

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice from your stockbroker, bank manager, solicitor, accountant or other appropriate independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) (“FSMA”) if you are resident in the United Kingdom or, if not, another appropriately authorised independent financial adviser.

If you sell or have sold or otherwise transferred all of your Existing Ordinary Shares prior to the date the shares are traded “ex” the entitlement to the Open Offer, you should send this document, and if relevant, the accompanying Application Form and the enclosed Form of Proxy (and reply-paid envelope) at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee. If you have sold or transferred any part of your registered holding of Existing Ordinary Shares, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately and refer to the instructions regarding split applications set out in the Application Form, if relevant. However, no Application Form should be forwarded to or transmitted in or into the United States or any Excluded Territories where doing so may constitute a violation of local securities laws. Please refer to paragraph 7 of Part 2 of this document if you propose to send this document and/or the Application Form outside the United Kingdom. The distribution of this document and the accompanying documents, and/or the transfer of the Open Offer Entitlements through CREST into jurisdictions other than the United Kingdom, may be restricted by law. Therefore, persons into whose possession this document and any accompanying documents come should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This document, which comprises a prospectus relating to Coalfield Resources prepared in accordance with the Prospectus Rules and has been approved as such by the FCA. A copy of this document has been filed with the FCA in accordance with paragraph 3.2.1 of the Prospectus Rules. This document has been made available to the public in accordance with paragraph 3.2.2 of the Prospectus Rules by the same being made available, free of charge, at Coalfield Resources’ registered office, details of which are set out on page 29 of this document.

This document should be read as a whole. Your attention is drawn to the section entitled “Risk Factors” on pages 16 to 25 (inclusive) and the letter from the Chairman of Coalfield Resources set out on pages 32 to 49 (inclusive) of this document which recommends that you vote in favour of the Resolutions to be proposed at the General Meeting.

Coalfield Resources plc

(proposed to be renamed Harworth Group plc)

(incorporated in England and Wales under the Companies Act 1985 with registered number 2649340)

**Firm Placing of 1,500,073,129 New Ordinary Shares and Placing and Open Offer of
86,493,783 New Ordinary Shares, all at 7.25 pence per share**

Proposed Acquisition of Harworth Estates Property Group Limited

and

Notice of General Meeting

Investec

Financial Adviser, Broker and Underwriter

The Existing Ordinary Shares are listed on the Standard Segment of the Official List and traded on the London Stock Exchange’s main market for listed securities. Application has been made to the FCA and to the London Stock Exchange for the New Ordinary Shares to be admitted to the Standard Segment of the Official List and to be admitted to trading on the London Stock Exchange’s main market for listed securities. It is expected that Admission will become effective and that dealings in the New Ordinary Shares and the Consideration Shares will commence at 8.00 a.m. on 24 March 2015.

Investec Bank plc, which is authorised by the PRA and regulated in the United Kingdom by the FCA and the PRA, is acting exclusively for Coalfield Resources and for no-one else in relation to the Firm Placing and Placing and Open Offer and will not be responsible to anyone other than Coalfield Resources for providing the protections afforded to clients of Investec nor for providing advice in relation to the Firm Placing and Placing and Open Offer or any other transaction or arrangement referred to in this document and, apart from the responsibilities and liabilities which may be imposed on Investec by FSMA or the regulatory regime established thereunder, Investec accepts no responsibility whatsoever and makes no representation or warranty, express or implied, for or in respect of the contents of this document, including its accuracy, completeness or verification, nor for any other statement made or purported to be made by it, or on its behalf, in connection with Coalfield Resources, the Group, the Enlarged Group, the Firm Placing and Placing and Open Offer or the Acquisition and nothing in this document shall be relied upon as a promise or representation in this respect, whether as to the future or past. Investec accordingly disclaims, to the fullest extent permitted by law, all and any liability whatsoever, whether arising in tort, contract or otherwise, which it might otherwise be found to have in respect of this document or any such statement.

The Open Offer closes at 11.00 a.m. on 18 March 2015 and payment is required in full by this time. If you are a Qualifying non-CREST Shareholder (other than, subject to certain exceptions, Qualifying non-CREST Shareholders with a registered address in any of the Excluded Territories) and wish to apply or subscribe for Open Offer Shares under the Open Offer, you should complete the accompanying Application Form and return it with your remittance in accordance with the instructions set out in paragraph 5(a) of Part 2 of this document and in the Application Form. If you are a Qualifying CREST Shareholder (other than, subject to certain exceptions, Qualifying CREST Shareholders with a registered address in any of the Excluded Territories) the relevant CREST instructions must have settled as explained in this document by no later than 11.00 a.m. on 18 March 2015. The Application Form is personal to Qualifying Shareholders and cannot be transferred, sold or assigned except to satisfy *bona fide* market claims. Applications under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim.

Notice of the General Meeting of Coalfield Resources, to be held at 11.00 a.m. on 23 March 2015 at the offices of Eversheds LLP at One Wood Street, London EC2V 7WS, is set out at the end of this document. A Form of Proxy is enclosed for use by Shareholders in connection with the meeting. To be valid, Forms of Proxy, completed, or submitted electronically, in accordance with the instructions printed thereon, must be received at Coalfield Resources' registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA as soon as possible but in any event by no later than 11.00 a.m. on 21 March 2015. Completion and return of the Form of Proxy will not preclude Shareholders from attending and voting at the General Meeting should they so wish.

Investec may, in accordance with applicable legal and regulatory provisions, engage in transactions in relation to the Firm Placing or the Placing and Open Offer and/or related instruments for its own account for the purpose of hedging its underwriting exposure or otherwise. Investec does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

This document does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities, or any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, such securities by any person in any circumstances in which such offer or solicitation is unlawful.

NOTICE TO US AND OTHER OVERSEAS INVESTORS

The New Ordinary Shares and the Open Offer Entitlements have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") or under the applicable securities laws of any state or other jurisdiction of the United States or qualified for distribution under any applicable securities laws in any of the Excluded Territories. The New Ordinary Shares may not be offered, sold, taken up, resold, transferred or delivered, directly or indirectly, within the United States (as defined in Rule 902 under Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of the states of the United States.

Neither the New Ordinary Shares, the Application Form, the Form of Proxy, this document nor any other document connected with this Firm Placing and Placing and Open Offer have been or will be approved or disapproved by the United States Securities and Exchange Commission ("SEC") or by the securities commissions of any state or other jurisdiction of the United States or any other regulatory authority, nor have any of the foregoing authorities or any securities commission passed upon or endorsed the merits of the offering of the New Ordinary Shares, the Application Form, the Form of Proxy or the accuracy or adequacy of this document or any other document connected with this Firm Placing and Placing and Open Offer. Any representation to the contrary is a criminal offence.

Notwithstanding anything to the contrary herein, each prospective investor may disclose to any and all persons, without limitation of any kind, the US federal income tax treatment and tax structure of the Company and of the transactions contemplated by the Company. For this purpose, "tax structure" shall mean any fact that may be relevant to understanding the purported or claimed US federal tax treatment of the transaction; provided that none of the following shall for this purpose constitute tax treatment or tax structure information, the name of or other identifying information relating to the performance of the Company or its operations.

Not all Shareholders will be Qualifying Shareholders. Shareholders in the United States or who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, any of the Excluded Territories will not qualify to participate in the Firm Placing and Placing and Open Offer and will not be sent an Application Form or a placing letter or otherwise be permitted to participate in the Firm Placing and Placing and Open Offer. The attention of any Overseas Shareholders is drawn to paragraph 7 of Part 2 of this document.

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Summary Information

Summaries are made up of disclosure requirements known as “Elements”. The Elements are numbered in Sections A-E (A.1-E.7).

This summary contains all the Elements required to be included in a summary for this type of security and issuer. Because some of the Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of security and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of the words “not applicable”.

Section A – Introduction and warnings		
A.1	Warning	This summary should be read as an introduction to this Prospectus. Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of England and Wales, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2	Subsequent resale of securities or final placement of securities through financial intermediaries	Not applicable – the Company has not given consent to the use of this document for subsequent resale or any final placement of Ordinary Shares by financial intermediaries.
Section B – Issuer and any guarantor		
B.1	Legal and Commercial Name	The Issuer’s legal and commercial name is Coalfield Resources plc.
B.2	Domicile/Legal Form/Legislation/ Country of Incorporation	The Company was incorporated on 10 December 1991 as a private company limited by shares and registered in England and Wales under number 2649340 with the name Elkindrive Limited. The Company was re-registered as a public company on 25 May 2001, on which date the name of the Company was changed to RJB Mining plc and then subsequently Coalfield Resources plc. The principal legislation under which the Company operates is the Companies Act (including the Companies Act 1985) and the regulations made thereunder. The Company is subject to the Takeover Code.
B.3	Key factors of issuer’s current operations and principal activities	<p>The Company’s principal investment is a 24.9 per cent. shareholding in HEPGL, the parent company of the Harworth Estates Group.</p> <p>Following the acquisition of the 75.1 per cent. of the issued share capital of HEPGL that it does not already own, the Enlarged</p>

		<p>Group will continue to carry on the business of the Harworth Estates Group as a specialist in regenerating former collieries and brownfield land, adding value through achieving planning consent and then either selling sites to third parties or holding them for investment purposes.</p>
B.4a	Significant trends	<p>Following the Restructuring, the Company currently has no operational role, outside the provision of governance and certain management services to the Harworth Estates Group and remains an active investor in the Harworth Estates Group (through its shareholding in HEPGL), which has performed well following the Restructuring. The combination of the immaturity, in planning terms, of the brownfield sites with their strong strategic location, including transport infrastructure, means that a considerable amount of value can be added, in addition to that added since 10 December 2012, by the work carried out in advancing such sites through the planning process. It is the Company's strategy to create and realise medium and long term value from its investment. The Acquisition is expected to enable further value creation from HEPGL, which might not have been possible under the current ownership structure.</p> <p>The Harworth Estates Group has continued to benefit from strong confidence and liquidity in the commercial and housing markets across the regions in which it operates. The value of strategic land continues to increase beyond the capital amounts spent, particularly as the brownfield development sites of the Harworth Estates Group benefit from strong strategic locations with good transport infrastructure. Sites are at varying stages of development, with progress being made through planning consents, infrastructure and commercial development. Disposals of plots within the major developments are being achieved at prices in excess of carrying value, as demonstrated by recent disposals of key plots at Waverley (December 2014), Logistics North (December 2014) and Prince of Wales (December 2014).</p> <p>In the year to 31 December 2014, £15.7 million of upward revaluation has been achieved by HEPGL, on top of the £16.0 million booked to the income statement in the prior year, and realised profits on disposals of £7.9 million (2013: £8.6 million).</p>
B.5	Group structure	<p>Coalfield Resources currently holds a 24.9 per cent. shareholding in HEPGL, the parent company of the property business, Harworth Estates Group. It is held as an associate investment on Coalfield Resources' balance sheet.</p> <p>Coalfield Resources has a 100 per cent. shareholding in its subsidiary HICL, the assets and liabilities of which are classified as held for resale due to the Put and Call Option over HICL's shares. HICL was formerly an insurance company which provided employers liability insurance cover to the Former Group. The insurance business of HICL has now been sold and HICL's assets now consist of the cash balance remaining after the disposal of its business plus a single property, owned by its wholly owned subsidiary HPL.</p>

		It has been agreed, subject to board approval, to sell HPL’s one remaining property to the Harworth Estates Group. The Board believes it is highly probable that the Put and Call Option will be exercised during 2015.																																								
B.6	Notifiable interests	<p>As at 2 March 2015, being the latest practicable date prior to the publication of this document, the interests (all of which are or will be beneficial unless otherwise stated) of the Directors and their connected persons in the share capital of the Company are as follows:</p> <table><thead><tr><th></th><th><i>Number of Existing Ordinary Shares beneficially held at present</i></th><th><i>Per cent. of Existing Ordinary Shares beneficially held at present</i></th><th><i>Ordinary Shares beneficially held immediately following Admission</i></th><th><i>Per cent. of issued Ordinary Shares beneficially held immediately following Admission*</i></th></tr></thead><tbody><tr><td>Jonson Cox</td><td>7,204,050</td><td>1.19</td><td>8,233,200</td><td>0.28</td></tr><tr><td>Jeremy Hague</td><td>250,000</td><td>0.04</td><td>318,969</td><td>0.01</td></tr><tr><td>Steven Underwood</td><td>62,738</td><td>0.01</td><td>278,599</td><td>0.01</td></tr></tbody></table> <p>* Including take up under the Open Offer and under the Firm Placing if applicable.</p> <p>As at 2 March 2015, being the latest practicable date prior to the publication of this document, the Company is aware of the following persons who are interested, directly or indirectly, in three per cent. or more of the issued share capital of the Company:</p> <table><thead><tr><th></th><th><i>Existing Ordinary Shares held at the date of this document</i></th><th><i>Per cent. of Existing Ordinary Shares held at the date of this document</i></th><th><i>Number of Existing Ordinary Shares held immediately following Admission</i></th><th><i>Per cent. of issued Ordinary Shares held immediately following Admission*</i></th></tr></thead><tbody><tr><td>Goodweather Holdings Limited (a subsidiary of Peel Holdings Group Limited)</td><td>196,468,940</td><td>32.45</td><td>730,674,465</td><td>25.0</td></tr><tr><td>Invesco Perpetual</td><td>66,596,382</td><td>11.00</td><td>289,347,088</td><td>9.90</td></tr><tr><td>Pelham Capital Management</td><td>51,753,120</td><td>8.55</td><td>249,825,937</td><td>8.55</td></tr></tbody></table> <p>* Assuming no take up under the Open Offer and including take up under the Firm Placing.</p> <p>The Company’s major shareholders do not have different voting rights. Immediately following completion of the proposals described in this document, there will not be any controlling interests in the Company.</p>		<i>Number of Existing Ordinary Shares beneficially held at present</i>	<i>Per cent. of Existing Ordinary Shares beneficially held at present</i>	<i>Ordinary Shares beneficially held immediately following Admission</i>	<i>Per cent. of issued Ordinary Shares beneficially held immediately following Admission*</i>	Jonson Cox	7,204,050	1.19	8,233,200	0.28	Jeremy Hague	250,000	0.04	318,969	0.01	Steven Underwood	62,738	0.01	278,599	0.01		<i>Existing Ordinary Shares held at the date of this document</i>	<i>Per cent. of Existing Ordinary Shares held at the date of this document</i>	<i>Number of Existing Ordinary Shares held immediately following Admission</i>	<i>Per cent. of issued Ordinary Shares held immediately following Admission*</i>	Goodweather Holdings Limited (a subsidiary of Peel Holdings Group Limited)	196,468,940	32.45	730,674,465	25.0	Invesco Perpetual	66,596,382	11.00	289,347,088	9.90	Pelham Capital Management	51,753,120	8.55	249,825,937	8.55
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B.7	Historical financial information	<p>The selected financial information set out below has been extracted without material adjustment from the Annual Report and Accounts of the Group for the years ended 29 December 2012, 28 December 2013 and 31 December 2014.</p> <table><thead><tr><th></th><th><i>Audited Financial year ended 31 December 2014 £’000</i></th><th><i>Audited Financial year ended 28 December 2013 £’000</i></th><th><i>Audited Financial year ended 29 December 2012 £’000</i></th></tr></thead><tbody><tr><td>Revenue</td><td>1,458</td><td>1,535</td><td>8</td></tr><tr><td>Profit/(loss) for the financial year</td><td>3,465</td><td>1,743</td><td>(6,325)</td></tr></tbody></table>		<i>Audited Financial year ended 31 December 2014 £’000</i>	<i>Audited Financial year ended 28 December 2013 £’000</i>	<i>Audited Financial year ended 29 December 2012 £’000</i>	Revenue	1,458	1,535	8	Profit/(loss) for the financial year	3,465	1,743	(6,325)																												
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	<i>Audited Financial year ended 31 December 2014 £'000</i>	<i>Audited Financial year ended 28 December 2013 £'000</i>	<i>Audited Financial year ended 29 December 2012 £'000</i>
Net Assets	58,653	55,196	47,929
	<i>Audited Financial year ended 31 December 2014 £'000</i>	<i>Audited Financial year ended 28 December 2013 £'000</i>	<i>Audited Financial year ended 29 December 2012 £'000</i>
Cash (used in)/generated from operating activities	(69)	(11,743)	35,741
Cash generated from/(used in) investing activities	1,285	8,111	(49,939)
Cash (used in)/generated from financing activities	(3,278)	5,148	(8,205)
(Decrease)/increase in cash	(2,062)	1,516	(22,403)
There has been no significant change in the financial or trading position of the Group since 31 December 2014, being the date of the Group's latest published audited report and accounts.			
The selected financial information of HEPGL set out below has been extracted without material adjustment from Part 7 of this document.			
	<i>Audited Financial year ended 31 December 2014 £'000</i>	<i>Audited Financial period ended 28 December 2013 £'000</i>	
Revenue	13,934	13,172	
Gross profit	8,733	7,084	
Administrative expenses	(7,992)	(5,399)	
Other income and expenses	23,652	14,701	
Operating profit	24,393	16,386	
Profit for the financial year/period	13,984	12,409	
	<i>Audited Financial as at 31 December 2014 £'000</i>	<i>Audited Financial as at 28 December 2013 £'000</i>	
Investment properties	289,611	276,740	
Current assets	35,198	28,025	
Total assets	326,682	306,638	
Net assets	248,554	234,570	
	<i>Audited Financial year ended 31 December 2014 £'000</i>	<i>Audited Financial period ended 28 December 2013 £'000</i>	
Cash used in operating activities	(9,053)	(3,677)	
Cash generated from investing activities	4,977	14,027	
Cash generated from financing activities	1,351	9,671	
(Decrease)/increase in cash	(2,725)	20,021	
There has been no significant change in the financial or trading position of HEPGL since 31 December 2014, being the date of the latest financial information on HEPGL contained at Part 7 of this document.			

B.8	Pro forma financial information	<p>The Transaction and the Refinancing will result in increased net assets of the Group by £204.5 million.</p> <p>The unaudited pro forma statement of net assets and pro forma income statement of the Enlarged Group, set out below, have been prepared on the basis set out in the notes below to illustrate the impact of the Firm Placing and Placing and Open Offer and the Acquisition on the net assets of the Group as at 31 December 2014 as if they had taken place at that date, and on the income statement of the Group for the year ended 31 December 2014 as if they had taken place at the beginning of that financial year.</p> <p>UNAUDITED PRO FORMA STATEMENT OF NET ASSETS</p> <table><tr><th></th><th></th><th colspan="3">Adjustments</th><th></th></tr><tr><th></th><th>Audited Coalfield Resources as at 31 December 2014 £'000 (Note 1)</th><th>Audited Harworth Estates Group at 31 December 2014 £'000 (Note 2)</th><th>Firm Placing and Open Offer adjustments £'000 (Note 3)</th><th>Acquisition £'000 (Note 4)</th><th>Re-financing £'000 (Note 5)</th><th>Pro forma Group as at 31 December 2014 £'000</th></tr><tr><td>Non-current assets</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Other receivables</td><td></td><td>650</td><td></td><td></td><td></td><td>650</td></tr><tr><td>Investment properties</td><td></td><td>289,611</td><td></td><td></td><td></td><td>289,611</td></tr><tr><td>Investment in associates</td><td>56,890</td><td></td><td></td><td>(56,890)</td><td></td><td>–</td></tr><tr><td>Investments</td><td></td><td>1,223</td><td></td><td></td><td></td><td>1,223</td></tr><tr><td>Blenkinsopp pension asset</td><td>564</td><td></td><td></td><td>(564)</td><td></td><td>–</td></tr><tr><td></td><td><u>57,454</u></td><td><u>291,484</u></td><td><u>–</u></td><td><u>(57,454)</u></td><td><u>–</u></td><td><u>291,484</u></td></tr><tr><td>Current assets</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Inventory</td><td></td><td>142</td><td></td><td></td><td></td><td>142</td></tr><tr><td>Trade and other receivables</td><td>659</td><td>17,760</td><td></td><td>(261)</td><td></td><td>18,158</td></tr><tr><td>Cash and cash equivalents</td><td>1,489</td><td>17,296</td><td>110,615</td><td>(97,026)</td><td>(810)</td><td>31,564</td></tr><tr><td>Assets classified as held for sale</td><td>5,119</td><td></td><td></td><td></td><td></td><td>5,119</td></tr><tr><td></td><td><u>7,267</u></td><td><u>35,198</u></td><td><u>110,615</u></td><td><u>(97,287)</u></td><td><u>(810)</u></td><td><u>54,983</u></td></tr><tr><td>Total assets</td><td><u>64,721</u></td><td><u>326,682</u></td><td><u>110,615</u></td><td><u>(154,741)</u></td><td><u>(810)</u></td><td><u>346,467</u></td></tr><tr><td>Current liabilities</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Borrowings</td><td></td><td>(51,088)</td><td></td><td></td><td>49,842</td><td>(1,246)</td></tr><tr><td>Trade and other payables</td><td>(5,035)</td><td>(13,267)</td><td></td><td>261</td><td></td><td>(18,041)</td></tr><tr><td>Derivate financial instruments</td><td></td><td>(81)</td><td></td><td></td><td></td><td>(81)</td></tr><tr><td>Liabilities classified as held for sale</td><td>(469)</td><td></td><td></td><td></td><td></td><td>(469)</td></tr><tr><td></td><td><u>(5,504)</u></td><td><u>(64,436)</u></td><td><u>–</u></td><td><u>261</u></td><td><u>49,842</u></td><td><u>(19,837)</u></td></tr><tr><td>Non-current liabilities</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Borrowings</td><td></td><td>(6,223)</td><td></td><td></td><td>(49,772)</td><td>(55,995)</td></tr><tr><td>Provisions</td><td></td><td>(564)</td><td></td><td>564</td><td></td><td>–</td></tr><tr><td>Deferred income tax 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<p>(2) The Harworth Estates Group financial information as at 31 December 2014 has been extracted, without material adjustment, from Part 7 of this document (Financial Information Relating to the Harworth Estates Group).</p> <p>(3) The adjustments arising as a result of the Firm Placing and Placing and Open Offer are set out below: The adjustment to cash and cash equivalents arises due to the net proceeds of the Firm Placing and Placing and Open Offer. This is calculated with reference to the gross proceeds of approximately £115.0 million net of estimated expenses expected to be incurred of approximately £4.4 million. The gross proceeds are calculated on the basis that the Company issues 1,586,566,912 New Ordinary Shares of one pence each at a price of 7.25 pence per share.</p> <p>(4) The adjustments arising as a result of the Acquisition are set out below:</p>			Adjustments					Audited Coalfield Resources as at 31 December 2014 £'000 (Note 1)	Audited Harworth Estates Group at 31 December 2014 £'000 (Note 2)	Firm Placing and Open Offer adjustments £'000 (Note 3)	Acquisition £'000 (Note 4)	Re-financing £'000 (Note 5)	Pro forma Group as at 31 December 2014 £'000	Non-current assets							Other receivables		650				650	Investment properties		289,611				289,611	Investment in associates	56,890			(56,890)		–	Investments		1,223				1,223	Blenkinsopp pension asset	564			(564)		–		<u>57,454</u>	<u>291,484</u>	<u>–</u>	<u>(57,454)</u>	<u>–</u>	<u>291,484</u>	Current assets							Inventory		142				142	Trade and other receivables	659	17,760		(261)		18,158	Cash and cash equivalents	1,489	17,296	110,615	(97,026)	(810)	31,564	Assets classified as held for sale	5,119					5,119		<u>7,267</u>	<u>35,198</u>	<u>110,615</u>	<u>(97,287)</u>	<u>(810)</u>	<u>54,983</u>	Total assets	<u>64,721</u>	<u>326,682</u>	<u>110,615</u>	<u>(154,741)</u>	<u>(810)</u>	<u>346,467</u>	Current liabilities							Borrowings		(51,088)			49,842	(1,246)	Trade and other payables	(5,035)	(13,267)		261		(18,041)	Derivate financial instruments		(81)				(81)	Liabilities classified as held for sale	(469)					(469)		<u>(5,504)</u>	<u>(64,436)</u>	<u>–</u>	<u>261</u>	<u>49,842</u>	<u>(19,837)</u>	Non-current liabilities							Borrowings		(6,223)			(49,772)	(55,995)	Provisions		(564)		564		–	Deferred income tax liabilities		(6,905)				(6,905)	Retirement benefit obligations	(564)					(564)		<u>(564)</u>	<u>(13,692)</u>	<u>–</u>	<u>564</u>	<u>(49,772)</u>	<u>(63,464)</u>	Total liabilities	<u>(6,068)</u>	<u>(78,128)</u>	<u>–</u>	<u>825</u>	<u>70</u>	<u>(83,301)</u>	Net assets	<u>58,653</u>	<u>248,554</u>	<u>110,615</u>	<u>(153,916)</u>	<u>(740)</u>	<u>263,166</u>
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- a. The adjustment to investment in associates of approximately £56.9 million arises as the Coalfield Resources plc investment in the Harworth Estates Group has been eliminated as a consequence of the Acquisition.
- b. Blenkinsopp pension asset and the matching Harworth Estates Group provision of £564,000 have been eliminated to leave only the underlying liability remaining in Coalfield Resources, included within 'Retirement benefit obligations'. Further details can be found within Part 7 of this document.
- c. Trading balances of £261,000 between Coalfield Resources and the Harworth Estates Group have been eliminated leading to an equal and opposite adjustment to trade and other payables and trade and other receivables.
- d. The Cash Consideration of approximately £97.0 million is to be funded by the proceeds of the Firm Placing and Placing and Open Offer.
- e. The Acquisition has been accounted for using the acquisition method of accounting. A fair value exercise will be completed post completion of the Acquisition; therefore, no account has been taken of any fair value adjustments that may arise on the acquisition. The excess of book value of net assets over consideration has been credited to the income statement as a "Gain on acquisition of subsidiaries" in line with the requirements of IFRS 3 'Business Combinations' (Revised). The adjustment has been calculated as follows:

	£'000
Total consideration (i)	(150,000)
Net assets acquired	248,554
Existing investment in HEPGL	(56,890)
Gain on acquisition of subsidiaries	41,664

- (i) Total Consideration will be satisfied by a mixture of the issuance of 730,674,465 Consideration Shares to the PPF and the payment of approximately £97.0 million in cash which will be funded by the Firm Placing and Placing and Open Offer. The value of the consideration shares of approximately £53.0 million is based on 730,674,465 consideration shares at a price of 7.25 pence per share.

- (5) On 13 February 2015, the Harworth Estates Group signed an agreement for a £65.0 million facility with the Royal Bank of Scotland, for a term of five years, on a non-amortising basis. The adjustments arising as a result of the Re-financing are set out below:

- a. Fees of £810,000 have been paid relating to the arrangement of the new facility. These fees have been capitalised within borrowings (£122,000 within current borrowings and £688,000 within non current borrowings) and the fees on the previous facility of £740,000 have been written off to the income statement.
- b. Once drawn down, the new facility will be used to repay two existing facilities totalling approximately £50.5 million.

- (6) a. Net debt is calculated as total borrowings less cash and cash equivalents. On an unadjusted basis net cash of Coalfield Resources is approximately £1.5 million. Pro forma net debt is approximately £25.7 million being pro forma total borrowings of approximately £57.2 million less cash and cash equivalents of approximately £31.6 million.

- b. Pro forma net asset value per share is calculated as net assets divided by the number of issued shares. On an unadjusted basis net asset value per share is 9.69 pps and pro forma net asset value per share is 9.00 pps.

- (7) No adjustment has been made to reflect the trading results of the Enlarged Group since 31 December 2014.

UNAUDITED PRO FORMA INCOME STATEMENT

	Adjustments					
	Audited	Audited				
	Coalfield Resources for	Harworth		Firm		Pro forma
	the year	Estates		Placing		Group for
	ended 31	Group for		and Placing		the year
	December	the year		and Open		ended 31
	2014	December	Acquisition	Offer	Re-financing	2014
	£'000	£'000	adjustments	£'000	£'000	£'000
	(Note 8)	(Note 9)	(Note 10)	(Note 11)	(Note 12)	(Note 14,15)
Revenue	1,458	13,934	(1,458)			13,934
Cost of sales		(5,201)				(5,201)
Gross profit	1,458	8,733	(1,458)	–	–	8,733
Gain on acquisition of subsidiaries			41,664			41,664
Other operating income and expenses	(1,457)	15,660	(643)			13,560
Operating profit	1	24,393	39,563	–	–	63,957
Finance income/(costs)	10	(3,504)		149	541	(2,804)
Share of joint venture profit						–
Share of profit of associate	3,454		(3,454)			–
Profit before tax	3,465	20,889	36,109	149	541	61,153
Taxation (Note 13)	–	(6,905)				(6,905)
Profit for the year	3,465	13,984	36,109	149	541	54,248

		<p>Notes:</p> <p>(8) Coalfield Resources financial information for the year ended 31 December 2014 has been extracted, without material adjustment, from the audited financial statements of Coalfield Resources for the year ended 31 December 2014, which have been incorporated by reference, as set out in Part 6 of this document.</p> <p>(9) The Harworth Estates Group financial information for the year ended 31 December 2014 has been extracted, without material adjustment, from Part 7 of this document (Financial Information Relating to the Harworth Estates Group).</p> <p>(10) The acquisition adjustments are set out below:</p> <ol style="list-style-type: none"> Total expenses in relation to the Transaction are expected to be approximately £4.4 million, of which approximately £2.2 million are expected to be charged directly to equity, with the balance of approximately £2.2 million expensed in the income statement within 'Other operating income and expenses'. The adjustment to revenue arises on the elimination of fees charged and expenses recognised in trading between the businesses of approximately £1.5 million, the corresponding entry is to 'Other operating income and expenses'. The adjustment to share of profit of associate arises due to the elimination of approximately £3.5 million recognised by Coalfield Resources in relation to its investment in Harworth Estates Group. As described in footnote 4) e) to the Pro forma net assets statement a gain on acquisition of subsidiaries has arisen of approximately £41.7 million. <p>The total adjustment in 'Other operating income and expenses' as a result of Notes 10 (a) and (b) is £643,000.</p> <p>(11) The proceeds of the Firm Placing and Placing and Open Offer (net of expenses) of approximately £110.6 million offset by the Cash Consideration of approximately £97.0 million, results in a residual cash balance of £13,589,000. As a result, additional interest on this excess amount has been accrued for the period and credited to the income statement within finance income of £149,000. The interest rate used is based on the average interest rate for the year ended 31 December 2014 that the current cash and cash equivalents attract.</p> <p>(12) The refinancing adjustments are set out below:</p> <ol style="list-style-type: none"> On 13 February 2015, the Harworth Estates Group signed an agreement for a £65.0 million facility with the Royal Bank of Scotland, for a term of five years, on a non-amortising basis. The new facility attracts a lower rate of interest than the previous facilities. In the pro forma income statement £902,000 has been recognised to reflect the reduced charge in the income statement, assuming the new facility had been in place from 1 January 2014. A charge of £361,000 has been recognised within 'Finance income/(costs)' relating to the write down of the previous banking facility fees and an adjustment to the loan fee amortised in the year. <p>(13) No taxation impact has been recognised on the adjustments above as both Coalfield Resources and the Harworth Estates Group had losses in 2014 sufficient to cover the charge.</p> <p>(14) All adjustments will have a continuing impact with the exception of those set out in Note 10 (a) and (e) set out above.</p> <p>(15) No account has been made of any trading activity post 31 December 2014.</p>
B.9	Profit forecast	Not applicable – there are no profit forecasts contained in the Prospectus.
B.10	Qualifications in the audit report	Not applicable – there are no qualifications in the audit reports on the historical financial information presented in this Prospectus.
B.11	Working capital	The Company is of the opinion that, taking into account existing cash balances and the net proceeds of the Firm Placing and Placing and Open Offer receivable by the Company, the Enlarged Group has sufficient working capital for its present requirements, that is, at least 12 months following the publication of this document.

Section C – Securities		
C.1	Type and class of securities being offered	<p>The Firm Placed Shares being offered are New Ordinary Shares of the Company of 1 pence each whose ISIN is GB0007190720. The Firm Placed Shares are denominated in Sterling, and the Offer Price is payable in Sterling.</p> <p>The Open Offer Shares being offered are New Ordinary Shares of the Company of 1 pence each whose ISIN is GB0007190720. The Open Offer Shares are denominated in Sterling, and the Offer Price is payable in Sterling.</p> <p>The Placing Shares being offered are New Ordinary Shares of the Company of 1 pence each whose ISIN is GB0007190720. The</p>

		<p>Placing Shares are denominated in Sterling, and the Offer Price is payable in Sterling.</p> <p>The Excess Shares being offered are New Ordinary Shares of the Company of 1 pence each whose ISIN is GB0007190720. The Excess Shares are denominated in Sterling, and the Offer Price is payable in Sterling.</p>
C.2	Currency	The Firm Placed Shares, Open Offer Shares and Excess Shares are denominated in Sterling.
C.3	Number of shares	The Company has 605,456,480 fully paid Ordinary Shares of 1 pence each in issue. The Company has no partly paid Ordinary Shares in issue.
C.4	Description of the rights attaching to the securities	The New Ordinary Shares will, when issued and fully paid, rank equally in all respects with the Existing Ordinary Shares, including the right to receive all dividends or other distributions made, paid or declared, if any, by reference to a record date after the date of their issue.
C.5	Restrictions on the free transferability of the securities	The New Ordinary Shares and Existing Ordinary Shares are freely transferable, subject to the restrictions in the Articles.
C.6	Admission	Subject to shareholder approval, application will be made to the UK Listing Authority and the London Stock Exchange for all of the New Ordinary Shares to be admitted to the Official List and to trading on the London Stock Exchange's main market for listed securities. The New Ordinary Shares will not be listed on any other regulated market.
C.7	Dividend policy	<p>Subject to Completion, the Company will adopt a dividend policy which has due regard to sustainable levels of dividend cover and reflects the Directors' view on the outlook for sustainable earnings.</p> <p>Subject to Completion, and the availability of sufficient distributable reserves and applicable law, the Company is targeting declaring a financial dividend distribution in the region of £1.5 million for the year ending 31 December 2015 representing the part-year ownership of HEPGL (equivalent to approximately £2.0 million on an annualised basis) which it will aim to grow thereafter broadly in line with earnings as set out below.</p> <p>The policy of the Company thereafter, subject to the availability of sufficient distributable reserves and applicable law, will be to distribute semi-annual dividends in respect of the periods ending 30 June and 31 December to its shareholders from profits arising out of recurring income from the operations of the Enlarged Group and from realised gains made from the sale of property of the Enlarged Group. The Company does not propose to distribute unrealised gains recognised on revaluation of the property portfolio of the Enlarged Group, and will retain a proportion of its recurring income and realised gains for reinvestment into the Enlarged Group's property portfolio.</p>

		<p>The New Ordinary Shares and the Consideration Shares will rank <i>pari passu</i> in all respects with the Existing Ordinary Shares including the right to receive all dividends and other distributions (if any) declared, paid or made by Coalfield Resources after Admission.</p> <p>Investors should note that the targeted annualised dividend payment in relation to the Company's first full year of ownership of HEPGL is not a profit forecast and there can be no assurance that it will be met or that any dividend will be paid.</p>
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Section D – Risks		
D.1	Key risks relating to the issuer and the industry	<p>Shareholders should carefully consider the following risks:</p> <ul style="list-style-type: none"> • The Harworth Estates Group (and therefore the Company) may be liable for the costs of investigation, ongoing monitoring or remediation of hazardous substances located at the properties of the Harworth Estates Group, which in turn may affect the ability of the Harworth Estates Group to sell or let out its properties. • The Company's performance may be affected by an inability of the Harworth Estates Group to vary its portfolio or dispose of properties in a timely fashion and/or at satisfactory prices due to illiquidity in the property market and/or unfavourable market conditions. • Delivery of future projects by the Harworth Estates Group is dependent on successful applications for planning permission, and failure to obtain such permissions may reduce the speed at which the Harworth Estates Group can implement its strategy, which may in turn have a negative impact on the Company. • The investments of the Harworth Estates Group are largely concentrated in Yorkshire, the North East and the East Midlands, and as such the Harworth Estates Group and, therefore, the Company, will have greater exposure to political, economic and other factors affecting the Yorkshire, North East and East Midlands markets than a more geographically diversified business. • The Harworth Estates Group may be exposed to future liabilities, for example relating to breach of warranty claims, arising from real estate disposals. Any claims or litigation may subject the Harworth Estates Group to unanticipated costs, which may in turn have an adverse effect on the Company. • The Harworth Estates Group may be subject to liabilities in respect of mining subsidence claims as a result of its ownership of the underground coal leases associated with certain closed collieries. There remains a small risk that subsidence could occur due to water penetration or the collapse of the supported mine roadways, which could lead to a new claim being brought against the Harworth Estates Group.

		<ul style="list-style-type: none"> The financial condition, business and prospects of the Harworth Estates Group may be impacted by political and economic conditions such as interest rate and inflation fluctuations, including the continued availability of the Help to Buy Scheme, which in turn may have a negative impact on the Company. The performance of the Harworth Estates Group (and therefore the Company) will depend on the general economic environment, political and regulatory conditions and the general condition of the property market.
D.3	Key risks relating to the securities	<p>Shareholders should carefully consider the following risks:</p> <ul style="list-style-type: none"> The Company's share price will fluctuate and may decline as a result of a number of factors, some of which are outside of the Company's control. The Company's ability to pay dividends and effect returns of capital in the future is uncertain. The New Ordinary Shares issued through the Firm Placing and Placing and Open Offer and the Consideration Shares will represent approximately 79.3 per cent. of the Enlarged Share Capital. In light of the fact that Shareholders may not be eligible to participate in the Firm Placing, following the issue of the New Ordinary Shares to be allotted pursuant to the Firm Placing and Placing and Open Offer and as a result of the issue of the Consideration Shares, Qualifying Shareholders who take up their Open Offer Entitlements in full will suffer a dilution of approximately 76.3 per cent. to their interests in the Company, assuming full take up of the Open Offer. After completion of the Firm Placing and Placing and Open Offer and the issue of the Consideration Shares, certain shareholders will continue to be able to exercise significant influence over the Enlarged Group, its management and its operations.

Section E – Offer		
E.1	Net proceeds and expenses	The gross proceeds of the Firm Placing and Placing and Open Offer will be approximately £115.0 million. The net proceeds of the Firm Placing and Placing and Open Offer will be approximately £110.6 million, after estimated expenses of approximately £4.4 million.
E.2a	Reasons for the offer and use of proceeds	<p>The Directors intend to use the net proceeds of the Firm Placing and Placing and Open Offer as follows:</p> <ul style="list-style-type: none"> to fund the Cash Consideration; and to provide additional working capital and financial flexibility to fund the growth strategy of the Company. <p>On 3 March 2015, the Company announced that it had entered into the Acquisition Agreement with the PPF to acquire the remaining 75.1 per cent. of HEPGL that it does not already own for an</p>

		<p>aggregate consideration of £150.0 million, of which £97.0 million will be satisfied by a payment in cash.</p> <p>The Firm Placing and Placing and Open Offer and the Acquisition require Shareholder approval. If any of the Transaction Resolutions are not passed, the Firm Placing and Placing and Open Offer and the Acquisition will not proceed.</p>
E.3	Terms and conditions	<p>Coalfield Resources intends to issue 1,500,073,129 New Ordinary Shares through the Firm Placing and up to 86,493,783 New Ordinary Shares through the Placing and Open Offer at 7.25 pence per New Ordinary Share to raise gross proceeds of up to approximately £115.0 million.</p> <p>The Firm Placing and Placing and Open Offer requires Shareholder approval, which will be sought at the General Meeting.</p> <p>The Offer Price of 7.25 pence per New Ordinary Share represents an approximate 33.6 per cent. premium to the Closing Price of an Existing Ordinary Share of 5.425 pence on 17 November 2014 (being the last business day prior to suspension of trading of the Ordinary Shares).</p> <p><i>Firm Placing</i></p> <p>The Firm Placees have agreed to subscribe for 1,500,073,129 New Ordinary Shares at the Offer Price (representing gross proceeds of up to approximately £108.8 million). The Firm Placed Shares are not subject to clawback and are not part of the Open Offer.</p> <p><i>Open Offer</i></p> <p>Qualifying Shareholders are being given the opportunity to subscribe for New Ordinary Shares <i>pro rata</i> to their existing shareholdings at the Offer Price on the basis of:</p> <p>1 New Ordinary Share for every 7 Existing Ordinary Shares</p> <p>held and registered in their name at the Record Date. Qualifying Shareholders may apply for any whole number of New Ordinary Shares. Excess applications will be satisfied only to the extent that corresponding applications by other Qualifying Shareholders are not made or are made for less than their <i>pro rata</i> entitlements. If there is an oversubscription resulting from excess applications, allocations in respect of such excess applications will be scaled down according to the Directors' discretion.</p> <p>Under the Placing and Open Offer, Coalfield Resources intends to issue up to 86,493,783 New Ordinary Shares at the Offer Price (representing gross proceeds of up to approximately £6.3 million) to be made available pursuant to the Placing and Open Offer.</p> <p>The Firm Placing and Placing and Open Offer are being fully underwritten by Investec on, and subject to, the terms and conditions of, the Underwriting Agreement.</p> <p>The New Ordinary Shares, when issued and fully paid, will rank <i>pari passu</i> for all dividends or other distributions declared, made</p>

		or paid after Admission and in all other respects will rank <i>pari passu</i> with the Existing Ordinary Shares. Application has been made for the New Ordinary Shares to be admitted to the Official List and to trading on the London Stock Exchange's main market for listed securities. It is expected that Admission will become effective on 24 March 2015 and that dealings for normal settlement in the New Ordinary Shares will commence at 8.00 a.m. on the same day.
E.4	Conflicts of interest	Not applicable – there are no interests (including conflicts of interest) which are material to the issue.
E.5	Lock-up	Pursuant to the terms of the Lock-in Deed, the PPF undertakes to the Company that it will not, and will procure that the PPF's Custodian will not, during the period of six months following Admission transfer or reduce its interest in the Enlarged Share Capital of the Company, and during the period commencing six months following Admission and ending twelve months following Admission, it will not transfer or reduce its interest in the Enlarged Share Capital of the Company below two thirds of those shares issued to the PPF as Consideration Shares.
E.6	Dilution	Following the issue of the New Ordinary Shares pursuant to the Firm Placing and Placing and Open Offer and the issue of the Consideration Shares, Qualifying Shareholders who do not take up any of their Open Offer Entitlements will suffer a dilution of approximately 79.3 per cent. to their interests in the Company. If a Qualifying Shareholder takes up his Open Offer Entitlement in full, as a result of the Firm Placing and the issue of the Consideration Shares, he will suffer a dilution of approximately 76.3 per cent. to his interest in the Company, assuming full take-up under the Open Offer.
E.7	Expenses	The Company estimates that the cost of the Firm Placing and Placing and Open Offer and the Acquisition is approximately £4.4 million.

Risk Factors

The following risk factors, which the Directors believe include all known material risks in relation to the Company, the Harworth Estates Group or their industry, the Firm Placing and Placing and Open Offer and the Acquisition, should be carefully considered by Shareholders and investors when deciding (in the case of Shareholders) what action to take at the General Meeting and (in the case of investors) whether to make an investment in the Company. Shareholders and investors should carefully consider the whole of this document and not rely solely on the information set out in this section. The risks are not set out in any particular order.

Investors should be aware that any investment in the Company involves a high degree of risk and should be made only by those with the necessary expertise to appraise the investment.

These risks should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties applicable to the Company and the Enlarged Group. Additional risks currently unknown to Coalfield Resources or the Harworth Estates Group, or currently believed to be immaterial, could have an adverse effect on the Enlarged Group. Any or all of these factors could have a material and adverse effect on the Enlarged Group's operational results, financial condition and prospects. Furthermore, the trading price of the Ordinary Shares could decline, possibly rapidly, resulting in the loss of all or part of any investment therein.

A. RISKS RELATING TO THE COMPANY'S BUSINESS AND THE HARWORTH ESTATES GROUP'S BUSINESS

Environmental/remediation risks of property ownership

The Harworth Estates Group may be liable for the costs of investigation, ongoing monitoring or remediation of hazardous or toxic substances located on or in its properties. These costs may be substantial and long-term. The presence of such substances, or the failure to remediate such substances properly, may also affect the Harworth Estates Group's ability to sell or lease its property or otherwise to borrow using the property as security. Laws and regulations may also impose liability for the release of certain materials, including asbestos, into the air, ground or water from a property and such release can form the basis of liability to third parties for personal injury or other damages. Whilst the Harworth Estates Group seeks to minimise or pass on any such environmental risks, it is not possible to eliminate such risks completely. If the Harworth Estates Group is found to be in violation of any such environmental laws or regulations, it could face reputational damage, regulatory compliance penalties, reduced rental income and asset valuations which could in turn have an adverse effect on the business, results of operations, financial condition and/or prospects of the Enlarged Group.

Failure to obtain insurance

The Harworth Estates Group has insured its assets and properties adequately and appropriately based on the risks associated with the Harworth Estates Group's business and based on industry practice. However, the Harworth Estates Group cannot guarantee that it will be able to obtain such insurance on comparable terms in the future and, whilst a significant proportion of such costs are reimbursed by the Harworth Estates Group's tenants, this may result in a failure to retain or attract tenants which could have an adverse effect on the business, results of operations, financial condition and/or prospects of the Enlarged Group. Further, in the event that any of the Harworth Estates Group's property portfolio suffers damage that is not covered in whole or in part by insurance, the value of that asset will be reduced. In addition, the Harworth Estates Group may have no source of funding to repair or reconstruct the damaged asset, and there can be no certainty that any sufficient sources of funding will be available to it (either at all or on acceptable terms) for such purposes in the future.

Certain properties in the Harworth Estates Group portfolio include land with defective title

The Harworth Estates Group portfolio may include some land which might be considered to have defects in title. These defects might include risks such as dormant easements or manorial rights, breaches of historic covenants and/or missing title deeds. It may be necessary to obtain indemnity insurance in respect of such

title defects for the benefit of any buyer. Such title defects may affect the Harworth Estates Group's ability to sell or lease such property, or to use such property as security for borrowings.

However, it is a specialism of the Harworth Estates Group to take often complex parcels of land, including those having deficient title, and add value by remedying such issues and turning them into marketable plots of land for residential or commercial use.

Real estate investments are relatively illiquid

Investments in land assets and property can be relatively illiquid for reasons including but not limited to varying demand and the large costs of acquisition. Such illiquidity may affect the Harworth Estates Group's ability to vary its portfolio or dispose of properties in a timely fashion and/or at satisfactory prices in response to changes in economic, property market or other conditions. This may have a material adverse effect on the financial condition, business, prospects and results of operations of the Harworth Estates Group, which in turn may have negative impact on the Company.

The Harworth Estates Group may dispose of investments at a time which results in a lower than expected return (and possibly a loss) on such investments

The Harworth Estates Group may elect to dispose of assets or may be required to dispose of assets due to a requirement imposed by a third party (for example, a lending bank). There can be no assurance that, at the time the Harworth Estates Group seeks to dispose of property assets (whether voluntarily or otherwise), relevant market conditions will be favourable or that the Harworth Estates Group will be able to maximise the returns on such disposed property assets. To the extent that market conditions are not favourable, the Harworth Estates Group may not be able to dispose of property assets at a gain and may even have to dispose of property assets at a loss. If the Harworth Estates Group is required to dispose of property assets on unsatisfactory terms, it may realise less than the value at which the property asset was previously recorded, which could result in a decrease in NAV and lower returns to shareholders. Any inability of the Harworth Estates Group to dispose of its assets or to do so at a gain, or any losses on the disposal of the Harworth Estates Group's assets, may have a material adverse effect on the financial condition, business, prospects and results of operations of the Harworth Estates Group, which in turn may have a negative impact on the Company.

The investments of the Harworth Estates Group are concentrated in Yorkshire, the North East and the East Midlands, and the Harworth Estates Group will, therefore, have greater exposure to political, economic and other factors affecting Yorkshire, the North East and the East Midlands markets than a more geographically diversified business

The investment portfolio of the Harworth Estates Group consists primarily of direct holdings in land assets in Yorkshire, the North East and the East Midlands. This means that the Harworth Estates Group has a significant geographic concentration risk to the real estate market in Yorkshire, the North East and the East Midlands, and an investment in Ordinary Shares may therefore be subject to greater risk than investments in companies with more geographically diversified portfolios. Accordingly, the performance of the Harworth Estates Group may be significantly affected by events beyond its control impacting the real estate market in Yorkshire, the North East and the East Midlands in particular, such as a further general downturn in the regional, UK or global economy, changing demand for commercial property and real estate assets in Yorkshire, the North East and the East Midlands, changing supply within a particular geographic location, the attractiveness of property relative to other investment choices, changes in domestic and/or international regulatory requirements and applicable laws and regulations (including in relation to taxation and land use).

The Harworth Estates Group's financial condition, business and prospects may be impacted by political and economic factors that are outside the control of the Harworth Estates Group

The UK's attractiveness as a foreign direct investment destination may vary, depending on political conditions, the condition of financial markets, the availability of credit, the financial condition of tenants, interest rate and inflation rate fluctuations, higher accounting and control expenses and other developments. If the UK's status as a global business destination were damaged or diminished, tenant demand for commercial office space in the UK could decrease. Any of these events could reduce the rental and/or capital

values of the Harworth Estates Group's property assets and/or the ability of the Harworth Estates Group to acquire or dispose of properties and to secure or retain tenants on acceptable terms and, consequently, may have a material adverse effect on the Harworth Estates Group's financial condition, business, prospects and results of operations, which in turn may have a negative impact on the Company.

Any costs associated with potential investments that do not proceed to completion will affect the Harworth Estates Group's performance

The Harworth Estates Group must identify suitable investment opportunities, investigate and pursue such opportunities and estimate remediation and development costs, all of which require significant expenditure prior to consummation of development. The Harworth Estates Group expects to incur certain third party costs, including in connection with financing, professional services and fees in relation to planning and development associated with the sourcing and analysis of suitable assets. There can be no assurance as to the level of such costs and, given that there can be no guarantee that the Harworth Estates Group will be successful in its remediation of any given property, the greater the number of potential investments that do not reach completion, the greater the likely adverse impact of such costs on the Harworth Estates Group's financial condition, business, prospects and results of operations, which in turn may have an adverse effect on the Company.

The Harworth Estates Group may be subject to liability following the disposal of investments

The Harworth Estates Group may be exposed to future liabilities and/or obligations with respect to the properties that it sells.

The Harworth Estates Group may be required, or may consider it prudent, to set aside provisions for warranty claims or contingent liabilities in respect of real estate disposals. The Harworth Estates Group may be required to pay damages (including but not limited to litigation costs) to a purchaser to the extent that any representations or warranties given to a purchaser prove to be inaccurate or to the extent that the Harworth Estates Group breaches any of its covenants or obligations contained in the disposal documentation. In certain circumstances, it is possible that representations and warranties incorrectly given could give rise to a right by the purchaser to unwind the contract in addition to the payment of damages. Further, the Harworth Estates Group may become involved in disputes or litigation in connection with such disposed investments. Certain obligations and liabilities associated with the ownership of investments can also continue to exist notwithstanding any disposal. Any claims, litigation or continuing obligations in connection with the disposal of any investments may subject the Harworth Estates Group to unanticipated costs and may require the Harworth Management Team to devote considerable time to dealing with them. As a result, any such claims, litigation or obligations may have a material adverse effect on the Harworth Estates Group's financial condition, business, prospects and results of operations, which in turn may have an adverse effect on the Company.

Characteristics of and changes in the tax systems in the United Kingdom could materially adversely affect the business, financial condition and results of operations of the Company and of the Harworth Estates Group

Tax rules and their interpretation may change. Any change in any member of the Enlarged Group's tax status or to taxation legislation or its interpretation may affect the Company's ability to provide returns to shareholders.

The Harworth Estates Group may be subject to liabilities in respect of mining subsidence claims as a result of its ownership of underground coal leases

The ownership of the underground coal leases associated with certain of the closed collieries (Ashfordby, Harworth, Bilsthorpe, Ellington, Prince of Wales, Rossington and Thorne) transferred to the Harworth Estates Group in December 2012 as part of the Restructuring. The transfer of ownership took place to ensure that the economic rights to the coal which can be achieved from alternative technologies (such as coal mine methane or underground coal gasification) transferred to the Harworth Estates Group. As a result of holding these coal leases and the related statutory mining licence, the Harworth Estates Group is responsible for all residual mining subsidence claims within the area of the lease associated with the former coal mining

activity at the above named closed collieries. Subsidence following mining activity normally takes place within a short time after the activity itself and the effects are normally clearly evident within a very short time frame. For that reason subsidence claims must be made within six years of any damage becoming apparent. When the mine is active and for a reasonable period afterwards, the activity is subject to a bond with the Coal Authority to ensure that claims can be met, but in respect of the collieries named above the release of bonding has been agreed with the Coal Authority on the basis that the risk of subsidence has significantly diminished. The last of these collieries to close was Rossington in 2006. However, there remains a small risk that further subsidence could occur due to water penetration or the collapse of the supported mine roadways which could lead to a new claim. Since the Restructuring, the Harworth Estates Group has expended £16,500 on discharging valid subsidence claims on the Bilsthorpe, Rossington and Prince of Wales collieries and with the effluxion of time it is expected that the sums expended and the risk identified will further decrease.

The Harworth Estates Group continues to have a small exposure to the UK Mining Industry

The Harworth Estates Group has several mining operators occupying Harworth Estates Group land, paying rental income. Any reduction in the level of coal prices or other disruption to the UK mining industry may impact the level and duration of this rental and royalty income received by the Harworth Estates Group. Further, the group of companies carrying out deep mining operations and UKCSMRL, both being businesses operating in the UK mining industry, have liability for the restoration and rehabilitation of a number of sites owned by the Harworth Estates Group. If the financial performance of either or both of such businesses were to be adversely affected, such that either or both are no longer able to continue to operate as going concerns, some of these liabilities may pass to the Harworth Estates Group, which could have an adverse effect on the business, results of operations, financial condition and/or prospects of the Enlarged Group.

The Harworth Estates Group is exposed to interest rate fluctuations

HEPGL currently hedges a proportion of its obligations under its banking facilities and, therefore, is exposed to movements in interest rates on the uncovered element. However, based on the market forecast and expected drawings under its facility, HEPGL does not see that interest rate movements will have a materially adverse effect on HEPGL's financial position.

Failure, or a perceived failure, in the Harworth Estates Group's business practices and ethics

As a regeneration specialist, the Harworth Estates Group has the potential to make a significant impact upon the environment and the communities in which it works. Any failure or perceived failure by the Harworth Estates Group or any of its employees and contractors to act ethically (for example, by engaging in disreputable business practices) may cause reputational damage to the Harworth Estates Group. The Harworth Estates Group has a system of governance, policies and monitoring in place which have the aim of ensuring that such practices are not engaged in by any of the Harworth Estates Group's employees and contractors.

Planning risk

The Harworth Estates Group's continued progress with its projects for future delivery is dependent on the continued success of its applications for planning permission. Current or future planning applications may not result in full planning permission and planning permissions, if granted, may be on unduly onerous terms. Failure to obtain such permissions may reduce the speed at which the Harworth Estates Group can implement its strategy, which may have an adverse impact on the business, results of operations, financial condition and/or prospects of the Harworth Estates Group, which in turn may have a negative impact on the Enlarged Group.

Further, the Harworth Estates Group's development operations are contingent upon an effectively functioning planning system. Changes in law or policy affecting planning, infrastructure or environmental (including waste disposal) issues could adversely affect the timing or costs associated with development opportunities. In addition, new developments can also be subject to financial and other obligations for public improvements which can be substantial. Laws and regulations relating to the protection of the environment and sustainable building can also cause delays and increased costs. There is a risk that if national or local

planning policy changes and becomes more restrictive, there may be an impact upon the development opportunities for the Harworth Estates Group's existing and future land bank or upon its ability to obtain planning permissions in the timescales required. Laws and regulations may change in ways that may have an adverse effect on the Harworth Estates Group's business, results of operations, financial condition and/or prospects, which in turn may have a negative impact on the Enlarged Group.

Due diligence may not identify all risks and liabilities in respect of an acquisition

Prior to entering into an agreement to acquire any property, the Harworth Estates Group will perform due diligence on the proposed investment. In doing so, it would typically rely in part on third parties to conduct a significant portion of this due diligence (including legal reports on title and property valuations). To the extent that the Harworth Estates Group or other third parties underestimate or fail to identify risks and liabilities associated with the investment in question, the investment may be subject to defects in title, to environmental, structural or operational defects requiring remediation, or the Harworth Estates Group may be unable to obtain necessary permits.

If there is a due diligence failure, there may be a risk that properties are acquired that are not consistent with the Harworth Estates Group's investment strategy or that properties are acquired that fail to perform in accordance with projections.

Investigation, removal or remediation of environmental liabilities required by governmental authorities under environmental regulations or in connection with a change in use or redevelopment, may impose, substantial costs on the Harworth Estates Group, regardless of whether the Harworth Estates Group originally caused the contamination. In addition, such environmental liabilities could adversely affect the Harworth Estates Group's ability to sell, lease or redevelop the property, or to borrow using the property as security. Laws and regulations, which may be amended over time, may also impose liability for the release of certain materials, including asbestos, into the air or water from a property investment, and such release can form the basis for liability to third persons for personal injury or other damages. Other environmental laws and regulations limit the development of, and impose liability for, the disturbance of wetlands or the habitats of threatened or endangered species. In the event that the Harworth Estates Group's due diligence fails to uncover material defects or liabilities, including environmental liabilities, which are not covered by insurance proceeds, this may have a material adverse effect on the results of operations and financial condition of the Harworth Estates Group, which in turn may have a negative impact on the Enlarged Group.

The success of the Company and the Harworth Estates Group depends on retaining a suitably experienced management team

The future success of the Company and the Harworth Estates Group is substantially dependent on the continued services and performance of their respective directors and senior management teams and their ability to continue to attract and retain highly skilled and qualified personnel, and in particular property professionals, in the case of the Harworth Estates Group. Although measures are in place to reward and retain key individuals and to protect the Company and the Harworth Estates Group from the impact of excessive staff turnover, the Directors cannot give assurances that the Directors and the Harworth Management Team will remain with the Enlarged Group. Furthermore, in the event of the death or disability of any of the directors or the senior management team of either company, no "key-man" insurance is in place to protect the Enlarged Group from this loss. The loss of the services of the directors and the senior management team could materially adversely affect the business, financial condition or results of operations of the Enlarged Group.

The past performance of the Harworth Management Team and the management team of the Company is not a guarantee of the future performance of the Enlarged Group

This Prospectus includes certain information regarding the past performance of the Harworth Management Team in respect of the activities of the Harworth Estates Group, and of the Coalfield Resources management team in respect of the activities of the Company. The past performance of the Harworth Management Team and/or Coalfield Resources Plc's management team is not indicative, or intended to be indicative, of the future performance or results of the Enlarged Group. The previous experience of the Harworth Management

Team and companies and ventures advised and/or operated by members of the Harworth Management Team may not be directly comparable with the proposed business of the Enlarged Group. Differences between the circumstances of the Company following completion of the Transaction and the activities of the Harworth Estates Group include (but are not limited to) performance targets, market conditions and investment horizons, and the nature of being a publicly listed company. All of these factors can affect returns and impact the usefulness of performance comparisons.

B. RISKS RELATING TO THE INDUSTRY

Lack of demand for land and new properties

The sale of remediated brownfield land to house builders and commercial developers is an important source of revenue for the Harworth Estates Group and the winning of residential and commercial planning consents is an important source of valuation uplifts for the Harworth Estates Group. In the event that: (i) the market for residential and commercial land and/or residential and commercial property is not functioning properly; (ii) there is a decline in market values; and/or (iii) there is a decline in the availability and/or an increase in the cost of credit for residential and commercial buyers, this could have an adverse impact on the Harworth Estates Group's results of operations, financial condition and/or prospects, which in turn may have a negative impact on the Enlarged Group.

Property valuation movements and liquidity

Properties, including those in which the Harworth Estates Group has invested, or may invest in the future, can be relatively illiquid investments. This lack of liquidity may affect the Harworth Estates Group's ability to realise its valuation gains, vary its portfolio or dispose of or liquidate part of its portfolio in a timely fashion and at satisfactory prices in response to changes in economic, real estate market or other conditions. A decline in the value of the Harworth Estates Group's property assets could have an adverse effect on the business, results of operations, financial condition and/or prospects of the Enlarged Group.

The valuation of property is subject to uncertainty and cash generated on disposal may be different from the value of assets previously carried on the Harworth Estates Group's balance sheet. Valuations of properties, when made, may not reflect the actual sale prices even where those sales occur shortly after the valuation date. This may mean that the value ascribed by the Harworth Estates Group to the properties held by it may not reflect the value realised on sale, and that the returns generated by the Enlarged Group on disposals of properties may be less than anticipated.

The Harworth Estates Group's financial condition, business and prospects may be impacted in the event of withdrawal of the Help to Buy Scheme

In the event that the Help to Buy Scheme is withdrawn, or if changes occur under a new Government following the 2015 general election, this may adversely affect the property market and lead to a slow down of sales and therefore may have a material adverse effect on the Harworth Estates Group's financial condition, business, prospects and results of operations, which in turn may have a negative impact on the Company. However, whilst the Harworth Management Team consider that there is a general risk of the Help to Buy Scheme being withdrawn, they anticipate that there would be a stepped withdrawal over time, with the possibility that mortgage lenders may bridge the gap on loan to value ratios to reduce potential market stagnation if general economic conditions remain favourable. In addition, the changes made to the stamp duty land tax regime in the Autumn Statement in December 2014, aimed at simplifying and further reducing the burden to house purchasers in the lower to middle markets who are currently assisted by the Help to Buy Scheme, may provide an additional stimulus for the housing market.

The Harworth Estates Group's performance (including the current or future value of its assets) will depend on the general economic environment, political and regulatory conditions and general property market condition and taxation

The Harworth Estates Group's financial performance will be affected by variations in the general economic environment, political conditions, the condition of financial markets, interest and inflation fluctuations, as well as changes to the United Kingdom taxation regime in relation to property, in particular, but not limited to, stamp duty land tax and other matters that are outside the control of the Enlarged Group. Each of these

factors may have an adverse effect on the business, result of operations, financial condition and/or prospects of the Harworth Estates Group which in turn may have an adverse effect on the Enlarged Group.

The Harworth Estates Group's business and results of operations may also be materially adversely affected by the following factors outside of its control:

- a general property market contraction;
- changing demand for commercial property and changing supply within a particular geographic location;
- the attractiveness of property relative to other investment choices;
- the availability of credit; and
- changes in law and governmental regulations in relation to property, including those governing permitted and planning usage, taxes and governmental charges, health and safety and environmental compliance.

Such events could lead to an increase in capital expenditure or running costs of the Harworth Estates Group and/or reduce the values of its property assets and, consequently, may have a material adverse effect on the business prospects and results of operations of the Harworth Estates Group, which may in turn have a negative impact on the Enlarged Group.

The performance of the Harworth Estates Group, including the current or future value of its assets, will depend on real estate regulation and taxation

Government authorities are actively involved in the application and enforcement of laws and regulations relating to taxation, environmental protections, safety and other matters, (as well as those which relate to land use and planning referred to in "Planning risk" in Part A above), all of which are relevant to the Harworth Estates Group. The institution and enforcement of such laws and regulations could have the effect of increasing the expense and lowering the income or rate of return from, as well as adversely affecting the value of, the Harworth Estates Group's property portfolio. Any change to existing laws and regulation in the UK (including changes to the taxation legislation and regulation relating to corporation tax, capital gains tax and VAT and any reliefs from taxation) could affect the value of the Harworth Estates Group's property portfolio and/or the rental income derived from it.

Defects in developments or schemes

Developments or schemes may not, when completed, be free from defects. In order to seek to minimise the likelihood of defects, the Harworth Estates Group's dedicated construction team uses, and closely monitors, high-quality trusted contractors and professionals, with whom contractual liability is clearly defined, and whose financial viability is rigorously assessed. Notwithstanding these safeguards, the implications of scheme defects (particularly if combined with contractor failure) could have an adverse financial and reputational effect on the Harworth Estates Group, which in turn could have an adverse effect of the business, results of operations, financial condition and/or prospects of the Enlarged Group.

Contractors or supplier failure

The Harworth Estates Group is dependent on contractors and suppliers for the construction of its developments and schemes. In the event that a contractor or supplier fails to deliver and/or ceases to be financially viable, the timetable of the relevant development or scheme may be delayed, the Harworth Estates Group may need to provide additional resources to the development (financial or otherwise) and/or may incur financial liabilities. Failure of a contractor or a supplier could, therefore, have an adverse effect on the Harworth Estates Group's business, results of operations, financial condition and/or prospects, which in turn may have a negative impact on the Enlarged Group.

C. RISKS ASSOCIATED WITH THE FIRM PLACING AND PLACING AND OPEN OFFER

After the Open Offer, certain shareholders will continue to be able to exercise significant influence over the Group, its management and its operations

As at the date of this Prospectus, Goodweather Holdings Limited (a subsidiary of Peel Holdings Group Limited) holds 32.5 per cent. of the Company's issued share capital. Immediately following the Firm Placing and Placing and Open Offer, Peel will hold 25.0 per cent. of the Company's issued share capital, and following Completion, the PPF will hold 25.0 per cent. of the Company's issued share capital. Although Peel have entered into the Peel Relationship Agreement, and the PPF have entered into the PPF Relationship Agreement, in each case to govern their relationship with the Company, the Principal Shareholders, to the extent they elect to act together, will be able to exercise control over the management and operations of the Enlarged Group and over shareholders' meetings of the Company, such as in relation to the payment of dividends and the appointment of the majority of the Directors. There can be no assurance that the interests of the Principal Shareholders will coincide with the interests of subscribers for the New Ordinary Shares or other holders of Ordinary Shares, or that the Principal Shareholders will act in a manner that is in the best interests of the Enlarged Group. However, at the date of this document, there is no current or intended relationship between the Principal Shareholders.

Substantial sales of Ordinary Shares by significant shareholders could depress the price of the Ordinary Shares

Subsequent sales by the Principal Shareholders (or any other substantial shareholders) of a substantial number of Ordinary Shares may significantly reduce the Company's share price. The PPF has agreed in the Lock-in Deed to certain restrictions on their ability to sell, transfer and otherwise deal in their Ordinary Shares for a period of twelve months from Admission. Nevertheless, the Company is unable to predict whether substantial amounts of Ordinary Shares (in addition to those which will be available under the Open Offer) will be sold in the open market following the termination of the lock-in arrangements. Any sales of substantial amounts of Ordinary Shares in the public market, or the perception that such sales might occur, could materially and adversely affect the market price of the Ordinary Shares.

Dilution

Shareholders will experience dilution in their ownership and voting interests pursuant to the issue of the Consideration Shares and the Firm Placing, whether or not Qualifying Shareholders take up their full entitlement pursuant to the Open Offer. The New Ordinary Shares issued through the Firm Placing and Placing and Open Offer will represent approximately 54.3 per cent. of the Enlarged Share Capital. Specifically, the New Ordinary Shares issued through the Firm Placing will represent 51.3 per cent. of the Enlarged Share Capital and New Ordinary Shares issued through the Open Offer will represent 3.0 per cent. of the Enlarged Share Capital, assuming full take up of the Open Offer. In light of the fact that not all Shareholders will participate in the Firm Placing and as a result of the issue of the Consideration Shares, following the issue of the New Ordinary Shares to be allotted pursuant to the Firm Placing and Placing and Open Offer and the issue of the Consideration Shares, Qualifying Shareholders who take up their Open Offer Entitlements in full will suffer a dilution of approximately 76.3 per cent. to their interests in the Company. If Shareholders do not take up any of their Open Offer entitlements, they will suffer a dilution of approximately 79.3 per cent. to their interests in the Company.

Possible issue or sale of shares

The Company may issue additional shares in the future, which may adversely affect the market price of the outstanding Ordinary Shares at that time. The Company has no current plans for a subsequent offering of its shares or of rights or invitations to subscribe for shares. The perception by the public that an offering may occur, could also have an adverse effect on the market price of the Company's outstanding Ordinary Shares.

Fluctuation of share price

The price at which the Ordinary Shares will be quoted and the price which investors may realise for their Ordinary Shares will be influenced by a large number of factors, some specific to Coalfield Resources and

its operations and some of which may affect the sector, or quoted companies generally. The Company's share price has fluctuated, and may continue to fluctuate.

The Company's share price may fall in response to market appraisal of its current strategy or if the operating results and prospects of the Enlarged Group from time to time are below the expectations of market analysts and investors. In addition, stock markets have from time to time experienced significant price and volume fluctuations that have affected the market price of the companies whose shares are traded on such markets. Such fluctuations could affect the Company's share price, though they may be unrelated to the Enlarged Group's actual operating performances and prospects.

The Firm Placing and Placing and Open Offer may not result in an active or liquid market for the Ordinary Shares

Prior to the Firm Placing and Placing and Open Offer, there has been limited liquidity in the trading of Ordinary Shares in the public market. The Offer Price has been agreed by the Company in consultation with the Underwriter, and may not be indicative of the market price for the Ordinary Shares following Admission. The Enlarged Group cannot guarantee that an active trading market will develop or be sustained following the completion of the Firm Placing and Placing and Open Offer, or that the market price of the Ordinary Shares will not decline thereafter below the Offer Price.

The Company's ability to pay dividends and effect returns of capital in the future is uncertain

The ability of Coalfield Resources to pay dividends on the Ordinary Shares and effect certain returns of capital is dependent upon, amongst other things, it having sufficient cash resources and, where necessary, sufficient distributable reserves out of which any proposed dividend may be paid. The Company can give no assurances that it will be able to pay a dividend or make any other return of capital on the Ordinary Shares in the future (whether in cash or another form). The dividend policy of the Company is set out at paragraph 17 of Part 1 of this document.

Shareholders outside the UK may not be able to subscribe for New Ordinary Shares in the Open Offer or for future issues of Ordinary Shares and may be diluted

Securities laws of certain jurisdictions may restrict the Company's ability to allow participation by Shareholders in the Open Offer. In particular, holders of the Company's Ordinary Shares who are located in the United States may not be able to exercise their pre-emption rights unless a registration statement under the Securities Act is effective with respect to such rights or an exemption from the registration requirements is available under the Securities Act. The Open Offer will not be registered under the Securities Act.

Securities laws of certain jurisdictions may restrict the Company's ability to allow participation by Shareholders in such jurisdictions in any future issue of shares carried out by the Company. As a result, certain Non-Qualifying Shareholders may not be able to participate in the Open Offer and this will result in their interests in the Ordinary Shares being diluted. Qualifying Shareholders who have a registered address in or who are resident in, or who are citizens of, countries other than the UK should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to subscribe for the New Ordinary Shares in the Open Offer.

Open Offer Entitlements may not be available to Shareholders with a registered address in any country outside of the UK

In the case of an allotment of New Ordinary Shares for cash, holders of Ordinary Shares are generally entitled to pre-emption rights to subscribe for such shares, unless Shareholders waive such rights by a special resolution at a general meeting. In the absence of certain other actions, the exercise of Open Offer Entitlements may not be available to Shareholders with a registered address in any country outside of the UK as securities laws of certain jurisdictions may restrict the Company's ability to allow participation by Shareholders outside the United Kingdom in the Open Offer. If any Shareholders are not able to exercise Open Offer Entitlements granted under the Open Offer in respect of the Existing Ordinary Shares held by them on the Record Date under the Open Offer, then they will not receive the economic benefit of such entitlements. Further, their proportionate ownership and voting interests in the Company will be diluted in addition to the dilution caused by the Firm Placing. Shareholders who have a registered address in or who

are resident or located in, or who are citizens of, countries other than the United Kingdom should consult their professional advisers as to whether they require any governmental or other consents or need to observe any formalities to enable them to exercise Open Offer Entitlements.

D. RISKS ASSOCIATED WITH THE ACQUISITION

Coalfield Resources has limited warranty protection in the Acquisition Agreement

Under the terms of the Acquisition Agreement, the PPF has only provided warranties as to: (i) title to the shares in HEPGL which it is selling pursuant to the Acquisition; (ii) certain corporate information relating to HEPGL; and (iii) its capacity and authority to enter into the Acquisition Agreement. Coalfield Resources' ability to recover amounts in respect of losses that it may suffer as a result of breach of those warranties is limited to the aggregate of (a) the amount of approximately £97.0 million, being the approximate amount of the consideration payable in cash pursuant to the terms of the Acquisition Agreement, and (b) the amount received for the disposal of certain of the Consideration Shares less certain permitted deductions (as further detailed in Part 4 of this document) and will depend on the sufficiency of the PPF's resources. As such in the event of a loss or liability which exceeds the contractual limitations on liability in the Acquisition Agreement Coalfield Resources may not recover in full any losses which it may suffer in respect of a breach of those warranties.

The conditions to Completion may not be satisfied

Completion is subject to, *inter alia*, the approval of Shareholders at the General Meeting, all conditions of the Acquisition Agreement being satisfied or waived, the Underwriting Agreement becoming unconditional (other than as to Admission and in respect of any conditions of the Acquisition Agreement that will be satisfied by Admission), and the satisfaction or waiver of other conditions which are considered customary for a transaction of this nature. There is no guarantee that the conditions to Completion will be satisfied or waived in which case the Acquisition will not complete and the Firm Placing and the Placing and Open Offer will not take place. If Completion does not occur, the Group will experience a delay in the achievement of its strategic objectives and would nonetheless be obliged to pay certain costs (primarily advisory fees) incurred in connection with the Acquisition and the Firm Placing and Placing and Open Offer.

Forward-Looking Statements

This document may contain forward-looking statements that reflect the Group's current expectations regarding the business of Coalfield Resources and HEPGL, and management plans and objectives. Coalfield Resources considers any statements that are not historical facts as "forward-looking statements". Forward-looking statements involve risks and uncertainties. Actual events could differ materially from those projected herein and depend on a number of factors, including the risks described in the Risk Factors set out in pages 16 to 25 (inclusive) of this document.

When used in this document the words "estimate", "project", "intend", "aim", "anticipate", "believe", "expect", "should" and similar expressions, as they relate to Coalfield Resources, HEPGL or the management of the Group, the Harworth Estates Group and/or the Enlarged Group, are intended to identify such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements which speak only as at the date of this document. Neither Coalfield Resources, HEPGL nor any other member of the Group, the Harworth Estates Group and/or the Enlarged Group undertakes any obligation publicly to update or revise any of the forward-looking statements, whether as a result of new information, future events or otherwise, save in respect of any requirement under applicable laws, the Listing Rules, Prospectus Rules, Disclosure and Transparency Rules and other regulations.

No person has been authorised to give any information or make any representations in relation to Coalfield Resources, HEPGL, the Firm Placing and Placing and Open Offer and/or the Acquisition other than those contained in this document and, if given or made, such information or representations must not be relied on as having been so authorised.

Investors and Shareholders should note that the contents of these paragraphs relating to forward-looking statements are not intended to qualify the statements made as to sufficiency of working capital in this document.

Important Information

Prospective investors are urged to read the sections of this document entitled “Summary”, “Risk Factors”, “Operating and Financial Review of Coalfield Resources plc” and the “Operating and Financial Review of Harworth Estates Property Group Limited” for a more complete discussion of the factors that could affect the Enlarged Group’s future performance and the industry in which it operates. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this document may not occur.

No profit forecast

No statement in this document is intended as a profit forecast and no statement in this document should be interpreted to mean that earnings per Ordinary Share for the current or future financial years would necessarily match or exceed the historical published earnings per Ordinary Share.

No incorporation of website information

Save where expressly stated otherwise, neither the content of Coalfield Resources’ website nor the Harworth Estates Group’s website nor the content of any website accessible from hyperlinks on Coalfield Resources’s website or the Harworth Estates Group’s website is incorporated into, or forms part of, this document.

Information not contained in this document

Recipients of this document should only rely on the information contained in this document and the information incorporated by reference herein. No person has been authorised to give any information or make any representations in relation to Coalfield Resources or the Firm Placing or the Placing and Open Offer or the Acquisition other than those contained in or incorporated by reference into this document and, if given or made, such information or representations must not be relied on as having been so authorised by Coalfield Resources or Investec or any other person. Subject to the requirements of the Prospectus Rules, neither the delivery of this document nor any subscription or sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of Coalfield Resources since the date of this document or that the information in or incorporated by reference into this document is correct as of any time subsequent to the date hereof.

Recipients of this document acknowledge that: (i) they have not relied on Investec or any person affiliated with it in connection with any investigation of the accuracy of any information contained in or incorporated by reference into this document or their investment decision; and (ii) they have relied only on the information contained in or incorporated by reference into this document, and that no person has been authorised to give any information or to make any representation concerning Coalfield Resources or the Firm Placing or the Placing and Open Offer or the New Ordinary Shares or the Acquisition (other than as contained in or incorporated by reference into this document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by Coalfield Resources or Investec.

Financial information

Unless otherwise indicated, financial information for the Company and HEPGL in this document has been prepared in accordance with IFRS and is presented in Sterling. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies of the Company or HEPGL (as applicable). The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in the applicable financial statements.

Investors should ensure that they read the whole of this document and the documents incorporated by reference herein and should not rely solely on key information or information summarised within it.

In addition, and unless stated otherwise, all trading information included in this document not extracted from the documents incorporated by reference is derived from the unaudited management accounts or internal financial reporting systems supporting the preparation of financial statements for the relevant periods. These management accounts and internal financial reporting systems are prepared using information derived from accounting records used in the preparation of the financial statements of the Company or HEPGL (as applicable), but may also include certain other management assumptions and analyses.

Certain numerical figures set out in this document, including financial data, prices, amounts, proceeds and statistics relating to the Transaction presented in millions or thousands, have been subject to rounding adjustments and, as a result, the totals of the data in this document may vary slightly from the actual arithmetic totals of such information.

Miscellaneous

Investec, which is authorised by the PRA and regulated in the United Kingdom by the FCA and the PRA, is acting exclusively for Coalfield Resources and for no-one else in relation to the Firm Placing and Placing and Open Offer and the Acquisition and will not be responsible to anyone other than Coalfield Resources for providing the protections afforded to clients of Investec nor for providing advice in relation to the Firm Placing and Placing and Open Offer and/or the Acquisition, the contents of this document or any other transaction or arrangement referred to in this document.

Investec and its representatives do not make any representation to any offeree, subscriber or purchaser of Ordinary Shares regarding the legality of an investment in Ordinary Shares by such offeree or purchaser or acquirer under the laws applicable to such offeree or purchaser or acquirer. In making an investment decision, each investor must rely on their own examination, analysis and enquiry of Coalfield Resources and the terms of the Firm Placing and Placing and Open Offer, including the merits and risks involved.

Investec may, in accordance with applicable legal and regulatory provisions, engage in transactions in relation to the Firm Placing or the Placing and Open Offer and/or related instruments for its own account for the purpose of hedging its underwriting exposure or otherwise. Investec does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

Apart from the responsibilities and liabilities, if any, which may be imposed on it or them under FSMA or the regulatory regime established thereunder: (i) Investec does not accept any responsibility whatsoever and makes no representation or warranty, express or implied, in relation to the content of this document, including its accuracy, completeness or verification or in relation to any other statement made or purported to be made by it, or on its behalf, in connection with Coalfield Resources, the Firm Placing, the Placing and Open Offer, Ordinary Shares or the Acquisition and nothing in this document is or shall be relied upon as a promise or representation in this respect, whether as to the past or future; and (ii) Investec accordingly disclaims, to the fullest extent permitted by law, all and any liability whatsoever, whether arising in tort, contract or otherwise (except as referred to above) which it might otherwise have in respect of this document or any such statement.

Neither Investec nor any person acting on its behalf accepts any responsibility or obligation to update, review or revise the information in this document or to publish or distribute any information which comes to its or their attention after the date of this document, and the distribution of this document shall not constitute a representation by Investec or any such person, that this document will be updated, reviewed or revised or that any such information will be published or distributed after the date hereof.

In connection with the Firm Placing and Placing and Open Offer, Investec and any of its affiliates, acting as an investor for its own account, may take up New Ordinary Shares in the Firm Placing and Placing and Open Offer and in that capacity may retain, purchase or sell for its own account such New Ordinary Shares or related investments otherwise than in connection with the Firm Placing and Placing and Open Offer. Accordingly, references in this document to New Ordinary Shares being offered or placed should be read as including any offering or placement of New Ordinary Shares to Investec or its affiliates acting in such capacity. Investec does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

Directors, Secretary and Advisers

Directors	<p>Jonson Cox (<i>Chairman</i>)</p> <p>Lisa Jane Clement (<i>Independent Non-Executive Director</i>)</p> <p>Jeremy Richard Hague (<i>Finance Director</i>)</p> <p>Peter Charles Fletcher Hickson (<i>Independent Non-Executive Director</i>)</p> <p>Steven Underwood (<i>Non-Executive Director</i>)</p>
Secretary	Geoffrey Keith Howard Mason FCIS
Registered and Head Office	<p>Sheffield Business Centre</p> <p>Europa Link</p> <p>Sheffield S9 1XZ</p>
Financial Adviser, Broker and Underwriter	<p>Investec Bank plc</p> <p>2 Gresham Street</p> <p>London</p> <p>EC2V 7QP</p>
Legal Adviser to the Company	<p>Eversheds LLP</p> <p>Bridgewater Place</p> <p>Water Lane</p> <p>Leeds</p> <p>LS11 5DR</p>
Legal Adviser to the Financial Adviser, Broker and Underwriter	<p>Addleshaw Goddard LLP</p> <p>Milton Gate</p> <p>60 Chiswell Street</p> <p>London</p> <p>EC1Y 4AG</p>
Auditors and Reporting Accountants	<p>PricewaterhouseCoopers LLP</p> <p>Benson House</p> <p>33 Wellington Street</p> <p>Leeds</p> <p>LS1 4JP</p>
Registrars	<p>Equiniti Limited</p> <p>Aspect House</p> <p>Spencer Road</p> <p>Lancing</p> <p>West Sussex</p> <p>BN99 6DA</p>
Property Valuers	<p>Smiths Gore</p> <p>17-18 Old Bond Street</p> <p>London</p> <p>W1S 4PT</p> <p>BNP Paribas Real Estate</p> <p>5 Aldermanbury Square</p> <p>London</p> <p>EC2V 7BP</p>

Expected Timetable of Principal Events

Record Date for entitlements under the Open Offer	Close of business on 27 February 2015
Announcement of the Firm Placing, Placing and Open Offer and the Acquisition	7.00 a.m. on 3 March 2015
Ex-entitlement date	8.00 a.m. on 3 March 2015
Dispatch of Prospectus, Application Forms and Forms of Proxy	3 March 2015
Open Offer Entitlements and Excess Open Offer Entitlements credited to stock accounts in CREST of Qualifying CREST Shareholders	as soon as possible after 8.00 a.m. on 4 March 2015
Latest recommended date for requesting withdrawal of Open Offer Entitlements from CREST	4.30 p.m. on 12 March 2015
Latest recommended date for depositing Open Offer Entitlements into CREST	3.00 p.m. on 13 March 2015
Latest time and date for splitting Application Forms (to satisfy <i>bona fide</i> market claims)	3.00 p.m. on 16 March 2015
Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer or settlement of relevant CREST instructions (as appropriate)	11.00 a.m. on 18 March 2015
Results of the Firm Placing and Placing and Open Offer announced through a RIS	7.00 a.m. on 19 March 2015
Latest time and date for receipt of Forms of Proxy and electronic proxy appointments via the CREST system	11.00 a.m. on 21 March 2015
General Meeting	11.00 a.m. on 23 March 2015
Admission and commencement of dealings in the New Ordinary Shares and the Consideration Shares expected to commence	8.00 a.m. on 24 March 2015
CREST stock accounts expected to be credited for the New Ordinary Shares	as soon as possible after 8.00 a.m. on 24 March 2015
Completion	8.00 a.m. on 24 March 2015
Share certificates for New Ordinary Shares expected to be dispatched	within 7 days of Admission

Notes:

Each of the times and dates in the above timetable is subject to change, in which event details of the new times and/or dates will be notified to the FCA and the London Stock Exchange and, where appropriate, Shareholders.

Please note that any Existing Ordinary Shares sold prior to close of business on 2 March 2015, the last date on which the Existing Ordinary Shares will trade with entitlement, will be sold to the purchaser with the right to receive entitlements under the Open Offer.

If you have any queries on the procedure for application and payment under the Open Offer, you should contact Equiniti Limited at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA or the UK Shareholder Helpline on 0871 384 2503 (from inside the United Kingdom or +44 121 415 0873 (from outside the United Kingdom). This Shareholder Helpline is available from 8.30 a.m. to 5.30 p.m. (London time) Monday to Friday (except bank holidays). Calls to the UK Shareholder Helpline cost 8 pence per minute, excluding VAT plus network extras. Calls to the UK Shareholder Helpline from outside the United Kingdom will be charged at the applicable rates. Please note that for legal reasons, the UK Shareholder Helpline is only able to provide information contained in this document and information relating to Coalfield Resources' register of members and is unable to give advice on the merits of the Firm Placing and Placing and Open Offer or provide legal, financial, tax or investment advice.

