

Anglo Pacific Group PLC

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30th JUNE 2006

CHAIRMAN'S STATEMENT

Anglo Pacific Group (APG), the natural resources royalties company, today announces record interim results for the six months ended 30th June 2006.

FINANCIAL HIGHLIGHTS:

- Profit before tax up 129% to £12,411,000 (2005: £5,427,000)
- Profit after tax up 167% to £11,109,000 (2005: £4,163,000)
- Earnings per share for the first half up 153% to 11.06p (2005: 4.38p)
- Cash and investments increase by 165% to £56.5 million (2005: £21.3 million)
- Cash of £6.3 million and no borrowings
- 2006 interim dividend to be announced in November 2006

OPERATIONAL HIGHLIGHTS:

- Record profits realised on mature listed investments
- Record royalty receipts
- Sharp increase in value of underlying quoted interests
- Steady progress on coal energy projects and uranium interests
- New coal licences applied for in British Columbia and Australia
- Increased exposure to gold, base metals and PGM projects

CHAIRMAN'S REVIEW

The first few months of 2006 saw a substantial rise in metal prices and mining markets as the major economies continued to expand. During this period the Group realised record profits of over £8.1 million on some of its mature listed mining interests, reflecting the Group's active, merchant banking strategy.

May 2006 brought a set back in these markets resulting in firmer bond prices and a strengthening of the US dollar. More recently, with higher oil prices and political unrest in the Middle East, gold and other precious metal prices have again strengthened and the price of uranium has continued to rise.

Despite this turbulent background, the economies of China, India and the Far East have continued to show strong growth. This has been reflected in coking coal prices still in excess of US\$100 per ton and sustained demand worldwide for energy products and base metals.

Consequently, during this period the Group has continued to receive strong cashflows from its coal interests in Australia, whilst successfully increasing its cash and other investments from £39.9 million at 31st December 2005 to £56.5 million as at 30th June 2006. The Group has maintained its interests in coal energy and uranium whilst still having a balanced exposure to base and precious metals.

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FINANCIAL REVIEW

Group profits before tax for the six months ended 30th June 2006 increased to £12,411,000 compared to £5,427,000 for the same period last year. Profits after tax were £11,109,000 compared to £4,163,000 with earnings per share for the half year of 11.06p compared to 4.38p.

The Group's private mining operational interests and quoted stakes in mining projects were valued at 30th June 2006 at £50.2 million after having realised profits of £8.1 million over the half year. The Group has unused capital losses of circa £25 million to offset against these gains. The Group continues its policy of supporting developing smaller mining companies which have good projects.

The Group had cash of £6.3 million at 30th June 2006, with no borrowings, compared to £2.9 million at the same time last year.

On 4th August 2006 a final dividend of 3.25p per share for the year ended 31st December 2005 was paid. Shareholders owning over 10% of our issued share capital opted to take further shares in the Company under the scrip dividend alternative. The Directors increased their investment in the Group by opting to take shares rather than cash on some of their shareholdings.

As in previous years the Group will announce its interim dividend for the year ending 31st December 2006 in November 2006, 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, were £5.05 million, (2005 £4.66 million).

The independent valuation of the coal royalty in June 2006, based on a net present value of the pre-tax cash flow discounted at a rate of 7%, was A\$131.0 million (£52.7 million) compared to A\$133.4 million (£56.7 million) at 31st December 2005. At present the net royalty income is taxed in Australia at 30%.

The coal royalties for the first six months of 2006 were less than internal forecasts due to congestion at ports and unanticipated delays in opening a new longwall at one of the mines. These shortfalls should be recovered in the second half of the year.

The Group's joint venture with West Hawk Development Corporation at Groundhog in British Columbia, Canada, is making progress whilst elsewhere at Groundhog additional licenses have been applied for. The Group remains a substantial shareholder in West Hawk with its interests in clean coal gasification technology and other coal properties in western Canada.

The Group's assessment of how best to commercialise its Peace River interests in British Columbia is continuing.

In Australia, field work on certain coal licences produced uneconomic results. These licences have now been dropped. However, further field work continues in an adjacent area where at reduced cost new licences have been applied for and taken up.

