 2005.

Baker Tilly
Chartered Accountants
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8th September 2005

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