Statistics relating to the Transaction

Offer Price	7.25 pence
Premium to Existing Ordinary Shares ¹	33.6 per cent.
Entitlement under the Open Offer	1 Open Offer Share for every 7 Existing Ordinary Shares
Number of Existing Ordinary Shares in issue as at 2 March 2015 (being the latest practicable date prior to the publication of this document)	605,456,480
Number of Firm Placed Shares	1,500,073,129
Number of Open Offer Shares to be offered by the Company	86,493,783
Number of New Ordinary Shares to be issued pursuant to the Firm Placing and Placing and Open Offer	1,586,566,912
Number of Consideration Shares to be issued pursuant to the Acquisition	730,674,465
Number of Ordinary Shares in issue immediately upon completion of the Firm Placing and Placing and Open Offer and Acquisition	2,922,697,857
Gross proceeds of the Transaction ²	£115,026,101.12
Estimated net proceeds of the Firm Placing and Placing and Open Offer to be retained by the Company	£13,589,000
New Ordinary Shares and Consideration Shares as a percentage of the Enlarged Issued Share Capital	79.3 per cent.
ISIN of the Existing Ordinary Shares (and the New Ordinary Shares and Consideration Shares once admitted to trading)	GB0007190720
ISIN of the Open Offer Entitlement	GB00BVYVBZ73
ISIN of the Excess Open Offer Entitlement	GB00BVYVC095
SEDOL	0719072

Notes:

1. The premium is to the middle market price of Existing Ordinary Shares at the close of business on 17 November 2014 (being the last business day prior to the suspension of trading of the Ordinary Shares).
2. This figure may vary by a nominal amount in view of the rounding down of payments to the nearest whole pence in relation to Open Offer Entitlements, as more particularly described at paragraphs 6(b) and (d) and paragraph 13 of Part 3 of this document.

Part 1

Letter from the Chairman of Coalfield Resources plc

(Incorporated in England and Wales with registered no 2649340)

Jonson Cox	<i>Chairman</i>	<i>Registered Office</i>
Jeremy Hague	<i>Finance Director</i>	Sheffield Business Centre
Lisa Clement	<i>Independent Non-Executive Director</i>	Europa Link
Peter Hickson	<i>Independent Non-Executive Director</i>	Sheffield
Steven Underwood	<i>Non-Executive Director</i>	S9 1XZ

3 March 2015

To: Shareholders

Dear Shareholder,

**PROPOSED ACQUISITION OF HARWORTH ESTATES PROPERTY GROUP LIMITED,
FIRM PLACING OF 1,500,073,129 NEW ORDINARY SHARES AND PLACING AND OPEN
OFFER OF 86,493,783 NEW ORDINARY SHARES, ALL AT THE OFFER PRICE OF
7.25 PENCE PER SHARE**

1. Introduction

The Acquisition

The Company announced on 3 March 2015 that it had entered into the Acquisition Agreement with the PPF to acquire the 75.1 per cent. of the shares in HEPGL that it does not already own, for an aggregate consideration of £150.0 million. The Consideration will be satisfied by a combination of the issue by the Company of 730,674,465 Consideration Shares to the PPF and the payment of £97.0 million in cash to the PPF, which will be funded by the Firm Placing and Placing and Open Offer. Following the completion of the Acquisition, the Company will own 100 per cent. of the share capital of HEPGL and the PPF will hold approximately 25 per cent. of the issued share capital in the Company. Pursuant to and conditional upon Completion, it is proposed that the Company will change its name to Harworth Group plc, to reflect properly the change to the Company's underlying operations.

The Firm Placing and Placing and Open Offer

The Company announced on 3 March 2015 that it proposes to raise approximately £110.6 million, net of expenses, by the issue of 1,500,073,129 New Ordinary Shares through a Firm Placing and 86,493,783 New Ordinary Shares through a Placing and Open Offer, all at the Offer Price of 7.25 pence per New Ordinary Share. The Offer Price of 7.25 pence per New Ordinary Share represents an approximate 33.6 per cent. premium to the Closing Price of 5.425 pence on 17 November 2014 (being the last business day prior to the suspension of trading in the Ordinary Shares).

Shareholder approval

The Acquisition of HEPGL is of sufficient size relative to the Company to constitute a Reverse Takeover and is, therefore, conditional on, among other things, Shareholder approval of the Acquisition. The Firm Placing and Placing and Open Offer and the change of name referred to above also require Shareholder approval. The Resolutions will be proposed at a General Meeting to be held on 23 March 2015 at 11.00 a.m.

The Transaction Resolutions which are required in respect of the Firm Placing and Placing and Open Offer and the Acquisition are inter-conditional. If the Transaction Resolutions are not passed, the Firm Placing and Placing and Open Offer and the Acquisition will not proceed. The Resolution in respect of the Change of Name is conditional on Shareholder approval of the Acquisition and the Firm Placing and Placing and Open Offer and upon Completion.

The Company has received irrevocable undertakings from Goodweather Holdings (a member of the Peel Group), Invesco and Pelham; and from Jonson Cox, Jeremy Hague and Steven Underwood (being the only Directors who hold Ordinary Shares) and from Owen Michaelson, one of the Proposed Directors, who, as at 2 March 2015, being the last practicable date prior to the publication of this document, together held in aggregate 332,625,230 Ordinary Shares, representing approximately 53.3 per cent. of the Company's current issued share capital, to vote in favour of the Resolutions to be proposed at the General Meeting.

The purpose of this document is to:

- (a) provide you with information about the proposed Acquisition;
- (b) provide you with information about the proposed Firm Placing and Placing and Open Offer;
- (c) explain why the Board considers that the Transaction and the Resolutions are fair and reasonable and in the best interests of Coalfield Resources and the Shareholders as a whole; and
- (d) explain why the Board unanimously recommends that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting, as they intend to do in respect of their own beneficial holdings.

The Firm Placing and Placing and Open Offer are being fully underwritten by Investec on, and subject to, the terms of the Underwriting Agreement, further details of which are set out in paragraph 12.1.1 of Part 12 (*Additional Information*) of this document.

You are recommended to read the whole of this document and not to rely on only part of it. In particular, you are advised to consult the section entitled "Risk Factors" on pages 16 to 25 of this document.

2. Background to and reasons for the Acquisition, Firm Placing and Placing and Open Offer

The Directors believe that completion of the Transaction will provide additional capital for the business of HEPGL and simplify its ownership structure, as well as improve the Company's access to new capital in the future. This is expected to enable the Company to deliver value to Shareholders over the medium term by being better positioned to pursue new growth opportunities in the redevelopment of brownfield land in the Midlands and the North of England and to accelerate the execution of existing investment opportunities.

The Harworth Estates Group operates as a standalone business managing its portfolio of some 27,000 acres of land across approximately 200 sites located throughout the UK. The Harworth Estates Group specialises in the regeneration of former coalfield sites and other brownfield land into employment areas, new residential development and low carbon energy projects. However, due to the complexities of the Restructuring in 2012 (as described below) the Harworth Estates Group anticipated it being difficult to access new equity capital or debt financing on competitive terms and, therefore, was restricted from making material acquisitions and developing its commercial portfolio. To meet the requirements of the debt facility inherited as part of the Restructuring, which was secured over the property portfolio of the Harworth Estates Group, a proportion of the sale proceeds from £52.5 million of land transactions during 2013 and 2014 have been used to pay down the balance of such facility. Upon completion of the Refinancing, this debt facility will be replaced by the RBS Facility.

The current ownership structure in relation to HEPGL was put in place in December 2012 when the business of the then named UK Coal plc underwent a solvent restructuring and split into a mining division (of which the parent company was UK Coal Mine Holdings Limited) and a property division (the Harworth Estates Group), isolating the pension liability of the former mining operations of UK Coal from the property division's assets and liabilities. As part of the Restructuring, the Company retained a 24.9 per cent. shareholding in HEPGL, with the remaining 75.1 per cent. being transferred to the Pension Trustees to meet UK Coal plc's debts to the Pension Schemes. The 75.1 per cent. shareholding in Harworth Estates held by the Pension Trustees was transferred to the PPF in August 2014.

Since December 2012, the Company has been an active investor, participating strongly in the governance of the business of the Harworth Estates Group, on behalf of itself, the Pension Trustees and the PPF pursuant to the terms of the HEPGL Shareholders' Agreement. However, the Directors believe that the minority position in the capital structure of HEPGL may have restricted the recognition of the value of the business

of the Company. The Company has been working since late 2013 alongside the PPF and the Pension Trustees to optimise the capital structure of HEPGL and to drive growth for the benefit of all shareholders. As a result, as announced on 18 November 2014, the Company agreed non-binding heads of terms with the PPF with regard to the Acquisition.

The Firm Placing and Placing and Open Offer will raise gross proceeds of approximately £115.0 million. Approximately £97.0 million will be used to fund the Cash Consideration pursuant to the Acquisition, with the remainder of the net proceeds of approximately £13.6 million to be used to fund the Enlarged Group's growth strategy and provide additional working capital and financial flexibility for the Company. This does not qualify the statements made as to the sufficiency of working capital.

3. Overview of the Harworth Estates Group

The Harworth Estates Group is one of the largest property and regeneration businesses across the East Midlands, Yorkshire and the North of England, owning and/or managing a diversified portfolio of approximately 27,000 acres across some 200 sites, valued at approximately £298.5 million with net assets of approximately £248.6 million as at 31 December 2014. Due to the historic portfolio of land the Harworth Estates Group currently holds, much of which is former colliery sites and associated land, the business has a set of specialist skills in transforming often difficult parcels of brownfield land, which frequently have environmental legacy issues requiring remediation and/or incomplete legal title, into new residential, commercial and low carbon developments.

The business operates with two business segments, respectively focussed on capital growth and income generation.

The Capital Growth Segment focuses on maximising value by developing the underlying portfolio, and includes planning and development activity, value engineering, proactive asset management and strategic land acquisitions, including putting in the necessary infrastructure and then bringing these sites to market. This segment is made up of three teams, being:

- (1) major developments – the commercial delivery of large scale mixed use development sites;
- (2) strategic land – the promotion of strategic housing and commercial development land through the planning process; and
- (3) engineering and construction – delivery of remediation and infrastructure, and the construction of buildings.

The Income Generation Segment focuses on retaining selected land and property assets to generate growth and a long-term recurring income stream. The segment comprises three teams, being:

- (1) business space – the letting and development of commercial business space;
- (2) natural resources – the management of the agricultural estate, the promotion of low carbon energy developments and rental and royalty income from the last two remaining deep mines and other third party mineral operations; and
- (3) operations – the recycling of secondary aggregates and coal fines during site remediation works.

In addition, a business support function covers estates management, safety, environmental protection, finance, administration and human resources.

In the last two years the following key milestones have been achieved:

- the implementation of the Waverley residential planning consent with the sale of the first 571 plots of the 3,890 unit consent in seven phases to Taylor Wimpey Homes, Barratt Homes and Harron Homes. Further commercial land has now been sold to Rolls-Royce, Nikken, Maher, University of Sheffield and Rotherham Council as a continuation of the successful Advanced Manufacturing Park;
- the granting and implementation of planning consent for Logistics North, a significant regional employment and distribution hub in Greater Manchester of 4 million square feet, with the first plot

sales secured to ALDI for a 600,000 square feet regional headquarters and distribution centre and to MBDA (a defence supplier) for their 125,000 square feet UK manufacturing headquarters;

- planning consent for 971 residential units and 265,000 square feet of commercial and employment development, together with the residential allocation of up to a further 300 units at the former Prince of Wales Colliery in Pontefract;
- the granting and implementation of a planning consent for 1,200 residential units and ancillary retail and roadside uses at the former Rossington Colliery in Doncaster;
- the granting of planning consent for five solar parks across the portfolio totalling 41 megawatts, two of which are built and generating, with one ready to commence generation and with the other two scheduled for construction in 2015. Three further sites have planning applications submitted pending determination;
- the re-gearing of a number of business park leases resulting in an average lease term across the business park portfolio of approximately nine years;
- the acquisition of the 115 acre former Daw Mill colliery site in Warwickshire from the Crown Estate; and
- the acquisition of the 149 acre former Skelton Grange power station in Leeds, which has outline planning consent for 60 acres of employment land and a 300,000 tonnes capacity 26 megawatt per annum energy from waste plant.

HEPGL summary financial information

The table below, which has been extracted from the historical financial information set out in Part 7 of this document, sets out a summary of the financial results of HEPGL for the fifteen month period ended 28 December 2013 and the year ended 31 December 2014. Prospective investors should read the full historical financial information in Part 7 of this document and not rely solely upon the summary below.

	<i>Year ended 31 December 2014 £'000</i>	<i>Period ended 28 December 2013 £'000</i>
<i>Selected income statement information</i>		
Gross profit	8,733	7,084
Administrative expenses	(7,992)	(5,399)
Other income and expenses	23,652	14,701
Operating profit	24,393	16,386
Profit for the financial year/period	13,984	12,409
<i>Selected balance sheet information</i>		
Investment properties	289,611	276,740
Other assets*	19,775	9,877
Cash and cash equivalents	17,296	20,021
Borrowings	(57,311)	(55,644)
Other liabilities*	(20,817)	(16,424)
Net assets	248,554	234,570

* Other assets and other liabilities include non current and current assets and liabilities respectively.

For further information regarding HEPGL please see Parts 5 and 9 of this document and Part 13 for the valuation reports on the Harworth Estates Group property portfolio.

4. Strategy for the Enlarged Group

The Company's principal investment is its holding in HEPGL. Subsequently, the Enlarged Group will develop the business of the Harworth Estates Group as a specialist in regenerating former colliery sites and other brownfield land as demonstrated by the Harworth Estates Group, through the historic management of its existing portfolio. The Harworth Estates Group adds value through remediation and achieving planning consent, and then either selling sites to third parties or directly developing commercial buildings and holding them for investment purposes.

The Directors anticipate that, following completion of the Transaction, the Enlarged Group will be able to access capital on better terms than HEPGL has been able to do in the recent past. As such, the Directors expect HEPGL to be able to accelerate existing investment opportunities and capture a greater portion of any uplift in value on each project, whilst pursuing new growth opportunities, including acquiring new land for redevelopment. This may include investing its own capital in acquiring new sites and developing its own projects, thus capturing any potential development profit as well as holding certain income producing assets for investment purposes. The Directors expect the potential increase to the Group's investment income from such opportunities to support its dividend policy, further details of which are set out in paragraph 17 below.

The Directors intend to seek, subject to meeting the required eligibility criteria, admission to the Premium Segment of the Official List for the Company at the next appropriate opportunity following completion of the Transaction. Until this can be achieved, the Directors intend that the Company will comply with the provisions of the Listing Rules applicable to companies admitted to the Premium Segment in respect of Related Party transactions and standards of corporate governance (save as disclosed in paragraph 6.6 of Part 12 (Additional Information) of this document). Further, pursuant to the PPF Relationship Agreement (as summarised at paragraph 18 below) the Company undertakes to put to Shareholder vote any transaction that constitutes a Class 1 Transaction (as defined in Rule 10 of the Listing Rules).

Any such compliance with the provisions of the Listing Rules applicable to companies admitted to the Premium Segment (as described in this document) will be on a voluntary basis only and will not be monitored by the UKLA.

Further, at the next appropriate opportunity, the Company intends, subject to obtaining the approval of its shareholders, to undertake a share consolidation such that the Existing Ordinary Shares, the New Ordinary Shares and the Consideration Shares are consolidated in order to reduce the total number of Ordinary Shares in issue.

In the event that the proposals put before Shareholders are not approved, the Company will work with the PPF to seek an alternative way to realise value for both HEPGL Shareholders. The prospects of the Company remain interlinked with the performance of HEPGL as its sole investment.

5. Principal Terms of the Acquisition

The Company has entered into the Acquisition Agreement to acquire the 75.1 per cent. of the issued share capital of HEPGL that it does not already own, for consideration of £150.0 million, which represents an approximate 19.6 per cent. discount to the net asset value of the Harworth Estates Group at 31 December 2014 (taken from the audited accounts of HEPGL at 31 December 2014). The Consideration will be satisfied by a combination of the issue of the Consideration Shares to the PPF and payment of £97,026,101.29 in cash to the PPF which will be raised by the Firm Placing and Placing and Open Offer.

The Acquisition is conditional upon, amongst other things:

- (i) Coalfield Resources' shareholders passing the Transaction Resolutions in general meeting without material amendment;
- (ii) the Underwriting Agreement having been entered into by not later than 3 March 2015 and remaining in full force and effect and becoming unconditional in all respects (other than as to Admission and any conditions of the Acquisition Agreement that will be satisfied by Admission) and not having been terminated or lapsed in accordance with its terms prior to Admission;

- (iii) the Firm Placing and Placing and Open Offer becoming unconditional in all respects (other than as to Admission and any conditions relating to conditions of the Acquisition Agreement that will be satisfied by Admission);
- (iv) Admission occurring in respect of the Firm Placed Shares, the Placing Shares, the Open Offer Shares and the Consideration Shares;
- (v) publication of the Prospectus by no later than 3 March 2015 and the delivery to the PPF of a copy with the stamp of the UKLA evidencing their approval of the Prospectus as soon as practicable thereafter; and
- (vi) if a supplementary prospectus is required, the publication of the supplementary Prospectus as soon as reasonably practicable and in any event before Admission and the delivery to the PPF of a copy of such supplementary Prospectus with the stamp of the UKLA evidencing approval of the supplementary Prospectus as soon as practicable thereafter.

Accordingly, if any of such conditions are not satisfied or, if applicable, waived, the Acquisition will not proceed.

The terms of the Acquisition Agreement are summarised in more detail at Part 4 of this document.

6. Principal terms of the Firm Placing and Placing and Open Offer

The Company intends to issue 1,500,073,129 New Ordinary Shares through the Firm Placing and 86,493,783 New Ordinary Shares through the Placing and Open Offer, all at the Offer Price of 7.25 pence per New Ordinary Share to raise gross proceeds of approximately £115.0 million.

The Firm Placing and Placing and Open Offer requires Shareholder approval, which will be sought at the General Meeting, further details of which are set out in paragraph 10 of Part 1 of this document.

The Offer Price of 7.25 pence per New Ordinary Share represents:

- an approximate 33.6 per cent. premium to the Closing Price of 5.425 pence on 17 November 2014 (being the last business day prior to the suspension of trading of the Ordinary Shares);
- an approximate 25.2 per cent. discount to the Company's net asset value per share as at 31 December 2014; and
- an approximate 19.5 per cent. discount to the Company's pro forma net asset value per share of 9.0 pence as at 31 December 2014 as set out in Part 10 of this document.

Firm Placing

The Firm Placees have agreed to subscribe for 1,500,073,129 New Ordinary Shares at the Offer Price (representing gross proceeds of approximately £108.8 million). The Firm Placed Shares are not subject to clawback and are not part of the Open Offer.

Open Offer

Subject to the fulfilment of the conditions set out below and in Part 2 of this document, Qualifying Shareholders are being given the opportunity to subscribe for New Ordinary Shares *pro rata* to their existing shareholdings at the Offer Price on the basis of:

1 New Ordinary Share for every 7 Existing Ordinary Shares

held and registered in their name at the Record Date. Qualifying Shareholders may apply for any whole number of New Ordinary Shares up to the total number of Open Offer Shares. Excess applications will be satisfied only to the extent that corresponding applications by other Qualifying Shareholders are not made or are made for less than their *pro rata* entitlements. If there is an oversubscription resulting from excess applications, allocations in respect of such excess applications will be scaled down according to the

Directors' discretion in consultation with Investec, having regard to the *pro rata* number of Excess Shares applied for by the Qualifying Shareholders.

Under the Open Offer, Coalfield Resources intends to issue up to 86,493,783 New Ordinary Shares at the Offer Price (representing gross proceeds of up to approximately £6.3 million).

Fractions of Ordinary Shares will not be allotted and each Qualifying Shareholder's entitlement under the Open Offer will be rounded down to the nearest whole number. Any fractional entitlement will be aggregated and sold for the benefit of the Company.

The New Ordinary Shares when issued and fully paid, will rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends or other distributions made, paid or declared after the date of their issue.

Qualifying Shareholders with holdings of Existing Ordinary Shares in both certificated and uncertificated form will be treated as having separate holdings for the purpose of calculating their entitlements under the Open Offer.

The Open Offer is being made on a pre-emptive basis to Qualifying Shareholders and is not subject to scaling back. The Placing Shares have been placed conditionally with certain investors at the Offer Price subject to clawback to satisfy valid applications by Qualifying Shareholders under the Open Offer. Any New Ordinary Shares that are available under the Open Offer and are not taken up by Qualifying Shareholders pursuant to the Open Offer Entitlements and Excess Open Offer Entitlements will be issued in the Placing.

Goodweather Holdings, Invesco and Pelham have agreed to invest in the Firm Placing and have irrevocably undertaken not to take up their Open Offer Entitlements representing in aggregate 44,974,061 Open Offer Shares. Smaller Qualifying Shareholders should, therefore, have the opportunity to subscribe for more than their Open Offer Entitlements up to the maximum of 86,493,783 Open Offer Shares.

The Firm Placing and Placing and Open Offer are being fully underwritten by Investec on, and subject to, the terms and conditions of the Underwriting Agreement, further details of which are set out in paragraph 12.1.1 of Part 12 (Additional Information) of this document.

Application has been made for the Open Offer Entitlements and Excess Open Offer Entitlements to be admitted to CREST. It is expected that the Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST at 8.00 a.m. on 4 March 2015. The Open Offer Entitlements and Excess Open Offer Entitlements will also be enabled for settlement in CREST at 8.00 a.m. on 4 March 2015. Applications through the means of the CREST system may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim.

Qualifying non-CREST Shareholders will have received an Application Form with this document which sets out their maximum entitlement to Open Offer Shares as shown by the number of Open Offer Entitlements allocated to them. Qualifying Shareholders may apply for Excess Shares pursuant to the Excess Application Facility.

Shareholders should note that the Open Offer is not a rights issue. Qualifying Shareholders should be aware that in the Open Offer, unlike with a rights issue, any Open Offer Shares not applied for by Qualifying Shareholders under their Open Offer Entitlement will not be sold in the market on behalf of, or placed for the benefit of Qualifying Shareholders who do not apply under the Open Offer but may be allotted to Qualifying Shareholders to meet any valid applications under the Excess Application Facility or will be placed under the Placing.

Further information on the Open Offer and the terms and conditions on which it is made, including the procedure for application and payment, are set out in Part 2 (Details of the Open Offer) of this document and, where relevant, in the Application Form.

For Qualifying non-CREST Shareholders, completed Application Forms, accompanied by full payment in accordance with the instructions in Part 2 (Details of the Open Offer), paragraph 5(a) on pages 52 to 56 of this document, should be returned by post or by hand (during normal business hours only) to Equiniti

Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA so as to arrive as soon as possible and in any event so as to be received no later than 11.00 a.m. on 18 March 2015. For Qualifying CREST Shareholders the relevant CREST instructions must have settled as explained in this document by no later than 11.00 a.m. on 18 March 2015.

Applications by Qualifying Shareholders will be satisfied in full up to their Open Offer Entitlements. In addition and subject to availability, the Excess Application Facility will enable Qualifying Shareholders to apply for any whole number of Excess Shares in excess of their Open Offer Entitlements up to a maximum number of Excess Shares not exceeding 86,493,783. Qualifying non-CREST Shareholders should complete the relevant sections of the Application Form. Qualifying CREST Shareholders will have Excess Open Offer Entitlements credited to their stock account in CREST in accordance with paragraph 5(b)(iii) of Part 2, and should refer to paragraph 5(b) of Part 2 (Details of the Open Offer) on how to apply for the Excess Shares pursuant to the Excess Application Facility. If there is an oversubscription resulting from excess applications, allocations in respect of such excess applications will be scaled down according to the Directors' discretion (in consultation with Investec), having regard to the *pro rata* number of Excess Shares applied for by Qualifying Shareholders.

Overseas Shareholders

The attention of Overseas Shareholders who have registered addresses outside the United Kingdom, or who are residents of or located in countries other than the United Kingdom, is drawn to the information in paragraph 7 of Part 2 (Details of the Open Offer) of this document.

Subject to certain exceptions, Qualifying Shareholders who are resident or located in any Excluded Territory shall not be entitled to participate in the Open Offer. The provisions of paragraph 2 of Part 2 (Details of the Open Offer) of this document will apply generally to Qualifying Shareholders (including Overseas Shareholders who cannot or do not take up the New Ordinary Shares to which they are entitled under the Open Offer).

General

The Firm Placing and Placing and Open Offer is subject to the satisfaction of the following material conditions:

- (i) the passing of the Transaction Resolutions;
- (ii) Admission of the New Ordinary Shares becoming effective by not later than 8.00 a.m. on 24 March 2015 (or such later time and/or date as Investec and the Company may agree, not being later than 8.00 a.m. on 24 April 2015); and
- (iii) the Underwriting Agreement becoming unconditional in all respects and not having been terminated in accordance with its terms prior to Admission.

Accordingly, if any of such conditions are not satisfied or, if applicable, waived, the Firm Placing and Placing and Open Offer will not proceed and any Open Offer Entitlements and Excess Open Offer Entitlements admitted to CREST will thereafter be disabled.

7. Use of proceeds

The Directors intend to use the net proceeds of the Firm Placing and Placing and Open Offer to:

- fund the Cash Consideration under the Acquisition of approximately £97.0 million; and
- provide additional working capital of approximately £13.6 million and financial flexibility to fund the growth strategy of the Company.

The Transaction is conditional upon Shareholder approval of both the Firm Placing and Placing and Open Offer and the Acquisition.

8. Effect of the Transaction

As a result of Completion, the Company will own 100 per cent. of HEPGL and the PPF will hold a 25.0 per cent. interest in the Enlarged Share Capital of the Company. As at 31 December 2014, the net assets of HEPGL were £248.6 million, including total assets of £326.7 million and net debt of £40.0 million. As at 31 December 2014, the net assets of the Company were £58.7 million, including total assets of £64.7 million and net cash of £1.5 million. Of this, assets of £56.9 million were attributable to the Company's shareholding in HEPGL. The pro forma net assets of the Enlarged Group are £263.2 million and the pro forma net debt is £25.7 million, taking into account the effect of the Transaction as though it had been completed at 31 December 2014.

The pro forma revenue of the Enlarged Group is £13.9 million and the pro forma profit of the Enlarged Group is £60.4 million for the year ended 31 December 2014, taking into account the effect of the Transaction as though it had been completed at 28 December 2013. This includes a £47.8 million gain on acquisition of subsidiaries in respect of negative goodwill. Excluding the goodwill adjustment, pro forma profit would be £12.6 million.

An unaudited pro forma statement of net assets and an unaudited proforma income statement for the year ending 31 December 2014, illustrating the effect of the Transaction, are set out in Part 10 of this document. The pro forma net assets and the pro forma net debt of the Enlarged Group for the year ending 31 December 2014, referred to in this paragraph 8 are sourced from the pro forma financial information set out in Part 10 of this document.

Upon Admission and following Completion, the Enlarged Share Capital is expected to be 2,922,697,857 Ordinary Shares. On this basis, New Ordinary Shares issued through the Firm Placing and Placing and Open Offer will represent approximately 54.3 per cent. of the Enlarged Share Capital. New Ordinary Shares issued through the Firm Placing will represent approximately 51.3 per cent. of the Enlarged Share Capital and New Ordinary Shares issued through the Placing and Open Offer will represent approximately 3.0 per cent. of the Enlarged Share Capital. Consideration Shares issued to the PPF will represent 25.0 per cent. of the Enlarged Share Capital.

Dilution

Following the issue of the New Ordinary Shares and the Consideration Shares, Qualifying Shareholders who take up their full entitlements in respect of the Open Offer will suffer a dilution of approximately 76.3 per cent. to their interests in the Company. This is due to the issuance of Consideration Shares to the PPF pursuant to the Acquisition as well as the shares issued pursuant to the Firm Placing. Qualifying Shareholders who do not take up any of their entitlements in respect of the Open Offer and Shareholders who are not eligible to participate in the Open Offer will suffer a dilution of approximately 79.3 per cent. to their interests in the Company.

Shareholders should read the whole of this document and not just rely on the summarised financial information contained within this letter.

9. Current trading and prospects for Coalfield Resources

The Company announced on 19 February 2015 its financial results for the year ended 31 December 2014. Based on its investment in HEPGL the Company had audited net assets of approximately £58.7 million at 31 December 2014 and generated a net profit before tax for the year ended 31 December 2014 of approximately £3.5 million.

Following the Restructuring, the Company currently has no operational role, outside the provision of governance and certain management services to the Harworth Estates Group and, absent Completion taking place, would remain an active investor in the Harworth Estates Group (through its 24.9 per cent. shareholding in HEPGL), which has performed well following the Restructuring. If Completion does not take place, the Company would continue to seek ways to maximise value for Shareholders through other means.

It is the Company's strategy to create and realise medium and long term value from its investment in HEPGL. The Acquisition is expected to enable further value creation from HEPGL, which might not have been possible under the current ownership structure.

10. General Meeting

You will find set out at the end of this document a notice convening the General Meeting to be held at the offices of Eversheds LLP, One Wood Street, London EC2V 7WS on 23 March 2015 at 11.00 a.m. where the Resolutions set out below will be proposed. Resolutions 1 to 3 will be required in order to implement the Acquisition and the Firm Placing and Placing and Open Offer.

Resolution 1

An ordinary resolution to approve the proposed acquisition of the 75.1 per cent. of the issued share capital of HEPGL that the Company does not already own. This resolution is conditional on the passing of Resolutions 2 and 3 below.

Resolution 2

An ordinary resolution to authorise the Directors to allot relevant securities for the purposes of section 551 of the Companies Act provided that such power be limited to the allotment of the New Ordinary Shares and the Consideration Shares up to an aggregate nominal amount of £23,172,414. This resolution is conditional on the passing of Resolutions 1 and 3.

Resolution 3

A special resolution to grant the Directors authority to allot equity securities for cash pursuant to the authority conferred on them by Resolution 2 in respect of the New Ordinary Shares allotted pursuant to the Firm Placing and the Placing and Open Offer as if section 561 of the Companies Act did not apply to such allotment. This resolution is conditional upon the passing of Resolutions 1 and 2.

Resolution 4

A special resolution to change the name of the Company to Harworth Group plc. This resolution is conditional upon the passing of Resolutions 1, 2 and 3 and on Completion.

Resolutions 1, 2 and 3 are inter-conditional. Therefore, if any of Resolutions 1, 2 and 3 are not passed the Firm Placing and Placing and Open Offer and the Acquisition will not proceed. Resolution 4 is conditional on Resolutions 1, 2 and 3 being passed and on Completion. Therefore, if the Firm Placing and Placing and Open Offer and the Acquisition do not take place, the Change of Name will not proceed.

It should be noted that whilst the provisions of section 570 of the Companies Act confer on Shareholders rights of pre-emption on the allotment of equity securities for cash, Resolution 3 seeks to disapply this right for the purpose of the Firm Placing and Placing and Open Offer. The Company is permitted to issue the Consideration Shares on a non-pre-emptive basis without the authority granted by Resolution 3, as this is an issue of shares for non-cash consideration, which may be carried out on a non-pre-emptive basis pursuant to section 565 of the Companies Act.

The authority and the power described in Resolutions 2 and 3 above will (unless previously revoked or varied by the Company in general meeting) expire on the date 15 months from the passing of such resolutions or at the conclusion of the next annual general meeting of the Company following the passing of the resolutions, whichever occurs first. The authority and the power described in Resolutions 2 and 3 above are in addition to any like authority or power previously conferred on the Directors.

11. Proposed changes to the Board and Management

Conditional upon Completion the Company intends to make the changes to the Board which going forwards will be constituted as set out below to properly reflect the change of the Company's business to being the sole owner and operator of HEPGL.

Existing Appointments

Jonson Cox (Chairman)

Jonson Cox joined the Board with effect from 15 November 2010 to lead the former UK Coal plc through the Restructuring of 2012. On conclusion of the Restructuring he was additionally appointed chairman of HEPGL by both shareholders. He relinquished any role in relation to mining activities in 2013. He has played an active role in leading the boards at both the Company and at HEPGL.

Jonson's early career was with Royal Dutch Shell Group and Kelda Group plc, and he joined Anglian Water Group as Group Chief Executive from January 2004 until March 2010. For the same period he was Chairman of the construction, property and business services company Morrison plc. He was a non-executive Director of Wincanton plc from October 2005 until May 2014. In November 2012 he was appointed as non-executive Chairman of the Water Services Regulation Authority (Ofwat). He serves as senior policy advisor to infrastructure fund I Squared Capital LLP.

Following Completion, Jonson will remain as non-executive Chairman of the Company and will resign from the position of Chairman of HEPGL, as this will be a wholly-owned subsidiary of the Company.

Jeremy Hague (Finance Director)

Jeremy Hague was appointed as the Finance Director of the Company with effect from 3 January 2013 following the Restructuring. Jeremy joined the finance function of RJB Mining plc, a predecessor of UK Coal and Coalfield Resources, in May 1994 and has served in various capacities, most recently as the Finance Director of HEPGL during and up to the Restructuring. Jeremy is a Chartered Management Accountant.

As announced in the Company's annual results announcement on 19 February 2015, Jeremy Hague has agreed to step down from the Board and leave the Company with effect from 30 April 2015 to facilitate the additional appointments to the Board referred to below. Michael Richardson will assume the role of Finance Director of the Company and of the Enlarged Group from Completion.

Lisa Clement (Non-executive Director)

Lisa is a Chartered Accountant and was appointed as a non-executive director and Chair of the Audit Committee with effect from 15 December 2011. She was formerly Chief Financial Officer of Sea Containers Limited, Managing Director of Capita Learning and Development and has held senior divisional roles at Cendant Inc. and BPP Holdings Plc. Lisa is a director of Everything But The Cow Limited.

Peter Hickson (Non-executive Director)

Peter Hickson joined the Board in 2011 as an independent non-executive director. Peter additionally serves as Senior Independent Director and as Chair of the Remuneration Committee. He is currently Chairman of Communis plc and Chairman of Chemring Group plc. He was Chairman of Anglian Water Group from 2003 to 2009, and served as Finance Director of Powergen plc between 1996 and 2002. He was a non-executive Director of Kazakhmys plc from 2009 to 2011, Scottish Power plc from 2006 to 2007, Marconi Corporation plc from 2004 to 2007 and RAC plc from 1994 to 2002. He was also Senior Independent Director of London & Continental Railways Limited between 2007 and 2011. He is a trustee and Board member of Orbis Charitable Trust, the international sight saving charity, and a Fellow of the Institute of Chartered Accountants.

Steven Underwood (Non-executive Director)

Steven has served on the Board since 2010, representing the Company's largest shareholder, the Peel Group, and bringing the benefit of Peel's extensive experience in brownfield land remediation. Steven is Chief Executive of the Peel Group of companies, and is also currently a non-executive director of Pinewood Shepperton plc, and an alternate director of Intu Properties plc (formerly Capital Shopping Centres Group plc).

New Appointments

Owen Michaelson (Chief Executive Officer)

Owen is Chief Executive of HEPGL and will join the Board as the Company's Chief Executive Officer conditional upon Completion. He has more than 25 years' experience in the remediation of brownfield land, and was previously the Managing Director of the property division (2010 to 2012) and Board member (2007 to 2012) of the former UK Coal, joining from the Peel Group, bringing experience from that role and his earlier experience as a director of Black Country Properties (1999 to 2005) and senior manager at Viridor (1991 to 1999). He took over the stand alone operations of the Harworth Estates Group at the time of the Restructuring and has established the business as a recognised regional developer of brownfield land. Since 2010, Owen has continued to serve until recently as a non-executive director on certain subsidiary boards of the Peel Group. In order to focus on the Harworth Estates Group, Owen resigned from all statutory appointments within the Peel Group. He no longer receives any financial benefits from the Peel Group.

Michael Richardson (Chief Financial Officer)

Michael Richardson joined HEPGL as Finance Director in October 2014 and will join the Board as the Company's Chief Financial Officer conditional upon Completion. He is a post-graduate engineer and a chartered accountant, and has 25 years' experience in finance, including senior financial, treasury and investor roles at Diageo plc and TNT NV. He has served as Finance Director at Geodis Wilson from 2007 to 2009 and at FMG Support Group Limited from 2009 to 2014.

Anthony Donnelly (Non-executive Director)

Anthony will join the Board as independent non-executive director conditional upon Completion. After early finance roles with Scottish & Newcastle Breweries from 1986, he joined Morrison Homes Limited as Finance Director in 1990. In 2000 he was appointed Managing Director of Scottish based AWG Property Limited. He has overseen the workout and extraction of value from an extensive commercial and residential portfolio across the UK and Ireland and its transformation into a sustainable strategic and income generating portfolio. He has been on the board of HEPGL as an independent non-executive director since 2011 and will remain on the board of HEPGL following Completion.

Martyn Bowes (Non-executive Director)

Martyn Bowes will join the Board as non-executive director as the nominee of the PPF conditional upon Completion. He was appointed in 2013 to the board of HEPGL as the nominee of the Pension Trustees. Martyn originally trained as an accountant and banker. He has spent the majority of his career in banking, most recently from 2001 to 2007 with Barclays Capital as Managing Director, Real Estate Finance. Since leaving Barclays he has pursued a portfolio business career, which in 2012 involved a takeover with fellow directors of the South of England-based Welbeck Land real estate business. Martyn now acts as Finance Director for Welbeck Land, and also maintains other interests in debt advisory and healthcare. Martyn Bowes will resign as a director of HEPGL upon Completion.

The Harworth Estates Group Management

The Company intends to retain all the current management team of the Harworth Estates Group. The Harworth Estates Group employs a wide range of professionals with qualifications and skills linked to the markets in which it operates including Chartered Surveyors, Town Planners, Engineers and Project Managers.

The Capital Growth Segment of the business is led by Phil Wilson. Phil has had extensive experience over a 27 year career that has involved the property, house building and energy sectors, including roles between 1992 and 2007 as land director with Bryant Homes and Taylor Woodrow, and as regional managing director of Antler Homes North West. Before joining the Harworth Estates Group he was part of the corporate development team at Peel Group involving corporate and financial transactions relating to Peel Energy and MediaCityUK property. Phil has successfully led and created the strategy for all of the Harworth Estates Group's major projects and strategic land functions since joining the Harworth Estates Group in 2011.

The Income Generation Segment of the business is led by Ian Ball. Ian has experience in real estate investment, private equity and property banking with JP Morgan, Doughty Hanson, Barclays, RBS and Atis Real over a period from 1995 to 2014. Ian joined the Harworth Estates Group in 2014 and has successfully led the agreement of the terms of the Refinancing ahead of the Transaction. Ian has subsequently taken responsibility for all businesses within the Income Generation Segment.

12. Lock-in Deed

The Company and the PPF have entered into a conditional Lock-in Deed, pursuant to which the PPF has, (i) undertaken to the Company that the issue to the PPF by the allotment to the PPF's Custodian of the Consideration Shares will not place the PPF or the PPF's Custodian (in respect of the allotment to it of the Consideration Shares only) in a position where it is required to make an offer pursuant to Rule 9 of the City Code, (ii) undertaken for the period of twelve months commencing on Admission not to acquire any Interest in the Enlarged Share Capital in circumstances where to do so would require it to make an offer pursuant to Rule 9 of the City Code, (iii) agreed for a period of six months following Admission, not to, and to procure that the PPF's Custodian will not, transfer or reduce its interest in the Enlarged Share Capital and (iv) during the period commencing on the date being six months following Admission and ending on the date being twelve months following Admission not to, and to procure that the PPF's Custodian will not, transfer or reduce its interest in the Enlarged Share Capital below two-thirds of those shares issued to the PPF as Consideration Shares.

13. Irrevocable undertakings to vote

The Company has received irrevocable undertakings from Goodweather Holdings, Invesco and Pelham; from Jonson Cox, Jeremy Hague and Steven Underwood (being the only Directors who hold Ordinary Shares), and Owen Michaelson (being the only Proposed Director who holds Ordinary Shares) who, as at 2 March 2015, being the Latest Practicable Date, together held 322,625,230 voting shares, representing approximately 53.3 per cent. of the Company's current issued share capital, to vote in favour of the Resolutions to be proposed at the General Meeting.

14. Intentions of Directors and Proposed Directors

Each of Jonson Cox, Jeremy Hague and Steven Underwood has undertaken to take up his full *pro rata* entitlement to subscribe for New Ordinary Shares under the Open Offer in respect of his beneficial holding, which together amount to 1,073,826 New Ordinary Shares.

Owen Michaelson, one of the Proposed Directors, has undertaken to take up his full *pro rata* entitlement to subscribe for New Ordinary Shares under the Open Offer in respect of his beneficial holding of 300,000 Ordinary Shares.

The above undertakings represent in aggregate 1.3 per cent. of the issued ordinary share capital of the Company as at the date of this document.

Peter Hickson, one of the Directors, will subscribe for 689,655 New Ordinary Shares at the Placing Price pursuant to the Placing.

Certain Directors, Proposed Directors and members of the Harworth Management Team (including those mentioned above) have subscribed for in aggregate 3,410,529 New Ordinary Shares at the Placing Price under the Firm Placing and Placing and Open Offer.

Further details of the Directors' and Proposed Directors' interests in Ordinary Shares at the Latest Practicable Date and at Admission are set out in paragraph 13.1 of Part 12 of this document.

15. Actions to be taken

In respect of the General Meeting

A Form of Proxy for use at the General Meeting is enclosed with this document. Whether or not you intend to be present at the meeting, the Form of Proxy should be completed in accordance with the instructions

printed thereon and returned to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA or submitted electronically through CREST as soon as possible, but in any event so as to be received by no later than 11.00 a.m. on 21 March 2015. The completion and return, or submission electronically, of a Form of Proxy will not preclude you from attending the General Meeting and voting in person, if you so wish.

In respect of the Open Offer

If you are a Qualifying non-CREST Shareholder you will have received an Application Form together with this document. If you wish to apply for Open Offer Shares and any Excess Shares, you should complete the enclosed Application Form in accordance with the procedure for application set out in paragraph 5 of Part 2 of this document and on the Application Form itself. If you do not wish to apply for any Open Offer Shares, you should not complete or return the Application Form. Shareholders are nevertheless requested to complete and return or submit electronically the Form of Proxy.

If you are a Qualifying CREST Shareholder no Application Form is enclosed and you will receive a credit to your appropriate stock account in CREST in respect of the Open Offer Entitlements representing your maximum entitlement under the Open Offer and a credit in respect of the Excess Open Offer Entitlement for use in connection with the Excess Application Facility. You should refer to the procedure for application set out in paragraph 5(b) of Part 2 of this document.

The latest time for applications under the Open Offer to be received is 11.00 a.m. on 18 March 2015. The procedure for application and payment depends on whether, at the time at which application and payment is made, you have an Application Form in respect of your entitlement under the Open Offer or have Open Offer Entitlements and Excess Open Offer Entitlements credited to your stock account in CREST in respect of such entitlement. The procedures for application and payment are set out in Part 2 of this document. Further details also appear in the Application Forms which have been sent to Qualifying non-CREST Shareholders.

Qualifying Shareholders should be aware that the Open Offer is not a rights issue and, therefore, any Open Offer Shares not applied for under the Open Offer will not be sold in the market for their benefit but may be subscribed for by Qualifying Shareholders who elect to subscribe for Open Offer Shares in excess of their Open Offer Entitlement. Further details of the terms and conditions of the Placing and the Open Offer are set out in Part 2 (Details of the Open Offer) of this document.

Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this document and the Open Offer.

16. Admission and Settlement

Applications will be made to the UKLA for the Existing Ordinary Shares, the New Ordinary Shares and the Consideration Shares to be admitted to the Standard Segment of the Official List and to trading on the Main Market. Subject to the passing of the Transaction Resolutions it is expected that Admission of the New Ordinary Shares and the Consideration Shares will both become effective and that dealings in the Existing Ordinary Shares, and the New Ordinary Shares and the Consideration Shares will commence at 8.00 a.m. on 24 March 2015.

For CREST Shareholders, the Registrars will instruct CREST to credit the stock accounts of those shareholders. It is expected that this will take place as soon as possible after 8.00 a.m. on 24 March 2015. For non-CREST Shareholders, the New Ordinary Shares will be issued in certificated form and will be represented by definitive share certificates, which are expected to be despatched as soon as practicable, but no later than 7 days, following Admission, to the registered address of the person(s) entitled to them.

17. Dividend policy

Subject to Completion, the Company will adopt a dividend policy which has due regard to sustainable levels of dividend cover and reflects the Directors' view on the outlook for sustainable earnings.

Subject to Completion, applicable law, and the availability of sufficient distributable reserves, the Company is targeting declaring a financial dividend distribution in the region of £1.5 million for the year ending 31 December 2015 representing the part-year ownership of HEPGL (equivalent to approximately £2.0 million on an annualised basis) which it will aim to grow thereafter broadly in line with earnings as set out below.

The policy of the Company thereafter will, subject to applicable law and the availability of sufficient distributable reserves, be to distribute semi-annual dividends in respect of the periods ending 30 June and 31 December to its shareholders from profits arising out of recurring income from the operations of the Enlarged Group and from realised gains made from the sale of the property of the Enlarged Group. The Company does not propose to distribute unrealised gains recognised on revaluation of property of the Enlarged Group, and will retain a proportion of its recurring income and realised gains for reinvestment into the Enlarged Group's property portfolio.

The New Ordinary Shares and the Consideration Shares will rank *pari passu* in all respects with the Existing Ordinary Shares including the right to receive all dividends and other distributions (if any) declared, paid or made by Coalfield Resources after Admission.

Investors should note that the targeted annualised dividend payment in relation to the Company's first full year of ownership of HEPGL is not a profit forecast and there can be no assurance that it will be met or that any dividend will be paid.

18. Relationship Agreements

PPF Relationship Agreement

The Company entered into the PPF Relationship Agreement on 3 March 2015, which becomes effective on Admission, governing the ongoing relationship between the Company and the PPF having regard to the PPF's interest in the Ordinary Shares of the Company in order to ensure that the Company is capable of carrying on its business independently of the PPF.

The PPF Relationship Agreement contains undertakings from the PPF, in respect of the PPF and its Associates (as defined in the Listing Rules) that for such time as the PPF, the PPF's Custodian and/or any of the PPF's Associates holds 16.67 per cent. or more of the issued share capital of the Company and the Ordinary Shares are admitted to any recognised investment exchange or any regulated or prescribed market that, amongst other things, the PPF will, or, in the case of its Associates, will use all reasonable endeavours to (save that in the case of (i) below Associates, shall for the avoidance of doubt, exclude fund managers managing funds or assets on behalf of the PPF), procure that:

- (i) the Company and each Group Company are able to operate independently of the PPF having regard to the interests of the shareholders of the Company as a whole;
- (ii) all transactions and relationships between the PPF and the Company will be on arm's length terms and on a normal commercial basis and in compliance with the Listing Rules including the requirement that the PPF Director shall, unless otherwise authorised to do so by a majority of the board of Directors of the Company, not vote on any board resolution relating to any such transaction, relationship or arrangement;
- (iii) the PPF will not knowingly undertake or procure the undertaking of any act which affects or is reasonably likely to affect the Company's ability to comply with the FCA Handbook;
- (iv) neither the PPF nor its Associates will propose or vote in favour of any shareholder resolution of the Company to cancel the Company's admission to the Official List and to trading on the Main Market unless the Board consents and provided that the PPF are not to be prevented from either (i) accepting a takeover offer made for the Company pursuant to the City Code, or in circumstances where such takeover offer is made by way of a scheme of arrangement in accordance with Part 26 of the Companies Act, from voting in favour of such scheme of arrangement or selling the shares held pursuant to such a takeover offer made or (ii) making a takeover offer for the Ordinary Shares by way

of a general offer or by way of a scheme of arrangement and subsequently de-listing the Ordinary Shares following such takeover offer or scheme of arrangement becoming either wholly unconditional or effective as appropriate.

The Company undertakes to procure and the PPF undertakes to use its reasonable endeavours to procure that:

- (i) if an independent director of the Company ceases to be independent that a new independent director will be appointed to the board of the Company;
- (ii) that the Company's remuneration and audit committees will comprise of at least two independent directors and shall be chaired by an independent director;
- (iii) the nomination committee established by the board of directors of the Company from time to time shall be chaired by the Chairman of the Company unless the matter for consideration concerns the Chairman in which case the remuneration committee shall instead be chaired by an independent director; and
- (iv) subject to the applicable laws and the provisions of the PPF Relationship Agreement, the Company shall be managed in accordance with the Corporate Governance Code.

Conditional upon the PPF together with its Associates continuing to be interested in rights attaching to the Ordinary Shares to vote at general meetings of the Company equal to or exceeding 16.67 per cent. of the Enlarged Issued Share Capital, the PPF will be entitled to propose the nomination of a director to the Board, such representative to be approved in advance by the Chairman of the Board. The Relationship Agreement also contains restrictions on the PPF disclosing confidential information relating to the Enlarged Group.

Under the terms of the PPF Relationship Agreement, the PPF shall, where reasonably practicable, inform the Company by giving three business days' notice of any intention to transfer any interest in any shares in the Company representing more than 3.0 per cent. of the rights attaching to Ordinary Shares to vote at general meetings of the Company to a third party.

The Company undertakes to the PPF that any transaction that constitutes a Class 1 Transactions (as defined in Rule 10 of the Listing Rules) shall be put to Shareholder vote in accordance with Listing Rule 10, and that the Company will not apply for the Ordinary Shares to be removed from admission to the Official List other than in compliance with the Listing Rules (including without limitation, Listing Rule 5.2.5) regardless of the fact that the Company is listed on the Standard Segment of the London Stock Exchange.

The PPF Relationship Agreement terminates on the PPF, the PPF's Custodian (on behalf of the PPF) and/or the PPF's Associates ceasing to hold 16.67 per cent. of the Ordinary Shares in the Company.

Any and all of the provisions of the PPF Relationship Agreement which place obligations on the PPF to exercise or not exercise its rights attaching to Ordinary Shares to vote at general meetings of the Company, to vote or abstain from voting or to act or to refrain from taking action (as the case may be) in certain circumstances and any other similar obligation shall be deemed to include an obligation upon the PPF to procure that the PPF's Custodian shall comply with such obligations as if it were the PPF.

Any compliance with the provisions of the Listing Rules (as described above) applicable to companies admitted to the Premium Segment will be on a voluntary basis only and will not be monitored by the UKLA.

Peel Relationship Agreement

The Company entered into the Peel Relationship Agreement on 7 August 2013, which became effective on admission of the shares issued by the Company in connection with the Rights Issue, governing the ongoing relationship between the Company and the Peel Group having regard to the Peel Group's interest in the Ordinary Shares of the Company in order to ensure that the Company is capable of carrying on its business independently of the Peel Group. The Peel Relationship Agreement replaced the principles contained in the letter dated 30 August 2007 entered into between Peel and the Company regarding the relationship between Peel and the Company.

The Peel Relationship Agreement contains undertakings from Peel, in respect of Peel and other members of the Peel Group that for such time as Peel holds 25 per cent. or more of the issued share capital of the Company and the Ordinary Shares are admitted to any recognised investment exchange or any regulated or prescribed market that, amongst other things, Peel will:

- (i) not, and shall procure that no member of the Peel Group holding voting rights shall, exercise such voting rights in favour of any proposed variation to the Company's articles of association or constitutional documents of the Group which would, or might reasonably be expected to be, inconsistent with or in violation of any provision of the Peel Relationship Agreement;
- (ii) ensure that transactions and relationships between the Company and the Peel Group are conducted on an arm's length commercial basis and in accordance with the Listing Rules;
- (iii) ensure a Peel Director (as such term is defined in the Peel Relationship Agreement) does not, subject to certain limitations, vote on a resolution of the Board concerning transactions, relationships or arrangements between the Company and Peel;
- (iv) ensure that Peel does not knowingly undertake, or procure the undertaking of, any act which affects the Company's ability to comply with the Articles or the regulatory requirements of the FCA including the Listing Rules and the Disclosure and Transparency Rules;
- (v) not exercise any voting rights in a manner which would result in a situation whereby a majority of the Board consist of directors who are not independent of Peel;
- (vi) not, and no member of the Peel Group shall, propose or vote in favour of any Shareholder resolution of the Company which would result in the Ordinary Shares ceasing to be admitted to the Official List, unless the Board consents and provided that Peel are not to be prevented from either (i) accepting a takeover offer made for the Company pursuant to the City Code, or in circumstances where such takeover offer is made by way of a scheme of arrangement in accordance with Part 26 of the Companies Act, from voting in favour of such scheme of arrangement or selling the shares held pursuant to such a takeover offer made or (ii) making a takeover offer for the Ordinary Shares by way of a general offer or by way of a scheme of arrangement and subsequently de-listing the Ordinary Shares following such takeover offer or scheme of arrangement becoming either wholly unconditional or effective as appropriate; and
- (vii) ensure that if any member of the Peel Group or the Peel Director (as both such terms are defined in the Peel Relationship Agreement) receives an approach from a third party to acquire all or part of the business of the Company, that they refer such third party to the chairman of the Company.

The Peel Relationship Agreement terminates on the earlier of (i) Peel ceasing to hold 25 per cent. of the Ordinary Shares in the Company or (ii) the Ordinary Shares ceasing to be admitted to any recognised investment exchange or any regulated or prescribed market.

Under the terms of the Peel Relationship Agreement, subject to certain exceptions, Peel is to use reasonable endeavours to inform the Company by giving three business days' notice of any intention to transfer its shareholding in the Company to a third party other than a member of the Peel Group. Peel is also entitled to appoint the Peel Director pursuant to the Peel Relationship Agreement. The Peel Relationship Agreement also contains restrictions on Peel disclosing confidential information relating to the Group.

Any compliance with the provisions of the Listing Rules (as described above) applicable to companies admitted to the Premium Segment will be on a voluntary basis only and will not be monitored by the UKLA.

19. Corporate Governance

The Company is committed to high standards of corporate governance and currently complies and intends to continue to comply with the UK Corporate Governance Code, save as disclosed in paragraph 6.6 of Part 12 (Additional Information) of this document.

20. Additional information

You are recommended to read all the information contained in this document and not just rely on the key or summarised information and your attention is drawn to the information set out in Parts 2 to 13 of this document.

21. Risk Factors

Shareholders and investors should consider fully the Risk Factors associated with the Company, the Harworth Estates Group, the Enlarged Group, the New Ordinary Shares and the Acquisition. Your attention is drawn to the Risk Factors set out in pages 16 to 25 (inclusive) of this document.

22. Taxation

Information about United Kingdom taxation is set out in Part 11 of this document. This information is a general guide only. If you are in any doubt as to your tax position, or you are subject to tax in a jurisdiction other than the United Kingdom, you should consult your own independent professional adviser without delay.

23. Working Capital

The Company is of the opinion that, taking into account existing cash balances and the net proceeds of the Firm Placing and Placing and Open Offer receivable by the Company, the Enlarged Group has sufficient working capital for its present requirements, that is at least 12 months following the publication of this document.

24. Importance of Vote

If the Transaction Resolutions are not approved, the Acquisition and the Firm Placing and Placing and Open Offer will not proceed. The Directors consider the Acquisition and the Firm Placing and Placing and Open Offer to be in the best interests of Shareholders and the Company as a whole. The Directors believe that there are limited opportunities for growth available to the Company under its current ownership structure and if the Acquisition does not proceed the Directors will need to consider alternative means of optimising the model for the HEPGL business and driving growth for the benefit of all shareholders of HEPGL. The Directors cannot be confident that any alternative will be successful or will be on terms as attractive as the proposed Acquisition for Shareholders.

25. Recommendation

The Board considers the Acquisition, the Firm Placing and Placing and Open Offer and the Resolutions to be proposed at the General Meeting of the Company to be in the best interests of the Company and its Shareholders as a whole.

Accordingly, the Board unanimously recommends that Shareholders vote in favour of all of the Resolutions to be proposed at the General Meeting as the Directors intend to do in respect of their own holdings amounting as at, 2 March 2015 (being the latest practicable date prior to the publication of this document) to 7,516,788 Ordinary Shares in aggregate, representing approximately 1.2 per cent. of the Company's current issued ordinary share capital.

Yours faithfully,

Jonson Cox
Chairman

Part 2

Details of the Open Offer

OPEN OFFER OF 86,493,783 NEW ORDINARY SHARES AT 7.25 PENCE PER SHARE

1. Introduction

As explained in the letter from your Chairman which comprises Part 1 of this document, your Board proposes to raise up to approximately £110.6 million (net of expenses) by the issue of 1,500,073,129 New Ordinary Shares through a Firm Placing and 86,493,783 New Ordinary Shares through a Placing and Open Offer, all at 7.25 pence per New Ordinary Share.

The Firm Placing and Placing and Open Offer are being fully underwritten by Investec on, and subject to, the terms and conditions of the Underwriting Agreement. A summary of the Underwriting Agreement is set out in paragraph 12.1.1 of Part 12 of this document.

This document and, for Qualifying non-CREST Shareholders only, the accompanying Application Form contain the formal terms and conditions of the Open Offer.

2. The Open Offer

Subject to the terms and conditions set out below and, where relevant, in the Application Form, and pursuant to the Underwriting Agreement, Qualifying Shareholders are invited to apply for Open Offer Shares at a price of 7.25 pence per share, payable in full on application, free of all expenses, on the basis of:

1 New Ordinary Share for every 7 Existing Ordinary Shares

held by them and registered in their names on the Record Date and so in proportion for any other number of Existing Ordinary Shares then held.

Qualifying Shareholders may apply for any whole number of New Ordinary Shares. Excess applications will be satisfied only to the extent that corresponding applications by other Qualifying Shareholders are not made or are made for less than their *pro rata* entitlements. If there is an oversubscription resulting from excess applications, allocations in respect of such excess applications will be scaled down according to the Directors' discretion (in consultation with Investec), having regard to the *pro rata* number of Excess Shares applied for by the Qualifying Shareholders.

Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating Qualifying Shareholders' entitlements under the Open Offer.

Fractions of Ordinary Shares will not be allocated to Qualifying Shareholders and entitlements to apply for New Ordinary Shares will be rounded down to the nearest whole number of New Ordinary Shares.

If you have received an Application Form with this document please refer to paragraph 4(a) and paragraphs 5 to 10 of this Part 2.

If you hold your Existing Ordinary Shares in CREST and have received a credit of Open Offer Entitlements and Excess Open Offer Entitlements to your CREST stock account, please refer to paragraph 4(b) and paragraphs 5 to 10 of this Part 2 and also to the CREST Manual for further information on the CREST procedures referred to below.

The Open Offer is not a rights issue. Qualifying CREST Shareholders should note that although the Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's Claims Processing Unit. Qualifying non-CREST Shareholders should note that the Application Form is not a negotiable document and cannot be traded.

Before making any decision to acquire Open Offer Shares, you are asked to read and carefully consider all the information in this document including, in particular, the important information set out in the letter from the Chairman of the Company in Part 1 of this document, as well as this paragraph 2 of Part 2 and the Risk Factors set out on pages 16 to 25 (inclusive) of this document. Shareholders who do not participate in the Open Offer will experience dilution to their shareholdings. The material terms of the Firm Placing and Placing and Open Offer are contained in this document.

The Existing Ordinary Shares are listed on the Standard Segment of the Official List and traded on the London Stock Exchange's main market for listed securities. Application will be made to the FCA and to the London Stock Exchange for the New Ordinary Shares to be issued in the Firm Placing and Placing and Open Offer to be admitted to the Standard Segment of the Official List and to trading on the London Stock Exchange's main market for listed securities respectively. It is expected that Admission will become effective on 24 March 2015 and that dealings for normal settlement in the New Ordinary Shares will commence at 8.00 a.m. on the same day.

The Existing Ordinary Shares are already admitted to CREST. No further application for admission to CREST is accordingly required for the New Ordinary Shares; all such shares, when issued and fully paid, may be held and transferred by means of CREST.

Application has been made for the Open Offer Entitlements and the Excess Open Offer Entitlements to be admitted to CREST. The conditions for such admission having already been met, the Open Offer Entitlements and the Excess Open Offer Entitlements are expected to be admitted to CREST with effect from 4 March 2015.

The Open Offer Shares will, when issued and fully paid, be identical to and rank *pari passu* for all dividends or other distributions declared, made or paid after Admission and in all other respects will rank *pari passu* with the Existing Ordinary Shares in issue. No temporary documents of title will be issued. Further details of the rights attaching to the New Ordinary Shares are set out in paragraph 5 of Part 12 of this document.

3. Conditions of the Firm Placing and Placing and Open Offer

The Firm Placing and Placing and Open Offer is conditional upon the Underwriting Agreement becoming or being declared unconditional in all respects by 8.00 a.m. on 24 March 2015 (or such later time and/or date as Investec shall agree, being not later than 8.00 a.m. on 24 April 2015) and the Underwriting Agreement not being terminated in accordance with its terms. The Underwriting Agreement is subject to the satisfaction of the following material conditions: (a) the passing of the Transaction Resolutions (without any amendment not previously approved in writing by Investec) at the General Meeting; (b) the Acquisition Agreement not having been terminated or rescinded before Admission; (c) the Acquisition Agreement having become unconditional in all respects subject only to Admission and any conditions relating to the Underwriting Agreement that will be satisfied by Admission; and (d) Admission becoming effective by not later than 8.00 a.m. on 24 March 2015 and certain other conditions, details of which are set out in paragraph 12.1.1 of Part 12 of this document.

It is expected that all these conditions will be satisfied by 8.00 a.m. on 24 March 2015, and that Admission will become effective at 8.00 a.m. on 24 March 2015, and that dealings in the New Ordinary Shares will commence at 8.00 a.m. on 24 March 2015. Definitive certificates in respect of New Ordinary Shares will be prepared and are expected to be posted to those allottees who have validly elected to hold their shares in certificated form within seven days of Admission. In respect of those allottees who have validly elected to hold their shares in uncertificated form, the New Ordinary Shares are expected to be credited to their accounts maintained in the CREST system as soon as possible after 8.00 a.m. on 24 March 2015.

Further details of the Underwriting Agreement are set out in paragraph 12.1.1 of Part 12 of this document.

Further terms of the Firm Placing and Placing and Open Offer are set out in this document and, where relevant, in the Application Form.

If the Underwriting Agreement is not declared or does not become unconditional in all respects, or if it is terminated in accordance with its terms, the Open Offer will be revoked and will not proceed. In such event, no New Ordinary Shares will be issued, and all monies received by Equiniti in connection with the Open

Offer will be returned to applicants without interest and at their risk as soon as practicable and any Open Offer Entitlements and Excess Open Offer Entitlements admitted to CREST will thereafter be disabled. Investec may arrange sub-underwriting for some or all of the New Ordinary Shares to be issued pursuant to the Firm Placing and Placing and Open Offer.

4. Basis of allocation

The Open Offer is being made on a pre-emptive basis to Qualifying Shareholders and is not subject to scaling back. Any New Ordinary Shares that are available under the Open Offer and are not taken up by Qualifying Shareholders pursuant to their Open Offer Entitlements and under the Excess Application Facility will be issued in the Placing.

Applications for Excess Shares will be satisfied only to the extent that corresponding applications by other Qualifying Shareholders are not made or are made for less than their *pro rata* entitlements. If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take-up of the Open Offer Entitlements, such applications will be scaled back at the discretion of the Directors (in consultation with Investec), having regard to the *pro rata* number of Excess Shares applied for by Qualifying Shareholders.

5. Procedure for Application and Payment

The action to be taken by you in respect of the Open Offer depends on whether, at the relevant time, you have an Application Form in respect of your entitlement under the Open Offer or you have Open Offer Entitlements and Excess Open Offer Entitlements credited to your CREST stock account in respect of such entitlement.

CREST sponsored members should refer to their CREST-sponsor, as only their CREST sponsor will be able to take the necessary action specified below to apply under the Open Offer in respect of the Open Offer Entitlements and Excess Open Offer Entitlements of such members held in CREST. CREST members who wish to apply under the Open Offer in respect of their Open Offer Entitlements and Excess Open Offer Entitlements in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below.

If for any reason it becomes necessary to adjust the expected timetable as set out in this document, the Company will make an appropriate announcement to a Regulatory Information Service giving details of the revised dates.

(a) *If you hold your shares in certificated form (not in CREST) in respect of your entitlement under the Open Offer*

(i) *General*

Qualifying non-CREST (certificated) Shareholders will have received an Application Form enclosed with this document. The Application Form shows the number of Existing Ordinary Shares registered in your name on the Record Date. It also shows the maximum number of New Ordinary Shares for which you are entitled to apply on a *pro rata* basis under the Open Offer, as shown by the total number of Open Offer Entitlements allocated to you. You may also hold such an Application Form by virtue of a *bona fide* market claim.

The instructions and other terms set out in the Application Form form part of the terms of the Open Offer.

The Application Form has not been, and will not be, sent to Overseas Shareholders in, or with registered addresses in, the United States, or any Excluded Territories, brokers, banks and other agents may not send an Application Form to, or submit Application Forms on behalf of, Overseas Shareholders in, or with addresses in any of these countries or a person (including, without limitation, stockbrokers, banks or other agents) who has a contractual or other legal obligation to forward this document into a jurisdiction other than the United Kingdom.

(ii) *Market Claims*

Applications may only be made on the Application Form and may only be made by the Qualifying Shareholder named in it or by a person entitled by virtue of a *bona fide* market claim in relation to a purchase of Existing Ordinary Shares through the market prior to the date upon which the Existing Ordinary Shares were marked “ex” the entitlement to the Open Offer by the London Stock Exchange, being 8.00 a.m. on 3 March 2015. Application Forms may be split up to 3.00 p.m. on 16 March 2015. The Application Form is not a negotiable document and cannot be separately traded. A Qualifying non-CREST Shareholder who has sold or transferred all or part of his holding of Existing Ordinary Shares prior to 8.00 a.m. on 3 March 2015, being the date upon which the Existing Ordinary Shares were marked “ex” the entitlement to the Open Offer by the London Stock Exchange, should consult his or her broker or other professional adviser as soon as possible, as the invitation to acquire New Ordinary Shares under the Open Offer may be a benefit which may be claimed by the transferee from his or her counterparty pursuant to the rules of the London Stock Exchange. Qualifying Shareholders who have sold all or part of their registered holdings should, if the market claim is to be settled outside CREST, complete Box 4 on the Application Form and immediately send it to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The Application Form should not, however, be forwarded to or transmitted in or into the United States, or any of the Excluded Territories.

If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the accompanying Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedures set out in paragraph 5(b) below.

(iii) *Excess non-CREST Applications*

Qualifying non-CREST Shareholders who have taken up their Open Offer Entitlements in full may apply to acquire Excess Shares using the Excess Application Facility, should they wish. Qualifying non-CREST Shareholders wishing to apply to acquire Excess Shares may do so by following the relevant instructions on the Application Form. The total number of Open Offer Shares will not be increased in response to such excess applications. Excess applications will therefore only be satisfied to the extent that other Qualifying Shareholders do not apply for their Open Offer Entitlements in full. If there is an oversubscription resulting from excess applications, allocations in respect of such excess applications will be scaled down according to the Directors’ discretion (in consultation with Investec), having regard to the *pro rata* number of Excess Shares applied for by Qualifying Shareholders. No assurances can therefore be given that the applications by Qualifying Shareholders will be met in full, in part or at all. Excess monies in respect of scaled down applications will be returned to the applicant (at the applicant’s risk) without interest within 14 days of Admission by way of a cheque.

(iv) *Application Procedures*

If you are a Qualifying non-CREST Shareholder and wish to apply for all or some of your entitlement to New Ordinary Shares and, where applicable, Excess Shares under the Open Offer you should complete and sign the Application Form in accordance with the instructions on it and send it, together with the appropriate remittance and in accordance with the instructions in this Part 2, paragraph 4, by post or by hand (during normal business hours only) to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. A reply-paid envelope is enclosed for use by Qualifying non-CREST Shareholders within the UK, in connection with the Open Offer.

Please note that Equiniti cannot provide financial advice on the merits of the Open Offer or as to whether or not you should take up your entitlement to New Ordinary Shares under the Open Offer. If any Application Form is sent by first-class post within the United Kingdom,

Qualifying non-CREST (certificated) Shareholders are recommended to allow at least four Business Days for delivery. Investec may require the Company to treat as valid (i) Application Forms and accompanying remittances which are received through the post not later than 11.00 a.m. on the Business Day immediately following the final date for acceptance and payment of the Open Offer (the cover bearing a legible postmark not later than 11.00 a.m. on the final date for payment and acceptance); and (ii) applications in respect of which remittances are received prior to 11.00 a.m. on the final date for acceptance and payment of the Open Offer from an authorised person (as defined in the Financial Services and Markets Act 2000 (as amended)) specifying the number of New Ordinary Shares concerned and undertaking to lodge the relevant Application Form duly completed by not later than 11.00 a.m. on the second Business Day immediately following the final date for acceptance and payment of the Open Offer.

(v) *Payments*

All payments must be in pounds sterling and cheques or banker's drafts should be made payable to "Equiniti Re: Coalfield Resources plc Open Offer A/C" and crossed "A/C payee only". Cheques or banker's drafts must be drawn on an account at a branch of a bank or building society in the United Kingdom, the Channel Islands or the Isle of Man which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which is a member of either of the Committees of Scottish or Belfast clearing houses or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees. Such cheques or banker's drafts must bear the appropriate sort code in the top right-hand corner and must be for the full amount payable on application.

Cheques must be drawn on the personal account of the individual investor where they have sole or joint title to the funds. Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has inserted details of the name of the account holder and the building society cheque or banker's draft has been stamped with the building society or bank branch stamp. The account name should be the same as that shown on the application.

Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to instruct Equiniti to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be allowed on payments made before they are due and any interest earned on such payments will accrue for the benefit of the Company. It is a term of the Open Offer that cheques shall be honoured on first presentation, and the Company may elect in its absolute discretion to treat as invalid acceptances in respect of which cheques are not so honoured.

Application monies will be paid into a separate bank account pending the Open Offer becoming unconditional. In the event that it does not become unconditional by 8.00 a.m. on 24 March 2015 or such later time and date as Investec shall agree (being no later than 8.00 a.m. on 24 April 2015), the Firm Placing and Placing and Open Offer will lapse and application monies will be returned by post to applicants, at the applicants' risk and without interest, to the address set out on the Application Form, within 14 days thereafter.

(vi) *Effect of Application*

All documents and remittances sent by post by or to an applicant (or as the applicant may direct) will be sent at the applicant's own risk. By completing and delivering an Application Form, you (as the applicant(s)):

- (A) agree that all applications, and contracts resulting therefrom, under the Open Offer shall be governed by, and construed in accordance with, the laws of England;

- (B) confirm that in making the application you are not relying on any information or representation other than that contained in this document, and you accordingly agree that no person responsible solely or jointly for this document or any part thereof shall have any liability for any such information or representation not so contained;
- (C) represent and warrant to Coalfield Resources and Investec that if you have received some or all of your Open Offer Entitlements from a person other than the Company, you are entitled to apply under the Open Offer in relation to such Open Offer Entitlements by virtue of a *bona fide* market claim;
- (D) represent and warrant to Coalfield Resources and Investec that you are not a person who by virtue of being resident in or a citizen of any country outside the United Kingdom is prevented by the law of any relevant jurisdiction from lawfully applying for New Ordinary Shares;
- (E) represent and warrant to Coalfield Resources and Investec that, (i) you are not in the United States, or any of the Excluded Territories or any other territory in which it is unlawful to make or accept an offer to apply for New Ordinary Shares or to use the Application Form in any manner in which you have used or will use it; (ii) you are not acting for the account or benefit of a person located within the United States, or any of the Excluded Territories or any other territory in which it is unlawful to make or accept an offer to apply for New Ordinary Shares and were not acting for the account or benefit of such a person at the time the instruction to apply for the New Ordinary Shares was given; and (iii) you are not acquiring New Ordinary Shares with a view to the offer, sale, resale, delivery or transfer, directly or indirectly, of any such New Ordinary Shares into the United States, or any of the Excluded Territories or any other territory in which it is unlawful to make or accept an offer to apply for New Ordinary Shares, in each case except where proof satisfactory to the Company and Investec has been provided that you are entitled to take up your entitlement without any breach of applicable law; and
- (F) represent and warrant to Coalfield Resources and Investec that you are not, and nor are you applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in Section 93 (depository receipts) or Section 96 (clearance services) of the Finance Act 1986.

Further representations and warranties are contained in the Application Form.

Each subscriber or purchaser acknowledges that Coalfield Resources and Investec will rely upon the truth and accuracy of the foregoing agreements, confirmations, representations and warranties and agrees that if any of the agreements, confirmations, representations or warranties made by such subscriber or purchaser are no longer accurate he shall promptly notify the Company and Investec. If such subscriber or purchaser is subscribing for, or purchasing, New Ordinary Shares as a fiduciary or agent for one or more investor accounts, each subscriber or purchaser represents that he has sole investment discretion with respect to each such account and full power to make the foregoing representations and agreements on behalf of each such account.

If you do not wish to apply for any of the New Ordinary Shares to which you are entitled under the Open Offer, you should not complete and return the Application Form.

If you are in doubt as to whether or not you should apply for any of the New Ordinary Shares under the Open Offer, you should consult your independent financial adviser immediately. All enquiries in relation to the procedure for application for Qualifying non-CREST (certificated) Shareholders under the Open Offer should be addressed to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA or by telephone to Equiniti on 0871 384 2503 or, if telephoning from outside the UK, on +44 121 415 0873. Calls

to the Equiniti 0871 384 2503 number are charged at 8 pence per minute (excluding VAT) plus any of your service provider's network extras. Calls to the Equiniti +44 121 415 0873 number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Equiniti cannot provide advice on the merits of the Open Offer nor give any financial, legal or tax advice.

(b) ***If you have Open Offer Entitlements and Excess Open Offer Entitlements credited to your stock account in CREST in respect of your entitlement under the Open Offer***

(i) *General*

Subject as provided in paragraph 7 of this Part 2 in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder will receive a credit to his stock account in CREST of his Open Offer Entitlements equal to the basic number of New Ordinary Shares for which he is entitled to apply under the Open Offer and his Excess Open Offer Entitlements (see paragraph 5(b)(iii) below for further details).

The CREST stock account to be credited will be an account under the Participant ID and Member Account ID that apply to the Existing Ordinary Shares held on the Record Date by the Qualifying CREST Shareholder in respect of which the Open Offer Entitlements and Excess Open Offer Entitlements have been allocated.

If for any reason the Open Offer Entitlements and Excess Open Offer Entitlements cannot be admitted to CREST by, or the stock accounts of Qualifying CREST Shareholders cannot be credited by, 3.00 p.m. on 4 March 2015 or such later time as the Company may decide, an Application Form will be sent out to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlements and/or Excess Open Offer Entitlements which should have been credited to his stock account in CREST. In these circumstances the expected timetable as set out in this document will be adjusted as appropriate and the provisions of this document applicable to Qualifying non-CREST (certificated) Shareholders with Application Forms will apply to Qualifying CREST Shareholders who receive Application Forms.

CREST members who wish to apply for some or all of their entitlements to New Ordinary Shares should refer to the CREST Manual for further information on the CREST procedures referred to below. Should you need advice with regard to these procedures, please contact Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA or the UK Shareholder Helpline on 0871 384 2503 (from inside the United Kingdom) or +44 121 415 0873 (from outside the United Kingdom). This Shareholder Helpline is available from 8.30 a.m. to 5.30 p.m. (London time) Monday to Friday (except bank holidays). Calls to the UK Shareholder Helpline cost 8 pence per minute, excluding VAT plus network extras. Calls to the UK Shareholder Helpline from outside the United Kingdom will be charged at the applicable rates. Please note that for legal reasons, the UK Shareholder Helpline is only able to provide information contained in this document and information relating to Coalfield Resources' register of members and is unable to give advice on the merits of the Firm Placing and Placing and Open Offer or provide legal, financial, tax or investment advice.

If you are a CREST sponsored member you should consult your CREST sponsor if you wish to apply for New Ordinary Shares as only your CREST-sponsor will be able to take the necessary action to make this application in CREST.

(ii) *Market Claims*

The Open Offer Entitlements and Excess Open Offer Entitlements will constitute a separate security for the purposes of CREST. Although Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements and Excess Open Offer Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide*

market claim transaction. Transactions identified by the CREST Claims Processing Unit as “cum” the Open Offer Entitlements and Excess Open Offer Entitlements will generate an appropriate market claim transaction and the relevant Open Offer Entitlement(s) and Excess Open Offer Entitlements will thereafter be transferred accordingly.

(iii) *Excess Application Facility*

Qualifying CREST Shareholder stock accounts will be credited as soon as possible after 8.00 a.m. on 4 March 2015 with Excess Open Offer Entitlements equal to 10 times the total number of Existing Ordinary Shares held in such Qualifying CREST Shareholder’s name as at the Record Date. If however Qualifying CREST Shareholders wish to apply for more than 10 times the total number of Existing Ordinary Shares held in such Qualifying Shareholder’s name as at the Record Date, the Qualifying CREST Shareholder should contact Equiniti by telephone on the number stated on page 30 of this Prospectus who will arrange for the additional Excess Open Offer Entitlement Shares to be credited to the relevant CREST account of the Qualifying CREST Shareholder.

Qualifying CREST Shareholders who have taken up their Open Offer Entitlements in full may apply to acquire Excess Shares using the Excess Application Facility, should they wish. The Excess Application Facility enables Qualifying CREST Shareholders to apply for Excess Shares in excess of their Open Offer Entitlement up to a maximum number of Excess Shares not exceeding 86,493,783 in which case applications made under the Excess Application Facility will be scaled down according to the Directors’ discretion. A Qualifying CREST Shareholder should not make an application under the Excess Application Facility unless such Qualifying CREST Shareholder has applied for his Open Offer Entitlements in full.

An Excess Open Offer Entitlement may not be sold or otherwise transferred. Subject as provided in paragraph 7 of this Part 2 in relation to Overseas Shareholders, the CREST accounts of Qualifying CREST Shareholders will be credited with an Excess Open Offer Entitlement in order for any applications for Excess Shares to be settled through CREST.

Qualifying CREST Shareholders should note that, although the Open Offer Entitlements and the Excess Open Offer Entitlements will be admitted to CREST, they will have limited settlement capabilities (for the purposes of *bona fide* market claims only). Neither the Open Offer Entitlements nor the Excess Open Offer Entitlements will be tradeable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholders originally entitled or by a person entitled by virtue of a *bona fide* market claim.

To apply for Excess Shares pursuant to the Open Offer, Qualifying CREST Shareholders should follow the instructions in paragraph (iv) below and must not return a paper form and cheque. Should a transaction be identified by the CREST Claims Processing Unit as “cum” the Open Offer Entitlement and the relevant Open Offer Entitlement is transferred, the Excess Open Offer Entitlements will not transfer with the Open Offer Entitlement claim, but will be transferred as a separate claim. Should a Qualifying CREST Shareholder cease to hold all of his Existing Ordinary Shares as a result of one or more *bona fide* market claims, the Excess Open Offer Entitlement credited to CREST and allocated to the relevant Qualifying Shareholder will be transferred to the purchaser. **Please note that a separate USE Instruction must be sent in respect of any application under the Excess Open Offer Entitlement.**

Fractions of Excess Shares will be rounded down to the nearest whole number.

The total number of Open Offer Shares is fixed and will not be increased in response to any applications under the Excess Application Facility. Applications under the Excess Application Facility will therefore only be satisfied to the extent that other Qualifying Shareholders do not apply for their Open Offer Entitlements in full. Applications under the Excess Application Facility shall be allocated in such manner as the Directors may determine, in their absolute discretion, and no assurance can be given that the applications by Qualifying Shareholders will be met in full or in part or at all. Excess monies in respect of applications which are not met in

full will be returned to the applicant (at the applicant's risk) without interest within 14 days thereafter, by way of cheque or CREST payment, as appropriate. The interest earned on such monies will be retained for the benefit of the Company.

All enquiries in relation to the procedure for application and completion of applications for Excess Open Offer Entitlements should be addressed to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA or the UK Shareholder Helpline on 0871 384 2503 (from inside the United Kingdom) or +44 121 415 0873 (from outside the United Kingdom). This Shareholder Helpline is available from 8.30 a.m. to 5.30 p.m. (London time) Monday to Friday (except bank holidays). Calls to the UK Shareholder Helpline cost 8 pence per minute, excluding VAT plus network extras. Calls to the UK Shareholder Helpline from outside the United Kingdom will be charged at the applicable rates. Please note that for legal reasons, the UK Shareholder Helpline is only able to provide information contained in this document and information relating to Coalfield Resources' register of members and is unable to give advice on the merits of the Firm Placing and Placing and Open Offer or provide legal, financial, tax or investment advice.

(iv) *USE Instructions*

CREST members who wish to apply for New Ordinary Shares in respect of all or some of their Open Offer Entitlements and their Excess Open Offer Entitlements in CREST must send (or, if they are a CREST sponsored member, procure that their CREST sponsor sends) an Unmatched Stock Event ("USE") instruction to Euroclear which, on its settlement, will have the following effect:

- (A) the crediting of a stock account of Equiniti under the Participant ID and Member Account ID specified below, with a number of Open Offer Entitlements or Excess Open Offer Entitlements corresponding to the number of New Ordinary Shares applied for; and
- (B) the creation of a CREST payment, in accordance with the CREST payment arrangements, in favour of the payment bank of Equiniti in respect of the amount specified in the USE instruction which must be the full amount payable on application for the number of New Ordinary Shares referred to in (A) above.

(v) *Content of USE Instructions*

The USE instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (A) the number of New Ordinary Shares for which application is being made (and hence the number of the Open Offer Entitlement(s) being delivered to Equiniti);
- (B) the ISIN of the Open Offer Entitlements. This is GB00BVYVBZ73;
- (C) the Member Account ID of the accepting CREST member from which the Open Offer Entitlements are to be debited;
- (D) the Participant ID of the accepting CREST Member;
- (E) the Participant ID of Equiniti, in its capacity as CREST receiving agent. This is 2RA29;
- (F) the Member Account ID of Equiniti, in its capacity as CREST receiving agent. This is RA189701;
- (G) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of New Ordinary Shares referred to in (A) above;
- (H) the intended settlement date. This must be on or before 11.00 a.m. on 18 March 2015; and

- (I) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 18 March 2015.

In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE instruction:

- (A) a contact name and telephone number (in the free-format shared note field); and
- (B) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 18 March 2015 in order to be valid is 11.00 a.m. on that day.

In the event that the Firm Placing and Placing and Open Offer does not become unconditional by 8.00 a.m. on 24 March 2015 or such later time and date as Investec shall agree (being no later than 8.00 a.m. on 24 April 2015), the Firm Placing and Placing and Open Offer will lapse, the Open Offer Entitlements admitted to CREST will be disabled and Equiniti will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, within 14 days thereafter.

(vi) *Content of USE Instruction in respect of Excess Open Offer Entitlements*

The USE Instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (A) the number of Open Offer Shares for which the application is being made (and hence the number of the Excess Open Offer Entitlement(s) being delivered to Equiniti Limited);
- (B) the ISIN of the Excess Open Offer Entitlement. This is GB00BVYVC095;
- (C) the Member Account ID of the accepting CREST member from which the Excess Open Offer Entitlements are to be debited;
- (D) the participant ID of the accepting CREST member;
- (E) the participant ID of Equiniti, in its capacity as CREST receiving agent. This is 2RA31;
- (F) the Member Account ID of Equiniti, in its capacity as CREST receiving agent. This is RA189702;
- (G) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of Open Offer Shares referred to in paragraph (A) above;
- (H) the intended settlement date. This must be on or before 11.00 a.m. on 18 March 2015; and
- (I) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST

In order for the application in respect of an Excess Open Offer Entitlement under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 18 March 2015.

In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) should add the following non-mandatory fields to the USE instruction:

- (A) a contact name and telephone number (in the free format shared note field); and
- (B) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 18 March 2015 in order to be valid is 11.00 a.m. on that day.

In the event that the Firm Placing and Placing and Open Offer does not become unconditional by 8.00 a.m. on 24 March 2015 or such later time and date as Investec and the Company shall agree (being no later than 8.00 a.m. on 24 April 2015), the Firm Placing and Placing and Open Offer will lapse, the Open Offer Entitlements and the Excess Open Offer Entitlements admitted to CREST will be disabled and Equiniti will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, within 14 days thereafter. Any interest earned on such monies will be retained for the benefit of the Company.

(vii) *Deposit of Open Offer Entitlements and Excess Open Offer Entitlements into, and withdrawal from, CREST*

A Qualifying non-CREST Shareholder's entitlement under the Open Offer as shown by the number of Open Offer Entitlements set out in his Application Form may be deposited into CREST (either into the account of the Qualifying Shareholder named in the Application Form or into the name of a person entitled by virtue of a *bona fide* market claim). Similarly, Open Offer Entitlements and Excess Open Offer Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer is reflected in an Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) as set out in the Application Form.

A holder of an Application Form who is proposing so to deposit the entitlement set out in such form is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Open Offer Entitlements and the entitlement under the Excess Application Facility following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 18 March 2015. Shortly after depositing their Open Offer Entitlement into their CREST account, CREST holders will receive a credit for their Open Offer Entitlement and Excess Open Offer Entitlements which will be managed by the Registrar.

In particular, having regard to normal processing times in CREST and on the part of Equiniti, the recommended latest time for depositing an Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Application Form as Open Offer Entitlements or Excess Open Offer Entitlements in CREST, is 3.00 p.m. on 13 March 2015, and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Open Offer Entitlements and/or Excess Open Offer Entitlements from CREST is 4.30 p.m. on 12 March 2015, in either case so as to enable the person acquiring or (as appropriate) holding the Open Offer Entitlements and/or Excess Open Offer Entitlements following the deposit or withdrawal (whether as shown in an Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Open Offer Entitlements or Excess Open Offer Entitlements prior to 11.00 a.m. on 18 March 2015. CREST holders inputting the withdrawal of their Open Offer Entitlement from their CREST account must ensure that they withdraw their Open Offer Entitlement and the Excess Open Offer Entitlements.