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CHAIRMAN'S STATEMENT

The Group still remains a supportive shareholder in Cambrian where its shareholding is now less than 5%.

Other Metal Interests

After realising profits on some of its uranium interests, the Group still retains, inter alia, major holdings in Energy Metals Corporation, Forum Uranium and Omegacorp.

The Group remains positive on the outlook for gold and platinum group metals and retains a stake of over 16% in Platinum Australia which is now adequately funded up to mine development on its Smokey Hills project.

The Group remains committed to a number of gold projects in Australia, Canada and Nevada, USA, including Goldminco, Hidefield Gold, Columbus Gold and Alto Ventures.

The Group has increased to over 10% its holding in Northern Australian Diamonds where recently a 10 carat diamond worth US\$61,500 was produced at the Merlin project in the Northern Territories in Australia.

Other mining interests include several copper, zinc and iron ore projects.

STRATEGY

The Group's policy remains to pay a substantial proportion of its coal royalties as dividends to shareholders. The Board continue to make efforts to expand the Group's royalty flow profile either by acquisition or by organic development using its wide range of strategic resource interests and coal exploration properties. Numerous opportunities exist to finance and assist the development of viable maturing projects within the mining sector.

MANAGEMENT

On 5th July 2006, Mr Matthew Tack was appointed Finance Director of the Company. Mr Tack is a Chartered Accountant (Australia) who joined the Company as Group Financial Controller in July 2004 and has been Company Secretary since September 2004. He is a welcome and useful addition to the Board.

Following this appointment, Mr Brian Wides becomes Chief Executive and Mr Peter Boycott remains executive Chairman.

OUTLOOK

The Group remains confident that the second half of 2006 will produce strong royalty receipts and that coking coal prices should remain at current levels over the period.

P.M.Boycott
Chairman
31st August 2006

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CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30th JUNE 2006

	Six months ended 30th June 2006 £'000	Six months ended 30th June 2005 £'000	Year ended 31st December 2005 £'000
Royalty income	5,047	4,655	11,479
Other operating income	145	107	91
Profit on sale of mining and exploration interests	8,107	1,224	6,626
Finance income	93	71	188
	<u>13,392</u>	<u>6,057</u>	<u>18,384</u>
Net operating expenses	<u>(981)</u>	<u>(630)</u>	<u>(1,440)</u>
Profit before tax	12,411	5,427	16,944
Tax	<u>(1,302)</u>	<u>(1,264)</u>	<u>(3,078)</u>
Profit attributable to equity holders	<u>11,109</u>	<u>4,163</u>	<u>13,866</u>
Basic earnings per share	<u>11.06p</u>	<u>4.38p</u>	<u>14.31p</u>
Fully diluted earnings per share	<u>10.98p</u>	<u>4.35p</u>	<u>14.21p</u>

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CONSOLIDATED BALANCE SHEET AS AT 30th JUNE 2006

	30th June 2006		30th June 2005		31st December 2005	
	£'000	£'000	£'000	£'000	£'000	£'000
Non-current assets						
Property plant and equipment	842		849		847	
Coal royalties (at valuation)	52,661		57,693		56,715	
Mining and exploration interests	<u>50,240</u>		<u>18,432</u>		<u>34,135</u>	
		103,743		76,974		91,697
Current assets						
Trade and other receivables	3,146		2,870		2,548	
Cash at bank	<u>6,266</u>		<u>2,877</u>		<u>5,797</u>	
		9,412		5,747		8,345
Total assets		<u>113,155</u>		<u>82,721</u>		<u>100,042</u>
Current liabilities						
Taxation	538		572		1,386	
Trade and other payables	588		572		595	
Dividends payable	<u>3,264</u>		<u>1,901</u>		<u>-</u>	
		4,390		3,045		1,981
Non-current liabilities						
Deferred tax	<u>13,568</u>		<u>13,659</u>		<u>13,713</u>	
		13,568		13,659		13,713
Total liabilities		<u>17,958</u>		<u>16,704</u>		<u>15,694</u>
Capital and reserves attributable to shareholders						
Share capital	2,008		1,901		2,005	
Share premium	11,575		5,222		11,338	
Coal royalty revaluation reserve	38,343		43,140		42,017	
Investment revaluation reserve	14,469		2,297		5,704	
Share based payment reserve	18		6		12	
Foreign currency translation reserve	200		160		279	
Special reserve	632		632		632	
Retained Earnings	<u>27,952</u>		<u>12,659</u>		<u>22,361</u>	
		<u>95,197</u>		<u>66,017</u>		<u>84,348</u>
Total equity and liabilities		<u>113,155</u>		<u>82,721</u>		<u>100,042</u>

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2005

	Share capital	Share premium	Coal royalty revaluation reserve	Investment revaluation reserve	Share based payment reserve	Foreign currency translation reserve	Special reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1st January 2005	1,891	4,741	42,964	7,850	2	119	632	11,910	70,109
Gain on Royalties revaluation			45						45
Deferred tax on revaluation			131						131
(Loss) on Investments revaluation				(4,102)					(4,102)
Realised gain				(1,451)					(1,451)
Foreign currency translation						41			41
Net income recognised direct into equity	1,891	4,741	43,140	2,297	2	160	632	11,910	64,773
Dividends paid								(3,414)	(3,414)
Profit for the period								4,163	4,163
Total recognised income and expenses	1,891	4,741	43,140	2,297	2	160	632	12,659	65,522
Scrip Dividend	10	481							491
Share options charge					4				4
Balance at 30th June 2005	1,901	5,222	43,140	2,297	6	160	632	12,659	66,017
(Loss) on Royalties revaluation			(978)						(978)
Deferred tax on revaluation			(145)						(145)
Gain on Investments revaluation				5,135					5,135
Realised gain				(1,728)					(1,728)
Foreign currency translation						119			119
Net income recognised direct into equity	1,901	5,222	42,017	5,704	6	279	632	12,659	68,420
Profit for the period								9,702	9,702
Total recognised income and expenses	1,901	5,222	42,017	5,704	6	279	632	22,361	78,122
Issue of share capital	94	5,640							5,734
Scrip Dividend	10	476							486
Share options charge					6				6
Balance at 31st December 2005	2,005	11,338	42,017	5,704	12	279	632	22,361	84,348

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30th JUNE 2006

	Share capital	Share premium	Coal royalty revaluation reserve	Investment revaluation reserve	Share based payment reserve	Foreign currency translation reserve	Special reserve	Retained earnings	Total equity
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Balance at 1st January 2006	2,005	11,338	42,017	5,704	12	279	632	22,361	84,348
(Loss) on Royalties revaluation			(4,054)						(4,054)
Deferred tax on revaluation			380						380
Gain on Investments revaluation				10,371					10,371
Realised gain				(1,606)					(1,606)
Foreign currency translation						(79)			(79)
Net income recognised direct into equity	2,005	11,338	38,343	14,469	12	200	632	22,361	89,360
Dividend paid								(5,518)	(5,518)
Profit for the period								11,109	11,109
Total recognised income and expenses	2,005	11,338	38,343	14,469	12	200	632	27,952	94,951
Scrip Dividend	3	237							240
Share options charge					6				6
Balance at 30th June 2006	2,008	11,575	38,343	14,469	18	200	632	27,952	95,197

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CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30th JUNE 2006