Delivery of an Application Form with the CREST Deposit Form duly completed whether in respect of a deposit into the account of the Qualifying Shareholder named in the Application

Form or into the name of another person, shall constitute a representation and warranty to the Company, Investec and Equiniti from the relevant CREST member(s) that, (i) you are not in the United States, any of the Excluded Territories or any other territory in which it is unlawful to make or accept an offer to apply for New Ordinary Shares; (ii) you are not acting for the account or benefit of a person located within the United States, any of the Excluded Territories or any other territory in which it is unlawful to make or accept an offer to apply for New Ordinary Shares and were not acting for the account or benefit of such a person at the time the instruction to apply for the New Ordinary Shares was given; and (iii) you are not acquiring the New Ordinary Shares with a view to the offer, sale, resale, delivery or transfer, directly or indirectly, of any such New Ordinary Shares into the United States, any of the Excluded Territories or any other territory in which it is unlawful to make or accept an offer to apply for New Ordinary Shares, in each case except where proof satisfactory to the Company and Investec has been provided that you are entitled to take up your entitlement without breach of applicable law; and, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer by virtue of a *bona fide* market claim.

Each subscriber or purchaser acknowledges that Coalfield Resources and Investec will rely upon the truth and accuracy of the foregoing agreements, confirmations, representations and warranties and agrees that if any of the agreements, confirmations, representations or warranties made by such subscriber or purchaser are no longer accurate he shall promptly notify the Company and Investec. If such subscriber or purchaser is subscribing for, or purchasing, New Ordinary Shares as a fiduciary or agent for one or more investor accounts, each subscriber or purchaser represents that he has sole investment discretion with respect to each such account and full power to make the foregoing representations and agreements on behalf of each such account.

(viii) *Validity of Application*

A USE instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. on 18 March 2015 will constitute a valid application under the Open Offer.

(ix) *CREST Procedures and Timings*

CREST members and (where applicable) their CREST sponsors should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11.00 a.m. on 18 March 2015. In this connection, CREST members and (where applicable) their CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(x) *Incorrect or Incomplete Applications*

If a USE instruction includes a CREST payment for an incorrect sum, the Company through Equiniti reserves the right:

- (A) to reject the application in full and refund the payment to the CREST member in question;
- (B) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of New Ordinary Shares as would be able to be applied for with that payment at the Offer Price, refunding any unutilised sum to the CREST member in question; or

- (C) in the case that an excess sum is paid, to treat the application as a valid application for all the New Ordinary Shares referred to in the USE instruction refunding any unutilised sum to the CREST member in question.

(xi) *Effect of Valid Application*

A CREST member who makes or is treated as making a valid application in accordance with the above procedures will thereby:

- (A) pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to Equiniti payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay to the Company the amount payable on application);
- (B) request that the New Ordinary Shares to which he will become entitled be issued to him on the terms set out in this document and subject to the Articles;
- (C) agree that all applications and contracts resulting therefrom under the Open Offer shall be governed by, and construed in accordance with, the laws of England;
- (D) represent and warrant that, (i) he is not in the United States, any of the Excluded Territories or any other territory in which it is unlawful to make or accept an offer to apply for New Ordinary Shares; (ii) he is not acting for the account or benefit of a person located within the United States, any of the Excluded Territories or any other territory in which it is unlawful to make or accept an offer to apply for New Ordinary Shares and he was not acting for the account or benefit of such a person at the time the instruction to apply for the New Ordinary Shares was given; and (iii) he is not acquiring New Ordinary Shares with a view to the offer, sale, resale, delivery or transfer, directly or indirectly, of any such New Ordinary Shares into the United States, any of the Excluded Territories or any other territory in which it is unlawful to make or accept an offer to apply for New Ordinary Shares, in each case except where proof satisfactory to the Company and Investec has been provided that he is entitled to take up your entitlement without breach of applicable law;
- (E) represent and warrant that he is not, and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986;
- (F) confirm that in making such application he is not relying on any information in relation to the Company other than that contained in this document and agrees that no person responsible solely or jointly for this document or any part thereof or involved in the preparation thereof shall have any liability for any such other information and further agree that having had the opportunity to read this document, he will be deemed to have had notice of all the information concerning the Company contained therein; and
- (G) represent and warrant that he is the Qualifying Shareholder originally entitled to the Open Offer Entitlements and the Excess Open Offer Entitlements or that he has received such Open Offer Entitlements by virtue of a *bona fide* market claim.

Each subscriber or purchaser acknowledges that Coalfield Resources and Investec will rely upon the truth and accuracy of the foregoing agreements, confirmations, representations and warranties and agrees that if any of the agreements, confirmations, representations or warranties made by such subscriber or purchaser are no longer accurate he shall promptly notify the Company and Investec. If such subscriber or purchaser is subscribing for, or purchasing, New Ordinary Shares as a fiduciary or agent for one or more investor accounts, each subscriber or purchaser represents that he has sole investment discretion with respect to

each such account and full power to make the foregoing representations and agreements on behalf of each such account.

(xii) *The Company's Discretion as to Rejection and Validity of Applications*

The Company may in its sole discretion:

- (A) treat as valid (and binding on the CREST member concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in this Part 2;
- (B) accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST sponsor as constituting a valid application in substitution for or in addition to a USE instruction and subject to such further terms and conditions as the Company may determine;
- (C) treat a properly authenticated dematerialised instruction (in this subparagraph the "first instruction") as not constituting a valid application if, at the time at which Equiniti receives a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either the Company or Equiniti has received actual notice from Euroclear of any of the matters specified in Regulation 35(5)(a) in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
- (D) accept an alternative instruction or notification from a CREST member or CREST sponsored member or (where applicable) a CREST sponsor, or extend the time for settlement of a USE instruction or any alternative instruction or notification, in the event that, for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST sponsor, the CREST member or CREST sponsored member is unable validly to apply for New Ordinary Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by Equiniti in connection with CREST.

6. Money Laundering Regulations

(a) *Holders of Application Forms*

It is a term of the Open Offer that to ensure compliance with the Money Laundering Regulations, Equiniti may require, in its absolute discretion, verification of the identity of the person by whom or on whose behalf an Application Form is lodged with payment (which requirements are referred to below as the "verification of identity requirements").

The person(s) (the "applicant") who, by lodging an Application Form with payment, and in accordance with the other terms as described above, accept(s) the Open Offer in respect of the New Ordinary Shares (the "relevant shares") comprised in such Application Form shall thereby be deemed to agree to provide Equiniti with such information and other evidence as it may require to satisfy the verification of identity requirements.

Equiniti may therefore undertake electronic searches for the purposes of verifying identity. To do so Equiniti may verify the details against the Applicant's identity, but also may request further proof of identity.

If Equiniti determines that the verification of identity requirements apply to any applicant or application, the relevant shares (notwithstanding any other term of the Open Offer) will not be issued to the applicant unless and until the verification of identity requirements have been satisfied in respect of that application. Equiniti is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any applicant or application and whether such requirements have

been satisfied, and none of Equiniti, the Company or Investec will be liable to any person for any loss, expense or damage suffered or incurred (or alleged), directly or indirectly as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays in the dispatch of share certificates or in crediting CREST accounts. If, within a reasonable period of time and in any event by not later than 18 March 2015, following a request for verification of identity, Equiniti has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, terminate the contract of allotment in which event the monies payable on acceptance of the Open Offer will be returned without interest to the account of the bank from which such monies were originally debited (without prejudice to the right of the Company to take proceedings to recover the amount by which the net proceeds of sale of the relevant New Ordinary Shares fall short of the amount payable thereon).

Submission of an Application Form with the appropriate remittance will constitute a warranty from the applicant that the Money Laundering Regulations will not be breached by application of such remittance.

The verification of identity requirements will not usually apply:

- (A) if the applicant is an organisation required to comply with the Money Laundering Directive (the Council Directive on the prevention of the use of the financial system for the purpose of money laundering (no. 91/308/EEC)); or
- (B) if the applicant is a regulated United Kingdom broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations; or
- (C) if the applicant (not being an applicant who delivers his application in person) makes payment by way of a cheque drawn on an account in the name of such applicant; or
- (D) if the aggregate subscription price for the relevant shares is less than the sterling equivalent of €15,000 (currently approximately £11,000).

In other cases the verification of identity requirements may apply. The following guidance is provided in order to assist in satisfying the verification of identity requirements and to reduce the likelihood of difficulties or delays and potential rejection of an application (but does not limit the right of Equiniti to require verification of identity as stated above). Satisfaction of the verification of identity requirements may be facilitated in the following ways:

- (A) if payment is made by building society cheque (not being a cheque drawn on an account of the applicant) or banker's draft, by the building society or bank inserting on the cheque or draft the name of the account holder and the building society or bank adding their branch stamp; or
- (B) if the Application Form is lodged with payment by an agent which is an organisation of the kind referred to above or which is subject to anti-money laundering regulation in a country which is a member of the Financial Action Task Force (the non-European Union members of which are Argentina, Australia, Brazil, Canada, Hong Kong, Iceland, Japan, Mexico, New Zealand, Norway, Russian Federation, Singapore, South Africa, Switzerland, Turkey, the United States of America and, by virtue of their membership of the Gulf Cooperation Council, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), the agent should provide written confirmation that it has that status with the Application Form and written assurance that it has obtained and recorded evidence of the identity of the persons for whom it acts and that it will on demand make such evidence available to Equiniti or the relevant authority.

In order to confirm the acceptability of any written assurance referred to in (B) above or any other case, the applicant should contact Equiniti; or

- (C) if (an) Application Form(s) is/are in respect of relevant shares with an aggregate subscription price of the sterling equivalent of €15,000 (currently approximately £11,000) or more and is/are lodged by hand by the applicant in person, he should ensure that he has with him evidence of identity bearing his photograph (for example, his passport) and evidence of his address.

Third-party cheques will not be accepted.

(b) ***Open Offer Entitlements in CREST and Excess Open Offer Entitlements in CREST***

If you hold your Open Offer Entitlements in CREST and Excess Open Offer Entitlements in CREST and apply for New Ordinary Shares in respect of all or some of your Open Offer Entitlements in CREST and Excess Open Offer Entitlements in CREST as agent for one or more persons and you are not a UK or EU regulated person or institution (e.g. a UK financial institution), then irrespective of the value of the application, Equiniti is obliged to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application.

You must therefore contact Equiniti before sending any USE or other instruction so that appropriate measures may be taken.

Submission of a USE instruction which on its settlement constitutes a valid application as described above constitutes a warranty and undertaking by the applicant to provide promptly to Equiniti such information as may be specified by Equiniti as being required for the purposes of the Money Laundering Regulations. Pending the provision of evidence satisfactory to Equiniti as to identity, Equiniti may in its absolute discretion take, or omit to take, such action as it may determine to prevent or delay issue of the New Ordinary Shares concerned. If satisfactory evidence of identity has not been provided within a reasonable time, then the application for the New Ordinary Shares represented by the USE instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure to provide satisfactory evidence.

7. Overseas Shareholders

(a) ***General***

The making of the Open Offer to Overseas Shareholders may be affected by the laws or regulatory requirements of the relevant jurisdiction. Overseas Shareholders who are in any doubt in this respect should consult their professional advisers. No person receiving a copy of this document and/or an Application Form and/or receiving a credit of Open Offer Entitlements and/or Excess Open Offer Entitlements to a stock account in CREST in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him, nor should he in any event use such Application Form and/or credit of Open Offer Entitlements and/or Excess Open Offer Entitlements to a stock account in CREST, unless, in the relevant territory, such an invitation or offer could lawfully be made to him or such Application Form or credit of Open Offer Entitlements and/or Excess Open Offer Entitlements to a stock account in CREST could lawfully be used without contravention of any legislation or other local regulatory requirements. Receipt of this document and/or an Application Form or the crediting of Open Offer Entitlements and/or Excess Open Offer Entitlements to a stock account in CREST does not constitute an invitation or offer to Overseas Shareholders in the territories in which it would be unlawful to make an invitation or offer and in such circumstances this document and/or any Application Forms are sent for information only. It is the responsibility of any person receiving a copy of this document and/or an Application Form and/or receiving a credit of Open Offer Entitlements and/or Excess Open Offer Entitlements to a stock account in CREST outside the United Kingdom and wishing to make an application for any New Ordinary Shares to satisfy himself as to the full observance of the laws and regulatory requirements of the relevant territory in connection therewith, including obtaining any governmental or other consents which may be required or observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such other territory.

Persons (including, without limitation, stockbrokers, banks and other agents) receiving an Application Form and/or receiving a credit of Open Offer Entitlements and/or Excess Open Offer Entitlements to a stock account in CREST should not, in connection with the Open Offer, distribute or send the Application Form or transfer the Open Offer Entitlements and/or Excess Open Offer Entitlements into any jurisdiction where to do so would or might contravene local securities laws or regulations.

If an Application Form or a credit of Open Offer Entitlements and/or Excess Open Offer Entitlements to a stock account in CREST is received by any person in any such jurisdiction or by the stockbrokers, banks and other agents or nominees of such person, he or she must not seek to take up the New Ordinary Shares except pursuant to an express agreement with the Company. Any person who does forward an Application Form or transfer the Open Offer Entitlements and/or Excess Open Offer Entitlements into any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this paragraph. The Company and Investec reserve the right to reject an Application Form or transfer of Open Offer Entitlements and/or Excess Open Offer Entitlements from or in favour of Shareholders in any such jurisdiction or persons who are acquiring New Ordinary Shares for resale in any such jurisdiction.

The Company and Investec reserve the right in their absolute discretion to treat as invalid any application for New Ordinary Shares under the Open Offer if it appears to the Company and Investec and their agents that such application or acceptance thereof may involve a breach of the laws or regulations of any jurisdiction or if in respect of such application the Company and Investec have not been given the relevant warranty concerning overseas jurisdictions set out in the Application Form or in this document, as appropriate. All payments under the Open Offer must be made in pounds sterling.

(b) ***United States***

The New Ordinary Shares have not been and will not be registered under the Securities Act, or under the securities laws of any state of the United States and, unless so registered, may not be offered, sold, resold, taken up, delivered or distributed, directly or indirectly, within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

Outside the United States, the New Ordinary Shares may not be offered, taken up, delivered or transferred, except in an “offshore transaction” (as defined in Rule 902(h) under the Securities Act) in accordance with Rule 903 or Rule 904 of Regulation S. This document does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities, or any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, such securities in the United States.

Application Forms are not being sent to, and Open Offer Entitlements and/or Excess Open Offer Entitlements are not being credited to a stock account in CREST of, any Shareholder with a registered address in the United States. Any application for New Ordinary Shares under the Open Offer will be treated as invalid if it appears to have been executed or effected in, postmarked or otherwise dispatched in or from the United States, or if it provides an address in the United States for the registration or issue of New Ordinary Shares in uncertificated form or for the delivery of New Ordinary Shares in certificated form, or if it appears to have been sent by a person who cannot make the representations and warranties set out in the Application Form or in this document.

In addition, until 40 days after the commencement of the Open Offer, an offer, sale or transfer of the New Ordinary Shares within the US by a dealer (whether or not participating in the Firm Placing and Placing and Open Offer) may violate the registration requirements of the Securities Act.

(c) ***Other Excluded Territories***

Due to the restrictions under the securities laws of the Excluded Territories, Shareholders who have registered addresses in or who are resident or ordinarily resident in, or citizens of, any Excluded Territories will not qualify to participate in the Open Offer and will not be sent an Application Form

and no Open Offer Entitlements and/or Excess Open Offer Entitlements will be credited to their CREST stock accounts.

The New Ordinary Shares have not been and will not be registered under the relevant laws of any of the Excluded Territories or any state, province or territory thereof and may not be offered, sold, resold, delivered or distributed, directly or indirectly in or into any of the Excluded Territories or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Excluded Territories except pursuant to an applicable exemption.

8. Withdrawal Rights

Qualifying Shareholders wishing to exercise statutory withdrawal rights after publication by the Company of a prospectus supplementing this document must do so by lodging a written notice of withdrawal which must include the full name and address of the person wishing to exercise statutory withdrawal rights and, if such person is a CREST member, the Participant ID and the Member Account ID of such CREST member, with Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA so as to be sent by the Qualifying Shareholder no later than two Business Days after the date on which the supplementary prospectus is published. Notice of withdrawal given by any other means or which is deposited with or received by Equiniti after expiry of such period will not constitute a valid withdrawal, provided that the Company will not permit the exercise of withdrawal rights after payment by the relevant Qualifying Shareholder of its subscription in full and the allotment of New Ordinary Shares to such Qualifying Shareholder becoming unconditional save to the extent required by statute. In such event Shareholders are advised to seek independent legal advice.

9. Taxation

Information regarding United Kingdom taxation in respect of the New Ordinary Shares and the Open Offer is set out in Part 11 of this document. If you are in any doubt about your tax position or are subject to tax in a jurisdiction other than the United Kingdom or the United States, you should consult your professional adviser without delay.

10. Listing, Settlement, Dealings and Publication

Applications have been made to the FCA for the New Ordinary Shares to be admitted to the Standard Segment of the Official List and to the London Stock Exchange for the same to be admitted to trading on its main market for listed securities subject to the fulfilment of the conditions of the Open Offer. Subject to the Firm Placing and Placing and Open Offer becoming unconditional in all respects (save only as to Admission), it is expected that admission of the New Ordinary Shares to the Standard Segment of the Official List and to trading on its main market for listed securities will become effective and that dealings therein for normal settlement will commence at 8.00 a.m. on 24 March 2015.

Open Offer Entitlements and Excess Open Offer Entitlements held in CREST are expected to be disabled in all respects after close of business on 18 March 2015 (the latest date for applications under the Open Offer). If the conditions to the Open Offer described above are satisfied, New Ordinary Shares will be issued in uncertificated form to those persons who submitted a valid application for New Ordinary Shares by utilising the CREST application procedures and whose applications have been accepted by the Company on the day on which such conditions are satisfied (expected to be 24 March 2015). On this day, Equiniti will instruct Euroclear to credit the appropriate stock accounts of such persons with such persons' entitlement to New Ordinary Shares with effect from Admission (expected to be 8.00 a.m. on 24 March 2015). The stock accounts to be credited will be accounts under the same Participant IDs and Member Account IDs in respect of which the USE instruction was given.

Notwithstanding any other provision of this document, the Company reserves the right to send Qualifying CREST Shareholders an Application Form instead of crediting the relevant stock account with Open Offer Entitlements and Excess Open Offer Entitlements, and to allot and/or issue any New Ordinary Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST), or on the part of the facilities and/or systems operated by Equiniti in connection with CREST.

For Qualifying non-CREST Shareholders who have applied by using an Application Form, definitive share certificates in respect of the New Ordinary Shares validly applied for are expected to be dispatched by post within seven days of Admission. No temporary documents of title will be issued and, pending the issue of definitive certificates, transfers of the New Ordinary Shares by Qualifying non-CREST (certificated) Shareholders will be certified against the share register. All documents or remittances sent by or to applicants, or as they may direct, will be sent through the post at their own risk. For more information as to the procedure for application, Qualifying non-CREST (certificated) Shareholders are referred to the Application Form.

Qualifying CREST Shareholders should note that they will be sent no confirmation of the credit of the New Ordinary Shares to their CREST stock account nor any other written communication by the Company in respect of the issue of the New Ordinary Shares.

The completion and results of the Firm Placing and Placing and Open Offer will be announced and made public through an announcement on a Regulatory Information Service as soon as possible after the results are known on 19 March 2015.

The terms and conditions of the Open Offer as set out in this document, the Application Form and any non-contractual obligation related thereto shall be governed by, and construed in accordance with, English law. The courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of, or in connection with, the Open Offer, this document or the Application Form (including, without limitation, disputes relating to any non-contractual obligations arising out of or in connection with the Open Offer, this document or the Application Form). By taking up the Open Offer Shares, in accordance with the instructions set out in this document and, where applicable, the Application Form, Qualifying Shareholders irrevocably submit to the jurisdiction of the English courts (including, without limitation, in relation to disputes relating to any non-contractual obligations arising out of or in connection with the Open Offer, this document or the Application Form) and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

11. Other Information

Your attention is drawn to the letter from your Chairman which is set out in Part 1 of this document and to the further information set out in Parts 2 to 13 of this document and also, where relevant, to the terms, conditions and other information printed on the accompanying Application Form.

Part 3

Questions and Answers about the Firm Placing and Placing and Open Offer

The questions and answers set out in this Part 3 (Questions and Answers on the Firm Placing and Placing and Open Offer) of this document are intended to be in general terms only and, as such, you should read Part 2 (Details of the Open Offer) of this document for full details of what action you should take. If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice immediately from an independent financial adviser, who is authorised under FSMA if you are resident in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

This Part 3 (Questions and Answers on the Firm Placing and Placing and Open Offer) deals with general questions relating to the Firm Placing and Placing and Open Offer and more specific questions relating principally to Existing Ordinary Shares held by persons resident in the United Kingdom who hold their Existing Ordinary Shares in certificated form only. If you are an Overseas Shareholder, you should read paragraph 7 of Part 2 (Details of the Open Offer) of this document and you should take professional advice as to whether you are eligible and/or you need to observe any formalities to enable you to take up your Open Offer Entitlements. If you hold your Existing Ordinary Shares in uncertificated form (that is, through CREST) you should read paragraph 5(b) of Part 2 (Details of the Open Offer) of this document for full details of what action you should take. If you are a CREST sponsored member, you should also consult your CREST sponsor. If you do not know whether your Existing Ordinary Shares are in certificated or uncertificated form, please call the Receiving Agent on 0871 384 2503 (from inside the United Kingdom, for which calls are charged at eight pence per minute excluding VAT plus network extras) or +44 121 415 0873 (from outside the United Kingdom). Lines are open from 8.30 a.m. to 5.30 p.m. on any Business Day. Please note that, for legal reasons, the Receiving Agent is only able to provide information contained in this document and information relating to the Company's register of members and is unable to give advice on the merits of the Firm Placing and Placing and Open Offer or to provide legal, business, financial, tax or investment or other professional advice.

The contents of this document should not be construed as legal, business, financial, tax, investment or other professional advice. Each prospective investor should consult his, her or its own appropriate professional advisers for advice.

Timetable dates in this Part 3 have been included on the basis of the expected timetable set out at page 30 of this document.

1. WHAT IS A FIRM PLACING AND PLACING AND OPEN OFFER?

A placing and open offer is a way for companies to raise money. Companies may do this by giving existing qualifying shareholders a right to acquire further shares at a fixed price in proportion to their existing shareholdings (an open offer) and providing for investors (including new investors) to acquire any shares not bought by the company's existing qualifying shareholders (a placing). The fixed price is at a premium to the market price of the existing ordinary shares prior to the announcement of the placing and open offer. Where a placing is described as firm, it means that the shares to be issued to investors under it are not subject to clawback under the Open Offer.

2. AM I ELIGIBLE TO PARTICIPATE IN THE FIRM PLACING?

A firm placing is where specific investors procured by a company's advisers agree to subscribe for placed shares. The Firm Placed Shares do not form part of the Open Offer. Unless you are a Firm Placee, you will not participate in the Firm Placing.

3. WHAT IS THE COMPANY'S OPEN OFFER?

This Open Offer is an invitation by the Company to Qualifying Shareholders to apply to acquire an aggregate of 86,493,783 Open Offer Shares at a price of 7.25 pence per Open Offer Share. If you hold Existing Ordinary Shares on the Record Date or have a *bona fide* market claim, unless you are a Shareholder with a registered address in or are located in any of the Excluded Territories where no applicable exemption applies, you will be entitled to acquire Open Offer Shares under the Open Offer. The Open Offer is being made on the basis of 1 Open Offer Share for every 7 Existing Ordinary Shares held by Qualifying Shareholders on the Record Date. If your entitlement to Open Offer Shares is not a whole number, you will not be entitled to acquire an Open Offer Share in respect of any fraction of an Open Offer Share and your entitlement will be rounded down to the nearest whole number. The resulting fractions of Open Offer Shares will be aggregated and sold for the benefit of the Company.

Open Offer Shares are being offered to Qualifying Shareholders in the Open Offer at a premium of approximately 33.6 per cent. to the Closing Price of 5.425 pence per Ordinary Share as at 17 November 2014 (being the last business day prior to the suspension of trading of the Existing Ordinary Shares) and a premium of approximately 31.5 per cent. to one-month VWAP of 5.51 pence per Ordinary Share on 17 November 2014.

Qualifying Shareholders are also being given the opportunity, provided they take up their Open Offer Entitlement in full, to apply for Excess Shares through the Excess Application Facility.

The total number of Open Offer Shares is fixed and will not be increased in response to any applications under the Excess Application Facility. Such applications will therefore only be satisfied to the extent that other Qualifying Shareholders do not apply for their Open Offer Entitlement in full. Fractions of Excess Shares will not be issued under the Excess Application Facility and fractions of Excess Shares will be rounded down to the nearest whole number.

If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take up of Open Offer Entitlements, such applications will be scaled back *pro rata* to the number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility, and no assurance can be given that the applications by Qualifying Shareholders will be met in full or in part or at all.

Applications by Qualifying Shareholders will be satisfied in full up to the amount of their individual Open Offer Entitlement (excluding any Open Offer Shares applied for through the Excess Application Facility). Any Open Offer Shares which are not applied for under the Open Offer may be allocated to other Qualifying Shareholders under the Excess Application Facility. To the extent that Open Offer Shares are not taken up under the Open Offer (by way of Qualifying Shareholders' Open Offer Entitlements), then, subject to the terms of the Underwriting Agreement, the Underwriter has agreed to procure, as agents of the Company, acquirers of such Open Offer Shares at the Offer Price pursuant to the Placing.

Unlike in a rights issue, Application Forms are not negotiable instruments and neither they nor the Open Offer Entitlements or Excess Open Offer Entitlements can themselves be traded.

4. I HOLD MY EXISTING ORDINARY SHARES IN CERTIFICATED FORM. HOW DO I KNOW IF I AM ABLE TO ACQUIRE OPEN OFFER SHARES UNDER THE OPEN OFFER?

If you receive an Application Form and, subject to certain exceptions, are not a holder with a registered address in any of the Excluded Territories, then you should be eligible to acquire Open Offer Shares under the Open Offer, as long as you have not sold all of your Existing Ordinary Shares before 8.00 a.m. on 3 March 2015 (the time when the Existing Ordinary Shares are expected to be marked "ex-entitlement" by the London Stock Exchange).

5. I HOLD MY EXISTING ORDINARY SHARES IN CERTIFICATED FORM. HOW DO I KNOW HOW MANY OPEN OFFER SHARES I AM ENTITLED TO TAKE UP?

If you hold your Existing Ordinary Shares in certificated form and do not have a registered address in any of the Excluded Territories, you will be sent an Application Form that shows:

- (a) how many Existing Ordinary Shares you held at close of business on 27 February 2015 (the Record Date for the Open Offer);
- (b) how many Open Offer Shares are comprised in your Open Offer Entitlement; and
- (c) how much you need to pay if you want to take up your right to buy all your Open Offer Entitlement.

If you have a registered address in one of the Excluded Territories, you will not receive an Application Form.

6. I AM A QUALIFYING SHAREHOLDER WITH A REGISTERED ADDRESS IN THE UK AND I HOLD MY ORDINARY SHARES IN CERTIFICATED FORM. WHAT ARE MY CHOICES IN RELATION TO THE OPEN OFFER AND WHAT SHOULD I DO WITH THE APPLICATION FORM?

(a) *If you want to take up all of, but not more than, your Open Offer Entitlement*

If you want to take up all of the Open Offer Shares to which you are entitled all you need to do is sign and send the Application Form, together with your cheque or banker's draft for the amount (as indicated in Box 3 of your Application Form), payable to Equiniti Limited Re: Coalfield resources plc Open Offer and crossed "A/ C payee only", in the reply-paid envelope provided, by post or by hand (during normal business hours only) to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA to arrive by no later than 11.00 a.m. on 18 March 2015, after which time the Application Form will not be valid. Within the United Kingdom only, you can use the reply-paid envelope which will be enclosed with the Application Form. You should allow at least four business days for delivery if using first-class post within the United Kingdom. If posting from outside the United Kingdom, postage will be payable when using the reply-paid envelope.

Subject to Shareholders approving the Transaction Resolutions at the General Meeting and other Conditions being satisfied, a definitive share certificate will then be sent to you for the Open Offer Shares that you take up. Your definitive share certificate for Open Offer Shares is expected to be despatched to you within seven days of Admission.

(b) *If you want to take up some but not all of your Open Offer Entitlement*

If you want to take up some but not all of the Open Offer Shares to which you are entitled pursuant to your Open Offer Entitlement, you should write the number of Open Offer Shares you want to take up in Box A of your Application Form; for example, if you are entitled to take up 50 shares but you only want to take up 25 shares, then you should write '25' in Box A.

To work out how much you need to pay for the Open Offer Shares, you need to multiply the number of Open Offer Shares you want (in this example '25') by 7.25 pence, which is the price in pence of each Open Offer Share (giving you an amount of £1.8125 in this example). You should write this amount in Box B, rounding down to the nearest whole pence (being £1.81 in this example) and this should be the amount your cheque or banker's draft is made out for. You should then return your Application Form together with your cheque or banker's draft for that amount, payable to Equiniti Limited Re: Coalfield resources plc Open Offer and crossed "A/C payee only", in the reply-paid envelope provided, by post or by hand (during normal business hours only) to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA to arrive by no later than 11.00 a.m. on 18 March 2015, after which time the Application Form will not be valid. Within the United Kingdom only, you can use the reply-paid envelope which will be enclosed with the Application Form. You should allow at least four business days for delivery if using first-class post or the reply-paid envelope within the United Kingdom. If posting from outside the United Kingdom, postage will be payable when using the reply-paid envelope.

Subject to Shareholders approving the Transaction Resolutions at the General Meeting and the other Conditions being satisfied, a definitive share certificate will then be sent to you for the Open Offer Shares that you take up. Your definitive share certificate for Open Offer Shares is expected to be despatched to you within seven days of Admission.

(c) ***If you do not want to or are not entitled to take up your Open Offer Entitlement***

If you do not want to take up the Open Offer Shares to which you are entitled, you do not need to do anything. In these circumstances, you will not receive any Open Offer Shares. You will also not receive any money when the Open Offer Shares you could have taken up are sold, as would happen under a rights issue. You cannot sell your Application Form or your Open Offer Entitlement to anyone else.

If you do not return your Application Form subscribing for the Open Offer Shares to which you are entitled by 11.00 a.m. on 18 March 2015, we have made arrangements under which the Underwriter, as agent of the Company, will try to find investors to take up your entitlements and the entitlements of others who have not taken them up.

If you do not or are not entitled to take up your Open Offer Entitlement then following the issue of the Open Offer Shares pursuant to the Open Offer, your interest in the Company will be diluted by approximately 79.3 per cent. If you do take up your Open Offer Entitlement in full, your interest in the Company will be diluted by approximately 76.3 per cent. as a result of the Firm Placing and the issue of the Consideration Shares.

(d) ***If you want to take up more than your Open Offer Entitlement***

Provided that you have agreed to take up your Open Offer Entitlement in full, you can apply for further Open Offer Shares under the Excess Application Facility. You should write the number of Open Offer Shares that you wish to take up in Box A. For example, if you are entitled to take up 50 shares under your Open Offer Entitlement and you wish to take up a further 25 shares under the Excess Application Facility, then you should write '75' in Box A.

To work out how much you need to pay for the Open Offer Shares, you need to multiply the number of Open Offer Shares you want (in this example '75') by 7.25 pence, which is the price in pence of each Open Offer Share (giving you an amount of £5.4375 in this example). You should write this amount in Box B, rounding down to the nearest whole pence (in this example being £5.43) and this should be the amount your cheque or banker's draft is made out for. You should then return your Application Form together with your cheque or banker's draft for that amount, payable to Equiniti Limited Re: Coalfield resources plc Open Offer and crossed "A/C payee only", in the reply-paid envelope provided, by post or by hand (during normal business hours only) to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA to arrive by no later than 11.00 a.m. on 18 March 2015, after which time the Application Form will not be valid. Within the United Kingdom only, you can use the reply-paid envelope which will be enclosed with the Application Form. You should allow at least four business days for delivery if using first-class post or the reply-paid envelope within the United Kingdom. If posting from outside the United Kingdom, postage will be payable when using the reply-paid envelope.

Subject to Shareholders approving the Transaction Resolutions at the General Meeting and the other Conditions being satisfied, a definitive share certificate will then be sent to you for the Open Offer Shares that you take up. Your definitive share certificate for Open Offer Shares is expected to be despatched to you within seven days of Admission.

If applications made under the Excess Application Facility are received for more than the total number of Open Offer Shares available following the take up of Open Offer Entitlements, such applications will be scaled back *pro rata* to the number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility. Therefore, applications under the Excess Application Facility may not be satisfied in full. In this event, Qualifying Shareholders will receive a sterling amount equal to the number of Open Offer Shares applied and paid for by, but not allocated to, the relevant

Qualifying Shareholder, multiplied by the Offer Price. Monies will be returned as soon as reasonably practicable thereafter, without payment of interest and at the applicant's sole risk.

7. I HOLD MY EXISTING ORDINARY SHARES IN UNCERTIFICATED FORM IN CREST. WHAT DO I NEED TO DO IN RELATION TO THE OPEN OFFER?

CREST members should follow the instructions set out in paragraph 5(b) of Part 2 (Details of the Open Offer) of this document. Persons who hold Existing Ordinary Shares through a CREST member should be informed by such CREST member of the number of Open Offer Shares they are entitled to take up or apply for under their Open Offer Entitlement and Excess Open Offer Entitlement, and should contact their CREST member should they not receive this information.

8. I ACQUIRED MY EXISTING ORDINARY SHARES PRIOR TO THE RECORD DATE AND HOLD MY EXISTING ORDINARY SHARES IN CERTIFICATED FORM. WHAT IF I DO NOT RECEIVE AN APPLICATION FORM OR I HAVE LOST MY APPLICATION FORM?

If you do not receive an Application Form but hold your Existing Ordinary Shares in certificated form, this probably means that you are not able to acquire Open Offer Shares under the Open Offer. Some Qualifying Non-CREST Shareholders, however, will not receive an Application Form but may still be eligible to acquire Open Offer Shares under the Open Offer, namely:

- Qualifying CREST Shareholders who held their Existing Ordinary Shares in uncertificated form on 27 February 2015 and who have converted them to certificated form prior to 8.00 a.m. on 3 March 2015;
- Shareholders who bought Existing Ordinary Shares before 8.00 a.m. on 3 March 2015 and who hold such Existing Ordinary Shares in certificated form but were not registered as the holders of those Ordinary Shares at the close of business on 27 February 2015; and
- certain Overseas Shareholders.

If you do not receive an Application Form but think that you should have received one or you have lost your Application Form, please contact the Shareholder Helpline on 0871 384 2503 (from inside the United Kingdom, for which calls are charged at 8 pence per minute excluding VAT plus network extras), or +44 121 415 0873 (from outside the United Kingdom). Lines are open between 8.30 a.m. and 5.30 p.m. on any business day. For legal reasons, the Shareholder Helpline will only be able to provide information contained in this document (and in addition information relating to the Company's register of members) and will be unable to give advice on the merits of the Firm Placing and Placing and Open Offer or to provide legal, business, financial, tax, investment or other professional advice.

9. IF I BUY ORDINARY SHARES AFTER THE RECORD DATE WILL I BE ELIGIBLE TO PARTICIPATE IN THE OPEN OFFER?

If you bought Ordinary Shares after the Record Date you are unlikely to be able to participate in the Open Offer, as the Existing Ordinary Shares will start trading ex-entitlement on the London Stock Exchange at 8.00 a.m. on 3 March 2015.

If you are in any doubt, please consult your stockbroker, bank or other appropriate financial adviser, or whoever arranged your share purchase, to ensure you claim your entitlement.

If you buy Ordinary Shares at or after 8.00 a.m. on 3 March 2015, you will not be eligible to participate in the Open Offer in respect of those Ordinary Shares.

10. I AM A QUALIFYING SHAREHOLDER, DO I HAVE TO APPLY FOR ALL THE OPEN OFFER SHARES I AM ENTITLED TO APPLY FOR?

You can take up any number of the Open Offer Shares allocated to you under your Open Offer Entitlement. Your Open Offer Entitlement is detailed in Box 2 on the Application Form. Any applications by a Qualifying Shareholder for a number of Open Offer Shares which is equal to or less than that person's Open Offer Entitlement will be satisfied, subject to the Open Offer becoming unconditional. If you decide not to take up

all of the Open Offer Shares comprised in your Open Offer Entitlement, then your proportion of the ownership and voting interest in the Company will be reduced. Please refer to answers b and c of Question 6 for further information.

Qualifying Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Non-CREST Shareholders should also note that their Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST they will have limited settlement capabilities (for the purposes of market claims only), and the Open Offer Entitlements and their Excess Open Offer Entitlements will not be tradable or listed, and applications in respect of the Open Offer may only be made by the Qualifying Shareholders originally entitled or by a person entitled by virtue of a *bona fide* market claim. Open Offer Shares for which application has not been made under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Qualifying Shareholders who do not apply to take up their Open Offer Entitlements and their Excess Open Offer Entitlement will have neither rights under the Open Offer nor receive any proceeds from it. Any Open Offer Shares for which application has not been made in respect of the Open Offer will be acquired by those Placees who participate in the Placing.

11. WHAT IF I CHANGE MY MIND?

Once you have sent your Application Form and payment to the Receiving Agent, you cannot withdraw your application or change the number of Open Offer Shares you have applied for, except in the very limited circumstances which are set out in paragraph 8 of Part 2 (Details of the Open Offer) of this document.

12. WHAT IF THE NUMBER OF OPEN OFFER SHARES TO WHICH I AM ENTITLED IS NOT A WHOLE NUMBER: AM I ENTITLED TO FRACTIONS OF OPEN OFFER SHARES?

Your entitlement to Open Offer Shares will be calculated at the Record Date. If the result is not a whole number, you will not receive a fraction of an Open Offer Share and your entitlement will be rounded down to the nearest whole number. The resulting fractions of Open Offer Shares will be aggregated and sold for the benefit of the Company.

13. I HOLD MY EXISTING ORDINARY SHARES IN CERTIFICATED FORM. WHAT SHOULD I DO IF I WANT TO SPEND MORE OR LESS THAN THE AMOUNT SET OUT IN BOX 3 OF THE APPLICATION FORM?

If you want to spend less than the amount set out in Box 3, you should divide the amount you want to spend by 7.25 pence (being the price, in pence, of each Open Offer Share under the Open Offer). This will give you the number of Open Offer Shares you should apply for. You can only apply for a whole number of Open Offer Shares. For example, if you want to spend £100 (being less than the amount set out in Box 3) you should divide £100 by 7.25 pence. You should round that down to the nearest whole number (in this example, 1,379), to give you the number of shares you want to take up. Write that number (in this example, 1,379) in Box A. To then get an accurate amount to put on your cheque or banker's draft, you should multiply the whole number of Open Offer Shares you want to apply for (in this example 1,379) by 7.25 pence and then fill in that amount rounded down to the nearest whole pence (in this example being, rounded down to the nearest whole pence, £99.97) in Box B and on your cheque or banker's draft accordingly.

Under the Excess Application Facility, provided that you are a Qualifying Non-CREST Shareholder and you have agreed to take up your Open Offer Entitlement in full, you may apply for more than the amount of your Open Offer Entitlement should you wish to do so. Application can be made for Excess Shares through the Excess Application Facility. Details of the action you should take are set out in the answer to question 6(d) of this Part 3 (Questions and Answers on the Firm Placing and Placing and Open Offer).

You should note that the number of available Open Offer Shares under the Excess Application Facility is dependent on the level of take up of Open Offer Entitlements. If applications are received for more than the number of available Open Offer Shares, applications made under the Excess Application Facility will be scaled back *pro rata* to the number of Excess Shares applied for by Qualifying Shareholders under the

Excess Application Facility. If every Qualifying Shareholder takes up their Open Offer Entitlements in full there will be no Open Offer Shares available under the Excess Application Facility. Qualifying Non-CREST Shareholders whose applications under the Excess Application Facility are scaled back will receive a sterling amount equal to the number of Open Offer Shares applied and paid for by, but not allocated to, them, multiplied by the Offer Price. Monies will be returned as soon as reasonably practicable thereafter, without payment of interest and at the applicant's sole risk.

14. I HOLD MY EXISTING ORDINARY SHARES IN CERTIFICATED FORM. WHAT SHOULD I DO IF I HAVE SOLD SOME OR ALL OF MY EXISTING ORDINARY SHARES?

If you held shares in the Company directly and you have sold some or all of your Existing Ordinary Shares before or on 4 March 2015, you should contact the buyer or the person/company through whom you sold your shares. The buyer may be entitled to apply for Open Offer Shares under the Open Offer.

If you sell any of your Existing Ordinary Shares on or after 27 February 2015, you may still take up and apply for the Open Offer Shares as set out on your Application Form.

15. I HOLD MY EXISTING ORDINARY SHARES IN CERTIFICATED FORM. HOW DO I PAY?

You should return your Application Form with a cheque or banker's draft drawn in pounds sterling on a UK bank or building society account in the reply-paid envelope enclosed (from within the United Kingdom). You should allow at least four business days for delivery if using first-class post within the United Kingdom. Cheques should be drawn on a personal account of the Qualifying Shareholder who is applying for the Open Offer Shares or you may be required to supply additional documentation to satisfy money laundering requirements. The funds should be made payable to Equiniti Limited Re: Coalfield resources plc Open Offer. In each case, the cheque should be crossed "A/C Payee only". Payments via CHAPS, BACS or electronic transfer will not be accepted.

16. WILL THE EXISTING ORDINARY SHARES THAT I HOLD NOW BE AFFECTED BY THE OPEN OFFER?

Your proportionate ownership and voting interest in the Company will be reduced as a result of the Firm Placing and the issue of the Consideration Shares. If you decide not to apply for any of the Open Offer Shares to which you are entitled under the Open Offer, or only apply for some of your entitlement, your proportionate ownership and voting interest in the Company will be reduced further.

17. I HOLD MY EXISTING ORDINARY SHARES IN CERTIFICATED FORM. WHERE DO I SEND MY APPLICATION FORM?

You should send your completed Application Form and monies by post in the enclosed reply-paid envelope (from within the United Kingdom) by post or by hand (during normal business hours only) to: Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. You should allow at least four business days for delivery if using first-class post within the United Kingdom.

If you do not want to take up or apply for Open Offer Shares then you need take no further action.

18. I HOLD MY EXISTING ORDINARY SHARES IN CERTIFICATED FORM. WHEN DO I HAVE TO DECIDE IF I WANT TO APPLY FOR OPEN OFFER SHARES?

The Receiving Agent must receive your completed Application Form and cheque or banker's draft by 11.00 a.m. on 18 March 2015. You should allow at least four business days for delivery if using first-class post or the reply-paid envelope included with the Application Form within the United Kingdom.

19. I HOLD MY EXISTING ORDINARY SHARES IN CERTIFICATED FORM. IF I TAKE UP MY ENTITLEMENTS, WHEN WILL I RECEIVE THE CERTIFICATE REPRESENTING MY OPEN OFFER SHARES?

Subject to the conditions of the Firm Placing and Placing and Open Offer being satisfied or waived, it is expected that the Receiving Agent will post all new share certificates within seven days of Admission.

20. I HOLD MY EXISTING ORDINARY SHARES IN CREST. WHEN WILL MY OPEN OFFER SHARES BE CREDITED TO MY CREST STOCK ACCOUNT?

Subject to the conditions of the Firm Placing and Placing and Open Offer being satisfied or waived, all Open Offer Shares to be issued in uncertificated form are expected to be credited to the appropriate CREST Stock account as soon as possible after 8.00 a.m. on 24 March 2015 unless the Company exercises the right to issue such Open Offer Shares in certificated form (refer to the response to question 19 above for details as to when certificates will be posted).

21. WHAT SHOULD I DO IF I THINK MY HOLDING OF EXISTING ORDINARY SHARES (AS SHOWN IN BOX 1 ON PAGE 1 OF THE APPLICATION FORM) IS INCORRECT?

If you have bought or sold Existing Ordinary Shares shortly before the Record Date, your transaction may not be entered on the register of members before the Record Date for the Open Offer. If you have bought Existing Ordinary Shares before 8.00 a.m. on 3 March 2015 but were not registered as the holder of those shares on the Record Date for the Open Offer (close of business on 27 February 2015), you may still be eligible to participate in the Open Offer. If you are in any doubt, please contact your stockbroker, bank or other appropriate financial adviser, or whoever arranged your share purchase, to ensure you claim your entitlement. You will not be entitled to Open Offer Entitlements in respect of any Existing Ordinary Shares acquired on or after 3 March 2015.

Otherwise, if you are concerned about the figure in Box 1, please call the Shareholder Helpline as detailed in paragraph 26 below.

22. WILL I BE TAXED IF I TAKE UP MY ENTITLEMENTS?

Information on taxation in the United Kingdom with regard to the Firm Placing and Open Offer is set out in Part 11 (United Kingdom Taxation) of this document. This information is intended to be only a general guide to the current tax position in the United Kingdom and Shareholders who are in any doubt as to their tax position or who may be subject to tax in any other jurisdiction are strongly advised to consult an appropriate professional adviser immediately.

23. WHAT SHOULD I DO IF I LIVE OUTSIDE THE UNITED KINGDOM?

Your ability to apply to acquire Open Offer Shares may be affected by the laws of the country in which you live and you should take professional advice as to whether you require any governmental or other consents or need to observe any other formalities to enable you to take up your Open Offer Entitlement. Shareholders with registered addresses in any of the Excluded Territories are not eligible to participate in the Open Offer. Your attention is drawn to the information in paragraph 7 of Part 2 (Details of the Open Offer) of this document.

The Company has made arrangements under which the Underwriter, as agent of the Company, will try to find investors to take up your entitlements and those of other Shareholders who have not taken up their entitlements. You will not receive any money when these Open Offer Shares are sold.

24. HOW DO I TRANSFER MY ENTITLEMENTS INTO THE CREST SYSTEM?

If you are a Qualifying Non-CREST Shareholder, but are a CREST member and want your Open Offer Shares to be in uncertificated form, you should complete the CREST Deposit Form (Box 8 on page 4 of the Application Form), and ensure they are delivered to CCSS to be received by 3.00 p.m. on 13 March 2015 at the latest. CREST sponsored members should arrange for their CREST sponsors to do this.

If you have transferred your rights into the CREST system, you should refer to paragraph 5(b) of Part 2 (Details of the Open Offer) of this document for details on how to pay for the Open Offer Shares.

25. DO I NEED TO COMPLY WITH THE MONEY LAUNDERING REGULATIONS (AS SET OUT IN PARAGRAPH 6 OF PART 2 (DETAILS OF THE OPEN OFFER) OF THIS DOCUMENT)?

If you are a Qualifying Non-CREST Shareholder, you do not need to follow these procedures if the value of the Open Offer Shares you are acquiring is less than Euro 15,000 (or the Sterling equivalent) or if you pay for them by a cheque drawn on an account in your own name and that account is one which is held with an EU or United Kingdom regulated bank or building society. If you are a Qualifying CREST Shareholder, you will not generally need to comply with the Money Laundering Regulations unless you apply to take up all or some of your entitlement to Open Offer Entitlements as agent for one or more persons and you are not an EU or United Kingdom regulated financial institution.

Qualifying Non-CREST Shareholders should refer to paragraph 6(a) of Part 2 (Details of the Open Offer) of this document and Qualifying CREST Shareholders should refer to paragraph 6(b) of Part 2 (Details of the Open Offer) of this document for a fuller description of the requirements of the Money Laundering Regulations.

26. FURTHER ASSISTANCE

Should you require further assistance please call the Receiving Agent on 0871 384 2503 (from inside the United Kingdom, for which calls are charged at eight pence per minute excluding VAT plus network extras), or +44 121 415 0873 (from outside the United Kingdom). Lines are open between the hours of 8.30 a.m. and 5.30 p.m. on any business day. Please note that, for legal reasons, the Shareholder Helpline is only able to provide information contained in this document or the Company's register of members and is unable to give advice on the merits of the Placing and Firm Placing and Placing and Open Offer or to provide legal, business, financial, tax, investment or other professional advice.

Part 4

Details of the Acquisition

1. Acquisition Structure

Pursuant to the Acquisition Agreement, Coalfield Resources will, conditional on the conditions to Completion set out in paragraph 3 below being satisfied, acquire 18,096 ordinary shares of £0.001 each in the issued share capital of HEPGL, representing 75.1 per cent. of the existing issued share capital of HEPGL.

2. Acquisition Consideration

The consideration payable pursuant to the Acquisition Agreement is £150,000,000 which is to be satisfied by the payment of £97,026,101.29 in cash and the issue to the PPF of the Consideration Shares by the allotment and crediting of the PPF's Custodian's CREST stock account.

3. Conditions to Completion

The Acquisition is conditional on the following conditions being satisfied or waived:

- (a) Coalfield Resources' shareholders passing the Transaction Resolutions in general meeting without any material amendment;
- (b) the Underwriting Agreement having been entered into by not later than 3 March 2015 and remaining in full force and effect and becoming unconditional in all respects (other than as to Admission and any conditions of the Acquisition Agreement that will be satisfied by Admission) and not having been terminated or lapsed in accordance with its terms prior to Admission;
- (c) the Firm Placing and Placing and Open Offer becoming unconditional in all respects (other than as at Admission and any conditions relating to the Acquisition Agreement that will be satisfied by Admission);
- (d) Admission occurring in respect of the Firm Placed Shares, Placing Shares, the Open Offer Shares and the Consideration Shares;
- (e) publication of the Prospectus by no later than 3 March 2015 and the delivery to the PPF of a copy with the stamp of the UKLA evidencing approval of the Prospectus as soon as practicable thereafter; and
- (f) if a supplementary prospectus is required, the publication of the supplementary Prospectus as soon as reasonably practicable and in any event before Admission and the delivery to the PPF of a copy of such supplementary prospectus with the stamp of the UKLA evidencing approval of the supplementary prospectus as soon as practicable thereafter.

The Acquisition Agreement shall automatically terminate if any of the conditions have not been waived or satisfied and evidence of satisfaction given in accordance with the terms of the Acquisition Agreement on or before 24 April 2015.

4. Warranties and Liability Cap

The PPF has given certain warranties to Coalfield Resources upon signing of the Acquisition Agreement, which are to be repeated immediately before Completion by reference to the facts and circumstances existing at Completion, in relation to:

- (a) the information set out in Schedules 1 and 2 of the Acquisition Agreement relating to the number of shares held by the PPF and details in relation to HEPGL, including the identity of HEPGL's directors, company secretary, registered office address and issued share capital being true, complete and accurate in all respects and not misleading by virtue of any inaccuracy, omission or otherwise;

- (b) the 18,096 ordinary shares of £0.01 each in the issued share capital of HEPGL, which are held by the PPF, being fully paid and beneficially owned and registered in the PPF's name free from any encumbrance or any claim to, or contract to grant, any encumbrance; and
- (c) the PPF having full power to enter into and perform the Acquisition Agreement and the Acquisition Agreement constituting obligations which are binding on the PPF in accordance with its terms.

The maximum liability of the PPF under the Acquisition Agreement is the aggregate of (i) 97,026,101.29, being the consideration payable in cash pursuant to the terms of the Acquisition Agreement and (ii) the consideration received, if any, for the disposal of the Consideration Shares (or any of them) less the amount of any dealing fees or any other properly incurred expenses and taxation incurred by the PPF in relation to any such disposal. If a claim arises in respect of any of the warranties given by the PPF pursuant to the Acquisition Agreement which exceeds such aggregate amount then the PPF shall instruct Coalfield Resources' stockbroker to dispose of such number of Consideration Shares as necessary to satisfy such claims provided such number of shares does not exceed the number of Consideration Shares held by the PPF at the time the claim is settled or determined and the aggregate liability cap referred to above shall be increased by the amount of any proceeds of sale of such Consideration Shares less the amount of any dealing fees, properly incurred expenses or taxation incurred by the PPF in relation to such disposal.

Coalfield Resources has given certain warranties to the PPF, which are to be repeated immediately before Completion by reference to the facts and circumstances existing at Completion, in relation to Coalfield Resources having full power to enter into and perform the Acquisition Agreement and that the Acquisition Agreement constitutes obligations binding on Coalfield Resources in accordance with its terms.

Further, Coalfield Resources has given certain warranties to the PPF regarding the information relating solely to the Buyer or any member of the Group contained in this document.

The maximum liability of Coalfield Resources under the Acquisition Agreement is £52,973,898.71.

Written notice of a claim for breach of warranty under the Acquisition Agreement must be given by the relevant party as soon as reasonably practicable and in any event within three months of the occurrence of the events the subject of such claim. Neither party shall have any liability to the other in respect of any claim for breach of warranty unless written notice is provided by the relevant party before 31 August 2018.

5. Termination by Coalfield Resources

Coalfield Resources may, at any time prior to Completion, terminate the Acquisition Agreement without any liability on the part of Coalfield Resources if any of the following occur:

- 5.1 any fact, matter or event (whether existing or occurring on or before the date of the Acquisition Agreement or arising or occurring afterwards) comes to the notice of Coalfield Resources after the date of the Acquisition Agreement which constitutes a material breach by the PPF of any of the warranties given by the PPF to Coalfield Resources pursuant to the Acquisition Agreement which is not remedied or cured by no later than the date being two Business Days prior to the date scheduled for Completion;
- 5.2 any fact, matter or event (whether existing or occurring on or before the date of the Acquisition Agreement or arising or occurring afterwards) comes to the notice of Coalfield Resources after the date of the Acquisition Agreement which would constitute a material breach of any of the warranties given by the PPF to Coalfield Resources pursuant to the Acquisition Agreement if such warranties were repeated on or at any time prior to Completion by reference to the facts and circumstances then existing which is not remedied or cured by no later than the date being two Business Days prior to the date scheduled for Completion; or
- 5.3 any fact, matter or event (whether existing or occurring on or before the date of the Acquisition Agreement or arising or occurring afterwards) comes to the notice of Coalfield Resources after the date of the Acquisition Agreement which affects or is reasonably likely to affect materially and

adversely the financial position or business prospects of HEPGL or any other member of the Harworth Estates Group.

6. Termination by the PPF

The PPF may at any time prior to Completion, terminate the Acquisition Agreement without liability on the part of the PPF if any of the following occur:

- 6.1 any fact, matter or event (whether existing or occurring on or before the date of the Acquisition Agreement or arising or occurring afterwards) comes to the notice of the PPF after the date of the Acquisition Agreement which constitutes a material breach by the Buyer of any of the warranties given by Coalfield Resources to the PPF pursuant to the Acquisition Agreement which is not remedied or cured by no later than the date being two Business Days prior to the date scheduled for Completion;
- 6.2 any fact, matter or event (whether arising or occurring on or before the date of the Acquisition Agreement or arising or occurring afterwards) comes to the notice of the PPF after the date of the Acquisition Agreement which would constitute a material breach of the warranty given by the Company regarding their power to enter into and perform the Acquisition Agreement if such warranty was repeated on or at any time prior to Completion by reference to the facts and circumstances then existing which is not remedied or cured by no later than the date being two Business Days prior to the date scheduled for Completion;
- 6.3 any fact, matter or event (whether arising or occurring as or before the date of the Acquisition Agreement or arising or occurring afterwards) comes to the notice of the PPF after the date of the Acquisition Agreement which affects or is reasonably likely to affect materially and adversely the financial position of Coalfield Resources and which is not directly or indirectly related to the financial position, business prospects or other circumstances of HEPGL and/or the Harworth Estates Group; or
- 6.4 if the Underwriting Agreement is terminated.

7. Costs and Expenses

HEPGL is to bear certain costs and expenses of Coalfield Resources and the PPF relating to the negotiation, preparation and implementation of the Acquisition Agreement and the Firm Placing and Placing and Open Offer incurred by the firms, organisations and service providers set out in clause 12 of, and Schedule 4 to, the Acquisition Agreement.

8. Law and jurisdiction

The Acquisition Agreement is governed by the laws of England and Wales. The parties have irrevocably and unconditionally submitted to the exclusive jurisdiction of the courts of England and Wales in relation to any action or proceeding (including in relation to any non-contractual obligations) arising out of the Acquisition Agreement.

9. General

Coalfield Resources has undertaken to the PPF in the Acquisition Agreement not to amend or vary either of clauses 11.1.1 or 11.2.1 of the Underwriting Agreement without the prior consent of the PPF such consent not to be unreasonably withheld or delayed.

Part 5

Information on Harworth Estates Property Group Limited

Investors are advised to read the whole of this document and not rely on only part of it. The Directors confirm that, where information in this document has been sourced from a third party, this information has been accurately reproduced and, as far as they are aware and are able to ascertain from information prepared by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

1. History of the Harworth Estates Group

In 2004 UK Coal plc established a property division, which was to become the current Harworth Estates Group, to use its extensive property interests in land to expand its business into the areas of redevelopment of brownfield property sites, management of business parks on former mine sites and the management of a substantial portfolio of agricultural land and buildings. During the five year period before the Restructuring, the division operated to support the mining operations of the former UK Coal plc, rationalising the property portfolio and selling land and assets worth over £120 million.

In March 2012 it was determined that a radical change was needed if the business of the former UK Coal plc Group was to survive, especially having regard to the deficit on the Pension Schemes of around £450 million and the ongoing challenges of ensuring mining was sufficiently reliable and profitable. On 10 December 2012 the Restructuring completed, and HEPGL was established as the new parent of the Harworth Estates Group, with the Pension Trustees acquiring an interest of 75.1 per cent. and the Company holding the remaining 24.9 per cent. The Company and the Pension Trustees entered into the HEPGL Shareholders' Agreement to govern their respective rights and interests in HEPGL following the Restructuring, further details of which are outlined in Part 12 at paragraph 12.1.3.

Following a further restructuring of the now separate mining operations in 2013, the 75.1 per cent. interest in HEPGL held by the Pension Trustees was formally transferred to the PPF on 7 August 2014. On 18 November 2014, the Company announced that heads of terms between the Company and the PPF had been signed with respect to the acquisition by the Company of the 75.1 per cent. of the issued share capital in HEPGL that it does not already own.

2. Information on the Harworth Estates Group

HEPGL is the holding company of the Harworth Estates Group, a regeneration development company specialising in transforming former colliery sites and other brownfield land into employment areas, new homes and low carbon energy projects. The Harworth Estates Group is one of the largest landowners in the UK, owning and/or managing approximately 27,000 acres of land across circa 200 sites.

In addition to the consented residential plots which are detailed below, the current pipeline for the business includes significant opportunities for the near future, with current applications for a further 2,030 residential plots at 8 further sites already under consideration and an additional 2,615 residential plots identified from prospective planning applications within the next five years on another six sites. In terms of employment areas, there are current applications for 665,000 square feet of employment space at two sites targeted for development with a further 2.6 million square feet from prospective applications already identified within the next five years. Low carbon energy projects under application include 29 sites, which, if fully consented, could generate circa 150 megawatts by a mix of wind, solar, waste and short term operating reserve methods. Beyond the current five year planning horizon the HEPGL Directors have already identified opportunities (subject to obtaining planning permission) for a further 4.7 million square feet of employment space on eight of the sites and 4,915 housing plots on a further five sites, but these are in an early stage of development.

The Harworth Estates Group operates through two business segments, each operated by specialist teams, being the Capital Growth Segment and the Income Generation Segment.

The Capital Growth Segment focuses on delivering large scale, high quality, value by developing the underlying portfolio, and includes planning and development activity, value engineering, proactive asset management and strategic land acquisitions. The Capital Growth Segment comprises three teams:

- The major projects team, who specialise in delivering active developments in the portfolio, master planning their development and actively managing them through to their completion. At the date of this document, the team is delivering 7,864 new residential plots and 8.5 million square feet of employment space across the entire estate, and endeavours to maximise the value delivered through phased residential plot sales and commercial development.
- The strategic land team, who drive value growth by securing beneficial planning consent and strategic development activity. The team was originally established in the early days of the Harworth Estates Group business, and has already been responsible for taking 29 schemes through the planning system, securing approximately 10,262 consented residential plots in the past six years. As at the date of this document, land that is capable of accommodating 2,030 residential plots and 665,000 square feet of employment space is within the planning pipeline. The team is focussed on bringing forward land capable of delivering 7,864 housing plots and 8.5 million square feet of employment space.
- The in-house engineering and construction team, who are responsible for the delivery of value engineering across the Harworth Estates Group portfolio to support both land sales and direct development. Their key responsibilities are due diligence of the land, undertaking value engineering to minimise liabilities and site enabling developments to extract the maximum value achievable from the Harworth Estates Group's land assets. The team are experts in challenging brownfield remediation and in tackling associated abnormal site conditions. They are also responsible for the construction of new units for commercial occupiers (for example, on a design and build basis) on the Harworth Estates Group developments.

The Income Generation Segment focuses on generating recurring income in the form of rental returns from the Business Park portfolio, rental returns and royalties from energy generation, environmental technologies and the Harworth Estates Group agricultural portfolio, and income generating streams from recycled aggregates and secondary coal products. The recurring income allows HEPGL to meet its operating and financial obligations. The Income Generation Segment comprises three teams:

- The business space team, who are responsible for the asset management and the operation of 0.85 million square feet of consented commercial property and 736 acres of consented commercial and industrial land. Of the 736 acres, 356 are let or available to let to a range of commercial tenants. A further 87 acres of potential expansion land across two Business Park sites and other smaller sites has been identified within the existing portfolio across the North of England and the Midlands.
- The natural resources team, who are responsible for circa 60 consented and identified schemes in total, work in joint venture partnership with a range of operators to generate power from wind, solar, coal mine methane and other low carbon energy sources across the North of England and the Midlands. They work with a range of agencies to make best use of the non-residential and commercial land that the Harworth Estates Group owns, including agricultural land holdings not identified for future build development. 171,000 megawatt hours of power is estimated to be generated on the Harworth Estates Group land in 2015. The natural resources team receives rent and royalty income from the last two remaining deep mines and other third party mineral operations.
- The operations team, who are responsible for recycling, recovering value from secondary aggregates and the extraction of coal fines from spoil tips and scrap during demolition from three principal sites – Daw Mill, Rufford and Harworth. This is primarily an ancillary operation as part of the site remediation process with the recovery of scrap and minerals.

The Directors believe that the Harworth Estates Group has five key attributes that help to distinguish it from other property and development businesses in the UK, being:

- **Specialised development capabilities.** The Harworth Estates Group transforms often difficult parcels of brownfield land, often with legacy issues requiring remediation and/or incomplete legal title into new residential, commercial and low carbon developments.

- **A proven track record of value creation.** In the year ended 31 December 2014, the Harworth Estates Group recognised revaluation gains of £15.7 million and profits on disposal of £7.9 million. In the prior period the Harworth Estates Group recognised revaluation gains of £16.0 million and profits on disposal of £8.6 million.
- **A balanced and diversified portfolio.** The business has a blend of recurring annual income and strategic land sales putting the business in a sustainable position.
- **Providing value for a range of customers.** The Harworth Estates Group has sold residential plots to house builders including Taylor Wimpey, Barratts, Harron, Ben Bailey and Jones Homes and to a range of commercial occupiers including Rolls-Royce, Boeing, Aldi, Asda and the University of Sheffield. The Harworth Estates Group also has over 100 commercial tenants, including Network Rail, DB Schenker, Hargreaves, British Gypsum and Siniat.
- **An experienced leadership team.** The Harworth Estates Group's executive team is experienced in residential development and commercial property, supported by a team of specialist engineers, planners, surveyors and other professionals.

3. Strategy and prospects

The Harworth Estates Group's strategy is to focus on maximising and realising the value of its assets through development and taking sites in the Midlands and North of England forward through the planning system.

The Harworth Estates Group intends to utilise the proceeds of sales and the raising of additional capital to fund the development cycle to assure further growth. This approach includes the acquisition of new sites to complement its existing portfolio, with the following strategies in place:

- focusing on sites for either new housing, employment, mixed-use or low carbon energy schemes or for 'income producing' investments;
- geographic focus on the Harworth Estates Group's existing 'home market' – being the East Midlands, West Midlands, Yorkshire, North East and North West;
- particular focus on brownfield sites of ten acres plus, preferably with strong transport connections in order for future developments to support the ongoing growth of the UK economy; and
- operating flexibly in structuring deals, with terms being tailored to meet the needs of landowners – including unconditional purchases or planning promotion agreements.

The Harworth Estates Group takes these sites through the planning process and either retains assets to generate income from direct development or generate income from consented and engineered land sales.

4. Historical financial information

Refer to the financial information on HEPGL set out at Part 7 of this document.

5. Employees

As at the Latest Practicable Date, the Harworth Estates Group had 43 permanent employees. The monthly average number of employees employed by the Harworth Estates Group during the periods covered by the historical financial information on HEPGL contained in this document is as follows:

	<i>Year ended 31 December 2014</i>	<i>Period ended 31 December 2013</i>
Monthly average headcount employed in year (FTEs)	42	37

6. Portfolio Summary

Overview

The Harworth Estates Group's land portfolio, the majority of which it inherited from its previous UK Coal parent on completion of the Restructuring in December 2012, is predominantly made up of active major redevelopment projects (including a mixture of residential and employment sites), tenanted business parks, land held for future redevelopment and agricultural land.

The Harworth Estates Group has interests in a variety of land types across 29,302 acres on 210 sites. This comprises freehold land, leasehold land, joint venture sites, mineral rights and sold land which benefits from both commercial and non-commercial claw back arrangements. The most dominant land type is freehold land, which equates to 21,104 acres in total. However, only 19,713 acres is valued due to a number of restored surface mine sites having nil value owing to their current use and planning restrictions. Only freehold land, leasehold land, land sold land benefitting from commercial claw back arrangements and joint venture sites are valued. The Harworth Estates Group's non-freehold land comprises 8,198 acres in total.

The ownership land types are broken down into the various categories in the table below.

<i>Ownership by land type</i>	<i>Sites</i>	<i>Acres</i>
Freehold land	153	21,104
Leasehold land	5	1,236
Commercial clawbacks	33	3,975
Joint Venture sites	4	219
	<hr/>	<hr/>
	195	26,534
Mineral Rights	12	726
Options and pre-emption on third party land	3	2,042
	<hr/>	<hr/>
Total	210	29,302

The land that the Harworth Estates Group has either an occupational interest in or that holds latent development value, which is valued on an annual basis, amounts to 26,534 acres and consists only of freehold land, leasehold land, sold land with commercial claw back arrangements and joint venture sites. The gross asset value, determined by independent experts Smiths Gore and BNP Paribas, totals £298.6 million, after including averages of £0.7 million, the gross asset value is £299.2 million, which equates to £11,276 per acre on a straight line average. The table below breaks the gross asset value down into seven key categories, providing data on associate gross asset value, value per acre and value per plot (in the case of residential land).

<i>Type</i>	<i>Value (000,000)</i>	<i>Acres</i>	<i>Value per Acre (Average)</i>	<i>Plots</i>	<i>Value per plot (Average)</i>
Residential land – Consented	£101.7	725	£134,645	7,864	£12,928
Residential land – Current Planning Applications	£16.2	258	£62,905	2,030	£7,993
Employment land – Consented	£68.4	511	£133,832	–	–
Prospective Employment land – Current Planning Applications	£5.0	206	£24,569	–	–
Business Parks (6 x Sites producing income)	£42.0	736	£57,068	–	–
Agricultural Estate & other designations ⁽¹⁾	£65.2	20,123	£3,241		
Overages – Prospective (Commercial Clawback)	£0.7	3,975	£164	3,819	£170
Total	£299.2	26,534⁽²⁾			

Notes:

(1) Includes minerals, energy, forestry and amenity land and excludes mineral rights and option land.

(2) 26,534 acres = 10,738 hectares

Consented residential land is held at just £134,645 per acre or £12,938 per plot (725 acres / 7,864 plots); prospective residential land is held at just £62,905 per acre or £7,993 per plot (2,030 plots); consented employment land is held at £133,832 per acre (205 acres) and the dominant land holding in terms of land mass, 'Agricultural Estate & Other Designations' (20,123 acres) is held at just £3,241 per acre. This demonstrates the low value asset base Harworth Estates Group is working from, identifying the potential for uplift.

The Harworth Estates Group land holdings can also be categorised into its four core geographical regions, which include the North West, North East, Midlands and Yorkshire. The table below breaks down the portfolio value per region, showing the acreage which contributes to the total valuation, being 19,713 acres in total. The remainder of the portfolio is treated as being at nil valuation for various reasons, including that some of it remains as operational or unrestored colliery sites, or is subject to commercial clawback arrangements.

<i>Region</i>	<i>Number of Sites as per Valuer*</i>	<i>Acreage</i>	<i>Market Value</i>
			<i>as at 31 December 2014 (£million)</i>
Midlands	43	6,343	97.7
Yorkshire	36	4,257	138.1
North West	3	1,383	29.6
North East	24	7,729	33.2
	<u>106</u>	<u>19,713</u>	<u>298.6</u>

* The 106 sites have been split out by the Harworth Estates Group as part of their planning process. This equates to the 162 sites (i.e. 153 freehold, five leasehold and four joint venture sites) referred to in the ownership by land type table above.

The table shows that the Yorkshire and Midlands are the dominant regions in terms of portfolio value, and collectively represent 79 per cent. of the total portfolio, despite only accounting for 55 per cent. of the total acres owned or managed. This confirms that the core market focus and market exposure for the Harworth Estates Group is the Midlands and Yorkshire. Similarly, the North West accounts for 7 per cent. of the total acres owned but 10 per cent. of the portfolio value, which can be attributed to the Logistics North employment site. However, in contrast, the total land holding in the North East accounts for 39 per cent. of total acres owned but just 11 per cent. of the total portfolio value. This demonstrates that the Harworth Estates Group has reduced exposure to the less active property market in the North East, and its core market focus is in the stronger regions of the North West, Yorkshire and Midlands.

A large part of the Harworth Estates Group's portfolio remains relatively immature in planning terms, though the strong strategic locations of a number of these sites, supplemented by the proposed re-use of on-site industrial assets such as high power and road infrastructure, means that a considerable amount of value can be added by the work performed by the strategic land team in advancing sites through the planning process.

The revenue of the Income Generation Segment (which includes rental income, service charges and royalty income) was £13.7 million for the year ended 31 December 2014, higher than in previous years (£12.6 million for the year ended 28 December 2013).

The Harworth Estates Group has a low loan to value ratio (ratio of borrowings to value of Group's investment properties) of approximately 20 per cent. at 31 December 2014 (20 per cent. at 28 December 2013).

Joint Venture Arrangements

The Harworth Estates Group also has a number of property development joint ventures. The three principal ones are:

Peel Energy Limited – Large-Scale Wind Collaboration

Under a collaboration agreement with Peel Energy Limited ("Peel Energy"), a number of sites owned by the Harworth Estates Group were investigated for large-scale wind farm developments. The collaboration has

produced one working scheme at Bilsthorpe, which was sold to Laing Infrastructure Fund in 2013 and the capital receipts shared between the Harworth Estates Group and Peel Energy. The next scheme to be taken forward is the Chevington 9 turbine scheme at the Harworth Estates Group's Maidens Hall site, which has achieved planning consent and may now be sold with the proceeds to be shared between Peel Energy and the Harworth Estates Group.

In both cases, long term turbine rents, which are secured over 30 years, are to be retained by the Harworth Estates Group. For Bilsthorpe, such rents amount to £38,000 per annum. For Chevington, subject to the build being completed, such rents are expected to amount to £135,000 per annum, and Chevington is currently expected to be income producing in 2017.

Peel Environmental Limited – Energy from Waste Joint Venture

HEPGL and Peel Environmental Limited ("Peel Environmental") formed a joint venture in 2011 to pursue energy from waste developments across eleven strategically located sites. The joint venture agreement is on a 50/50 basis and is structured through eleven separate special purpose vehicle companies, which secured options to acquire each site on an individual basis. Peel Environmental is responsible for all planning and development costs. Since 2010 five sites have been discounted, with the associated options terminated, and six sites have been taken forward to planning. One site has full planning permission and three sites have received planning permission subject to signing a Section 106 planning agreement. The technology which is planned to be deployed includes anaerobic digestion and advanced thermal treatment. Peel Environmental is currently working on securing partners to develop the schemes.

517EPA LTD – Joint Venture with Hargreaves

The Harworth Estates Group has a 50 per cent. shareholding in 517EPA Limited which is a special purpose vehicle set up to acquire agricultural land which had potential for surface mined coal extraction. The Hargreaves Group owns the remaining 50 per cent. of the share capital and are responsible for the management of the JV. 517EPA was a party to options relating to five sites but these options lapsed on the 31 December 2014. The JV parties have agreed not to continue with the collaboration and that the Harworth Estates Group will transfer the shares it holds in 517EPA to the Hargreaves Group for nil value as the JV no longer has any economic value or liability now that the options have lapsed.

Bates Regeneration Limited – The Banks Group Limited

HEPGL has a 50 per cent. shareholding in Bates Regeneration Limited, which is a special purpose vehicle company that owns a 12 acre site in Blyth, Northumberland. Banks Group owns the remaining 50 per cent. of the share capital and are responsible for site management. Development and site remediation costs have been funded by an agreement with the Homes and Communities Agency, who in return will receive a share of the proceeds of any disposals made from the site. The site has planning consent for housing and has been remediated. The site is currently being marketed for sale.

7. Major Projects

The Harworth Estates Group has a number of material projects which are significant to the business in terms of potential value uplift as well as creating new income streams for the business, including:

- Waverley;
- Logistics North;
- Prince of Wales; and
- Solar energy schemes.

WAVERLEY

Waverley in Rotherham is currently South Yorkshire's largest mixed-use brownfield development at 740 acres (of which 430 acres relate to development acres). The site was formerly the Orgreave coking works, which closed in 1990, and a colliery site. Its careful remediation took over a decade to complete. The

Advanced Manufacturing Park (“AMP”) covers 150 acres. Rotherham Borough Council has allocated land at Waverley in its local plan for employment development, which will deliver in the region of 1.65 million square feet of employment space, 711,252 square feet of which is already home to employers such as Boeing and Rolls-Royce. It is the number 1 rated Enterprise Zone in the UK by fDi and is a recognised centre for engineering and manufacturing excellence. Outline planning consent is in place for 3,890 homes to be built across 225 acres, and 241 new homes have already been built and occupied since December 2012. 300 acres have also been allocated for high quality public open space.

In 2014, the Harworth Estates Group achieved three key milestones in relation to Waverley:

- Construction of units 3 and 4 at the development known as ‘R-evolution @ the AMP’ has been completed – 52,000 square feet of manufacturing space that forms the latest wave of industrial development. These units were pre-sold to Rotherham Council for £4.2 million in April 2014.
- £10.95 million of public infrastructure monies have been secured and in part invested in new roads, sewerage works and other on-site infrastructure to open up land for future sales to house builders.
- The Harworth Estates Group are actively working with Sheffield Business Park and Rotherham and Sheffield Councils in bringing forward an ‘Advanced Manufacturing Innovation District’ to master plan further inward investment into the area.

The progress in 2014 has brought the total sales since 2010 to approximately £46.1 million, with a current valuation of the residual holding by the Harworth Estates Group of approximately £40.8 million.

Detailed planning consent for the new district centre for Waverley is to be sought in 2015, with constructions expected to start in 2016.

The remaining 65 acres of employment space is partly earmarked to increase the rent roll of the Harworth Estates Group.

LOGISTICS NORTH

Logistics North is an 800 acre scheme in Bolton comprising a 250 acre development for employment scheme, with planning permission for 4 million square feet of commercial development, with a 550 acre country park wrapped around it. It was formerly Cutacre, a surface mine site fully operated by UK Coal between 2006 and 2011. Outline planning consent was received in December 2013 for 4 million square feet of manufacturing and distribution space being one of the North West’s largest commercial and industrial schemes. A key anchor to the scheme was the £12.0 million sale to Aldi, the European discount retailer, of 35 acres of land to build a 600,000 square feet unit for their North West headquarters and distribution centre.

In 2014, the Harworth Estates Group achieved three key milestones in relation to Logistics North:

- Infrastructure works commenced on the scheme in August 2014, with £10.0 million of financial support from the Greater Manchester Evergreen fund being secured. These works are expected to complete in April 2015.
- Aldi began construction of their new North West Headquarters and 600,000 square feet distribution centre in early September following the completion of the sale of 35 acres.
- MBDA, a defence supplier, have begun construction of a 125,000 square feet manufacturing facility to act as its UK manufacturing headquarters following the completion of the £3.0 million sale of eight acres.

The remaining 200 acres of consented employment space at Logistics North will be either sold as enabled development plots or leased to increase the HEPGL rent roll. Negotiations are already underway with a global services company and a distribution operator.

PRINCE OF WALES

The Harworth Estates Group is redeveloping the 284 acre former Prince of Wales colliery in Pontefract into a mixed-use scheme that forms a key part of the ‘Gateway into Pontefract’ project. Planning consent was received from Wakefield Council in December 2013 to transform the site into a scheme with outline permission for 917 homes, alongside 265,000 square feet of new commercial and employment space, together with community facilities. Remediation works began in January 2014 and infrastructure works commenced in September 2014. The former colliery spoil heap will become a new country park. The scheme also provides the engineered road corridor for the Northern Relief Road, a piece of infrastructure that will support the future growth of Wakefield.

Three key milestones were achieved by the Harworth Estates Group in 2014 in relation to the Prince of Wales Development:

- Outline planning consent for the development was secured.
- A remediation contractor has been on-site throughout 2014, with development platforms prepared for house building.
- The first house builder (Ben Bailey Homes) has secured a reserved matters application for 131 plots. House building at the site commenced in January 2015 following completion of the land transaction in December 2014.

Construction of Wakefield Council’s new Northern Relief Road began in October 2014, with this expected to be completed in March 2015. The Directors believe this will improve local traffic flow and open up further land for development.

SOLAR ENERGY SCHEMES

The Harworth Estates Group has planning consent for five solar schemes in place pursuant to memoranda of understanding or options to lease entered into with operators – two are built and generating with one ready to commence generation, and the other two scheduled for construction in 2015. Three further sites have planning applications submitted pending determination. The Harworth Estates Group’s land has generally been considered favourably by operators owing to existing grid connections and former industrial use.

Companies who have entered into memoranda of understanding or options to lease with members of the Harworth Estates Group in relation to solar energy schemes include Anesco Limited, RES UK & Ireland Limited, Belectric Solar Limited and First Renewable Developments Limited.

8. Investment portfolio

Managed under the Income Generation Segment, part of the Harworth Estates Group’s strategy is to hold, develop and actively manage its portfolio of investment properties from which a rental income stream is earned to help underpin the running costs of the wider business.

Part 6

Financial Information Relating to Coalfield Resources plc

The Annual Report and Accounts of Coalfield Resources for the years ended 29 December 2012, 28 December 2013 and 31 December 2014, all of which are available on the Company's website at www.coalfieldresources.com, are incorporated into this document by reference. Investors are referred to Page 277 ("As required by the Prospectus Rules Checklist of Documentation Incorporated by Reference") for specific items of information that have been incorporated by reference into this document. All the documents listed at Page 277, are available on the Company's website at www.coalfieldresources.com and are incorporated into this document by reference.

Coalfield Resources will provide without charge to shareholders, persons with information rights and any other persons to whom a copy of this document has been delivered, upon the written or oral request of such person, a copy of any documents incorporated by reference in this document except that exhibits to such documents will not be provided unless they are specifically incorporated by reference into this document. A hard copy of any document incorporated into this Prospectus by reference will not be sent to such persons unless requested.

Requests for copies of any such documents should be directed to:

Coalfield Resources plc
Sheffield Business Centre
Europa Link
Sheffield
S9 1XZ

Attn: Geoff Mason
Company Secretary
Telephone: 0114 3030884

The historical financial information, which is incorporated by reference listed at Page 277 of this document is presented in pounds sterling and prepared in accordance with IFRS.

You should read the information incorporated by reference listed at Page 277 of this document in conjunction with the rest of this document and should not rely solely on selected and summarised information.

Part 7

Financial Information Relating to the Harworth Estates Group

A. Accountant's Report on the Harworth Estates Group



The Directors
Coalfield Resources plc
Sheffield Business Centre
Europa Link
Sheffield
S9 1XZ

Investec Bank plc
2 Gresham Street
London
EC2V 7QP

3 March 2015

Dear Sirs

Harworth Estates Group

We report on the financial information set out in section B of Part 7 below (the “**Financial Information Table**”). The Financial Information Table has been prepared for inclusion in the prospectus dated 3 March 2015 (the “**Prospectus**”) of Coalfield Resources plc (the “**Company**”) on the basis of the accounting policies set out in Note 2 to the Financial Information Table. This report is required by item 20.1 of Annex I to the PD Regulation and 13.5.21R of the Listing Rules and is given for the purpose of complying with that PD Regulation and Listing Rule and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the Financial Information Table in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion as to whether the Financial Information Table gives a true and fair view, for the purposes of the Prospectus and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under item 5.5.3R(2)(f) of the Prospectus Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of Annex I to the PD Regulation and 13.4.1R(6) of the Listing Rules, consenting to its inclusion in the Prospectus.

PricewaterhouseCoopers LLP, Benson House, 33 Wellington Street, Leeds, LS1 4JP
T: +44 (0) 113 289 4000, F: +44 (0) 113 289 4460, www.pwc.co.uk

PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the Harworth Estates Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the Financial Information Table gives, for the purposes of the Prospectus dated 3 March 2015, a true and fair view of the state of affairs of the Harworth Estates Group as at the dates stated and of its profits, cash flows and changes in equity/recognised income and expense for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Prospectus Rule 5.5.3R(2)(f) we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex I to the PD Regulation.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

B. Financial information on Harworth Estates Property Group Limited

Consolidated income statement for the period from 28 September 2012 to 28 December 2013 and the year ended 31 December 2014

		<i>Year ended 31 December 2014 £'000</i>	<i>Period from 28 September 2012 to 28 December 2013 £'000</i>
	<i>Notes</i>		
Revenue		13,934	13,172
Cost of sales		(5,201)	(6,088)
Gross profit		8,733	7,084
Administrative expenses		(7,992)	(5,399)
Other income	6	23,652	24,576
Other expenses	6	–	(9,875)
Operating profit		24,393	16,386
Finance income	8	318	945
Finance charge	9	(3,822)	(4,595)
Share of joint venture profit		–	8
Profit before tax		20,889	12,744
Tax	11	(6,905)	(335)
Profit for the financial year/period attributable to the owners of the parent		13,984	12,409
Earnings per share			
Basic and diluted earnings per share (pound per share)	12	580.34	514.98

Consolidated statement of comprehensive income for the period ended 28 December 2013 and the year ended 31 December 2014

	<i>Year ended 31 December 2014 £'000</i>	<i>Period from 28 September 2012 to 28 December 2013 £'000</i>
Profit for the financial year/period	13,984	12,409
Other comprehensive income	–	–
Total comprehensive income for the financial year/period	13,984	12,409
Attributable to:		
Owners of the Parent	13,984	12,409

Consolidated statement of changes in equity for the period ended 28 December 2013 and the year ended 31 December 2014

	<i>Share capital £'000</i>	<i>Share premium £'000</i>	<i>Fair value reserve £'000</i>	<i>Accumulated losses £'000</i>	<i>Total equity £'000</i>
At 29 December 2013	–	222,161	16,011	(3,602)	234,570
Total comprehensive income for the year	–	–	–	13,984	13,984
Fair value gain on revaluation of investment properties	–	–	15,748	(15,748)	–
Transfer to accumulated losses on disposal of investment property	–	–	(2,178)	2,178	–
At 31 December 2014	–	222,161	29,581	(3,188)	248,554
	<i>Share capital £'000</i>	<i>Share premium £'000</i>	<i>Fair value reserve £'000</i>	<i>Accumulated losses £'000</i>	<i>Total equity £'000</i>
At 28 September 2012	–	–	–	–	–
Total comprehensive income for the period	–	–	–	12,409	12,409
Issue of ordinary shares on Restructuring (notes 24 & 26)	–	222,161	–	–	222,161
Fair value gain on revaluation of investment properties	–	–	16,011	(16,011)	–
At 28 December 2013	–	222,161	16,011	(3,602)	234,570

Consolidated balance sheet as at 28 December 2013 and 31 December 2014

	<i>Notes</i>	<i>2014</i> <i>£'000</i>	<i>2013</i> <i>£'000</i>
Assets			
Non-current assets			
Other receivables	13	650	650
Investment properties	14	289,611	276,740
Investment in joint ventures	15	1,223	1,223
		<u>291,484</u>	<u>278,613</u>
Current assets			
Inventories	16	142	–
Trade and other receivables	17	17,760	8,004
Cash and cash equivalents	18	17,296	20,021
		<u>35,198</u>	<u>28,025</u>
Total assets		<u>326,682</u>	<u>306,638</u>
Current liabilities			
Borrowings	20	(51,088)	(29,466)
Trade and other payables	19	(13,267)	(15,496)
Derivative financial instruments	21	(81)	(103)
		<u>(64,436)</u>	<u>(45,065)</u>
Non-current liabilities			
Borrowings	20	(6,223)	(26,178)
Derivative financial instruments	21	–	(142)
Provisions for liabilities and charges	23	(564)	(683)
Deferred income tax liabilities	11	(6,905)	–
		<u>(13,692)</u>	<u>(27,003)</u>
Total liabilities		<u>(78,128)</u>	<u>(72,068)</u>
Net assets		<u>248,554</u>	<u>234,570</u>
Equity			
Capital and reserves			
Share capital	24	–	–
Share premium	28	222,161	222,161
Fair value reserve	28	29,581	16,011
Accumulated losses	27	(3,188)	(3,602)
Total equity		<u>248,554</u>	<u>234,570</u>

Consolidated cash flow statement for the period from 28 September 2012 to 28 December 2013 and the year ended 31 December 2014

	<i>Year ended 31 December 2014 £'000</i>	<i>28 September 2012 to 28 December 2013 £'000</i>
Cash flows from operating activities		
Profit before tax for the financial year/period	20,889	12,744
Net fair value increase in investment properties	(15,748)	(16,011)
Write off of assets no longer recoverable	–	629
Share of profit of joint venture	–	(8)
Net interest payable	3,504	3,650
(Decrease)/increase in provisions	(119)	683
Profit on disposal of investment properties	(7,904)	(8,565)
Operating cash flows before movements in working capital	622	(6,878)
Increase in inventories	(142)	–
Decrease in receivables	797	8,533
Decrease in trade and other payables	(6,824)	(486)
Cash (used in)/generated from operations	(5,547)	1,169
Loan arrangement fees paid	(98)	(1,443)
Interest paid	(3,408)	(3,403)
Cash used by operating activities	(9,053)	(3,677)
Cash flow generated from investing activities		
Interest received	149	482
Cash acquired on acquisition of subsidiaries	–	1,933
Proceeds on disposal of investment properties	31,260	21,173
Additions to investment properties	(21,932)	(10,425)
Loans granted	(4,500)	–
Proceeds from disposal of joint venture	–	564
Loan repayment from joint venture	–	300
Cash generated from investing activities	4,977	14,027
Cash flows from financing activities		
Proceeds from issue of ordinary shares	–	30,000
New loans	10,015	1,000
Repayment of bank loans and overdrafts	(8,664)	(21,329)
Cash generated from financing activities	1,351	9,671
(Decrease)/increase in cash	(2,725)	20,021
Cash and cash equivalents at start of year	20,021	–
Cash and cash equivalents at end of year	17,296	20,021

Notes to the consolidated historical financial information

1. General information

Harworth Estates Property Group Limited (“HEPGL”) is a company incorporated and domiciled in the UK. The address of the registered office is AMP Technology Centre, Brunel Way, Waverley, Rotherham, S60 5WG. The principal activities of HEPGL and its subsidiaries’ (collectively “the Harworth Estates Group”) are:

- through the Income Generation Segment: generating rental returns from the business park portfolio; generating rental returns and royalties from energy generation, and from the environmental, technological and agricultural portfolio; and income generation streams from secondary coal products; and
- through the Capital Growth Segment: delivering value by developing the underlying portfolio.

The registered number of HEPGL is 08638336.

UK Coal plc (now called Coalfield Resources plc) completed its group restructuring on 10 December 2012. The Restructuring split the Former Group into mining and property businesses, each of which had a separate ownership and control structure. To effect the reorganisation a number of transactions took place to:

1. renegotiate external borrowing facilities, guarantees, and pension scheme liabilities;
2. transfer ownership of various group companies within the Former Group;
3. settle intra group debt;
4. pay intra group dividends; and
5. transfer employees and enter certain operating agreements.

HEPGL was incorporated on 28 September 2012 as a 100 per cent. subsidiary of UK Coal plc. On 10 December 2012 HEPGL acquired 100 per cent. of the property group (by acquiring 100 per cent. of the shares in Harworth Mining Services Limited) from UK Coal Plc for share consideration. On the same day HEPGL issued additional shares to the Industry Wide Coal Staff Superannuation Scheme and the Industry Wide Mine Workers Pension Scheme Pension Fund (“the Pension Schemes”) in return for a cash injection of £30 million into HEPGL, and the Pension Schemes continued support to the Mining Business. HEPGL also issued shares to UK Coal plc in consideration for receivables due from the property group and the release of debt due to UK Coal plc. As a result, Coalfield Resources retained 24.9 per cent. ownership of HEPGL. In 2014, the investment in HEPGL held by the Pension Trustees was transferred to the PPF.

2. Accounting policies

Basis of preparation

This consolidated historical financial information presents the financial track record of the Harworth Estates Group for the period from the inception of the Harworth Estates Group on 28 September 2012 to 28 December 2013 and the year ended 31 December 2014, and is prepared specifically for the purposes of this Prospectus. This special purpose consolidated historical financial information has been prepared in accordance with IFRS, and with those parts of the Companies Act as applicable to companies reporting under IFRS.

This consolidated historical financial information is prepared in accordance with IFRS on a going concern basis and under the historical cost convention, as modified for the revaluation of certain financial instruments and investment properties.

The consolidated historical financial information is presented in thousands of pounds sterling (“£’000”), except when otherwise indicated.

Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Harworth Estates Group

The following standards have been adopted by the Harworth Estates Group for the first time for the financial year beginning on or after 1 January 2014, none of which have a material impact on the Harworth Estates Group:

Amendment to IAS 32, 'Financial instruments: Presentation' on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counter-parties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the Harworth Estates Group financial information.

Amendments to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13.

Amendment to IAS 39, 'Financial instruments: Recognition and measurement' on the novation of derivatives and the continuation of hedge accounting. This amendment considers legislative changes to 'over-the-counter' derivatives and the establishment of central counter-parties. Under IAS 39 novation of derivatives to central counter-parties would result in discontinuance of hedge accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria. The Harworth Estates Group has applied the amendment and there has been no significant impact on the Harworth Estates Group financial information as a result.

IFRS 10, 'Consolidated financial statements', IFRS 11, 'Joint arrangements', IFRS 12, 'Disclosures of interests in other entities' and IAS 27, 'Separate Financial Statements (Revised)' were adopted in the period ended 28 December 2013, none of which had a material impact on the Harworth Estates Group.

(b) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing this financial information. These have been set out below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted subject to EU endorsement. The Harworth Estates Group is yet to assess IFRS 9's full impact.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted subject to EU endorsement. The Harworth Estates Group is assessing the impact of IFRS 15.

IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 'Provisions'. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognised. The Harworth Estates Group is not currently subjected to significant levies so the impact on the Harworth Estates Group is not material.

Going concern

This historical financial information is prepared on the basis that the Harworth Estates Group is a going concern. In forming its opinion as to going concern the HEPGL Board prepares cash flow forecasts based upon its assumptions with particular consideration to the following key risk and uncertainties:

On 13 February 2015, the Harworth Estates Group entered into a £65.0 million facility with the Royal Bank of Scotland, for a term of five years, on a non-amortising basis. The facility is in the form of a debenture security whereby there is no charge on the individual assets of the Harworth Estates Group, and is subject to financial and other covenants.

The covenants are based upon, in particular, tangible net worth, loan to property values and interest cover. Property valuations affect the loan to value covenants. Breach of covenants could result in the need to pay down in part some of these loans, additional costs, or a renegotiation of terms or, in extremis, a reduction or withdrawal of facilities by the banks concerned.

The HEPGL Directors confirm their belief it is appropriate to use the going concern basis of preparation for this historical financial information.

Consolidation

The consolidated historical financial information incorporates the financial information of the Harworth Estates Group.

Subsidiaries are entities that are controlled by the Harworth Estates Group. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The consolidated historical financial information includes all the assets, liabilities, revenues, expenses, and cash flows of the parent and its subsidiaries, after eliminating intercompany balances and transactions. The results of subsidiaries sold or acquired are included in the consolidated income statement up to or from the date control passes.

The Harworth Estates Group uses the purchase method of accounting to consolidate subsidiaries. On acquisition, the identifiable assets, liabilities, and contingent liabilities being acquired are measured at their fair values at the date of acquisition. Accounting policies are changed where necessary to bring them into line with those adopted by the Harworth Estates Group.

Revenue recognition

Revenue comprises rental and other land related income arising on investment properties. Rentals are accounted for on a straight-line basis over the lease term of ongoing leases.

Revenue from the sale of coal slurry is recognised at the point of despatch.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Harworth Estates Group and the revenue can be reliably measured. All such revenue is reported net of discounts and value added and other sales taxes.

Interest income and expense

Interest income and expense are recognised within 'Finance income' and 'Finance costs' in the Income Statement using the effective interest rate method.

The effective interest rate method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or financial liability.

Overage

An overage is the right to receive future payments following the sale of investment properties if specified conditions relating to the site are satisfied. The conditions may be the granting of planning permission for development on the site or practical completion of a development.

Overages are initially recorded at fair value and are reviewed annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of overages is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense.

Inventories

Inventories comprise coal slurry that has been processed and is ready for sale. It is stated at the lower of cost and estimated net relisable value. Inventories comprise all the direct costs incurred in bringing the coal slurry to their present state.

Investments in joint ventures

Joint ventures are those entities over whose activities the Harworth Estates Group has joint control established by contractual agreement. Interests in joint ventures through which the Harworth Estates Group carries on its business are classified as joint ventures and are accounted for using the equity method. This involves recording the investment initially at cost to the Harworth Estates Group, and then in subsequent years, adjusting the carrying amount of the investment to reflect the Harworth Estates Group's share of the joint venture's results less any impairment in carrying value and any other changes to the joint venture's net assets such as dividends.

Profit or loss on disposal

Disposals are accounted for when legal completion of the sale has occurred or there has been an unconditional exchange of contracts. Profits or losses on disposal arise from deducting the asset's net carrying value from the net proceeds (being net purchase consideration less any clawback liability arising on disposal) and are recognised in the income statement within other income. Net carrying value includes valuation in the case of investment properties.

In the case of investment properties, any fair value reserve, for the property disposed of is treated as realised on disposal of the property and transferred to retained earnings.

Investment properties

Investment Properties comprise freehold land and buildings and are measured at fair value. The fair values are determined by obtaining an independent valuation prepared in accordance with the current edition of the Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors. External, independent valuation firms having appropriate, recognised professional qualifications and recent experience in the location and category of property being valued, value the portfolio at each reporting date. Investment property also includes property that is being constructed or developed for future use as investment property.

Where the development of investment property commences with a view to sale, the property is transferred from investment properties to inventories at fair value, which is then considered to represent deemed cost.

At each subsequent reporting date, investment properties are re-measured to their fair value. Movements in fair value are included in the Income Statement within other income or other expense.

Where specific investment properties have been identified as being for sale within the next twelve months, a sale is considered highly probable and the property is immediately available for sale, their fair value is shown under assets classified as held-for-sale within current assets, measured in accordance with the provisions of IAS 40 'Investment Property'.

Properties in the course of development

Directly attributable costs incurred in the course of developing a property are capitalised as part of the cost of the property. Development costs on investment properties are capitalised and any resultant change in value is therefore recognised through the next revaluation.

Cash and cash equivalents

In the preparation of the Harworth Estates Group's cash flow statements, cash and cash equivalents represent short term liquid investments which are readily realisable. Cash which is subject to restrictions, being held to match certain liabilities, is included in cash and cash equivalents in the balance sheet. Certain infrastructure works have to be undertaken in order for this cash to become unrestricted.

Tax

Current Tax

The charge or credit for current tax is based on the results for the year adjusted for items that are either not subject to taxation or for expenditure which cannot be deducted in computing the tax charge or credit. The tax charge or credit is calculated using taxation rates that have been enacted or substantively enacted at the balance sheet date.

Deferred Tax

Deferred tax is recognised using the balance sheet liability method on temporary differences between the carrying amounts of assets and liabilities in the historical financial information and the corresponding tax basis used in the computation of taxable profit. Deferred tax is recognised in respect of all taxable temporary differences, with certain limited exceptions:

- Deferred tax is not provided on the initial recognition of an asset or liability in a transaction that does not affect accounting profit or taxable profit and is not a business combination; and
- Deferred tax assets are only recognised if it is probable that there will be sufficient profits from which the future reversal of the underlying temporary differences can be deducted. In deciding whether future reversal is probable, the HEPGL Directors review the Harworth Estates Group's forecasts and make an estimate of the aggregate deferred tax asset that should be recognised. This aggregate deferred tax asset is then allocated into the different categories of deferred tax.

Deferred tax is calculated at the tax rates that are expected to apply in the years in which temporary differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited to the income statement, except where it applies to items credited or charged to equity, in which case the deferred tax is also dealt with in equity.

The carrying value of the Harworth Estates Group's investment property is assumed to be realised by sale at the end of use. The capital gains tax rate applied is that which would apply on a direct sale of the property recorded in the consolidated statement of financial position regardless of whether the Harworth Estates Group would structure the sale via the disposal of the subsidiary holding the asset, to which a different tax rate may apply. The deferred tax is then calculated based on the respective temporary differences and tax consequences arising from recovery through sale.

Financial instruments and derivatives

a. Financial assets

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity financial assets and available-for-sale financial assets, as appropriate. The Harworth Estates Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Financial assets are de-recognised only when the contractual rights to the cash flows from the financial asset expire or the Harworth Estates Group transfers substantially all risks and rewards of ownership.

The Harworth Estates Group's financial assets consist of loans and receivables.

Financial assets recognised in the consolidated balances sheet as trade and other receivables are classified as loans and receivables. They are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment.

Cash and cash equivalents are also classified as loans and receivables. They are subsequently measured at amortised cost. Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

b. Financial liabilities

Liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss or other liabilities, as appropriate.

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires.

All loans and borrowings are classified as other liabilities. Initial recognition is at fair value less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Financial liabilities included in trade and other payables are recognised initially at fair value and subsequently at amortised cost. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

The Harworth Estates Group holds derivative financial instruments ('derivatives') to manage exposure to fluctuations in interest rates. These derivatives are not designated as hedges and as such changes in fair value are recognised immediately in the income statement as a finance cost.

Provisions

Provisions are recognised when:

- The Harworth Estates Group has a present legal or constructive obligation as a result of past events;
- It is probable that an outflow of resources will be required to settle the obligation; and
- The amount can be reliably estimated.

A provision has been recognised in relation to the Blenkinsopp Scheme liability details of which have been provided in note 3 and note 23.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the year of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Harworth Estates Group has an

unconditional right to defer settlement of the liability for at least twelve months after the date of the statement of financial position.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividend distribution

Dividend distribution to the Harworth Estates Group's shareholders is recognised in the financial information in the year in which the dividends are paid (in the case of interim dividends) or approved by the Harworth Estates Group's shareholders (in the case of final dividends).

Segmental Reporting

Operating segments are reported in a manner consistent with the internal reporting to the Executive Board of Directors who have been identified as the Chief Operating Decision Maker within the Harworth Estates Group.

Unallocated costs relate to central services, head office administration and professional and legal fees.

3. Mining restructure

Mining restructuring – July 2013

Following the restructuring of the former UK Coal plc businesses in December 2012 three separate independent businesses were created, being the Harworth Estates Group, UK Coal Mine Holdings Limited (UKCMHL) and Coalfield Resources. Post the Restructuring there remained certain trading relationships between the Harworth Estates Group and the former mining business. In July 2013 UKCMHL went into administration but transferred most of its operating businesses to a new mining company, UK Coal Mining Holdings Limited ("Mining Business"). As part of this process the Harworth Estates Group accepted deferral on certain payments due in return for the Mining Business agreeing to novate existing liabilities into the Mining Business. Also, as part of this process the Harworth Estates Group acquired the freeholds to two further sites (Kellingley and Thoresby) in consideration of certain payments due. The Harworth Estates Group also entered into a collaboration with the Coal Authority to manage the remediation of a former UKCMHL site (Daw Mill) which has been successfully accomplished. In addition HEPGL guaranteed, up to a cap of £3.1 million, the Blenkinsopp Scheme liabilities of Coalfield Resources should UK Coal Production Limited, part of the Mining Business, fail to meet their obligation to pay this liability. The pension liability is currently valued at £564,000 (2013: £683,000).

Asset impairment and debt provision

Following the above Mining Group July 2013 Restructuring, the Harworth Estates Group became aware in late 2013 that the Mining Business was having further trading difficulties which could potentially lead to an insolvency of the Mining Business. As such the Harworth Estates Group undertook contingency planning to protect and mitigate against the potential impacts of such an event and as part of this looked at the financial impact of such an event. Following this review, the Harworth Estates Group provided £8.9 million on investment property to recognise that land leased to the Mining Business may have uncompleted restoration liabilities that would revert to the Harworth Estates Group if they defaulted on their leases. The Harworth Estates Group also provided £9.1 million against a loan (together with interest), receivables and pension obligations due to the Harworth Estates Group which had been put in place as part of the Restructuring in December 2012 and the obligations novated to the Mining Business in July 2013. See note 6 for further details.

Whilst the Mining Business has improved its trading and cash flows and hence the Harworth Estates Group is confident of its recovery of the finance provided by the Harworth Estates Group in the year, the long term uncertainty of mining in the UK remains and as such the Harworth Estates Group has retained £8.9 million for uncompleted restoration on certain assets.

4. Judgements in applying accounting policies and key sources of estimation uncertainty

Many of the amounts included in the financial information involve the use of judgement and/or estimation. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ from the amounts included in the financial information. Information about such judgements and estimation is contained in the accounting policies and/or the notes to the financial information, and the key areas summarised below.

The areas of judgement and sources of estimation uncertainty that have the most significant effect on the amounts recognised in the financial information is:

Estimation of fair value of investment property

The fair value of investment property reflects, amongst other things, rental income from current leases, assumptions about rental income from future leases and the possible outcome of planning applications, in the light of current market conditions. The valuation has been arrived at primarily after consideration of market evidence for similar property, although in the case of those properties where fair value is based on their ultimate redevelopment potential, development appraisals have been undertaken to estimate the residual value of the landholding after due regard to the cost of, and revenue from the development of the property.

The values reported are based on significant assumptions and a change in fair values could have a material impact on the Harworth Estates Group's results. This is due to the sensitivity of fair value to the assumptions made as regards to any future planning consent, the potential for material variances in development costs compared to the management of HEPGL's own estimates. Investment properties are disclosed in note 14.

Estimation of the impact of the Mining Business

As detailed in note 3 the Harworth Estates Group has estimated the impact of a failure of the Mining Business on its results. This review has been subject to both uncertainty and sequences of events outside of the control of the Harworth Estates Group. The provisions held in the Harworth Estates Group relating to the failure of the Mining Business are based upon assumptions relating to cost estimates and likelihood of the timing of cashflows.

5. Segmental reporting

Management has determined the operating segments based on the operating reports reviewed by the Executive Board of Directors that are used to assess both performance and strategic decisions. Management has identified that the Executive Board of Directors is the Chief Operating Decision Maker in accordance with the requirements of IFRS 8 'Operating segments'.

The Harworth Estates Group is currently organised into two operating segments: the Income Generation Segment and the Capital Growth Segment. The Harworth Estates Group costs are not a reportable segment. However information about them is considered by the Executive Board in conjunction with the reportable segments.

The Income Generation segment focuses on generating rental returns from the business park portfolio, rental returns and royalties from energy generation, environmental technologies and the agricultural portfolio, and income generating streams from recycled aggregates and secondary coal products. The Capital Growth segment focuses on delivering value by developing the underlying portfolio, and includes planning and development activity, value engineering, proactive asset management and strategic land acquisitions.

All operations are carried out in the United Kingdom.

Segmental operating profit represents the profit earned by each segment excluding the profit on sale and revaluations of investment properties and is consistent with the measures reported to the HEPGL Board for the purpose of the assessment of the performance of each segment.

2014	<i>Capital Growth £'000</i>	<i>Income Generation £'000</i>	<i>Unallocated Costs £'000</i>	<i>Total £'000</i>
Revenue	188	13,746	–	13,934
Operating (loss)/profit before other income and expenses	(1,405)	7,659	(5,513)	741
Increase in fair value of investment properties	15,695	53	–	15,748
Profit on sale of investment properties	7,309	595	–	7,904
Operating Profit	21,599	8,307	(5,513)	24,393

Other information				
Investment property additions:				
– Direct acquisitions	100	3,168	–	3,268
– Subsequent expenditure	21,598	1,666	–	23,264

Segmental Assets	<i>Total £'000</i>
Capital Growth	178,055
Income Generation	111,556
Total Investment Properties	289,611
Unallocated assets	
Other receivables	650
Investments in joint ventures	1,223
Inventories	142
Trade & other receivables	17,760
Cash & cash equivalents	17,296
Total assets	326,682

2013	<i>Capital Growth £'000</i>	<i>Income Generation £'000</i>	<i>Unallocated Costs £'000</i>	<i>Total £'000</i>
Revenue	586	12,586	–	13,172
Operating (loss)/profit before other income and expenses	(903)	6,461	(3,873)	1,685
Increase in fair value of investment properties	9,871	6,140	–	16,011
Profit on sale of investment properties	8,488	77	–	8,565
Mining provision	–	–	(9,117)	(9,117)
Other expenses	–	–	(758)	(758)
Operating Profit	17,456	12,678	(13,748)	16,386

Other information				
Investment property additions:				
– Direct acquisitions	545	3,923	–	4,468
– Subsequent expenditure	4,696	1,261	–	5,957

Segmental Assets	<i>Total £'000</i>
Capital Growth	165,591
Income Generation	111,149
Total Investment Properties	276,740
Unallocated assets	
Other receivables	650
Investments in joint ventures	1,223
Trade & other receivables	8,004
Cash & cash equivalents	20,021
Total assets	306,638

Financial liabilities are not allocated to the reporting segments as they are managed and measured on a group basis.

6. Other income and expenses

	<i>Year ended 31 December 2014 £'000</i>	<i>Period from 28 September 2012 to 28 December 2013 £'000</i>
Write off of assets no longer recoverable	–	(629)
Provision for mining (note 3)	–	(9,117)
Other expenses	–	(129)
Other expenses	–	(9,875)
Net increase in fair value of investment properties through income statement	15,748	16,011
Profit on sale of investment properties	7,904	8,565
Other income	23,652	24,576

The mining provision in 2013 was to provide against a loan, together with accrued interest (£7,514,000), a receivable (£920,000) and the Blenkinsopp pension obligation (£683,000) arising from the possibility of a default of the Mining Business as more fully described in note 3. During 2014 the loan and receivable has been fully written off however the pension obligation remains and is carried at £564,000. See note 23.

7. Employee expenses

The Harworth Estates Group employed a monthly average of 42 people in 2014 (2013: 37 people).

	<i>Year ended</i> <i>31 December</i> <i>2014</i> <i>£'000</i>	<i>Period from</i> <i>28 September 2012</i> <i>to 28 December</i> <i>2013</i> <i>£'000</i>
Staff costs (including HEPGL Board of Directors)		
Wages and salaries	3,270	1,942
Social security costs	342	300
Other post-employment benefits	247	180
	<u>3,859</u>	<u>2,422</u>

Directors' and key management compensation

Compensation details for HEPGL Directors and key management of the Harworth Estates Group is shown below

	<i>Year ended</i> <i>31 December</i> <i>2014</i> <i>£'000</i>	<i>Period from</i> <i>28 September 2012</i> <i>to 28 December</i> <i>2013</i> <i>£'000</i>
Short term employee benefits	1,669	927
Post-employment benefits	136	93
	<u>1,805</u>	<u>1,020</u>

No compensation was payable in respect of two Directors. Payments of £385,000 (2013: £453,000) were made by Coalfield Resources plc in relation to their services as Directors of Coalfield Resources and no allocation was made for their services to the Harworth Estates Group.

The emoluments of the HEPGL Directors include the following in respect of the highest paid Director:

	<i>Year ended</i> <i>31 December</i> <i>2014</i> <i>£'000</i>	<i>Period from</i> <i>28 September 2012</i> <i>to 28 December</i> <i>2013</i> <i>£'000</i>
Short term employee benefits	494	604
Post-employment benefits	73	77
	<u>567</u>	<u>681</u>

8. Finance Income

	<i>Year ended</i> <i>31 December</i> <i>2014</i> <i>£'000</i>	<i>Period from</i> <i>28 September 2012</i> <i>to 28 December</i> <i>2013</i> <i>£'000</i>
Bank interest received	80	71
Other loan interest receivable	69	874
Gain on interest rate swaps	169	—
	<u>318</u>	<u>945</u>

9. Finance charge

	<i>Year ended</i> <i>31 December</i> <i>2014</i> <i>£'000</i>	<i>Period from</i> <i>28 September 2012</i> <i>to 28 December</i> <i>2013</i> <i>£'000</i>
Bank interest expense	(2,606)	(3,071)
Facility fee amortisation	(875)	(808)
Loss on interest rate swaps	—	(716)
Other interest expense	(341)	—
	<u>(3,822)</u>	<u>(4,595)</u>

10. Auditor remuneration

	<i>Year ended</i> <i>31 December</i> <i>2014</i> <i>£'000</i>	<i>Period from</i> <i>28 September 2012</i> <i>to 28 December</i> <i>2013</i> <i>£'000</i>
Fees payable to the Harworth Estates Group's auditor and its associates for the audit of Parent Company and consolidated financial statements	72	62
Tax compliance services	25	28
Other taxation fees	5	—
	<u>102</u>	<u>90</u>

11. Tax analysis

Components of tax charge:

	<i>Year ended</i> <i>31 December</i> <i>2014</i> <i>£'000</i>	<i>Period from</i> <i>28 September 2012</i> <i>to 28 December</i> <i>2013</i> <i>£'000</i>
Current tax:		
Current tax charge	—	335
Deferred tax:		
Deferred tax charge	6,905	—
	<u>6,905</u>	<u>335</u>

The tax assessed for the financial year is higher/lower than the standard rate of corporation tax in the UK of 21.5 per cent. (2013: 23.25 per cent.). The differences have been explained below:

Reconciliation of tax charge to accounting profit

	<i>Year ended 31 December 2014 £'000</i>	<i>Period from 28 September 2012 to 28 December 2013 £'000</i>
Profit before tax	20,889	12,744
Profit before tax multiplied by rate of corporation tax in the UK of 21.5 per cent. (2013: 23.25 per cent.)	4,491	2,963
Losses not recognised for deferred tax	—	387
Deferred tax movement on Provisions not recognised	—	159
Chargeable gains	4,603	—
Previously unrecognised tax losses	(4,246)	—
Expenses not deducted for tax purposes	237	—
Income not chargeable for tax purposes	(5,085)	(3,174)
Property revaluation	6,905	—
Tax charge	6,905	335

Deferred taxation

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 20 per cent. (2013: 20 per cent.). The UK corporation tax rate at 1 January 2014 was 23 per cent. (2013: 24 per cent.) reducing to 21 per cent. effective from 1 April 2014 and 20 per cent. from 1 April 2015.

	<i>2014 £'000</i>	<i>2013 £'000</i>
Property revaluation	6,905	—
Deferred tax liability	6,905	—

There were potential deferred tax assets which were not provided due to the uncertainty of their recoverability totalling £0.2 million (2013: £5.5 million), comprising accelerated capital allowances of £61,000 (2013: £86,000), temporary differences on provisions of £132,000 (2013: £136,000) and losses of £nil (2013: £5,314,000).

The Harworth Estates Group had unrecognised tax losses brought forward. At 31 December 2014 there is uncertainty as to their continuing availability to Harworth Estates Group and therefore no deferred tax asset has been recognised on these losses. A deferred tax liability of £6.9 million has been recognised as a result of the availability of these losses being called into question.

12. Earnings per share

	<i>Year ended 31 December 2014 £'000</i>	<i>Period from 28 September 2012 to 28 December 2013 £'000</i>
Profit for the year attributable to owners of the parent	13,984	12,409
	<i>Number</i>	<i>Number</i>
Weighted average number of ordinary shares in issue for the basic and diluted earnings per share	24,096	24,096
Basic and diluted earnings per share (in pounds per share)	580.34	514.98

13. Other receivables

The benefit of overages is recorded as a non current receivable as shown below:

	£'000
At December 2013 and 2014	650

No impairment has been provided as the recoverable amount £652,000 is higher than the carrying value. The asset is expected to be recovered in the next 2-5 years.

14. Investment properties

The Harworth Estates Group's investment property is measured at fair value. The Harworth Estates Group holds five categories of investment property being agricultural land, natural resources, major development, strategic land and business parks in the UK, which sit within the operating segments of capital growth and income generation.

	<i>Agricultural Land</i>	<i>Natural Resources</i>	<i>Business Parks</i>	<i>Major Developments</i>	<i>Strategic Land</i>	<i>Total</i>
	<i>Income Generation</i>	<i>Income Generation</i>	<i>Income Generation</i>	<i>Capital growth</i>	<i>Capital growth</i>	
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
At December 2013	21,394	21,204	68,551	117,463	48,128	276,740
Transfers*	4,993	(4,993)	–	4,291	(4,291)	–
Direct acquisitions	285	–	2,883	–	100	3,268
Subsequent expenditure	845	382	439	19,813	1,785	23,264
Increase in fair value	(4,538)	1,058	3,533	17,388	(1,693)	15,748
Disposals	(259)	(221)	(4,000)	(23,955)	(974)	(29,409)
At December 2014	22,720	17,430	71,406	135,000	43,055	289,611
At September 2012	–	–	–	–	–	–
Direct acquisitions	30	823	3,070	–	545	4,468
Subsequent expenditure	497	540	224	307	4,389	5,957
Acquisition of subsidiaries (note 23)	21,759	17,009	64,460	112,943	44,838	261,009
Increase in fair value	2,385	2,958	797	10,884	(1,013)	16,011
Reclassification of clawback liability**				1,900		1,900
Disposals	(3,277)	(126)	–	(8,571)	(631)	(12,605)
At December 2013	21,394	21,204	68,551	117,463	48,128	276,740

* Property was transferred from Natural Resources to Agriculture following remediation to agricultural use, and from Strategic Land to Major Developments reflecting planning consent progress.

** The clawback liability related to a contractual commitment with the Homes and Communities Agency ("HCA"), whereby on the sale of a plot of land at Waverley the Harworth Estates Group are required to pay the HCA 30 per cent. of the sales proceeds. This adjustment grosses up investment property and accruals, as the accrual was historically shown net within investment property.

Valuation process

The properties were valued in accordance with the Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors by BNP Paribas Real Estates and Smiths Gore (2013: BNP Paribas Real Estates, Smiths Gore, Woodford Consult and Bell Ingram) all independent firms with relevant experience of valuations of this nature. Valuations are based on what is determined to be the highest and best use. When considering the highest and best use a valuer will consider, on a property by property basis, its actual and potential uses which are physically, legally and financially viable. Where the highest and best use differs from the existing use, the valuer will consider the cost and the likelihood of achieving and implementing this change in arriving at its valuation. The majority of the Harworth Estates Group's properties have been valued on the basis of their development potential which differs from their existing use.

At each financial year end the Harworth Estates Group management:

- verify all major inputs to the independent valuation report;
- assess property valuation movements when compared to the prior year valuation report; and
- hold discussions with the independent valuer.

The different valuation levels are defined as:

Level 1: valuation based on quoted market prices traded in active markets.

Level 2: valuation based on inputs other than quoted prices included within Level 1 that maximise the use of observable data either directly or from market prices or indirectly derived from market prices.

Level 3: where one or more inputs to valuation are not based on observable market data.

The HEPGL Directors determine the applicable hierarchy that each investment property falls into by assessing the level of unobservable inputs used in the valuation technique. As a result of the specific nature of each investment property, valuation inputs are not based on directly observable market data and therefore all investment properties were determined to fall into Level 3.

The Harworth Estates Group's policy is to recognise transfers into and out of fair value hierarchy levels as at the date of the event or change in circumstance that caused the transfer. There were no transfers between hierarchy in the year ended 31 December 2014 (2013: none).

Valuation techniques underlying management's estimation of fair value

Agricultural Land

Most of the agricultural land is valued using the market comparison basis, with an adjustment made for the length of remaining term on the tenancy and the estimated cost to bring the land to its highest and best use. Where the asset is subject to a secure letting, this is valued on a yield basis, based upon sales of similar types of investment.

Natural Resources

Natural resources sites in the portfolio are valued based on a discounted cash flow for the operating life of the asset.

Business Parks

The business parks are valued on the basis of market comparison with direct reference to observable market evidence including rental values, yields and capital values and adjusted where required for the estimated cost to bring the property to its highest and best use. The evidence is adjusted to reflect the quality of the property assets, the quality of the covenant profile of the tenants and the reliability/volatility of cash flows.

Major Developments

Major development sites are generally valued using residual development appraisals, a form of discounted cash flow which estimates the current site value from future cash flows measured by observable current land and/or completed built development values, observable or estimated development costs, and observable or estimated development returns.

Where possible development sites are valued by comparison to observable market evidence with appropriate adjustment for the quality and location of the property asset, although this is generally only a reliable method of measurement for the smaller development sites.

Strategic Land

Strategic land is valued on the basis of discounted cash flows, with future cash flows measured by current land values adjusted to reflect the quality of the development opportunity, the potential development costs estimated by reference to observable development costs on comparable sites, and the likelihood of securing planning consent. The valuations are then benchmarked against observable land values reflecting the current existing use of the land, which is generally agricultural and where available, observable strategic land values.

As at 31 December 2014

	<i>Total</i>	<i>Agricultural land</i>	<i>Natural Resources</i>	<i>Major Developments</i>	<i>Strategic land</i>	<i>Business parks</i>
Reversionary rental yield %	weighted average	–	–	–	–	11.0
	low	–	–	–	–	8.8
	high	–	–	–	–	18.1
Land value per acre £'000	weighted average	3	7	55	16	30
	low	1	1	6	1	2
	high	33	71	150	449	254
Cost report totals* £'000		2,334	–	107,693	56,837	19,407

*Cost report totals represent the estimated cost to bring investment properties to their highest and best use.

As at 31 December 2013

	<i>Total</i>	<i>Agricultural land</i>	<i>Natural Resources</i>	<i>Major Developments</i>	<i>Strategic land</i>	<i>Business parks</i>
Rental yield %	weighted average	–	–	–	–	11.4
	low	–	–	–	–	8.7
	high	–	–	–	–	20.3
Land value per acre £'000	weighted average	3	8	47	17	32
	low	1	1	12	1	3
	high	33	23	192	449	253
Costs to complete		2,050	–	108,767	13,800	–

The table below shows some possible sensitivities to the key valuation metrics and the resultant changes to the valuations.

As at 31 December 2014

		<i>+/- effect on valuation</i>				
<i>Valuation metric</i>	<i>+/- change</i>	<i>Agricultural Land £'000</i>	<i>Natural Resources £'000</i>	<i>Major Developments £'000</i>	<i>Strategic Land £'000</i>	<i>Business Parks £'000</i>
Value per acre	5%	1,136	872	6,750	2,153	3,570
Rental increase	5%	–	–	–	–	1,735
Yield (e.g. 11% to 10%)	1%	–	–	–	–	2,451
Cost report totals	5%	117	–	5,385	2,842	970

As at 31 December 2013

		<i>+/- effect on valuation</i>				
<i>Valuation metric</i>	<i>+/- change</i>	<i>Agricultural Land £'000</i>	<i>Natural Resources £'000</i>	<i>Major Developments £'000</i>	<i>Strategic Land £'000</i>	<i>Business Parks £'000</i>
Value per acre	5%	1,070	1,060	5,873	2,406	3,428
Rental increase	5%	–	–	–	–	2,046
Yield (e.g. 11% to 10%)	1%	–	–	–	–	3,922
Cost report totals	5%	103	–	5,438	690	–

There are no inter-relationships between unobservable inputs.

The property rental income earned by the Harworth Estates Group from its occupied investment property, all of which is leased out under operating leases amounted to £6,708,300 (2013: £7,353,300). Direct operating expenses arising on investment property generating rental income in the year amounted to £3,599,700 (2013: £3,313,300). Direct operating expenses arising on the investment property which did not generate rental income during the year amounted to £392,400 (2013: £335,500).

Had the investment properties been carried at historic cost, rather than fair value, their value would be £270,469,000 (2013: £258,124,000). Land and buildings with a value of £276,610,000 (2013: £248,262,000) are subject to fixed charges to cover borrowings against those assets. The Coal Authority hold a first charge over the remaining properties with a value of £13,001,000 (2013: £28,478,000).

15. Investment in joint ventures

	£'000
At December 2013	1,223
Share of joint venture profit	—
At December 2014	1,223
	£'000
At September 2012	—
Investment in a joint venture through acquisition of a subsidiary	2,079
Disposal	(564)
Share of joint venture profit	8
Repayment of loan	(300)
At December 2013	1,223

The Harworth Estates Group holds 50 per cent. of the issued ordinary shares of Bates Regeneration Limited, a joint venture with Banks Property Limited for the development of an investment property at Blyth, Northumberland.

The Harworth Estates Group's share of the assets and liabilities are:

	<i>Country of incorporation</i>	<i>Assets</i>	<i>Liabilities</i>	<i>Interest held</i>
<i>2014</i>		<i>£'000</i>	<i>£'000</i>	<i>%</i>
Bates Regeneration Limited	England and Wales	2,050	(827)	50
<i>2013</i>	<i>Country of incorporation</i>	<i>Assets</i>	<i>Liabilities</i>	<i>Interest held</i>
		<i>£'000</i>	<i>£'000</i>	<i>%</i>
Bates Regeneration Limited	England and Wales	2,050	(827)	50

The risks associated with this investment are as follows:

- Decline in the availability and/or an increase in the cost of credit for residential and commercial buyers; and
- Decline in market conditions and values.

The Harworth Estates Group also owns a number of other joint ventures whose value is minimal. A full list of joint ventures can be obtained from the registered office.

16. Inventories

	2014	2013
	£'000	£'000
Inventories	142	—

17. Trade and other receivables

	2014 £'000	2013 £'000
Trade receivables	1,518	6,531
Prepayments	426	94
Other receivables	15,816	1,379
	<u>17,760</u>	<u>8,004</u>

Other receivables includes a £2.5 million loan due from UKCPL (2013: £nil), a £2.0 million loan to UKSMRL (2013: £nil) and £6.1 million held in escrow accounts in respect of disposals of plots for housing and commercial development (2013: £nil). In addition, a balance of £3.1 million is included within other receivables relating to a restricted cash balance for performance bonds (2013: £nil).

At December 2014, trade receivables of £1,014,000 (2013: £1,547,000) were past due but not impaired. These mainly relate to customers for whom the arrears are being collected through court orders, agreed payment plan or the arrears payments are covered under property disposal contracts or where cash has been collected in 2015. The ageing analysis of these trade receivables is as follows:

	2014 £'000	2013 £'000
Up to 3 months	986	1,363
Over 3 months	28	184
	<u>1,014</u>	<u>1,547</u>

At December 2014 trade receivables of £828,000 (2013: £1,057,000) were impaired. This includes an amount of £nil (2013: £900,000) provided in respect of an amount due from the Mining Business, which whilst not yet due was doubtful as to its receipt. The ageing analysis of the impaired trade receivables is as follows:

	2014 £'000	2013 £'000
Not yet due	–	900
Up to 3 months	103	47
Over 3 months	725	110
	<u>828</u>	<u>1,057</u>

Provision for impairment charged to the income statement in the year was £12,000 (2013: £921,000).

£7,514,000 relating to the loan and accrued interest due from the Mining Business and provided against during 2013 were written off against the provision in the year (2013: £nil).

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables as disclosed in note 21. The Harworth Estates Group does not hold any collateral as security. All debtors of the Harworth Estates Group are denominated in sterling. Other classes of other receivables do not contain impaired assets.

18. Cash and cash equivalents

	2014 £'000	2013 £'000
Cash and cash equivalents	<u>17,296</u>	<u>20,021</u>

Cash and cash equivalents of £1,573,000 (2013: £2,120,000) are held in bank accounts which restrict its use by the Harworth Estates Group. This relates to cash received in respect of site restoration obligations.

19. Trade and other payables

	2014 £'000	2013 £'000
Current		
Trade payables	3,883	2,106
Accruals and deferred income	7,314	11,091
Other taxation	2,070	2,299
	<u>13,267</u>	<u>15,496</u>

Included within accruals is £1,888,500 (2013: £4,391,000) relating to infrastructure works that the Harworth Estates Group has to undertake in order to meet contractual obligations relating to disposals of investment properties in prior years. In addition, a balance of £nil (2013: £1,900,000) is included relating to amounts due on the sale of a plot of land at Waverley (see note 14).

20. Borrowings

	2014 £'000	2013 £'000
Current:		
Secured – bank loans and overdrafts	49,651	29,095
Secured – other loan	1,437	371
	<u>51,088</u>	<u>29,466</u>
	2014 £'000	2013 £'000
Non-current:		
Secured – bank loan	–	25,548
Secured – other loan	6,223	630
	<u>6,223</u>	<u>26,178</u>

As at 31 December 2014, Harworth Estates Group had bank borrowings of £49.7 million and a further £7.7 million of infrastructures loans, which resulted in total borrowings of £57.3 million. The bank borrowings included facilities from Lloyds Banking Group amounting to £38.2 million and from Barclays Bank plc amounting to £12.2 million, each repayable within one year, and capitalised fees of £0.7 million.

The infrastructure loans of £7.7 million were provided by public bodies in order to promote the development of major sites. They included a £1.6 million loan from Leeds Local Enterprise Partnership in respect of the Prince of Wales site, £5.1 million from the Homes and Community Agency in respect of Waverley and £1.0 million from Greater Manchester Investment Fund in respect of Logistics North. The loans are drawn as work on the respective sites is progressed and they are repaid on agreed dates or when disposals are made from the sites.

On 13 February 2015, the Harworth Estates Group entered into a £65.0 million facility with the Royal Bank of Scotland, for a term of five years, on a non-amortising basis. The facility is in the form of a debenture security whereby there is no charge on the individual assets off the Harworth Estates Group, and is subject to financial and other covenants. It will replace the Lloyds Banking Group and Barclays Bank plc facilities, which will be cancelled.

As at 28 December 2013, Harworth Estates Group had bank borrowings of £54.6 million and a further £1.0 million of an infrastructure loan from Leeds Local Enterprise Partnership, which resulted in total borrowings of £55.6 million. The bank borrowings included facilities from Barclays amounting to £16.7 million and from the Lloyds Banking Group amounting to £39.0 million, each repayable within one year, and capitalised fees of £1.1 million.

In the year ended 31 December 2014, amounts drawn, all in respect of infrastructure loans amounted to £10.0 million. Repayments totalled £8.7 million, of which £5.2 million related to bank borrowings, with the balance against infrastructure loans. In the period ended 28 December 2013, a total of £1.0 million was raised from the loan with Leeds City Council and repayments of bank loans and overdrafts was £21.3 million.

The carrying value of the Harworth Estates Group's external borrowings, which consist of fixed and floating rate borrowings, approximates to fair value. All of the Harworth Estates Group's borrowings are denominated in sterling.

Current bank loans and overdrafts are stated after deduction of unamortised borrowing cost of £741,000 (2013: £679,000). Non-current bank loans are stated after deduction of unamortised borrowing costs of £nil (2013: £512,000). The bank loans and overdrafts are secured by way of fixed and floating charges over certain assets of the Harworth Estates Group.

The total available funding for infrastructure loans is £25,607,380 (2013: £23,700,000) and has been obtained under normal commercial terms which includes security over certain properties.

21. Financial instruments and derivatives

The Harworth Estates Group's principal financial instruments include trade and other receivables, cash and cash equivalents, borrowings, trade and other payables and derivative financial instruments.

Financial instruments and derivatives

	<i>Assets</i> £'000	<i>Liabilities</i> £'000
<i>At December 2014</i>		
Fair value		
Split between:		
<1 year	—	(81)
	—	(81)
	<hr/>	<hr/>
	<i>Assets</i> £'000	<i>Liabilities</i> £'000
<i>At December 2013</i>		
Fair value		
Split between:		
<1 year	—	(103)
>1 year	—	(142)
	—	(245)
	<hr/>	<hr/>

The Harworth Estates Group uses interest rate swaps in order to fix the interest payable on its variable rate borrowings. The fair value of derivative financial instruments is valued, where possible, using quoted market prices. The fair value of these instruments equals the book value at December 2014 and December 2013.

Hedging relationships

The Harworth Estates Group entered into a notional principal £15,875,588 fixed interest cap agreement at a rate of 1.43 per cent. effective between 10 December 2012 and 31 December 2014. The terms of the agreement provide for amortisation each quarter of the notional principal amount by varying amounts over the term of the agreement. By 31 December 2014 the principal notional amount was £10,973,800 (2013: £15,290,588).

The Harworth Estates Group's interest rate swap acquired as part of the Restructuring of notional principal of £60,000,000 and fixed interest rate of 1.1 per cent. on 10 December 2012 is effective to 31 December 2015. By 31 December 2014 the principal notional amount was £32,000,000 (2013: £42,500,000).

All movements in the fair value of the interest rate swap were charged to the income statement. The total credit/(charge) to the income statement for movements in the fair value was a profit of £169,000 (2013: £716,000 loss).

The total notional principal of outstanding interest rate swaps that the Harworth Estates Group is committed to is £42,973,800 (2013: £57,790,588).

	<i>As at December 2014</i>	
	<i>Book value</i>	<i>Fair value</i>
	<i>£'000</i>	<i>£'000</i>
<i>Other financial assets and liabilities</i>		
Assets		
Cash and cash equivalents	17,296	17,296
Trade and other receivables	16,846	16,846
Liabilities		
Bank and other borrowings	57,311	57,311
Trade and other payables	11,824	11,824
Derivative financial instruments	81	81
	<i>As at December 2013</i>	
	<i>Book value</i>	<i>Fair value</i>
	<i>£'000</i>	<i>£'000</i>
<i>Other financial assets and liabilities</i>		
Assets		
Cash and cash equivalents	20,021	20,021
Trade and other receivables	7,790	7,790
Liabilities		
Bank and other borrowings	55,644	55,644
Trade and other payables	13,172	13,172
Derivative financial instruments	245	245

The carrying value of the external borrowings, which includes floating rate short term borrowings, approximates to fair value. Details of the maturity profile of these financial liabilities are included in note 20.

For other financial assets and liabilities, which are all short term in nature, the carrying value approximates to fair value.

At the year end the financial assets and liabilities carrying value approximates to fair value.

22. Financial risk management

Risk management, which is carried out centrally, identifies, evaluates and hedges financial risks as required minimising potential adverse effects on financial performance.

Interest rate risk

External borrowings are charged at a floating rate. This exposure is offset by an interest rate swap.

Currency risk

During 2013 and 2014, the Harworth Estates Group's borrowings at variable and fixed rates were denominated in sterling. No foreign exchange contracts were entered into in 2013 nor 2014 as the Harworth Estates Group had no material foreign exchange exposure.

Liquidity risk

The Harworth Estates Group's objectives when managing liquidity are:

- to enable the Harworth Estates Group to meet expected and unexpected payment obligations at all times; and
- to maximise the Harworth Estates Group's profitability.

The Harworth Estates Group's external borrowing facility is fully drawn.

The table below analyses the Harworth Estates Group's financial liabilities which will be settled on a net basis into relevant maturity groupings based on the remaining year at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the gross contractual undiscounted cash flows.

	<i>Less than 1 year £'000</i>	<i>Between 1 and 2 years £'000</i>
At 31 December 2014		
Bank and other borrowings	51,848	6,223
Trade and other payables	13,267	–
Derivative financial instruments	81	–
	<i>Less than 1 year £'000</i>	<i>Between 1 and 2 years £'000</i>
At December 2013		
Bank and other borrowings	30,145	26,690
Trade and other payables	15,496	–
Derivative financial instruments	103	142

Capital management

The Harworth Estates Group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Harworth Estates Group sets the amount of capital in proportion to risk. The Harworth Estates Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Harworth Estates Group may sell assets to reduce debt or increase borrowings.

Specifically, the HEPGL Directors maintain a long term loan to value ratio of less than 30 per cent. and a gearing ratio of less than 40 per cent.

23. Provisions for liabilities and charges

	<i>£'000</i>
At December 2013	683
Released in the year	(119)
At December 2014	564
	<i>£'000</i>
At September 2012	–
Provided in period	683
At December 2013	683

As part of the Mining Group July 2013 Restructuring, as more fully described in note 3, the Harworth Estates Group guaranteed, up to a cap of £3,100,000, the Blenkinsopp Scheme liabilities of Coalfield Resources should UK Coal Production Limited fail to meet their obligation to pay this liability. Due to the uncertainty surrounding the Mining Business the Harworth Estates Group recognised a liability and charged the Income Statement accordingly. On an IAS 19 (Revised) 'Employee benefits' basis the liability at 31 December 2014 is £564,000 (2013: £683,000).

24. Share capital

Issued share capital

	<i>Number</i>	<i>£</i>
Issued and fully paid		
Ordinary shares of £0.001 each		
Issued on incorporation	1,000	1
Acquisition of subsidiary	1,000	1
Issued in consideration for a receivable due from Harworth Estates (Waverley Prince) Limited	1,000	1
Issued in consideration for a receivable due from Harworth Estates Investments Limited	1,000	1
Issued in consideration for the release of a debt due to UK Coal plc	2,000	2
Proceeds from shares issued	18,096	18
At December 2013 & 2014	24,096	24

25. Acquisition of subsidiaries

The Restructuring took place on 10 December 2012. This resulted in the former UK Coal plc's group property companies being transferred to the ownership of HEPGL.

HEPGL was incorporated on 28 September 2012.

The combined assets and liabilities purchased by HEPGL under the Restructuring are shown below:

	<i>Notes</i>	<i>£'000</i>
Consideration		
Equity instruments	28	48,156
		<u>48,156</u>
	<i>Notes</i>	<i>£'000</i>
Assets and liabilities acquired		
Cash and cash equivalent		1,933
Other receivables	13	650
Investment property	14	261,009
Investment in joint venture	15	2,079
Trade and other receivables		7,871
Trade and other payables		(207,764)
Borrowings		(17,164)
Derivative financial instruments		(458)
Net assets		<u>48,156</u>

No impairment of acquired assets is deemed necessary as assets are carrying amounts that equal or approximate fair value at each balance sheet date.

The acquired subsidiaries contributed revenue of £13,169,000 and a profit before tax of £14,619,000 between their acquisition on 10 December 2012 and 28 December 2013.

The acquired subsidiaries contributed £4,990,000 from operating activities, £13,985,000 from investing activities and £708,000 from financing activities for the same period.

26. Related party transactions

The following agreements were completed on or around 10 December 2012:

- HEPGL purchased, at fair market value, the entire issued share capital of Harworth Mining Services Limited from UK Coal plc in exchange for issuing 1,000 ordinary shares of £0.001 each at a total subscription price of £48,156,000.
- An amount owed by Harworth Estates (Waverley Prince) Limited (indirectly owned 100 per cent. by HEPGL), to UK Coal plc of £35,999,489 was assigned to HEPGL. HEPGL issued 1,000 ordinary shares of £0.001 each at a total subscription price of £35,999,489 in consideration for the receivable.
- Amounts owed by EOS Inc. Limited, Harworth Mining Services Limited, Harworth Mining Limited, Harworth Estates No2 Limited, and Harworth Estates Limited (all directly or indirectly owned 100 per cent. by HEPGL) to UK Coal plc of £6,082,164, £1, £1,052,006, £120,999 and £5 respectively were assigned to HEPGL. HEPGL recorded an intercompany payable to UK Coal plc of £7,255,175.
- An amount owed by HEIL (indirectly owned 100 per cent. by HEPGL) to UK Coal plc of £102,637,822 was assigned to HEPGL. HEPGL issued 1,000 ordinary shares of £0.001 each at a total subscription price of £102,637,822 in consideration for the receivable.
- HEALL (indirectly owned 100 per cent. by HEPGL) assigned a debt due of £1,888,146 from UK Coal plc to HEPGL in exchange for a receivable of the same amount.
- HEPGL issued 2,000 ordinary shares of £0.001 each at a total subscription price of £5,367,031 to UK Coal plc in exchange for UK Coal plc releasing it from the payable due of the same amount.
- HEPGL issued 18,096 ordinary shares of £0.001 each to the Industry Wide Coal Staff Superannuation Scheme and the Industry Wide Mine Workers Pension Scheme in consideration for £30,000,000 cash.
- HEPGL recognised a Lloyds Bank revolving credit facility of £36,750,000 in return for UKCML transferring investment property at a fair value of £1,050,370, a receivable due from UKCOL of £7,734,861, and offsetting the amount due from the Harworth Estates Group to UKCML of £27,964,769.
- HEPGL lent UKCOL £10,000,000 on condition that security was granted in respect of all liabilities under the loan (by second ranking security over certain freehold deep mines) and the receivable due to the Harworth Estates Group was immediately repaid by UK Coal Operations Limited.
- HEPGL repaid the amount of the bank loan outstanding between Harworth Estates (Waverley Prince) Limited and Lloyds Bank of £21,002,766. Harworth Estates (Waverley Prince) Limited's interest rate swap of notional principal of £15,000,000 was also novated to the Harworth Estates Group.
- HEPGL entered into the HEPGL Shareholders' Agreement with Coalfield Resources and the Pension Trustees to fund management and overhead costs, subject to certain caps, of Coalfield Resources. This agreement was amended in July 2013 (see below) as part of a further restructuring of the Mining Business. It will terminate on Completion.

In January 2013 HEPGL transferred its cash balance of £26,000,000 to Harworth Estates Limited, a subsidiary of HEPGL, in exchange of an intercompany receivable of the same amount. Harworth Estates Limited acts as the Harworth Estates Group's day to day funds clearer as well as incurring the majority of the Harworth Estates Group's employee and general overhead costs.

In July 2013 as part of the Mining Group July 2013 Restructuring the HEPGL Shareholders' Agreement was amended, such that, subject to Completion, HEPGL will fund, subject to certain limits and restrictions, Coalfield Resources plc's on-going running costs up to 31 December 2016. Up to 31 December 2013 this is by way of indemnity and for 2015 and 2016 by way of loan. In addition HEPGL have indemnified, subject to certain limitations, the employment costs of Coalfield Resources plc's executive team without limit in time. The HEPGL Shareholders' Agreement will terminate upon Completion.

Balances and transactions with related parties at 31 December 2014

	<i>Interest receivable/(payable) in year £'000</i>	<i>Management Recharge £'000</i>	<i>Amounts due from/(to) £'000</i>
Coalfield Resources	–	1,458	(261)

2013

	<i>Interest receivable/(payable) in year £'000</i>	<i>Management Recharge £'000</i>	<i>Amounts due from/(to) £'000</i>
Coalfield Resources	–	1,168	(336)

As part of the Mining Group July 2013 Restructuring, Harworth Estates Mines Property Limited provided a guarantee to Coalfield Resources, capped at £3,100,000 should the Mining Business fail to meet its obligation to fund Coalfield Resources plc's Blenkinsopp Scheme liability. A provision has been included within the financial information in note 23.

Particulars of the undertakings whose results or financial position principally affected the figures shown in the financial information are as follows:

<i>Name of principal subsidiaries</i>	<i>Country of incorporation</i>	<i>% Ownership interest</i>
Harworth Mining Services Limited	England and Wales	#100
Harworth Estates Mines Property Limited	England and Wales	100
EOS Inc Limited	England and Wales	100
Harworth Estates Investments Limited (formerly UK Coal Investments Limited)	England and Wales	100
Harworth Estates (Agricultural Land) Limited	England and Wales	100
Harworth Estates (Waverley Prince) Limited	England and Wales	100
Harworth Estates Ltd (formerly Prospect House Properties Limited)	England and Wales	100
Harworth Estates No1 Ltd (formerly Coal Resources Limited)	England and Wales	100
Harworth Mining Limited	England and Wales	100
Harworth Estates Curtilage Limited	England and Wales	100

A full list of subsidiaries can be obtained from the Company's registered office and is provided in the Company's annual return.

All companies are property companies and those marked # are held directly.

27. Accumulated losses

	<i>£'000</i>
At September 2012	–
Transfer to fair value reserve on revaluation of investment properties	(16,011)
Profit for the financial period	12,409
At December 2013	(3,602)
Transfer to fair value reserve on revaluation of investment properties	(15,748)
Profit for the financial period	13,984
Transfer from fair value reserve on disposal of investment property	2,178
At December 2014	(3,188)

28. Other reserves

	<i>Share premium</i> £'000	<i>Fair value reserve</i> £'000	<i>Total</i> £'000
At September 2012	–	–	–
Issue of ordinary shares			
Shares issued to acquire subsidiary	48,156	–	48,156
Shares issued in consideration for a receivable due from Harworth Estates (Waverley Prince) Limited	36,000	–	36,000
Shares issued in consideration for a receivable due from Harworth Estates Investments Limited	102,638	–	102,638
Shares issued in consideration for the release of a debt due to UK Coal plc	5,367	–	5,367
Proceeds from shares issued	30,000	–	30,000
Fair value gain on revaluation of investment properties	–	16,011	16,011
At December 2013	222,161	16,011	238,172
Fair value gain on revaluation of investment properties	–	15,748	15,748
Transfer to accumulated losses on disposal of investment property	–	(2,178)	(2,178)
At December 2014	222,161	29,581	251,742

29. Contingent liabilities

At 31 December 2014 guarantees have been given to Lloyds Bank for performance bonds of £7,500,000 (2013: £6,800,000) to cover the performance of work under a number of the Mining Business subsidiary company contracts.

30. Ultimate parent undertaking and controlling party

The Harworth Estates Group is controlled by the PPF by virtue of their 75.1 per cent. shareholding.

HEPGL is the parent undertaking of the largest and smallest group of undertakings to consolidate this historical financial information at 31 December 2014. The consolidated financial statements of HEPGL are available from AMP Technology Centre, Advanced Manufacturing Park, Brunel Way, Rotherham, South Yorkshire S60 5WG.

Part 8

Operating and Financial Review of Coalfield Resources plc

The following operating and financial review contains financial information that has been extracted or derived without material adjustment from the Company's financial information for the financial years ended 29 December 2012, 28 December 2013 and 31 December 2014.

This Part 8 contains forward looking statements about the Company's and the Directors' beliefs and expectations. Forward looking statements involve inherent risks and uncertainties and speak only as at the date on which they are made. A number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward looking statements. In particular, the results of the Company's operations may not be consistent with predicted trends. Prospective investors should read the notice in relation to forward looking statements contained on page 26 of this document.

This operating and financial review should be read together with Coalfield Resources plc's audited financial statements consisting of a consolidated income account, consolidated balance sheet, consolidated cash flow statement and accompanying notes for the financial years ended 29 December 2012, 28 December 2013 and 31 December 2014, which are incorporated in this document by reference and described in Part 6 of this document. These were all prepared in accordance with IFRS. Investors should read the whole of this document and should not just rely on the summary operating and financial information set out in this Part 8. For the convenience of the reader, financial amounts have been rounded and as a result of such rounding adjustments, figures shown in totals in the discussion and analysis may not be exact arithmetic aggregations of the figures shown in the tables.

The key risks facing the business are discussed in the section of this document entitled "Risk Factors" on pages 16 to 25.

1. Overview

The Company was restructured on 10 December 2012, which Restructuring created three separate businesses: a mining business, a property business and the business of the current Company. Following the Restructuring, the Company held non-controlling investments in the separate legal entities of the property and mining businesses, being HEPGL (which is referred to more fully in Part 5 of this document) and Mine Holdings which is now in administration and for which the notional £1 carrying value was written off in June 2013. Prior to the Restructuring, Coalfield Resources held 100 per cent. of the issued share capital of its mining, property and insurance businesses.

The Company's principal activity is the holding of a 24.9 per cent. shareholding in HEPGL, valued at approximately £56.9 million at 31 December 2014 (approximately £53.4 million at 28 December 2013), and the provision of certain management and governance services to HEPGL. The investment in HEPGL is carried as an investment in an associated company.

The Company also has a 100 per cent. shareholding in HICL, which was formerly an insurance business until the insurance business assets and liabilities were sold in July 2014. HICL (and its 100 per cent. subsidiary Harworth Properties Limited) now have no assets or liabilities other than the cash retained on the disposal of its business, a single property asset (in respect of which a sale has been agreed, subject to Board approval) and minimal trade debtors and creditors. There is a Put and Call Option over the HICL shares. The Put and Call Option is described further in paragraph 12.1.4 of Part 12 of this document.

The financial results show the Company's current activities as separate line items, reflecting its on-going business, while the 2012 results also show all the income and cost line items of its business prior to the Restructuring as aggregated and reported on the line "Loss from discontinued operations" in the consolidated income statement.

This change in presentation should be taken into account when reading the financial information incorporated by reference in Part 10 of this document.

2. Significant factors affecting results

The Company's results have been affected by a variety of factors.

The Company's only active continuing business is its investment in the Harworth Estates Group through its 24.9 per cent. shareholding in HEPGL, and therefore the Company's results have been affected by matters relating to the performance of HEPGL. The principal factors affecting the Company and its investment in HEPGL are discussed below.

Property

Investment properties have increased in value due to the Harworth Estates Group:

- progressing developments through the planning consent process;
- deploying technical expertise to find cost effective solutions to the remediation and infra-structure; and
- benefiting from an increase in property prices in line with UK market.

Minority shareholding and single investment

The Company currently has only a 24.9 per cent. shareholding in HEPGL and whilst it does maintain significant influence over HEPGL, as such it does not currently have any control over this company and does not have the ability to compel it to pay any dividends. The ownership and control of the remaining 75.1 per cent. shareholding is owned by the PPF.

As a 24.9 per cent. shareholder in HEPGL, the Company is currently party to the HEPGL Shareholders' Agreement. The HEPGL Shareholders' Agreement contains drag along rights pursuant to which the Company may be required, by other holders of shares in HEPGL ("the Drag Sellers") who propose to transfer a controlling interest (as defined in the HEPGL Shareholders' Agreement) to a third party on *bona fide* arm's length terms, to sell all of its shares in HEPGL to such third party on the same or equivalent terms as those agreed between the Drag Sellers and the third party purchaser.

Under the terms of the HEPGL Shareholders' Agreement and HEPGL's Articles, if the PPF or the Company wish to transfer any of their shares in HEPGL to a third party purchaser, they must first grant the other party a right of first offer before selling such shares to a third party purchaser. If the PPF subsequently seeks to transfer a controlling interest in HEPGL to a third party purchaser, the Company is also granted a right to match the highest price submitted by a third party purchaser.

If the Company does not or cannot purchase the shares representing a controlling interest in HEPGL pursuant to its right of first offer or its matching right within the required timescale and the PPF subsequently sell such a controlling interest to a third party purchaser, the PPF may insist that the Company also sells its entire shareholding to such third party purchaser on the same terms pursuant to the drag along provisions summarised above.

Consequently, the drag provisions may not give the Company sufficient time to maximise the value of its HEPGL shareholding for shareholders. This would fundamentally alter its key revenue stream from both dividends and recharged expenses.

However, subject to Completion taking place, HEPGL will become a wholly owned subsidiary of the Company, and the HEPGL Shareholders' Agreement will terminate.

Funding of the Company's on-going running costs

The Company's on-going running costs are currently funded under the HEPGL Shareholders' Agreement. Until 31 December 2014, funding for costs was by way of indemnity. From 1 January 2015 until 31 December 2016 funding for those costs associated with maintaining the Company's listing on the London Stock Exchange, up to £500,000 per annum, will be by way of loan from HEPGL, repayable from dividends otherwise due from HEPGL to Coalfield Resources. In addition, funding of the employment and related costs of the Company's management team will be by way of indemnity (up to £650,000 per annum provided

the Company's management team spend 85 per cent. of their time on the Harworth Estates Group business) without limit in time going forwards. However, the HEPGL Shareholders' Agreement will fall away should the Acquisition complete, and the on-going running costs will be met directly by Coalfield Resources using the cash generated from its 100 per cent. shareholding in HEPGL.

3. Current trading and prospects

Following the Restructuring, the Company has no operational role outside the provision of governance and certain management services to the Harworth Estates Group. Absent Completion taking place, the Company would remain an active investor in the Harworth Estates Group (through its 24.9 per cent. shareholding in HEPGL), which has performed well following the Restructuring. If Completion does not take place, the Company would continue to seek ways to maximise value for Shareholders through other means.

The combination of the immaturity, in planning terms, of the brownfield sites with their strong strategic location, including transport infrastructure, of the Harworth Estates Group's property portfolio means that a considerable amount of value can be added, in addition to that added since 10 December 2012, by the work carried out in advancing such sites through the planning process. It is the Company's strategy to create and realise medium and long term value from its investment. The Acquisition is expected to enable further value creation from HEPGL, which might not have been possible under the current ownership structure.

4. Description of income statement line items

The information incorporated by reference contains certain financial information relating to the Company's Consolidated Income Statement and Balance Sheet extracted, unless otherwise stated, without material adjustment from the Annual Report and Accounts prepared under IFRS.

The following discussion provides a description of the composition of certain of the Company's income statement and balance sheet line items:

Revenue

Revenue comprises sales in relation to the provision of governance and certain management services to HEPGL and also to Mine Holdings, until it ceased trading in July 2013 as part of Mining Group July 2013 Restructuring. This is recognised during the period in which the cost is incurred and formed materially all of the income of the Company. The part of this revenue relating to management services provided to HEPGL is charged under the HEPGL Shareholders' Agreement more particularly detailed at paragraph 12.1.3 of Part 12 of this document. Until 31 December 2014, funding for costs was by way of indemnity. From 1 January 2015 until 31 December 2016 funding for those costs associated with maintaining the Company's listing on the London Stock Exchange, up to £0.5 million per annum, will be by way of loan from HEPGL, repayable from dividends otherwise due from HEPGL to Coalfield Resources. In addition, funding of the employment and related costs of the Company's management team will be by way of indemnity (up to £650,000 per annum provided the Company's management team spend 85 per cent. of their time on the Harworth Estates Group business) without limit in time going forwards. As explained in paragraph 12.1.3 of Part 12 of this document, these arrangements will terminate on Completion.

Cost of sales

The Group does not have any cost of sales.

Other income and expenditure

These relate to the employment costs of the directors and management team, associated office costs, professional fees associated with running an on-going business and the costs of maintaining the listing on the London Stock Exchange.

Exceptional items

Items that are both material and non-recurring and whose significance is sufficient to warrant separate disclosure and identification within the consolidated financial statements are referred to as exceptional items and disclosed within their relevant income statement category. In the year ending 28 December 2013 the Company disclosed the recognition of an asset in relation to the Blenkinsopp Scheme liability as exceptional.

This asset recognition reflects the fact that the Company has an indemnity from UKCPL and subsequently HEMPL, plus the charges over Kellingley and Thoresby to offset the liability recognised on its balance sheet.

Net financing costs

Financing costs include interest payable on bank borrowings and interest receivable on deposits, and amortisation of the issue costs on bank loans. Prior to the Restructuring this also included costs incurred under hire purchase agreements and finance leases, costs incurred in unwinding of discounts on provisions, and gains and losses on certain interest rate swaps.

Share of profits of associate

The Group's share of the after-tax profits attributable to it from its ownership in associates. This relates to the Company's 24.9 per cent. shareholding in HEPGL.

Loss from discontinued operations

Where a major line of business has been disposed of, or has been classified as held for sale, the business activity has been treated as a discontinued operation. The post-tax profit or loss of discontinued operations for both the current and preceding period, together with the post-tax gain or loss on disposal of discontinued operations are presented as a single line on the consolidated income statement. The losses incurred in 2013 and 2012 relate to the Restructuring and discontinued operations of the Company up to 10 December 2012. These are described in the Group's consolidated financial statements under note 2 (pages 53 to 56) of its Annual Report and Accounts for the year ended 29 December 2012, and in the Group's consolidated financial statements under note 2 (pages 40 to 43) of its Annual Report and Accounts for the year ended 28 December 2013.

Tax

Current tax is based on the taxable profit or loss for the period.

Profit/(loss) for the financial year

The net result of the Group's income statement line items.

5. Results of operations

Results of operations shows the results of the Group's current business with the exception of the loss from discontinued operations line, which contains the results of the business pre-Restructuring.

5.1 Continuing operations

For the year ended 31 December 2014 the Group had an operating result of £nil (2013: operating profit of £0.4 million). The higher reported profit in 2013 was primarily due to the recognition of a receivable in relation to expected reimbursement of liabilities relating to the Blenkinsopp Scheme.

Finance income was £nil (2013: cost of £0.3 million). The 2013 cost was in relation to interest and fees from a bank facility taken out and repaid in 2013.

Share of profit from associate for the year was £3.5 million (2013: £3.1 million). This was solely from the Company's investment in HEPGL.

The profit before tax for the year was £3.5 million (2013: £3.3 million).

5.2 Discontinued operations

For the year ended 31 December 2014 the loss on discontinued operations was £nil (2013: £1.6 million). The losses incurred in 2013 and 2012 relate to the Restructuring and discontinued operations of the Company up to 10 December 2012. These are described in the Group's consolidated financial statements under note 2 (pages 53 to 56) of its Annual Report and Accounts for the year ended 29 December 2012, and in the Group's consolidated financial statements under note 2 (pages 40 to 43) of its Annual Report and Accounts for the year ended 28 December 2013. The disposal of the insurance business in 2014, as described in paragraph 6.1, did not result in any discontinued income statement items.

6. Assets and liabilities

6.1 Assets

Blenkinsopp pension asset

As at 31 December 2014 the asset was £0.6 million (2013: £0.7 million). This represents an asset to offset the retirement benefits obligation detailed below, due to the Company having an indemnity to cover its liability.

Investments in associates

The Group holds 24.9 per cent. of the share capital of HEPGL and accounts for its interest as an investment in associates valued at £56.9 million (2013: £53.4 million). This represents 97 per cent. of the Group's net assets. The Group's share of net assets of HEPGL has been reduced by £5.0 million to reflect the fact that, under the terms of the HEPGL Shareholders' Agreement, the first £5.0 million of dividend income due to the Company will be paid to the 75.1 per cent. shareholder. The balance sheet of HEPGL as at 31 December 2014 shows net assets of £248.6 million.

Trade and other receivables

The trade and other receivables balance of £0.7 million at 31 December 2014 is predominantly amounts due from the Harworth Estates Group and held in an escrow bank account which the Company expects to be released in full (2013: £0.7 million).

Assets classified as held for resale

At the time of the Restructuring the Company entered into the Put and Call Option with Mine Holdings pursuant to which Mine Holdings was granted the option to acquire the entire issued share capital of the Company's subsidiary, HICL. Notwithstanding Mine Holdings entering into administration on 9 July 2013, Mine Holdings asserts that it retains the benefit of this option. The non-refundable consideration for the option was £4.65 million (shown as deferred income within trade and other payables). Exercise of the option is subject to certain conditions, as more particularly described at paragraph 12.1.4 of Part 12 of this document. Since the option had not been exercised at the year end, the assets of £5.1 million (2013: £21.7 million) and liabilities of £0.5 million (2013: £17.1 million) of HICL have been presented as held for resale. The change in assets and liabilities from 2013 reflect the sale of the insurance business by HICL during 2014. As such assets and liabilities are held for resale, there will be no impact on the Group's income or net assets upon the exercise of the Put and Call Option. As the property known as "Nadins" (as more particularly described at paragraph 3 of Part 12 of this document) is owned by HICL, on exercise of the Put and Call Option, such property would no longer be an asset of the Group. However, as more particularly described at paragraph 3 of Part 12 of this document, a sale of this property for £350,000 has been agreed, subject to board approval. The Company currently operates with HEPGL as its only active investment. The exercise of the Put and Call Option would not therefore have a material adverse impact upon the Company or create any additional risks for the Company.

6.2 Liabilities

Trade and other payables

The balance of £5.0 million (2013: £5.0 million) includes £4.7 million deferred income on the grant of the Put and Call Option, as discussed above in "Assets classified as held for resale", together with amounts due, and accruals for, the normal running costs of the business.

Liabilities classified as held for resale

The balance is £0.5 million (2013: £17.1 million) and reflect the fact that HICL sold its insurance business, including these liabilities, during 2014. See the "Assets classified as held for resale" section above for more details.

Retirement benefit obligations

The Company retained a liability for the Blenkinsopp Scheme as part of the Restructuring. The Blenkinsopp Scheme had a deficit of £0.6 million at 31 December 2014. UKCPL currently provides the Company with an indemnity to cover any costs, payments and liabilities incurred by the Company in relation to the Blenkinsopp Scheme, including the on-going £0.2 million annual contribution to the Blenkinsopp Scheme. This indemnity from UKCPL was amended on 25 September 2014 with the effect that from the date on which the mining sub group (of which UKCPL is a member) ceases to mine coal at both of the Kellingley and Thoresby mines, the indemnity will be novated to HEMPL. In addition, the Deed of Novation and Amendment entered into on 25 September 2014 amended the terms of the Blenkinsopp Indemnity, which was previously uncapped in amount, by the inclusion of a financial cap of £3,100,000. The estimated liability in relation to the Blenkinsopp Scheme as at 31 December 2012 was £2.5 million on a buyout basis. The Company also has charges over the freehold land currently leased by UKCPL from HEMPL at Kellingley and Thoresby to secure the liability of UKCPL and HEMPL under the Blenkinsopp Indemnity. The indemnity given by HEMPL is unlimited in time. Therefore, both the indemnity from UKCPL and subsequently HEMPL will cover annual contributions payable in future years.

For further details of the Blenkinsopp Indemnity, refer to paragraphs 9 and 12.1.5 of Part 12 of this document.

7. Cash Flows

The following table sets out the Group's consolidated cash flows for the years ended 29 December 2012, 28 December 2013 and 31 December 2014.

	<i>Financial year ended 31 December 2014 £'000</i>	<i>Financial year ended 28 December 2013 £'000</i>	<i>Financial year ended 29 December 2012 £'000</i>
Cash flows (used in)/generated from operating activities	(69)	(11,743)	35,741
Cash generated from/(used in) investing activities	1,285	8,111	(49,939)
Cash (used in)/generated from financing activities	(3,278)	5,148	(8,205)
(Decrease)/increase in cash	(2,062)	1,516	(22,403)
Cash and cash equivalents at the start of the period	4,391	2,875	25,278
Cash and cash equivalents at the end of the period	2,329	4,391	2,875

Included in the table above are the cash flows of the discontinued businesses and held for sale assets. The cash and cash equivalents held for sale at the end of the periods 2014, 2013 and 2012 are £840,000, £2,963,000 and £2,824,000 respectively. The Company does not have access to these funds and these will be disposed of when the assets held for sale are disposed of. The table below is extracted from note 2 of the 2014 Annual Report and Financial Statements of Coalfield Resources.

	<i>Financial year ended 31 December 2014 £'000</i>	<i>Financial year ended 28 December 2013 £'000</i>	<i>Financial year ended 29 December 2012 £'000</i>
<i>Group</i>			
Operating cash flows	(120)	(9,555)	36,610
Investing cash flows	1,275	8,105	(50,440)
Financing cash flows	(3,278)	–	(8,205)
Total Cash flows	(2,123)	(1,450)	(22,035)

Cash flows from discontinued operations (including assets held for sale) are shown in the table above and the narrative below refers to continuing operations.

Cash flows (used in)/generated from operating activities

For continuing operations this represents charging of services to the Harworth Estates Group and Mine Holdings up to July 2013, less the costs incurred in running the business. The cash outflow in 2013 was principally in relation to the Company having to pay costs associated with the Restructuring that Mine Holdings was due to settle, however following their default in July 2013 the costs had to be settled by the Company.

Cash generated from/(used in) investing activities

For continuing operations the cash from investing activities represents interest received on cash balances, which are all held with the Company's principal bank.

Cash (used in)/generated from financing activities

During 2014 the Group had no cash generated from financing activities related to continuing operations and in 2013 the cash generated represented the net proceeds from the Rights Issue in this period.

8. Financial risk management

The Group's overall risk management programme focuses on credit and liquidity risks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out centrally under policies approved by the Board. The Board discusses and agrees courses of action to cover material risk management areas, including credit risk and investment of excess liquidity.

The Company's on-going running costs are funded under the HEPGL Shareholders' Agreement. Until 31 December 2014, funding for costs was by way of indemnity. From 1 January 2015 until 31 December 2016 funding for those costs associated with maintaining the Company's listing on the London Stock Exchange, up to £0.5 million per annum, will be by way of loan from HEPGL, repayable from dividends otherwise due from HEPGL to Coalfield Resources. In addition, funding of the employment and related costs of the Company's management team will be by way of indemnity (up to £650,000 per annum provided the Company's management team spend 85 per cent. of their time on the Harworth Estates Group business) without limit in time going forwards. The Shareholders' Agreement will fall away upon Completion, and the on-going running costs will be met directly by Coalfield Resources using the cash generated from its 100 per cent. shareholding in HEPGL.

Credit risk

The Group is subject to credit risk arising from outstanding receivables and committed cash and cash equivalents and deposits with banks and financial institutions. The Group's policy is to manage credit exposure to trading counterparties within defined trading limits. The Group is exposed to counterparty credit risk on cash and cash equivalent balances. The Company holds all of its cash deposits with their principal banker.

Liquidity risk

The Group is subject to the risk that it will not have sufficient liquid resources to fund its on-going business. The Group manages its liquidity requirements with the use of both short and long-term cash flow forecasts.

The Group had no net debt at either of the 2014, 2013 or 2012 year ends. The net debt position, excluding restricted cash, of £138.8 million at the beginning of 2012 was transferred to the Mining Group and the Harworth Estates Group upon the Restructuring, so that at 29 December 2012 the Group had no net debt.

Capital Risk Management

The Group maintains cash balances to ensure it has sufficient capital to manage and maintain its business activities.

The Group is subject to the risk that its capital structure will not be sufficient to support the growth of the business. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Historically the Group has monitored capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including borrowings as shown in the consolidated balance sheet) less unrestricted cash and cash equivalents.

The gearing ratio fell to 0 per cent. at the end of 2012 due to the transfer of all borrowings to the mining and property businesses upon the Restructuring. Gearing remained 0 per cent. at the end of 2013 and 2014.

9. Critical accounting policies

Critical accounting policies are those policies that require the application of the Company's management's most challenging, subjective or complex judgements, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods. Critical accounting policies involve judgements and uncertainties that are sufficiently sensitive to result in materially different results under different assumptions and conditions. A detailed description of certain of the main accounting policies used in preparing the Group's consolidated financial statements are set forth in note 1 to the Financial Statements for the year ended 31 December 2014.

10. Capitalisation and Indebtedness of the Group

The following tables show the capitalisation of the Group as at 31 December 2014 based on the Group's Annual Report and Accounts and the indebtedness of the Group as at 31 December 2014 based on the Group's Annual Report and Accounts:

<i>Capitalisation and indebtedness^{1,2}</i>	<i>£'000</i>
Total indebtedness as at 31 December 2014	–
Shareholders' equity	
Called up share capital	6,055
Share premium	32,911
Capital redemption reserve	257
Total capitalisation as at 31 December 2014	36,223

There has been no material change in the capitalisation of the Group since 31 December 2014.

Notes:

- Shareholders' equity does not include retained earnings.
- This statement of indebtedness has been prepared under IFRS using policies, which are consistent with those used in preparing the Group's Annual Report and Accounts for the year ended 31 December 2014.

The following table sets out the net consolidated financial funds of the Group as at 31 December 2014:

<i>Net funds</i>	<i>£'000</i>
Cash ¹	1,489
Cash held in assets held for sale ²	840
Total liquidity	2,329
Current financial debt³	–
Net current financial indebtedness	2,329
Non-current bank loans	–
Non-current financial indebtedness	–
Net financial funds	2,329

Notes:

- Included within cash is £350,000 held in bank accounts which are restricted.
- As a result of the Put and Call Option the Company holds this cash within assets held for sale. The Company, therefore, does not have access to this cash.
- The Group has no indirect or contingent indebtedness.

Part 9

Operating and Financial Review of Harworth Estates Property Group Limited

The following operating and financial review contains financial information that has been extracted or derived without material adjustment from the Harworth Estates Group's financial information as at 28 December 2013 and 31 December 2014.

This Part 9 contains forward looking statements about HEPGL and the Directors' beliefs and expectations. Forward looking statements involve inherent risks and uncertainties and speak only as at the date on which they are made. A number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward looking statements. In particular, the results of the HEPGL operations may not be consistent with predicted trends. Prospective investors should read the notice in relation to forward looking statements contained on page 26 of this document.

This operating and financial review should be read together with Part 7 of this document (Financial Information Relating to the Harworth Estates Group). The information in Part 7 was prepared in accordance with IFRS. Investors should read the whole of this document and should not just rely on the summary operating and financial information set out in this Part 9. For the convenience of the reader, financial amounts have been rounded and as a result of such rounding adjustments, figures shown in totals in the discussion and analysis may not be exact arithmetic aggregations of the figures shown in the tables.

The key risks facing the business are discussed in the section of this document entitled "Risk Factors" on pages 16 to 25 of this document.

1. Overview

HEPGL is the holding company of the Harworth Estates Group.

The Harworth Estates Group has a proven track record of value creation, with £57 million of value created over the last two years, and is one of the largest property and regeneration companies primarily across Yorkshire, the North East and the East Midlands. The Harworth Estates Group owns and manages a diversified portfolio of circa 27,000 acres across some 200 sites valued at 31 December 2014 at approximately £289.6 million (£276.7 million at 28 December 2013) with net assets of approximately £248.6 million as at 31 December 2014 (£234.6 million at 28 December 2013).

The Harworth Estates Group operates with two business segments, the Capital Growth Segment and the Income Generation Segment. The Capital Growth Segment focuses on maximising value by developing sites, including putting in the necessary infrastructure and then bringing these sites to market. The Income Generation Segment focuses on retaining selected land and property assets to generate growth and a long-term recurring income stream. Further detail on each segment is provided in Part 5 of this document.

Profits on disposals, which are in addition to revaluation gains, arise from additional progress on sites since revaluation, any underestimates in revaluation and from overages. Proceeds are also re-invested to acquire further sites, with the focus of this activity being brownfield sites which leverage the existing skills and experience of the team.

The HEPGL Board has targeted a 12.0 per cent. per annum return for the Harworth Estates Group over the five year period to 2017. Before one-time adjustments for residual mining exposure and tax, the Harworth Management Team have delivered a 12.0 per cent. per annum return over the last two years.

Capital Growth

The activities of the Capital Growth Segment are long-term in nature, involving steady progress with planning consents, ground and infrastructure works and implementing site masterplanning. Capital appreciation is expected over time, over and above the cash amounts spent. The Harworth Estates Group was

able to secure planning consent for approximately 10,000 homes and 10 million square feet of employment space across a number of sites between 2008 and 2014. These sites have then either been formally masterplanned and developed by the Harworth Estates Group or sold, in part or whole, to support the business of the Harworth Estates Group. There are several ongoing major projects that are significant to the business in terms of potential value uplift as well as creating new income streams, including Waverley, Logistics North and Prince of Wales.

- At Waverley in Rotherham, approximately 241 homes have been built and house sales have been completed out of an outline consent for 3,890 residential units. The Harworth Estates Group is working with Sheffield Business Park, University of Sheffield and Rotherham and Sheffield Councils in bringing forward the 'Advanced Manufacturing Innovation District' programme to the site. Rolls-Royce, University of Sheffield and Boeing have buildings under occupation on the AMP site.
- Logistics North, a former coal mining site in Bolton, has seen infrastructure work commence in the past twelve months, followed by the start of construction of a 600,000 square feet distribution hub for Aldi and a 125,000 square feet manufacturing facility for MBDA UK Limited.
- Other recent developments include infrastructure works at the 120 acre Rossington site in Doncaster and on 67 acres of the Prince of Wales site in Pontefract. House building is expected to commence on both sites in 2015.

In November 2014, the Harworth Estates Group made its first non-coalfield land acquisition: the former Skelton Grange power station site near Leeds, West Yorkshire, for £2.75 million. The site occupies approximately 150 acres and already benefits from outline planning permission for 850,000 square feet of employment space, covering 60 acres, and full planning permission for a 300,000 tonne per annum, 26 mega watt, energy from waste plant. The site fits into the Harworth Estates Group's field of expertise as mixed-use brownfield development site.

Income Generation

The year ended 31 December 2014 saw the continued trend of improving quality of the Harworth Estates Group's tenants, and the depth of recurring income of this segment, with new leases signed for business park locations, with Esynergy at Asfordby, Siniat Limited at Gascoigne Wood and Living Power at Whitemoor. Leases have been entered into with UK Power Reserve on two sites, with income expected to commence in 2016. The total rental income in the year amounted to approximately £8.2 million. The generation of recurring income enables the Harworth Estates Group to meet its operating and financial obligations.

In the natural resources portfolio, a number of planning consents came through in 2014 and are expected to generate additional rents on new leases in 2015. Solar energy developments were progressed to various stages in the planning process across several sites, with end users identified. Progress continued with energy for waste schemes, with planning consents received for Bilsthorpe, North Selby, Kellingley and Wardley. With the reversion of the Harworth colliery site to the Harworth Estates Group, the full value of the existing coal mine methane extraction can be expected, following capping of all the shafts.

2. Significant Factors Affecting Results

The principal factors affecting the results of the Harworth Estates Group are detailed below:

Strong market confidence and liquidity

The Harworth Estates Group has continued to benefit from strong confidence and liquidity in the commercial and housing markets across the regions in which it operates. Yorkshire and the North West have seen the strongest demand for new commercial space, reflecting the maturity of the sites owned by the Harworth Estates Group in these two regions and proximity to strategic motorway junctions. Furthermore, Yorkshire and the East Midlands have seen the strongest demand for housing space, reflecting the locations of strategic housing sites relative to existing settlements in these regions where there is an embedded demand from house buyers. The value of Harworth Estates Group's strategic land has continued to increase beyond the capital

amounts spent with recent disposals, including Waverley and Logistics North, being at prices in excess of carrying value.