	Six months ended 30th June 2006 £'000	Six months ended 30th June 2005 £'000	Year ended 31st December 2005 £'000
Cashflows from operating activities			
Profit before taxation	12,411	5,427	16,944
Adjustments for:			
Interest received	(93)	(71)	(188)
Foreign exchange loss	84	41	160
Depreciation of property, plant and equipment	5	5	9
(Gain) on disposal of mining and exploration interests	(8,107)	(1,224)	(6,626)
Share based payments	6	4	10
	4,306	4,182	10,309
(Increase)/decrease in trade and other receivables	(597)	21	(406)
(Decrease)/increase in trade and other payables	(6)	(606)	166
Cash generated from operations	3,703	3,597	10,069
Income taxes paid	(1,798)	(644)	(1,738)
Net cash from operating activities	1,905	2,953	8,331
Cash flows from investing activities			
Proceeds on disposal of mining and exploration interests	17,637	3,545	11,276
Purchase of mining and exploration interests	(16,911)	(6,122)	(20,744)
Interest received	93	71	188
Net cash from/(used in) investing activities	819	(2,506)	(9,280)
Cash flows from financing activities			
Proceeds from issue of share capital	-	-	5,734
Dividends paid	(2,255)	(1,022)	(2,440)
Net cash (used in)/from financing activities	(2,255)	(1,022)	3,294
Net increase/(decrease) in cash and cash equivalents	469	(575)	2,345
Cash and cash equivalents at beginning of period	5,797	3,452	3,452
Cash and cash equivalents at end of period	6,266	2,877	5,797

Anglo Pacific Group PLC

NOTES TO THE ACCOUNTS

1. Basis of preparation

The interim, condensed consolidated financial statements of Anglo Pacific Group PLC have been prepared on the basis of the accounting policies set out in the Group's latest annual financial statements for the year ended 31 December 2005. These accounting policies are drawn up in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. The interim financial statements do not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. The financial statements have been reviewed by the Company's auditors. The comparative figures for the year ended 31 December 2005 were derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. Those accounts received an unqualified audit report.

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 2006, based on a net present value of the pre-tax cashflow discounted at a rate of 7%, which produced a valuation of A\$131 million (£52.7 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 £8.9 million (A\$22.0 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 investments in securities included above represent investments in listed and unlisted equity securities which present the Group with opportunity for returns through dividends and gains on sale. These investments are acquired as part of the Group strategy to acquire new royalties and are not held for the purpose of trading. Gains may be realised where it is deemed appropriate by the Investment Committee. The fair values of these securities are based on quoted market prices for listed securities and cost for unlisted securities. During the period to 30 June 2006 a number of opportunities arose which allowed the Group to increase its investment holdings, particularly in listed securities.

The market value of the quoted Mining and Exploration Interests at 30th June 2006 was £49,229,000. The directors' valuation of the unquoted Mining and Exploration Interests was £1,011,000.

3. Earnings per ordinary share

The earnings per ordinary share is calculated on the Company's profit after tax of £11,109,000 and 100,416,200 shares. Fully diluted earnings per shares are calculated on a profit after tax of £11,109,000 and 101,157,378 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.

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NOTES TO THE ACCOUNTS

5. Segment Information

	Six months ended 30th June 2006			
	Royalty £'000	Mining Interests £'000	Unallocated £'000	Total £'000
Revenue	5,047	-	145	5,192
Operating profit	5,047	-	(836)	4,211
Profit on sale of mining and exploration interests	-	8,107	-	8,107
Interest received	-	-	93	93
Tax	-	-	(1,302)	(1,302)
Segment Result	5,047	8,107	(2,045)	11,109
Segment Assets	52,661	50,240	10,254	113,155
Segment Liabilities	(13,568)	-	(4,390)	(17,958)
Net Segment Assets	39,093	50,240	5,864	95,197
	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	-	(523)	4,132
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	(1,716)	4,163
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
	Year ended 31st December 2005			
	Royalty £'000	Mining Interests £'000	Unallocated £'000	Total £'000
Revenue	11,479	-	91	11,570
Operating profit	11,479	-	(1,349)	10,130
Profit on sale of mining and exploration interests	-	6,626	-	6,626
Interest received	-	-	188	188
Tax	-	-	(3,078)	(3,078)
Segment Result	11,479	6,626	(4,239)	13,866
Segment Assets	56,715	34,135	9,192	100,042
Segment Liabilities	(13,713)	-	(1,981)	(15,694)
Net Segment Assets	43,002	34,135	7,211	84,348

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 2006 which comprises consolidated income statement, consolidated balance sheet, consolidated statement of changes in equity and consolidated cash flow. 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 Standards and the requirements 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 2006.

Baker Tilly

Chartered Accountants
Breckenridge House
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31st August 2006