The board of Coalfield Resources believes that there is potential for further economic growth in the regions within which the Harworth Estates Group operates. This is supported by:

- The recent proposal for a Northern Powerhouse, a trans Pennine initiative in an arc between Liverpool and Hull also encompassing the cities of Manchester, Leeds and Sheffield. With a population of 9.2 million people, five world class Russell Group Universities, two major ports and several international airports, this improved connectivity within a regional economy comparable in size to London is expected to drive significant investment in business, training and infrastructure.
- Infrastructure investment initiatives such as the HS2 proposals linking London to Leeds and Manchester via Nottingham and Sheffield, a recent HM Treasury announcement to invest £6 billion in roads across the North of England, the introduction on the East Coast mainline of new trains to provide a further 20 per cent. capacity, the Government's announcement of a proposed HS3 link to make east to west travel faster and investments in super fast broadband to support better connectivity.
- A number of the Harworth Estates Group sites are located within the Northern Powerhouse region (sites in Liverpool, Manchester, Leeds, Sheffield and Hull), which the Coalfield Resources Directors believe offer significant opportunities when evaluating regional economic performance.
- Recent take up of office space in Manchester outperformed any other regional city, with interest increasing in the northern cities in other sectors as well.
- Yield compression and high demand for property in London and the South East, which the Directors believe is pushing investors further afield and the North of England and the Midlands may provide attractive alternative propositions.
- Growth in the logistics and industrial sector due to increased internet retailing and a rising advanced manufacturing sector.

The Coalfield Resources Directors recognise that the Harworth Estates Group is well placed to take advantage of this economic growth, having its key sites at Logistics North, Bolton and the Advanced Manufacturing Park (AMP), Rotherham, which is now part of a wider initiative by the local councils to create one of the first UK innovation districts in advanced manufacturing. South Yorkshire has been described by the UK Government as a centre in advanced manufacturing, and the Harworth Estates Group's AMP has already attracted the likes of Boeing and Roll-Royce as occupiers. The Coalfield Resources Directors also anticipate that housing will grow in the areas in which the Harworth Estates Group operates in, due to factors such as a rising population, ageing housing stock and increased demand as discussed above.

Mining restructuring

In July 2013 Mine Holdings went into administration but transferred most of its operating businesses (referred to as the Mining Business) to a new mining company, UKCMH. As part of this process the Harworth Estates Group accepted deferral on certain payments due in return for the Mining Business agreeing to novate existing liabilities into the Mining Business. Also, as part of this process the Harworth Estates Group acquired the freeholds to two further sites (Kellingley and Thoresby) in consideration of certain payments due. The Harworth Estates Group also entered into a collaboration with the Coal Authority to manage the remediation of a former Mine Holdings site (Daw Mill) which has been successfully accomplished. In addition HEPGL guaranteed, up to a cap of £3.1 million, the Blenkinsopp Scheme liabilities of Coalfield Resources should UKCPL, part of the Mining Business, fail to meet their obligation to pay this liability.

Asset impairment and debt provision

Following the Mining Group July 2013 Restructuring, the Harworth Estates Group became aware in late 2013 that the Mining Business was having further trading difficulties which could potentially lead to an insolvency of the Mining Business. As such the Harworth Estates Group undertook contingency planning to

protect and mitigate against the potential impacts of such an event and as part of this looked at the financial impact of such an event. Following this review, the Harworth Estates Group provided on certain assets £8.9 million to recognise that land leased to the Mining Business may have uncompleted restoration liabilities if they defaulted on their leases, and also provided £9.1 million against a loan (together with interest), receivables and pension obligations due to the Harworth Estates Group which had been put in place as part of the December 2012 Restructuring and the obligation novated to the Mining Business in July 2013.

New facilities

A significant proportion of the Harworth Estates Group's management time has been spent on the negotiation of a new banking facility, which will provide working capital headroom for the business. The previous facility which was due to expire on 31 December 2015, having been inherited by the Harworth Estates Group following the Restructuring, with the facility secured against individual properties in the Harworth Estates Group and having a requirement for individual release for every commercial transaction. The new facility, further information about which is set out at paragraph 12.2.5 of Part 12 of this document, which is provided on improved commercial terms, is structured as a debenture facility and thus reduces the significant time and cost associated with every commercial transaction that the Harworth Estates Group undertakes.

Certain assets of the Harworth Estates Group may be subject to clawback

In connection with the Restructuring, certain land acquired as part of the privatisation of the mining industry, to the extent sold by the Harworth Estates Group between 10 December 2012 and 31 March 2015, may be subject to clawback under an agreement with The Secretary of State for Energy and Climate Change ("DECC") (meaning that certain additional payments may become due to be made by the Harworth Estates Group). In other circumstances, where land has been acquired by the Harworth Estates Group from other third parties, commercial clawback arrangements may exist following the acquisition of the land. These may be triggered, for example, if the land is used for residential development. Where such clawback arrangements exist, these are taken into account by the Harworth Estates Group in the valuation, or at the time of sale, of the land, dependant on the nature of the clawback.

To date, there has been no payment made in respect of the DECC clawback arrangements on the basis of returns submitted by the Harworth Estates Group to the DECC, and the Harworth Estates Group does not take a provision in its accounts for any such potential clawback liabilities. This is on the basis that the Directors understand that the clawback obligations to the DECC will terminate in March 2015.

Impact of HS2

The current plans for the proposed high speed rail link between Birmingham and Leeds (known as HS2 phase 2) could have a material impact on two of the Harworth Estates Group's sites at Lounge and Waverley. The majority of the site at Lounge is under an option to a third party developer who is entitled to exercise the option if the route of HS2 is changed to avoid the site or the project is cancelled. The option also crystalizes the value of that part of the site at Lounge in the event that this HS2 route is implemented, and this part of the site is carried in the Harworth Estates Group's accounts at an appropriate value. At Waverley, HS2 phase 2 would impact an area which is designated for housing plots in the later stages of the development plan. If this HS2 phase 2 route is confirmed, work will take place to reduce this impact by re-designing this part of the site and amending the master plan for the site with the local authority to mitigate the impact. However, as the site has an extant and implemented planning consent, any difference in land value should be compensated as part of the HS2 phase 2 process. The Directors therefore believe that the impact of HS2 on the Waverley site is likely to be value neutral. The 31 December 2014 valuation of the Waverley and Lounge sites acknowledges the HS2 phase 2 scheme, noting in the case of the Lounge site that the scheme is currently damaging prospects of immediate development.

3. Current trading and prospects

The Harworth Estates Group has continued to benefit from strong confidence and liquidity in the commercial and housing markets across the regions in which it operates. The value of strategic land continues to increase beyond the capital amounts spent, particularly as the brownfield development sites of the Harworth Estates

Group benefit from strong strategic locations with good transport infrastructure. Sites are at varying stages of development, with progress being made through planning consents, infrastructure and commercial development. Disposals of plots within the major developments are being achieved at prices in line with or in excess of carrying value, as demonstrated by recent disposals of key plots at Waverley (December 2014) and Logistics North (December 2014).

In the year to 31 December 2014, £15.7 million of upward revaluation has been achieved (fifteen month period ended 28 December 2013: £16.0 million), reflecting both market conditions and the investment in the Harworth Estates Group Portfolio, and realised profits on disposals were £7.9 million (2013: £8.6 million).

The Harworth Estates Group is a beneficiary of the continued economic interest in the property sector through the increased demand and improved prices for commercial and residential land. This can be seen in both the valuation gains achieved and the disposal gains made. The Directors are confident in the ability of the Harworth Estates Group to deliver and grow shareholder value from the redevelopment of the former coalfields and other former industrial sites.

4. Description of income statement line items

Revenue

Revenue is derived from a variety of sources principally in the Income Generation Segment:

- rental income and service charges were generated from six business parks. The properties ranged from business centres to light industrial facilities and the occupants range from sole traders to large international companies;
- natural resources income came from farm tenancies and green energy production, including solar and wind power and the extraction of coal mine methane; and
- the sales of coal fines from disused mining sites and from coal fines royalties.

Cost of sales

Cost of sales includes:

- rates, power and general maintenance expenses associated with the business park portfolio;
- fees paid to managing agents in respect of building lettings and the management of the agricultural portfolio; and
- costs incurred in respect of the extraction of coal fines.

Administrative expenses

Administrative expenses include staff related costs, establishment costs, management recharge from Coalfield Resources (which will cease post-Transaction) and legal and professional fees.

Other Income and Expenses:

Other income and expenses include the following items:

(i) *Net increase in fair value of investment properties*

Gains on investment properties are the sum of the net appreciation/(depreciation) in fair value. Investment properties, being all freehold land and buildings held by the Harworth Estates Group, were accounted for at fair value by obtaining an independent valuation prepared in accordance with the current edition of the 'Appraisal and Valuation Standards' published by the Royal Institute of Chartered Surveyors.

(ii) *Profit on sale of investment properties*

Disposals are accounted for when legal completion of the sale has occurred or there has been an unconditional exchange of contracts. Profits or losses on disposal arise from deducting the asset's net carrying value from the net proceeds (being net purchase consideration less selling expenses).

(iii) *Provision for mining*

Following the Mining Group July 2013 Restructuring, the Harworth Estates Group became aware in late 2013 that the Mining Business was having further trading difficulties which could potentially lead to an insolvency of the Mining Business. As such the Harworth Estates Group undertook contingency planning to protect and mitigate against the potential impacts of such an event and as part of this looked at the financial impact of such an event. Following this review, the Harworth Estates Group provided for £8.9 million in relation to certain assets to recognise that land leased to the Mining Business may have uncompleted restoration liabilities if the Mining Business defaulted on their leases, and also provided £9.1 million against a loan (together with interest), receivables and pension obligations due to the Harworth Estates Group which had been put in place as part of the Restructuring and the obligation novated to the Mining Business in July 2013. During the 15 month period ending 28 December 2014, the loan and interest were fully written off.

Finance income

Finance income included interest receivable on deposits and gains on certain interest rate swaps.

Finance charge

Finance charge includes costs and interest payable on bank borrowings and infrastructure loans, amortisation of the issue costs of bank loans and losses on certain interest rate swaps.

Tax

Current tax is based on the taxable profit or loss for the year. Deferred tax is recognised using the liability method on timing differences arising between carrying amounts for accounting and taxation purposes.

5. Results of Operations

For the year ended 31 December 2014, the Harworth Estates Group reported an operating profit of £24.4 million (2013: £16.4 million). Revenues were £13.9 million (2013: £13.2 million) and cost of sales £5.2 million (2013: £6.1 million), resulting in a gross profit of £8.7 million (2013: £7.1 million). Revenue of £13.9 million in 2014 (2013: £13.2 million) primarily relates to revenue generated by the Income Generation Segment of £13.7 million (2013: £12.6 million), which in turn comprises rental income, royalties, service charges, coal fines and green energy. Rental income is derived primarily from leases at business parks with an average lease term of 9.1 years. The recurring nature of rental income represents an important part of the Harworth Estates Group's income and cash flow statement and allows the Harworth Estates Group to meet the operating costs of the business. Increases in rental income are generated by improving occupancy rates across existing sites (currently at approximately 80% of built estate), as well as opening new developments to tenants. With access to additional operating capital, the Directors expect the Harworth Estates Group to be able to develop more properties to generate more income return.

Administrative expenses amounted to £8.0 million for the year ended 31 December 2014 (2013: £5.4 million). The increase in administrative expenses is due to one off legal and professional fees related to the restructuring of the former UK Coal Group and increase in average staff headcount from 37 to 42.

The comparative period represents the commencement of trading on 10 December 2012, following the Restructuring, ending on 28 December 2013.

The net increase arising from the revaluation of the property portfolio in 2014 was £15.7 million, largely in the Capital Growth Segment. The revaluation gain is due to the Harworth Estates Group:

- progressing developments through the planning consent process;

- deploying technical expertise to find cost effective solutions to the remediation of land and building infrastructure; and
- benefiting from an increase in property prices in line with the UK market.

A further £7.9 million was realised on the disposal of properties also largely in the Capital Growth Segment. The disposals included £3.2 million of overages, the balance mainly relating to sales on the Logistics North and Prince of Wales developments. The resulting operating profit was £24.4 million.

In 2013, the increase in fair value of the property portfolio was £16.0 million and a further £8.6 million profit was realised on the disposal of properties. The profit on disposal was principally in respect of the sales to house builders, achieved at values in excess of the previous year end valuation. A provision of £9.1 million was created in the period, against a loan and interest due from UKCPL. Other expenses amounted to £0.8 million, resulting in an operating profit of £16.4 million.

The net finance charge for the year to 31 December 2014, including bank and infrastructure loan interest, facility fees and the loss on interest rate swaps, was £3.8 million (2013: £4.6 million). The profit before tax was £20.9 million (2013: £12.7 million) and the tax expense was £6.9 million (2013: £0.3 million), resulting in a profit after tax of £14.0 million (2013: £12.4 million).

Business Segments

The Harworth Estates Group is organised into two principal business segments: the Capital Growth Segment and the Income Generation Segment. Financial information in relation to these two segments are detailed below:

	<i>Capital Growth £'000</i>	<i>Income Generation £'000</i>	<i>Unallocated £'000</i>	<i>Total £'000</i>
2014				
Revenue	188	13,746	–	13,934
Operating Profit before other income and expenses	(1,405)	7,659	(5,513)	741
Increase in fair value of investment properties	15,695	53	–	15,748
Profit on sale of investment properties	7,309	595	–	7,904
Operating profit	21,599	8,307	(5,513)	24,393
Fair Value of Investment Properties	178,055	111,556	–	289,611
Investment Property Additions	21,698	4,834	–	26,532
	<i>Capital Growth £'000</i>	<i>Income Generation £'000</i>	<i>Unallocated £'000</i>	<i>Total £'000</i>
2013				
Revenue	586	12,586	–	13,172
Operating Profit before other income and expenses	(903)	6,461	(3,873)	1,685
Increase in fair value of investment properties	9,871	6,140	–	16,011
Profit on sale of investment properties	8,488	77	–	8,565
Mining provision	–	–	(9,117)	(9,117)
Other expenses	–	–	(758)	(758)
Operating profit	17,456	12,678	(13,748)	16,386
Fair Value of Investment Properties	165,591	111,149	–	276,740
Investment Property Additions	5,241	5,184	–	10,425

6. Bank and Other Facilities

As at 31 December 2014, Harworth Estates Group had bank borrowings of £49.7 million (2013: £54.6 million) and a further £7.7 million (2013: £1.0 million) of infrastructures loans, which resulted in total borrowings of £57.3 million (2013: £55.6 million). The bank borrowings at 31 December 2014 included facilities from Lloyds amounting to £38.2 million and from Barclays Bank Plc amounting £12.2 million, each repayable within one year, and capitalised fees of £0.7 million.

The infrastructure loans of £7.7 million were provided by public bodies in order to promote the development of major sites. They included a £1.6 million loan from Leeds LEP in respect of the Prince of Wales site, £5.1 million from the Homes and Community Agency in respect of Waverley and £1.0 million from Greater Manchester Investment Fund in respect of Logistics North. The loans are drawn as work on the respective sites is progressed and they are repaid on agreed dates or when disposals are made from the sites.

On 13 February 2015, Harworth Estates Group signed a £65.0 million facility agreement with the Royal Bank of Scotland, for a term of five years, on a non-amortising basis. Further details of this facility are set out in paragraph 12.2.5 of Part 12 of this document. The facility is in the form of a debenture security, whereby there are no fixed charges on the individual assets off the Harworth Estates Group, and is subject to financial and other covenants. When drawn down, this new facility will be used to repay the Lloyds Banking Group and Barclays Bank facilities, which will be cancelled.

As at 28 December 2013, Harworth Estates Group had bank borrowings of £54.6 million and a further £1.0 million of an infrastructure loan from Greater Manchester Investment Fund, which resulted in total borrowings of £55.6 million. The bank borrowings included facilities from Barclays amounting to £16.7 million and from the Lloyds Banking Group amounting £39.0 million, each repayable within one year, and capitalised fees of £1.1 million.

7.1 Assets and liabilities

Investment Properties

The Harworth Estates Group's strategy is to add value to its land bank by creating a master plan, achieving planning permission, undertaking remediation as well as various degrees of development. Property valuations are undertaken annually, reflecting market movements as well as gains from any planning consents achieved. Realised profits on disposals are generated when properties are sold above book value, which is generally driven by effective marketing campaigns for plots, planning consents being achieved and growth in market values based on location and UK property market.

The Harworth Estates Group held investment properties valued at £289.6 million as at 31 December 2014. The valuations were carried out independently by BNP Paribas Real Estate and Smiths Gore in accordance with the current edition of the 'Appraisal and Valuation Standards' published by the Royal Institute of Chartered Surveyors.

During the year ended 31 December 2014, Harworth Estates Group incurred £26.5 million of development expenditure across the investment property portfolio and made disposals of properties with a net book value of £29.4 million. The amount added to the portfolio in respect of revaluations was £15.7 million.

As at 28 December 2013, the value of investment properties was £277 million. The valuations were carried out by BNP Paribas Real Estates, Smiths Gore and Bell Ingram.

Trade and other receivables

The trade and other receivables balance as at 31 December 2014 was £17.8 million (2013: £8.0 million). It included a £2.5 million loan due to UKCPL (28 December 2013: nil) and a £2.0 million loan to UKSMRL (28 December 2013: nil). These companies are not part of the Enlarged Group. The Harworth Estates Group are expecting to receive repayment from UKCPL and from UK Coal Surface Mining Restoration Limited. An amount of £6.1 million (2013: £nil) was held in escrow accounts in respect of disposals of plots for housing and commercial development and other trade debtors totalled £1.5 million (2013: £1.5 million).

Other receivables includes cash-backed performance bonds of £3.1 million (2013: £nil). Other balances amounted to £2.5 million (2013: £nil).

Cash and cash equivalents

Cash and cash equivalents as at 31 December 2014 amounted to £17.3 million (2013: £20.0 million), of which £1.6 million (2013: £2.1 million) was held in bank accounts that restricted the use of such funds by the Harworth Estates Group.

7.2 Liabilities

Borrowings

Total borrowings at 31 December 2014 amounted to £57.3 million. They included bank borrowing, net of £0.7 million of unamortised borrowing costs, of £49.7 million and infrastructure loans of £7.7 million. Of the total borrowings, £51.1 million was due within one year on demand and £6.2 million, all in respect of infrastructure loans, was due after one year on demand. The total borrowings were secured by way of fixed and floating charges over certain assets of the Harworth Estates Group.

The total borrowings balance as at 28 December 2013 amounted to £55.6 million, of which £54.6 million was secured. Of the total borrowings, £29.5 million was due within one year on demand and £26.1 million was due after one year on demand. Bank loans and overdrafts were stated after unamortised borrowing cost of £0.7 million. The bank loans and overdrafts were secured by way of fixed and floating charges over certain assets of the Harworth Estates Group.

Trade and other payables

The trade and other payables at 31 December 2014 were £13.3 million. They consisted £3.9 million of trade creditors, £1.9 million of accruals for works to be completed on sites already sold, £1.3 million of deferred rental income, £1.5 million of accrued development costs, £1.4 million in respect of VAT and other balances of £3.3 million in total.

The trade and other payables balance as at 28 December 2013 amounted to £15.5 million. It included £4.2 million payables to HMRC in respect of VAT, £5.1m of accruals for works on the Waverley AMP and Waverley New Community developments and trade payables of £2.1 million, and other accruals and deferred income of £4.1 million.

Deferred income tax liabilities

Deferred income tax liabilities as at 31 December 2014 were £6.9 million (2013: £nil), in respect of future potential liabilities to income tax gains made on the disposal of investment properties.

8. Derivative Financial Instruments

The Harworth Estates Group entered into a notional principal £15.9 million fixed interest cap agreement at a rate of 1.43 per cent. effective between 10 December 2012 and 31 December 2014. The terms of the agreement provide for amortisation each quarter of the notional principal amount by varying amounts over the term of the agreement. By 31 December 2014 the principal notional amount was £11.0 million (2013: £15.3 million).

As part of the Restructuring, the Harworth Estates Group acquired an interest rate swap of notional principal of £60.0 million and fixed interest rate of 1.1 per cent., effective to 31 December 2015. By 31 December 2014 the principal notional amount was £32.0 million (2013: £42.5 million).

All movements in the fair value of the interest rate swap were charged to the income statement. The total charge to the income statement for movements in the fair value was a gain of £0.2 million (2013: loss of £0.7 million).

As part of the Refinancing, and entry into the RBS Facility Agreement described above, both the fixed interest cap and the interest rate swap will be replaced by a new fixed interest cap and interest rate swap.

9. Provisions

Under IAS 19, Coalfield Resources retains a single UK defined benefit pension schemes which has a deficit. After the Restructuring, the Company only retained a liability for the Blenkinsopp Scheme as described further in Part 12 paragraphs 9 and 12.1.5. This showed a deficit of £0.6 million at 31 December 2014. UKCPL currently provides Coalfield Resources with an indemnity to cover any costs, payments and liabilities incurred by Coalfield Resources in relation to the Blenkinsopp Scheme, including the on-going £0.2 million annual contribution to the Blenkinsopp Scheme. This indemnity from UKCPL was amended on 25 September 2014 with the effect that from the date on which the Mining Sub-Group (of which UKCPL is a member) ceases to mine coal at both the Kellingley and Thoresby mines, the indemnity will be novated to HEMPL (a member of the Harworth Estates Group). In addition, the Deed of Novation and Amendment entered into on 25 September 2014 amended the terms of the Blenkinsopp Indemnity, which was previously uncapped in amount, by the inclusion of a financial cap of £3,100,000. The estimated liability in relation to the Blenkinsopp Scheme as at 31 December 2012 was £2.5 million on a buyout basis. Coalfield Resources also has charges over the freehold land currently leased by UKCPL from HEMPL at Kellingley and Thoresby to secure the liability of UKCPL and HEMPL under the Blenkinsopp Indemnity. The indemnity given by HEMPL is unlimited in time. Therefore, both the indemnity from UKCPL and subsequently HEMPL will cover annual contributions payable in future years. Due to the uncertainty surrounding the Mining Sub-Group the Harworth Estates Group recognised a liability and charged the Income Statement accordingly. On an IAS 19 (Revised) 'Employee benefits' basis the liability at 31 December 2014 was £0.6 million (2013: £0.7 million).

If the Transaction proceeds, while the indemnity between Coalfield Resources and HEMPL will remain in force, the assets and liability in respect of this, which are currently shown in Coalfield Resources and HEMPL respectively, will be eliminated within the Harworth Estates Group's consolidated accounts. This impact is shown in Part 10 (Unaudited Proforma Financial Information).

10. Cash flows

The following table sets out the Harworth Estates Group's consolidated cash flows for the period ended 28 December 2013 and the year ended 31 December 2014.

	<i>Year Ended 31 December 2014</i>	<i>Period Ended 28 December 2013</i>
	<i>£000</i>	<i>£000</i>
Cash flows (used in)/generated from operating activities	(9,053)	(3,677)
Cash generated from investing activities	4,977	14,027
Cash generated from financing activities	1,351	9,671
(Decrease)/increase in cash	(2,725)	20,021
Cash and cash equivalents at start of the period	20,021	–
Cash and cash equivalents at end of the period	17,296	20,021

Cash flows (used in)/generated from operating activities

In the year ended 31 December 2014, cash used by operating activities was £9.1 million after paying £3.4 million of bank interest, and £3.1 million in respect of bonds.

In the period ended 28 December 2013, cash used by operating activities was £3.7 million, which was after paying £1.4 million in loan arrangement fees and £3.4 million in bank interest.

Cash generated from investing activities

In the year ended 31 December 2014, cash generated from investing activities was £5.0 million. Included in this amount were proceeds of £31.3 million from disposals of investment properties. The main disposals included a sale to a major retailer for a logistics centre and to an advanced manufacturer at Logistics North. At Waverley, commercial units were sold to the local authority, as part of their economic development programme, and, at the Prince of Wales site, plots were sold for housing development. Development

expenditure on investment properties amounted to £21.9 million, most of which was incurred at the major development sites: Logistics North; Prince of Wales; Waverley and Rossington. Loans of £4.5 million have been issued to mining operations.

In the period ended 28 December 2013, cash generated from investing activities was £14.0 million. Proceeds from disposals were £21.2 million and most of these were to house builders, particularly at the Waverley site. Development expenditure on investment properties was £10.4 million, spread over several sites.

Cash generated from financing activities

In the year ended 31 December 2014, cash generated from financing activities was £1.4 million. Amounts drawn, all in respect on infrastructure loans, amounted to £10.0 million. Repayments totalled £8.7 million, of which £5.2 million related to bank borrowings, with the balance against the infrastructure loans.

In the period ended 28 December 2013, cash generated from financing activities amounted to £9.7 million. A total of £30.0 million was raised from the issue of ordinary shares and £1.0 million from new loans. The total amount of repayments of bank loans and overdrafts was £21.3 million.

11. Financial risk management

Risk management, which is carried out centrally, identifies, evaluates and hedges financial risks as required minimising potential adverse effects on financial performance.

Interest rate risk

During the year ended 31 December 2014, and for period thereafter until repayment, the main interest rate exposures related to the Barclays Bank and Lloyds Banking Group facilities. The facilities were partially hedged with an interest rate cap of principal amount £15.9 million that terminated on 31 December 2014, and an interest rate swap to pay a fixed rate of interest of 1.1 per cent., which terminates on 31 December 2015. The principal amount of the swap was £32.0 million as at 31 December 2014.

Currency risk

During 2013 and 2014 the Harworth Estates Group had no material foreign currency exposures.

Liquidity risk

Liquidity risk is managed by maintaining funding facilities that have at least one year unexpired term. The existing cash flow projections are compiled, strategically, for the next three years and, in detail, for the next three month period to ensure a prudent amount of headroom exists against the facility.

The new £65.0 million, non-amortising facility was signed on 13 February 2015. Once drawn, which is expected to take place in March 2015, this new facility will be used to repay the Royal Bank of Scotland and Barclays Bank facilities.

Property Value Risk

The Harworth Estates Group is exposed to the risk of declines in the value of its property portfolio, and a possible decline in the liquidity in the property market. To protect against this risk, the Harworth Estates Group has a diverse customer base, including residential, commercial and industrial users, for its major developments. It also has an Income Generation Segment, with a large proportion of recurring, contracted income. Any development spending on sites is closely controlled against the pipeline of committed and expected sales, so that spending can be curtailed in response to a market downturn. Finally, the Harworth Estates Group adopts a prudent approach to financing such that the ratio of loans to market value of property does not exceed 30 per cent. over the long term.

12. Critical accounting policies

Critical accounting policies are those policies that require the application of the Harworth Estates Group management's most challenging, subjective or complex judgements, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods.

Critical accounting policies involve judgements and uncertainties that are sufficiently sensitive to result in materially different results under different assumptions and conditions. A detailed description of certain of the main accounting policies used in preparing the consolidated financial statements are set forth in paragraph 2 of Part B of Part 7 of this document.

13. Capitalisation and Indebtedness of the Harworth Estates Group

The following tables show the capitalisation and the indebtedness of the Harworth Estates Group as at 31 December 2014 based on the financial information relating to Harworth Estates Group Limited contained at Part 7 of this document:

	£'000
Capitalisation and indebtedness	
Total current debt	(51,088)
Total non-current debt (excluding current portion of the long term debt)	(6,223)
Total indebtedness as at 31 December 2014	<u>(57,311)</u>
Shareholders' equity	
Called up share capital	—
Share premium	222,161
Total capitalisation as at 31 December 2014	<u>222,161</u>

Notes:

1. All debt was secured by a charge on certain investment properties.
2. Shareholders equity does not include retained earnings.

There has been no material change in the capitalisation of the Harworth Estates Group since 31 December 2014.

The following table sets out the net financial indebtedness of the Harworth Estates Group as at 31 December 2014.

	£'000
Net financial indebtedness	
Cash ¹	17,296
Cash equivalents	—
Total liquidity	<u>17,296</u>
Current bank debt	(49,651)
Other current financial debt	(1,437)
Current financial debt	<u>(51,088)</u>
Net current financial indebtedness	<u>(33,792)</u>
Non-current bank loans	—
Other non current loans	(6,223)
Non current financial indebtedness	<u>(6,223)</u>
Net financial indebtedness ²	<u>(40,015)</u>

- 1 Included within cash is £1,573,000 held in bank accounts which are restricted.
- 2 The Harworth Estates Group's net debt is shown net of unamortised debt issue costs.

Contingent indebtedness

At 31 December 2014 guarantees have been given to Lloyds bank for performance bonds of £7,500,000 to cover the performance of work under a number of the Mining Business subsidiaries contracts.

Part 10

Unaudited Pro Forma Financial Information for the Enlarged Group

SECTION A: UNAUDITED PRO FORMA FINANCIAL INFORMATION

The unaudited pro forma statement of net assets and pro forma income statement (together “**Unaudited Pro Forma Financial Information**”) of the Enlarged Group set out below have been prepared on the basis set out in the notes below to illustrate the impact of the Transaction and the Refinancing on the net assets of Coalfield Resources as at 31 December 2014 as if they had taken place at that date, and on the income statement of Coalfield Resources for the year ended 31 December 2014 as if they had taken place at the beginning of that financial year.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and, by its nature, addresses a hypothetical situation and does not, therefore, represent the Enlarged Group’s actual financial position or results.

The Unaudited Pro Forma Financial Information does not constitute financial statements within the meaning of Section 434 of the Companies Act 2006. Shareholders should read the whole of this document and not rely solely on the summarised financial information contained in this Part 10 (Unaudited Pro Forma Financial Information for the Enlarged Group). PricewaterhouseCoopers LLP’s report on the Unaudited Pro Forma Financial Information is set out on Section B of this Part 10 (Unaudited Pro Forma Financial Information for the Enlarged Group).

The Unaudited Pro Forma Financial Information does not purport to represent what the Enlarged Group’s financial position and results of operations actually would have been if the Acquisition had been completed on the dates indicated nor do they purport to represent the results of operations for any future period or the financial condition at any future date.

UNAUDITED PRO FORMA STATEMENT OF NET ASSETS

	Adjustments					Pro forma Group as at 31 December 2014 £'000
	Audited Coalfield Resources as at 31 December 2014 £'000 (Note 1)	Audited Estates Group at 31 December 2014 £'000 (Note 2)	Firm Placing and Placing Offer £'000 (Note 3)	Acquisition adjustments £'000 (Note 4)	Re-financing £'000 (Note 5)	
Non-current assets						
Other receivables		650				650
Investment properties		289,611				289,611
Investment in associates	56,890			(56,890)		–
Investments		1,223				1,223
Blenkinsopp pension asset	564			(564)		–
	<u>57,454</u>	<u>291,484</u>	<u>–</u>	<u>(57,454)</u>	<u>–</u>	<u>291,484</u>
Current assets						
Inventory		142				142
Trade and other receivables	659	17,760		(261)		18,158
Cash and cash equivalents	1,489	17,296	110,615	(97,026)	(810)	31,564
Assets classified as held for sale	5,119					5,119
	<u>7,267</u>	<u>35,198</u>	<u>110,615</u>	<u>(97,287)</u>	<u>(810)</u>	<u>54,983</u>
Total assets	<u>64,721</u>	<u>326,682</u>	<u>110,615</u>	<u>(154,741)</u>	<u>(810)</u>	<u>346,467</u>
Current liabilities						
Borrowings		(51,088)			49,842	(1,246)
Trade and other payables	(5,035)	(13,267)		261		(18,041)
Derivate financial instruments		(81)				(81)
Liabilities classified as held for sale	(469)					(469)
	<u>(5,504)</u>	<u>(64,436)</u>	<u>–</u>	<u>261</u>	<u>49,842</u>	<u>(19,837)</u>
Non-current liabilities						
Borrowings		(6,223)			(49,772)	(55,995)
Provisions		(564)		564		–
Deferred income tax liabilities		(6,905)				(6,905)
Retirement benefit obligations	(564)					(564)
	<u>(564)</u>	<u>(13,692)</u>	<u>–</u>	<u>564</u>	<u>(49,772)</u>	<u>(63,464)</u>
Total liabilities	<u>(6,068)</u>	<u>(78,128)</u>	<u>–</u>	<u>825</u>	<u>70</u>	<u>(83,301)</u>
Net assets	<u>58,653</u>	<u>248,554</u>	<u>110,615</u>	<u>(153,916)</u>	<u>(740)</u>	<u>263,166</u>

Notes:

- (1) Coalfield Resources financial information as at 31 December 2014 has been extracted, without material adjustment, from the audited financial statements of Coalfield Resources for the year ended 31 December 2014, which have been incorporated by reference, as set out in Part 6 of this document.

- (2) The Harworth Estates Group financial information as at 31 December 2014 has been extracted, without material adjustment, from Part 7 of this document (Financial Information Relating to the Harworth Estates Group).
- (3) The adjustments arising as a result of the Firm Placing and Placing and Open Offer are set out below:

The adjustment to cash and cash equivalents arises due to the net proceeds of the Firm Placing and Placing and Open Offer. This is calculated with reference to the gross proceeds of approximately £115,026,000 net of estimated expenses expected to be incurred of approximately £4,411,000. The gross proceeds are calculated on the basis that the Company issues 1,586,566,912 New Ordinary Shares of one pence each at a price of 7.25 pence per share.

- (4) The adjustments arising as a result of the Acquisition are set out below:
- The adjustment to investment in associates of £56,890,000 arises as the Coalfield Resources investment in Harworth Estates Group has been eliminated as a consequence of the Acquisition.
 - The Blenkinsopp pension asset and the matching Harworth Estates Group provision of £564,000 have been eliminated to leave only the underlying liability remaining in Coalfield Resources, included within 'Retirement benefit obligations'. Further details can be found within Part 7 of this document.
 - Trading balances of £261,000 between Coalfield Resources and the Harworth Estates Group have been eliminated leading to an equal and opposite adjustment to trade and other payables and trade and other receivables.
 - The Cash Consideration of £97,026,101.29 is to be funded by the proceeds of the Firm Placing and Placing and Open Offer.
 - The Acquisition has been accounted for using the acquisition method of accounting. A fair value exercise will be completed post completion of the Acquisition; therefore, no account has been taken of any fair value adjustments that may arise on the acquisition. The excess of book value of net assets over consideration has been credited to the income statement as a "Gain on acquisition of subsidiaries" in line with the requirements of IFRS 3 'Business Combinations' (Revised). The adjustment has been calculated as follows:

	£'000
Total consideration (i)	(150,000)
Net assets acquired	248,554
Existing investment in HEPGL	(56,890)
Gain on acquisition of subsidiaries	41,664

- Total Consideration will be satisfied by a mixture of the issuance of 730,674,465 Consideration Shares to the PPF and the payment of £97,026,101.29 in cash which will be funded by the Firm Placing and Placing and Open Offer. The value of the consideration shares of £52,974,000 is based on 730,674,465 consideration shares at a price of 7.25 pence per share.
- (5) On 13 February 2015, the Harworth Estates Group signed a £65.0 million facility agreement with the Royal Bank of Scotland, for a term of five years, on a non-amortising basis. The adjustments arising as a result of the Refinancing are set out below:
- Fees of £810,000 have been paid relating to the arrangement of the new facility. These fees have been capitalised within borrowings (£122,000 within current borrowings and £688,000 within non current borrowings) and the fees on the previous facility of £740,000 have been written off to the income statement.
 - The new facility will be used to repay two existing facilities totalling £50,460,000. The new facility is now included within non-current borrowings given it has been provided for a term of five years.
- (6) a. Net debt is calculated as total borrowings less cash and cash equivalents. On an unadjusted basis net cash of Coalfield Resources is £1,489,000. Pro forma net debt is £25,677,000 being pro forma total borrowings of £57,241,000 less cash and cash equivalents of £31,564,000.
- b. Pro forma net asset value per share is calculated as net assets divided by the number of issued shares. On an unadjusted basis net asset value per share is 9.69pps and pro forma net asset value per share is 9.00pps.
- (7) No adjustment has been made to reflect the trading results of the Enlarged Group since 31 December 2014.

UNAUDITED PRO FORMA INCOME STATEMENT

	<i>Adjustments</i>					<i>Pro forma Group for the year ended 31 December 2014 £'000 (Note 14,15)</i>
	<i>Audited Coalfield Resources for the year ended 31 December 2014 £'000 (Note 8)</i>	<i>Audited Harworth Estates Group for the year ended 31 December 2014 £'000 (Note 9)</i>	<i>Acquisition adjustments £'000 (Note 10)</i>	<i>Firm Placing and Open Offer £'000 (Note 11)</i>	<i>Re-financing £'000 (Note 12)</i>	
Revenue	1,458	13,934	(1,458)			13,934
Cost of sales		(5,201)				(5,201)
Gross profit	1,458	8,733	(1,458)	–	–	8,733
Gain on acquisition of subsidiaries			41,664			41,664
Other operating income and expenses	(1,457)	15,660	(643)			13,560
Operating profit	1	24,393	39,563	–	–	63,957
Finance income/(costs)	10	(3,504)		149	541	(2,804)
Share of joint venture profit						–
Share of profit of associate	3,454		(3,454)			–
Profit before tax	3,465	20,889	36,109	149	541	61,153
Taxation (Note 13)	–	(6,905)				(6,905)
Profit for the year	3,465	13,984	36,109	149	541	54,248

Notes:

- (8) Coalfield Resources financial information for the year ended 31 December 2014 has been extracted, without material adjustment, from the audited financial statements of Coalfield Resources for the year ended 31 December 2014, which have been incorporated by reference, as set out in Part 6 of this document.
- (9) The Harworth Estates Group financial information for the year ended 31 December 2014 has been extracted, without material adjustment, from Part 7 of this document (Financial Information Relating to the Harworth Estates Group).
- (10) The acquisition adjustments are set out below:
- Total expenses in relation to the Transaction are expected to be approximately £4,411,000, of which approximately £2,200,000 are expected to be charged directly to equity, with the balance of approximately £2,200,000 expensed in the income statement within 'Other operating income and expenses'.
 - The adjustment to revenue arises on the elimination of fees charged and expenses recognised in trading between the businesses of £1,458,000, the corresponding entry is to 'Other operating income and expenses'.
 - The adjustment to share of profit of associate arises due to the elimination of £3,454,000 recognised by Coalfield Resources in relation to its investment in Harworth Estates Group.
 - As described in footnote 4) e) to the Pro forma net assets statement a gain on acquisition of subsidiaries has arisen of £41,664,000.

The total adjustment in 'Other operating income and expenses' as a result of Notes 10(a) and (b) is £643,000.

- (11) The proceeds of the Firm Placing and Placing and Open Offer (net of expenses) of approximately £110,615,101 offset by the Cash Consideration of £97,026,101.29, results in a residual cash balance of £13,589,000. As a result, additional interest on this excess amount has been accrued for the period and credited to the income statement within finance income of £149,000. The interest rate used is based on the average interest rate for the year ended 31 December 2014 that the current cash and cash equivalents attract.

- (12) The refinancing adjustments are set out below:

- On 13 February 2015, the Harworth Estates Group signed a £65.0 million facility agreement with the Royal Bank of Scotland, for a term of five years, on a non-amortising basis. The new facility attracts a lower rate of interest than the

previous facilities. In the pro forma income statement £902,000 has been recognised to reflect the reduced charge in the income statement, assuming the new facility had been in place from 1 January 2014.

- b. A charge of £361,000 has been recognised within 'Finance income/(costs)' relating to the write down of the previous banking facility fees and an adjustment to the loan fee amortised in the year.
- (13) No taxation impact has been recognised on the adjustments above as both Coalfield Resources and the Harworth Estates Group had losses in 2014 sufficient to cover the charge.
- (14) All adjustments will have a continuing impact with the exception of those set out in Note 10(a) set out above.
- (15) No account has been made of any trading activity post 31 December 2014.

SECTION B: ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION ON THE ENLARGED GROUP



The Directors

Coalfield Resources plc
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Sheffield
S9 1XZ

Investec Bank plc
2 Gresham Street
London
EC2V 7QP

3 March 2015

Dear Sirs

Coalfield Resources plc (the “Company”)

We report on the pro forma financial information (the “**Pro Forma Financial Information**”) set out in section A of Part 10 of the Company’s prospectus dated 3 March 2015 (the “**Prospectus**”) which has been prepared on the basis described in the notes to the Pro Forma Financial Information, for illustrative purposes only, to provide information about how the proposed acquisition by the Company of Harworth Estates Property Group Limited might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the period ended 31 December 2014. This report is required by item 20.2 of Annex I to the PD Regulation and item 13.3.3R of the Listing Rules of the UK Listing Authority (the “**Listing Rules**”) and is given for the purpose of complying with that PD Regulation and Listing Rule and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company to prepare the Pro Forma Financial Information in accordance with item 20.2 of Annex I to the PD Regulation and item 13.3.3R of the Listing Rules.

It is our responsibility to form an opinion, as required by item 20.2 of Annex I to the PD Regulation and item 13.3.3R of the Listing Rules as to the proper compilation of the Pro Forma Financial Information and to report our opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under item 5.5.3R(2)(f) of the Prospectus Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising

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out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of Annex I to the PD Regulation and item 13.4.1R(6) of the Listing Rules, consenting to its inclusion in the Prospectus.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Opinion

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of the Company.

Declaration

For the purposes of Prospectus Rule 5.5.3 R(2)(f) we are responsible for this report as part of the Prospectus and we declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex I to the PD Regulation.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

Part 11

Taxation

The following paragraphs do not constitute tax advice and are intended as a general guide only to current United Kingdom tax law and HMRC published practice as at the date of this document both of which are subject to change at any time, possibly with retrospective effect. The statements refer to certain limited aspects of the UK tax treatment of Shareholders that are resident (and in the case of individuals, domiciled) in the UK for UK tax purposes and (except to the extent stated otherwise) apply only to persons who:

- are the absolute owner (i.e. the legal and beneficial owner) of the Ordinary Shares (and the shares are not held through a New Individual Savings Account or a Self Invested Personal Pension);
- hold their Ordinary Shares as investments and not as securities to be realised in the course of a trade; and
- have not (and are not deemed to have) acquired their Shares by virtue of an office or employment (whether current, historic or prospective) and are not officers or employees of any member of the Group.

These statements may not apply to certain classes of investors who are subject to different tax rules. Such persons may include (but are not limited to): dealers in securities, insurance companies, collective investment schemes and Shareholders who are exempt from UK taxation. Prospective Investors should consult their own independent professional advisers on the potential tax consequences of subscribing for, purchasing, holding or selling Ordinary Shares under the laws of their country and/or state of citizenship, domicile or residence.

(a) Taxation of capital gains

(i) *New Ordinary Shares acquired pursuant to the Firm Placing*

The issue of New Ordinary Shares under the Firm Placing to Firm Placees that are resident in the UK for UK tax purposes will not constitute a reorganisation of the Company's share capital for the purposes of UK taxation of chargeable gains and accordingly, any Firm Placed Shares acquired pursuant to the Firm Placing will be treated as separately acquired from any Existing Ordinary Shares held. Shareholders may be regarded as having a part disposal of their existing shareholding when they take up shares under the firm placing. For a corporate shareholder, the New Ordinary Shares should be pooled with their Existing Ordinary Shares provided the shares are of the same class. For an Individual Shareholder, the New Ordinary Shares are subject to the share identification rules on a future disposal.

(ii) *New Ordinary Shares acquired pursuant to the Placing*

The issue of New Ordinary Shares pursuant to the open offer to shareholders that are resident in the UK for UK tax purposes will not constitute a reorganisation of the Company's share capital for the purposes of UK taxation of chargeable gains and accordingly, any New Ordinary Shares acquired pursuant to the open offer will be treated as separately acquired from any Existing Ordinary Shares held. Shareholders may be regarded as having a part disposal of their existing shareholding when they take up shares under the open offer. For a corporate shareholder, the New Ordinary Shares should be pooled with their Existing Ordinary Shares provided the shares are of the same class. For an Individual Shareholder, the New Ordinary Shares are subject to the share identification rules on a future disposal.

(iii) *New Ordinary Shares acquired pursuant to the Open Offer*

The issue of New Ordinary Shares pursuant to the open offer to shareholders that are resident in the UK for UK tax purposes will not constitute a reorganisation of the Company's share capital for the purposes of UK taxation of chargeable gains and accordingly, any New Ordinary Shares acquired pursuant to the open offer will be treated as separately acquired from any Existing Ordinary Shares

held. Shareholders may be regarded as having a part disposal of their existing shareholding when they take up shares under the firm placing. For a corporate shareholder, the New Ordinary Shares should be pooled with their Existing Ordinary Shares provided the shares are of the same class. For an Individual Shareholder, the New Ordinary Shares are subject to the share identification rules on a future disposal.

(iv) ***Disposal of Ordinary Shares***

A disposal or deemed disposal of Ordinary Shares by a Shareholder who is resident in the UK for tax purposes, may give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of chargeable gains, depending on the Shareholder's circumstances and subject to any available exemption or relief.

(a) ***UK resident individual Shareholders***

For a Shareholder within the charge to UK capital gains tax, capital gains tax is charged on gains on the disposal of Ordinary Shares. The rate is 18 per cent. (2014/15) for individuals who are subject to income tax at the basic rate; and 28 per cent. (2014/15) for all trustees and personal representatives, and individuals who are subject to income tax at the higher or additional rates. However, an individual Shareholder is entitled to realise £11,000 (2014/15) of gains (the annual exempt amount) in each tax year without being liable to tax. The annual exempt amount for trusts is £5,500 (2014/15).

(b) ***UK resident corporate Shareholders***

For a corporate Shareholder, within the charge to UK corporation tax, a disposal (or deemed disposal) of Ordinary Shares may give rise to a chargeable gain or allowable loss for the purposes of UK corporation tax.

Indexation allowance on the cost apportioned to the Ordinary Shares may be available to reduce the amount of chargeable gain realised on a subsequent disposal. Indexation allowance may not create or increase any allowable loss.

Corporation tax is charged on chargeable gains at the rate applicable to that company.

(c) ***Non-UK resident Shareholders individual and corporate***

A Shareholder who is not resident in the UK for tax purposes is generally not subject to UK capital gains tax unless such a Shareholder carries on a trade, profession or vocation in the UK through a branch or agency or, in the case of a non-UK resident corporate Shareholder, a permanent establishment to which the Ordinary Shares are attributable.

An individual Shareholder who acquires Ordinary Shares whilst UK resident, ceases to be resident for tax purposes in the UK for a period of less than five complete years and disposes of all or part of his Ordinary Shares during the period in which he is non-UK resident may be liable to capital gains tax on his resumption of UK residence where that Shareholder was UK resident for at least four of the seven tax years immediately preceding the year of departure from the UK (subject to any available exemptions or reliefs). These 'temporary non-residence rules' changed for departures from the UK after 5 April 2013. Individuals who left the UK prior to that date will be subject to the old rules if they cease to be resident in the UK for a period of less than five complete tax years (6 April in a calendar year to 5 April in the following calendar year).

(b) Taxation of dividends

The Company is not required to withhold tax at source when paying a dividend to Shareholders in respect of Ordinary Shares.

A Shareholder's liability to tax on dividends will depend on the individual circumstances of the Shareholder.

(i) ***Individuals***

Individual Shareholders who are resident in the UK for UK tax purposes, and in receipt of a dividend from the Company on their ordinary shares should be entitled to a tax credit equal to one-ninth of the amount of the net dividend (which is 10 per cent. of the gross dividend i.e. the sum of the dividend and the tax credit). The liability to income tax is calculated on the gross dividend income.

Individual Shareholders whose income is within the basic rate tax band will be subject to dividend income tax at the rate of 10 per cent. (2014/15), so that (after taking into account the 10 per cent. credit) such Shareholders will have no further liability to income tax on that dividend income.

Individual Shareholders who are subject to the higher rate of income tax (broadly, where income exceeds £31,865) will be subject to dividend income tax at 32.5 per cent. (2014/15). After allowing for the 10 per cent. tax credit, a higher rate taxpayer suffers an effective rate of 25 per cent. on the net dividend received.

Individual Shareholders who are subject to the additional rate of income tax (broadly, where income exceeds £150,000) will be subject to dividend income tax at 37.5 per cent. (2014/15) After allowing for the 10 per cent. tax credit, an additional rate taxpayer suffers an effective rate of 30.6 per cent. on the net dividend received.

UK resident trustees of discretionary trusts receiving dividends from shares are also liable to account for income tax at the dividend trust rate, currently 10 per cent. or 37.5 per cent. for the 2014-2015 tax year depending on the taxable income of the trust.

Individual Shareholders who are not chargeable to UK tax on dividends received from the Company, are not entitled to a tax credit in respect of those dividends.

(ii) ***Companies***

Corporate Shareholders within the charge to UK corporation tax which are “small companies” (for the purposes of UK taxation of dividends) will not generally expect to be subject to UK tax on dividends from the Company. Other corporate Shareholders within the charge to UK corporation tax will not be subject to UK tax on dividends (including dividends from the Company) so long as the dividends fall within an exempt class and certain conditions are met. In general, dividends paid on shares that ordinary shares for UK tax purposes and are not redeemable, and dividends paid to a person holding less than 10 per cent. of the issued share capital of the payer (or any class of that share capital) are examples of dividends that fall within an exempt class.

(c) **Stamp duty and stamp duty reserve tax (SDRT)**

The statements below are intended as a general guide to the current UK stamp duty and SDRT position. The stamp duty and SDRT position in relation to New Ordinary shares which are transferred to, or to an agent or nominee for, a person whose business is or includes issuing depository receipts or the provision of clearance services is not considered. Note also that certain categories of person, including market makers, brokers and dealers, may not be liable to stamp duty or SDRT. They may, however, be required to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986.

(i) ***Issue of New Ordinary Shares***

No UK stamp duty or UK SDRT will be payable on the issue of New Ordinary Shares pursuant to the Firm Placing, the Placing or the Open Offer.

(ii) ***Subsequent Dealings in New Ordinary Shares***

Stamp duty at the rate of 0.5 per cent. (rounded up to the next multiple of £5) of the amount or value of the consideration given is generally payable on an instrument transferring shares. A charge to SDRT will also arise on an unconditional agreement to transfer shares (at the rate of 0.5 per cent. of the amount or value of the consideration payable). However, if within six years of the date of the agreement becoming unconditional an instrument of transfer is executed pursuant to the agreement,

and stamp duty is paid on that instrument or the instrument is otherwise exempt from stamp duty, a refund of any SDRT already paid can be claimed, and any outstanding liability to SDRT will be cancelled.

An exemption from stamp duty is available on an instrument transferring shares where the amount or value of the consideration is £1,000 or less and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions for which the aggregate consideration exceeds £1,000. Where this exemption applies the liability for SDRT will be cancelled.

Paperless transfers of shares within CREST are generally liable to SDRT, rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration. CREST is obliged to collect any SDRT arising from the purchaser of the shares on relevant transactions settled within the system. No stamp duty or SDRT will arise on a transfer of shares into the CREST system unless such a transfer is made for a consideration in money or money's worth, in which case a liability to SDRT (usually at a rate of 0.5 per cent.) will arise.

The liability to pay stamp duty or SDRT is generally satisfied by the purchaser or transferee.

THE ABOVE DESCRIPTION OF TAXATION IS GENERAL IN CHARACTER. IF YOU ARE IN ANY DOUBT AS TO YOUR TAX POSITION OR YOU ARE SUBJECT TO TAX IN A JURISDICTION OTHER THAN THE UNITED KINGDOM, YOU SHOULD CONSULT AN APPROPRIATE INDEPENDENT PROFESSIONAL ADVISER WITHOUT DELAY.

PART 12

Additional Information

1. Responsibility

The Company and the Directors, whose names appear in paragraph 6 of this Part 12, and the Proposed Directors, whose names appear at paragraph 11 of Part 1 of this document, accept responsibility for the information contained in this document. Having taken all reasonable care to ensure that this is the case, the information contained in this document is, to the best of the knowledge of the Company, the Directors and the Proposed Directors, in accordance with the facts and contains no omission likely to affect its import.

Smiths Gore accept responsibility for the information contained in its Property Valuation Report contained at Part 13 of this document. Having taken all reasonable care to ensure that this is the case, the information contained in its Property Valuation Report contained at Part 13 of this document is, to the best of the knowledge of Smiths Gore, in accordance with the facts and contains no omission likely to affect its import.

BNP Paribas Real Estate (“BNP”) accept responsibility for the information contained in its Property Valuation Report contained at Part 13 of this document. Having taken all reasonable care to ensure that this is the case, the information contained in its Property Valuation Report contained at Part 13 of this document is, to the best of the knowledge of BNP, in accordance with all the facts and contains no omission likely to affect its import.

2. Incorporation and Registered Office

The Company was incorporated in England and Wales on 27 September 1991 under the Companies Act 1985 as a private company limited by shares with the name Elkindrive Limited and with registered number 02649340. On 10 December 1991, the name of the Company was changed to R. J. Budge (Holdings) Limited and on 25 February 1993 its name was changed to RJB Mining Limited. On 30 April 1993, the Company re-registered as a public company under the Companies Act 1985. On 25 May 2001, the name of the Company was changed to UK Coal plc. On 10 December 2012, the name of the Company was changed to Coalfield Resources plc. The principal legislation under which the Company operates is the Companies Act and the regulations made thereunder.

The Company’s registered office and principal place of business and the business address of the Directors is Sheffield Business Centre, Europa Link, Sheffield, S9 1XZ. The telephone number of the registered office is +44 (0)114 3030 880.

3. Organisational Structure

Coalfield Resources holds a proportion of the capital likely to have a significant effect on the assessment of its own assets and liabilities, financial position, or profits and losses in the following undertaking:

<i>Name</i>	<i>Country of Incorporation</i>	<i>Proportion of ownership interest</i>	<i>Principal activity</i>
Harworth Estates Property Group Limited	England & Wales	24.9%	Holding company for the Harworth Estates Group

Coalfield Resources acts as the holding company of the Group. Coalfield Resources has the following significant subsidiary undertakings all of which are private limited companies.

<i>Name</i>	<i>Country of Incorporation</i>	<i>Proportion of ownership interest</i>	<i>Principal activity</i>
Harworth Insurance Company Limited ¹	England & Wales	100%	Dormant company
Harworth Properties Limited	England & Wales	100% of the share capital is owned by Harworth Insurance Company Limited	Selling real estate

¹ Mine Holdings has the benefit of the Put and Call Option over the Company’s entire shareholding in HICL. See further details at paragraph 12.1.4 below.

The HICL assets and liabilities are held for resale with a commensurate liability for deferred income representing the consideration received pursuant to the Put and Call Option recognised on the balance sheet, so exercise of the Put and Call Option would have no impact on the income or net assets of the Group. The Company currently operates as if its only active investment is its shareholding in HEPGL. The exercise of the Put and Call Option would not therefore have a material adverse impact upon the Company or create any additional risks for the Company.

HICL's subsidiary, Harworth Properties Limited ("HPL") owns a single property known as "Nadins" for which a valuation was not undertaken at 31 December 2014. However, the sale of this property has been agreed by HPL to HEIL (a member of the Harworth Estates Group) for £350,000, subject to board approval, and a valuation will be undertaken at the date of this transaction to identify the value at that date. Parts of the land have previously been marketed at a higher rate, but failed to receive any interest.

4. Share Capital

4.1 Issued share capital

The share capital of the Company as at the Latest Practicable Date, all of which is issued and fully paid up, is as follows:

<i>Nominal Value (£)</i>	<i>Number</i>
£6,054,564.80	605,456,480 ordinary shares of one pence

The share capital of the Company at the date of Admission, all of which will be issued and fully paid up is expected to be as follows:

<i>Nominal Value (£)</i>	<i>Number</i>
£29,226,978.57	2,922,697,857

The Ordinary Shares are admitted to listing on the Official List and to trading on the main market of the London Stock Exchange.

The Company does not hold any Ordinary Shares as treasury shares.

4.2 As at 1 January 2012, being the first day covered by the historical financial information incorporated by reference into this document, 299,298,160 Ordinary Shares were in issue fully paid or credited as fully paid. Since such date and the date of this document, there has been no issue of share capital of the Company fully or partly paid either for cash or other consideration, other than as a result of the exercise or vesting of Awards in accordance with the terms of the Coalfield Resources Share Incentive Arrangements and pursuant to the Rights Issue (as summarised below), and aside from the Firm Placing and Placing and Open Offer and the issue of the Consideration Shares, no such issues are currently under consideration.

4.3 On 12 September 2013, 299,298,160 Ordinary Shares were issued for cash consideration of £5,985,963.20, being 2 pence per Ordinary Share, in connection with the Rights Issue.

4.4 At its annual general meeting on 27 May 2014, Coalfield Resources proposed the following resolutions relating to Coalfield Resources' share capital, all of which were passed by Coalfield Resources' shareholders:

1. (i). to allot shares in the Company, and to grant rights to subscribe for, or to convert any security into, shares in the Company:
 - (A) up to an aggregate nominal amount of £2,018,006; and
 - (B) comprising equity securities (as defined in the Companies Act 2006) up to an aggregate nominal amount of £4,036,012 (including within such limit any shares issued or rights granted under paragraph (A) above) in connection with an offer by way of a rights issue (I) to holders of ordinary shares in proportion (as nearly as may be practicable) to their existing holdings and (II) to people who are

holders of other equity securities if this is required by the rights of those securities or, if the Directors consider it necessary, for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) at the end of the next Annual General Meeting of the Company after the date on which this resolution is passed (or, if earlier, at the close of business on the date which is 15 months after the date of this resolution); and

- (ii). to make an offer or agreement which would or might require shares to be allotted, or rights to subscribe for or convert any security into shares to be granted, after expiry of this authority and the Directors may allot shares and grant rights in pursuance of that offer or agreement as if this authority had not expired.
- 2. That, subject to the passing of the resolution set out above, and in place of all existing powers, to the extent unused, the Directors be generally empowered pursuant to section 570 and section 573 of the Companies Act 2006 to allot equity securities (as defined in the Companies Act 2006) for cash, pursuant to the authority conferred by the resolution set out above as if section 561 (1) of the Companies Act 2006 did not apply to the allotment. This power:
 - (a) expires (unless previously renewed, varied or revoked by the Company in general meeting) at the end of the next Annual General Meeting of the Company after the date on which this resolution is passed or, if earlier, at the close of business on the date which is 15 months after the date of this resolution, but the Company may make an offer or agreement which would or might require equity securities to be allotted after expiry of this power and the Directors may allot equity securities in pursuance of that offer or agreement as if this power had not expired; and
 - (b) shall be limited to:
 - i. the allotment of equity securities in connection with an offer of equity securities to:
 - (A) the ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
 - (B) people who hold other equity securities, if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities; and
 - ii. the allotment of equity securities for cash otherwise than pursuant to paragraph (i) up to an aggregate nominal amount of £302,728.
- 3. That the Company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of its ordinary shares of one pence each in the capital of the Company, subject to the following conditions:
 - (a) the maximum number of ordinary shares authorised to be purchased is 60,545,648;
 - (b) the minimum price (exclusive of expenses) which may be paid for an ordinary share is one pence;
 - (c) the maximum price (exclusive of expenses) which may be paid for each ordinary share is the higher of: (i) an amount equal to 105 per cent of the average of the middle market quotations of an ordinary share of the Company as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is contracted to be purchased; and (ii) an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share as derived from the London Stock Exchange Trading System;

- (d) this authority shall expire at the close of the Annual General Meeting of the Company held in 2015 or 18 months from the date of this resolution (whichever is earlier); and
 - (e) a contract to purchase shares under this authority may be made before the expiry of this authority, and concluded in whole or in part after the expiry of this authority.
- 4.5 If Shareholders vote in favour of the Resolutions set out in the Notice of General Meeting and if the Resolutions become unconditional:
 - (a) pursuant to Resolution 2, the Directors will be unconditionally authorised, in accordance with section 551 of the Companies Act, to exercise all powers of the Company to allot shares in the Company and to grant rights to subscribe for or convert any security into such shares (all of which transactions are hereafter referred to as an allotment of “relevant securities”), up to an aggregate nominal amount of £23,172,414 pursuant to the Firm Placing and Placing and Open Offer and the issue of the Consideration Shares which authority will be in addition to any existing authority conferred, which shall continue in full force and effect. The authority conferred by this resolution shall expire (unless previously revoked or varied by the Company in general meeting) on the conclusion of the next Annual General Meeting of the Company or the date 15 months from the date of the passing of this resolution, whichever is earlier, save that the Company may, before such expiry, revocation or variation make an offer or agreement which would or might require relevant securities to be allotted after such expiry, revocation or variation and the Directors may allot relevant securities in pursuant of such offer or agreement as if the authority conferred had not expired or been revoked or varied; and
 - (b) pursuant to Resolution 3 the Directors will be given power to allot equity securities as defined by section 560 of the Companies Act for cash pursuant to the authority under section 570 of the Companies Act conferred on them by the Resolution referred to at paragraph 4.5(a) above, expiring on the conclusion of the next Annual General Meeting of the Company or the date 15 months from the date of the passing of the Resolution, whichever is earlier, but may be revoked or varied from time to time by Special Resolution so that the Company may before such expiry, revocation or variation make an offer or agreement which would or might require equity securities to be allotted after such expiry, revocation or variation and the Directors may allot equity securities in pursuance of such offer or agreement as if such power had not expired or been revoked or varied.
- 4.6 The allotment of the New Ordinary Shares and the Consideration Shares will be made by a resolution of the Board or a duly constituted committee of the Board pursuant to the authority to be conferred by the resolutions referred to above passed at the Company’s annual general meeting and/or Resolutions 2 and 3 set out in the Notice of General Meeting.
- 4.7 There are no convertible securities, exchangeable securities or warrants in relation to the Company currently in issue.
- 4.8 Rights attaching to the Shares are summarised in paragraph 5 below. In addition, the provisions of Section 561(1) of the Companies Act confers on Shareholders rights of pre-emption in respect of the allotment of equity securities (as defined in Section 560 (1) of the Companies Act) which are, or are to be, paid up in cash and which are not the subject of disapplication approved by the Shareholders in general meetings of the Company.
- 4.9 Save as disclosed in this document, no commissions, discounts, brokerages or other special terms have been granted in respect of the issue of any share capital of the Company.
- 4.10 The Ordinary Shares are and the New Ordinary Shares and the Consideration Shares will be ordinary shares in the capital of the Company and in registered form.
- 4.11 Subject to the provisions of the CREST Regulations in respect of Ordinary Shares traded on the London Stock Exchange, the Directors may permit the holding of Ordinary Shares in uncertificated

form and title to the Ordinary Shares may be transferred by means of a relevant system (as defined in the CREST Regulations).

- 4.12 Where the Ordinary Shares are held in certificated form, definitive share certificates will be sent to the registered share owners by first class post (in the UK). No temporary documents of title have been or will be issued in respect of the Ordinary Shares or the New Ordinary Shares.

5. Articles of Association

The Articles of Association are available for inspection as described in paragraph 19 below, and at the Company's registered office. They are also available on the Company's website, www.coalfieldresources.com.

The Companies Act states that, unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason the Company resolved to remove its objects clause from the memorandum together with all other provisions of its memorandum which, by virtue of the Companies Act, were to be treated as forming part of the Company's Articles as of 1 October 2009.

The following is a summary of the material terms and conditions of the Articles of Association.

5.1 *Share Capital*

The liability of the members is limited to the amount, if any, unpaid on the shares held by them.

5.2 *Issue of shares*

Subject to the Companies Act and to the rights attached to any existing shares, new shares may be allotted or issued with or have attached to them such special rights or restrictions as the Company may by ordinary resolution decide or if no resolution is passed, as the Board may decide.

5.3 *Redemption of shares*

Subject to the Companies Act and to the rights attached to any existing shares, shares may be issued on terms that they are to be redeemed or, at the option of the Company or the holder, are liable to be redeemed.

5.4 *Dividends*

Subject to the Companies Act and the Articles, the Company may by ordinary resolution declare a dividend to be paid to the members according to their respective rights and interests, but no dividend may exceed the amount recommended by the Board.

Subject to the provisions of the Companies Act, the Board may pay such interim dividends (including a dividend payable at a fixed rate) as appears to it to be justified by the profits of the Company available for distribution. If the share capital is divided into different classes of shares, the Board may pay interim dividends on shares that rank after shares conferring preferred rights with regard to dividend as well as on shares with preferred rights, unless at the time of payment a preferential dividend is in arrears. If the Board acts in good faith, it does not incur any liability to the holders of shares conferring preferred rights for a loss they may suffer by the lawful payment of an interim dividend on shares ranking after those with preferred rights.

Except as otherwise provided by the rights attached to shares, a dividend shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is declared and paid, but no amount paid up on a share in advance of a call may be treated for these purposes as paid up on the share. Dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

No dividend or other amount payable by the Company in respect of a share bears interest as against the Company unless otherwise provided by the rights attached to the share.

The Board may withhold payment from a person of all or any part of any dividend if those shares represent at least 0.25 per cent. in nominal value of the issued shares of their class and if, in respect of those shares, such person has been served with a restriction notice after failure (whether by such person or by another) to provide the Company with information concerning interests in those shares required to be provided under the Companies Act.

The Board may, if authorised by an ordinary resolution of the Company, offer any holder of shares the right to elect to receive shares by way of scrip dividend instead of cash in respect of the whole (or some part, to be determined by the Board) of any dividend.

Any dividend that has remained unclaimed for 12 years from the date when it became due for payment shall, if the Board so resolves, be forfeited and cease to remain owing by the Company.

5.5 *General Meetings*

The Company shall hold annual general meetings, which shall be convened by the Board, in accordance with the Companies Act. The Board may convene a general meeting whenever it thinks fit. The Board must convene a general meeting on receipt of a requisition from members in accordance with the Companies Act.

5.6 *Voting rights*

Subject to special terms as to voting on which shares have been issued, at a general meeting every member present in person has on a show of hands one vote and every member present in person or by proxy has on a poll one vote for every Ordinary Share of which he is the holder.

No member shall be entitled to vote at any general meeting unless all monies presently payable by him in respect of shares in the Company have been paid.

5.7 *Transfer of the shares*

The instrument of transfer of a certified share may be in any usual form or in any other form which the Board may approve and shall be signed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee. An instrument of transfer need not be under seal.

The Board may, in its absolute discretion and without giving any reason, refuse to register the transfer of a share that is not fully paid provided that such refusal does not prevent dealings in the shares from taking place on an open and proper basis. The Board may refuse to register the transfer of a certified share unless the instrument of transfer:

- is in respect of a share which is fully paid;
- is in respect of only one class of shares;
- is in favour of not more than four transferees;
- is duly stamped (if required); and
- is delivered for registration to the registered office or such other place as the Board may decide accompanied by the certificate for the share to which it relates and such other evidence as the Board may reasonably require to prove the title of the transferor.

If the Board refuses to register the transfer it shall send to the transferee notice of the refusal within two months after the date on which the instrument of transfer was lodged with the Company.

No fee may be charged by the Company for registering the transfer or other document relating to or affecting the title to a share.

5.8 *Distribution of assets on a winding-up*

On a voluntary winding up of the Company a liquidator may, on obtaining any sanction required by law, divide among the members in kind the whole or any part of the assets of the Company, whether or not the assets consist of property of one kind or of different kinds. For this purpose the liquidator may set the value he deems fair on a class or classes of property, and may determine on the basis of that valuation and in accordance with the then existing rights of member show the division is to be carried out between members of or classes of members. The liquidator may not, however, distribute to a member without his consent an asset to which there is attached a liability or potential liability for the owner.

5.9 *Restrictions on rights*

Where notice is served by the Company on a member or another person appearing to be interested in shares held by that member and the member or other person has failed in relation to any shares to give the Company the information required under the Companies Act within the prescribed period after the service of the notice or has made a statement which is false or inaccurate in a material particular the Board may in its discretion by notice to such member direct that the member is not entitled in respect of the shares in default to be present or to vote (either in person or in proxy) at a general meeting or at a separate meeting of the holders of a class of shares or on a poll.

5.10 *Variation of rights*

Subject to the Companies Act and the terms of any particular allotment of shares, the rights attached to a class of shares may be varied whether or not the Company is being wound up (a) with the consent in writing of the holders of at least three-fourths of the nominal amount of the issued shares of that class or (b) with the sanction of a special resolution passed at a separate meeting of the holders of the issued shares of that class validly held in accordance with the Articles, but not otherwise.

5.11 *Directors of the Company*

Appointment of Directors

Unless and until otherwise decided by the Company by ordinary resolution, the number of Directors is not subject to a maximum but must not be less than two. Directors may be appointed by ordinary resolution of shareholders or by the Board. A Director appointed by the Board holds office only until the next following annual general meeting and if not re-appointed at such annual general meeting shall vacate office at its conclusion.

No share qualification

A Director need not be a member.

Retirement of Directors by rotation

At every annual general meeting one-third of the Directors who are subject to retirement by rotation or, if their number is not three or a multiple of three, the number nearest to one-third shall retire from office. The Directors to retire by rotation shall be those who have been longest in office since their last appointment or re-appointment or in the case of those who were appointed or re-appointed on the same day, will be (unless they otherwise agree) determined by lot. A retiring Director shall be eligible for re-election.

Remuneration of Directors

The ordinary remuneration of the Directors who do not hold executive office for their services shall not exceed in aggregate £500,000 per annum or such higher amount as the Company may from time to time by ordinary resolution determine. Subject thereto, each director shall be paid a fee for their services at the rate determined from time to time by the board.

A Director is entitled to be repaid all travelling, hotel and other expenses properly incurred by him in the performance of his duties as director, including expenses incurred in attending meetings of the

Board or of committees of the Board or general meetings or separate meetings of the holders of a class of shares or debentures.

The Board may provide benefits (through the payment of pensions, by insurance or otherwise) for any past or present director or employee and for family members and dependants.

A Director or former Director is entitled to receive and retain for his own benefit a pension or other benefit and is not obliged to account for it to the Company.

Permitted interests of Directors

Subject to the provisions of the Companies Act, and provided that he has disclosed to the Board the nature and extent of his interest (unless the circumstances referred to in section 177(5) or section 177(6) of the Companies Act apply, in which case no such disclosure is required), a Director notwithstanding his office:

- may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise (directly or indirectly) interested;
- may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor), and he or his firm shall be entitled to remuneration for professional services as if he were not a Director;
- may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise (directly or indirectly) interested; and
- shall not, by reason of his office, be accountable to the Company for any remuneration or other benefit which he derives from any office or employment or from any transaction or arrangement or from any interest in any body corporate.

Restrictions on voting

A Director may not vote on, or be counted in the quorum in relation to, a resolution of the Board or of a committee of the Board concerning a contract, arrangement, transaction or proposal to which the Company is or is to be a party and in which he is, to his knowledge, materially interested directly or indirectly (otherwise than by virtue of his interest in shares or debentures or other securities of or otherwise in or through the Company), which can reasonably be regarded as likely to give rise to a conflict with the interests of the Company, unless his interest arises only because the resolution concerns any of the following matters:

- the giving to him of a guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person at the request of, or for the benefit of, the Company or any of its subsidiary undertakings;
- the giving to a third party of a guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;
- a contract, arrangement, transaction or proposal concerning an offer of shares, debentures or other securities of the Company or any of its subsidiary undertakings for subscription or purchase, in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
- a contract, arrangement, transaction or proposal to which the Company is or is to be a party concerning another company (including a subsidiary of the Company) in which he or any person connected with him is interested (directly or indirectly) and whether as an officer or shareholder, creditor or otherwise, if he and any persons connected with him do not to his

knowledge hold an interest (as that term is used in the relevant sections of the Companies Act) representing 1 per cent. or more of either any class of the equity share capital of such body corporate (or any other body corporate through which his interest is derived) or of the voting rights available to members of the relevant body corporate (any such interest being deemed for the purpose of this Article to be a material interest in all circumstances);

- a contract, arrangement, transaction or proposal for the benefit of employees of the Company (or of any of its subsidiary undertakings) that does not award him any privilege or benefit not generally accorded to the employees to whom the arrangement relates; and
- a contract, arrangement, transaction or proposal concerning any insurance which the Company is empowered to purchase or maintain for, or for the benefit of, any Directors or for persons who include Directors.

The Company may by ordinary resolution suspend or relax any provision of the Articles prohibiting a director from voting at a meeting of the Board.

In accordance with the Companies Act, the Board may authorise any matter which would, if not so authorised involve a breach of duty by a director including a matter relating to a situation in which a director has an interest which conflicts, or possibly may conflict, with the interests of the Company. Such authorisation will only be effective if the director in question does not form part of the quorum for the relevant meeting and the matter is agreed to without their voting.

Borrowing powers

The Board may exercise all the powers of the Company to borrow money, to guarantee, to indemnify, to mortgage or charge its undertaking, property, assets (present and future) and uncalled capital, and to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. The Board shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries (if any) so as to secure that, save with the previous sanction of an ordinary resolution of the Company, no money shall be borrowed if the principal amount outstanding of all moneys borrowed (as defined in the Articles) by the Company and its subsidiaries (if any), excluding amounts borrowed from the Company or any of its wholly owned subsidiaries, then exceeds, or would as a result of such borrowing or negligence, default, breach of duty or breach of trust in relation to the affairs of the Company exceed, an amount equal to three times the adjusted total of capital and reserves (as defined in the Articles).

Indemnity of officers

Subject to the Companies Act but without prejudice to any indemnity to which a Director may otherwise be entitled, every director or officer (other than an auditor) of the Company shall be indemnified out of the assets of the Company against any liability incurred by him for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company.

5.12 Other Provisions

Lien and forfeiture

The Company has a first and paramount lien on every share (other than a fully-paid share) registered in the name of a member (whether solely or jointly with another person) for an amount payable in respect of the shares, whether the due date for payment has arrived or not. For the purpose of enforcing the lien, the Board may sell shares subject to the lien in such manner as it may decide if the due date for payment of the relevant amounts has arrived and payment is not made within 14 clear days after the service of a notice in writing (stating, and demanding payment of, the amounts and giving notice of the intention to sell in default of payment) on the member concerned (or to a person entitled by transmission to the shares).

Subject to the terms of any allotment of shares, the Board may make calls on members in respect of amounts unpaid on their shares. Each member shall (on receiving at least 14 clear days' notice) pay to the Company the amount called as required by the notice. If a member fails to pay the whole of a call or an instalment of a call on or before the date fixed for payment interest shall be payable thereon at the rate fixed by the terms of the allotment or in the notice of the call or at the rate determined by the Board not exceeding 20 per cent. per annum.

Mandatory takeover bids, squeeze-out and sell-out rules

Other than as provided by the City Code and the Companies Act there are no rules or provisions relating to mandatory bids and/or squeeze-out and/or sell-out rules in relation to the Shares.

6. Directors and Corporate Governance

6.1 Summary of Remuneration and Benefits for Directors

The aggregate emoluments of the directors for the year ended 31 December 2014 are set out below:

	<i>Salary/ Fees</i>	<i>Allowances¹</i>	<i>Annual bonus</i>	<i>Benefits in kind²</i>	<i>Pension</i>	<i>Total 2014</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Chairman						
Jonson Cox	250	16	–	4	75	345
Executive Directors						
Jeremy Hague	118	10	40	4	24	196
Non-Executive Directors						
Peter Hickson	65	–	–	–	–	65
Lisa Clement	46	–	–	–	–	46
Steven Underwood ³	40	–	–	–	–	40

1. Jeremy Hague and Jonson Cox receive car allowances of £10,000 and £16,000 per annum respectively, which is included in Allowances above.
2. Benefits in kind comprise car fuel benefits, life assurance and health insurance.
3. Fees payable for the services provided by Steven Underwood are paid to Peel Management Limited.

Harworth Estates LTIP

As a shareholder, the Company has been actively engaged in the specification and approval of a bespoke LTIP plan for the Chief Executive Officer and senior management of the Harworth Estates Group ("Harworth LTIP"). The plan was designed by remuneration consultants Kepler. As HEPGL is unlisted, the Harworth LTIP is based on total absolute shareholder return over five years, starting from January 2013, immediately following the separation of HEPGL into a standalone company. Awards were finalised early in 2014 following the preparation and approval of a five year plan in 2013, and were set at a level corresponding to the appropriate level compared to public listed benchmarks.

The composite metrics for performance are the growth in net asset value, dividends paid and the reduction in net debt level. Overall, the 'target' level of vesting will be met by an average absolute shareholder return of approximately 11.5 per cent. per annum and the 'stretch' level by a 16 per cent. per annum average return. There are provisions for a smaller entry level award from 10 per cent. shareholder return, and provisions for continuing awards above 16 per cent.. The Harworth LTIP was adopted by the remuneration committee of the Harworth Estates Group who believe that the Harworth LTIP is designed to focus the remuneration policy of the Harworth Estates Group towards rewarding the long term success of the Company.

The scheme has a minimum increase target of £140 million at which level a payment of £600 per unit would be payable. Below this level no bonus would be payable. The target increase in value is £169 million, at which level a payment of £2,600 per unit would be payable (calculated on a straight line basis between £169 million and £250 million). There is a stretch target of £250 million, above

which level a payment of £5,000 per unit plus 50 pence for each £100,000 of value created above £250 million would be payable.

Participants have the option of taking early redemption following approval of the 2015 and 2016 accounts at a discounted value based on performance. Otherwise, any payments under the Harworth LTIP of up to £5,000 per unit will be made within 60 days of the 2017 accounts being approved. Any payments under the Harworth LTIP above the level of £5,000 per unit will be paid as to 50 per cent. within 60 days of the 2018 accounts being approved and 50 per cent. within 60 days of the 2019 accounts being approved.

All awards are subject to appropriate approvals from HEPGL's lenders, and to certain approvals of the HEPGL Remuneration Committee.

Eligibility for payment is subject to continuous employment, unless a participant falls within the definition of a good leaver.

The HEPGL Remuneration Committee may amend the Harworth LTIP rules, the determination of value created under the Harworth LTIP, or may cancel the Harworth LTIP under exceptional circumstances. 'Exceptional circumstances' include a change of control of HEPGL and a re-financing of the Harworth Estates Group.

As the principal role of Coalfield Resources management is to drive value in HEPGL, and as Mr. Hague fulfilled the Finance Director role at HEPGL for part of the two year period ending 31 December 2014, the Board agreed that the provision of an LTIP opportunity to Mr. Hague would be met by membership of the Harworth LTIP. Mr. Hague was awarded 75 units in the scheme. At a target level of performance over the five years each unit would be worth £2,600, and at 'stretch', each unit would be worth £5,000.

Mr. Cox does not benefit under this scheme, nor do any of the non-executive Directors of the Company, or the non-executive directors of HEPGL.

Proposed changes to remuneration

New arrangements will apply following Completion in relation to Jonson Cox to reflect the reduction in his time commitment, as the role chairing HEPGL on behalf of both its shareholders will no longer be required. Please refer to paragraph 6.3 below for details.

6.2 Directors Pension Contributions

The Chairman and Finance Director are entitled to receive an annual pension contribution at the rate of 30 per cent. and 20 per cent. respectively of base salary. Pension contributions on behalf of Directors were as follows:

	<i>Pension Contributions 2014 £000</i>
Jonson Cox	75
Jeremy Hague	24
Total	99

No other Directors receive any pension contributions from the Company. The Group has not set aside or accrued any amounts to provide pension, retirement or similar benefits to any Director.

6.3 *Directors' Terms and Conditions*

6.3.1 *Finance Director and Chairman*

Details of the service agreements in place between the Company and its current Finance Director and its Chairman are set out below.

Details of the service agreements to be entered into with each of the Proposed Directors are summarised at paragraph 12.1.10 below.

	<i>Contract Date</i>	<i>Unexpired term (as at December 2014)</i>	<i>Notice period</i>
Chairman			
Jonson Cox	15.11.10	Rolling 1 year	1 year
Finance Director			
Jeremy Hague	02.01.13	N/A	6 months

Chairman

Jonson Cox is currently the Chairman of the Company. He joined the then UK Coal plc on a three days per week basis to lead the Former Group through the Restructuring. Jonson currently has a service agreement with the Company dated 15 November 2010 and further modified after the Restructuring at which time, from January 2013, his time commitment was reduced and his remuneration adjusted downwards accordingly.

Under his current service contract the notice period required to terminate Mr Cox's employment is 12 months' written notice by the Company or six months' written notice by Jonson Cox. If Mr Cox is unable to perform his duties by reason of ill health, accident, or other incapacity for a period or periods totalling 52 weeks in any period of 78 consecutive weeks the Company may terminate the contract with 26 weeks' notice in writing or by making payment in lieu of notice. Jonson Cox is entitled to a car allowance during the period of employment and to receive a pension allowance of 30 per cent. of salary. Jonson Cox is subject to non-compete and non-solicitation restrictions for six months following the termination of his employment.

Subject to Completion, it has been agreed with Mr Cox that he is to be appointed non-executive Chairman on revised terms. Subject to Completion Mr Cox would be appointed as non-executive Chairman on a contract with a rolling notice period from either the Company or Mr Cox of six months, such notice not to expire prior to 31 March 2016 and at an annual fee payable to Mr Cox of £160,000 per annum. It is expected that Mr Cox will dedicate approximately 60 days per annum to the affairs of the Enlarged Group. His current pension allowance, car allowance and life benefits will fall away. These revised terms will become effective on the first day of the month immediately following Completion. The Company will pay reasonable travel expenses in undertaking his role. Mr Cox will not seek any compensation for the amendment of the notice period under his existing contract. Subject to Completion Mr Cox will also be paid a one-off bonus of £100,000 in relation to the transaction.

Finance Director

Jeremy Hague is currently employed as Finance Director of the Company. His employment is currently governed by the terms of a service agreement with the Company dated 2 January 2013. The notice period required to terminate his employment is six months' written notice by the Company or six months' written notice by Jeremy Hague, and the Company, at their discretion, may enforce a period of garden leave during this period. If Jeremy Hague is unable to perform his duties by reason of ill health, accident, or other incapacity for a period or periods totalling 52 weeks in any period of 78 consecutive weeks the Company may terminate the service agreement with the minimum statutory notice in writing and by making payment in lieu

of notice. In addition to basic salary, he is also entitled to benefits, which include a discretionary bonus of up to 50 per cent. of salary. Jeremy Hague is also entitled to a car allowance of £10,000 per annum. Throughout the term of employment Jeremy Hague is entitled to participate in the Company pension scheme, participation in which entitles him to 20 per cent. of salary contributed into the scheme by the Company. During his employment, Jeremy Hague, his wife and any dependent children are entitled to subscribe to the Company's private medical insurance. The Company will also pay for the benefit of subscription to Jeremy Hague's permanent life assurance and as such he will be entitled to a life assurance benefit of four times annual salary. The Company will also pay for Jeremy Hague to become a member of the Company's permanent health insurance scheme. The Company will reimburse Jeremy Hague for all properly and reasonably incurred expenses during the term of employment. Jeremy Hague is subject to non-compete and non-solicitation restrictions for 6 months following the termination of his employment.

On 3 March 2015, Jeremy Hague entered into a settlement agreement with the Company and HEPGL. Refer to paragraph 12.1.11 below for further details.

Save as set out above in relation to Jonson Cox and the settlement agreement relating to Jeremy Hague referred to at 12.1.11 below, neither of the above contracts have been entered into or amended within 6 months of the date of this document.

On 9 July 2013 as part of the Mining Group July 2013 Restructuring, HEPGL agreed to indemnify the Company in respect of the costs related to the employment of Coalfield Resources' executive team (subject to certain agreed limits). Further details of this arrangement are contained in paragraph 12.1.3 of this Part 12. Such arrangements will terminate on completion of the Acquisition, when the HEPGL Shareholders' Agreement will terminate.

6.3.2 *Non-Executive Directors*

Lisa Clement, Peter Hickson and Steven Underwood have been appointed as Non-Executive Directors of the Company, with Lisa Clement acting as Chair of the Audit Committee and member of the Nomination and Remuneration Committees. Peter Hickson is a member of the Nomination Committee and the Remuneration Committee, and Steven Underwood is a member of the Audit Committee. Summaries of their letters of appointment are set out below, including the roles of the Non-Executive Directors.

<i>Non-Executive Directors</i>	<i>Contract Commencement Date</i>	<i>Unexpired term (as at 31 December 2014)</i>	<i>Notice period</i>
Lisa Clement	15.12.11	until the 2015 AGM ¹	3 months
Peter Hickson	01.07.11	until the 2015 AGM ¹	6 months
Steven Underwood	27.07.10	29 months	3 months

¹ Such contracts will be extended for a three year term upon re-election at the 2015 AGM.

- (a) Lisa Clement is contracted with the Company under a current non-executive director contract for services dated 15 December 2011. The appointment was initially for a twelve month period and then on a rolling annual basis, subject to reappointment at the Company's Annual General Meeting, unless terminated by either the Company or Lisa Clement on three months' written notice. In addition to her role as non-executive director, Lisa Clement also acts as Chair of the Company's Audit Committee. From the month following Completion it has been verbally agreed by the Chairman with Lisa Clement that her current non-executive director fee of £40,000 will be increased to £42,500 per annum and her current fee of £6,000 in respect of her work chairing the Audit Committee will increase to £7,500, both fees fixed for a period of three years. She will be expected to dedicate at least 20 days per annum to the Company's business. The

Company will reimburse Lisa Clement for all reasonable and properly incurred expenses incurred performing duties under her contract and provides directors' and officers' liability insurance during the term of the contract.

- (b) Peter Hickson is contracted with the Company under a non-executive director contract for services dated 1 July 2011. The terms of Peter's appointment reflected his role as non-executive director, as Senior Independent Director, as Chair of the Company's Remuneration Committee and the more intense duties during the Restructuring. He is paid a total fee of £65,000 per annum and is expected to dedicate at least 20 days per annum to the Company's business. The appointment was initially for a twelve month period and then on a rolling annual basis, subject to reappointment at the Company's Annual General Meeting, unless terminated by either the Company or Peter Hickson on six months' written notice. In addition to his role as non-executive director, Peter Hickson is also the Senior Independent Director and Chair of the Company's Remuneration Committee. The Company will reimburse Peter Hickson for all reasonable and properly incurred expenses incurred performing duties under his contract and provides directors' and officers' liability insurance during the term of the contract. Peter Hickson is subject to a confidentiality clause within the contract restricting him from disclosing confidential information to third parties either during his term of appointment or following termination.
- (c) Steven Underwood is contracted with the Company under a non-executive director contract for services dated 1 August 2014. The appointment was initially for a twelve month period and then on a rolling annual basis, subject to reappointment at the Company's Annual General Meeting, unless terminated by either the Company or Steven Underwood on three months' written notice. With effect from the month following Completion it has been verbally agreed by the Chairman that the fee payable to Peel Holdings in respect of the non-executive director position held by Steven Underwood will be increased from £40,000 per annum to £42,500 per annum, fixed for a three year period. He will be expected to dedicate at least 20 days per annum to the Company's business. The Company will reimburse Steven Underwood for all reasonable and properly incurred expenses incurred performing duties under his contract and provides directors' and officers' liability insurance during the term of the contract.

Save for the extension of Steven Underwood's term of appointment at the 2014 AGM, and the proposed amendments to take effect following Completion summarised above, none of the above contracts have been entered into or amended within 6 months of the date of this document.

Save as set out at paragraph 12.1.11 below in relation to Jeremy Hague, no proposal exists in connection with the Firm Placing and Placing and Open Offer that any payment or other benefit be made or given to any Coalfield Resources director as compensation for loss of office or as consideration for, or in connection with, his retirement from office.

6.4 *Directors' indemnity*

The Company has entered into qualifying third party indemnity arrangements for the benefit of all its Directors in a form and scope which comply with the requirements of the Companies Act.

6.5 *Confirmations and conflicts of interest*

6.5.1 *Confirmations*

None of the Directors:

- (a) have any convictions relating to fraudulent offences within the last five years;

- (b) have within the previous five years been a director or a member of the administrative, management or supervisory bodies or a member of senior management of any company at the time of any bankruptcy, receivership or liquidation; and
- (c) have within the previous five years received any official public incrimination and/or sanction by any statutory or regulatory authorities (including designated professional bodies) and have not been disqualified by a court from acting as a director or a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company.

6.5.2. *Conflicts of interest*

None of the Directors have any potential conflicts of interests between their duties to Coalfield Resources and their private interests or other duties to third parties. In practice, the Company manages such conflicts by ensuring that conflicts or potential conflicts are considered and declared at each board meeting, and it will be determined having regard to the facts whether any conflicted director can participate in the matters under discussion.

6.5.3 *Director appointment arrangements*

Save for the arrangements disclosed below in relation to the Peel Representative (as defined in the Peel Relationship Agreement described in further detail below) and the appointment of the PPF Director pursuant to the PPF Relationship Agreement, none of the directors were appointed either as a member of the administrative, management or supervisory bodies of the Company, or as a member of senior management of the Company, pursuant to an arrangement or understanding with major shareholders, customers, suppliers or others.

In connection with the Rights Issue, the Company entered into the Peel Relationship Agreement to ensure that following admission of the shares issued as part of the Rights Issue, the Company is capable of carrying on its business independently of the Peel Group. The Peel Relationship Agreement became effective upon admission of the shares issued as part of the Rights Issue.

As further described at paragraph 12.1.7 below, on 3 March 2015 the Company entered into the PPF Relationship Agreement which becomes effective upon Admission. The PPF Relationship Agreement includes certain rights to propose the nomination of a director to the Board, as more particularly described paragraph 18 of Part 1 of this document.

6.6 ***Corporate Governance***

Committees

The Group's governance structure ensures that all decisions are made by the most appropriate people, in such a way that the decision making process itself does not unnecessarily delay progress. The Board delegated specific responsibilities to the Nomination, Remuneration and Audit Committees, as described below. Each committee has terms of reference that the whole Board has approved. Following the Restructuring the terms of reference were reviewed in line with the revised circumstances of the Group. The current terms of reference for the Nomination, Remuneration and Audit Committees can be found on the Company's website and are summarised below. Board and committee papers are circulated in advance of each meeting so that all directors are fully briefed. Papers are supplemented by reports and presentations to ensure that Board members are supplied in a timely manner with the information they need. The Company complies with the Corporate Governance Code, save as disclosed in the Corporate Governance Report forming part of the Group's Annual Report and Accounts 2014.

Constitution of the Board committees will be reviewed following Completion, in line with the appointment of new non-executive directors to the Group as described in paragraph 11 of Part 1 of this document.

Nomination Committee

The Nomination Committee leads the process for Board appointments by making recommendations to the Board about filling Board vacancies and appointing additional persons to the Board. The Committee also considers and makes recommendations to the Board on its composition, balance and membership and on the re-appointment by shareholders of any director under the retirement by rotation provisions in the Company's Articles of Association.

The Committee's members are the independent non-executive directors (currently Peter Hickson and Lisa Clement) and the Chairman. Although the Chairman is also Chairman of the Committee, he will not chair the Committee when it deals with the appointment of a successor to the chairmanship. The Nomination Committee evaluates the balance of skills, knowledge and experience on the Board and, in the light of this evaluation, prepares a description of the roles and capabilities required for a particular appointment.

The Nomination Committee considers succession planning for appointments to the Board and to senior management positions so as to maintain an appropriate balance of skills and experience both on the Board and in the Company.

Remuneration Committee

The members of the Remuneration Committee are Peter Hickson (Chairman) and Lisa Clement. The terms of reference of the Remuneration Committee provide for it to determine and agree with the Board a policy for the remuneration of Coalfield Resources' executive Directors and key managers. The remuneration of non-executive Directors is a matter for the Chairman and the executive Directors. No Director or manager may be involved in any decisions as to his own remuneration.

Audit Committee and Auditors

Lisa Clement chairs the Audit Committee. Steven Underwood, a non-independent director, is a member of the Audit Committee. Other individuals such as the Chairman of the Board, the Finance Director and other directors may be invited to attend Committee Meetings as and when appropriate and necessary. The terms of reference of the Audit Committee include consideration of matters relating to the appointment of Coalfield Resources' auditors and the independence of the auditors, reviewing the integrity of Coalfield Resources' annual and interim reports, preliminary results announcements and any other formal announcements relating to its financial performance. The Committee also reviews the effectiveness of Coalfield Resources' system of internal control and compliance procedures.

7. Employees

The table below sets out the average number of people employed by the Group during each relevant period for each of the last three financial years up to the date of issue of this document, together with a breakdown of persons employed by main category of activity.

	<i>Activity</i>	<i>Average number of employees</i>
Financial year ended 29 December 2012	Deep Mining	1,946
	Surface Mining	455
	Property	34
	Other	32
Financial year ended 28 December 2013	Other	4
Financial year ended 31 December 2014	Other	3

Subject to Completion taking place, the average number of employees in the Enlarged Group in 2015 is expected to be approximately 40 across the business (excluding non-executive directors).

8. Employee Benefit Trust

On 8 December 2000 the Company established the RJB Mining Employee Share Trust for the purposes of benefiting employees and former employees of the Company and its subsidiaries.

The settlement is a discretionary trust.

Pursuant to the trust deed the Company has the power to appoint and remove the trustee. The current trustee of the trust is Computershare Trustees (Jersey) Limited, an offshore corporate trustee.

The trustee may either purchase existing Ordinary Shares in the market or subscribe for new Ordinary Shares.

The maximum number of Ordinary Shares which may be held by the trustee at any time may not exceed 5 per cent. of the Company's issued share capital at that time.

The trustee has entered into a share supply agreement with the Company pursuant to which it has agreed to satisfy awards granted by the Company pursuant to the LTIP using Ordinary Shares it holds in the trust provided that the Company has notified the trustee prior to the grant of the awards and the trustee holds sufficient unencumbered Ordinary Shares in the trust funds to satisfy the awards in full.

The Company historically had a number of LTIP schemes with potential to award shares in the Company to Directors and senior managers. All awards under these schemes have now been granted and made or lapsed. No awards were granted in the year ending 31 December 2014.

9. Pensions

Defined Benefit Obligations

Prior to the Restructuring, the Group had three pension schemes providing benefits based on final pensionable pay. Under the Protected Persons Regulations established on privatisation the Company was, as a wholly owning parent company, a statutory guarantor of UKCML's liabilities to the scheme. The majority of the employees within the defined benefit schemes were members of one or other of the two industry wide schemes being either the Industry Wide Coal Staff Superannuation Scheme or the Industry Wide Mineworkers' Pension Scheme, both of which commenced on privatisation following the Coal Industry Act 1994. Separately the Group and Company have defined benefit obligations in respect of the Blenkinsopp section of the Industry-Wide Mineworkers' Pension Scheme ("**the Blenkinsopp Scheme**").

Under the terms of the Restructuring, all of the assets and liabilities of the pension schemes (with the exception of the Blenkinsopp Scheme) were transferred to the UKCOL section of each of the Industry-Wide Coal Staff Superannuation Scheme and the Industry-Wide Mineworkers' Pension Scheme. The only principal employer in respect of these two sections was UKCOL, a subsidiary of Mine Holdings which was not, and never had been, a subsidiary of the Company. Consequently the Company has no liability in respect of the liability of UKCOL section. As all of the liabilities of UKCML have been transferred, whilst the Company continues to guarantee the UKCML section, such liabilities are now of nil value.

Prior to the Restructuring the UKCML operated a concessionary fuel arrangement in the United Kingdom. Provision for concessionary fuel was made to cover the future retirement costs for those employees who were benefiting as part of their regular terms of employment, or former employees who were benefiting in retirement. Upon the Restructuring all obligations in respect of concessionary fuel benefits for employees who transferred pursuant to the Transfer of Undertaking (Protection of Employment) Regulations 2006 were transferred to UKCOL (now in creditors voluntary liquidation) and are therefore no longer liabilities of the Group.

Pursuant to the Restructuring, the assets and liabilities of the Blenkinsopp Scheme remained with the Company, and the Company received an indemnity from UKCOL, referred to as the Blenkinsopp Indemnity (summarised below at paragraph 12.1.5). As part of the Mining Group July 2013 Restructuring, this indemnity was novated to UKCPL which assumed responsibility for payments under the Blenkinsopp Indemnity, with such performance guaranteed by HEMPL (a company in the Harworth Estates Group and

the landlord of UKCPL) and secured by charges over certain deep mines land (as more particularly described at paragraph 12.1.5 below).

Pursuant to a Deed of Novation and Amendment dated 25 September 2014 entered into between (1) the Company (2) UKCPL and (3) HEMPL the rights and obligations of UKCPL pursuant to the Blenkinsopp Indemnity were novated from UKCPL to HEMPL with effect from the date on which the Mining Sub Group (of which UKCPL is a member) ceases to mine coal at both of the Kellingley and Thoresby mines. In addition the Deed of Novation and Amendment dated 25 September 2014 amended the terms of the Blenkinsopp Indemnity, which was previously uncapped in amount, by the inclusion of a financial cap amounting to £3,100,000 in respect of the Blenkinsopp Indemnity. If any amounts are paid by HEMPL to Coalfield Resources prior to the date on which the Mining Sub Group (of which UKCPL is a member) ceases to mine coal at both of the Kellingley and Thoresby mines then the financial cap amounting to £3,100,000 is to be reduced accordingly to reflect such payments. No other terms of the Blenkinsopp Indemnity were amended by the Deed of Novation and Amendment dated 25 September 2014.

Defined Contribution Pension Schemes

Following the completion of the Restructuring and, with the exception of Jeremy Hague and Laura Heath, the Group no longer has any employees who are members of a defined contribution pension scheme.

10. Significant Shareholders

Other than as set out below, so far as is known to the Company, at the Latest Practicable Date, there is no person other than a member of its administrative, management or supervisory bodies who, directly or indirectly has an interest in the Company's capital or voting rights which is notifiable in the United Kingdom.

At the Latest Practicable Date, so far as is known to the Company, the following Shareholders were, directly or indirectly, interested in 3 per cent. or more of the issued ordinary share capital of the Company:

	<i>Number of Ordinary Shares</i>	<i>% issued capital</i>
Goodweather Holdings	196,468,940	32.45
Invesco Perpetual	66,596,382	11.00
Pelham Capital Management	51,753,120	8.55

There are no different voting rights applicable to any major shareholder of the Company.

Coalfield Resources is not aware at the Latest Practicable Date of (1) any persons, who, directly or indirectly, jointly or severally, exercise or could exercise, control over Coalfield Resources, or (2) of any arrangements or measures, the operation of which may, at a subsequent time, result in a change of control of Coalfield Resources.

Save for the director appointment arrangements with Peel and the PPF described at paragraph 6.5.3 above (in the case of Peel) and the Peel Relationship Agreement referred to at paragraph 12.1.6 below and the PPF Relationship Agreement referred to at paragraph 12.1.7 below, there are no agreements or measures in place between any shareholder of the Company or any member of such shareholder's group and the Company.

11. Significant Change in the Financial or Trading Position of the Company and Harworth Estates

There has been no significant change in the trading or financial position of the Group since 31 December 2014, the date to which the Annual Report and Financial Statements have been drawn up.

There has been no significant change in the trading or financial position of the Harworth Estates Group since 31 December 2014, the date to which Part 7 of this document (Financial Information Relating to the Harworth Estates Group) has been drawn up.

12. Material Contracts

The following are all the contracts (other than contracts entered into in the ordinary course of business) that have been entered into by members of the Group or any member of the Harworth Estates Group in the two years immediately preceding the date of this document and/or contain provisions under which any member of the Group or any member of the Harworth Estates Group has any obligation or entitlement which is material to the Group or any member of the Harworth Estates Group (as applicable) as at the date of this document.

12.1 The Group

12.1.1 Underwriting Agreement

The Company entered into the Underwriting Agreement with Investec on 3 March 2015 pursuant to which Investec has undertaken to underwrite, subject to certain conditions detailed below, the Firm Placing and Placing and Open Offer.

Investec's obligation to underwrite the Firm Placing and Placing and Open Offer remains subject to certain conditions precedent including *inter alia*: (i) the passing of the Transaction Resolutions at the General Meeting (without any amendment not previously approved in writing by Investec), (ii) the Acquisition Agreement remaining in full force and effect not having been terminated, rescinded or lapsed before Admission, (iii) the Acquisition Agreement having become unconditional in all respects subject only to Admission and to any conditions relating to the Underwriting Agreement that will be satisfied by Admission and (iv) Admission occurring not later than 8.00 a.m. on 24 March 2015.

The Underwriting Agreement may be terminated by Investec if, *inter alia*, at any time prior to Admission, (i) the Company is in breach of any warranty in the Underwriting Agreement, (ii) the Company is in breach of any of its obligations under the Underwriting Agreement, (iii) there is a material breach of the Acquisition Agreement by a party to it, (iv) a matter or circumstance has arisen which is likely to give rise to a claim under an indemnity in the Underwriting Agreement given in favour of Investec by the Company, (v) a statement in the Capital Raising Documents (as such term is defined in the Underwriting Agreement) has become, or an omission in the Capital Raising Documents results in them being untrue, inaccurate or misleading in any respect, (vi) a supplementary prospectus has been or is due to be published by the Company, (vii) any lender requires or the Directors become aware that any lender is reasonably likely to require early repayment of the existing bank facilities of the Company or HEPGL or (viii) a material adverse change in, *inter alia*, the business or prospects of the Company, the Group, HEPGL or the Harworth Estates Group which is material in the context of the Acquisition and/or the Group and/or the Enlarged Group as a whole, which in each case in Investec's opinion is likely to prejudice the success of the Firm Placing, the Placing and the Open Offer occurs after the entry into the Underwriting Agreement.

The Underwriting Agreement provides for Investec to be paid by the Company a corporate finance fee of £250,000 and a commission of between 0.5 per cent. and 3 per cent. depending on the identity of the Placees and when the New Ordinary Shares are placed.

Under the Underwriting Agreement the Company has given customary warranties, undertakings and indemnities to Investec.

12.1.2 Irrevocable Undertakings

Goodweather Holdings, Invesco and Pelham have each entered into irrevocable undertakings with the Company dated on or around 3 March 2015, pursuant to which such Shareholders have agreed not to take up their Open Offer Entitlements (as such Shareholders will invest in the Firm Placing). Such irrevocable undertakings include commitments to procure a vote in favour of the Resolutions.

Further, each of Jonson Cox, Steven Underwood and Jeremy Hague have also agreed, *inter alia*, to (i) to take up their full entitlements (under the Open Offer) and (ii) to vote in favour of the Resolutions to the extent that they are permitted by law to do so.

Finally, Owen Michaelson (being the only Proposed Director who holds Ordinary Shares) has also agreed to (i) take up his full entitlement under the Open Offer and (ii) vote in favour of the Resolutions to the extent he is permitted by law to do so.

12.1.3 *HEPGL Shareholders' Agreement*

On 9 December 2012, the Company entered into a shareholders' agreement with the Pension Trustees and HEPGL to govern their respective rights and interests in HEPGL following the Restructuring ("the HEPGL Shareholders' Agreement"). The HEPGL Shareholders' Agreement was varied pursuant to a deed of variation dated 31 May 2013 and was further varied by a subsequent deed of variation entered into on 9 July 2013 as part of the Mining Group July 2013 Restructuring ("the Subsequent Variation").

Under the HEPGL Shareholders' Agreement, the Pension Trustees subscribed for shares representing in aggregate approximately 75.1 per cent of the enlarged share capital of HEPGL. On 8 August 2014, the Pension Trustees holding of shares in HEPGL was transferred to the PPF, and accordingly the PPF stepped into the shoes of the Pension Trustees under this agreement.

In addition to other customary terms, the HEPGL Shareholders' Agreement provides for the following:

- (a) The Harworth Estates Group will be managed with a view to, first, reducing the Harworth Estates Group's financial indebtedness in accordance with its banking arrangements and, second, maximising the latent value of the Harworth Estates Group's assets in order to realise such value over the long-term and distribute all profits available for distribution to the HEPGL Shareholders.
- (b) The board of directors of HEPGL comprises six directors being Jonson Cox and Steven Underwood ("the UKC Directors"), Owen Michaelson ("the Management Director"), Michael Richardson (the Finance Director) and Anthony Donnelly (and being together the "HEPGL Non-Trustee Directors" and being jointly appointed by the Company and the PPF), and one trustee director, Martyn Bowes, (solely appointed by the PPF) ("the HEPGL Trustee Director"). The PPF are entitled to remove any HEPGL Non-Trustee Director from office at any time if they become concerned about his performance. The Company and the PPF may at any time jointly appoint or remove any HEPGL Non-Trustee Director. The identity of the replacement HEPGL-Non Trustee Director must be agreed between the Company and the PPF or, in the absence of such agreement, selected by the Company from a list of candidates proposed by the PPF. Jonson Cox was appointed the first chairman of HEPGL.
- (c) Decisions cannot be taken in relation to a limited number of "shareholder reserved matters" unless approved by both the Company and the PPF. Such matters include, amongst other things, issuing further securities, certain related party transactions and changing the relationship between the Mining Group and the Harworth Estates Group (including, for example, where such change might put the ring-fencing structure designed by the Restructuring at risk). Such matters exclude any steps or actions in connection with the granting or enforcement of security to or by any bank to which the Company has charged its shareholding in HEPGL ("a Secured Party"). The HEPGL Trustee Director's consent is also required in respect of certain "board reserved matters" (e.g. material contracts, approving the business plan and budget, material acquisitions and disposals, payment of dividends and borrowings).

- (d) If either the Company or the PPF wish to transfer any of their shares in HEPGL to a third party purchaser, save in respect of any transfer of shares by the Company to a Secured Party, they must first grant the other a right of first offer before selling such shares to a third party purchaser. If the PPF subsequently seek to transfer a “controlling stake” in HEPGL to a third party purchaser, the Company (or any future holder of its shares) is granted a right to “match” the highest price submitted by a third party purchaser.
- (e) If the Company does not purchase shares representing a “controlling stake” in HEPGL pursuant to its right of first offer or “matching right” (and the PPF subsequently sell such “controlling stake” to a third party purchaser on *bona fide* arm’s length terms), the PPF have the right to require the Company to sell its entire shareholding in HEPGL to such third party purchaser on the same terms. In addition, the Company has the benefit of customary tag-along rights in the event that the PPF sell any of their shares to a third party purchaser.
- (f) All dividends payable on the Company’s shares in HEPGL will be paid to the PPF (rather than the Company) until the Company has, in aggregate, foregone the first £5 million of dividends pursuant to such payment instruction.
- (g) Pursuant to the Subsequent Variation, the HEPGL Shareholders Agreement now provides that:
 - HEPGL shall indemnify Coalfield Resources up to £500,000 for the period to 20 June 2014 and up to £250,000 for the period from 1 July 2014 to 31 December 2014 in respect of reasonable administrative costs and expenses (including the cost of maintaining the listing of its Ordinary Shares) that relate to its investment in the Harworth Estates Group;
 - HEPGL shall indemnify Coalfield Resources up to £500,000 for the period to 31 December 2013, up to £1,000,000 for the period from 1 January 2014 to 31 December 2014 and up to £650,000 per calendar year for any period from 1 January 2015 for costs arising under the contracts of employment of Coalfield Resources’ executive team;
 - from 1 January 2015 until 31 December 2016 Coalfield Resources shall be entitled to request a loan or loans from HEPGL in a sum not exceeding £500,000 per calendar year for the purpose of meeting Coalfield Resources’ administrative costs and expenses (subject to certain agreed conditions and terms, including the grant of a first ranking fixed charge over Coalfield Resources’ shares in HEPGL);
 - where HEPGL advances any loan(s) to Coalfield Resources, Coalfield Resources shall direct HEPGL to remit all dividends payable on its shares in HEPGL to the PPF, until the aggregate amount received by the PPF pursuant to such payment instruction equals the sums advanced by HEPGL to Coalfield Resources by way of loan(s);
 - if HEPGL acquires the business or shares of Coalfield Resources or Coalfield Resources acquires the business of HEPGL then Coalfield Resources shall pay to HEPGL an amount equal to one half of the monies paid by HEPGL to Coalfield Resources pursuant to the above mentioned indemnities.

Customary warranties (subject to certain limitations) were provided originally to the Pension Trustees by the Company and HEPGL.

The HEPGL Shareholders Agreement will terminate in accordance with its terms upon Completion. The Company, the Pension Trustees, and HEPGL will enter into the HEPGL

Deed of Termination which provides for the termination of the HEPGL Shareholders' Agreement upon Completion.

12.1.4 *Put and Call Option relating to Harworth Insurance Company Limited*

As part of the Restructuring, on 7 December 2012, the Company entered into a put and call option agreement ("the Put and Call Option") with Mine Holdings in relation to the shares in Harworth Insurance Company Limited ("HICL"). The Company owns the entire issued share capital of HICL, which formerly provided employer's liability insurance cover for the Mining Group.

Under the terms of the Put and Call Option, Mine Holdings granted to the Company the option to require Mine Holdings to purchase the entire issued share capital of HICL and also granted to Mine Holdings the option to require the Company to sell the entire issued share capital of HICL. There had been advanced discussions about amending the Put and Call Option in spring/summer 2013 but these changes were not formally documented. Notwithstanding Mine Holdings entering administration on 9 July 2013, Mine Holdings asserts that it retains the benefit of the Put and Call Option as originally granted.

The consideration for the grant of the option was the sum of £4,650,000 payable to the Company, initially to be left outstanding as an inter-company loan balance, which was subsequently settled within the wider Restructuring.

The Put and Call Option specifies that certain conditions must be satisfied before the option can be exercised, being either the obtaining of any required regulatory consent (having regard to the insurance business formerly carried on by HICL) or the need for regulatory approval pursuant to Part XII of FSMA no longer being required and the PRA having confirmed in writing that this is the case. HICL's insurance business book has been reinsured and HICL no longer carries on a regulated business. HICL has made an application to the PRA to be deregulated, and the Directors have received confirmation of the deregulation of HICL effective from 29 December 2014.

With the sale of the insurance business and assets now completed, it is highly probable that the Put and Call Option will be exercised during 2015. The Put and Call Option remains held by the administrators of Ocanti No. 1 Limited (formerly Mine Holdings) ("Ocanti"). The Company is in discussion with the administrators of Ocanti regarding any appropriate further consideration due to the Group from this sale following the events of the Mining Group July 2013 Restructuring.

12.1.5 *Blenkinsopp Deed of Indemnity and Guarantee from HEMPL*

On 10 December 2012, as part of the Restructuring, the Company received the benefit of an indemnity from UKCOL in respect of any losses and liabilities the Company may incur in connection with the Blenkinsopp Scheme (as more particularly described at paragraph 9 of this Part 12). Pursuant to the Mining Group July 2013 Restructuring, this indemnity was novated to UKCPL on 9 July 2013 pursuant to a deed of novation and amendment between, *inter alia*, the Company, UKCOL and UKCPL (the "Blenkinsopp Novation") and a new guarantee was entered into with HEMPL to support and guarantee the obligations under the indemnity from UKCPL. HEMPL is a member of the Harworth Estates Group and is the landlord of UKCPL in respect of its deep mines. HEMPL's liability under such guarantee is capped at £3.1 million (plus interest and certain expenses). The amounts owing under the guarantee (up to the cap on HEMPL's liability thereunder) are secured by charges over certain operating deep mines land. There is no time limit for claiming under the indemnity or the HEMPL guarantee.

In consideration of UKCPL entering into the Blenkinsopp Novation, the Company gave a comfort letter to UKCPL pursuant to which it agreed to act in good faith in any future negotiations with the Industry Wide Coal Mineworkers' Pension Scheme Trustees Limited in

relation to the level of contributions payable in respect of the Blenkinsopp Scheme on the assumption that the Company was solely responsible for payment without the benefit of an indemnity or guarantee.

Further, pursuant to the Blenkinsopp Novation, the Company agreed not to take any steps which would trigger the winding up of the Blenkinsopp Scheme without the written consent of UKCPL.

Pursuant to a Deed of Novation and Amendment dated 25 September 2014 entered into between (1) the Company (2) UKCPL and (3) HEMPL the rights and obligations of UKCPL pursuant to the Blenkinsopp Indemnity were novated from UKCPL to HEMPL with effect from the date on which the Mining Sub-Group (of which UKCPL is a member) ceases to mine coal at both of the Kellingley and Thoresby mines. In addition the Deed of Novation and Amendment dated 25 September 2014 amended the terms of the Blenkinsopp Indemnity, which was previously uncapped in amount, by the inclusion of a financial cap amounting to £3,100,000 in respect of the Blenkinsopp Indemnity. If any amounts are paid by HEMPL to Coalfield Resources prior to the date on which the Mining Sub-Group (of which UKCPL is a member) ceases to mine coal at both of the Kellingley and Thoresby mines then the financial cap amounting to £3,100,000 is to be reduced accordingly to reflect such payments. No other terms of the Blenkinsopp Indemnity were amended by the Deed of Novation and Amendment dated 25 September 2014.

12.1.6 *Peel Relationship Agreement*

Refer to the summary of the Peel Relationship Agreement at paragraph 18 of Part 1 of this document.

12.1.7 *PPF Relationship Agreement*

Refer to the summary of the PPF Relationship Agreement at paragraph 18 of Part 1 of this document.

12.1.8 *Lock-in Deed*

The Company and the PPF entered into a conditional Lock-in Deed on 3 March 2015, pursuant to which the PPF has agreed for a period of six months following Admission, not to, and to procure that the PPF's Custodian will not, transfer or reduce its interest in the Enlarged Share Capital of the Company and during the period commencing on the date being six months following Admission and ending on the date being twelve months following Admission not to, and to procure that the PPF's Custodian will not, transfer or reduce its interest in the Enlarged Share Capital of the Company below two-thirds of those shares issued to the PPF as Consideration Shares. In addition the PPF has undertaken to the Company (i) that the issue to the PPF by the allotment to the PPF's Custodian of the Consideration Shares will not place the PPF or the PPF's Custodian (in respect of the allotment to it of the Consideration Shares only) in a position where it is required to make an offer pursuant to Rule 9 of the City Code and (ii) not for the period of twelve months commencing on Admission to acquire any Interest in the Enlarged Share Capital in circumstances where to do so would require it to make an offer pursuant to Rule 9 of the City Code.

12.1.9 *Acquisition Agreement*

Refer to the summary of the Acquisition Agreement at Part 4 (Details of the Acquisition) of this document.

12.1.10 *Service Agreements and Letters of Appointment for the Proposed Directors*

Owen Michaelson

Subject to Completion, it is the intention of the Board that the Board will appoint Owen Michaelson as Chief Executive of the Company. Mr Michaelson's employment would be governed by the terms of a service agreement with the Company dated 3 March 2015. The

notice period required to terminate his employment would be 6 months' written notice by the Company, such notice not to expire before the first anniversary of Completion, and 6 months' written notice from Mr Michaelson. The Company, at its discretion, may enforce a period of garden leave during this period. The Company may make payment in lieu of notice. Mr Michaelson's salary would be £285,000 per annum payable monthly in arrears and he would be entitled to participate in the Company's discretionary bonus scheme pursuant to which he could achieve an annual bonus amounting up to 100% of his annual salary subject to a requirement to defer part of his bonus into shares. Some or all of the bonus and long-term incentive plan payments may be reclaimed by the Company from Mr Michaelson in the event that a material accounting discrepancy requiring a material restatement of the Company's accounts is identified during Mr Michaelson's employment or in the two year period after termination of his employment. Mr Michaelson would also be entitled to participate in the Company's long-term incentive plan.

Mr Michaelson would receive a car allowance of £10,000 per annum and reimbursement of fuel for his vehicle. Mr Michaelson would receive pension contributions amounting to 10% of his salary up to the maximum annual amount permitted by HMRC for any pension plan. Mr Michaelson would be subject to non-compete and non-solicitation restrictions for six months following the termination.

Michael Richardson

Subject to Completion, it is the intention of the Board that the Board will appoint Michael Richardson as Finance Director of the Company. Mr Richardson's employment would be governed by the terms of a service agreement with the Company dated 3 March 2015. The notice period required to terminate his employment would be 6 months' written notice by the Company and 6 months' written notice from Mr Richardson. The Company, at its discretion, may enforce a period of garden leave during this period. The Company may make payment in lieu of notice. Mr Richardson's salary would be £160,000 per annum payable monthly in arrears and he would be entitled to participate in the Company's discretionary bonus scheme pursuant to which he could achieve an annual bonus amounting up to 75% of his annual salary subject to a requirement to defer part of his bonus into shares. Some or all of the bonus and long-term incentive plan payments may be reclaimed by the Company from Mr Richardson in the event that a material accounting discrepancy requiring a material restatement of the Company's accounts is identified during Mr Richardson's employment or in the two year period after termination of his employment. Mr Richardson would also be entitled to participate in the Company's long-term incentive plan.

Mr Richardson would receive a car allowance of £8,500 per annum and reimbursement of fuel for his vehicle. Mr Richardson would receive pension contributions amounting to 10% of his salary up to the maximum annual amount permitted by HMRC for any pension plan. Mr Richardson would be subject to non-compete and non-solicitation restrictions for six months following the termination.

New non-executive directors

Anthony Donnelly is contracted with the Company under a non-executive director contract for services dated 1 March 2015, but which takes effect from Completion. The appointment is initially for a twelve month period and then on a rolling annual basis, subject to reappointment at the Company's Annual General Meeting and unless the appointment is terminated by either the Company or Anthony Donnelly on three months' written notice. Anthony Donnelly will be paid £42,500 per annum, fixed for three years, in relation to his appointment as non-executive director and will be expected to dedicate at least 20 days to the Company's business. The Company will reimburse Anthony Donnelly for all reasonable and properly incurred expenses incurred performing duties under his contract and provides directors' and officers' liability insurance during the term of the contract.

Martyn Bowes is contracted with the Company under a non-executive director contract for services dated 1 March 2015, but which takes effect from Completion. The appointment is initially for a twelve month period and then on a rolling annual basis, subject to reappointment at the Company's Annual General Meeting and provided that the PPF both support his appointment as non-executive director and that the PPF complies with the terms of the PPF Relationship Agreement, unless the appointment is terminated by either the Company or Martyn Bowes on three months' written notice. Martyn Bowes will be paid £42,500 per annum in relation to his appointment as non-executive director and will be expected to dedicate approximately 20 days to the Company's business. The Company will reimburse Martyn Bowes for all reasonable and properly incurred expenses incurred performing duties under his contract and provides directors' and officers' liability insurance during the term of the contract. Martyn Bowes is subject to a confidentiality clause within the contract restricting him from disclosing confidential information to third parties either during his term of appointment or following termination.

12.1.11 *Settlement Agreement entered into by Jeremy Hague*

On 3 March 2015, Jeremy Hague entered into a settlement agreement with the Company and HEPGL in relation to his employment with the Company (the "Settlement") whereby the parties recorded the termination of his employment and his waiver of any claims he may have against the Company, the Coalfield Resources Group or the Harworth Estates Group.

Pursuant to the terms of the Settlement, Jeremy Hague's employment will cease on 30 April 2015 and he will cease to be a director of the Company and HEPGL on the date of completion of the Settlement. Jeremy Hague will receive the following payments:

- his normal salary until the 30 April 2015;
- a termination payment of £75,724 less relevant PAYE deductions due from the Company in relation to Jeremy Hague's employment which will be paid on the later of the 30 April 2015 and the agreement becoming binding;
- a bonus for 2014 determined in accordance with the rules of the Harworth Estates Group 2014 bonus scheme together with any discretion applied by the Remuneration Committee of the Company or HEPGL. Payment of this bonus is subject only to a clean and timely audit of the Company's accounts and will be paid at a minimum sum of 40 per cent. of Jeremy Hague's salary. This payment will be made within 45 days of the board approval of the Company's year end accounts for 2014 which occurred on 18 February 2015;
- a bonus for 2015 related to successful completion of the Transaction of between £10,000 and £15,000 to be determined with regard to the time that Jeremy Hague has contributed to the Transaction, and will be payable within 30 days of Completion; and
- a payment relating to Harworth LTIP arrangements. The payment will be in the sum of £45,000 if Jeremy Hague elects to receive the payment prior to 30 April 2015 or, if he elects, he can receive his full entitlement under the Harworth LTIP arrangements in accordance with its terms which would be paid after 30 April 2015.

The bonus and LTIP payments described above are subject to a right of the Company to claw back a proportion the payments made by the Company to Jeremy Hague if a material accounting discrepancy is identified in relation to the Company within a period of 15 months from 30 April 2015.

Any rights of Jeremy Hague to benefits or under pension arrangements will cease on 30 April 2015.

The Settlement contains undertakings, warranties and representations which are typical of an agreement of this sort, including destruction and return of Company property and confidentiality undertakings.

12.2 *The Harworth Estates Group*

Restructuring Documents

12.2.1 *Documents relating to the restructuring of the UK Coal Group (Project Dexter)*

As part of this transaction HEMPL (a member of the Harworth Estates Group) was counter-indemnified by UKCPL in relation to the guarantee it gave in respect of the Blenkinsopp Indemnity (referred to at paragraph 12.1.5 above). The counter-indemnity is on the usual terms for this type of document and provides that UKCPL will indemnify HEMPL for any payments made under the guarantee including any losses and costs.

An overarching agreement, to which HEMPL is a party, which relates to liabilities under certain leases was novated from UKCOL to UKCSML. The consideration for the novation included the grant of a new chattel mortgage in favour of HEMPL. Two historic chattel mortgages given by Mining Services Limited were released by HEMPL.

As part of a transfer of the land at Kellingley and Thoresby from UKCKL and UKCTL to HEMPL two deeds of charge were entered into by HEPGL with UKCKL and UKCTL respectively granting a fixed charge by way of legal mortgage over Kellingley Colliery and Thoresby Colliery and fixed charges over the buildings and other structures on both collieries. These charges contain typical covenants, indemnities and powers of enforcement provisions. The transfer of land also created an intercompany balance owed by UKCPL to UKCKL and UKCTL for the value of £1,750,000 and £1,200,000 respectively. These balances were evidenced by separate letters of acknowledgement of inter company debts.

HEIL and HEALL (being members of the Harworth Estates Group) separately granted legal charges in favour of the Coal Authority over various parcels of land at various sites including Ashfordby, Askern, Brough, Cutacre, Gascoigne Wood and Hill Top. The security is granted in respect of any amounts or obligations owed by HEIL or HEALL as applicable or owed by any of UKCPL, UKCKL, UKCTL or UKCHL to the Coal Authority. Each charge specifically creates a legal mortgage over the interest in the land, assigns any rental income of the land, assigns the net proceeds of a sale or insurance claim relating to the land, assigns any options or benefits attaching to the land, creates a floating charge over any plant, machinery and other chattels on the land and assigns any intellectual property rights relating to the use or enjoyment of the land (e.g. plans, specifications or drawings). The charges contain typical covenants, indemnities and powers of enforcement.

There is also a deed of priorities in respect of the charges granted in favour of the Coal Authority giving those charges priority over other charges granted in favour of third party lenders. Each of HEIL and HEALL are also counter-indemnified under a deed of indemnity by UKCPL.

12.2.2 *Documents relating to the Re-structuring of the UK Coal Deep Mining Business (Project Ashley)*

In September 2014 the deep mining business of UKCPL (a member of the Mining Sub-Group) was restructured by re-financing the business in order to allow for a solvent wind down.

Part of the finance was provided by HEIL through a £2,500,000 facility being made available to UKCPL in order to: (i) fund a payment to the Coal Authority (£2,000,000); and (ii) satisfy a payment due to HEIL from UKCPL (£500,000) which was acknowledged as having been repaid pursuant to a deed of acknowledgement entered into separately between the parties. The facility agreement for £2,500,000 provides for 10 per cent. interest per annum and

repayment of the loan in £250,000 tranches on a monthly basis between March and December 2015. It contains typical information rights and indemnities in favour of HEIL concerning, for example, taxation and events of default under the facility, together with warranties given by UKCPL to HEIL in relation to UKCPL.

The facility is jointly and severally guaranteed by UKCMH, UKCKL, UKCTL and UKCHL (members of the Mining Sub-Group) and is also secured by a debenture which creates a fixed and floating charge over the assets of UKCPL, UKCMH, UKCKL, UKCTL and UKCHL. There is an inter-creditor deed in place between UKCPL and the other entities which provided finance for the restructuring. HEIL shares the rank of first priority for repayment of the loan under the facility with the Secretary of State for Business, Innovation and Skills (who provided £4,000,000) and the PPF priority finance (up to a maximum cap of £4,000,000 for the PPF) on a *pari passu* basis although these all rank behind the deposit charge over an investment account in favour of the Coal Authority.

Three leases relating to mines at Kellingley Colliery, Thoresby Colliery and Harworth Colliery between (1) HEMPL and UKCKL, (2) HEMPL and UKCTL and (3) HECL and UKCTL respectively were varied as part of the transaction. The variations all related to the imposition of aftercare provisions in the leases, requiring the UK Coal tenant entities to carry out certain works on the mines and land prior to expiry of the leases. HEMPL and HECL (members of the Harworth Estates Group) provided consent to the variation of the leases as landlord in the case of the leases of Kellingley Colliery and Thoresby Colliery. In addition the Company provided consent to the variation and registration of the leases of Thoresby and Kellingley as chargee of the land.

The underlying leases for Kellingley Colliery and Thoresby Colliery are on similar terms, being rent of £150,000 per annum which is subject to review every 2 years in line with a formula based on the Consumer Prices Index and a term of 20 years from 9 July 2013 with a rolling break right in favour of the UK Coal tenant entity on not less than 2 years written notice. There are also typical provisions relating to rights granted and reserved, utilities and other payments, insurance and alienation.

In addition, various environmental permits relating to methane and discharge, in respect of the Kellingley and Thoresby land, were assigned from the relevant UK Coal tenant entity to HEMPL and various environmental permits relating to methane and discharge, in respect of Harworth Colliery, were assigned from UKCTL to HECL.

A loan from HEPGL to UKCPL for £10,000,000, guaranteed by various UK Coal subsidiaries, was cancelled by way of a deed of cancellation and release. Any rights, obligations and liabilities were released and any previous breaches waived. In addition a variation of the bonding counter-indemnity between HEMPL and UKCSML was also entered into which removed the obligation of UKCSML to make further payments into a cash collateral account in favour of HEMPL. The remaining terms of the counter-indemnity require UKCSML to keep HEMPL indemnified in case of any costs, liabilities expenses or amounts owed to Lloyds Bank plc under the bonding facility.

Finally, an indemnity in relation to an Amended and Restated Payment Instalment Deed in favour of the Coal Authority was entered into between UKCPL, HEIL, HEMPL and HEALL pursuant to which an indemnity, previously given by HEALL and HEIL and which had been released, was provided by UKCPL to indemnify each of HEALL, HEIL and HEMPL up to a maximum cap of £20,000,000 against liabilities arising to the Coal Authority pursuant to the Amended and Restated Payment Instalment Deed.

12.2.3 *Documents relating to the Re-structuring of the UK Coal Surface Mining Business (Project Carlton)*

In November 2014 the surface mining business of UKCSML was restructured through the acquisition of such business by a newly incorporated company, namely UKCSMRL. The

transaction was completed in accordance with the terms of an escrow deed, to which HEIL was a party, in order that the directors of UKCSML could appoint administrators and then complete the re-structuring in order to move the business out of UKCSML.

As part of this re-structuring HEIL provided a £2,000,000 loan to UKCSMRL in order to fund the acquisition of the business, whilst simultaneously releasing UKCSML from a similar loan arrangement and the associated fixed and floating charges. The new facility agreement provides for 12 per cent. interest per annum and repayment of the loan within one month of the restoration of the Minorca site, as confirmed by the local planning authority.

The facility is secured by a debenture which purports to create a fixed and floating charge over the assets of UKCSMRL, including certain assets which are the subject of two chattel mortgages. To this end HEIL and HEMPL signed a consent letter in respect of those assets, waiving breaches of the respective agreements. HEMPL also executed a deed of release which released UKCSML from one of the mortgages known as the Juniper Chattel Mortgage on the basis that UKCSMRL acquires assets which are still subject to the Dexter Chattel Mortgage and complies with the terms of that mortgage.

HEMPL, HEIL and HEALL also executed a licence to assign and deed of variation in respect of operational and restoration leases of various sites, a disposal point lease over the Butterwell site and the option to lease the Minorca South site to UKCSML. This document permitted assignment of the leases and option to lease to UKCSMRL and also varied the terms of the documents including, amongst other things, removal of the aftercare obligations, replacing them with an obligation to pay the landlord a sum in respect of the cost of aftercare.

The underlying operational leases allow the tenant entity to work the sites for coal or clay. The rent under each lease is different but all rents are subject to review. Royalty payments must also be made which are based upon the volume of minerals extracted from the land. The term length differs under each lease but in each case can be terminated early by the landlord in respect of specific termination areas if the tenant does not achieve practical completion of enhancement works in such termination areas or if the tenant fails to achieve practical completion of such works within the timeframe specified by the works programme. There are also typical provisions relating to rights granted and reserved, utilities and other payments, insurance and alienation.

The underlying restoration leases allow the tenant entity possession of the land in order to carry out aftercare works as required by the planning permission and planning obligations granted in respect of the land. The rent in each of the leases is different but in each case is subject to review. The term length differs under each lease but in each case can be terminated early by the landlord in respect of specific termination areas. There are also typical provisions relating to rights granted and reserved, utilities and other payments, insurance and alienation.

The underlying Disposal Point lease for land at Butterwell Disposal Point, Longhirst, Morpeth allows the tenant to use the site as a disposal point for handling and processing coal and other minerals and biomass materials. The rent is set at £347,500 per annum subject to review. The term of the lease is 5 years. There are also typical provisions relating to rights granted and reserved, utilities and other payments, insurance and alienation.

The underlying option for lease contains an agreed form lease which is in a similar form to the operational leases described above. The option is granted for a period of 10 years subject to various extension provisions in the case of appeals or inquiries in respect of planning permission. Two equal option payments of £100,000 must be made on the fifth and tenth anniversary of the option. The option is exercisable upon service of various documents to the owner of the land including acceptable planning permissions, a financial appraisal of the proposed scheme, a draft Bond (incorporating various costs including aftercare costs), a valuation and a scale plan of the proposed area of the scheme.

Financing Arrangements

12.2.4 Facility Agreements with Lloyds Bank plc and Barclays Bank plc

Barclays Facility Agreement

On 7 May 2008 Eos Inc. Ltd (being a member of the Harworth Estates Group) (“EOS”) entered into a Facility Agreement with Barclays Bank plc (“Barclays”) in relation to a £12,185,269 term loan facility (the “Barclays Facility”). This facility was amended and restated on 4 September 2009, 25 April 2012, 7 December 2012 and 1 July 2014, and was amended by letters dated 21 February 2011 and 6 June 2011.

The Barclays Facility provides EOS with a term loan facility in the sum of £12,185,269 for the following purpose:

- to repay any outstanding liabilities under an existing facility agreement between EOS and Barclays; and
- towards the refinancing of part of the purchase price payable in respect of the acquisition of the land on the west side of Lowmoor Road, Asfordby Business Park, land at Riccall Mine, land lying to the east of Blyth Road, land on the north and south sides of Dearne Valley, details of which are set out in Schedule 1 of the Barclays Facility (the “Schedule 1 Property”).

Interest on the Barclays Facility accrues at the rate of the aggregate percentage of 2.75% and LIBOR per annum and is payable on the interest payment dates of 31 March, 30 June, 30 September and 31 December each year.

Any amount outstanding under the Barclays Facility or under the Finance Documents (as defined in the Barclays Facility) must be repaid by 31 December 2015. In the event that certain financial covenants described in the Barclays Facility reach a specified level (3 or lower) which is referred to as an “Amortisation Event” EOS must repay the Barclays Facility in instalments of £100,000 on interest repayment dates, which are 31 March, 30 June, 30 September and 31 December of each year and the final repayment date of 31 December 2015, whilst such Amortisation Event is subsisting. The Barclays Facility also contains events of mandatory prepayment which are customary for a facility of this nature.

EOS’s liabilities under the Barclays Facility are secured by:

- a debenture granted by EOS in favour of Barclays dated 31 August 2005;
- legal charges which are described in the Barclays Facility as being granted from time to time by EOS in favour of Barclays;
- charges over certain identified accounts;
- a charge on shares granted by Harworth Estates Limited (company number 02173536) in respect of its shareholding in EOS; and
- any other security granted by over any asset of EOS to secure obligations of EOS to Barclays.

The Barclays Facility contains representations, undertakings and events of default which are customary for a transaction of this size and nature including a “negative pledge” clause whereby EOS confirms that it will not create or allow any security interest to exist and will not sell or dispose of assets in order to raise finance; and a confirmation that EOS will not, without the prior written consent of Barclays declare or pay any dividend, charge, fee, or other distribution in relation to any of its shares whether in cash or otherwise. Given the nature of the business of the Harworth Estates Group, in which EOS is a member, the Barclays Facility also contains various property covenants contained in section 15 of the Barclays Facility, including the power to inspect the Schedule 1 Property, an obligation to comply with planning regulations and an obligation to deposit title deeds with Barclays.

Lloyds Sterling Term Facility

On 10 December 2012 HEPGL and HEWPL, as borrowers, entered into a sterling term facility agreement relating to a term facility of £60,000,000 with Lloyds TSB Bank plc (“Lloyds”), as lender (the “Lloyds Facility”). HEPGL, Harworth Mining Services Limited, Harworth Group Limited, Prospect House Properties Limited, HEMPL, Harworth Estates Overage Limited, Harworth Estates Curtilage Limited, Harworth Mining Limited, UK Coal (Investments) Limited, HEWPL, Coal Resources Limited and R&A Young (Mining) Limited entered into the Lloyds Facility as guarantors.

The Lloyds Facility provides for the Lloyds to make available a £60,000,000 term loan facility for the purpose of:

- refinancing other obligations of HEPGL with Lloyds and Lloyds TSB Commercial Finance Limited. The obligations which were repaid were obligations under “ABL Facilities” being a debt purchase agreement, a property loan agreement and a syndication agreement, each dated 13 September 2007 and entered into amongst others, by UKCML and Lloyds TSB as agent and security trustee and lender; and under “Revolving Credit Facilities” being, a facility, dated 11 May 2010, as amended and restated and entered into by UKCML, UKCL, Harworth Group Limited, Lloyds and Lloyds TSB;
- refinancing indebtedness of HEWPL pursuant to the facility dated 25 July 1997 and provided to HEWPL by UKCML, HEAL, HGL and Bank of Scotland plc;
- the payment of costs and expenses incurred by UK Coal plc and any of its subsidiaries in connection with the Restructuring; and
- providing general working capital purposes of the Harworth Estates Group.

The Lloyds Facility could be drawn down during the “Availability Period”, being the date of the Lloyds Facility (10 December 2012) and the period of 2 business days following the date of the Lloyds Facility. £38,205,833.04 was drawn down on 31 December 2014.

Interest accrues on the Lloyds Facility for each Interest Period (as defined in the Lloyds Facility) at a rate of the aggregate of the Margin, LIBOR and Mandatory Cost (each as defined in the Lloyds Facility). The Margin varies between rates of 3.5% per annum and 4.5% per annum depending on the total amount outstanding under the Lloyds Facility. The Mandatory Cost, if any is applicable, is calculated in accordance with Schedule 4 of the Lloyds Facility and is intended to compensate Lloyds for the cost of compliance with (1) the requirements of the Bank of England and/or Financial Services Authority or (2) the requirements of the European Central Bank.

Repayment of the aggregate amount outstanding under the Lloyds Facility has to be made on “Payment Dates”, being 30 June 2013, 31 December 2013, 30 June 2014, 30 September 2014, 31 December 2014, 30 June 2015, 30 September 2015 and the “Termination Date” of 31 December 2015 in an amount which reduces the amount outstanding by the cumulative amount set out in schedule 8 of the Lloyds Facility. Any amounts outstanding on the “Termination Date” are to be repaid by HEPGL.

The Obligations of HEPGL and HEWPL under the Lloyds Facility are secured by debentures granted by each of HEPGL and HEWPL, legal mortgages granted by HEALL in relation to certain properties owned by it, legal mortgages granted by UKCIL, charges over certain bank accounts, any existing security already in place before the date of the Lloyds Facility granted by either of HEPGL or HEWPL in favour of Lloyds, an omnibus guarantee entered into on or around the date of the Lloyds Facility, an omnibus guarantee entered into prior to the date of the Lloyds Facility and the managing agent’s deed.

Each of the guarantors (listed above and described fully in Part 2 of Schedule 2 of the Lloyds Facility) have provided cross corporate guarantees and indemnities to Lloyds in relation to

the obligations of HEPGL and HEWPL under the Lloyds Facility and any related “Finance Documents” as defined in the Lloyds Facility.

The Harworth Estates Group is permitted to dispose of a property which has been charged as security under the Lloyds Facility, by sale, but only where Lloyds has been notified of the disposal in accordance with the Lloyds Facility, the disposal is on arms length terms and the proceeds of the sale are applied as described in the Lloyds Facility; or by the granting of a tenancy in relation to a property.

The Lloyds Facility contains representations, financial covenants, undertakings and events of default which are customary for a transaction of this size and nature, including a restriction on HEPGL and any subsidiary being permitted to declare a dividend or similar distribution or pay any management or advisory fees to another company within the Harworth Estates Group.

Variation to Lloyds Sterling Term Facility

On 2 December 2014 HEPGL, Harworth Mining Services Limited, HGL, Harworth Estates Limited, HEMPL, Harworth Estates Overage Limited, Harworth Estates Curtilage Limited, Harworth Services Limited, Harworth Estates Investments Limited, HEWPL, Harworth Estates (Agricultural Land) Limited, Harworth Regeneration Limited, Harworth Estates No 2 Limited, POW Management Company Limited and Logistics North MC Limited entered into a variation letter relating to the Lloyds Facility (the “Lloyds Variation”).

Pursuant to the terms of the Lloyds Variation:

- the repayment date contained in the Lloyds Facility of 31 December 2014 was replaced with 31 March 2015; and
- the Limit as defined in the BGI Facility Agreement (defined in the Lloyds Facility as the £24,000,000 bonding, guarantee and indemnity facility agreement dated on or around the date of the Lloyds Facility and entered into between Lloyds and HEMPL and HEPGL) was increased from £8,000,000 to £11,000,000.

As part of the Lloyds Variation, HEPGL and HEWPL and each of the guarantors in relation to the Lloyds Facility (described above) gave confirmations that the guarantee and indemnity entered into pursuant to the Lloyds Facility were still in full force and effect, had not been reduced, released or impaired and continued to secure the obligations under the Lloyds Facility.

HEPGL agreed to pay, within three days of demand by Lloyds, the amount of all costs and expenses (including legal fees) incurred in connection with the preparation of the Lloyds Variation.

12.2.5 *RBS Facility Agreement*

On 13 February 2015, HEPGL entered into the RBS Facility Agreement as borrower, with certain of its subsidiaries as original guarantors (the “Original Guarantors”), and The Royal Bank of Scotland plc as Original Lender (as well as arranger, agent, security agent and original hedge counterparty) (referred to in all capacities as the “Original Lender”).

The RBS Facility Agreement provides for the Original Lender to make available a sterling revolving loan facility in aggregate amount of £65,000,000 (the “RBS Facility”) to be used for:

- the refinancing of the existing financial indebtedness of the Harworth Estates Group, including the £60,000,000 term facility provided to HEPGL by Lloyds Bank plc pursuant to a term loan facility agreement dated 10 December 2012 and the £17,831,667 term loan facility provided to EOS INC. Ltd by Barclays Bank plc pursuant to a facility agreement dated 7 May 2008 (as amended from time to time) (both of which agreements are summarised above);

- the acquisition of real estate by certain Harworth Estates Group Members; and
- the general corporate purposes of the Harworth Estates Group.

The Original Lender may provide part of the RBS Facility as an ancillary facility (the “Ancillary Facility”) by way of guarantee, bonding, documentary or stand-by letter or credit facility (as agreed between HEPGL and the Original Lender). It is anticipated that this will be provided by way of bonding.

Interest on the RBS Facility accrues annually at the rate of the aggregate of a 2 per cent. margin plus LIBOR, payable pro rata for, and on the last day of, each interest period of 3 or six months or otherwise (as agreed between HEPGL and the Original Lender) (the “Standard Interest Rate”). If an agreed interest period exceeds six months, interest is payable six months from the first day of that interest period.

If an Original Guarantor fails to pay an amount payable by it under the terms of the RBS Facility Agreement (or other Finance Document (as defined in the RBS Facility Agreement)), interest shall accrue on the overdue amount at a rate 2 per cent. higher per annum than the Standard Interest Rate and such interest shall be immediately payable.

HEPGL may not deliver a utilisation request in relation to the RBS Facility if, as a result of the proposed utilisation, nine or more loans would be outstanding. All loans drawn down under the RBS Facility are repayable on 13 February 2020 (the “Termination Date”). No request for a utilisation may be made within three months of the Termination Date.

HEPGL’s liabilities under the RBS Facility Agreement are secured by a debenture (the “RBS Debenture”), to be entered into by the Original Lender and the Original Guarantors, which purports to create fixed and floating charges over all of the Original Guarantors’ assets, including the shares in all Harworth Estates Group companies. Pursuant to the terms of the RBS Facility Agreement, the Original Guarantors also guarantee each other’s obligations under the RBS Facility Agreement and the other Finance Documents (as defined in the RBS Facility Agreement).

If an event of default occurs (and is continuing) then the Original Lender may elect for the RBS Facility (including the Ancillary Facility) to be cancelled and for all loans made under the RBS Facility Agreement to become immediately payable (including any other accrued or outstanding amounts). In such circumstances the Original Lender may also exercise any of its rights under the RBS Debenture.

The Original Lender is to enter into three deeds of priority in relation to financing arrangements entered into by certain Harworth Estates Group Members with third party lenders with regard to site-specific loans to fund infrastructure works. These lenders are (i) the North West Evergreen Limited Partnership acting by its general partner North West Evergreen (GP) Limited and the Greater Manchester Combined Authority, (ii) the Homes and Communities Agency and (iii) The Coal Authority respectively. The relevant Harworth Estates Group Members have granted first ranking legal charges over the sites subject to the infrastructure works, with the Original Lender’s equitable mortgage security (taken pursuant to the Debenture) ranking behind.

The RBS Facility Agreement provides for certain permitted acquisitions, disposals, distributions, financial indebtedness, loans, and security (amongst other things) allowing the Harworth Estates Group to carry out the majority of transactions without requiring Original Lender consent. In relation to permitted disposals (which covers, amongst other things, the sale, lease or other disposal of real property which is under a certain value threshold, as well as trading stock or cash, assets in exchange for other assets etc), the Original Lender has agreed to release the security over the relevant assets being disposed of when necessary notwithstanding the fact that the disposal proceeds will not be prepaid.

The RBS Facility Agreement contains representations, undertakings and events of default which are customary for a transaction of this size and nature.

The first drawdown will be made under the RBS Facility Agreement once the conditions precedent contained therein have been satisfied. The outstanding conditions to be satisfied include:

1. the provision of a letter from the insurance broker for the Harworth Estates Group confirming that the insurance cover in place is sufficient for the business;
2. provision of the insurance policies;
3. an effective discharge of the existing security granted to Barclays Bank PLC and Lloyds Bank plc;
4. evidence of VAT registration for the relevant Harworth Estates Group Members;
5. a copy of all share certificates for shares held by HEPGL and the Original Guarantors and blank stock transfer forms in relation thereto;
6. a duly executed Debenture (and the notices to be issued thereunder); and
7. duly executed deeds of priority in relation to security granted by certain Harworth Estates Group Members to CBRE Loan Servicing Limited, the Homes and Communities Agency, Leeds City Council and The Coal Authority.

12.2.6 *Infrastructure Loans*

Various Harworth Estates Group entities are party to infrastructure loans with public bodies. The key terms of these are outlined below.

HEIL has a loan agreement with Greater Manchester Investment Fund (with CBRE as agent) for £10,000,000 entered into on 30 October 2013. The rate of interest on the outstanding balance is 3 per cent. above the EU reference rate. The loan is secured over the Cutacre site, excluding plot D, and is also guaranteed by HEPGL for cost overrun and interest shortfall. 50 per cent. of the loan must be repaid within 2 years of the first drawdown with the total outstanding balance being repaid by 30 June 2017. Initial drawdown of this loan was made in August 2014 and partial repayment has been made.

HEIL and HEWPL have a loan agreement with the Homes and Communities Agency for £10,957,380 which they entered into jointly on 26 March 2014. The rate of interest on the outstanding balance is 2.2 per cent. above the EU reference rate (or 4 per cent. above the EU reference rate if adjusted net assets are greater than £120,000,000). The loan is secured over the Waverley site. There is a repayment schedule of nine six monthly payments from 31 August 2017 to 31 August 2021 with the final outstanding balance due on 28 February 2022. The first drawdown of £2,274,824 was made in March 2014 and it is expected that the final drawdown will be made in February 2015.

HEIL entered into a loan agreement on 31 December 2013 with Sheffield City Region (Urban Development Fund) (with CBRE as agent) for £2,700,000. The rate of interest on the outstanding balance is 2.2 per cent. above the EU reference rate. The loan is secured over the units 3, 4, 5 and 6 of the R-Evolution property on the Advanced Manufacturing Park in Sheffield. There is also a completion guarantee and a guarantee in respect of cost overrun and interest shortfall from HEPGL. The loan must be repaid upon the earlier of 31 December 2016 or the sale of units 3 and 4. The loan was drawn in June 2014 and was repaid in November 2014.

HEWPL entered into a loan agreement with Leeds City Council on 6 December 2013 for £1,950,000. The rate of interest on the outstanding balance is fixed at 2.49 per cent. The loan is secured over the former Prince of Wales colliery at Skinner Lane, Pontefract. There is a repayment schedule of ten six monthly payments of capital and interest from 10 June 2014 with the final outstanding balance due in November 2018.

13. Disclosure of interests and dealings

13.1 *Interests in Ordinary Shares*

The beneficial interests of the Directors and the Proposed Directors in Ordinary Shares of the Company at the Latest Practicable Date are as set out below. None of the Directors or the Proposed Directors had an interest in shares of the Company's subsidiaries during the year.

	<i>As at date of this Prospectus Number of Ordinary Shares</i>	<i>Percentage of issued share capital</i>	<i>At Admission Number of Ordinary Shares</i>	<i>Percentage of Enlarged Share Capital at Admission¹</i>
Jonson Cox ²	7,204,050	1.19%	8,233,200	0.28%
Jeremy Hague	250,000	0.04%	318,969	0.01%
Peter Hickson	Nil	0%	689,655	0.02%
Lisa Clement	Nil	0%	Nil	0%
Steven Underwood ³	62,738	0.01%	278,599	0.01%
Owen Michaelson ⁴	300,000	0.05%	920,688	0.03%
Michael Richardson	Nil	0%	344,827	0.01%

1 Including take up under the Firm Placing and Placing and Open Offer if applicable.

2 Legal title to 6,854,050 of Jonson Cox's Ordinary Shares are held by HSBC Global Nominees as nominee for Jonson Cox.

3 Steven Underwood's Ordinary Shares are held by his SIPP and the registered holder of the shares is Sippdeal Trustees Limited.

4 Owen Michaelson is the only Proposed Director who holds Ordinary Shares at the Latest Practicable Date. Legal title to such Ordinary Shares is held by Pershing Nominees Limited.

Save as disclosed in the above table in relation to the Directors and the Proposed Directors, at the Latest Practicable Date, none of the Directors or the Proposed Directors have any interest (beneficial or non-beneficial) in the share capital of the Company or any of its subsidiaries.

Peel has an interest in 32.45 per cent. of Coalfield Resources held by Halifax Share Dealing Limited as nominee for Goodweather Holdings Limited, a member of the Peel Group. Neither Coalfield Resources nor any of the Directors nor any person acting in concert with them has any interest (beneficial or non-beneficial) in, or rights to subscribe for shares in, the share capital of any member of the Peel Group.

Save as disclosed above, no other person involved in the Open Offer has an interest which is material to the Open Offer.

13.2 *Directors' Interests*

13.2.1 *Other Directorships and Partnerships*

At the date of this document, the Directors, save as set out below, have not held any directorships of any other company or been a partner in any partnership (other than companies in the Group and companies which are subsidiaries of companies of which the Directors are directors) at any time in the five years prior to the date of this document:

<i>Name</i>	<i>Position</i>	<i>Company – Position currently held</i>	<i>Company – Position previously held</i>
Jonson Cox	Director	Bloomsbury Terrace Management Limited Harworth Estates Property Group Limited Stonebrook Associates Limited	AWG Plc AWG Group Ltd AWG Parent Co Limited Morrison Plc Anglian Water Services Financing Plc

<i>Name</i>	<i>Position</i>	<i>Company – Position currently held</i>	<i>Company – Position previously held</i>
Jonson Cox (continued)	Director		Anglian Water Services Holdings Limited Anglian Water Services Limited AWG Property Limited Osprey Acquisitions Limited Osprey Holdco Limited Anglian Venture Holdings Limited Morrison Facilities Services Limited Wincanton Plc
Jeremy Hague	Director	UK Strategic Partnership Limited Cloud Accountancy Limited Harworth Guarantee Co. Limited Harworth Secretariat Services Limited Harworth Trustees Ltd Coalfield Estates Limited	Harworth Estates Trading Limited Harworth Estates No 2 Limited Bates Regeneration Limited Harworth Power Limited Harworth Power (Generation) Limited Harworth Properties Limited Harworth Estates Investments Limited Asfordby Waste Limited Bilsthorpe Waste Limited Cutacre Waste Limited Gedling Colliery Waste Limited Houghton Main Waste Limited Kellingley Colliery Waste Limited Meriden Waste Limited North Selby Mine Waste Limited Tetron Point Waste Limited Wardley Waste Limited Waverley Amp Waste Limited
Peter Hickson	Director	T.W. Associates (Financial Consultants) Limited Communis Plc Orbis Charitable Trust Chemring Group Plc	AWG Parent Co Limited Osprey Acquisitions Limited Osprey Holdco Limited London & Continental Railways Limited Kazakhmys Plc
Lisa Clement	Director	Everything But The Cow Limited	Clement Consultancy Limited ILM Productions Ltd

<i>Name</i>	<i>Position</i>	<i>Company – Position currently held</i>	<i>Company – Position previously held</i>
Steven Underwood	Director	A & P A Property Limited A & P Dry Docks Limited A & P Tyne Properties Limited A&P Ports & Properties Limited A&PPP 2006 Limited Arma Developments Limited Astermill Limited Astley Business Park Management Company Limited Ayrshire Power Holdings Limited Ayrshire Power Limited Barwent Developments Limited Beaumont Properties Limited Blackburn Arena Holdings Limited Blackburn Arena Limited Blundell's Wood Management Company Limited Bridgewater Remediation Limited Cammell Laird Shiprepairers & Shipbuilders Limited Cannorth Property Investments Limited City Airport Limited Clydemore Properties Limited Clydeport Limited Clydeport Longhaugh A Limited Clydeport Longhaugh B Limited Clydeport Longhaugh C Limited Clydeport Operations Limited Clydeport Properties Limited Clydeport Terminal Limited Clydeside Investment Properties Limited Clydeside Properties Limited Coalfield Resources PLC Coastal Container Line Limited Corinium Properties Limited De Facto 1693 Limited De Facto 2098 Limited Digital World Centre Limited Dock 10 Limited Doncaster Sheffield Airport Limited Durham Tees Valley Airport Limited Earlbroom Limited Event City Holdings Limited	

<i>Name</i>	<i>Position</i>	<i>Company – Position currently held</i>	<i>Company – Position previously held</i>
Steven Underwood (continued)	Director	Event City Limited Flaskranch Limited Frodsham Wind Farm Limited Glasgow Harbour (Byron Street) Limited Glasgow Harbour Developments Limited Glasgow Harbour Investments Limited Glasgow Harbour Limited Glasgow Harbour Management Limited Glasgow Harbour Properties Limited Gloucester Quays Antiques Centre Limited Goodweather Investment Management Limited Goodweather Investments (UK) Limited Greatey Investments Limited Harmont Investment Company Limited Hartlebury Trading Estate Limited Haxden Properties Limited Imagine Park Management Company Limited Ince Park Developments Limited Intu Properties Plc (Alternate to John Whittaker) Ionica Limited Kamella Limited Knight & Co. (Services) Limited Largs Limited Ligna Biomass Holdings Limited Ligna Biomass Limited Liverpool Airport Development Limited Liverpool Airport Finance Limited Liverpool Airport Investments Limited Liverpool Airport LJLA Group Limited London Shop (Bishops Stortford) Limited London Shop (Crosby) Limited	

<i>Name</i>	<i>Position</i>	<i>Company – Position currently held</i>	<i>Company – Position previously held</i>
Steven Underwood (continued)	Director	London Shop (Stockport) Limited Londrock Finance Company Limited Manchester Ship Canal Developments Limited MediaCity Studios Limited Mediacity UK Limited Mersey Docks Property Developments Limited Mersey Docks Property Holdings Limited Mersey Docks Property Investments Limited No.1 MediaCity UK Management Company Limited North Clyde Recycling Centre Limited Pacific Shelf 1054 Limited Peel (Anglia) Limited Peel Acquisitions (Pegasus) Limited Peel Advertising Holdings Limited Peel Advertising Limited Peel Airports (AEPSL) Limited Peel Airports (Management) Limited Peel Airports (No.1) Limited Peel Airports (No.2) Limited Peel Airports (No.3) Limited Peel Airports (No.4) Limited Peel Airports Leasing Limited Peel Airports Limited Peel Airports Undertakings Limited Peel and Sam Wa Investments Limited Peel Assets Limited Peel Chapel No.1 Limited Peel Chapel No.2 Limited Peel Chapel No.3 Limited Peel Commercial (N.W.) Limited Peel Commercial (S.E.) Limited Peel Commercial (S.W.) Limited Peel Developments (Cambuslang) Limited Peel Developments (N.E.) Limited	

<i>Name</i>	<i>Position</i>	<i>Company – Position currently held</i>	<i>Company – Position previously held</i>
Steven Underwood (continued)	Director	Peel Developments (N.W.) Limited Peel Developments (S.W.) Limited Peel Developments (U.K.) Limited Peel Developments Ampthill Limited Peel Developments Holdings Limited Peel Electricity Networks Limited Peel Electricity Services Limited Peel Energy (Barton) Limited Peel Energy (Ince) Limited Peel Energy (No.2) Limited Peel Energy CCS Limited Peel Energy Limited Peel Environmental Holdings Limited Peel Environmental Ince Limited Peel Environmental Limited Peel Environmental Management (UK) Limited Peel Farms Limited Peel Finance (UK) Limited Peel Gas and Oil (Investments) Limited Peel Gas and Oil (Services) Limited Peel Gas and Oil Holdings Limited Peel Holdings (Advertising) Limited Peel Holdings (Environmental) Limited Peel Holdings (Glasgow Harbour) Limited Peel Holdings (Gloucester) Limited Peel Holdings (Land and Property) Limited Peel Holdings (Leisure) Limited Peel Holdings (Living Investments) Limited Peel Holdings (Management) Limited Peel Holdings (Media) Limited	

<i>Name</i>	<i>Position</i>	<i>Company – Position currently held</i>	<i>Company – Position previously held</i>
Steven Underwood (continued)	Director	Peel Holdings (Overseas) Limited Peel Holdings (Telecommunications) Limited Peel Holdings (Utilities) Limited Peel Holdings (Waste) Limited Peel Holdings Energy (No.2) Limited Peel Holdings Energy (No.3) Limited Peel Holdings Land and Property (UK) Limited Peel Holdings Media Lowry Limited Peel Homes (Anglia) Limited Peel Homes Limited Peel Housing (Anglia) Limited Peel Investments (Anglia) Limited Peel Investments (Botany Bay) Limited Peel Investments (DTVA) Limited Peel Investments (Gloucester) Limited Peel Investments (Intermediate) Limited Peel Investments (Land and Property) No.1 Limited Peel Investments (Leisure) Limited Peel Investments (LJLA) Limited Peel Investments (N.W.) Limited Peel Investments (North) Limited Peel Investments (North) No.1 Limited Peel Investments (PAH) Limited Peel Investments (PHA) Limited Peel Investments (RHADS) Limited Peel Investments (S.W.) Limited Peel Investments (South) Limited Peel Investments (U.K.) Limited	

<i>Name</i>	<i>Position</i>	<i>Company – Position currently held</i>	<i>Company – Position previously held</i>
Steven Underwood (continued)	Director	Peel Investments and Property Limited Peel Investments Environmental UK Limited Peel Investments Finance Limited Peel Investments Holdings Limited Peel Lamp Properties Limited Peel Land (Intermediate) Limited Peel Land and Property (Ardrossan) Limited Peel Land and Property (Greenock Harbours) Limited Peel Land and Property (I Topco) Limited Peel Land and Property (James Watt Dock) Limited Peel Land and Property (Liverpool) Limited Peel Land and Property (No.2) Limited Peel Land and Property (Ports No.3) Limited Peel Land and Property (Ports) Limited Peel Land and Property Holdings (CL) Limited Peel Land and Property Holdings Limited Peel Land and Property Investments (CL) Limited Peel Land and Property Investments Plc Peel Land and Property Limited Peel Land Holdings Limited Peel Land Limited Peel Leisure (Operations) Holdings Limited Peel Leisure (Operations) Limited Peel Leisure (Operations) No.2 Limited Peel Leisure (Properties) Limited Peel Leisure Developments Limited Peel Leisure Group Limited Peel Leisure Holdings Limited Peel Leisure Management Holdings Limited	

<i>Name</i>	<i>Position</i>	<i>Company – Position currently held</i>	<i>Company – Position previously held</i>
Steven Underwood (continued)	Director	Peel Leisure Operations No.1 Limited Peel Leisure Operations No.3 Holdings Limited Peel Leisure Operations No.3 Limited Peel Living Investments (No.2) Limited Peel Living Investments Holdings Limited Peel Living Investments No.1 Limited Peel Living Limited Peel Management Limited Peel Media (Holdings) Limited Peel Media Development (Holdings) Limited Peel Media Development Limited Peel Media Digital (Holdings) Limited Peel Media Digital Limited Peel Media Facilities Limited Peel Media Hotels Limited Peel Media Limited Peel Media Living No.1 Limited Peel Media Living No.2 Limited Peel Media Lowry (Holdings) Limited Peel Media Lowry Outlet Mall Limited Peel Media Management (Holdings) Limited Peel Media Management Limited Peel Media Services (Holdings) Limited Peel Media Services (Studios) Limited Peel Media Studios Holdings Limited Peel Media Studios Limited Peel Media Wharfside (Holdings) Limited Peel Media Wharfside Limited Peel Mineral Resources Limited Peel North East Limited Peel North West Limited Peel One Limited	

<i>Name</i>	<i>Position</i>	<i>Company – Position currently held</i>	<i>Company – Position previously held</i>
Steven Underwood (continued)	Director	Peel Overseas (Dormants) Limited Peel Overseas Limited Peel Pet Products Limited Peel Ports (BIHL) Limited Peel Ports (M43) Limited Peel Ports Group Limited Peel Ports Holdings (CI) Limited Peel Ports Limited Peel Ports Operations Limited Peel Properties (MSC) Limited Peel Properties (N.W.) Limited Peel Properties (S.E.) Limited Peel Properties (S.W.) Limited Peel Property (Investments) Limited Peel Property (No.2) Limited Peel Property (Partnerships) Limited Peel Property (SDL) Limited Peel Property Holdings Limited Peel Property Intermediate Limited Peel Property Limited Peel Red City Holdings Limited Peel Scout Moor Services Limited Peel Securities (N.W.) Limited Peel Securities (S.E.) Limited Peel Securities (S.W.) Limited Peel South East Limited Peel South West Limited Peel Telecommunications (Holdings) Limited Peel Telecommunications Limited Peel Two Limited Peel Utilities Electricity Limited Peel Utilities Holdings Limited Peel Utilities Limited Peel Utilities Services Limited Peel Utilities Water Limited Peel Waste Holdings Limited Peel Water Limited Peel Water Networks Limited Peel Water Services Holdings Limited Peel Water Services Limited Peel Water Solutions Limited	

<i>Name</i>	<i>Position</i>	<i>Company – Position currently held</i>	<i>Company – Position previously held</i>
Steven Underwood (continued)	Director	Peel Wind Farms (Asfordby) Limited Peel Wind Farms (Blue Sky Forest) Limited Peel Wind Farms (FIT) Limited Peel Wind Farms (Frodsham) Limited Peel Wind Farms (Garleffan) Limited Peel Wind Farms (Heysham) Limited Peel Wind Farms (Management) Limited Peel Wind Farms (No.1) Limited Peel Wind Farms (Plenmeller) Limited Peel Wind Farms (Projects) Limited Peel Wind Farms (Seaforth) Limited Peel Wind Farms (Sheerness) Limited Peel Wind Farms (Yell) Limited Pinewood Shepperton plc Port Falmouth Limited Port of Sheerness Limited Port of Sheerness Wind Farm Limited Port Salford Limited Princes Dock Development Company Limited Princes Dock Development Company No. 4 Limited Princes Dock Development Company No.5 Limited Princes Dock Hotel Limited Princes Dock Office No.12 Limited Princes Dock Office No.8 Limited Princes Dock Office No.9 Limited Principal Management Company Limited R T Acquisitions Limited R T Salford Limited Reddington Developments Limited Reddington Finance Limited Reddington Holdings Limited RHADS Hotel Limited	

<i>Name</i>	<i>Position</i>	<i>Company – Position currently held</i>	<i>Company – Position previously held</i>
Steven Underwood (continued)	Director	Rio De Janeiro Land, Mortgage & Investment Agency Company Limited Riverside Peel Limited Rossfield Park Management Company Limited Rounded Thought Limited Scout Moor II Holdings Limited Seaforth Windfarm Limited Sheffield Heliport Limited Shepperton Studios (General Partner) Limited Ship Canal Enterprises Limited Ship Canal Properties Limited South Clyde Energy Centre Limited South Yorkshire Emergency Services Centre Limited Sudbrook Trading Estate Limited The Beaumont Property Trust Limited The Bridgewater Canal Company Limited The Bridgewater Centre Management Company Limited The Heart (MediaCity) Management Company Limited The Manchester Ship Canal Company Limited The Mersey Docks and Harbour Company Limited The Pie Factory Limited The Saddlery Investments Limited The Trafford Centre PFS Limited Toll House Motors Limited Tower Hotel Management Limited Trafford Centre Developments Limited Trafford Golf Centre Holdings Limited Trafford Golf Centre Limited Utilities Services (MediaCity UK) Limited Woodside Business Park Limited	

- 13.3 As at the close of business on the Latest Practicable Date none of the Directors nor any person acting in concert with the Company or any of its Directors, has any interest in, right to subscribe for or short position in any relevant securities (as defined at paragraph 13.5 below) of Coalfield Resources.
- 13.4 As at the close of business on the Latest Practicable Date no relevant securities (as defined at paragraph 13.5 below) of Coalfield Resources have been borrowed or lent by the Directors or any person acting in concert with the Company or any of the Directors.
- 13.5 For the purposes of paragraphs 13.3 and 13.4 of this Part 12 “relevant securities” means in relation to Coalfield Resources ordinary shares or any other securities convertible or exchangeable into rights to subscribe for, options (including traded options) in respect of, or derivatives referenced to, any such shares or short positions (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery of, in each case, of ordinary shares.

14. Litigation

14.1 *The Group*

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Coalfield Resources is aware) which may have or have had in the recent past (covering the 12 months immediately preceding the date of this document) a significant effect on Coalfield Resources and/or the Group’s financial position or profitability.

14.2 *The Harworth Estates Group*

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Group is aware) which may have or have had in the recent past (covering the 12 months immediately preceding the date of this document) a significant effect on the Harworth Estates Group’s financial position or profitability.

15. Mandatory Bids and Compulsory Acquisition Rules Relating to Shares

Mandatory bids

The City Code applies to the Company. Under the City Code, if an acquisition of interests in the Company’s Ordinary Shares were to increase the aggregate holding of an acquirer and persons acting in concert with it to an interest in the Company’s Ordinary Shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer and, depending upon the circumstances, persons acting in concert with it, would be required (except with the consent of the Panel) to make a cash offer for the outstanding Ordinary Shares at a price not less than the highest price paid for interests in shares by the acquirer or persons acting in concert with it during the previous 12 months. A similar obligation to make such a mandatory offer would also arise on the acquisition of an interest in Ordinary Shares by a person holding (together with persons acting in concert with it) an interest in Ordinary Shares carrying between 30 and 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase that person’s percentage of the voting rights.

Squeeze-out

Under the Companies Act, if a “takeover offer” (as defined in section 974 of the Companies Act) is made for the Company’s Ordinary Shares and the offeror were to acquire, or unconditionally contract to acquire, not less than 90 per cent. in value of the Ordinary Shares to which the offer relates (the “Offer Shares”) and not less than 90 per cent. of the voting rights attached to the Offer Shares, within three months of the last day on which its offer can be accepted, it could acquire compulsorily the remaining 10 per cent. It would do so by sending a notice to outstanding Shareholders telling them that it will acquire compulsorily their Offer Shares and then, six weeks later, it would execute a transfer of the outstanding Offer Shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for outstanding Shareholders. The consideration offered to the Shareholders whose Offer Shares are acquired compulsorily under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

Sell-out

The Companies Act also gives minority Shareholders a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the Ordinary Shares and at any time before the end of the period within which the offer could be accepted the offeror held or had agreed to acquire not less than 90 per cent. of the Ordinary Shares to which the offer relates, any holder of Ordinary Shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those Ordinary Shares.

The offeror is required to give any Shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of the minority Shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a Shareholder exercises his or her rights, the offeror is bound to acquire those Ordinary Shares on the terms of the offer or on such other terms as may be agreed.

Takeover bids

No public takeover bid has been made in relation to the Company during the last financial year or the current financial year.

16. Consents

- 16.1 PricewaterhouseCoopers LLP is a member firm of the Institute of Chartered Accountants of England and Wales and has given and has not withdrawn its written consent to the inclusion of the reports in Part 7 (Financial Information relating to the Harworth Estates Group) of this document and Part 10 (Unaudited Pro Forma Financial Information for the Enlarged Group) of this document, in the form and context in which they appear and has authorised the contents of its reports for the purposes of Rule 5.5.3R(2)(f) of the Prospectus Rules.
- 16.2 BNP has given and has not withdrawn its written consent to the inclusion in this document of the references to its name and of its Property Valuation Report contained at Part 13 of this document in the form and context in which it appears and has authorised the contents of its Property Valuation Report for the purposes of Rule 5.5.3R(2)(f) of the Prospectus Rules.
- 16.3 Smiths Gore has given and has not withdrawn its written consent to the inclusion in this document of the references to its name and of its Property Valuation Report at Part 13 of this document in the form and context in which it appears and has authorised the contents of its Property Valuation Report for the purposes of Rule 5.5.3R(2)(f) of the Prospectus Rules.
- 16.4 Investec has given and not withdrawn its consent to the inclusion in this document of its name and the references to it in the form and context in which they are included.

17. Auditors

PricewaterhouseCoopers LLP, whose address is at Benson House, 33 Wellington Street, Leeds LS1 4JP, have audited the consolidated financial statements for the Company for the financial years ending 29 December 2012, 28 December 2013 and 31 December 2014 in accordance with auditing standards and have made a report in accordance with Chapter 3 Part 16 of the Companies Act 2006 in respect of each of these sets of statutory accounts and such reports were unqualified and did not contain a statement under sections 198(2) or (3) of the Companies Act 2006.

18. Costs and expenses

The total costs and expenses payable by the Company in connection with the Transaction are estimated to be approximately £4.4 million.

19. Documents Available for Inspection

19.1 Copies of the following documents are available for inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) up to Admission at the offices of Eversheds LLP at One Wood Street, London EC2V 7WS and at the Company's registered office at Sheffield Business Centre, Europa Link, Sheffield S9 1XZ. The documents will also be available for inspection at the General Meeting for at least 15 minutes prior to and during the meeting:

- (a) the Articles;
- (b) the Acquisition Agreement;
- (c) the annual reports and accounts of the Company, including the audited consolidated accounts and the independent auditors' reports for each of the years ended 29 December 2012 and 28 December 2013 and 31 December 2014;
- (d) the consent letters referred to in paragraph 16 of this Part 12 above;
- (e) the reports from PricewaterhouseCoopers LLP which are set out in section A of Part 7 (Financial Information relating to the Harworth Estates Group) and section B of Part 10 (Unaudited Pro Forma Financial Information for the Enlarged Group) of this document;
- (f) the property valuation report from BNP which is set out in Part 13 of this document;
- (g) the property valuation report from Smiths Gore which is set out in Part 13 of this document;
- (h) this Prospectus;
- (i) the Underwriting Agreement;
- (j) the irrevocable undertakings described at paragraph 12.1.2 of Part 12 of this Prospectus;
- (k) the HEPGL Shareholders' Agreement and the HEPGL Deed of Termination;
- (l) the Put and Call Option;
- (m) the Blenkinsopp Indemnity, the Blenkinsopp Novation, the guarantee from HEMPL and the Deed of Novation and Amendment dated 25 September 2014 entered into between (1) the Company (2) UKCPL and (3) HEMPL and the charges over Thoresby Colliery and Kellingsley Colliery, described at paragraph 12.1.5 of Part 12 of this Prospectus;
- (n) the Peel Relationship Agreement;
- (o) the PPF Relationship Agreement;
- (p) the Lock-In Deed;
- (q) the service agreement dated 3 March 2015 entered into between (1) Owen Michaelson and (2) the Company;
- (r) the service agreement dated 3 March 2015 entered into between (1) Michael Richardson and (2) the Company;
- (s) the non-executive director contract for services dated 1 March 2015 between (1) Anthony Donnelly and (2) the Company;
- (t) the non-executive director contract for services dated 1 March 2015 between (1) Martyn Bowes and (2) the Company;
- (u) the settlement agreement dated 3 March 2015 entered into between (1) Jeremy Hague, (2) the Company and (3) HEPGL;

- (v) the lease relating to Kellingley Colliery dated 9 July 2013 entered into between (1) HEMPL and (2) UKCKL;
- (w) the deed of novation of overarching agreement relating to liabilities under certain leases dated 9 July 2013 entered into between (1) UKCOL (2) HEPGL (3) Mining Services Limited (in administration) (4) HEMPL (5) UKCSML (6) David Kelly, Robert Hebenton and Ian Green and (7) Francis Graham Newton and Paul Bates;
- (x) the deed of release and consent relating to two third party chattel mortgages dated 9 July 2013 entered into between (1) HEMPL (2) Mining Services Limited (in administration) and (3) Francis Graham Newton and Paul Bates;
- (y) the acknowledgement of inter-company debt dated 9 July 2013 entered into between (1) UKCPL and (2) UKCKL;
- (z) the acknowledgement of inter-company debt dated 9 July 2013 entered into between (1) UKCPL and (2) UKCTL;
- (aa) the deed of charge relating to Thoresby Colliery dated 9 July 2013 entered into between (1) UKCTL and (2) HEPGL;
- (bb) the deed of charge relating to Kellingley Colliery dated 9 July 2013 entered into between (1) UKCKL and (2) HEPGL;
- (cc) the third party legal charge dated 9 July 2013 entered into between (1) HEIL and (2) The Coal Authority;
- (dd) the third party legal charge dated 9 July 2013 entered into between (1) HEALL and (2) The Coal Authority;
- (ee) the deed of priority and acknowledgement relating to investment account dated 25 September 2014 entered into between (1) the Coal Authority (2) PPF (3) The Secretary of State for Business Innovation and Skills (4) HEIL (5) UKCMH and (6) UKCPL;
- (ff) the Cutacre deed of acknowledgement dated 25 September 2014 entered into between (1) HEIL (2) UKCPL and (3) UKCSML;
- (gg) the deed of variation relating to a lease of Kellingley Colliery dated 25 September 2014 entered into between (1) HEMPL and (2) UKCKL;
- (hh) the deed of variation relating to a lease of Thoresby Colliery dated 25 September 2014 entered into between (1) HEMPL and (2) UKCTL;
- (ii) the deed of variation relating to a lease of Harworth Colliery and Tip 2 at Harworth dated 25 September 2014 entered into between (1) HECL and (2) UKCTL;
- (jj) a letter from the Company to HM Land Registry dated 25 September 2014 consenting to the registration of and variation of a lease between (1) HEMPL and (2) UKCTL relating to Thoresby Colliery;
- (kk) a letter from the Company to HM Land Registry dated 25 September 2014 consenting to the registration of and variation of a lease between (1) HEMPL and (2) UKCKL relating to Kellingley Colliery;
- (ll) the deed of agreement to assign or transfer environmental permits relating to Thoresby Colliery dated 25 September 2014 entered into between (1) UKCTL and (2) HEMPL;
- (mm) the deed of agreement to assign or transfer environmental permits relating to Kellingley Colliery dated 25 September 2014 entered into between (1) UKCKL and (2) HEMPL;

- (nn) the deed of agreement to assign or transfer environmental permits relating to Harworth Colliery dated 25 September 2014 entered into between (1) UKCTL and (2) HECL;
- (oo) the deed of cancellation and release relating to a £10,000,000 loan agreement and related guarantee dated 25 September 2014 entered into between (1) HEPGL (2) UKCPL and (3) UKCMH, UKCSML, UKCKL, UKCTL and UKCHL;
- (pp) the deed of variation relating to a bonding counter-indemnity dated 25 September 2014 entered into between (1) HEMPL and (2) UKCSML;
- (qq) the deed of indemnity in relation to an amended and restated payment instalment deed in favour of the Coal Authority dated 25 September 2014 entered into between (1) UKCPL (2) HEIL (3) HEMPL and (4) HEALL;
- (rr) the project carlton umbrella deed dated 14 November 2014 entered into between (1) UKCSML (2) David Kelly, Robert Hunt and Matthew Callaghan (3) UKCSMRL (4) UKCKL (5) UKCTL (6) UKCPL (7) Potland Burn Limited (8) PPF (9) HEPGL (10) HEMPL (11) HECL (12) HEALL (13) HEIL and (14) Nabarro LLP;
- (ss) the deed of consent and partial release dated 14 November 2014 entered into between (1) HEIL and (2) UKCPL;
- (tt) the £2,000,000 term loan facility dated 14 November 2014 entered into between (1) UKCSMRL and (2) HEIL;
- (uu) the debenture dated 14 November 2014 entered into between (1) UKCSMRL and (2) HEIL;
- (vv) the deed of consent and waiver dated 14 November 2014 entered into between (1) UKCSML (2) Matthew Boyd Callaghan, Robert Jonathan Hunt and David James Kelly (3) UKCSMRL (4) HEPGL (5) HEMPL (6) HECL (7) HEALL and (8) HEIL;
- (ww) the consent letter dated 14 November 2014 entered into between (1) HEIL (2) HEMPL and (3) UKCSMRL;
- (xx) the deed of release dated 14 November 2014 entered into between (1) HEMPL (2) UKCSML (3) Matthew Boyd Callaghan, Robert Jonathan Hunt and David James Kelly and (4) UKCSMRL;
- (yy) the licence to assign and deed of variation relating to various sites in England dated 14 November 2014 entered into between (1) HEPGL (2) HEIL (3) HEALL (4) UKCSML (5) UKCSMRL and (6) Matthew Boyd Callaghan, Robert Jonathan Hunt and David James Kelly;
- (zz) the loan agreement relating to Logistics North, Cutacre, Greater Manchester dated 30 October 2013 entered into between (1) HEIL (2) HEPGL (3) CBRE Loan Servicing Limited (as Agent) (4) CBRE Servicing Limited (as Security Agent) (5) CBRE Indirect Investment Services Limited (as Arranger) (6) the North West Evergreen Limited Partnership acting by its general partner North West Evergreen (GP) Limited and (7) Greater Manchester Combined Authority;
- (aaa) the loan facility agreement dated 26 March 2014 entered into between (1) Homes and Communities Agency (2) HEWPL and (3) HEIL;
- (bbb) the facility agreement dated 31 December 2013 entered into between (1) HEIL (2) CBRE Indirect Investments Services Limited (3) CBRE Loan Servicing Limited acting as Agent (4) CBRE Loan Servicing Limited acting as Security Agent;
- (ccc) the loan agreement entered into between (1) Leeds City Council and (2) HEWPL;

- (ddd) the sterling term facility agreement relating to a term facility of £60,000 dated 10 December 2012 entered into between (1) HEPGL (2) HEWPL (3) Harworth Mining Services Limited (4) Harworth Group Limited (5) Prospect House Properties Limited (6) Harworth Estates Mines Property Limited (7) Harworth Estates Overage Limited (8) Harworth Estates Curtilage Limited (9) Harworth Mining Limited (10) HEALL (11) Coal Resources Limited (12) R&A Young (Mining) Limited and (13) Lloyds TSB Bank plc;
- (eee) the letter of Variation in relation to the facility agreement described at (ddd) above dated 2 December 2014 entered into between (1) HEPGL (2) Harworth Mining Services Limited (3) Harworth Group Ltd (4) Harworth Estates Limited (5) Harworth Estates Mines Property Limited (6) Harworth Estates Overage Limited (7) Harworth Estates Curtilage Limited (8) Harworth Services Limited (9) Harworth Estates Investments Limited (10) HEWPL (11) HEALL (12) Harworth Regeneration Limited (13) Harworth Estates No 2 Limited (14) POW Management Company Limited (15) Logistics North MC Limited (16) Lloyds Bank plc;
- (fff) the facility agreement as amended and restated by amendment and restatement deeds dated 4 September 2009, 25 April 2012, 7 December 2012 and June 2014 and as amended by letters dated 21 February 2011 and 6 June 2011, in relation to a £12,185,269 term loan facility dated 7 May 2008 entered into between (1) EOS Inc. Ltd and Barclays Bank plc; and
- (ggg) the RBS Facility Agreement.

Part 13

Property Valuation Reports

Part I

Smiths Gore • 17-18 Old Bond Street, London W1S 4PT • United Kingdom
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3 March 2015

The Directors
Coalfield Resources plc
Sheffield Business Centre
Europa Link
Sheffield
S9 1XZ

Investec Bank plc
2 Gresham Street
London
EC2V 7QP

Dear Sirs

Valuation of a Portfolio of Real Estate owned by Harworth Estates Property Group Limited as at 31st December 2014

We refer to your instructions dated 21st November 2014 to prepare a report and valuation of the above Portfolio and set out below our report.

Valuation terms

Instructions

The valuation was carried out in accordance with Smiths Gore's Standard Assumptions for the preparation of Valuations which are attached in Appendix 1, unless varied by special assumptions as set out below or as have been subsequently agreed with you in writing. Appendix 1 also contains statements on the firm's complaint handling procedure as well as monitoring of valuations by the RICS under the Institution's conduct and disciplinary regulations.

We confirm that Smiths Gore holds appropriate Professional Indemnity Insurance to enable us to undertake this instruction.

Our valuation reports (Reports) will be addressed to, and will be capable of being relied upon by, Coalfield Resources plc (Company) and Investec Bank plc (Investec) (together, Addressees). As the Reports are being produced for inclusion in a Prospectus in relation to Coalfield Resources plc (as described below), we understand the reports will be taken into account of and relied upon by investors in making their investment decisions in connection with the same.

The properties

The Portfolio is grouped into a number of Sites each of which contains a number of individual properties or assets. These sites are situated in Cumbria, Warwickshire, Staffordshire, Leicestershire, Shropshire, Derbyshire, Manchester, Nottinghamshire, Yorkshire, Co. Durham, Lancashire and Northumberland.

Harworth Estates Property Group Ltd has the controlling ownership of the following legal titles in the above properties:

- Harworth Estates No 2 Ltd;

- Harworth Estates Mines Property Ltd;
- Harworth Estates Agricultural Land Ltd; and
- Harworth Estates Investments Ltd.

Together these are referred to as the Properties, which are subdivided into Sites based on their geographic location referred to as a Site.

Purpose

The Reports (further defined below) are prepared for the purpose of inclusion in the listing particulars prepared for the purposes of EU Directive 2003/71/EC (Prospectus Directive) and comprising the listing particulars given in compliance with the listing rules made by the UK Listing Authority under section 73A of the Financial Services and Markets Act 2000 (Prospectus). The Prospectus is published in connection with the reverse takeover by the Company of Harworth Estates Property Group Limited (Harworth Estates), the associated firm placing and placing and open offer to be conducted by the Company and the subsequent admission to listing of the enlarged share capital of the Company to the standard segment of the Official List of the UK Listing Authority and to trading on the London Stock Exchange plc's main market for listed securities (Transaction).

We confirm that our Reports are prepared in accordance with the relevant provisions of the Listing Rules and the City Code on Takeovers and Mergers, Rule 5.6.5G of the Prospectus Rules published by the Financial Conduct Authority and paragraphs 128 to 130 of the ESMA update of the CESR recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses No 809/2004 (ESMA Guidelines). We also confirm that unless otherwise defined, terms have the meaning given to them in the above sources.

However, we understand that the FCA Listing and Prospectus Rules have not yet been updated to reflect the new RICS Valuation – Professional Standards, and still make reference to compliance with the “Appraisal and Valuations Standards (5th Edition)” issued by the Royal Institution of Chartered Surveyors.

For the avoidance of doubt, our valuation also complies with these standards to the extent that they have not been superseded by the current RICS Valuation – Professional Standards.

Valuation basis

Our Reports are prepared in accordance with the requirements of the RICS Valuation – Professional Standards Global and UK January 2014 (RICS Red Book), and in accordance with the requirements of VP3 entitled Valuation Reports.

The basis of valuation is Market Value as defined by RICS Red Book Valuation Practice Standard 4 (1.2) as:

“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”

Our values are exclusive of any Value Added Tax (VAT) and no allowances have been made for any expenses of realisation nor for taxation which might arise in the event of a disposal of a property.

The values reported are in Pounds Sterling.

Date of valuation

The date of the valuation was 31st December 2014.

Disclosure of prior involvement

Since 2006 Smiths Gore have carried out sales on behalf of Harworth Mining International Ltd, which was then a wholly owned subsidiary of UK Coal plc (now Coalfield Resources plc) and manage a number of the estates within the portfolio being valued.

Status of the valuer

The Reports and valuation will be prepared by Gerald FitzGerald MRICS FAAV acting as an independent expert for the purposes of the ESMA Guidelines. We confirm he has no material interests in Coalfield Resources plc as defined under UPPS Appendix 7.

In accordance with current RICS regulations we confirm that:

- Smiths Gore have valued the majority of the agricultural property portfolio of Coalfield Resources plc (and that of its subsidiaries from time to time) since 2005.
- Gerald FitzGerald has supervised the valuation of the agricultural portfolio of Coalfield Resources plc since the 30th June 2008.
- The total fees earned in our latest financial year from Coalfield Resources plc amounted to substantially less than 5% of our firm's turnover.

On the basis that all interested parties are aware of these roles, we do not consider there to be a conflict of interest.

We can confirm that we do not have any material interest in any of the properties and that we will undertake our valuation in the capacity of External Valuer, as defined in the RICS Red Book.

Gerald FitzGerald specialises in the valuation of rural portfolios including rural houses as well as minerals and we hereby confirm that he has the necessary skill and knowledge of the market to undertake this valuation competently.

Inspections

Where appropriate we inspected the properties as part of the valuation.

Inspection of houses was limited to external inspection only as the properties are let.

Confidentiality

The Reports and valuation are confidential to the Addressees for the specific purpose to which it refers and no responsibility whatsoever is accepted to any third party. It may be shared with other advisors as part of the purpose listed and disclosed in the Prospectus. Save as provided for above, neither the whole, nor any part of the Reports, nor reference thereto, may be published in any document, statement or circular, nor in any communication with third parties, without our prior written approval of the form and context in which it will appear, which will have to reflect both these Terms of Engagement and sufficient contemporaneous reference to any departures from the RICS Valuation Standards.

Responsibility

For the purpose of Prospectus Rule 5.5.3R(2)(f), Smiths Gore accept responsibility for the information contained in the Reports and declare that we have taken all reasonable care to ensure that the information contained in the Reports will, to the best of our knowledge, be in accordance with the facts and contain no omission likely to affect its import. This declaration will be included in the Prospectus in compliance with Annex 1 paragraph 23.1 and Annex 3 paragraph 10.3 of the Prospectus Rules.

Legal and title issues

Title

We have not inspected the Title Deeds and have assumed that, other than those identified below, the properties have a good and marketable title free from any onerous encumbrances, restrictions, easements, wayleaves or servitudes or other outgoings unless specifically mentioned.

- *Creswell*
Part of this land is subject to a right of pre-emption to Welbeck Land.

- *White Lea*
As part of surrender deals there is an obligation to sell to the former tenant on release from aftercare

UK Coal Surface Mines Limited (UKSML) will compensate the land owner for the difference between this above value and the Market Value we have made no discount and valued this land at the Market Value.
- *St Aidens*
975 acres are to be transferred to Leeds City Council.
- *Gedling*
The Country Park is to be transferred to the Council as part of a development deal. This also has an effect on the Solar Farm income both of which are reflected in our valuation.
- *Maidens Hall*
There are a number of overage/clawback clauses against alternative developments affecting parts of the Site, near Maidens Hall. As a result we have placed no development hope on these areas.

In valuing the portfolio we are entirely reliant on Harworth Estates records and information supplied to us. We have not verified its accuracy.

In terms of restoration obligations of mining sites we have assumed this remains with the mining operator UKCSMR Limited (UKCSMRL), the successor to UK Coal Surface Mines Limited (UKSML). A bond is held to cover restoration costs should the operator default and therefore the moneys held are assumed to be sufficient to restore the site sufficiently to good order and back into agricultural use.

Ownership

The majority of the assets are freehold interests. The exceptions are:

BOTHAL/POTLAND – Tenants interest in a Company AHA.

PLENMELLER – Option on land adjoining freehold land where Harworth have the ability to promote the site for a Wind Farm. Due to the current planning status and risks we have placed no value on this option.

MERIDEN – Part of the sites is held as a leasehold interest. We are valuing the freehold in 85.17 acres.

Tenure

Most of the assets are let, which we have taken into account in our valuation and are set out in the valuation schedule.

Value Added Tax

Our valuation assumes that an election has not been made to waive the subject property's exemption to VAT and VAT will not be charged on any sale or letting.

Environmental factors

As instructed we have not undertaken or commissioned an Environmental Assessment or soil test to establish whether contamination exists or may exist. We are not aware of any such assessments having been prepared by a specialist advisor in respect of the subject property and its environs. In practice, purchasers in the property market do require knowledge about contamination and other environmental factors. A prudent purchaser of this property would be likely to require appropriate investigations to be made to assess any risk before completing a transaction. Should it be established that contamination does exist, or the property is affected by other environmental factors, this might reduce the value now reported.

For the purposes of this valuation, we have therefore assumed that neither contamination nor deleterious materials exist within the property that would affect our opinions of value reported herein. However, we

would stress that should this assumption prove to be incorrect, we would reserve the right to reconsider the market values reported herein.

In common with many agricultural properties some of the farm buildings roofing material is corrugated fibre asbestos sheeting. This is in a relatively inert form and provided it is maintained in a good condition, it does not generally give rise to particular concern. However, it does require detailed recording of its presence and if work is being carried out a specialist contractor will be required for its removal and disposal.

The owners and occupiers of commercial premises have a statutory responsibility for the assessment, maintenance and repair activities under the Control of Asbestos Regulations 2011. We have not had sight of an asbestos register and recommend this be verified.

Exchanged

One property has exchanged but not completed at the valuation date being Flat Meadow Farm at Mead (Club Root Farm). These assets are still included in the value we report at their full value. We have not made any adjustment for deposits received.

Valuation and market commentary

National Market commentary

Farmland – England and Wales

	<i>Land for sale in England (acres)</i>		<i>Average price in England (£/ac)</i>		
	<i>4Q2014</i>	<i>4Q2013</i>	<i>4Q2014</i>	<i>3Q2014</i>	<i>4Q2013</i>
	<i>(% change in last 12 months)</i>		<i>(% change since 3Q2014)</i>		<i>(% change in last 12 months)</i>
Bare land	2,200 (– 4%)	2,300	£7,600 3%	£7,400	£7,100 7%
Equipped	6,200 19%	5,200	£11,100 1%	£11,000	£10,800
All land	8,400 12%	7,500	£10,200 1%	£10,100	£9,900 3%

With a fall in commodity prices over the last year, a prospect of a rate rise and lower subsidies one would expect to see that the pressure on land prices should ease. Nevertheless over the last year we have seen examples of record breaking prices being achieved and Smiths Gore Research suggests prices are up 3 per cent. over the year, or bare land up 7 per cent. as shown in the table above.

In certain parts of the country prices are rising, especially in the Hampshire/Wiltshire/Gloucestershire area, where values are not only increased, but some have been well above the general market level. Although we have noticed a premium for size developing in the market of late, there have been many more examples over the last six months, but mainly for primarily arable land, in larger blocks, in sought after regions.

These well publicised sales and national price movements are however only part of the story. In much of the rest of the country, where we are seeing sales taking longer to transact and in a number of instances, guide prices are not being achieved. However, with increasing evidence of guide prices not being achieved, we have reason to believe that the data, which is based on guide prices, may be belying true market sentiment and that for MANY parts of the country we do not believe there has been much of an increase in land values.

Therefore although the national data suggests a rise in values, for most areas this may not be applicable, since these national movements hide some wide variations in prices as well as differences in market sentiment. The valuation of farmland is becoming increasingly difficult over the last year and much more localised. The range of values between quality has not only increased, but so too, the spread between regions, with some areas becoming extremely competitive, especially the fashionable parts of the country of easily workable arable land in large contiguous blocks. Elsewhere the picture is more mixed.

Rural Investments

The IPD UK Rural Property Investment Index (©IPD) results to 31st December 2013, sponsored by Smiths Gore, were released in May 2014. Rural property continued to generate impressive returns for investors recording an increased total return of 12.3%, mainly off the back of capital growth of 10.7%. A breakdown of these results is shown below but the trends are similar to those we have seen over the last few years, as performance is driven by capital growth. The long term annualised returns look increasingly healthy due to its consistent performance, justifying many investors' belief in this alternative investment.

The last 12 months has seen a considerable increase in activity in the investment market this year with purchasers chasing quality holdings, leading to a very wide price range.

For the last few years we have become used to a steady trickle of investments coming to the market, with most of the difference in values related to the expectations about the reversion and tax status. In the last 12 months we saw some better quality investment farmland coming to the market, of primarily arable holdings on fully repairing terms, which sold for prices well in excess of the guide prices. Just as we are seeing in the main farmland market for farms without sitting tenants, there is increasing price differentiation for quality, where investors are seeking large good quality arable holdings that offer the best opportunities for long-term rental and capital growth. Investors seem much more optimistic about the arable sector's profitability, possibly reflecting the higher commodity prices and better ability to control costs. Investors therefore appear to be being driven by asset performance fundamentals and not just seeing the investment market as a cheaper form of tax vehicle.

As a result, there has been a considerable drop in yields, especially on arable investments over the year. There has also been much more interest and activity from new private purchasers coming into the market. They have primarily been seeking arable units, on fully repairing terms to reduce risks from repair surprises. Furthermore since these are easier to manage, they can be controlled from a great distance away and thus appeal to a much wider range of purchasers. The fall in yields has not happened for all farm types, with more marginal, lower quality land investments struggling to sell, to such an extent that there is almost a 50% difference in yields between the best and worst.

Another factor in the market is rising farm rents. For a number of years, the higher rents being agreed for new open market lettings have been dismissed as possibly a blip. However there is a growing realisation that this rise is more long-term and that the difference in rental value between Agricultural Holdings Act and Farm Business Tenancies had become unrealistic. We are therefore starting to see rents on investment farms, with Agricultural Holdings Act tenancies, rising by significant percentages, although many landlords and tenants are phasing in this market evidence over several rent review cycles. The effect is rising investment capital values due to both expected rent reviews and agreed rents; again, this is much more of a factor for the arable units than livestock units, reflecting the sectors' profitability.

Residential

<i>UK House Prices</i>	<i>% change (over month)</i>	<i>% change in last 12 months</i>
Halifax (Oct 14)	-0.4%	+8.8%
Nationwide (Oct 14)	+0.5%	+9.0%

N.B. It should be noted that these indices only measure sales linked to mortgages. They therefore do not include sales not linked to mortgages, which account for about 25% of all sales.

Despite Nationwide reporting 0.5% growth in October, the annual pace of house price growth has continued to moderate – declining to 9% from 9.4% in September – the second consecutive month where annual growth has fallen. They cite a variety of indicators for the market losing momentum, including the number of mortgages approved for house purchases in September which was almost 20% below the level prevailing at the start of the year and the forward looking indicator of new buyer enquiries, suggests activity may soften further in the near term. Having said this, broader economic indicators remain positive: the labour market has continued to improve, the unemployment rate falling to and mortgage rates have fallen back towards all-time lows. If consumer confidence continues to improve activity should correspondingly increase providing

mortgage rates do not rise sharply. The housing market should be able to cope with higher interest rates, provided the increase is gradual and the economy and the labour market remain in good shape. Guidance from the Bank of England suggests that the increase in interest rates is likely to be gradual, and that they are expected to settle at a level somewhat below the average prevailing before the financial crisis, which should help ensure borrowing costs remain manageable.

Somewhat in contrast Halifax, reports a 0.4% fall between September and October, being the fifth monthly decline in the past year. Although prices in the three months to October were 0.8% higher than in the preceding three months, this was the third consecutive decline in the quarterly rate of increase (three months to October slowed to 8.8% from 9.6% in September) and the smallest rise since December 2012. Activity continues to decline with mortgage approvals in September falling for the third successive month to a 14 month low, whilst home sales are at their lowest level since October 2013, with associated weakening in demand. However the Halifax suggest with an improving economy and rising employment housing demand should improve over the coming months. Whilst the chance of an imminent interest rate hike appears to have receded, a recent Halifax survey found that many borrowers are concerned about the impact a rise could have on their monthly mortgage repayments over the next 12 months and this concern may well curb buying intentions.

The October 2014 RICS UK Residential Market Survey continues to suggest, at the national level, a modest dip in activity alongside an ongoing deceleration in house price growth. Surveyors expect the current weakening trend to be temporary with near term expectations indicating a flat picture but medium term expectations remaining fairly positive. The 'temporary slowdown' story concurs with the broader macro backdrop and the flat trend in new instructions, which suggest that for the time being homeowners are not, in aggregate, under any significant pressure to sell. Buyer enquiries and agreed sales continued to decline and at a faster pace than in the previous month. Falling activity is no longer just a London phenomenon; within England and Wales, buyer enquiries fell to varying degrees across all regions included in the survey with the exception of the North, while agreed sales fell in all regions except the South West and Yorkshire and Humberside.

The factors behind the current weakness include the introduction of the Mortgage Market Review recommendations in April with affordability being stretched in some parts of the country, together with the expectation of interest rates to start rising during 2015. Whilst activity levels are beginning to slow the pace of house price growth, according to the survey, prices are still rising at the national level. Indeed, the headline price balance registered +20 in October. Moreover, within England and Wales all regions included in the survey are still recording price growth with the exception of London, where the supply and demand dynamic that had proved such a boost during 2013 has largely gone into reverse. However, having said that, the RICS would still caution against over interpreting the London net balance data; even now, certain micro markets in the capital are still showing a firm trend, while anecdotal evidence from respondents to the survey suggests that talk of 'mansion tax' is having a deleterious impact at the very top of the market.

In the lettings sector during the three months to October, demand remained quite solid at the national level while new landlord instructions fell for the second consecutive three month period. As a result, rents are expected to increase over the next 12 months by around 2.5%.

Valuation Methodology

The Portfolio is broken down into a number of Sites based on their geographic location. Each Site is then further subdivided into a number of distinct units, the majority of which are based on the occupational lettings or use of that area.

In considering the values, we have valued on the following basis:

- that each Property will be offered as a whole or in part to its best advantage and subject to the existing tenancies;
- it is assumed that the freehold interest is not subject to any onerous covenants, easements, rights of way or other such rights other than those disclosed to us as part of your management information;

- the valuation will be prepared on the basis that all minerals are excluded;
- it is assumed that there are no physical changes or changes in tenure other than those advised to us before the valuation date by your management records; and
- for the avoidance of doubt, 'Hope Value' as defined by the Valuations Standards is included in our valuation.

Rural Assets

Farmland

Our approach has been to value each property in two parts, firstly considering the vacant possession value before then adjusting this to arrive at a Market Value which reflects the tenancy.

Most of the sites are valued on the basis of the area of land. We are therefore highly reliant upon the accuracy of Harworth Estates measurements of the areas of land. There is some cross-referencing of their areas with the management records, however as some Sites contain significant areas of unlet land, this is not always possible. We also have our own historical knowledge of the areas, but the valuation does rely very much on an accurate area measurement.

For the vacant values, the majority of the land is valued on a comparison basis using rates per acre. Within each letting, as appropriate, we therefore further subdivide the let area to reflect its quality. All Farm Business Tenancy (FBT) agreements have contained within them a 12 month break clause that can be triggered at any point during the term of the tenancy with nil or minimal compensation due. We have assumed therefore that for all land let under FBT terms, vacant possession can be achieved within the timescale.

In most cases market demand for land is going to be local from either farmers or wealthy private individuals for Inheritance Tax planning. Some of the larger Sites over 300 acres may appeal to national buyers. National investors however tend to avoid the north and prefer all arable units and thus the large Sites in this portfolio are less likely to appeal to these buyers. As a result we would not add any estate premiums to the Sites, although this may be a possibility if marketing in a managed disposal.

In deriving our vacant value we rely on Smiths Gores management records of the tenanted area which comes from the rent collection terrier. As a cross reference we also consider the passing rent which often is an indicator of the quality of the land, as well as our own assessment of the Estimated Rental Value. This is then verified at our inspection and the vacant values adjusted.

In our inspection we also adjust our values to reflect hope for development. As most of the better development opportunities are predominantly valued by BNP Paribas, this is very modest. Some areas, due to their location near housing, may also have potential for amenity uses such as horse grazing which sometimes can command higher rents; or has the potential to enhance an adjoining householder's property. As a Special Purchaser we do not add value for this unless there is sufficient competition from a number of Special Purchasers, so that the market would be an enhanced value to reflect the potential to sell at a higher price in the future.

In valuing the land we assume that the land is parcelled or lotted up to achieve the maximum price which may not necessarily follow the letting configuration. In valuing the land within each letting we have therefore differentiated between the better quality land on the assumptions that this could be parcelled up with other land in other lettings. Where Harworth owned houses may command a premium if sold with land, we have added the premium to the house, not the land.

Farm Business Tenancies (FBT)

There are lettings of land since September 1995 where there is freedom of contract and no rent regulation. More importantly there is no security beyond the fixed term. Harworth Estates policy is to normally grant fixed terms of no more than 2 years. As the market pays the highest price for vacant possession, we therefore apply a discount to the vacant possession value where let to reflect the time it would take (by service of

Notice) for Harworth to obtain vacant possession, and therefore full vacant possession value. For this valuation we have allowed a 5% discount.

Where the fixed term is longer than 2 years, we have valued on a 'term and reversion'. This method is in two parts where the income is capitalised for the estimated remaining life of the tenancy, with the vacant possession reversion (net of tenants improvements) deferred for the same length of time. Thus lettings which are let at low rents tend to have higher discounts to the vacant value.

Agricultural Holdings Act 1986 (AHA 86)

Lettings subject to the Agricultural Holdings Act 1986, are subject to rent regulation and the tenant has security of tenure for life with succession rights. As a result the Market Value can be discounted by around 50% of the Vacant Value. The method to value land subject to AHA tenancies is based on capitalisation of the current and future rental income. We have made our own assessment of the Estimated Rental Value of the properties, as compared to the current rent passing, and applied to that estimated rental value a valuation yield to reflect the individual characteristics of the property. We have also considered the vacant value and adjusted the yield where the discount to vacant value is too great.

These lettings do sometimes also include houses and buildings. The value of these assets is considered in the vacant value and ERV, however they are heavily discounted.

The market for AHAs is a national market, although some buyers do have geographical or farm type preferences. A small number of such investments are traded annually and we set out results below for the last year.

<i>County</i>	<i>Equipped</i>	<i>Land (acres)</i>	<i>Passing yield</i>	<i>ERV Yield</i>
Lincolnshire	Bare land	487	1.01%	1.13%
Cambridgeshire	Bare land	107	1.19%	1.25%
East Kent	Equipped	766	1.44%	1.44%
Lincolnshire	Bare land	35	1.70%	1.91%
Devon	Equipped	377	0.82%	0.90%
Cornwall	Equipped	509	0.95%	1.14%
Yorkshire	Equipped	238	1.16%	1.16%
Dorset	Equipped	199	1.01%	1.18%
Herefordshire	Equipped	422	1.58%	1.63%
Durham	Equipped	129	1.80%	1.80%
Devon	Equipped	87	0.81%	0.81%
Buckinghamshire	Bare land	74	0.96%	1.60%
Shropshire	Equipped	293	1.63%	1.63%

This is not the complete list of comparables and there other transactions which we cannot fully disclose at present due to confidentiality.

Residential

There are now only a small number of houses left in the portfolio. For those where vacant possession can be obtained, the most likely demand will come from the local market and therefore our primary assessment is based on considering the vacant possession value before adjusting for the occupational letting.

For properties let on Assured Shorthold Tenancies (AST) we have applied a discount to the vacant possession value to reflect the time it would take (by service of Notice) for Harworth to obtain vacant possession, and therefore full vacant possession value.

For properties which are subject to a protected residential tenancy or Fair Rent, we have applied a discount to reflect that vacant possession is not available to the Landlord except at the Tenant's discretion. Where the rent levels are high, we have reduced this discount but still remained within a yield of 4.5% to 5%. Demand for these properties will come from investors rather than owner occupiers. This can be national buyers in

auction houses, however more recent evidence suggests there are now more competitive regional or local investors and the best prices are being achieved by private treaty or local auctions.

Farm buildings

There are a number of farm buildings within the portfolio. The traditional buildings which have potential for conversion are valued on a rate per square foot, based on the hope of obtaining planning consent for an alternative use. This is however heavily discounted due to the planning risk, as well as costs. There are now very few of these opportunities.

The modern buildings are valued on their agricultural value which is often much less than the cost of construction. Where such buildings have been converted to commercial uses (with or without planning or with the potential for a certificate of lawful use) we have still valued as if in agricultural use as their location is not necessarily best suited to that alternative use.

Renewables and Natural Resources

These are assets which will have the most variation in the income and value due the nature of the income and reversionary value.

Most are situated in rural locations where the use is specific to the consent obtained. The income stream in many cases has a finite period because of either government subsidies, such as in the case of solar and wind, or because the resource is exhausted as in the case of minerals or coal. When no longer viable or the resource has been consumed, the potential for alternative uses may be limited due to their rural location, and they could revert back to an agricultural use or less valuable, in the case of landfill.

Thus, for example, the land upon which a wind turbine is situated might have an agricultural value of only £5,000 or a rent of £50 per annum. On commissioning and whilst operational the rental income may be £15,000 per annum. This income however may only continue for 20 years when there is a significant drop in the income due to the termination of the subsidy. At this point there will be a question about the viability, where the costs of reengineering the site might become sufficiently low enough for it to continue but as a lower rental income rather than the site being abandoned.

As a result, in most cases, the values of individual Sites will fall over time as the end of operations draws closer. As a portfolio however the values are rising since more schemes are obtaining consent, getting grid connections and becoming operational. This however is likely to get more difficult as planning authorities become more reticent to grant consent and the government subsidies are curtailed.

A further complication is the limited amount of market evidence available. Some of these assets are a very new and the market is still evolving. The number of transactions is therefore limited and the market has not necessarily matured into accepted methods of valuation, further complicated by the number of variables. In the case of minerals, whilst having a longer history, there is almost no transactional evidence, and of those that we are aware of, the information available is limited or hidden within an overall packaged deal.

Our approach to the valuation of these assets has been based on capitalising the income stream. In all cases we either use the rental income payable under the lease or, where owner operated, we convert the turnover into a rental equivalent.

The sites which are owner occupied and have a business element are:

1. Chevington Wind Farm, Maidens Hall – part of a joint venture with Peel. Consented site for 9 x 2.5 MW turbines where Harworth have a 40% interest in the business element of the planning consent. We are aware of a potential sale of the site which we have discounted for risk and market evidence.
2. Lounge Wind Turbine – Consented single turbine of 500 kW. Harworth have 100% interest in the planning consent. Harworth have also purchased the turbine ready for construction which is included at cost in our valuation.

3. Hill Top – Consent for 3 x 1.3 MW turbines. Was obtained by option holder who has let their option expire.

In many cases the security of income and value relies heavily on the income past and future, rather than the tenants covenant. We therefore rely heavily upon the information supplied by the HE especially on the income, royalties and projected life span. We have also not examined the leases but relied upon the summary provided by Harworth.

Because of the importance of the operational income to value these assets, Gerald FitzGerald MRICS FAAV REV has been assisted by Alan Harries BEng PhD MEI CENV on the renewables and John Dutson FRICS, FIQ on minerals and landfill both of Smiths Gore and have experience in the operational side of these assets.

Wind

The investment market for wind farms is still emerging with a number of uncertainties.

On the one hand the profitability is very heavily dependent upon subsidies which make up a significant proportion of the income (without which this form of development would not occur).

The level of the subsidy over the longer term is expected to continue to fall. However, for projects that are already operational, the rates are set at historic subsidy levels.

When existing sites are due for renewal it is hoped, at least by the Government, that as subsidies fall, either electricity prices rise or repowering costs will be sufficiently low for wind farms to remain viable. It is conceivable that wind sites repowered in the future will not require subsidies at all.

In considering the value, the first question therefore for investors is how long will a given project be an income producing asset. Some take the view that the life expectancy of these wind farms that are now being commissioned will only be for the length of the current infrastructure which is tied in to the length of the subsidies and will therefore potentially be decommissioned and the land returned to agricultural use. Others argue that due to price rises in electricity or environmental credits, wind farms will continue to operate without subsidies. There is some merit in this latter argument particularly bearing in mind that most of the cost of the base and tower infrastructure has already been incurred and any re-powering is mostly above ground apparatus. However, as can be seen in the economy, the market is very risk adverse and we think the weight of evidence is that the market would view it as high risk and that these units will only last for the length of the lease term whereupon the land will be returned to its current use.

Wind turbine lifetime is also an important factor to consider. According to European Wind Energy Association (EWEA) wind turbines can carry on generating electricity for 20-25 years.

Where operating, our approach therefore has been to value the expected income for the operational life of the wind scheme assumed to be 25 years. In most cases these are under a lease and thus this determines the income which may either be a fixed rent, a turnover rent or a combination of the two. Where there the turbine receives a subsidy Renewable Obligation Certificates or Feed-in Tariffs (ROC or FiT), we have assumed the income from the site will fall 20 years after generation commences as the subsidy is withdrawn (or 15 years in the case of CFDs). This applies to cases where the rental income is based on a % gross income (and will not affect any minimum guaranteed rent levels).

Where the scheme has planning consent and it is to be operated and owned outright by Harworth Estates, but is not yet constructed, we have based the value on rates per megawatt based on transactions of consented sites.

Where the scheme has planning consent and it is to be operated by a third party (developer), but is not yet constructed, we have based the value on the rental value (plus any additional benefits) to Harworth Estate and then applied a risk factor to reflect the likelihood of construction and time delay.

Market evidence

Tenanted

14 x 1.3MW turbines on a 28 year lease – sold 2012

2 x 2.3 MW turbines as part of forest sales – sold 2013

Owner operated – Built-out

53.4 MW scheme of 18 x 2.9 MW turbines £1.3 million/MW

177 MW portfolio of wind farms – sold 2013 £1.4 million/MW

49% interest in 273 MW of wind farms – sold £1.13 million/MW

3 x 15kw wind turbines – sold 2014 £3,777/kW

2 x 11kw Gaia turbines. Guide £6,181/kW

Other reports suggest Europe wide installed value of €1.6 – €1.7 million/MW (£1.3 – £1.36 million).

Owner operated – Consented not constructed

225kW single turbine with 27 year term – leasehold sale £0.8/MW
(16.3% yield)

Other reports suggest Europe wide installed value of €0.3 – €0.4 million/MW (£0.24 – £0.32 million).

Solar

The valuation methodology is the same as for wind and the same issues apply in terms of the market and longevity of these schemes.

We have only placed a value on those sites that have planning consent for a solar farm with the necessary grid connection. This is primarily due to the propensity for government change to subsidy (especially in relation to the strong current development pipeline in the UK) which may affect future projects in the pipeline. Furthermore proposals for projects in more northerly locations will be at a disadvantage in a competitive CFD bidding process as the solar irradiation is lower.

Where a solar farm is operating we have capitalised the income received under the lease for the expected life of the panels which is likely to be for the lease whole term.

Where a planning consent has been achieved but the solar farm is not yet constructed or operational we have applied the same approach with the addition of a risk factor.

If there is a separate turnover rent, we have capitalised this separately at a higher rate to reflect the more variable nature of this income stream. Because the ROC/FiT support is withdrawn after 20 years and CFD support withdrawn after 15 years from the site becoming operational, any rental values based on % of gross revenue would decrease accordingly. The level of fall is unknown as it will depend on electricity prices in 20 years, but our estimate is that gross revenue rents would fall to any defined minimum rent level.

Given the high level of subsidy required to make these schemes viable, and that subsidies are gradually being withdrawn, we have assumed for the purpose of this valuation exercise that the solar farms will not be renewed on expiry. However, we acknowledge that it is possible that ground-mounted solar will not require additional subsidies to keep on producing energy for the long-term and ‘repower’ in the future as electricity prices will increase, infrastructure will already be in place at the end of the term, operational costs are very low (no fuel costs) and solar panel costs continue to decrease while efficiencies increase.

Coal Methane

The gas is drained from the strata by pumping from boreholes drilled above the working face often yields significant quantities of methane which can be used commercially to generate electricity. Methane can continue to emit from a mine after closure and the concept of collecting the gas from abandoned mines has

been developed in recent years to provide an energy source which would otherwise be wasted. Several projects have been completed by UK private sector operators, with more being planned for the future, although there are a limited number of companies involved. These projects generally utilise the methane gas to generate electricity for local use or to feed into the national grid. Some schemes recently developed have combined methane and natural gas generators.

Commercial quantities of methane gas are thought to be produced for more than ten years after a colliery has closed. However there is no long-term guarantee of the supply of commercial quantities. The quality and quantity may diminish at varying rates with the passage of time to a point where electricity generation is no longer commercially viable.

The value is based on capitalising the income stream for the expected life of the methane extraction. At expiry the site may revert to bare land or become part of the peak power scheme due to electrical grid connections. Given the grid connection these sites therefore do have a better potential reversionary value and as such helps offset the income risks.

We are not aware of any direct evidence and therefore have adopted a general commercial investment approach to the yields.

All plant and machinery belong to the relevant lessee or site operator, and are therefore not included in our valuation.

The income received by HE will be variable due to the variable rates for electricity and the quantity of methane produced, which is a diminishing resource.

Short Term Operating Reserve (STOR) or Peak Power

Peak Power is the term used in the electricity generation industry to describe the supply of additional electricity generation capacity at times of peak demand. The market for this type of generation revolves around the National Grid's Short Term Operating Reserve (STOR) contracts which have now been in place for more than five years. Essentially, this arrangement allows contractors to bid to supply short, burst of electricity generation at times of peak demand, to ensure that there is always sufficient capacity to meet unexpected demand. Generators receive an 'availability' payment for providing this standby facility and a 'utilisation' payment for energy delivered through the system. Typically, sites of less than 1 acre are required to facilitate a Peak Power generating system.

We have only valued sites that are operational. The approach has been to capitalise the income for the projected life span of operations and deferring the underlying site value. The yields have been adjusted for the risk of the schemes continuing.

These are depreciating assets and in all case the site values is less than their current value as operational sites.

Minerals

Mineral property comprises of coal, sand and gravel being extracted out of the ground, or infilling. As such, this is a wasting asset where the value will fall over time, which has a finite life based on the amount of minerals reserves and void space. The value is based on capitalising the projected annual income, which will vary depending on the level of extraction, infilling or recycling, processing costs, selling price and liabilities. As the minerals are consumed or the void filled, the value will fall and our valuation is based on an assessment of the economic life of the site based on the quantity and quality of resource or void.

It is self-evident that as the asset is realised in general terms the overall value diminishes.

It is rare for minerals or landfill sites to come to the market and we are not aware of any that we can use as a comparable for valuing the property. We have therefore had to rely on indirect evidence for assessing the capitalisation rate to use. We are aware of one sale of sand and gravel quarry in Essex in 2008, in the midst of the recession, which was based on a 10% capitalisation yield. As the market has improved since then we would expect yields to have reduced slightly since then. We believe that given the highly volatile nature of the income and current fears over the economy that a much higher yield should be used. Given that poor

secondary commercial yields are in region of 10% we believe this investment is of a similar nature. This however has been adjusted on a individual basis to reflect the risks.

In terms of the revisionary value there are a lot of unknowns. We have assumed in all cases that contamination liabilities do not remain with Harworth and that the sites are restored by the operators using the capital bonds put in place. When valuing we have deferred the future reversionary value for the remaining life of the quarry.

Leasehold Interest in Company AHA Tenancy

There is one leasehold interest valued within the part of the Portfolio we are valuing. This is a Company AHA at Bothal/Potland Burn, adjacent to the town of Ashington, Northumberland, which was inspected on Wednesday 12th November 2014. In all the letting extends to over 864.90 acres (350.02 hectares). The majority of the Site is an operational open cast coal mine let to UKCSMRL, with the land outside of this being a mixture of arable, woodland, pasture and scrub let for agricultural use.

Evidence indicates that AHA leasehold interests are valued on a percentage of the vacant possession value for the reversion in the property locked up within the tenancy and is the approach we have taken following market evidence.

Operational and Aftercare sites

The following sites have parts that are operational opencast coal mining sites. These are rented by UKCSMR Limited (UKCSMRL) from Harworth Estates for the duration of coal mining plus an aftercare as follows:

	<i>Area</i>	<i>Operational</i>	<i>Aftercare</i>
Mead	492.66	2012 – Sept 15	Dec 2020
White Lea	276.59	2011 – Dec 14	Dec 2019
Minorca	319.50	2013 – Dec 17	Dec 2022
Butterwell	319.50	2013 – Dec 16	Dec 2021

We value these on the assumption that these are restored in accordance with the restoration plan provided by Harworth Estates Property Group Ltd, approved by the Local Authority and as required under the terms of the lease with the tenant UKCSMRL.

When valuing these sites in the past we have capitalised the rent payable under the operational lease until the end of the aftercare and deferred the reversion value by the same amount. The reversionary values are shown above including the estimated time that the site will be handed back. The revision values are a low estimates and should not be used for agreeing the reversion value.

In this valuation as UK Coal Surface Mines Limited (UKCSML) is no longer paying the rent and is in financial difficulties we have adopted a different approach. UKCSML has been replaced as tenant by UKCSMRL. They will no longer pay any rents, albeit the rent not paid will be capitalised by the business and as and when the restoration completes Harworth Estates will get a capital payment to reflect the foregone rent payments. In terms of this valuation for loan security, when these sites are being mined, they may be difficult to sell, especially as the market may find it too complicated to understand the details of the operating lease and fall back provisions in place. We have therefore assumed nil rent while a site is operational and deferred the revision until the end of the operations. This reduces the value of these sites.

After the mining has completed, the area goes into aftercare, where the land is restored back into useful agricultural use. During this period the operator pays a rent to offset the loss between the rent that might have been paid if the site had not been worked. The following are in aftercare:

	<i>Area</i>	<i>Aftercare ends</i>
Coalfield West	147.10	Jan 2012
Dawley Road (<i>plus BNPP 169.86</i>)	112.46	Dec 2018
Deanfield	129.97	Dec 2019
Hill Top	259.39	Dec 2021
Shafton Two Gates	56.15	Dec 2015
Stoney Heap		Dec 2022
Westhorpe		—

The rent received by occupiers is netted off against the rent payable by UKCSML. We have therefore netted off the current rents receivable so that we capitalise only part of the UKCSML rent to the end of the lease. Again because of the problems with UKCSML, we have assumed that there will be no more rent payable, and therefore Harworth Estates can take immediate possession of the site.

Valuation

We are of the opinion that the current Market Value of the freehold of the Property, on the assumptions as set out in above as of 31st December 2014 is £48,915,953 (Forty Eight Million Nine Hundred and Fifteen Thousand Nine Hundred and Fifty Three Pounds).

Signed

Gerald FitzGerald MRICS FAAV REV



For and on behalf of Smiths Gore

Date 3 March 2015

Part II

Rural Assets

FREEHOLD

East Midlands

The East Midlands Region has 21 sites with a market value of £14.696 million of which the values range from £1,000 to £2,542 million.

<i>No</i>	<i>Address</i>	<i>Description</i>	<i>Acres</i>	<i>Hectares</i>
1	ARKWRIGHT Arkwright Town Derbyshire	This Site forms part of former opencast workings that has been restored to a mixture of arable and pasture together with some amenity and small woodland areas, most of which let for agricultural use, which was inspected on 27 November 2014. The Site also includes as operating 500 kW turbine let to a third party as well as a composting site operated by SITA.	129.64	52.46
2	ASFORDBY COLLERY Asforby Leicestershire	This is a former opencast site that has been restored to a mixture of pasture, arable and scrub with some areas of landscaping and ponds, which was inspected on the 21 November 2014. There are no buildings other than 4 silage clamps and most of the Site is let for agricultural purposes.	674.38	272.92
3	BENNERLEY Bennerley Nottinghamshire	This is a block of bare land in permanent pasture let to local farmers which was inspected on the 19th November 2014.	44.31	17.93
4	BILSTHORPE Bilsthorpe Nottinghamshire	This is a former opencast site that has been restored to a mixture of pasture and scrub with substantial areas of landscaping and ponds, which was inspected on the 23 November 2014. The site is subject to lease with renewable energy company for three x 2 MW operational wind turbines. There is also a letting for a coal mine methane powered electricity generating plant as well as a lease for an operating 9.8 MW solar farm.	253.01	102.39
5	COALFIELD WEST Normanton le Heath Leicestershire	This is a block of unworked good quality arable and woodland let for agricultural use which was inspected on the 22nd November 2014.	164.66	66.64
6	COTON PARK Linton Swadlincote Derbyshire	The Site comprises of a former colliery and latterly a coal stock yard with a number of hard standings, roadways and foundations currently unused which was inspected on the 21st November 2014.	24.64	9.97

<i>No</i>	<i>Address</i>	<i>Description</i>	<i>Acres Hectares</i>	
7	CRESWELL Derbyshire	Block of bare arable and pasture subject to a pre-emption.	78.68	31.84
8	DOE LEA Chesterfield Derbyshire	This site is located on Junction 29 of the M1 motorway on a former colliery and is currently let to an inert waste recycling operator.	5.59	2.26
9	GEDLING Gedling Nottinghamshire	Most of this Site is a Country Park let to Gedling Borough Council on the former Gedling Colliery site, which ceased mining activity in 1991. Gedling Borough Council's ambition is to design, create and develop a destination Country Park. The Site also includes a consented 5.5 MW solar farm which is let to an operator and is due to be commissioned shortly.	263.44	106.61
10	HARWORTH Doncaster Nottinghamshire	A partially restored colliery spoil tip situated to the south of the main pit head. The land is not let and is unused.	267.66	108.32
11	HIGH CROSS R & A Linton Heath Derbyshire	This Site comprises two blocks of bare arable land on the village edge, let to a local farmer together with a small area of woodland on the southern boundary and was inspected on the 21st November 2014.	8.01	3.24
12	KIRK R & A Denby Derbyshire	The Site is the remains of the reclaimed old Denby Hall and Kirk surface mine site, comprising rough pasture and road verges.	9.40	3.80
13	LOUNGE Ashby de la Zouch Leicestershire	This Site is located on the former UK Coal Lounge disposal point to the east of the A42. Planning consent has been granted to for one 500 kW turbine which is to be owned and operated by Harworth Estates directly who have purchased a wind turbine which is shortly to be erected.	2.20	0.89
14	MEAD Smalley Derbyshire	The Site, also known as Club Room or Lodge House, situated between the villages of Smalley and Shipley is mostly an operational open cast coal mine let to UKSML for Coal mining. On completion of coal extraction shall be restored to a mixture of agriculture with hedgerows and conservation headlands, native woodland belts, wetland features and nature conservation habitats. To the west there are parts also that have not been mined and are let for grazing and arable. This Site also includes a farmhouse and range of buildings.	551.65	223.25

<i>No</i>	<i>Address</i>	<i>Description</i>	<i>Acres</i>	<i>Hectares</i>
15	NORMANTON LE HEATH Normanton le Heath Leicestershire	Block of bare land to the south of Normanton le Heath inspected on the 22 November 2014. All in arable production and let on an insecure agreement.	129.07	52.23
16	OXCROFT Barlborough Derbyshire	The Site is a former Coal Depot now derelict with the old railway line removed, landscaping and footings of the demolished buildings. Surrounding the sites is an area of agricultural land let to local farmers. The Site was inspected on the 19th November 2014.	104.84	42.43
17	PINNOCK Mastin Moor Derbyshire	Small are of arable land which is situated between residential ribbon development to the east of the village.	2.43	0.98
18	SWEPSTONE LANE Measham Derbyshire	Most of the site, also known as Minorca, is an operational open cast coal mine let to UKSML for Coal mining and was inspected on the 22 November 2014. On completion of coal extraction shall be restored to a mixture of agriculture with hedgerows and conservation headlands, native woodland belts, wetland features and nature conservation habitats. The land to the south has not been worked. The site also includes two cottages and a warehouse.	517.54	209.45
19	THORESBY Edwinstowe Nottinghamshire	This is areas of woods, part of which are a SSSI, as well as unworked arable and pasture let for agricultural use surrounding the colliery which was inspected on the 19th November 2014.	50.43	20.41
20	WELBECK Meden Vale Nottinghamshire	This is a recently closed large colliery and colliery spoil tipping site north of Meden Vale Village. There is an operational inert waste tipping scheme located on part of the unrestored colliery spoil tip and a 12.2 MW solar farm on the Site. There is also a block of arable land as well as unused landscaping.	196.10	79.36
21	WITHAM Newark Nottinghamshire	A single field in arable production accessed directly from the local road.	28.20	11.41

North East

The North East Region has 18 sites with a market value of £24.513 million of which the values range from £14,000 to £8.755 million.

<i>No</i>	<i>Address</i>	<i>Description</i>	<i>Acres</i>	<i>Hectares</i>
22	BIRKLANDS LANE Sunniside Northumberland	This site is a block of unworked bare land let for agricultural use which was inspected on 17th November 2014.	33.74	13.65
23	BRADLEY Dipton Co. Durham	The Site comprises a block of permanent pasture land including some of amenity woodland all of which is let and was inspected on 26 November 2014.	47.97	19.41
24	BUTTERWELL Longhirst Morpeth Northumberland	This is an operational open cast mine let to UKSML. On completion of coal extraction shall be restored to a mixture of agriculture with hedgerows and conservation headlands, native woodland belts, wetland features and nature conservation habitats. The site was inspected on Wednesday 12th November 2014.	312.88	126.62
25	DEWLEY HILL Throckley Northumberland	A large block of arable and grassland, with a small area of woodland, along with two cottages, a farmhouse farm buildings and a separate range of redundant brick buildings. There is also an off lying block of poorer land adjacent to the village of Callerton. This Site was inspected 17th November 2014 and the majority is let for agricultural or residential use.	336.14	136.03
26	HETTON LYONS Hetton-le-hole Co. Durham	Plot of land on the edge of Hetton-le-hole, with future hope for development currently let for grazing.	0.75	0.30
27	HIGHTHORNE Widdrington Morpeth Northumberland	The Site comprises two semi-detached residential properties, a separate single storey stone building with development potential, two pony paddocks, arable land, grassland and a small area of woodland, all in a ring fence, and was inspected on 12th November 2014.	340.02	137.60
28	HILL TOP Shildon Co. Durham	This is a former opencast site that has been restored to a mixture of arable and pasture and young woodland which was inspected on 25 November 2014. The cultivated areas are let to local farmers. There is also planning consent for three 1.3 MW turbines which forms part of a larger scheme for five turbines in all.	214.74	86.90

<i>No</i>	<i>Address</i>	<i>Description</i>	<i>Acres</i>	<i>Hectares</i>
29	LANCHESTER Lanchester Co. Durham	Two blocks of land on the edge of Lanchester village, let for grazing and allotments which were inspected on 26 November 2014.	1.83	0.74
30	LYNEMOUTH Lynemouth Northumberland	The Site is an area of hard standing, formerly part of the colliery, which now has a single 2.5MW wind turbine on it let on a lease, which was inspected on 12th November 2014.	5.82	2.35
31	MAIDENS HALL West Chevington Morpeth Northumberland	This Site is a mixture of an operational site, land in aftercare, parts of which are let for grazing, which was inspected on 12th November 2014. There is also a pair of semi-detached cottages and a detached farmhouse, at Maidens Hall as well as a range of farm buildings with planning consent for development and a single cottage at West Chevington. The houses and farmland are let on local agreements.	2,742.09	1,109.71
		The Site also includes West Chevington Wind Farm, with will comprise nine 2.5 MW turbines. Planning consent has been granted and grid connection is in place.		
32	MARLEY HILL Marley Hill Co. Durham	Most of the site has not been worked and is a mixture of arable and pasture with woodland in the valleys and around the former pit head which was inspected on 17th November 2014. There are two residential properties, one with a range of farm buildings, as well as the remains of some of the former mine buildings, spoil and hard standing.	763.62	309.03
33	PLENMELLER Melkridge Northumberland	This Site is located just outside the village of Melkridge which was inspected on 17th November 2014 comprising a small area of grassland and a railway siding.	7.24	2.93
34	RANDOLPH The Green Evenwood Co. Durham	The majority of the Site is a block of arable land to the north. There is a further small area of approximately 5 acres in grass with a derelict former cottage accessed to the south. Both areas are let to local occupiers and were inspected on 26 November 2014.	94.75	38.34
35	RYEHILL Houghton-le-Spring Co. Durham	The Site is situated on the urban fringe of Houghton-le-Spring, which was inspected on 26 November 2014. This is a former opencast site that has been restored to a mixture of pasture and scrub with areas of landscaping and ponds. The pasture areas are actively farmed and let .	104.10	42.13
36	STOBWOOD West Chevington Morpeth Northumberland	The Site comprises a large area of former opencast, now in aftercare, together with unworked land which is mainly arable, but with some permanent grass and woodland as well as a series of allotments in the North east corner. In addition there is a single residential property as well as the old site offices, which may have some development potential.	1,634.21	661.36

<i>No</i>	<i>Address</i>	<i>Description</i>	<i>Acres</i>	<i>Hectares</i>
37	STONEY HEAP Leadgate Co. Durham	This Site is a former opencast site that has been restored to a mixture of acid grassland and young wood and ponds, rough scrub and grazing in two large blocks either side of Stonyheap Lane. The land is lightly grazed on what is low quality marginal land was inspected on 20 November 2014.	128.43	51.98
38	TUTHILL QUARRY Easington Co. Durham	The Site is a mainly a former limestone quarry site has 3 small unworked grassland areas associated with the former access to the site and some pasture land and undisturbed arable land. The small pasture areas are actively used primarily for equestrian purposes. The larger pasture area is unmanaged but the arable land is actively farmed. The Site was inspected on 26 November 2014.	102.39	41.44
39	WHITE LEA (Park Wall North) Tow Law Co. Durham	This Site, also known as Park Wall North surface mine, is an operational open cast coal mine let to UKSML for Coal mining. On completion of coal extraction shall be restored to a mixture of agriculture with hedgerows and conservation headlands, native woodland belts, wetland features and nature conservation habitats. Within the mine there is a detached 3 bed house, with traditional courtyard	482.03	195.07

North West

The North West Region has 2 sites with a market value of £1.663 million

<i>No</i>	<i>Address</i>	<i>Description</i>	<i>Acres</i>	<i>Hectares</i>
40	BROUGHTON LODGE Broughton Moor Maryport Cumbria	This is a former open cast site that has been restored to a mixture of pasture, scrub and woodland with substantial areas of landscaping and ponds which was inspected on the 17th November 2014. Four areas are let for grazing on insecure agreements.	484.31	196.00
41	DICCONSON LANE Westhoughton Manchester	Block of land together with house and range of buildings spilt by the old railway line, with the southern section comprising arable and pasture land and to the north is predominantly arable land. Most of the Site is let for agricultural and equestrian uses and was inspected on the 20th December 2014.	135.37	54.78

West Midlands

The West Midlands Region has 2 sites with a market value of £2.926 million.

<i>No</i>	<i>Address</i>	<i>Description</i>	<i>Acres</i>	<i>Hectares</i>
42	DAWLEY ROAD Lawley Village Telford Shropshire	The Site, also known as Huntington Lane, is a recently restored open coal mining site together with two houses and buildings together with pasture and woods on the old workings which was inspected on the 24 November 2014.	134.66	54.50

<i>No</i>	<i>Address</i>	<i>Description</i>	<i>Acres</i>	<i>Hectares</i>
43	MERIDEN Warwickshire	Most of this Site, inspected on the 20th November 2014, is used for sand and gravel extraction operations and colliery spoil tipping operations are also taking place. Part of the former sand and gravel workings are used for mineral processing and related operations, together with inert waste disposal and wood recycling operations. The Harworth Estates freehold extends to 85.17 acres. The remaining area of 106.89 acres is a leasehold interest for the operational life of the quarry.	85.17	34.47
Yorkshire & Humber				
The Yorkshire & Humber Region has 14 sites with a market value of £5.188 million of which the values range from £6,000 to £1.529 million.				
<i>No</i>	<i>Address</i>	<i>Description</i>	<i>Acres</i>	<i>Hectares</i>
44	ANGLERS Crofton Wakefield West Yorkshire	Restored open cast coal disposal point and associated coal stocking grounds, rail sidings to the mainline, access road, internal paths, rough grassland and regenerating and maturing oak-based deciduous woodland, inspected in 2013. The Site has planning consent for development of an underground drift mine to extract, process, stock and remove 4.9 million tonnes of coal.	52.42	21.21
45	ASKERN Doncaster South Yorkshire	This is a former colliery Site, which closed in 1991, of restored pastureland, arable land and woodland scrub with several small water courses and a large pond. There are four lettings for agricultural use, three of which are on secure agreements. This Site was inspected on the 19th November 2014.	232.83	94.23
46	DEANFIELD Warmfield West Yorkshire	This Site, also known as Sharlston, is a former opencast site that has been restored to a mixture of rough pasture, small parcels of pasture and areas of scrub. Parts of the site are let for agricultural use and were inspected on 20 November 2014.	143.93	58.25
47	GASCOIGNE WOOD Selby Yorkshire	This Site comprises mostly of the former Gascoigne Wood mine site which has been partially restored. The balance is a mixture of arable land, amenity wood and ponds inspected on 20th November 2014 and let for agricultural and amenity uses.	362.49	146.70
48	HOUGHTON MAIN Little Houghton South Yorkshire	This is an operating methane extraction site let to an operator on the former Houghton Main Colliery site near Barnsley.	2.15	0.87

No	Address	Description	Acres	Hectares
49	KELLINGLEY Beal North Yorkshire	The Site is situated in around the Kellingley Coal Mine, which was inspected on 20 November 2014. Much of the land is restored or partially restored old workings. There is a small area of arable at Kellingley village and a further good block of unworked arable to the north. There is a further block of rough pasture, young wood and former workings near the Canal and a separate block of former workings /ponds to the south west of the colliery.	62.47	25.28
50	LONG ROW Nostell West Yorkshire	This is a small area of scrub woodland backing on to houses in near Swine Lane, Nostell, Wakefield.	1.22	0.49
51	ROCKINGHAM Worsbrough South Yorkshire	A large block of young woods, scrub and pasture on restored coal working site together with off lying cottage and pasture to the south near Hoyland.	339.64	137.45
52	SHAFTON TWO GATES Cudworth South Yorkshire	The Site is a former coal working site that has been restored to a mixture of wetland habitat and acid grassland which is largely unmanaged. The Site also has a single 500 kW turbine let to a third party.	54.55	22.08
53	ST. AIDANS Lemonroyd West Yorkshire	The land at St Aidans is situated around a nature reserve that is formed over the wetlands to the North of the River Aire which was inspected on the 19th November 2014. The land at St Aidans is separated into two blocks to the north and south of the Nature Reserve being a mixture arable pasture and woods. On the River Aire there is a hydroelectric scheme let to a third party, currently not operating.	138.77	56.16
54	STILLINGFLEET Selby North Yorkshire	The Site comprises a former coal mine and contains a number of the former colliery buildings. The land surrounding the colliery has been unworked and is a mixture of pasture and woods some of which is let. There is also an operating a coal mine methane powered electricity generating plant let to a third party.	74.58	30.18
55	WEST THORPE (& HIGHMOOR) Killamarsh Yorkshire	The land lies to the south of Killamarsh and contains a number of pony paddocks as well as former coal mining areas which were inspected don the 19th November 2014.	85.83	34.73

<i>No</i>	<i>Address</i>	<i>Description</i>	<i>Acres</i>	<i>Hectares</i>
56	WISTOW Selby Yorkshire	The Site is a former colliery currently derelict and unused together with disused former colliery house. Surrounding the colliery there are areas of woods and grazing part of which are let, one on a secure tenancy.	29.98	12.13
57	YORKSHIRE MAIN Edlington Yorkshire	The Site has been restored since the use as a tip and coal washing site associated with the Yorkshire Main colliery. A substantial part of the site now forms the Edlington Pit Wood community woodland scheme. The retained land is to the east of this and extends to approximately 40 acres of restored grassland, scrub and woodland.	48.56	19.65

Smiths Gore Standard Assumptions and definitions for the preparation of valuations

In accordance with the RICS Regulations covering valuations, these are the Standard Assumptions upon which our valuations are prepared; they apply unless we have specifically mentioned otherwise in related correspondence. Where appropriate, we will be pleased to agree variations to suit any particular circumstances.

Title and Documentation

We will rely on any leases or documents of title provided to us by the client or the client's professional advisors but reliance should not be placed on our interpretation without verification by your lawyers.

We assume, unless informed to the contrary, that each subject property has a good and marketable title, that all documentation is satisfactorily drawn and that there are no encumbrances, covenants, restrictions, easements, rights of way, wayleaves, servitudes, or other outgoings of an onerous nature which would have an effect on the value or use of the interest under consideration, nor material litigation pending.

We will not rely upon any information contained in any Home Information Pack or Energy Performance Certificate which may be provided to us.

Tenancies

Although we reflect our general understanding of the status of the tenant(s), enquiries as to the financial standing of actual or prospective tenant(s) are not normally made unless specifically requested. Where properties are valued subject to lettings, it is assumed, unless we are informed otherwise, that the tenants are capable of meeting their financial obligations under the lease(s)/tenancy(ies); that there are no arrears of rent or undisclosed breaches of covenant and that all covenants to repair will be met.

Measurements and Areas

All measurements of houses and buildings are carried out in accordance with the latest edition of the Code of Measuring Practice issued by the Royal Institution of Chartered Surveyors except where we specifically state that we have relied on another source, such as indicated to us during or prior to our inspection. In valuing portfolios of properties on rural estates, we do not normally measure land, houses or buildings.

Any plans or drawings provided to us are assumed to be correct and can be scaled from unless specifically marked 'not to scale'. Areas of land will be taken from Ordnance Survey plans except where otherwise stated. Where the client is unable to provide an Ordnance Survey plan of the property to be valued, we will purchase an Ordnance Survey plan of the property and recharge the cost to the client.

State of Repair

Unless expressly instructed otherwise we will not carry out a building survey, nor will we inspect those parts of the property which are covered, unexposed or inaccessible. We will not undertake any testing of services, drains, or installations. Our report will assume that the property is in good repair and condition except for any defects specifically noted. It will not express an opinion about or advise upon the condition of un-inspected parts and should not be taken as making any implied representation or statement about such parts.

Services

Unless expressly instructed otherwise, we will not test service installations and we will assume that any service installations are sufficient, in working order and free from any defect.

Plant and Machinery

Plant and machinery considered part of the building service installations and which would pass with the property on a sale or letting are included in the valuation. All items of process plant and machinery and

equipment, together with their special foundations and supports, furniture and furnishings, vehicles, stock and loose tools, and tenants' fixtures and fittings are excluded.

Quotas, Entitlements and Other Rights

The availability of Single Payment Scheme (SPS) entitlements and other appropriate quotas and like matters can significantly influence the profitability of farming land and thereby the value of it.

Unless appropriate documentary evidence is provided to us before or during our inspection we will assume that the stocking and cropping noted on the farm(s)/estate at the time of our inspection is supported by sufficient SPS entitlements to the property and that the cropping satisfies the current requirements of the SPS or such other regulations as shall apply at the time.

Tenant Right

The valuation excludes any consideration for tenant right matters. Separate allowance should be made for the value of growing crops, milk quota and farm equipment in accordance with statutory and customary valuation.

Health of Land, Crops and Stock

In the case of land, crops and stock we can accept no responsibility as to the possibility of latent infestation in the soil or of any disease which might affect crops or stock at any time in the future. Further, if any such problems are known or suspected to exist, or have existed in the past, it will be your duty to advise us.

We will not carry out an inspection of any land drainage and will assume that the land is satisfactorily drained for the purpose for which it is being used unless any drainage defects are specifically referred to in our report.

Currency

Unless stated otherwise all our valuations are expressed in £ sterling.

Tax

In preparing this valuation, no allowance has been made for any liability for taxation which may arise on acquisition or disposal nor does it reflect any costs of acquisition or disposal.

Environmental Matters

Some property may be affected by environmental factors that are either an inherent feature of the property itself, or the surrounding area, which could impact on the value of the property such as historic mining activity or electricity transmission equipment.

Although we do not normally obtain detailed Environmental Surveys, we recommend that an Envirosearch Report is obtained for residential properties and a Sitecheck Assess Report is obtained for agricultural and commercial properties, the cost of which is added to our fee. If the Envirosearch Report or Sitecheck Assess Report classifies the property as anything other than low risk, then we would recommend that a full Environmental Survey should be obtained, the cost of which will be added to our fee.

Unless our inspection of the property or the purchase of an Envirosearch Report or Sitecheck Assess Report reveals the presence or potential presence of such factors, then our report will assume that the property is not affected by such factors. In undertaking our work, we will assume that no contaminative or potentially contaminative uses have ever been carried out on the property. We will not carry out any investigation into past or present uses either of the property or of any neighbouring land to establish whether there is any contamination or potential for contamination to the subject property from these uses of sites and will therefore assumed that none exists.

However, should it be established subsequently that contamination, seepage or pollution exist at the property or on any neighbouring land or that any of the premises have been or are being put to a contaminative use, this might affect the values we report.

Contamination and Hazardous Substances

Unless specifically instructed we will not carry out a building survey, test service installations, carry out site investigations, environmental surveys, radon surveys, chancel repairs, flood risk assessments, mining substance etc. Our valuations assume:

- (i) That no materials have been used in the construction of the buildings which are deleterious, hazardous or likely to give rise to structural defects.
- (ii) That all relevant statutory requirements have been complied with.
- (iii) That the site is physically capable of development or redevelopment, when appropriate, and that no special or unusual costs will be incurred in providing foundations and infrastructure.
- (iv) That the property is not adversely affected by any form of pollution or contamination.
- (v) That there are no archaeological remains on or under the land which could adversely impact on value.

Planning and Statutory Regulations

Unless indicated otherwise our valuations and reports are prepared on the basis that the premises/properties (and any works thereto) comply with all relevant statutory UK and European regulations, including enactments relating to health & safety and fire safety, and have relevant planning permissions, Listed building consents, building regulations, and any other relevant statutory permissions.

The client will be expected to provide copies of relevant planning permissions and building regulation consents but where the client is unable to do so, we will attempt to obtain copies of relevant consents and any costs will be recharged to the client. In the event that we are unable to obtain copies of consents which are necessary to support our valuation, then this will be clearly stated in the report.

Note: If there are delicate negotiations in hand with the relevant Local Planning Authority, consideration should be given to instructing us not to make any contact with the Local Planning Authority but to work to written assumptions as to the planning background provided by you.

The Equality Act 2010 and the Disability Discrimination Act 1995, as amended, make it unlawful for service providers to discriminate against disabled people in certain circumstances. We have not undertaken a Disability Discrimination Audit and recommend the properties' compliance under the Act is verified.

Under the Energy Performance Regulations 2012, commercial buildings frequently visited by the public are required to display an EPC. We have not had sight of an EPC in respect of the subject Property and recommend compliance under the Regulations be verified.

Development Properties

For properties in the course of development, we have regard to the stage reached in construction together with costs, both incurred and remaining, at the date of valuation. For recently completed developments, no account of any retentions or allowance for outstanding costs, fees, or other expenditure is made nor will any account be taken of any incentives which may have been offered by the developer.

Confidentiality

Our valuations are confidential to the party to whom they are addressed for the specific purpose to which they refer, and no responsibility whatsoever is accepted to any third parties. Neither the whole, nor any part, nor reference thereto, may be published in any document, statement or circular, nor in any communication with third parties, without prior written approval of the form and context in which it will appear which will

have to reflect both these Terms of Engagement and Assumptions and sufficient contemporaneous reference to any other departures from the RICS Valuation Standards.

Monitoring

As part of Smiths Gore internal quality control procedures and standards, this valuation will be subject to peer review. In addition our valuation may be subject to monitoring by the RICS under the Institution's Conduct and Disciplinary Regulations.

Complaints handling procedures

In accordance with the RICS Regulations and Rules of Conduct, Smiths Gore operates a formal complaints handling procedure. A copy of our written procedure is available on request.

Market Value (MV)

The IVS Framework paragraph 29 defines Market Value as the **“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”**

Commentary

“The estimated amount...”

refers to a price expressed in terms of money payable for the asset in an arm's length market transaction. Market value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of special value;

‘... an asset should exchange ...’

refers to the fact that the value of an asset is an estimated amount rather than a predetermined amount or actual sale price. It is the price in a transaction that meets all the elements of the market value definition at the valuation date;

‘... on the date of valuation ...’

requires that the value is time-specific as of a given date. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the actual market state and circumstances as of the effective valuation date, not as of either a past or future date. The definition also assumes simultaneous exchange and completion of the contract for sale without any variation in price that might otherwise be made;

‘... between a willing buyer ...’

refers to one who is motivated, but not compelled to buy. This buyer is neither over eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than in relation to an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present owner is included among those who constitute “the market”;

‘...and a willing seller ...’

Is neither an over-eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market.

The willing seller is motivated to sell the asset at market terms for the best price attainable in the open market after proper marketing, whatever that price may be.

The factual circumstances of the actual owner are not a part of this consideration because the ‘willing seller’ is a hypothetical owner.

‘... in an arm’s-length transaction ...’

Is one between parties who do not have a particular or special relationship (for example, parent and subsidiary companies or landlord and tenant) that may make the price level uncharacteristic of the market or inflated because of an element of Special Value (see IVS 2, paragraph 3.8). The Market Value transaction is presumed to be between unrelated parties each acting independently.

‘... after proper marketing ...’

means that the asset would be exposed to the market in the most appropriate manner to effect its disposal at the best price reasonably obtainable in accordance with the market value definition. The method of sale is deemed to be that most appropriate to obtain the best price in the market to which the seller has access. The length of exposure time is not a fixed period but will vary according to the type of asset and market conditions. The only criterion is that there must have been sufficient time to allow the asset to be brought to the attention of an adequate number of market participants. The exposure period occurs prior to the valuation date;.

‘.. wherein the parties had each acted knowledgeably and prudently ..’

presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the asset, its actual and potential uses and the state of the market as of the valuation date. Each is further presumed to use that knowledge prudently to seek the price that is most favourable for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the valuation date, not with benefit of hindsight at some later date. For example, it is not necessarily imprudent for a seller to sell assets in a market with falling prices at a price that is lower than *previous market levels*. *In such cases, as is true for other exchanges in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time*

‘... and without compulsion’

establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it.

Disregards

- Costs of sale or purchase, seller’s costs of sale or the buyer’s costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction.
- Special value being the amount that reflects particular attributes of an asset that are only of value to a special purchaser (When special value is identified, it should be reported and clearly distinguished from market value).
- Any existing mortgage, debenture or other charge over the property.

Valuation

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Our Ref: 141512/MAT/sav

Date 3 March 2015

Dear Sirs

HARWORTH ESTATES PROPERTY GROUP LIMITED ("THE COMPANY") MARKET VALUATION AS AT 31 DECEMBER 2014

1. TERMS OF REFERENCE

1.1 Instructions

In accordance with your instructions we have prepared a valuation of forty seven (47) of the Company's freehold properties, as listed in the attached Schedule of Properties. We understand that this valuation is required by the Directors of Coalfield Resources plc and Investec Bank plc for inclusion within a Prospectus that will be prepared in accordance with the FCA Prospectus Rules.

The freehold interest in each property is owned by Harworth Estates Property Group Ltd (the Company), or its subsidiaries, and the properties are held either for development or as income producing investments. Some are occupied under lease in part or whole, for coal mining operations by third party mining companies.

This valuation is prepared in accordance with the terms of our letter of 7 December 2014, which sets out the basis of our instructions, the extent of our investigations and the sources of information on which we have relied upon

Save where amended by the above our standard Valuation Procedures and Assumptions enclosed with our letter of 7 December 2014 shall apply. A copy of our standard Valuation Procedures and Assumptions is attached at Appendix 1.

1.2 Date of Valuation

The date of valuation is 31 December 2014. The importance of the valuation date must be stressed as property values may change over a relatively short period.

1.3 Compliance

This valuation has been prepared in accordance with the relevant Practice Statements of the current RICS Valuation – Professional Standards, (the “Red Book”).

However we understand that the FCA Listing and Prospectus Rules have not yet been updated to reflect the new RICS Valuation - Professional Standards, and still make reference to compliance with the “Appraisal and Valuation Standards (5th Edition) issued by the Royal Institution of Chartered Surveyors”.

For the avoidance of doubt our valuation also complies with these Standards to the extent that they have not been superseded by the current RICS Valuation - Professional Standards.

As this valuation is required for inclusion within a Prospectus that will be prepared in accordance with the FCA Prospectus Rules, it falls within a category of valuation described by the Red Book as a regulated purpose valuation.

Accordingly we are required to disclose the following;

- BNP Paribas Real Estate has provided property advisory services to the Company since the re-structure of UK Coal plc in December 2012. Prior to this BNP Paribas Real Estate had provided property advisory services to UK Coal plc since 1995.
- BNP Paribas Real Estate has acted in the capacity of valuers to the Company, under both its current and previous ownership, since 2000. Mark Thompson BA (Hons) MRICS, has been signatory (on behalf of BNP Paribas Real Estate) to the consolidated Group valuation for financial reporting purposes since 30 June 2006 only.
- BNP Paribas Real Estate’s total fee income from the Company and its subsidiaries for our financial year ending 31 December 2013 however was less than 5% of our total fee income.
- We can also confirm that services provided to the Company and its subsidiaries, during the current financial year ending 31 December 2014, did not exceed 5% of our total fee income.

We confirm that we do not believe that this relationship creates any conflict in our duty to provide the Directors of Coalfield Resources plc, its shareholders and its Advisors, and Investec Bank plc with an objective and independent valuation, and that accordingly our valuation has been carried out in the capacity of external valuers.

1.4 Valuer Details

The valuations have been prepared by RICS Registered Valuers under the supervision of Mark Thompson BA (Hons) MRICS IRRV, Senior Director and Head of Corporate Valuation, and David Couch MA MRICS, Head of Residential Consulting North.

We confirm that all the valuers contributing to this report have the knowledge, skills and understanding to undertake this valuation competently.

2. EXTENT OF DUE DILIGENCE AND INFORMATION SOURCES

2.1 Inspections

The properties have been inspected for the purpose of this valuation. Inspections took place during October, November and December 2014. The date of inspection of each property is confirmed within the property schedule.

2.2 Floor Areas

We have inspected and taken measurements of existing buildings where influential to the appraisal of Market Value. Measurements have been taken in accordance with the current edition of the Royal Institution of Chartered Surveyors Code of Measuring Practice.

2.3 Site Areas

The Company has provided plans and site areas from its own GIS database and Property Terrier system.

Reports on Title have been provided by the Company in respect of a substantial sample of the portfolio. Where we have been provided with a Report on Title, the site areas are based on our understanding of the title boundaries confirmed on title plans supplied within these Reports and checked against the GIS database site area.

Our understanding of the site boundaries and our calculation of the site area is therefore derived from plans and information provided by the Company. A sample of areas has been checked against Ordnance Survey data held within the Promap database.

In the event that information provided by the Company is incorrect or incomplete in any way we reserve the right to reconsider the opinions of value contained herein.

2.4 Tenure, Title and Tenancies

We have not been provided with title documents.

We have been provided with and reviewed twenty one (21) Reports on Title prepared on the properties, and have relied on the content of these Reports in preparing our valuations. This sample accounts for 88% of the value of the portfolio.

We have not carried out any independent enquiries, searches or other investigations into Title or other legal or statutory matters contained within these Reports on Title, and have relied entirely on their content in preparing our valuations.

We have not been provided with Reports on Title for the remaining twenty six (26) properties and have not carried out any independent enquiries, searches or other investigations into Title or other legal or statutory matters ordinarily contained within Reports on Title.

In preparing our valuations of those properties where we have not been provided with a Report on Title, we have assumed that the Company holds good and marketable title in all cases, free from unusual or injurious restrictions, covenants or other encumbrances that could adversely affect value.

In particular, where we have not been provided with a Report on Title, we have assumed that the property is either directly accessible from a public highway or has the benefit of an exclusive, unrestricted right of way in perpetuity to the public highway.

Further, that unless advised by the Company to the contrary, that the properties are either connected to adequate main supplies of electricity, water and drainage or are capable of being connected without abnormal expense.

Where title is subject to tenancies licenses or agreements that are influential to value, we have had sight of copies of these documents. This is mainly in respect of the income producing Business Parks.

We have otherwise relied upon tenancy schedules provided by the Company.

2.5 Condition

We have not been instructed to carry out a structural survey, nor test services. Further we have not been provided with copies of any building condition, structural or mechanical and engineering surveys.

Our inspections have been undertaken by general practice surveyors, and do not purport to offer an opinion or statement on the condition of the properties. Our valuations therefore assume, that except for any defects specifically noted in any technical due diligence reports, that:

- the properties are in good condition;
- that no construction materials have been used that are deleterious, or likely to give rise to structural defects;
- that no hazardous materials are present;
- that all relevant statutory requirements relating to use or construction have been complied with; and
- that any services, together with any associated computer hardware and software, are fully operational and free from impending breakdown or malfunction.

2.6 Geo Technical and Environmental Investigations and Assumptions

Many of the properties have been, or are being put to a potentially contaminative industrial use, and it is possible that contamination exists in and around former pit heads.

Where contamination has been identified, the remediation solution and cost has been provided by the Company.

It is not part of our instructions to review or verify this information or comment on its accuracy. As a consequence we must advise that in preparing our valuations, we have relied entirely on the remediation solution and costs that have been provided by the Company, which we have assumed are both accurate and appropriate.

Should this information be changed or, subsequently be proved to be unreliable or incorrect, then we reserve the right to reconsider the opinions of value we provide within this report.

Additional environmental investigation will not be carried out. Without being provided with detailed reports following further investigation, we cannot comment further on this, and where no environmental analysis is provided by the Company, we have prepared our valuations on the assumption that no contamination exists, with no allowance for any remediation costs that may be necessary.

You may consider it prudent to commission detailed investigations to identify whether contamination is present and if so the nature of the risks involved. The findings of such investigations may have an effect on the valuations contained within our report.

As regards ground conditions in undertaking our work, and in accordance with your instructions, we have employed the assumptions set out below.

In general and unless provided with information by the Company to the contrary, we have assumed;

- a. That the properties are physically capable of re development, where appropriate, and that no special or abnormal costs will be incurred in providing foundations and infrastructure.
- b. That there are no archaeological remains on or under the land which could adversely impact on value.
- c. That the properties are not adversely affected by any form of pollution or contamination.
- d. That there is no abnormal risk of flooding.

The properties generally fall into three categories, and a more specific assumption framework is set out below;

Sites already prepared for Development by the Company and/or its subsidiaries

As above.

Investment Properties

As above.

Sites currently subject to Mining Operations

In addition to (a) to (d) above we have assumed that following cessation of mining operations all appropriate site preparation and environmental remediation works will have been undertaken as part of the mining operations by the tenant mining companies in full satisfaction of all contractual and statutory restoration obligations.

No allowance or deduction has been made from our valuations to reflect outstanding restoration costs including, but not limited to, the filling, capping and grouting of all shafts and underground voids, the demolition and clearance of all surface structures and buildings and the grubbing up and removal of all foundations, floors slabs, hard standings and underground structures, and the remediation and restoration of the site, including all necessary ground works, land re-engineering, spoil heap stabilization, greening and planting.

Remaining landholdings

In addition to (a) to (d) above, we have assumed that;

- e. All relevant shafts and underground voids have been filled and capped to the required standard.
- f. That, unless informed by the Company to the contrary no material environmental remediation or ground restoration is required.
- g. Or that all remediation or ground restoration has already been completed by the Company and/or predecessors in title, in full satisfaction of any statutory, planning or contractual obligation, to the extent that Assumption (a) above is satisfied.

2.7 Development Costs

A significant proportion of the properties comprise of development sites which still require material expenditure on enabling infrastructure. The scope and cost of enabling infrastructure has been provided by the Company.

It has not been part of our instructions to review or verify this information or comment on its accuracy. As a consequence we must advise that in preparing our valuations, we have relied entirely on the cost plans / other cost information provided by the Company, which are assumed to be both accurate and appropriate.

Should this information be changed or, subsequently be proved to be unreliable or incorrect, then we reserve the right to reconsider the opinions of value we provide within this report.

2.8 Town Planning

In order to ascertain firstly the designation of the properties, if any, within the current development plans and secondly the scope for alternative uses within the context of current planning policy, we have undertaken a review of planning policy that is publicly available on each Local Planning Authority website, but we have not undertaken research into the planning history of the properties.

Where sites benefit from extant planning consents we have relied upon information contained within the Reports on Title.

Otherwise we have reviewed and had regard to planning reports and information prepared by the Company in respect of progress made towards securing planning consents to include;

- Planning reports and development master plans prepared by the Company and/or its consultants.
- Formal representations submitted to inform and in accordance with the requirements of the emerging Local Plans.
- Planning applications.
- Planning Consents
- S106 Planning Agreements

In respect of sites subject to master planning, extant planning applications or Local Plan promotion, we have had regard to the detail and progress of the same, although we have not necessarily assumed that final planning consent will be fully consistent with outstanding proposals.

For properties where there is no specific designation, or where an alternative use may potentially yield a higher value, we have reflected an element of hope value based upon the circumstances pertaining to individual sites. In essence, we have sought to reflect the perception of the market of the likelihood of higher value planning consents as at the valuation date, and reflected this in a “hope” premium where appropriate.

We have not undertaken an Official Search and are therefore unable to comment on matters which would only be revealed by such enquiries.

Specifically except where advised to the contrary, we have assumed that there are no local authority planning or highway proposals that might involve the use of compulsory purchase powers or otherwise directly affect the properties.

Finally, we have not undertaken a review of existing mineral planning consents.

In this respect we understand that a number of the properties have extant restoration obligations requiring restoration/rehabilitation to a soft or agricultural end use.

In arriving at our valuations we have specifically disregarded the cost of any potential restoration/rehabilitation liabilities on the basis that either the work will be undertaken/paid for/underwritten through bond, by the tenant mining companies in full satisfaction of all contractual and statutory restoration obligations, where those mining companies remain in occupation of any property, as a legacy cost associated with the mining restoration obligations, or that the liabilities will be extinguished by the grant of an alternative planning consent for the re use of the properties.

3. VALUATION

3.1 Basis of Valuation

Our valuation is on the basis of Market Value. This is an internationally recognised basis and is defined as:

“The estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.”

This basis of valuation is accepted as meeting the criteria for assessing fair value under International Financial Reporting Standards.

International Accounting Standard 16 requires that the fair value of land and buildings is usually determined from market based evidence; that is evidence derived from sales comparison. This is the approach we have generally adopted. However, where the property assets are of such a size or a nature that there is no direct evidence of sales to form a basis of comparison, we have had regard to residual development appraisals in part informed by gross development values derived from sales comparison.

We have valued each property asset on the basis of its existing planning consent and prevailing planning policy. Planning permission has not been assumed.

Where an alternative use may potentially yield a higher value, we have reflected this as hope value based upon planning policy and the physical and locational attributes of the property asset. In essence, we have reflected the perception of the market of the likelihood of higher value planning consents as at the valuation date, and reflected this in a "hope" premium where appropriate.

The Market Value is the price that would be agreed, with no adjustment made for costs that would be incurred by the parties in any transaction, including any liability for VAT, stamp duty or other taxes. It is also gross of any mortgage or similar financial encumbrance.

3.2 Valuation

We are of the opinion that the aggregate Market Value of the Company's freehold interest in each of the properties described within the attached Schedule of Properties, as at 31 December 2014, was in the region of:

£249,595,000

(Two Hundred and Forty Nine Million, Five Hundred and Ninety Five Thousand Pounds)

This aggregate figure makes no allowance for any effect that placing the whole portfolio on the market contemporaneously may have on the overall realisation. The Market Value of the portfolio sold as a single entity would not necessarily be the same as the aggregate figure reported.

Indeed many of the sites are in direct competition with each other and the dilution in value that could arise by placing the whole portfolio on the market at the same time, or wrapping into a single portfolio could be significant.

In arriving at our opinion of Market Value, our valuation has been arrived at primarily after consideration of market evidence for similar property, although in the case of those properties where we consider Market Value will be informed by their ultimate redevelopment potential we have also undertaken development appraisals to estimate the residual value of the landholding after due regard to the cost of, and revenue from the development of the property.

Where Market Value is informed by a development appraisal, then consistent with the guidance of the Red Book we must draw attention to the sensitivity of the residual land value variations in the appraisal assumptions; the value of the completed development, development costs and other inputs.

BNP Paribas Real Estate cannot be held responsible for any variation in the Market Value on account of any under or overstatement of the development costs provided by

the Company, or indeed the subsequent identification of additional abnormal development constraints.

Please note that property values may change significantly over a relatively short period. Consequently our valuations may not be valid on a date other than the stated valuation date.

Please note our valuation is gross of all restoration costs and no deduction has been made to reflect any extant claw back provisions with the Coal Authority.

Further that unless provided with information by the Company to the contrary the value of any minerals or mineral rights is excluded from our valuation.

4. GENERAL CONDITIONS

This report and valuation has been prepared on the basis that there has been full disclosure of all relevant information and facts which may affect the valuation. It has been prepared solely for inclusion within a Prospectus that will be prepared in accordance with the FCA Prospectus Rules, and may not be used for any other purpose.

We consent to the inclusion in the Prospectus of this report addressed to Coalfield Resources plc and Investec Bank plc, and to other references to it and the form and context in which they appear and accept responsibility for the report in compliance with the requirements of the FCA Prospectus Rules, and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

Yours faithfully

Mark Thompson BA (Hons) IRRV MRICS
RICS Registered Valuer

Senior Director
Head of Corporate Valuation

David Couch MA MRICS
RICS Registered Valuer

Director
Head of Residential Consulting North

For and on behalf of BNP Paribas Real Estate For and on behalf of BNP Paribas Real Estate

Appendix 1

Valuation Procedures and Assumptions



VALUATION PROCEDURE AND ASSUMPTIONS

The investigations and enquiries on which our valuations are based are carried out by valuation surveyors, making appropriate investigations having regard to the purpose of the valuation. Our reports and valuations are prepared in accordance with the RICS Appraisal and Valuation Standards (the "Red Book").

Subject to any variation expressly agreed and recorded in the accompanying letter, our work will be on the basis set out below:

1 Condition and Repair

Unless specifically instructed to carry out a separate building survey, or commission a test of service installations, our valuation will assume:

- (i) That except for any defects specifically noted in our report, the property is in good condition.
- (ii) That no construction materials have been used that are deleterious, or likely to give rise to structural defects.
- (iii) That no hazardous materials are present.
- (iv) That all relevant statutory requirements relating to use or construction have been complied with.
- (v) That any services, together with any associated computer hardware and software, are fully operational and free from impending breakdown or malfunction

We shall, however, reflect the general condition noted during the course of our valuation inspection and any defects or hazards of which we become aware in the course of our investigations. Any matters that we consider material to the valuation will be referred to in our report.

2 Ground Conditions and Environmental Risks

Unless provided with information to the contrary, our valuation will assume:

- (i) That the site is physically capable of development or redevelopment, when appropriate, and that no special or unusual costs will be incurred in providing foundations and infrastructure.
- (ii) That there are no archaeological remains on or under the land which could adversely impact on value.
- (iii) That the property is not adversely affected by any form of pollution or contamination.
- (vi) That there is no abnormal risk of flooding.

We shall, however, comment on any factors discovered during the course of our valuation enquiries that could affect the market perception of risks caused by these factors.

3 Tenure and tenancies

We shall rely upon information provided by you or your solicitor relating to tenure and related matters. We will not commission a formal legal search and will assume the information provided to be accurate, up-to-date and complete.

4 Planning and highway enquiries

We shall make informal enquiries of the local planning and highway authorities and also rely on information that is publicly published or available free of charge. Any information obtained will be assumed to be correct. No local searches will be instigated. Except where stated to the contrary, we shall assume that there are no local authority planning or highway proposals that might involve the use of compulsory purchase powers or otherwise directly affect the property.

5 Floor areas

All measurements will be taken in accordance with the RICS Code of Measuring Practice. The floor areas in our report will be derived from measurements taken on site or that have been scaled from the drawings supplied and checked by sample measurements on site.

6 Plant and machinery

We will include in our valuations those items of plant and machinery normally considered to be part of the service installations to a building and which would normally pass with the property on a sale or letting. We will exclude all items of process plant and machinery and equipment, together with their special foundations and supports, furniture and furnishings, vehicles, stock and loose tools, and tenants fixtures and fittings.

7 Tenant status

Although we reflect our general understanding of a tenant's status in our valuation, we will make no detailed enquiries about the financial status of tenants. We will assume that appropriate enquiries were made when leases were originally exchanged, or when consent was granted to any assignment or underletting.

8 Development properties

For properties in course of development, we will reflect the stage reached in construction and the costs remaining to be spent at the date of valuation. We have regard to the contractual liabilities of the parties involved in the development and any cost estimates that have been prepared by the professional advisers to the project. For recently completed developments we will take no account of any retentions, nor will we make allowance for any outstanding development costs, fees, or other expenditure for which there may be a liability.

East Midlands Region (EM)

The East Midlands region contains 2 major sites as listed below with a total Market Value, in aggregate, of £32,500,000, and 14 other sites as listed below with individual Market Values ranging between £250,000 and £9,500,000 and a total Market Value, in aggregate, of £39,245,000.

	<i>Address</i>	<i>Inspection Date</i>	<i>Description</i>	<i>Site Area (Acres)</i>	<i>Comments</i>	<i>Market Value (£)</i>
EM Major Sites	Land forming the former Lounge Coal Disposal Point, Ashby de la Zouch, Leicestershire LE67 8FF	07/11/2014	Major development site comprising the former Lounge Coal Disposal Point, located at J13 of the A42 to the east of Ashby-de-la-Zouch in North West Leicestershire. The land is unrestored and comprises a former coal stocking yard served by an operational railhead.	102.2	The property has planning consent for a rail connected 78,738m ² (847,556 sq ft) distribution warehouse over a development platform of approximately 60 acres. It is held subject to a Development Agreement with Gazeley UK Ltd an Option which grants Gazeley UK Ltd an Option to Purchase option at Market Value or £250,000 per acre, whichever is the higher. Ground re-engineering and a programme of remediation will be required prior to redevelopment. Part of the site is affected by the proposed route of the HS2 scheme, which, if confirmed, will constrain development by reducing the floorplate of any industrial building. Whilst the land is not yet subject to any formal safeguarding provisions, the proposals nevertheless are currently blighting immediate development.	18,900,000

	<i>Address</i>	<i>Inspection Date</i>	<i>Description</i>	<i>Site Area (Acres)</i>	<i>Comments</i>	<i>Market Value (£)</i>
	Asfordby Business Park, Melton Mowbray, Leicestershire LE14 3JL	11/11/2014	Asfordby Business Park comprises a rail connected, multi let industrial estate, totalling 24,565 sq m (264,403 sq ft), in eight former colliery buildings all dating from the 1980's, together with 8.1 ha (20 acres) of additional development land capable of built development or use for open storage.	132.8	Multi let industrial estate currently producing a rental income of £978,260 per annum.	13,600,000
Total East Midlands Region Major Sites						32,500,000
EM	Land at the former	16/11/2014	Strategic land comprising an unrestored former coal disposal point held together with an extensive area of previously undeveloped agricultural land let in part under a Farm Business Tenancy.	141.9	Strategic land, located outside the settlement boundary within the Green Belt, being promoted for employment development within the Local Plan review.	
Other	Bennerley Coal Disposal Point, nr. Ilkeston, Nottinghamshire NG16 2SJ		Whilst the site is irregular in shape the former disposal point is generally level providing a potential redevelopment platform of approximately 16.2 ha (40 acres).		Potential to re-use the former disposal point for rail connected storage, but ground re-engineering and a programme of remediation will be required prior to redevelopment.	
			It presents a medium term development opportunity, on account of its location close to the A610, in a semi-rural locality only 6 miles from Nottingham.			

<i>Address</i>	<i>Inspection Date</i>	<i>Description</i>	<i>Site Area (Acres)</i>	<i>Comments</i>	<i>Market Value (£)</i>
Bilsthorpe Business Park, Bilsthorpe, Nottinghamshire NG22 8ST	11/11/2014	<p>Bilsthorpe Business Park is being developed on the site of the former Bilsthorpe Colliery. It comprises the former pithead and yard, with planning consent for B1 & B2 redevelopment, and a strip of agricultural land fronting Eakring Road, on the edge of the settlement limit of Bilsthorpe.</p> <p>Part has already been developed with a small light industrial estate, and a Highways Maintenance Depot occupied by Nottinghamshire County Council.</p> <p>The remainder comprises a level, restored employment site, with a remaining net developable area of up to 30 acres, which is connected to new estate infrastructure and available for sale or development.</p> <p>The agricultural land has not previously been developed and comprises two fields. The most southerly is allocated for residential development.</p>	87.2	<p>Hybrid development opportunity and income producing business park.</p> <p>Partially implemented planning consent on the former colliery for up to 35,512 sq m (382,250 sq ft) of employment generating buildings.</p> <p>Part developed, multi let and producing £132,249 per annum, including a 125 year ground lease over 10 acres to Nottinghamshire County Council at an annual rent of £40,000.</p> <p>Part comprising one of the fields fronting Eakring Road and totalling approximately 3.90 ha (9.66 acres) is allocated for mixed use development to provide up to 75 dwellings with ancillary retail development.</p>	

<i>Address</i>	<i>Inspection Date</i>	<i>Description</i>	<i>Site Area (Acres)</i>	<i>Comments</i>	<i>Market Value (£)</i>
Land at Coalville, Leicestershire LE67 1FB	04/11/2014	<p>Land with a resolution to grant residential planning permission comprising in the main of previously undeveloped productive arable farmland let under a Farm Business Agreement, but in part a former coal disposal point including partially restored colliery spoil and a railway embankment.</p> <p>The site forms part of a proposed urban extension to the south east of Coalville.</p>	200.5	<p>The land forms part of a larger landholding that forms a sustainable urban extension to Coalville. The extension has support in the Core Strategy and an adopted Development Brief.</p> <p>A planning application for 2,700 residential dwellings over a larger landholding submitted in joint venture with other interested parties, was approved by the Local Planning Committee on 2 December 2014 subject to agreement of a S106 Town and Country Planning Act 1990 planning gain contract. The master plan that informs the application allocates 925 of these dwellings to the land owned by Harworth Estates Property Group Ltd.</p>	
Land at the former Gedling Colliery, Gedling, Nottingham NG4 4HL	16/11/2014	<p>Strategic land comprising three separate sites that were part of the former Gedling Colliery which is located on the north-eastern edge of the Nottingham conurbation, approximately 5 miles from the city centre.</p> <p>These include an unrestored former coal disposal point totalling 6 ha (14.7 acres) with constrained access, an unrestored strip of access land at the southern entrance to the former colliery, totalling 2.3 ha (5.6 acres) and an area of agricultural land, along the northern fringe of the site, totalling 9.55 ha (23.6 acres), part of which (9.9 acres) is leased to Gedling Borough Council for 25 years from 2013 at a peppercorn rent for the development of a country park.</p>	43.9	<p>Partially allocated strategic land presenting a hybrid development opportunity, although ground re-engineering and a programme of remediation will be required prior to redevelopment.</p> <p>The former disposal point and southern access can only be redeveloped in conjunction with adjoining landowners.</p> <p>The site along the northern fringe is the subject of an undetermined planning application seeking permission to develop 150 dwellings over a larger planning application area although development would be conditional on a land exchange with Gedling Borough Council which owns leasehold title over part.</p>	

<i>Address</i>	<i>Inspection Date</i>	<i>Description</i>	<i>Site Area (Acres)</i>	<i>Comments</i>	<i>Market Value (£)</i>
Harworth Colliery, Harworth, Doncaster DN11 8LA	06/11/2014	Major development site comprising the former Harworth colliery now largely demolished to slab, with only the head gear and a small number of workshop buildings remaining on the site, with the remainder comprising of hardstandings, former coal stocking areas, settling ponds, tipping areas, restored land, spoil dumps, and woodland, extending in total to approximately 70 ha (172.7 acres).	172.7	<p>The site has outline planning consent for 996 residential units and 76,645 sq m of employment generating buildings. Part of this consent has been implemented through the sale of Phase 1A to Jones Homes, with development underway, (118 plots) by Jones Homes following receipt of a reserved matters consent leaving 878 consented plots under the current consent.</p> <p>Part has already been sold and developed as a small convenience food store by Asda Stores Ltd.</p> <p>Following the decommissioning of the colliery, the site of the colliery, currently consented for employment uses, is being promoted for an additional 500 to 700 residential units.</p> <p>Ground re-engineering and a programme of remediation will be required prior to redevelopment.</p>	

<i>Address</i>	<i>Inspection Date</i>	<i>Description</i>	<i>Site Area (Acres)</i>	<i>Comments</i>	<i>Market Value (£)</i>
Harworth Business Park, Harworth, Doncaster DN11 8DB	11/11/2014	<p>Harworth Business Park comprises a multi let business park, located to the south of the village of Harworth in the county of Nottinghamshire and approximately 1½ miles from the A1(M).</p> <p>It comprises a part two and part three storey detached office building, totalling approximately 5,042 sq m (54,269 sq ft), which in part forms the head-quarters of UK Coal Production Limited; together with separate industrial accommodation, comprising the central equipment maintenance workshops and stores of UK Coal Surface Mines Limited, and industrial warehousing occupied by RS Motorhomes Sales (South Yorkshire) Limited, which separately total approximately 11,907 sq m (128,173 sq ft).</p>	21.8	Multi let industrial estate currently producing a rental income of £152,392 per annum.	
Land on Upperthorpe Road, Killamarsh, Derbyshire S21 1EJ	25/11/2014	Consented residential land comprising of a pony paddock arranged in a single regular and relatively level field, on the edge of but within the urban limits of the former mining village of Killamarsh in North East Derbyshire.	0.89	The property has planning consent for 9 residential dwellings.	

<i>Address</i>	<i>Inspection Date</i>	<i>Description</i>	<i>Site Area (Acres)</i>	<i>Comments</i>	<i>Market Value (£)</i>
Land at Westthorpe, Killamarsh, Derbyshire S21 1EJ	25/11/2014	Strategic land comprising in part of colliery spoil but, in the main, of undeveloped farm land arranged in a number of fields over an undulating landholding that generally slopes down in a south westerly direction from Killamarsh. The property is let in part under a Farm Business Tenancy. The property formed part of the former Westthorpe Colliery, located on the edge of but outside the urban limits of the former mining village of Killamarsh, in North East Derbyshire.	25.3	Long term strategic land, being promoted for residential development within the Local Plan Review, but located outside the settlement boundary and in the Green Belt with no immediate planning prospects.	
New Street, Measham, nr Ashby de la Zouch, Leicestershire DE12 7LU	07/11/2014	Consented residential land comprising of undeveloped land arranged in a single regular and relatively level field, on the edge of, but within the settlement boundary of the former mining village of Measham in North West Leicestershire.	2.08	The property has planning consent for 20 residential dwellings and is subject to a conditional sale agreement with Cameron Homes.	

<i>Address</i>	<i>Inspection Date</i>	<i>Description</i>	<i>Site Area (Acres)</i>	<i>Comments</i>	<i>Market Value (£)</i>
Land at the former Rufford Disposal Point, Mansfield, Nottinghamshire NG21 0HR	03/12/2014	<p>Strategic land comprising a former coal stocking site, rail connected disposal point, a partially restored colliery spoil tip, and a dormant sand quarry, situated on the site of the former Rufford Colliery, with a total approximate site area of 251.2 ha (620.8 acres).</p> <p>The future status is uncertain; at the date of valuation all buildings and surface structures have been demolished to foundation, and the site is subject to coal recovery operations by a subsidiary of Harworth Estates Property Group Ltd. under a temporary planning consent.</p> <p>Located in a rural setting within the Sherwood Forest Special Landscape Area, to the north of the former mining village of Rainworth and to the south east of Mansfield.</p>	620.8	<p>Long term strategic land, located outside the settlement boundary with a restrictive planning allocation and no immediate planning prospects.</p> <p>The land is not recognised for development within the adopted Newark and Sherwood Local Development Framework Allocations and Development Management Development Plan Document.</p> <p>There are as a consequence significant policy barriers to development and outstanding restoration obligations being funded by the coal recovery operations.</p>	
Land at South Normanton, Alfreton, Derbyshire DE55 2DX	16/11/2014	<p>Strategic land comprising of sloping grazing land partially formed on restored mine workings, situated on the south eastern edge of, but within the settlement limit, of the former mining town of South Normanton, adjacent Junction 28 of the M1.</p>	4.67	<p>The property is unallocated within adopted planning policy. It is the subject of a new undetermined planning application seeking permission to develop 42 dwellings over the site, and is subject to a conditional sale agreement with Harron Homes.</p> <p>A previous application was refused consent in October 2014 despite a recommendation to approve by the local planning officer. This decision has been appealed.</p>	

<i>Address</i>	<i>Inspection Date</i>	<i>Description</i>	<i>Site Area (Acres)</i>	<i>Comments</i>	<i>Market Value (£)</i>
Land at Tetron Point, Swadlincote, Derbyshire DE11 0BE	16/11/2014	<p>Strategic land comprising the residual landholdings of the former Nadins surface mine, to include an unrestored rail connected coal disposal point, a partially developed community golf course on restored mine workings and a restored domestic land fill, grazing land occupied under a Farm Business Tenancy and a farm house occupied under an Assured Shorthold Tenancy.</p> <p>Located to the immediate north of the new Tetron Point employment area approximately 1 mile to the west of Swadlincote town centre in the county of Derbyshire.</p>	268.5	<p>Partially consented strategic land presenting a hybrid development opportunity with partially discharged restoration obligations under the original surface mine planning consent.</p> <p>Part comprising two areas of previously undeveloped grazing land and one area of restored mine workings is subject to an undetermined planning application for up to 570 residential dwellings.</p> <p>A planning obligation to deliver the community golf course not yet discharged, with an ancillary unimplemented planning consent for a golf driving range, a club house and a hotel.</p> <p>The former coal disposal point has existing planning rights only, and is currently being promoted for rail connected employment uses in the Local Plan review.</p>	

<i>Address</i>	<i>Inspection Date</i>	<i>Description</i>	<i>Site Area (Acres)</i>	<i>Comments</i>	<i>Market Value (£)</i>
Thoresby Colliery, Edwinstowe, Nottinghamshire NG21 9PS	03/12/2014	<p>Thoresby Colliery is a fully operational deep mine occupied under a mining lease by a third party mining company, which requires full restoration of the site on determination of the lease.</p> <p>It is situated in a rural location approximately 2 miles to the west of Ollerton, adjacent the mining village of Edwinstowe.</p> <p>The Colliery has developed on a broadly level and regular site immediately to the north of the A6075; with an extensive colliery spoil heap to the rear extending in a northerly direction over a triangular area of land bounded by the A616 Ollerton to Clowne road and the B6034.</p> <p>The surrounding area comprises of farmland and forestry forming part of Sherwood Forest.</p>	408.6	<p>Planning policy does not allocate the property for any specific land use, although it is included within the Sherwood Forest Special Landscape Area.</p> <p>It is occupied under the terms of the existing mining consent, and within the forecast life of the local Development Plan it was assumed that the Colliery would remain operational.</p> <p>The closure of the Colliery is now anticipated end 2015.</p>	
Land at Top Wighay, nr Hucknall, Nottinghamshire NG15 8AR	16/11/2014	<p>Allocated residential land comprising of relatively level, undeveloped grazing land located on the edge of the village of Top Wighay, immediately to the north of the town of Hucknall.</p> <p>Whilst currently laid to grass part of the site has in the past been used for industrial purposes as a storage compound.</p>	8.19	<p>The property is allocated for residential development although the net developable area is constrained by a partial designation as a Site of Important Nature Conservation.</p> <p>It is the subject of an undetermined planning application seeking permission to develop 38 dwellings over part of the site, and is subject to a conditional sale agreement with Strata Homes.</p>	

Total East Midlands Region Other Sites

39,245,000

West Midlands Region (WM)

The West Midlands region contains 0 major sites and 4 other sites as listed below with individual Market Values ranging between £500,000 and £3,600,000 and a total Market Value, in aggregate, of £8,300,000.

	<i>Address</i>	<i>Inspection Date</i>	<i>Description</i>	<i>Site Area (Acres)</i>	<i>Comments</i>	<i>Market Value (£)</i>
WM	Land at Bleak House,	13/11/2014	Unallocated land comprising part of the former Bleak House, surface mine that has been partially restored to agricultural and public open space uses, located on the edge of the residential area of Hayes Heath, approximately 3 miles to the east of Cannock.	64.5	Located in the Green Belt but subject to promotion within the Local Plan review.	
Other	Hednesford, Nr Cannock, Staffordshire WS12 5HJ		The site is regular in shape and relatively level and currently comprises productive agricultural land, woodland, some rough scrubland and a pond, although in part it presents a potential development opportunity, on account of its location on the edge of an urban settlement.		Part (45 acres) is subject to an undetermined planning application seeking permission to develop a burial ground, and to a conditional sale agreement with Cannock Chase District Council.	
	Land at Chatterley Valley, Stoke-on-Trent, Staffordshire ST7 1UN	13/11/2014	Consented employment land comprising an unrestored, former coal disposal point located adjacent the A500 approximately 4 miles to the north west of Stoke-on-Trent.	24.5	Allocated employment site with planning consent for up to 83,000 sq m (893,433 sq ft) of B1/B2/B8 employment generating buildings over a larger planning application area to include land in third party ownership.	
			The site is irregular in shape and development is conditional on a joint venture development agreement with the adjoining landholder, to regularise the boundaries and create a broadly rectangular development platform.		Held subject to a development agreement with the adjoining landholder. Ground re-engineering and a programme of remediation will be required prior to redevelopment.	

<i>Address</i>	<i>Inspection Date</i>	<i>Description</i>	<i>Site Area (Acres)</i>	<i>Comments</i>	<i>Market Value (£)</i>
Daw Mill Colliery, Arley Warwickshire CV7 8HS	06/11/2014	<p>Former colliery located within the rural parish of Arley, 13 miles east of Birmingham and 8 miles north west of Coventry.</p> <p>The buildings and head gear have now been largely demolished to slab, and the mine shafts capped to deliver a broadly rectangular development site with a live rail connection to the Birmingham to Leicester cross country railway line.</p>	115.5	<p>Unallocated strategic development land; the presumption being at the time of adoption of the development plan that the existing colliery use would continue.</p> <p>Further ground remediation will be required prior to development.</p> <p>Subject to an undetermined planning application seeking permission for the redevelopment of the site for employment purposes, (up to 52,424 sq m), ancillary open storage and the retention and re use of any valuable existing colliery buildings (2,276 sq m) and infrastructure including the rail head.</p>	
Land at Dawley Road, (Huntington Lane) Telford, Shropshire TF6 5AR	13/11/2014	<p>Strategic land comprising the former Huntington Lane surface mine scheme, located in a rural setting approximately 1.5 miles to the west of Telford town centre.</p> <p>The overall landholding extends to approximately 69.2 ha (171 acres) part of which has been surface mined. The coaling programme has now finished and the scheme has been restored in accordance with an agreed restoration plan.</p> <p>The land is otherwise rural comprising a mix of undulating woodland, land and rested pasture in after care. There are a number of roads and lanes that separate parcels of land within the landholding.</p>	171.00	<p>Long term strategic land, being promoted for residential development.</p> <p>The existing countryside allocation has been retained under the Core Strategy through to at least 2016, and there is little immediate planning prospect.</p>	

Total West Midlands Region Other Sites

8,300,000

Yorkshire and Humberside Region (Y&H)

The Yorkshire and Humberside region contains 4 major sites as listed below with a total Market Value, in aggregate, of £95,800,000, and 18 other sites as listed below with individual Market Values ranging between £100,000 and £5,850,000 and a total Market Value, in aggregate, of £37,125,000.

<i>Address</i>	<i>Inspection Date</i>	<i>Description</i>	<i>Site Area (Acres)</i>	<i>Comments</i>	<i>Market Value (£)</i>
Y&H Major Land at the former Prince of Wales Colliery, Pontefract, West Yorkshire WF8 4QD	06/11/2014	<p>Major development site comprising the site of the former Prince of Wales colliery and spoil heap which is currently being developed under the terms of a residential led, hybrid outline planning consent, to deliver a major brownfield commercial and residential redevelopment site on the edge of Pontefract.</p> <p>The southern part of the site, described as the former pit yard, comprises approximately 23.4 ha (57.7 acres) and benefits from an extant planning consent for a residential and commercial scheme.</p> <p>The northern part of the site comprises a former colliery spoil heap, together with woodland and scrubland and adjoining agricultural landholdings.</p> <p>This part of the site has planning consent for the recovery of former coal slurry prior to the restoration and re-profiling of the resultant land form, and totals approximately 91.4 ha (225.9 acres) to include the adjoining agricultural landholding.</p> <p>Part of the property is subject to a lease from 21 September 2012 to Hargreaves UK Services Ltd, a coal recovery contractor, whose mining operations will deliver part of a further 33 acre development platform known as the Monkhill Triangle.</p>	283.6	<p>The property has planning consent granted in 2009 for 720 residential dwellings and 24,327 sq m of employment and ancillary retail and community space on the former colliery pit yard site, together with a temporary planning consent for the coal recovery scheme subject to restoration obligations.</p> <p>Part of this consent has been implemented through the sale of part to Ben Bailey Homes, (131 plots), leaving 589 consented plots under the current consent.</p> <p>A separate area of land totalling approximately 33 acres gross, with the potential for a further 350 residential dwellings located on the northern part of the landholding is allocated for housing within the Local Plan.</p>	18,000,000

<i>Address</i>	<i>Inspection Date</i>	<i>Description</i>	<i>Site Area (Acres)</i>	<i>Comments</i>	<i>Market Value (£)</i>
Waverley New Community, Rotherham, South Yorkshire S13 9NA	07/11/2014	<p>Major residential led mixed use new community located to the east of Sheffield which is currently being developed in accordance with an outline planning consent for up to 3,890 residential dwellings, approximately 38 acres of employment development and ancillary community facilities, including primary school(s), leisure, ancillary retail and other community uses.</p> <p>Part sold and under development by housebuilders to deliver 571 plots, leaving a remaining net developable area of approximately 187 acres of which approximately 143 acres is residential, the balance employment, retail, commercial and community.</p> <p>The remainder of the landholding comprises of green space.</p>	534.6	<p>The property has outline planning consent for 3,890 homes granted in 2011 and a separate employment consent (Highfield Commercial). The primary infrastructure is being forward funded to enable efficient release of serviced land parcels.</p> <p>Part of this consent has been implemented through the sale of part to Hannon Homes, Taylor Wimpey and Barratt (571 plots) leaving 3,319 consented plots under the current consent.</p> <p>Part of the site is affected by the proposed route of the HS2 scheme, which, if confirmed, will constrain development by reducing the number of dwellings that can be delivered, albeit that other land users could be accommodated along the route if required.</p> <p>This land is not yet subject to any formal safeguarding provisions.</p>	40,800,000

<i>Address</i>	<i>Inspection Date</i>	<i>Description</i>	<i>Site Area (Acres)</i>	<i>Comments</i>	<i>Market Value (£)</i>
Land at the former Rossington Colliery, Rossington, Doncaster DN11 0PZ	06/11/2014	<p>Major development site comprising the site of the former Rossington colliery and spoil heap which is currently being developed under the terms of a residential led, hybrid outline planning consent.</p> <p>Part of the property is subject to a 6 year lease from 13 December 2012 to ReCycoal Ltd, a coal recovery contractor, whose mining operations will deliver part of the development platform.</p>	359.00	<p>The property has planning consent for a mixed use development comprising up to 1,200 dwellings together with a local food store, hotel, fast food outlet, petrol filling station with ancillary retail, community building and land for a new primary school; plus full planning consent for the engineering and remediation operations to create the required development platforms, over the former colliery pit head and coal stocking areas of approximately 120 acres; together with a temporary planning consent for the coal recovery scheme subject to restoration obligations.</p> <p>Part is subject to conditional sale agreements with Taylor Wimpey (94 plots) and Harron Homes (71 plots).</p>	23,500,000

<i>Address</i>	<i>Inspection Date</i>	<i>Description</i>	<i>Site Area (Acres)</i>	<i>Comments</i>	<i>Market Value (£)</i>
Gascoigne Interchange, Sherburn-in-Elmet West Yorkshire LS25 6JE	24/11/2014	<p>Gascoigne Interchange comprises a rail connected employment park, developed on the site of the former coal preparation and disposal plant for the Selby complex of mines, to the south east of the village of Sherburn-in-Elmet and the established Sherburn-in-Elmet airfield industrial estate.</p> <p>The majority of the buildings have been demolished with only a coal storage warehouse, two workshops and plant buildings retained, providing a net lettable floor area of 24,526 sq m (264,000 sq ft). In addition the property provides approximately 20.2 ha (50 acres) of storage land, part occupied for surface storage by third parties under lease serviced by 8 sidings connected to the main Hull to Leeds railway line.</p> <p>The buildings and storage land are situated within a larger site comprising a screening bund, and grazing land, the latter totalling approximately 44.7 ha (110 acres) let under an Agricultural Holdings Act tenancy.</p>	279.1	<p>The property does not have an open employment planning consent but instead planning consent for the re-use of the existing buildings and infrastructure for rail connected employment generating and storage uses.</p> <p>Multi let and currently producing a rental income of £763,727 per annum.</p> <p>The agricultural land comprises long term strategic land, being promoted for employment development within the Local Plan review, but is located in the Green Belt with no immediate planning prospects.</p>	13,500,000
Total Yorkshire & Humberside Region Major Sites					95,800,000

	<i>Address</i>	<i>Inspection Date</i>	<i>Description</i>	<i>Site Area (Acres)</i>	<i>Comments</i>	<i>Market Value (£)</i>
Y&H	Land off Wakefield Road,	13/11/2014	Strategic land comprising of restored mine workings and previously undeveloped farmland located in the northern suburbs of Barnsley.	9.70	Un-allocated strategic land being promoted for residential development within the Local Plan review.	
Other	Athersley, Barnsley S75 5BZ		Forming part of the former North Gawber colliery, the land is uneven and slopes downwards from Barnsley Rd in a south westerly direction. It is current grazed as a pony paddock, and is predominantly laid to grass.			
	Land at the former North Gawber Colliery Mapplewell, Barnsley S75 2RL	13/11/2014	Consented residential development site comprising part of the former North Gawber colliery, located to the north west of Barnsley on the edge of the residential suburb of Mapplewell. The land is unrestored and comprises of colliery spoil, hard standings and poor quality scrub-land.	39.00	The site has planning consent for 325 residential dwellings. Ground re-engineering and a programme of remediation will be required prior to redevelopment.	

<i>Address</i>	<i>Inspection Date</i>	<i>Description</i>	<i>Site Area (Acres)</i>	<i>Comments</i>	<i>Market Value (£)</i>
Land at Shafton Two Gates, Cudworth, Barnsley S72 7BN	13/11/2014	<p>Strategic land comprising of previously undeveloped agricultural land located on the eastern edge of a housing estate, to the north of the village of Cudworth, and the south of the villages of Shafton and Shafton Two Gates, all former mining communities located approximately 4 miles to the north-east of Barnsley, in South Yorkshire,</p> <p>There are two dwellings within the landholding; Brick Yard Farm and a separate detached bungalow, both occupied under Assured Shorthold Tenancies, together with a number of agricultural barns which along with the grazing land are occupied under a Farm Business Tenancy.</p>	20.90	<p>Long term strategic land, being promoted for residential development within the Local Development Framework, but located outside the settlement boundary and in the Green Belt with no immediate planning prospects.</p> <p>The farmland forms a relatively regular but sloping potential residential development site.</p> <p>Access is severely constrained; the existing farm track is inadequate for any form of development, and any access from either the existing housing estate to the west or from the new link road to the north would require property acquisition and/or ransom payments.</p>	

<i>Address</i>	<i>Inspection Date</i>	<i>Description</i>	<i>Site Area (Acres)</i>	<i>Comments</i>	<i>Market Value (£)</i>
Development Land forming part of the former Rockingham Colliery, (known as Rockingham 1, Rockingham 2 and Land at Tinker Lane, Hoyland), Barnsley, South Yorkshire S74 0BE	13/11/2014	<p>The Property comprises 3 separate potential development sites featuring part of the restored former Rockingham surface mine, situated to the south of Barnsley close to J36 of the M1 motorway.</p> <p>Rockingham 1 comprises allocated employment land which has been partially restored to present broadly rectangular land development site.</p> <p>Rockingham 2 comprising restored mine workings, part planted with immature woodland, and part laid to grass comprising rough grazing and amenity land.</p> <p>The land at Tinker Lane comprises a single field currently laid to grass, and informally grazed as a pony paddock, on the edge of, but within the settlement boundary of the former mining village of Hoyland, adjacent Rockingham 2.</p> <p>.</p>	90.0	<p>Rockingham 1 is allocated for employment development.</p> <p>It is the subject of an undetermined planning application submitted in September 2014 seeking full permission for the formation of a new access roadway and associated infrastructure, and outline permission for a phased, mixed use development comprising employment uses, hotel, and/or car showroom/garage and food and drink.</p> <p>Rockingham 2 is allocated as Green Belt but is subject to on- going promotion for employment development within the Local Plan Review.</p> <p>Further land engineering, remediation and compaction will be required before the site can be developed for any built land use.</p> <p>The land at Tinker Lane is allocated as safeguarded land but is subject to on-going promotion for residential development within the Local Plan Review.</p> <p>Although part of the former Rockingham colliery, we understand that the site did not form part of the surface mine, and remained an undeveloped green buffer area, between the surface mine and Tinker Lane.</p>	

<i>Address</i>	<i>Inspection Date</i>	<i>Description</i>	<i>Site Area (Acres)</i>	<i>Comments</i>	<i>Market Value (£)</i>
Land at the former Houghton Main colliery, Little Houghton, Barnsley S72 0AX	13/11/2014	Allocated employment land comprising a partially restored, irregular and sloping development site forming part of the former Houghton Main colliery, which, following closure was subject to a surface mining scheme. The majority of the restored land has now been sold and developed as a 62,000 sq m national distribution warehouse for the discount retailer ASOS, which is situated directly adjacent the land to the North. Located to the east of Barnsley in South Yorkshire within the Dearne Valley regeneration area.	21.2	The property is allocated for employment development. An outline planning application submitted in 2009 for 71 residential dwellings and 5,110 sq m (55,000 sq ft) of employment buildings was refused.	
Land at Houghton Main, Grimethorpe, Barnsley S72 0HP	13/11/2014	Allocated employment land comprising a partially restored, irregular but generally level development site forming part of the former Houghton Main colliery, which, following closure was subject to a surface mining scheme. The majority of the restored land has now been sold and developed as a 62,000 sq m national distribution warehouse for the discount retailer ASOS, which is situated directly opposite the land across the A6195, the new Dearne Valley Parkway. Located to the east of Barnsley in South Yorkshire within the Dearne Valley regeneration area.	13.3	The property is allocated for employment development. It was granted planning consent for 19 light industrial units totalling 10,683 sq m (115,000 sq ft) in 2008, but this consent has now lapsed.	

<i>Address</i>	<i>Inspection Date</i>	<i>Description</i>	<i>Site Area (Acres)</i>	<i>Comments</i>	<i>Market Value (£)</i>
Land at Flass Lane, Cutsyke nr Castleford, West Yorkshire WF10 5JW	06/11/2014	<p>Allocated residential development site comprising of previously undeveloped farm land located on the edge of the former Glasshoughton colliery and the residential village of Cutsyke, near Castleford in West Yorkshire.</p> <p>The site is irregular in shape and development is conditional on the acquisition of adjoining land in third party ownership which will regularise the boundaries to present a broadly rectangular albeit sloping development platform.</p>	39.7	<p>The site is irregular in shape and development is conditional on the acquisition of adjoining land totalling 23.2 acres currently in third party ownership which will regularise the boundaries to present a broadly rectangular albeit sloping, development platform.</p> <p>The Company has a purchase contract with the owner, conditional on the procurement of planning consent.</p> <p>The site is allocated for residential development is subject to an undetermined outline planning application submitted in November 2014 for up to 560 residential units with a family pub and 2 acres of commercial development, over a larger planning application area to include the third party land subject to the purchase contract.</p>	
Land at the former Yorkshire Main colliery, Edlington, Doncaster DN12 1EJ	11/11/2014	Consented residential development site comprising the former Yorkshire Main colliery pithead which has been cleared of all former colliery structures, to create a partially restored and relatively level, screened development site.	41.5	<p>The property has planning consent for 250 residential dwellings, and 24,889 sq m (267,905 sq ft) of employment development but is subject to a new undetermined application lodged in November 2014 for a revised consent for up to 375 dwellings and a family pub.</p> <p>Ground re-engineering and a programme of remediation will be required prior to redevelopment.</p>	

<i>Address</i>	<i>Inspection Date</i>	<i>Description</i>	<i>Site Area (Acres)</i>	<i>Comments</i>	<i>Market Value (£)</i>
Kellingley Colliery, Kellingley, Knottingley West Yorkshire WF11 8DT	03/12/2014	<p>Kellingley Colliery is a fully operational deep mine occupied under a mining lease by a third party mining company, which requires full restoration of the site on determination of the lease.</p> <p>It is situated in rural location approximately 1.5 miles to the east of the industrial town of Knottingley, adjacent the village of Kellingley, on the A645 which runs parallel to the M62 linking Wakefield, Pontefract and Knottingley with Selby in the east.</p> <p>The Colliery has developed on a level and broadly rectangular site adjacent the Aire and Calder Navigation and the Wakefield to Hull railway line.</p> <p>The surrounding area is rural in character interspersed with pockets of heavy industry clustered around three operational coal fired power stations at Ferrybridge, Eggborough and Drax, and along the Aire and Calder Navigation.</p>	163.6	<p>The majority of the colliery site located to the north of the railway line is allocated in the adopted Selby Local Plan as an operational colliery and as 'Land excluded from the Green Belt and major developed site' and is occupied under the terms of the existing mining consent.</p> <p>Through the replacement of the adopted Local Plan Green Belt policies following the adoption of the Core Strategy in 2013, all Major Developed Sites were deleted. Notwithstanding this, Appendix 2 of the November 2014 Plan Selby – Sites and Policies Local Plan Consultation shows the adopted Local Plan designations for review, with the majority of the colliery site located to the north of the railway line shown as excluded from the Green Belt.</p> <p>It is occupied under the terms of the existing mining consent, and simply, within the forecast life of the local Development Plan it was assumed that the Colliery would remain operational.</p> <p>Part of the site has the benefit of a resolution to grant planning consent made on 2 September for a rail connected Energy from Waste facility, which is expected to gain formal approval early in 2015.</p>	

<i>Address</i>	<i>Inspection Date</i>	<i>Description</i>	<i>Site Area (Acres)</i>	<i>Comments</i>	<i>Market Value (£)</i>
Land at Skelton Grange Lane, Leeds LS10 1RS	13/10/2014	<p>Allocated and part consented employment land comprising the site of the former Skelton Grange Power Station, which was demolished in 1990, to leave an unrestored brownfield redevelopment opportunity of approximately 65.5 ha (161.7 acres).</p> <p>It is located in an established corridor of industrial development to the south east of the city of Leeds.</p>	161.7	<p>The site is allocated for new employment and waste uses. In addition part of the site totalling approximately 30 acres has also been allocated for strategic waste development in the Leeds Natural Resources and Waste Local Plan.</p> <p>The site also benefits from specific planning consents. An outline consent was granted in 2007 for employment uses (B1c, B2 & B8) for up to 850,000 sq ft (78,968 sq m), over a gross area of approximately 60 acres located in the north east end of site and covering the general site of the former power station.</p> <p>Over part of the 60 acres development platform, the site also has the benefit of a full planning consent for an Energy Recovery Facility, granted in September 2013 (Application Number 11/03705/FU). The application area covers a site of approximately 20 acres and exhausts the majority of the strategic waste allocation.</p>	
Land at Queen Elizabeth Drive, Normanton, West Yorkshire WF6 1JF	06/11/2014	Strategic land comprising of undeveloped farm land arranged in a single field, and located on the southern edge of the former mining town of South Normanton, in West Yorkshire.	22.5	Green Belt land with no short term development potential.	

<i>Address</i>	<i>Inspection Date</i>	<i>Description</i>	<i>Site Area (Acres)</i>	<i>Comments</i>	<i>Market Value (£)</i>
Waverley Advanced Manufacturing Park, Rotherham, South Yorkshire S13 9NA	07/11/2014	<p>Development land at the Waverley Advanced Manufacturing Park (AMP); a prestigious new industrial park located immediately to the south of the A630 Sheffield Parkway, which is the primary route into Sheffield city centre from J33 of the M1 motorway.</p> <p>The AMP comprises a prestigious new manufacturing park, that has attracted a number of high quality occupiers including Rolls-Royce plc and the University of Sheffield and forms the most northerly part of the former Waverley/Orgreave surface mine, which has been restored and compacted to create a series of employment development platforms.</p>	34.0	<p>The land is part allocated for industrial and business uses with policy support for development of the remainder.</p> <p>Adjacent to the Waverley New Community site.</p>	
Land at the former North Selby Colliery, Escrick, Selby, North Yorkshire YO19 6EZ	24/11/2014	<p>Part consented development land comprising the former pit head of North Selby colliery, one of five deep mines that formed the Selby mine complex.</p> <p>The property is vacant and now presents a semi derelict potential development site containing a number of former colliery workshops totalling approximately 3,540 sq m (38,103 sq ft). These will require refurbishment before they can be re used.</p> <p>The buildings are situated within a larger site comprising woodland, screening bunds and grazing land, the latter totalling approximately 8.1 ha (20 acres) of land let under annual grazing licenses.</p>	90.1	<p>Green Belt allocation but has received planning consent over part for the construction of an anaerobic digestion combined heat and power facility and horticultural glasshouse and associated infrastructure and works.</p> <p>Held subject to a Development Agreement with Peel Environmental Ltd.</p>	

<i>Address</i>	<i>Inspection Date</i>	<i>Description</i>	<i>Site Area (Acres)</i>	<i>Comments</i>	<i>Market Value (£)</i>
Riccall Business Park, Selby, North Yorkshire YO19 6QW	24/11/2014	<p>Riccall Business Park comprises the former pit head of Riccall Colliery, and is now a multi let industrial estate, with a net lettable floor area of approximately 6,279 sq m (67,587 sq ft) contained in a range of former colliery buildings all dating from the early 1980's, and includes surfaced storage compounds totalling approximately 2.83 ha (7.0 acres).</p> <p>The buildings are arranged around a large hard surfaced central yard within which the former colliery shafts have been capped and fenced off.</p> <p>The buildings are situated within a larger site comprising a screening bund, woodland and grazing land, the latter totalling approximately 15.4 ha (38 acres) let under an agricultural tenancy agreement.</p>	103.7	Multi let industrial estate currently producing a rental income of £72,605 per annum	

<i>Address</i>	<i>Inspection Date</i>	<i>Description</i>	<i>Site Area (Acres)</i>	<i>Comments</i>	<i>Market Value (£)</i>
Whitemoor Business Park, Selby, North Yorkshire YO8 6EG	24/11/2014	<p>Whitemoor Business Park comprises the former pithead of Whitemoor Colliery, and is now a multi let industrial estate, with a net lettable floor area of approximately 3,540 sq m (38,103 sq ft), contained in a range of former colliery buildings all dating from the early 1980's, and includes surfaced storage compounds totalling approximately 2.83 ha (7.0 acres).</p> <p>The buildings are arranged around a large hard surfaced central yard within which the former colliery shafts have been capped and fenced off.</p> <p>The buildings are situated within a larger site comprising a screening bund, woodland and grazing land, the latter totalling approximately 15.4 ha (38 acres) let under an agricultural tenancy agreement.</p>	66.8	Multi let industrial estate currently producing a rental income of £261,051 per annum.	

<i>Address</i>	<i>Inspection Date</i>	<i>Description</i>	<i>Site Area (Acres)</i>	<i>Comments</i>	<i>Market Value (£)</i>
Land at the former Thorne Colliery, Moorends, Nr Thorne, South Yorkshire DN8 4JU	24/11/2014	<p>Strategic land comprising the full extent of the former Thorne Colliery, which has been cleared of all former colliery structures, to create a relatively level but unrestored development site, totalling approximately 103 ha (254 acres).</p> <p>This area includes the former operational colliery land of approximately 25 ha (62 acres), vacant industrial land adjacent the former colliery of approximately 28 ha (69 acres), uncultivated fields of approximately 12 ha (30 acres), and the former spoil heap of approximately 38 ha (93 acres); the latter two areas both forming part of the Thorne Moors SSSI.</p>	254.00	<p>Long term strategic land, located outside the settlement boundary with a restrictive planning allocation and no immediate planning prospects.</p> <p>Approximately 131 acres of the site is shown as white land within the statutory development plan, the presumption being at the time of adoption that the existing colliery use would continue. The remainder of the site including the spoil heap and uncultivated fields are allocated as a regional/local nature conservation site, the Thorne Moors Site of Special Scientific Interest.</p> <p>Access for industrial traffic is only available over a road bridge owned by Network Rail, and is subject to a user restriction (mining use only), that would require relaxation before any major development could take place.</p>	
Total Yorkshire & Humberside Region Other Sites					37,125,000

North West Region (NW)

The North West region contains 1 major site as listed below with a Market Value of £27,950,000, and 0 other sites.

<i>Address</i>	<i>Inspection Date</i>	<i>Description</i>	<i>Site Area (Acres)</i>	<i>Comments</i>	<i>Market Value (£)</i>
NW Major Logistics North, Bolton BL5 1BQ	17/11/2014	Comprises a former surface mine and colliery spoil tip with adjoining agricultural land that has been restored to a series of development plant farms to present a major employment development site which is currently being developed under the terms of an outline planning consent. Located at J4 of the M61 motorway approximately 3 miles to the south of Bolton.	763.3	The property has outline planning permission for up to 3,953,605 sq ft of employment space over a net development platform of 86 ha (213 acres). Part totalling 17 ha (42 acres) has been sold to Aldi Stores Ltd and MBDA Ltd for the development of two industrial warehouses, leaving a remaining net developable area of 69 ha (171 acres). The remainder of the landholding comprises of former agricultural land, five farm houses and colliery spoil currently being restored under the terms of the planning consent to a Country Park.	27,950,000
Total North West Region Major Sites					27,950,000

North East Region (NE)

The North East region contains 0 major sites and 6 other sites as listed below with individual Market Values ranging between £250,000 and £4,800,000 and a total Market Value, in aggregate, of £8,675,000.

	<i>Address</i>	<i>Inspection Date</i>	<i>Description</i>	<i>Site Area (Acres)</i>	<i>Comments</i>	<i>Market Value (£)</i>
NE Other	Land at Hathery Lane, Bebside, nr Blyth, Northumberland NE24 4HP	20/11/2014	Strategic land comprising of partially restored mine workings located in the village of Bebside immediately to the west of Blyth in the county of Northumberland. The site currently comprises of relatively level but poor quality grazing and scrub land.	24.5	Un-allocated strategic land with no immediate planning prospect, being promoted for development within the Local Plan review. Ground re-engineering and a programme of remediation will be required prior to any redevelopment.	8,675,000 (In total)
	Land at Malvins Road, Blyth, Northumberland NE24 5TQ	20/11/2014	Consented residential development site within a shallow railway cutting, with direct access along the length of Malvins Road. It is located on the town of Blyth in Northumberland.	3.09	The property has planning consent for up to 58 residential dwellings, and is subject to a conditional sales agreement with Gleeson Homes. Ground re-engineering will be required prior to development.	

<i>Address</i>	<i>Inspection Date</i>	<i>Description</i>	<i>Site Area (Acres)</i>	<i>Comments</i>	<i>Market Value (£)</i>
Former Ellington Complex, nr Ashington NE61 5XJ	20/11/2014	<p>Part consented residential development land comprising the remaining landholdings of the former Ellington and Lynemouth mining complex.</p> <p>The former pithead site at Ellington, has been cleared of all former colliery structures, apart from the former colliery offices which total approximately 10,000 sq ft. It is level and broadly regular in shape, and extends to approximately 36.5 acres.</p> <p>The site at Lynemouth, extends to approximately 43.3 acres (excluding the Wind Turbine) and comprises the former coal preparation plant adjacent to the former Alcan Power Station. All former coal preparation structures and buildings have now been demolished, and the site cleared for redevelopment.</p> <p>The potential development site also includes a separate area of rough grazing land to the north bounding the south eastern settlement boundary of Lynemouth of approximately 28.7 acres.</p> <p>Bewick Drift to include an area of rough grazing land to the south extends to approximately 35.5 acres together with a shaft site to the north with an additional area of approximately 4.6 acres.</p>	148.6	<p>The Ellington pit head site has planning consent for up to 300 dwellings together with community facilities and a retail store(s) of up to 315 sq m.</p> <p>It is also now subject to a new undetermined planning application to improve the consent up to 400 residential dwellings.</p> <p>Lynemouth South has planning consent for 200 residential dwellings.</p>	

<i>Address</i>	<i>Inspection Date</i>	<i>Description</i>	<i>Site Area (Acres)</i>	<i>Comments</i>	<i>Market Value (£)</i>
Land at Ryehill, nr. Houghton-le-Spring, Tyne and Wear DH5 9QF	20/11/2014	Strategic land comprising of restored mine workings and previously undeveloped farmland located to the south west of the town of Houghton-le-Spring. The site is irregular in shape, slopes in various directions and comprises in the main of rough grazing land, let under a Farm Business Tenancy.	52.2	Long term strategic land, opportunity on account of location to the west of the Rainton Bridge Business Park and to the south of the residential settlements of Colliery Row and Chilton Moor. However located outside the settlement boundary with a planning designation as open space, and no immediate planning prospects.	
Land at Village Farm, Murton, Co. Durham SR9 9RP	20/11/2014	Consented residential development site comprising a vacant farm house, with outbuildings and a fenced paddock to the rear, located in the centre of the former mining village of Murton in Co. Durham.	1.49	The property has planning consent for the retention of the farmhouse and the redevelopment of the paddock with 14 residential dwellings and is subject to a development agreement with a self build housing company.	

<i>Address</i>	<i>Inspection Date</i>	<i>Description</i>	<i>Site Area (Acres)</i>	<i>Comments</i>	<i>Market Value (£)</i>
Wardley Disposal Point, Follingsby Lane, Gateshead, Tyne and Wear NE10 8YA	20/11/2014	<p>Strategic land comprising a disused rail connected coal disposal point developed on the site of the former Wardley Colliery, located between Gateshead and Washington, to south east of Newcastle upon Tyne.</p> <p>In addition to the retained disposal point buildings which include an amenity building, a coal preparation plant, hard standings, coal stocking sites, railway sidings, rapid loading facilities and landscaping, the property also comprises a colliery spoil heap which is located over the eastern part of the landholding, and a small area of agricultural grazing land, occupied under a Farm Business Tenancy.</p> <p>The disposal point occupies a levelled plateau capable of supporting new development, screened with trees and earth/spoil bunds. The colliery spoil heap would need ground work and restoration before built development could take place.</p> <p>The site is rail connected and all rail infrastructure remains in situ. This serves the entire disposal point including an area identified for development of a potential Energy from Waste scheme at the southern end of the landholding.</p>	146.3	<p>Historically the property has had a temporary planning consent until 2047 permitting its use as a Crushing and Screening Plant subject to a requirement that the area is restored to agriculture and forestry within two years of closure (defined as not being used for coal treatment purposes).</p> <p>However planning consent has now been approved for the permanent use of the site for the rail connected storage of coal, minerals and the continued use of the site for the storage of containers. Whilst this does not convey an open, employment consent, it does remove the threat of restoration obligations being enforced following closure of the disposal point, and establishes a lawful permanent use of the site.</p> <p>The site is subject to one further undetermined planning application, with a local planning authority recommendation to grant, for the development of a new anaerobic digestion facility.</p> <p>Located in the Green Belt but subject to continued promotion for rail connected employment generating land uses, with some policy support within the emerging Local Plan.</p>	

Total North East Region Other Sites

8,675,000

**As required by the Prospectus Rules Checklist of Documentation
Incorporated by Reference**

<i>Information incorporated by reference</i>	<i>Page number in the Annual Report</i>
Annual Report and Accounts of Coalfield Resources for the year ended 29 December 2012, including: balance sheet income statement changes in equity statements cash flow statements accounting policies and notes auditors report related party transactions	39 36 38 40 68-84 34-35 82-84
Annual Report and Accounts of Coalfield Resources for the year ended 28 December 2013, including: balance sheet income statement changes in equity statements cash flow statements accounting policies and notes auditors report related party transactions	33 30 32 34 36-61 26 60-61
Annual Report and Accounts of Coalfield Resources for the year ended 31 December 2014, including: balance sheet income statement changes in equity statements cash flow statements accounting policies and notes auditors report related party transactions	47 44-45 46 48 49-79 39-43 79

This document is dated 3 March 2015

Definitions

In this document and the Notice of General Meeting and accompanying Form of Proxy, the following expressions have the following meanings, unless the context otherwise requires:

“Acquisition”	the proposed acquisition by the Company of the remaining 75.1% of the issued share capital of HEPGL which is not currently held by the Company as at the date of this Prospectus on the terms and subject to the conditions set out in the Acquisition Agreement
“Acquisition Agreement”	the conditional agreement dated 3 March 2015, a summary of the principal terms and conditions of which is set out in Part 4 (Details of the Acquisition) of this document
“Admission”	admission of the New Ordinary Shares and the Consideration Shares to the standard listing segment of the Official List becoming effective in accordance with paragraph 3.2.7 of the Listing Rules and to trading on London Stock Exchange’s main market for listed securities becoming effective in accordance with the Admission and Disclosure Standards
“Admission and Disclosure Standards”	the requirements contained in the publication “Admission and Disclosure Standards” dated 16 April 2013 containing, among other things, the admission requirements to be observed by companies seeking admission to trading on the London Stock Exchange’s main market for listed securities
“Admission Date”	the date of Admission of the Company
“AGM”	annual general meeting
“Annual Bonus Share Plan Agreement”	the agreement made between the Company and Jonson Cox dated 4 February 2011 pursuant to which Jonson Cox was granted an award to acquire 1,520,000 Ordinary Shares
“Application Form”	the personalised application form which accompanies this document for Qualifying non-CREST Shareholders for use in connection with the Open Offer
“Articles” or “Articles of Association”	the articles of association of Coalfield Resources in force as at the date of this document
“Associates”	has the meaning given to it in the Listing rules
“Awards”	nil cost options granted pursuant to the LTIP and the conditional share awards granted pursuant to the Share Award Agreement and the Annual Bonus Share Plan Agreement;
“Blenkinsopp Indemnity”	has the meaning set out at paragraph 9 of Part 12 of this document
“Blenkinsopp Scheme”	has the meaning set out at paragraph 12.1.5 of Part 12 of this document
“BNP”	BNP Paribas Real Estate
“business day”	a day (excluding Saturdays and Sundays or public holidays in England and Wales) on which banks generally are open for business in London for the transaction of normal banking business

“Capital Growth Segment”	the business segment of the Harworth Estates Group focussed on capital growth, as is more particularly described at paragraph 3 of Part 1 of this document
“Cash Consideration”	the sum of £97,026,101.29 which is payable in cash by the Company to the PPF pursuant to the Acquisition Agreement
“CCSS”	the CREST Courier and Sorting Office established by Euroclear UK and Ireland to facilitate, amongst other things, the deposit and withdrawal of securities
“certificated” or “in certificated form”	where a share or other security is not in uncertificated form
“Change of Name”	the proposed change of name of the Company to Harworth Group Plc to be approved at the General Meeting
“City Code”	The City Code on Takeovers and Mergers
“Closing Date”	18 March 2015
“Closing Price”	the closing middle market quotation of an Existing Ordinary Share as derived from the daily official list published by the London Stock Exchange
“Coalfield Resources Share Incentive Arrangements”	the LTIP, the Annual Bonus Share Plan Agreement and the Share Award Agreement;
“Committed Shareholders”	Steven Underwood, Jeremy Hague, Jonson Cox and Owen Michaelson who have each entered into irrevocable undertakings to take up their Open Offer Entitlements in full;
“Companies Act” or “CA 2006”	the Companies Act 2006, as amended including any statutory modification or re-enactment thereof for the time being in force
“Company” or “Coalfield Resources”	Coalfield Resources plc, registered in England and Wales under number 2649340
“Completion”	completion of the Acquisition Agreement in accordance with the terms of the Acquisition Agreement
“Conditions”	the conditions of the Firm Placing and Placing and Open Offer, as more particularly set out in Part 2 of this document
“Consideration Shares”	730,674,465 Ordinary Shares to be issued by the Company to the PPF, by the allotment to the PPF’s Custodian as custodian for the PPF, as consideration pursuant to the Acquisition Agreement
“CREST”	the relevant system, as defined in the CREST Regulations (in respect of which Euroclear is operator as defined in the CREST Regulations)
“CREST Applications Host”	the CREST core processor
“CREST member”	a person who has been admitted by Euroclear as a system member (as defined in the CREST Regulations)
“CREST Participant”	a person who is, in relation to CREST, a system participant (as defined in the CREST Regulations)

“CREST personal member”	a CREST member who holds their securities in dematerialised electronic form in CREST in their own name
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended
“CREST Shareholders”	Shareholders holding Existing Ordinary Shares in uncertificated form
“CREST sponsor”	a CREST participant admitted to CREST as a CREST sponsor
“CREST sponsored member”	a CREST member admitted to CREST as a sponsored member (which includes all CREST personal members)
“Dealing Day”	a day on which the London Stock Exchange is open for the transaction of business
“DECC”	the Department for Energy and Climate change
“Directors”, “Board” or “Coalfield Resources Directors”	the Directors of Coalfield Resources whose names appear on page 29 of this document
“Disclosure and Transparency Rules”	the disclosure and transparency rules made by the FCA in exercise of its functions as competent authority pursuant to Part VI of FSMA
“Enlarged Group”	the Coalfield Resources Group as enlarged by the Acquisition
“Enlarged Share Capital”	the issued ordinary share capital of the Company following the Firm Placing and Placing and Open Offer and the Acquisition
“Equiniti”	Equiniti Limited in their capacity as Receiving Agent
“EU”	the European Union
“Euroclear”	Euroclear UK & Ireland Limited (formerly CrestCo Limited), the operator of CREST
“European Economic Area”	the member states of the European Union, Iceland, Norway and Liechtenstein
“Executive Board” or “Executive Board of Directors”	the executive board of directors of HEPGL
“Excess Application Facility”	the facility for Qualifying Shareholders to apply for Excess Shares in excess of their Open Offer Entitlements
“Excess Open Offer Entitlements”	in respect of each Qualifying CREST Shareholder who has taken up his Open Offer Entitlement in full, the entitlement (in addition to the Open Offer Entitlement) to apply for Excess Shares up to the number of Open Offer Shares credited to his stock account in CREST pursuant to the Excess Application Facility, which may be subject to scaling down according to the Directors’ discretion, as set out in this document
“Excess Shares”	Open Offer Shares which may be applied for in addition to Open Offer Entitlements
“Exchange Act”	the United States Securities Exchange Act of 1934, as amended
“Excluded Territories”	Canada, Japan, Australia, New Zealand, the Republic of South Africa and the United States and any other jurisdiction where the

	availability of the Firm Placing and Placing and Open Offer would breach any applicable law
“Existing Ordinary Shares”	the 605,456,480 existing ordinary shares of 1 penny each in nominal value in the capital of the Company
“FCA”	the Financial Conduct Authority
“Firm Placees”	any person who has agreed or shall agree to subscribe for Firm Placed Shares pursuant to the Firm Placing
“Firm Placed Shares”	the 1,500,073,129 New Ordinary Shares which the Company is proposing to issue pursuant to the Firm Placing
“Firm Placing”	the subscription by Firm Placees for the Firm Placed Shares
“Former Group”	the Group, together with the Mining Group and Harworth Estates Group as it existed prior to the Restructuring
“Form of Proxy”	the form of proxy accompanying this document for use in connection with the General Meeting
“FSMA”	the Financial Services and Markets Act 2000 (as amended) and all regulations promulgated thereunder from time to time
“fDi”	the Financial Times publication known as “fDi”
“General Meeting”	the General Meeting of the Company convened for the purpose of passing the Resolutions, to be held on 23 March 2015, including any adjournment thereof
“Goodweather Holdings”	Goodweather Holdings Limited, a member of the Peel Group
“Group” or “Coalfield Resources Group”	the Company, its subsidiaries and subsidiary undertakings and/or (where the context requires) any one or more of them
“Harworth Estates Group”	Harworth Estates Property Group Limited and its subsidiaries
“Harworth Estates Group Member”	each company that is a member of the Harworth Estates Group
“Harworth LTIP”	has the meaning set out at paragraph 6.1 of Part 12 of this document
“Harworth Management Team”	Owen Michaelson, Mike Richardson, Phil Wilson and Ian Ball
“HEALL”	Harworth Estates (Agricultural Land) Limited, a private company incorporated in England and Wales (registered number 02835767) whose registered office is at AMP Technology Centre, Brunel Way, Rotherham, South Yorkshire, S60 5WG, a company within Harworth Estates Group
“HECL”	Harworth Estates Curtilage Limited, a private company incorporated in England and Wales (registered number 08261348) whose registered officer is at AMP Technology Centre, Advanced Manufacturing Park, Brunel Way, Rotherham S60 5WG, a company within Harworth Estates Group
“HEIL”	Harworth Estates Investments Limited, a private company incorporated in England and Wales (registered number 07532134) whose registered officer is at AMP Technology Centre, Advanced Manufacturing Park, Brunel Way, Rotherham, South Yorkshire S60 5WG, a company within Harworth Estates Group

“Help to Buy Scheme”	the scheme known as Help to Buy backed by HM Government aimed at helping homebuyers without large deposits to obtain a mortgage
“HEMPL”	Harworth Estates Mines Property Limited, a private company incorporated in England and Wales (registered number 08228494) whose registered office is at AMP Technology Centre, Advanced Manufacturing Park, Brunel Way, Rotherham, South Yorkshire S60 5WG, a company within the Harworth Estates Group
“HEPGL” or “Harworth Estates”	Harworth Estates Property Group Limited, a private limited company incorporated in England and Wales (registered number 08232459) whose registered office is at AMP Technology Centre, Advanced Manufacturing Park, Brunel Way, Rotherham, S60 5WG
“HEPGL Articles”	the articles of association of HEPGL
“HEPGL Deed of Termination”	the deed of termination of the HEPGL Shareholders’ Agreement to be entered into on Completion between (1) the Company, (2) the Pension Trustees and (3) HEPGL
“HEPGL Directors” or “HEPGL Board” or “HEPGL Board of Directors”	the board of directors of HEPGL at the date of this document
“HEPGL Shareholders”	each of the company and the PPF
“HEPGL Shareholders’ Agreement”	the agreement described at paragraph 12.1.3 of Part 12 of this document as amended pursuant to the deeds of variation dated 31 May 2013 and 9 July 2013
“HEWPL”	Harworth Estates (Waverley Prince) Limited, a private company incorporated in England and Wales (registered number 03020652) whose registered office is at AMP Technology Centre, Brunel Way, Rotherham, South Yorkshire S60 5WG, a company within Harworth Estates Group
“HICL”	Harworth Insurance Company Limited, a private company incorporated in England and Wales (registered number 03078354) whose registered office is at c/o Capita Commercial Insurance Services, The Grange, Bishops Cleeve, Cheltenham, GL52 8YQ
“HMRC”	H.M. Revenue & Customs
“HPL”	Harworth Properties Limited, a private company incorporated in England and Wales (registered number 03022023) whose registered office is at c/o Capita Commercial Insurance Services, The Grange, Bishops Cleeve, Cheltenham, GL52 8YQ
“IAS”	International Accounting Standards
“IFRS”	International Financial Reporting Standards
“Income Generation Segment”	the business segment of the Harworth Estates Group focussed on income generation, as is more particularly described at paragraph 3 of Part 1 of this document
“Interest”	any interest in shares as defined in sections 820 and 825 of the CA 2006

“Invesco”	Invesco Asset Management Limited, acting as agent for and on behalf of its discretionary managed clients
“Investec”	Investec Bank plc of 2 Gresham Street, London EC2V 7QP
“Investment Company Act”	the United States Investment Company Act 1940, as amended
“IP”	intellectual property
“ISIN”	International Security Identification Number
“Latest Practicable Date”	the latest practicable date before the posting of this document being 2 March 2015
“Listing Rules”	the listing rules made by the FCA in exercise of its functions as competent authority pursuant to Part VI of FSMA
“Lock-in Deed”	the agreement governing the Consideration Shares held by the PPF as at the date of this Agreement and subject to the lock-in restrictions contained in paragraph 12.1.8 of Part 12
“London Stock Exchange”	London Stock Exchange plc
“LTIP”	UK Coal 2010 Long Term Incentive Plan
“Main Market”	the main market operated by London Stock Exchange
“Mine Holdings” or “UKCMHL”	UK Coal Mine Holdings Limited, (in administration) (now called Ocanti No. 1 Limited) a private limited company incorporated in England and Wales (registered number 08223111) whose registered office is at Benson House, 33 Wellington Street, Leeds, LS1 4JP
“Mine Holdings EBT”	the employee benefit trust established for the benefit of certain employees and former employees of the Mining Group and their dependants
“Mining Business”	the business carried on by the Mining Sub-Group
“Mining Group July 2013 Restructuring”	the restructuring of the Mining Group which was announced on 9 July 2013
“Mining Group”	Mine Holdings and each of its subsidiary undertakings (within the meaning of the Companies Act) prior to the Mining Group July 2013 Restructuring
“Mining Sub-Group”	the new sub-group of mining companies created as part of the Mining Group July 2013 Restructuring
“Money Laundering Regulations”	the Money Laundering Regulations (2007) S.I.2012/2157, as may be amended from time to time
“NAV”	net asset value
“New Ordinary Shares”	the 1,586,566,912 new Ordinary Shares of 1 penny each in nominal value in the capital of the Company to be issued in connection with the Firm Placing and Placing and Open Offer
“Non-CREST Shareholders”	Shareholders holding Ordinary Shares in certificated form
“Notice of General Meeting”	the notice of the General Meeting set out at the end of this document
“Offer Price”	7.25 pence per New Ordinary Share

“Official List”	the Official List of the FCA
“Open Offer”	the conditional invitation to Qualifying Shareholders to apply for up to 86,493,783 New Ordinary Shares at the Offer Price on a pre-emptive basis
“Open Offer Entitlement”	the <i>pro rata</i> entitlement to subscribe for Open Offer Shares allocated to a Qualifying Shareholder pursuant to the Open Offer
“Open Offer Shares”	the 86,493,783 New Ordinary Shares for which Qualifying Shareholders are being invited to apply at the Offer Price to be issued pursuant to the terms of the Open Offer
“Ordinary Share”	ordinary shares of 1 penny each in the capital of the Company
“Overseas Shareholders”	Qualifying Shareholders who have registered addresses outside the United Kingdom
“Panel”	the Panel on Takeovers and Mergers
“PD Regulation”	European Union Prospectus Directive (2003/71/EC)
“Peel” or “Peel Holdings”	Peel Holdings Group Limited (a company incorporated in the Isle of Man), Billown Mansion, Ballasalla, Isle of Man IM9 3DL
“Peel Group”	Peel Holdings Group Limited, its subsidiaries and subsidiary undertakings and/or (where the context requires) any one or more of them
“Peel Relationship Agreement”	the relationship agreement entered into between (1) Peel and (2) the Company on 7 August 2013 as described at paragraph 12.1.6 of Part 12 of this document
“Pelham”	Pelham Capital Management LLP
“Pension Schemes”	the Industry-Wide Coal Staff Superannuation Scheme and the Industry-Wide Mineworkers’ Pension Scheme
“Pension Trustees”	the Industry-Wide Coal Staff Superannuation Scheme Trustees Limited, as the trustee of the Industry-Wide Coal Staff Superannuation Scheme and the Industry-Wide Mineworkers’ Pension Scheme Trustees Limited, as the trustees of the Industry-Wide Mineworkers’ Pension Scheme
“Placing”	the conditional placing by Investec of the Placing Shares, subject to clawback pursuant to the Open Offer, on behalf of the Company on the terms and subject to the conditions contained in the Underwriting Agreement
“Placing Price”	7.25 pence per New Ordinary Share
“Placing Shares”	the New Ordinary Shares for which placees are being invited to subscribe at the Offer Price pursuant to the Placing, subject to clawback to satisfy applications from Qualifying Shareholders under the Open Offer
“PPF”	the Board of the Pension Protection Fund
“PPF’s Custodian”	State Street Bank Europe Limited
“PPF Director”	has the meaning given to such expression in the PPF Relationship Agreement

“PPF Relationship Agreement”	the relationship agreement entered into between (1) PPF and (2) the Company on 3 March 2015 as described at paragraph 12.1.7 of Part 12 of this document
“PRA”	the Prudential Regulatory Authority
“Premium Segment”	the premium segment of the Official List
“Principal Shareholders”	Peel and the PPF
“Property Valuation Reports”	the reports from Smiths Gore and BNP Paribas Real Estate Advisory and Property Management UK Limited which are set out at Part 13 of this document
“Proposed Directors”	each of Owen Michaelson, Mike Richardson, Anthony Donnelly and Martyn Bowes, whose appointments as directors of the Company will take effect upon Completion of the Transaction
“Protected Persons Regulations”	the Coal Industry (Protected Persons) Pensions Regulations 1994
“Prospectus Directive”	Directive 2003/71/EC (as amended from time to time, including by Directive 2010/73/EC to the extent implemented in the relevant EEA state) and includes any relevant implementing measures in each EEA state that has implemented Directive 2003/71/EC
“Prospectus Directive Regulation”	Regulation number 809/2004 of the European Commission
“Prospectus Rules”	the prospectus rules made by the FCA in exercise of its functions as competent authority pursuant to Part VI of FSMA
“Put and Call Option”	has the meaning set out at paragraph 12.1.4 of Part 12 of this document
“Qualifying CREST Shareholders”	Qualifying Shareholders whose Existing Ordinary Shares on or deemed to be on the register of members of the Company at the close of business on the Record Date are in uncertificated form
“Qualifying non-CREST Shareholders”	Qualifying Shareholders whose Existing Ordinary Shares on or deemed to be on the register of members of the Company at the close of business on the Record Date are in certificated form
“Qualifying Shareholders”	holders of Existing Ordinary Shares on the register of members of the Company on the Record Date (other than certain Overseas Shareholders as described in Part 2 of this document)
“RBS Facility”	the revolving facility entered into by HEPGL with Royal Bank of Scotland plc pursuant to the RBS Facility Agreement
“RBS Facility Agreement”	the revolving facility agreement which was signed by, amongst others, the HEPGL and Royal Bank of Scotland Plc on 13 February 2015
“Receiving Agent”	Equiniti Limited, Corporate Actions, of Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA
“Record Date”	close of business on 27 February 2015
“Refinancing”	the refinancing of the Harworth Estates Group, with a £65 million revolving credit facility provided by the Royal Bank of Scotland, replacing existing facilities with the Lloyds Banking Group and Barclays Bank

“Registrar”	Equiniti Limited of Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA
“Regulation D”	Regulation D under the Securities Act
“Regulation S”	Regulation S under the Securities Act
“Regulatory Information Service”	a service approved by the FCA under the Listing Rules for the distribution to the public Listing Rules for the distribution to the public of announcements in accordance with the Listing Rules
“Related Party”	a “related party” as defined in Chapter 11 of the Listing Rules, where there is more than one Related Party, the “Related Parties”
“Resolutions”	the ordinary and special resolutions to be proposed at the General Meeting, as set out in the Notice of General Meeting
“Restructuring”	the restructuring of the business formerly carried on by the Company and its group into two separate businesses comprising the Mining Group and the Harworth Estates Group which completed on 10 December 2012, as is more particular described in Part III of the circular to the Company’s shareholders dated 18 October 2012
“Reverse Takeover”	a “reverse takeover” as defined in chapter 5 of the Listing Rules
“Rights Issue”	the rights issue announced by the Company on 7 August 2013
“Schemes”	the Industry-Wide Mineworkers’ Pension Scheme and the Industry-Wide Coal Staff Superannuation Scheme
“SDRT”	UK stamp duty reserve tax
“Securities Act”	the United States Securities Act of 1933, as amended
“Share Award Agreement”	the agreement made between the Company and Jonson Cox dated 4 February 2011 pursuant to which Jonson Cox was granted an award to acquire 2,800,000 Ordinary Shares
“Shareholder”	a holder of Existing Ordinary Shares
“sq. ft.”	square feet
“Standard Segment”	the standard segment of the Official List
“STOR”	short term operating reserve, being the service operated by the National Grid for the provision of additional active power from generation and/or demand reduction
“Takeover Code”	the City Code on Takeovers and Mergers issued by the Panel
“Transaction”	the Acquisition and the Firm Placing and Placing and Open Offer
“Transaction Resolutions”	the resolutions numbered 1, 2 and 3 as set out in the Notice of General Meeting
“UKCHL”	UK Coal Harworth Limited, a private company incorporated in England and Wales (registered number 08494726) whose registered office is at Harworth Park, Blyth Road, Harworth, Doncaster, South Yorkshire DN11 8DB
“UKCTL”	UK Coal Thoresby Limited, a private company incorporated in England and Wales (registered number 08494716) whose registered

	office is at Harworth Park, Blyth Road, Harworth, Doncaster, South Yorkshire DN11 8DB
“UKCMH”	UK Coal Mining Holdings Limited, a private company incorporated in England and Wales (registered number 08491366) whose registered office is at Blyth Road, Harworth, Doncaster, South Yorkshire, DN11 8DB
“UKCML”	UK Coal Mining Limited (in liquidation), a private company incorporated in England and Wales (registered number 02997374) and now called Juniper (No 3. Limited) whose registered office is at 1 Bridgewater Place, Water Lane, Leeds LS115RU
“UKCOL”	UK Coal Operations Limited (in creditors voluntary liquidation) (now called Ocanti Opco Limited), a private limited company incorporated in England and Wales (registered number 8223192) whose registered office is at Benson House, 33 Wellington Street, Leeds LS1 4JP (being a wholly owned subsidiary of Mine Holdings)
“UKCSML”	UK Coal Surface Mines Limited, a private company incorporated in England and Wales (registered number 08492512) whose registered office is at Harworth Park, Blyth Road, Harworth, Doncaster DN11 8DB
“UKCSMRL”	UKCSMR Limited a private company incorporated in England and Wales (registered number 09275881) whose registered office is at Harworth Park, Blyth Road, Harworth, Doncaster, DN11 8DB
“UKCKL”	UK Coal Kellingley Limited, a private company incorporated in England and Wales (registered number 08492607) whose registered office is at Harworth Park, Blyth Road, Harworth, Doncaster, South Yorkshire DN11 8DB
“UK Coal Production” or “UKCPL”	UK Coal Production Limited, a private limited company incorporated in England and Wales (registered number 08492426) whose registered office is at Harworth Park, Blyth Road, Harworth Doncaster, South Yorkshire, DN11 8DB
“UKLA” or “UK Listing Authority”	the FCA in its capacity as the competent authority for the purposes of Part VI of FSMA
“uncertificated” or “in uncertificated form”	recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST, and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
“UK Corporate Governance Code”	the UK Corporate Governance Code issued by the Financial Reporting Council
“uncertificated form”	recorded on the relevant register or other record of the share or other security concerned as being held in uncertificated form in CREST, and title to which, by virtue of the Regulations, may be transferred by means of CREST
“Uncertificated Securities Regulations”	the Uncertificated Securities Regulations 2001, SI 2001 no. 3755

“Underwriting Agreement”	the placing and underwriting agreement dated 3 March 2015 between Investec and the Company relating to the Firm Placing and Placing and Open Offer, the principal terms of which are summarised in paragraph 12.1.1 of Part 12 of this document
“Underwriter”	Investec
“Underwritten Shares”	all 1,586,566,912 New Ordinary Shares to be allotted and offered for subscription by the Company under the Firm Placing and Placing and Open Offer other than the New Ordinary Shares which the Committed Shareholders have irrevocably undertaken to take up
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“US”, “USA” or “United States”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
“VWAP”	volume weighted average price

For the purposes of this document “subsidiary”, “subsidiary undertaking” and “parent undertaking” shall, unless the context otherwise requires, have the respective meanings given to them by the Companies Act.

All references to “pounds”, “pound sterling”, “sterling”, “£”, “pence”, “penny” and “p” are to the lawful currency of the United Kingdom.

All references to “Euros”, “EUR” and “€” are to the lawful currency of the member states of the European Union that adopt a single currency in accordance with the Treaty establishing the European Community as amended by the Treaty on European Union.

All references to “USD”, “US\$”, “US dollars” and “United States dollars” are to the lawful currency of the United States.

NOTICE OF GENERAL MEETING

Coalfield Resources plc

(incorporated in England and Wales with registered number 2649340)

Notice is hereby given that a General Meeting of Coalfield Resources plc (the “**Company**”) will be held at the offices of Eversheds LLP, One Wood Street, London EC2V 7WS at 11.00 a.m. on 23 March 2015 for the purpose of considering and, if thought fit, passing the following resolutions of which Resolutions 1 and 2 will be proposed as ordinary resolutions and Resolutions 3 and 4 will be proposed as special resolutions.

Capitalised terms used in this Notice of General Meeting and not defined shall have the same meanings as in the Prospectus (as defined in Resolution 1 below).

RESOLUTION 1: ORDINARY RESOLUTION – APPROVAL OF ACQUISITION

1. **THAT**, subject to and conditional upon the passing of Resolutions 2 and 3 below the proposed acquisition of 75.1% of the issued shares of Harworth Estates Property Group Limited not already owned by the Company (the “**Acquisition**”), as described in the prospectus to shareholders of the Company dated 3 March 2015 of which this Notice of General Meeting forms part, a copy of which has been produced to the meeting and initialled by the Chairman of the meeting for the purposes of identification only (the “**Prospectus**”), on the terms and subject to the conditions of the Acquisition Agreement (as defined in the Prospectus), be and is hereby approved, and the directors of the Company (the “**Directors**”) (or a duly authorised committee thereof) be and are hereby authorised to take all such steps as may be necessary, expedient or appropriate in relation thereto and to carry the same into effect with such modifications, variations, revisions, waivers or amendments (providing such modifications, variations, revisions, waivers or amendments are not in the opinion of the Directors, or any such committee, of a material nature) to such agreements or any documents relating thereto as they shall deem necessary, expedient or appropriate.

RESOLUTION 2: ORDINARY RESOLUTION – AUTHORITY TO ALLOT SHARES

2. **THAT**, subject to and conditional upon the passing of Resolutions 1 and 3, the directors of the Company (the “**Directors**”) be and they are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the “**Act**”) to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into such shares (all of which transactions are hereafter referred to as an allotment of “relevant securities”) up to an aggregate nominal amount of £23,172,414 pursuant to the Firm Placing and Placing and Open Offer and the allotment and issue of the Consideration Shares which authority shall be in addition to the existing authority conferred, which shall continue in full force and effect. The authority conferred by this resolution shall expire (unless previously revoked or varied by the Company in general meeting) on the conclusion of the next annual general meeting of the Company or the date 15 months from the date of passing of this resolution, whichever is the earlier, save that the Company may before such expiry, revocation or variation make an offer or agreement which would or might require relevant securities to be allotted after such expiry, revocation or variation and the Directors may allot relevant securities in pursuant of such offer or agreement as if the authority hereby conferred had not expired or been revoked or varied.

RESOLUTION 3: SPECIAL RESOLUTION – DISAPPLICATION OF PRE-EMPTION RIGHTS

3. **THAT**, subject to and conditional upon the passing of Resolutions 1 and 2 above, in addition to all other existing powers of the Directors under section 570 of the Act which shall continue in full force and effect, the Directors are empowered under the said section 570 to allot equity securities as defined by section 560 of the Act for cash pursuant to the authority conferred by Resolution 2 above in respect of the New Ordinary Shares allotted pursuant to the Firm Placing, Placing and Open Offer as if section 561 of the Act did not apply to any such allotment. Such power shall, subject to the continuance of the authority conferred by Resolution 2, expire on the conclusion of the next annual general meeting

of the Company or the date 15 months from the date of passing of this resolution, whichever is the earlier, but may be revoked or varied from time to time by special resolution so that the Company may before such expiry, revocation or variation make an offer or agreement which would or might require equity securities to be allotted after such expiry, revocation or variation and the Directors may allot equity securities in pursuance of such offer or agreement as if such power had not expired or been revoked or varied.

RESOLUTION 4: SPECIAL RESOLUTION – CHANGE OF NAME

4. **THAT**, subject to and conditional on the passing of Resolutions 1 to 3 inclusive above and to completion of the Acquisition, the name of the Company be changed to Harworth Group plc.

BY ORDER OF THE BOARD

Geoff Mason

Company Secretary

Registered office

Sheffield Business Centre

Europa Link

Sheffield

S9 1XZ

Dated: 3 March 2015

Notes:

- (1) Members entitled to attend and vote at the General Meeting are also entitled to appoint one or more proxies to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder which must be identified on the form of proxy. A proxy need not be a shareholder of the company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you wish your proxy to speak at the meeting, you should appoint a proxy other than the chairman of the meeting and give your instructions to that proxy.
- (2) A form of proxy is enclosed for use by members. To be valid it should be completed, signed and delivered (together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of authority) to the Company's registrars Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA or submitted electronically via www.sharevote.co.uk (see note 3), not later than 48 hours before the time appointed for holding the General Meeting or, in the case of a poll taken subsequently to the date of the General Meeting, or any adjourned meeting, not less than 24 hours before the time appointed for the taking of the poll which is taken more than 48 hours after the day of the General Meeting or adjourned meeting. Shareholders who intend to appoint more than one proxy can obtain additional forms of proxy from Equiniti Limited. Alternatively, the form provided may be photocopied prior to completion. The forms of proxy should be returned in the same envelope and each should indicate that it is one of more than one appointments being made.
- (3) As an alternative to completing a hard copy form of proxy, you can appoint a proxy or proxies electronically by visiting www.sharevote.co.uk. You will need your Voting ID, Task ID and Shareholder Reference Number (this is the series of numbers printed under your name on the form of proxy). Alternatively, if you have already registered with Equiniti Limited's online portfolio service, Shareview, you can submit your form of proxy at www.shareview.co.uk. Full instructions are given on both websites. To be valid, your proxy appointments and instructions should reach Equiniti Limited no later than 11.00 a.m. on 21 March 2015.
- (4) An abstention (or "vote withheld") option has been included on the form of proxy. The legal effect of choosing the abstention option on any resolution is that the shareholder concerned will be treated as not having voted on the relevant resolution. The number of votes in respect of which there are abstentions will however be counted and recorded, but disregarded in calculating the number of votes for or against each resolution.
- (5) Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
- (6) The statement of rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to Nominated Persons. The rights described in paragraphs 1 and 2 can only be exercised by shareholders of the Company.
- (7) CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with CRESTCo's specification and must contain the information required for such instructions, as described in the CREST Manual which can be viewed at www.euroclear.com. The message must be transmitted so as to be received by the Registrar (ID RA19) by 11.00 a.m. on 21 March 2015. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST applications host) from which the Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors or voting service providers, should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST members concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST proxy instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

- (8) Completion and return of a form of proxy will not affect the right of such member to attend and vote in person at the meeting or any adjournment thereof.
- (9) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company gives notice that only those shareholders entered on the register of members of the Company at 6.00 p.m. on 21 March 2015 will be entitled to attend or vote (whether in person or proxy) at the General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register after 6.00 p.m. on 21 March 2015 will be disregarded in determining the rights of any person to attend or vote at the meeting or any adjourned meeting (as the case may be).
- (10) As at 2 March 2015 (being the last business day prior to the publication of this Notice) the Company's issued share capital consists of 605,456,480 Ordinary Shares, carrying one vote each. Therefore, the total voting rights in the Company as at 2 March 2015 are 605,456,480.
- (11) In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of appointment letter if the chairman is being appointed as described in (i) above.
- (12) A copy of this notice of meeting, together with any members' statements which have been received by the Company after the dispatch of this notice and the other information required by s.311A of the Companies Act 2006 are all available on the Company's website at www.coalfieldresources.com under "Investors".
- (13) Shareholders, proxies and authorised representatives will be required to provide their names and addresses for verification against the register of members and proxy appointments received by the Company before entering the meeting. Each authorised representative must produce proof of his or her appointment, in the form of the actual appointment or a certified copy. Other than this, there are no procedures with which any such persons must comply in order to attend and vote at the meeting.
- (14) Shareholders, proxies and authorised representatives may raise questions at the meeting concerning any business being dealt with at the meeting and will receive answers, except that a question need not be answered where it would interfere unduly with the conduct of the meeting, would involve the disclosure of confidential information, where the answer has already been given on a website in the form of an answer to a question or where it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

